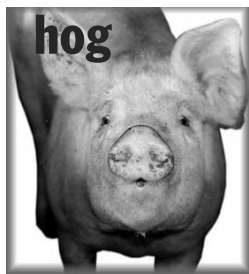


Pork Demand Above Year Ago, But Below Early 2011



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outlook

USDA says that the average live price for 51-52 percent lean hogs in July was a record \$71.65/cwt, up \$13.40 (23 percent) compared to July 2010.

Retail pork prices were lower in July. Last month, the average price of pork at retail was \$3.466 per pound. That is 1.5 cents lower than in June and 1.8 cents lower than in May. Normally retail pork prices rise from May to June to July. July grocery store prices for pork were 28.1 cents higher than in July 2010, but June retail pork prices were 37.7 cents above a year earlier. This is not a good trend. Our demand calculations indicate domestic demand for pork is still above year-ago, but is not as strong as earlier in 2011.

The pork cutout took a big drop this week. USDA's Thursday afternoon calculated pork cutout value was \$102.11/cwt, down \$4.82 from the previous Thursday. Loins and hams were lower while belly prices collapsed. On Thursday afternoon bellies were priced at \$119.43/cwt down \$26.29 from a week earlier. BLT season must be coming to an end. The seasonal pattern calls for wholesale pork belly prices to decline until early November.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$94.90/cwt, down \$4.85 from last Friday. The Friday morning price report for the western corn belt was \$94.93/cwt. The eastern

corn belt averaged \$94.88/cwt. There were not enough negotiated hogs sold in Iowa-Minnesota for a morning price report. Friday's top live hog price at Peoria was \$62/cwt. Zumbrot's top was \$70/cwt. The top for interior Missouri live hogs was \$69.75/cwt, down \$4.50 from the previous Friday.

Hog slaughter totaled 2.114 million head this week, up 3.3 percent from last week, but down 0.3 percent compared to the same week last year. Barrow and gilt slaughter is running 1.5 percent under the level implied by the June hogs and pigs report. Barrow and gilt carcass weights for the week ending August 13 averaged 195 pounds, unchanged from a week earlier but down 2 pounds from a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 262.5 pounds, up 1.52 pounds from the week before, but down 4.1 pounds compared to the same week last year. This is the thirteenth consecutive week Iowa-Minnesota weights have been below the year-earlier level. Seasonally, weekly pork production should trend higher until mid December, with exceptions for holiday weeks of course.

Today's close for the October lean hog futures contract, \$87.10/cwt, was down \$1.27 from last Friday. Today, the December lean hog contract settled at \$84.57/cwt, down 30 cents from the previous Friday. The February lean hog contract settled Friday at \$87.87/cwt, up 32 cents for the week.

Corn prices continue to move higher driven by concerns about the size of this year's harvest. The September corn futures contract ended the week at \$7.525/bu, up 42 cents from the previous Friday. December corn settle at \$7.67 today. Δ

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