

Fourth Quarter Hog Slaughter Close To 2011



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
University of Missouri

outlook

USDA's September hog inventory survey says the breeding herd was down 0.3 percent at the start of the month, but the market hog inventory was up 0.4 percent. June-August farrowings were down 1.2 percent, but pigs per litter were up 1.0 percent resulting in a pig crop that was down 0.2 percent compared to last summer. Farrowing intentions for September-November are down 1.7 percent compared to last year and December-February farrowings are predicted to be 1.5 percent lower than last winter.

The market hog inventory implies that fourth quarter hog slaughter will be close to Last year's level and slaughter during the first quarter of 20103 will be down 0.5 percent.

In general, the report was more bullish than the pre-release trade predictions.

Hog slaughter this week totaled 2.345 million head, down 2.3 percent from the week before, but up 4.1 percent compared to the same week last year. Over the last seven weeks hog slaughter has been 5.3 percent above year-ago and 4.0 percent above the level implied by the June hog inventory survey.

The average barrow and gilt live weight in

Iowa-Minnesota last week was 270.2 pounds, 2.2 pounds above a week earlier and up 0.2 pounds from a year ago.

Hog prices were higher again this week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$74.19/cwt, up \$4.01 from last Friday and up \$10.64 from two weeks ago. The eastern corn belt averaged \$74.39/cwt on the morning report. Neither the western corn belt nor Iowa-Minnesota had enough negotiated sales early this morning for a price quote. Peoria had a top

live price this morning of \$49.50/cwt. Zumbrota, MN topped at \$52. The top for interior Missouri live hogs Friday was \$54.25/cwt, up \$6.75 from the previous Friday.

The Thursday afternoon calculated pork cutout value was \$80.28/cwt, up \$2.85 from the previous Thursday, but \$17.80 lower than a year ago. Loins, hams and bellies were higher this week. Butts were lower.

Today's hog price is 92.4 percent of cutout value.

Hog futures were mixed this week. Friday's close for the October lean hog futures contract was \$77.17/cwt, down \$1.37 from the previous Friday. December hog futures ended the week \$1.22 lower at \$73.75. February hogs settled at \$80.25/cwt. April hog futures closed at \$87.55/cwt.

Corn futures were up the 40 cent limit today due to a lower-than-expected September stocks report. The latest grain stocks report says there were 988 million bushels of corn in storage on September 1. That is 193 million bushels fewer than USDA's last forecast. Δ

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