

**Commentary on March 1, 2008 USDA Hogs and Pigs Report**  
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By the time this commentary is distributed, most readers of the commentary will already have read other comments on the lack of reduction in the US breeding herd numbers and the massive numbers of pigs in the kept for market category.

Many have questioned the ability of USDA to capture the rapidly changing structure of the US industry. In this report, USDA revised upwards the September 1, 2007 inventory estimate by 4%, going from 58,503,000 estimated inventory in the December 1, 2007 report to 60,869,000 pigs in this report. Likewise, the December 1, 2007 kept for market inventory was revised upwards from 58,953,000 pigs to 60,801,000 pigs, a 3.1% increase. As readers might expect, Iowa led in the absolute number of pigs in the upward revision. However, a further look at the revisions suggests that the changing ownership patterns of Canadian born feeder pigs contributed to the USDA underestimates in the September and December reports.

As reflected in the following charts, the number of Canadian born feeder pigs placed in US facilities for growth to slaughter has been increasing for the past 20 years. Based on my experiences, in prior years almost all of these Canadian born pigs were sold to US owners for growth to slaughter. However, as the Canadian dollar strengthened relative to the US dollar last summer, as opportunities for market access declined in Canadian markets and as feed grain prices rose relative to US prices, an increasing number of Canadian producers began placing pigs in US facilities while retaining ownership of the pigs. This has been especially true for producers in Manitoba, Saskatchewan and Alberta. This increased movement of feeder pigs due to retained ownership can be noted in the sharp increase in feeder pig imports beginning in the 4<sup>th</sup> quarter last year.

It appears that these pigs may have been among those underestimated by USDA in previous pig crop reports. The basis for this conclusion is that while USDA revised the December inventory upward by 3.1% in the current report, Minnesota's kept for market revision was 6.1%, Iowa's was 4.1% and South Dakota's was 4.1%, the 3 leading states in upward revision. These states represent states that have a majority of the Canadian born pigs that have retained Canadian ownership based on my industry contact information. Indiana and Ohio, which receive Ontario born feeder pigs, were revised upwards by 3.2% and 3.1% respectively.

This pig crop report also verified field reports of exceptional breeding herd performance. For the December 1, 2007 to February 29, 2008 period, US producers weaned an average of 9.21 pigs per litter, up more than 0.1 pigs/litter from the respective year earlier time period. Leading in litter size were South Dakota and Arkansas at an estimated 9.60 pigs weaned per litter with Pennsylvania and Nebraska at 9.50 pigs weaned per litter.

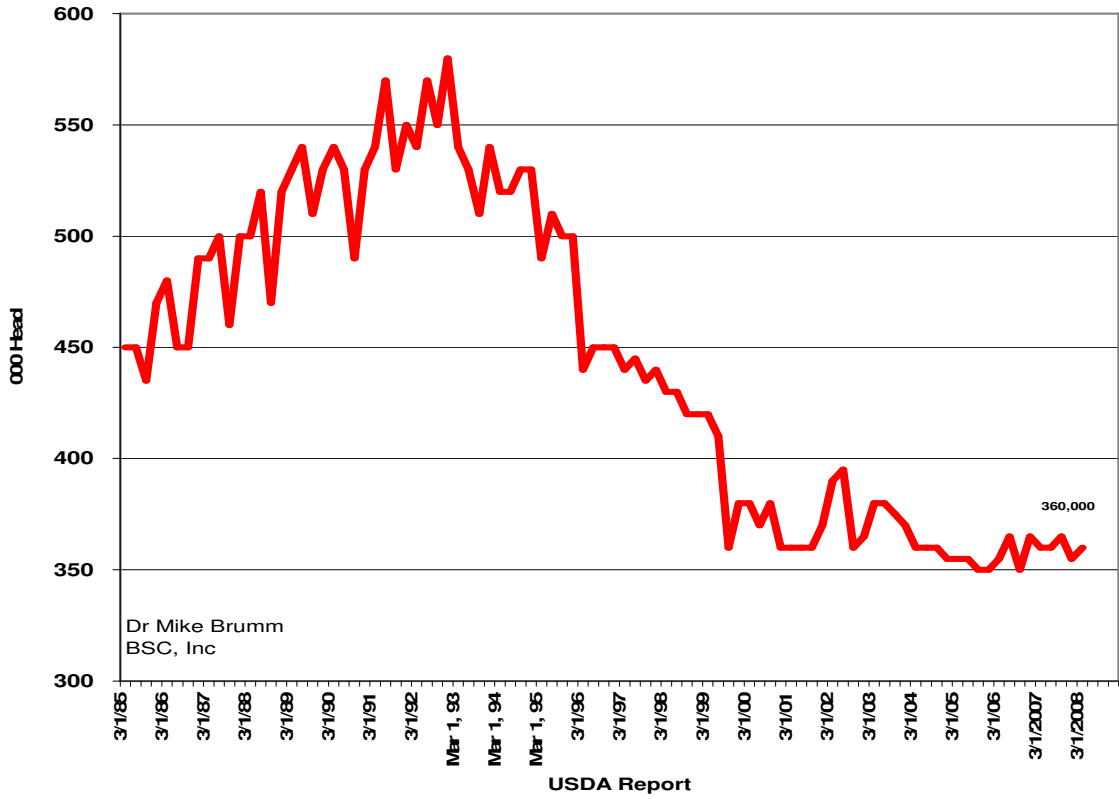
Iowa continues to lead the nation in the kept for market category, with 29.5% of the US inventory, the second highest concentration on record. The peak of 29.6% of all pigs in the kept for market category occurred in the June 1, 2007 report. Based on my industry contacts, this growth in concentration can be expected to continue this summer

as there are a large number of new finishing and/or wean-finish building contracts already signed, with the construction season to begin in the next few weeks.

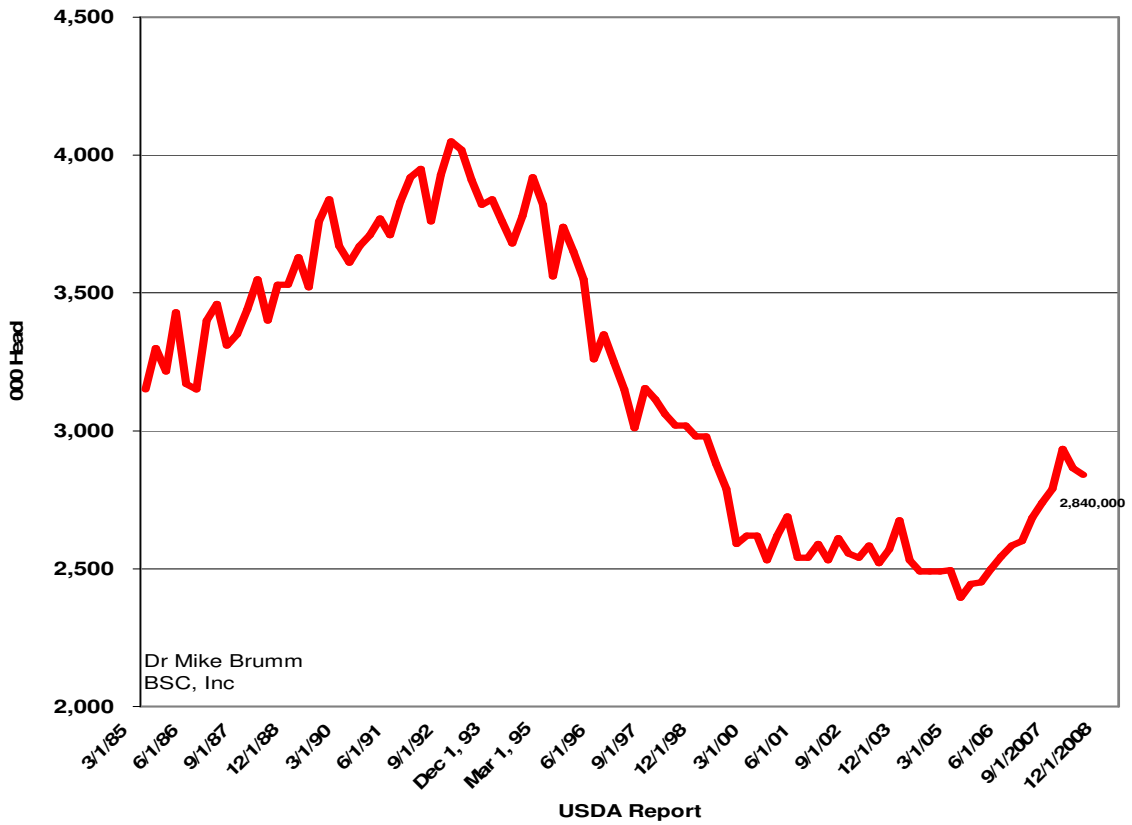
**Table 1. Individual State Inventory – all states with 1 million or more pigs.**

<b>State</b>	<b>Breeding Herd Inventory</b>	<b>% of US</b>	<b>Kept for Market Inventory</b>	<b>% of US</b>	<b>All Hogs and Pigs Inventory</b>	<b>% of US</b>
	(000 hd)		(000 hd)		(000 hd)	
Iowa	1,100	17.9	17,600	29.5	18,700	28.4
N Carolina	1,020	16.6	9,400	15.0	10,000	15.2
Minnesota	590	9.6	6,710	11.2	7,300	11.1
Illinois	450	7.3	3,850	6.4	4,300	6.5
Indiana	320	5.2	3,180	5.3	3,500	5.3
Nebraska	360	5.9	2,840	4.8	3,200	4.9
Missouri	380	6.2	2,670	4.5	3,050	4.6
Oklahoma	360	5.9	1,970	3.3	2,330	3.5
Kansas	160	2.6	1,700	2.8	1,860	2.8
Ohio	170	2.8	1,660	2.8	1,830	2.8
S Dakota	160	2.6	1,270	2.1	1,430	2.2
Pennsylvania	100	1.6	1,020	1.8	1,120	1.7
Texas	115	1.9	965	1.7	1,080	1.6

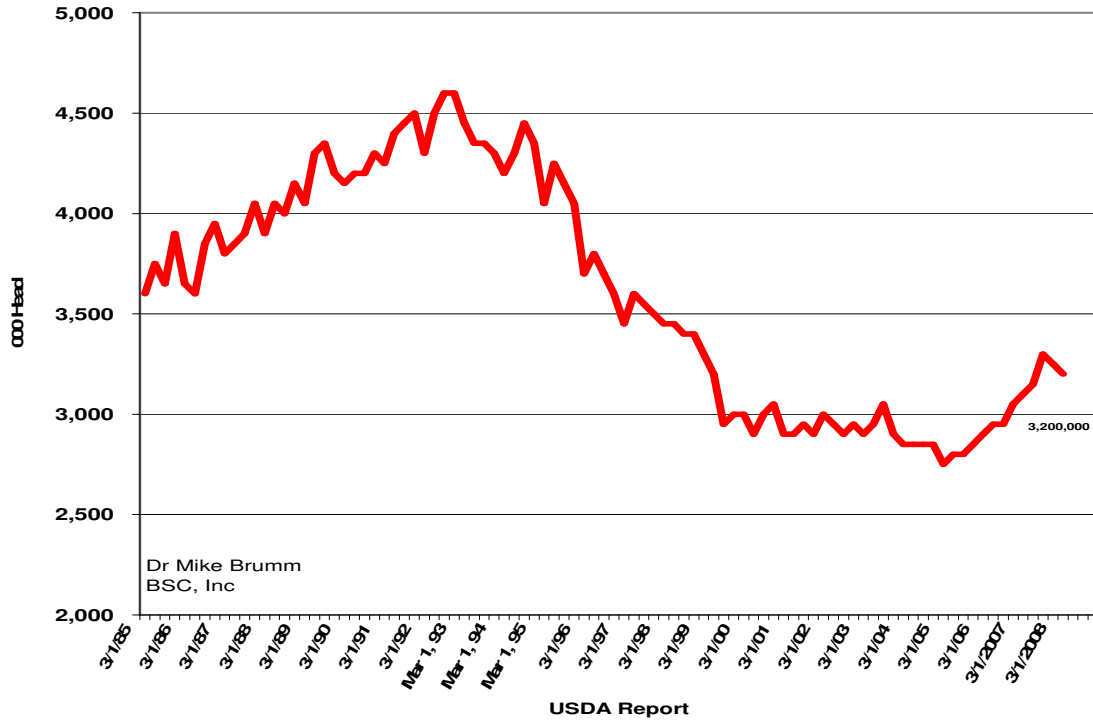
### Nebraska Breeding Inventory



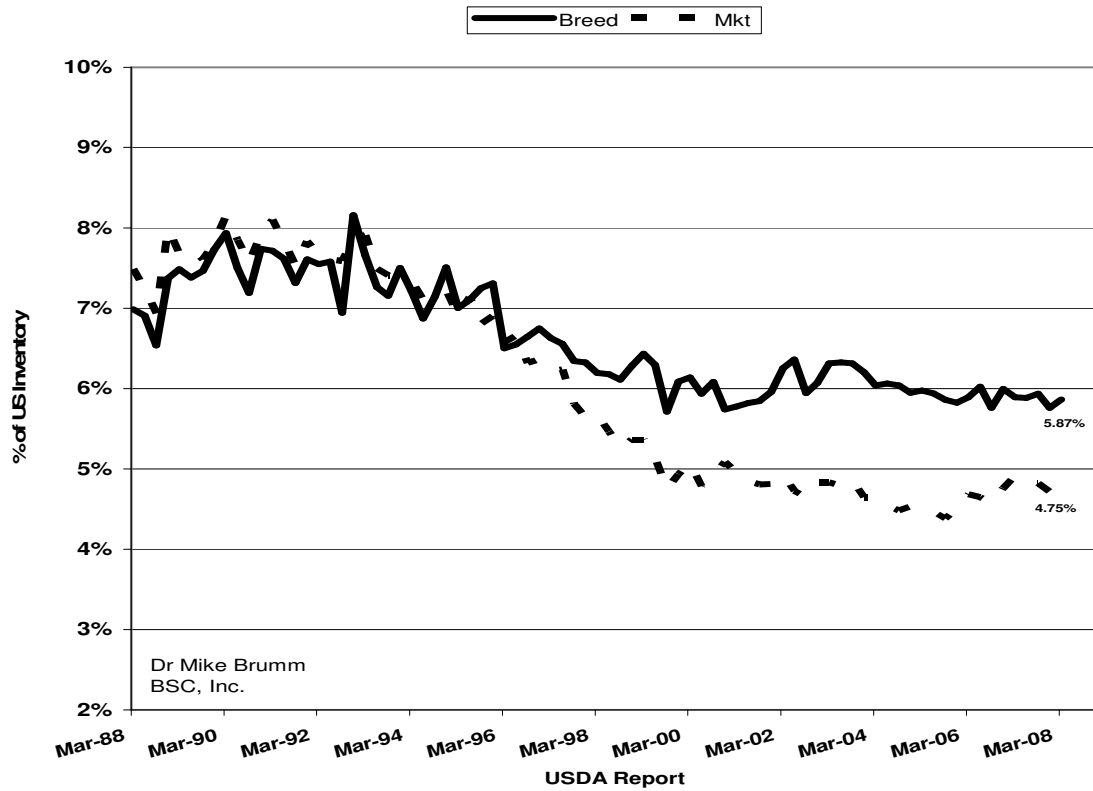
### Nebraska Market Inventory



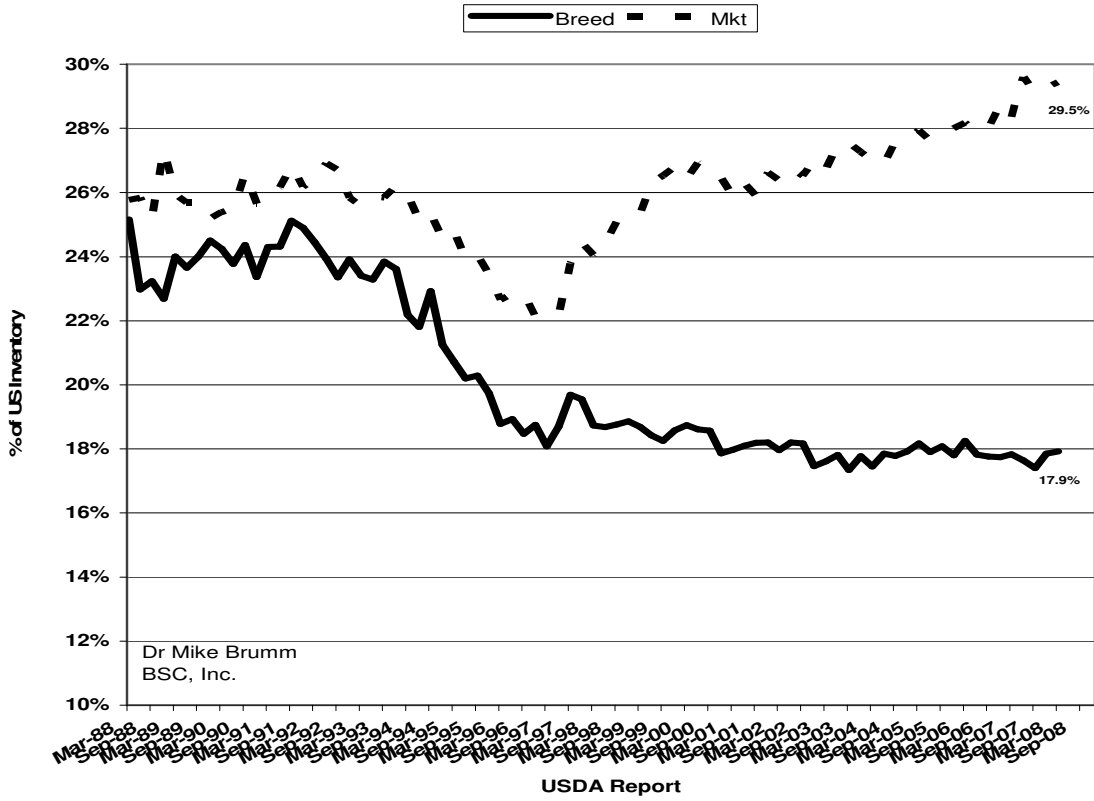
## Nebraska Pig Inventory



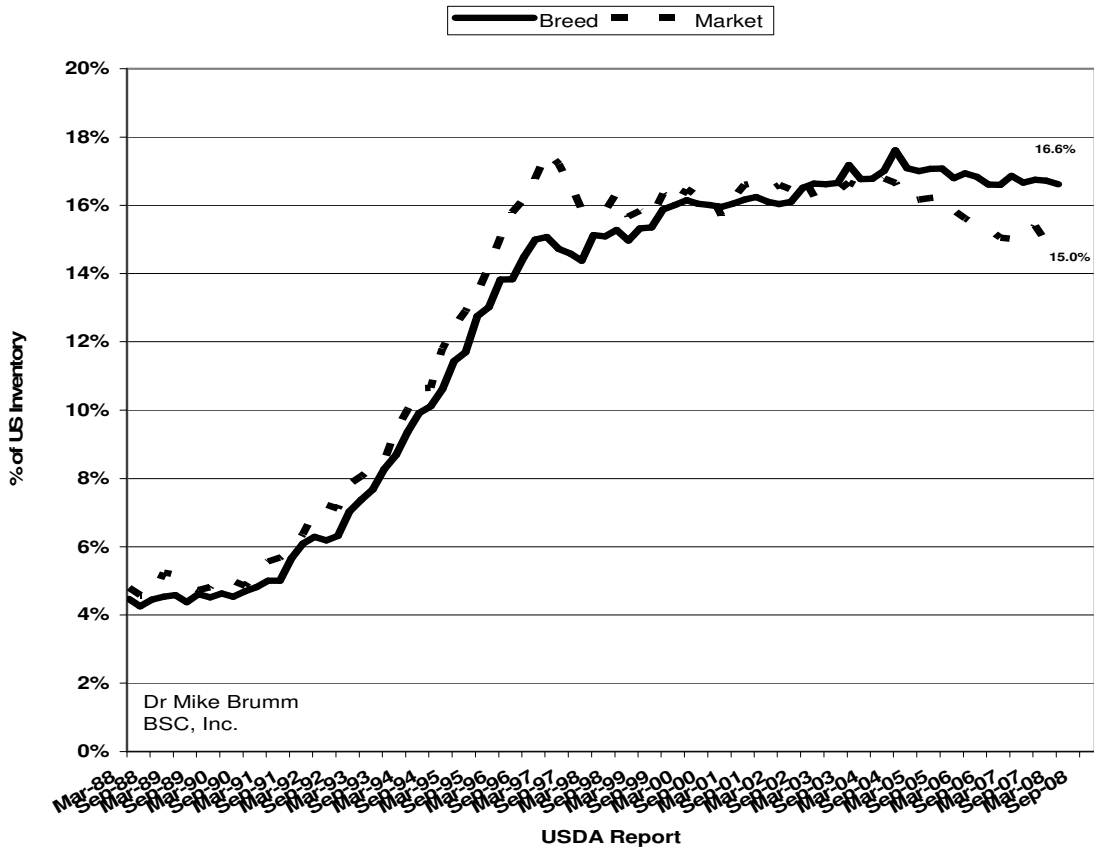
## Nebraska's Share



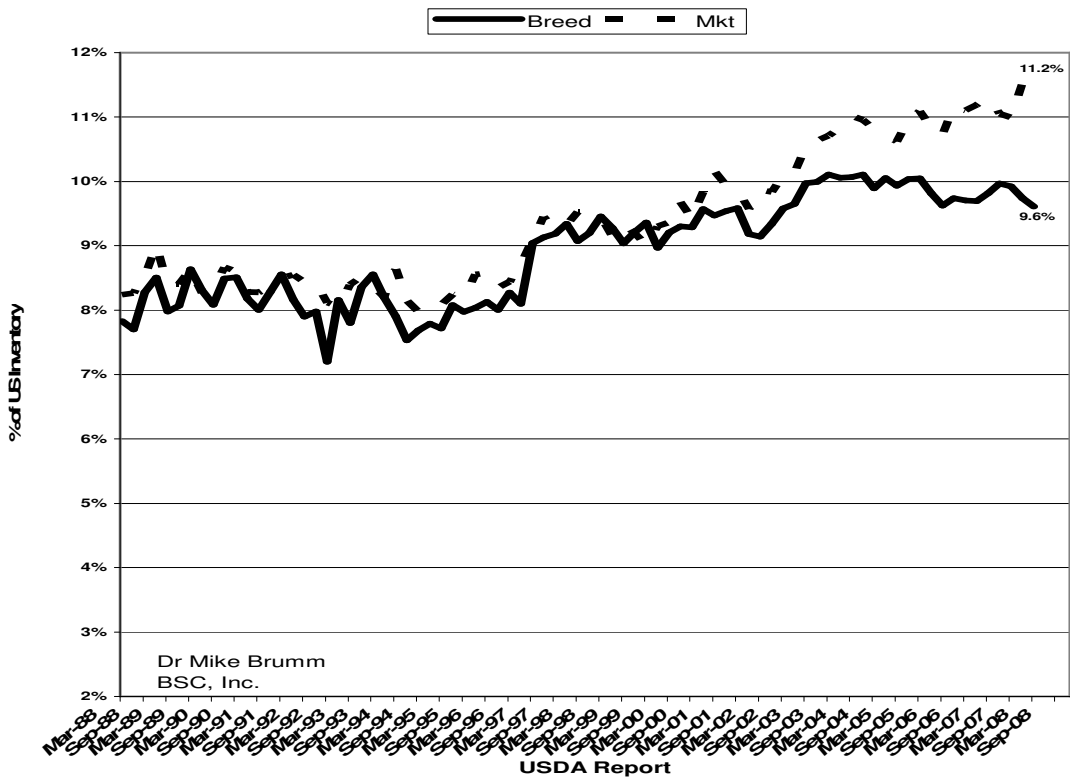
## Iowa's Share



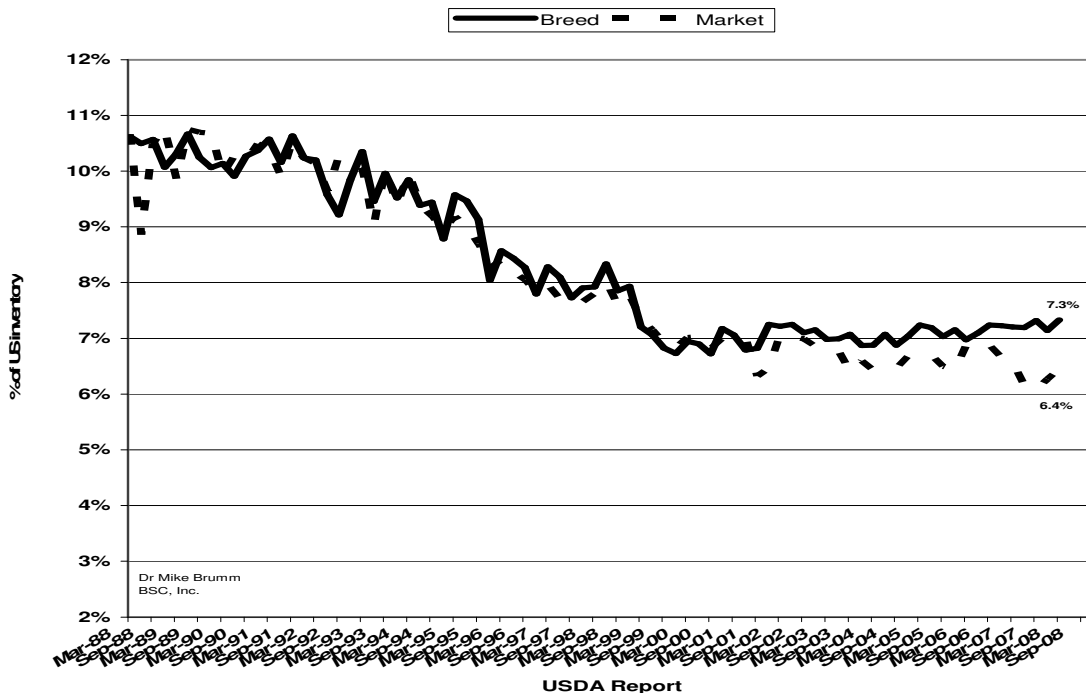
## N Carolina Share



### Minnesota's Share



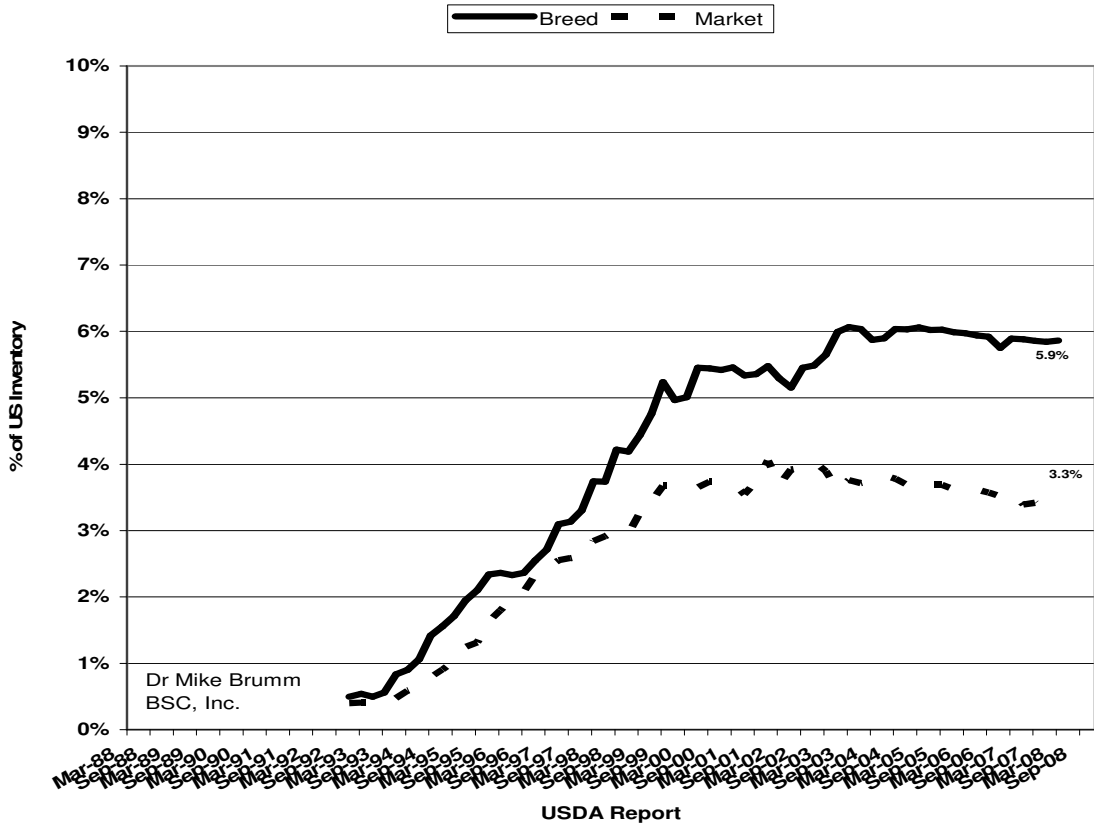
### Illinois Share



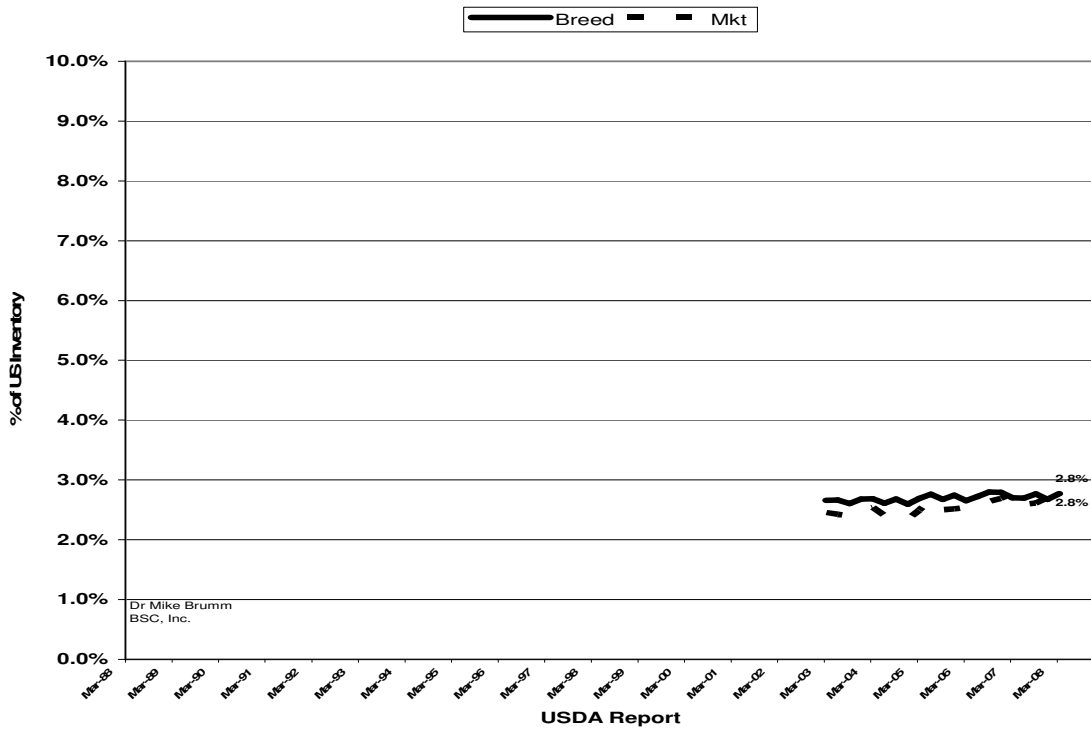
### Indiana Share



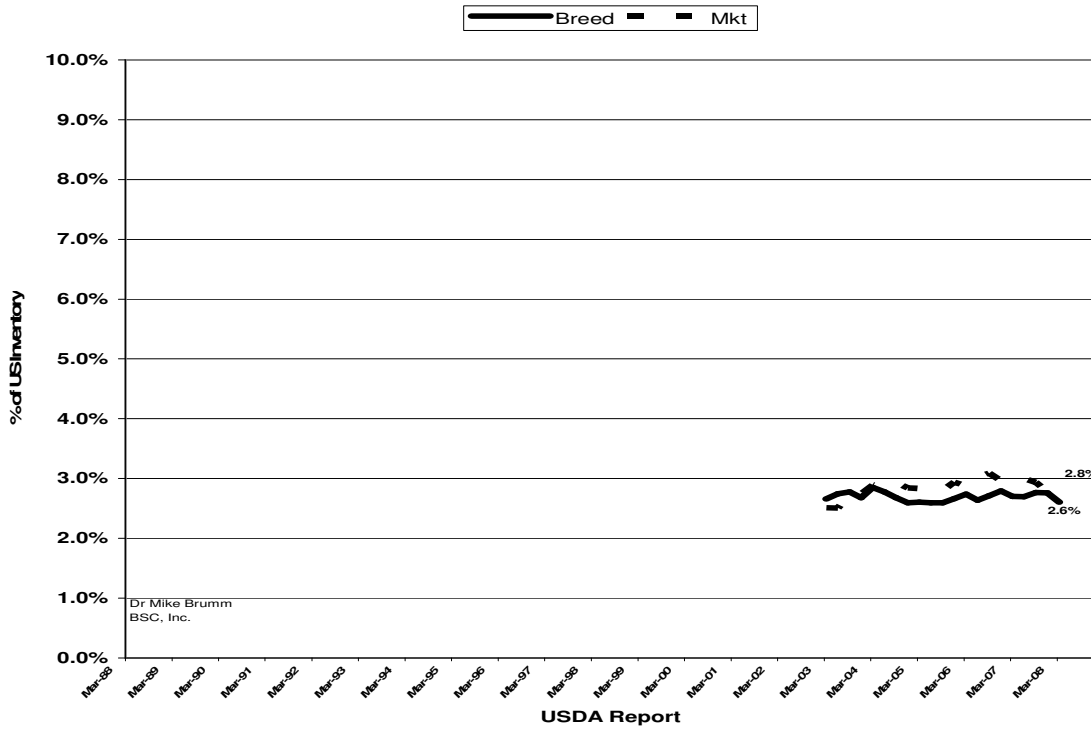
### Oklahoma Share



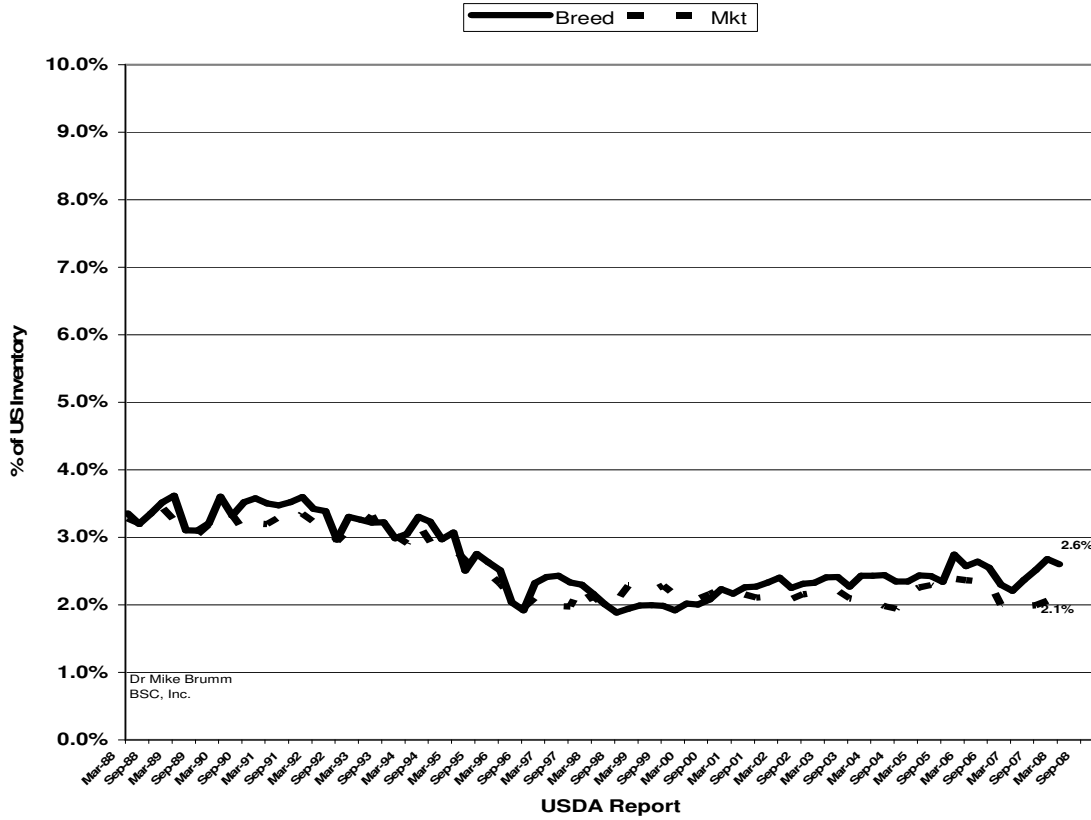
## Ohio's Swine Industry



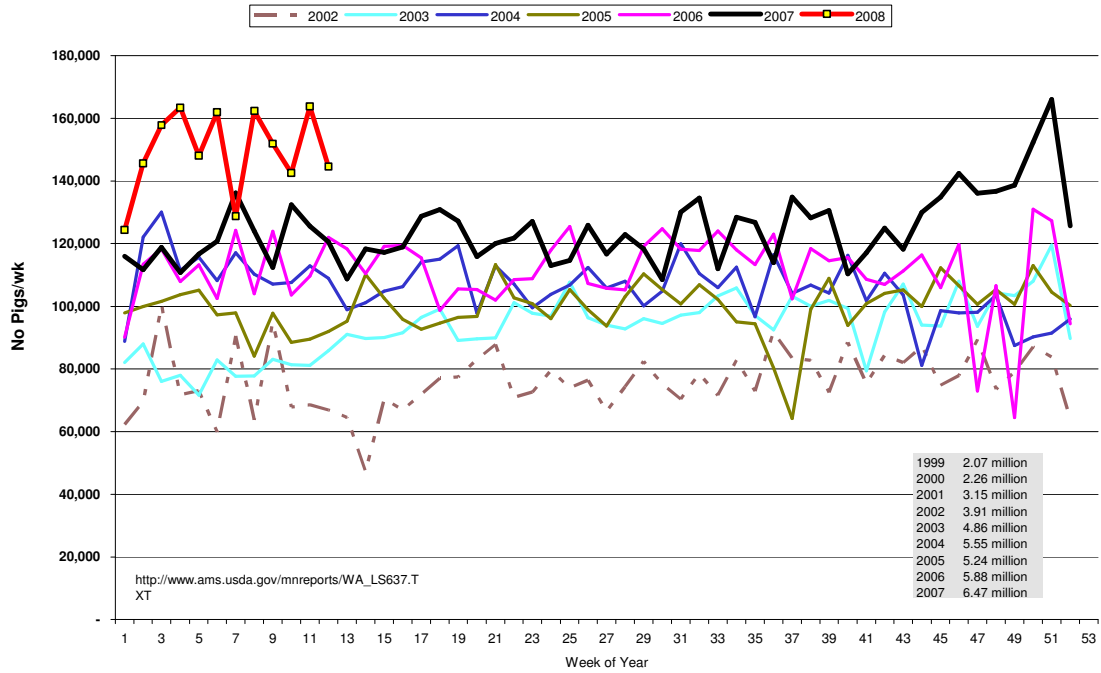
## Kansas's Swine Industry



## South Dakota's Swine Industry



## Canadian Feeder Exports to US



# Canadian Feeder Pig Imports by Region

