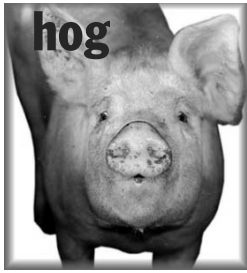


Retail Pork Prices Set A Record For Second Month In A Row



GLENN GRIMES AND RON PLAIN

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outlook

Retail pork prices in June set a record for the second month in a row. The average price of pork in grocery stores in June was \$3.104 per pound. That was 6.1 cents higher than in May and 15 cents higher than in June 2009.

The June distribution-retail margin on a pound of retail pork was up 11.2 cents from May, but down 19.5 cents from a year earlier. The packer margin in June was up 3.3 cents per retail pound compared to the month before and up 6 cents from June 2009. The net farm value of a pound of pork at retail during June was down 8.5 cents from May, but up 28.5 cents from 12 months earlier.

Low wholesale pork prices last summer caused unusually high retail margins and low net farm value. Wholesale pork was cheap then because of weak export demand caused by the non-swine flu scare. Export demand for U.S. pork in May 2010 was up 53 percent from the flu-depressed level of May 2009. Based on preliminary data, it looks like retail demand for pork in June was above year-ago for the first time in 9 months. June live hog demand was above year-ago for the fifth consecutive month.

It was a very good week for hog prices with a few hogs selling above \$80/cwt (carcass price) on Thursday. The national weighted average

carcass price for negotiated hogs Friday morning was \$77.64/cwt, \$4.63 higher than the previous Friday. Regional average prices on Friday morning were: eastern corn belt \$77.74, western corn belt \$77.13, and Iowa-Minnesota \$76.89/cwt. The top live hog price Friday was \$56/cwt at Sioux Falls, \$52.50 at Peoria, and \$54 at Zumbrota. The interior Missouri live top Friday was \$53.50/cwt, up 75 cents from the previous Friday.

The higher hog prices were made possible by higher product prices. USDA's Thursday afternoon calculated pork cutout value was \$85.51/cwt, up \$4.24 from the previous Thursday. Loins, hams, butts and bellies were all higher.

This week's hog slaughter totaled 1.961 million head, down 2.0 percent from the week before and down 3.4 percent compared to slaughter during the same week last year. Year-to-date, pork production is down 3.9 percent.

The average carcass weight of barrows and gilts slaughtered the week ending July 10 was 199 pounds, up 1 pound from the week before and up 2 pounds compared to a year ago. Iowa-Minnesota live weights last week averaged 267.3 pounds, up 1.1 pounds compared to a year earlier.

The August lean hog futures contract ended the week at \$83.22/cwt, up \$1.52 from the previous Friday. The October contract settled at \$77.02 up \$1.32 for the week. December closed the week 90 cents higher at \$74.35/cwt and February ended the week at \$75.80/cwt.

The September corn contracted ended the week at \$3.71'2, down 24 cents from the previous Friday. September soybean meal futures lost \$7.80 this week to settle at \$290.40/ton. Δ

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