

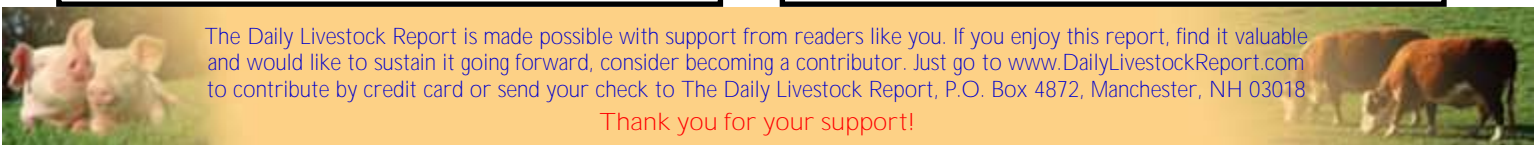
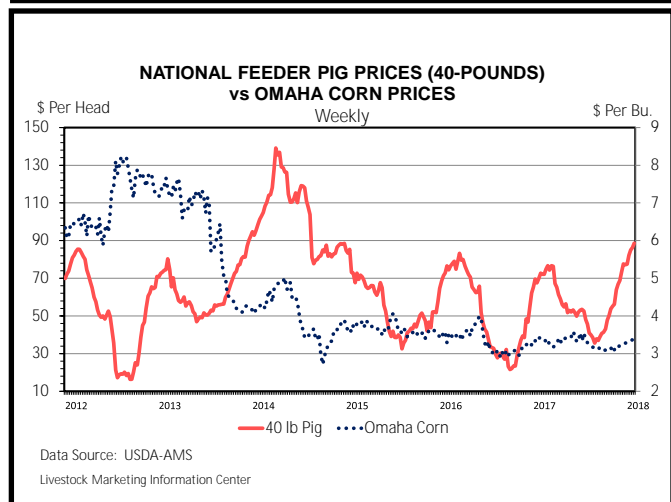
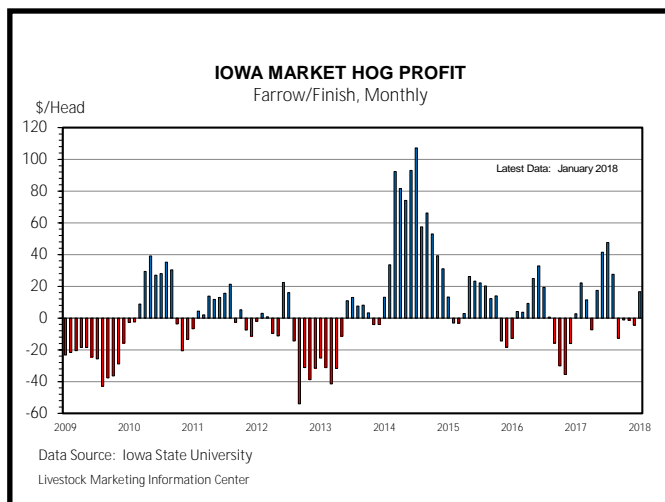
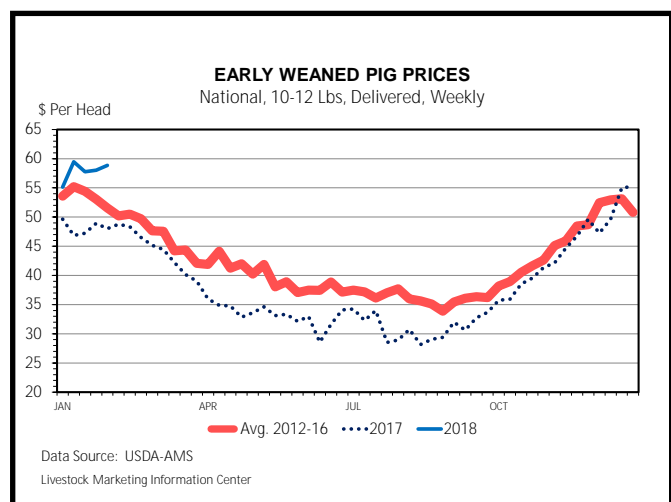
The Iowa State University (by Dr. Lee Schulz) monthly farrow-to-finish hog profitability estimates are shown graphically below (the link is [here](#)). January's profit was positive, coming in at \$16.56 finished hog sold. That number included a manure credit of \$2.85 per head. A year ago, the profit was \$2.76 per head. In January 2018, the finished hog price (live weight) was \$51.77 per cwt., well above a year earlier (\$46.01 per cwt.). Feed costs per head sold were down slightly year-over-year (\$70.43 in January 2018 versus \$71.88 in 2017).

Lean Hog futures market prices have been above a year ago during the first six weeks of 2018. For example, for the August contract, the daily closing prices this year ranged between \$79.97 per cwt. and \$84.72, while during the same timeframe last year the range was between \$75.43 and \$78.75.

Futures prices have contributed to producer optimism this year. One indication has been the price that finishing operations are paying for feeder animals. Transactions of many feeder pigs are done using formula prices. USDA's Agricultural Marketing Service (Market News Division) compiles detailed cash market prices, states like Iowa have many farms that grow-out feeder pigs born elsewhere (e.g., North Carolina, Canada). Lightweight feeder pigs are sold weighing 10-to 12-pounds, and heavy animals are about 40 pounds. In recent weeks, the Federally Inspected live weight of harvest-ready barrows and gilts has been around 286-pounds.

Seasonality (within the calendar year) of feeder pig prices is dramatic and largely reflects the expected value for the animal

when it reaches slaughter weight. Prices of slaughter hogs are lowest in the fourth quarter and highest in the late spring and early summer months. As shown in the two graphs below, so far this year (data through the week ending February 3rd) light pig prices are well above 2017's and over the prior 5-year average (2012-2016). Weekly average prices for pigs weighing 40 pounds were the highest since mid-August 2014 when prices skyrocketed due to death losses caused by PED virus. Recently, corn prices have been similar to a year ago or a little higher, so the bidding-up of 40-pound pig prices to \$88.61 from \$69.78 per head a year ago is all about optimism regarding expected slaughter animal prices.



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