Beef, Pork Demand Dips While Foul Demand Rises

hog outlook

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Demand for poultry for January-July was positive. Some of the growth from June was due to an error in calculation for January-June.

For January-July, the demand for pork was a negative 3.9 percent, beef was a negative 3.7 percent, broilers was a positive 0.8 percent, and turkey was a positive 3.5 percent.

The good news for the pork industry continues to be from the live hog demand side. For January-July, live hog demand was a positive 8.9 percent from last year. The demand for live cattle was also positive at a growth of 1.5 percent from 2007.

The demand growth from 2007 to 2008 for live hogs and live cattle was due mostly to an increase in exports and decline in imports.

We will not know until mid-October or mid-November, but the actions of the hog and pork markets in late August and early September suggest the phenomenal growth in pork exports slowed.

On Monday August 18, pork cutouts per cwt of carcass hit an all-time high of $94.41 per cwt but now have declined for 12 consecutive days through September 4 and still counting. Slaughter for the week ending August 16 was up only 0.7 percent from a week earlier and up 2.4 percent from two weeks earlier. Slaughter during the last two full weeks has averaged 2,222 thousand head, up 3.6 percent from the week ending August 16. The sobering news is that we are likely to have slaughter in the fourth quarter at record-high levels. Our largest weekly slaughter under Federal Inspection was 2,470 thousand head for the week ending December 22, 2007.

The average live weight of barrows and gilts in Iowa-Minnesota was estimated at 260.4 pounds, up 2.1 pounds from a week earlier, but 2.6 pounds below a year earlier. Slaughter weights are expected to continue to increase until about the first of 2009. However, due to high feed prices, weights are expected to continue below year-earlier levels.

Live hog prices last week had the second largest one-week decline since 1973. The decline was practically the same as the largest decline at near $11.90 per cwt live.

Pork product prices Thursday afternoon at $77.24 per cwt were down $3.31 per cwt for the week. Loin prices at $97.20 were down $4.27 per cwt, Boston butts at $83.39 were down $3.53 per cwt, hams at 72.32 per cwt were down $2.38 per cwt, and bellies at $77.43 per cwt were down $2.00 per cwt from seven days earlier.

Live hog prices Friday morning were down $2.00-4.50 per cwt compared to a week earlier. Weighted average carcass prices were $2.91 per cwt lower to $5.89 per cwt higher from seven days earlier.

The top live prices Friday morning at select markets were: Peoria $46 per cwt, Zumbrota, Minnesota, $49 per cwt and interior Missouri $49.75 per cwt. The weighted average carcass prices Friday morning by area were: western Cornbelt $74.11 per cwt, eastern Cornbelt $68.24 per cwt, Iowa-Minnesota $74.23 per cwt and nation $72.07 per cwt.

Slaughter this holiday-shortened week under Federal Inspection was estimated at 2,055 thousand head, up 6.4 percent from a year earlier. Δ