



WEEKLY OUTLOOK

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

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HOGS AND PIGS REPORT SHOWS A MODERATE REDUCTION

THE USDA'S 10-STATE HOGS AND PIGS REPORT RELEASED DECEMBER 22, 1983, showed an increase in the number of hogs and pigs kept for market and a decrease in the breeding herd and intentions to farrow. Hog producers are making a moderate cut in production in response to the high feed costs and low hog prices that prevailed during the fall.

The total number of hogs and pigs was 43,430,000, up 2 percent from a year ago. The number kept for market was 37,825,000, up 3 percent. Of the market hogs, 5,897,000 were 180 pounds and over, an increase of 11 percent. The hogs weighing 60 to 179 pounds totaled 17,372,000, up 4 percent, and there were 14,556,000 under 60 pounds, a one percent decrease from a year ago. As the year proceeds, we should expect pork production to decrease from year-ago levels.

There were 2,370,000 sows farrowed during the September to November period, 4 percent less than intentions as expressed on September 1. Farrowings were still up one percent from the same period in 1982. The September-November pig crop was 17,611,000, about equal to last year's figure.

Intentions to farrow during December-February were 2,025,000, down 2 percent from September 1 intentions and down 3 percent from last December-February farrowings.

Intentions to farrow in the 10 principal states during March-May were 2,535,000, down 8 percent from last year but up 6 percent from 1982. On a national scale, intentions to farrow during March-May were down 5 percent, which may be a better indication of what actually happens.

The number of market hogs in the 60-179 pound bracket is a fairly good indication of January-March pork production. It indicates an increase of 2.6 percent from the first quarter of 1983. The September-November pig crop is a fair indication of second quarter pork production and shows essentially the same level as 1983. Intentions to farrow in December-February and March-May are tentative indicators of pork production in the summer and fall. They indicate that July-September production will be 6 percent below last summer's production and October-December production will be 11 percent below 1983. Last year, producers materially changed their December intentions so that actual pork production in the

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second half of the year exceeded the projections made last December by 18 percent. The next indication of subsequent production will be released March 20.

We are projecting beef production to be moderately below last year's production, broiler production moderately above, and economic expansion to continue through 1984. Based on these factors and the projected pork production, we expect hog prices in the \$50 to \$55 range during the first half of the year and the \$55 to \$60 range in the second half.

If all of the pork production projections work out, the October 1983-September 1984 pork production will be 3 percent above that of the 1983-84 feed crop year. Nothing has happened in the hog situation to materially cut feed demand through next summer. The *Hogs and Pigs* report is constructive for corn and soybean meal prices.

Written by *Thomas A. Hieronymus*, Professor Emeritus, 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

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