



WEEKLY OUTLOOK

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HOG INVENTORIES UP, FARROWINGS TO INCREASE

INVENTORIES OF HOGS AND PIGS IN THE UNITED STATES continued to expand in June, following an initial upturn in March. According to the quarterly USDA *Hogs and Pigs* report of June 22, the total number of animals in all states stood at 57.45 million, or about 11 percent more than on farm last June 1. Inventories of hogs may continue to grow, as producers have increased the size of their breeding herds to almost 8.1 million, 9 percent more than a year ago. An 11 percent increase in the number of hogs kept for market, which now totals over 49.3 million, clearly indicates that slaughter and pork production will be significantly above that of the same period in 1982, at least in the last half of this year.

Over the next six months, hog slaughter will increase at an accelerated rate based on the reported distribution of hogs and pigs by weight groups. Hogs over 180 pounds totalled only 5 percent more than a year ago, those weighing 120-179 pounds totalled 7 percent more, those weighing 60-119 pounds were 9 percent greater, and those weighing under 60 pounds were 15 percent greater. The latter figure resulted from a 15 percent increase in farrowings and a record number of pigs saved per litter (7.61) in the March-May period.

The inventory buildup is going to continue into the fall, as U.S. farmers intend to farrow 9 percent more sows in the period from June through November as compared with a year ago. The report's ten-state figures suggest that there will be a 10 percent increase in the June-August quarter, followed by an 8 percent increase in the September-November quarter.

It is interesting to note that the largest percentage increases in the number of hogs occurred in Minnesota (18 percent), Missouri (17 percent), North Carolina (16 percent), and Nebraska (13 percent). In contrast, Iowa and Illinois, the nation's number one and two producers of hogs, had increases of only 7 and 6 percent, respectively. The differing rates of increase are partially attributable to the fact that Illinois and Iowa producers did not cut back as much as other producers in the prior inventory contraction. Low corn prices early in the year, particularly in Minnesota and Nebraska, may have also contributed to the rapid expansion.

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Inventory figures for Illinois suggest that farmers in the state may be farsighted as well. Illinois producers have expanded their breeding herd by just over 1 percent, far below most others, apparently as a result of the expected expansion and resulting low prices.

The figures in the report clearly imply that hog prices will remain well below those of last year. They further suggest that the prices will begin falling from their present level in six to eight weeks. In the meantime, a brief rally in cash hog prices may be realized as daily hog slaughter is running very close to last year's low levels. Producers should not be misled if this occurs, however, because lower and mostly unprofitable prices will be incurred in the fall.



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