

Recent Pork Prices Suggest Strong Consumer Demand



GLENN GRIMES AND RON PLAIN
Agricultural Economists • University of Missouri

outlook

Personal contact with people in the pork marketing sector continue to support the belief that containers are slowing the shipment of pork into the export market.

Also supporting the shortage of containers is the cold storage stocks that set a record high at the end of February. They broke that record at the end of March.

The product market price has gone almost straight up in the past month, which usually does not happen with cold storage stocks that are not already committed.

Even though the consumer demand for pork domestically in last couple of months with available data shows weakness, late April and May prices for hogs and pork products suggest the probability that domestic consumer demand may be stronger than indicated. These stronger prices, which now are above year's earlier level with slaughter, for the past four weeks have been up between twelve and thirteen percent. Regardless, we have an unbelievable strong demand whether or not it is only export demand growth or a combination of export and domestic demand growth.

Pork product prices pushed higher again this week even with large slaughter. The cutout per cwt of carcass on Thursday afternoon was at \$78.71 per cwt up \$4.33 per cwt from a week earlier. Loins were at \$107.83 per cwt up \$3.16 per cwt, Boston butts were at \$84.35 per cwt up \$6.39 per cwt, hams were at \$59.78 per cwt up \$5.58 per cwt and bellies were at \$90.98 per cwt

up \$6.00 per cwt from seven days earlier.

The percent of the corn crop planted in the U.S. as of May 4 was 27; this compares with 45 percent last year and 59 percent for 2003-2007. With the big decline in corn acreage, indicated by the March 3rd planting intention, we need at least normal yields or the pain of high corn prices will be even more severe. If now looks like we will

need to get corn prices high enough to close some ethanol plants for some period. With the current prices for gasoline, that would probably be between \$7-8 per bushel.

Cash hog prices Friday Morning were \$2-5 per cwt higher compared to a week earlier. The weighted average negotiated carcass price were up \$5.47-7.02 per cwt compared to seven days earlier.

The price for live hogs at select markets were: Peoria \$50 per cwt, Zumbrota, Minnesota, \$56 per cwt and interior Missouri \$55.

The weighted average carcass price Friday morning for negotiated hogs by area were: western Cornbelt \$78.02 per cwt, eastern Cornbelt \$76.77 per cwt, Iowa-Minnesota \$78.10 per cwt and nation \$77.06 per cwt.

Slaughter this week under Federal Inspection was still up 7.7 percent from a year earlier at 2089 thousand head but the smallest full week slaughter since September of last year.

The average weights of barrow and gilts in Iowa-Minnesota were at 263.7 pounds for last week; down 0.9 pound from a week earlier and down four pounds from a year earlier. This data supports the probability that some of the large slaughter the last few weeks is due to pulling markets forward.

Feeder pig prices at United Tel-O-Auction this week were steady to \$6 per cwt above two weeks ago. The prices at United by weight groups were: 50-60 pounds \$70.50-74.50 and 60-70 pounds \$61.00 per cwt. △