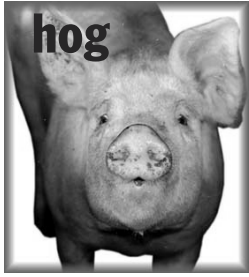


# High Feed Costs Spur Need To Reduce Pork Production



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## outlook

**A** self-help program was announced by the pork industry at the World Pork Expo. To join the effort, a producer must pay into a kitty \$20 per sow in his inventory. This fund will be used to enhance the amount a producer receives per sow to sell all the sows in a unit and agree to leave the unit vacant for at least two years.

Certainly, the reduction is past due with the current conditions. Again, the problem is not as much large overproduction of pork as it has been at this stage of a cycle. The major problem is about a \$13-15 per cwt increase in production costs because of higher corn prices resulting from high gasoline and ethanol prices.

We certainly hope this self-help program can move quickly and be effective in getting the sow herd down enough to result in profitable conditions for the average cost producer which will probably be a five percent or more reduction in the sow herd from where we were on March 1.

Slaughter for the last five weeks has been down substantially less than was expected based on the March Hogs and Pigs Report. Slaughter up until mid-May was consistent with expectations based on the March report. However, for the week ending March 7, barrow and gilt weights in Iowa-Minnesota were one pound above the same week in 2008. For the week ending May 16, barrow and gilt weights in Iowa-Minnesota was over six pounds above the same week last year. Weights support the belief that marketings in mid-May last year were about two

days more current than this year.

These data indicate the March Hogs and Pigs Report probably underestimated the U.S. market herd.

Live barrow and gilt weights last week in Iowa-Minnesota at 269.3 pounds per head were up 4.9 pounds from a year earlier. Barrow and carcass weights under Federal Inspection for the week ending May 23 were four pounds per head heavier than the same date in 2008.

The cutout per cwt of carcass for Thursday afternoon at \$56.60 per cwt was down \$0.46 per cwt from a week earlier. Loins at \$71.26 per cwt were down \$2.38 per cwt, Boston butts at \$64.07 per cwt were up \$7.35 per cwt, hams at \$47.08 per cwt were up \$1.16 per cwt and bellies at \$61.29 per cwt were down \$5.22 per cwt from seven days earlier.

Live hog prices Friday morning were \$0.50 higher to \$1.25 per cwt lower compared to a week earlier. The weighted average negotiated carcass prices Friday morning were \$1.58 lower to \$0.90 per cwt higher compared to seven days earlier.

The top live prices for select markets Friday morning were: Peoria \$30.00 per cwt, Zumbrota, Minnesota, \$33.00 per cwt and interior Missouri \$38.75 per cwt. The weighted average carcass prices per cwt by area were: western Cornbelt \$55.81 per cwt, eastern Cornbelt \$51.26 per cwt, Iowa-Minnesota \$55.93 per cwt and nation \$53.31 per cwt.

The weighted average price per head for ten-pound-basis pigs last week was \$24.45. For 40-pound pigs, the average per head was \$30.61. These prices were \$3-6 per head lower than a week earlier.

Slaughter this week under Federal Inspection was estimated at 2075 thousand head, up 1.3 percent from a year earlier. Δ

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