



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

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FARROWING INTENTIONS INDICATE LARGE HOG SUPPLY

THE LONG-ANTICIPATED INCREASE IN HOG PRODUCTION appears likely to arrive in 1979. Farrowing intentions for the December-May pig crop show an increase of 15 percent over the same period in 1978. The hogs from these sows will be available for slaughter during the second half of 1979 and will put a downward pressure on prices.

Price pressure will not be evenly distributed over the year. The Hogs and Pigs report is issued only twice per year for the whole United States but is issued four times a year for the 14 principal hog-producing states. About 85 percent of the hogs in the United States come from those states. Hence, they are a good indicator for the whole country. Because of the additional frequency, the report on the 14 states is more useful than the semi-annual report for the whole country.

Sow farrowings last June-August were 4.4 percent below the same period in 1977. Hog supplies will remain short, so prices will be high during the first two months of 1979.

On September 1, hog producers indicated that they intended to decrease farrowings in the September-November period by 3 percent. The December 1 report showed an increase in actual farrowings of 3 percent. These hogs will be coming to market during the March-May period. That increase in the pork supply, however, will be more than offset by a decreased beef supply and by inflation, so hog prices may be higher than the average of \$47.55 per hundredweight last spring.

On September 1, farrowing intentions for December-February showed an increase of 3 percent. This figure was raised to 12 percent on December 1. If these farrowings materialize, the summer supply of hogs will be up sharply and prices will average below the \$48 per hundredweight recorded last summer.

Intentions to farrow for March-May totaled 3,322,000 sows in the 14 states, up from 2,865,000 in March-May, 1978, and an increase of 16 percent. Hogs from these sows will come to market next fall, primarily in the September-November period. While the increase is a sharp one from last year, it is not a large absolute number. For the past four years, March-May farrowings have averaged 2,748,000; but for 1969-1974, the average was 3,494,000. The farrowings now anticipated for next spring would only represent a return to the long-term level. Prices may go back down to the pre-1975 range. Adjusted for inflation, that would be about \$45 per hundred in 1979 money.

Much of the downward pressure on hog prices will be offset by reduced beef supplies during the second half of 1979. Hog producers may look at the intentions of others and scale back. The next check point is the Hogs and Pigs report to be issued on March 21.

Another side to the coin is the potential disappearance of corn. Hogs are the biggest consumers of corn. If the hog increase materializes, we will be on the road back to a level of domestic corn use like the one that preceeded 1974 (the short-crop year.) Such a level would balance production and use, stopping the buildup in corn carryover.

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