

# Demand For Live Hogs Continues Very Good



**GLENN GRIMES AND RON PLAIN**  
Agricultural Economists • University of Missouri

## outlook

**T**he odds are high that April hog slaughters will exceed ten million head, up about 18 percent from a year earlier. However, April this year had one more week day slaughter than a year earlier. The slaughter increased on a daily basis up about 14 percent from 2007.

Demand for live hogs continues to be very good. For January-March, live hog demand this year was up 8.0 percent from a year earlier. A significant portion of this live hog demand growth can be attributed to growth in pork exports. Remember February pork exports were up about 55 percent from a year earlier.

The odds appear very high that hog producers are reducing the breeding head. Since March 1, gilt slaughter based on our sample has been up 2 percent and sow slaughter has been up 11 percent from a year earlier after adjusting for herd size.

The average weight of barrows and gilts in Iowa-Minnesota for the week ending April 19 was at 265.6 pounds down 0.8 pound from a week earlier and down 3 pounds from a year earlier.

Pork product prices pushed higher again this week with the cut-out per cwt of carcass at \$72.21 per cwt Thursday afternoon up \$4.51 per cwt from seven days earlier. Loin prices at \$95.08 per cwt up \$4.99 per cwt, Boston butts at \$77.78 per cwt up \$7.12 per cwt, ham at \$80.90 per cwt up \$6.85 per cwt from a week earlier.

The future market continues to show the potential for larger than normal price increases from here to the summer contracts. One cannot rule out the possibility that these prices will develop but it takes a sizzling hot demand or

smaller slaughter than now indicated or some combination of both factors.

The futures market has offered a higher market than the spot market for hogs since the 15th of August last year. The futures market based other market contract had premiums to cash of around \$30 per head last winter and were about \$5.50 per head above last year in mid week.

Cold storage stocks of pork at the end of March were up 8 percent from a month earlier and up 33 percent from a year earlier. There are trade reports that at least a part of the increase in cold storage stocks are due to a short supply of shipping constraints for pork exports. At least they do not appear to be having much negative impact on the seasonal increase in hog prices.

Cash live hog prices this Friday morning were up \$3.00-5.75 compared to last Friday. The weighted average carcass prices for negotiated hogs were up \$3.97 to 7.34 compared to a week earlier.

The top live price for select market Friday morning were: Peoria \$42.00 per cwt, Zumbrotta Minnesota \$47.00 per cwt and interior Missouri \$49.00 per cwt. The weighted average negotiated per cwt, western Cornbelt \$71.10 per cwt, eastern Cornbelt \$68.40 per cwt, Iowa-Minnesota \$71.50 per cwt and nation \$69.47 per cwt.

Slaughter this week under Federal Inspection at 2251 thousand head up 13.5 percent from last year.

Feed pig prices this week at United Tel-O-Auction were steady to \$15 per cwt lower than two weeks ago. The prices by weight groups this week at United were: 50-60 pounds \$57.00-81.50 per cwt and 60-70 pounds \$53.00-57.00 per cwt.

The Canadian April 1 Hogs and pigs report show the total head down 11.7 percent but the imported number the breeding herd is only down 4-6 percent and the 2nd quarter farrowing inventories are only down 1.8 percent. Progress, but very slow based on profitability. Δ