



WEEKLY OUTLOOK

Department of Agricultural Economics
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HOGS AND PIGS REPORT SHOWS SMALLER DECREASE THAN LAST REPORT

THE HOGS AND PIGS REPORT ISSUED ON SEPTEMBER 20 indicates sharply smaller supplies of pork than during the past 12 months but slightly larger supplies than indicated by the June 1 survey. Hog prices should exceed year-ago levels for the next 12 months and will probably move up from current depressed prices during the fall quarter.

The inventory of all hogs and pigs in the 10 most important states was 42.8 million head, down seven percent from September 1, 1983, but up three percent from September 1, 1982. The number kept for market was down seven percent, and the number kept for breeding was down five percent. On June 1 the number kept for breeding was down eight percent so that the decrease in numbers is turning but slowly.

The number of hogs and pigs 180 pounds and over was down by six percent. These hogs should have gone to market by this time. Market hogs in the 60- to 179-pound range will furnish the bulk of the supply during the October-December quarter. This total was down eight percent from last year. However, the decrease in pork production may be greater than eight percent. Last year was one of decreasing numbers so that the fall quarter slaughter was unusually large in relation to the September 1 inventory. On the basis of the average relationship between 60- to 179-pound hog numbers on September 1 and the October-December commercial slaughter, we should expect a fall quarter slaughter eleven percent below last year but four percent above the fall quarter of 1982. The average price of barrows and gilts at Omaha was \$42.90 during October-December, 1983, and \$54.26 in 1982.

The number of market hogs weighing 60 pounds and less was 14.9 million head, down six percent from a year ago. This number can be used as an indicator of slaughter during the January-March quarter. Last January-March the average price of hogs was \$47.98. The number of sows farrowing during June-August was 2,225,000, down seven percent from the summer of 1983. The number of pigs saved per sow was 7.60, a record, as compared with 7.36 last year. Thus the summer pig crop was down by only four percent. The number of sows actually farrowing during the summer was six percent greater than intentions of producers

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as they stated them on March 1 and one percent greater than intentions as indicated on June 1. Intentions to farrow during September-November were down five percent from last year but up three percent from intentions as stated on June 1. Intentions to farrow during next December-February show a decrease of only one percent from last year. The number, however, is down nine percent from the same period of 1982-83. Actual farrowings and intentions to farrow indicate that hog producers are continuing to cut production below the levels of 1983 and the first half of 1984 but intend to stabilize the breeding herd near its current size. This would stabilize pork production in 1985 near 1982 levels.

The production of pork during the July-September quarter has been about four percent larger than the inventory of hogs indicated on June 1. In addition beef production has been substantially larger than anticipated. These two factors have forced hog prices down. If pork production during the fall quarter is the size indicated by the September 1 inventory, and if beef production decreases as expected, hog prices may be near their seasonal low and move to substantially higher levels by December.

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