Pork Exports Had Ups And Downs Last Year

hog outlook

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Pork exports in November 2007 were up 16.4 percent from a year earlier. For January through November of 2007, pork exports were up 4 percent from the same months in 2006.

Pork exports for the first eleven months of 2007 to Japan were up 7.8 percent, to Mexico down 27.3 percent, to Canada up 10.8 percent, to South Korea down 10 percent, to Russia up 8.0 percent, to mainland China and Hong Kong up 134.2 percent, to Taiwan down 44.1 percent, to Australia up 21.2 percent and to other countries up 18.9 percent. All changes are compared to a year earlier.

Pork imports for January-November of 2007 were down 1.6 percent from twelve months earlier. Net pork exports as a percent of production increased from 9.2 percent of production in 2006 to 9.5 percent of production in 2007 for the first eleven months of the year.

The odds appear to be 100 percent or very close to 100 percent that 2007 was the sixteenth consecutive year for record high exports.

Live hog imports from Canada for the first eleven months of 2007 were up 11.7 percent from the same months of 2006. Feeder pig imports were up 10 percent and slaughter hog imports were up 20 percent.

As indicated last week, pork prices at the retail level in December 2007 were down 0.1 percent from November but up 3.3 percent from December 2006. For all of 2007, retail pork prices were up 2.2 percent from 2006. All of the benefits of the increase in retail price in 2007 were bid into marketing margins. The processor retail margin was up 3.9 percent and the packer margin in 2007 was up 3.7 percent. Live hog prices for 51-52 percent lean were 0.4 percent below 2006 in 2007. However, with pork production in 2007 up near five percent from a year earlier and live hog prices down only 0.4 percent shows the growth in live hog demand in 2007 compared to 2006. We will have the data to calculate live hog demand for 2007 next week but indicates are live hog demand was up between 3-4 percent in 2007 compared to a year earlier. Consumer demand for pork is also believed to be up between 2-3 percent in 2007 compared to a year earlier.

There are no signs that pork producers have started reducing the breeding herd. We hear that some sow packers have animals booked three weeks ahead but it is not showing up in increased sow slaughter of significance as of the most recent data for the week ending January 12.

Live barrow and gilt weights for the week ending January 19 in Iowa-Minnesota at 270.3 pounds were down 0.9 pound per head from a week earlier but up 1.2 pounds per head from a year earlier.

The futures market is still showing prices for the remainder of 2008 through February 2009 averaging about $50 per cwt live. For example, in mid-week the difference in January 2008 prices and what the futures market is offering in May was $16 per cwt live. For 2000-2007, the average increase in live hog prices from January to May was about $9.00 per cwt. Now is a good time for hog producers to get in a survival mode rather than go for broke, and the futures market is offering that opportunity.

Pork cutout value per cwt of carcass for Thursday afternoon at $56.04 per cwt was up $0.75 per cwt from a week earlier. Loins at $70.48 per cwt up $1.29 per cwt, Boston butts at $54.61 were up $0.39 per cwt, hams at $42.10 per cwt was up $0.84 per cwt and bellies at $72.26 per cwt were unchanged from seven days earlier.

Cold storage stocks of pork for December 31, 2007, were up five percent from a year earlier but down two percent from the end of November, a good demand sign.

Live hog prices Friday morning were $2.25-4.00 higher compared to a week earlier. Negotiated weighted carcass prices Friday morning were $4.30-4.88 per cwt higher compared to seven days earlier.

The top live prices Friday morning for select markets were: Peoria $30.00 per cwt, St. Paul $33.00 per cwt and interior Missouri $34.25 per cwt. Weighted average negotiated carcass prices by area were: western Cornbelt $52.16 per cwt, eastern Cornbelt $50.24 per cwt, Iowa-Minnesota $51.67 per cwt and nation $50.77 per cwt.

Hog slaughter this week under Federal Inspection was estimated at 2311 thousand head, up 11.4 percent from a year earlier. Slaughter in January is up about 14 percent from a year earlier – about three times what was indicated by the December Hogs and Pigs report. Δ