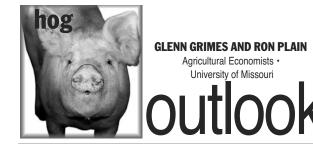
Hog Prices End Week Steady To \$1 Lower



owa State University calculations estimate the average cost of production in 2011 for farrow to finish operations at a record 65 cents per pound of live weight. That is 8 cents higher than the previous record set in 2008. The average profit last year as calculated by Shane Ellis, ISU ag economist, was \$4.92 per head. The typical hog producer lost money in 2008 and 2009 and made money in 2010 and 2011. Over the last 10 years, on average the first three and last three months of the year were unprofitable; while the middle six months, April through September, were usually profitable.

Today's corn futures close implies a 2012 average corn price around \$6.25/bu which should yield a cost of production close to 67 cents per live pound. Today's lean hog futures close implies an average live hog price of 67.5 cents per pound. That's positive, but not by much.

Hog prices ended the week steady to \$1 lower than the previous Friday. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$81.50/cwt, down 80 cents from last Friday. The western corn belt averaged \$85.14 this morning and Iowa-Minnesota had a morning average of \$86.23/cwt. The eastern corn belt averaged \$80.81/cwt this morning. The westeast price spread of \$4.33 is unusually large. Friday's top live hog price at Peoria was \$59/cwt. Zumbrota, had a top of \$60/cwt. The top for interior Missouri live hogs was \$60.75/cwt, down 75 cents from the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$84.95/cwt, up \$1.66 from the previous Thursday. Loins, bellies and hams were higher; butts were lower. The Iowa-Minnesota average hog price this morning was 101.5 percent of the pork cutout value. A carcass hog price at 92 percent of cutout is normal.

Hog slaughter totaled 2.137 million head this week, down 1.4 percent from the week before, but up 3.8 percent compared to the same week last year which was light because of heavy snow in the midwest. Barrow and gilt carcass weights for the week ending January 21 averaged 206 pounds, the same as both the week before and a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 275.5 pounds, up 0.2 pounds from the previous week and up 2.3 pound compared to a year earlier.

Today's close for the February lean hog futures contract, \$87.52/cwt, was up 85 cents from the previous Friday. The April lean hog futures contract settled at \$88.92/cwt, up \$1.55 for the week. May hogs settled at \$97.25/cwt. June hogs ended the week at \$98.10/cwt.

The March corn futures contract ended the week at 6.445/bu, up 3 cents for the week. May corn settled at 6.5075/bu.

The March soybean meal futures contract ended the week at \$328.60 per ton. May meal settled at \$330.20. Δ

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



Link Directly To: AGROTAIN



Link Directly To: SYNGENTA



Link Directly To: **VERMEER**