Roadmap of Today's Discussion

1. Economic Landscape in 2025

2. Mixed Signals & Unfunded Mandates

3. Are Vegan & Vegetarian Rates Increasing?

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Consumer Sentiment

FRED — University of Michigan: Consumer Sentiment

Source: University of Michigan via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

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https://fred.stlouisfed.org/series/UMCSENT#

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Consumer Sentiment

April 25' mid-month #s

- Year-Ahead Inflation Expectations: 6.7% (vs 5.0% in March)
  - Highest reading since 1981

- Share expecting unemployment is double Nov. 2024 level & highest since 2009

- Director Hsu: "*decline was, like the last month's, <u>pervasive and unanimous</u> across age, income, education, geographic region, and political affiliation. Sentiment has now lost more than 30% since December 2024 amid growing worries about trade war developments that have oscillated over the course of the year.*"

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Hard & Soft, Data & Science

❑ Soft Data: Univ. of MI Consumer Sentiment, NFIB Small Business Optimism Index, etc.
  ❑ Often ex-ante or pre-event data

❑ Hard Data: Circana reported retail pork prices & volumes, actual business earnings, etc.
  ❑ Often ex-post or realized data

❑ Hard Science: engineering, physics, math, parts of economics

❑ Soft Science: sociology, philosophy, psychology, marketing, parts of economics

➢ *GT: Soft Data & Science + Hard Data & Science = Improved Understanding*

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Meat Demand Monitor: Demand Differences by Financial Sentiment in Quarter 1 2025

Justin D. Bina, Glynn T. Tonsor.[1]
Kansas State University, Department of Agricultural Economics – April 2025

https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data/meat-demand-monitor-demand

MDM: Meat Demand Monitor

The MDM tracks U.S. consumer preferences, views, and demand for meat with separate analysis for retail and food service channels. MDM is a monthly online survey with a sample of over 2,000 respondents reflecting the national population.

Prior Day Meal, Protein Inclusion Rate by Financial Sentiment (Now vs One Year Ago) for Apr. 2025 (MDM)
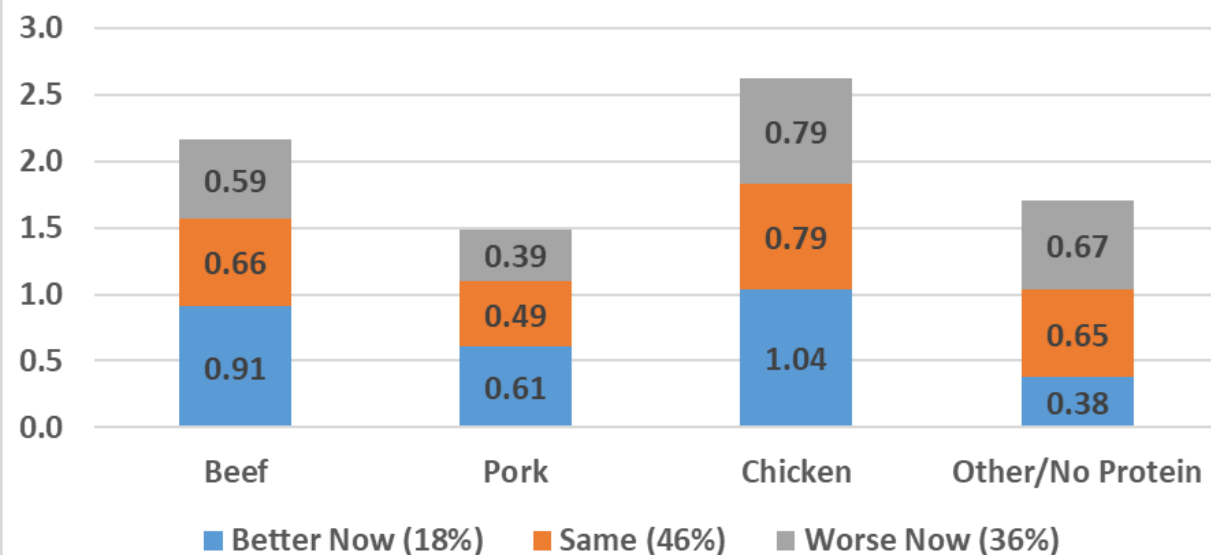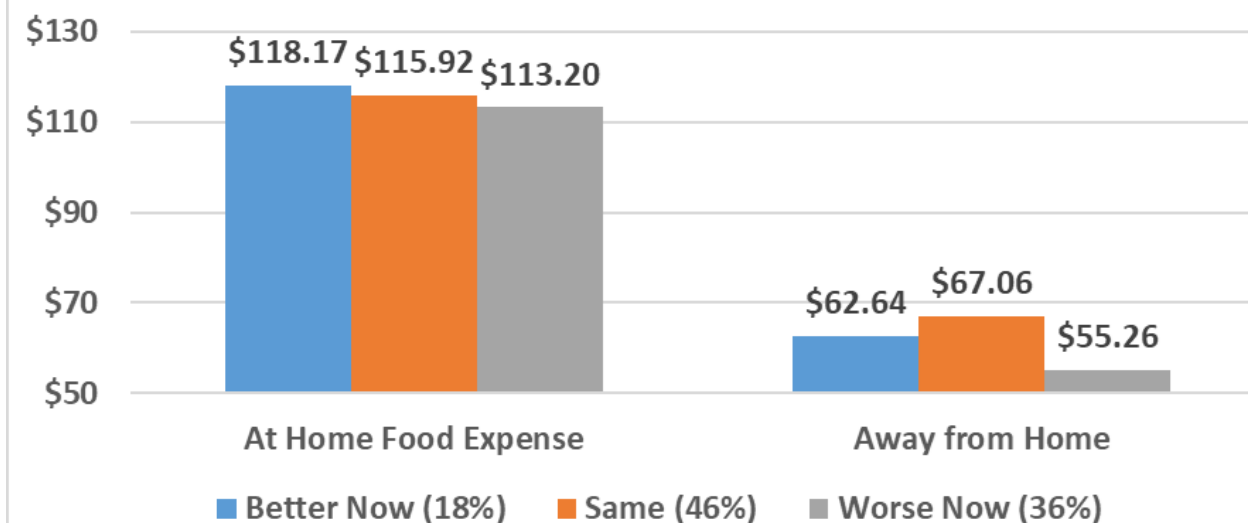

Implied Weekly (@21 total meals):

18%: 4.27 meals w/ pork

46%: 3.43 meals w/ pork (-20%)

36%: 2.73 meals w/ pork (-20%)

Average Weekly Food Expenses, by Financial Sentiment (Now vs One Year Ago) for Apr. 2025 (MDM)

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https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data

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MONTHLY ESTIMATED RETURNS TO FARROW TO FINISH, IOWA
January 1974 through December 2025

$ per head

1995 = -$0.11   2020 = -$4.87
1996 = +$6.18   2021 = +$21.69
1997 = +$11.49   2022 = +$4.57
1998 = -$26.88   2023 = -$31.56
1999 = -$17.08   2024 = -$1.09
2000 = +$9.76   2025^f = +$8.34

Data Source: Iowa State University.

Estimated Livestock Returns, compiled and calculated by Lee Schulz
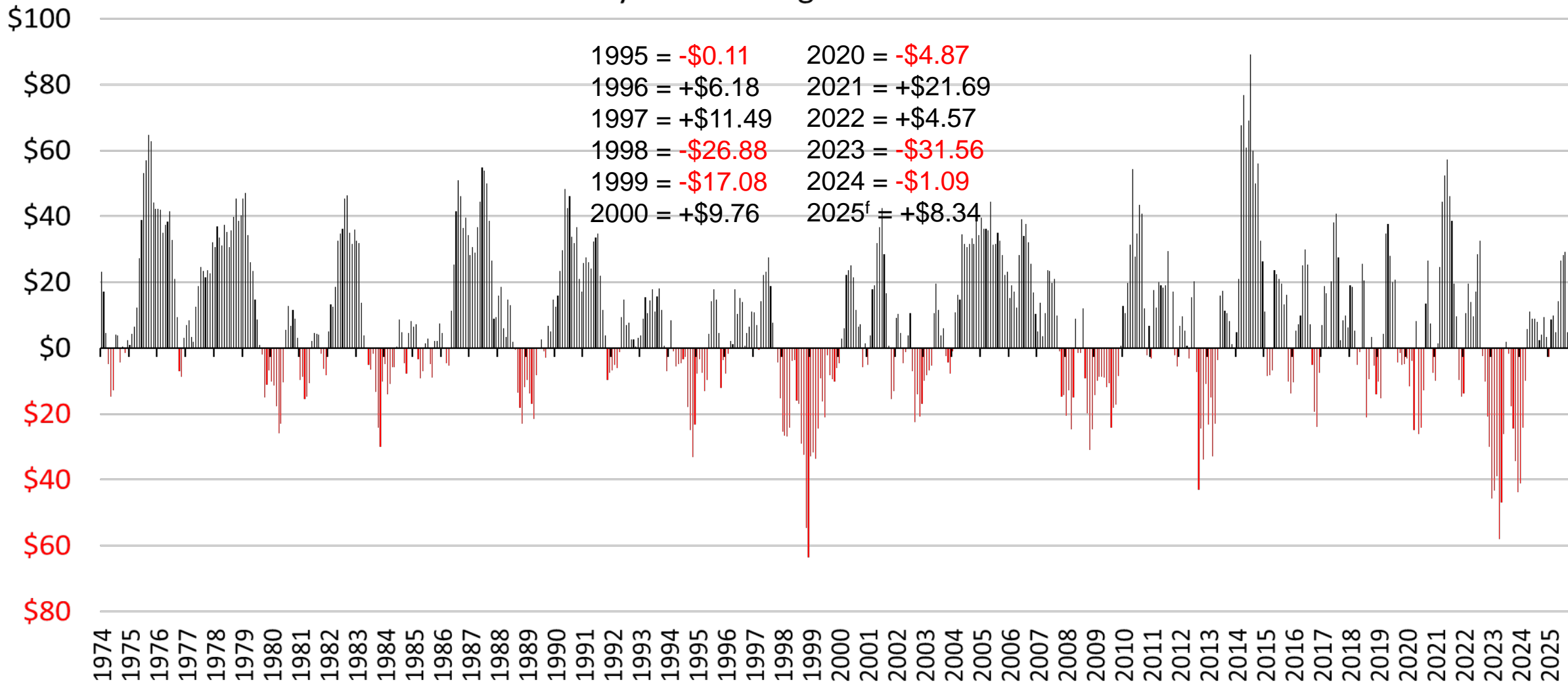
Cumulative Estimated Returns to Farrow to Finish, Iowa

— Profit/Loss   --- Forecast

Aug-22, $320

Jan-20, -$3

Sep-25, -$11

Mar-25, -$119

Jul-26, -$34

Mar-24, -$197

Data Source: Iowa State University.

Estimated Livestock Returns, compiled and calculated by Lee Schulz

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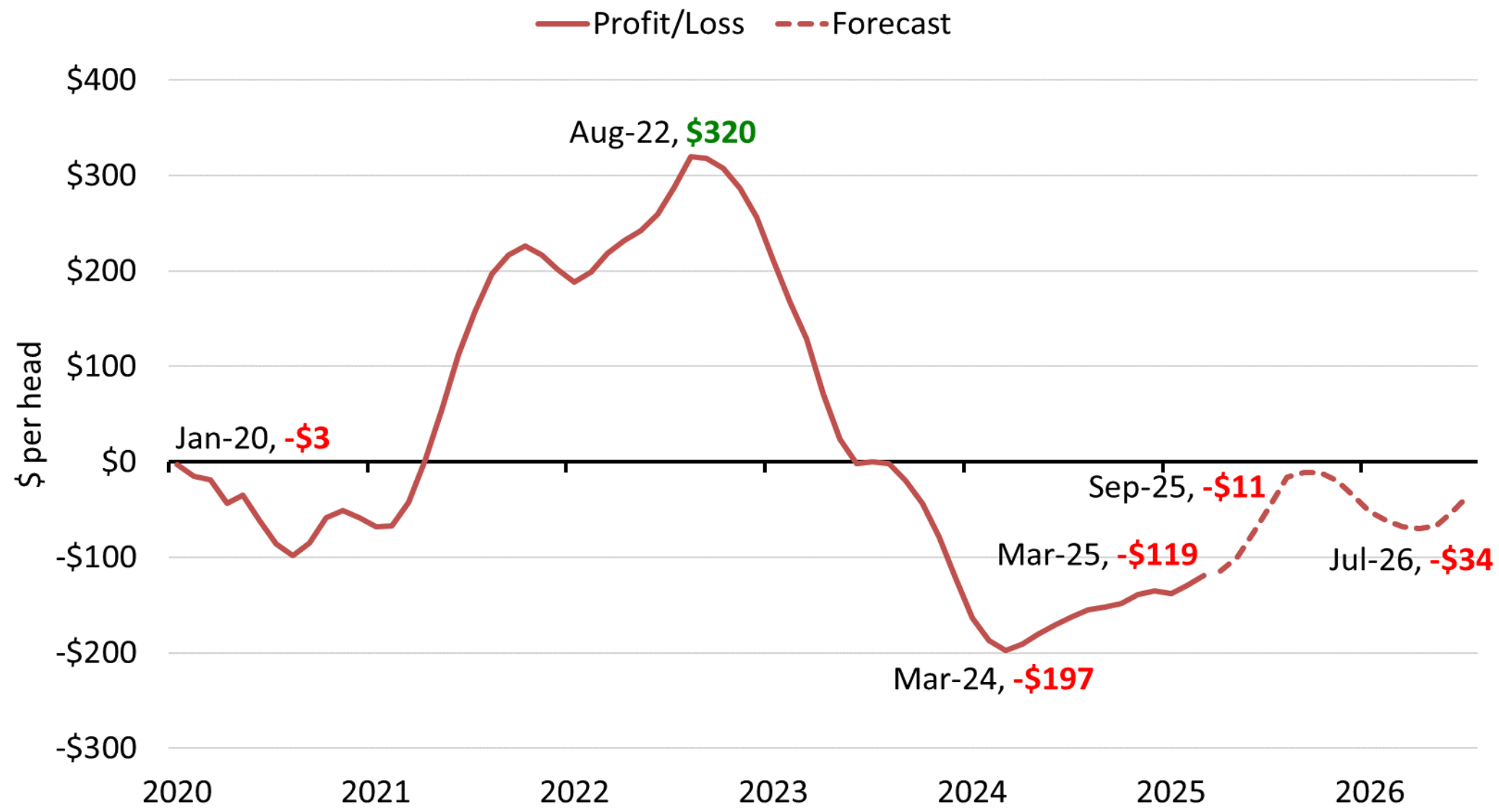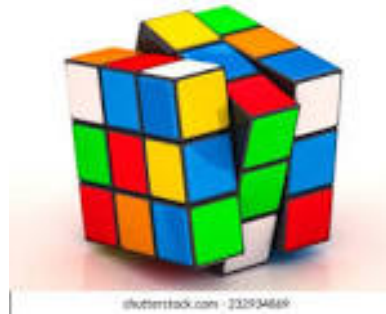
~15% of
Human Population

~85% of
Human Population

Populism Has Been On The Rise For The Past 30 Years

POPULISTS IN POWER: SHARE OF COUNTRIES IN SAMPLE

— POPULISM GOVERNMENTS
RIGHT-WING POPULISM
LEFT-WING POPULISM

Posted on
The Daily Shot
24-Jan-2023

@SoberLook

SHARE OF INDEPENDENT COUNTRIES WITH POPULIST GOVERNMENT (%)

* SOURCE: *THE COST OF POPULISM: EVIDENCE FROM HISTORY*, MANUEL FUNKE, MORITZ SCHULARICK, CHRISTOPH TREBESCH, FEBRUARY 16, 2021.

© BCA Research 2023

The Economist

ZERO-SUM

The destructive logic that threatens globalisation

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Average Total Pig Costs, by Country (2023, InterPig & Eve.Ag)
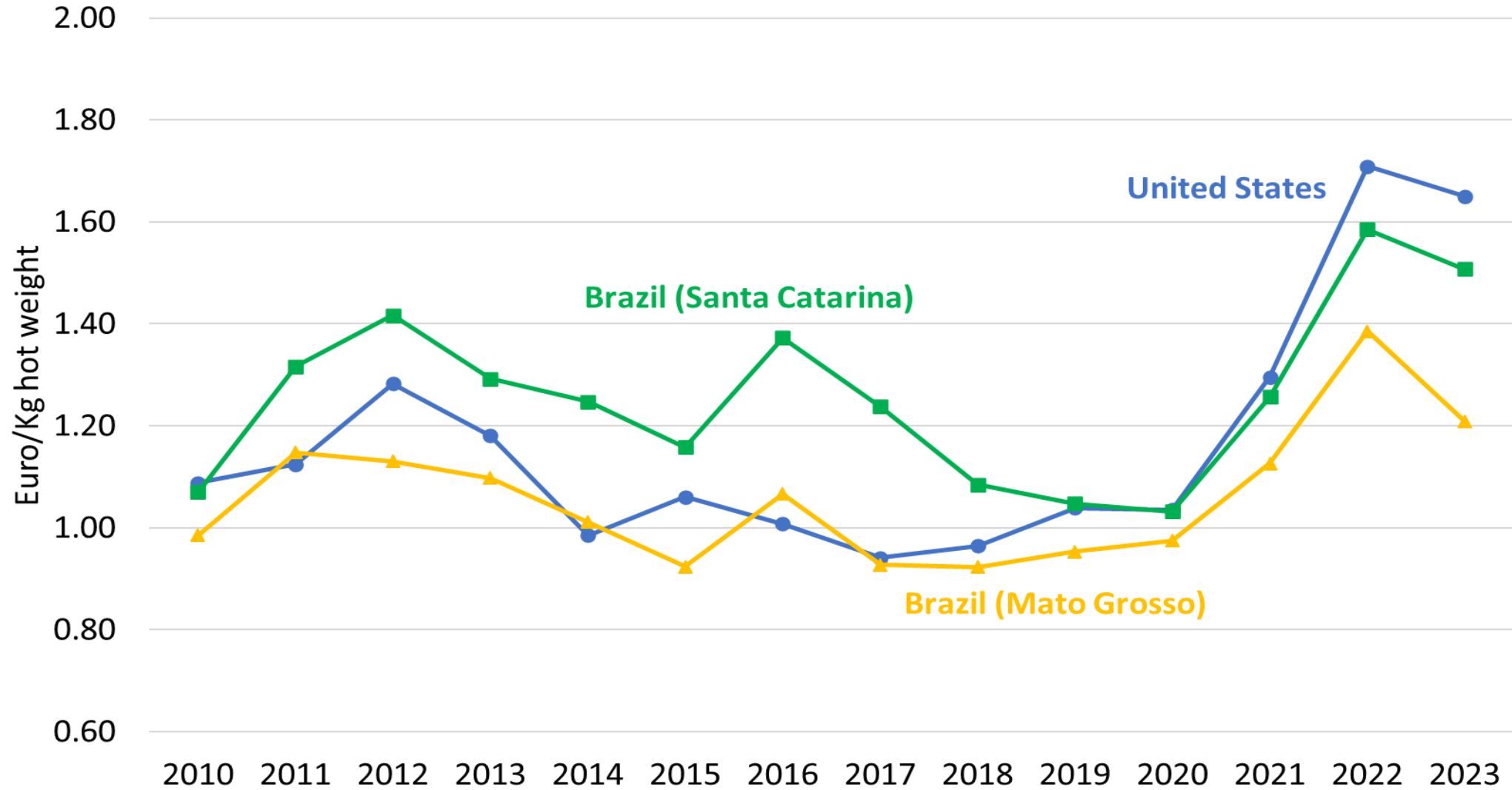
Benchmarking the profitability of raising pigs 2022

Dr. Derald Holtkamp, Dr. Lee Schulz and Dr. Dermot Hayes, Iowa State University (USA)

Download PDF

https://www.msd-animal-health-swine.com/market-trends/benchmarking-the-profitabilityof-raising-pigs-2022/
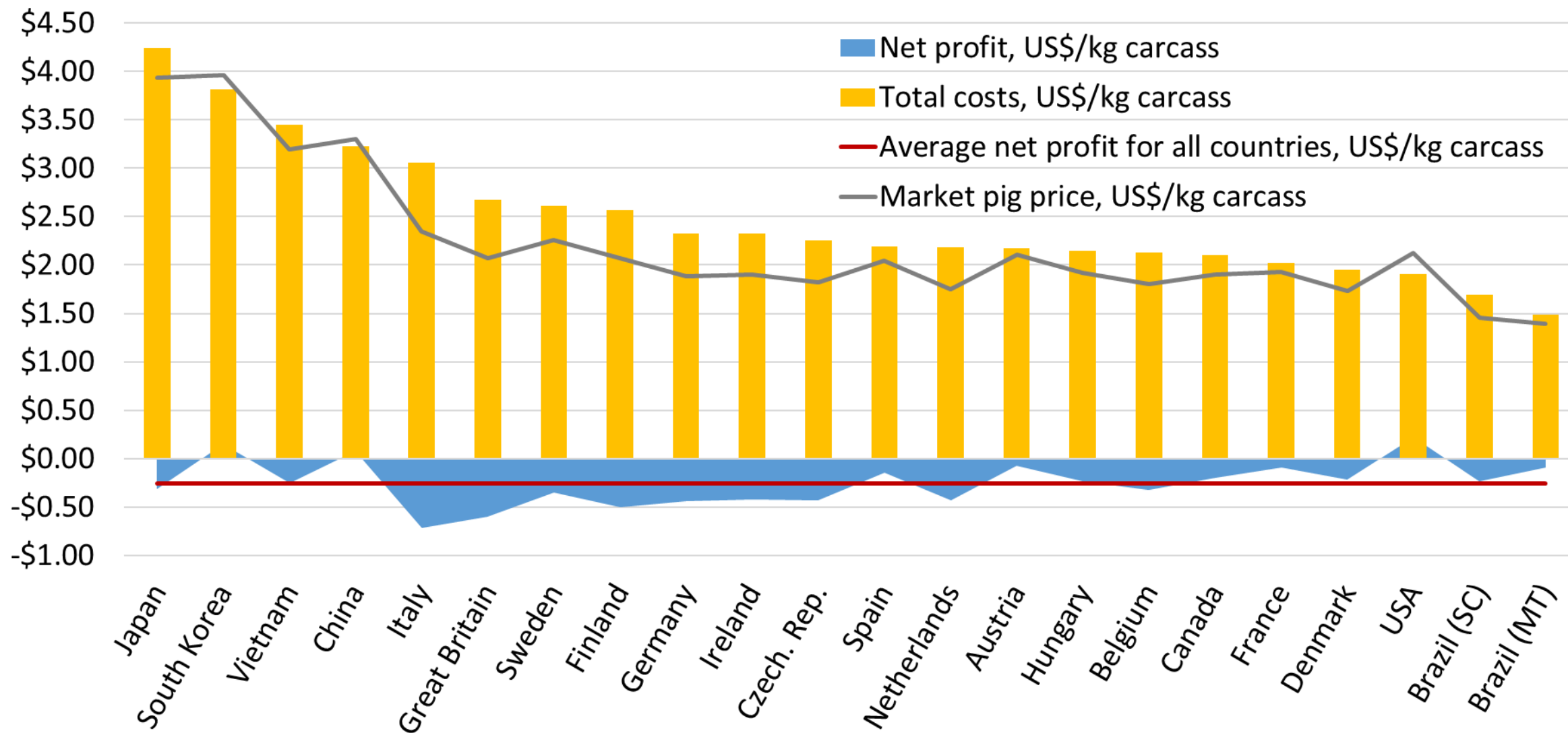
| 2018 | 2019 | 2020 | 2021 | 2022 |

Benchmarking the profitability of raising pigs 2022

Key messages

Revenue, cost, and profit per carcass kg sold—2022

Legend:
- Net profit, US$/kg carcass
- Total costs, US$/kg carcass
- Average net profit for all countries, US$/kg carcass
- Market pig price, US$/kg carcass

Countries (left to right): Japan, South Korea, Vietnam, China, Italy, Great Britain, Sweden, Finland, Germany, Ireland, Czech. Rep., Spain, Netherlands, Austria, Hungary, Belgium, Canada, France, Denmark, USA, Brazil (SC), Brazil (MT)
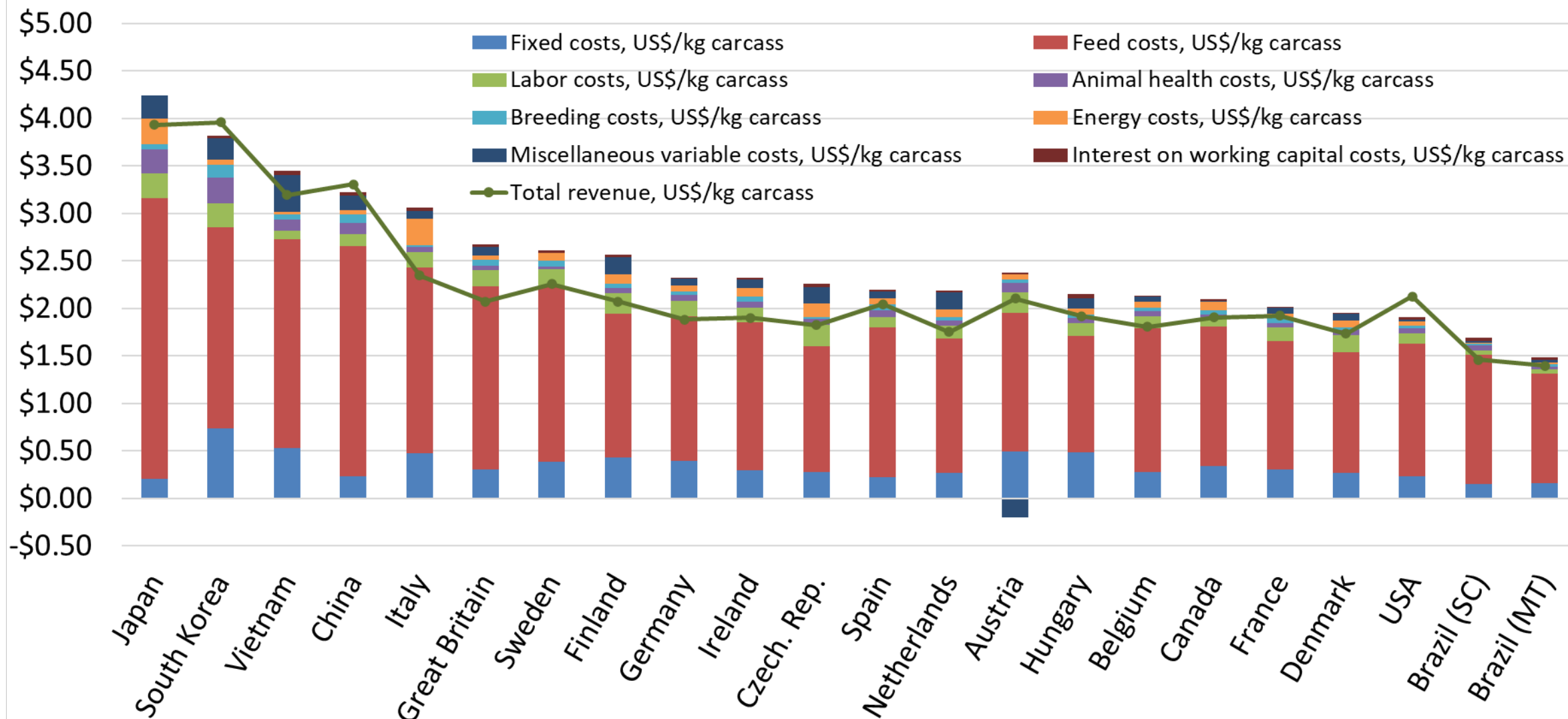
KEY PERFORMANCE INDICATORS IN PORK PRODUCTION: AN INTERNATIONAL COMPARISON USING 2022 DATA

Derald Holtkamp, Dermot Hayes, Lee Schulz

Detailed costs per carcass kg sold—2022
Breed-to-market

Legend:
- Fixed costs, US$/kg carcass
- Feed costs, US$/kg carcass
- Labor costs, US$/kg carcass
- Animal health costs, US$/kg carcass
- Breeding costs, US$/kg carcass
- Energy costs, US$/kg carcass
- Miscellaneous variable costs, US$/kg carcass
- Interest on working capital costs, US$/kg carcass
- Total revenue, US$/kg carcass

Categories: Japan, South Korea, Vietnam, China, Italy, Great Britain, Sweden, Finland, Germany, Ireland, Czech. Rep., Spain, Netherlands, Austria, Hungary, Belgium, Canada, France, Denmark, USA, Brazil (SC), Brazil (MT)

KEY PERFORMANCE INDICATORS IN PORK PRODUCTION: AN INTERNATIONAL COMPARISON USING 2022 DATA

Derald Holtkamp, Dermot Hayes, Lee Schulz

Mixed Signals of Customers, Consumers, & Voters

- Inconsistent signals lead to adverse economic outcomes

- Misalignment of incentives leads to aggregate, social economic welfare loss
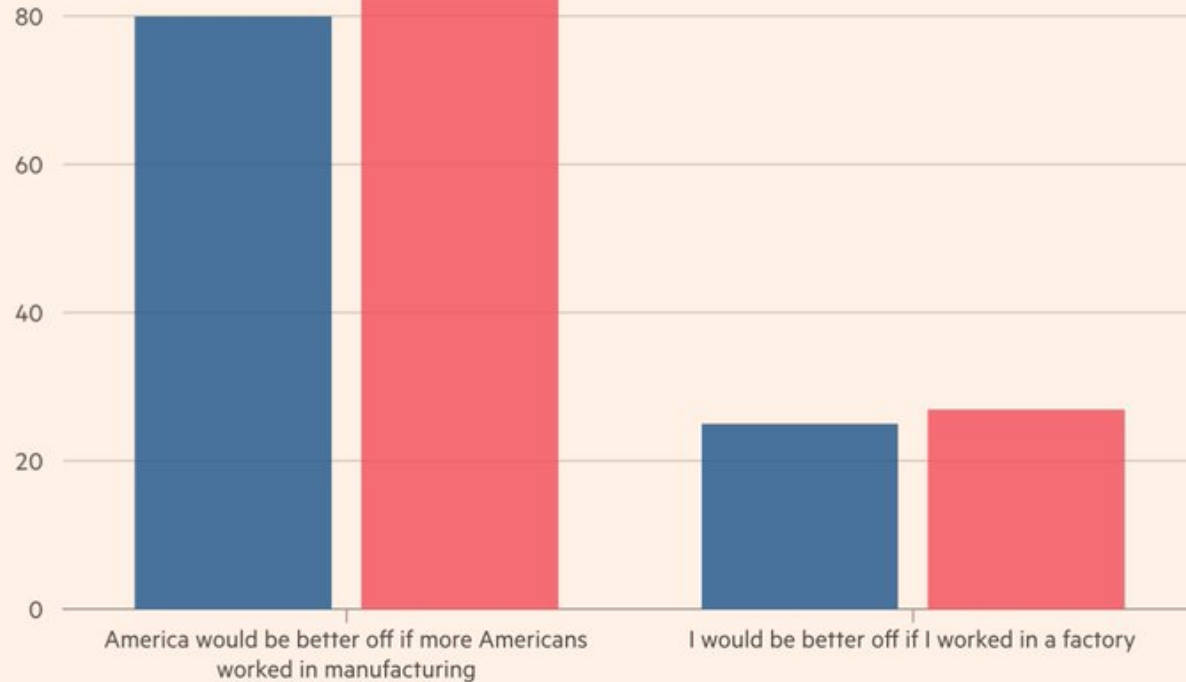
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Manufacturing: someone's American Dream, just not mine

% in agreement

- All Americans
- Republican/Republican-leaning

Source: Cato Institute 2024 Trade and Globalization National Survey

FINANCIAL TIMES

"America would be better off if more people worked in manufacturing."

- ❑ **80%** of Americans agree
- ❑ **20%** disagree

"I would be better off if I worked in a factory."

- ❑ **25%** of Americans agree
- ❑ **73%** disagree
- ❑ **2%** currently work in a factory

Feature Article

Public animal welfare discussions in the United States: perspectives from a Missouri farm boy turned economist

Glynn T. Tonsor

Department of Agricultural Economics, Kansas State University, Manhattan, KS

https://academic.oup.com/af/article/8/1/4/4967584

"Science tells us if we <u>can</u> do something. Society tells us if we <u>should</u> do it."
Center for Food Integrity, September 2013

- GT: Pork illustrative application

- Scientific <u>ability</u> to increase stocking density, reduce disease, etc. exists and is ever-advancing

- Societal <u>signals</u> (customer acceptance/requirements, consumer buying, and resident voting) vary and evolve

- Consider gestation housing, feed additives, antibiotic use, genetic editing

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Average Price: Eggs, Grade A, Large (Cost per Dozen) in U.S. City Average
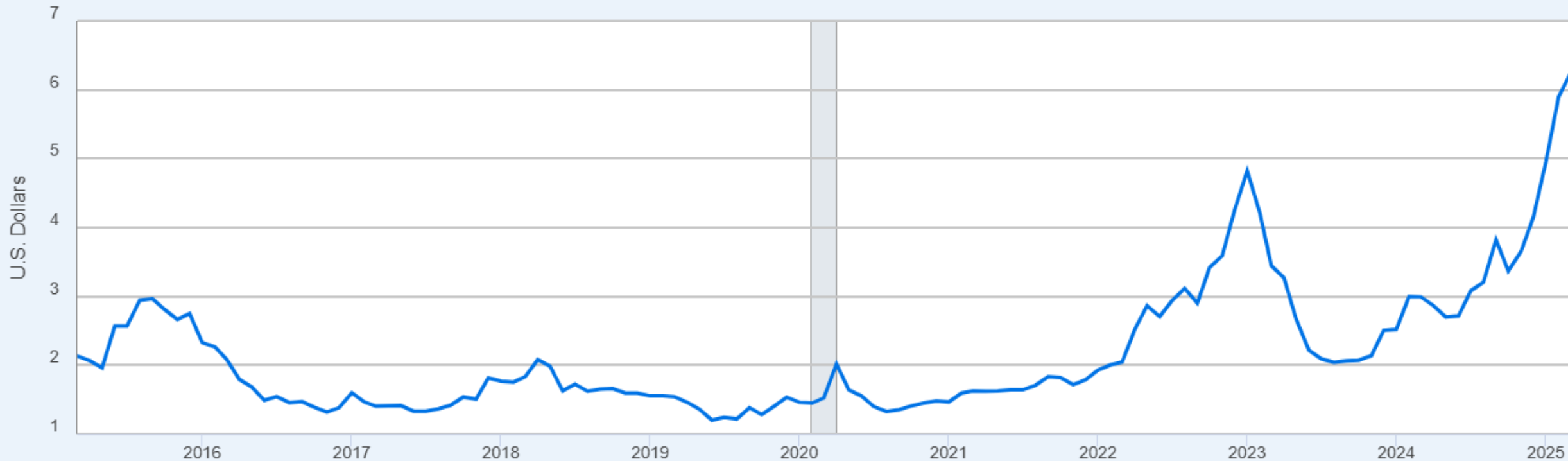
Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

https://fred.stlouisfed.org/series/APU0000708111#
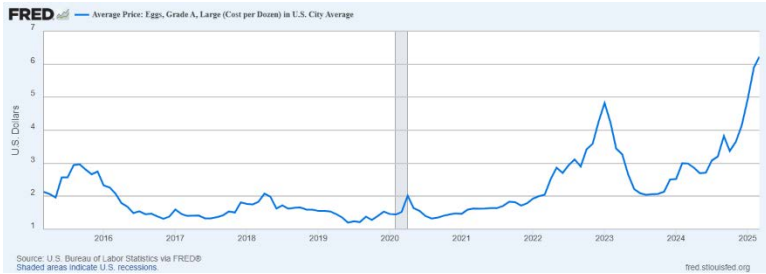
THE TRANSITION TO CAGE-FREE EGGS

Authors: Dr. Vincenzina Caputo, Dr. Jayson Lusk, Dr. Glynn Tonsor, and M.S. Aaron Staples

February 2023

CA-Prop 12:
"Domestic Trade & Mixed Signals" Lessons

Bina, Tonsor, & Lusk (working research)

- July 2023 – Sept. 2024 MDM Data
  - N=2,522 CA respondents

- Economic welfare losses vary over time & consumers

- CA annual consumer welfare loss of $488 million on pork chops & bacon

- Disproportionate loss for lower-income
  - With under 40% the income, losses are 84% those of higher-income households

Protein Values
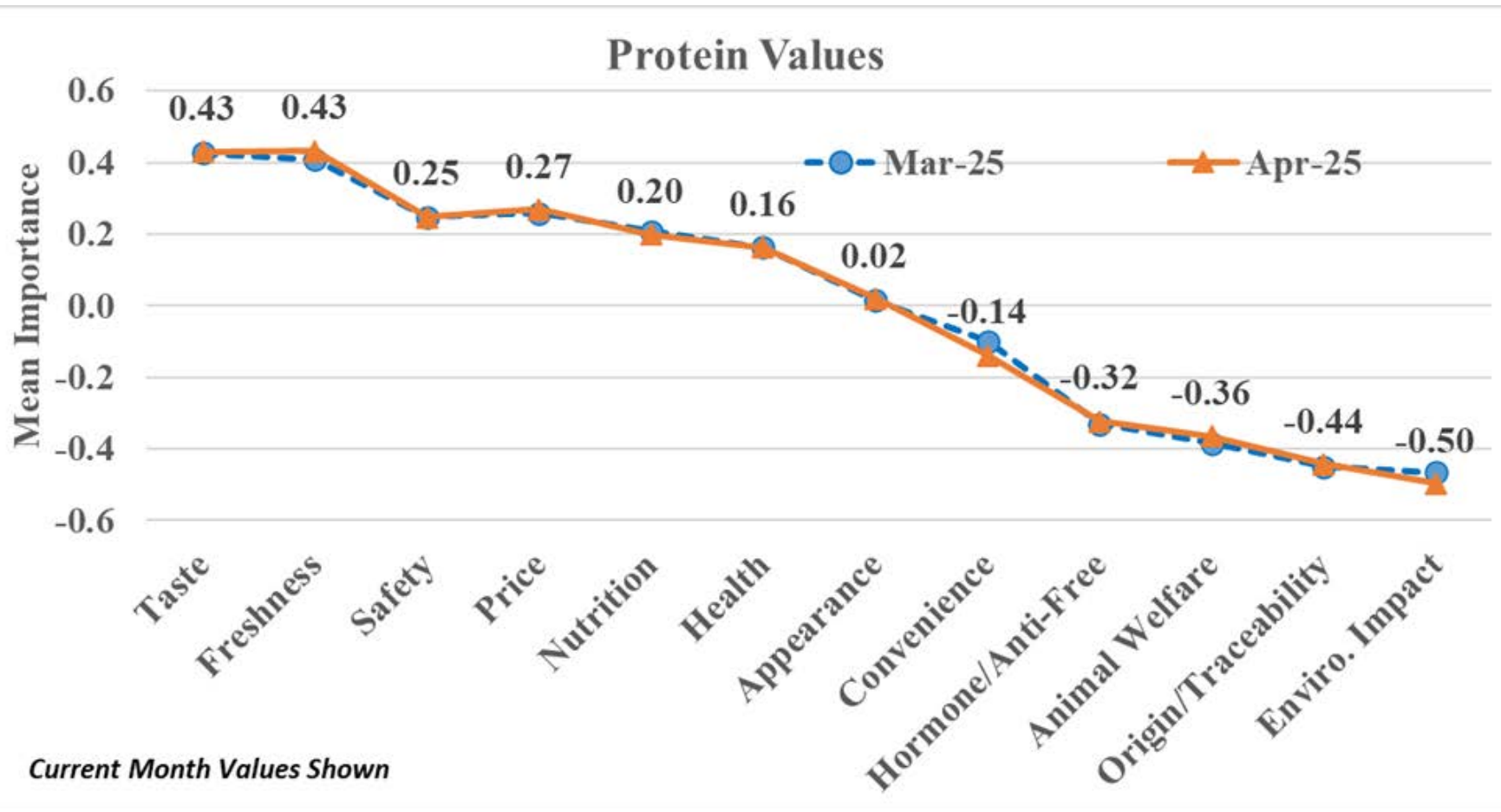
Average U.S. Consumer

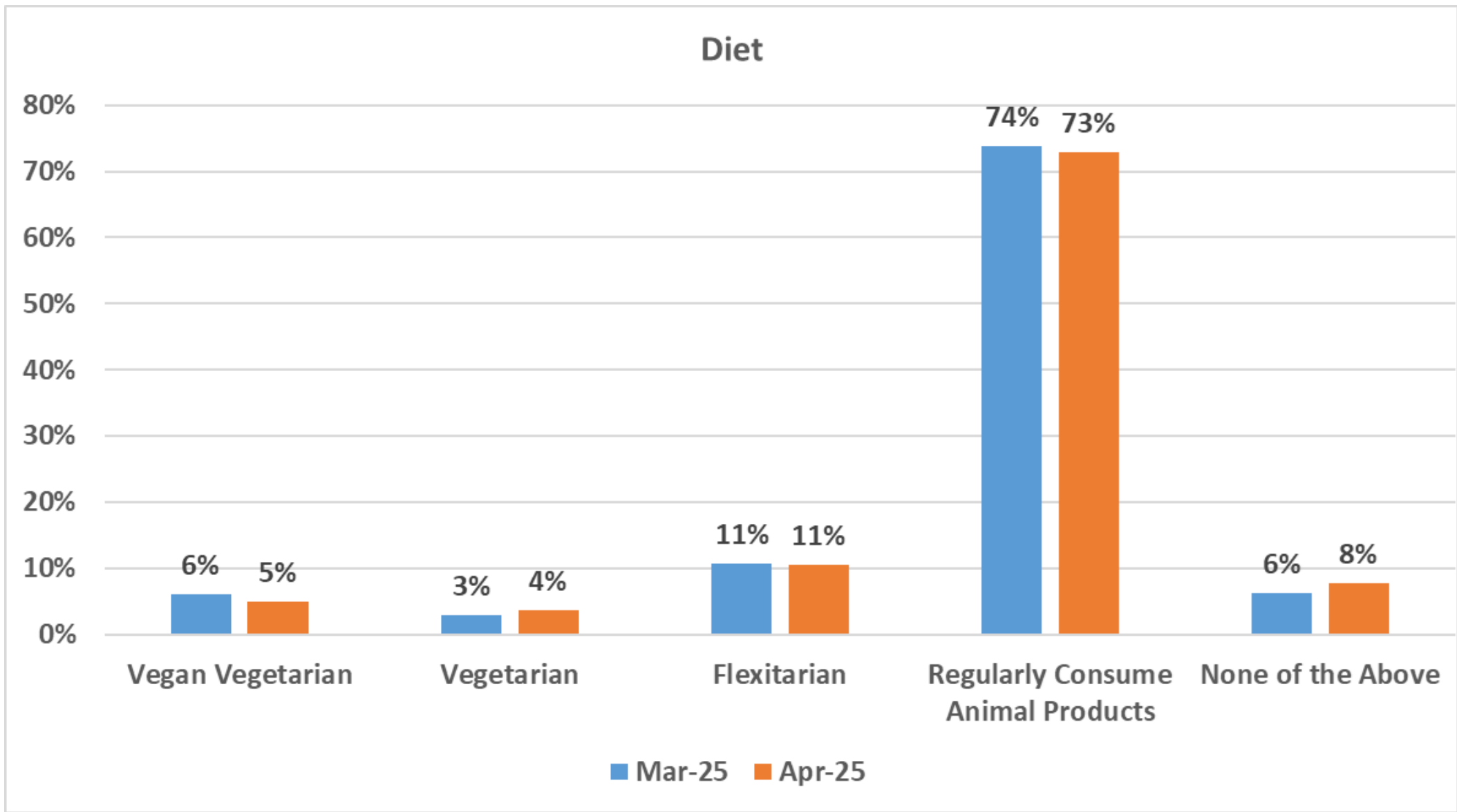Animal Welfare is 10th out of 12 when examined in forced-rank format

Taste is 1.6x the importance of Price

Convenience is 3.6x the importance of Env. Impact

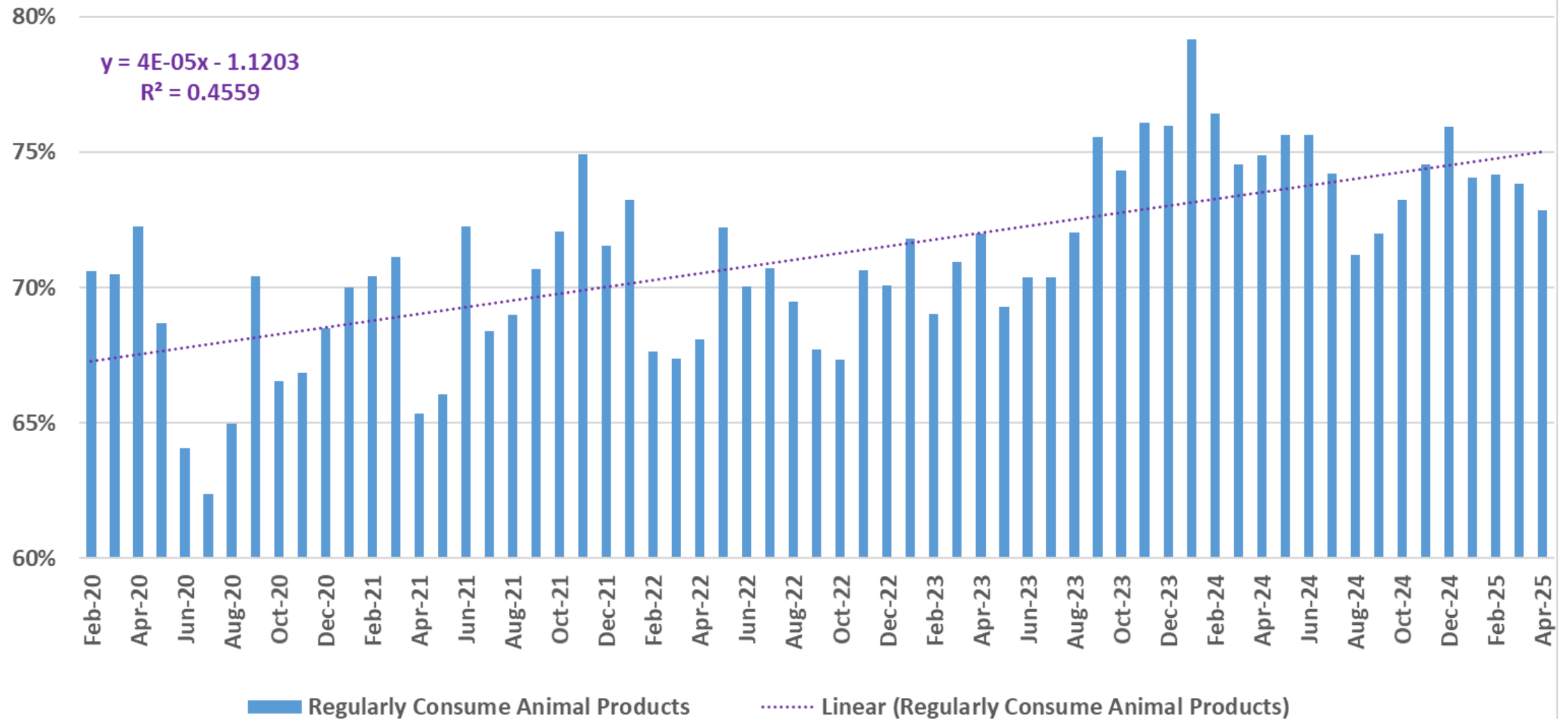Pessimists see the glass half empty

Optimists are already opening another bottle

glass half full!

Diet

Self-Declared Diet, Feb. 2020 - Apr. 2025 (Source: MDM Project)

$y = 4E\text{-}05x - 1.1203$
$R^2 = 0.4559$

Regularly Consume Animal Products .... Linear (Regularly Consume Animal Products)

https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data

Self-Declared Diet, Feb. 2020 - Apr. 2025 (Source: MDM Project)

$y = -3E\text{-}05x + 1.5164$
$R^2 = 0.4972$

Legend: Vegan or Vegetarian · · · · · Linear (Vegan or Vegetarian)

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The Atlantic

HEALTH

America Is Done Pretending About Meat

Plant-based eating has lost its appeal.

By Yasmin Tayag

Illustration by Paul Spella / The Atlantic. Source: Getty.

MARCH 24, 2025

Majority of self-declared Vegan & Vegetarian MDM respondents also declared prior day meat consumption...

USDA & MDM Info:
Meat Demand Outdoes Meat Avoidance

Contents lists available at ScienceDirect

Meat Science

journal homepage: www.elsevier.com/locate/meatsci

ELSEVIER

Check for updates

U.S. perspective: Meat demand outdoes meat avoidance

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https://www.sciencedirect.com/science/article/pii/S0309174022001115

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Meat Demand Monitor: Protein in the GLP-1 Era

Justin D. Bina, Glynn T. Tonsor.[1]
Kansas State University, Department of Agricultural Economics – January 2025

- July-Dec 2024 MDM: 15% currently using a GLP-1
  - More likely male, under 45, high earners, and have larger household sizes

  - Key evolving factor spanning entire food space

  - **Consume pork more frequently (0.68 prior day meals vs 0.47)**
    - Bacon: 0.24 vs 0.15
    - Pork chop: 0.16 vs 0.06
    - Pork sausage: 0.25 vs 0.16
  - Report buying larger package sizes (i.e. 1 lb larger bacon package)

AgManager.info

https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data

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Final Thoughts

- Globally public clearly wants meat protein & pork has opportunity

- Macroeconomic challenges are real and associated economic impacts must not be ignored

- Customer-consumer & resident voter-wallet disconnects in food sector <u>may</u> be softening = improved signaling, decision-making, & economic viability

"Any good business plan or policy needs a clearly stated goal… "

➤ **Think global & stay informed**

➤ **Ultimately, manage local & focus on things you can influence**

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More information available at:

This presentation will be available in PDF format at:

http://www.agmanager.info/about/contributors/individual/tonsor.asp

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https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data