

# Breeding Herd Ends Month Smaller Than At Start



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**T**he U.S. unemployment rate rose for the third consecutive month reaching 9.2 percent in June. Non-farm payroll increased by only 18,000 during the month. This is obviously not good news for the economy, or for meat demand.

Based on preliminary data it looks like the number of sows slaughtered in the U.S. was up nearly 8 percent during June compared to 12 months earlier. The number of Canadian sows imported for slaughter during June was down 8 percent, so slaughter of U.S. sows was up roughly 11 percent. Our gilt slaughter data indicates a higher percent of gilts in the slaughter mix during June, thus it appears the breeding herd ended the month smaller than at the start. Will this continue or will the drop in corn prices in recent days make producers more optimistic? I wish I knew.

Hog prices lost ground this week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$91.98/cwt, down \$2.83 from last Friday. The average for both Iowa-Minnesota and the western corn belt was \$92.56/cwt. The eastern corn belt averaged \$91.62/cwt on the morning report.

Friday's top live hog price at Peoria was \$64/cwt. Zumbrota's top was \$65/cwt. The top for interior Missouri hogs this morning was \$70.50/cwt, the same as the previous Friday.

Pork cutout value rose slightly this week. USDA's Thursday afternoon calculated pork cutout value was \$96.59/cwt, up 47 cents from the previous Thursday. Loins, hams, bellies, and butts were all higher. Packer margins continue to be tight. This morning's national average hog carcass price equaled 95 percent of the pork cutout value.

This week began with a holiday so hog slaughter totaled only 1.730 million head this week, down 11.1 percent from last week and up 0.5 percent compared to the same week last year.

As usual, summer temperatures are bringing down slaughter weights. Barrow and gilt carcass weights for the week ending June 25 averaged 199 pounds, down 2 pounds from a week earlier, but the same as a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 267.6 pounds, down 0.6 pound from the week before and down 0.8 pounds compared to the same week last year.

The July lean hog futures contract ended the week at \$95.87/cwt, up 37 cents from the previous Friday. The August contract settled Friday at \$96.17/cwt, up \$3.02 for the week. December hogs ended the week at \$87.90/cwt.

It looks increasingly likely that the 45 cent per gallon ethanol blenders' tax credit will end before the current scheduled date of December 31; perhaps as early as July 31. The impact on corn prices should be modest if gasoline prices remain high. For the week, the July corn contract gained 32 cents to close Friday at \$6.72 per bushel. December corn ended the week at \$6.37 per bushel, up 40 cents from the previous Friday. Soybean meal futures were also higher this week. Δ

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