



# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

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## MORE HOGS ON U.S. FARMS

THE SEPTEMBER 1 HOGS AND PIGS REPORT, released on September 22, confirms that U.S. hog producers are continuing to expand the number of hogs being produced. The sows farrowing in the June-August period were reported as up 19 percent over a year ago. On June 1, pork producers said they intended to farrow only 16 percent more sows during the June-August period. Final production usually exceeds intentions during the expansion phase of the hog cycle.

Expansion is also underway for the September-November quarter, with an increase in farrowing intentions of 16 percent. The farrowings planned for December, 1976, through February, 1977, are expected to be up only 9 percent, confirming a leveling off in the rate of expansion in pork production.

The number of market hogs on farms on September 1 is up 18 percent. The greatest increase is in the lighter-weight hogs, those of 120 pounds and under. In this group, the increase is 18 to 19 percent. Market hogs weighing over 180 pounds were reported to be up 16.5 percent over a year ago.

Total commercial slaughter for July was only 3.5 percent above that of a year ago. For August, commercial slaughter is reported as 27 percent higher than a year ago. So far in September, preliminary figures indicate that weekly slaughter figures are 25 to 30 percent over the comparable weeks a year earlier. It will take a few more weeks to see if this higher rate of slaughter can continue, or whether there will be a leveling off.

Cash hog prices have been under considerable pressure in recent weeks. Although the USDA reports for both June and September indicated that hog marketings would increase by about 15 percent in September and October, there was no indication that slaughter would be as high as 25 to 30 percent over a year ago. This rapid buildup in hog slaughter plus large supplies of beef and broilers have contributed to a sharp downward adjustment in hog prices.

In the October-December quarter of 1975, total pork production per person was 13.4 pounds, and the prices of barrows and gilts at seven major markets averaged \$52.20 per hundredweight. In 1973 and 1974, pork output per person in the October-December quarter was 16.2 and 16.6 pounds per person, respectively, with an average price of \$40.96 and \$39.06, respectively. With a projected increase of 20 percent in

marketings during the October-December quarter this year, pork output will reach 16 pounds per person. Relationships from earlier years suggest that hog prices should average above \$40, *other things being equal*.

Yet, seldom, if ever, are "other things equal" in our economic system. This leads to uncertainty in market price projections. Frequently mentioned as factors affecting hog prices this fall are the very rapid increase in hog slaughter and the large supplies of competing broiler meat. Cattle markets have also been depressed by large beef supplies. It takes an adjustment period for the market channels to process and distribute the extra pork and for retail prices to be marked down in supermarkets.

Consumers are the key. At what price will they buy the additional dressed pork now available in retail outlets along with competing meats? The answer to this question will determine whether market hog prices will drop even more, or recover to \$40 later this fall.

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