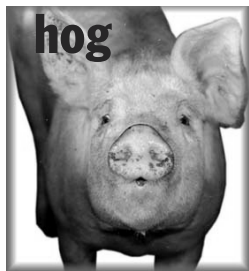


Hams, Belly Prices Higher; Loins, Butts Drop



GLENN GRIMES AND RON PLAIN

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outlook

USDA's January production and price estimates were bullish for grains and bearish for meats. Today's USDA supply and demand estimates changed the forecast for 2013 pork production from down 1.7 percent compared to last year to up 0.2 percent. USDA changed their beef production forecast from down 5.0 percent to down 4.3 percent. Broiler production in 2013 is now predicted to be down 0.4 percent rather than down 1.3 percent. Their forecast of turkey production changed from down 3.2 percent to up 0.3 percent. Total red meat and poultry production in 2013 is now predicted to be 1.3 percent lower than in 2012 rather than down 2.6 percent. With more red meat and poultry production expected, USDA increased their estimate of feed and residual for grains by 395 million bushels.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$79.62/cwt, down \$3.42 from last Friday. The eastern corn belt was \$1.59 lower than last Friday at \$79.05/cwt. The western corn belt averaged \$81.70/cwt this morning and Iowa-Minnesota had a morning price average of \$82.11/cwt. Peoria had a live top of \$53.50/cwt on Friday. Zumbrota had a top today of \$56/cwt. The top for interior Missouri live hogs Friday was \$57/cwt, down \$2.25 from

the previous Friday.

The Thursday afternoon calculated pork cutout value was \$83.47/cwt, up 37 cents from the previous Thursday. Hams and belly prices were higher, but loins and butts were lower. The pork cutout value is 64 cents per hundred pounds lower than a year ago. The national average hog carcass price this morning is 95.4 percent of the cutout value.

Hog slaughter this week totaled 2.284 million head, up 16.0 percent from New Year's week and up 3.0 percent compared to the same week last year. Since the first of December, hog slaughter is 0.6 percent below the level implied by the market hog inventory.

The average barrow and gilt live weight in Iowa-Minnesota last week was 276.3 pounds, up 0.5 pound from a week earlier, but down 1.7 pounds from a year ago. This was the 15th consecutive week with weights under the year-ago level.

Livestock futures were sharply lower on Wednesday with the release of USDA's Broiler Hatchery report. Because of high feed costs, most analysts have been expecting poultry production to be down in 2013. But, USDA says the number of broiler-type eggs set the week ending January 5 was up 1.6 percent from a year ago. This was the fourth consecutive week with egg set above the year-ago level.

Friday's close for the February lean hog futures contract was \$84.20/cwt, down \$2.02 from the previous Friday. April hog futures ended the week \$2.73 lower at \$87.12/cwt. May hogs settled at \$94.80/cwt; June hogs at \$96.50/cwt.

Nearby corn futures ended the week back above \$7. Δ

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