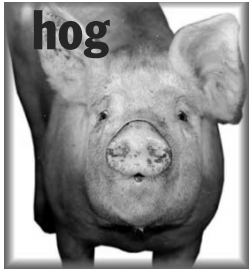


April Predicted First Profitable Month For Hog Producers



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
University of Missouri

outlook

We can now look back on 2009, a year well worth forgetting. John Lawrence's calculations at Iowa State University indicate the average market hog was sold for a loss of \$26.04 per head last year. Only 1998, with an average loss of \$26.88/head, was worse. John estimates cost of production for barrows and gilts last year at \$52.44/cwt live or roughly \$70/cwt on a carcass basis. Only 2008, with a live cost of \$57.05/cwt, was higher. By Dr. Lawrence's estimates, hog producers have lost money in 25 of the last 27 months for a total loss of over \$6 billion in equity. Based on current futures market prices, it looks like April will be the first profitable month for the average producer.

The February lean hog futures contract ended the week at \$67.25/cwt, up \$1.65 from last Friday. The April contract settled at \$71.42 today, up \$1.55 for the week. May closed the week at \$75.95/cwt and June settled at \$79.47/cwt.

The weather was the big market mover this week. Lots of snow and bitter cold slowed hog movement and pushed prices higher. This week's hog slaughter is estimated by USDA to be 2.081 million head, down 12.9 percent compared to the same week in 2009. Warmer weather next week should allow more hog move-

ment, but weights are likely to remain below year-ago because of slow growth due to the cold.

The average carcass weight of barrows and gilts slaughtered the week ending December 26 was 198 pounds, 2 pounds lighter than for the same week in 2008. Weekly average carcass weights were below year-earlier levels only 3 times in 2009. Iowa-Minnesota live weights last week averaged 268.3 pounds, down 1.1 pounds compared to the same week last

year.

We are on a good run of price increases. The low price month in 2009 was August. Prices have increased each month since then. December carcass prices averaged \$61.17/cwt in Iowa-Minnesota, the highest monthly price in 2009. The top live price for barrows and gilts Friday at Zumbrota, MN was \$40/cwt. Peoria had a top of \$42/cwt and Sioux Falls topped at \$46, \$3 higher than the previous Friday. The interior Missouri top Friday was \$46/cwt, up \$2.75 for the week. The national weighted average carcass price Friday morning for negotiated hogs was \$64.37/cwt, \$3.52 higher than the previous Friday and \$9.07/cwt higher than a year ago. Regional average prices on Friday morning were: eastern corn belt \$64.12, western corn belt \$65.45, and Iowa-Minnesota also \$65.45/cwt.

USDA's Thursday afternoon calculated pork cutout value was \$70.32/cwt, up \$3 from the previous Thursday. Hams and bellies were higher than the week before while loins and Boston Butts were slightly lower. At this time last year, the pork cutout was only \$59.32/cwt.

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