Heavier Hogs, Smaller Herds Are Trend

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outlook

The trade estimates for the July 1 Hogs and Pigs report are for the total herd to be down 1.9 percent, breeding herd down 2.4 percent and the market herd down 2 percent. Slaughter along with weights of current market hogs suggest the market herd on March 1 was underestimated. Slaughter in recent weeks has been very close to a year earlier.

The live weights of barrows and gilts for Iowa-Minnesota for the four-week period ending June 20 averaged 5.2 pounds per head above a year earlier. The average carcass weight for barrows and gilts under Federal Inspection was five pounds per head above a year earlier for the last four week data available. These data indicate marketings are at least two and possibly three days less current than they were at this time last year.

Early weaned pigs and all feeder pigs were $2-3 per head lower last week. Pigs estimated at 50-54 percent lean, early weaned, ten-pound-basis were $26.47 per head, 40-pound-basis pigs estimated at 50-54 percent lean were $25.41 per head. The reason why early weaned pigs are higher than 40-pound pigs is that they had a higher percentage of the pigs with a formula price.

Pork product cutout per 100 pounds of carcass Thursday afternoon at $54.86 per cwt was down $0.72 per cwt from a week earlier. Loins at $71.76 per cwt were up $0.04 per cwt, Boston butts at $70.21 per cwt were up $2.07 per cwt, hams at $34.47 per cwt were down $3.19 per cwt and bellies at $62.81 per cwt were down $0.41 per cwt compared to seven days earlier.

Demand for live hogs is down this year to date because of smaller pork exports, but pork demand domestically is believed to be up a little from last year.

Live hog prices Friday morning were steady to $2.00 per cwt higher compared to a week earlier. Weighted average carcass negotiated prices Friday morning were $1.39 lower to $2.51 per cwt higher compared to seven days earlier. The top live prices for select markets were: Peoria $35.50 per cwt, Zumbrota, Minnesota, $37 per cwt and interior Missouri $40.00 per cwt.

The weighted average negotiated carcass prices by area were: western Cornbelt $55.04 per cwt, eastern Cornbelt $55.19 per cwt, Iowa-Minnesota $55.18 per cwt, and nation $55.16 per cwt.

Slaughter this week under Federal Inspection was estimated at 2,032 thousand head, down 5 percent from the same week in 2008.

The June 1 Hogs and Pigs report came in very close to trade expectations. The trade expected the total herd to be down 1.9 percent, USDA estimate is two percent; market herd trade estimate down two percent, USDA down 1.9 percent; the trade estimate for breeding herd was down 2.4 percent, USDA down 2.7 percent.

We believe the market inventory needs to be looked at with some concern. Slaughter in the second quarter was substantially larger then indicated by the March inventories.

Marketings during the third and fourth quarters are expected to be down three percent or a little more based on the June 1 inventories. These levels of slaughter would probably result in prices in the low to mid-40s for live 51-52 percent lean hogs. Δ

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