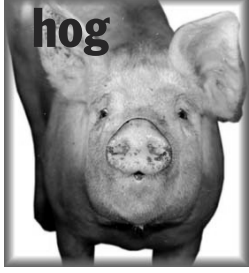


Cold Storage Pork Could Indicate Strong Exports



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outlook

USDA's latest cold storage report says there were 659.5 million pounds of pork in cold storage at the end of April. That is up 8.1 percent from the month before, up 20.1 percent from a year ago, and the most pork in cold storage since April 30, 2008. The big jump in pork stocks may indicate continued strong pork exports. In recent years, there has been a positive correlation between frozen stocks and pork exports. For example, the amount of pork in cold storage on April 30, 2008 was a record and the amount of pork exported in May of 2008 was also a record.

USDA says 96 percent of corn acres had been planted by May 20. That compares to an average of 81 percent planted on that date and 75 percent planted on May 20, 2011. The first condition report of the year says 77 percent of the corn crop is in good or excellent condition. USDA's Crop Progress report says 76 percent of the soybean crop was planted by May 20 compared to an average of only 42 percent on that date. July corn futures ended the week at \$5.785/bu, down 57 cents from the previous Friday. December corn settled at \$5.215/bu.

Europe's financial problems are causing the Euro to weaken and the dollar to get stronger. This week the dollar index reached the highest level since September 2010. That is good news for the cost of imports, e.g. lower crude oil prices, but it is bad news for export demand.

The national average negotiated carcass price

for direct delivered hogs on the morning report today was \$80.10/cwt, up 26 cents from last Friday. The eastern corn belt averaged \$79.89/cwt this morning. Neither Iowa-Minnesota nor the western corn belt had enough sales early this morning for a price quote. Peoria had a top today of \$56/cwt of live weight and Zumbrota a top of \$55/cwt. The top for interior Missouri live hogs Friday was \$60.75/cwt, up \$4.25 from the previous Friday.

USDA's Thursday afternoon calculated cutout value was \$78.20/cwt, down \$4.48 from the previous Thursday, and \$15 lower than on this date last year. This is the lowest cutout since May 9 and only 46 cents above the May 1 value. Typically, the pork cutout value ends May well above the level at the start of the month. That may not happen this year. Loins, butts, and hams were lower this week. Bellies were higher. The negotiated hog carcass price this morning is 2.4 percent above the pork cutout value. Look for packers to slow chain speeds to improve margins.

Hog slaughter totaled 2.069 million head this week, down 2.1 percent from the week before, but up 1.2 percent compared to the same week last year. Barrow and gilt carcass weights for the week ending May 12 averaged 206 pounds, unchanged from the week before but up two pounds from a year ago. The average barrow and gilt live weight in Iowa-Minnesota last week was 276.1 pounds, down 0.4 pounds from a week earlier, up 5.2 pounds from a year ago, and above a year earlier for the 26th consecutive week.

Friday's close for the June lean hog futures contract was \$85.20/cwt, down \$2.22 from the previous Friday. The July hog futures contract settled at \$86.57/cwt, down \$2.00 for the week.

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