Hog Slaughter Since Early December Rose 10.8 Percent

hog outlook

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Gilt slaughter on average from early December through the week ending February 9 was up 0.12 percent from a year earlier. Sow slaughter from early December through the week ending January 26 was up 1.6 percent after adjusting for breeding herd size.

The breeding herd was being increased during this period last year more than the 0.3 percent shown by USDA based on slaughter in recent months.

Slaughter since early December through the week ending February 9 has been up 10.8 percent under Federal Inspection. A part of this increased slaughter is probably due to less death loss from Circovirus but it is highly unlikely that all of the increase is due to less death loss.

U.S. born slaughter for the above period has been up 10.3 percent so 0.5 percent of the increased slaughter has been from larger live hog imports from Canada.

The bottom line on this data is that the breeding herd is probably being reduced at a slow rate if at all. The larger slaughter due to less death loss due to Circovirus is likely to continue through the third quarter of this year. If so, it will require an unheard of growth in live hog demand or death loss at a high rate from some other disease to get the kind of prices being offered by the futures market.

We will eventually get $80 per cwt of carcass for hogs but not as quick as the futures market is showing based on history. In the past it has been 15-18 months from the time producers started losing money until pork production was reduced. Based on John Lawrence data from Iowa State University, the average cost hog producers started losing money in October 2007.

Hog prices at the beginning of this week in the western Cornbelt showed negotiated hogs at $55.23 per cwt in carcass; a year earlier negotiated hog in the western Cornbelt were $63.96 per cwt. This is $8.73 per cwt lower price than last year at this time with almost unbelievable growth in live hog demand this year. For the month of January 2008 negotiated hogs for the U.S. were $9.85 per cwt in carcass lower than January 2007.

Top live hog prices this Friday morning were $0.75 lower to $2.00 higher compared to last Friday. Weighted average negotiated carcass prices Friday morning were $1.46 to $2.71 higher compared to seven days earlier.

The top prices Friday morning live weight basis for select markets were: Peoria $36 per cwt, St Paul $42 per cwt and interior Missouri $38.75 per cwt. The weighted average negotiated carcass prices by geographic area Friday morning were: western Cornbelt $57.95 per cwt eastern Cornbelt $56.48 per cwt, Iowa-Minnesota $58.06 per cwt and Nation $56.95 per cwt.

Pork cutout per cwt of carcass at $63.18 per cwt up $2.38 per cwt from a week earlier Thursday afternoon. Pork loins at $74.85 per cwt up $1.70 per cwt, boson butts $55.80 per cwt down $1.73 per cwt, hams at $58.21 per cwt up $5.70 per cwt and bellies at $80.83 per cwt up $2.52 per cwt from seven days earlier.

Feeder pig prices at United Tel-O-Auction this week were sharply higher than two weeks ago up $25-40 per cwt. The range in price per cwt for 50-56 pound pigs was $80-96 per cwt.

Several trade reports this week of breeding herd liquidating the problem sow slaughter in recent weeks close to year earlier.

The average live weight of barrow and gilts in Iowa-Minnesota for last week at 268.1 pounds per head down 0.2 pounds from a week earlier but up 1.3 pounds from a year earlier. These weights continue to be somewhat surprising with relative cold weather and high corn prices. Why are producers continuing to feed to these weights?

Slaughter this week under Federal Inspection was estimated at 2234 thousand head, up 11.3 percent from a year earlier. Δ