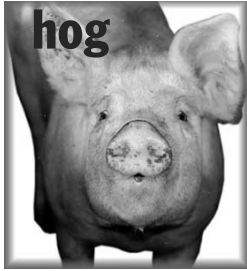


High Frozen Pork Stocks Could Indicate Strong Exports



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outlook

The average price of pork at retail during February was \$3.495 per pound, the same as the month before and up 21.2 cents from a year ago. February's average pork price was the fourth highest ever. The last time retail pork prices were below year-ago was March 2010.

The farm-to-wholesale pork price spread is closely correlated with packer margins. During February the farm-to-wholesale price spread was down 1.5 cents from January, down 9.1 cents from a year ago, the lowest since June, and the second lowest since July 2009.

51-52 percent lean hogs averaged \$63.94/cwt last month, up \$1.76 from January and up \$2.32 from February 2011.

The amount of pork in cold storage at the end of February was 625 million pounds, up 6.7 percent from the month before and up 8.6 percent from a year ago. In recent years, stocks of pork in cold storage have correlated with pork exports. Hopefully, this increase in frozen pork is an indication of continuing strong pork exports.

Next Friday USDA will release the results of their March inventory survey. I'm predicting the swine breeding herd is down 0.1% and the market herd is up 1.9 percent compared to March 1, 2011.

Hog prices ended this week mostly \$2-4 lower

than the previous week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$79.92/cwt, down \$4.62 from last Friday. The western corn belt averaged \$82.26/cwt this morning. Iowa-Minnesota averaged \$82.71/cwt. The eastern corn belt had a morning average of \$78.97/cwt. Friday's top live hog price at Peoria was \$58/cwt. Zumbrota had a top at \$55.50/cwt. The top for interior Missouri live hogs was \$60.75/cwt, down 75 from the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$79.82/cwt, down \$2.91 from the previous Thursday and the lowest pork cutout since January 10, 2011. Hams, butts and bellies were lower; loins were higher. The western corn belt average hog carcass price is 3.1 percent above the pork cutout value. Packers are cutting their bid prices and slowing their slaughter rates, but this is yet to boost cutout value.

Hog slaughter totaled 2.132 million head this week, down 1.9 percent from the week before, but up 0.9 percent compared to the same week last year. Barrow and gilt carcass weights for the week ending March 10 averaged 206 pounds, unchanged from both the week before and from a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 277.3 pounds, up 1.0 pound from the previous week, up 2.3 pounds compared to a year earlier, and above year-ago for the 17th consecutive week.

Today's close for the April lean hog futures contract, \$85.02/cwt, was down 85 cents from the previous Friday. The May lean hog futures contract settled at \$93.75/cwt, down 65 cents for the week. Δ

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