Hog futures have rallied in the last few days as the supply of hogs coming to market has been less than earlier expected. Pork demand has been in relatively good shape so far and futures participants are betting that a robust domestic and global economy will continue to underpin pork prices into 2018. But despite the new bout of optimism in the pork complex, there are a number of data points that are worth considering.

**Is the decline in slaughter a sign of fewer hogs on the ground or packers slowing down slaughter due to faltering demand?** The steady increase in hog carcass weights offers evidence that producers are quickly losing currentness. The actual USDA data on hog weights is two weeks old at this point but the MPR statistics offer a more current picture. For the four days ending November 24, the average weight of producer owned barrows and gilts was 213.7 pounds per carcass, 3.4 pounds (+1.6%) higher than a year ago. Hog weights normally increase during a holiday shortened week so the increase on Friday is understandable and we think weights will be higher still when we look at Monday and Tuesday numbers. However, what is concerning is that slaughter on Monday was a very short 445,000 head. Even if we assume hog slaughter will run near 460k head the next few days, slaughter needs to be notably higher on Saturday in order to match year ago levels. At this point it looks like Saturday slaughter will be just a little over 200k head rather than 290k head needed to surpass year ago levels. The point of all this is that slaughter will likely miss, once again, the target levels established by the September ‘Hogs and Pigs’ report. Producers have already lost some negotiating ground, all one had to do is look at the increasing spread between cash hog prices and the cutout. The widening spread between the base price and the net price points to that as well. Unless producers are able to get weights under control in the next two weeks, we could see producers fall even further behind with two major holidays at the end of the year.

**But export demand will fix everything.** While possible, it does not look like export business is performing as well as it did a year ago. The pork export sales data from the Mandatory Price Reporting system tells only part of the story since it does not capture sales to NAFTA countries. Still, weekly export sales to overseas destinations have been trending lower since early October and they are even under 2015 levels. The chart to the right shows a 4-wk moving average of MPR sales export volume. For the week ending November 24 export sales volume was 11% under last year and in the last four weeks sales are down 39% from the same period a year ago. Again, its an incomplete story but it offers some ideas on direction.

**Is cheap pork the answer to retail feature needs for January?** There is no question that pork supplies remain plentiful and offer opportunities to merchandise pork in Q1. However, current pork cutout is 10% higher than a year ago. The pork retail feature index in November is down 11% compared to a year ago and it has been lower than a year ago for the last three months. A decline in retail features is particularly problematic for hams in the second half of December, especially if Mexico business fails to match last year’s levels.
### PRODUCTION & WKLY AVG. PRICE SUMMARY

**Week Ending 11/25/2017**

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary. **Weekly Avg. Prices**

<table>
<thead>
<tr>
<th>Item</th>
<th>Units</th>
<th>Current Week</th>
<th>Last Week</th>
<th>Pct. Change</th>
<th>Last Year</th>
<th>Pct. Change</th>
<th>YTD</th>
<th>Y/Y %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25-Nov-17</td>
<td>18-Nov-17</td>
<td>26-Nov-16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Beef, Pork, Chicken, Turkey</td>
<td>mil lbs., cwe</td>
<td>1,808</td>
<td>1,933</td>
<td>-6.48%</td>
<td>1,781</td>
<td>1.53%</td>
<td>85,789</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

**Fl Slaughter**
- Thou. Head: 572 vs. 639 (-10.49%) vs. 549 (+4.19%) vs. 48/6 (+5.4%)
- Thou. Head: 120 vs. 121 (-1.10%) vs. 117 (+2.66%) vs. 49,835 (+5.0%)
- Lbs.: 830 vs. 828 (0.24%) vs. 846 (-1.89%) vs. 813 (-1.5%)
- Million lbs.: 473.7 vs. 528.2 (-10.32%) vs. 463.5 (+2.20%) vs. 23,324 (+3.8%)

**LIVE FED STEER**
- $ per cwt: 118.97 vs. 119.35 (-0.32%) vs. 111.05 (+7.13%) vs. 108,259 (+2.5%)
- $ per cwt, live wt: 10.53 vs. 10.42 (1.06%) vs. 11.81 (-10.84%)

**TRIMMINGS, 50%**
- $ per cwt: 67.69 vs. 69.93 (-3.20%) vs. 46,55 (-45.41%)
- $ per cwt, live wt: 211.56 vs. 212.02 (-0.22%) vs. 192,83 (-9.71%)

**Pork Production**
- Million Lbs.: 458.5 vs. 520.2 (-11.86%) vs. 22,809 (+2.3%)
- Avg. Dressed Weight Lbs.: 212.0 vs. 212.0 (0.00%) vs. 211.0 (+0.47%)

**Pork Cutout 205 Lbs.**
- $ per cwt: 81.86 vs. 81.07 (0.97%) vs. 73.65 (+11.15%)

**Belly Primal**
- $ per cwt: 138.96 vs. 129.89 (6.98%) vs. 99.65 (+39.45%)

**Ham Primal**
- $ per cwt: 62.69 vs. 65.31 (-4.01%) vs. 74.03 (-15.32%)

**Trimmings, 72%, Fresh**
- $ per cwt: 63.07 vs. 62.49 (0.93%) vs. 42.78 (+47.43%)

**Turkey Production (RTC)**
- Million Lbs.: 112.1 vs. 120.7 (-7.09%) vs. 4,887 (+0.2%)

**Avg. Weight (RTC) Lbs.:**
- 24.93 vs. 22.95 (8.65%) vs. 24.34 (+2.43%)

**Total Turkey Slaughter**
- Million Head: 4,497 vs. 5,259 (-14.39%) vs. 4,457 (+0.90%)

**Chick Placed (19-state)**
- Million Head: 170.5 vs. 168.5 (1.18%) vs. 165.4 (+3.07%)

**National Composites**
- Whole Bird: 86.13 vs. 85.80 (0.38%) vs. 81.62 (+5.53%)
- Breast, B/S: 102.05 vs. 104.41 (-2.26%) vs. 95.9 (+6.41%)
- Legs: 36.93 vs. 40.25 (-8.25%) vs. 39.04 (+5.40%)

**Total Corn**
- $ per Bushel: 3.20 vs. 3.11 (2.89%) vs. 3.23 (+0.93%)

**Total Wheat**
- $ per Bushel: 122.50 vs. 122.50 (0.00%) vs. 115.00 (+6.52%)

**Total Soybeans**
- $ per Bushel: 9.84 vs. 9.59 (2.61%) vs. 10.29 (-4.37%)

**Soybean Meal 48%, Cntrl IL**
- $ per Ton: 320.90 vs. 307.00 (4.53%) vs. 324.90 (-1.23%)

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.
** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.