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AGRICULTURAL EXTENSION DIVISION
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MINNESOTA FARM BUSINESS NOTES

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HOG PRODUCTION IN MINNESOTA

General Situation

Domestic and Foreign Demand. In general industrial activity has been increasing. Production in the steel, automobile and various other industries is running high. Beef prices are likely to remain high for at least another year. Per capita consumption of pork and lard has been increasing. The exports of both pork and lard have been increasing since last year. The export of bacon, hams and shoulders, including Wiltshire and Cumberland sides, for the first eight months of 1928 was approximately $16\frac{1}{2}$ per cent greater than for the same period the year before. Exports of lard were 9 per cent greater. All of these factors point to a good demand for pork products during the coming year.

Supplies. The report of the June 1 pig survey by the United States Department of Agriculture indicated a 7 per cent decrease in the spring pig crop as compared with last year. A decrease in the fall pig crop may also be expected if farmers maintain the past relationship between intended breeding operations and actual farrowings. Present conditions, therefore, point to fewer hogs to be marketed during the coming year. Storage stocks of pork and lard are being reduced. September 1 found 4,860,000 pounds less pork in storage than the last five year average for that date. Stocks of lard although being decreased are still greater than the five year average. As a whole, the supply situation is favorable to the hog producer.

Feed Situation. The September 1 estimate of crop production for the United States indicated increases in production in 1928 over that of both last year and the average for 1922-26 for corn, oats and barley. The Minnesota report also indicates an increase in these crops for this state. As a result feed prices should be lower.

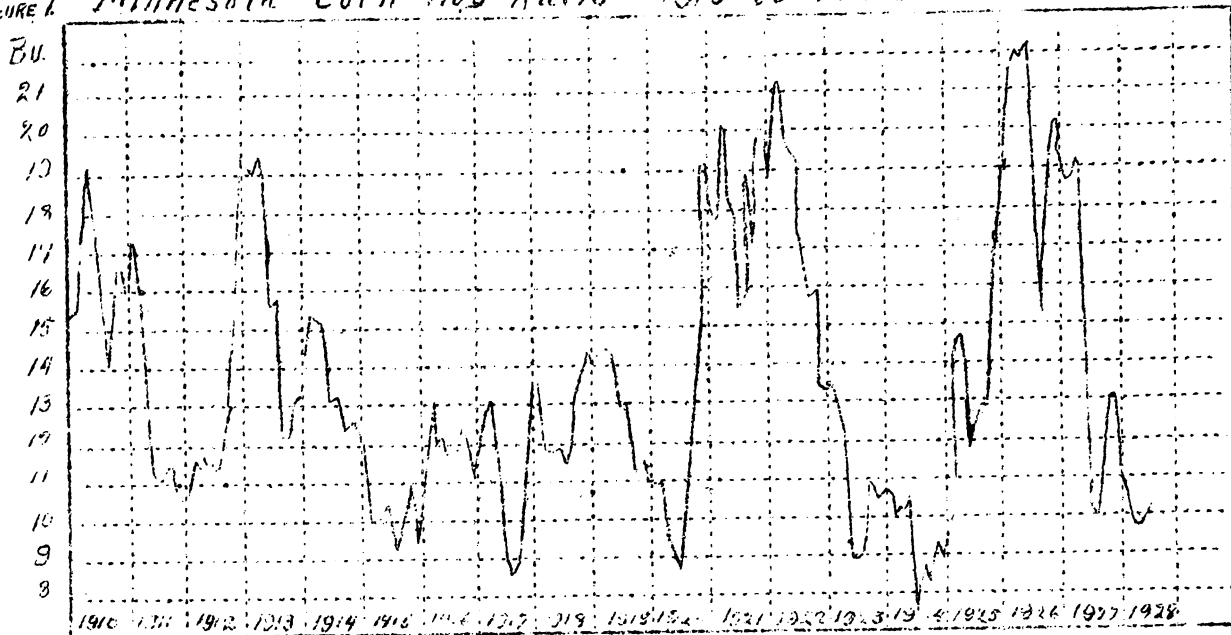
Expansion and Contraction in the Hog Industry

Records show a wide variation in the number of hogs marketed from year to year. As a result of expansion and contraction in hog production, cycles in hog prices have developed. During the past 38 years, according to the Agricultural Situation for July 1928, there have been five major cycles lasting from 45 to 74 months, with an average maximum rise of \$4.70 followed by four minor cycles lasting from 34 to 46 months with an average maximum rise in price of \$2.10. The last major cycle apparently ended in 1928. Should the sequence of the past be repeated, a minor cycle ending with low prices in 1931 may be expected.

The corn-hog ratio (the purchasing power of 100 pounds of live hogs in terms of bushels of corn) has also fluctuated with the change in the price of hogs, resulting from expansion and contraction in hog production, and with changes in the price of corn as shown in Figure 1. This chart does not show absolute profitability but merely presents a picture of the price of hogs relative to the price of corn. The average corn-hog ratio for Minnesota for the last eighteen years indicates that 100 pounds of live hogs would have paid for 13.4 bushels of corn. Its

present position is in what may be called a trough. One hundred pounds of hogs could purchase less than ten bushels of corn early this summer as compared to twice that amount two years ago. Those who have the rare ability to manage to have more hogs

FIGURE 1 Minnesota Corn-Hog Ratio 1910 to Present Time



Number of bushels of corn necessary to equal in value the selling price of 100 pounds of live hogs, based upon the price received by Minnesota producers as published by the United States Department of Agriculture.

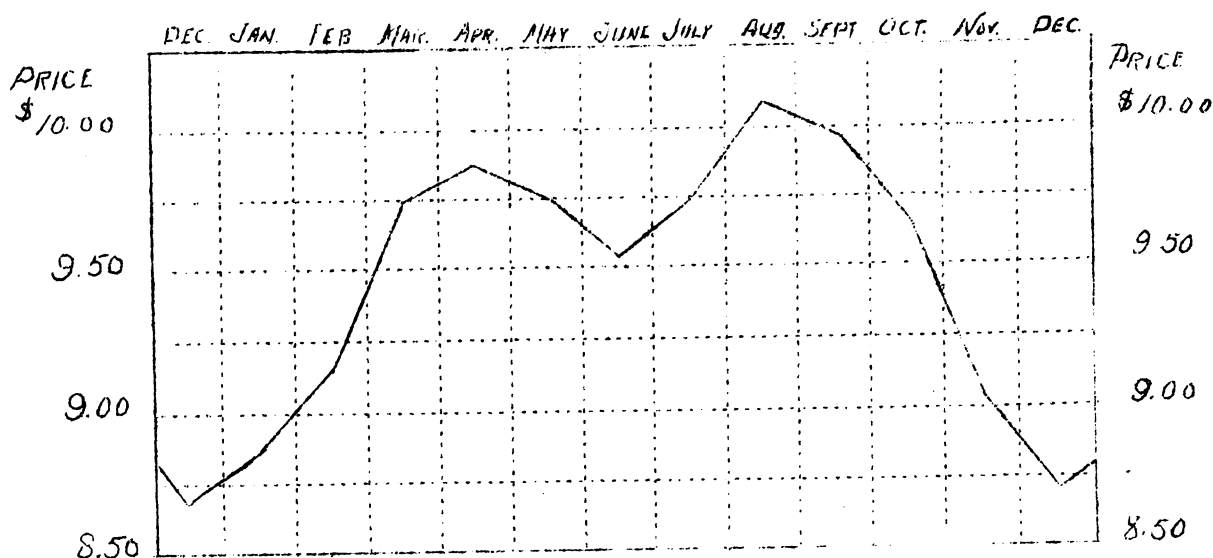
to sell when the price is high and fewer hogs to sell when the price is low are no doubt benefited by the fluctuations in production and price. Such fluctuations, however, mean a loss to those who guess wrong and expand or contract production at the wrong time. Judging from these conditions those farmers who have no particularly significant advantage as pork producers would do well to stabilize the swine enterprise on their farms. This means that after taking into consideration the grain, skim milk, equipment and labor, they should decide on the number of hogs best suited to their organization. The size of the breeding herd, once determined should be maintained from year to year. Any adjustment to the future hog price or corn-hog ratio which they deemed advisable should be made through increased or decreased weights rather than through expansion or contraction of the breeding herd. All hog producers should keep familiar with the current market conditions in order to take advantage of any seasonal fluctuations in price.

Seasonality of Hog Prices

Average monthly farm prices of Minnesota hogs vary much from month to month. Since 1910 they averaged \$1.40 more per hundred weight in August than in December. September prices are almost as high as those in August. The big drop occurs during October, November and December. Individual years vary considerably from the average. Hogs sold to South St. Paul packers averaged \$12.33 per hundred weight last September 14. The break brought them down to \$9.54 by September 27, a decline of \$2.79 in less than two weeks. A year ago the fall break occurred exactly one month later. Packers paid \$10.81 on October 14, 1927 when a similar break brought them down to \$8.33 by October 27, a decline of \$2.48 also in less than two weeks. Fewer Minnesota hogs were marketed during August and September during the last four years than during any other two months.

Figure 2. Average Seasonal Hog Prices

The diagram below shows the average Minnesota monthly farm price per 100 pounds of hogs for the years 1910-1927 inclusive.



Farmers may benefit from high early fall prices by approaching the task of adjusting hog production from two angles, (1) of early farrowing and, (2) improved care and feeding methods and proper sanitation. If farmers expect to have their spring pig crop in market condition before the fall break in price it will be necessary to have sows bred in November. Increased care during spring months will be necessary to avoid heavy losses of early young pigs. Such losses may be partly offset by larger litters resulting from having sows in good condition and putting on weight just before and during the breeding season. An available supply of skim milk is highly desirable for an early spring pig crop. Proper care and feeding frequently result in having pigs weigh 200 pounds at six months of age. This year it may be more profitable in surplus potato producing areas to feed cheap potatoes in place of corn. From 500 to 600 pounds of potatoes will equal 100 pounds of grain if they are cooked and mixed with the latter for hog feed. Cheap feeds may be used now and corn held over for preparing the spring pigs for an early market next year.

Conclusion

Supply and demand factors in the domestic and foreign markets offer evidence which seem to indicate that hog prices will be relatively high during the next year provided that an undue increase in hog production does not take place. Judging by past experience the higher prices will stimulate production so that lower prices will follow when the increased supply becomes available.

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