Daily Livestock Report

Sponsored in part by CME Group

Vol. 19, No. 181 / September 22, 2021

USDA will release a number of key reports this week, starting with the cold storage survey results this afternoon and then on Friday the quarterly 'Hogs and Pigs' and monthly 'Cattle on Feed' reports. Today we'll focus on analyst expectations of hog inventory numbers, tomorrow we will cover the Cold Storage results and then on Friday we'll review analyst estimates of the feedlot survey.

Hog breeding inventory: **While the inventory is expected to be lower than a year ago, it is expected to post the second consecutive quarterly gain**. On average. analysts polled ahead of the upcoming USDA report expect the breeding herd to be 1.1% lower than the previous year. This would imply a September 1 breeding herd of 6.263 million head, 33k head or 0.5% higher than on June 1 and 48k head or 0.7% higher than on March 1. It is not unusual for the September breeding herd to be higher than June— it has posted a q/q increase in each of the last seven years. The average increase during this period has been 0.5%. Robust producer margins this summer have limited sow cull this summer. August slaughter numbers will be released on Thursday but we estimate that total sow/boar slaughter during this Jun-Aug period was 850k head, 70k head or 7.6% lower than a year ago. Imports of sows and boars from Canada during this period were 136k head, about 7.7k head or 6% higher than the previous year. Running a balance sheet for the quarter using starting inventories, slaughter and imports would imply a 6% decline in gilt retention from a year ago but a 4.5% increase from 2019. COVID disruptions last year significantly impacted sow slaughter and gilt retention numbers so it is a good idea to compare to both years.

Pig crop and hog supplies: The y/y decline in the breeding herd implies a smaller pig crop during the summer and fall months. Analysts on average think that the pig crop for Jun-Aug will be 3.4% lower than a year ago. Farrowings for the Jun-Aug quarter are expected to be 3.7% lower than a year ago while pigs per litter are expected to be up 0.4%. The decline in the farrowing numbers is consistent with the breeding herd numbers as of June 1, although it appears to us it may be a bit on the low end. Analysts estimates imply that Jun-Aug farrowings were 3.139 million. This yields a ratio of 50.4% of farrowings vs. the June 1 breeding herd. In the last five years, that ratio has averaged 51%. If we use a 51% ratio for this year it would yield farrowings that are 2.5% lower than a year ago. The number of pigs saved per litter is currently expected to be 0.4% higher than the previous year. This would imply a q/q increase of 1.4%, which is higher than recent history. Pigs saved per litter have posted a y/y decline in the last four quarters, in part as disease pressure has significantly affected a number of operations. Have producers finally managed to overcome these issues? Non-holiday slaughter during Dec-Feb a year ago averaged 2.689 million head/wk. If analysts are correct about the upcoming survey numbers, we should expect Dec-Feb non-holiday weekly hog slaughter to be average around 2.6 million head/week.

Analyst Estimates of USDA Sep. 1 Hogs and Pigs Survey

Percent of Year Ago. Source: Reuters

	USDA Actual	Analyst Avg.	Analyst Range of
All hogs and pigs on Sept 1		98.3	97.3 - 99.8
Kept for breeding		98.9	98.3 - 99.7
Kept for marketing		98.2	97.2 - 99.9
Jun-Aug pig crop		96.6	96.1 - 97.6
Jun-Aug pigs per litter		100.4	100.1 - 101.1
Jun-Aug farrowings		96.3	95.6 - 97.4
Sep-Nov farrowing intentions		98.6	98.2 - 99.8
Dec-Feb farrowing intentions		99.9	99.3 - 100.4
Hogs weighing under 50 lbs		98.3	96.5 - 100.2
Hogs weighing 50 to 119 lbs		98.3	97.1 - 100.7
Hogs weighing 120-179 lbs		98.1	97.5 - 99.3
Hogs weighing 180 and over		98.0	97.6 - 98.6

Hogs Kept for Breeding. Quarterly Inventory. '000 Head

Source: USDA-NASS. Analysis by Steiner Consulting