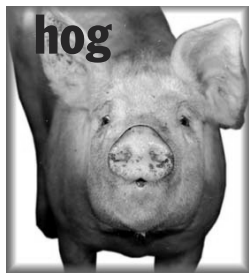


Only Two Months Of Profits For Hog Producers This Year



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outlook

Calculations by Shane Ellis at Iowa State University estimate the average Iowa market hog sold during May cost \$64.72/cwt to raise and was sold at a loss of \$11.24 per head. Cost of production has been between \$64 and \$65/cwt each month this year. Thus far, 2011 has had two months of profits (February and March) and three months of losses. The average for the first five months is a loss of \$3.84 per head.

Crop conditions are deteriorating. USDA's June 18 Crop Progress report said only 63 percent of the corn acres were in good or excellent condition. That compares to 66 percent rated good or excellent a week ago and 70 percent rated good or excellent at this time last year. For soybeans, 56 percent of acres are rated good or excellent in this week's report compared to 60 percent a week earlier and 68 percent a year ago. Likewise, pasture conditions are not good. On June 18, 28 percent of U.S. pastures were rated poor or very poor compared to 27 percent a week earlier and 25 percent a year earlier.

Live hog demand was down 1.7 percent in April and down 0.9 percent in May. Preliminary data indicate retail pork demand may have rebounded in May after a 4.1 percent drop in April. Export demand for pork was down 3.7 percent in April. Thus far, 2012 domestic meat demand appears little changed from January-May 2011.

It has been a good week for hog prices. There

were a number of \$1 per pound carcass hog prices this week for the first time since August. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$99.98/cwt, up \$5.73 from last Friday. The eastern corn belt averaged \$100.47/cwt this morning. The western corn belt had an average of \$96.08/cwt on the morning report. Iowa-Minnesota averaged \$95.92/cwt. Peoria had a top live price this morning of \$63.50 and Zumbrota had a live top today of \$65/cwt. The top for interior Missouri live hogs Friday was \$72/cwt, up \$8.25 from the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$98.46/cwt, up \$6.88 from the previous Thursday, but \$0.81 lower than on this week last year. Loins, butts and bellies are higher than this week last year, but hams are lower. The negotiated hog carcass price this morning is 101.5 percent of the pork cutout value.

The seasonal decline in pork production is driving these higher prices. Hog slaughter this week totaled 1.954 million head, down 0.2 percent from the week before and down 0.4 percent compared to the same week last year. Barrow and gilt carcass weights for the week ending June 9 averaged 203 pounds, down 1 pound from the week before, but up 1 pound from a year ago. The average barrow and gilt live weight in Iowa-Minnesota last week was 272.1 pounds, down 2.3 pounds from a week earlier, up 3.8 pounds from a year ago, and above a year earlier for the 30th consecutive week.

Friday's close for the July lean hog futures contract was \$94.92/cwt, up \$1.90 from the previous Friday. The August hog futures contract settled at \$91.37/cwt, up 17 cents for the week. October ended the week at \$81.55. December settled at \$79.02/cwt. Δ

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