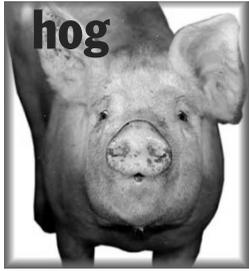


Producers Face 8th Consecutive Monthly Loss



GLENN GRIMES AND RON PLAIN
Agricultural Economists •
University of Missouri

outlook

The red ink continues to get deeper for hog producers. Iowa State University's monthly estimate of costs and returns indicate the average Iowa hog was sold at a loss of \$41.44 during March. This was the eighth consecutive monthly loss. ISU estimates the average breakeven price for March at \$73.40/cwt of live weight. Losses will be smaller this month. The futures market implies that profitability will return in June.

The amount of pork in cold storage at the end of March was up 2.4 percent from the month before and up 6.3 percent from a year ago.

Pork production per sow increased 1.2 percent in 2012, the smallest annual increase since 2008. The 5-year average is 2.3 percent more pork per sow per year.

Corn planting is going very slow. As of April 21, 4 percent of corn acres were planted compared to 26 percent a year ago and a 5-year average of 16 percent planted by April 21.

The International Grains Council is predicting world corn production for the 2013-14 marketing year will be up 10.3 percent and wheat production up 3.8 percent compared to the current marketing year.

Friday morning's pork cutout calculation

based on mandatory price reporting was \$87.15/cwt FOB plants, up \$4.00 from the week before. Loin, ham, belly and butt prices were higher for the week.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$78.38/cwt, up \$4.18 from last Friday. The eastern corn belt averaged \$78.09/cwt this morning. The western corn belt averaged \$80.43/cwt. Iowa-Minnesota did not have enough early day sales for a morning price report. Peoria had a top live price this morning of

\$53/cwt. Zumbrota, MN topped at \$54.50/cwt. The top for interior Missouri live hogs Friday was \$57.75/cwt, the same as the previous Friday. The average hog carcass price is 89.9 percent of the calculated pork cutout value based on mandatory reporting.

Hog slaughter this week totaled 2.148 million head, up 0.4 percent from the week before and up 3.0 percent compared to the same week last year.

The average barrow and gilt live weight in Iowa-Minnesota last week was 277.1 pounds, up 0.6 pound from a week earlier and up 0.2 pounds from a year ago.

The May lean hog futures contract closed at \$89.35/cwt today, up \$1.50 from the previous week. June hog futures ended the week \$2.32 higher at \$92.52/cwt. July hogs settled at \$92.75/cwt and August at \$91.97/cwt.

May corn futures lost 8 cents this week to end at 6.44/bu. December corn settled at \$5.24/bu.

May soybean meal futures ended the week at \$417.90/ton, up \$5.50 for the week. December meal settled at \$337.80/ton. Δ

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