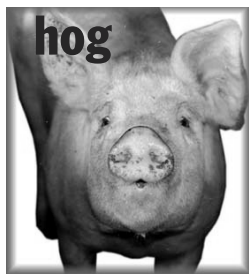


USDA Lowers Pork Production Estimates For 2012



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outlook

USDA's June production and price forecast is for fewer corn acres and a higher price than their May forecast. USDA cut 1.5 million acres from their planting estimate, 305 million bushels from their corn production forecast, and raised their price estimate on this fall's corn crop by 50 cents to \$6 to \$7 per bushel. They also predicted a 100 million bushel reduction in feed use, and lowered their estimates of 2012 production of pork, beef, broilers and turkeys. They are now forecasting 2012 pork production to be 1.3 percent above this year and 2.1 percent higher than in 2010.

U.S. pork exports during April were up 19.5 percent compared to a year earlier. Pork imports were up 5.8 percent in April. During April the U.S. exported 23.5 percent of our pork production while imports equaled 3.8 percent of production. For the first third of 2011, pork exports are up 19.2 percent and imports are up 2.2 percent. The big growth market thus far in 2011 has been South Korea which has purchased 149.8 million pounds (178.3 percent) more than in January-April 2010. Exports to Japan are up by 61.5 million pound, shipments to Russia up 46 million pounds, exports to China and Hong Kong are up 37.4 million pounds. Feeder pig imports during April were down 11.3 percent from a year earlier. Imports of slaughter hogs were down 18.5 percent.

Cash hog prices were little changed this week.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$88.25/cwt, up 57 cents from last Friday. The Friday morning price report for the western corn belt was \$91.23/cwt. Iowa-Minnesota averaged \$90.93/cwt. The eastern corn belt didn't have enough volume early this morning for a market report. Friday's top live hog price at both Peoria and Zumbrota was \$60/cwt. The top for interior Missouri hogs was \$61.50/cwt, 75 cents lower than the previous Friday.

The pork cutout value rose following two weeks of decline. USDA's Thursday afternoon calculated pork cutout value was \$90.71/cwt, up \$2.24 from the previous Thursday. Loins, hams, and butts were higher, bellies lower. This morning's national average hog carcass price equaled 97.3 percent of the pork cutout value. The long term average is 92 percent.

Hog slaughter totaled 2.000 million head this week, up 14.5 percent from last week's holiday-shortened total, but down 1.5 percent compared to the same week last year. Barrow and gilt carcass weights for the week ending May 28 averaged 202 pounds, down 1 pound from a week earlier, but 1 pound heavier than a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 270.6 pounds, up 0.7 pound from the week before, but down 1.7 pounds compared to the same week last year. This is the second time Iowa-Minnesota weights have been below the year-earlier level since the week ending on September 11, 2010.

The June lean hog futures contract ended the week at \$91.70/cwt, up \$2.48 from the previous Friday. The July contract settled Friday at \$93.22/cwt, up .37 for the week. August hogs settled at \$92.82 and October closed at \$86.75/cwt. Δ

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