Pork and Swine Market Outlook

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Broad Overview

- Export demand been strong; domestic less robust
- Reduced supplies (both cold storage & hog production)
  - = Heightened prices
- Macroeconomic concerns persist…
- “Social pressures” increasing in influence…
  - = Heightened uncertainty (“the new normal”)
US PORK EXPORTS
Carcass Weight, Monthly

Data Source: USDA-ERS & USDA-FAS,
Compiled by LMIC

US PORK EXPORTS TO MAJOR MARKETS
Carcass Weight, Monthly

Data Source: USDA-ERS & USDA-FAS,
Compiled by LMIC
PORK IN COLD STORAGE
Frozen and Cured, End of the Month

JUNE 1 MARKET HOGS
U.S. Inventory
TOTAL RED MEAT & POULTRY PRODUCTION
Quarterly

Bil. Pounds

JAN-MAR APR-JUN JUL-SEP OCT-DEC

Avg.
2004/08
2009
2010
2011

Data Source: USDA-NASS, Compiled and Forecasts by LMIC

WHOLESALE HAM PRICES
Selected, 23-27 Pounds, Weekly

$ Per Cwt.

Livestock Marketing Information Center

Data Source: USDA/AMS

M-S-31
07/14/10

M-P-27
07/26/10
Livestock Marketing Information Center

CPI - MEATS
1982-1984 Base, Monthly

CONSUMER PRICE INDEX - ALL ITEMS
1982-1984 Base, Monthly
### Quarterly Hog & Pork Forecasts (LMIC: 7/23/2010)

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Comm'l Slaughter from Year Ago</th>
<th>% Chg. from Year Ago</th>
<th>Average Carcass Weight from Year Ago</th>
<th>% Chg. from Year Ago</th>
<th>Comm'l Pork Production from Year Ago</th>
<th>% Chg. from Year Ago</th>
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<td>Year</td>
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</table>

### Beyond Today’s Ps & Qs
Industry pressures shaping today & tomorrow’s markets:

- “Fair market” regulation adjustments/discussions

- Does differentiation of niche products = stigmatizing of conventional products???
  - E.g. what impact does promotion of “humanely raised” pork have on “commodity pork?”

- Perceived safety issues span beyond FSIS recalls
  - traceability and identification (in)ability sends signals
  - calls for antibiotic bans, etc. will likely continue…

Industry pressures shaping today & tomorrow’s markets:

- Animal well-being/welfare
  - “social pressures” are here to stay …

  - 1999(1)-2008(4) pork media index increased by 181% = 2.65% pork demand reduction…

  - national call to “level the field” coming???

  - Much more work on economic welfare impacts needed; distinction between “supporting voters” and “meat buyers”…
More information available at:
AgManager (http://www.agmanager.info/)

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HOG CUTOUT VALUE
Weekly

$ Per Cwt.

Data Source: USDA-AMS, Compiled by LMIC

Avg. 2004-08
2009
2010

HOG-10
07/19/10
BASE SLAUGHTER HOG PRICES
National, Weighted Average Carcass Price, Weekly

$ Per cwt

Avg.
2004-08

2009

2010

Data Source: USDA-AMS, Compiled & Analysis by LMIC

H-P-23
07/19/10