

Hog Slaughter In September Rose 7.8 Percent



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Agricultural Economists •
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outlook

Iowa State University calculations indicate the typical market hog slaughtered in September was sold at a loss of \$54.02. That is the biggest loss since December 1998 and the fourth worst month ever. Given that nearly 28 million hogs were slaughtered during September, the total industry financial loss was \$1.5 billion. Estimated breakeven live price during September was a record \$72.23/cwt. Lower feed costs and higher hog prices should result in a smaller per head loss this month. Current futures market prices imply an average per-head loss in the \$30s during the fourth quarter this year.

The amount of pork in cold storage at the end of September was up 7.7 percent from the month before and up 28.2 percent from a year ago. Unexpectedly high hog slaughter likely contributed to the total. Daily hog slaughter in September was up 7.8 percent from a year ago.

USDA's quarterly hog survey said the breeding herd was down 0.3 percent at the start of September. Our gilt slaughter data indicate sow numbers continued to decline through the end of the month.

The Thursday afternoon calculated pork

cutout value was \$85.67/cwt, down \$2.12 from the previous Thursday and \$11.35 lower than a year ago. Loins, butts, hams, and bellies were all lower this week.

Hog prices ended the week lower. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$79.50/cwt, down \$2.02 from last Friday. The eastern corn belt averaged \$79.40/cwt on the morning report today. Neither the western corn belt nor Iowa-Minnesota had enough early morning sales for a price quote. Peoria had a top live price this morning of \$56/cwt. Zumbrotta, MN topped at \$58/cwt. The top for interior Missouri live hogs was \$58.50/cwt, the same as the previous Friday. Today's hog prices are 92.8 percent of pork cutout value, which is fairly high for this time of year.

Hog slaughter this week totaled 2.379 million head, down 0.4 percent from the week before, but up 3.1 percent compared to the same week last year. Year-to-date hog slaughter is up 2.1 percent and pork production is up 2.4 percent.

The average barrow and gilt live weight in Iowa-Minnesota last week was 271.7 pounds, down 0.5 pound from a week earlier and down 1.6 pounds from a year ago. This was the fourth consecutive week with lighter weights than a year ago.

Hog futures were lower this week. Friday's close for the December lean hog futures contract was \$78.90/cwt, down 72 cents from the previous Friday. February hog futures ended the week \$1.25 lower at \$84.45/cwt. April hogs settled at \$90.25/cwt, June at \$100.61/cwt. Δ

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