



# WEEKLY OUTLOOK

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June 25, 1981

## HOG PRODUCTION REFLECTS INTENTIONS

THE HOGS AND PIGS REPORT, RELEASED ON JUNE 22, CONFIRMED THE DECREASE in production that was indicated in the March report. The strength in hog futures prices following the last report, and the recent increases in cash hog prices, did not affect producers' plans to cut back production because of losses during the past two years. The production level that the report projects is not small compared to the years before 1979; it does not indicate a sustained period of high hog prices.

In the 14 principal hog producing states, all hog and pig inventories were 51.2 million head, down 7 percent from June 1, 1980. For all of the U.S., the total was 59.7 million, down 8 percent. In the 14 states, the number of hogs kept for breeding was 7.1 million, down 10 percent. In all of the U.S., the number of hogs kept for breeding was down 12 percent. Not only is the decrease in hogs down more outside the principal producing states, but the breeding herds in the minor states are down even more. There is a 23 percent reduction in breeding herds outside the 14 states. Hog production is becoming more concentrated in the main states and is probably more concentrated in large-scale operations.

The weight breakdown of hogs kept for market indicates what the market supplies will be during the next several months. Hogs weighing 180 pounds and over on June 1 were down only 5 percent from a year ago; these hogs should have gone to market by this time. The number of hogs in the 60 to 179 pound range was down 9 percent. These hogs should go to market in July and August. The 9 percent reduction is from last summer's small supply that drove hog prices up from \$38.50 on June 23, 1980, to \$50.70 on August 22. In the short run, hog supplies will remain tight.

There were 23.1 million market hogs that were under 60 pounds on June 1, down 8 percent from a year ago. Sows that farrowed in the March to May quarter were down 10 percent. The smaller reduction in pig numbers reflects an unusually large number of pigs saved per litter, 7.52 in 1981

compared to 7.31 in 1980, with a long-term average of 7.33. These light-weight hogs will go to market in the fall. This is a fairly sharp reduction from year-ago levels, however, it indicates a sharp increase in slaughter supplies from summer levels. In the fall, the decrease in pork supplies from a year ago will be partly offset by increased broiler and beef supplies. Total meat supplies will be large in the fall. We can expect prices to be substantially below the summer highs.

Intentions to farrow indicate the long-run supplies. On March 1, hog producers in the 14 principal states said they intended to farrow 2.604 million sows in June through August. On June 1 they raised this intention to 2.639. If these intentions are carried out, there will be a 7 percent reduction from 1980. On June 1, the same producers intended to farrow 2.6 million sows during the September to November quarter, a reduction of 11 percent from 1980. Intentions indicate that the 10 percent cut during the first half of 1981 will be extended to the second half.

If the intentions to farrow materialize, sows farrowing in the 14 states in 1981 will total 10.7 million head, down 9.4 percent from 1980 and down 12.8 percent from 1979. However, the total will be almost equal to those of 1977 and 1978. At the current level of production, hog operations have been profitable in the past. Whether they will be profitable during the year ahead will depend on feed production and prices this year.

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