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## Reduce Pork Supplies Beyond the Sow Farm

Several economists, lenders and others have suggested that cutting a half a million sows from production is necessary to return the US pork industry to profitability. Ultimately, the US pork industry will need more demand, lower feed costs or lower supplies to be profitable. Long term supplies are impacted by sow numbers, but in the short run there are things that packers and finishers can do to help reduce supplies.

Packers must be able to sell the product and run their plants efficiently. However, for the long run sustainability of the industry they should consider removing the incentive for heavy carcasses at least in the short run. This would entail reducing discounts on light weight carcass discounts or increasing discounts on heavy carcasses or both. This is not a cure all. If it is successful at encouraging lighter carcass weights there will be a period of increased marketings and a glut of pork on the market. It may not be possible to handle additional marketings in the fall of the year when supplies are already large. Also, packers or downstream buyers must be willing to store the surge in supplies as hogs are pulled ahead. This supply will come back on the market later when, hopefully, prices are higher.

Finishers must also be willing to market at lower weights when they get the economic signal. The benefit to them is a more efficient pig by avoiding the higher weights and less crowding in the pens, which improves efficiency and gains. There will be fewer pounds produced per building per turn, but if the building can turn faster it may eliminate the need for a less efficient building. More importantly, more pounds produced at a loss does not reduce total cost.

Nurseries and finishers should deal with cull pigs earlier in feeding phase rather than passing them on to the next level. It will reduce cost of these inefficient pigs and allow faster turn over of buildings allowing the closing of less efficient buildings. It also removes at least some supply from the market. If 5% are culls that are 25% lighter than the average (200 lbs v 265 lbs), then eliminating them reduces supply 1.2%. These pigs are less efficient to grow and are more heavily discounted at slaughter.

The North American swine breeding herd is declining and we will have less pork produced in the future, but the process is slow. Adjustments to carcass weights and the number slaughtered will impact supplies much quicker than breeding fewer sows. There are problems that can be caused by the options discussed. Most notably, earlier marketings increases pork supplies in the short run and further taxes processing capacity and hog prices. However, the later reduced supply should improve prices and allow more producers to hold on until the smaller pig crops reach market weight.

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