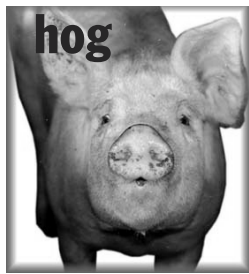


Cash Hog Prices Surge To Record Highs



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outlook

Today's USDA hogs and pigs report said the nation's June 1 swine breeding herd inventory was 100.3 percent of a year ago. The market hog inventory was 100.6 percent of June 1, 2010. The average of pre-release trade forecasts was that both the sow herd and the market hog inventory were up 0.1 percent compared to last June. The USDA survey number is not significantly higher than the trade forecasts, so do not expect much market reaction.

Cash hog prices surged to record highs this week. Carcass prices hit a dollar per pound for the first time ever. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$100.77/cwt, up \$8.54 from last Friday. The Friday morning price report for the eastern corn belt was \$100.42/cwt. Nether Iowa-Minnesota nor the western corn belt had enough early hog sales for a market report. Friday's top live hog price at Peoria was \$66. Zumbrota's top was \$68/cwt.

The top for interior Missouri hogs was \$69.75/cwt, \$5.25 higher than the previous Friday.

The pork cutout value rose for the third week in a row. USDA's Thursday afternoon calculated pork cutout value was \$99.27/cwt, up \$6.46 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 101.5 percent of the pork cutout value.

Hog slaughter totaled 1.936 million head this week, down 1.9 percent from last week and down 0.6 percent compared to the same week last year. Barrow and gilt carcass weights for the week ending June 11 averaged 202 pounds, down 1 pound from a week earlier, but 1 pound heavier than a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 268.3 pounds, down 0.3 pounds from the week before and down 2.3 pounds compared to the same week last year.

The July lean hog futures contract ended the week at \$96.00/cwt, up 35 cents from the previous Friday. The August contract settled Friday at \$95.20/cwt, also up 35 cents for the week. October hogs settled at \$88.67.

The July corn futures contract lost 30 cents this week to settle at \$6.70 per bushel on Friday. December corn closed at \$6.32. Δ

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