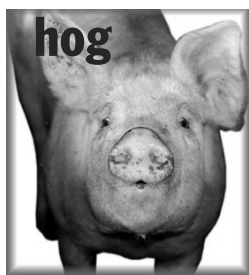


China Is Biggest Export Hog Market



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
University of Missouri

outlook

Iowa State University calculations put the average cost of production for barrows and gilts slaughtered in August at a record \$69.93 per hundred pounds of live weight, breaking the old record of \$67.75/cwt set in September 2011. These calculations by Shane Ellis estimate the average Iowa hog was sold for a loss of \$14.41 per head in August, the biggest monthly loss since November 2010. Through August, 2012 profits have averaged 73 cents per hog sold. U.S. pork exports during July were up 3.0 percent and imports were up 10.6 percent compared to 12 months earlier. Exports equaled 23.0 percent of July pork production and imports equaled 3.7 percent of production. During the first seven months of 2012, 24 percent of U.S. pork production was exported while imports equaled 3.6 percent of production. The biggest growth market for U.S. pork exports this year is China. They account for 70 percent of the increase in pork exports.

This week's hog slaughter was the third largest ever. Hog slaughter this week totaled 2.428 million head, up 17.7 percent from the week before (which was low because of the Labor Day holiday) and up 6.0 percent compared to the same week last year. Hog slaughter on Tuesday was estimated at 437 thousand head. If accurate, that was the largest hog slaughter day since December 22, 2009. The av-

erage barrow and gilt live weight in Iowa-Minnesota last week was 269.6 pounds, 1.4 pounds above a week earlier and up 2.4 pounds from a year ago. Weights were above year-ago for the 42nd consecutive week.

The Thursday afternoon calculated pork cutout value was \$77.48/cwt, down \$1.08 from the previous Thursday, down \$15.32 from five weeks earlier, and \$17.74 lower than a year ago. Loins, butts, and bellies were lower this week; hams were higher.

Hog prices are down for the sixth week in a row. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$63.55/cwt, down \$2.23 from last Friday and down \$26.79 from six weeks earlier. The western corn belt average price this morning was \$62.06/cwt. Neither the eastern corn belt nor Iowa-Minnesota moved enough hogs early this morning for a price quote. Peoria had a top live price this morning of \$44/cwt as did Zumbrota, MN. The top for interior Missouri live hogs Friday was \$46.75/cwt, down \$3.00 from the previous Friday.

Hog prices have fallen faster than pork cutout in recent weeks. The packer gross margin, which has to cover all costs other than hog purchases, has improved from less than \$5 per hog for the first week of July to more than \$33 per hog during the first week of September. The long term average is roughly \$23 per head.

Negotiated prices for weaner/feeder pig prices are approaching zero. In Missouri this week negotiated cash prices of weaner pigs were \$8 per head and 50 pound feeder pigs were less than 40 cents per pound.

Hog futures were higher this week. Friday's close for the October lean hog futures contract was \$74.02/cwt. Δ

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