



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

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FAVORABLE PROSPECTS IN THE HOG BUSINESS

AFTER THE ENCOURAGING HOG PRICES SINCE APRIL, the June 1 Hogs and Pigs report contained further good news for hog producers. The number of hogs on farms--54.1 million--was no greater than a year ago. The 8.6 million head kept for breeding represented a 2-percent increase over last year, while numbers of hogs for market were nearly the same. This report provided some surprise to many people who expected a further increase in numbers in line with the earlier build-up in hog numbers. This probably corroborates what was indicated in the April 1 report--that losses had been high from disease and severe weather during the winter.

WEIGHT OF MARKET HOGS. This report, which covered the entire U.S., indicated that numbers in the heavier weight categories were up slightly. Hogs in the lighter weight brackets, which will be marketed later in the summer and fall, were down slightly. Hogs weighing over 220 pounds totaled 3 percent more than last year. Those hogs have largely been marketed. Hogs weighing from 180 to 219 pounds, which will provide the bulk of the marketing until early July, were up 4 percent. The 120- to 179-pound category was up 5 percent, the largest percentage increase. These hogs will provide the bulk of the marketing from early July until about the middle of August. After that, lighter weight classes total 2 percent less than last year. This would indicate a more normal fall marketing pattern than occurred last year. The percent of slaughter in June and July of 1976, was lower than usual, while slaughter in the later fall was higher. Total commercial slaughter through April this year was 12 percent greater than a year ago. This closely paralleled the December 1 Hog and Pig report, which indicated a 12-percent increase in market hogs.

SOWS FARROWING. Sow farrowings in the winter quarter, December-February, were up 12 percent, reaching 2.8 million. But the March-May farrowings, at 3.3 million, were 1 percent less than last year. The total spring farrowing averaged out for a 5-percent increase in farrowing. However, with the loss in pigs due to weather and disease, litter size was down, resulting in a spring pig crop only 2 percent larger than that of 1976.

On June 1, producers indicated intentions for a 5-percent increase in fall farrowings, June-November. With the current favorable situation, the increase may be greater.

GEOGRAPHICAL CHANGES. There were sizable variations by states in changes in hog numbers. Generally the eastern part of the Corn Belt was down while the states west of the Mississippi were up. Of the major states Indiana registered the greatest reduction with a 14-percent drop in total number of hogs. Ohio was down 10 percent and Illinois was down 9 percent. The largest percentage increase occurred in Kansas with a 14-percent increase, followed by Missouri with 12-percent gain. The largest numerical increase--half a million--occurred in Iowa. This represented a 4-percent increase and brought the total in Iowa up to 14.5 million.

PROSPECTS. With smaller numbers than generally expected, the summer market will likely reflect the strength of a favorable demand and the price level should be about the same as last year. On the basis of the information from this report, hog prices will not drop so low this fall as in 1976. Marketing may be more orderly and demand, due to rising incomes, will be stronger. Further increases in hog production will come in the winter and spring farrowings. Recently the hog-corn ratio, Omaha basis, has been about 19.5 compared to 17.5 last year. It again seems that a drop to unprofitable prices has been delayed until the later part of 1978. In the meantime consumers as well as hog producers will benefit by having large supplies of pork available.

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