

# Economy Not Good News For Meat Demand



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Only 80 thousand jobs were added to the U.S. economy in June and the unemployment rate held steady at 8.2 percent. The stock market went down and the dollar got stronger. This is not good news for meat demand.

The weather has been miserable this summer. The Drought Monitor says 56 percent of the land in the contiguous 48 states is in some stage of drought. USDA estimates only 48 percent of the corn crop was in good or excellent condition on July 1. That compares to 56 percent good or excellent the week before and 69 percent a year ago. The Crop Progress report says 45 percent of the soybean crop was rated good or excellent on July 1 compared to 53 percent a week earlier and 66 percent a year ago. Nationally, 43 percent of pastures were rated poor or very poor on July 1. That compares to 34 percent poor or very poor the week before and 27 percent a year ago.

The hot, dry weather is pushing feed prices higher fast. The July corn futures contract ended the week at \$7.43/bu, up 71 cents from the week before and up \$1.46 from two weeks earlier. July soybean meal ended the week at \$471.60/ton, up \$35.60 from the previous Friday.

USDA's June hog survey said producers are planning to farrow 0.9 percent fewer sows this summer than a year ago and 1.3 percent fewer this fall. Given the big jump in corn prices since

early June when the survey was conducted, fall farrowings may be down even more.

USDA's Thursday afternoon calculated pork cutout value was \$90.64/cwt, down \$5.51 from the previous Thursday and \$5.95 lower than this week last year. Pork loins have lost 14.9 percent of their value in the last seven days.

Despite the drop in cutout value, hog prices held steady this week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$95.33/cwt, up 4 cents from last Friday. The eastern corn belt averaged \$90.93/cwt this morning. Both the western corn belt and Iowa-Minnesota averaged \$100.99/cwt on the morning report. The east-west price spread is huge. Peoria had a top live price this morning of \$62 and Zumbrota had a live top today of \$65/cwt. The top for interior Missouri live hogs Friday was \$69/cwt, down \$2.25 from the previous Friday. The average hog carcass price is an amazing 105.2 percent of the cutout value.

Hog slaughter this week totaled 1.76 million head, down 12.0 percent from the week before because of the July 4 holiday, but up 1.7 percent compared to the same week last year. Barrow and gilt carcass weights for the week ending June 23 averaged 201 pounds, down 1 pound from the week before, but up 2 pounds from a year ago. The average barrow and gilt live weight in Iowa-Minnesota last week was 270.0 pounds, down 1.4 pounds from a week earlier, up 2.4 pounds from a year ago, and above year-earlier for the 32nd consecutive week.

Friday's close for the July lean hog futures contract was \$96.22/cwt, down 40 cents from the previous Friday. August hogs settled at \$93.30/cwt, down \$1.47 for the week. Δ

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