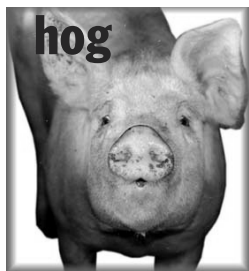


# Hog Prices Expected Steady Despite Increased Production



**GLENN GRIMES AND RON PLAIN**  
Agricultural Economists •  
University of Missouri

## outlook

USDA's December World Ag Supply and Demand Estimates didn't change U.S. corn production, but did increase predicted foreign corn production by 336 million bushels. USDA lowered their midpoint forecast of the marketing year average price of corn by 30 cents to \$6.40 per bushel. They lowered their midpoint estimate of soybean meal price by \$30 to \$295 per ton.

USDA is now predicting that 2012 U.S. pork production will be up 1.7 percent from this year. They are predicting 2012 beef production will be down 4.6 percent, broiler production down 2.1 percent and turkey production up 0.7 percent. Total U.S. red meat and poultry production in 2012 is expected to be down 1.7 percent compared to this year.

Given a typical 0.9 percent increase in the U.S. population, per capita meat supplies should be tight enough to allow hog prices to hold steady despite an increase in production. USDA is forecasting the average live price for barrows and gilts will average \$66.32/cwt this year and somewhere between \$63/cwt and \$68/cwt in 2012.

Hog prices were slightly lower this week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$81.42/cwt, down \$1.02 from last Friday. The Friday morning average price for both the western corn belt and Iowa-Minnesota was

\$83.44/cwt. The eastern corn belt averaged \$80.75/cwt. Friday's top live hog price at Peoria was \$57/cwt. Zumbrota's top was \$58/cwt. The top for interior Missouri live hogs was \$59.25/cwt, down 75 cents from the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$89.92/cwt, up 62 cents from the previous Thursday. Loins, bellies and butts were higher. Hams were lower. Hog prices are 90.5 percent of cutout, a bit high for this time of year.

Hog slaughter totaled 2.33 million head this week, down 1.3 percent from the week before and up 3.9 percent compared to the same week last year. Barrow and gilt carcass weights for the week ending November 26 averaged 206 pounds, up 1 pound from the week before and the same as a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 276.2 pounds, up 0.2 pound from the week before and up 0.6 pound compared to last year.

Total pork production this week is estimated at 484.7 million pounds, up 4.0 percent from the same week last year. Year-to-date pork production is up 1.2 percent. Seasonally, pork production typically declines and hog prices rise once we pass mid December.

Today's close for the December lean hog futures contract, \$85.40/cwt, was down 85 cents from last Friday. The February lean hog futures contract settled at \$86.42/cwt, down \$2.80 from the previous Friday. April lost \$3.27 this week to settle at \$88.75/cwt. June hogs ended the week at \$95.47/cwt.

The December corn futures contract ended the week at \$5.855 per bushel, down 1 cent from the week before. May corn futures closed at \$6.03 today. △

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



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