

# Pigs too fat for holiday hams

CHICAGO – Eating ham has never been more expensive than this year, partly because U.S. pigs are too fat.

Hogs in the U.S. weigh the most ever after farmers fed them longer to make up for losses caused by a virus that killed millions of piglets. While heavier hogs means more pork per animal, their hind legs exceed the size used for producing the 7-pound spiral-cut, half hams that are the most popular for family meals during year-end holidays.

Half of annual ham consumption by Americans occurs at Thanksgiving and Christmas dinners, and retail prices through October were up 26 percent this year to a record \$3.433 a pound, government data show. The increase was fueled by the virus, which shrank the domestic herd and reduced the number of hogs slaughtered this year by 5.2 percent, boosting costs for meat buyers including Noodles & Co.

“This year has been a struggle for people that sell half hams because heavier hogs are coming to market,” Brian Mariuz, chief financial officer of HoneyBaked Ham Co.’s Michigan division, said by telephone from Troy, Mich. The unit runs 74 of HoneyBaked’s more than 400 U.S. stores. “Seven-pound hams are in the highest demand and in the lowest supply.”

Meat processors slaughtered 92.09 million hogs this year through Nov. 15, down from 97.17 million in the same period a year earlier, after outbreaks of the deadly porcine epidemic diarrhea virus shrank domestic herds, U.S. Department of Agriculture data show. Even with hogs weighing a record 215.5 pounds each on average, pork output through September was down 1.2 percent to 16.71 billion pounds.

Minnesota is the nation’s second-largest pork producer after Iowa, and home to two large pork processing plants: Hormel in Austin and JBS in Worthington.

State pollution officials estimate that the state has nearly 10 million pigs and hogs in more than 6,600 registered feedlots.

According to the National Pork Board, producers in Minnesota marketed 14 million hogs in 2011 and received gross income of nearly \$2.5 billion. The total economic generation from Minnesota’s pork production in 2011 was \$6.9 billion.

Hog futures on the Chicago Mercantile Exchange are up 6.4 percent this year, heading for the biggest annual increase since 2010.

Pork’s price gains have contributed to higher meat costs, which the government forecasts will rise more than any other food group this year. The consumer price index for meat, poultry, fish and eggs increased 8.3 percent in the year through October.

Around the holidays, U.S. consumers favor spiral-cut half hams, created by slicing the meat in one continuous coil around the bone, according to Urner Barry, a food-industry publisher in Bayville, N.J. A typical light ham weighs 17 pounds to 20 pounds and yields two half hams. The wholesale price of that cut more than doubled this year, USDA data show. HoneyBaked’s hams fetch \$7.59 a pound this year, up 30 cents from a year ago, while the cost is up 50 cents, CFO Mariuz said.

With about 5 million fewer hogs slaughtered so far this year, that’s reduced the number of hind legs used for hams by more than 10 million. At the same time, there has been an increase in hams weighing 23 pounds to 27 pounds, which is too big for most consumers interested in buying half a ham.

“There’s a lot of hams not showing up on the market,” said Russell Barton, who covers the ham market for Urner Barry. “So many of them are not at an optimal weight.”

While ham prices usually fall in the fourth quarter, during a seasonal increase in supply, they probably will be the highest ever for that period this year, said Steve Meyer, the president of Paragon Economics, an agricultural market researcher in Adel, Iowa.

Retailers and meat distributors generally place their holiday orders in July and August, according to Brandon Scholz, president of the Wisconsin Grocers Association. This year, wholesale ham reached an all-time high of \$1.4368 a pound July 29, USDA data show. Prices were at 92.2 cents on Nov. 18, which was the highest for that day since the USDA data begins in 1998. Some stores will continue to make last-minute purchases even in December, Urner Barry's Barton said.

Grocers are advertising fewer discounts on pork than in recent years. In the week ended Nov. 20, 11,220 retail supermarkets featured spiral hams at an average price of \$3.12 a pound, down from 12,660 at \$2.40 last year, USDA data show.

*Source: Minneapolis Star Tribune*