

Ag Economists Predict Modest Changes For 2011



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outlook

Each July for the last 33 years, the Extension Section of the American Ag Economics Association has conducted a survey of ag economists who do price forecasting to determine their outlook for the year ahead. This year's survey of 19 economists found most predicting rather modest change in the year ahead.

The consensus forecast for 2011 is for a 0.9 percent increase in pork production and a 1.2 percent decline in hog prices compared to this year. The average of the individual price forecasts is for live hogs (51-52 percent lean basis) to average \$57.83/cwt in this quarter and \$52.57/cwt in the fourth quarter of 2010. For next year, first to fourth quarter, the average price forecasts for barrow and gilt on a live weight basis are \$53.14, \$57.50, \$56.35, and \$52.65, respectively.

The average of the survey forecasts is for 2011 beef production to be down 1.1 percent compared to this year and slaughter steer prices to be 2.6 percent higher. The group forecast is for more poultry next year with broiler production predicted to be up 2.8 percent and turkey production up 1.9 percent.

The survey average is for a 13.2 billion bushel corn harvest this fall with an average farm price of \$3.88/bushel over the upcoming marketing

year. The group expects soybean meal prices to stay fairly close to \$280/ton.

The average of the survey respondents is for farmland values to be 2 percent higher on January 1, 2011 than the year before.

This week, USDA's calculated pork cutout value on Thursday afternoon was \$90.63/cwt, up from \$89.38/cwt the previous Friday. The national weighted average carcass price for negotiated hogs Friday morning was \$80.72/cwt, down from \$81.99 seven days earlier. Regional average prices on Friday morning were: eastern corn belt \$80.80, western corn belt \$80.39, and Iowa-Minnesota \$80.30/cwt. The top live hog price Friday was \$59.50 at Sioux Falls and \$55.00 at Peoria. The interior Missouri live top Friday was \$58.00/cwt, up from \$56.50 on the previous Friday.

This week's hog slaughter totaled 1.966 million head, up 0.9 percent from the week before and down 6.4 percent compared to slaughter during the same week last year.

The average carcass weight of barrows and gilts slaughtered the week ending July 24 was 198 pounds as compared to 199 pounds the week before and 197 pounds the same week last year. Iowa-Minnesota live weights last week averaged 267 pounds, down from 268.4 pounds the week before.

The August lean hog futures contract ended the week at \$82.02/cwt. The October contract settled at \$74.07 for the week. December closed the week at \$72.65/cwt.

The September CBOT corn contracted ended the week at \$4.05/bushel. The September soybean meal futures contract settled at \$302.60/ton. Δ

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