

**The results of the quarterly USDA 'Hogs and Pigs' inventory survey will be released next week (12/23)** and we will review analyst estimates at some point early next week. But as we look ahead at that report, one point that will be widely debated is **the size of the breeding herd** and what it implies for pork supplies in the summer and fall of 2022. On September 1, USDA estimated the size of the breeding herd at 6.190 million head, down 30k head or 0.5% from the previous quarter and 2.3% lower than the previous year. The number was a bit of a surprise as it was the first time since 2013 that the September breeding herd was lower than in June. More importantly, the decline in the breeding herd came at a time when producers realized good margins during the summer months. Usually strong margins encourage producers to retain more gilts and expand. That did not happen during the Jun-Aug period and there is reason to believe that we may not see much movement in the breeding herd numbers when USDA publishes its survey next week.

**There are a number of factors that determine the change in the breeding herd size from one quarter to the next**, so let's examine each one of them in a kind of balance sheet type exercise. On September 1, the breeding herd was estimated at 6.190 million head. During the Sep-Nov period, we imported 133.3k slaughter sows and breeding sows/boars from Canada. This was 8.3k head or 6.7% higher than last year. **One item for which we don't have any good early data is gilt retention.** There is no USDA report that tells you the retention rate although some large producers have a better idea than others what that number looks like. Our guess (based on historical relationships) would be for about 780k gilts retained during the quarter. If true, this would put the number of gilts retained during Sep-Nov up about 14% from a year ago but that's because we are comparing to an extremely low gilt retention number last year (remember hogs backed up and extreme COVID uncertainty). If we are correct, and that's a big if, then the total breeding hog supply would be 7.1M. One needs to then subtract from this number a death loss number, maybe 1% to 1.4% as well as the breeding stock that was sent to slaughter during the quarter. We do not have sow/boar slaughter data for the month of November yet but our estimate is that November slaughter was about 1% lower than the previous year. While weekly slaughter was down by more, there was 1 extra slaughter day. We think quarterly slaughter was about 822.8k head, about 57k head or 6.5% lower than the previous year. When we put this together, we see a breeding herd on December 1 that's about 6.2 million head, slightly higher (+0.4%) than the previous year. The big caveat is gilt retention. **We think uncertainty about export demand, high feed costs and Prop 12 CA requirements may have caused producers to keep a lid on gilt retention and consequently breeding stock inventories.**

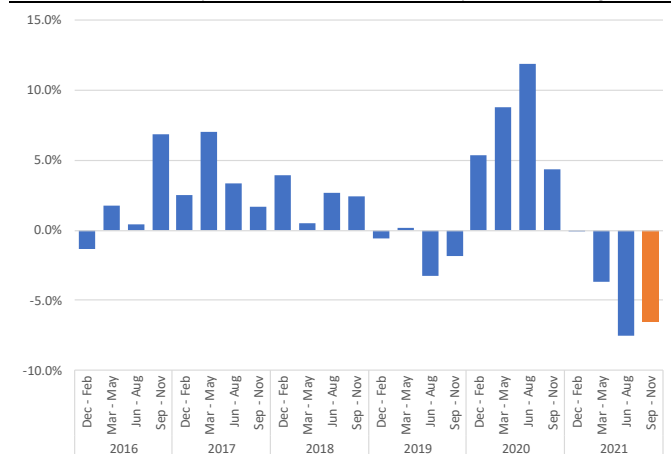
## Hogs Kept for Breeding. Quarterly Inventory. '000 Head

Source: USDA-NASS. Analysis by Steiner Consulting



## Y/Y Change in Quarterly Sow/Boar Slaughter

Source: USDA/NASS. Analysis and Estimates for Last Quarter by Steiner Consulting



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