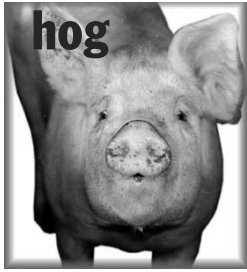


U.S. Per Capita Consumption Rose In 2009



GLENN GRIMES AND RON PLAIN
Agricultural Economists •
University of Missouri

outlook

The big news item this week was the announcement that John Morrell plans to permanently close its 50 year old Sioux City hog slaughter plant on April 20. This is only mildly surprising given the packing industry's growing problem of excess slaughter capacity. In 2008, U.S. hog slaughter totaled 116.5 million hogs. Last year, 113.6 million head were slaughtered. This year slaughter is expected to total 111 million hogs. Slaughter should be down again in 2011. Fewer hogs ultimately mean fewer hog processing plants. According to Steve Meyer's calculations, the Sioux City plant has a capacity of 14,000 hogs per day. Its closure will leave Morrell with only one slaughter facility, its Sioux Falls plant. This will reduce parent company Smithfield Food's daily capacity to 112,300 hogs and leave the U.S. with a daily hog slaughter capacity of 431,000 head, more or less.

The retail price of a pound of pork was 0.2 cents higher in December than in November, but it was 18.5 cents lower than in December 2008. Retail pork prices have been below year-earlier levels for the last 6 months. Last year, the average price of pork at retail was \$2.92, 1.7 cents lower than in 2008. U.S. per capita consumption was up 0.5 pounds in 2009 to 49.9 pounds.

As is the case for beef, export demand for pork in late 2009 was looking stronger than domes-

tic demand. Both beef and pork saw year over year increases in exports during November.

This week's hog slaughter is estimated to be 2.182 million head, down 2.6 percent compared to the same week in 2009. Since December 1, slaughter of U.S. raised barrows and gilts has been roughly 2.3 percent below the level implied by USDA's December inventory survey. The lower-than-expected production is helping to push up prices. USDA's Thursday afternoon calculated pork cutout value was \$77.35/cwt, up \$4.30 from the previous Thursday. For the second week in a row, hams, loins, bellies, and boston butts were all higher. This week's cutout values are the highest since September 2008. At this time last year, the pork cutout was \$58.13/cwt.

The top price Friday at Peoria was \$41/cwt. Zumbrota, MN had a top of \$40. The interior Missouri top Friday was \$48.25/cwt, up \$2.25 for the week. The national weighted average carcass price for negotiated hogs Friday morning was \$67.41/cwt, 22 cents lower than the previous Friday but \$9.96/cwt higher than a year ago. Regional average prices on Friday morning were: eastern corn belt \$67.78, western corn belt \$66.16, and Iowa-Minnesota also \$66.16/cwt.

The average carcass weight of barrows and gilts slaughtered the week ending January 9 was 201 pounds, 2 pounds lighter than the same week last year. Iowa-Minnesota live weights last week averaged 270.7 pounds, up 1.1 pounds compared to a year earlier.

The February lean hog futures contract ended the week at \$69.85/cwt, down 12 cents from last Friday. Today the April contract settled at \$71.97. May closed the week at \$75.35/cwt and June ended at \$79.35/cwt. Δ

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