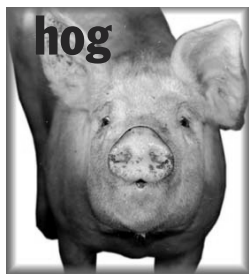


Breakeven Hog Price Likely To Reach \$55/cwt



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
University of Missouri

outlook

Hog production has gone from profitable to unprofitable in a big hurry. Calculations by John Lawrence at Iowa State University estimate the typical Iowa slaughter hog was sold for a profit of \$30.40 in September and for a loss of \$3.67 in October. That is a drop of \$34.07 per head, which is the largest month-to-month decline in the 46 years ISU economists have maintained this data series. Dr. Lawrence estimates breakeven for barrows and gilts sold during October was \$53.18/cwt live.

USDA is forecasting a new record for the average farm price of corn. Given futures market prices for corn and bean meal, the breakeven hog price is likely to reach \$55/cwt on a live weight basis before the end of the year. USDA's latest forecast is that 2011 pork production will be up 1.5 percent compared to this year, but down 1.9 percent compared to 2009.

Hog slaughter totaled 2.32 million head this week, down 0.8 percent from the week before, but up 1.1 percent compared to the same week last year. Pork production is down 3.8 percent for the year, but it has been above year-ago for each of the last five weeks.

The average carcass weight of barrows and gilts slaughtered the week ending October 30 was 205 pounds, up 1 pound from the week be-

fore, 5 pounds heavier than a year ago, and, for the second week in a row, the heaviest ever for this data series. Following three weeks of record highs, Iowa-Minnesota live weights for barrows and gilts last week averaged 275.9 pounds, up 4.6 pounds compared to a year earlier, but down 0.1 pound compared to the week before.

USDA's Thursday afternoon calculated pork cutout value was \$76.17/cwt, down \$1.03 from the previous Thursday. Loins and hams were lower; bellies and butts slightly higher.

Hog prices ended the week higher than last week. The national weighted average carcass price for negotiated hogs Friday morning was \$61.83/cwt, up \$2.68/cwt from the previous Friday. Regional average prices on Friday morning were: eastern corn belt \$61.42, western corn belt \$62.56 and Iowa-Minnesota \$62.61/cwt. The top live hog price Friday at Sioux Falls was \$49/cwt. The top at Zumbrota was \$43 and Peoria's top was \$41/cwt. The interior Missouri live top Friday was \$43/cwt, down \$1.25 from last Friday.

The December lean hog futures contract ended the week at \$68.97/cwt, up \$2.02 from the previous Friday. The February contract ended the week at \$74.57/cwt and April settled at \$77.95.

December corn futures ended the week at \$5.34/bushel, down 54 cents from the previous Friday. March corn ended the week at \$5.48 and July corn settled at \$5.5525/bushel.

The December soybean meal contract ended the week at \$339.70/ton, down \$8.30 for the week. Δ

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