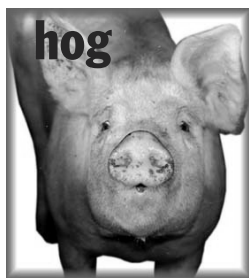


# Pork Industry Gains From Higher Retail Prices



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## outlook

**R**etail pork prices in September were 0.3 percent above a month earlier and 4.1 percent above a year earlier. For January-September retail pork prices were up 2.0 percent from 12 months earlier.

All segments of the pork industry gained from these higher retail prices for January-September. The processor-retailer margin was up 1.5 percent, packers' margin was up 8.4 percent and live hog prices were up 0.3 percent from the same months of 2007.

Gilt and sow slaughter indicates producers are continuing to reduce the hog breeding herd at a modest rate. Hopefully, the breeding herd by December will be at least five percent below a year earlier.

If we do not lose too much demand, the average cost producers should break even in 2009. Losses in the first and fourth quarter and profits in the second and third quarter seem most likely at the current time.

Cash feeder pig prices this week at United Tel-O-Auction were \$4-10 per cwt higher than two weeks ago. At United this week, 40-50-pound pigs sold for \$55.50-61 per cwt, and 50-60-pound pigs sold for \$54-69 per cwt.

Prices to producers of slaughter hogs who used the other market formula – the contract tied to the lean hog futures market – for hogs being marketed now realized between \$28 and \$29 per hog more than the producers who used

the spot market for hogs slaughtered Wednesday, October 22.

The live weight of barrows and gilts in Iowa-Minnesota last week at 266.2 pounds per head was four pounds above a week earlier but 1.5 pounds less than a year earlier. However, weights continue to get closer to a year earlier each week. For the week ending September 6, barrow and gilt weights were 5.5 pounds above a year earlier and each week the weights have been closer to a year earlier. This suggests marketings are still a little more current than a year earlier but are slipping some each week.

The pork product price stabilized and gained a little this week with the cutout Thursday afternoon at \$66.36 per cwt, up \$1.14 per cwt from a week earlier. Loin prices at \$89.38 per cwt were up \$0.46 per cwt, Boston butts at \$68.35 per cwt were down \$1.19 per cwt, hams at \$54.31 per cwt were up \$6.48 per cwt, and bellies at \$73.79 per cwt were down \$0.96 per cwt from seven days earlier.

Top live hog prices this Friday morning were \$0.50-\$2.75 per cwt lower compared to a week earlier. Weighted average negotiated carcass prices Friday morning were \$0.80-\$2.82 per cwt lower compared to seven days earlier. The top live prices for select markets Friday morning were: Peoria \$37.00 per cwt, Zumbrota, Minnesota, \$41.00 per cwt and interior Missouri \$50.25 per cwt.

The weighted average prices by area for negotiated carcasses were: western Cornbelt \$58.83 per cwt, eastern Cornbelt \$54.08 per cwt, Iowa-Minnesota \$59.22 per cwt and nation \$55.49 per cwt.

Slaughter this week under Federal Inspection was estimated at 2296 thousand head, down 0.8 percent from a year earlier and the first full week below a year earlier this year. In fact, it is the first non-holiday week below a year earlier since early May 2007. Δ