"With an 'Oink-oink' Here and an 'Oink-oink' There . . ."

THE JANUARY 1 inventory of hogs totalled 57,201,000 head, up 12% for the year and the largest since 1952. The increase reflected 17% higher fall farrowings and 11% larger holdback of sows and gilts for spring farrowing. Hogs under six months on farms January 1 were up 16% from the previous year. The spring pig crop totalled 58.5 million, up 12% from last year and the biggest since 1951. The number of sows indicated to farrow in the fall is 6.4 million, 8% over a year earlier, predicting that the fall crop should reach 46 million head, largest fall crop since 1943. (Some sows are farrowing all year 'round, especially under current improved practices. However the bulk are still farrowed during late spring—peak April—and early fall—peak September. From six to nine months after peak farrowings, market receipts reach their highs.) This means that, from October on, a lot of hogs will be headed for market, and this will exert pressure on lard as well as meat cuts of pork. Fortunately for pork prices, late 1959 and much of 1960 will see the cattle cycle in an expansion phase (barring many reduced pasture conditions late this summer). This means that there will not be simultaneous marketing pressure on both beef and pork.

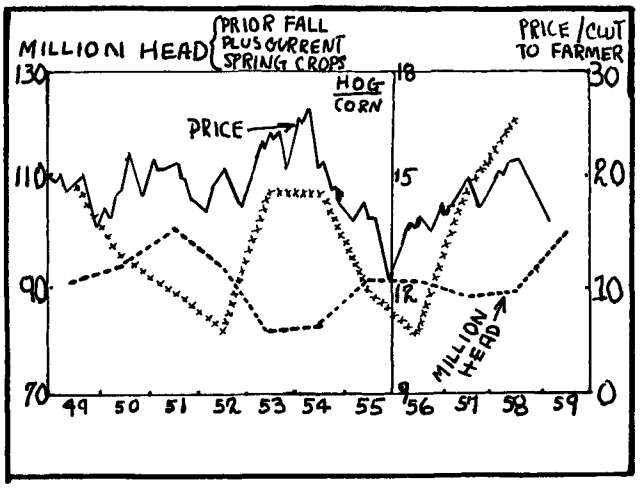
However a similar situation does not prevail in lard. As noted in an earlier article, edible oil production looks as if it will be large, and this will mean competition for position between lard and oils. This past year a somewhat larger bean crop than the one coming up and somewhat smaller cotton oil production than that in prospect combined to drive lard to the widest discount under edible oils since the summer of 1956. In 1956 lard finally rallied in mid-summer because of improved shortening demand and stronger hogs. A rally may be tougher to arrange this time. It is true that lard use in shortening and margarine is increasing (Table I), but it is also true that *per capita* consumption as direct lard is declining. The key probably lies in how much use in shortening can be expanded, and this has both technological and consumer-preference connotations. A number of trade interests are doubtful that use can go much higher than the 1956 levels without a long enough period of severe discounts for lard to enable a better merchandising job to be done, both among consumers and among manufacturers.

TABLE I

Supply—Distribution of Lard

	All production	All exports	Manufacturing	Direct consumption	Per capita direct
1949	2,534	667	147	1,744	11.7
1950	2,631	523	206	1,891	12.6
1951	2,863	743	247	1,855	12.3
1952	2,881	694	262	1,817	11.6
1953	2,355	476	238	1,773	11.1
1954	2,330	521	149	1,627	10.0
1955	2,660	619	355	1,639	9.9
1956	2,761	672	494	1,627	9.7
1957	2,560	563	404	1,602	9.4
1958	2,458	453	334	1,676	9.6
1959	2,750				

One marketing problem in connection with lard is that frequently, even when one has a strong feeling, it is difficult to take a position except in the cash market, which presents a lot of problems (inability to change your mind easily, skill in getting in and out, etc.). We have high hopes for the new loose lard contract, but it is not yet broad enough or seasoned enough for potential users. Drum futures fulfill these requirements but frequently present practical difficulties. This market was inaugurated when lard was traded in drums more generally than it is today. In the past few years the only real drum outlet has been exports, and the advent of the seaway and liberalized bulk-shipment inspection regulations may mean much less drum outgo. It is necessary that lard be an "identity-preserved" contract, and to prevent aged lard from continuing to circulate, deliveries later than December must be of lard made subsequent to October 1. If no outlet has appeared for old material, it may have to be dumped. Thus one can be right as far as a rally in lard value is concerned and be wrong in the market.



The chart points out several things: first that hog numbers are cyclical; second, that low prices *per se* are not necessarily a deterrent to population build-up; third, there is a definite lead-lag relationship between high hog-corn ratio and build-up and low hog-corn and liquidation. Action of the hog-corn ratio cannot only indicate what farmers are likely to do; with certain limits it helps forecast hog prices over the short to intermediate range. Support programs and surpluses suggest corn-price movements. Knowledge of the ratio of pig population to people population (?) plus an idea of beef marketings suggest pork-price movements. (The pig-people ratio is the currently highest in eight years.) Although the corn loan is a shade higher, this will be offset by enormous prospective production. Expecting the hog-corn to approach lows of the last two cycles, we would expect $12 hogs in Chicago late this fall. Looking somewhat farther ahead, if present fall farrowing plans are carried out despite probable low hog-corn in the fall, then we may be in for some real trouble in 1960. An amusing coincidence in all this is that the hog-corn ratio has been at its post-war weakest in 1948, 1952, 1956, and now probably 1960—all election years.

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To Speak in Austria

AMONG the speakers at the Fourth Congress of the International Society for Fat Research, to be held in Graz, Austria, September 1-3, 1959, at the Neue Technische Hochschule, will be the following members of the American Oil Chemists' Society: W. C. Ault, Eastern Regional Research Laboratory, Philadelphia; H. P. Kaufmann, Instituts fur Pharmazie and Lebensmittelchemie und Ehrenamtl, Munster, Germany; Leo Ivanovszky, Vienna, Austria; Saburo Komori, Osaka University, Osaka, Japan; M. K. Schwitzer, Armour and Company Ltd., London, England; Giovanni Jacini, Stazione Sperimentale per l'Industria degli Olii e dei Grassi, Milan, Italy; and Charles Paquot, Laboratoire General des Corps Gras au Centre National de La Recherche Scientifique, Bellevue, France.