

2007 AAEA Livestock Outlook Symposium

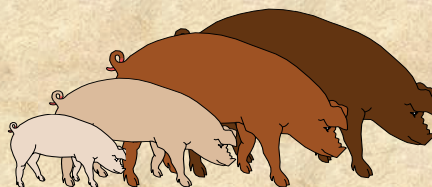


Hog Price Outlook

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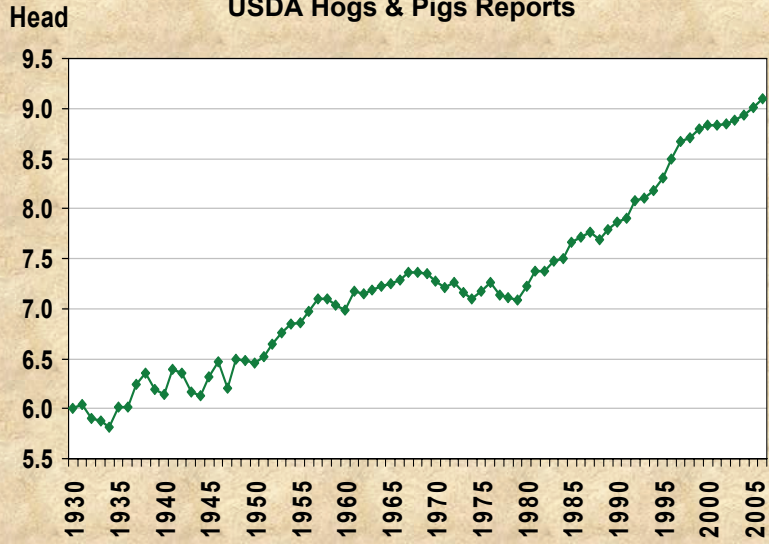


Production Efficiency

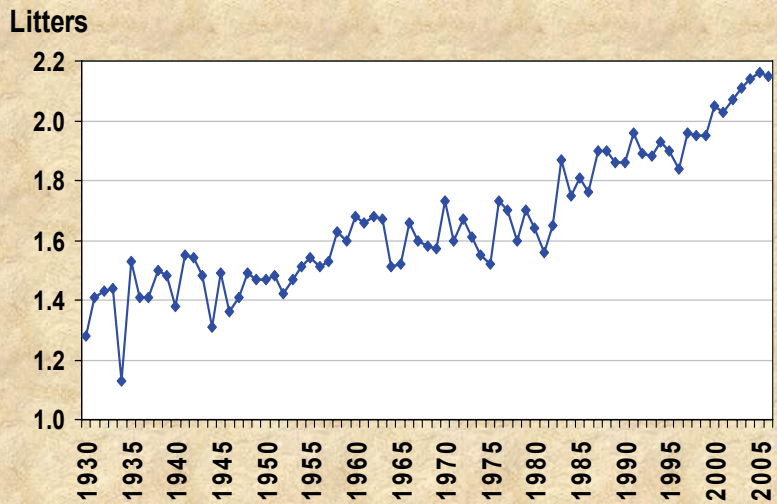


Pigs Per Litter, 1930-2006

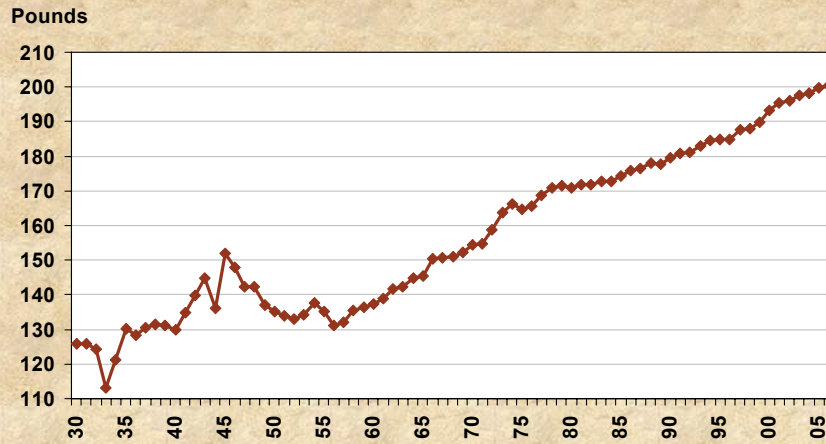
USDA Hogs & Pigs Reports



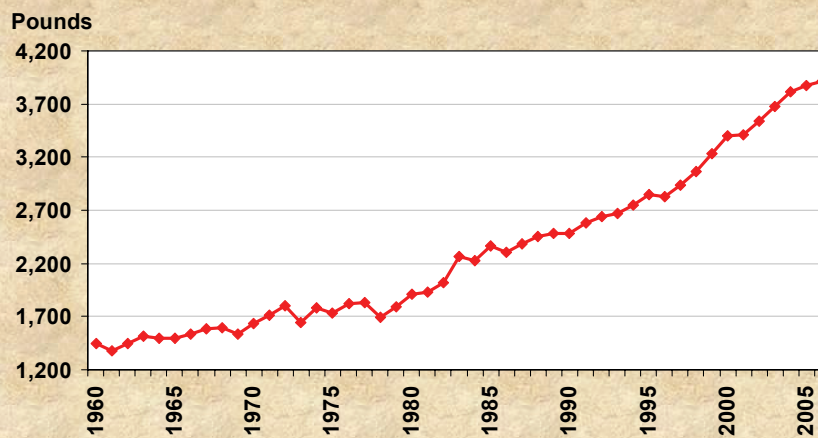
Litters Per Sow Per Year, 1930-2006



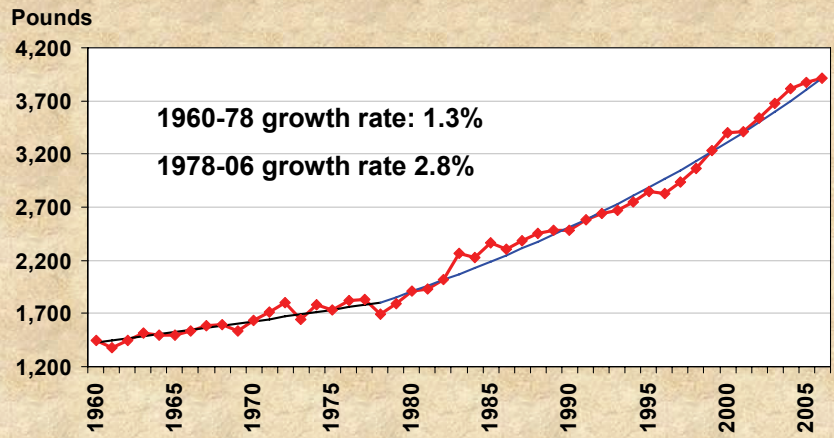
Average U.S. Hog Carcass Weight, 1930-2006



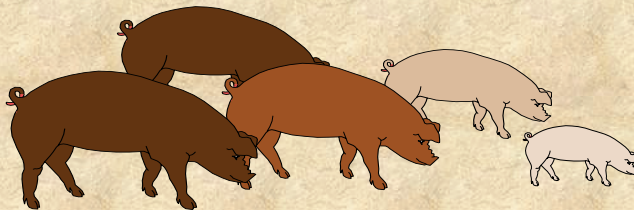
Annual U.S. Pork Production Per Sow, 1960-2006



Annual U.S. Pork Production Per Sow, 1960-2006



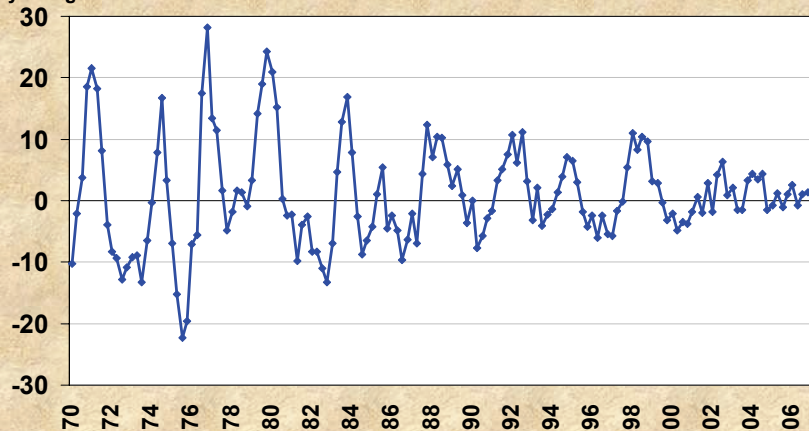
Hog Cycle



U.S. Commercial Hog Slaughter

Quarterly Data, 1970-2007

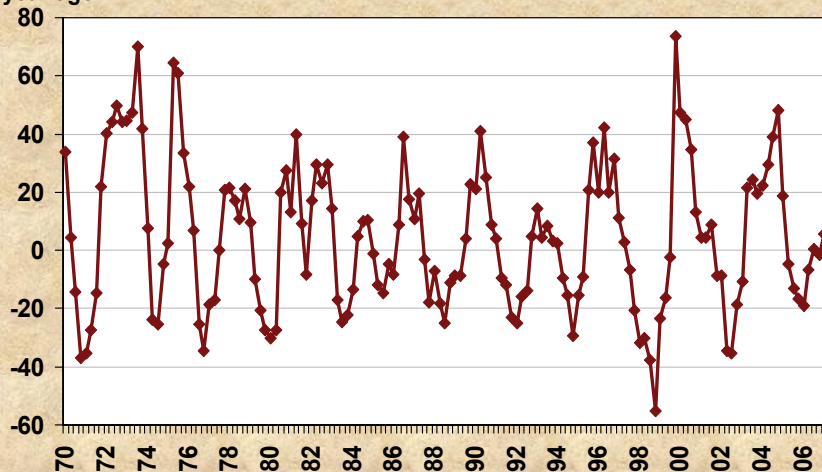
% change from year ago



Terminal Market Barrow & Gilt Price

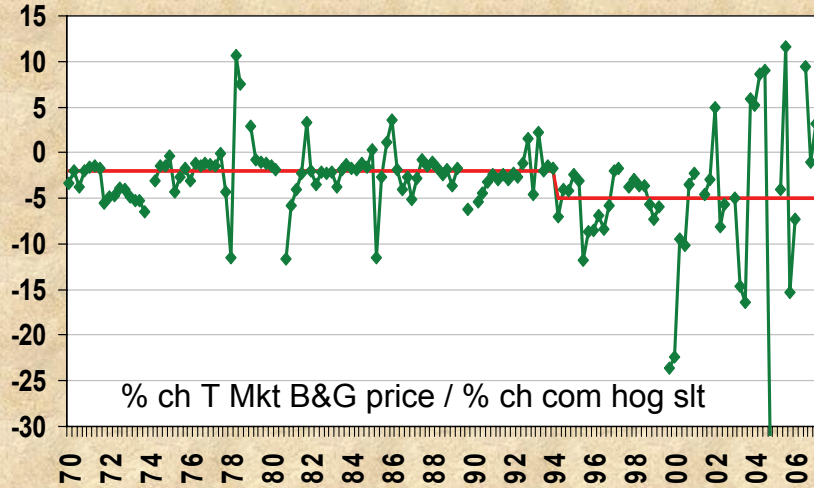
Quarterly Data 1970-2007

% change from year ago

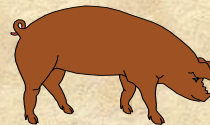


Hog Price Flexibility

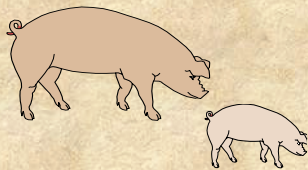
Quarterly Data 1970-2007



In 8 of last 15 quarters, price & slaughter moved in the same direction



Cost of Production



Cost of Slaughter Hog Production

Iowa State University Calculations, 1987-2007

\$ Per Live Cwt



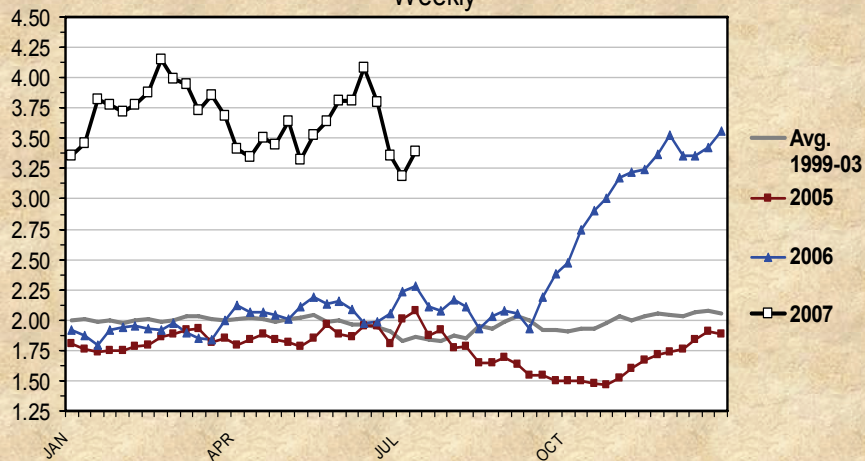
Source: John Lawrence, Iowa State University



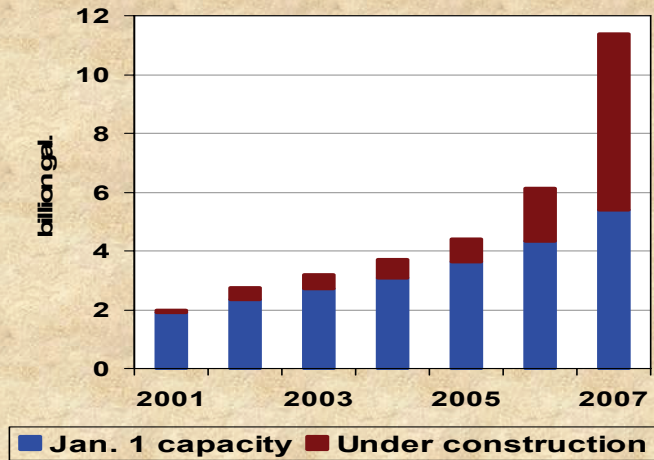
OMAHA CORN PRICES

Weekly

\$ Per Bu.

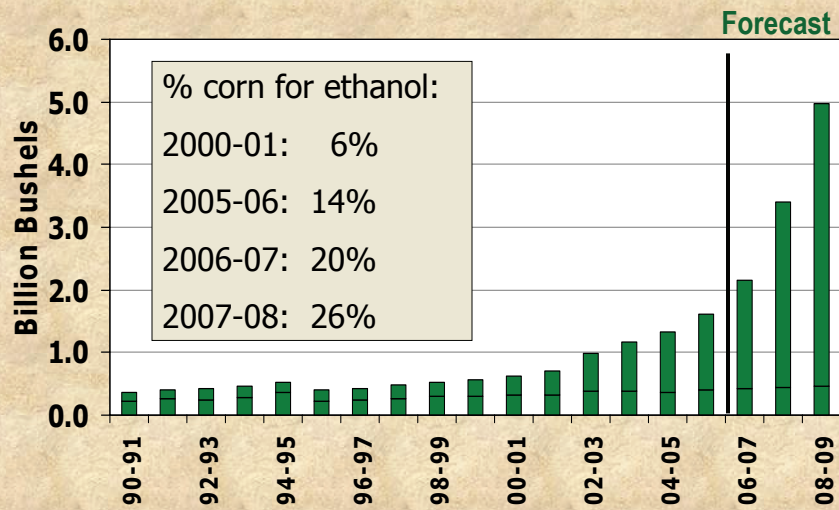


Ethanol Capacity Growth

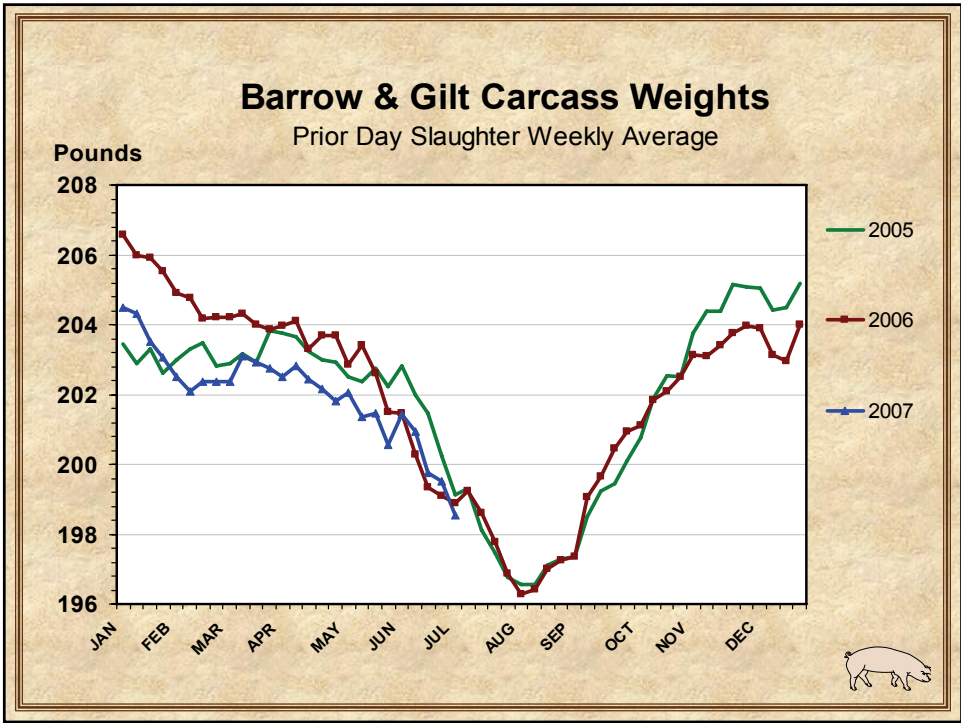


Source: Renewable Fuel Association website
<http://www.ethanolrfa.org/industry/statistics/#B>

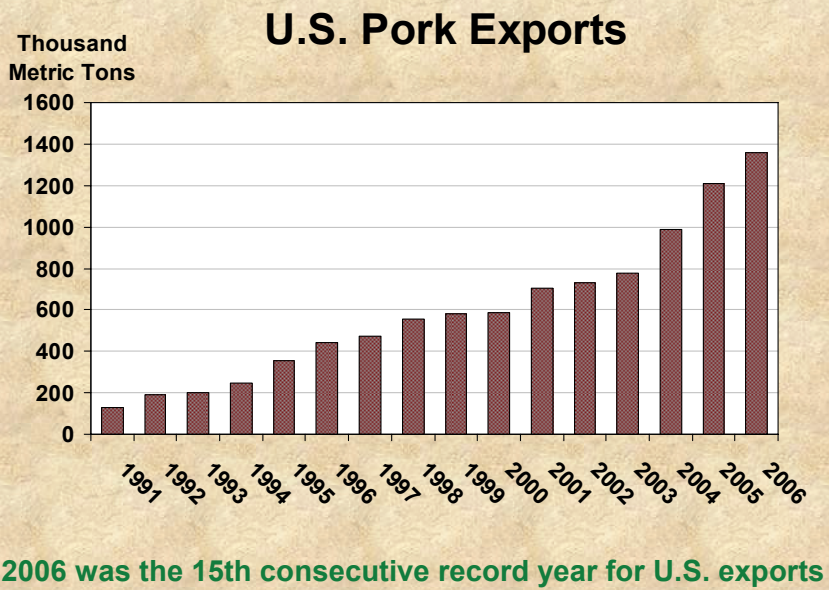
Corn Milled for Ethanol

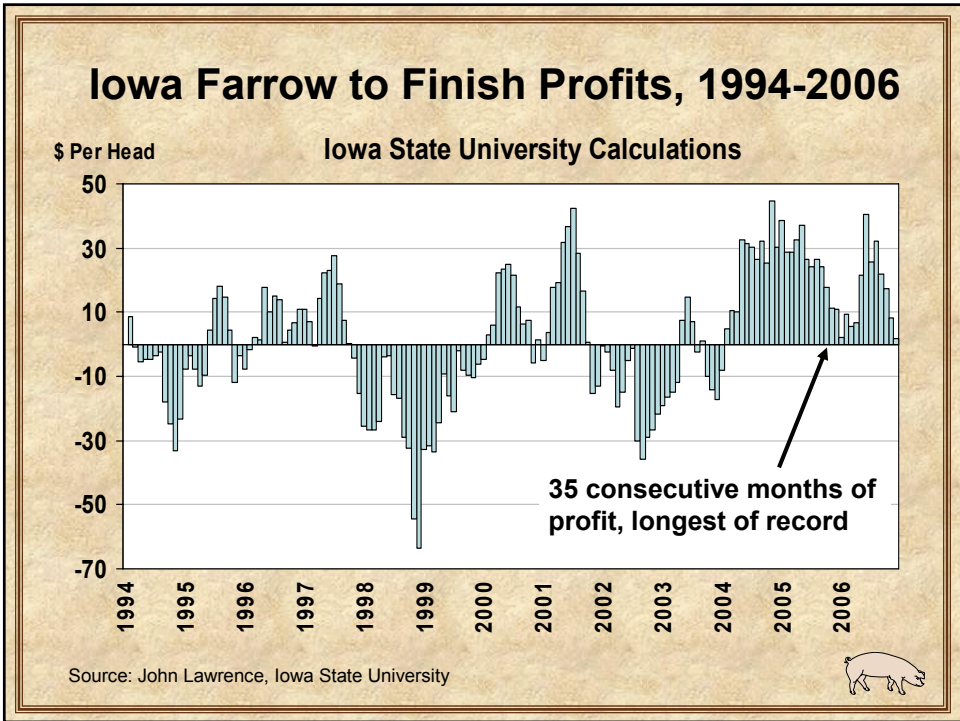
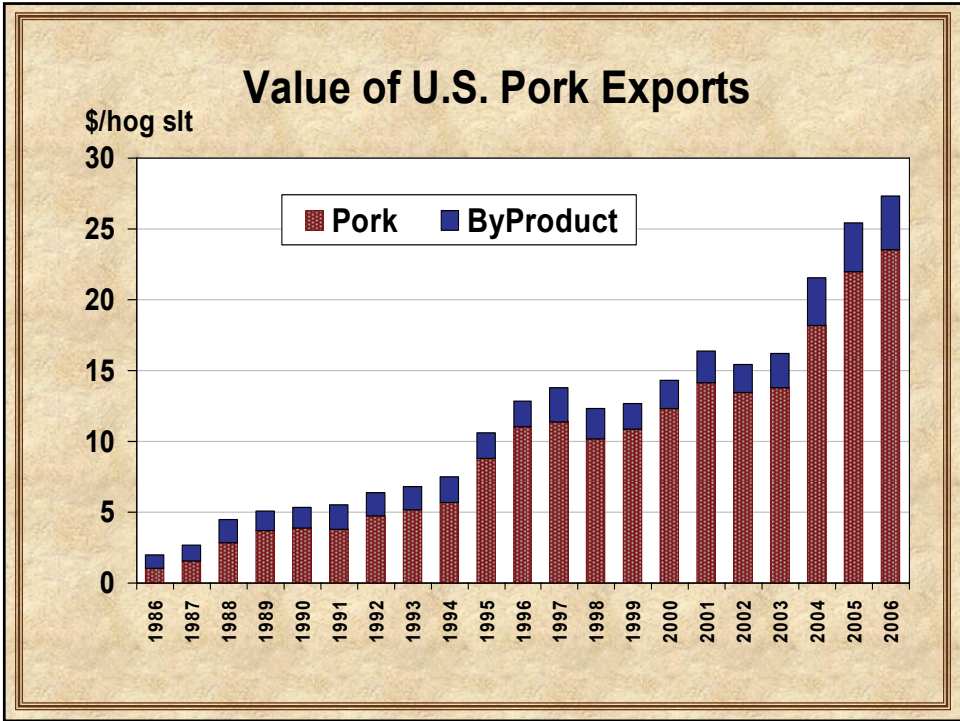


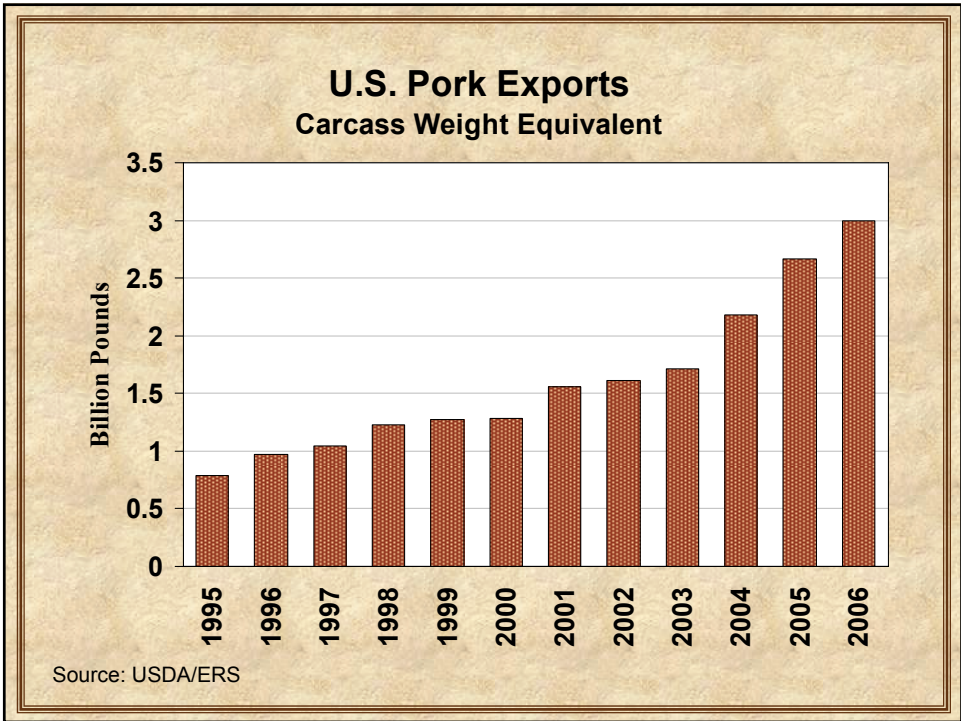
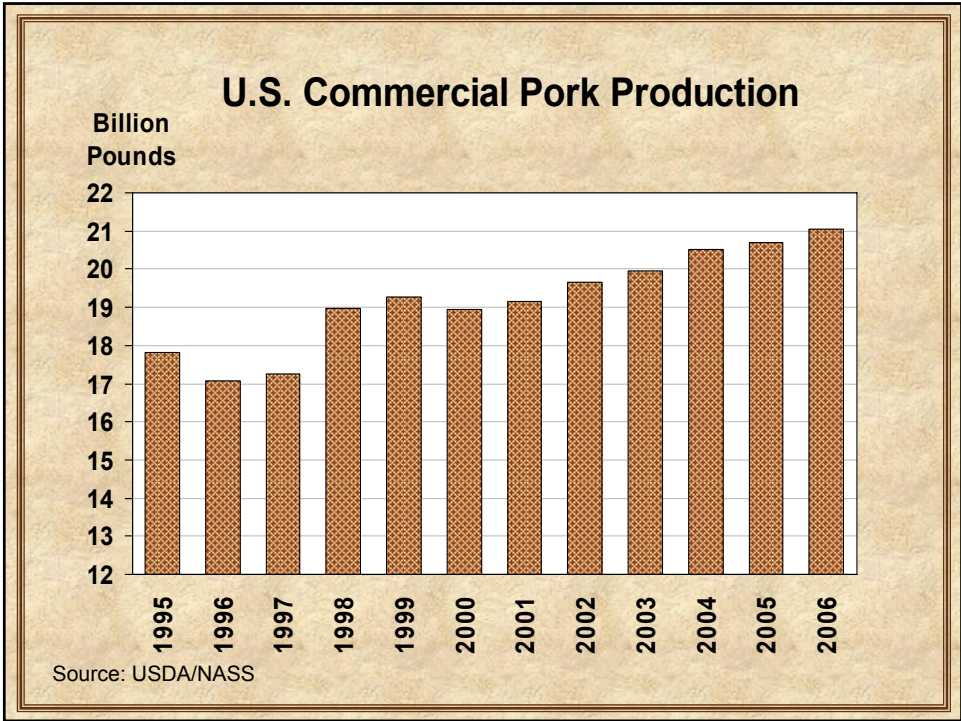
Hog Weights

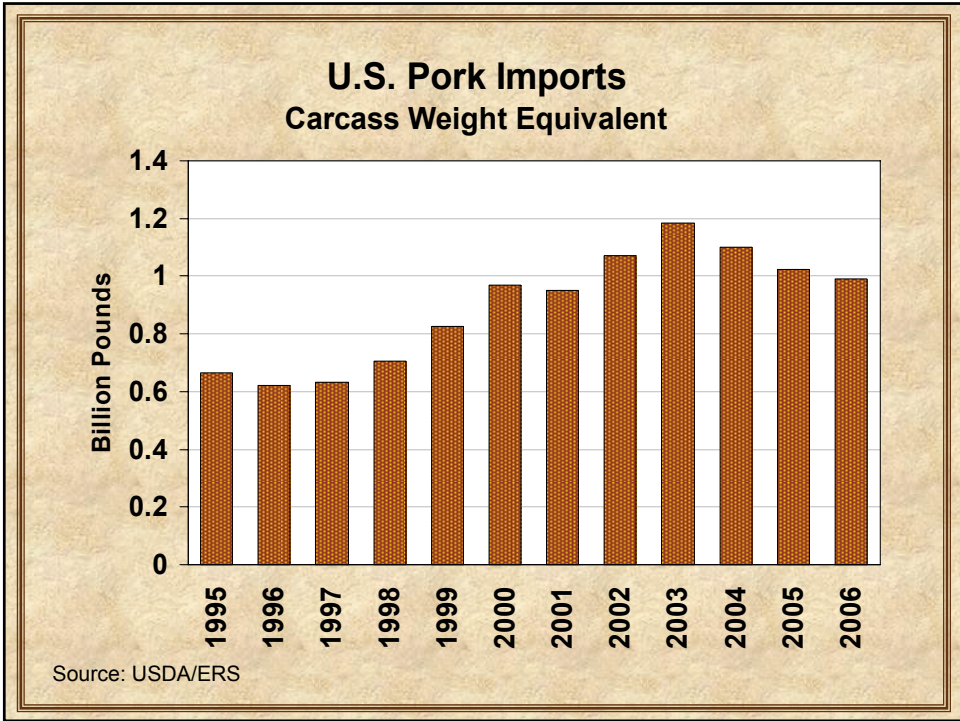


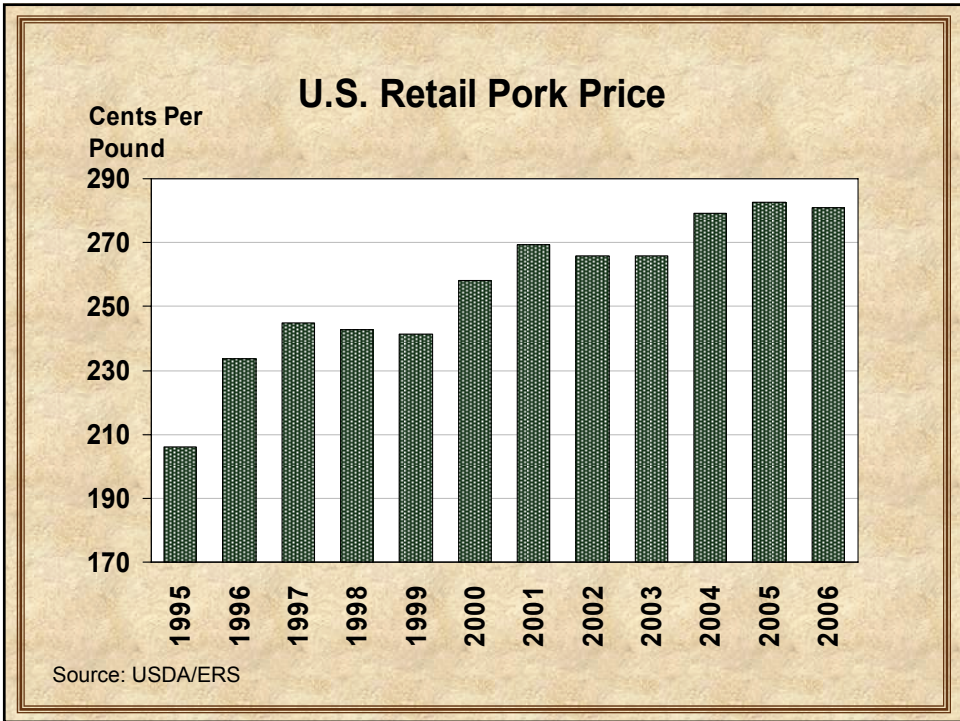
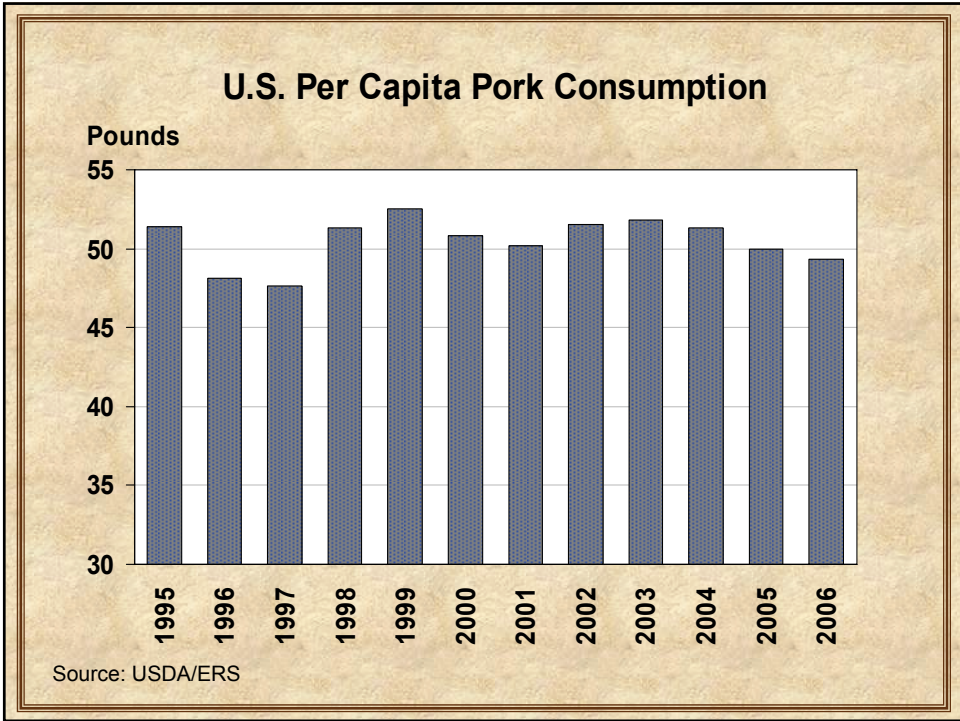
International Pork Trade











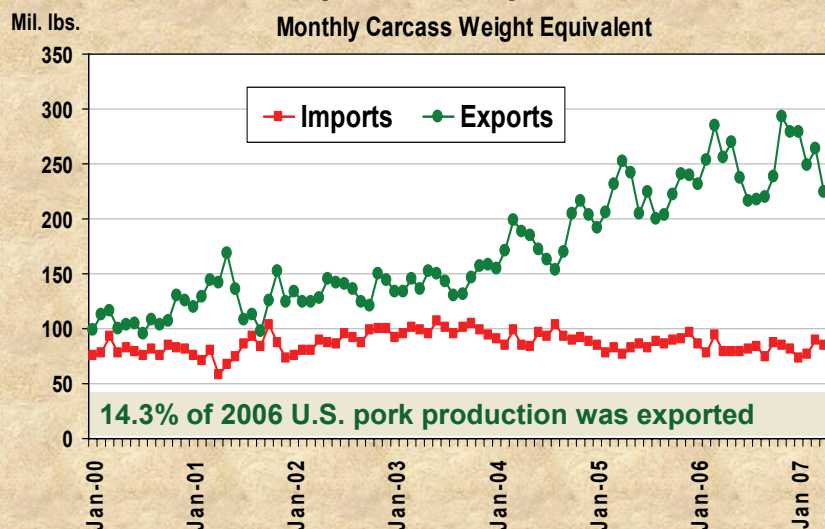
Pork Trade Overview

The steady decrease in US pork imports and increase in pork exports has caused per capita US pork consumption to decline.

Thus, hog producers were able to enjoy three consecutive years with record hog slaughter and profitable prices.

2006: imports down 3.4% & exports up 12.4%

U.S. Pork Imports & Exports, 2000-2007

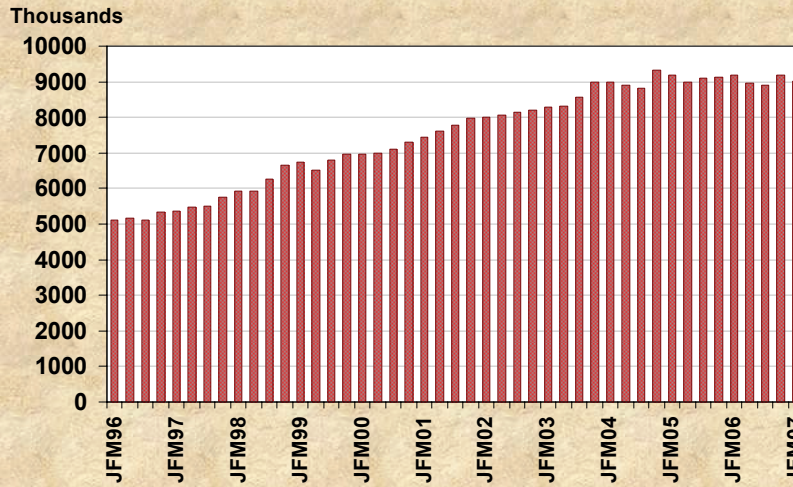


U.S. Pork Exports, Jan-May 2007

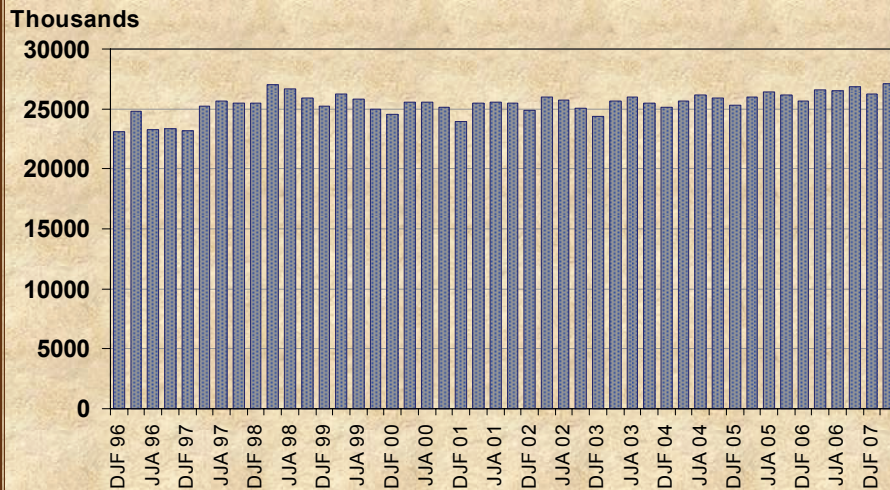
<u>Country</u>	<u>Change from year ago</u>	
	<u>000 lbs</u>	<u>Percent</u>
Japan	+ 48,697	+ 11.5%
Mexico	- 79,081	- 29.1%
Canada	+ 3,186	+ 2.5%
S. Korea	+ 4,049	+ 3.1%
Russia	- 23,402	- 23.2%
China & HK	+ 30,123	+ 45.5%
Taiwan	- 13,651	- 41.2%
TOTAL	- 37,029	- 2.9%

Live Hog Trade

Pigs Born in Canada, 1996-06

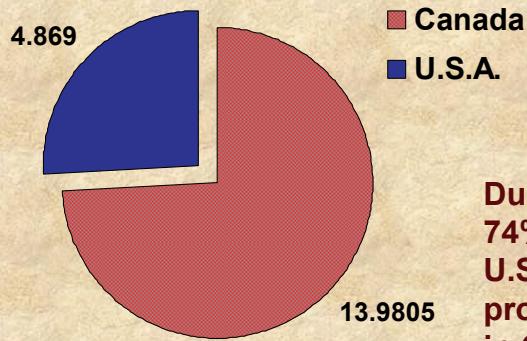


U.S. Pig Crop, 1996-07



Growth in U.S.-Canadian Pig Crop 1995-2005

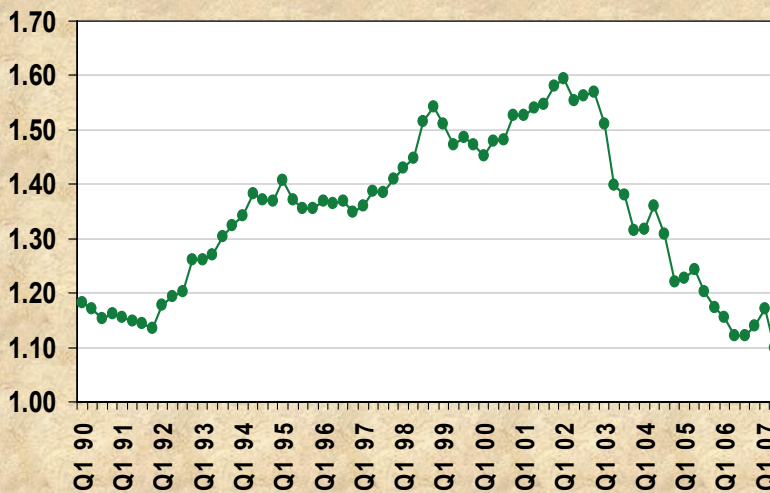
(million head)



During the past decade, 74% of the increase in U.S.-Canadian pig production took place in Canada.

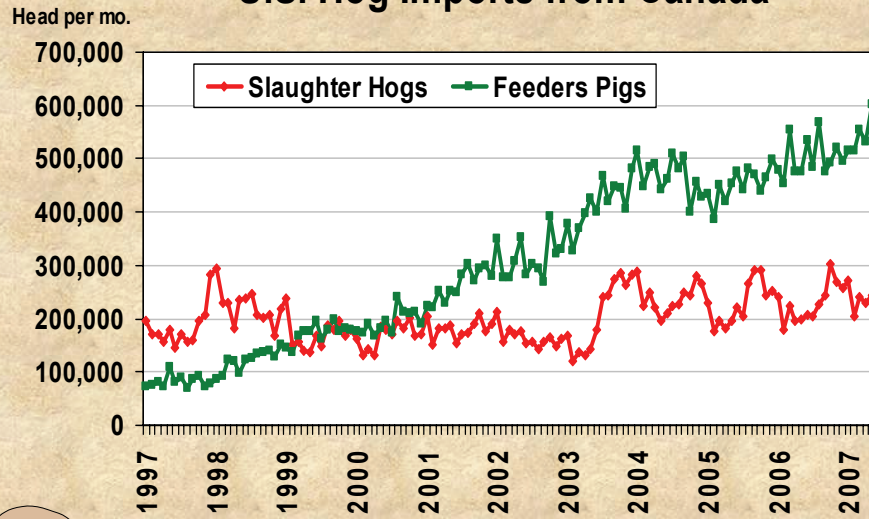
Source: USDA/FAS

Exchange Rate: Can \$ Per US \$

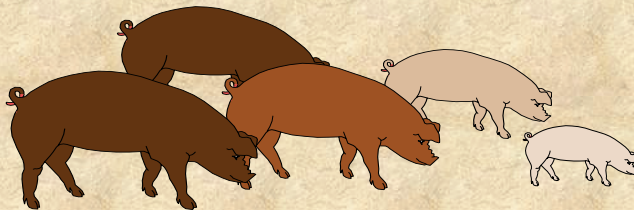


2006 imports: slt hogs down 1% & feeder pigs up 11%

U.S. Hog Imports from Canada



Inventory Reports



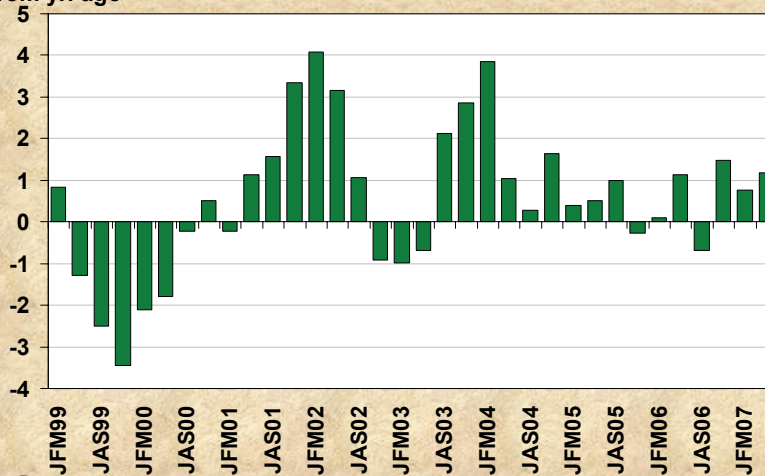
Hog Inventory Reports

	U.S. June	Canada April
All Hogs & Pigs	101.7	96.9
Kept for Breeding	100.9	98.4
Kept for Marketing	101.8	96.7
Under 60 lbs	101.8	102.7
60-119 lbs.	101.5	89.5
120-179 lbs.	101.2	87.9
180 lbs. and over	103.0	
Sep-Nov Farrowings	101.7	100.8
Dec-Feb Farrowings	101.6	98.1
Mar-May Farrowings	101.3	100.7
Jun-Aug Farrowing Intentions	101.6	
Sep-Nov Farrowing Intentions	100.4	



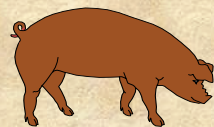
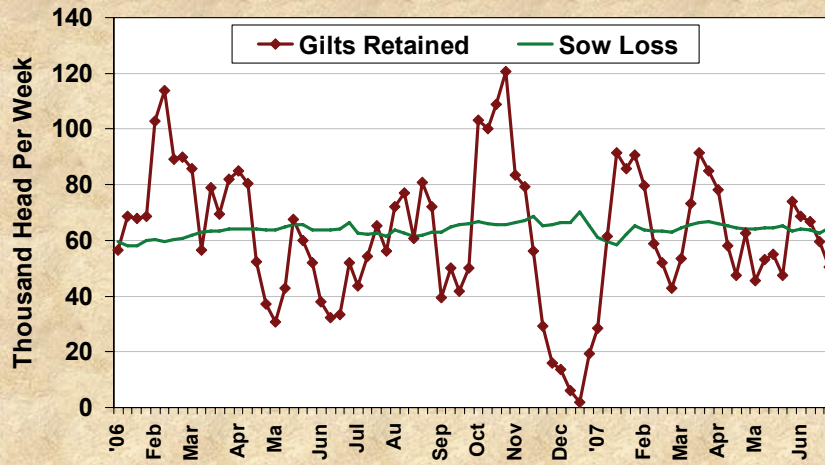
Sows Farrowed-U.S. & Canada Combined

% change
from yr. ago

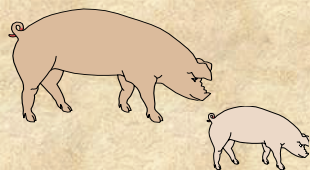


Estimated Gilt Retention & Sow Loss, 2006-2007

GG Cattle & Hog Fax

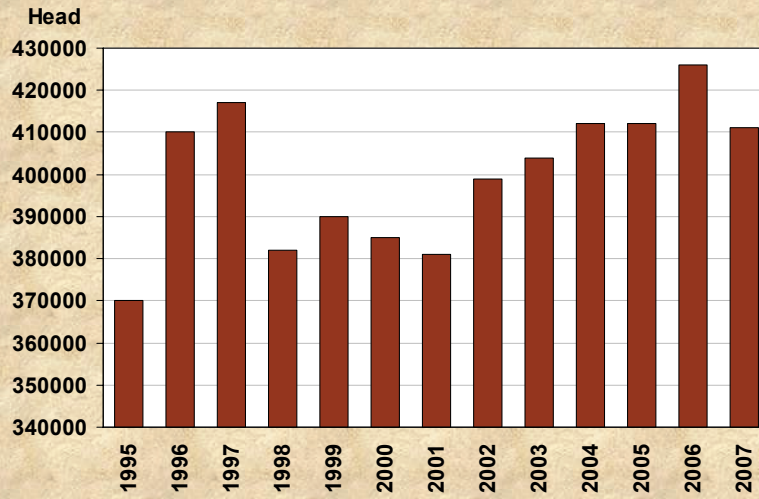


Slaughter Capacity

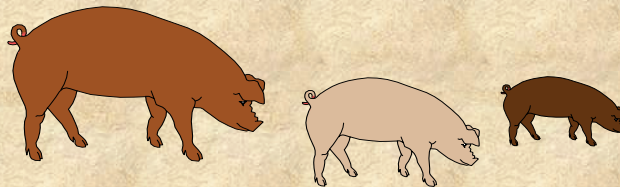


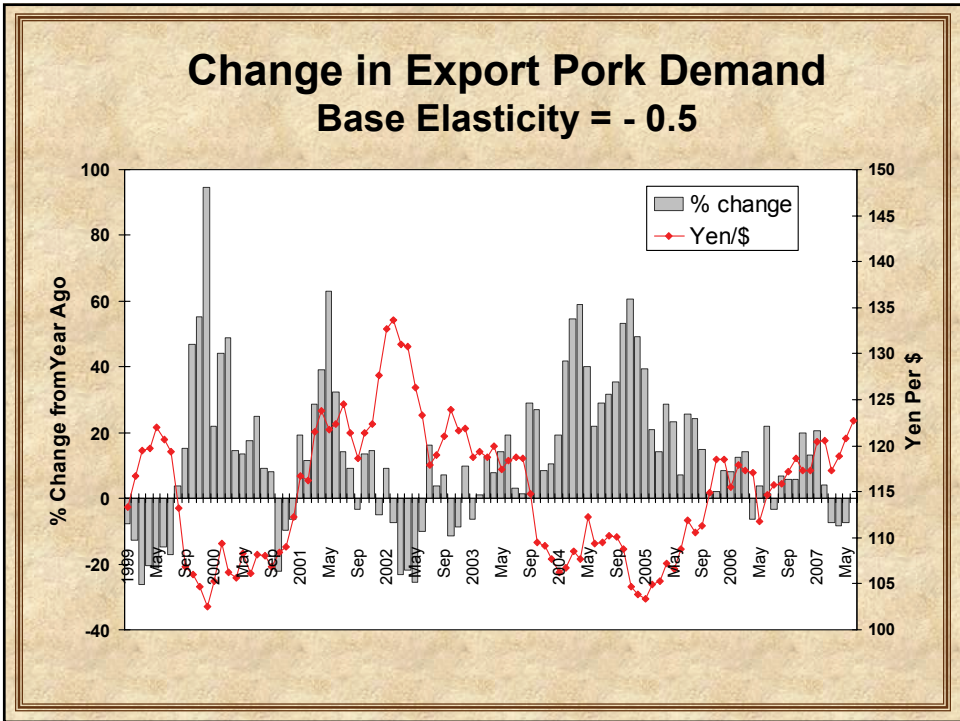
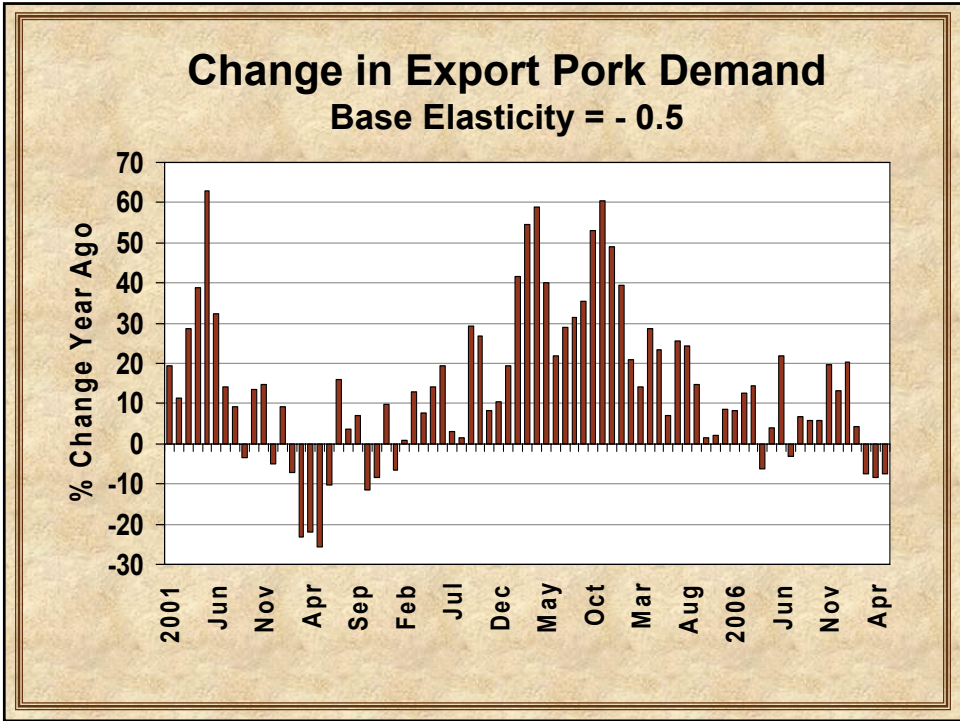
The Bryant Foods plant in West Point, MS, closed in March

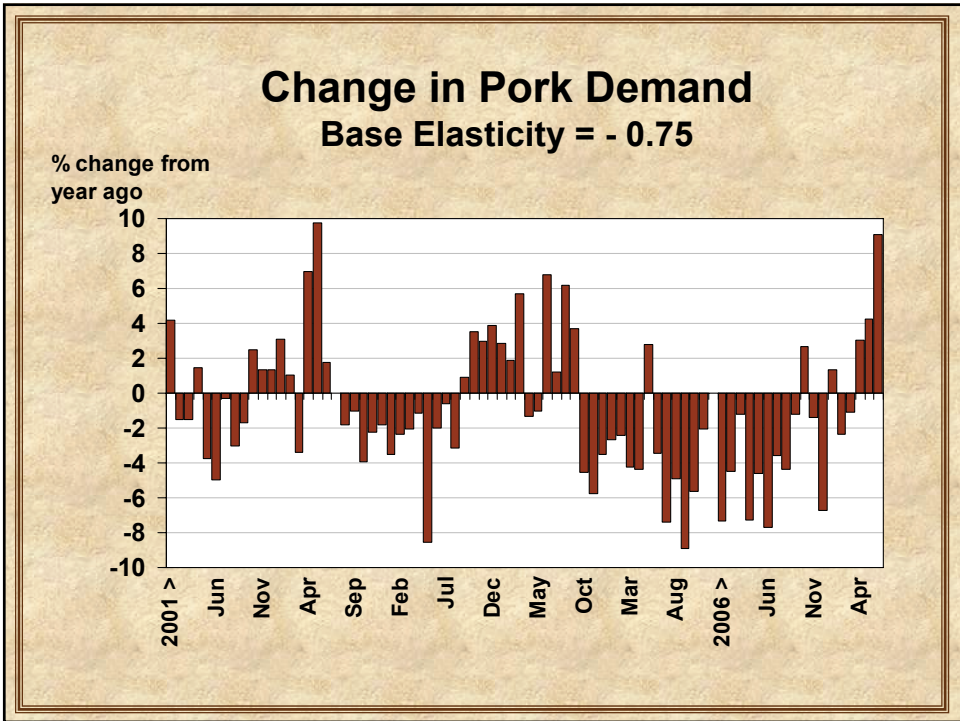
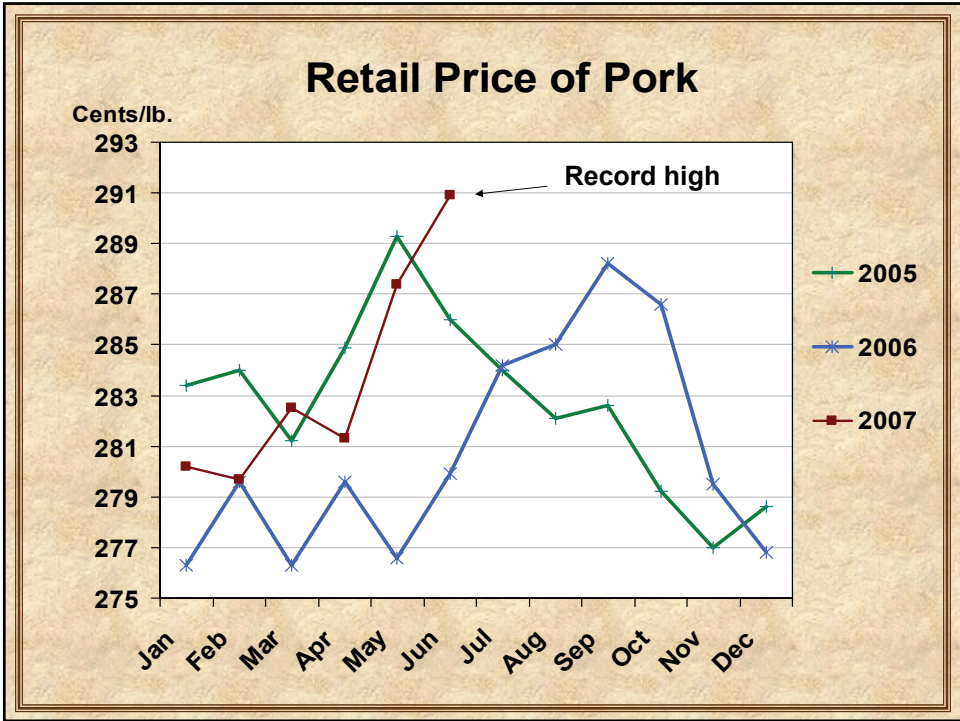
Daily Hog Slaughter Capacity



Demand

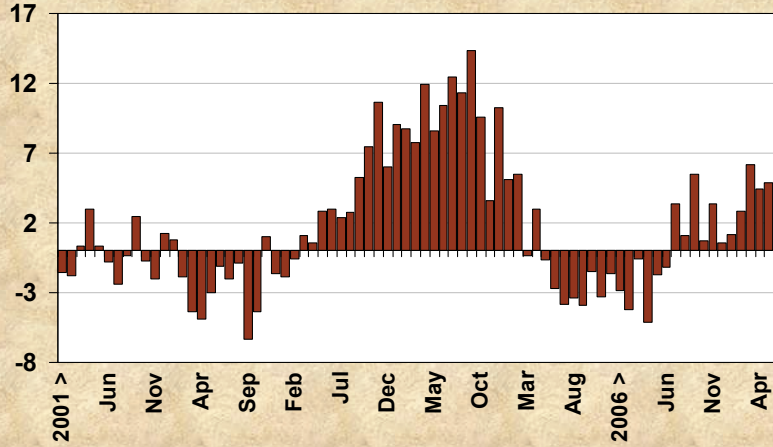




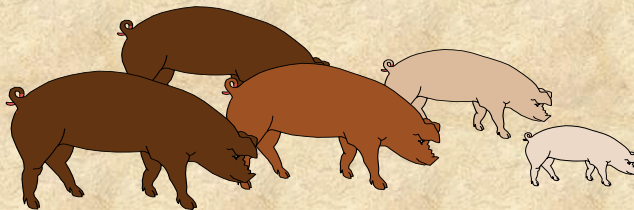


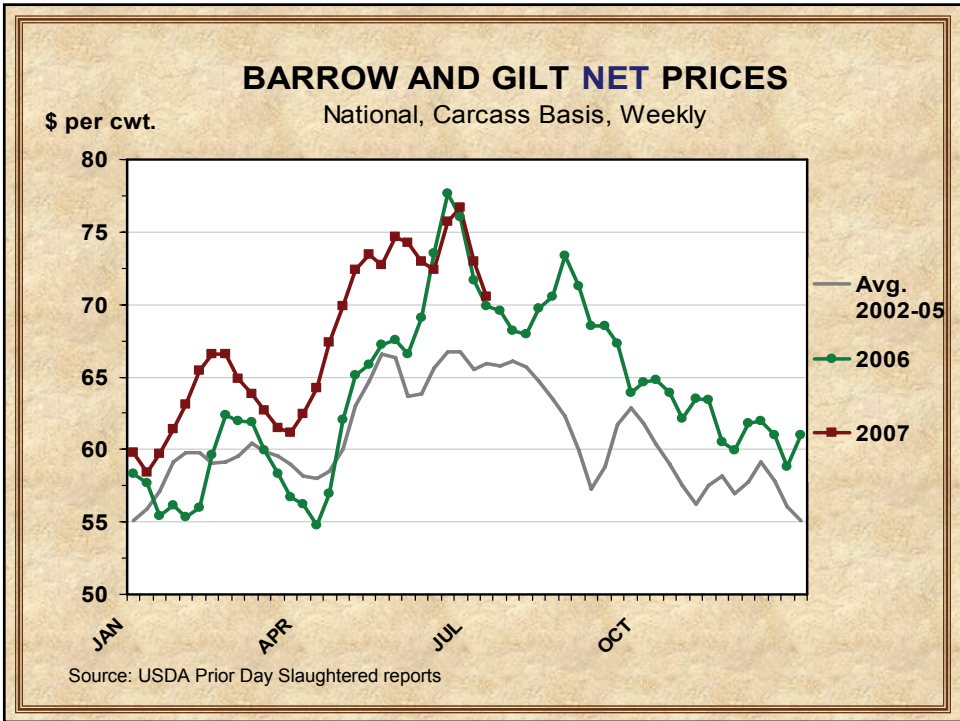
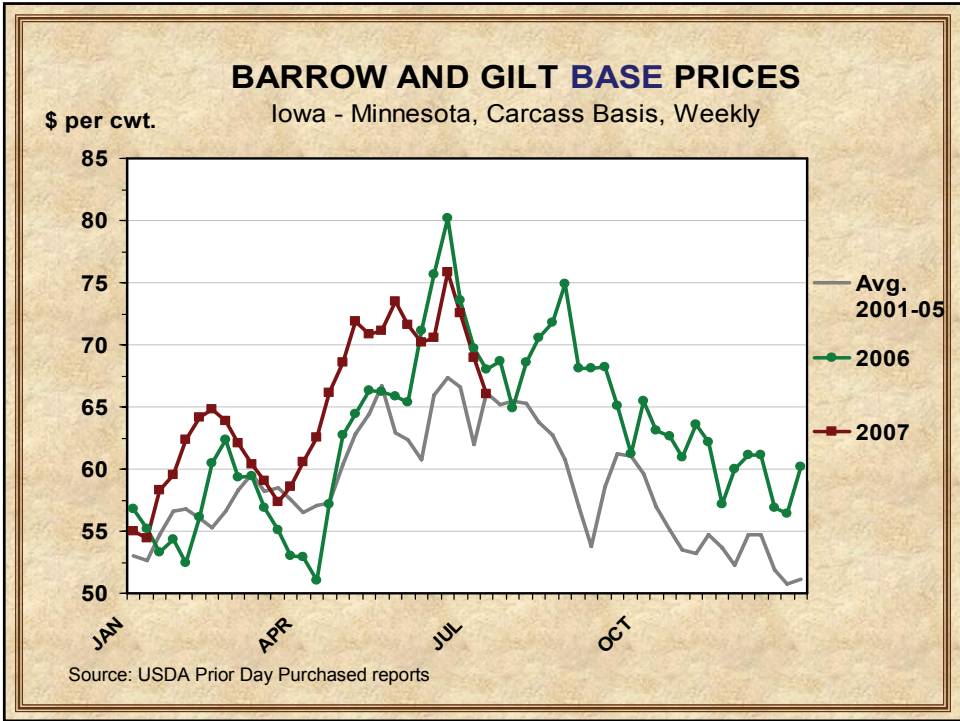
Change in Hog Demand Base Elasticity = - 0.2

% change from
year ago

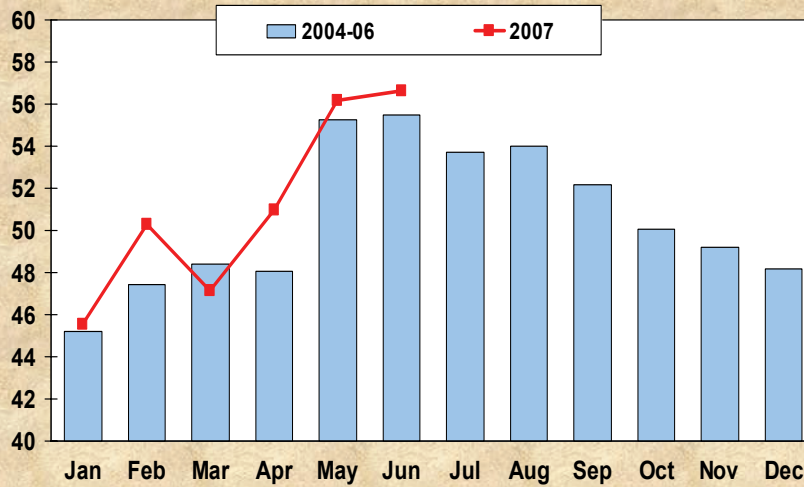


Hog Prices





Barrow & Gilt Negotiated Live Price



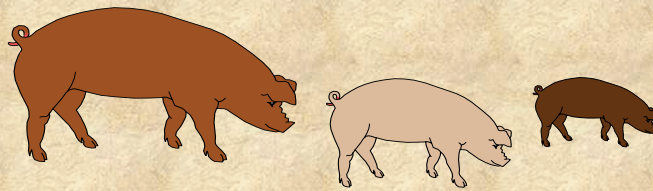
Source: USDA Prior Day Purchased reports

Major Unknowns

- Circovirus vaccine & death losses
- China & pork exports
- Weather



My Forecast



Commercial Hog Slaughter Forecast Million Head

	2006	2007	2008	-----Change-----	
				06-07	07-08
Qtr 1	26.208*	26.686*	27.330	+1.8%	+2.4%
Qtr 2	24.839*	25.523*	25.830	+2.7%	+1.2%
Qtr 3	25.810*	26.425	27.165	+2.4%	+1.2%
Qtr 4	27.880*	29.100	29.400	+2.8%	+1.0%
Year	104.737*	107.734	109.725	+2.4%	+1.4%

*actual

Note: Q4 07 & Q3 08 have 1 more slaughter day

Iowa-Minn Hog Price Forecast
 Negotiated Base Price Per Carcass Hundredweight

	2006	2007	2008
Qtr 1	\$56.37*	\$60.65*	\$61-65
Qtr 2	\$65.41*	\$69.60*	\$64-68
Qtr 3	\$68.24*	\$62-66	\$61-65
Qtr 4	\$60.76*	\$57-61	\$56-60
Year	\$62.68*	\$62-65	\$60-64

*actual price – prior day purchased



Iowa-Minn Live Hog Price Forecast
 Negotiated Base Price Per Live Hundredweight

	2006	2007	2008
Qtr 1	\$41.71*	\$44.88*	\$45-49
Qtr 2	\$48.40*	\$51.50*	\$47-51
Qtr 3	\$50.50*	\$46-50	\$45-49
Qtr 4	\$44.96*	\$42-46	\$42-45
Year	\$46.38*	\$46-48	\$45-48

*actual price – 74% of carcass price



Forecast Summary

- Farrowings 0-2% above year-ago
- Continued 2-3% productivity growth
- More imports of Canadian hogs/pigs
- Possible increase in pork exports
- Stable domestic demand
- Rising feed cost



Any Questions?

