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College of Agriculture
University of Illinois at Urbana-Champaign

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HOG PRODUCERS INDICATE SHARP REDUCTION IN OUTPUT

THE RESULTS OF THE DECEMBER 1, 1981, SURVEY OF PORK PRODUCERS released December 22 indicated a sharp reduction in the number of hogs that will be coming to market during the next several months and an even larger reduction in the breeding herd that will furnish market hogs during the second half of 1982. The market had anticipated a minor reduction as a result of the losses sustained by producers during the past two years, but the size of the cut was a surprise, and prices rose sharply.

Hog producers were remarkably indecisive during 1981. In the June 1 survey they indicated a sharp cut in response to the low hog prices during the first half of 1981. In the September survey they reversed themselves and indicated only a minor reduction. Because of the indecisiveness shown by producers, the most recent report should be accepted with reservations. The very large corn and soybean crops with their accompanying low prices give us further reason to wonder if hog producers will reduce production as much as they now plan.

All hogs and pigs in the United States on December 1 were estimated at 58.7 million head, down 9 percent from December 1, 1980. The number of hogs kept for market was 50.8 million, down 8 percent, and the number kept for breeding was down 14 percent.

Market hogs of lighter weights were reduced more than those of heavier weights. Market hogs 180 pounds and over were 97 percent of a year ago and should have come to market during December. Market receipts in December were consistent with the survey estimate. Market hogs, 60 to 179 pounds, which were 93.6 percent of the year before, will furnish the market during January and February. Market hogs under 60 pounds were only 88 percent of the year before, a figure indicative of the number coming to market in the spring.

Producers indicated intentions to farrow 5.76 million sows during the December-May period. An average number of pigs sowed per litter would produce a spring pig crop of 41.5 million, down 12.8 percent from spring, 1981. The crop size is indicative of a major reduction in slaughter during June-November, 1982.

Changes in inventory varied greatly according to the state. The inventory was up 5 percent in Nebraska, up 1 percent in Iowa, and down only 2 percent in Illinois. These states had large corn crops in 1981. Indiana, which had a relatively poor corn crop, had 11 percent fewer hogs. Georgia and North Carolina had reductions of 34 and 20 percent because rising transportation costs have made feed relatively expensive in those states. Inventories in Missouri and Kentucky were down 15 percent. These states are important in feeder pig production, and the reduction reflects low profitability. The hog industry, therefore, is shifting from these states and reconcentrating in the corn belt.

The Hogs and Pigs report strongly indicates substantially higher hog prices during 1982. Whether or not they materialize will depend first on whether producers stick with current plans and actually make the cuts indicated. Second, it will depend on the strength of consumer demand for meat as a whole. Consumers have not been aggressive purchasers of meat during 1981, given their incomes and the supplies of meat. Whether they regain their enthusiasm for meat in 1982 will depend on general economic conditions.

Prepared by Thomas Hieronymus, Professor Emeritus of Agricultural Economics

Darrel Good

Issued by *Darrel Good,* Extension Specialist, Prices and Outlook

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