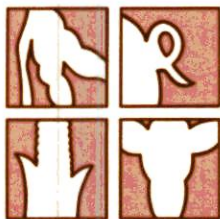




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

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

April 8, 1987

HOG REPORT SHOWS EXPANSION IN 1987

The USDA released the March 1 *Hog and Pig Report* on March 31. The report indicated a larger than expected inventory and breeding herd, winter pig crop, and expansion in farrowings over the next six months. This report shows that expansion will be larger than indicated in previous reports. As the market had anticipated most of this expansion, live hog futures prices did not change much after the report. Our hog price projections show a drop in hog prices to the low \$40s during the spring quarter, a further decline to around \$40 in the summer quarter, and a modest seasonal recovery to the low \$40s in the fall quarter.

There were a total of 39.2 million hogs in the 10 principal producing states on March 1, 1987. This total was 3 percent higher than one year ago. The breeding herd of 5.2 million head expanded 6 percent over a year ago, and the 34.0 million market hogs were up 2 percent. Market hogs over 60 pounds were up only slightly, while hogs under 60 pounds were up 5 percent.

The increase in lighter hogs was due to the expansion in the winter pig crop. A total of almost 2.0 million sows farrowed from December 1986 through February 1987, an increase of 5 percent over last winter. Pigs per litter continue to rise by about 1 percent in every report and rose to 7.74 percent last winter. The winter pig crop was 15.2 million head, up 6 percent from last year. The December 1 report had indicated that winter farrowings would be equal to last year, but the actual expansion was much greater.

Intentions to farrow for the next six months show considerable expansion. Producers stated that they intend to farrow 2.3 million sows during March to May of 1987, a rise of 7 percent from last year. This is an upward revision from the December 1 report which indicated only 2 percent expansion. The first stated intentions for June to August are to farrow 2.2 million sows, which would be an increase of 8 percent over last year.

During the first three months of 1987, hog slaughter was 4 percent lower than last year, but pork production was only about 3 percent lower for the same period. Dressed weights reached a record high of 178 pounds per hog during early 1987, and cheap feed is likely to contribute to continued high slaughter weights. Live hog prices have remained strong at around \$48 per hundredweight during the first quarter of 1987.

Projections based on the March 1 report indicate that pork production will be slightly lower than last year during the second quarter of 1987. Expanded farrowings will result in pork production being 5 to 9 percent above last year's levels during the last half of 1987 and the first quarter of 1988.

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These same production projections lead to average price projections of \$42 for spring 1987, \$40 for summer 1987, \$43 for fall 1987, and \$37 for winter 1988. Currently, nearby futures prices are somewhat higher than projected and may offer good pricing opportunities for the spring and summer.

Laurian J. Unnevehr

**Issued by
Laurian Unnevehr
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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