

Pork Outlook

A group of several pink piglets are standing in a row in a farm setting. They are looking towards the camera. The background shows metal structures and a window.

2018 Extension Summer Outlook Conference

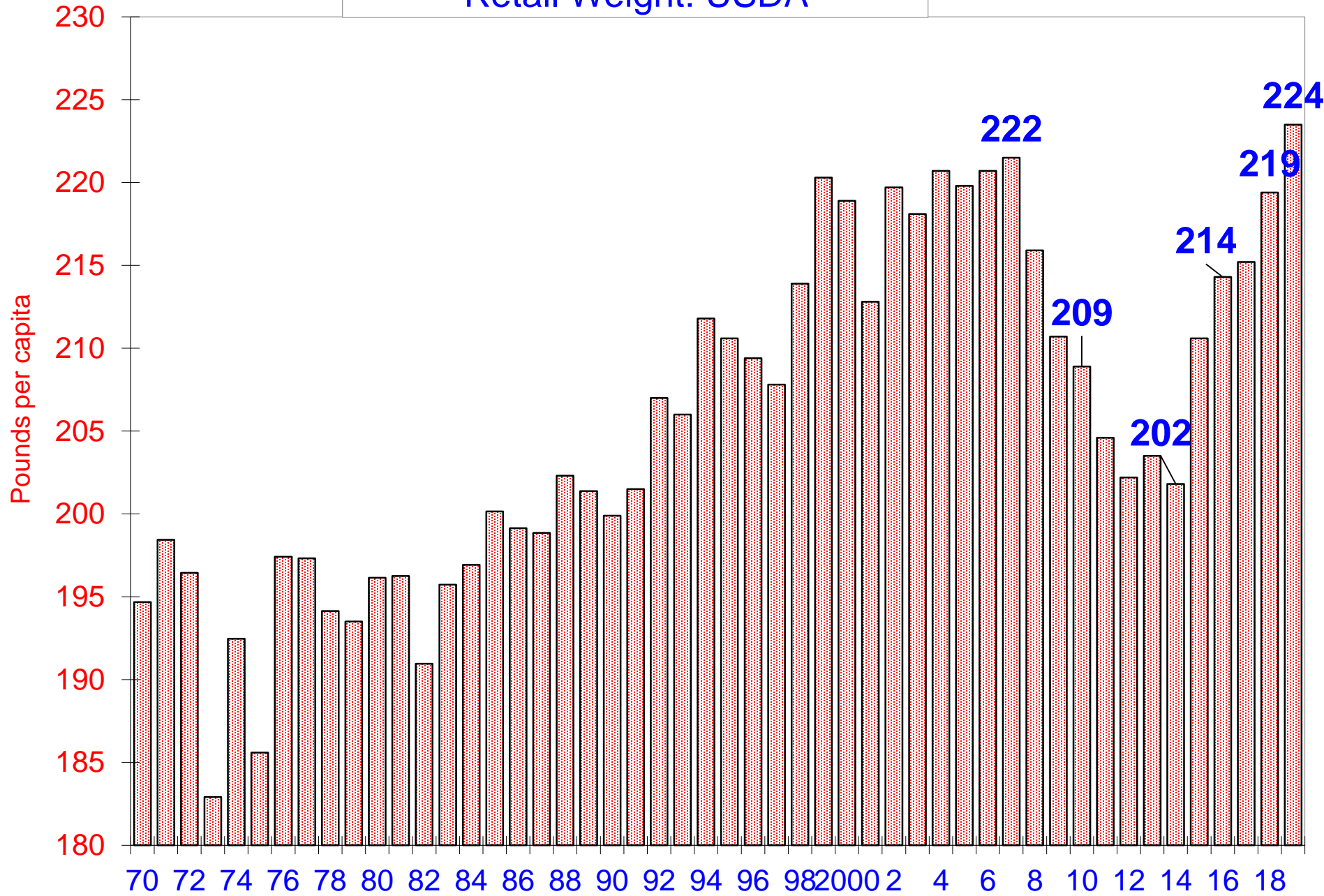
Chris Hurt, Purdue University, hurtc@purdue.edu

TOO Much of a GOOD Thing

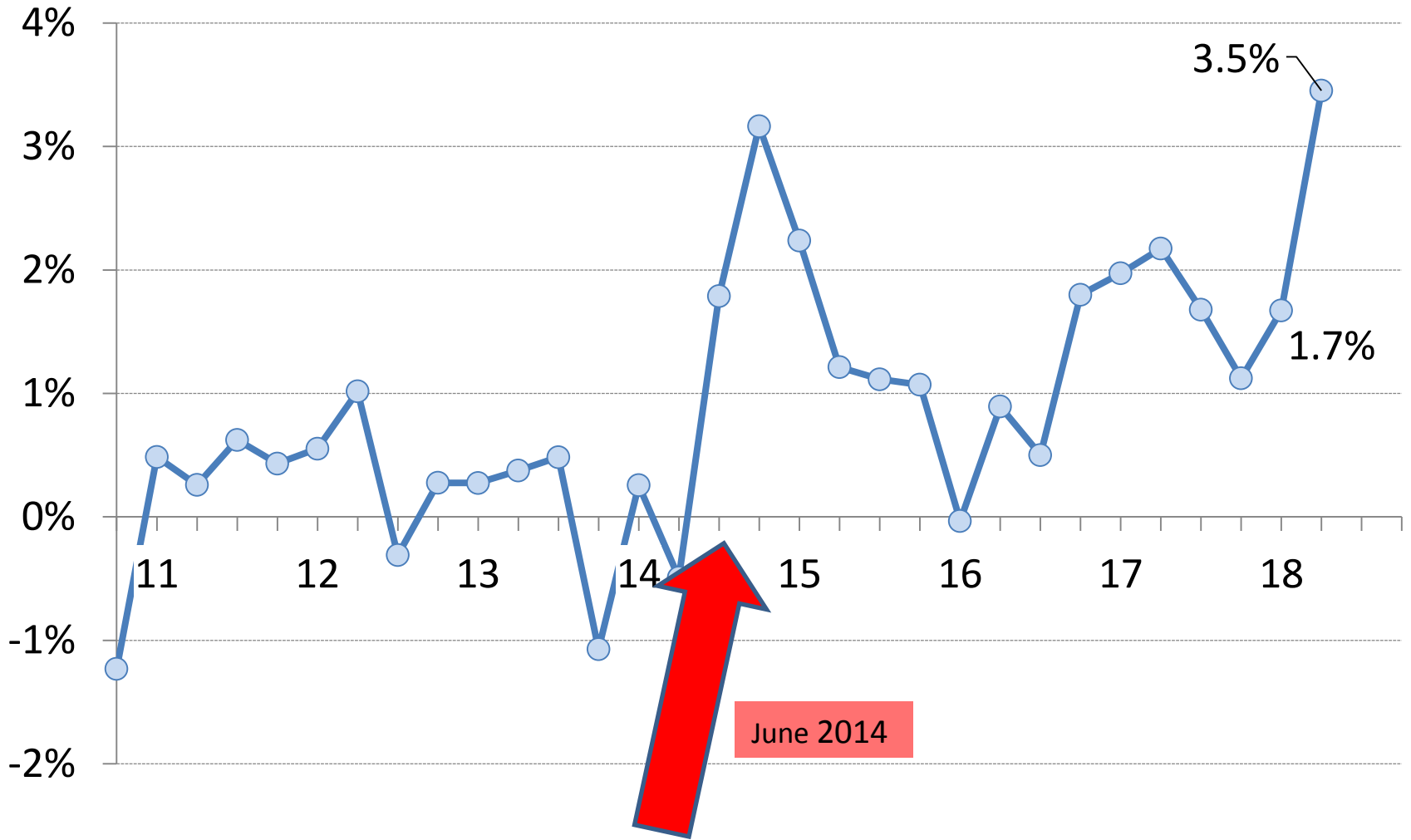
- Meat Production-Full Production
- Per Capita Pork-Dangerously High
- Chinese and Mexican Tariffs-Bad Timing
- Price Depression for next 6 months++
- Large Losses-Remembering 1998
- Either open markets or Stabilize production!



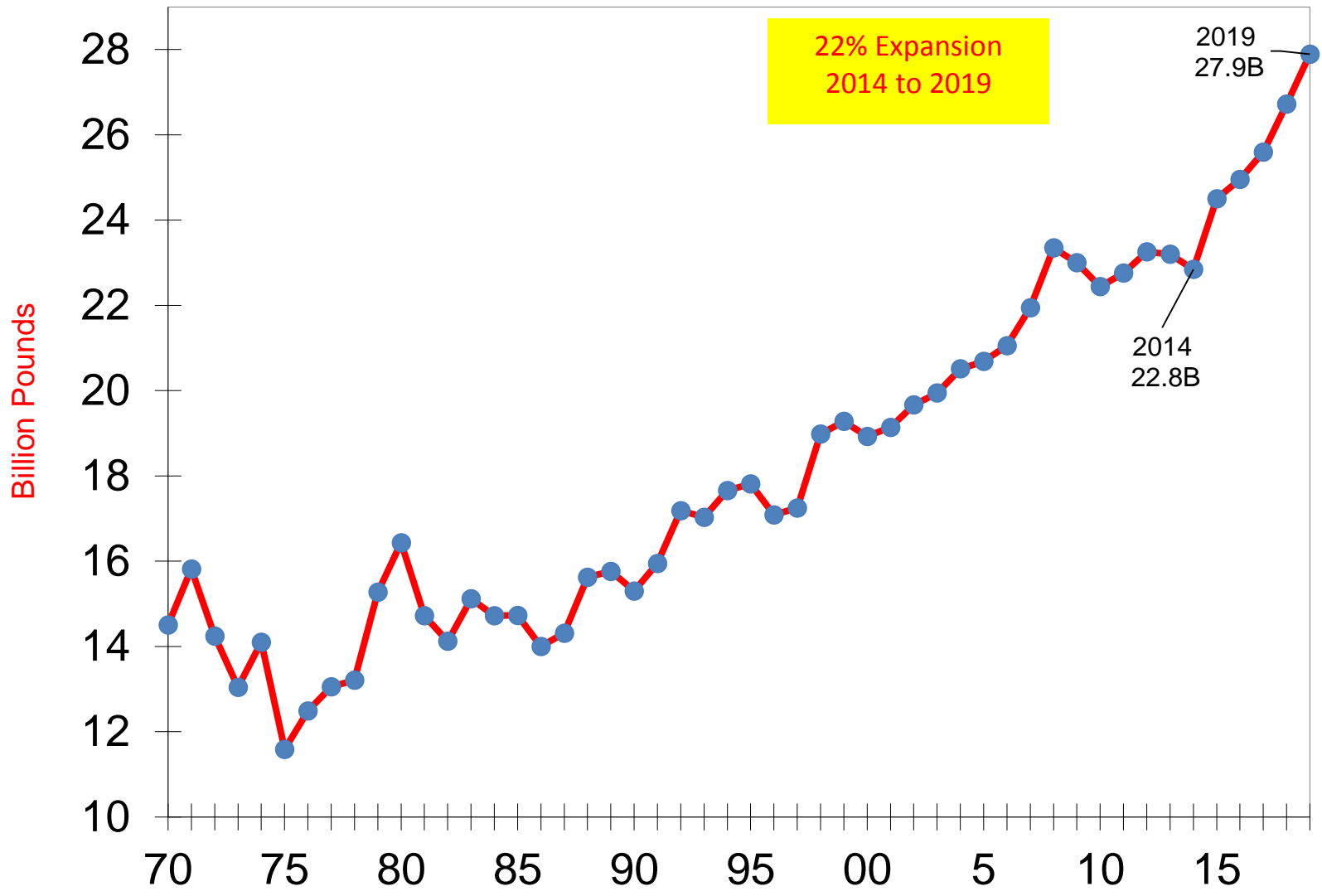
Per Capita Total Meats and Poultry Retail Weight: USDA



U.S. Breeding Herd: (% Change From Year-ago)



Commercial Pork Production



June 1, 2018

Hogs and Pigs 1,000

USDA:NASS

	<u>2017</u>	<u>2018</u>	<u>18/17</u>	
All	71,010	73,451	3.4%	
Breeding	6,109	6,320	3.5%	
Market	64,901	67,131	3.4%	
180+	11,867	12,157	2.4%	June 2018
120-179	13,646	14,198	4.0%	July
50-119	18,741	19,388	3.5%	August
<50	20,647	21,387	3.6%	Sep-Nov

Farrowing intentions

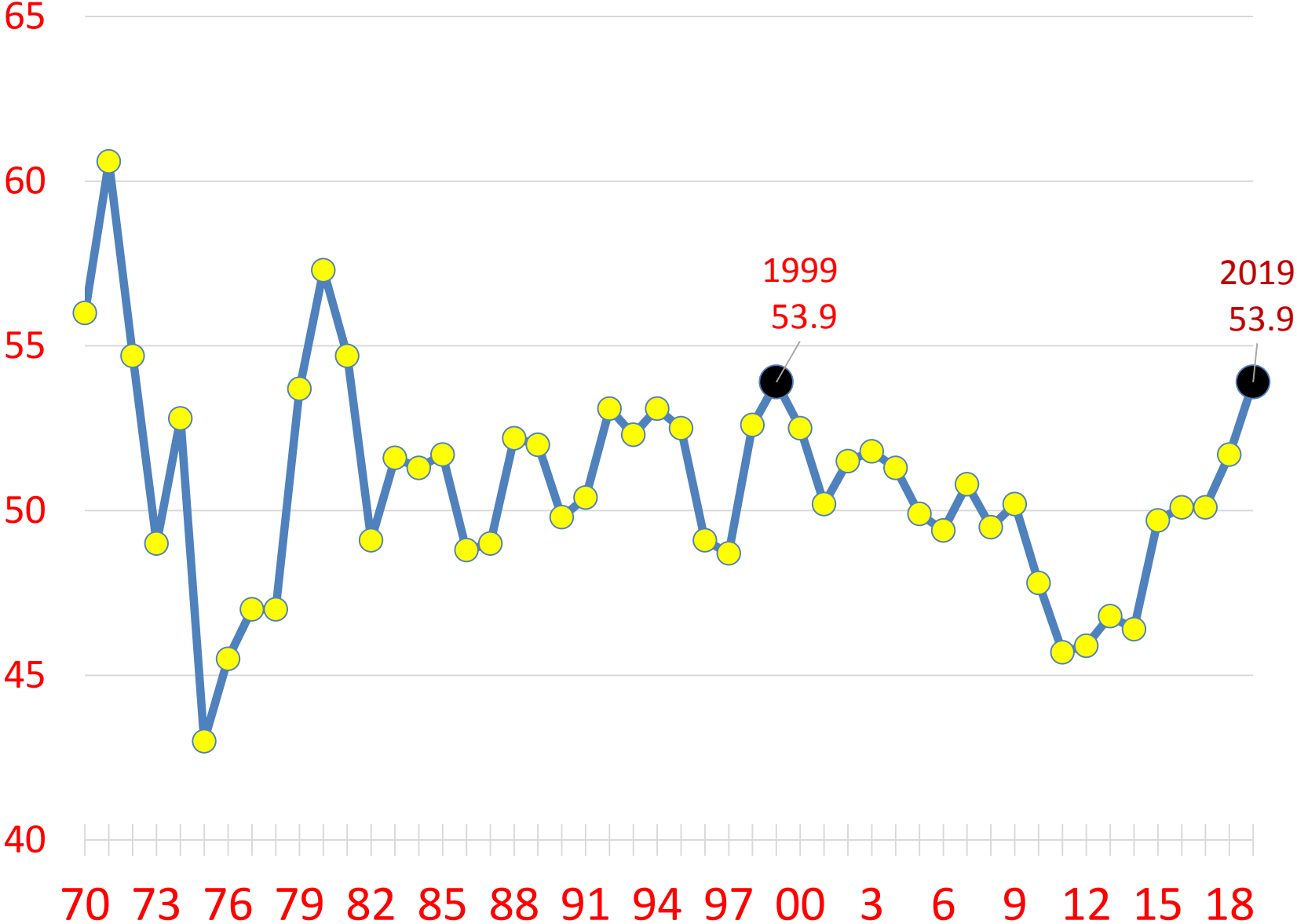
	<u>2017</u>	<u>2018</u>	<u>18/17</u>
June-Aug	3,121	3,170	1.6%
Sept-Nov	3,130	3,180	1.6%

About +3.5% to +4.0% in 3rd & 4th Qtr's

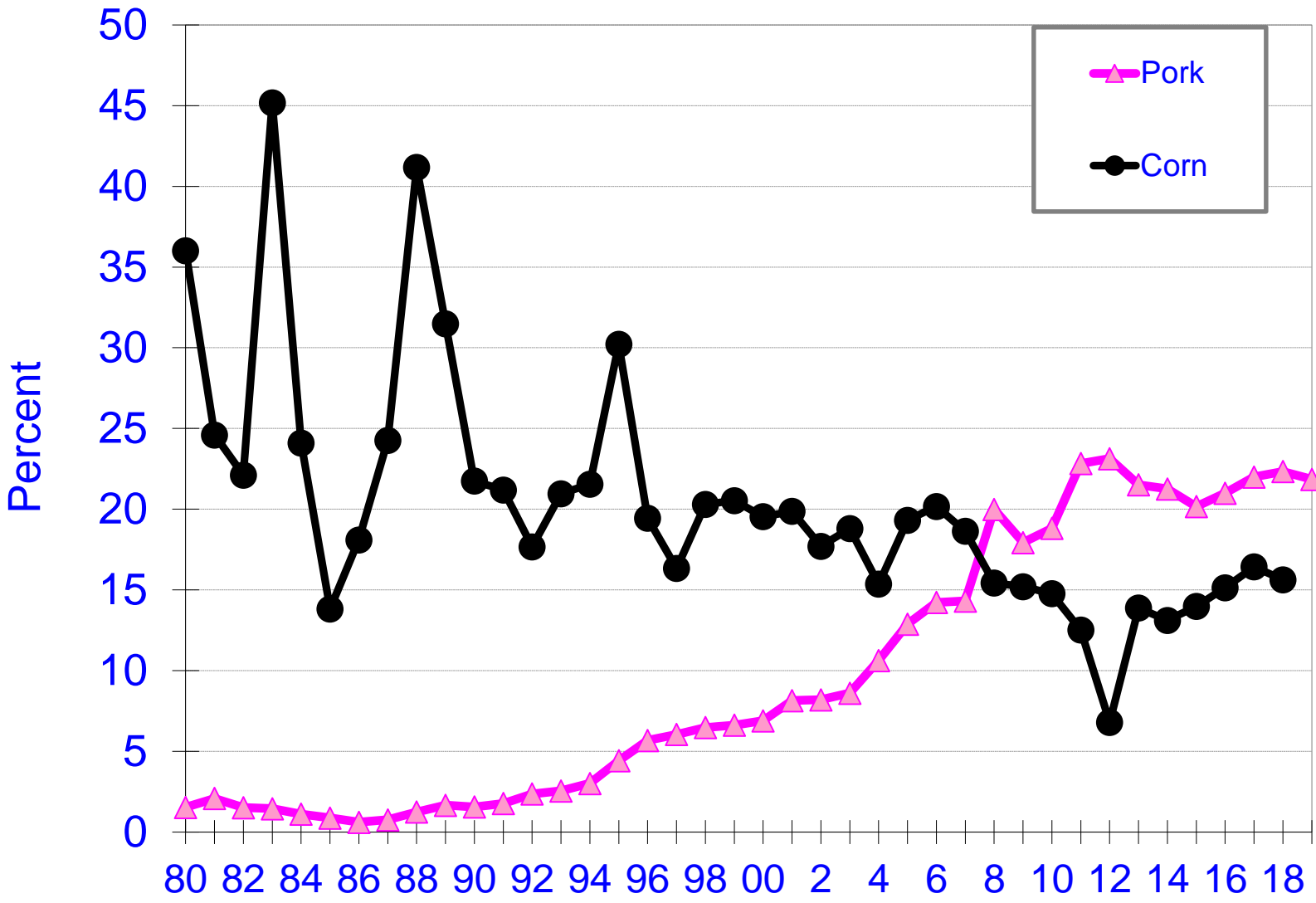
Pork Supply

	<u>Quarter</u>	<u>Supply</u>	<u>Yearly</u>
2017	1	2.9%	
	2	2.9%	
	3	2.3%	
	4	2.2%	2.60%
2018	1	3.6%	
	<u>2</u>	<u>3.1%</u>	
	3	4.9%	
	4	4.3%	4.30%
2019	1	3.5%	
	2	3.2%	
	3	3.0%	
	4	3.0%	3.20%

Pork Consumption/Capita (pounds)



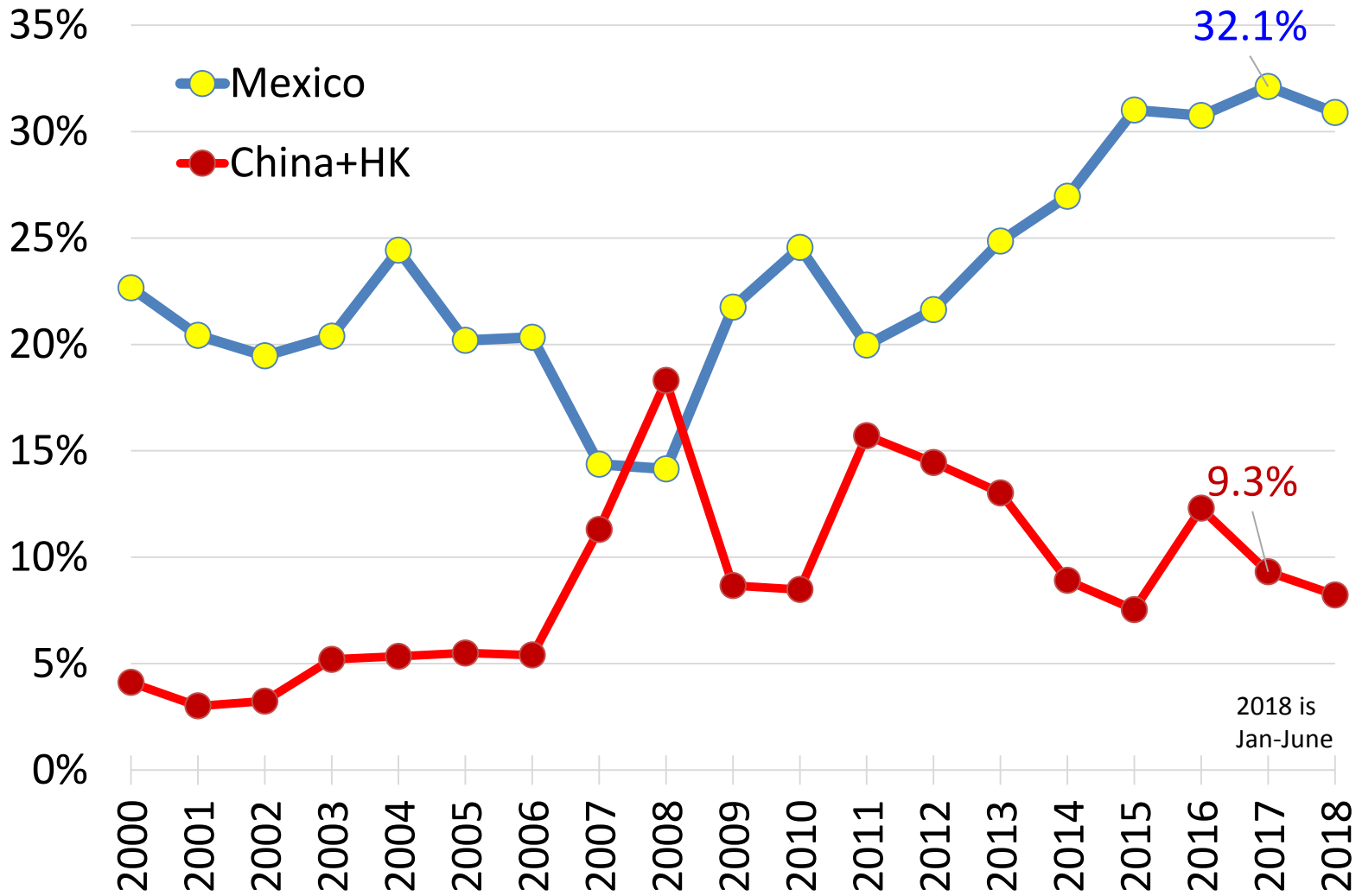
Exports % of Domestic Production



Pork Exports: Jan-June 2018 (USDA:ERS)

	18 vs. 17	2018%	
1 Mexico	5%	31%	
2 Japan	-3%	20%	51%
3 S. Korea	40%	13%	65%
4 China HK	-16%	8%	73%
5 Canada	-1%	8%	81%
6 Columbia	65%	4%	85%
Total Exports	6%	100%	

% Of U.S. Pork Exports



USDA:ERS

2018 is
Jan-June

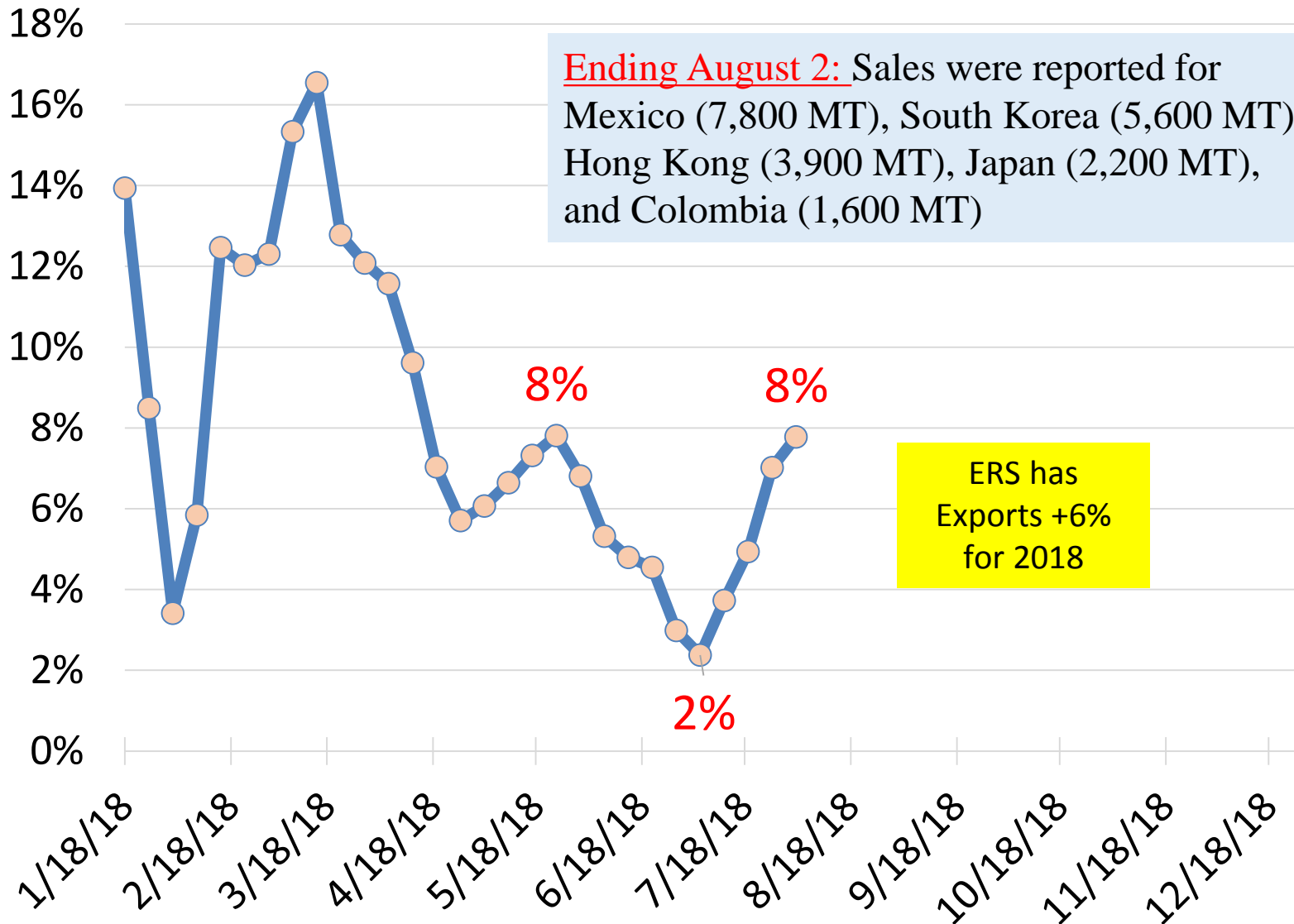
Pork Exports

- China+HK 62% additional tariffs by July 6
- Mexico: Added 20% tariffs by July 5

2018 Exports vs. 2017

	Jan-June	June
Mexico	+5%	-4%
China+HK	-16%	-40%

Pork Export Commitments 2018 vs. Year-ago

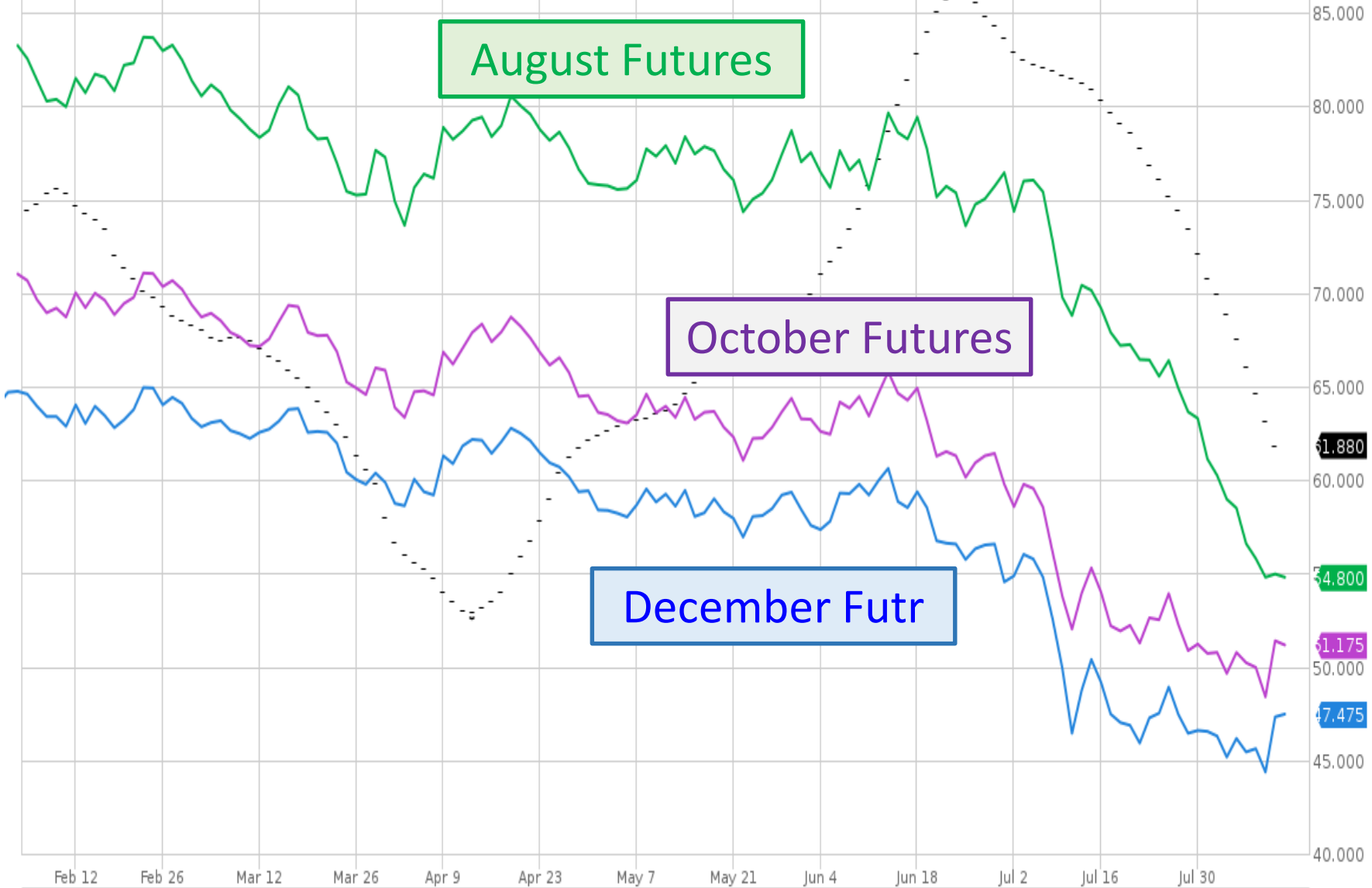


Cash Index

August Futures

October Futures

December Futr



61.880

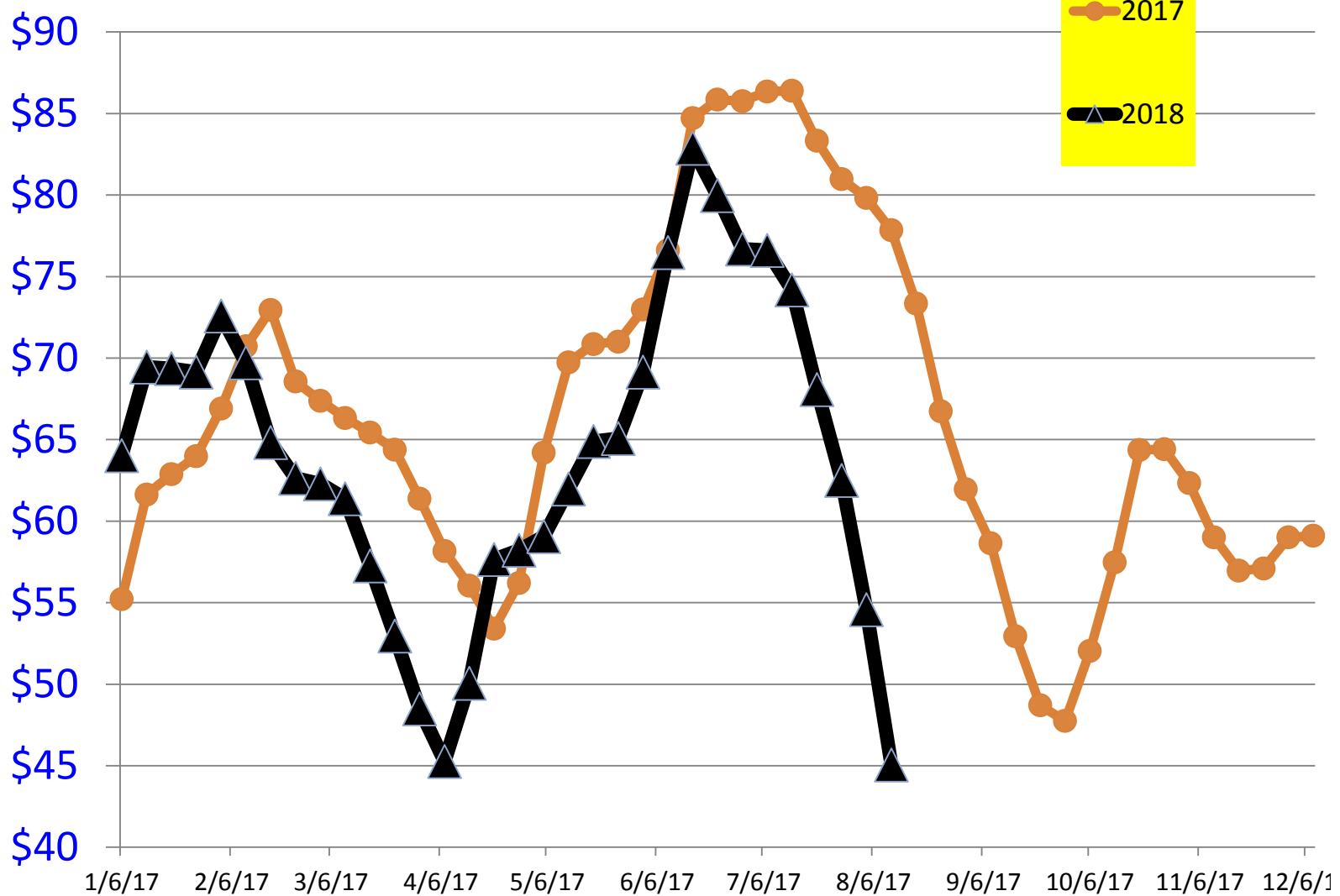
54.800

51.175

47.475

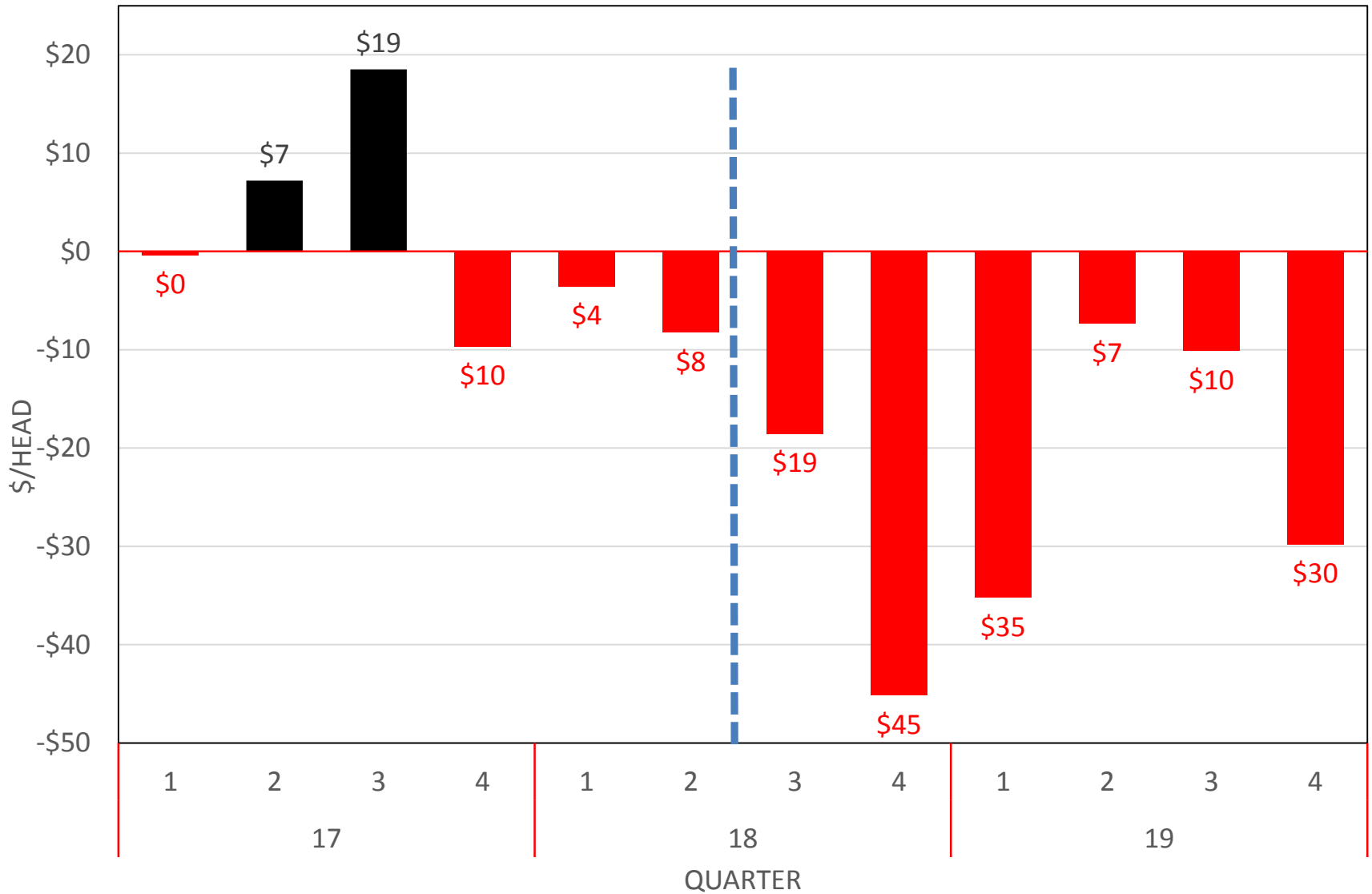
40.000

National Lean Price (\$/cwt.)

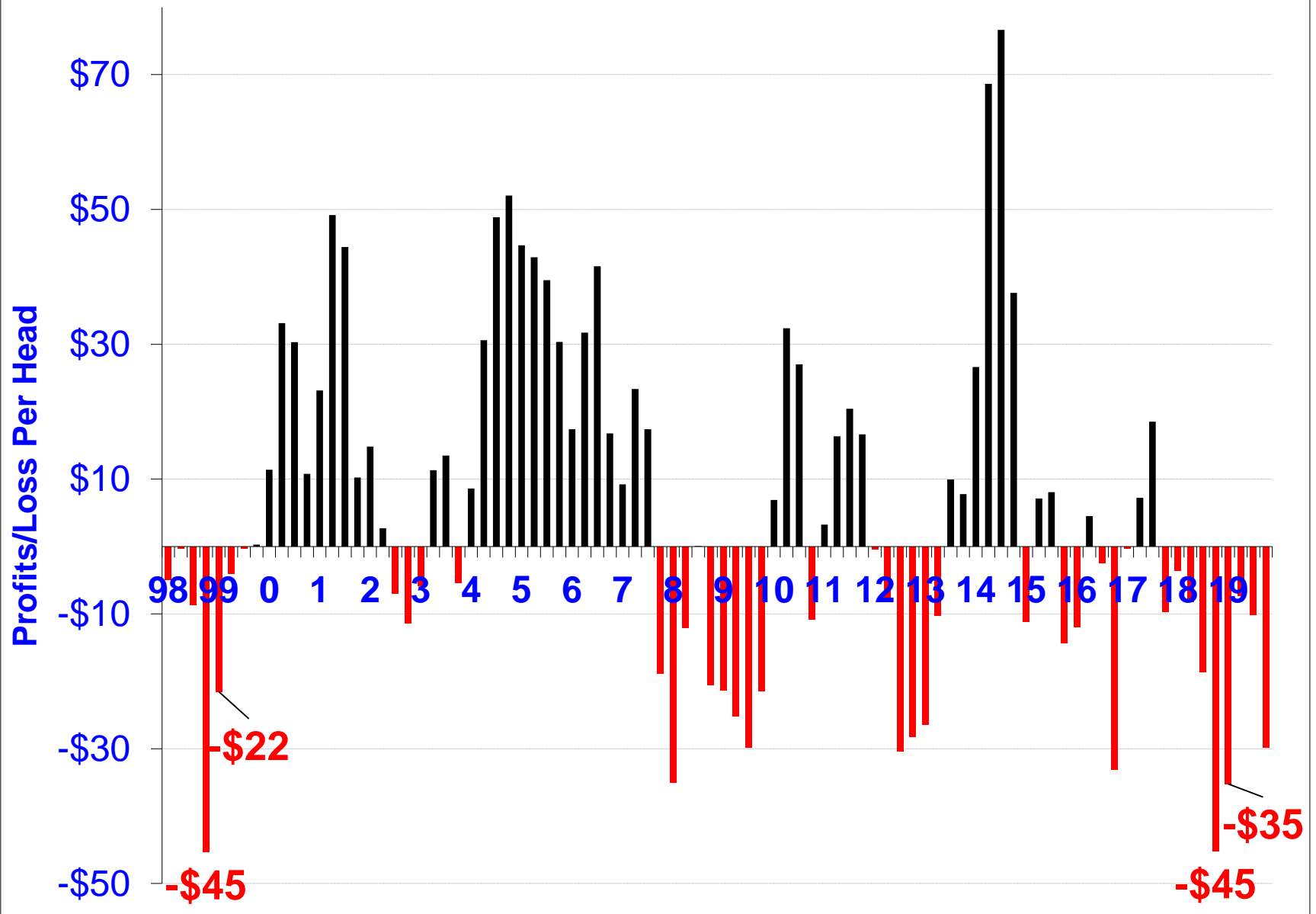


Quarter	51%-52% Lean	Liveweight .74	ERS
2017 I	67.20	49.73	
II	69.86	51.70	
III	75.12	55.59	
IV	60.66	44.89	
Avg 2017	68.21	50.48	50.48
2018 I	66.38	49.12	
II	64.74	47.91	
III	56.52	41.82	45-47
IV	45.49	33.66	33-35
Avg 2018	57.64	42.66	44-45
2019 I	51.44	38.06	37-41
II	65.48	48.46	41-45
III	64.52	47.74	
VI	54.54	40.36	
Avg 2019	58.99	43.65	39-42

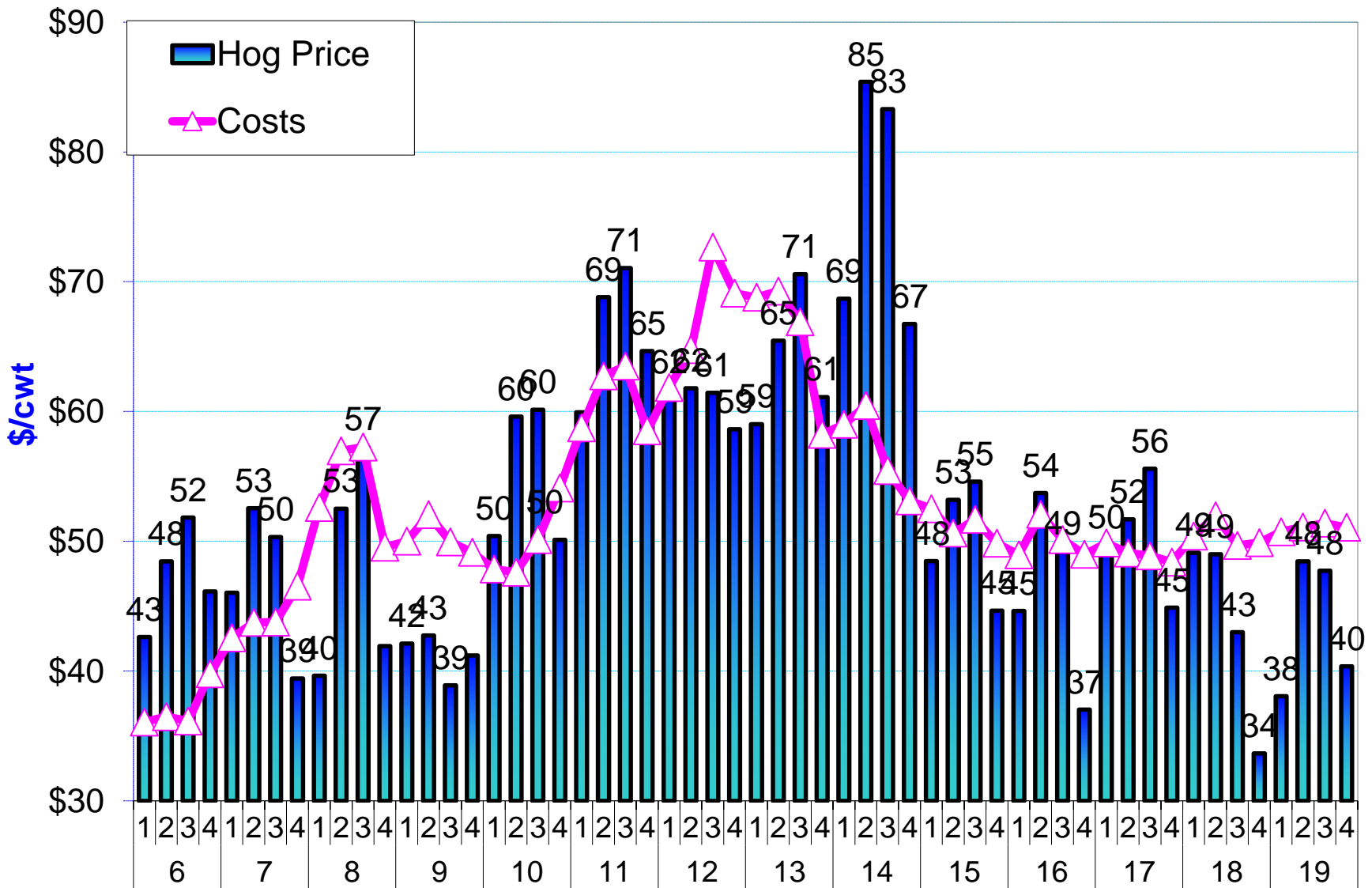
Farrow-to-Finish Hogs: Estimated Profit/Loss Per Head

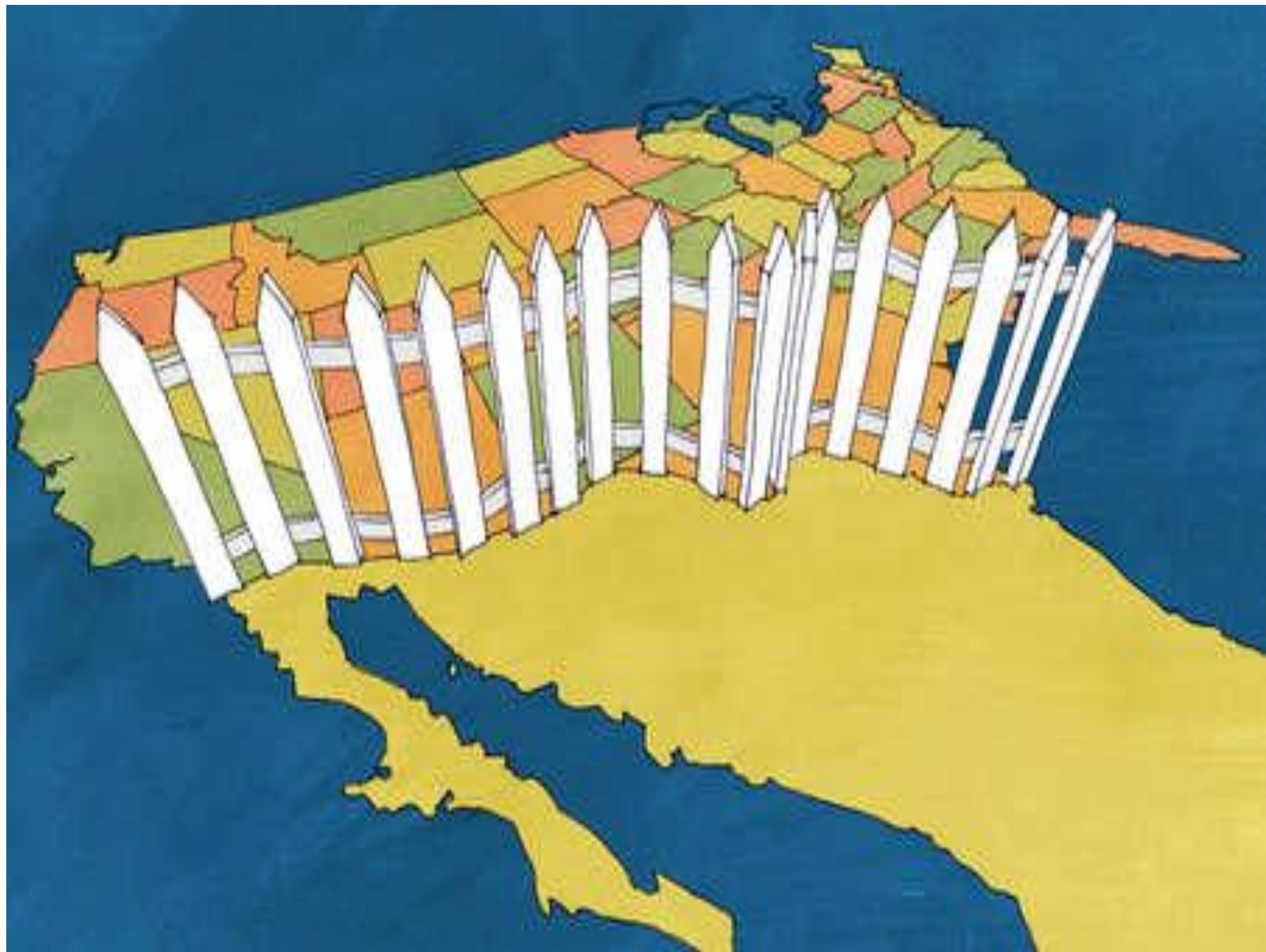


Purdue Estimated Profits/Loss Per Head: 1998-2019

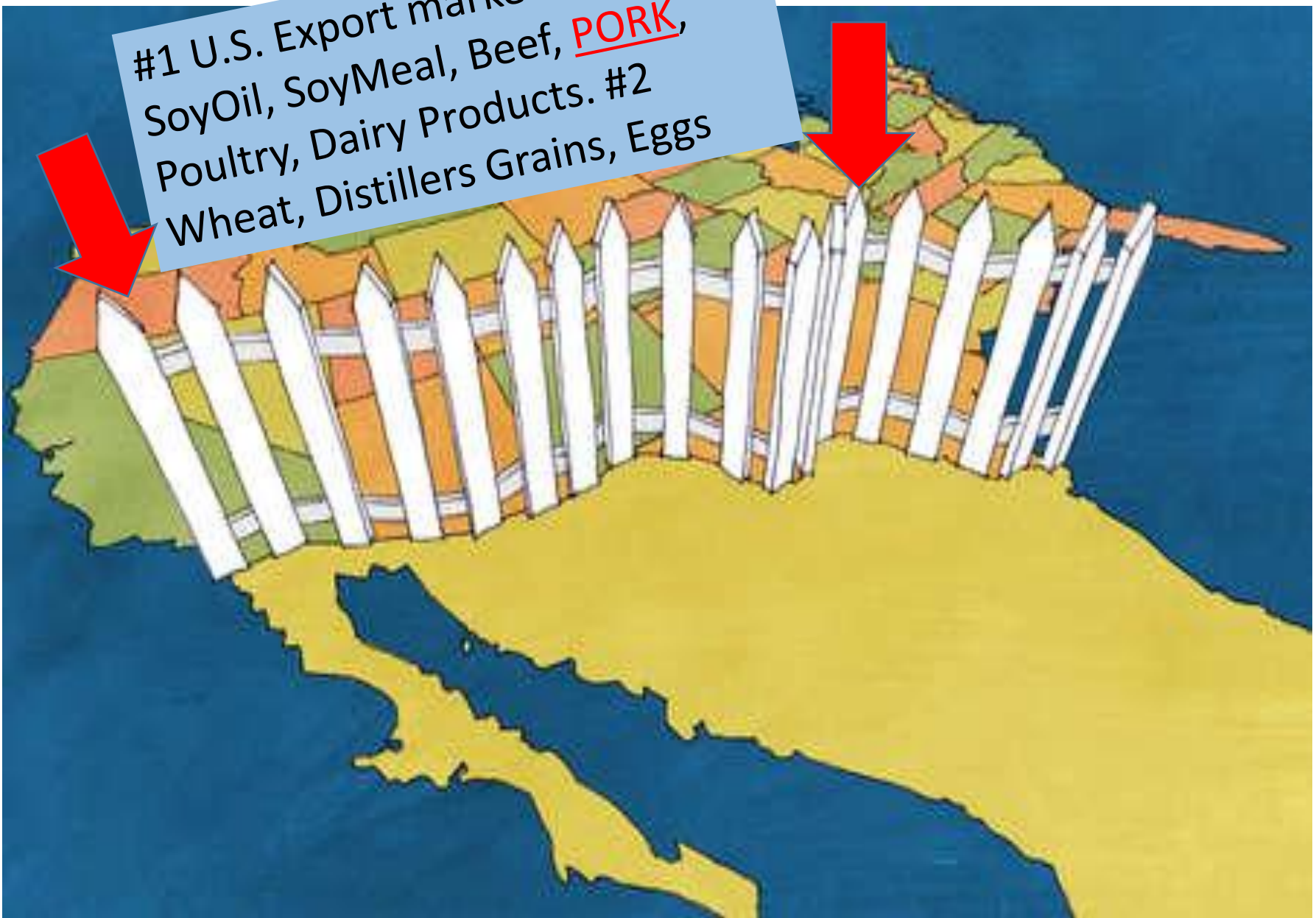


Purdue Estimated Hog Prices and Costs Per Live Hundredweight:





#1 U.S. Export market for: Corn,
SoyOil, SoyMeal, Beef, PORK,
Poultry, Dairy Products. #2
Wheat, Distillers Grains, Eggs



Summary

- Robust pork production increase since 2014
- Exports a vital part of expansion success
- Per Capita supplies at historic dangerous levels
- 40% of export market jeopardized by tariffs:
 - China bought 2% of U.S. pork production in 2017
 - Mexico bought 7% of U.S. production
- Producer losses per head:
 - Largest since 1998
- Strive to settle trade issues with
 - Mexico and Canada-Quickly
 - China-As possible
- Market Facilitation Program for Pork: Payment limits?
- Need to Balance Supply and Demand?

