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# Agricultural Letter

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Number 1306

**HOG NUMBERS** are at the lowest level since 1965 and still falling. According to the U.S. Department of Agriculture, hogs and pigs on farms numbered 55.1 million head on December 1, 1974, down 10 percent from a year ago. The reduced numbers coupled with producers' intentions to farrow 15 percent fewer sows during the December 1974-May 1975 period portend sharply lower pork supplies and higher hog prices in the year ahead.

The current low inventory reflects producers' reactions to high feed prices and reduced prices for slaughter hogs. Producers cut farrowings substantially during the past six months—particularly during the September-November period—resulting in a 7 percent decline in the pig crop. Simultaneously, a surge in sow slaughter boosted total hog slaughter 10 percent above the year-earlier level in the June-November period. Over the past six months, sow slaughter rose nearly 45 percent above the year-earlier level.

The expanded sow slaughter resulted in a 15 percent reduction in the December 1 inventory of hogs held for breeding purposes. Concurrently, hogs intended for market were down 9 percent. Inventories of market hogs and pigs in all weight categories were below year-earlier levels, ranging from a decline of 5 percent for hogs weighing 120 to 179 pounds to a reduction of 12 percent for pigs under 60 pounds.

**Hog slaughter** will lag sharply below year-earlier levels throughout 1975. The extent of the declines, however, are uncertain since the current downtrend in the hog production cycle may end at some point during the year. Many observers are projecting fairly high profits for hog producers in the months ahead. According to some reports, such prospects have already encouraged a few large producers to start rebuilding breeding stocks. And if corn prices go into a prolonged downtrend in 1975, most all hog producers will follow suit. Such a rebuilding process would tend to withdraw gilts intended for market and widen the projected hog slaughter declines that are based on current inventories and farrowing intentions.

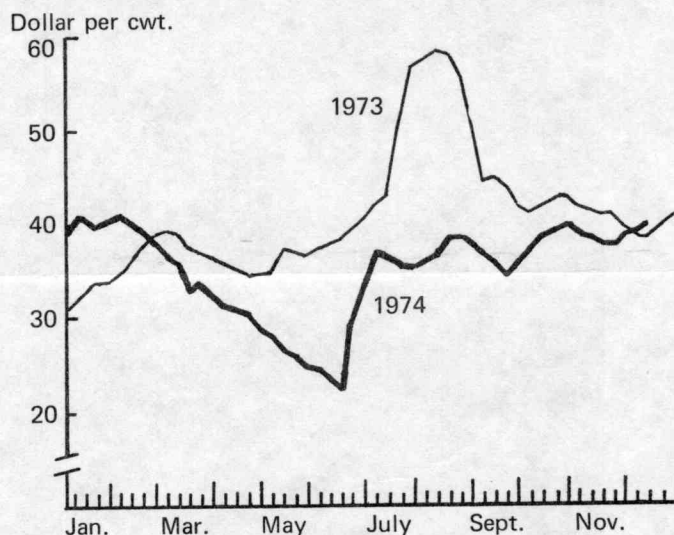
Hog slaughter during the first half of 1975, assuming that large numbers of gilts are not withheld for breeding purposes, is likely to average 8 to 10 percent below the corresponding year-earlier level, with particularly large declines in the second quarter. Moreover, total pork supplies may be down 10 to 12 percent from the first half of 1974 if average slaughter weights fall from the high levels experienced earlier this year, a trend that has been evident in recent weeks. Second-half slaughter projections closely parallel producers' intentions to farrow 15 percent fewer sows during the December 1974-May 1975 period. These intentions portend the smallest December-May pig crop since the mid-Thirties. The ensuing decline in slaughter could even be wider if the

rebuilding of breeding stocks is evident by the second half of the year.

Overall, the envisioned declines in pork production would support the U.S. Department of Agriculture's recent projection that per capita pork consumption may fall to 58 pounds in 1975. Such a level would be down from an estimated 67 pounds per capita in 1974 and the lowest level in 40 years.

**Hog prices** will average well above 1974 levels throughout the year ahead. The sharply lower levels of pork production coupled with declines of perhaps an equal magnitude in poultry production will more than offset the anticipated gains in beef production. And although the sagging economy provides some concern for the aggressiveness of consumer demand, hog prices per hundredweight could reach the high \$40s by the summer of 1975.

### Omaha Hog Prices Rise Above Year-Earlier Levels



**Winter wheat seedings** rose to the highest level since 1953, according to the U.S. Department of Agriculture. The estimated 55.5 million acres seeded this fall is up 6 percent from a year ago and 28 percent above the level of two years ago. The increased plantings would support a 15 percent rise in winter wheat production next year if yields per acre return to more traditional levels.

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