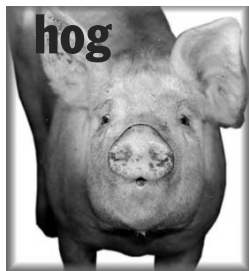


Strong Demand For Trimmings Boosts Sow Prices



GLENN GRIMES AND RON PLAIN
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outlook

Sow prices reached record highs this week. On Wednesday, the national weighted average price for sows exceeded \$60/cwt live for the first time ever (at least I cannot find a similar day). Why? We are not exactly sure. Sow slaughter has been below year-ago levels for 6 of the last 7 weeks, down 5.8 percent during this period. This is a bit worrisome for those of us who think we still need a smaller sow herd to ensure a profitable year. One obvious reason for the reduced sow slaughter is fewer sows. USDA said the December breeding herd was 3.5 percent smaller than a year earlier.

Another reason for the record sow prices is strong demand for trimmings. Most sows are processed for sausage. During the last 6 weeks, the wholesale price of fresh 72 percent lean pork trimmings has averaged 71 percent higher than during the same period last year. As is typical during a recession, lower cost cuts of meat do better than higher cost cuts.

On Wednesday, while sows were selling for an average of \$60.33/cwt, the average price for barrows and gilts sold on a live weight basis was only \$55.36/cwt. Over the last 6 years sow prices have averaged 82 percent of those of barrows and gilts; or \$9.01/cwt lower. Occasionally, sow prices are higher. For example, the week ending on January 3, 2009, sow prices averaged an amazing \$13.25 above barrow and

gilt prices.

This was also a good week for barrow and gilt prices. Hog prices ended the week \$2-4 higher than where they started. The national weighted average carcass price for negotiated hogs Friday morning was \$68.01/cwt, \$4.64 higher than the previous Friday. Regional average prices on Friday morning were: eastern corn belt \$68.16, western corn belt \$67.52, and Iowa-Minnesota also \$67.52/cwt. The top hog price Friday at Sioux Falls was \$51/cwt, up \$3 for the week. Zumbrota, MN had a top price of \$48 on Friday and Peoria topped at \$47/cwt. The interior Missouri top Friday was \$47.50/cwt, \$2.25 higher than the previous Friday.

USDA's Thursday afternoon calculated cutout value was \$72.19/cwt, up \$2.73 from the previous Thursday, and up \$15.62 compared to the same day last year. Loins, bellies, boston butts and hams were all higher this week than last.

This week's hog slaughter is estimated to be 2.163 million head, down 0.7 percent compared to the same week last year. Hog slaughter has been below year-earlier for each of the last 8 weeks.

The average carcass weight of barrows and gilts slaughtered the week ending February 13 was 200 pounds, up 1 pound from the week before but down 2 pounds from the same week last year. Iowa-Minnesota live weights last week averaged 268.4 pounds, up 1.0 pounds compared to a year earlier.

The April lean hog futures contract ended the week at \$72.80/cwt, up \$3.15 from last Friday. The May contract settled at \$77.92, up \$1.82 for the week. June closed the week at \$81.40/cwt. Δ

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