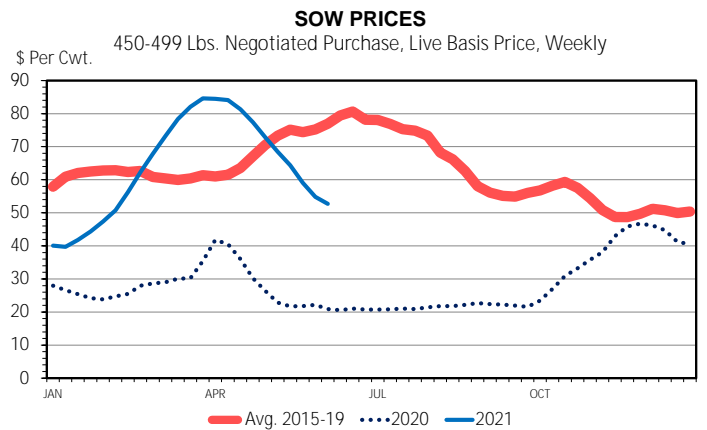


The DLR printed on 06/09/2021 raised questions about the hide exports to Mexico. DLR authors reached out to USDA FAS and received the following response: *We greatly appreciate the article in the DLR because it made us aware of potential data quality issues with cattle hides to Mexico. We are engaging with Census and have requested an audit. However, audits can take several months depending on the number of shipments involved. As an example, at the request of FAS in early September 2020, Census commenced an audit of April to September 2020 cattle hide export data to China which was published at <https://apps.fas.usda.gov/gats/DataRevisions.aspx> in February 2021. Census is very open to engaging on data quality and we are always interested in receiving concerns and questions from data users to facilitate improvements.*

Through the first quarter of the year sow slaughter was tracking over 2.0% above the prior year with a weekly average around 64,000 head. Since April, weekly sow slaughter has started to decline to about 60,000 head per week which has slowed the sow slaughter pace from a year ago. Year to date weekly slaughter through late-May is now 1.1% below the same period last year. Sow slaughter has likely been influenced by rising hog prices and increasing feed costs, but another factor has been sow prices.

The USDA National Daily Direct Prior Day Sow and Boar Report (AMS_3452) shows that since the start of the year, on average, about three-quarters of the sows are sold on a negotiated basis each week. Roughly half of the total weekly sows sold are in two



Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

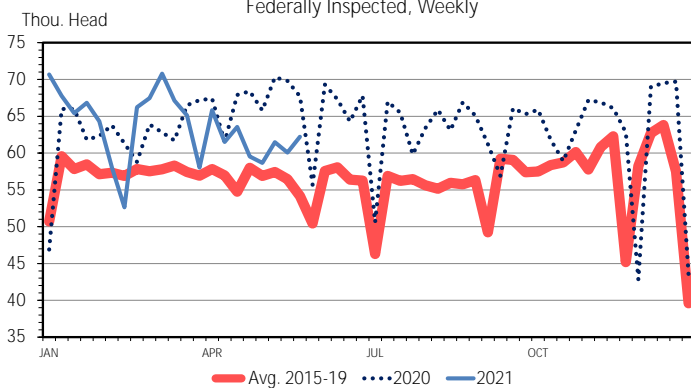
weight categories, 450-499 lbs. and 500-549 lbs. In these two categories sow prices started off the year in the low-\$40 per cwt range but by the end of March prices had more than doubled and were in the upper-\$80 per cwt range. August 2014 was the last time sow prices reached \$80 per cwt. Since the highs in March sow prices have since declined to the mid-\$50 per cwt range which is still more than double a year ago and 19.3% above the five-year average. During the first quarter, the strong sow prices likely gave producers an economic incentive to cull sows and refresh the herd possibly contributing to some of the higher pace of sow slaughter.

The decline of sow prices since early April has possibly been a factor curtailing sow slaughter in recent weeks. Producers are likely also considering hog prices and feed costs as they make farrowing decisions in the near term. The December lean hog futures contract has been trading in the \$80-\$90 per cwt range which is just above the April breakeven carcass price of \$79.75 per cwt reported by the Iowa State University estimated returns for a farrow to finish operation. The returns also show that corn and soybeans made up about two-thirds of total feed costs in April. December corn futures have been trading near \$6 per bushel while November soybeans are in the mid-\$14 per bushel.

Weather patterns will be crucial in determining supplies in the new crop marketing year. Hog prices will need to remain elevated to offset any potential rise in feed costs.

SOW SLAUGHTER

Federally Inspected, Weekly



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

HS-15
06/10/21

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