



WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

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REDUCED HOG PRODUCTION CONFIRMED

THE 14-STATE HOGS AND PIGS REPORT was released on September 23. It confirmed the large pig crop for March-May and the subsequent reduction of 10 percent in hog production indicated in the June report. Weak hog prices probably are immediately ahead, they should be followed by a major rise as we get into the winter months.

As of September 1, 41.1 million hogs were being kept for market, a decrease of 1.8 percent from a year ago. However, the number of market hogs weighing 60 pounds and more was up 3.7 percent from a year ago. These hogs will come to market between now and the end of November, and slaughter may exceed last year's level that put hog prices below \$35 per hundredweight. General inflation and smaller supplies of competing meats may hold the price \$5 or so above those of last fall. The number of heavier market hogs was consistent with the March-May pig crop, estimated at 24.9 million in June. Slaughter this September-November quarter probably will exceed the average of the past 5 years by 22 percent.

The number of sows farrowing from June through August was 2.853 million, down 9.7 percent from the summer of 1979 but still up 9.9 percent from 1978. The number of pigs saved per litter averaged 7.17, equal to the figure for 1979 but below the long-term average of 7.26. The number of sows that farrowed during the summer was about equal to the intentions given on June 1. The extremely hot weather appears to have had less of an effect than generally expected.

The June-August pigs will be market hogs during December-February. At that time, total commercial slaughter may be about 20.8 million, compared to 23.7 million last winter. The number of pigs slaughtered will be moderately above the average for the last 10 years. The reduced pork supply combined with a moderate level of beef production and smaller broiler supplies may put hog prices around \$56 to \$57 per hundredweight (December-February).

Three months ago, hog producers in the 14 states indicated that they intended to cut the farrowings for September-November by 9.1 percent compared to the same quarter in 1979. On September 1, they also said they intended to cut farrowings by 9.1 percent. Adverse weather for corn and soybean production and rising feed costs do not appear to have affected their plans. The pigs from the September-November

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farrowings will be marked next March-May. Slaughter may be down 14 percent from last spring because herd liquidations swelled the number last spring. Slaughter next spring will be up sharply from the winter level, and prices should decrease by \$4 or so.

On September 1, producers intended to have 6.6 percent fewer sows farrow during December-February than the winter before. The average number of pigs saved per litter last winter was unusually large, so the coming pig crop may be down by as much as 9 percent. If this happens, pork production would still be large by historical standards. The projection is for 3.336 billion pounds. Summer production averaged 3 billion pounds from 1972 through 1978.

Many things can, and doubtless will, change between now and next summer. At this time we expect a moderate increase in beef production, stable to slightly rising broiler numbers, a moderate recovery from the recession, and general inflation continuing at 9 percent. If these expectations are correct, hog prices may exceed \$60 per hundredweight by next summer.

T.A. Hieronymus

T.A. Hieronymus, Extension Economist, Prices and Outlook

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

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