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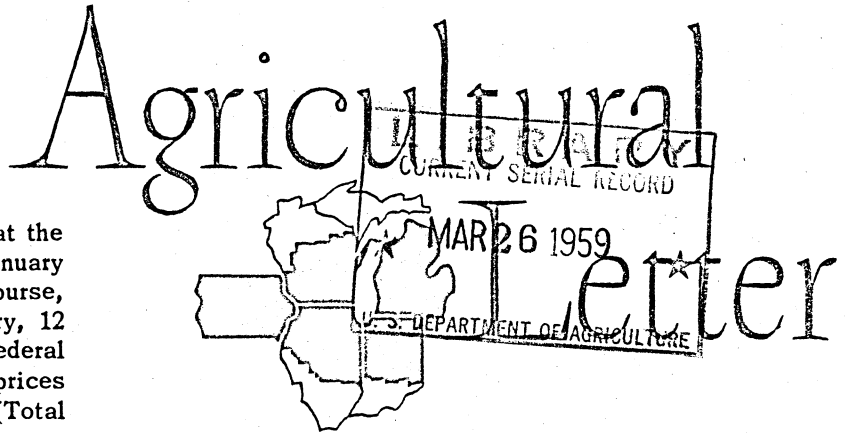
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March 6, 1959



Number 498

THE PRICE OF HOGS dropped dramatically at the end of 1958 and has trended downward through January and February. Much larger marketings are, of course, responsible. In four comparable weeks of January, 12 per cent more hogs were slaughtered under Federal inspection this year than in 1958 and average prices for barrows and gilts were 14 per cent lower. (Total commercial slaughter for the entire month of January changed only 5 per cent, which is due partly to the additional holiday in 1959.)

Iowa, the leading hog state, accounted for the bulk of the increase in slaughter in January. Illinois and Indiana showed only small changes.

In February, Federally inspected slaughter was up 27 per cent while prices were down 23 per cent from a year earlier.

Weights of hogs have averaged 4 pounds higher so far in 1959 than in 1958 so that the total pork available has increased more than the numbers.

Increased hog marketings were expected. Last fall's pig crop was 17 per cent above year-earlier, with Iowa and the western areas showing the largest gains. In addition, the greatest gain in farrowings was in the early months of the fall. Thus, the largest increase in hog marketings has been expected in the period January through March. In the late spring, marketings should be smaller and prices somewhat above present levels.

Perhaps one of the most surprising things about the large increase in hog slaughter so far in 1959 is that the price decline has not been larger. One contributing factor, of course, has been slightly higher prices for cattle as beef slaughter remained below last year's level. When the beef supply is reduced, consumers apparently are willing to consume more pork without large price concessions.

The pattern of changes in cattle slaughter during January was similar to hogs. Iowa and Nebraska, two leading states, had little change in slaughter while Illinois and most other areas experienced sharp declines.

Cattle prices so far in 1959 have been quite stable. A year ago prices rose from mid-February to a peak at the end of March, a more or less typical seasonal pattern.

Total cash receipts in January were about the same as last year's month. Higher returns from cattle, wheat, corn and other crops offset lower returns from hogs, poultry and dairy products. In the case of hogs, net returns have declined even more than cash receipts. Even though feed prices have declined, hog prices have declined more. However, the hog-corn price ratio remains above average and may stimulate further expansion in production of hogs.

Farmers' intentions indicate the spring pig crop will be above the 1955 number. However, there may not be a sharp seasonal peak in marketings this fall. If so, this would result in a longer period of low prices but avoid the extreme low in the winter of 1955-56. In addition, hog prices may receive some support due to moderate supplies of beef. Finally, the population increase the past four years will more than offset the larger size of the spring pig crop compared with 1955. For 1960, however, a continued rise in hog numbers could well bring severely depressed hog prices.

SPRING CONFERENCES on agricultural credit have been announced by four of the Land Grant colleges in the Seventh District in cooperation with the respective state bankers associations. These two-day sessions cover topics in the areas of agricultural outlook and agricultural finance. The dates are as follows:

- Agricultural Clinic—Lafayette, Ind.—March 17-18
- Agricultural Credit Conference—Ames, Iowa—March 19-20
- Agricultural Credit Conference—Urbana, Ill.—April 15-16
- Agricultural Finance Clinic—E.Lansing, Mich.—Apr.21-22

Research Department

	Hogs		Cattle	
	Average cost of barrows and gilts 8 markets (per cwt.)	U. S. slaughter Federally inspected (1,000 head)	Average price steers at Chicago (per cwt.)	U. S. slaughter Federally inspected (1,000 head)
Four comparable weeks				
January, 1958	\$19.40	4,995	\$26.31	1,476
January, 1959	16.67	5,592	27.82	1,369
Per cent change	-14.1	+12.0	+5.7	-7.3
February, 1958	\$20.18	4,442	\$26.65	1,308
February, 1959	15.63	5,655	27.44	1,223
Per cent change	-22.6	+27.3	+3.0	-6.5