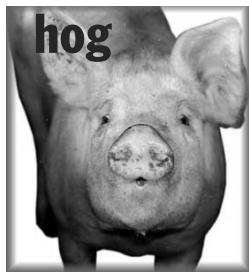


March Hog Prices Dropped From 2012



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
University of Missouri

outlook

USDA released their forecast of 2013 crop production and prices today. They are forecasting a record 14.14 billion bushel corn crop with an average farm price of \$4.70/bushel. They are predicting a \$300/ton average for bean meal. If they are right, cost of production for farrow to finish operations should drop back under \$58/cwt live for the first time since December 2010.

U.S. pork exports were down 18.4 percent in March. For the entire first quarter, pork exports were down 15.6 percent. Of the top 8 foreign buyers, only Canada bought more U.S. pork this March than last. China, South Korea, and Russia accounted for three-quarters of the decline in U.S. pork exports. During March, U.S. pork exports equaled 20.5 percent of production. Last year, the U.S. exported 24.5 percent of March pork production. The difference is 4 percent more pork on the domestic market. March 2013 hog prices were \$10/cwt lower than 12 months earlier. Unless exports improve, 2013 hog prices are likely to continue to disappoint. Part of the reason for the drop in exports is an increase in world pork production. USDA is predicting that 2013 world pork production will be up 1.8 percent from last year's level.

Pork imports were down 4.6 percent in March. Imports equaled 3.7 percent of March pork production. Feeder pig imports were 19.8 percent lower this March than last. Imports of other hogs were down 4.1 percent compared to March

2012. Hog imports were down 89,199 head from March 2012's level.

Domestic pork demand was up 2.5 percent in March, but export demand was down a whopping 21.6 percent. Packer demand for hogs was down for the 12th consecutive month.

As of May 5, only 12 percent of corn acres were planted compared to 69 percent a year ago and a 5-year average of 47 percent planted by May 5.

Friday morning's pork cutout calculation based on mandatory price reporting was \$90.35/cwt FOB plants, up \$2.51 from the week before.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$89.26/cwt, up \$4.70 from last Friday and up \$15.06 from three weeks ago. The eastern corn belt averaged \$89.26/cwt this morning. Neither the western corn belt nor Iowa-Minnesota reported any negotiated sales on the morning report today. Peoria had a top live price this morning of \$61/cwt. Zumbrot, MN topped at \$60.50/cwt. The top for interior Missouri live hogs Friday was \$64.50/cwt, up \$3.75 from the previous Friday. The average hog carcass price is 98.8 percent of the calculated pork cutout value.

Hog slaughter this week totaled 2.078 million head, down 1.0 percent from the week before and down 0.5 percent compared to the same week last year. The average barrow and gilt live weight in Iowa-Minnesota last week was 276.2 pounds, down 1.2 pounds from a week earlier, but up 0.1 pound from a year ago.

The May lean hog futures contract closed at \$92.00/cwt today, up 60 cents from the previous week. June hog futures ended the week \$1.67 lower at \$90.50/cwt. July hogs settled at \$90.90/cwt. Δ

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