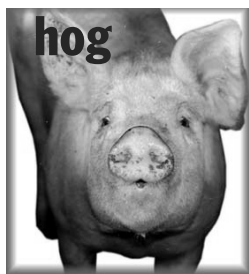


Pace Set To Break 2008 Pork Export Record



GLENN GRIMES AND RON PLAIN

Agricultural Economists •
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outlook

Congress has approved the three free trade agreements (South Korea, Colombia and Panama) submitted by the President last week. The greatest potential for the U.S. livestock industry comes from the trade pact with South Korea. South Korea is one of the top four foreign buyers of both U.S. pork and beef. We are currently supplying a little less than 40 percent of South Korea's pork and beef imports. That will not change overnight as the agreement calls for a 10 year phase out of pork tariffs and a 15 year phase out of beef tariffs.

U.S. pork exports during August were up 43.6 percent compared to a year earlier. Pork exports to all major foreign buyers were higher than August 2010 except for Mexico which was down 1 percent. Shipments to China were up 378 percent compared to last August and were the largest for any month since June 2008. Exports to South Korea were up 146 percent and to Russia up 142 percent compared to a year earlier. August exports equaled 22.9 percent of U.S. pork production and imports equaled 3.6 percent of production.

U.S. pork imports during August were down 18 percent. Thus far in 2011, pork imports are down 6.1 percent and exports are up 18.7 percent. We are on pace to break the 2008 record for pork exports and to have the lowest pork imports since 1998.

Through August, feeder pig imports from

Canada are up 1 percent and imports of Canadian slaughter hogs are down 4 percent.

Hog slaughter totaled 2.318 million head this week, down 0.9 percent from last week, but up 2.4 percent compared to the same week last year. Since the first of September, hog slaughter has averaged a bit over 1 percent higher than indicated by the September hog inventory survey. Barrow and gilt carcass weights for the week ending October 1 averaged 201 pounds, up 1 pound from the week before and unchanged from a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 272.7 pounds, up 2.2 pounds from the week before and up 0.1 pound compared to last year.

Hog prices dropped a bit this week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$90.02/cwt, down 83 cents from last Friday. The Friday morning price report for the western corn belt was \$90.50/cwt with Iowa-Minnesota at \$90.63. No quote was available on Eastern corn belt hog prices this morning. Friday's top live hog price at Peoria was \$61/cwt. Zumbrota's top was also \$61/cwt. The top for interior Missouri live hogs was \$64.50/cwt, the same as the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$97.68/cwt, down 23 cents from the previous Thursday. For this time of year, hog prices are unusually high relative to the pork cutout value.

Today's close for the October lean hog futures contract, \$93.57/cwt, was down \$1.10 from last Friday. The December lean hog futures contract settled at \$90.07/cwt, up 67 cents from the previous Friday. February gained 80 cents this week to settle at \$92.55/cwt. Δ

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