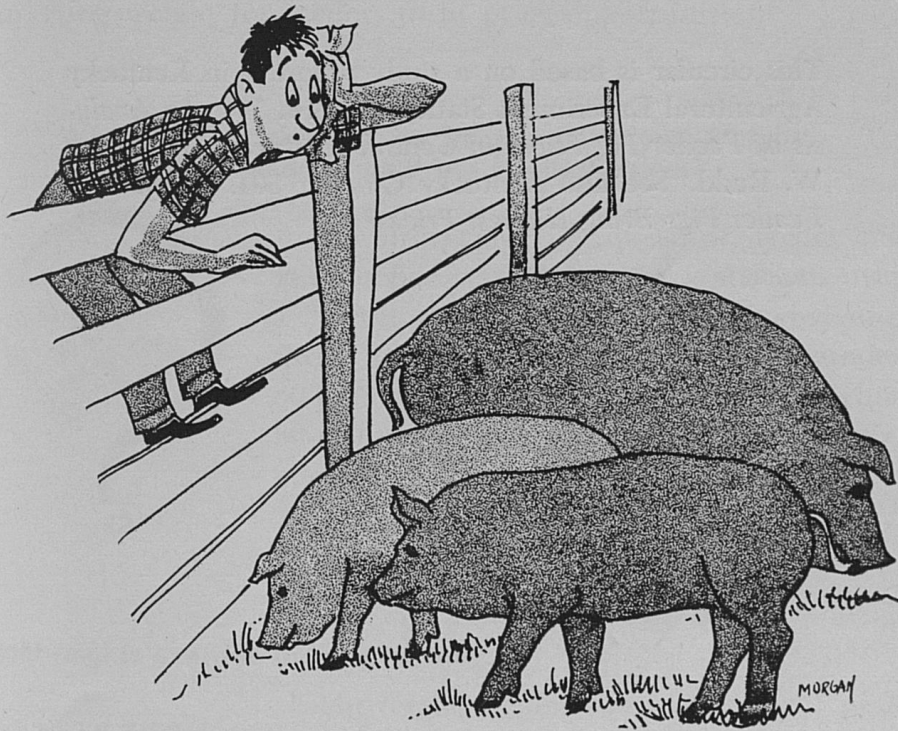


At What WEIGHT Should I Market My FEEDER PIGS?

By Robert W. Rudd



Circular 515

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Lexington

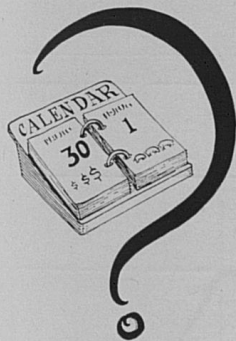
This circular is based on a study reported in Kentucky Agricultural Experiment Station Bulletin 584, *An Analysis of Feeder Pig Prices in Central Kentucky*, by Robert W. Rudd. See also Kentucky Circular 504, *When Will Feeder Pigs Bring Highest Prices?*

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Answering this question will help the producers of feeder pigs who fit into one of the following production situations: (1) the producer who prefers to market shoats at a particular weight, usually determined in part by the way the hog enterprise fits into the rest of his farming operations; and (2) the producer who has greater flexibility in the hog enterprise and can adapt his planned marketing weight for feeders to fit price opportunities.

When During the Season Do the Different Weights of Feeder Pigs Bring Highest Prices?



In answering this question, feeder pig sales at five central Kentucky auctions over a 23-year period 1926-48 were divided into three groups according to weight: under 80 pounds, or lightweights; medium weights, 80-119 pounds; and heavyweights, 120-159 pounds.

Lightweights average highest in May



Lightweight feeders reach a seasonal peak in price in May with June and July almost as high (Fig. 1). After the seasonal peak in May, the slight decline to June and July is followed by a further lowering of seasonal prices to the season's lowest prices for lightweights, in December.

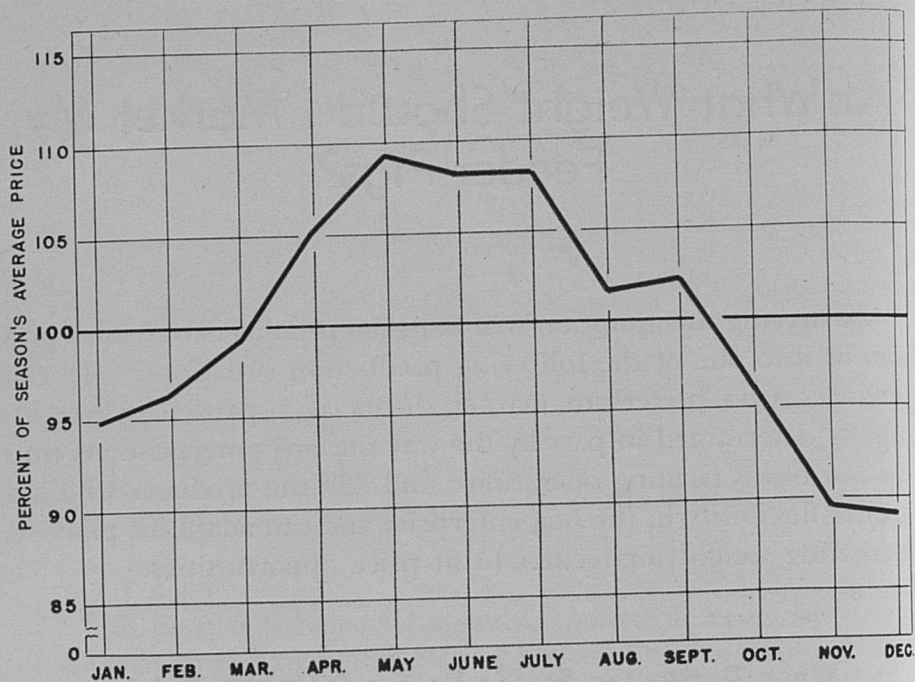


Fig. 1—Average seasonal variation in prices of feeder pigs weighing under 80 pounds at five central Kentucky auction markets, 1926-48

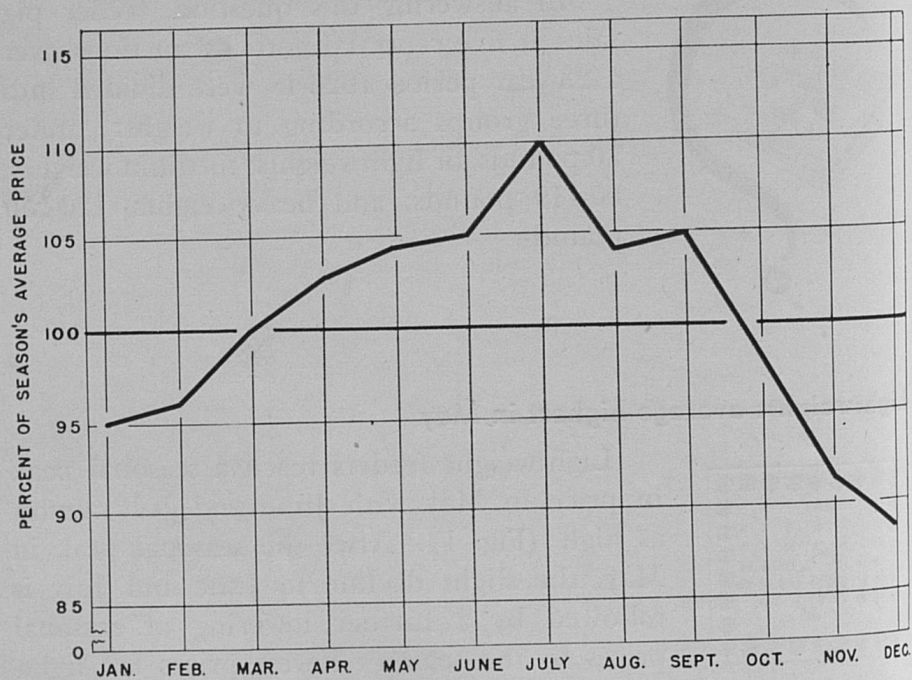


Fig. 2—Average seasonal variation in prices of feeder pigs weighing 80-119 pounds at five central Kentucky auction markets, 1926-48

Medium-weight feeders peak in July



Medium-weight feeders bring highest seasonal prices in July, on the average, with June and September ranking next. The last three months of the year show steady price declines with the lowest price for medium-weight feeders being reached in December (Fig. 2).

Heavyweight pigs top average price in July also



Heavyweight feeders show relatively weaker prices in the spring than light and medium weights. Highest prices for the heavyweights come in July, on the average, followed by August and then September.

The typical decline in price in the last quarter of the year to a low in December found in light and medium weights also occurs for heavyweight feeder pigs (Fig. 3).

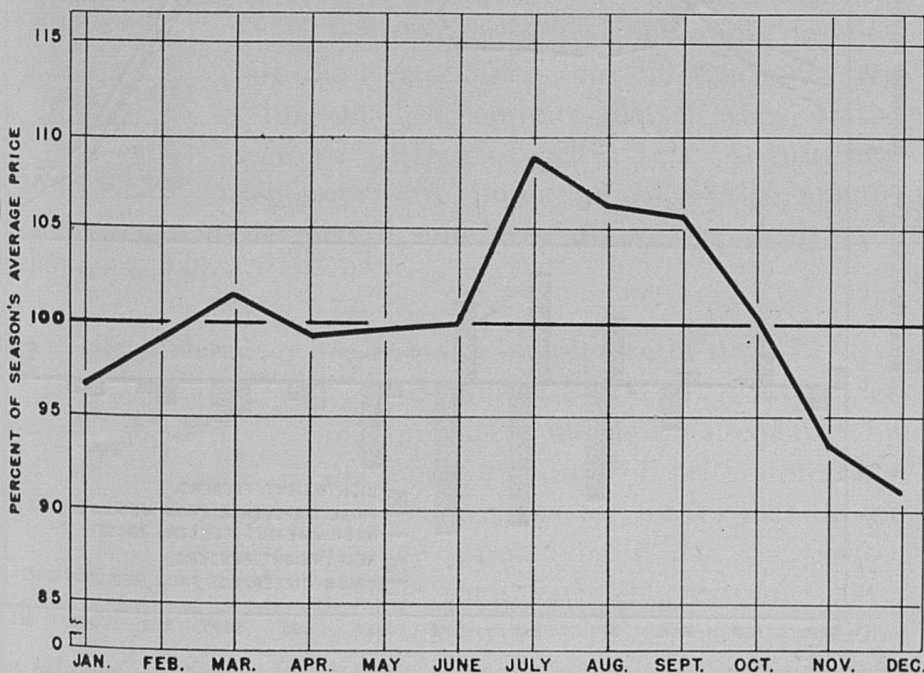
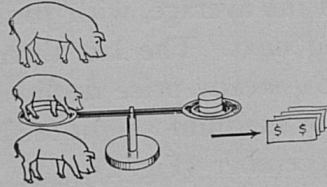


Fig. 3—Average seasonal variation of prices of feeder pigs weighing 120-159 pounds at five central Kentucky auction markets, 1926-48

What Weights of Feeder Pigs Bring Highest Prices Seasonally?



In answering this question, the seasonal patterns of prices of feeder pigs were adjusted to allow for the average difference in price between weight groups. To make interpretation easier, the seasonal movements of prices and the price differences between weight groups of feeder pigs are expressed in terms of a season's average price for feeder pigs of \$20 per 100 pounds (Fig. 4).

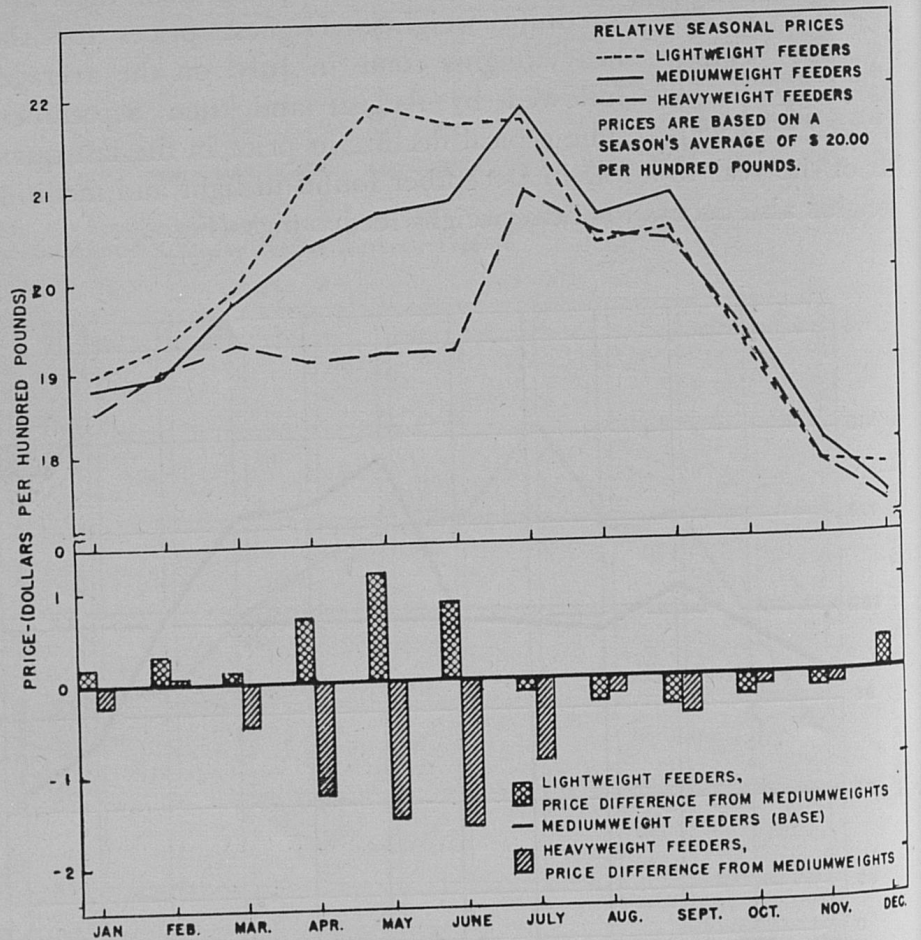


Fig. 4—Comparison of average seasonal price patterns of feeder pigs according to weight at five central Kentucky auction markets 1926-48, expressed in terms of a season's average price of \$20 per 100 pounds

Lightweights highest relative to other weights in May



Comparison of the seasonal price patterns adjusted to show price differences according to weight shows that lightweight feeders bring highest prices relative to other weights in May (when lightweights average highest *seasonally* also), with June and April ranking next in the

order. It should be remembered, of course, that such price differences vary considerably from year to year.

Medium weights draw more July through November



Medium weights of feeder pigs have prices averaging highest relative to other weight groups in July and September. Medium weights rank above other weights in price from July through November, however.

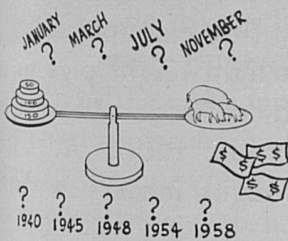
Feeders of heavier weights bring less throughout the year



Heavyweights, on the average, tend to bring less than other weight groups throughout the year. Since this difference is often quite small, it appears that in view of the seasonal pattern of price, July, August, and September are important high-price months

for heavyweight feeder pigs, despite price differences which favor the lighter weights.

Price-weight differences are of major importance at times

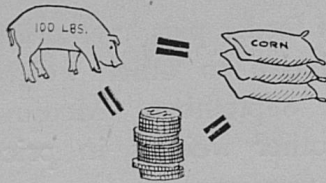


The influence of average weight of pigs on price is not shown adequately by the small amounts of price difference between weights for feeder pigs on an average seasonal basis. For the period 1926-48 some surprising extremes have occurred in this price-weight relationship

at the five central Kentucky auctions. Largest premiums were paid in December 1944, when prices paid for 140-159 pound

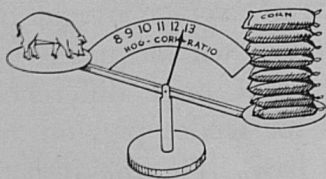
feeders averaged \$5.68 more per 100 pounds than the prices paid for 40-59 pound feeders. In contrast, largest premiums for lightweights occurred during the last five months of 1948 when buyers on the central Kentucky auctions paid an average of \$6.24 more per 100 pounds for 40-59 pound feeders than for 140-159 pound animals.

Hog-Corn Price Ratio May Alter the Picture



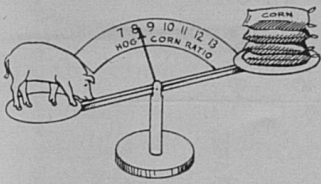
It has been pointed out that these figures are averages for a 23-year period. Individual years may, and did in several instances, differ widely from the average pattern. One of the reasons for season-to-season changes in the price-weight relationship for feeders is the influence of changes in the relative profitability of feeding corn to hogs. Often this profitability is measured by the hog-corn price ratio. This ratio represents the number of bushels of corn required to equal in price 100 pounds of live hog. The relationship between weight and price of feeder pigs has been measured by averaging the premium or discount in price per 100 pounds associated with a 10-pound increase in average weight for feeder pigs in the range between 40 and 160 pounds.

High hog-corn ratios usually mean price premium on lightweights



In general, when the hog-corn price ratio is favorable (for example: 13:1), corn feeders want lightweight pigs so as to get a maximum conversion of corn to hogs at the favorable ratio. At such times price premiums are paid for lightweight feeders as compared with the heavier feeders.

Low hog-corn ratios favor the heavier weights of feeders



When the hog-corn price ratio is unfavorable (for example: 8:1) the heavier feeders tend to get price premiums relative to lightweights. There are two reasons for relatively higher

prices for heavy feeders when hog-corn price ratios are low. In addition to the wish on the part of hog feeders to feed as little as possible of the relatively high-priced corn to bring hogs to market weight, there is also the "two-way" market possibility for feeders, with lighter weight slaughter hogs—some in the heavier weights of feeders—going for slaughter during such periods.

The influence of the hog-corn price ratio upon the relation of weight to price of feeder pigs is of a rather broad nature, and does not follow closely on a month-to-month basis (Fig. 5). It is apparent, however, that relatively higher prices for lightweight feeders generally are paid during times when the hog-corn price ratio is higher than average, and relative price advantages in marketing the heavier weights of feeder pigs usually come in times of unfavorable hog-corn price ratios.

A Word of Caution

In using the information presented here the producer should keep in mind three points:

(1) The seasonal patterns of prices shown here are *averages*; individual years may differ widely from the pattern of these averages. However, such results do give a basis for a *better guess* as to price patterns one can expect for feeder pigs.

(2) After considering the price-weight relationship based on the chart shown here, due allowance should be made for the influence of the hog-corn price ratio in deciding what sort of relation to expect between price and weight in a particular year.



PREMIUM (+) OR DISCOUNT (-) IN PRICE FOR EACH
10-POUND INCREASE IN AVERAGE WEIGHT
(CENTS PER HUNDRED POUNDS)

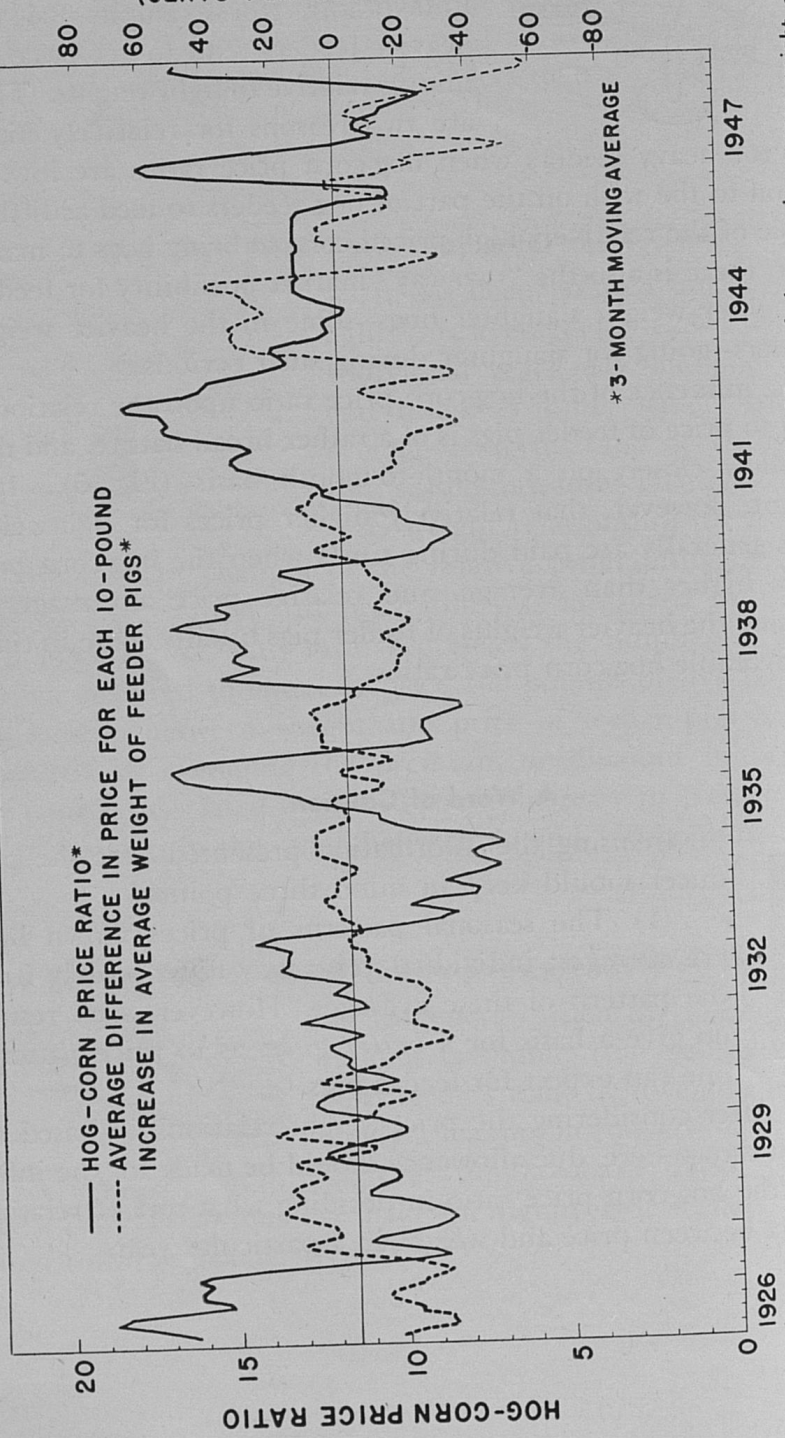


Fig. 5—Hog-corn price ratio compared with premiums or discounts in average price with a 10-pound decrease in average weight of feeder pigs at five central Kentucky auctions, 1926-48

(3) All these points relate to one side of the fence—the price side. Equally important from the producer's point of view is the other side—the cost side.

In the choice of time and weight for marketing feeder pigs, the producer should give due consideration to the differences in costs which he may encounter in raising pigs for market at different times and weights.

Lexington, Kentucky

June, 1953

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