



From Farm to Table — Food System Biosecurity for Animal Agriculture

Identifying Risks, Challenges and Solutions

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hosted by **NIAA** National Institute for
Animal Agriculture



Assessment of the Economic Impacts of PEDv

Swine Committee Meeting

Glynn Tonsor, Dept. of Ag. Economics, Kansas State Univ.

Lee Schulz, Dept. of Economics, Iowa State Univ.

April 5, 2016

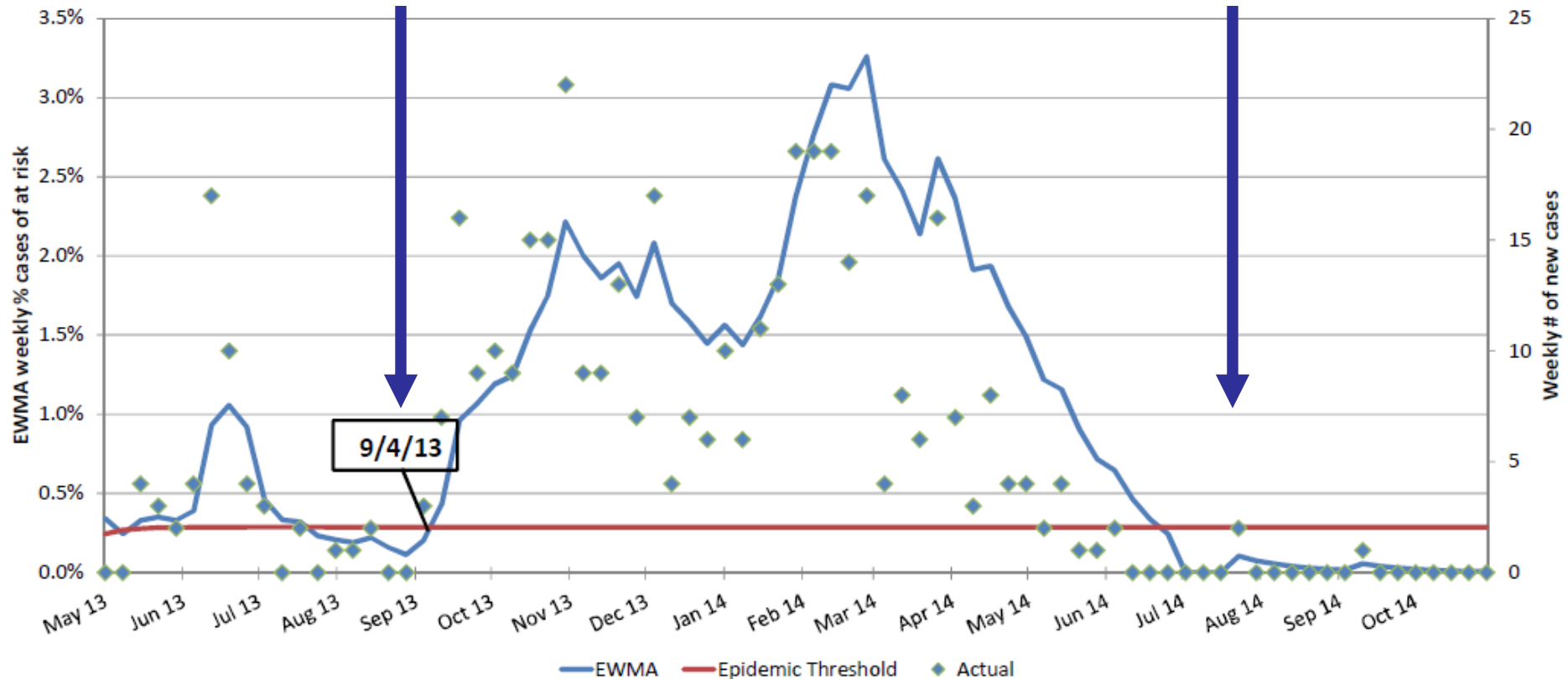
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Year with PEDV

(Sep 2013-Aug 2014)

Swine Health Monitoring Project: PEDV Incidence Analysis



This figure presents the PEDV exponentially-weighted moving average (EWMA) epidemic monitor (left vertical axis) with preliminary epidemic threshold based on 2013/2014 seasonal incidence. This figure also monitors the actual weekly number of incident cases of PED (right vertical axis).

Source: University of Minnesota, Swine Disease Eradication Center

Inventories, slaughter, weights, and pork production during the year with PEDV

Year before
PEDV

Year with
PEDV



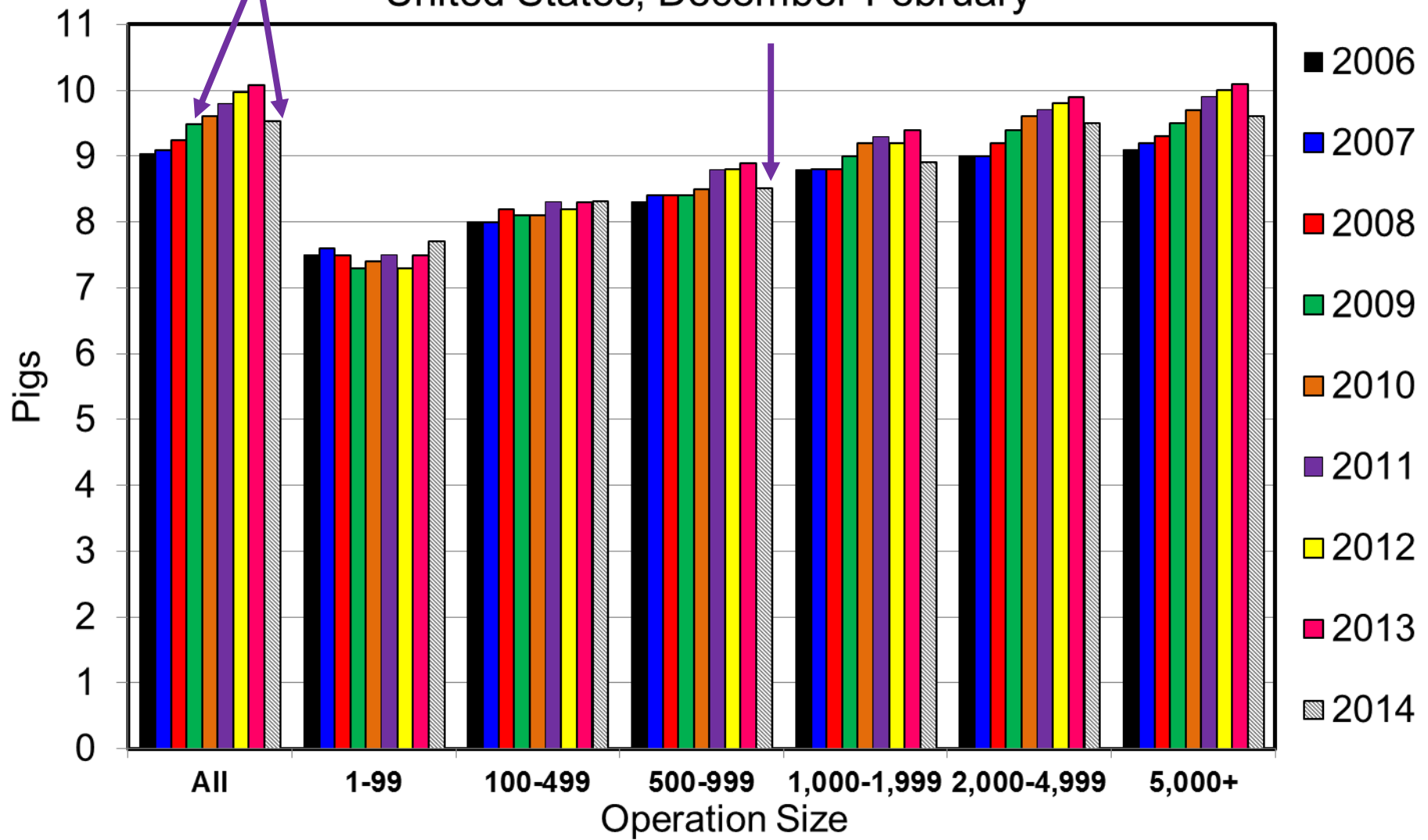
United States	Sept 2012 – Aug 2013	Sept 2013 – Aug 2014	Change	% Change
Sows farrowing, head	11,372,000	11,344,000	-28,000	-0.25%
Pigs saved per litter	10.22	9.91	-0.31	-3.03%
Pig crop, head	116,201,000	112,476,000	-3,725,000	-3.21%

Data Source: USDA/NASS



Pigs per Litter by Size of Operation

United States, December-February



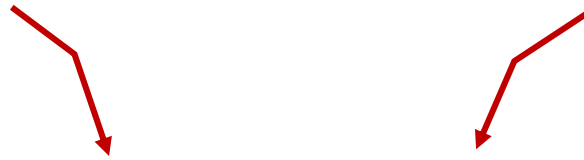
Data Source: USDA/NASS



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	Jan 2013 – Dec 2013	Jan 2014 – Dec 2014	Change	% Change
Hog slaughter, head	112,076,700	106,875,700	-5,201,000	-4.64%
Carcass weight, pounds	206.89	213.74	6.85	3.31%
Pork production, pounds	23,187,100,000	22,843,300,000	-343,800,000	-1.48%

Data Source: USDA/NASS



Forecasted and Estimated Costs and Returns in a Representative Farrow-to-Finish Operation

		Scenario						
	2014							
	Forecast							
	made							
	Sept							
	2013							
Productivity impact								
Finished pigs sold/female/year	20.48							
Economic impact								
Average total revenue, \$/head	\$160.95							
Average total costs, \$/head	\$146.73							
Net return, \$/head	\$14.22							
Return on investment, %/head	9.66%							

Schulz, L.L. and G.T. Tonsor. 2015. "Assessment of the Economic Impacts of Porcine Epidemic Diarrhea Virus in the United States." *Journal of Animal Science*. Available at <https://www.animalsciencepublications.org/publications/jas/abstracts/0/0/jas.2015-9136>



Forecasted and Estimated Costs and Returns in a Representative Farrow-to-Finish Operation

		Scenario						
	2014	2014						
	Forecast	Estimate with						
	made	forecasted						
	Sept	finished pigs						
	2013	sold/female/year	Difference					
Productivity impact								
Finished pigs sold/female/year	20.48	20.48	0.00					
Economic impact								
Average total revenue, \$/head	\$160.95	\$204.52	\$43.56					
Average total costs, \$/head	\$146.73	\$150.16	\$3.43					
Net return, \$/head	\$14.22	\$54.36	\$40.14					
Return on investment, %/head	9.66%	35.90%	26.24%					

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Forecasted and Estimated Costs and Returns in a Representative Farrow-to-Finish Operation across Varying Levels of Finished Pigs Sold per Female in 2014

		Scenario						
	2014	2014						
	Forecast	Estimate with						
	made	forecasted		2014 Estimates – Heterogeneity of Impacts				
	Sept	finished pigs		Finished pigs sold per mated female per year				
	2013	sold/female/year	Difference	-43%	-33%	-23%	-13%	-3%
Productivity impact								
Finished pigs sold/female/year	20.48	20.48	0.00	11.67	13.72	15.77	17.82	19.87
Economic impact								
Average total revenue, \$/head	\$160.95	\$204.52	\$43.56	\$204.52	\$204.52	\$204.52	\$204.52	\$204.52
Average total costs, \$/head	\$146.73	\$150.16	\$3.43	\$186.61	\$173.96	\$164.59	\$157.38	\$151.65
Net return, \$/head	\$14.22	\$54.36	\$40.14	\$17.91	\$30.56	\$39.93	\$47.14	\$52.87
Return on investment, %/head	9.66%	35.90%	26.24%	9.40%	17.34%	24.00%	29.68%	34.57%

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How can prices increase so much?

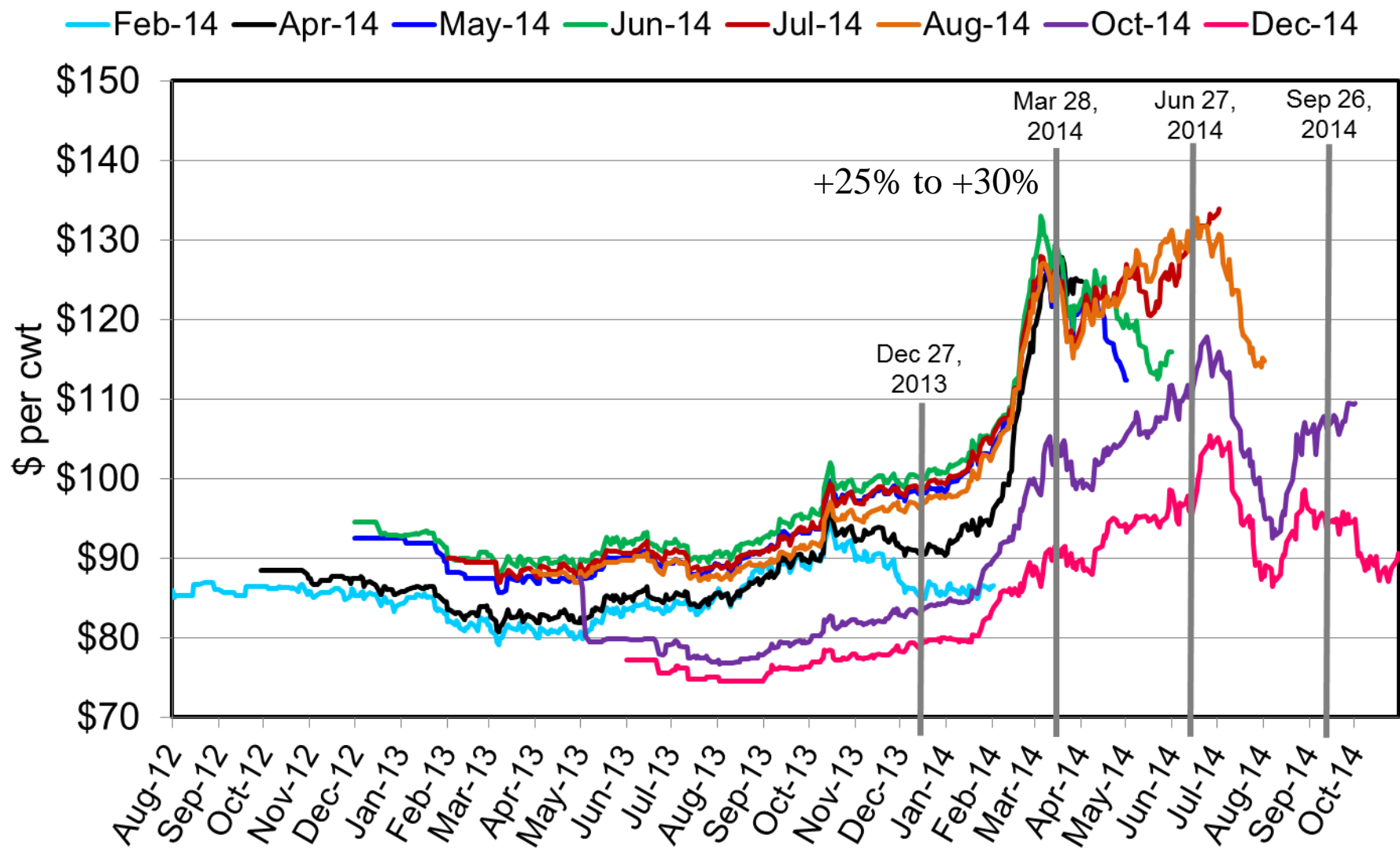
Uncertainty on extent of supply impact

+ Realized lack of adverse demand (both domestics and export) response

= ~ +25-30% increase in prices



CME Lean Hog Futures Prices



Data Source: Barchart.com



Additional Key Points

- No adverse demand impact is key
 - Recall H1N1
- 2014 pork demand was up 7.4%
 - Pork price +10.3% & per capita cons. -0.8%
- Packers, processors, distributors, and retailers harmed by reduced volume throughput

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Longer-Term Implications

- Increased expansion:
 - Lower costs and greater retail consumption
- Economics of PEDV (& other) vaccines should be considered explicitly
- Stricter biosecurity measures implemented
 - *Value extends well beyond PEDV going forward*
- In the future, the industry needs to be prepared to handle adverse response from consumers.
 - **PEDv in 2013-14 may well be the exception!**



More information available at:



This presentation will be available in PDF format at:
<http://www.agmanager.info/about/contributors/individual/tonsor.asp>

Glynn Tonsor
Associate Professor
Dept. of Agricultural Economics
Kansas State University
Email: gtonsor@ksu.edu
Twitter: @TonsorGlynn



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