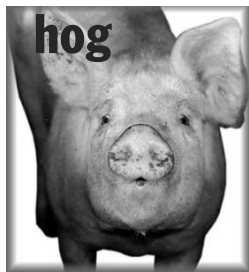


Pork Production Expected Higher In 2014



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outlook

USDA has lowered their forecast of 2013 pork production to 23.427 billion pounds, down 0.2 percent from their May forecast, but up 0.7 percent from last year's actual. They are predicting 2014 pork production will be up 2.6 percent from 2013. The midpoint of their price forecast range for 51-52 percent lean hogs on a live weight basis is \$60/cwt for 2013 and \$58/cwt in 2014.

USDA's June crop update lowered forecast corn yield by 1.5 bushels per acre to 156.5 and raised the expected marketing year average price by 10 cents per bushel. The midpoints of USDA's price ranges for the upcoming marketing year are \$4.80 for corn and \$10.75 for soybeans.

As of June 9, 63 percent of corn acres were rated in good or excellent condition, the same as the week before, but down from 66 percent a year ago.

During March-May, barrow and gilt slaughter was up 0.9 percent. This was less than the 2.2 percent increase implied by the March hog and pig inventory, and thus one reason for the current strength in hog prices. Sow slaughter was up roughly 4.3 percent during March-May compared to a year ago. Imports of Canadian sows were up 5.5 percent leaving slaughter of U.S. sows up 4.0 percent compared to the same weeks in 2012.

Hogs, wholesale pork, and hog futures were all sharply higher this week. Both hog prices and the pork cutout value are the highest since June 2012. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$100.86/cwt, up \$7.12 from last Friday and up \$10.02 from two weeks ago. On the morning reports today, Eastern corn belt hogs averaged \$100.40/cwt, western corn belt hogs averaged 102.42, and Iowa-Minnesota averaged \$102.54/cwt. Peoria had a top live price this morning of \$67/cwt. Zumbrota, MN topped at \$68/cwt. The top for interior Missouri live hogs Friday was \$71.25/cwt, up \$4.50 from the previous Friday.

Friday morning's pork cutout calculation based on mandatory price reporting was \$102.70/cwt FOB plants, up \$6.60 from the week before. Loin, butt, and ham prices ended the week higher; bellies lower. On Monday, the wholesale belly price set a new record high of \$171.62/cwt. The average hog carcass price is 98.2 percent of the calculated pork cutout value.

Hog slaughter this week totaled 1.949 million head, down 3.4 percent from the week before and down 0.5 percent compared to the same week last year. The average barrow and gilt live weight in Iowa-Minnesota last week was 275.0 pounds, down 1.7 pounds from a week earlier, but up 0.6 pounds from a year ago.

The June lean hog futures contract closed at \$102.30/cwt today, up \$4.18 from the previous Friday. July hog futures ended the week \$1.82 higher than last at \$98.02/cwt. August hogs settled at \$96.75/cwt and October ended the week at \$84.35/cwt.

Both corn and soybean futures ended this week lower than last. Δ

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