

The Canadian hog industry may be headed for contraction. Canadian sow and boar slaughter has increased this year, with 3% more animals heading to slaughter in year-to-date data through mid-November. In addition, slaughter sow and boars exported to the U.S. has been on the rise this year. Canada has sent an average of 1000 head a week more this year when compared to 2017. Those year-to-date figures are up 13% through the first 44 weeks of 2018.

In comparison, the U.S. hog industry is giving little indication that it is slowing down. U.S. sow slaughter is up 2% year-to-date. However, the volume of imports from Canada are as much as 15% of U.S. weekly sow slaughter, which indicates its unlikely the U.S. sows are heading to market at a liquidation rate.

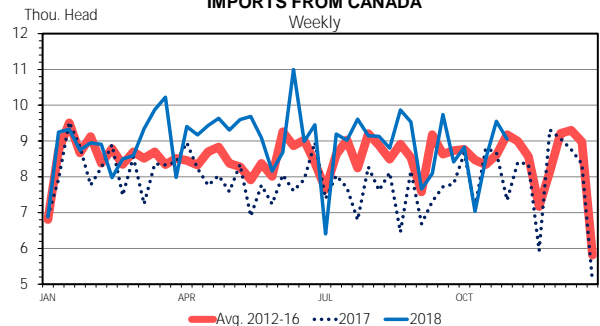
The December Hogs and Pigs report will be released at the end of the month to give a better view of breeding herd inventories, but the last 10 quarters have shown increases in the number of animals kept for breeding. Among the highest quarters were the 2018 June and September increases, showing gains of 3.5% over 2017. Similarly the number of sows farrowing has increased every quarter for the last 11 quarters and routinely beats the previous year by over 2%. This year has been no exception, increasing 3.5% in the June quarter and 2.5% in the September quarter. Sow efficiency continues to bump up pigs per litter, which has allowed for the pig crop to gain over 3% from the previous year in each of the last 5 quarters. The result has been tremendous gains in pork production.

This year U.S. barrow and gilt slaughter is up 2.3% year-to-date on a weekly basis, and has bumped against previous record high slaughter weeks. Last year, a new record high was set at 2.502 million head. In 2018, that number has been exceeded in three different weeks, making the new high 2.530 million head.

These continued expansionary leaning numbers, from the hogs and pigs report as well as the slaughter data, point to optimism in the U.S. pork sector. New plant facilities and infrastructure completed within the last few years are poised for market expansion and answering the call for growing pork demand.

Canada's breeding hog sector on the other hand has been more stagnant over the last year. Those numbers are reported semi-annually and we will need to wait until the January 1 data has been released to see if a turn has occurred. If the Canadian sow numbers continue to stall, this could spell opportunity for the U.S., particularly if the Canadian hog industry contracts. Trade uncertainties and the spread of ASF has several competing countries eyeing opportunities in the global market, and if Canada takes a back seat, it only strengthens the position of U.S. pork to benefit should those opportunities come to fruition.

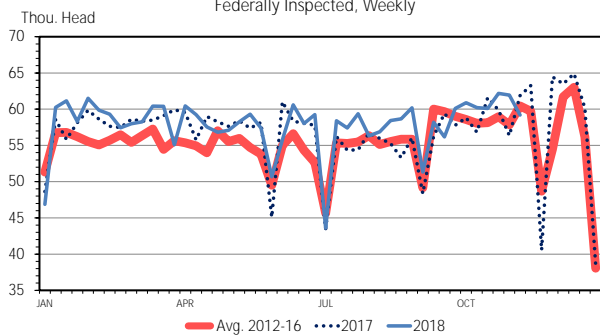
SLAUGHTER SOWS & BOARS IMPORTS FROM CANADA



Data Source: USDA-AMS & USDA-APHIS
Livestock Marketing Information Center

11/16/18

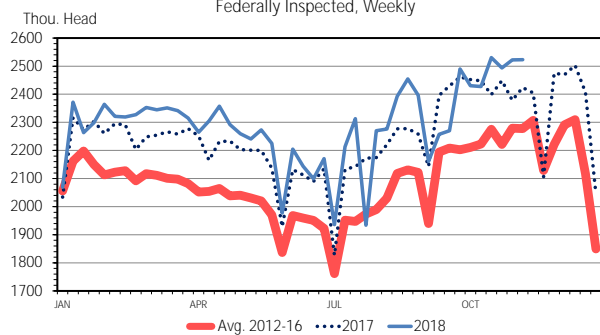
SOW SLAUGHTER Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

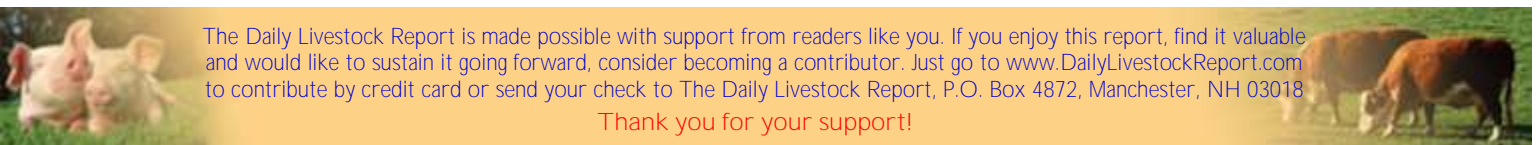
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11/25/18

BARROW AND GILT SLAUGHTER Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS
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H-S-13
11/25/18



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