



# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

March 29, 1978

## HOG HOUSES OF STRAW AND STICKS?

SEVERAL MILLION HOGS AND PIGS ARE MISSING or failed to show up in the March 1 Hogs and Pigs Report, released on March 21. All hogs on farms were up 1 percent from March 1, 1977, in the latest 14-state report covering 85 percent of all hogs produced. Breeding herds were down 1 percent from last year. Hog marketings in the December-February quarter were short of the number estimated on farms as of December 1, 1977.

To reflect the actual slaughter during the past three months, the sow farrowings in September, October, and November (reported as being up 8 percent in the December 1, 1977 report) were "corrected" downward to only a plus 3 percent. Farrowing intentions for the December-February quarter were projected as up 13 percent on December 1, 1977. The final count in the recent three-month period was reported on March 1 as down 1 percent, a net change of 14 percentage points from the earlier report.

Farrowing intentions for the March-May and June-August quarters in 1978 are plus 1 and minus 2 percent, respectively, compared to the same periods in 1977. Overall, the report indicates little or no expansion in hog production during the rest of 1978 and into early 1979.

Many analysts will ask "What happened?", especially since an expansion in pork output of about 10 percent was widely anticipated. During the late summer and fall of 1977, hog profits were positive and have continued at very high levels in 1978. With corn at \$2.25 a bushel, current pork production costs are about \$35 to \$37 per hundred pounds. Market prices have been averaging \$6 to \$12 above production costs. Such profits usually cause expansion; in this case, it didn't happen.

There are several possible explanations: (1) the industry is changing, and confinement producers cannot turn production "on and off" as rapidly as in the past; (2) the "threats" of nitrate bans and withdrawals of anti-bacterials as feed additives by groups within the USDA have cast a dark cloud over the future of the hog industry; (3) the severe winter of 1977-78 has caused extremely high death losses and a reduced rate of gain; (4) reproduction problems during the past six months, especially low conception rates, have been a troublesome problem for pork producers, causing a shortfall in the number of pigs farrowed; (5) disease problems, or the concern about wide-spread diseases such as psuedo-rabies, may have stopped expansion

plans; (6) finally, there is concern that the Hogs and Pigs survey, although usually accurate, may have missed the mark on March 1, 1978, as happened on March 1, 1976, when the survey failed by about 16 percentage points in projecting the 28-percent increase in commercial hog slaughter in the fall quarter of 1976 over 1975.

Regardless of which explanation, or combination, is confirmed as correct, and assuming the March 1 Hogs and Pigs Report to be reasonably accurate, the price outlook for farmers with hogs to sell in 1978 is encouraging. We expect hog prices on a seven-market average to hold well above the mid \$40's for the rest of the year, perhaps even reaching the mid or high \$50's during the summer of 1978.

*Prepared by A.G. Mueller, Extension Specialist in Farm Management*

*T.A. Hieronymus*

*Issued by T.A. Hieronymus, Extension Specialist, Prices and Outlook*

Cooperative Extension Service  
United States Department of Agriculture  
University of Illinois  
At Urbana-Champaign  
Urbana, Illinois 61801

---

Official Business  
Penalty for private use \$300

FIRST CLASS

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF  
AGRICULTURE  
AGR 101

