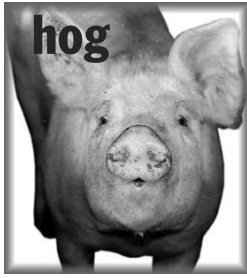


# Growing Pork Exports Hinders Price Predictions



**GLENN GRIMES AND RON PLAIN**

Agricultural Economists •  
University of Missouri

## outlook

**W**ith net pork exports growing 8.6 percent of pork production during the first half of 2008, it is obvious that predicting prices are impossible without some idea of how much exports will change.

In the past five years, demand for pork and live hogs have fluctuated more than supply. Since 2003, demand for live hogs has grown over 25 percent based on the first six months of 2008. During this same time, per capita consumption of pork has declined an estimated 2.3 percent. Practically all of the increase of pork supply has gone into pork exports. For the first six months of 2008, pork exports are up 193 percent from the same months of 2003 or a growth of nearly 39 percent annually on average.

The beef industry has weekly beef exports, which are much more current than the monthly data we have for pork. Getting weekly data for pork exports would be very beneficial to the industry in trying to determine what will happen to prices in the future.

In the first six months of 2008, pork exports in value have amounted to \$35.14 per hog slaughtered. Pork variety meat exports added another \$5.10 per hog slaughtered. Total exports amounted to \$40.24 per head for January-June of 2008.

Live barrow and gilt weights in Iowa-Minnesota last week at 258.4 pounds were up one pound from a week earlier but down 2.4 pounds from a year earlier. Barrow and gilt carcass weights for the week ending August 9 at 191 pounds were down three pounds from a year earlier.

Keeping marketings current will be beneficial in keeping marketings below slaughter capacity and lowering total production this fall.

The Canadian July 1 inventory of hogs and pigs was disappointing. The total herd was down 11.6 percent, but that was due to all of the pigs and hogs that Canada exported to the U.S. The breeding herd was down only 4.6 percent, even with the buy-out compared to a year earlier.

The second quarter Canadian pig crop was down only 0.2 percent from 12 months earlier.

The combined Canadian and U.S. hog herd on June 1 and July 1 was 2.5 percent above a year earlier. The breeding herd was down 0.5 percent from 2007. The second quarter pig crop in North America was up three percent from 12 months earlier.

With the current structure of the North American hog production industry, it is difficult to downsize because of the large fixed investment.

Pork product prices reversed direction this week and the cutout per cwt at \$90.31 Thursday afternoon was down \$3.58 per cwt from a week earlier. Loins at \$115.15 per cwt were down \$1.01 per cwt, Boston butts at \$100.88 per cwt were down \$3.69 per cwt, hams at \$86.76 per cwt were down \$1.76 per cwt and bellies at \$84.64 per cwt were down \$12.67 per cwt from seven days earlier.

Top live hog prices Friday morning were \$2 higher to \$2 lower per cwt compared to a week earlier. The weighted average carcass prices for negotiated hogs were \$2.27-4.36 per cwt lower compared to last week. The top live prices for select live markets Friday morning were: Peoria \$58 per cwt, Zumbrota, Minnesota, \$59 per cwt and interior Missouri \$59.50.

The weighted average carcass prices by area were: western Cornbelt \$81.07 per cwt, eastern Cornbelt \$81.19 per cwt, Iowa-Minnesota \$81.55 per cwt and nation \$81.16 per cwt.

Slaughter this week under Federal Inspection was estimated at 2,231 thousand head, up 7.6 percent from a year earlier. Δ