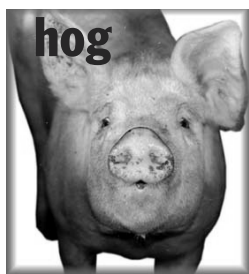


# Long Term Trend Is To Higher Carcass Weight



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## outlook

**T**he average carcass weight of barrows and gilts slaughtered the week ending October 23 was 204 pounds, up 1 pound from the week before, 3 pounds heavier than a year ago, and the heaviest ever for this weekly data series. Iowa-Minnesota live weights for barrows and gilts last week was record high for the third consecutive week averaging 276 pounds, up 5.6 pounds compared to a year earlier. Why are weights so heavy? Pigs like the cooler fall weather. The long-term trend is to higher weights. The nutritional quality of this year's corn crop is superior to the 2009 crop. We may have backed up hogs.

Hog slaughter totaled 2.338 million head this week, up 1.2 percent from the week before and up 1.7 percent compared to the same week last year.

USDA's Thursday afternoon calculated pork cutout value was \$77.20/cwt, up \$3.45 from the previous Thursday. Loins and bellies were lower. The increase in cutout value was largely due to a \$10/cwt jump this week in wholesale ham prices. Ham prices are likely to be strong for the next four weeks or so, until it gets too late to cure them in time for the market for Christmas hams. Could we finally be close to the fall low in prices?

Hog prices were mixed this week. The national

weighted average carcass price for negotiated hogs Friday morning was \$5915/cwt, up \$1.69/cwt from the previous Friday. Regional average prices on Friday morning were: eastern corn belt \$58.18, western corn belt \$60.47 and Iowa-Minnesota \$60.53/cwt. The top live hog price Friday at Sioux Falls was \$47/cwt. The top at Zumbrota was \$42 and Peoria's top was \$40/cwt. The interior Missouri live top Friday was \$41.75/cwt, down \$2.75 from last Friday.

Corn prices continue to climb and hog producers are once again losing money. Chicago corn futures have two contracts trading over \$6/bushel today and all contracts through July 2014 above \$5. USDA is forecasting corn ending stocks for next August to be the lowest since 1997. With the amount of corn going to make ethanol mandated to increase for the next 5 years, there will be little opportunity for corn ending stocks to return to comfortable levels anytime soon.

For the livestock and poultry industries, the prospect of corn above \$5 for the next 5 years means more red ink and a need for further downsizing. Because chicken have the best feed conversion of the major meat species, they are likely to contribute the least to this downsizing.

The December lean hog futures contract ended the week at \$66.95/cwt, up \$0.73 from the previous Friday. The February contract ended the week at \$73.52/cwt and April settled at \$78.10.

December corn futures ended the week at \$5.88/bushel, up from \$5.82 the previous Friday. March corn ended the week at \$6.02 and July corn settled at \$6.09/bushel.  $\Delta$

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