

What Does USDA's PEDV Monitoring, Reporting System Announcement Really Mean?

22 April 2014

US - The US Department of Agriculture (USDA) announced on Friday that it would initiate a reporting and monitoring system for porcine epidemic diarrhea virus (PEDV).

Though the term "reportable" was used in some media reports, I do not use it here because it has some serious trade connotations. OIE, the world organization for animal health, considers only a few diseases "reportable" and attaches trade restrictions to most, including hoof and mouth disease, classical swine fever and African swine fever.

PEDV is obviously not on that list, so I'll not use "reportable" to describe this action.

Secretary of Agriculture Tom Vilsack said that USDA would require farm identities and herd locations on sample submissions to animal health laboratories and that those farms would be included in a monitoring and control program and is still under development. Pig movements will still be allowed but part of the monitoring program will be tracking of all movements of pigs, vehicles and other equipment leaving infected farms. That last feature is an apparent surprise to the trade, and a tall order indeed.

This announcement may reflect some concern over the industry's plight and could conceivably help, but it is more likely motivated by politics. A few weeks ago, Senate Agriculture Committee Chairperson Deb Stabenow (D-MI) called on USDA to utilize disaster assistance funds to compensate producers for PEDV losses.

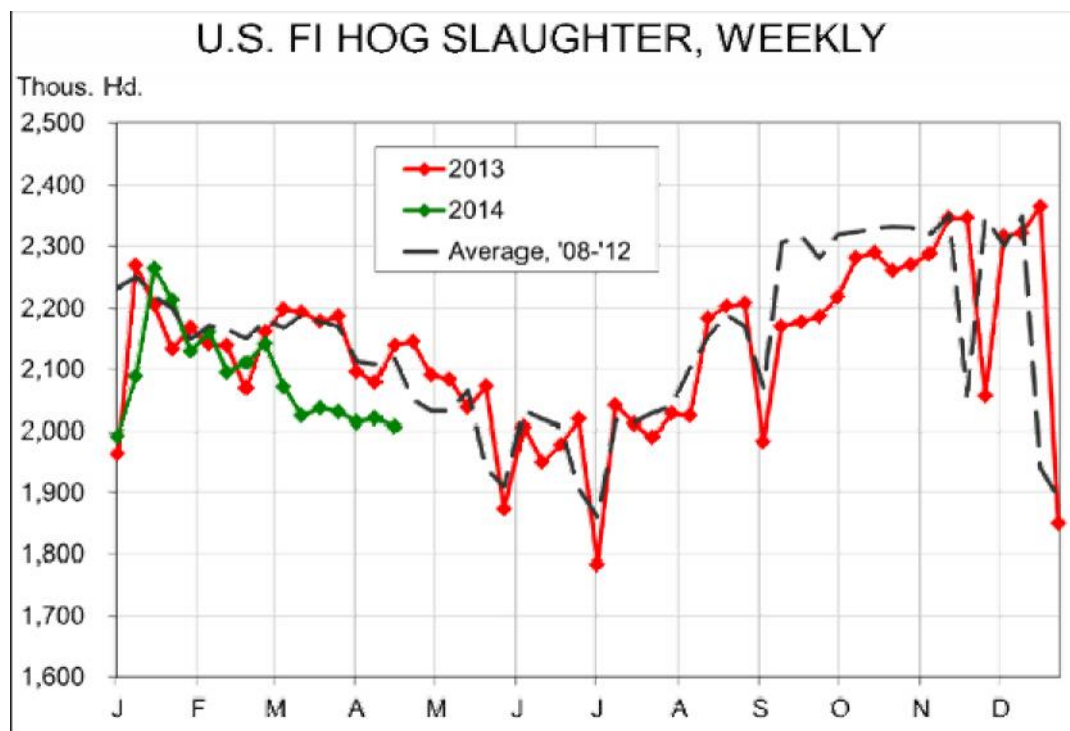
She was joined in that call by Senator Kay Hagan (D-NC). Senator Al Franken (D-MN) on 10 April asked Sec. Vilsack to enhance detection capabilities and to take measures to prevent the virus from spreading. I really do believe that Senators Stabenow, Hagan and Franken are truly concerned about citizens of their respective states (and others, for that matter) but it is no coincidence that Hagan and Franken are involved in re-election campaigns at the present time and the administration would, no doubt, very much like to retain the Democratic majority in the United States Senate. Nothing sinister. Just politics.

Whether the effort will do much to stem the rising tide of PEDV will depend on the details about which we know nothing. It is my opinion that Canada's steps in making the disease "monitorable" (I really do not know the right word to use) has helped its efforts to control the spread of PEDV. Their move, of course, was based in-part on their enviable position as a late-comer to the PEDV battle and the opportunity that afforded them to observe how our efforts – or lack thereof -- failed to stem the disease's spread.

The idea of gathering pig loss numbers appeared nowhere in the Secretary's announcement. That data could still be part of the details, but if they are not, very little help will be provided to those of us trying to get a handle on the supply of pigs that will be available in the future. Death loss data is a feature I, and many others, would like to see included in those details.

Last week's federally inspected (FI) slaughter BARELY got over the 2 million mark. The 2.007 million that moved to US processors was 6.2 per cent lower than one year ago, and about 70,000 head lower than what USDA's March *Hogs and Pigs* report would have suggested. The weekly total was impacted by Easter, as Friday's total was only 385,000 and Saturday's was just 1,000. (See Figure 1). Holidays at several plants will likely leave Monday's run far short of one year ago as well, and will result in this week's total being 6-7 per cent lower than last year, too.

Figure 1.



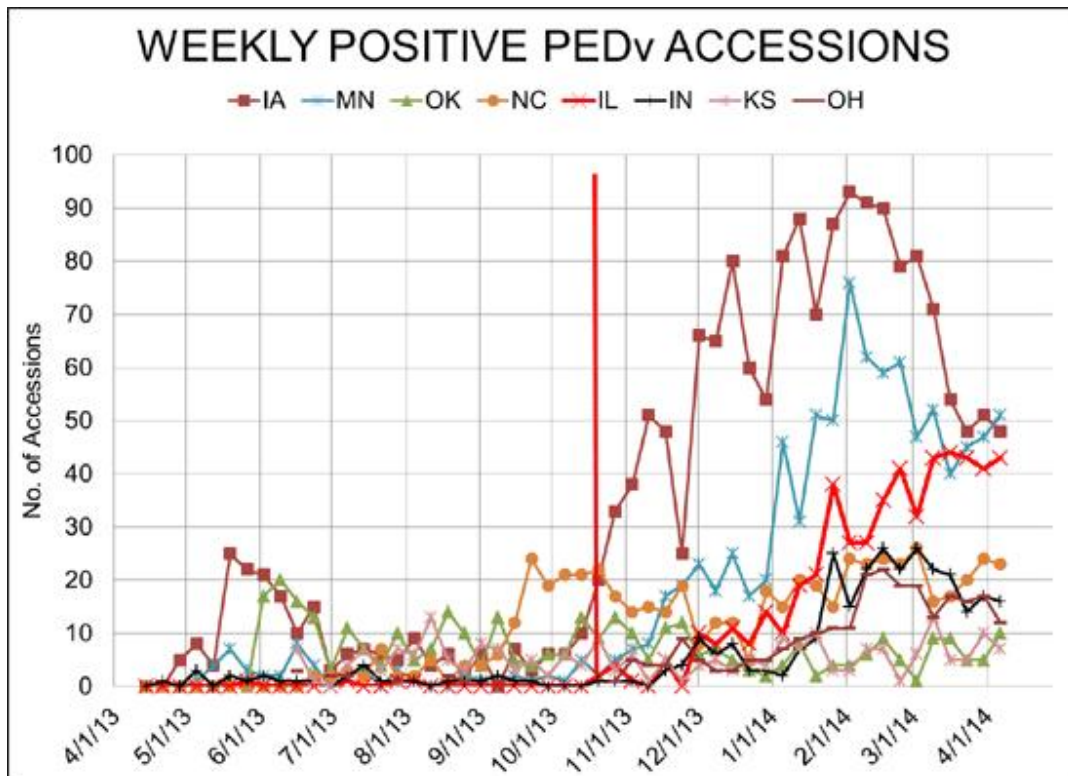
With that said, I must point out that weights are suggesting that producers are behind on their marketing chores and fell even further behind last week.

I had thought that the 0.4-lb. increase in producer-sold barrow and gilt weights the week of 12 April was a sign that we were catching up a bit on marketings that had been understandably delayed as prices were rising.

Last week's 1.8-lb. increase (to 219 lb.!!!) flies in the face of that conclusion, and suggests that there are a good number of hogs that need to move in the next few weeks. Whether those numbers will drive actual slaughter up to the USDA report pace remains to be seen, but I expect some closing of that gap in the short run.

However, pigs going to harvest this week were born in late October. The red line in Figure 2 marks that time period and it is clear that we had not gotten to the explosive spread of PEDV by then.

Figure 2.



NORTH AMERICAN PORK INDUSTRY DATA

							Week Ending 04/19/14		
	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
FI Hog Slaughter	United States	Thou. Head	2007.0	2020.0	-0.64%	2139.9	-6.21%	32,592	-4.1%
	Canada*	Thou. Head	373.3	384.4	-2.87%	385.2	-3.08%	5,596	-4.4%
	Total	Thou. Head	2380.3	2404.4	-1.00%	2525.1	-5.73%	38,188	-4.1%
FI Sow Slaughter	United States*	Thou. Head	54.2	55.8	-3.00%	60.3	-10.14%	749	-5.4%
	Canada*	Thou. Head	1.2	1.1	14.11%	1.6	-23.66%	17	-23.4%
	Total	Thou. Head	55.4	56.9	-2.68%	61.9	-10.49%	766	-5.9%
Pork Production	United States*	Mil. Lbs., carc.	430.7	432.6	-0.44%	444.5	-3.10%	6,965	-1.2%
	Canada*	Mil. Lbs., carc.	80.9	83.3	-2.87%	79.4	1.89%	1,212	0.5%
	Total	Mil. Lbs., carc.	511.6	515.9	-0.83%	523.9	-2.35%	8,178	-0.9%
U.S. Weights	Avg. Live Weight	Lbs.	287	286	0.35%	277	3.61%	284	2.6%
	Avg. Dressed Weight	Lbs.	215	214	0.47%	208	3.37%	214	3.0%
US Prices (\$US/cwt)	Iowa-S. Minn. Direct	Carc., Avg	116.98	122.35	-4.40%	78.62	48.80%		
	Natl. Base Carcass	Weighted Avg	115.37	119.60	-3.50%	80.78	42.80%		
	Natl. Net Carcass	Weighted Avg	117.34	121.75	-3.60%	83.12	41.20%		
	Pork Cutout	200 Lbs.	121.74	127.17	-4.30%	83.52	45.80%		
	Hams	\$/cwt	99.06	104.19	-4.90%	67.16	47.50%		
	Loins	\$/cwt	124.02	125.69	-1.30%	85.10	45.70%		
	Bellies	\$/cwt	177.41	197.58	-10.20%	144.85	22.50%		
	Trimming, 72%	\$/cwt	124.37	135.30	N/A	51.47	141.64%		
Canada Prices (\$C/KG)	Quebec	Ind 100, Carc	151.55	263.84	-42.56%	0.00	#DIV/0!		
	Ontario	Ind 100, Carc	168.66	295.90	-43.00%	0.00	#DIV/0!		
	Manitoba	Ind 100, Carc	149.83	240.33	-37.66%	0.00	#DIV/0!		
	Alberta	Ind 100, Carc	149.90	260.90	-42.55%	0.00	#DIV/0!		
Trade Data	Canada-US Fdr. Pigs	Thous. Head	73.09	71.18	2.67%	79.35	-7.89%	1017.62	-14.0%
	Canada-US Mkt. Hogs	Thous. Head	6.65	6.54	1.79%	7.59	-12.30%	86.88	-14.5%
	Canada-US Cull Bldg.	Thous. Head	9.12	8.00	13.89%	9.71	-6.16%	109.26	-12.6%
	Canada-US Total	Thous. Head	88.85	85.72	3.65%	96.65	-8.06%	1213.75	-13.9%
	Exchange Rate	\$/US/\$C	0.911	0.907	0.49%	0.985	-7.48%		
Grain Prices	Prices								
	Com, Omaha	Bushel	4.86	4.87	-0.21%	6.89	-29.46%		
	DDGS, Minnesota	Ton	232.50	232.50	0.00%	230.00	1.09%		
	Wheat, Kansas City	Bushel	7.58	7.20	5.28%	7.21	5.13%		
	Soybeans, S. Iowa	Bushel	15.39	15.06	2.19%	14.69	4.77%		
	SRM, 48% Cent. Minn.	Ton	517.80	512.50	1.03%	430.50	20.28%		

COMPETING MEATS

PRODUCTION & PRICE SUMMARY

							Week Ending 04/19/14	
	Item	Units	Current	Last	Pct.	Last Year	Pct.	YTD
C	Production							
A	H Slaughter	Thou. Head	568	573	-0.87%	615	-7.65%	8,860
T	H Cow Slaughter **	Thou. Head	123	113	9.53%	123.3	0.00%	1,578
T	Avg. Live Weight	Lbs.	1308	1307	0.08%	1295	1.00%	1,327
L	Avg. Dressed Weight	Lbs.	794	794	0.00%	781	1.66%	799
E	Beef Production	Million Lbs.	449.6	453.7	-0.90%	479.5	-6.24%	7,066
	Prices - \$/cwt.							
&	Live Fed Steer	\$/cwt live wt.	147.08	149.16	-1.40%	126.28	16.50%	
	Dressed Steer	\$/cwt carcass	234.70	239.71	-2.10%	200.43	17.10%	
B	OKC Feeder Steer	700-800 Lbs	178.93	177.08	1.04%	132.53	35.01%	
E	Beef Cutout	600-900 Choice	224.27	225.50	-0.50%	190.51	17.70%	
E	Rib	Light Choice	328.33	323.04	1.60%	275.08	19.40%	
F	Round	Light Choice	192.15	194.85	-1.40%	158.27	21.40%	
	Chuck	Light Choice	177.77	180.48	-1.50%	159.94	11.10%	
	Trimnings, 50%	Fresh	118.06	113.11	4.40%	97.70	20.80%	
	Trimnings, 90%	Fresh	250.45	255.22	-1.90%	210.61	18.90%	
	Hide/Oldal	\$/cwt live wt.	16.05	16.11	-0.40%	14.45	11.10%	
C	Production*							
H	Young Chicken Slaughter	Million Head	154.71	155.49	-0.50%	154.21	0.32%	2,264
I	Avg. Weight	Lbs.	4.40	4.34	1.37%	4.33	1.72%	4.34
C	Chicken Production	Million Lbs.	681.19	675.34	0.87%	667.50	2.05%	10,025
K	Eggs Set	Million	204.04	203.47	0.28%	201.54	1.24%	3,016
E	Chicks Placed	Million Head	163.64	166.22	-1.55%	165.39	-1.06%	2,458
N	Prices - \$/cwt.							
	12-City Broiler	Composite	111.82	108.88	2.70%	107.21	4.30%	
	Georgia Duck Broiler	2.5-3 Lbs.	107.61	107.09	0.50%	102.75	4.70%	
	Northeast Breast	Skinless/Boneless	172.79	168.57	2.50%	160.75	7.50%	
	Northeast Leg Quarters		49.43	46.70	-1.60%	53.31	-9.80%	
	Northeast Wings	Whole	139.4	142.6	-2.20%	147.23	-5.30%	
T	Production *							
U	Young Turkey Slaughter	Million Head	4.23	4.26	-0.80%	4.34	-2.60%	59.43
R	Avg. Weight	Lbs.	24.82	25.34	-2.00%	25.02	-0.80%	25.21
K	Turkey Production	Million Lbs.	104.85	107.94	-2.86%	108.52	-3.30%	1,496
E	Prices - \$/cwt.							
Y	Eastern Region Hen	8-16 Lbs.	101.78	100.29	1.50%	94.64	7.50%	

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter are from 2 weeks earlier than the date at the top of this sheet

Source: USDA Agricultural Marketing Service, various reports, and Statistics Canada