



KANSAS STATE UNIVERSITY

SWINE PROFITABILITY CONFERENCE

FEBRUARY 4, 2025 | STANLEY STOUT CENTER | MANHATTAN, KS

CURRENT PROFITABILITY SITUATION & INSIGHTS INTO PORK DEMAND

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KANSAS STATE | Agricultural Economics
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Where Are We Going?



OPINION REVIEW & OUTLOOK [Follow](#)

The Dumbest Trade War Fallout Begins

Canada and Mexico vow retaliation in response to Trump's tariffs, amid new economic uncertainty.

By The Editorial Board [Follow](#)

Updated Feb. 2, 2025 5:44 pm ET

Fox And Friends February 03, 2025 · 04:18 · [CLIP](#)

Trump's tariffs on Mexico, Canada are the 'beginning of a negotiation,' says Kevin O'Leary

Market Relationships Primer

- Supply & Demand Underpin Observed Prices & Quantities
 - Both characterized by Elevated Uncertainty in 2025

- Weaned Pig, Feeder Pig, and Market Hog Producers
 - While post-farm gate, Animal Demand is Derived from Pork Demand

- Quality of Market Information Ever Evolving
 - Pre-LMR / Now > 20 Years with LMR
 - Interest & Participation in USDA Surveys

Building Pork Demand:
Does it Matter to Hog Producers
?????



Butcher & Schulz:

- +1% increase in wholesale pork demand = +0.7% increase in market hog price
- +1% increase in expected market hog price = +1.9% increase in feeder pig price
- +1% increase in expected market hog price = +1.2% increase in early weaned pig price
- **GT: "Derived demand market signals: now quantified, are substantial, & warrant MUCH wider appreciation "**

Digging into the December 2024 Hogs and Pigs Report

Changes in slaughter levels not likely to be the dominate force in 2025 hog prices; fluctuation in demand expected to play a larger than normal role.



Ron Plain, Professor Emeritus

December 24, 2024

- Few surprises on Dec 1st inventories
 - market hogs +0.5% / breeding herd +0.1% / all hogs & pigs +0.5%
- *“...Changes in slaughter levels are not likely to be the dominate force in 2025 hog prices. **I expect fluctuation in demand to play a larger than normal role.**”*















Open Markets Reveal Differential Impacts...

LEAN HOG FUTURES - QUOTES

VENUE: GLOBEX

 AUTO-REFRESH IS OFF

Last Updated 03 Feb 2025 04:40:20 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE
 FEB 2025 HEG5	OPT		84.350	+0.175 (+0.21%)
 APR 2025 HEJ5	OPT		86.350	-4.000 (-4.43%)
 MAY 2025 HEK5	OPT		90.825	-3.700 (-3.91%)
 JUN 2025 HEM5	OPT		99.350	-3.650 (-3.54%)
 JUL 2025 HEN5	OPT		100.300	-3.250 (-3.14%)
 AUG 2025 HEQ5	OPT		99.525	-3.125 (-3.04%)
 OCT 2025 HEV5	OPT		83.325	-2.175 (-2.54%)



2025 Iowa Pork Congress

Economic and Livestock Market Outlook – Hogs and Pork

Lee Schulz, Ph.D.

Chief Economist, Ever.Ag

January 22, 2025

Des Moines, IA



Lean Hog Price Forecasts



12/30/2024



1/16/2025



1/16/2025

		National Wtd Avg. Base	National Base 51-52% Lean	National Net All Prod Sold (No OPA)	Composite Price/Forecast	% Chg from Year Ago
2018		64.68	61.65	65.56		
2019		67.44	64.36	69.27		
2020		61.63	57.96	61.28		
2021		89.51	90.32	91.36		
2022		95.80	95.58	97.47		
2023		81.60	78.64	81.72		
2024	Q1	76.32	73.79	76.25	75.45	-1%
	Q2	89.29	87.96	91.00	89.42	13%
	Q3	86.75	85.52	88.38	86.88	-8%
	Q4	84	83.26	84.70	84	14%
	Year	83	82.63	85.08	84	4%
2025	Q1	82	82	83	82	9%
	Q2	91	89	96	92	2%
	Q3	94	94	99	96	10%
	Q4	80	75	80	78	-7%
	Year	87	85	89	87	4%
2026	Q1	78		77	77	-6%
	Q2	90		86	88	-4%
	Q3	92				
	Q4	76				
	Year	84				

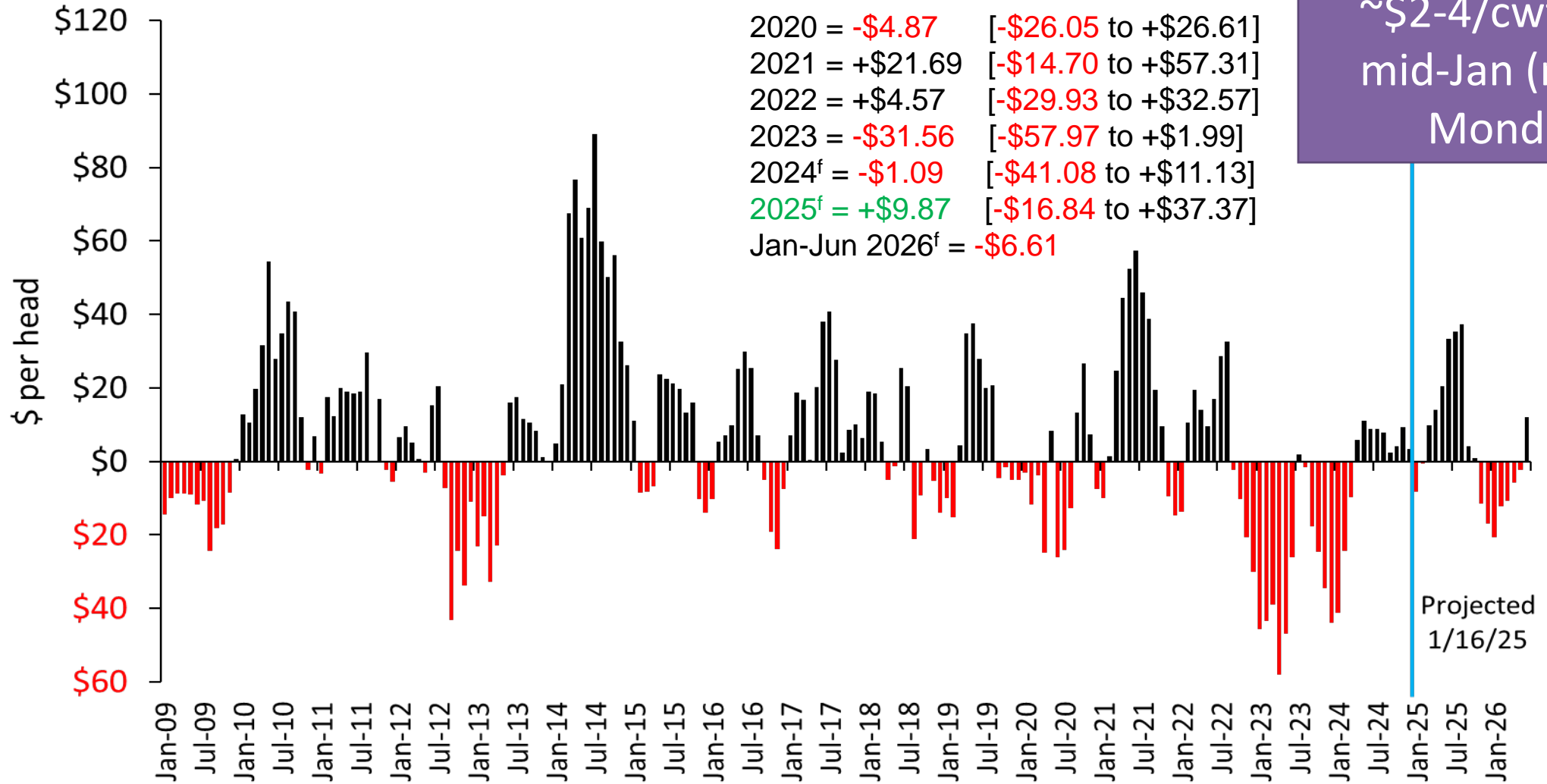
CME LH Down
~\$2-4/cwt since mid-Jan (mainly Monday)



Estimated Returns to Farrow to Finish, Iowa

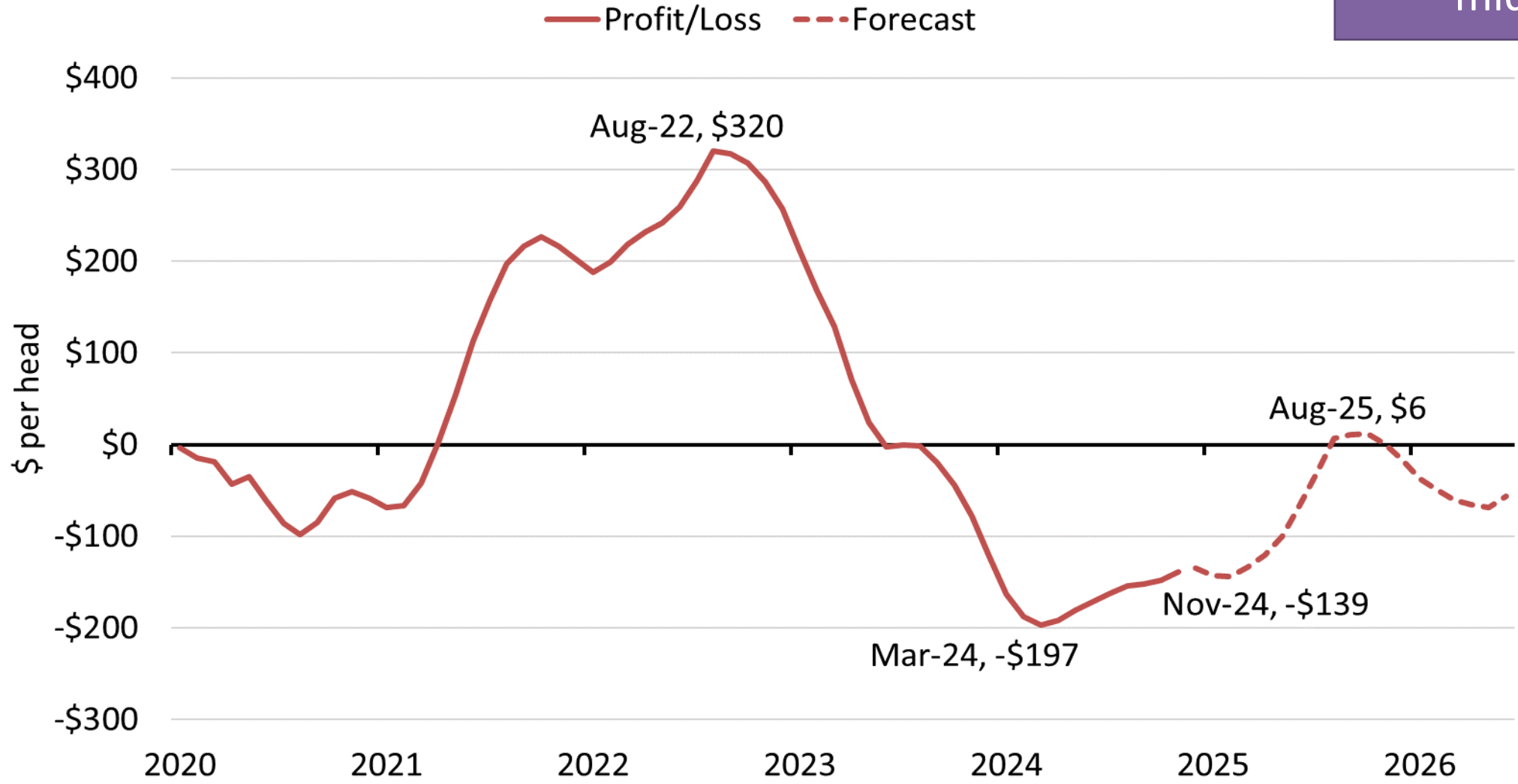
Past and Projected with Basis Adjusted Futures

CME LH Down CME
LH Down
~\$2-4/cwt since
mid-Jan (mainly
Monday)

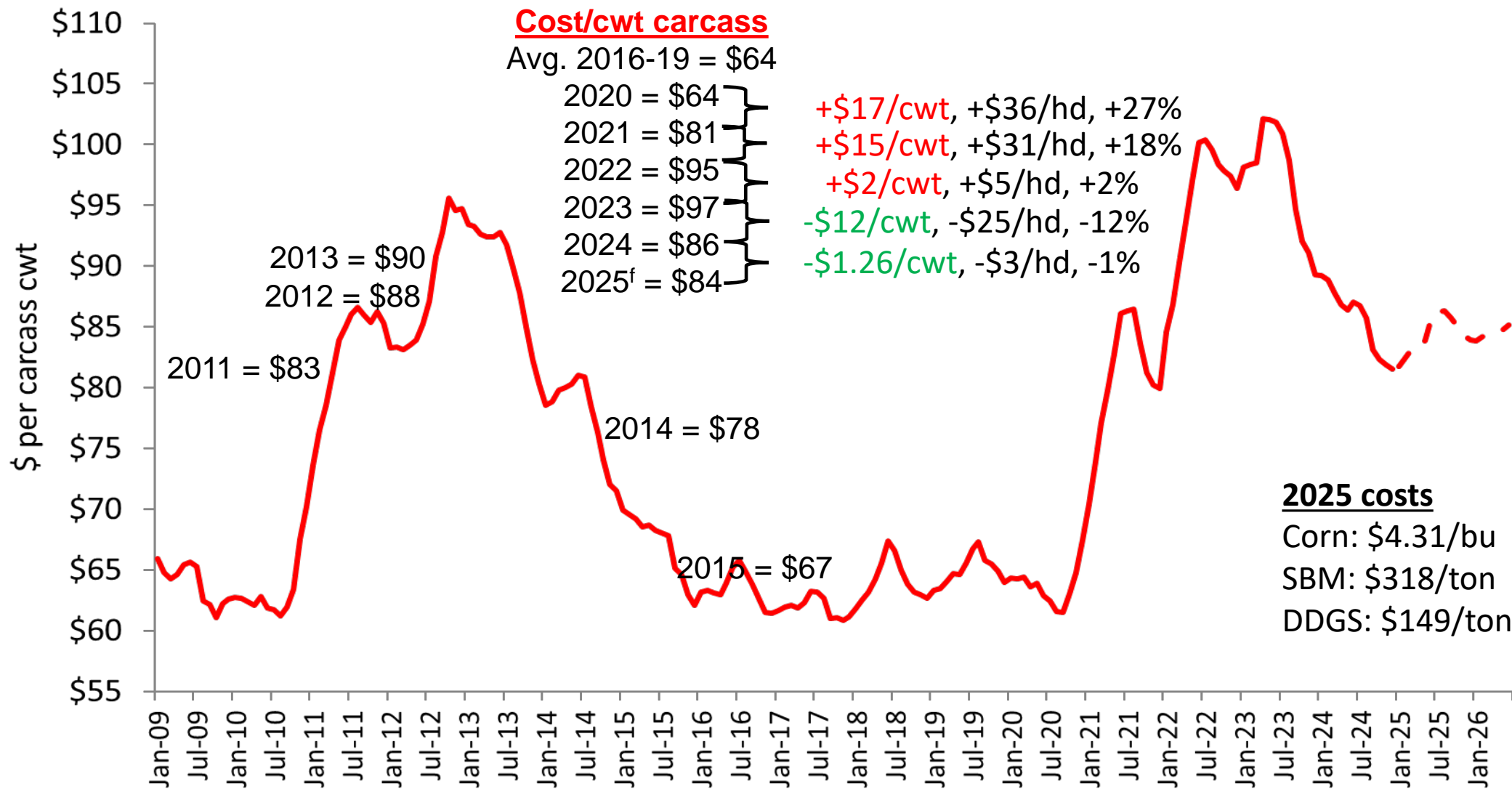


Cumulative Estimated Returns to Farrow to Finish, Iowa January 2020 - June 2026

CME LH Down
~\$2/cwt since
mid-Jan

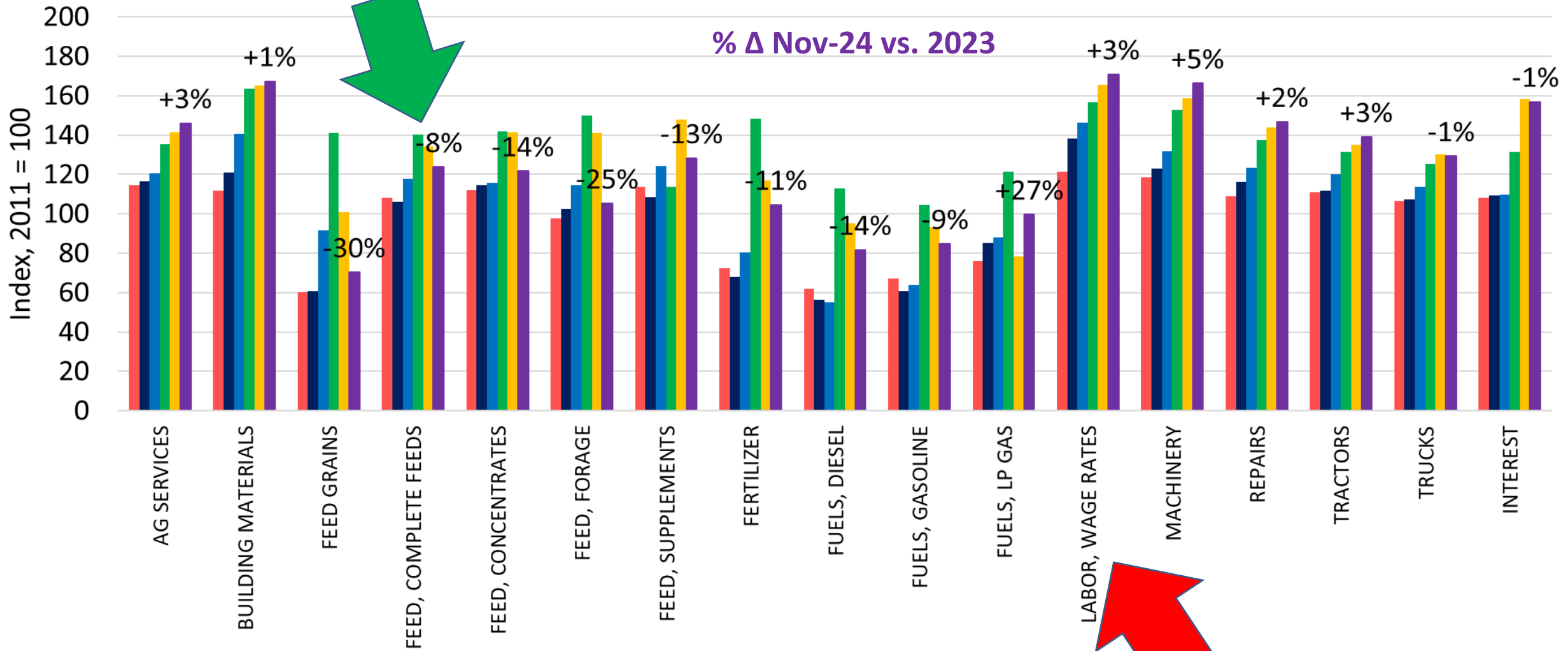


BREAKEVEN—FARROW TO FINISH, IOWA



PRICES PAID BY FARMERS FOR SELECT INPUTS

■ Avg. 2015-19
 ■ 2020
 ■ 2021
 ■ 2022
 ■ 2023
 ■ Nov-24



Market Relationships Primer

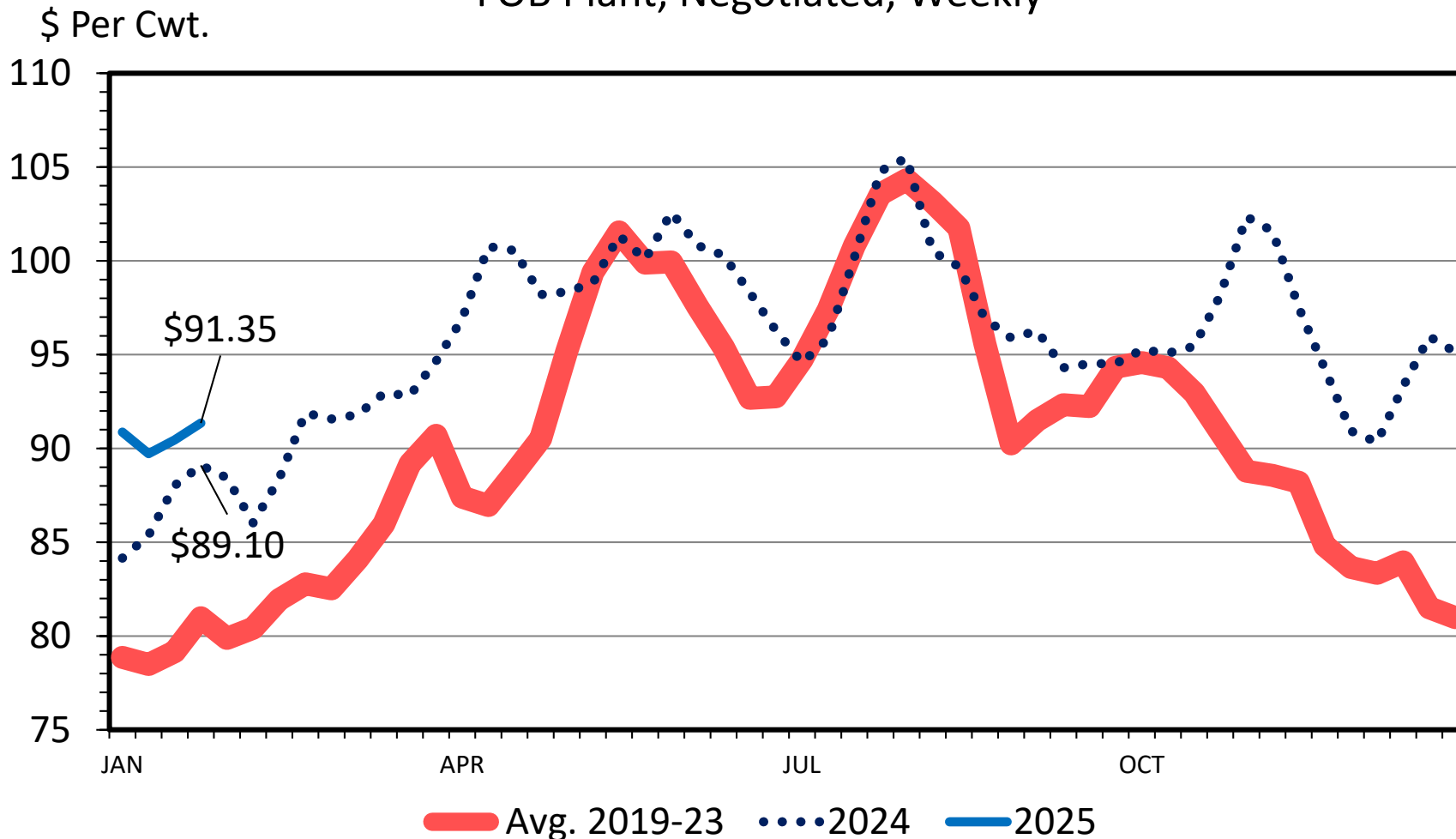
- Supply & Demand Underpin Observed Prices & Quantities
 - Change & Uncertainty Elevated on BOTH Early in 2025

- Weaned Pig, Feeder Pig, and Market Hog Producers
 - While post-farm gate, ***Animal Demand is Derived from Pork Demand***

- Quality of Market Information Ever Evolving
 - Pre-LMR vs > 20 Years of LMR
 - Interest & Participation in USDA Surveys
 - Industry Structure

PORK CUTOUT VALUE

FOB Plant, Negotiated, Weekly



By Primal vs Last January

Loin -\$2

Butt +\$4

Rib +\$20

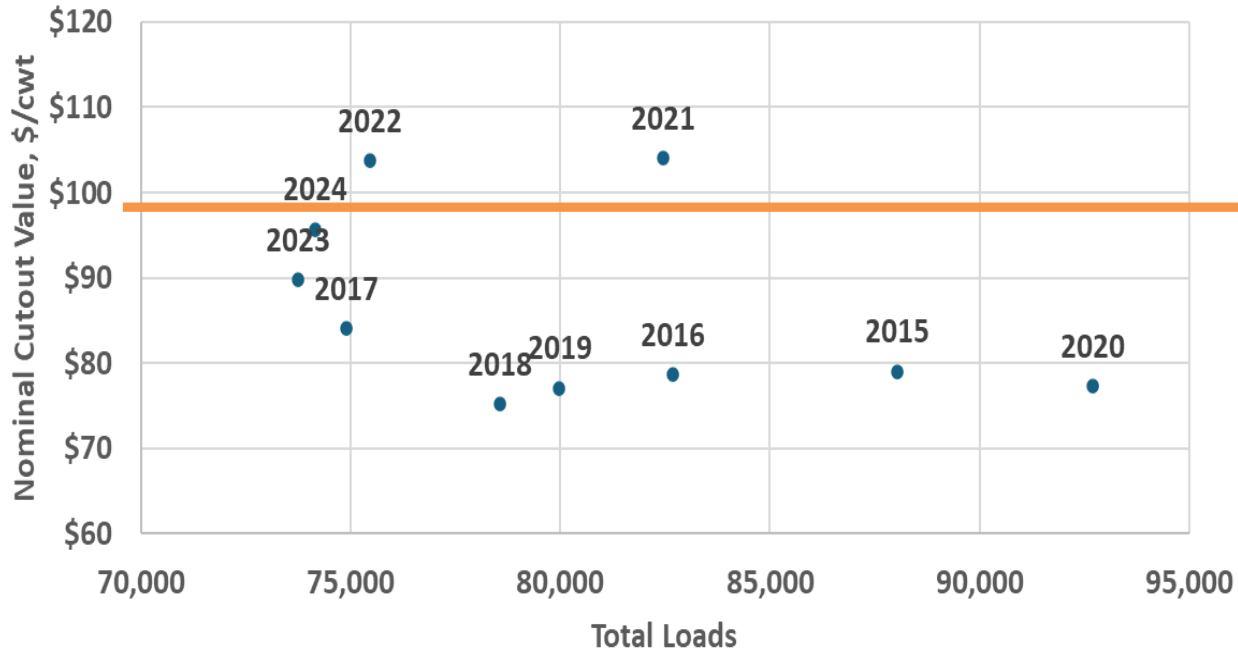
Ham +\$7

Belly flat

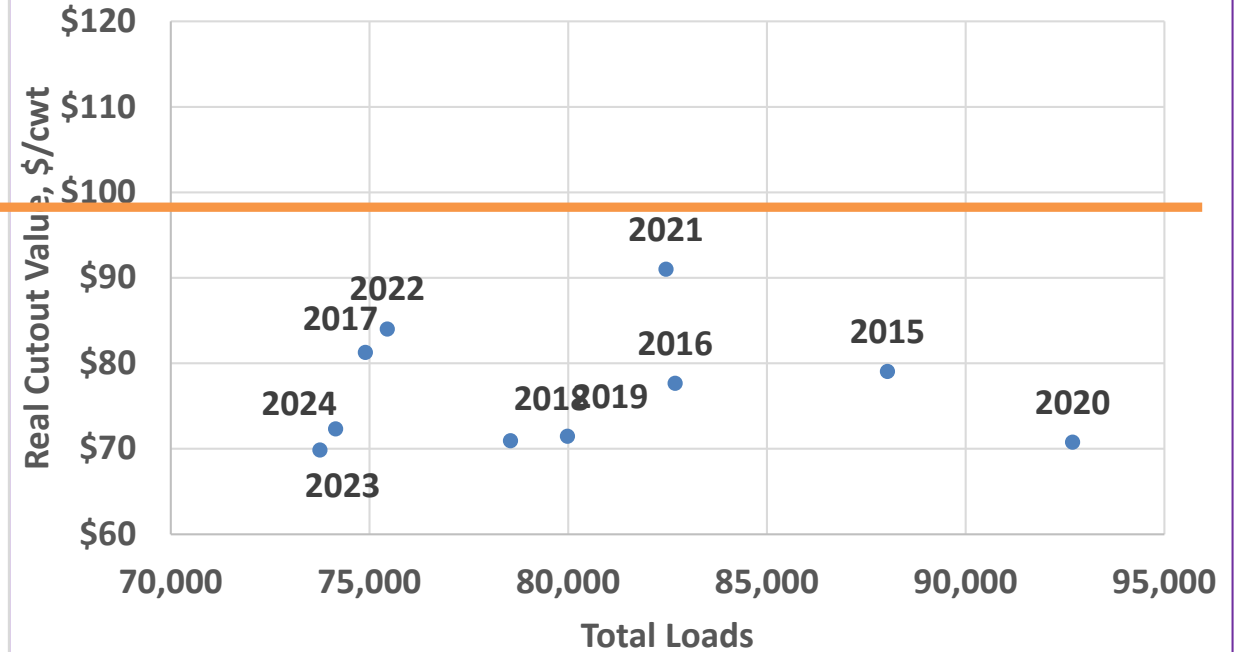
Picnic flat

Scatterplot Insights

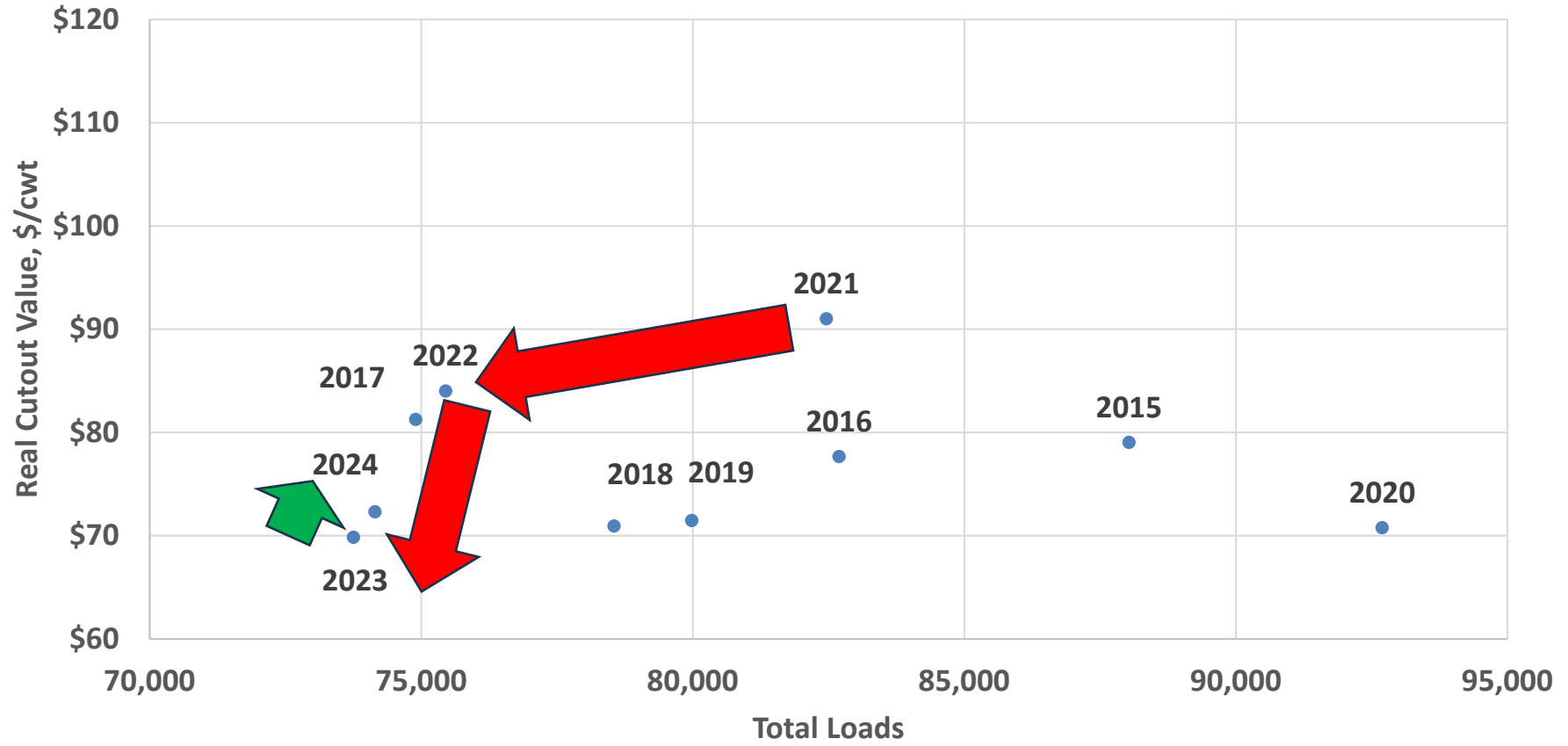
Pork Cutout Value (**Nominal, NOT Inflation-Adjusted**) vs Total Loads (2015 - 2024)



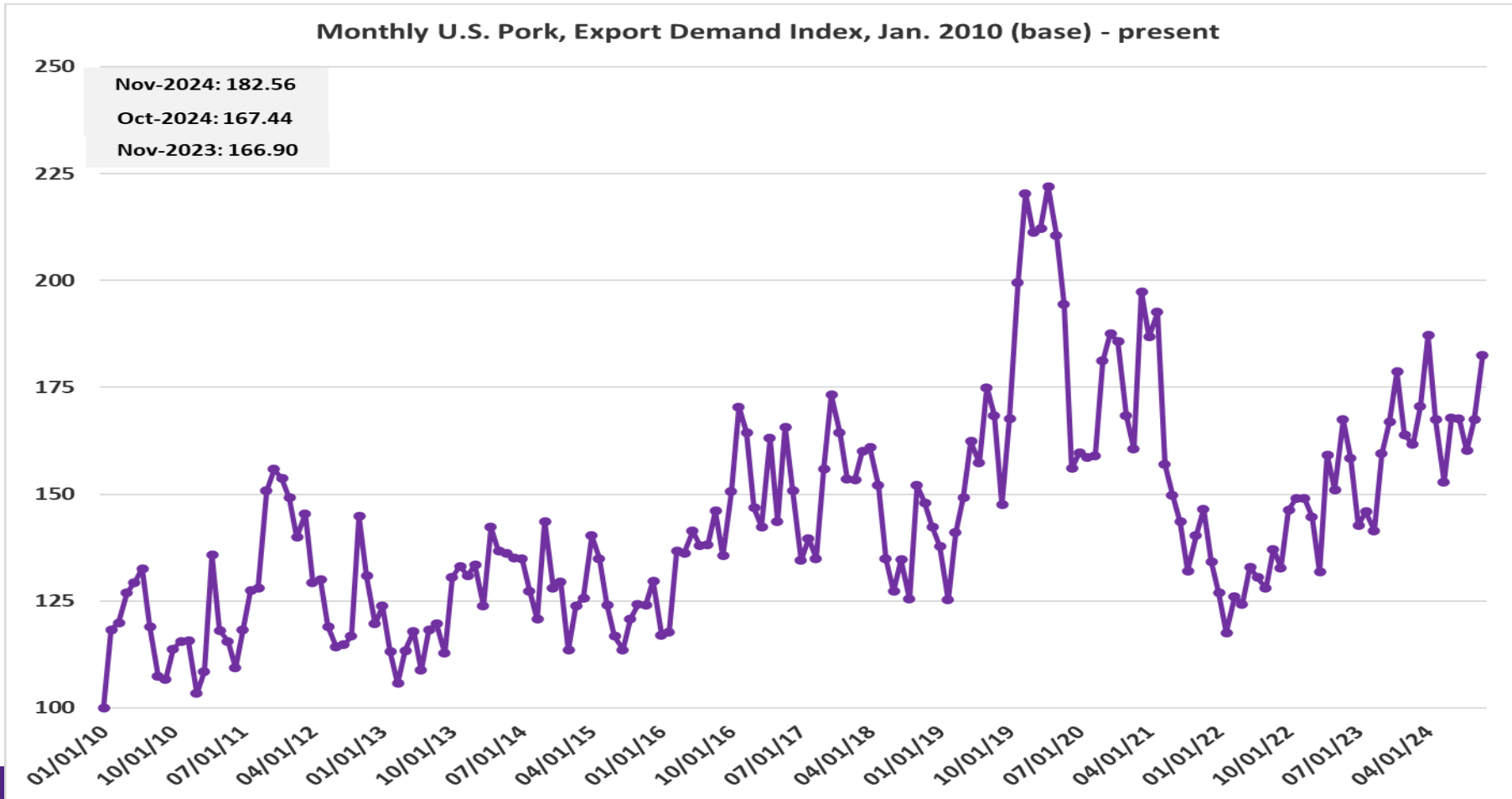
Pork Cutout Value (**Real, Inflation-Adjusted**) vs Total Loads (2015 - 2024)



Pork Cutout Value (Real, Inflation-Adjusted) vs Total Loads (2015 - 2024)



KSU Pork Export Demand Indices (USDA based)

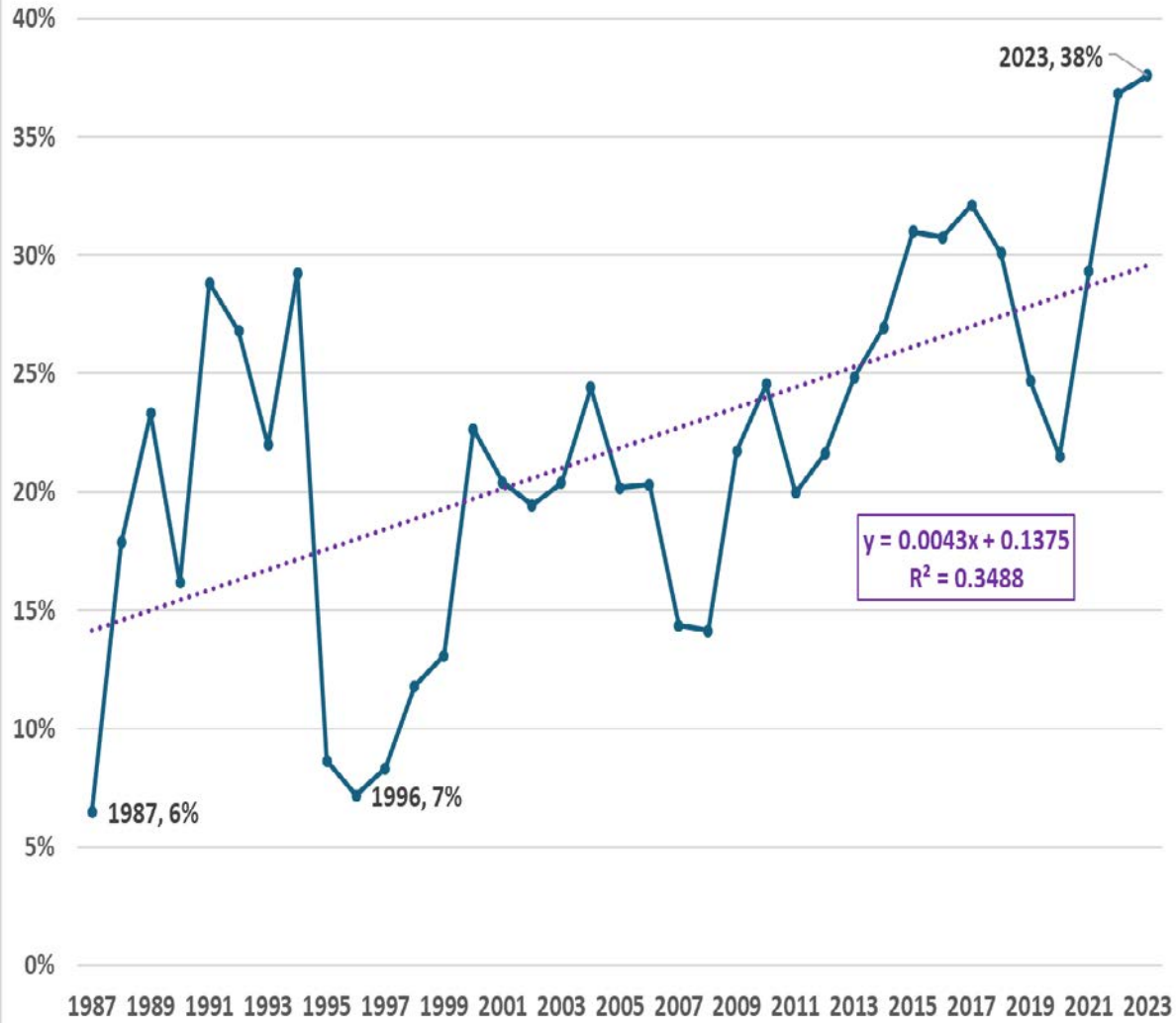


Simple November Index Comparisons (Jan 2010=100)

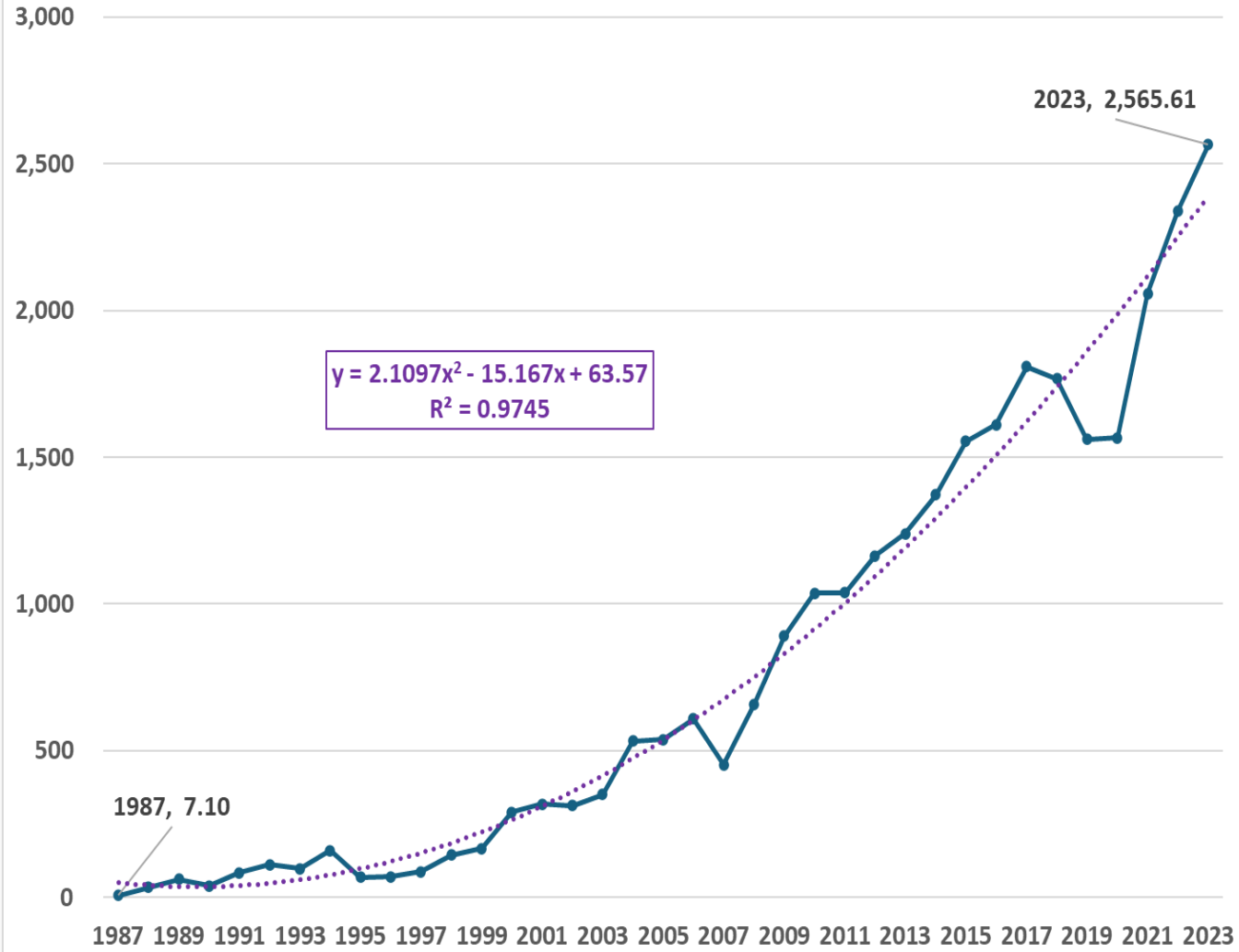
2019: 199
2020: 187
2021: 146
2022: 149
2023: 167
2024: 183



Share of Total U.S. Pork Exports: Mexico (1987-2023)



U.S. Pork Exports (million lbs): Mexico (1987-2023)



Open Markets Reveal Differential Impacts...



National Daily Pork Report FOB Plant - Negotiated Sales - Afternoon

Agricultural Marketing Service
Livestock, Poultry, and Grain Market News

February 03, 2025

[LM_PK602](#)

[Email us with accessibility issues regarding this report.](#)

Loads PORK CUTS : 314.19
Loads TRIM/PROCESS PORK : 32.05

USDA Estimated Pork Cut-Out Values - as of 2:00pm

Based on negotiated prices and volume of pork cuts delivered within 14 days and on average industry cutting yields. Values reflect U.S. dollars per 100 pounds.

Calculations for 215 lb Pork Carcass. 55-56% lean, 0.55"-0.70" BF Last Rib

Today's Estimated Primal Cutout Values

Date	Loads	Carcass	Loin	Butt	Pic	Rib	Ham	Belly
02/03/2025	346.24	93.81	84.83	104.63	64.97	152.78	73.22	155.89
Change:		-0.94	0.50	-1.49	-0.22	1.63	-4.44	1.23

Percentage Change:

Carcass: -1.0%

Loin: +0.6% Butt: -1.4% Picnic: -0.3%

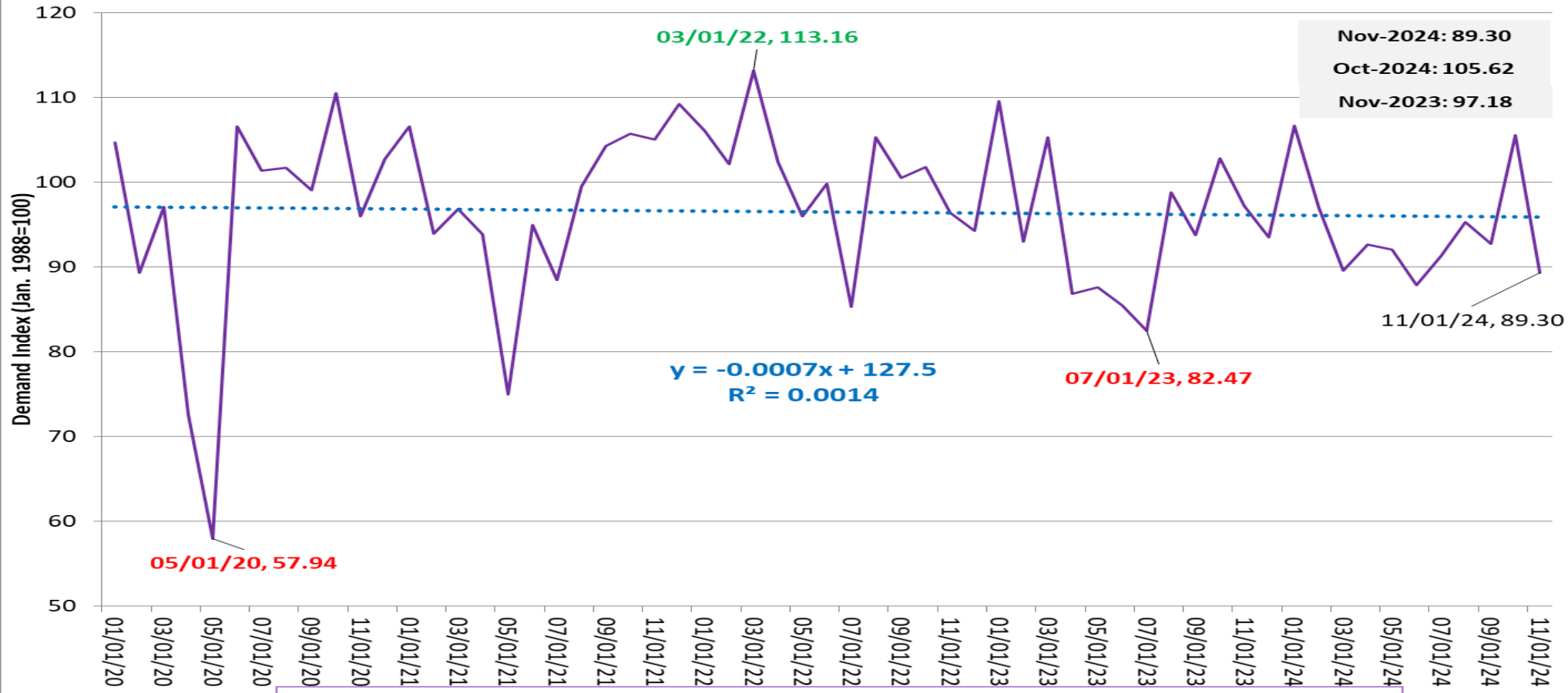
Rib: +1.1% Belly: +0.8%

Ham: -6.5%



KSU Domestic Pork Demand Indices (BLS/USDA based)

Monthly Domestic, Retail Pork Demand Index, Jan. 2020-present



Source: Glynn T. Tonsor, Kansas State University

Simple Annual Averages (Jan 1988=100)	
2020:	94.98
2021:	97.78
2022:	100.27
2023:	94.72
2024:	94.57



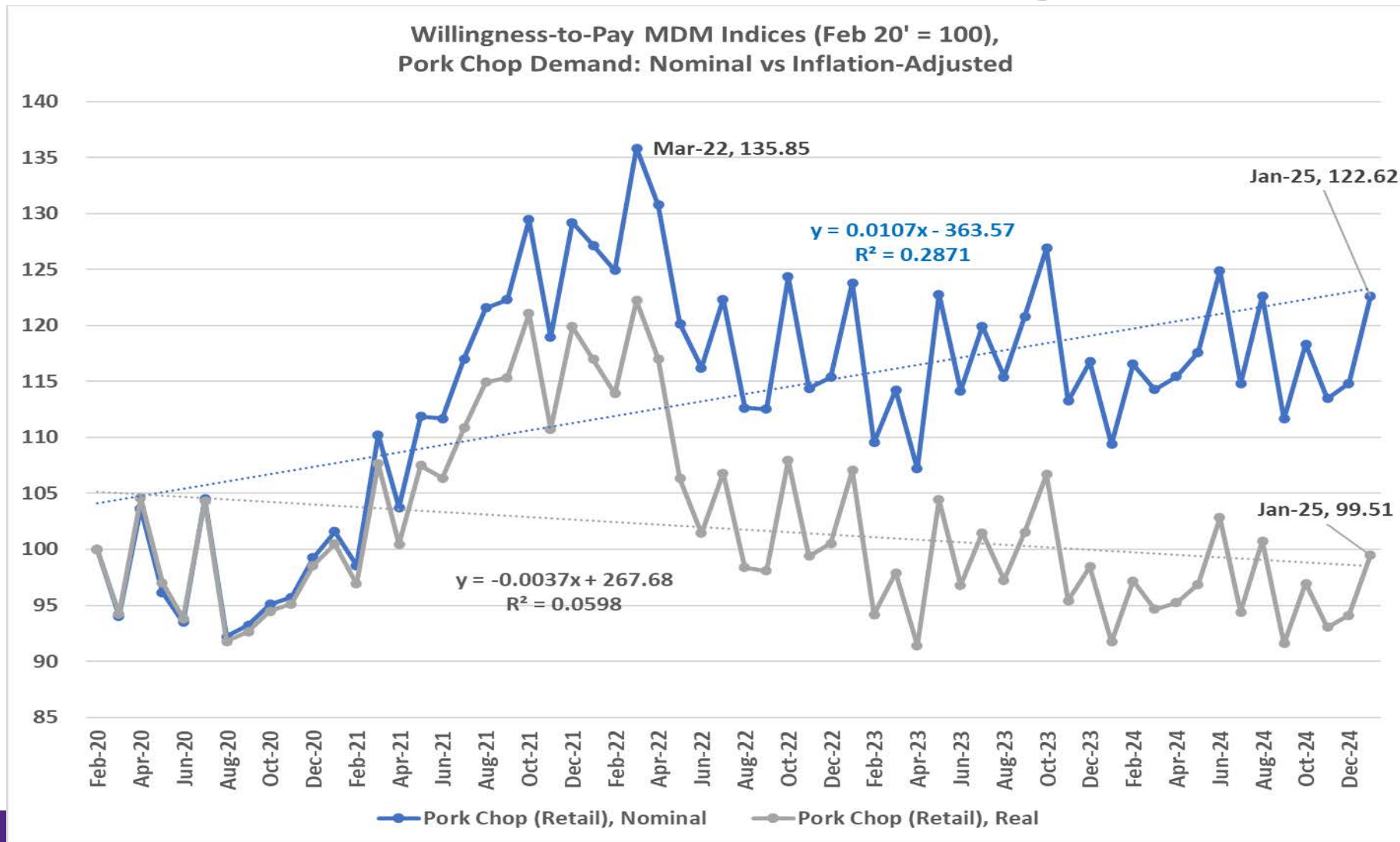
AgManager.info

<https://www.agmanager.info/livestock-meat/meat-demand/monthly-domestic-meat-demand-indices-usdabls-data>

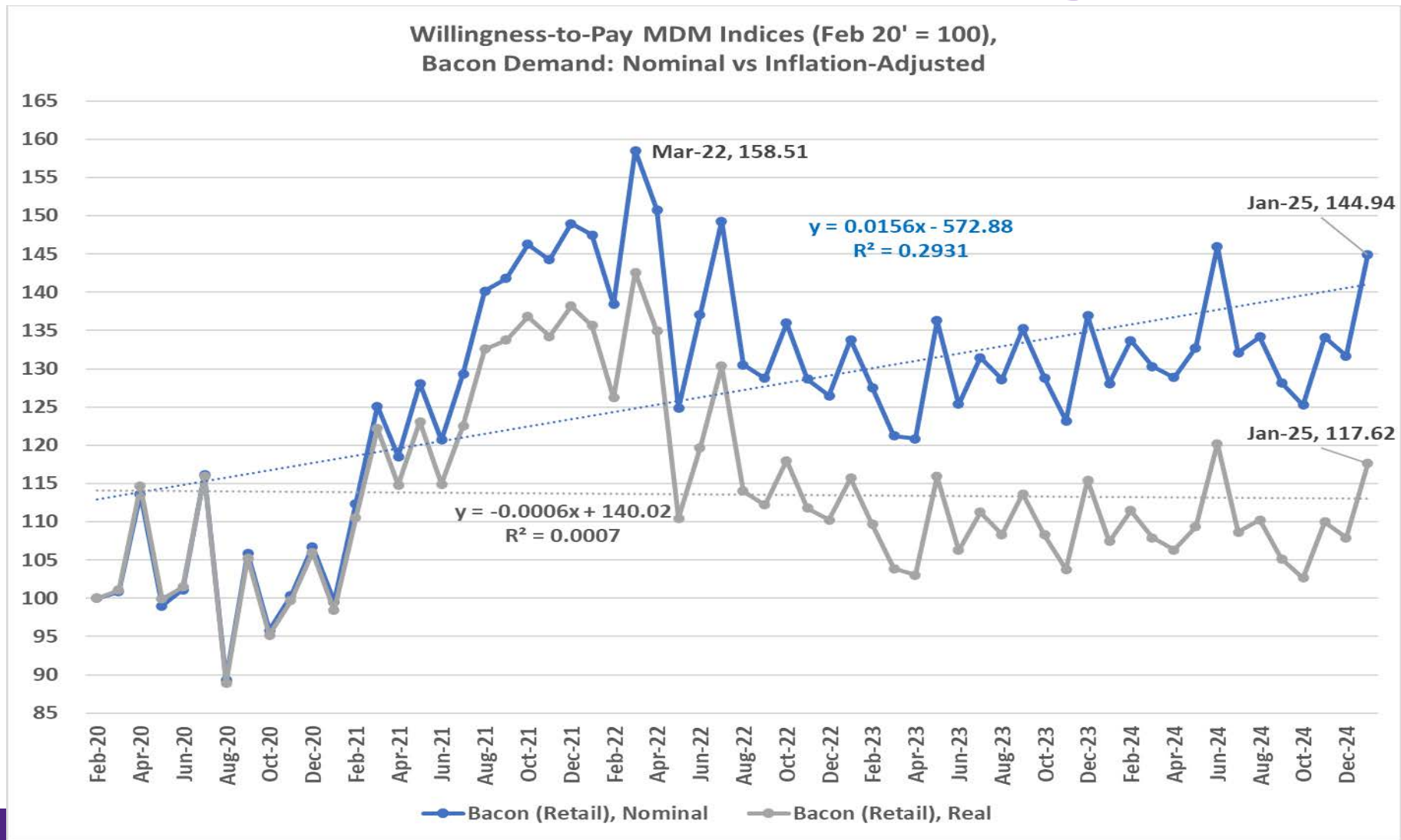
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Agricultural Economics

MDM Demand Insights



MDM Demand Insights

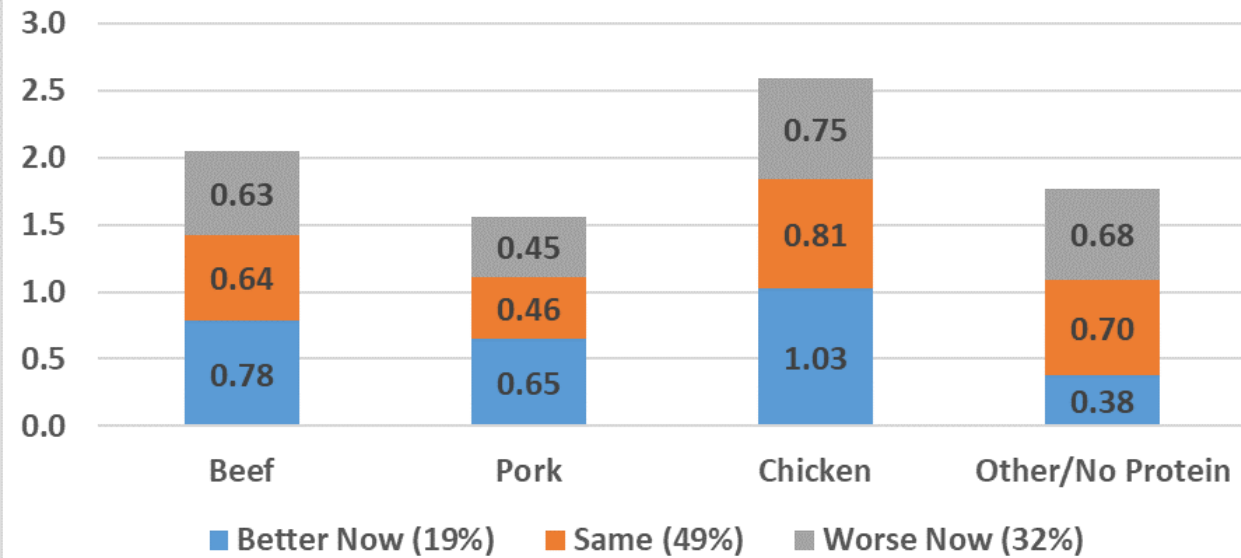


MDM: Meat Demand Monitor

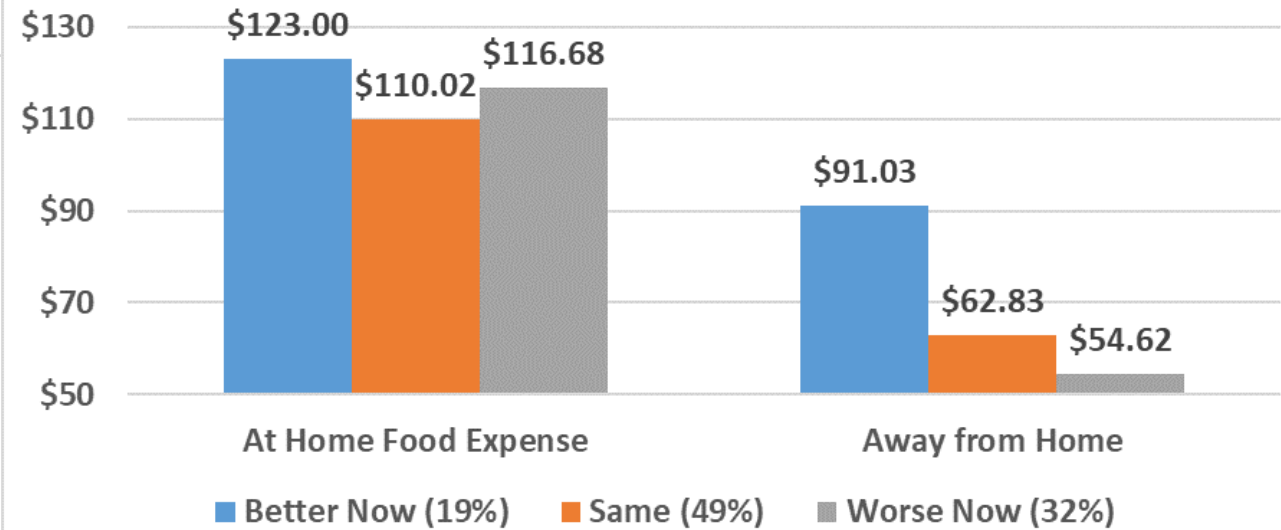
The MDM tracks U.S. consumer preferences, views, and demand for meat with separate analysis for retail and food service channels. MDM is a monthly online survey with a sample of over 2,000 respondents reflecting the national population.

U.S. Meat Demand Update & Role of Financial Sentiment: 2020-2023

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



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



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.

Mar-Sep 2024 MDM %	19%	12%	7%	18%	21%	9%	13%
NPB 2023 Seg. Study %	16%	14%	8%	18%	20%	12%	11%
NPB Seg Name	Culinary Adventures	Mindful Choicemakers	Culture Celebrators	Tasty Value Seekers	Confident Meat Eaters	Simple Feeders	Meat Minimizers

- Demand vs Consumption **KEY** Distinction
 - Higher Prior Day Pork Consumption
 - *Culinary Adventurers* (19% of U.S.) & *Confident Meat Eaters* (21% of U.S.)
 - Higher Retail Willingness-to-Pay
 - *Culinary Adventurers* (19%), *Mindful Choice Makers* (12%), & *Culture Celebrators* (7%)
 - Who are *Culinary Adventurers* (19%), *Mindful Choice Makers* (12%), & *Culture Celebrators* (7%) ?
 - Younger, College Educated, Non-Caucasian, Non-Midwest

Meat Demand Monitor: Protein in the GLP-1 Era

Justin D. Bina, Glynn T. Tonsor¹

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)

CA-Prop 12: “Domestic Trade” Lessons

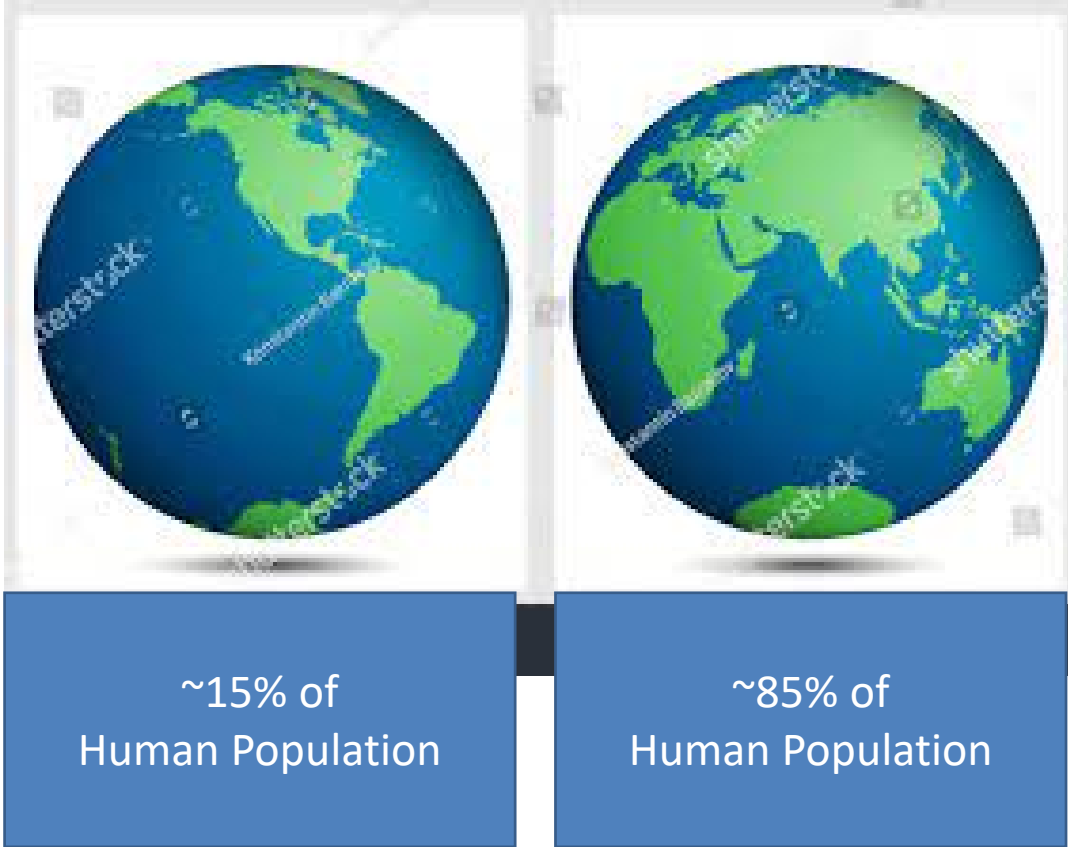


Bina, Tonsor, & Lusk (2024 working research)

- 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



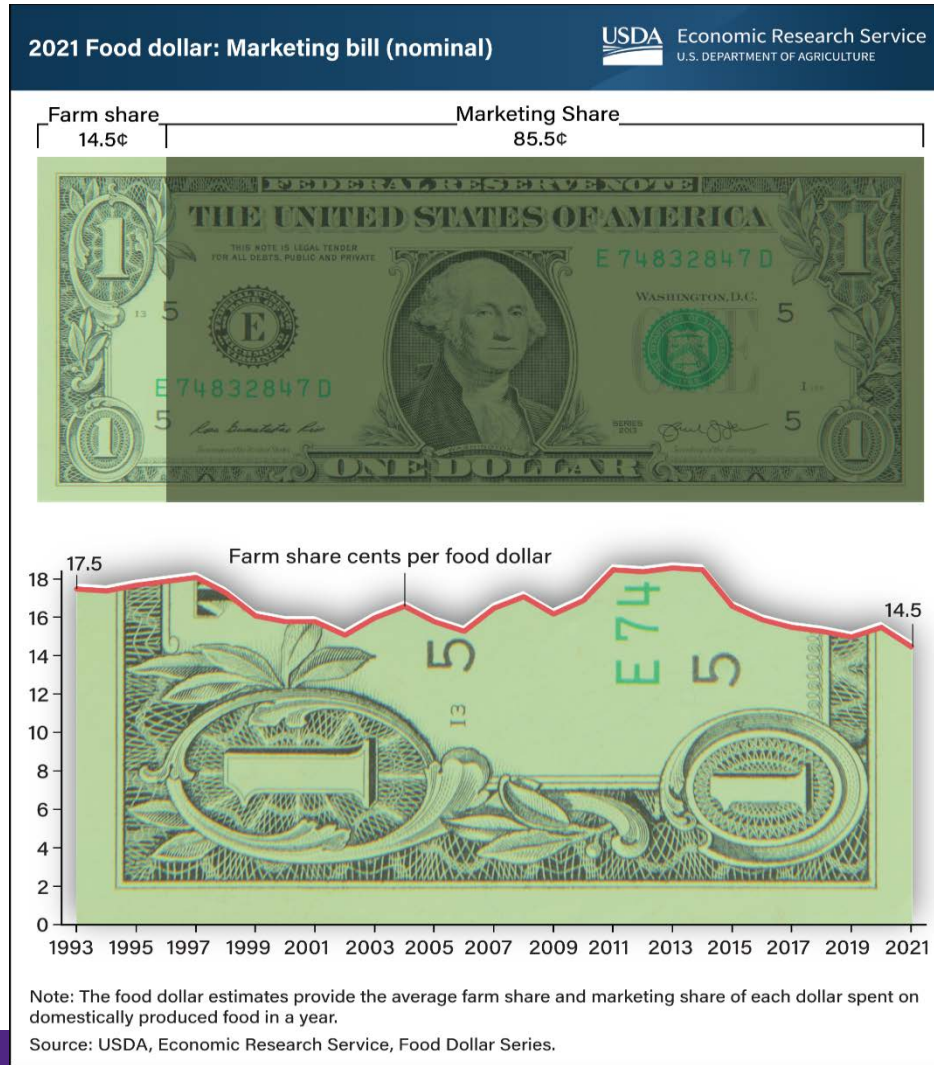
shutterstock.com - 232934666



KS < 1% of U.S. Population

CA ~12% of U.S. Population

Let's focus on GROWING THE PIE



A FINANCIAL TIMES
BEST BOOK OF 2020

'... a tour de force.' - Andy Haldane,
Chief Economist, Bank of England

UPDATED
AND REVISED

GROW THE PIE



HOW GREAT COMPANIES
DELIVER BOTH PURPOSE
AND PROFIT

ALEX EDMANS

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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Weekly Est. Pork Packer Margins

Wtd. Avg. LM_HG201 Hogs & LM_PK680 Pork Carcass Cutout

\$ per head

\$140

\$120

\$100

\$80

\$60

\$40

\$20

\$0

-\$20

-\$40

-\$60

-\$80

— Gross Margin

— Net Margin

— Integrated Net Margin

Week
ending
1/17/2025

+\$35.06

-\$6.04

-\$6.61

2019

2020

2021

2022

2023

2024

2025



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.info

Data Source: USDA-AMS, USDA-ERS, U.S. BLS., DLR.

Compiled and Calculated by Lee Schulz

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