

Daily Livestock Report

Vol. 8, No. 69/ April 13, 2010

Last week's federally-inspected (FI) hog slaughter total of 2.012 million head was an unusually low weekly total even for an Easter week. The reduction was set up by a very low Monday total of 281,000 head, nearly 150,000 fewer than one week earlier. That is not unusual for the Monday after Easter because several pork packing plants are usually closed on that day, primarily due to contractual agreements with labor. The day that really made the weekly shortfall, however, was Saturday when pork plants handled only 85,000 head. That compares to 135,000 head on the Saturday following Easter last year. Readers should note that Easter was one week later last year — but also note that that weekly total hardly looked out of place relative to the weeks before and after.

Last week's dramatic decline just adds one more variable to trying to judge the real status of hog supplies. USDA's March Hogs and Pigs report indicated that hog supplies would be significantly lower than earlier expected based on the December report. It also revised middle-weight December 1 inventories to agree more closely with January and February's surprisingly low slaughter totals. But the jury is still out on whether those hogs were never actually there or whether they were simply very slow in reaching market weight.

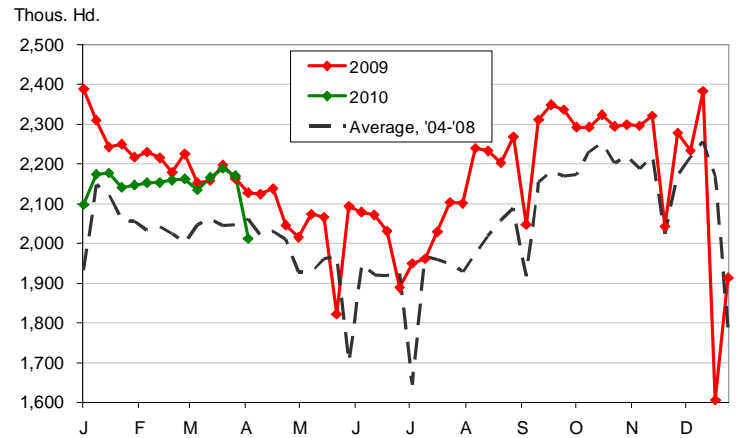
Recall that the performance issues for the pork industry first became apparent in December when market weights dropped sharply. Reports of widespread quality problems with the 2010 corn crop included molds, associated toxins and low test weights which were linked to sub-par energy and protein content. When producers began marketing pigs that had eaten a large quantity of 2010-crop corn in December, many were quite surprised at how light the pigs were. It should be noted that high prices for fat, which is added to hog and poultry diets to increase energy content, had resulted in the exclusion of fat from most hog diets last fall. When corn with lower-than-expected energy levels went into those diets, there simply was not enough energy to support efficient and rapid weight gains.

We have talked to a number of pork producers who indicate that they are 10 to 20 days behind their normal marketing schedules. Those delays square with the low slaughter runs in January and February and, now, with slaughter weights that are finally back to year-ago levels — a move driven by lower feed costs and higher hog prices. Producers now stand to gain from adding weight to pigs if they can, in fact, get them to grow.

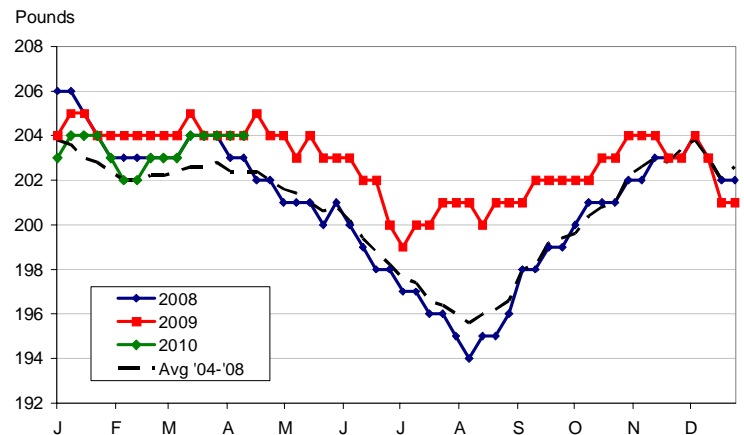
One development that is making these delayed marketings possible is the availability of finishing buildings in many hog producing areas. Generally lower hog numbers and the reduction of feeder and weaned pig imports from Canada has left some finishing buildings open. If pigs are growing slowly, producers can allow them to stay in finishing buildings one or two more weeks and secure additional space for one or two weeks' worth of weaned pigs coming out of sow units. In fact, that course of action is probably less costly than trying to boost average daily gains by increasing energy levels by adding still-expensive fat.

Bottom line: Hogs are still late in coming to market but may be catching up. Slaughter totals were roughly equal to last year's levels in 5 of the 7 weeks just before Easter — a time when the March report said slaughter should have been 1% lower.

U.S. FI HOG SLAUGHTER, WEEKLY



FI CARCASS WEIGHTS, HOGS



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PRODUCTION AND PRICE SUMMARY

		Week Ending 4/3/2010							
Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change	
C	FI Slaughter	Thou. Head	637	615	3.58%	618	3.05%	8,275	1.1%
A	FI Beef Cow Slaughter	Thou. Head	62.4	65.6	-4.97%	57.0	9.38%	802	8.9%
T	Avg. Live Weight	Lbs.	1271	1278	-0.55%	1297	-2.00%	1,285	-1.9%
T	Avg. Dressed Weight	Lbs.	765	767	-0.26%	787	-2.80%	771	-2.3%
L	Beef Production	Million Lbs.	485.6	469.6	3.41%	477.7	1.65%	6,353	-1.3%
E	Live Fed Steer	\$/cwt live wt.	96.24	95.95	0.30%	84.73	13.60%		
	Dressed Steer	\$/cwt carcass	155.77	152.14	2.40%	134.61	15.70%		
	OKC Feeder Steer	600-700 Lbs.	115.90	115.07	0.72%	102.59	12.98%		
	Beef Cutout	600-750 Choice	163.47	161.73	1.10%	135.20	20.90%		
	Hide/Offal	\$/cwt live wt.	10.22	10.20	0.20%	5.85	74.70%		
H	FI Slaughter	Thou. Head	2179	2188	-0.41%	2163	0.75%	28,271	-4.4%
O	FI Sow Slaughter	Thou. Head	61.4	61.6	-0.44%	61.4	-0.05%	699	-3.1%
G	Avg. Dressed Weight	Lbs.	204	203	0.49%	204	0.00%	203	-0.5%
S	Pork Production	Million Lbs.	443.7	444.8	-0.25%	441.5	0.50%	5,743	-4.9%
	Iowa-S. Minn. Direct	Avg.	69.03	67.23	2.70%	57.03	21.00%		
	Natl. Base Carcass Price	Weighted Avg.	66.75	67.25	-0.70%	57.68	15.70%		
	Natl. Net Carcass Price	Weighted Avg.	69.12	69.64	-0.70%	59.88	15.40%		
	Pork Cutout	185 Lbs.	73.25	72.39	1.20%	56.49	29.70%		
C	Young Chicken Slaughter*	Million Head	157.87	159.74	-1.17%	155.52	1.51%	1,904	2.3%
H	Avg. Weight	Lbs.	5.54	5.58	-0.72%	5.50	0.73%	5.6	1.2%
I	Chicken Production	Million Lbs.	874.58	891.35	-1.88%	855.36	2.25%	7,877	3.6%
C	Eggs Set	Million	205.33	207.77	-1.18%	199.82	2.76%	2,659	1.1%
K	Chicks Placed	Million Head	169.18	170.02	-0.49%	167.01	1.30%	2,175	-0.1%
E	12-City Broiler	Composite	85.28	85.77	-0.60%	75.80	12.50%		
N	Georgia Dock Broiler	2.5-3 Lbs.	84.26	83.98	0.30%	84.64	-0.40%		
T	Young Turkey Slaughter*	Million Head	4.32	4.45	-2.85%	4.46	-3.05%	52.1	-4.3%
U	Avg. Weight	Lbs.	30.01	29.41	2.04%	29.35	2.25%	30.0	0.8%
R	Turkey Production	Million Lbs.	129.8	130.9	-0.87%	130.9	-0.87%	1,251	-3.6%
K	Eastern Region Hen	8-16 Lbs.	82.90	83.00	-0.10%	77.07	7.60%		
F	Corn, Omaha	\$ per Bushel	3.34	3.45	-3.19%	3.91	-14.60%		
E	DDGS, Minnesota	\$ per ton	89.00	89.00	0.00%	120.00	-15.80%		
E	Wheat, Kansas City	\$ per Bushel	4.03	4.11	-1.95%	5.62	-28.29%		
D	Soybeans, S. Iowa	\$ per Bushel	9.43	9.38	0.53%	9.88	-4.60%		
	SB Meal, 48% Central Illinois	\$ per Ton	276.40	278.40	-0.72%	304.90	-9.30%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this table. Cow & sow slaughter are for 2 weeks earlier

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