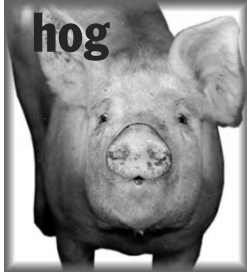


Pork Demand At Consumer Level Stronger Than Year Ago



GLENN GRIMES AND RON PLAIN
Agricultural Economists •
University of Missouri

outlook

Based on the available price data, pork demand at the consumer level continues to hold well for January-September with a four percent gain in our demand index. Beef demand at the consumer level for this period was down 2.3 percent.

Live hog demand for the first nine months of 2009 was down 3.6 percent and live fed cattle demand was down 8.5 percent. The weaker live hog demand than pork demand is due in part at least to smaller exports. The weaker fed cattle demand than beef demand due to at least two factors. Smaller exports and a very weak hotel and restaurant demand.

We doubt the consumer demand for pork is as strong as the data indicates compared to last year. We believe the retail price is too high as reported by the USDA. USDA includes the prices when pork is at a special lower price but the give the tonnage sold at the same level as regular prices. This is not what happens in the real world the tonnage sold is much higher with the price special. Given the same tonnage movement with both regular and special prices will give a average price that is higher than consumers are paying.

Having said all of this pork demand at the consumer level is probably as strong as or stronger than a year earlier with completely ac-

curate data.

Weaner and feeder pig prices nationally last week were generally steady with a week earlier. Pigs 50-54 percent lean 10 pounds sold for an average of \$29.09 per head. Pigs weighing 40 pounds sold for an average of \$35.50 per head. The formula price per pig for 10 pound pigs was \$33.91 and the formula price for 40 pound pigs was \$45.07 per head. The cash or spot price for 40 pound pigs was \$33.65 per head.

The weight of barrow and gilts in Iowa-Minnesota last week at 269.9 pounds is up 0.8 pounds from a week earlier and up 3.7 pounds from a year earlier.

Pork product cutout this week for Thursday afternoon at \$58.68 per cwt, up \$3.98 per cwt from a week earlier. Loin prices at \$65.00 per cwt, down \$1.45 per cwt, Boston butts at \$57.77 per cwt up \$0.63, hams at \$60.09 per cwt up \$11.97 per cwt and bellies at \$72.68 per cwt up \$5.85 per cwt from seven days earlier.

Top live hog prices Friday morning were steady compared to last Friday. Weighted average negotiated carcass prices Friday morning were \$0.28 - \$0.72 per cwt higher compared to last week.

The top live prices Friday morning for select markets were: Peoria \$30, Zumbrota, Minnesota \$32 per cwt and interior Missouri \$36.50 per cwt. The weighted average negotiated carcass prices Friday morning by area were: western Cornbelt \$52.32 per cwt, eastern Cornbelt \$49.20 per cwt, Iowa-Minnesota \$52.34 per cwt and nation \$50.42 per cwt.

Slaughter this week under Federal Inspection was estimated at 2294 thousand head down 3.6 percent from a year earlier. △

GLENN GRIMES AND RON PLAIN: Agricultural Economists, University of Missouri