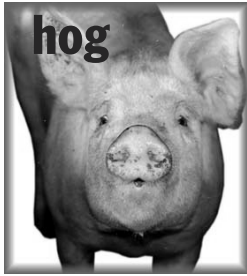


Large Cold Storage Stocks Negative For Prices



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Agricultural Economists •
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outlook

Cold storage stocks of pork at the end of August were down 4 percent from the end of July but up 3 percent from the end of August 2008. The cold storage stocks compared to July are down a little more than normal for 2001-2008. The cold storage stocks at the end of August were 1.2 percent below the July 31 stocks.

The bad news is that cold storage stocks at the end of August were nearly 22 percent above the 2001-2008 stocks. These are quite large stocks to be going into the heavy slaughter of fall and will be somewhat negative to prices.

Sow slaughter has increased recently and the last four weeks were up 1.9 percent from last year after adjusting for herd size. Gilt slaughter for the four weeks ending September 12 was up substantially. This data supports the belief that producers speeded up the decline in the breeding herd starting in mid-August. Therefore, the September breeding herd will not likely show this increase in the rate of decline.

Feeder pig prices nationally have been substantially stronger with a \$4-7-per-head gain last week following a good increase the previous week.

The prices nationally showed 10-pound pigs averaging \$25.92 per head and 40-pound averages at \$28.81 per head. The formula-priced pigs had 10-pound pigs at \$33.72 per head and 40-pound pigs at \$35.67 per head. Spot-priced pigs at 10 pounds were \$19.67 per head and 40-pound pigs were at \$27.53 per head.

United Tel-o-auction feeder pig prices this week were \$5-7 per cwt above two weeks earlier. All of the United pigs weighed 50-60 pounds and sold from \$41-48.50 per cwt.

Live barrow and gilt weights last week in Iowa-Minnesota were 0.7 pound lighter than a

week earlier but 5.2 pounds heavier than a year earlier. For the week ending September 12, barrow and gilt carcass weights were four pounds above 12 months earlier.

Pork cutout this week Thursday afternoon showed the cutout of 100 pounds of carcass at \$53.63 per cwt, down \$3.41 per cwt from last week. Loins at \$69.66 per cwt were down \$6.37 per cwt, Boston butts at \$52.56 per cwt were down \$5.68 per cwt, hams at \$42.86 per cwt were down \$4.47 per cwt and bellies at \$67.83 per cwt were up \$1.03 per cwt from seven days earlier.

Live hog prices Friday morning were \$0.75 to \$2.50 per cwt lower compared to a week earlier. Weighted average negotiated carcass prices were \$0.41 to \$1.43 per cwt lower compared to seven days earlier. The top live prices Friday morning were: Peoria \$29.00 per cwt, Zumbrota, Minnesota, \$32.00 per cwt and interior Missouri \$35.75 per cwt. The weighted average negotiated carcass prices by area were: western Cornbelt \$48.78 per cwt, eastern Cornbelt \$47.47 per cwt, Iowa-Minnesota \$48.78 per cwt and nation \$48.12 per cwt.

Slaughter this week under Federal Inspection was estimated at 2,346 thousand head, no change from a year earlier.

The trade expects the hogs and pigs crop report to show total hog numbers down 1.8 percent, the breeding herd down 2.6 percent and the market herd down 1.7 percent. These numbers are a little friendlier than our estimates.

The September Hogs and Pigs report came in a little more bullish than the trade estimates. The kicker here is the recent Hogs and Pigs reports have been a little more bullish than the trade reports, but slaughter has run above most USDA report estimates.

Our quick estimate is for slaughter in the fourth quarter to be down 1.9 percent and 51-52 percent lean live hogs to be \$32-35 per cwt. For the first quarter, our estimate is for slaughter to be down 3.7 percent from last year and 51-52 percent lean live hogs to be at \$35-38 per cwt.

A more detailed report will be on the MU Ag Electronic Bulletin Board by noon, September 28.

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