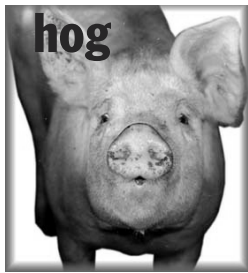


Pork Cutout Value Rose Last Week



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outlook

The U.S. economy slowed for the second consecutive quarter with annualized GDP growth of only 1.5 percent in the second quarter of 2012. Faster growth is important to creating jobs and to sustaining meat demand.

The July Cold Storage report said there were 592 million pounds of pork in cold storage at the end of June. That is 7 percent less than a month earlier, but 20 percent more than a year ago. The year-over-year increase may reflect more pork being accumulated for export.

USDA estimates only 26 percent of the corn crop was in good or excellent condition on July 22. That compares to 31 percent good or excellent the week before and 62 percent a year ago. The Crop Progress report says 31 percent of the soybean crop was rated good or excellent on July 22 compared to 34 percent a week earlier and 62 percent a year ago.

Corn and soybean prices backed off of last week's record highs. The September corn futures contract ended this week at \$7.985/bu, down 26 cents from the week before. December corn ended the week at \$7.9325/bu. August soybean meal ended the week at \$527.70/ton, down \$15.30 from the previous Friday.

USDA's Thursday afternoon calculated pork cutout value was \$92.91/cwt, up \$1.71 from the previous Thursday, but \$11.27 lower than

this week last year. Loins, hams and bellies were higher this week with pork bellies at the highest price since August 18. BLT season continues to be an important factor for pork demand.

Hog prices were mostly lower this week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$86.11/cwt, down \$1.26 from last Friday. The eastern corn belt averaged \$85.71/cwt this morning. The western corn belt averaged \$91.58/cwt. Iowa-Minnesota averaged \$91.28/cwt on the morning report. The east-west price spread remains large. Peoria had a top live price this morning of \$57 and Zumbrota had a live top today of \$61/cwt. The top for interior Missouri live hogs Friday was \$63.75/cwt, up \$2.75 from the previous Friday. The average hog carcass price is 92.7 percent of the cutout value.

Hog slaughter this week totaled 2.003 million head, up 1.3 percent from the week before, up 3.4 percent compared to the same week last year, and above 2 million head for only the third time in the last nine weeks. Typically, daily hog slaughter starts to increase in mid August.

The average barrow and gilt live weight in Iowa-Minnesota last week was 267.10 pounds, down 1.4 pounds from a week earlier, up 3.4 pounds from a year ago, and above year-earlier for the 35th consecutive week. Year-to-date pork production is up 1.7 percent.

Friday's close for the August lean hog futures contract was \$95.20/cwt, up \$1.50 from the previous Friday. October hogs settled at \$81.32/cwt, up \$1.52 for the week. December hogs ended the week at \$79.30/cwt. Δ

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