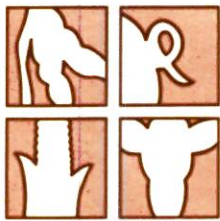




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

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

March 27, 1985

HOG INVENTORIES INDICATE CONTINUED LOW LEVEL OF PRODUCTION

THE *HOGS AND PIGS REPORT* ISSUED MARCH 22 showed inventories slightly smaller than a year ago and intentions to hold production at or slightly below the levels of the past year. On the face of it the report indicates rising hog prices into the summer and moderately higher prices for the year ahead. However, large supplies of poultry and lagging consumer demand for red meat cast doubt on the chances of major hog price increases.

The report showed a total of 39.5 million head of hogs in the ten principal producing states, down 1.3 percent from a year ago, down 6.4 percent from March 1, 1983, and down 2.8 percent from March 1, 1982. The last bull market in hog prices was in 1982. The number kept for market was down 0.9 percent from last year, down 5.3 percent from March 1, 1983, and down 2.2 percent from 1982. The breeding herd totaled 5,215,000, which was the smallest March 1 breeding herd on record. The size of the breeding herd is not indicative of production in the future because of improvements in swine reproduction.

The number of market hogs over 180 pounds was down 1.8 percent. These hogs should have been marketed by now and they account for the recent decrease in hog slaughter from a year ago.

Market hogs in the 60 to 179 pound groups totaled 16.0 million compared to 16.3 million a year ago. The number of these hogs is indicative of the April-June slaughter and suggests pork production 1.9 percent below last year but 2 percent above the January-March quarter. We are probably past the spring slaughter peak and headed toward lower market supplies into summer. This decrease in supplies should lend some strength to hog prices from now on.

The number of market hogs under 60 pounds totaled 12.6 million, up 1.0 percent from last year. The December-February pig crop was estimated at 14.5 million, up 1.7 percent from last year. These two factors are indicative of July-September pork production. We should expect 2 percent more pork supplies this summer than last, 6 percent less than in 1983, but 6 percent more than in 1982. Pork supplies will be moderately abundant this summer. In addition, supplies of broilers may be as much as 6 percent above last year and 13 percent above the summer of 1982. Broiler production will probably exceed pork production this

STATE • COUNTY • LOCAL GROUPS • U.S. DEPARTMENT OF AGRICULTURE COOPERATING

THE ILLINOIS COOPERATIVE EXTENSION SERVICE PROVIDES EQUAL OPPORTUNITIES IN PROGRAMS AND EMPLOYMENT.

coming summer. Pork and competing meat supplies suggest that hog prices will do well if they equal last summer's level of \$52.

Hog producers indicated intentions to farrow 2,366,000 sows during the March-May quarter, just about equal to the 2,353,000 indicated on December 1 and a decrease of 4.6 percent from last spring. If these intentions materialize and the number of pigs saved per litter equals the average of the past three years, pork production during the October-December quarter might be 5 percent below last fall and prices might average in excess of \$50. However, in the past there have been significant changes from March 1 intentions. For example, in 1983 the actual farrowings were 7.7 percent above March 1 intentions. In March 1983 hog prices were about \$23.50 above feed costs and in March 1985 prices are about \$22.00 above feed costs. The current hog prices and feed costs relationship is not particularly profitable, but selling corn through hogs yields a higher return than the cash corn market. The spring pig crop may turn out to be significantly above intentions.

In summary, hog production appears to have stabilized at a moderate level. This stability in the face of abundant feed supplies is in response to increasing competition from broilers and changes in consumer preferences among kinds of meat. The thrust of the *Hogs and Pigs* report is that when forward prices for hogs offer even modest profits, they should be taken.

Written by T.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

Official Business
Penalty for private use, \$300

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

