



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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EXPANSION IN HOG PRODUCTION LIKELY

THE DECEMBER 1 HOGS AND PIGS REPORT will be released on December 22 and will indicate what hog producers are planning in terms of expanding hog production. The inventory of market hogs will show the potential marketings of hogs for the next six months. The inventory numbers are likely to be up by 10 percent or more, since farrowing intentions for the fall months in the September 1 Hogs and Pigs Report were up by 10 percent over a year ago.

Production plans that will provide the expected marketings for the second half of 1978 will show up in the farrowing intentions. For example, the report will indicate the farrowing intentions by producers for the December-February quarter and also for the March-May quarter. The winter farrowings will provide the hogs to be marketed during the summer months. Pigs from the March-May farrowing intentions will come to market next fall.

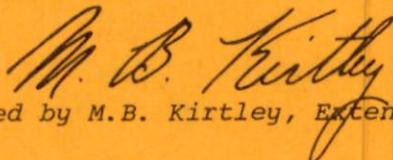
In the September Hogs and Pigs Report, farmers said they intended to farrow 11 percent more hogs in the December-February quarter than they did a year ago. We will want to look at this figure in the December report to see if the farrowing intentions have changed.

Farrowing intentions for the March-May, 1978, quarter will be reported for the first time in the December report. We expect the change in intentions over a year ago to be up by about 12 to 15 percent. An increase of more than 12 to 15 percent will suggest sharply lower hog prices in the fall of 1978 and potential income problems for hog producers. A leveling off in expansion or perhaps an increase in intentions of 10 percent or less will cause only slightly lower hog prices next fall.

Several things influence farmers' plans and intentions. One is the price of corn and feed grains. The average market price of corn was about \$1.60 a bushel until early November; but with an increased export demand and large amounts of corn stored on farms eligible for the loan program, the cash price of corn has recently increased to the \$2 level. This increase in cash corn prices could affect farmers' plans, especially for farrowing intentions during the March-May quarter since sows bred November 10 and after will start farrowing about March 1.

The key items to look for in the new report are the inventory of market hogs, which will indicate hog marketings for the next six months, and the change in farrowing intentions, which will indicate the potential hog marketings for the second half of 1978. We expect an increase of 12 to 15 percent in hog production during 1978, with a greater increase in the last half of the year than in the first six months. The report, to be released on December 22, will give us more definite clues about producers' expansion plans.

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