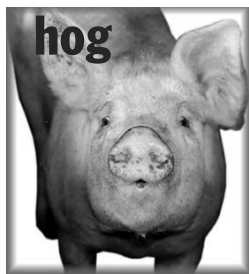


Weak Export Demand Affects Hog Prices



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Agricultural Economists •
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outlook

Today USDA-AMS discontinued their daily pork cutout calculation based on voluntary price reporting. Since April 1 when the mandatory wholesale price reports became available on a timely basis, the number of voluntary reports received by USDA has become too low to continue the series.

Weak export demand is one of the reasons that 2013 hog prices have been disappointing. U.S. pork exports were down 12.7 percent in February compared to a year earlier. Pork imports during February were up 1.1 percent. Exports equaled 22.4 percent of February pork production and imports equaled 3.8 percent of production. Of the top 8 destinations for pork shipments, only Canada bought more U.S. pork during the first two months of 2013 than a year earlier. Why the sharp drop? The stronger dollar is one reason. The trade weighted value of the dollar was 4.5 percent higher in March than a year ago.

Since late in 2001, USDA-FAS has been releasing weekly data on export sales of beef muscle cuts. They are now doing the same for pork. These sales reports are an indicator of what will ultimately be reported in the monthly export data from USDA.

Live hog imports during February were down 8.5 percent with feeder pig imports down 8.8 percent and other hogs down 6.7 percent.

USDA's April WASDE predicted 2013 beef pro-

duction would be down 4.0 percent, but pork production would be up 1.1 percent and both broiler and turkey production would be up 2.4 percent compared to 2012. Total 2013 red meat and poultry production is forecast to be up 0.2 percent compared to last year. In December, USDA was forecasting 2013 meat production would be down 2.6 percent.

Friday morning's pork cutout calculation based on mandatory price reporting was \$80.37/cwt FOB Omaha, up 77 cents from the week before. Butts prices were down

for the week; hams, bellies, and loins were higher.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$75.96/cwt, down \$1.57 from last Friday. The eastern corn belt averaged \$76.07/cwt this morning. Neither the western corn belt nor Iowa-Minnesota had enough early day sales for a morning price report. Peoria had a top live price this morning of \$53.50/cwt. Zumbrota had a live top today of \$54/cwt. The top for interior Missouri live hogs Friday was \$58.50/cwt, up \$2 from the previous Friday. The average hog carcass price is 95.4 percent of the calculated cutout value based on mandatory reporting.

Hog slaughter this week totaled 2.082 million head, down 0.5 percent from the week before, but up 1.4 percent compared to the same week last year. The average barrow and gilt live weight in Iowa-Minnesota last week was 277.2 pounds, up 1.0 pound from a week earlier and up 1.1 pounds from a year ago.

The April lean hog futures contract closed at \$82.22/cwt today, up \$2.20 from the previous week. May hog futures ended the week 47 cents higher at \$87.37/cwt. June hogs settled at \$89.90/cwt and July at \$89.90/cwt. Δ

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