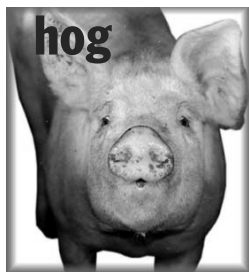


Reports Point To Declining Feed Prices



GLENN GRIMES AND RON PLAIN

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outlook

The March Hogs and Pigs Report showed a very modest 0.3 percent growth in sow numbers vs. the previous quarter. The sow herd is up 0.2 percent vs. the previous year. While this is very slow growth, it is occurring in the face of very dismal margins for hog production that have been in place for at least 6 months. The market hog inventory was down 0.9 percent vs. the previous quarter and up 1.6 percent vs. the previous year.

Crop reports released yesterday point to declining feed prices if weather cooperates this growing season. 97.3 million acres of corn are expected to be planted this spring, the largest acreage number since 1936. The grain stocks report also indicated that corn supplies might not be as tight this summer as previously thought.

Even though pork production is down thus far in 2013 relative to the same period in 2012, pork stocks are higher. Pork demand is not helping pull the industry through the current high input cost situation, due to weakness in both U.S. and world markets. In fact the most recent export data shows that January 2013 pork exports were down 15.7 percent vs. year ago and shipments to mainland China were at their lowest level since June 2011.

Pork cutout values remained in the upper \$70s this week, as they have for most of March. This follows a period from late September 2012 to March 4 when the cutout closed below \$80/cwt only one time. The Thursday afternoon calculated value was \$77.21/cwt, down 64 cents from the previous Thursday. Picnics and loins gained for the week, bellies were steady and butts, ribs and hams fell.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$75.76/cwt, up \$7.34 from last Friday. There was no quote for the eastern corn belt, but the western corn belt and Iowa-Minnesota prices ended the week at \$75.81/cwt. Peoria had a top live price this morning of \$48 and Zumbrota had a live top today of \$53/cwt. The top for interior Missouri live hogs Friday was \$53.50/cwt, up 75 cents from the previous Friday. The average hog carcass price was 98.1 percent of the cutout value, a large change from last week's 87.9 percent.

Hog slaughter this week totaled 2.184 million head, up 0.4 percent from the week before and up 2.7 percent compared to the same week last year. Year to date hog slaughter is still down 0.9 percent vs. 2012.

The average barrow and gilt live weight in Iowa-Minnesota last week was 275.7 pounds, down 1.3 pounds from a week earlier and down 0.9 pounds from a year ago.

The futures markets were closed for Good Friday, but Thursday's close for the April lean hog futures contract was \$80.60/cwt, up \$2.55 from the previous Friday. May hog futures ended yesterday at \$89.55/cwt, June at \$91.075/cwt and July at \$91.05/cwt. Δ

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