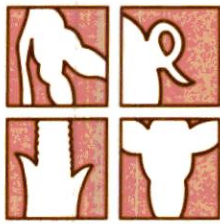




Cooperative  
Extension Service  
University of Illinois  
at Urbana-Champaign



# WEEKLY OUTLOOK

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

April 12, 1989

## HOG REPORT SHOWS SLIGHTLY MORE INVENTORY THAN EXPECTED

The USDA released the *Hogs and Pigs* report on March 31. The March 1 ten-state inventory was equal to last year's inventory. The recent winter pig crop was down only 1 percent, but intentions to farrow during the next six months are down 4 to 5 percent. These numbers indicate that a few more hogs than expected will come to market during the next six months, but the overall pork supply in 1989 will be substantially lower than in 1988. Live hog prices should recover seasonally during the spring quarter to the mid \$40s, remain there through the summer, fall to around \$40 again in late 1989, and recover in early 1990. Futures prices fell in response to the report and are now very close to our price projections.

The total inventory of hogs in the 10 states on March 1 was 41.3 million, just slightly below last year's inventory. Market hogs were also close to last year's total, but the breeding herd was down 3 percent. Market hogs weighing between 60 and 180 pounds were up 1 percent. These heavy market hogs indicate slightly more supply during spring 1989 than was previously estimated on the basis of the fall pig crop.

The recent December-February pig crop was 1 percent below last year's crop. Farrowings were slightly fewer than the number of intentions to farrow stated in December, but the number of pigs saved per litter was slightly higher than last year. Intentions to farrow during the spring and summer months are down 4 to 5 percent, which continues the trend toward lower supply. Although still a small portion of total U.S. supply, there is considerable expansion outside the 10 states, and spring farrowings for the U.S. will be down only 3 percent. Supply in late 1989 will thus be a little higher than the 10-state report indicates.

Hog slaughter and pork supply during early 1989 were up 3 percent from last year. Live hog prices averaged \$41 during the first three months of this year, well under the \$45 average for 1988. Despite the fact that this recent report showed a little more inventory than expected, pork supply will be below 1988 levels during the remainder of 1989. Pork supply during the next six months should be 2 percent below last year, based on projections from existing inventory. If producers hold to their intentions to farrow fewer pigs during the next six months, then supply in late 1989 and early 1990 will be down 4 percent.

These supply estimates lead to live hog price estimates in the mid \$40s for the next six months and prices around \$40 during late 1989. Current cash prices are very low, but prices should recover this spring. Futures prices declined in response to this report and are now at levels close to our price projections. Futures prices in excess of \$42 for the summer months and those in excess of \$40 for the fall months offer reasonable pricing opportunities for those who did not price before the report.

*Laurian J. Unnevehr*

Issued by Laurian J. 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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