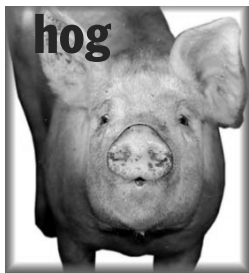


Lean Hog Futures Gave Up Ground This Week



GLENN GRIMES AND RON PLAIN
Agricultural Economists •
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outlook

USDA's March hogs and pigs report is more bullish than the pre-release trade forecasts. USDA's estimate of the total number of hogs and pigs on U.S. farms at the start of March was down 2.8 percent compared to 12 months earlier. The average of the trade estimates was for a 1.1 percent decline. Kept for breeding was down 3.9 percent according to USDA; the trade estimate was for a 2.6 percent decline. The market inventory was down 2.7 percent while the trade estimate was for a 0.9 percent decline. USDA said winter farrowings were down 2.7 percent and predicted spring farrowings would be down 4.0 percent and summer farrowings off 2.4 percent. All in all, a positive report.

The futures market must have been anticipating a bearish report on the hog inventory because lean hog futures gave up a lot of ground this week. The April lean hog futures contract ended the week at \$69.67/cwt, down \$3.68 from last Friday. The May contract settled at \$76.55, down \$3.35 for the week. June closed the week \$4.55 lower at \$78.02/cwt and July ended the week off \$4.80 at \$78.35/cwt.

Cash hog prices rose early in the week then declined to end the week lower than the previous Friday. The national weighted average car-

ness price for negotiated hogs Friday morning was \$64.51/cwt, \$1.85 lower than the previous Friday. Regional average prices on Friday morning were: eastern corn belt \$64.38, western corn belt \$65.11, and Iowa-Minnesota \$65.66/cwt. The top hog price Friday at Sioux Falls was \$46.50/cwt, down \$1 from the previous Friday. Zumbrota, MN had a top price of \$46 on Friday and Peoria topped at \$44/cwt. The interior Missouri live top Friday was \$46.75/cwt, \$1.50 lower than the previous Friday.

USDA's Thursday afternoon calculated cutout value was \$72.28/cwt, down 40 cents from the previous Thursday, but up an even \$15 compared to the same day last year. Loins, hams and pork bellies were all lower this week.

This week's hog slaughter totaled 2.188 million head, up 1.0 percent from the week before, but down 0.4 percent compared to the same week last year. On a daily basis it looks like March hog slaughter is only going to be down 1 percent or so from 12 months earlier. Year to date pork production is down 5.4 percent.

The average carcass weight of barrows and gilts slaughtered the week ending March 13 was 201 pounds, unchanged from the week before and down 1 pound from the same week last year. Iowa-Minnesota live weights last week averaged 270.1 pounds, up 0.6 pounds compared to a year earlier. The Iowa-Minnesota live weight series has been above year ago for the last 6 weeks. The national carcass weight series has been below year earlier for the last 7 weeks. Clearly hogs are not growing as well outside the Iowa-Minnesota region. Corn quality issues?

May corn futures lost 18 cents this week and settled at \$3.56² on Friday. Δ

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