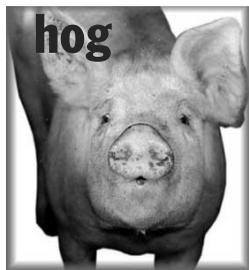


# USDA: China Will Import More Pork This Year



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## outlook

**T**he agreement worked out this week in Europe to try to resolve the Greek financial crisis resulted in a sharp rise in the value of the Euro and a drop in the value of the dollar. That should be good news for U.S. export competitiveness.

The amount of pork in cold storage at the end of September was up 11 percent from the month before and up 16 percent from a year ago. There is a growing correlation between stocks of frozen pork and pork exports. During the first 8 months of 2011 pork exports were up 18.7 percent.

Chinese hog producers are battling several disease problems including food and mouth disease. Chinese pork prices are very high which is boosting their pork imports. USDA is predicting China will import one-third more pork this year than last.

USDA's Thursday afternoon calculated pork cutout value was \$97.02/cwt, down \$2.38 from the previous Thursday. Loins, butts and bellies were lower. Ham prices were higher.

Hog prices dropped this week. The national average negotiated carcass price for direct delivered hogs on the morning report today was \$87.35/cwt, down \$3.72 from last Friday. The Friday morning price report for the western

corn belt was \$87.88/cwt. There were not enough early morning sales in Iowa-Minnesota for a price quote. Eastern corn belt hogs averaged \$87.11 this morning. Friday's top live hog price at Peoria was \$59/cwt. Zumbrota's top was \$61/cwt. The top for interior Missouri live hogs was \$64.50/cwt, down \$1.50 from the previous Friday.

Both pork cutout and hog prices have been remarkably high this fall. The normal season pattern is for a 15 percent drop in pork cutout from early September to late October. This week's hog prices and pork cutout value are both higher than in early September.

Hog slaughter totaled 2.306 million head this week, down 0.7 percent from the week before and down 0.2 percent compared to the same week last year. This is the second consecutive week with hog slaughter below year-ago. The September inventory survey indicated daily hog slaughter should average be up a bit less than 1 percent during the fourth quarter.

Barrow and gilt carcass weights for the week ending October 15 averaged 202 pounds, unchanged from the week before and down 1 pound from a year ago. Iowa-Minnesota live weights for barrows and gilts last week averaged 273.3 pounds, up 1.0 pound from the week before, but down 2.0 pounds compared to last year. Perhaps the strong hog prices this fall have helped keep hog marketings very current.

Today's close for the December lean hog futures contract, \$86.67/cwt, was down \$2.98 from last Friday. The February lean hog futures contract settled at \$89.90/cwt, down \$2.12 from the previous Friday. April lost \$2.50 this week to settle at \$92.25/cwt.  $\Delta$

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