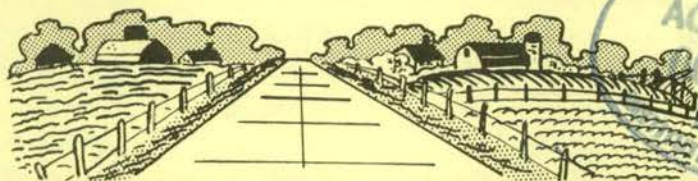


*Misc*  
*for*  
**Minnesota Farmers**

**HOGS**



AGRICULTURAL EXTENSION SERVICE • UNIVERSITY OF MINNESOTA • INSTITUTE OF AGRICULTURE

**AT A GLANCE:** Hog farrowings are expected to increase moderately during the 1961 fall season and 1962 spring farrowing period. Hog profit prospects through next summer look reasonably good and unless 1962 spring farrowings increase more than is expected, prospects should rank fair to good for the last half of 1962.

**SITUATION**

United States hog production is increasing moderately. The current hog numbers cycle turned upward in the late fall quarter of 1960 and the increase continued in the spring period (Dec-May) of 1961. The 1961 spring pig crop totaled 50.5 million head, 7% larger than in 1960. Currently, a 1961 fall pig crop of about 42.7 million head is expected which will mean 4% more fall pigs than last year. If these plans are fulfilled, the total 1961 pig crop will be only 6% larger than in 1960.

Table 1. Federally Inspected Hog Slaughter by Quarters.

Period	1960 (000)	1961 (000)	1961 as % of 1960
Jan-March	18,474	16,932	- 8.4
April - June	16,140	15,739	- 2.5
July-Sept	14,672	15,000*	+ 2 to 3
Oct-Dec	16,867	18,000*	+ 7 to 9

\* Estimated.

The hog marketing situation during the first half of 1961 was favorable. Federally inspected slaughter during the first half of the year was below 1960 levels. The last half of the year will see hog slaughter above a year ago ranging from 4% in early fall to 10% by late fall. However, total slaughter for 1961 will likely be almost the same as in 1960.

Pork will meet more competition this fall from other meats. Beef production will be up moderately, with poultry meats showing substantial gains over one year ago. Much smaller cold storage holdings of pork should tend to offset this price pressure some. However, most of the expected change in hog prices this fall will be the result of supply changes.

**OUTLOOK**

Outlook for Late 1961

Barrow and gilt prices during the first seven months of 1961 averaged about \$17.25/cwt. on eight major markets, and were relatively stable. Prices will likely remain above 1960 levels until October. The 1961 average price for barrow and gilts will likely be around \$16.75/cwt.

The expected hog price picture looks quite favorable for the rest of 1961. Hog slaughter will increase seasonally (Table 1) this fall, but should not be large enough to push prices down to depressed or unprofitable levels. Based on present indications, the expected downward trend in prices should be relatively gradual.

If hog supplies move to market as anticipated, and the projected demand picture for pork develops, we should see barrow and gilt prices in the Oct-Dec quarter average about \$1.75/cwt. less than last fall. Look for a low price of around \$14.50 to \$15.50/cwt. on average barrow and gilts to occur in December.

In view of the expected downward trend in prices and widening price differentials between weight groups, hogs should be marketed this fall at acceptable market weights of from 210-220 pounds. Accelerated feeding programs should be carried out this fall in order to move hogs to market as early as possible.

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## SITUATION

The hog marketing situation for the first half of 1962 will be influenced by the size of the 1961 fall pig crop. Some increase over 1960 is expected. The size of this pig crop can be estimated more accurately later this month when the September Pig Crop Report is released. However, due to exceptionally good hog prices and feeding ratios in 1961, it seems likely that hog producers have the incentive to boost fall farrowings by at least 4%.

What about the outlook for farrowings in the spring of 1962? The current situation indicates that the expansion phase of this hog cycle will carry through to next spring. Here are a few reasons for this projection:

1. The hog-corn ratio during the breeding season this fall should be at a favorable level of about 14.5 to 15.0. Since 1940, the hog-corn ratio has been above 12.7 — an approximate breakeven level for the average hog producer — 11 times. In all cases sow farrowings increased in the following spring period.

2. The rate of increase in farrowings in this cycle has been gradual, with very little hog price depressing effects. The stability of the market should encourage a moderate increase again next spring.

3. Feed supplies on most farms will be substantial. The Feed Grain Program will tend to dampen the potential hog increase some, but not enough to reduce farrowings next spring. Because of increased corn prices, hog production costs will be approximately \$.50/cwt. higher in the year ahead than in 1961.

4. Beef feeding profits were, at most, fair in 1961, while hog profits were very good. Based on this past experience, the hog enterprise will look more attractive than beef feeding to many feeders.

The exact size of the expected increase in 1962 spring farrowings will become clearer as the fall progresses. It appears likely now that 52 to 54 million head will be farrowed next spring or an increase of about 6% over 1961. The encouraging note is that if the actual is different from this estimate, it will likely be less rather than more.

Per-capita demand for pork has decreased about 12-14% in the last 11 years. Part of this decrease was due to lower prices for competitive meats, particularly poultry. The remainder was the result of a change in taste and preference for pork. Improved quality could strengthen the long-run demand for pork some.

## OUTLOOK

Outlook for 1962

Based on an expected moderate increase in 1961 fall farrowings, hog slaughter during the first half of 1962 is expected to be somewhat larger than year earlier, probably as much as 7% the first quarter and 5% the second quarter.

In spite of this projected slaughter increase, winter and spring hog prices should be favorable in 1962. Part of the supply increase can be absorbed through population growth and it doesn't seem likely that changes in other demand factors — incomes, prices of substitute products and tastes and preferences — will weaken per-capita demand too much relative to a year ago.

In general, hog prices and profit prospects look good for the first seven months of 1962. Assuming little change from present supply and demand expectations, winter and spring barrow and gilt prices will likely average about 8 to 12% less than the \$17.25/cwt. average established in the first half of 1961. A gradual seasonal price trend can be expected from fall low to summer high.

Summer and fall slaughter and hog price outlook for late 1962 will depend largely on the actions of hog producers this coming winter and spring. Under the assumption that farrowings increase only 6%, slaughter rates should only be moderately — 5 to 8% — above year earlier levels. The resulting effect on price will probably not be too serious, but will keep prices below 1961 levels.

Hog producers should watch farrowing patterns as they develop this spring. An increase in farrowings above the estimated level, could change the profit prospect rating for the last quarter of 1962 from fair-good to poor. It is doubtful at this time, however, that such a change will occur, with some possibility that a brighter picture could develop.