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CONDITIONS IN THE HOG INDUSTRY

Hog producers at the present time are facing two problems. The first of these is the problem of finishing and marketing the hogs already on hand. The second is planning the production for the coming year, which involves the number of sows to be kept for the spring farrowing. A study of the general situation with regard to the supply of and demand for pork products and the supply of feed available will help in the solution of these problems.

The General Situation

Supply or Production. The number of hogs on farms throughout the United States was .9 per cent larger on January 1, 1927 than on January 1, 1926. The number of pigs farrowed during the spring of 1927 was 3.5 per cent greater than the number farrowed the previous year. The country has been free from a cholera epidemic such as was experienced last year. Consequently the number of hogs marketed this year would be expected to be larger than last year. The United States Department of Agriculture in its "Hog Outlook Report" of July 14, 1927 estimated an increase of from 6 to 8 per cent over last year in the number of hogs that would be marketed during the winter and spring of 1927-28. This expected increase may have been partly offset by the increased marketings earlier in the year due to the shortage of feed and the prospect of a very poor corn crop. The receipts of hogs for the first nine months of 1927 were approximately 4.8 per cent greater than for the corresponding period in 1926. The increase in receipts has been partly counterbalanced by a decrease in the average weight. Taking all these things into consideration, the number of pounds of pork marketed during the winter and spring of 1927-28 may be expected to only slightly exceed that of the winter and spring of 1926-27.

According to the survey of the United States Department of Agriculture farmers were intending to breed 30 per cent more sows for the fall farrowing in 1927 than in 1926. In the past the actual farrowings have usually been considerably less than the number indicated by the intentions to breed report. How completely they were fulfilled this year will not be known until the results of the fall pig survey are published in December or January. It would be expected that the unfavorable corn-hog ratio and the poor prospects for a corn crop would cause a material reduction in the number of sows farrowing during the fall of 1927. The increased marketings in July and August would lead us to believe that some reduction in the number of sows had actually taken place. Any decrease in the fall farrowings will be reflected in lower receipts next summer and fall.

Storage. Storage supplies of pork products remain high in spite of some out of storage movement. The total pork in storage October 1, 1927 was 94,016,000 pounds greater than last year. It was 79,739,000 pounds or 15 per cent greater than the five year average. The fact that hog products stored last year and two years ago failed to sell as well as expected will tend to offset some of the speculative interest due to lower hog prices.

Demand. Domestic demand has continued good throught the year. Beef prices are highest they have been for several years. Under the stimulus of higher prices of beef, lower retail prices of pork and an advertising campaign, consumption of pork has slightly increased. The increase for the first eight months of 1927

was estimated at more than 8 per cent. However, the increase in consumption has not been proportionate to the fall in the retail price. In the absence of any unusual slump in industrial activity, the domestic demand may be expected to remain good.

Foreign demand, however, presents a different picture. Hog production in European countries, particularly Germany, the Netherlands and Denmark, has been increasing since 1920. The production of feed crops has been low this year and the consequent shortage of feed together with the increased production of hogs has resulted in greatly increased marketings. In Germany the number of hogs killed thruout the first eight months of 1927 was 30 per cent larger than the number for 1926 and 34 per cent larger than that of 1925 for the same period. England is fostering the production of enough hogs to supply the home trade with fresh pork. Consequently the importation of fresh pork into England is being restricted and the importation of cured pork is being regulated. In Denmark much of the pork that was originally marketed as fresh meat is now being cured for export to England. The increase in foreign production and England's establishment of regulations have caused a decided decrease in American exports. The exports of pork products for the period of January 1 to August 31, 1927 were over 15 per cent lower than for the same period in 1926. The exports in August were around 13,000,000 pounds as compared with 23,000,000 pounds during the corresponding month a year ago. There is at present no indication of any material increase in foreign demand for American pork products. There is a possibility that the shortage of feed in Europe will result in such a reduction of foreign production that the demand for American pork will eventually be increased.

Feed Supply. The supply of feed available for hog production is another factor that has a bearing on the hog industry. The small carryover of 1926 corn and the prospects of a small crop in 1927 have resulted in an increase in the price of corn. Available statistics indicate that the stocks of old corn on November 1 may have been around 100,000,000 bushels smaller than a year ago. The prospect for the corn crop this year, altho it has been improving, still indicates a production of approximately 44,000,000 bushels less than last year. The expected result would be the continuance of high prices for good quality corn until a new crop is harvested. However, much of the 1927 crop will undoubtedly be of low quality and hence relatively lower market value. Livestock feeding may be expected to continue to offer about the best outlet for this poor quality corn.

Future Program

The facts as presened tend to indicate an approximately normal market- in of hogs thruout the winter and spring months. The prices will probably continue somewhat lower than last year. Well finished quality hogs may be expected to top the market. If too many farmers become discouraged by the corn-hog ratio, an early run of light weight unfinished hogs may result. In that case it should be profitable for some feeders who care in the habit of selling early in the season to feed their hogs for a later market. A considerable reduction in the number of pigs farrowed in the fall of 1927 would also tend to strengthen the market late in the season.

If farmers respond to the low corn-hog ratio as they have in the past, the number of spring pigs farrowed will be reduced. Under the influence of reduced supplies the price for the 1928 spring farrowed pigs may be expected to be higher.

Taking all the indications into account it seems that a production slightly below that of the last two years would give more satisfactory returns. Adjustments to changes in the price of corn and hogs may be made through the weight of the hogs rather than through the number marketed.

The Effect of Hog Production on the Farm Income of
Some Dairy Farms in Steele County

The effect of hog production upon the farm income on some dairy farms in Steele County over the five year period, 1920-24, is shown by a study of the accompanying table. The income is shown, first, as it would have been had the grain been sold and, second, as it was when the grain was marketed thru hogs.

Average Annual Farm Income on Steele County Dairy Farms for
the Five Year Period 1920-24 Inclusive
(Average of 16 Farms per Year)

Receipts:	Without Hogs	With Hogs
Dairy products	\$1545	\$1545
Sale of dairy stock	658	658
Hogs	--	898
Grain	755	198
Miscellaneous cash receipts	669	669
Farm produce used in house	183	227
Total receipts	3810	4195
Total expenses	2049	2125
Excess receipts over expenses	1761	2070
Decrease in inventory	155	179
Farm income	1606	1891
Difference in favor of hog production	\$285	

The figures were taken from records on dairy farms where hogs were being raised as a supplementary enterprise. The majority of these farmers were producing from 7000 to 15,000 pounds of pork each year, the average for all farms for the five year period was approximately 10,000 pounds.

It should be borne in mind that the years covered were the years of low prices following the war period. In three out of the five years the corn-hog ratio was unfavorable to hog production. Consequently these figures tend to show the contribution of hog production when under slightly unfavorable circumstances.

In spite of this the figures presented show that over the five year period the hog enterprise increased the farm income on these farms by \$285. Under more favorable conditions hogs would be expected to increase the income still more.

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