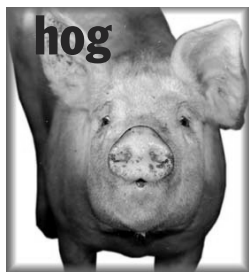


Slaughter Hog Numbers Rise From Week Earlier



GLENN GRIMES AND RON PLAIN
Agricultural Economists •
University of Missouri

outlook

USDA's Thursday afternoon calculated pork cutout value was \$80.91/cwt, down \$7.94 from the previous Thursday, but still \$24.71 higher than a year ago. Hams were higher this week but loins, butts and bellies were lower.

Fresh pork bellies are an incredible \$46.92/cwt lower than last week. This is by far the biggest one-week price drop since 1997, when my data series begins. Bellies lost a fraction over one-third of their value in the last 7 calendar days. Pork belly prices are down 41 percent from 3 weeks ago. The end of summer usually means lower belly prices; rarely is the drop this dramatic.

The national weighted average carcass price for negotiated hogs Friday morning was \$71.35/cwt, \$4.80 lower than the previous Friday. Regional average prices on Friday morning were: eastern corn belt \$71.01, western corn belt \$72.67, and Iowa-Minnesota \$72.86/cwt. The live hog prices Friday topped at \$51.50 at Sioux Falls and \$51/cwt at Peoria. The interior Missouri live top Friday was \$52.75/cwt, \$2.25 lower than the previous Friday.

This week's hog slaughter totaled 2.253 million head, up 4.5 percent from the week before but down 1.7 percent compared to slaughter during the same week last year. This is the closest hog slaughter has been to the year-earlier level since mid July.

The average carcass weight of barrows and

gilts slaughtered the week ending September 25 was 200 pounds, up 1 pound from the week before and up 1 pound from a year ago. Iowa-Minnesota live weights last week averaged 270.7 pounds, up 0.9 pounds from the week before and 2.3 pounds heavier than a year earlier.

Corn prices have been highly volatile lately. Last Friday corn futures were down the 30 cent limit; today they are up the 30 cent limit. Today's October crop report raised the estimate of 2010 corn acres

planted and harvested by 258 thousand acres, but USDA cut their forecast of 2010 corn production by 496 million bushels with the estimated yield now at 155.8 bushels per acre, down 6.7 b/a from last month's forecast. USDA's estimate of beginning stocks is up 322 million bushels from a month ago, but their estimate of ending stocks on August 31, 2011 is only 902 million bushels, down 214 million bushels from last month's forecast and the lowest ending stocks since 1997. USDA now forecasts an average farm price for this year's corn crop of \$5.00/bushel plus or minus 40 cents. The current record price is \$4.20 for the 2007 crop. \$5 corn should push the breakeven price of barrows and gilts close to \$60/cwt live or \$80/cwt carcass.

For soybeans, USDA lowered their estimate of acres planted and harvested by 1.2 million and cut their forecast of yield by 0.3 bushels per acre. They are now forecasting an average farm price for soybeans of \$10.75/bushel plus or minus 75 cents. That is 65 cents above the record price of the 2007 crop.

The October lean hog futures contract ended the week at \$74.52/cwt, down \$1.85 from the previous Friday. The December contract settled at \$73.85 up 98 cents for the week. February closed the week \$1.83 higher at \$77.95/cwt.

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