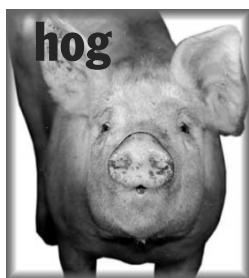


Live Hog Demand Expected To Increase In 2010



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outlook

The expectations for pork production in the United States in 2010 is for a reduction of 1.5 percent by the economist that participated in the 2009 Extension Annual outlooks survey of the Agricultural and Applied Economics Association.

Demand for live hogs in 2010 is expected to be stronger than in 2009 to result in prices for hogs to average \$48.44 per cwt live up nearly 12 percent from 2009. The quarterly prices for 51-52 percent lean live barrow and gilts for 2010 are estimated to be first quarter \$45.55 per cwt, second quarter \$49.21 per cwt, third quarter \$50.84 per cwt and fourth quarter \$47.57 per cwt.

Prices last week were \$2-3 per cwt head lower than a week earlier. Early weaned pigs 10-pound-basis 50-54 percent lean sold for an average of \$23.71 per head. The formulated price for 10-pound pigs was \$32.79 per head. The negotiated or spot price for 10-pound pigs was \$13.95 per head, 40-pound-basis pigs averaged \$25.32 per head. Formulated 40-pound-basis pigs price was \$47.15 per head. Spot or negotiated price for 40-pound pigs nationally was \$24.40 per head.

Barrow and gilt weights live in Iowa and Minnesota at 266.8 pounds up 0.5 pound from a week earlier and up a bunch from a year earlier - 9.3 pounds. For the week ending December 22

1990 the difference in barrow and gilt weights from a year earlier was nine pounds. At that time they reported the weights to the nearest pound. Therefore, last week may or may not be a record high one year change.

The cool weather in recent weeks have been a contributing factor to these record high increases in weight. However, packers limiting the kill to attempt to push pork cutout higher is also a factor. In other words, we have not kept marketings current in recent weeks with the extra pork tonnage these weights are adding along with the number of hogs backed up it now looks like this fall and winter will likely be brutal for hog producers. Prices in the lower 30's for 51-52 percent lean hogs is likely. There is a relative high probability that losses in 2009 will exceed 1998 losses.

Pork product prices were pushed lower again this week. The cutout per 100 pounds of carcass Thursday afternoon at \$54.64 per cwt was down \$4.45 per cwt from a week earlier.

Live hog prices Friday morning were \$3-4 per cwt compared to seven days earlier. The weighted average negotiated carcass prices Friday morning were \$4.51-\$5.56 lower per cwt compared to a week earlier.

The top live prices Friday morning were: Peoria \$30 per cwt, Zumbrota, Minnesota, N/A and interior Missouri \$36.50 per cwt. The weighted average carcass negotiated prices by area Friday morning were western Cornbelt \$47.65 per cwt, eastern Cornbelt \$46.84 per cwt, Iowa Minnesota \$48.21 per cwt and nation \$46.96 per cwt.

Slaughter this week under Federal Inspection was estimated at 2096 thousand head, down 1.5 percent from a year earlier. Δ

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