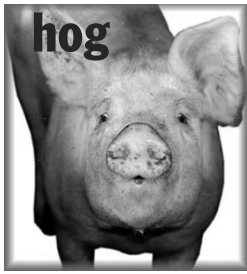


Lean Slaughter Hog Prices Rise In January



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
University of Missouri

outlook

Starting March 1, China plans to stop importing U.S. pork unless it is verified to be ractopamine-free by a third party. Earlier this month Russia announced they are stopping the import of U.S. beef and pork because of ractopamine use in the U.S.

The average price of pork at retail during January was \$3.402 per pound. That was down 2.5 cents from December, down 9.3 cents from January 2012, and down 15.9 cents from the September 2011 record. Meat supplies are tight, so these lower retail pork prices are disappointing.

The average price for 51-52 percent lean slaughter hogs in January was \$61.22/cwt. That was up \$2.06 from December's average, but down 96 cents from a year ago and down \$14.87 from the August 2011 record.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$75.28/cwt, down \$5.82 cents from last Friday. The eastern corn belt did not have a morning price quote. The western corn belt and Iowa-Minnesota both averaged \$75.12/cwt on their morning price reports today.

Peoria had a live top of \$52/cwt on Friday. Zumbrota, MN was closed because of snow. The top for interior Missouri live hogs today was \$57/cwt, down \$1.50 from the previous Friday.

Thursday afternoon's calculated pork cutout value was \$81.78/cwt, up \$1.68 from the previous Thursday, but down \$3.78 from this week last year. Ham prices are lower than a week ago, but loins, bellies, and butts are higher. After two weeks of being above 100 percent, the national average hog carcass price this morning is 92.1 percent of the cutout value. Hopefully, this better margin will cause packers to put a halt to the hog price slide.

Hog slaughter this week totaled 2.066 million head, down 3.7 percent from last week and down 2.7 percent compared to the same week last year. Since the start of December, slaughter of U.S. raised barrows and gilts has been within half of a percent of the number implied by the December market hog inventory.

Despite negative profit margins for producers, it looks like the sow herd may be expanding. Since early December, slaughter of U.S. sows has been down and our gilt slaughter data has shown an increase in gilt retention.

The average barrow and gilt live weight in Iowa-Minnesota last week was 275.3 pounds, down 0.4 pound from a week earlier and down 0.7 pound from a year ago. Iowa-Minnesota weights have been below year earlier for 20 of the last 21 weeks.

Friday's close for the April lean hog futures contract was \$81.65/cwt, down \$2.60 from the previous Friday. May hog futures ended the week \$1.72 lower at \$89.90/cwt. June hogs lost \$2.00 this week to settle at \$90.95/cwt today. July hog futures ended the week at \$90.97/cwt.

Corn futures were lower this week, but soybean meal futures ended the week higher than the previous Friday. Δ

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