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The Minnesota Hog Outlook for 1929-1930

The purpose of our outlook report is to furnish farmers definite information gathered by government agencies on recent and probable future production, and demand for pork and pork products. The aim is to furnish farmers reliable information that they may use as a guide in their production program by enabling them to judge more accurately, the probable profits from expanding, decreasing, or maintaining their hog production at a given time. It should also guide them in their marketing plan, by enabling them to foresee probable price changes, either in cycles over a period of years, or price changes due primarily to seasonal marketings, and assisting him in marketing his hogs at such a time as will net him the highest net dollar. By maintaining a uniform production with reference to cyclical price changes, he may avoid some of the risks of loss due to periodic over-production. In short, the outlook report should tend to encourage stabilized production and orderly marketing and result in more uniform prices and a more stable income for the farmer.

Hog Supplies

The number of hogs on farms in the United States January 1, 1929 was estimated as 54,956,000 head as compared with 60,420,000 head January 1, 1928 or a decrease of 9 percent. Compared with the past five year average of 57,857,000 head, it represents a decrease of 5 percent. The June pig survey shows a decrease of 4 percent in the spring pig crop of 1929 for the corn belt and 8 percent decrease for the United States as a whole. A survey of sows bred to farrow this summer or fall indicates that the fall pig crop will be about the same as that of 1928. This leads to the conclusion that the total supply of hogs available for slaughter for the crop year 1929-30 coming from the spring and fall pig crops of 1929 will probably be at least 5 percent less than for the crop year 1928-29.

Stocker and feeder shipments for August were 10.5 percent less than for August of 1928, and 1.8 percent more than for the five year average 1923-27, indicating a probability of a corresponding decrease of hogs marketed by feeders in the next few months.

Receipts of hogs at public stockyards for January to August, inclusive for 1929, were 8.7 percent less than for the same period for 1928, and 3.6 percent greater than the five year average for the same period, indicating a larger proportion of the total marketed so far and a correspondingly smaller proportion to be marketed during the fall months.

Inspected slaughter of hogs for the United States January to July inclusive was 6.6 percent less than the same period for 1928, and 5.8 percent more than the three year average for the same period.

Supplies of feed are indicated by the estimated production of corn as of October 1 for the United States of 2,538,077,000 bushels for 1929 as compared with 2,835,678,000 bushels for 1928 a decrease of 10.5 percent and 7.6 percent less than

the five year average 1923-27. The estimated corn crops in Minnesota on September 1 was 145,314,000 bushels as compared with 143,115,000 bushels in 1928 or an increase of 1.5 percent, and compared with 140,512,000 bushels as a five year average or an increase of 3.4 percent. This would indicate a shortage of corn for the United States but an ample crop for Minnesota, placing the Minnesota farmer at a substantial advantage as to feed. This advantage may be slightly discounted by a 1.1 percent shorter crop of barley for 1929 as compared with that for 1928. Compared with the five year average 1923-27 production of barley, however, of 32,549,000 bushels, the 1929 crop of 59,360,000 bushels shows an increased production of 82.3 percent, a rather remarkable increase.

The corn hog ratio for September 1929, or the number of bushels of corn one hundred pounds of pork will purchase at farm prices for Minnesota is 11.1 as compared with 14.1 for September of 1928 and 11.4 as an average for the entire year of 1928. Compared with the corn hog ratio for the United States which was 9.8 for September 1929 and 11.7 for September 1928 and 9.9 as an average for 1928, the Minnesota hog feeder has an advantage of approximately two bushels of corn per one hundred pounds of hogs as is further indicated by a comparison of the average corn hog ratio 1910-1928 for the United States of 11.6 as compared with 13.5 for Minnesota for the same period. The feed situation would therefore indicate that the Minnesota hog producer is favorably situated relatively to the United States as a whole, but some question might be raised as to whether he should materially expand his hog production, or hold over surplus corn or perhaps sell his surplus corn.

#### Demand Situation

No material reduction in domestic demand need be anticipated for the balance of 1929 and 1930. Competing meats as beef and mutton are comparatively high and general business conditions are at present active, industrial employment being at a high level, insuring relatively high purchasing power for consumers.

Foreign demand has been active due to decreased European hog production, lard exports January and July 1929 being 5.6 percent greater than for the same period of 1928, and 14.6 percent higher than the three year average 1925-1928. Information now available indicates an increased production of pork in Europe for next year and hence exports may decrease in 1930.

#### Price Situation

The hog price cycle began its upward trend from the low point of \$7.80 per hundred as an average Minnesota farm price in December 1928 and probably will continue an upward climb for the rest of this year and perhaps for early part of 1930. The steadiness of this upward climb may be somewhat affected by seasonal variations. The monthly average farm price of hogs for 1929 to date has ranged from \$8.10 in January to \$10.40 in July, the highest point, or a difference of \$2.30, whereas the monthly average price ranged from \$7.50 in January to \$11.40 in September in 1928, a range of \$3.90. This, no doubt, is due to a more uniform marketing of hogs and should indicate a slower and smaller decline for the balance of the year. The prices for the balance of the year may be expected to remain relatively higher than for the same period last year, with some recovery during the late winter and early spring months of 1930 from November and December.

#### Conclusion

Swine producers should aim to maintain their production about at present level, with the exception of those whose production is below their normal who might

well increase to such point as would take care of their corn crop. Fall breeding should be timed with regard to housing and management facilities at farrowing time next spring to insure rearing as high a percentage of pigs farrowed as possible.

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PRICE INDEX NUMBER FOR SEPTEMBER 1929

The index number of Minnesota farm prices for the month of September 1929 was 109.4 as compared with 100, which represents the average of the prices prevailing in the three months of September 1924-25-26. The corresponding index for September 1928 was 99.0 and for September 1927 was 99.8.

The price index of 109.4 for the past month is the net result of increases and decreases in the prices of farm products in September 1929. Over the average of September 1924-25-26 as shown in the following list:

Principal Farm Products Which Showed Price Increases  
and Decreases in September 1928 when Compared with  
Average Prices in September 1924-25-26

<u>Increase in September 1929</u>		<u>Decrease in September 1929</u>	
Oats	Calves	Wheat	Hogs
Rye	Chickens	Corn	Lambs-Sheep
Flax	Eggs	Barley	Hay
Potatoes	Butterfat		
Cattle	Milk		

The September 1929 prices of these products have also been compared with the prices of September 1928 for increases and decreases. The products are shown according to this comparison in the following table:

Principal Farm Products Which Showed Price Increases  
and Decreases in September 1929 when Compared with  
September 1928

<u>Increase in September 1929</u>		<u>Decrease in September 1929</u>		<u>No change</u>
Wheat	Flax	Hogs	Lambs-Sheep	Chickens
Corn	Potatoes	Cattle	Butterfat	
Oats	Eggs	Calves	Milk	
Barley	Hay			
Rye				

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