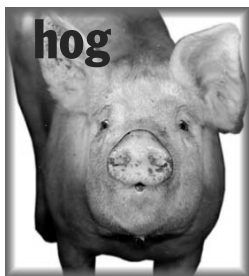


Demand For Live Hogs Has Strengthened



GLENN GRIMES AND RON PLAIN
Agricultural Economists •
University of Missouri

outlook

The \$70-plus summer 2010 futures for lean hogs may be influencing producers to slow or stop the decline in the breeding herd.

The last few weeks' data show both sow and gilt slaughter below a year earlier.

Demand for live hogs has strengthened since mid-August. For the week ending August 21, the weighted average negotiated carcass price for barrows and gilts for Friday morning in the western Cornbelt was \$45.82 per cwt. For this week on Friday morning, the weighted average negotiated carcass price in the western Cornbelt was \$51.60 per cwt. Slaughter in recent weeks has run 5-7 percent above mid-August. Therefore, these higher prices are not supply driven. The best guess is there is some improvement in exports since August and the increased spending on pork for October Pork month. Whatever the reason, it is appreciated.

Nationally, feeder pig prices last week were steady to \$4 per head higher than a week earlier. The average price for 50-54 percent lean 10-pound pigs was \$30.84 per head. The average price for 40-pound pigs was \$34.84 per head. Formula-priced 10-pound pigs averaged \$34.56 per head and formula-priced 40-pound pigs averaged \$44.68 per head. The negotiated or cash price for 10-pound pigs was \$26.44 per head and 40-pound pigs was \$34.19 per head.

United Tel-O-Auction pig prices this week were \$11-15 per cwt higher than two week ear-

lier. The 50-60 pound pigs at United sold from \$51-64 per cwt and 60-70 pound pigs at \$56 per cwt. The strength in the futures prices for lean hogs is at least one of the reasons for the stronger pig prices.

For the week ending August 7, the negotiated price for 10-pound pigs was \$11.02 per head, and negotiated 40-pound pigs were \$22.16 per head nationally.

Pork cutout this week per cwt of carcass at \$54.70 Thursday afternoon was down \$1.50 per cwt from a week earlier. Loins at \$66.43 per cwt were down \$0.40 per cwt, Boston butts at \$57.14 per cwt were down \$1.86 per cwt, hams at \$48.12 per cwt were up \$0.44 per cwt, and bellies at \$66.83 per cwt were down \$0.02 per cwt from seven days earlier.

The top live prices this Friday morning were \$1-2.50 per cwt higher compared to a week earlier. The weighted average negotiated carcass prices by area Friday morning were \$1.77-2.65 per cwt higher compared to seven days earlier.

The top live prices Friday morning for select markets were: Peoria \$30 per cwt, Zumbrota, Minnesota, \$32 per cwt and interior Missouri \$36.50 per cwt. The weighted average negotiated carcass prices by area were: western Cornbelt \$51.60 per cwt, eastern Cornbelt \$48.92 per cwt, Iowa-Minnesota \$51.85 per cwt and nation \$50.10 per cwt.

The H1N1 flu was confirmed in some hogs at the Minnesota Sate Fair. This was confirmed on Monday. The futures market for the December 2009 contract closed at \$54.10 per cwt on Friday, October 16 and closed at \$53.73 per cwt on Thursday, October 22.

Slaughter this week under Federal Inspection was estimated at 2,323 thousand head, up 1.3 percent from a year earlier. Δ

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