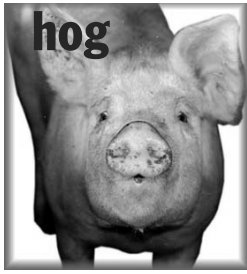


Domestic Pork Demand Below 2010 Level



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outlook

USDA's latest hogs and pigs report said the swine breeding herd was 0.4 percent larger on December 1 than a year earlier. They said the market hog inventory was 1.7 percent larger than a year ago, and the total swine herd was up 1.5 percent. USDA said fall farrowings were up 0.5 percent and predicted December-February farrowings would be up 0.8 percent but March-May farrowings would be 1.0 percent small than a year ago. Pigs per litter during September-November averaged 10.02, up 1.3 percent from a year ago. In general, the report was more bearish short term and more bullish long term than the pre-release trade estimates.

Retail pork prices during November averaged \$3.511 per pound, up 4.3 cents from October and up 19.1 cents from November 2010. November was the third highest monthly pork price ever behind August and September of this year.

The average price of 51-52 percent hogs during November was \$63.40/cwt on a live weight basis, down \$5.04 from October, but up \$23.40 from November 2010.

Domestic pork demand this fall was below the year-earlier level, but because of very strong export demand for pork, packer demand for hogs has been strong.

The amount of pork in cold storage at the end

of November, 495 million pounds, was up 5.75 percent from a year ago. Pork exports are up 22 percent compared to 2011. The larger cold storage stocks may reflect additional quantities being accumulated for exports.

Hog prices were lower this week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$79.18/cwt, down \$2.69 from last Friday. The Friday morning average price for the western corn belt was \$79.49/cwt. There was no morning price quote for Iowa-Minnesota. The eastern corn belt averaged \$79.10/cwt. Friday's top live hog price at Peoria was \$54.50/cwt. The top for interior Missouri live hogs was \$59.25/cwt, down 75 cents from the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$86.17/cwt, down \$4.57 from the previous Thursday. Loins, butts, hams and bellies were all lower. Hog prices this morning are 92 percent of cutout, a bit high for this time of year.

Hog slaughter totaled 2.155 million head this week, down 7.9 percent from the week before, but up 16.4 percent compared to the same week last year. Barrow and gilt carcass weights for the week ending December 10 averaged 206 pounds, down 1 pound from the week before, but up 1 pound from a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 275.2 pounds, down 0.9 pound from the week before, but up 1.4 pounds compared to last year.

Today's close for the February lean hog futures contract, \$85.85/cwt. The April lean hog futures contract settled at \$88.97/cwt. May hogs settled at \$95.10/cwt. June hogs ended the week at \$96.85/cwt. Δ

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