



Livestock Price Reporting AMS Webinar

Neil Dierks, CEO

National Pork Producers Council

How did Mandatory Livestock Price Reporting come about?

- Evolution of how commerce is conducted in the swine industry
- Marketing of animals evolved from stockyards and auction markets to more packer direct sales of hogs by producers
- Evolved slowly after WWII and accelerated in the 1980's
 - To the point where volume of reported animals was low and all done on a voluntary basis
 - The need for more transparency was apparent

Background

- NPPC, together with beef and lamb interests, pursued what is known as the Livestock Reporting Act of 1999
- Pork elements of the Act:
 - Mandatory Price Reporting for live swine
 - Swine Contract Library under Packers and Stockyards

Mandatory Swine and Pork Price Reporting

- Sought to have USDA Market News serve as a third party to provide information for the use of the entire industry, particularly producers
- The swine section was very prescriptive in terms of what and how the information was reported
- Act included the need for a reauthorization every 5 years
 - This allows for needed changes to happen more rapidly
- Was designed to be a mirror as to what is happening in the marketplace
- Was not and is not a price discovery mechanism (does not establish prices although some may use it as a reference point in negotiations)

MPR

- Purchase data is Mandatory for any packer who on average harvests more than 100,000 head of swine in a year
 - Reported to AMS at multiple times during the day
 - AMS applies a high degree of confidentiality of raw data as well as takes great care in the different reports to not share data that could inadvertently indicate a given company's position in the marketplace
 - Data is published in a series of reports which will be touched upon during these webinars

Mandatory Swine and Pork Reporting

- Has been reauthorized since it was created (sometimes with short term extensions like now)
- Pork cuts were added to MPR in the 2010 reauthorization
- There have been short periods of time where reporting has been suspended during Government shutdowns (17 days was the longest)
- The data from reports has become second nature to the industry and used throughout for:
 - Producers selling pigs
 - Packers buying pigs
 - Customers buying pork
 - Packers/processors selling pork
 - The reports are used as a component in the CME lean index as well as other risk management products

Mandatory Swine and Pork Reporting

- Is unique in swine and pork industries in the world
- For the breadth and frequency of reports
 - A point I am often reminded of by my colleagues in other pork producing nations
 - Offers information for decision makers throughout the industry
 - AMS Livestock News Staff takes the responsibility for accuracy and confidentiality extremely seriously
 - This set of webinars is a starting point for further understanding (and use) of these swine and pork reports