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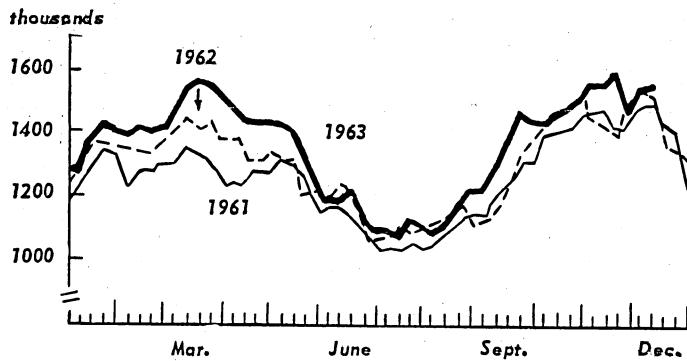
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Federal Reserve Bank of Chicago --

December 27, 1963

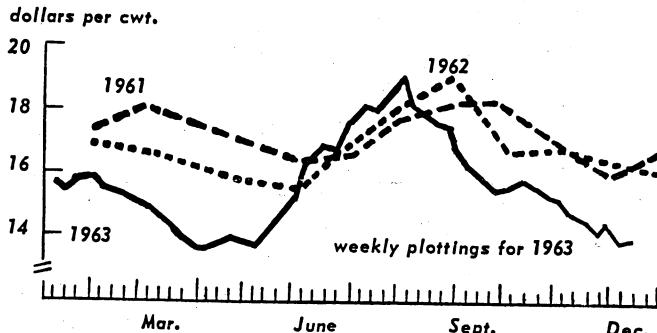
HOG MARKETINGS have been running at relatively high levels. Slaughter under Federal inspection in October was 2 per cent above year earlier and continued at high levels in November—averaging 5 per cent above November 1962. During the first two weeks of December, the kill averaged nearly 10 per cent more than in the comparable weeks last year.

FEDERALLY INSPECTED HOG SLAUGHTER
(3-week moving average)



This large volume of marketings pushed prices down rather sharply from the July level. Barrows and gilts brought an average of \$14.13 per hundredweight at Chicago in the week ending December 14—\$5.20 below the high reached in July and \$2.27 less than the average for December 1962.

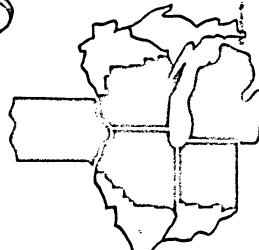
HOG PRICES
Barrows and Gilts, 8 Midwest Markets



Marketings have been larger than was anticipated by most observers inasmuch as the September pig crop survey indicated that farrowings during March, April and May were only about 3 per cent larger than during the same period of 1962. At least part of the increase stems from the smaller number of gilts going into breeding herds during the fall. Reflecting the boost in marketings, the number of hogs on farms as of December 1 totaled 4 per cent less than year earlier.

Hog production is being curtailed by farmers and after the first few months of 1964 will be below the year-earlier levels. Farmers reported in early December that the number of pigs farrowed during the period June through August was about the same as during the comparable period of 1962. The number farrowed in Septem-

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ber through November, however, was about 6 per cent fewer than a year ago.

Hog producers in the 10 Corn Belt states have reported recently that the number of sows bred and intended to farrow in December, January and February is 4 per cent fewer than in the year-earlier period. These producers, who account for about three-fourths of the nation's hog output, further indicate that they intend to have 6 per cent fewer sows to farrow during the March-May period than in the same months of 1963.

Farrowings Down Sharply

State	Fall (Sept.-Nov.)	Winter (Dec.-Feb.)	Spring (March-May)
	(per cent change from year earlier)		
Ohio	-12	-5	-13
Indiana	-9	-9	-5
Illinois	-4	-6	-3
Wisconsin ...	-6	-10	-4
Minnesota ...	-7	-8	-11
Iowa	-4	0	-3
Missouri ...	-7	-8	-10
South Dakota ..	+1	+29	-9
Nebraska ...	-10	+2	-9
Kansas	-12	-2	-12
10-state total.	-6	-4	-6

Pigs farrowed during June-November, 1962, will largely be marketed during the first half of 1964. Judging from the indicated monthly farrowings, the number of hogs marketed will continue above year-earlier levels through the winter but will drop below 1963 levels during early spring. If farmers follow through on present intentions to farrow 5 per cent fewer sows for the spring crop, the reduction in marketings from year earlier during the spring probably would continue throughout the balance of the year.

Prices for hogs, therefore, will be at lower levels as 1964 begins than they were at the beginning of this year, but probably will rise above year-earlier averages through the remainder of the year. If this happens, it would be in sharp contrast with the experience in 1963, when hog prices declined sharply during the spring, reaching a low of \$13.83 in April. While hog prices are expected to rise in 1964, the increase will be tempered by the expected increase in supplies of beef and broilers, which will boost the total meat supply.

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