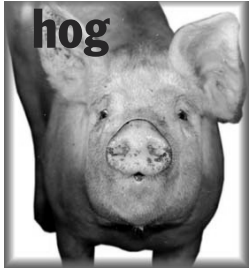


Domestic Pork Demand Down in June



GLENN GRIMES AND RON PLAIN
Agricultural Economists •
University of Missouri

outlook

Statistics Canada says the Canadian hog herd on July 1 was 1.5 percent larger than a year ago and their breeding herd was up 1 percent. Despite a larger sow herd, Canadian producers say they will farrow 1.4 percent fewer sows in the third quarter of 2012 and 1.3 percent fewer in the fourth quarter compared to a year earlier. Pigs born per litter during the second quarter of 2012 were up 1.5 percent from a year ago. It seems reasonable to expect the Canadian pig crop in the second half of 2012 to be close to year-ago levels.

Domestic pork demand was down 6 percent in June compared to 12 months earlier. Fortunately, export demand was up 5 percent leaving hog demand down only 1.7 percent compared to June 2011. Domestic meat demand was down 1 percent during the last 12 months.

The latest Cold Storage report says the amount of pork in cold storage at the end of July was down 8 percent from June, but up 20 percent from a year ago.

Corn and soybean meal prices continue to set records. Based on current futures prices, it looks like breakeven prices for hogs will average close to \$90/cwt of carcass both this year and in 2014. For 2013, a carcass price of \$102/cwt will likely be needed to cover production costs.

The Thursday afternoon calculated pork cutout value was \$87.05/cwt, down \$3.78 from the previous Thursday and \$15.06 lower than a

year ago. Loins, butts, hams and bellies were all lower this week. As often occurs this time of year, bellies dropped \$11.37/cwt in value as we approach the end of BLT season.

Hog prices were down for the third week in a row. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$79.86/cwt, down \$5.05 from last Friday. The eastern corn belt was down \$4.59 to \$80.09/cwt and the western corn belt fell \$6.21 to \$79.71. Iowa-Minnesota dropped \$5.47 to \$80.52/cwt. Peoria had a top live price this morning of \$52 and Zumbrota had a live top today of \$56/cwt. The top for interior Missouri live hogs Friday was \$58.50/cwt, down \$6.00 from the previous Friday. Today's average hog carcass price is 91.7 percent of the cutout value.

Hog slaughter this week totaled 2.265 million head, up 4.6 percent from the week before and up 6.7 percent compared to the same week last year. Typically, daily hog slaughter trends higher from mid August until early December.

The average barrow and gilt live weight in Iowa-Minnesota last week was 267.6 pounds, 1.7 pounds above a week earlier and up 5.2 pounds from a year ago. Weights are up for the third consecutive week which likely means the low for the year is behind us. The stretch of above year-earlier weights dating back to November of 2011 continues.

Hog futures were much lower this week. Friday's close for the October lean hog futures contract was \$72.37/cwt, down \$3.83 from the previous Friday. December hogs settled at \$70.57/cwt, down \$3.03 for the week. February 2013 hogs ended the week at \$78.52/cwt, down \$2.68 from the week before. Δ

GLENN GRIMES AND RON PLAIN: Agricultural Economists, University of Missouri



Link Directly To: **PIONEER**