



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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### HOG BUILD-UP SLOW

SUPPLIES OF PORK WILL CONTINUE LOW next year, and hog prices will continue strong and at a profitable level. These would be the major conclusions from the Hog and Pig Report released by the USDA Crop Reporting Board.

The December 1 report indicated that total hogs at 49.6 million were down 10 percent from the previous year. Breeding stock increased 3 percent to 7.6 million head. Market hogs at 42.0 million head were 12 percent below last year.

The December report like the June report covers all states. However, separate summaries are provided so that comparisons might be made with the September report, which covered only the 14 major hog-producing states. In September producers indicated they expected to increase farrowings 6 percent in the December-February quarter. As is typical during a build-up in hog numbers, the latest report indicated a 10-percent increase during this period. But changing the pattern, intentions are for only a 5-percent increase in farrowing in the March-to-May period. It appears that the sharp drop in prices during October curtailed the plans for increases in numbers. In summary, present indications point to a 7-percent larger pig crop in the December-to-May period.

Hogs in the weight classes over 120 pounds will supply the market until well in February. They totaled 14.5 million, a 16-percent reduction from last year. Market hogs of less than 120 pounds totaled 27.4 million, a reduction of 10 percent. These will be the hogs supplying the market until well in the spring.

With these reductions in supply, possibilities appear strong that prices will maintain their current levels or increase slightly until the period of seasonal decline about April. After this spring decline, it appears that increases in supply will not be great enough to prevent a summer rise in prices. In the fall the greatest percentage increase in slaughter will likely be in the third quarter. This timing should help to strengthen prices in the second half of 1976.

The modest 7-percent increase in spring farrowings may bring further changes. First, this could contribute to continued weakness in the corn market. Domestic demand for corn has been weak, and hogs are the major user of corn, using 35 to 37 percent of the corn fed to livestock. With weaker corn prices and continued favorable

prices for hogs, farrowing plans for late spring and summer could be stepped up. More likely would be a larger increase in farrowing the second half of the year.

Supplies of pork at near 54 pounds per person in 1975 were 12 pounds less than in 1974. This will not likely be greatly changed for 1976. Supplies in the first half of the year will continue at low levels and may increase only slightly in the second half. Supplies of competing meats will be increasing this year. Broilers are already up about 10 percent. Cattle on feed are sharply higher. Hogs have been fed to much heavier weights and thus increased the supply of pork. Marketing costs from farm to consumer narrowed as prices moved up, but they have widened as movement slowed and hog prices dropped. As these are adjusted, retail prices may decline and pork movement will increase.

If, as appears likely, demand continues to increase, it seems probable that hog prices for the next year will be about the \$50 level of 1975. Further, the Hog and Pig Report seems to add a more optimistic prospect for hog prices well into 1977. This again will be conditioned by development of the 1976 corn crop.

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