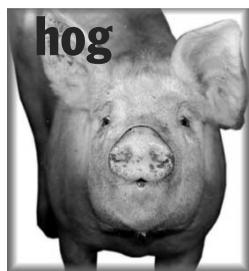


Hog Prices End Week At Highest Prices



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
University of Missouri

outlook

USDA's March hogs and pigs report didn't slow the rise in hog prices. USDA said both the breeding herd and the market hog inventory were up by less than 1 percent on March 1. However, farrowing intentions for both spring and summer are down 2.6 percent. It seems unlikely that the breeding herd is larger than a year ago and farrowings will be smaller than a year ago. I have more confidence in the farrowing number than the breeding herd number. USDA said pigs per litter were up 2.0 percent during the December-February quarter. The combination of a 2.6 percent drop in farrowings and a 2.0 percent increase in pigs per litter implies the pig crop for March-August could be down 0.6 percent.

Hog prices ended this week at the highest level since USDA began mandatory price reporting in 2001. The national weighted average carcass price for negotiated hogs Friday morning was \$88.84/cwt, up \$4.72 from the previous week and \$1.74 higher than the old morning record set on August 8, 2008. The western corn belt and Iowa-Minnesota both averaged \$91.61/cwt this morning, also a record. There was no price report this morning for the eastern corn belt. The top live hog price Friday at Zumbrota was

\$61 and Peoria's top was \$60/cwt. The interior Missouri live top Friday was \$60.75/cwt, up \$2.00 from the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$95.39/cwt, up \$2.17 from the previous Thursday and the highest since August 20 of last year. Hams and bellies were higher this week. Loins and butts were lower. The record for pork cutout (at least since 1997 when my data series starts) was \$96.74/cwt on August

24, 2010.

The unemployment rate dropped from 8.9 percent in February to 8.8 percent in March as the number of jobs increased by 216,000. A stronger economy and higher employment is crucial to making these rising hog prices sustainable.

The average carcass weight of barrows and gilts slaughtered the week ending March 19 was 206 pounds, unchanged from the previous week and 5 pounds heavier than a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 274.1 pounds, down 0.9 pounds from the week before and up 4.1 pounds compared to a year earlier.

Hog slaughter totaled 2.128 million head this week, up 0.6 percent from the week before but down 1.7 percent compared to the same week last year.

The April lean hog futures contract ended the week at \$94.225/cwt, up from \$92.47 the previous Friday. The May contract ended the week at \$103.075/cwt, and June hogs settled at \$103.575. July and August both closed at \$103.40/cwt. Δ

GLENN GRIMES AND RON PLAIN: Agricultural Economists, University of Missouri

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