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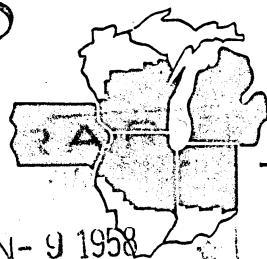
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Federal Reserve Bank of Chicago - -

December 27, 1957

Agricultural Letter



JAN - 9 1958

Number 436

THE 1958 SPRING PIG CROP will be 6 per cent above last year, according to a recent USDA survey of farmers' current plans. These surveys have proved fairly reliable in the past, and the results of the current one are considered "favorable" since a substantially larger increase was generally expected.

Indications for District states show Iowa and Wisconsin up 7 per cent, Illinois up 5 per cent, Indiana up 3 per cent and Michigan, no change.

The number of pigs raised in recent years has shown substantial changes.

Year	Spring	Fall	Total
	(million head)		
1946-55 (ave.)	54.3	34.5	88.7
1954	52.9	34.0	86.9
1955	57.7	38.0	95.7
1956	53.2	36.5	89.6
1957	52.6	37.1	89.7
1958	56.0*	(probably up)	

* Based on farmers' intentions.

The seasonal pattern of farrowings has shown a flattening tendency in recent years, with more of the pigs coming in the "off-season" months. The 1958 season is expected to follow that trend.

Pigs farrowed from December to February have normally made up 21 per cent of the spring crop. The March-May period accounted for the other 79 per cent, April having been the heaviest single month. Since 1955, March has been the top month with about 28 per cent, and the December-February share has risen to about one-third. This year, farrowings from December-February are expected to total 10 per cent more than a year earlier.

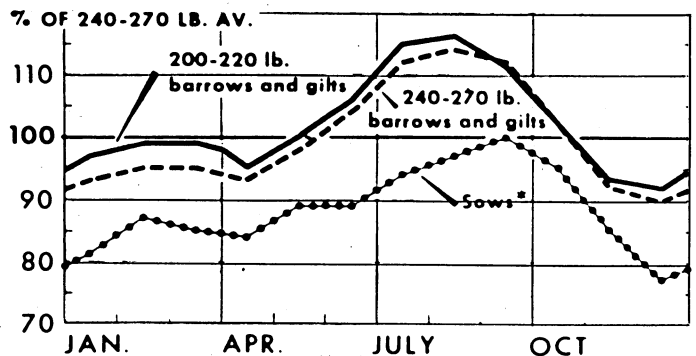
As for April and May farrowings, strong hog prices in December and large supplies of "wet" corn and sorghum grains may cause some farmers to increase late spring farrowings more than was planned at the time of the December survey. If the spring pig crop should be larger than is now indicated, it will probably be in the late end of the crop, which will be marketed near 1958 year-end.

Hog prices next fall and winter should not be badly depressed if the pig crop next spring shows no more than a 6 per cent gain. While prices presumably would fall below the favorable 1956-57 level, they should hold well above the depressed 1955-56 level which reflected the impact of the 9 per cent gain in the 1955 spring pig crop.

Consumption of pork per person, which in September-February 1955-56 was 33.9 pounds, dropped to 30.4

pounds, in 1956-57, and is expected to be 29.3 pounds in the corresponding months of 1957-58. The indicated 6 per cent increase in the 1958 spring pig crop would push pork supplies per person up to about 31 pounds for September-February 1958-59. Consumers probably would take this amount without a drastic reduction in pork prices, but any large increase in supply would be expected to depress prices severely.

SEASONALITY IN PRICES OF LIGHT AND HEAVY HOGS



Source: Agricultural Marketing Service, U.S.D.A.

The chart shows 1947-53 seasonal average prices. It also shows that the premium for lighter hogs is greatest during the winter period of low prices and heavy receipts.

Following the unusually low November slaughter, receipts of hogs the first two weeks of December at central markets pulled up to slightly above last year. Interior Iowa and southern Minnesota, however, continued to show lighter receipts than a year ago, no doubt reflecting efforts to feed up "soft" corn. Average weight of hogs marketed the week ended December 14 was 230 pounds, up 4 pounds from the same week last year. Increases in numbers and weights of hogs are likely from now on. The USDA expects heavy discounts for "overweight" hogs and some price decline for the over-all hog market "after January 1."

Crop conditions remained favorable in December in the "winter grain" areas, although unseasonably warm weather removed remaining snow cover and dust was blowing in parts of the Southwest. Subsoil moisture remains generally adequate and the warmer, drying weather improved the condition of wheat in areas which had been suffering from too much rain.