

Daily Livestock Report

Vol. 8, No. 7/ January 12, 2010

A supply variable that turned out to be a negative for hog prices in 2009 was average slaughter weight. That average slaughter weights for hogs were higher than one year earlier was not terribly newsworthy. Weights have moved upward very steadily for over 50 years with the only slowing of the growth rate being tied to feed price increases in the early '70s and mid '90s — at least before the ethanol era came along.

The surprise about weights in 2009 was the magnitude of the increase and the fact that they grew so sharply in the presence of very high feed costs. Last summer's weights which dipped below 200 pounds in only 1 week were a testament to the value of cool summer temperatures. So do the ultra-cold temperatures we have seen in recent weeks explain the drop in weights since mid-December? They may be contributing but there are other factors as well.

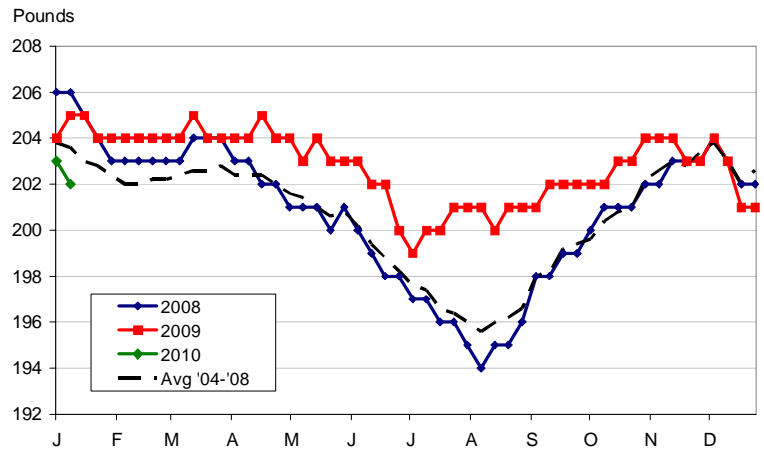
First a bit about pig's anatomy and modern pig production systems and the implications of both for optimal thermal conditions. The first thing everyone should know about pigs is that they do not sweat. That's right. All of those accusations that you "sweat like a pig" were obviously from a person who knows little about pigs! Pigs can lose moistures from their noses but heat is primarily dissipated by panting — just as it is in dogs. So, high temperatures are tough on pigs. They tend to lay on their sides and try to keep cool. They eat less and thus grow slower, thus driving that normal 6 to 8-lb. decline in average slaughter weights from April to August.

A second point about pig temperatures is that cold weather has far less impact on pigs than they do on cattle. The reason is dramatically different production systems. As can be seen in the middle row of the table at right (taken from the 2007 Pork Industry Structure study conducted by Iowa State and the University of Missouri), even the smallest producers raise a majority of their hogs indoors. And over 90% of the pigs raised by firms that market 10,000 head/year or more are raised indoors. While bitter cold may have had some impact, it was negligible for these pigs who enjoyed optimal temperatures and humidity levels even in recent blizzards.

While those buildings protect pigs from the cold quite well, the performance of pigs fed indoors is still influenced by high summer temperatures. The buildings are NOT air conditioned but depend on evaporative cooling by using misters to wet the pigs' skins. Evaporative systems work but they are far from perfect in climates with moderate to high humidity — as is present in much of the Corn Belt and in North Carolina on most summer days. So, indoor feeding is not nearly as big of an advantage in the summer as it is in the winter when pigs are clearly better off!

So, we believe cool summer temperatures were the main driver of last summer's high weights. It is unlikely that we could see another record-cool summer this year so it is likely that summer weights will be lower. We also think that there is another important factor contributing to current lower weights: poor corn quality. The eastern Corn Belt has a significant proportion of corn and DDGS that have mold and toxin problems. High doses are avoided but low doses could be contributing to slower performance. Test weights (a measure of the density of the grain) are low for most corn this year, suggesting less dense starch and lower energy content. Lower energy content means slower weight gains. The mid-December drop in weights coincides reasonably well, we think, with the time at which the entire U.S. herd was finally eating new crop, lower-energy corn.

FI CARCASS WEIGHTS, HOGS



Production Information 2006 (average of percentages reported by firms in size group)

Percent of the firm's --	Firm Size (thousand head mkted.)					
	1-3	3-5	5-10	10-50	50-500	500+
feed is self-prepared	74%	70%	61%	60%	25%	63%
replacement gilts are purchased	21	25	28	35	70	16
hogs are raised indoors	64	85	88	92	99	100
feeding is split sex	20	43	49	62	74	71
facilities are wean-finish	16	14	14	20	44	31
grain raised by own firm	74	79	72	58	55	2

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