

281.9
F313

Federal Reserve Bank of Chicago - -

March 26, 1964

HOG PRICE PROSPECTS appear to be somewhat brighter. The spring pig crop (December-May) is now indicated to be smaller than last year in 10 Corn Belt states. These states account for nearly three-fourths of the nation's total hog production.

The recent USDA survey indicates about 5 per cent fewer pigs were born in the 10 states from December through February than during the corresponding period a year earlier. While about 8 per cent fewer sows were farrowed than a year ago during these months, the effects were offset in part as mild weather throughout most of the winter boosted the average number of pigs saved per litter to 7.23 from 6.99 last year—a 3 per cent gain.

Those sows bred and intended to farrow from March through May are estimated to total 7 per cent below the number for the same months of 1963. Farmers also plan fewer farrowings during the summer months.

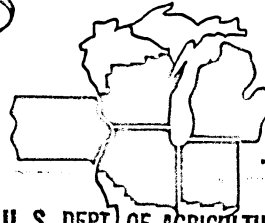
The reductions in farrowings from last year's levels apparently reflects the impact of relatively low hog prices. At Chicago, hog prices have averaged about \$1-\$2 below year earlier during the past four months. During the same period, corn prices averaged slightly higher than a year ago.

Hog slaughter has been running well below year-earlier levels in recent weeks but prices probably have not yet fully reflected the smaller supplies. This price stickiness may in part be attributed to competition from large supplies of both beef and poultry. Beef slaughter under Federal inspection during the first two weeks in March was 8 per cent above last year and chicken slaughter during the same period was 12 per cent greater than in 1963. Also, cold storage supplies of pork have been above those of a year earlier. In February they were about 40 per cent higher than in February 1963. Finally, the Lenten season may have had retarding effect on the price response to lower marketings. Last year the six-week period began February 27—about two weeks later than this year—and ended April 12.

Prices of hogs during the next few months should rise from present levels if, as now seems highly probable, the rate of hog slaughter drops well below last year's pace. Also, smaller beef supplies are anticipated for the spring and early summer months.

The number of hogs (other than breeding stock) on farms in the 10 Corn Belt states as of March 1 was 4 per cent below the year-earlier total. This decline reflects the cutbacks of 8, 3 and 4 per cent, respectively, in September, October and November farrowings. The bulk of these pigs will be marketed from March through May and marketings, therefore, are expected to run below the year-ago level.

Agricultural Letter



U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY

Number 745

APR 7 1964

CURRENT SERIAL RECORDS

The cutback in the spring crop (December-May) indicates that hog marketings will continue below year-earlier levels during the last half of 1964. If farmers intentions for summer farrowing (June-August) are realized, the reduction in marketings would continue into next year: On March 1, farmers in the 10-state survey reported that they planned to have 13 per cent fewer sows farrow in the coming summer period than a year ago.

ACREAGE PLANTED TO CROPS this year will be about the same as in 1963 if farmers carry out the intentions they reported to the U. S. Department of Agriculture in early March. In past years the March 1 report has provided a fairly reliable indication of actual plantings despite the host of contingencies that develop between March 1 and actual planting time. This year, however, planted acreages could deviate somewhat more than usual from current intentions, depending upon final participation in the feed grain program and upon the outcome of the cotton and wheat legislation now pending before Congress.

Corn acreage is only about 2 per cent less than a year earlier despite the substantial increase in participation expected in the feed grain program. Sign-up for the program during the first five-weeks totaled 20.8 million acres—considerably ahead of last year's pace. Farmers not participating in the program are apparently expanding their corn acreage and farmers who are participating probably will shift some of the acreage that was planted to oats last year into corn. Also, contracts on several million acres in the conservation reserve expired last year.

Soybean producers plan to plant 31.8 million acres or about 8 per cent more than last year's previous high. Nearly half of the increase in the nations' acreage took place in the Seventh District states, with each state showing a sharp increase from last year.

Roby L. Sloan
Agricultural Economist