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# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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## HOG NUMBERS ARE VERY BIG, AND THE EXPANSION CONTINUES

THE FOURTEEN-STATE REPORT ON HOGS AND PIGS, released September 20, confirmed the large spring and summer pig crops and projected a continued and rapid expansion of pork production. At 57 million, the number of all hogs and pigs was up 16 percent from a year ago. Hogs kept for market were up 17 percent (48.8 million) and those kept for breeding were up 10 percent.

The number of pigs farrowed during the March-May period was previously estimated at 25 million. The new report placed the pig crop for June-August at 22.3 million. The total inventory is consistent with the estimates, confirming the size of the pig crops. The very large number of pigs born during the spring and summer will be the market supply of hogs through next February.

The USDA report indicated that 3.110 million sows were farrowed during June-August. When asked last June 1 about farrowing intentions for June-August, producers indicated a total of 3.107 million. They did as they intended, there was no downward adjustment in response to falling hog prices during the summer.

On June 1, producers were asked about farrowing intentions for the September-November period, and they indicated an increase of 14 percent. When asked the same question on September 1, they indicated an increase of 13 percent. If 3.157 million sows are farrowed during September, October, and November, that will be the largest fall farrowing on record.

The most surprising part of the report concerned intentions to farrow during the December-February period, indicating an increase of 10 percent. The total was 2.933 million, up from 2.658 million last year. Last year, a record, was up 16 percent from the year before. The record previous to last year was 2.483 million in December-February 1970-71.

The pork supply for the 12 months ending next August can be projected from the reports on farrowing and farrowing intentions. If those intentions materialize and if the hogs are fed to typical weights, pork production through next August will be 16.6 billion pounds--up 16 percent from the 14.4 billion produced during the year just ended in August, and up 25 percent from production the year before. Production of pork during the next 12 months is likely to set a new record.

Third, gold has no intrinsic value. It has little commercial use. It's value is in the eyes of the beholder. Agricultural commodities derive value from their utility. The only way to gain from owning gold is to sell it to a "bigger fool."

Fourth, the gold market, particularly the cash market, is very "thin," that is, the volume of trading is quite small in comparison to other commodities. Therefore, the market is quite susceptible to speculative pressure. The recent runup in prices has attracted the general public to buying gold. Perhaps the market has found a "bigger fool." The precious metals market for the week of September 24-28 demonstrates many of the characteristics of a "suckers' surge."

What has all this to do with soybeans? Eventually, soybean prices, as well as those of other grains, must face up to the market fundamentals. We have 18 percent more soybeans than a year ago. Projections for the world oilseed crop indicate record production, 11 percent above last year. The burden will be on the prices of soybean meal because of the likelihood of unprofitable hog and poultry prices. We believe the soybean market is offering good selling opportunities now.

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