

Lower Grain Prices Are Positive For Hog Industry



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
University of Missouri

outlook

Corn production in 2009 is forecast at 12.8 billion bushels, up 5 percent from 2008 but down 2 percent from 2007. If this forecast holds, it will be the second largest crop of record trailing only 2007.

Corn yields are expected to average 159.5 bushels per acre, up 5.6 bushels per acre from last year and the second largest crop yield of record exceeded only by 2004.

Soybean production for this year is forecast at a record-high 3.2 billion bushels. The yield for 2009 is forecast at 41.7 bushels per acre, up 2.1 bushels per acre from 2008. Acres for soybean harvest are forecast at 76.8 million acres, up slightly from June and 3 percent higher than 2008.

The USDA estimated farm price for corn for the 2009-2010 marketing year is \$3.10-3.90 per bushel, down from \$4.00-4.10 per bushel for the current marketing year. The estimate by USDA for soybean meal prices for the 2009-2010 marketing year is \$260-320 per ton, down from the \$325 per ton for the 2008-2009 marketing year.

These lower prices for corn and soybean meal will be positive for the hog industry, but the U.S. breeding herd still needs to be reduced by at least five percent from the current level and possibly a ten percent reduction will be necessary to get production in line with demand to provide profits for the average-cost hog producer.

Live barrow and gilt weights last week at 267.5 pounds were up one pound from a week earlier and up 10.4 pounds from a year earlier. This is a record-high change for a year.

The average carcass weight for barrows and gilts under Federal Inspection for the week end-

ing August 1 at 197.0 pounds was up 6.0 pounds from a year earlier.

Feeder pig prices last week on a national basis were \$2-7 per head below a week earlier. The average price per head for 10-pound-basis pigs was \$25.37. Pigs weighing 40-pounds sold for an average of \$24.62 per head. The formula price for 10-pound-basis pigs was \$31.85 per head, and the formula price for 40-pound-basis pigs was \$43.83 per head. The negotiated or spot price for 10-pound pigs was \$11.02 per head, and the spot price for 40-pound-basis pigs was \$23.16 per head.

The price for pigs at United Tel-o-Auction was \$1-20 per cwt below two weeks earlier. The pigs at United weighed between 40 and 50 pounds and sold for \$49 per cwt.

Pork exports in product weight in June were down 33.4 percent. For January-June pork exports in product weight were down 18 percent from a year earlier. However, the value of pork exports for January-June was down only 12 percent. Pork exports in carcass equivalent will be in next week's letter.

Pork cutout per cwt of carcass for Thursday afternoon at \$52.31 per cwt was down \$2.33 per cwt from a week earlier. Loins at \$68.50 per cwt were down \$2.29 per cwt, Boston butts at \$59.29 per cwt were down \$1.17 per cwt, hams at \$40.34 per cwt were up \$2.27 per cwt, and bellies at \$55.99 per cwt were down \$13.04 per cwt from a week earlier.

Live hog prices Friday morning were \$4-6 per cwt lower compared to seven days earlier. Weighted-average negotiated carcass prices Friday morning were \$0.90-2.11 per cwt lower compared to a week earlier.

The top live prices Friday morning were: Peoria \$26 cwt, Zumbrota, Minnesota, \$29 cwt and interior Missouri \$30.50 per cwt.

The weighted-average negotiated carcass prices by area Friday morning were: western Cornbelt \$46.39 per cwt, eastern Cornbelt \$44.73 per cwt, Iowa-Minnesota \$46.43 per cwt and nation \$46.06 per cwt.

Slaughter this week under Federal Inspection was estimated at 2,240 thousand head, up 4.5 percent from a year earlier. Δ

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