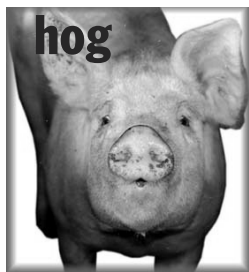


Number Of Hogs Sold On Spot Market Declines



GLENN GRIMES AND RON PLAIN
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outlook

Pork production is down, exports are up and pork supplies are tight. There were only 391 million pounds of pork in U.S. cold storage on July 31. That was 27.5 percent less than a year earlier and the lowest of any month since October 2001.

Statistics Canada reports that the Canadian sow herd was down 4.8 percent on July 1. This is the 21st consecutive quarter below year-ago. Canadian sow numbers are down 19.1 percent compared to 5 years ago. Litters farrowed during the second quarter were down 4.3 percent. Stats Canada is predicting that third quarter farrowings will be down 5.7 percent and fourth quarter down 5.5 percent.

The U.S. Commerce Department has revised downward their estimate of economic growth. They now say the U.S. economy grew at an annual rate of only 1.6 percent during the second quarter of 2010 rather than their earlier 2.4 percent estimate. That is the second straight quarter of slowing growth and implies growth could turn negative later this year. Slow economic growth is not good for meat demand.

The number of hogs sold on the spot market continues to decline. During the first half of 2010 only 7 percent of barrow and gilt sales to large packers were negotiated sales. It is up to producers to decide if they want the spot market to survive. If producers want spot market pricing in the future, they have to commit to

selling a portion of their hogs that way.

The pork cutout value set a new record this week, peaking at \$96.74/cwt on Tuesday, up \$2.33 from the old record set in August 2008. Since Tuesday, the cutout has been dropping. Thursday afternoon's calculated pork cutout value was \$93.73/cwt, down 63 cents from the previous Thursday. Loin and butt prices are lower this week while hams and bellies are higher.

The national weighted average carcass price for negotiated hogs Friday morning was \$79.36/cwt, \$1.28 lower than the previous Friday. Regional average prices on Friday morning were: eastern corn belt \$79.30, western corn belt \$79.49, and Iowa-Minnesota \$79.26/cwt. The top live hog price Friday was \$56/cwt at Sioux Falls and \$55 at Peoria. The interior Missouri live top Friday was \$56.50/cwt, 75 cents higher than the previous Friday.

This week's hog slaughter totaled 2.11 million head, up 1.8 percent from the week before, but down 4.2 percent compared to slaughter during the same week last year. Since June 1, barrow and gilt slaughter has been about 2 percent lower than implied by USDA's June Hogs and Pigs report.

The average carcass weight of barrows and gilts slaughtered the week ending August 14 was 197 pounds, the same as the week before and the same as a year earlier. Iowa-Minnesota live weight last week averaged 266.6 pounds, up 1 pound compared to a week earlier, but 0.6 pounds lighter than the same week last year.

The October lean hog futures contract ended the week at \$74.82/cwt, down \$2.38 from the previous Friday. The December contract settled at \$72.57 for the week. February closed the week at \$75.07/cwt. Δ

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