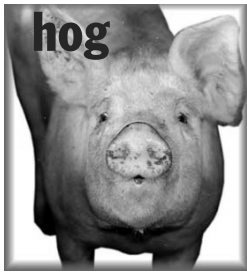


Officials Expect Record High Prices For Hogs, Cattle



GLENN GRIMES AND RON PLAIN
Agricultural Economists •
University of Missouri

outlook

Prior to this week, the record close for any lean hog futures contract was \$100.20/cwt for the June 2009 on July 3, 2008. This week the June 2011 contract close at \$100 or higher every day including a record close of \$100.95/cwt on Monday.

The U.S. Labor department indicates that job growth was slow again in January. Only 36,000 jobs were added during the month. Both hog and cattle prices are expected to be record high this year. The economy has to grow faster or consumer meat demand is likely to fade when record meat prices show up in grocery stores.

Snow was the big factor in this week's hog market. Blizzard weather shutdown hog movement in parts of the Midwest earlier this week. As is typical, hog prices rose as packers struggled unsuccessfully to take delivery of enough hogs to keep their plants running.

Hog prices ended the week higher compared to the week before. The national weighted average carcass price for negotiated hogs Friday morning was \$80.84/cwt, up \$1.43 from the previous week. The average carcass price this morning in the eastern corn belt was \$80.48/cwt. The western corn belt averaged \$81.66/cwt. There was no report for Iowa-Minnesota this morning due to light volume. The top live hog price Friday at Sioux Falls was

\$56/cwt. The top at Zumbrota was \$56 and Peoria's top was \$54/cwt. The interior Missouri live top Friday was \$54.25/cwt, up \$1.50 from the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$89.48/cwt, up \$1.79 from the previous Thursday and the highest for any date since September. Loins, butts, and hams, were higher; bellies were lower.

The average carcass weight of barrows and gilts slaughtered the week ending January 22 was 206 pounds, down 1 pound from the previous week and 5 pounds heavier than a year ago. This is as close as weights have been to the year-ago level since the week of December 11. Iowa-Minnesota live weights for barrows and gilts last week averaged 273.2 pounds, down 1.1 pounds from the week before, but up 4.8 pounds compared to a year earlier.

Hog slaughter totaled 2.058 million head this week, down 5.6 percent from the week before and down 4.1 percent compared to the same week last year. Part of the shortfall in this week's hog slaughter is being made up with a large Saturday slaughter, 238,000 head, up 150,000 from the previous Saturday. Hog prices are likely to soften next week as the hogs originally scheduled for this week come to market.

The February lean hog futures contract ended the week at \$84.50/cwt, down \$1.20 from the previous Friday. The April contract ended the week at \$91.65/cwt and June hogs settled at \$100.87.

March corn futures ended the week at \$6.78/bushel, up 34 cents from the previous Friday. Δ

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