

Trade Reports Show Producers Trying To Lower Slaughter Weights



GLENN GRIMES AND RON PLAIN
Agricultural Economists • University of Missouri

outlook

Barrow and gilt weights in Iowa-Minnesota live at 267 pounds for the week ending April 5th were 0.8 pound below a week earlier and down 1.8 pounds from a year earlier. This was the eighth consecutive week for weights in Iowa-Minnesota to be below a year earlier. However, the average dressed weight of barrow and gilt carcasses is still one pound above a year earlier as of the week ending March 29.

There have been trade reports that producers are making an effort to lower slaughter weights. It is difficult to pull weights down when hogs are gaining well. The seasonal pattern is for weights to top out near the end of a year or beginning of a year and reach a low in July-August.

Feeder pig prices at United Tel-O-Auction this week were basically \$10-20 per cwt higher than two weeks earlier. The prices at United Tel-O-Auction were: 50-60 pounds \$71-79 per cwt and 60-70 pounds \$67 per cwt. These relatively good feeder pig prices with current feed costs are probably due mostly to the quite good future market price for the summer contracts.

The July lean hog futures contract is offering a \$10-11 per cwt higher price than the current price. This compares with a \$6.00 per cwt increase from April to July in the past five years.

Pork cutout per cwt of carcass this Thursday afternoon at \$61.57 per cwt, up \$3.20 per cwt from a week earlier. Loins at \$81.23 per cwt up \$4.68 per cwt, Boston butts at \$66.94 up \$8.92 per cwt, hams at \$51.99 per cwt down \$0.40 per

cwt and bellies at \$60.53 per cwt up \$5.40 per cwt compared to seven days earlier.

Hog prices moved higher this week with the increase in cutout. Top live hog prices Friday morning were \$1.00-3.00 per cwt higher compared to a week earlier. The weighted average carcass prices this Friday morning were \$2.52-4.60 per cwt higher compared to seven days earlier. The top live prices for select markets were: Peoria \$33.00 per cwt, St. Paul \$35.00 per cwt and interior Missouri \$38.00 per cwt. The weighted average negotiated carcass prices Friday morning were: western Cornbelt \$58.57 per cwt, eastern Cornbelt \$54.79 per cwt, Iowa-Minnesota \$58.76 per cwt and nation \$3.24 per cwt.

Live hog prices this week were \$7-9 per cwt below a year earlier and negotiated carcass prices were \$8-10 per cwt below twelve months earlier. With slaughter up 12-13 percent the last two weeks, strong demand for live hogs is expressed strongly.

USDA is now projecting that the stocks of corn at the end of the 2007-2008 market year will be 21 million bushels below a year earlier. In other words, we are using 36 million bushels more than was produced in 2007 with the largest number of acres in corn we have had since the mid 40's in the 20th century and more than 13 billion bushels.

How high will corn prices go? It now looks like over \$6.00 per bushel for the coming year. Hog producers need to get more serious than they appear to be about reducing herd size.

Slaughter this week under Federal Inspection was estimated at 2245 thousand head up 14.2 percent from a year earlier.

Pork exports in February were up nearly 57 percent from a year earlier and amounted to 20.5 percent of production in the U.S. Δ