Pork Merchandiser's **Profit Maximizer**

- Foodservice Edition

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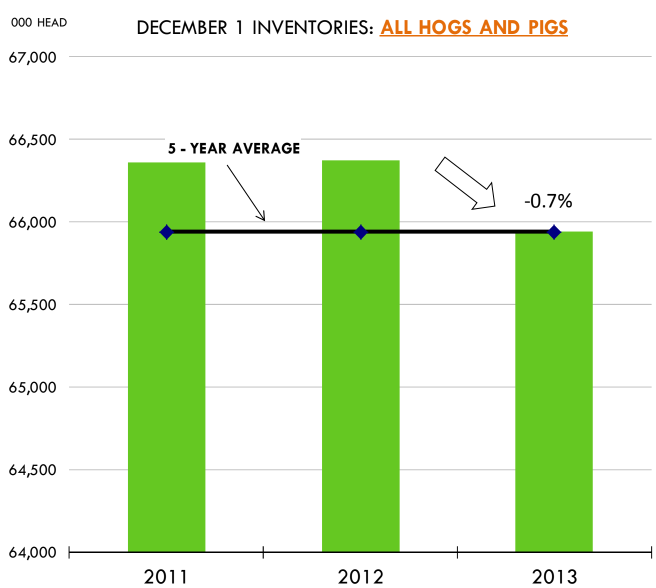
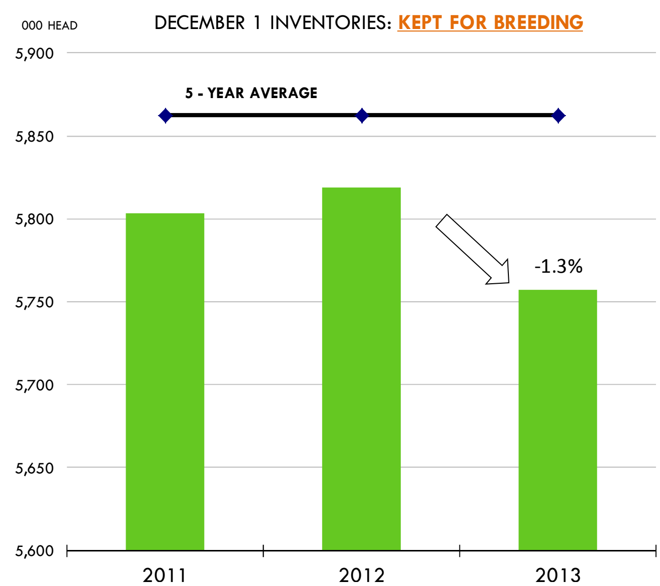
December 30, 2013

Spread of PEDv limits hog expansion and pork supplies for 2014

- There was plenty of anticipation ahead of the USDA quarterly Hogs and Pigs report, issued on December 27, 2013. The number of PEDv cases has escalated since September and futures markets have built significant risk premiums into forward contracts in anticipation of tighter pork supplies. Coming into the USDA report, market participants were looking for either a confirmation of the ongoing speculation regarding PEDv or some sort of signal that despite the disease spreading, the industry was on track to expand and take advantage of the lower input cost structure. After the report, it appears that hog expansion is nowhere to be found and that the disease situation is indeed quite serious. If anything, the USDA report still continues to understate the impact of the disease and because of it, some of the data reported looks very odd indeed.

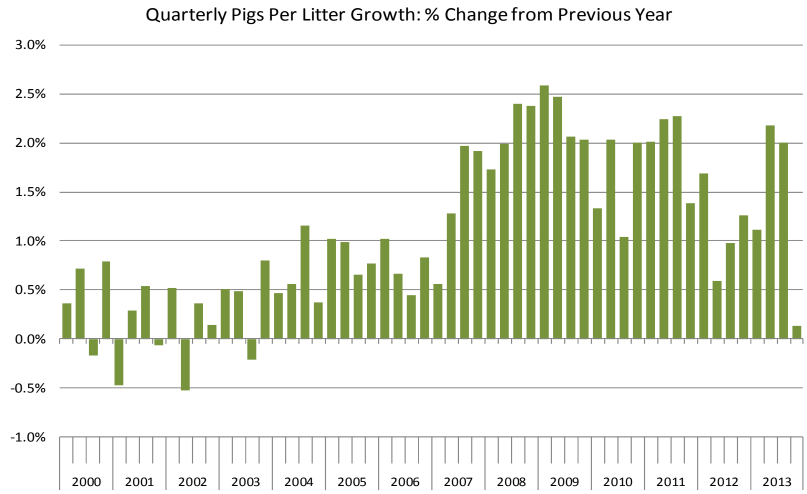




Below are some of the main points from this report:

- In our view, the most surprising number from the report, and one that could have significant implications for pork production in the next 12 months, is the size of the breeding herd. According to USDA, the breeding herd as of December 1, 2013 was 5.757 million head, 1.3% lower than a year ago. Prior to the report, analysts were expecting the breeding herd to expand by 1%. The decline in the breeding stock tells us that despite strong incentives to expand, producers so far have failed to do so. In fact, the breeding herd numbers have been retreating. Is there something about the spread of PEDv among sow farms that has limited gilt retention? Is the shortage of hogs forcing producers to sell gilts rather than hold them back for replacement? The decline in the sow herd comes at a time when sow slaughter has been down significantly the past two quarters. Sow slaughter for the quarter Jun - Aug was down 7.9% from the same period a year ago while the Sep - Nov sow slaughter declined 7% from the previous year. Given starting and ending breeding herd inventories, imports of sows and breeding animals from Canada and a standard loss rate, we come up with implied replacement numbers (i.e. gilts that producers hold back to replace the sows that are no longer productive and need to be sold off). For the last quarter, the ratio of these replacement animals to sow slaughter stands at 86%. The inventory numbers are telling us producers are contracting. If true, this would imply fewer hogs coming to market in the coming 12 months, especially given that PEDv could eliminate the growth in pigs per litter.

- **<u>The second most interesting number in the USDA report is the growth in pigs per litter</u>**. In the past few years, producers have managed to expand hog production with fewer sows. They have done so by increasing the number of piglets saves in each litter (i.e. productivity growth). For the September - December quarter, however, USDA pegged the litter size at 10.16 pigs, almost unchanged from the same quarter a year ago. This is the lowest growth rate in the litter size since 2003 and a sharp departure from growth rates in recent quarters. This number is much more consistent with market expectations regarding the effects of PEDv on pigs that are just born.



<u>Balance Sheet for Sep - Nov Hog Inventory ('000)</u>

Hog Inventory on September 1	68,360
Pig Crop during Sep - Nov	29,281
Hog/Pig imports during Sep - Nov	1,123
Total Hog Supply during Sep - Nov	98,764
Hog Slaughter during Sep - Nov	29,103
Hog/Pig exports during Sep - Nov	14.3
Total Use during Sep - Nov	29,117
Supply minus Use (A)	69,647
Hog Inventory as of December 1 (B)	65,740
Supply Loss (Death loss) (A minus B)	3,907
Ratio of Supply Loss vs. Total Supply	4.0%
Normal ratio	2.5%
Supply Loss using normal ratio	2,469
Possible loss due to PEDv for quarter	1,438

- One would expect that with a smaller breeding herd, the number of farrowings (births) will decline. However, **<u>even as the breeding herd was reported to be down 1.3%</u>** from the previous year as of December 1, **<u>farrowing intentions for Dec - Feb were 1.3% higher than the previous year</u>** while farrowings for Mar - May were up 1.4%. If the breeding number is correct, it is likely that the farrowings will be revised lower in the coming reports. Low feed cost and the promise of profits will likely encourage producers to maximize farrowings but at this point we think the growth in farrowings will likely be near 2013 levels for the first half of 2014. And with pigs per litter growth also flat, this implies very limited growth in the pig crop. We have lowered our estimates for hog supplies in the second half of 2014 but remain very cautious that even those lowered numbers may end up being too high.

- Finally the report gives us some sense as to the possible losses due to PEDv for the quarter. Keep in mind that the numbers depend greatly on the accuracy of the survey but one of the numbers that jumped at us as we analyzed the report was the implied death loss number. On page 2 we have presented a balance sheet for the flow of hogs during the Sep - Nov quarter. The ratio of the death loss to total hog supply for the quarter was 4%, compared to a normal rate of around 2.5%. This meant that we had an additional 1.4 million hogs that did not make it to market this quarter than normally would have been the case and we argue that the main reason for this was the spread of PEDv. If this number remains high in following quarters, it will be one more reason for expecting generally flat hog supplies for 2014 and higher pork prices than would otherwise be the case.

Bottom line: The latest Hogs and Pigs report will likely be viewed as bullish by futures markets, particularly for deferred contracts. In the short term, weak cash hog prices will keep futures on the defensive but the market will likely maintain its premiums out front. Our current forecast is that hog prices for all of 2014 will be up about 3% on 2013 levels despite the decline in feed costs. High hog prices will also mean higher pork prices overall.

Upcoming holidays:

2014 New Year's Day (Wednesday January 1); Martin Luther King Day (Monday January 20); Chinese New Year (Friday January 31); Super Bowl XLVIII Sunday (Sunday February 2, in East Rutherford, NJ); Valentine's Day (Friday February 14); President's Day (Monday February 17); Ash Wednesday (Wednesday March 5); Daylight Savings Time Begins in US (Sunday March 9); St. Patrick's Day (Monday March 17); Passover (Tuesday April 15); Easter (Sunday April 20); Cinco de Mayo (Monday May 5); Mother's Day (Sunday May 11); Victoria Day [Canada] (Monday May 19); Memorial Day (Monday May 26); Father's Day [US and Canada] (Sunday June 15); Canada Day [Canada] (Tuesday July 1); Independence Day (Friday July 4); Labor Day [US and Canada] (Monday September 1); Rosh Hashanah (Thursday September 25); Yom Kippur (Saturday October 4); Columbus Day (Monday October 13; Canadian Thanksgiving Day (Monday October 13); Daylight Savings Time Ends [US and Canada] (Sunday November 2); Veterans Day (Tuesday November 11); Remembrance Day [Canada] (Tuesday November 11); Thanksgiving (Thursday November 27); Hanukkah (Wednesday December 17); Christmas Day (Thursday December 25); Boxing Day [Canada] (Friday December 26).

PORK

NOTE: WE ARE NOW REPORTING AND FORECASTING MANDATORY PLANT WEIGHTED AVERAGE BLUE SHEET PRICES FOR PORK CUTS.

Live hog. For the holiday shortened week ending December 28 hog slaughter was 1.843 million head, up 5.01% from a year ago. In the last two weeks hog slaughter is up 2.47% above year ago levels.

Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values. Lean hog carcass values at about 76.28/cwt. on Friday were down about $0.51/cwt. since Wed. December 18. Prices are now about $3.94/cwt. below year ago values.

21/dn Pork Loins "**Total on FOB Basis**" (page 8). Prices finished last week at $1.1010 for the "Total on FOB Basis" quote, up about 4 cents since the Wed. December 18 quote and up about 5 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.6158 for the strap on loins, up about 6 cents since Wed. December 18 and up about 11 cents from the year ago levels. Strap off loins at $1.7467 are up about 6 cents since Wed. December 18 but down about 4 cents compared to the year ago quote.

Boneless sirloins at $1.1777 are up about 6 cents from the Wed. December 18 quote and up about 6 cents from the year ago price. Expect prices to be higher in mid-January.

Pork tenderloin finished last week at $2.3353 are up about 3 cents since the Wed. December 18 quote and up about 16 cents from the year ago price.

5/10 Pork Butts "Total on FOB Basis" (page 10), prices finished the week at $1.0730 up about 3 cents since Wed. December 18.

4.25/dn Spare Ribs "Total on FOB Basis" (page 8). Prices finished the week at $1.4123 down about one cent since Wed. December 18 but up about 9 cents from year ago levels.

Rib inventories on November 30 were 98.8 million pounds, down 4 percent from a year ago.

Bone-in Hams.

The Total on FOB Basis for 17/20 hams (page 9) price was $0.8350/lb. down about 16 cents since Wed. December 18 but up about 17 cents from a year ago.

20/23 hams finished the week at 68.86 cents for the Total on FOB Basis down about 20 cents since Wed. December 18 but up about one cent from the year ago level.

23/27 hams finished the week at 73.47 cents for the Total on FOB Basis down about 13 cents from the Wed. December 18 quote but up about 5 cents from the year ago level.

Total ham cold storage stocks on November 30 at 116.0 million pounds were up about 19% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 30.18, down less than one cent since Wed. December 18 and down about 2 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 60.95 cents down about 2 cents since the Wed. December 18 quote but up about 2 cents from the year ago level.

Freezer stocks of all trimmings on November 30 were 38.6 million pounds, down about 19 percent from the year ago levels.

72 CL Picnic Meat "FOB Basis". Picnics prices should be lower by January.

POULTRY

Georgia Dock Broilers. The Georgia dock price on Thursday December 26 at $1.0425 was up about 6 cents from a year ago.

The National Whole Bird price was quoted at 94.58 on Friday December 27, down about 5 cents from a year ago.

Broiler slaughter for the holiday shortened week ending December 28 was 119.20 million head, up 3.30% from a year ago. For the last two weeks slaughter was up 1.63% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.2769, up about 3 cents since the Wed. December 18 quote but down about 4 cent from the year ago levels.

Leg Quarters. The value of this item and the timing of price moves are completely dependent on the timing of export purchases and export business, which seems ok at this time. Leg quarter prices are now trading about 8 cents below the year ago price at 43.15. Prices trend modestly higher the next few months. However, Mexico could be a significant issue any time.

Wings. Prices at $1.1951 are down about 70 cents from year ago levels. Expect a bounce in prices after the recent large counter seasonal decline. Peak prices for the season normally occur in January ahead of Super Bowl Sunday, February 2, 2014 this year, but with the recent action who knows. Two years ago we could not find enough wings, today it seems no one wants any.

Turkeys

Hens finished last week at $1.1000 unchanged since Wed. December 18 but up about 5 cents from the year ago price.

Toms finished last week at $1.0400 down one cent since Wed. December 18 and down about one cent from the year ago price.

Total turkey supplies in the freezer on November 30 were down about 14 percent from a year ago at 219.2 million pounds. Whole birds were down 22 percent from year ago with an inventory of 61.1 million pounds.

Turkey slaughter was 41.12 million head for the week ending December 21.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.1600, unchanged since Wed. December 18. Prices are about 11 cents above year ago prices at this time.

BEEF

NOTE: WE ARE NOW REPORTING AND FORECASTING WEIGHTED AVERAGE BLUE SHEET PRICES FOR BEEF CUTS.

Choice 112A Heavy Bnls. Lip On Rib Eyes at $5.7505 (weighted average quote) finished last week down about $1.22/lb. since the Wed. December 18 quote and down about 53 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $5.1206 finished last week down about 20 cents since the Wed. December 18 quote but up about 36 cents from a year ago.

Choice regular #168 insides finished last week quoted at $2.2252 down about one cent since Wed. December 18 but up about 2 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $2.4456 up about 13 cents since Wed. December 18 and up about 15 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.2678 up about 19 cents since Wed. December 18 and up about 10 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $4.9151 (wt. avg.) up about 14 cents from the Wed. December 18 quote. Prices are about 11 cents under year ago levels.

Choice #184 Regular Heavy top butts finished at $2.7252 (wt. avg.) up about 21 cents since Wed. December 18 but down about 46 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $2.7875 (wt. avg.) up about 3 cents since Wed. December 18 but down about 43 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $3.7838 (wt. avg.) up about 4 cents since Wed. December 18 but down about 7 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at $1.8178 up about 10 cents since Wed. December 18 and up about 30 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.0459 up about 20 cent since Wed. December 18 but up about 14 cents from the year ago quote.

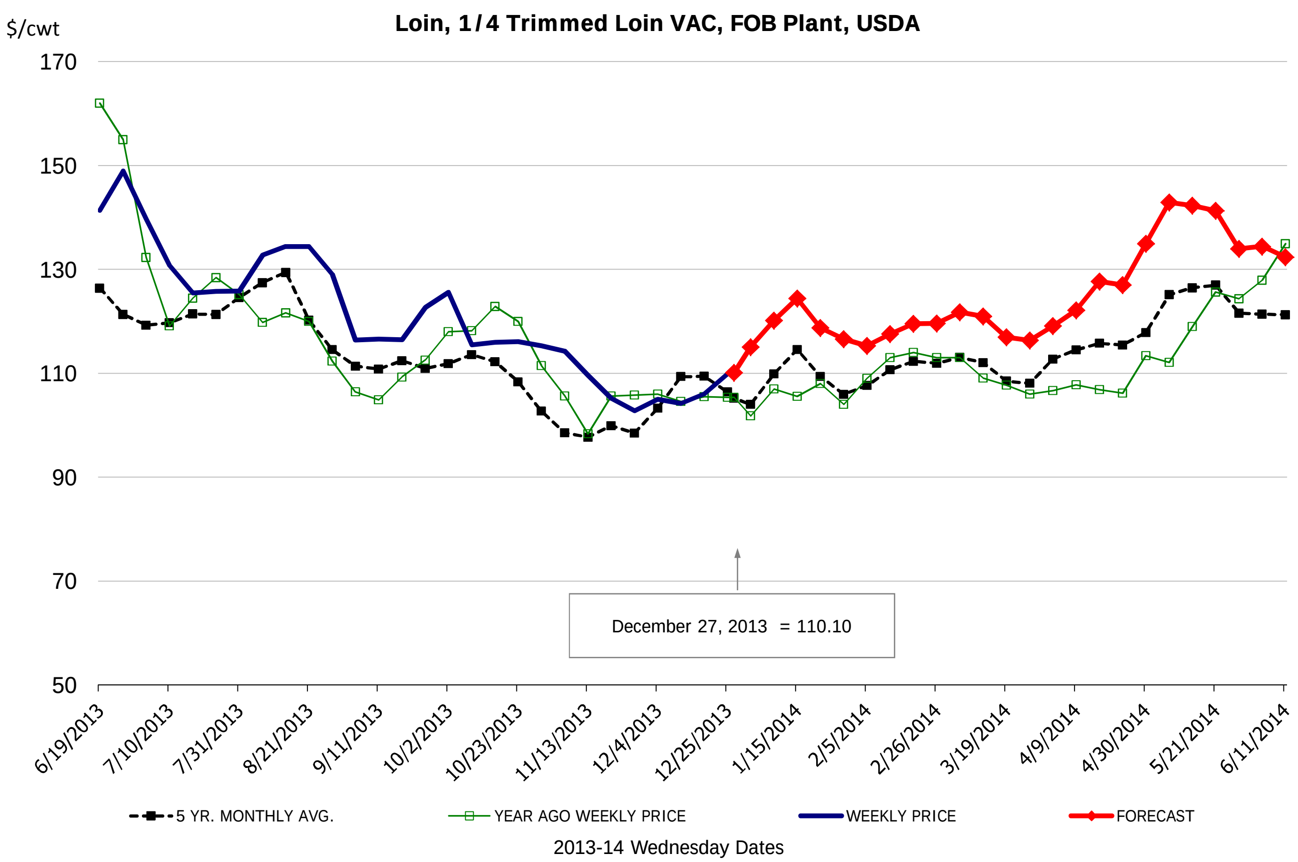
90CL Bnls. Beef prices finished the week at $2.0934 (wt. avg.) up about 5 cent since Wed. December 18 and about 2 cents above the year ago price quote. Ranchers are trying to hold more beef cows. Corn prices are significantly under year ago levels at this time. Our expectations for higher prices in 2014 are based on farmers continuing to hold cows. Cheaper feed is going to encourage rebuilding everywhere there is grass.

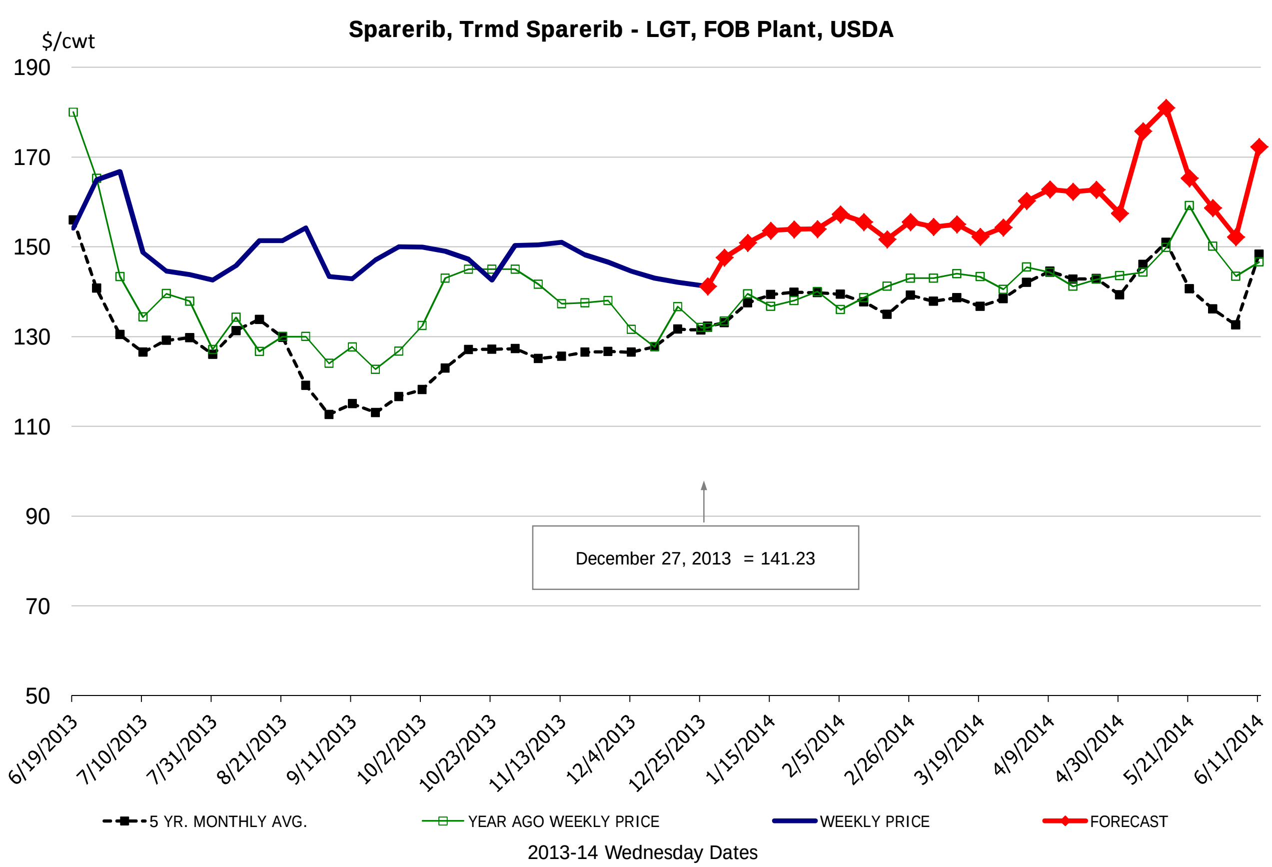
50 CL Beef Trim prices finished last week at $0.8786 down about 10 cent since Wed. December 18 but about 13 cents over the year ago level.

Food Service Summary Table - WT. AVE

	2013 History								2013-14 FORECAST						
	Jul	Aug	Sep	Oct	Nov	Dec	12/18/2013	12/27/2013	1/8/2014	Jan	Feb	Mar	Apr	May	Jun
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.30	1.33	1.18	1.18	1.08	1.06	1.06	1.10	1.20	1.19	1.18	1.19	1.24	1.39	1.37
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.35	1.39	1.29	1.26	1.15	1.12	1.10	1.14	1.26	1.26	1.23	1.26	1.34	1.48	1.48
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.82	1.74	1.80	1.84	1.70	1.70	1.68	1.75	1.91	1.91	1.79	1.84	1.88	2.06	1.97
Loin, Tenderloin, FOB Plant, USDA	2.60	2.32	2.39	2.35	2.28	2.32	2.30	2.34	2.55	2.46	2.51	2.56	2.61	2.92	3.04
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	1.08	1.08	1.13	1.02	0.97	0.96	0.97	1.07	1.05	1.05	1.05	1.05	1.12	1.19	1.22
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.49	1.51	1.46	1.48	1.49	1.43	1.42	1.41	1.51	1.52	1.55	1.54	1.62	1.69	1.70
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	2.37	2.31	2.33	2.31	2.28	2.23	2.25	2.28	2.40	2.42	2.44	2.41	2.41	2.44	2.48
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.52	1.58	1.49	1.41	1.39	1.36	1.37	1.39	1.43	1.44	1.48	1.49	1.55	1.63	1.67
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.37	2.27	2.14	2.07	2.08	2.03	2.03	2.01	2.03	2.03	2.16	2.31	2.50	2.60	2.68
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.86	0.89	0.91	0.94	1.03	1.01	0.99	0.84	0.77	0.77	0.79	0.80	0.78	0.80	0.83
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.88	0.87	0.90	0.91	0.93	0.87	0.88	0.69	0.71	0.72	0.76	0.77	0.76	0.80	0.83
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.87	0.87	0.88	0.89	0.87	0.86	0.87	0.73	0.71	0.71	0.75	0.76	0.77	0.81	0.85
Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	1.22	1.23	1.50	1.40	1.42	1.39	1.38	1.38	1.30	1.31	1.31	1.22	1.23	1.25	1.29
Belly, Skin-on Belly 14-16#, FOB Plant, USDA	1.73	1.63	1.48	1.39	1.20	1.14	1.23	0.92	1.29	1.32	1.39	1.43	1.46	1.51	1.50
Belly, Derind Belly 9-13#, FOB Plant, USDA	2.03	2.07	1.84	1.80	1.63	1.59	1.58	1.36	1.60	1.61	1.71	1.75	1.80	1.86	1.84
Belly, Derind Belly 13-17#, FOB Plant, USDA	2.00	2.08	1.85	1.75	1.59	1.47	1.46	1.33	1.58	1.59	1.70	1.74	1.78	1.84	1.83
Trim, 42% Trim Combo, FOB Plant, USDA	0.64	0.73	0.54	0.50	0.39	0.32	0.31	0.30	0.41	0.41	0.43	0.48	0.52	0.56	0.60
Trim, 72% Trim Combo, FOB Plant, USDA	0.94	0.81	0.67	0.82	0.73	0.65	0.63	0.61	0.68	0.69	0.71	0.72	0.72	0.78	0.81
HOG CARCASS															
IA/MN, Base Market Hog 185 lb Carcass Basis, Plant Dlv.	0.99	0.95	0.93	0.88	0.80	0.78	0.77	0.76	0.81	0.82	0.85	0.89	0.92	0.98	1.01
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	0.99	0.91	0.91	0.91	0.94	0.95	0.94	0.95	0.95	0.94	0.93	0.93	0.92	0.96	0.97
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.82	1.78	1.50	1.35	1.26	1.26	1.24	1.28	1.33	1.34	1.41	1.50	1.55	1.60	1.54
N.E. BROILER BREAST LINE RUN, USDA	1.24	1.17	1.06	1.01	0.98	0.94	0.94	0.93	0.95	0.96	1.01	1.04	1.08	1.14	1.11
N.E. BROILER LEG QUARTERS, USDA	0.51	0.52	0.53	0.47	0.44	0.43	0.41	0.43	0.44	0.44	0.46	0.46	0.48	0.50	0.50
N.E. BROILER WINGS, USDA, WT.AVG.	1.59	1.58	1.62	1.49	1.21	1.21	1.18	1.20	1.38	1.38	1.30	1.26	1.20	1.17	1.25
TURKEYS															
UB HEN TURKEYS, EAST, FROZEN 10-12LBS	1.03	1.05	1.06	1.08	1.10	1.10	1.10	1.10	1.04	1.04	1.02	1.02	1.04	1.07	1.09
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	1.66	1.96	2.14	2.20	2.19	2.16	2.16	2.16	2.02	1.98	1.86	1.89	1.93	1.98	2.02
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.20	1.23	1.23	1.29	1.31	1.31	1.31	1.31	1.32	1.32	1.34	1.35	1.36	1.33	1.28
BEEF															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	6.16	6.33	6.60	6.92	7.41	6.80	6.97	5.75	5.93	5.87	6.44	6.83	7.00	6.96	7.09
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.09	2.12	2.10	2.28	2.27	2.27	2.31	2.45	2.47	2.44	2.35	2.33	2.34	2.33	2.23
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	1.85	1.94	2.01	2.18	2.11	2.08	2.07	2.27	2.30	2.30	2.27	2.18	2.11	2.07	2.03
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	5.05	4.98	4.98	4.88	4.70	4.71	4.78	4.92	5.39	5.37	5.64	5.98	6.75	6.98	6.99
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	3.21	3.26	3.15	2.94	2.79	2.77	2.76	2.79	3.31	3.28	3.44	3.66	3.82	3.70	3.38
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	4.02	3.36	3.48	3.73	3.60	3.62	3.74	3.78	3.86	3.84	4.10	4.55	4.60	4.66	4.75
COARSE GROUND 73%, USDA	1.66	1.76	1.68	1.62	1.66	1.71	1.72	1.82	2.05	2.01	1.91	1.75	1.89	1.94	1.75
COARSE GROUND 81%, USDA	1.82	1.88	1.88	1.79	1.82	1.86	1.85	2.05	2.21	2.19	2.12	1.97	2.10	2.18	1.99
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.00	2.03	2.04	1.93	1.91	2.02	2.04	2.09	2.18	2.19	2.31	2.26	2.30	2.35	2.23
50CL BEEF TRIM, FRESH, NATIONAL, USDA	1.06	1.08	0.97	1.00	1.11	0.94	0.98	0.88	1.03	0.99	1.05	1.15	1.17	1.15	0.99

*St. Louis 2 1/4 dn rib prices are estimated at 3 1/2 dn plus $1.10


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
December 27, 2013 = 110.10
6/19/2013
7/10/2013
7/31/2013
8/21/2013
9/11/2013
10/2/2013
10/23/2013
11/13/2013
12/4/2013
12/25/2013
1/15/2014
2/5/2014
2/26/2014
3/19/2014
4/9/2014
4/30/2014
5/21/2014
6/11/2014
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates


Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
190
170
150
130
110
90
70
50
December 27, 2013 = 141.23
6/19/2013
7/10/2013
7/31/2013
8/21/2013
9/11/2013
10/2/2013
10/23/2013
11/13/2013
12/4/2013
12/25/2013
1/15/2014
2/5/2014
2/26/2014
3/19/2014
4/9/2014
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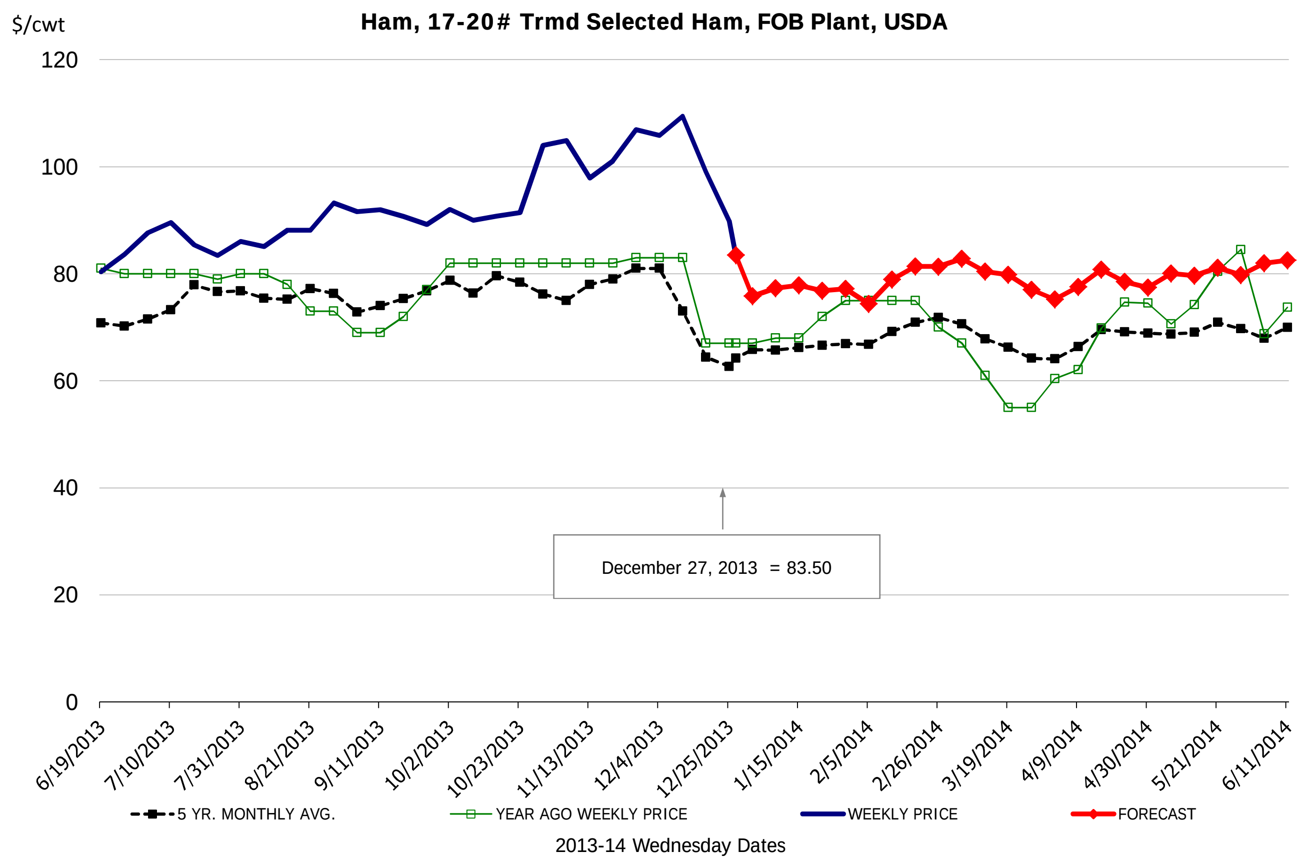

$/cwt
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA
120
100
80
60
40
20
0
December 27, 2013 = 83.50
6/19/2013
7/10/2013
7/31/2013
8/21/2013
9/11/2013
10/2/2013
10/23/2013
11/13/2013
12/4/2013
12/25/2013
1/15/2014
2/5/2014
2/26/2014
3/19/2014
4/9/2014
4/30/2014
5/21/2014
6/11/2014
5 YR. MONTHLY AVG.
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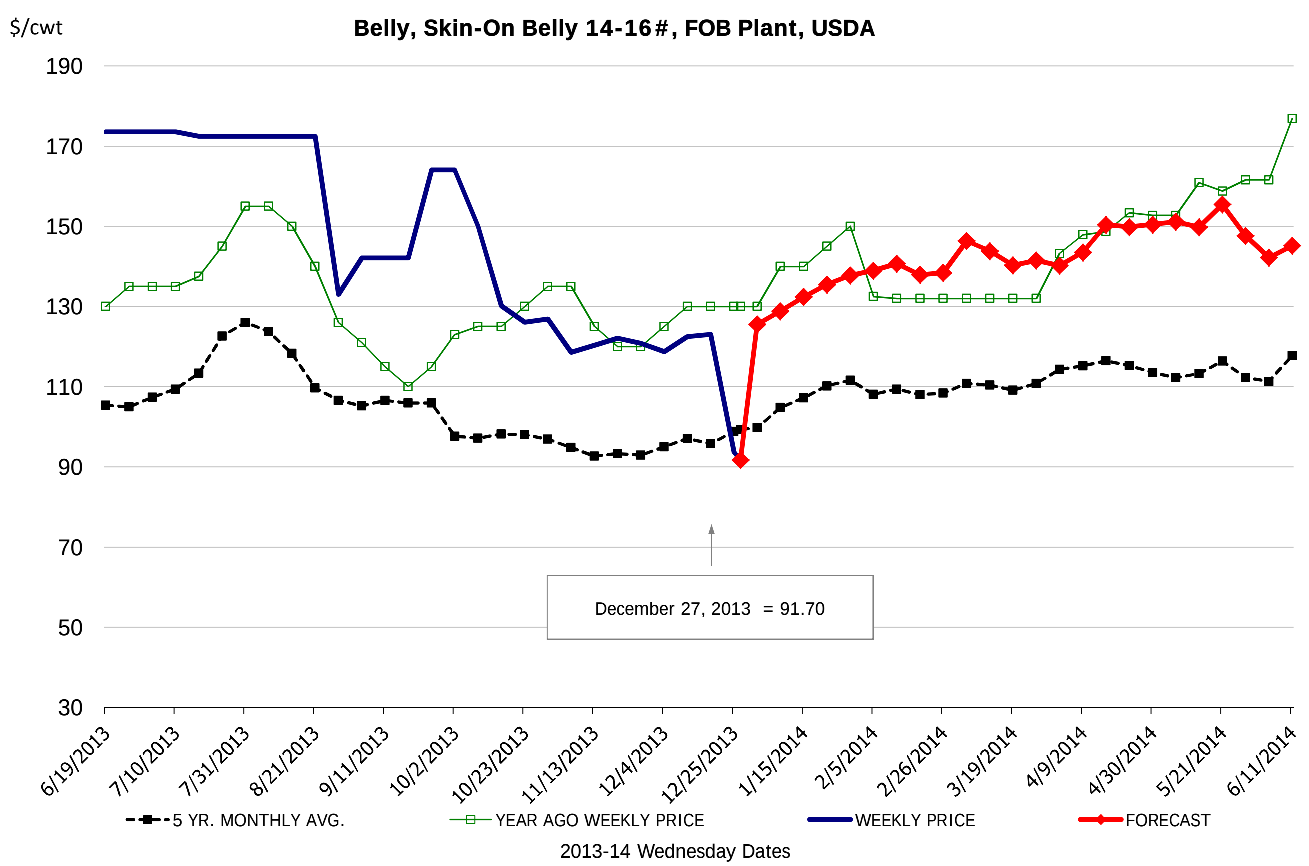
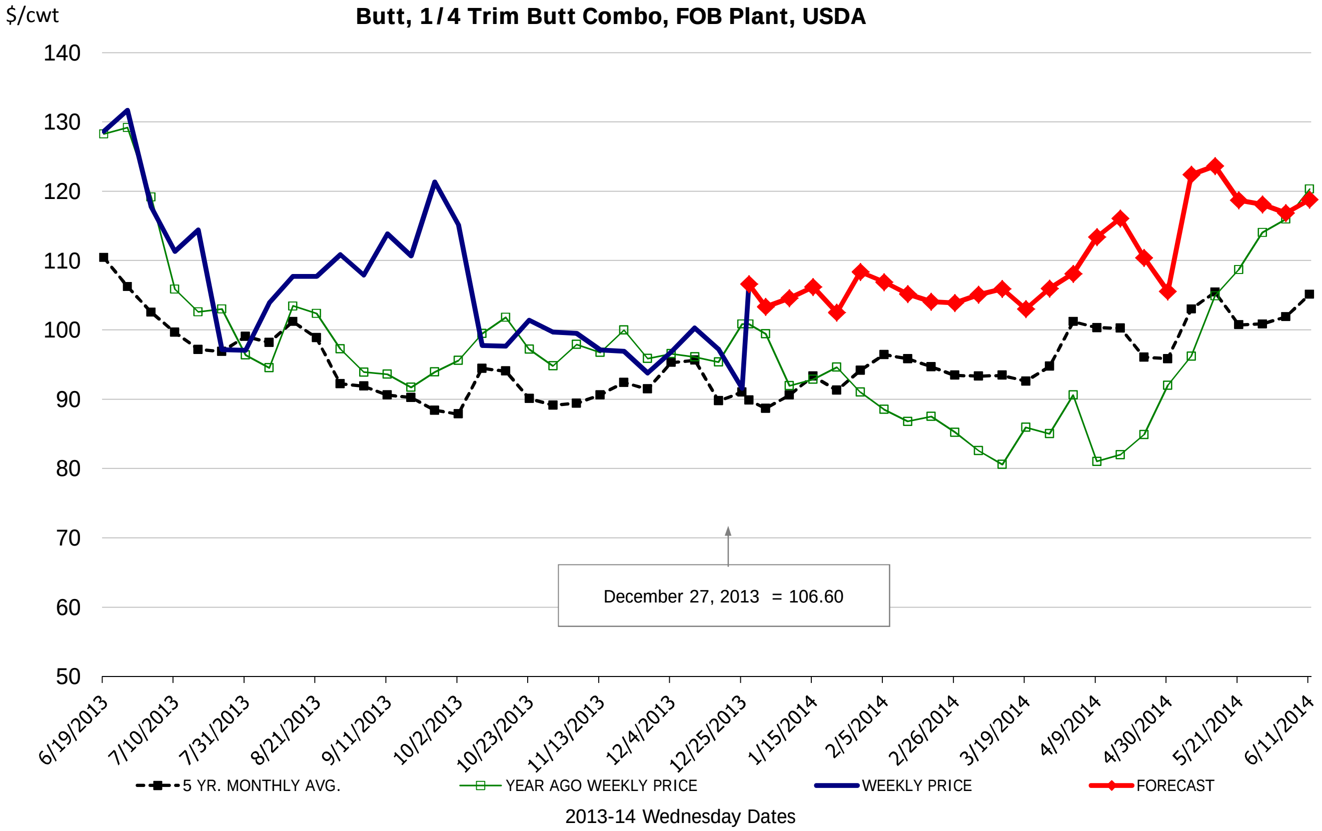
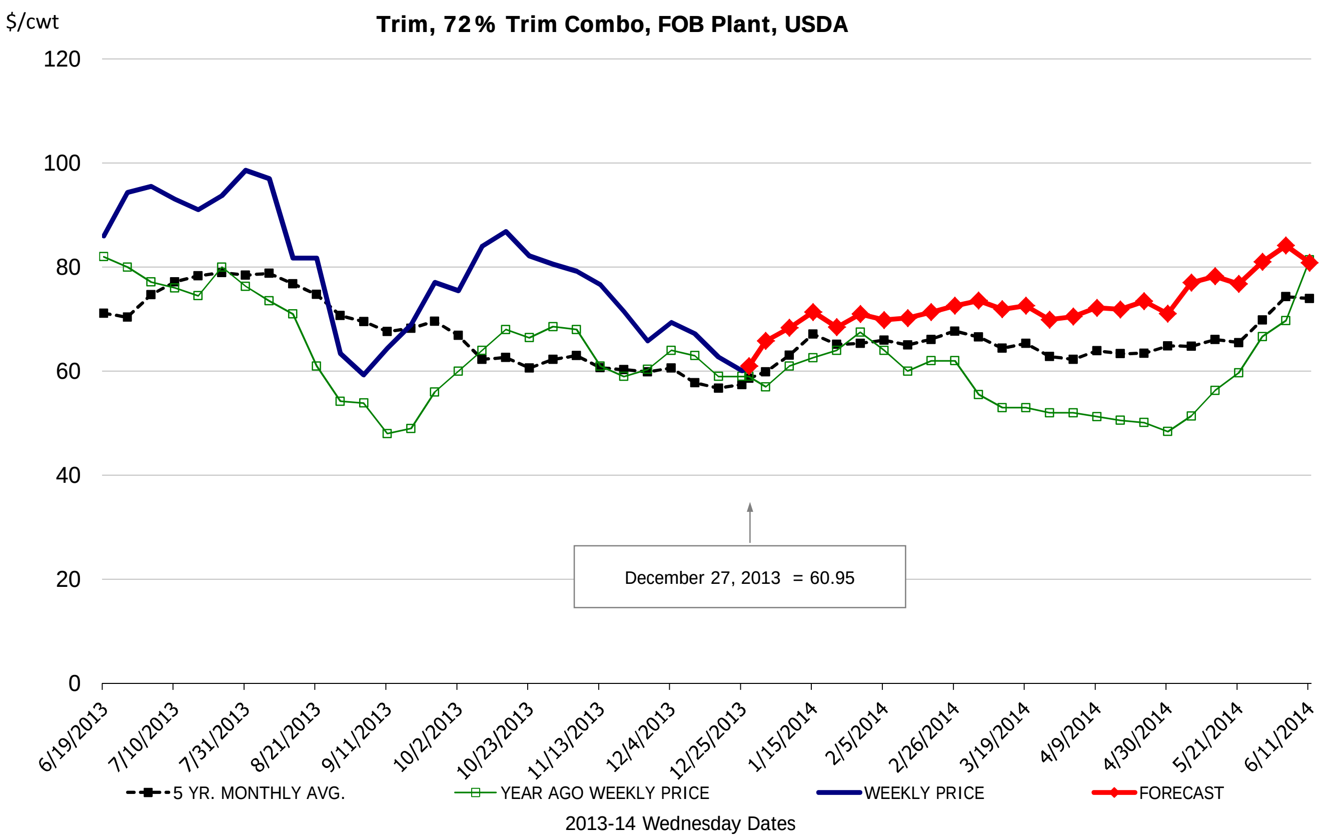
FORECAST
2013-14 Wednesday Dates

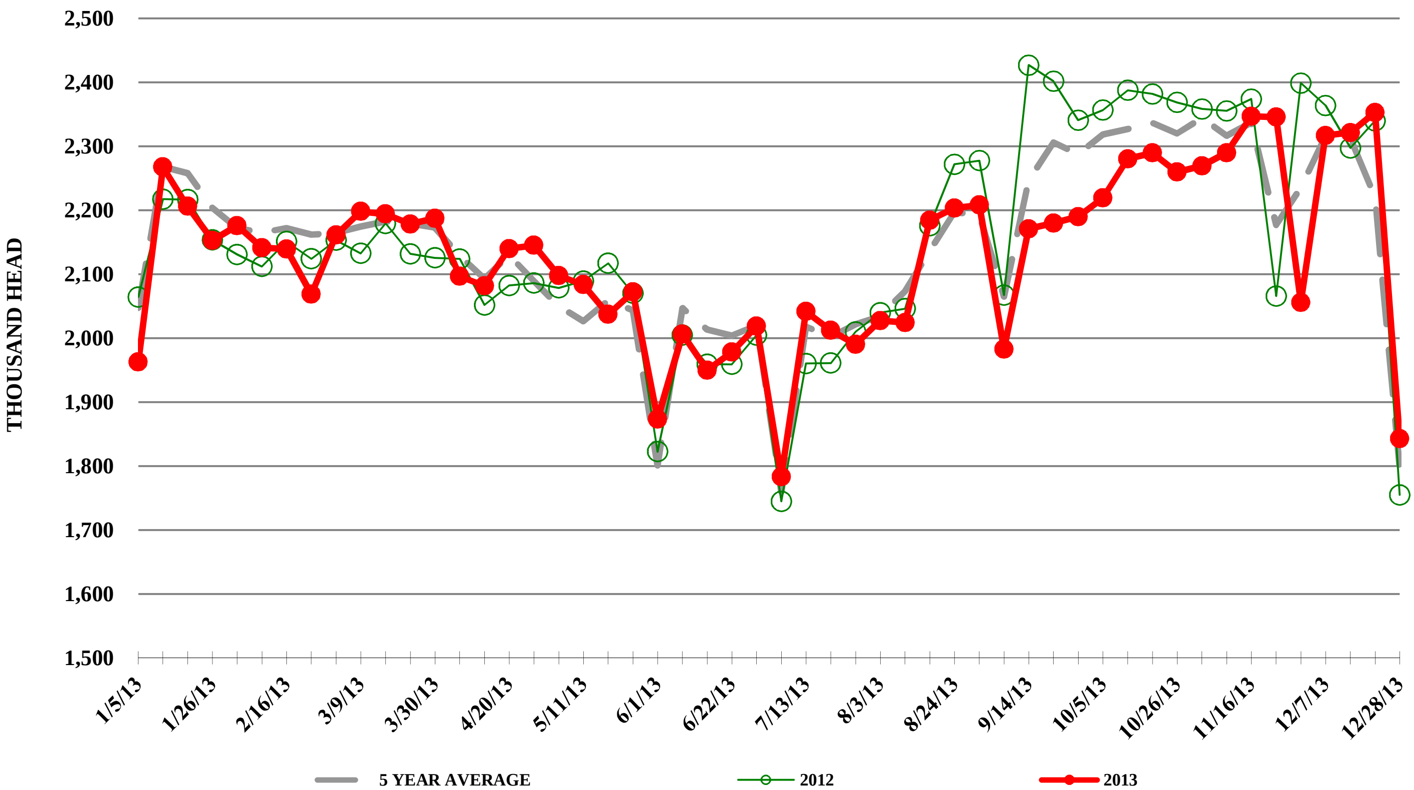


$/cwt
Belly, Skin-On Belly 14-16#, FOB Plant, USDA
190
170
150
130
110
90
70
50
30
December 27, 2013 = 91.70
6/19/2013
7/10/2013
7/31/2013
8/21/2013
9/11/2013
10/2/2013
10/23/2013
11/13/2013
12/4/2013
12/25/2013
1/15/2014
2/5/2014
2/26/2014
3/19/2014
4/9/2014
4/30/2014
5/21/2014
6/11/2014
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates

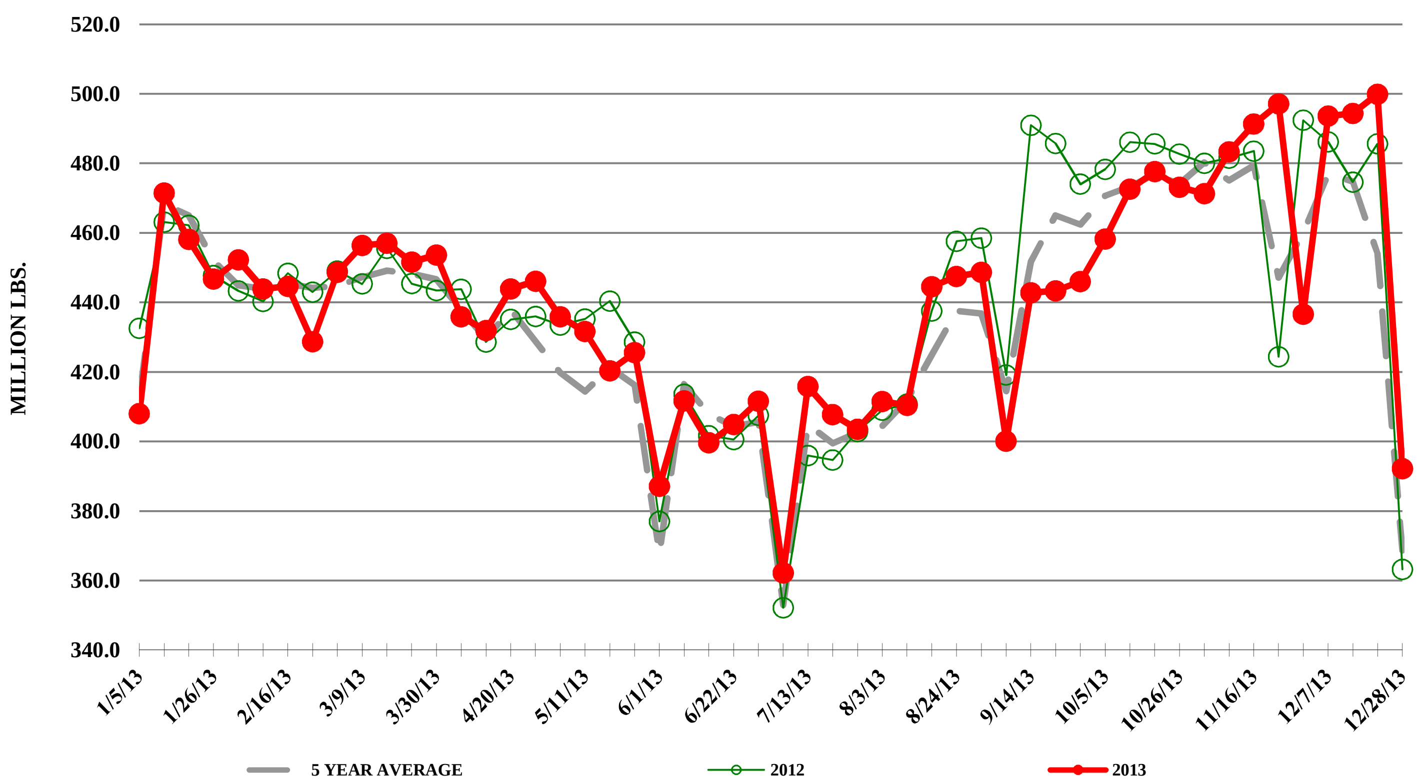

$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
December 27, 2013 = 106.60
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates


$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
December 27, 2013 = 60.95
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER



ESTIMATED WEEKLY FI PORK PRODUCTION



A SUMMARY OF THE:

USDA DECEMBER 1 HOGS AND PIGS REPORT

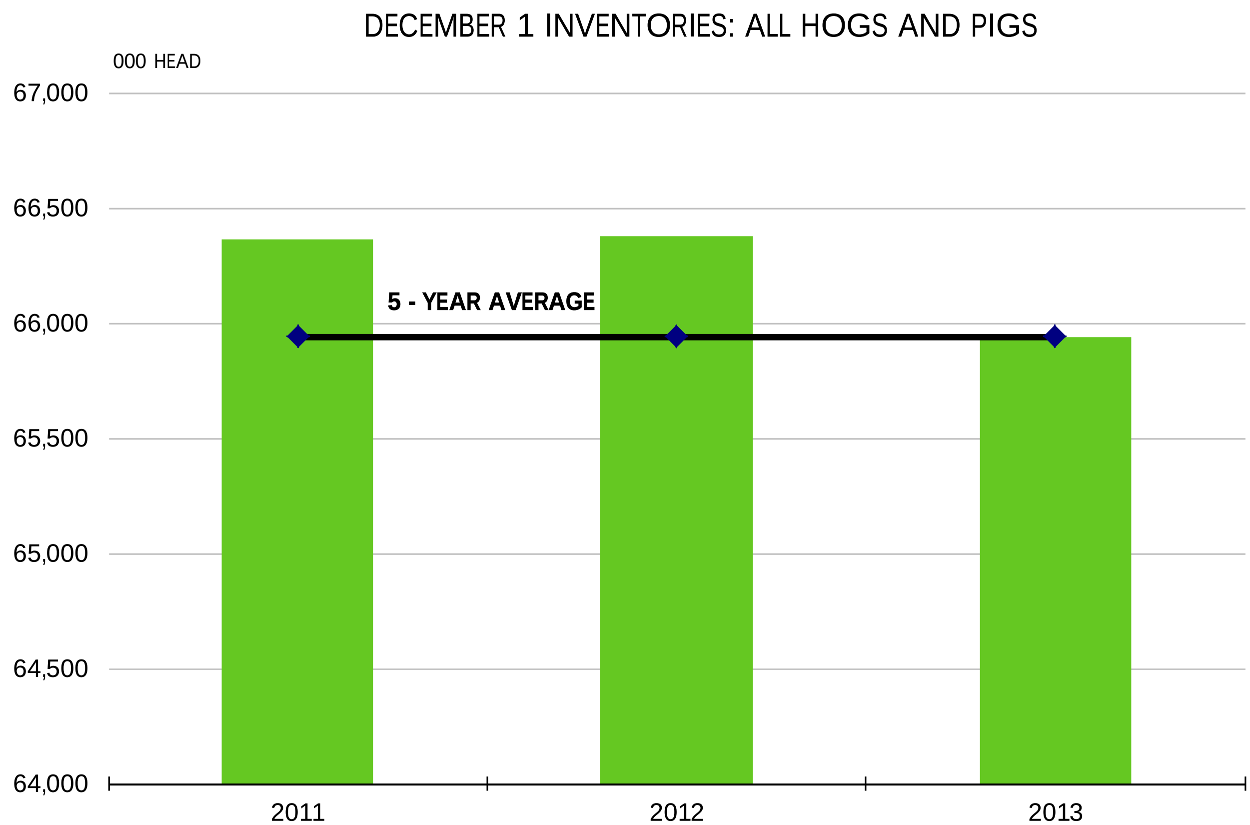
Prepared by: Steiner Consulting Group., 800-526-4612

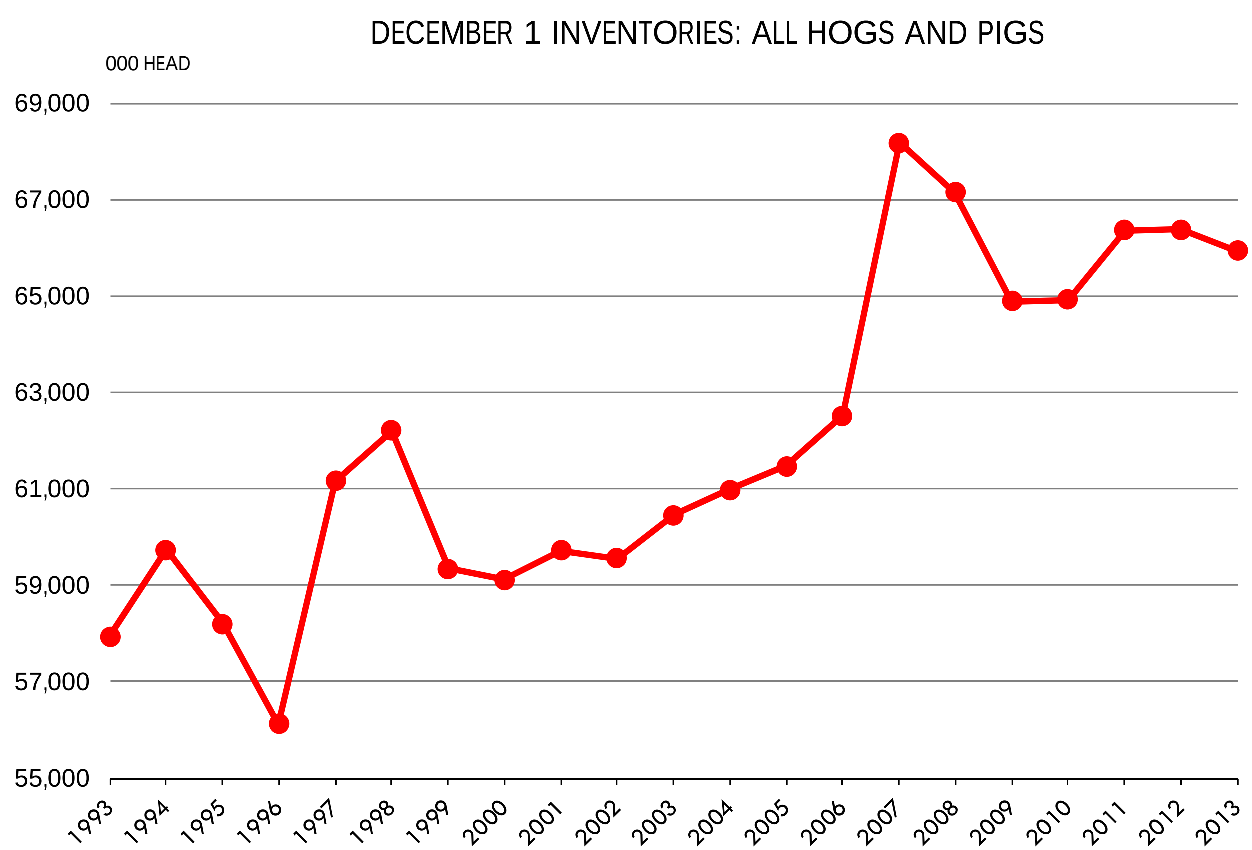
Friday, December 27, 2013

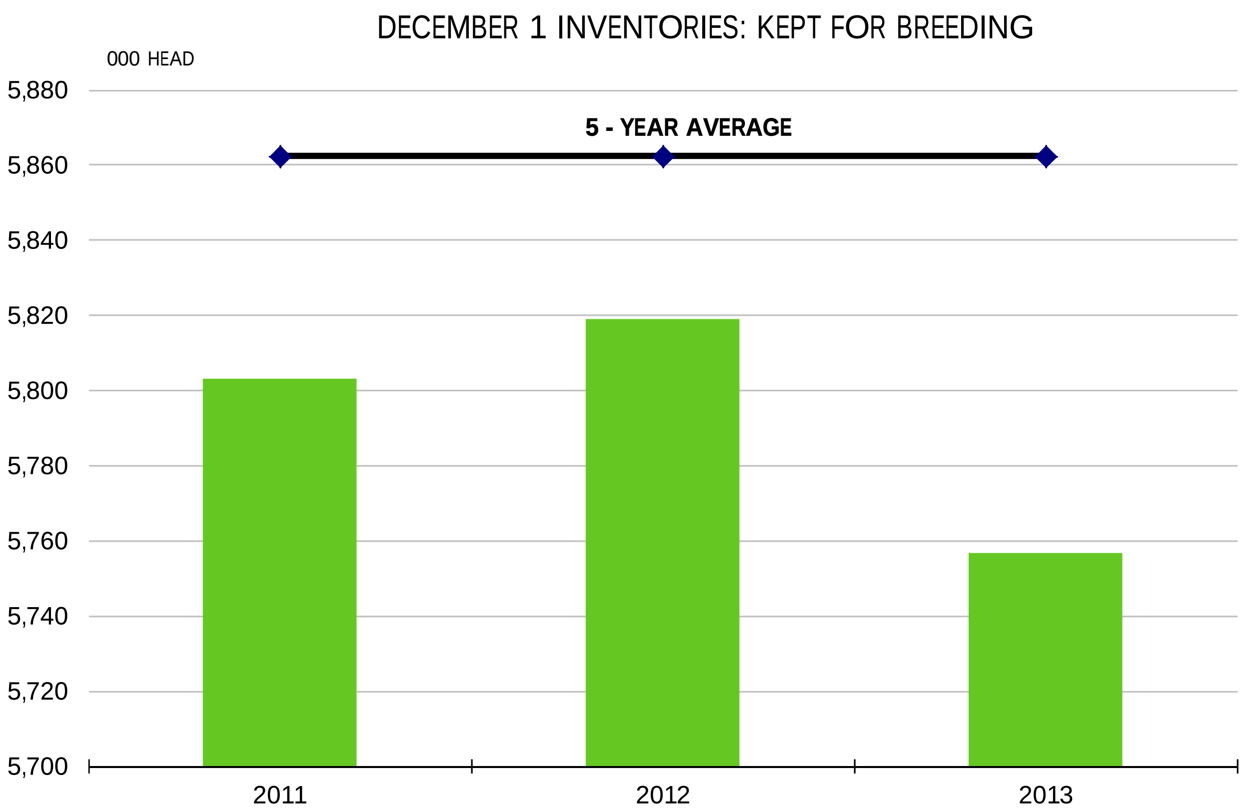
USDA HOGS AND PIGS REPORT - DECEMBER 1, 2013

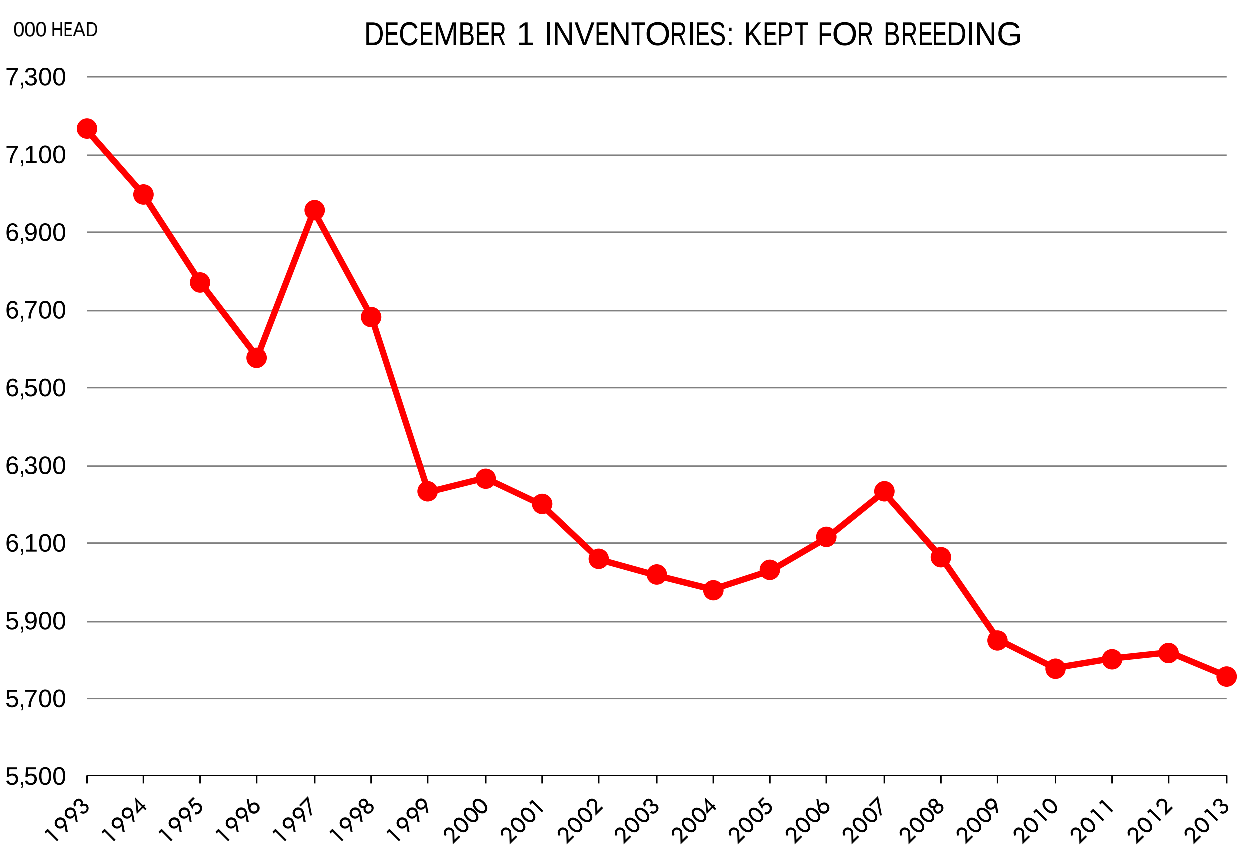
CATEGORY	2011	2012	2013	2014	2013 AS % OF 2011	2013 AS % OF 2012	2014 AS % OF 2013	Dow Jones Survey of ANALYST PRE-REPORT ESTIMATES Range		Avg.	USDA vs. Est.
ALL HOGS AND PIGS	66,361	66,374	65,940		99.4%	99.3%		98.6	101.0	99.9	-0.6
KEPT FOR BREEDING	5,803	5,819	5,757		99.2%	98.9%		100.2	101.9	101.0	-2.1
KEPT FOR MARKET	60,558	60,555	60,183		99.4%	99.4%		98.4	101.1	99.8	-0.4
UNDER 50 POUNDS	19,524	19,299	19,049		97.6%	98.7%		97.8	101.4	99.7	-1.0
50-119 POUNDS	16,643	16,752	16,669		100.2%	99.5%		98.6	101.4	99.7	-0.2
120-179 POUNDS	12,473	12,634	12,626		101.2%	99.9%		98.1	101.3	99.9	0.0
180 POUNDS AND OVER	11,918	11,871	11,838		99.3%	99.7%		99.2	101.1	100.1	-0.4
SOW FARROWINGS											
DEC - FEB [1,2]	2,843	2,813	2,788	2,825	98.1%	99.1%	101.3%	100.5	101.8	100.9	0.4
MAR - MAY [2]	2,917	2,952	2,816	2,855	96.5%	95.4%	101.4%	97.6	102.0	101.2	0.2
DEC - MAY [1]	5,760	5,766	5,605	5,681	97.3%	97.2%	101.4%				
JUN - AUG	2,927	2,928	2,925		99.9%	99.9%					
SEP - NOV	2,929	2,888	2,882		98.4%	99.8%		100.1	100.6	100.4	-0.6
JUN - NOV	5,857	5,817	5,807		99.1%	99.8%					
PIG CROP											
DEC - FEB [1]	27,866	28,038	28,099		100.8%	100.2%					
MAR - MAY	29,252	29,780	29,026		99.2%	97.5%					
DEC - MAY [1]	57,118	57,818	57,125		100.0%	98.8%					
JUN - AUG	29,355	29,654	30,216		102.9%	101.9%					
SEP - NOV	29,365	29,319	29,298		99.8%	99.9%		99.1	102.7	101.2	-1.3
JUN - NOV	58,720	58,973	59,514		101.4%	100.9%					
PIGS PER LITTER											
DEC - FEB [1]	9.80	9.97	10.08		102.9%	101.1%					
MAR - MAY	10.03	10.09	10.31		102.8%	102.2%					
DEC - MAY [1]	9.92	10.03	10.19		102.7%	101.6%					
JUN - AUG	10.03	10.13	10.33		103.0%	102.0%					
SEP - NOV	10.02	10.15	10.16		101.4%	100.1%		98.7	102.4	100.8	-0.7
JUN - NOV	10.03	10.14	10.25		102.2%	101.1%					

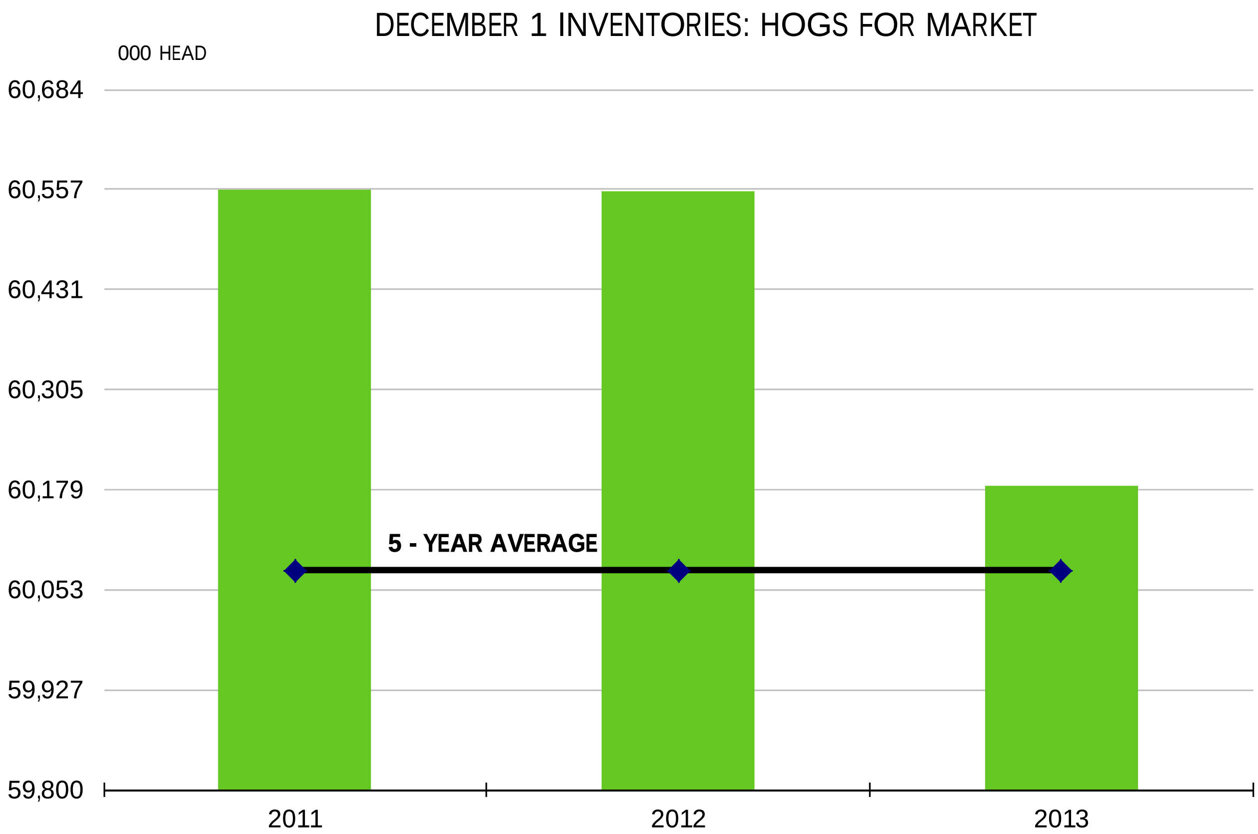
1. December of preceding year
2. Intentions for 2014

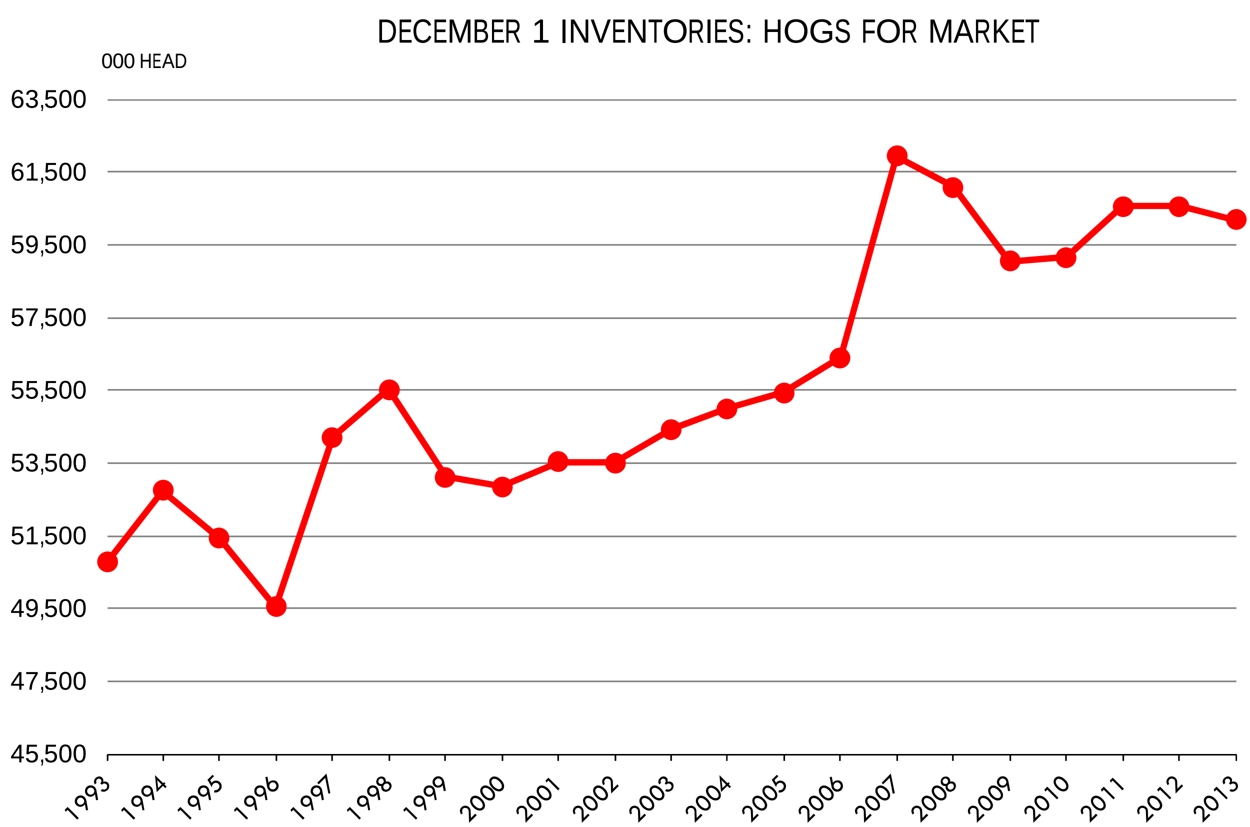

DECEMBER 1 INVENTORIES: ALL HOGS AND PIGS
000 HEAD
67,000
66,500
66,000
65,500
65,000
64,500
64,000
5 - YEAR AVERAGE
2011
2012
2013


DECEMBER 1 INVENTORIES: ALL HOGS AND PIGS
000 HEAD
69,000
67,000
65,000
63,000
61,000
59,000
57,000
55,000
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013

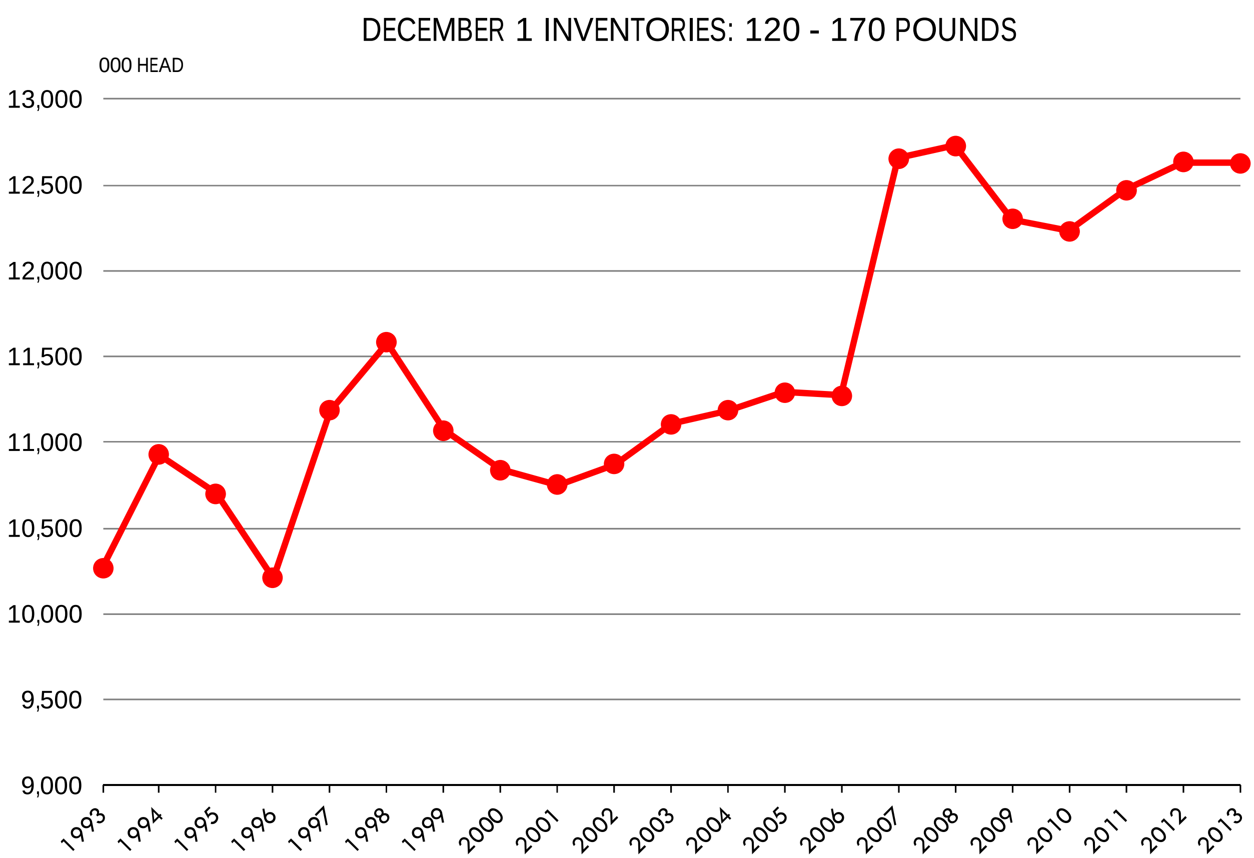

DECEMBER 1 INVENTORIES: KEPT FOR BREEDING
000 HEAD
5 - YEAR AVERAGE
5,880
5,860
5,840
5,820
5,800
5,780
5,760
5,740
5,720
5,700
2011
2012
2013

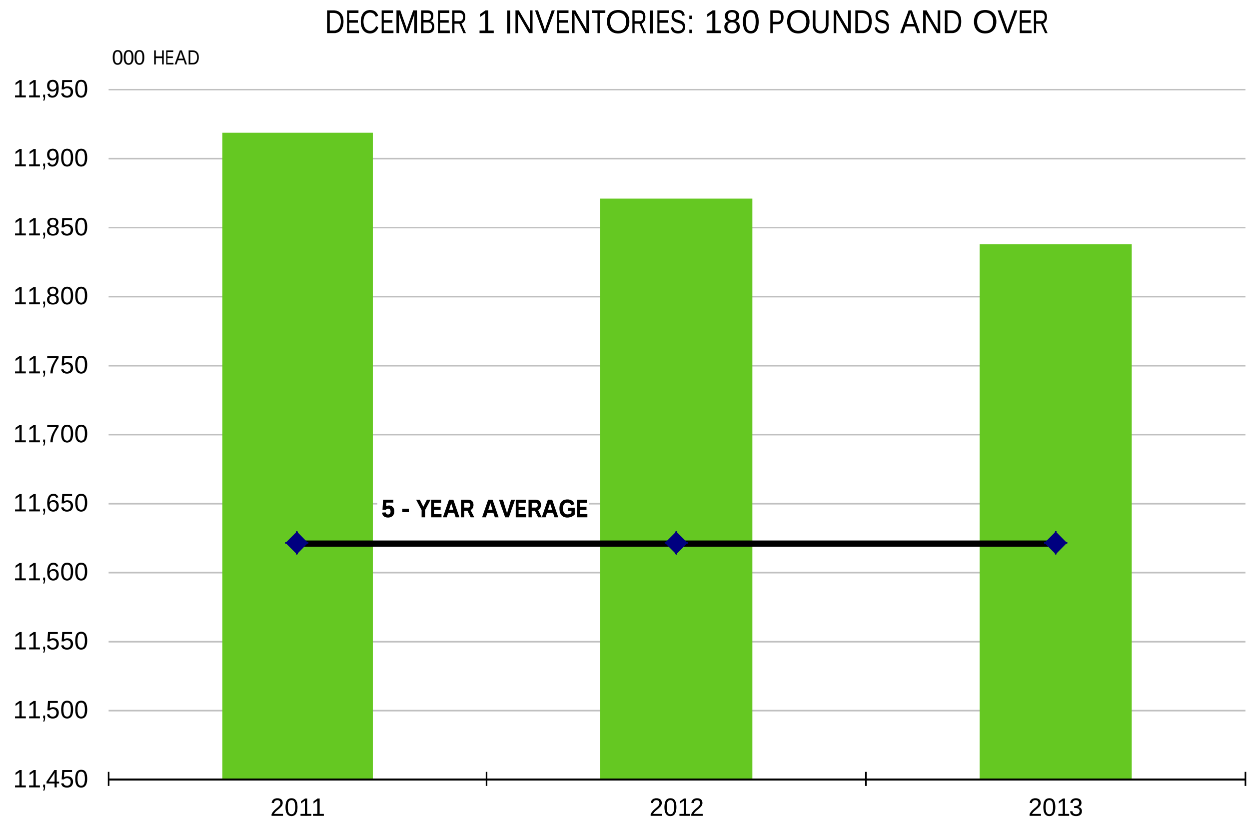

000 HEAD
DECEMBER 1 INVENTORIES: KEPT FOR BREEDING
7,300
7,100
6,900
6,700
6,500
6,300
6,100
5,900
5,700
5,500
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013

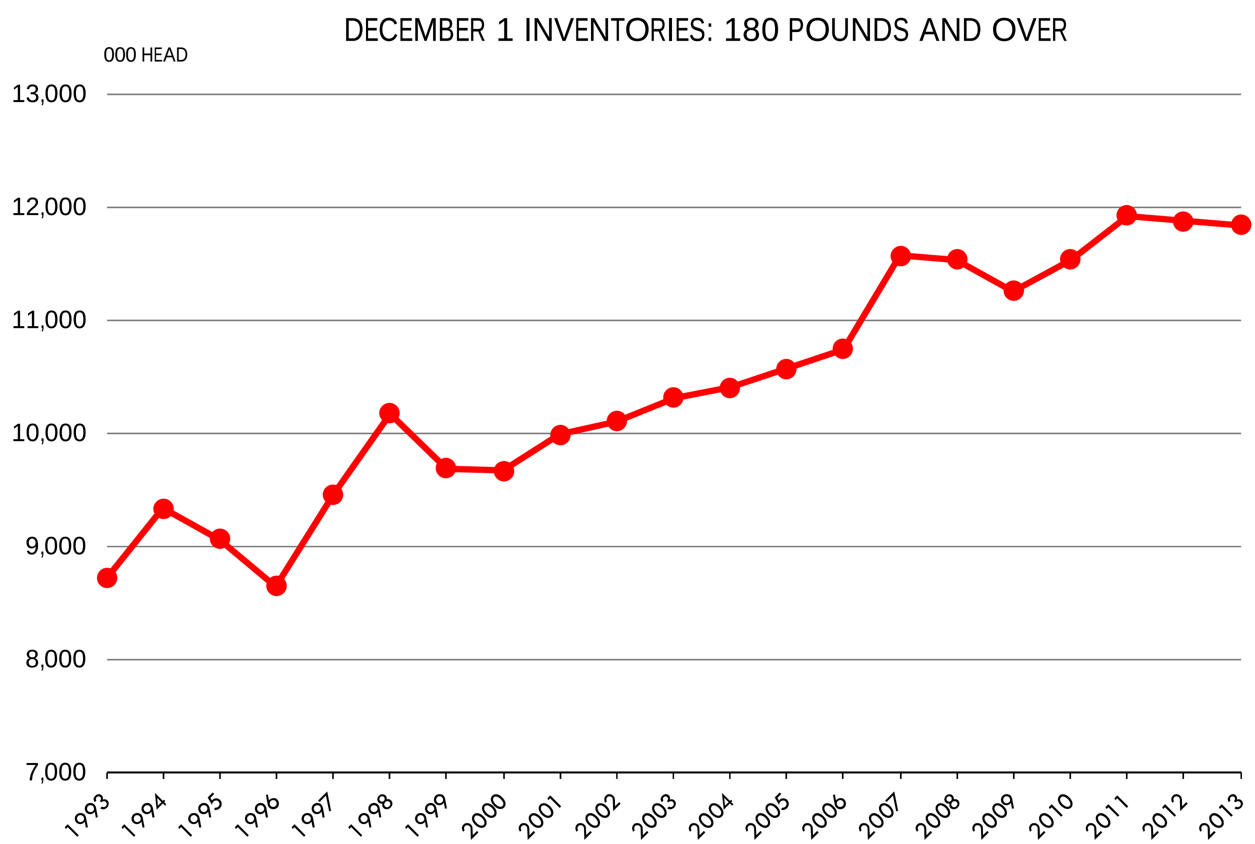

DECEMBER 1 INVENTORIES: HOGS FOR MARKET
000 HEAD
60,684
60,557
60,431
60,305
60,179
60,053
59,927
59,800
5 - YEAR AVERAGE
2011
2012
2013

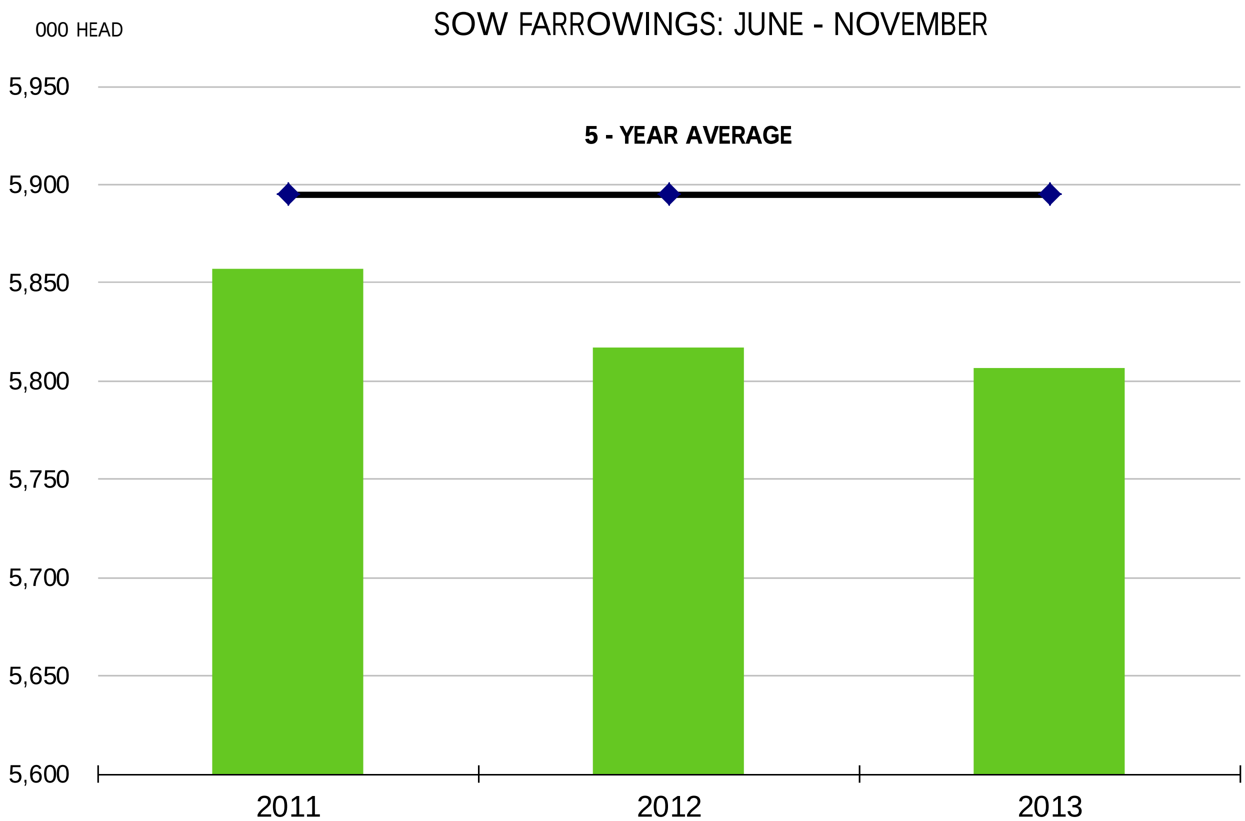

DECEMBER 1 INVENTORIES: HOGS FOR MARKET
000 HEAD
63,500
61,500
59,500
57,500
55,500
53,500
51,500
49,500
47,500
45,500
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013

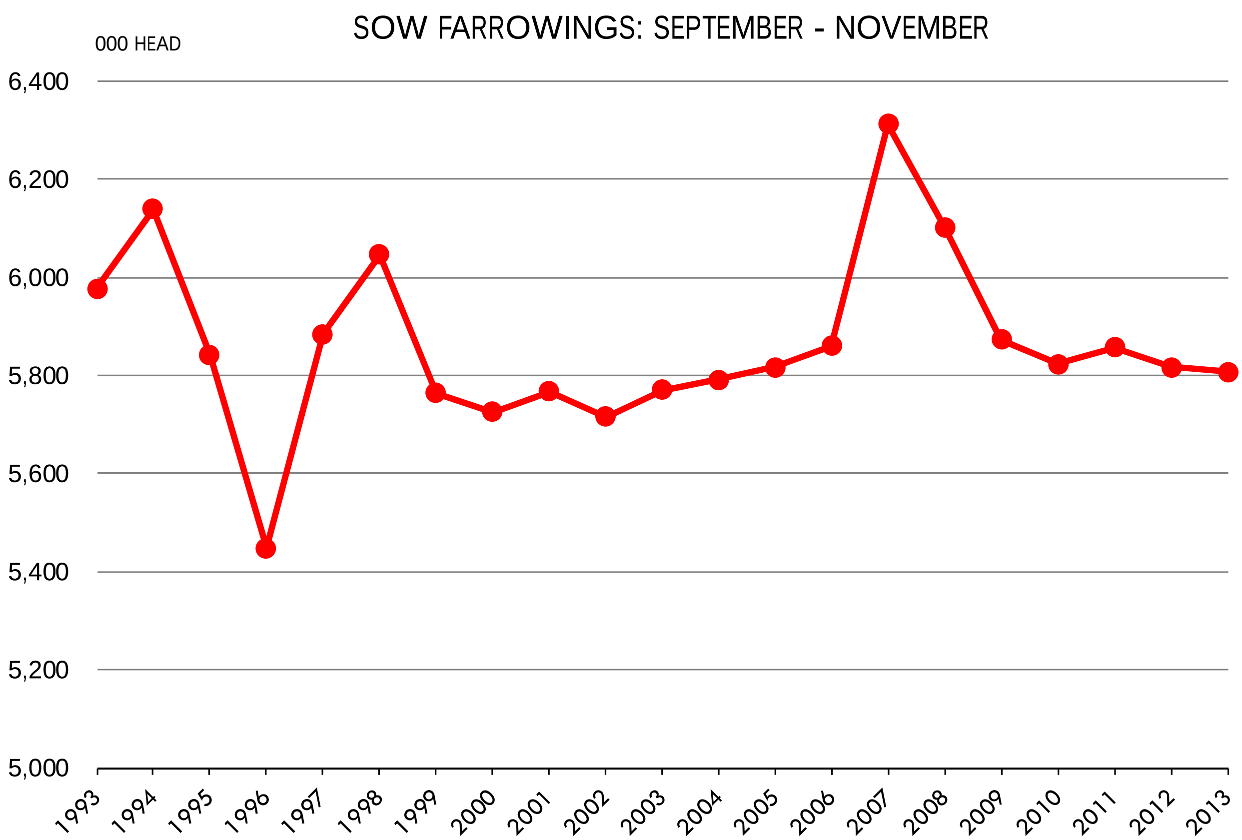

DECEMBER 1 INVENTORIES: 120 - 170 POUNDS
000 HEAD
12,800
12,600
12,400
12,200
12,000
11,800
11,600
11,400
11,200
11,000
5 - YEAR AVERAGE
2011
2012
2013

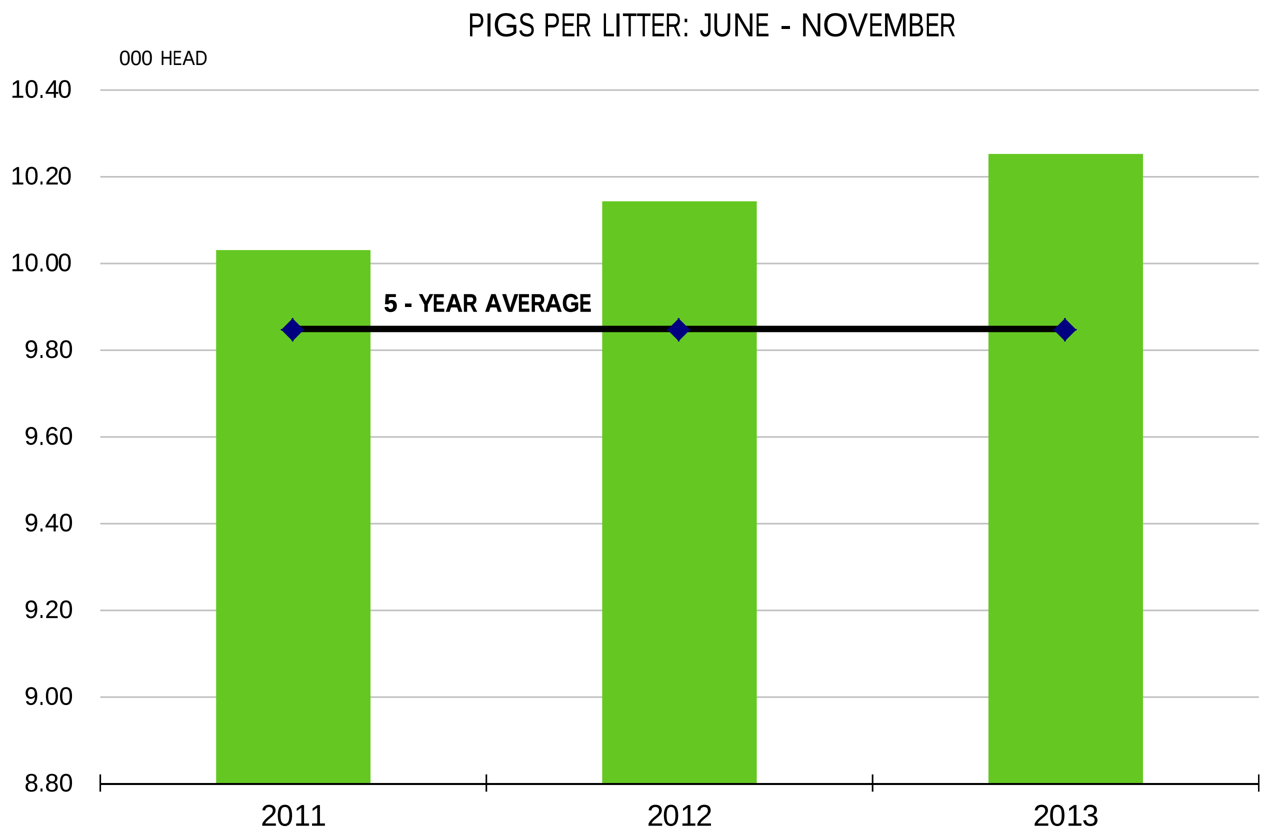

DECEMBER 1 INVENTORIES: 120 - 170 POUNDS
000 HEAD
13,000
12,500
12,000
11,500
11,000
10,500
10,000
9,500
9,000
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013

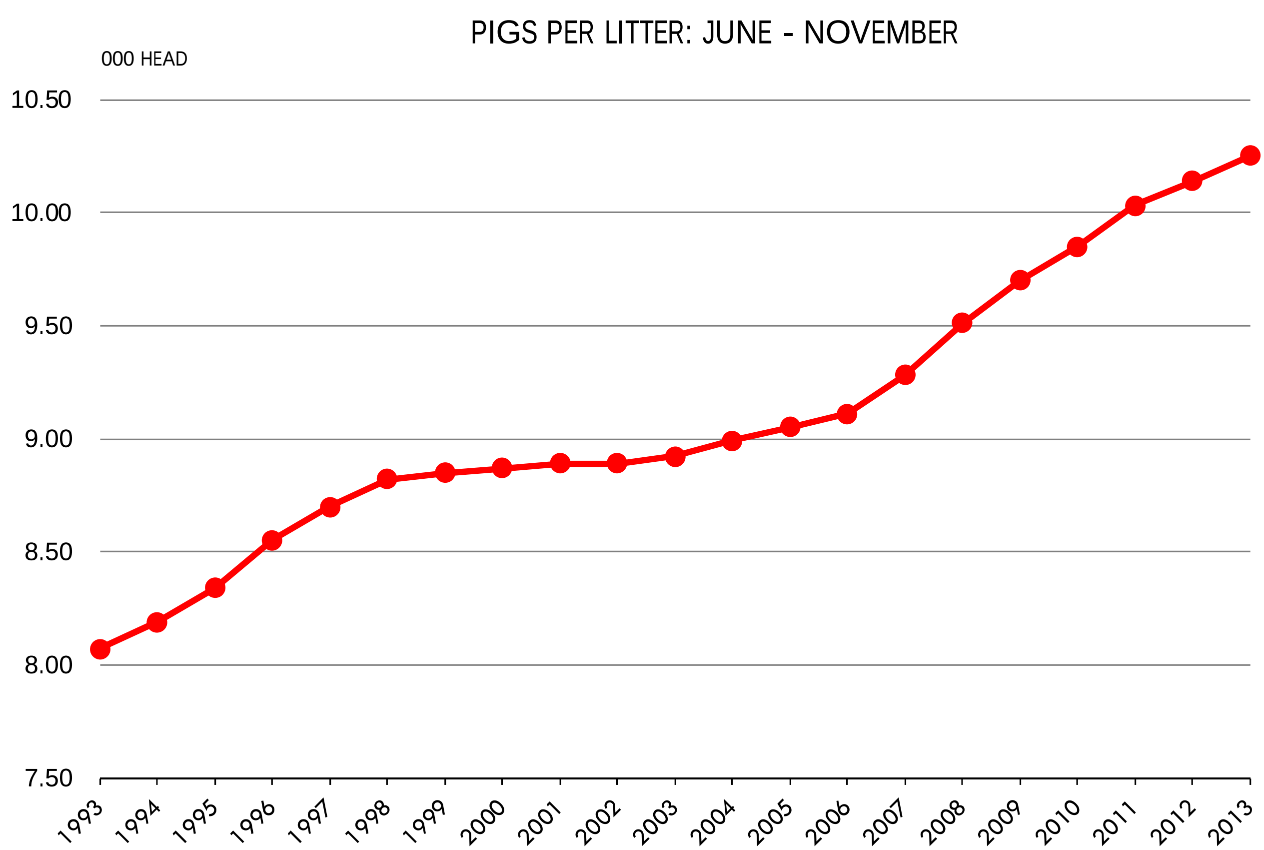

DECEMBER 1 INVENTORIES: 180 POUNDS AND OVER
000 HEAD
11,950
11,900
11,850
11,800
11,750
11,700
11,650
11,600
11,550
11,500
11,450
5 - YEAR AVERAGE
2011
2012
2013

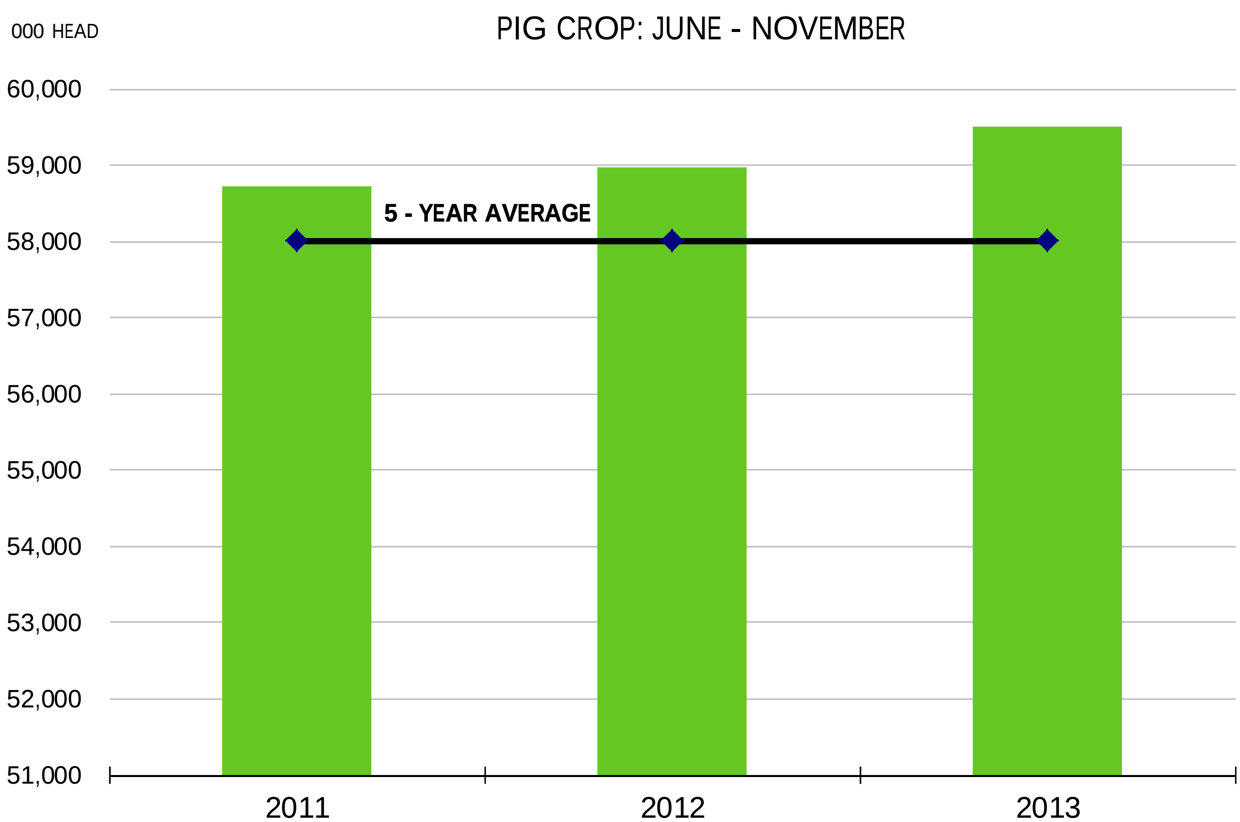

DECEMBER 1 INVENTORIES: 180 POUNDS AND OVER
000 HEAD
13,000
12,000
11,000
10,000
9,000
8,000
7,000
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013

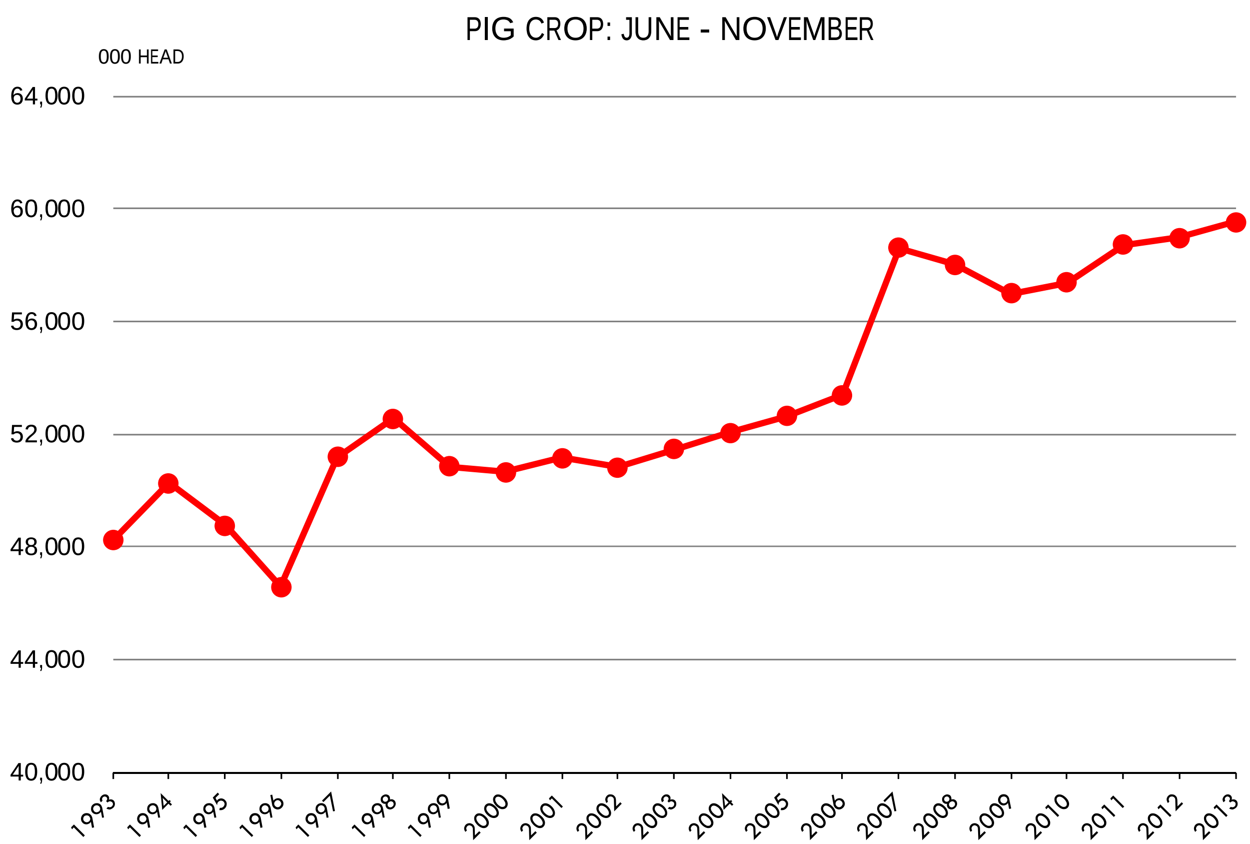

000 HEAD
SOW FARROWINGS: JUNE - NOVEMBER
5,950
5,900
5,850
5,800
5,750
5,700
5,650
5,600
5 - YEAR AVERAGE
2011
2012
2013


SOW FARROWINGS: SEPTEMBER - NOVEMBER
000 HEAD
6,400
6,200
6,000
5,800
5,600
5,400
5,200
5,000
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013


PIGS PER LITTER: JUNE - NOVEMBER
000 HEAD
10.40
10.20
10.00
9.80
9.60
9.40
9.20
9.00
8.80
5 - YEAR AVERAGE
2011
2012
2013


PIGS PER LITTER: JUNE - NOVEMBER
000 HEAD
10.50
10.00
9.50
9.00
8.50
8.00
7.50
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013


000 HEAD
PIG CROP: JUNE - NOVEMBER
60,000
59,000
58,000
57,000
56,000
55,000
54,000
53,000
52,000
51,000
5 - YEAR AVERAGE
2011
2012
2013


PIG CROP: JUNE - NOVEMBER
000 HEAD
64,000
60,000
56,000
52,000
48,000
44,000
40,000
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013