

Record Production In Recent Months Results In Storage Increase



GLENN GRIMES AND RON PLAIN
Agricultural Economists • University of Missouri

outlook

Cold storage stocks of pork at the end of February were up 6 percent from the end of January and up 25 percent from a year ago. Growth in cold storage stocks from the end of January to the end of February for the years of 2003 to 2007 was about one percent. Belly stocks on February 29 were up 70 percent from last year.

Even though consumer demand for pork for December 2007 to February 2008 was up five percent, the record production in recent months resulted in the increase in storage. These larger stocks will be negative to pork prices as we go through spring and summer.

As indicated, pork demand at the consumer level for December 2007 through February 2008 was up five percent from a year earlier. Demand for live hogs for these three months was up a whopping 8.2 percent from 12 months earlier.

The larger pork exports this year than last year for December through February was the major reason why live hog demand was up more than consumer demand for pork. Net pork exports as a percent of production in January were 13 percent of production in 2008 compared to 10.9 percent in January 2007.

Gilt and sow slaughter data in recent weeks are at a level that suggests the probability of modest reduction occurring in the U.S. hog breeding herd. Sow slaughter for the four weeks ending March 15 was up 5.6 percent from a year earlier after adjusting for breeding herd size and up 10.2 percent from the week ending March 15.

The average live weight of barrows and gilts in Iowa-Minnesota for last week at 267.5 pounds was 0.1 pound below a week earlier and 2.1 pounds below a year earlier. This was the sixth consecutive week with weights below a year earlier. However, average barrow and gilt carcass

weights for the six weeks ending March 8 are about one pound per head above last year.

Feeder pigs at United Tel-o-auction this week were at least \$10 per cwt below two weeks earlier. The prices per cwt by weight groups at United Producers this week were: 40-50 pounds \$66-73 per cwt, 50-60 pounds \$66-80 per cwt and 70-80 pounds \$57 per cwt.

The average of the trade estimates are for the total number of hogs in the March 1 inventories to be 104.6 percent, breeding herd 100.2 percent and market herd at 105.3 percent of a year earlier.

Pork product cutout per cwt of carcass on Thursday afternoon at \$56.15 per cwt was down \$0.10 per cwt from a week earlier. Loins at \$73.59 per cwt were down \$2.57 per cwt, Boston butts at \$55.56 per cwt were down \$0.47 per cwt, hams at \$44.44 per cwt were up \$2.16 per cwt, and bellies at \$60.40 per cwt were up \$0.05 per cwt from a week earlier.

Live top hog prices this Friday morning were steady to \$0.75 per cwt higher compared to a week earlier. Weighted negotiated carcass prices were \$1.93-7.35 per cwt higher compared to seven days earlier.

The top live prices Friday morning for select markets were: Peoria \$29 per cwt, St. Paul \$33.50 per cwt and interior Missouri \$35 per cwt. The weighted average negotiated carcass prices Friday morning were: western Cornbelt \$55.60 per cwt, eastern Cornbelt \$49.53 per cwt, Iowa-Minnesota \$55 per cwt and nation \$53.28 per cwt.

Slaughter this week under Federal Inspection was estimated at 2,258 thousand head, up 8.0 percent from a year earlier.

The March 1 Hogs and Pigs report came in some more bearish than the trade estimates. The total number was up 7.2 percent while the trade estimate was for a 4.6 percent increase. The breeding herd was up 0.5 percent while the trade estimate was for a 0.2 percent increase. The market herd was up 7.2 percent while the trade estimate was for an increase of 5.3 percent. △