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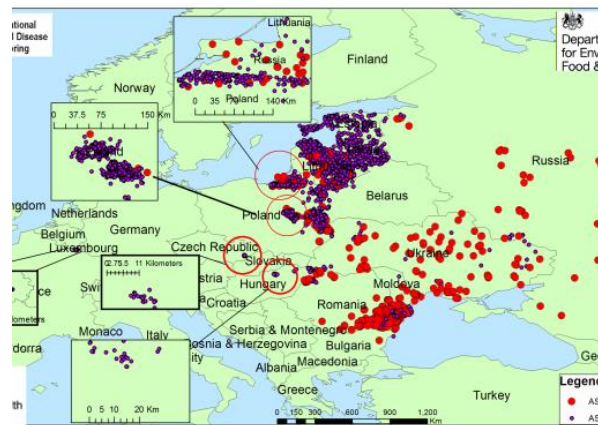
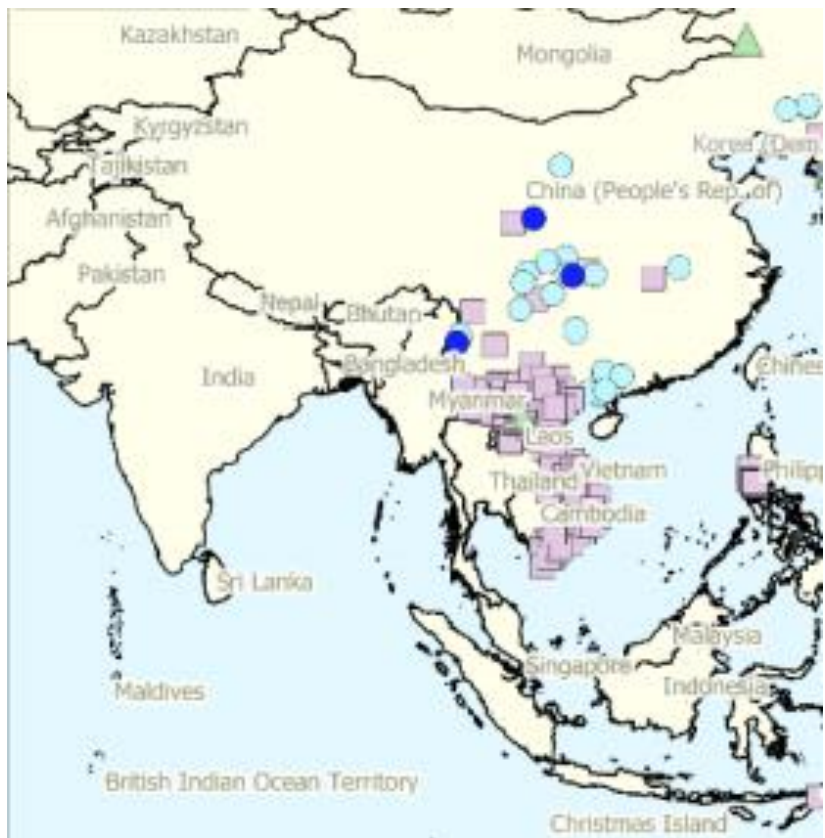
# FEED AND GRAIN LIVE



# African Swine Fever: What Is It?

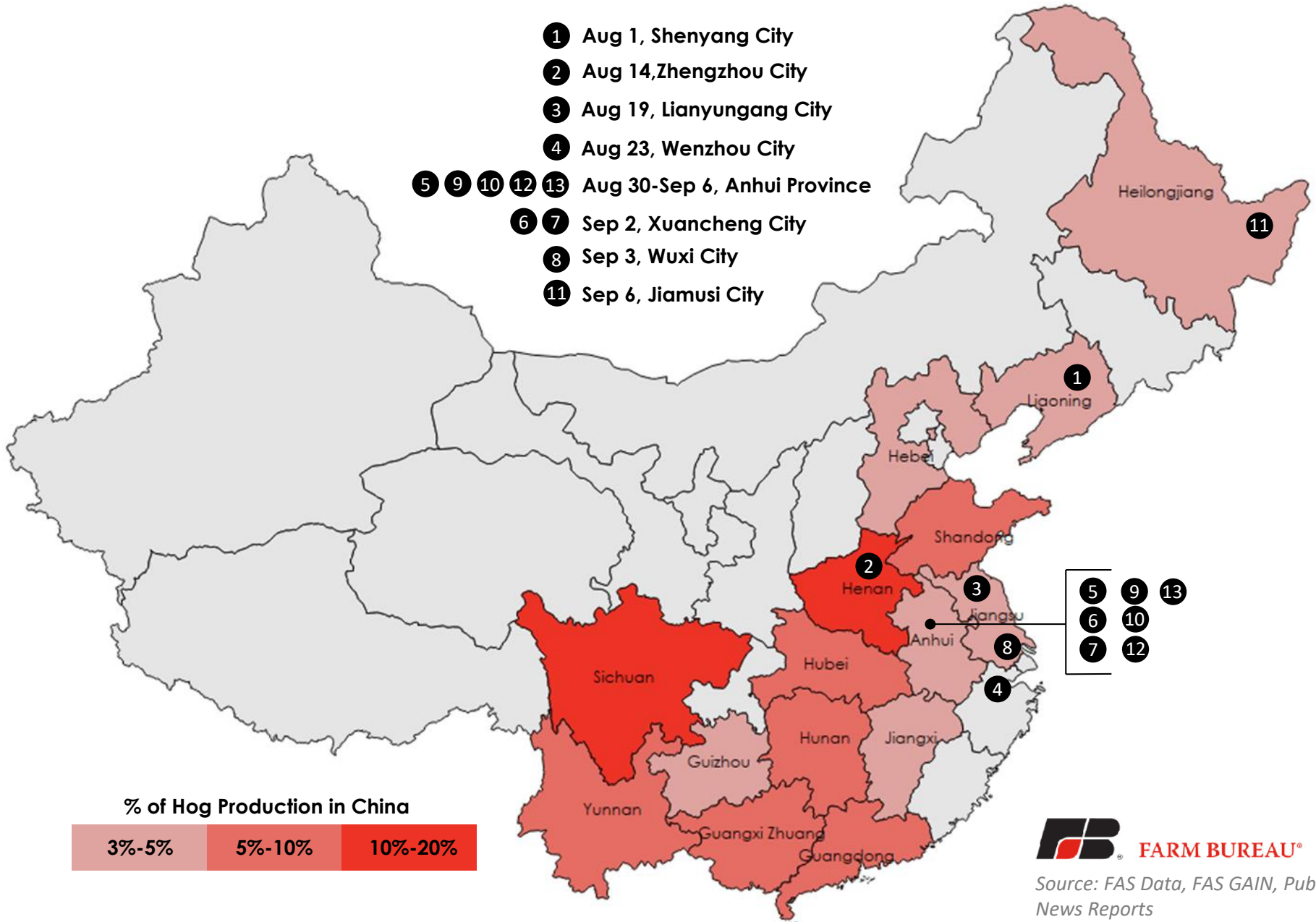
- **HIGHLY** contagious hemorrhagic viral disease of domestic and wild pigs.
- **NO** cure, **NO** vaccine, and **NO** chance
- Very hardy and resilient virus
- **ONLY** affects members of the pig family, **NOT HUMANS.**
- Spreads through ingestion of contaminated pork products and direct contact with infected animal or bodily fluids, as well as indirect contact with contaminated objects (trailers, equipment, clothing/footwear).





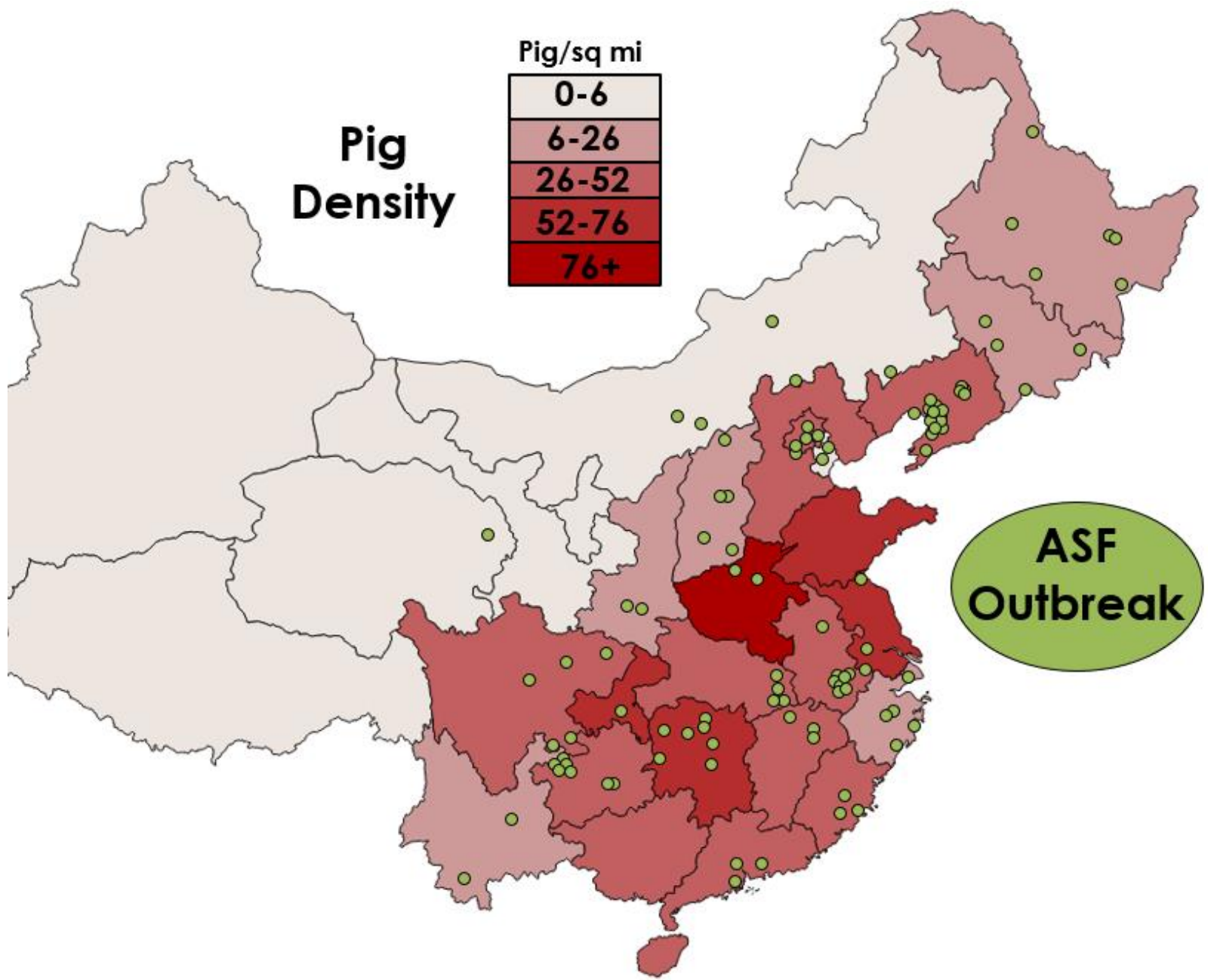
# ASF: Where Is It?

# Published September 7, 2018



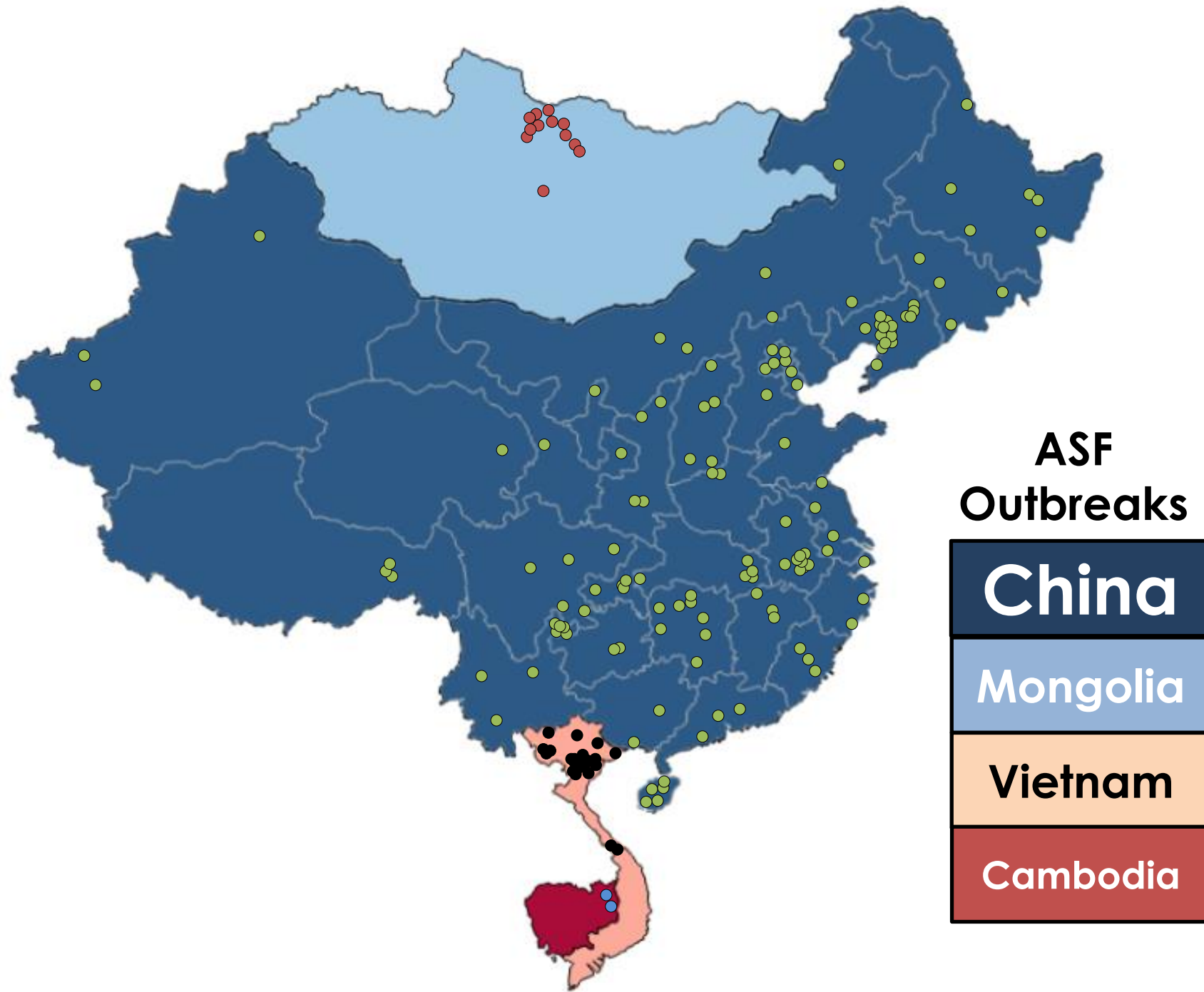
Source: FAS Data, FAS GAIN, Public News Reports

January 21, 2019



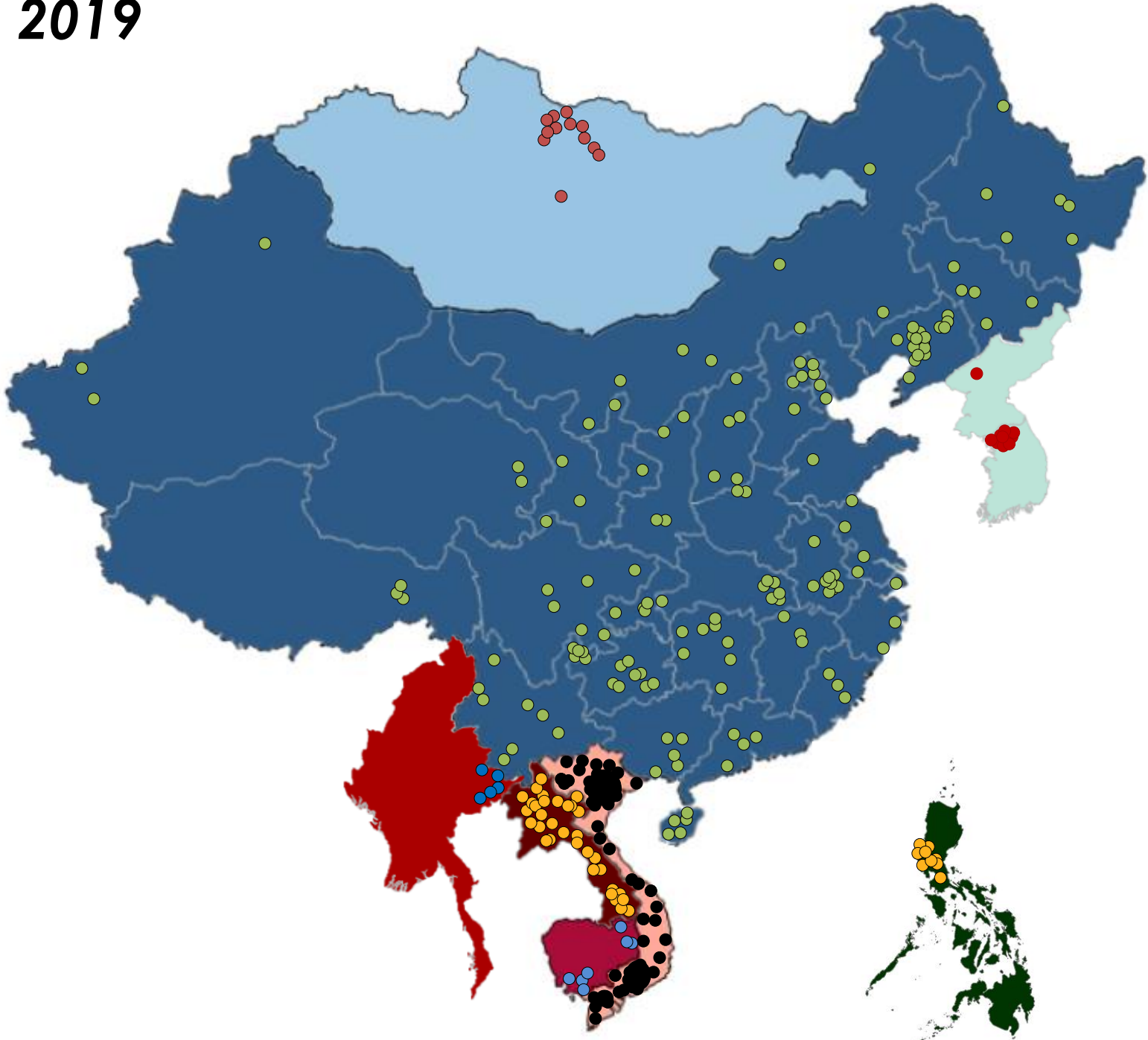
Source: USDA FAS, OIE

**May 2, 2019**





**December 6, 2019**

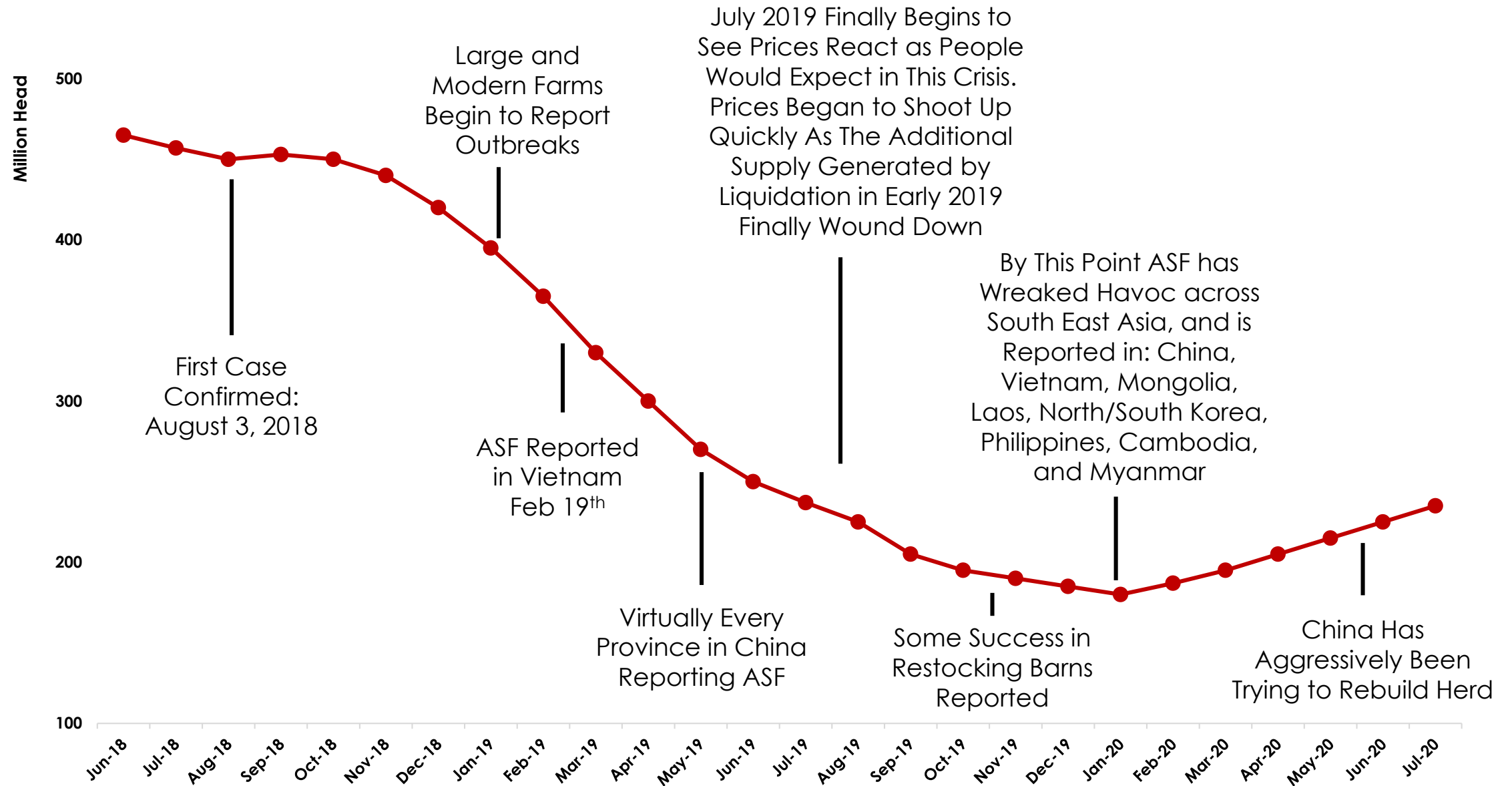


# ASF Outbreaks

<b>China</b>
Mongolia
Vietnam
Cambodia
Laos
Philippines
Myanmar
N/S Korea

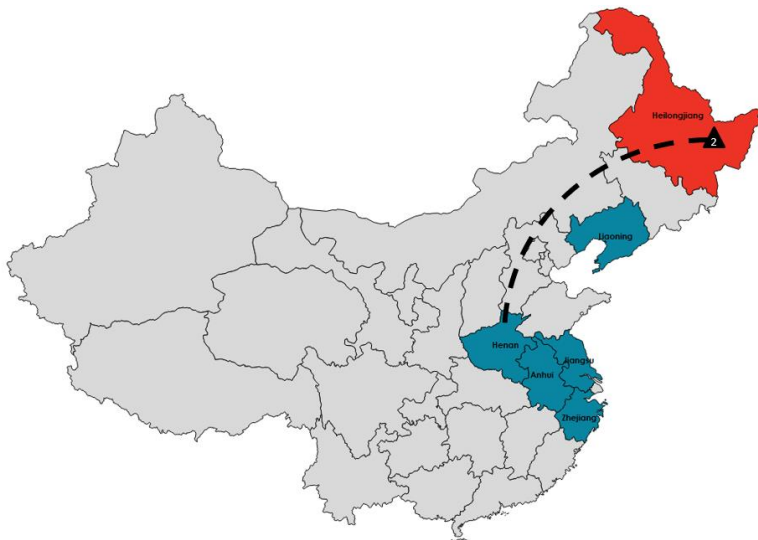
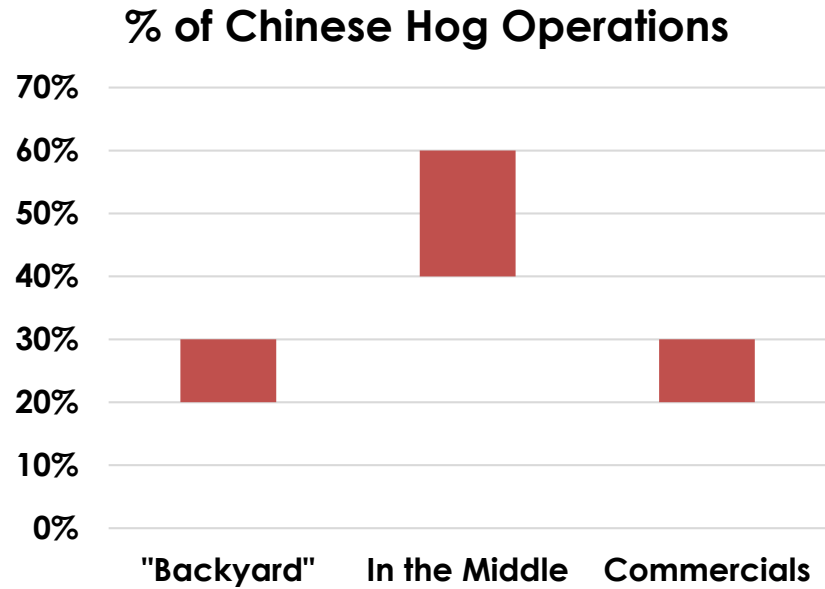
Source: USDA FAS, OIE

# How Bad Is It?



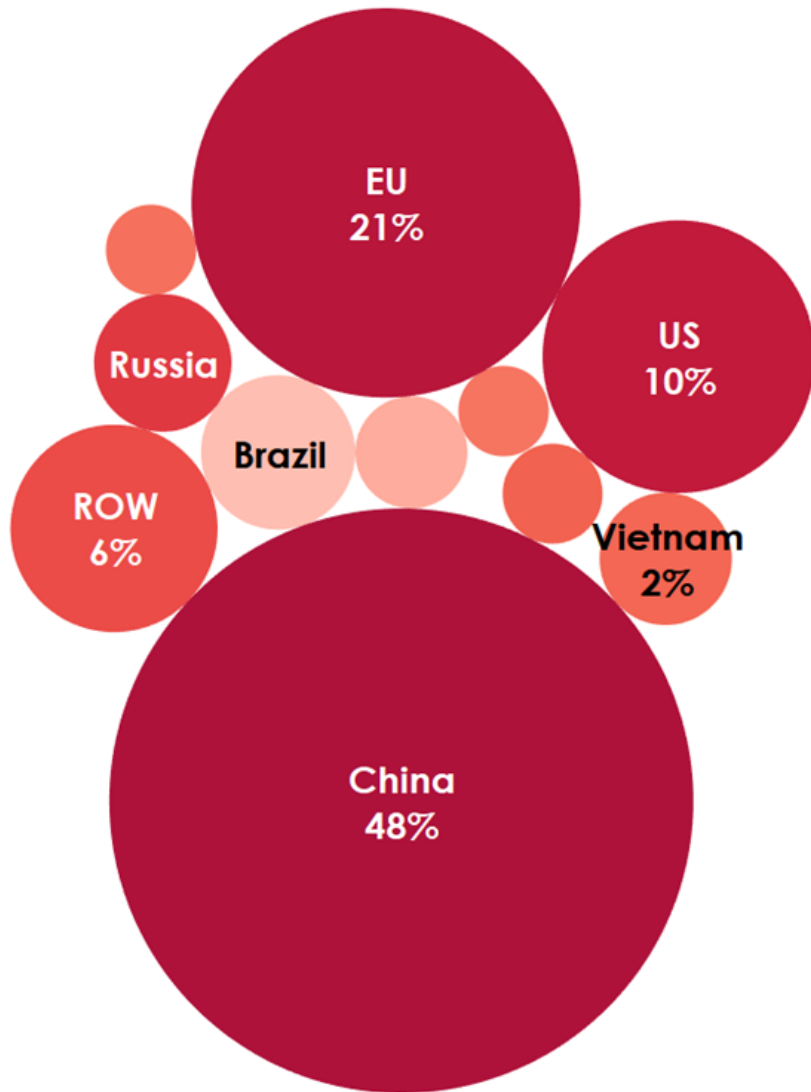


# How Did it Spread So Quickly?

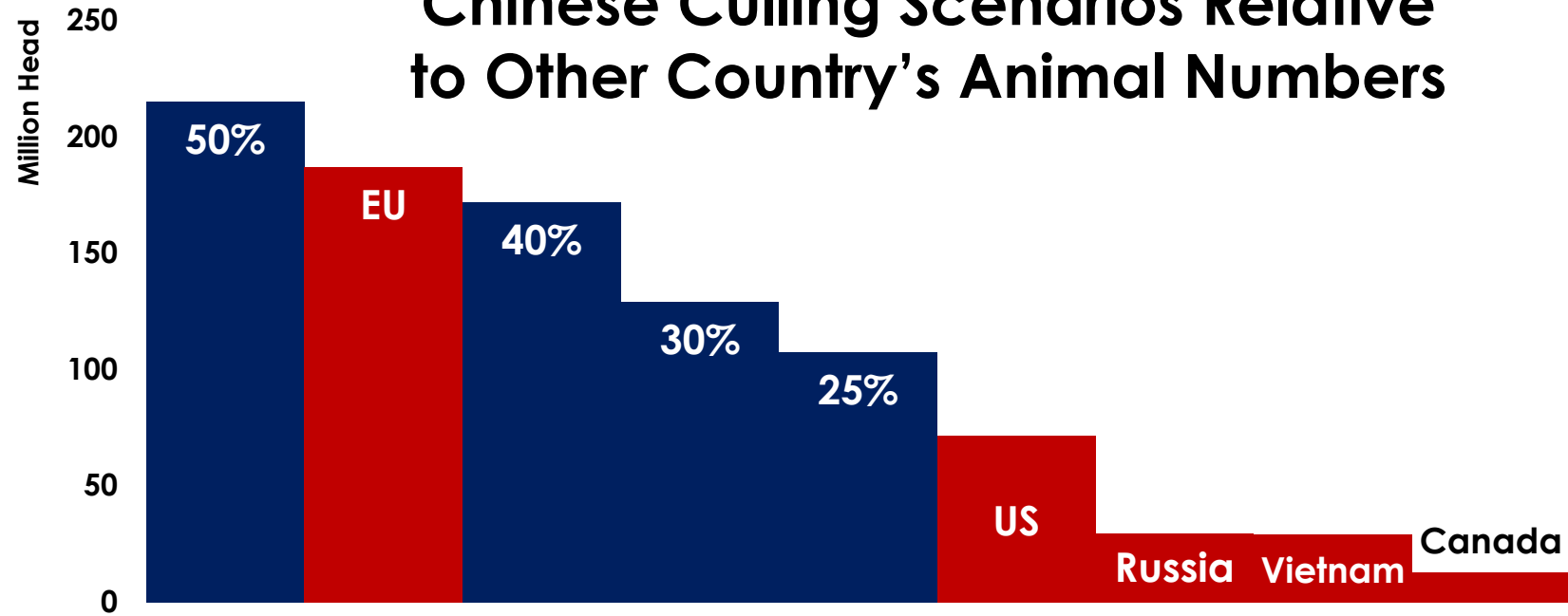


- **Structure of the industry**
- **Feeding practices**
- **Density of animal population**
- **Long distances traveled by pigs**
- **Low biosecurity**
- **Underreporting and lack of action**

## Global Share of Pigs



## Chinese Culling Scenarios Relative to Other Country's Animal Numbers

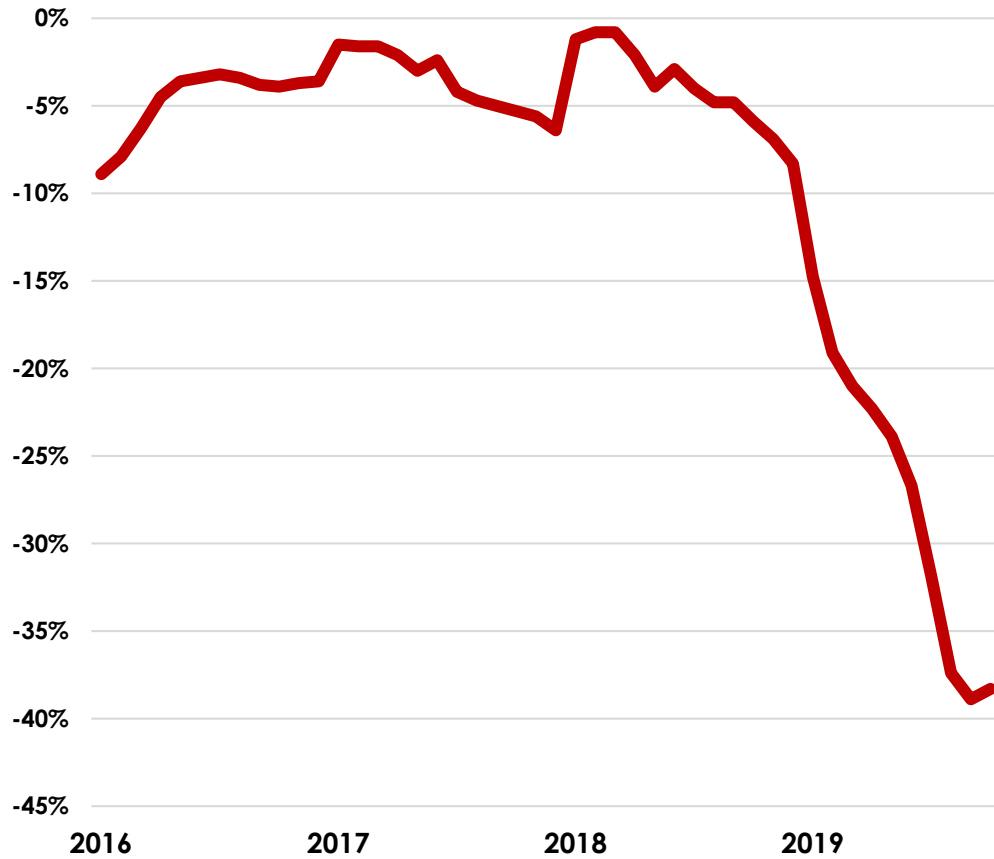


**How Big of a Deal Is (Was?)  
China's Hog Herd?**

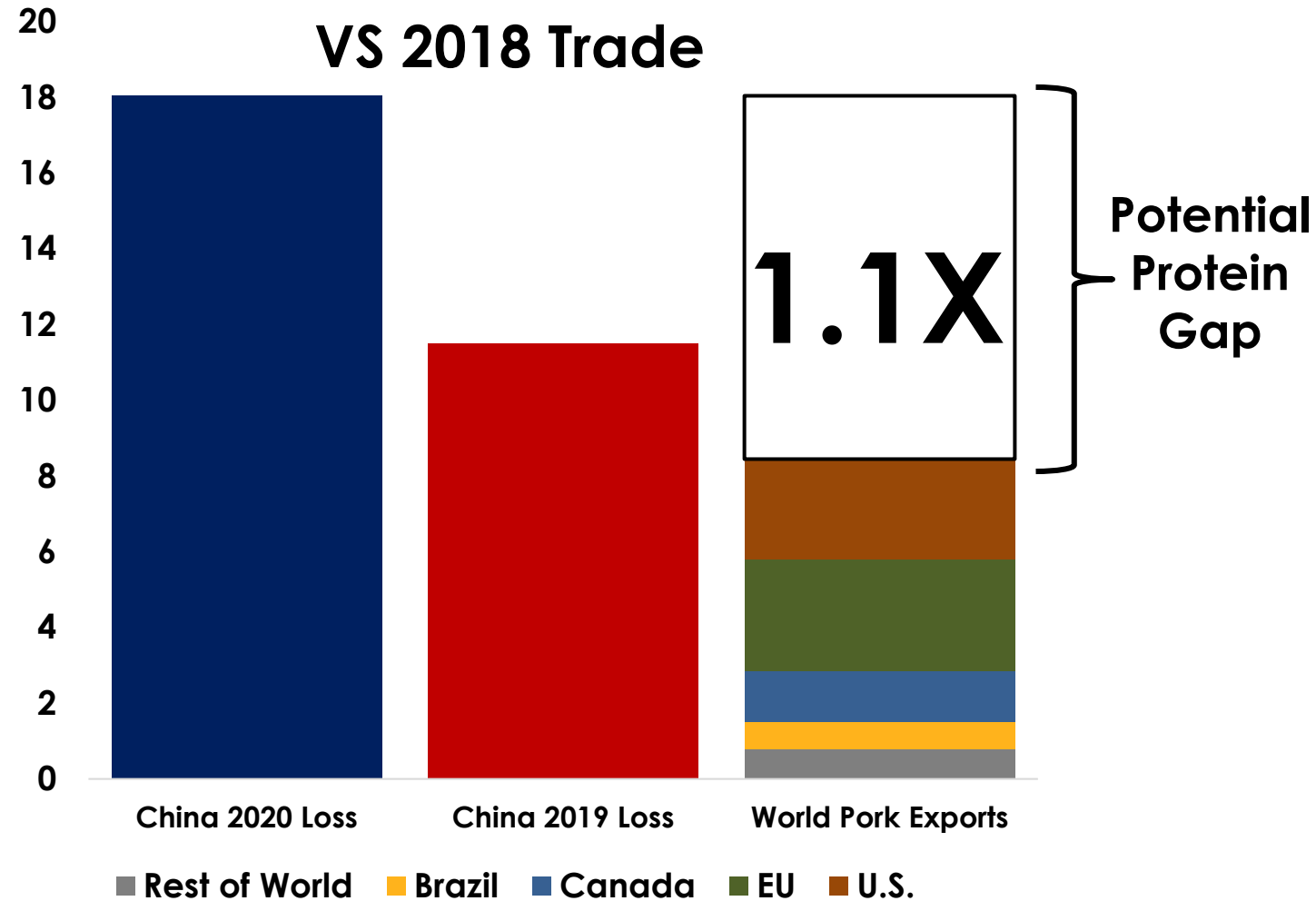


# How Bad Will It Be?

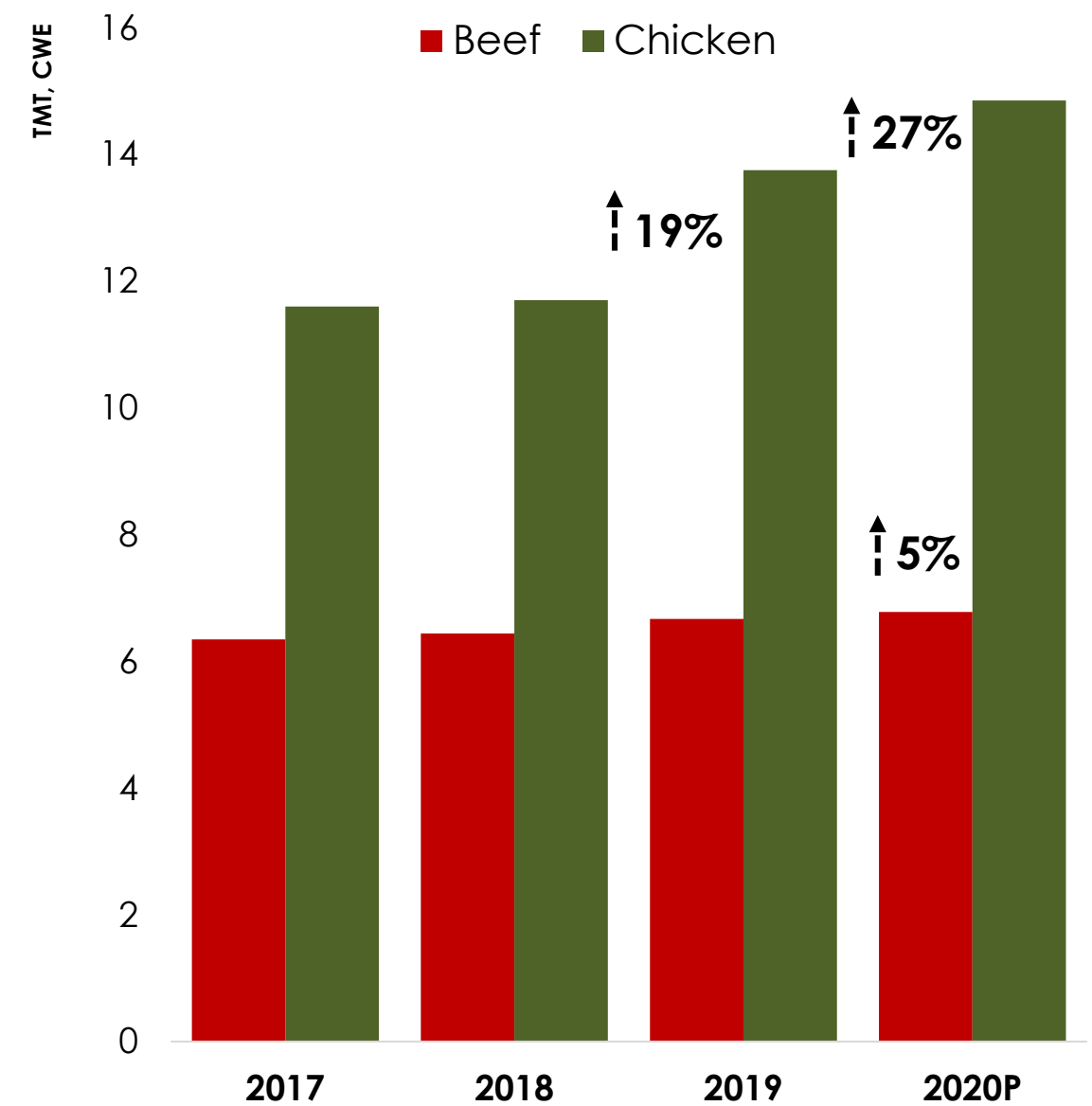
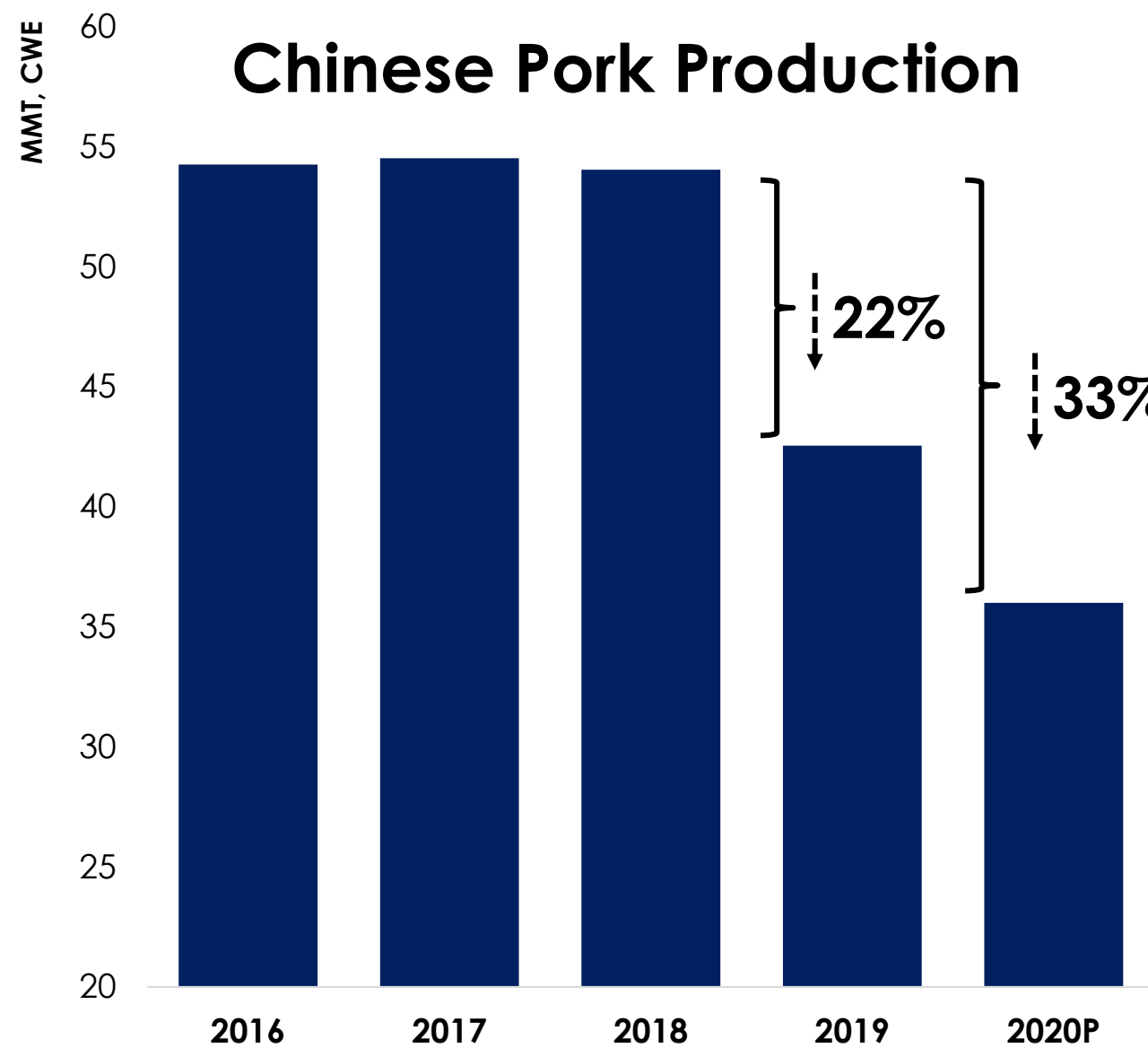
## 2019 YOY Decline in China Sow Inventory



## China Pork Production Decline VS 2018 Trade



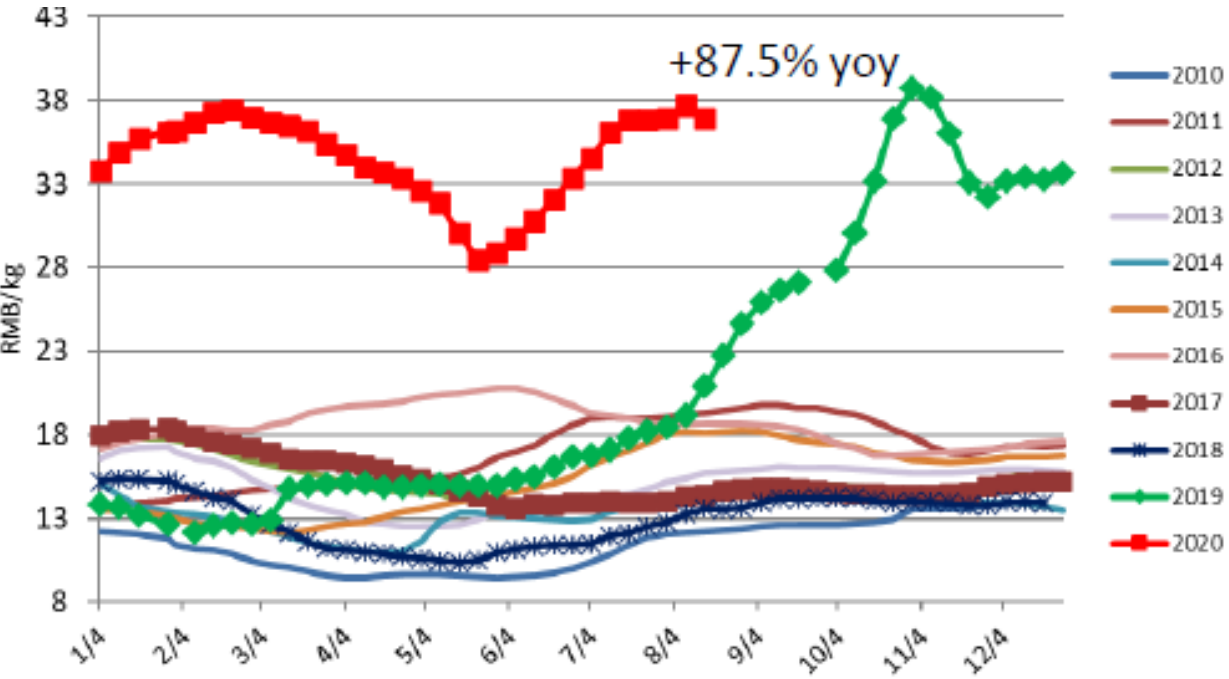
# Never Before Seen Decline in Chinese Production



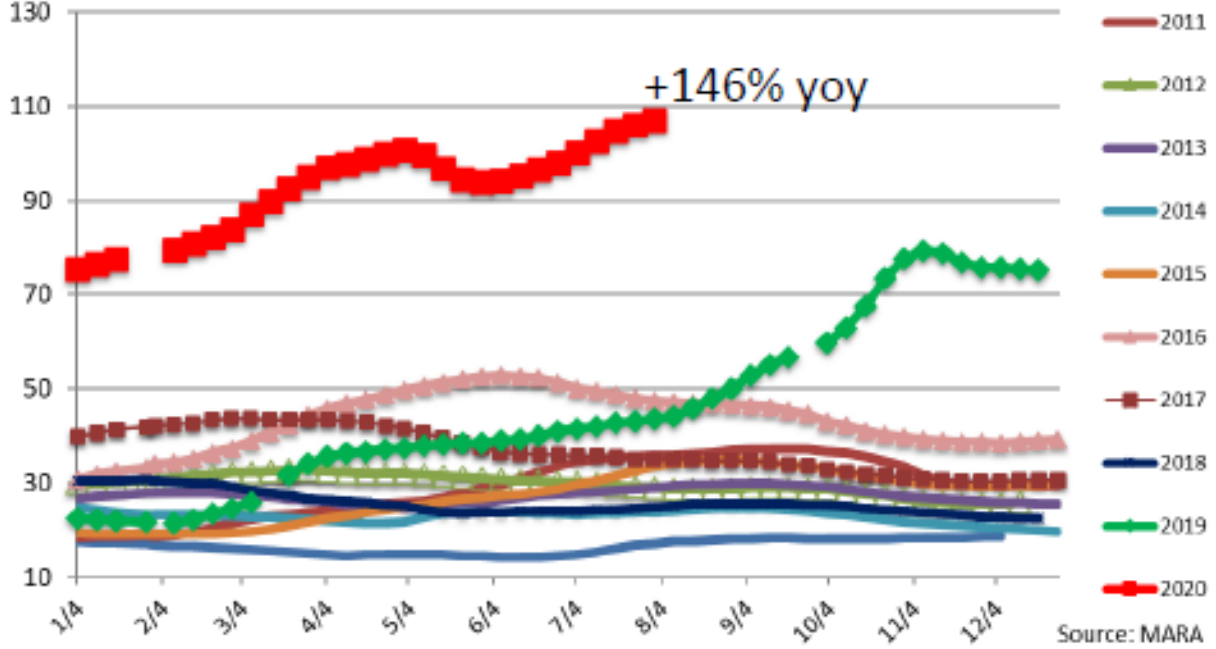


# It Took A While, But Prices Have Responded

## China's Live Hog Price



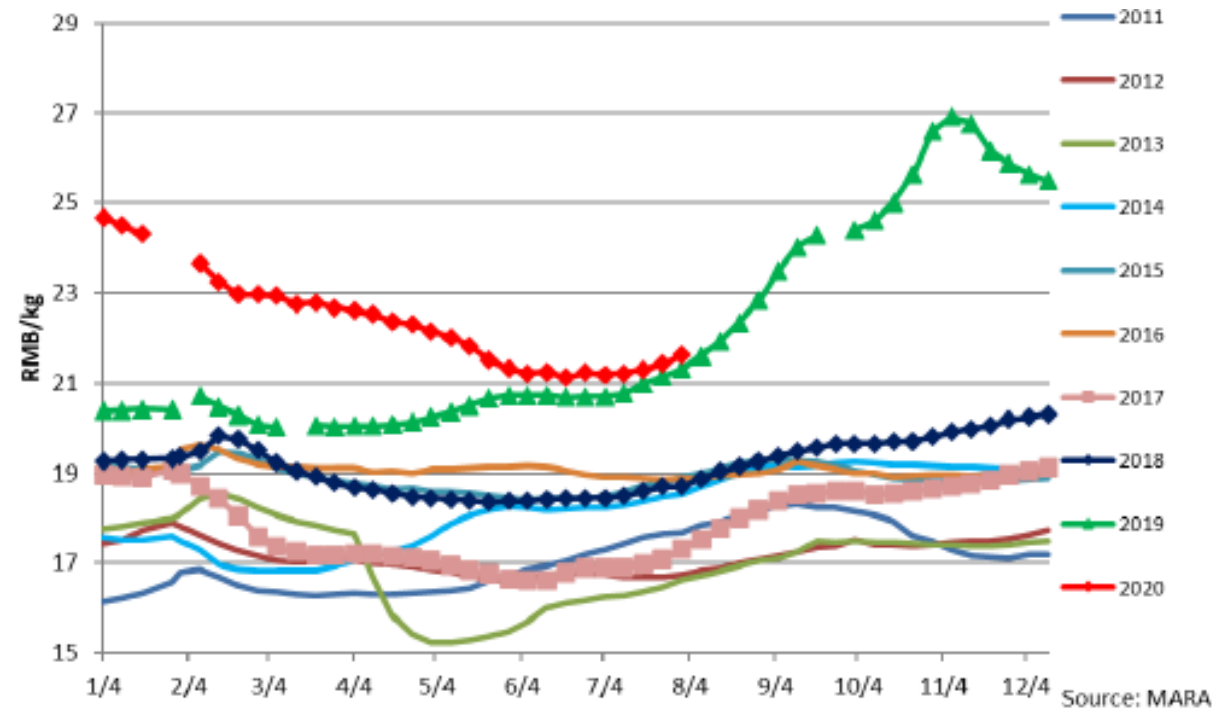
## China's Piglet Price



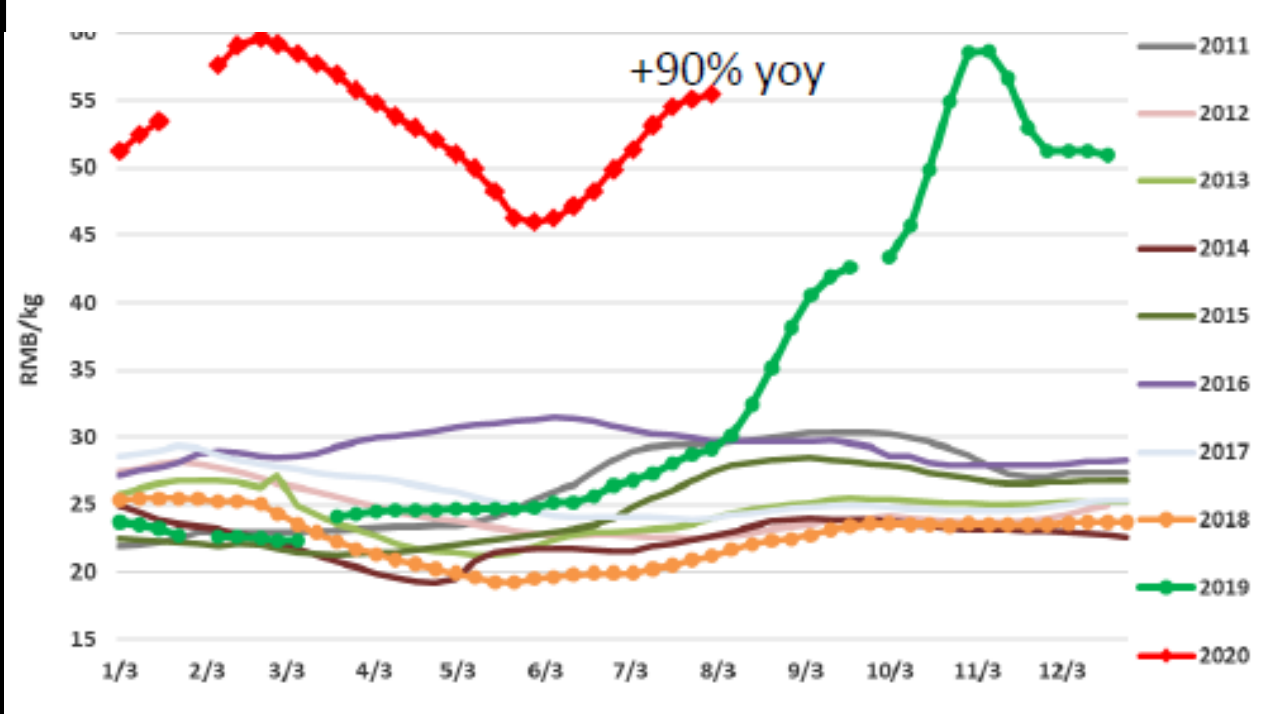
Source: MARA

# It Took A While, But Prices Have Responded

## China's Broiler Price

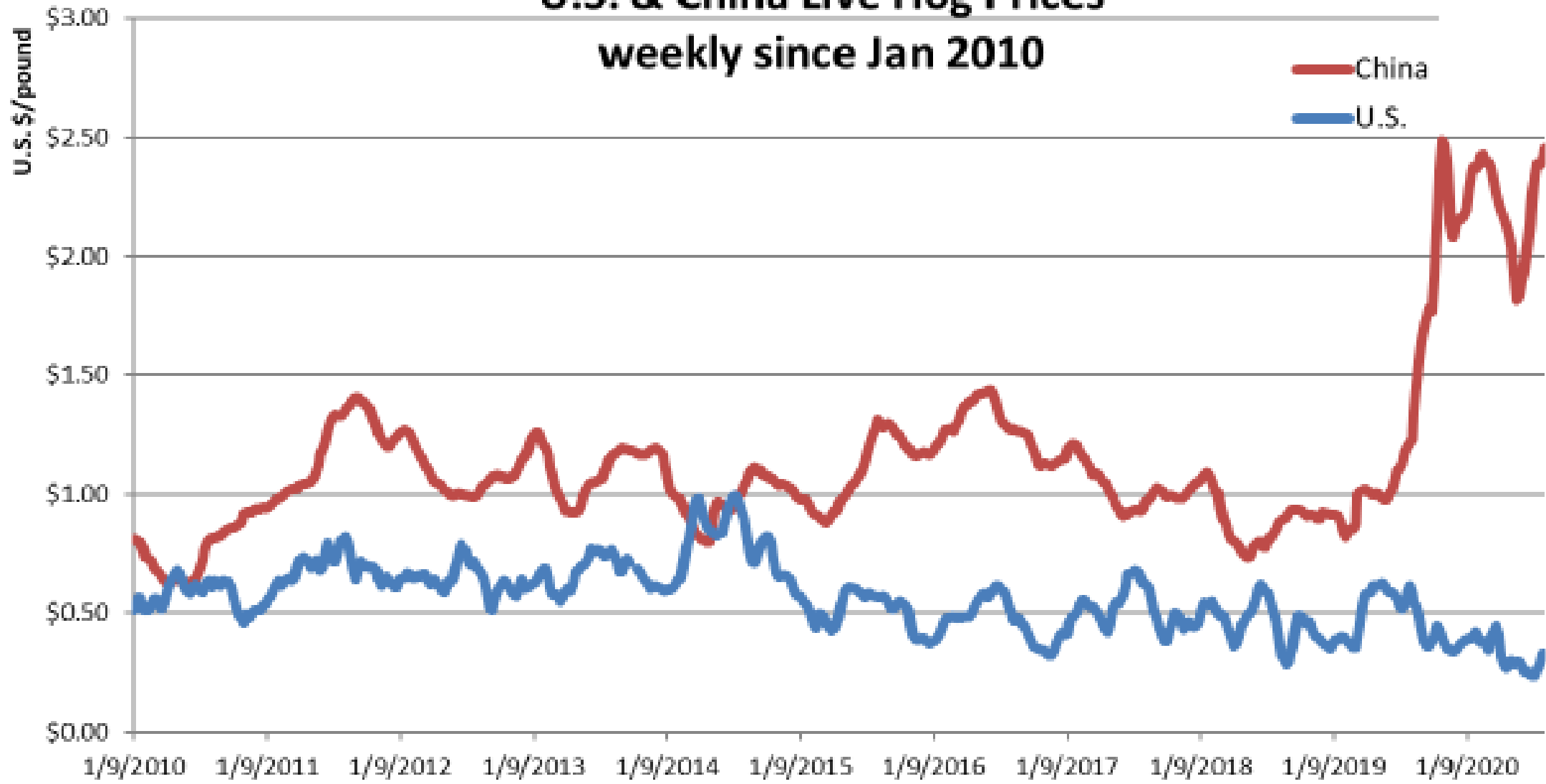


## China's Pork Price



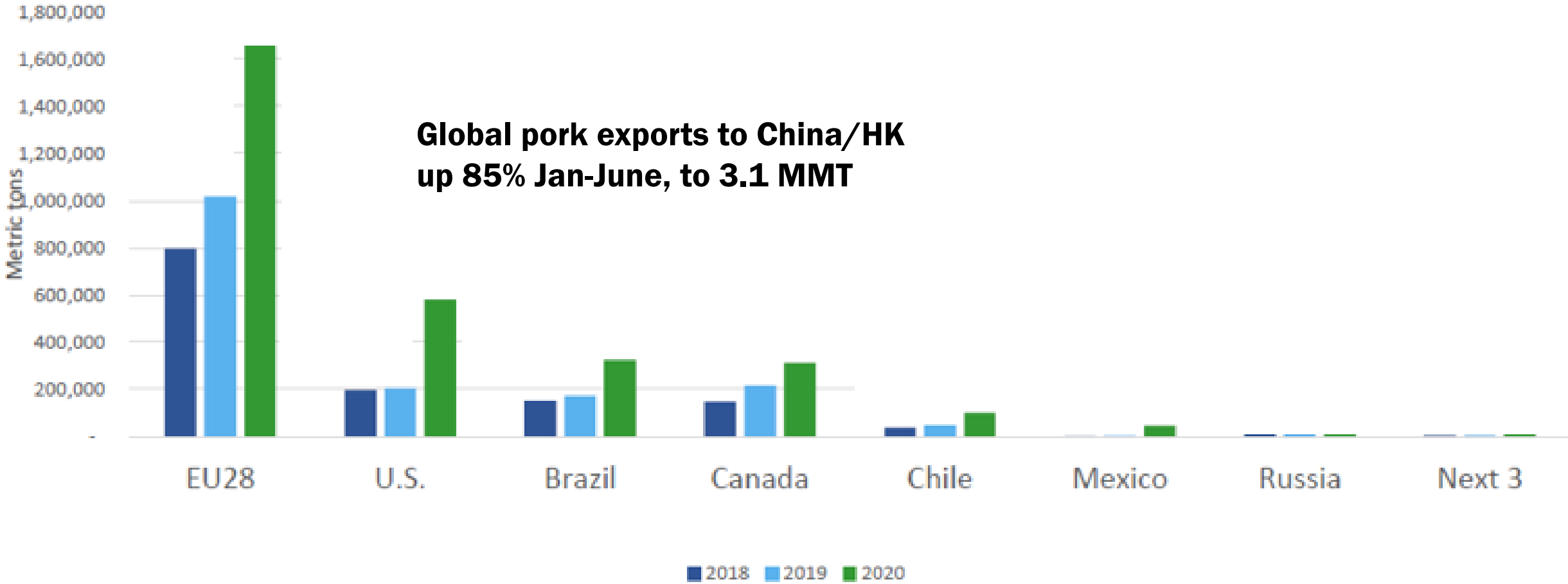


## U.S. & China Live Hog Prices weekly since Jan 2010



# The U.S. Isn't The Only One Selling Pork To China

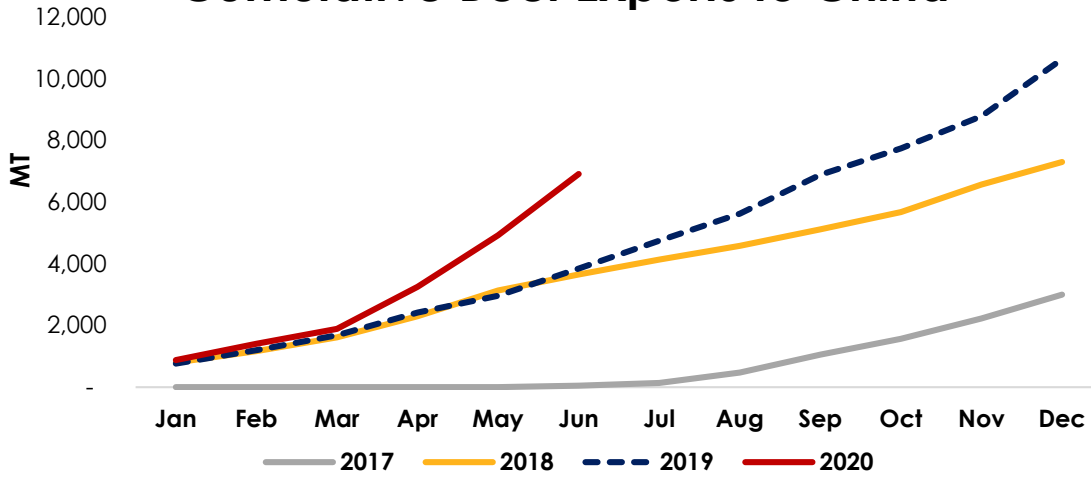
## Pork and Variety Meat Exports to China/HK



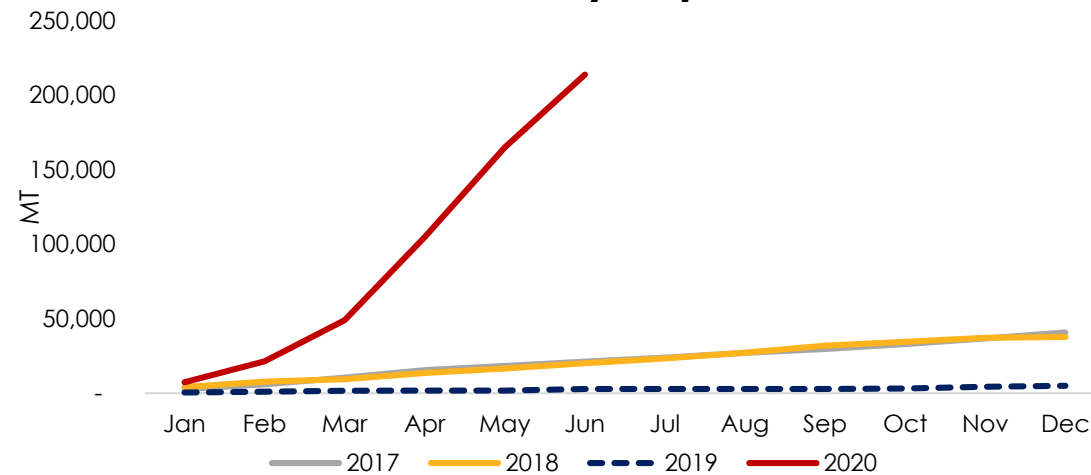
Source: USMEF

# China is Even Taking U.S. Product

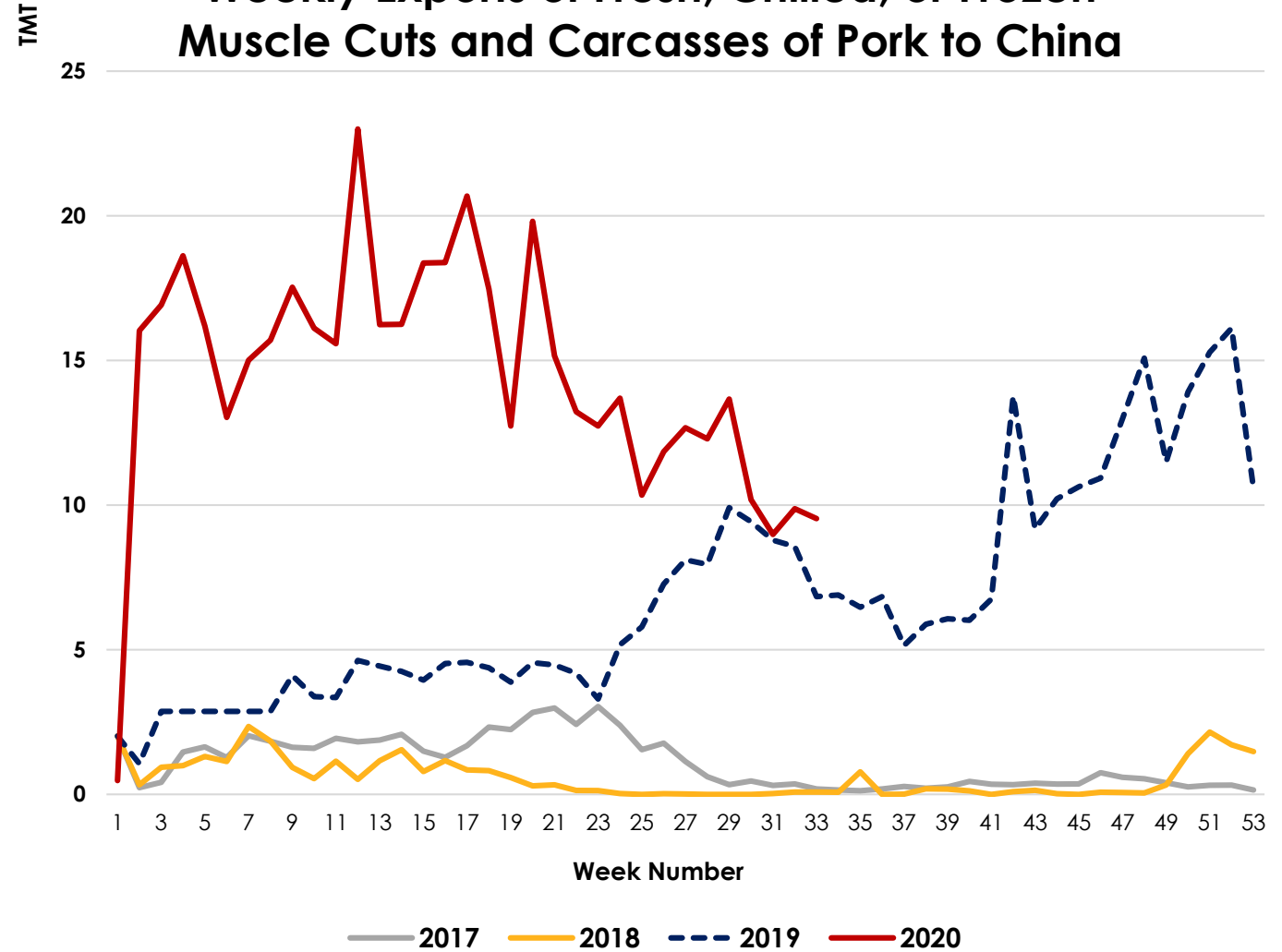
## Cumulative Beef Exports to China



## Cumulative Poultry Exports to China



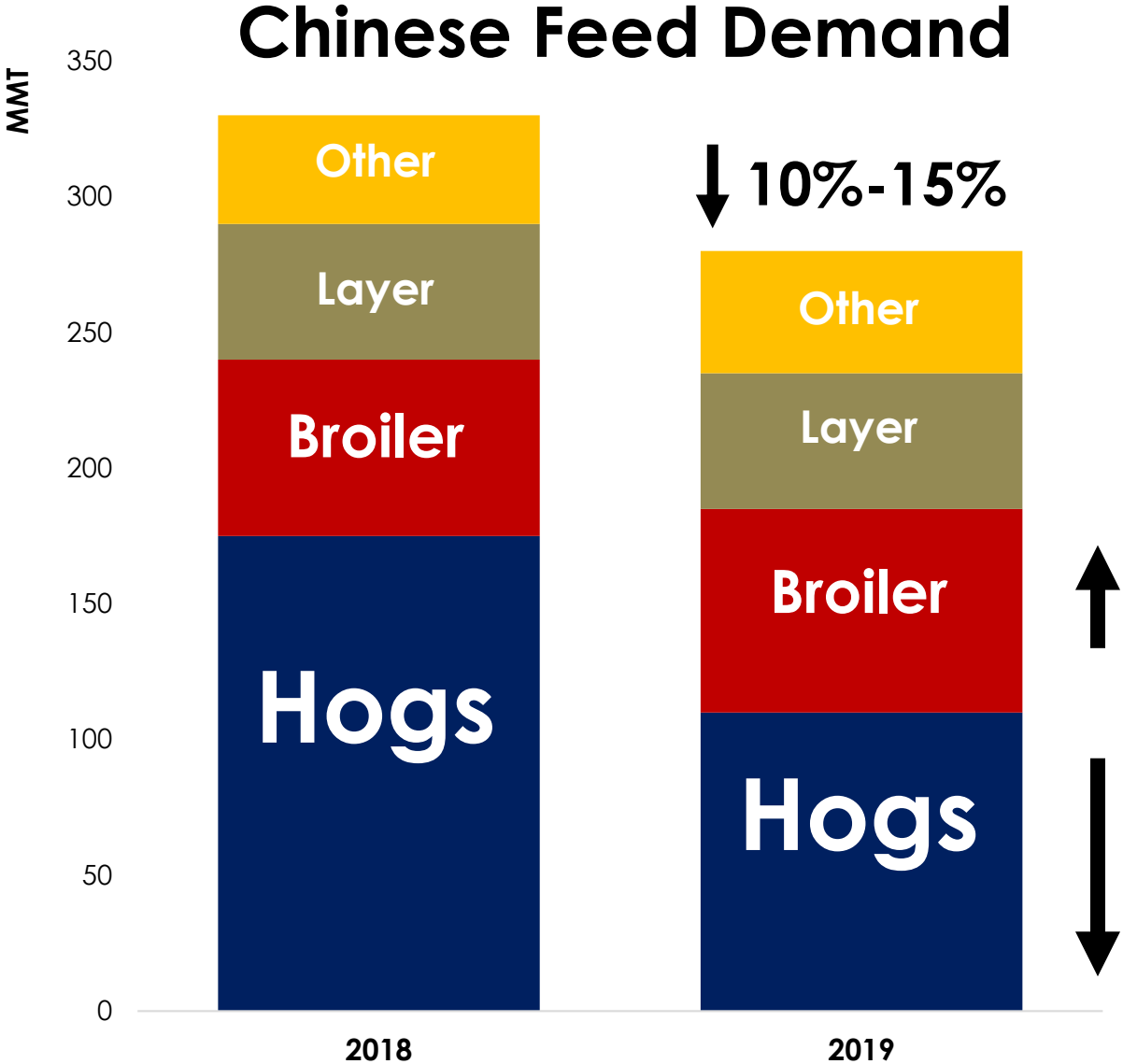
## Weekly Exports of Fresh, Chilled, or Frozen Muscle Cuts and Carcasses of Pork to China





# This Will NOT Be A 1:1 Ratio of Hog to Feed Reduction

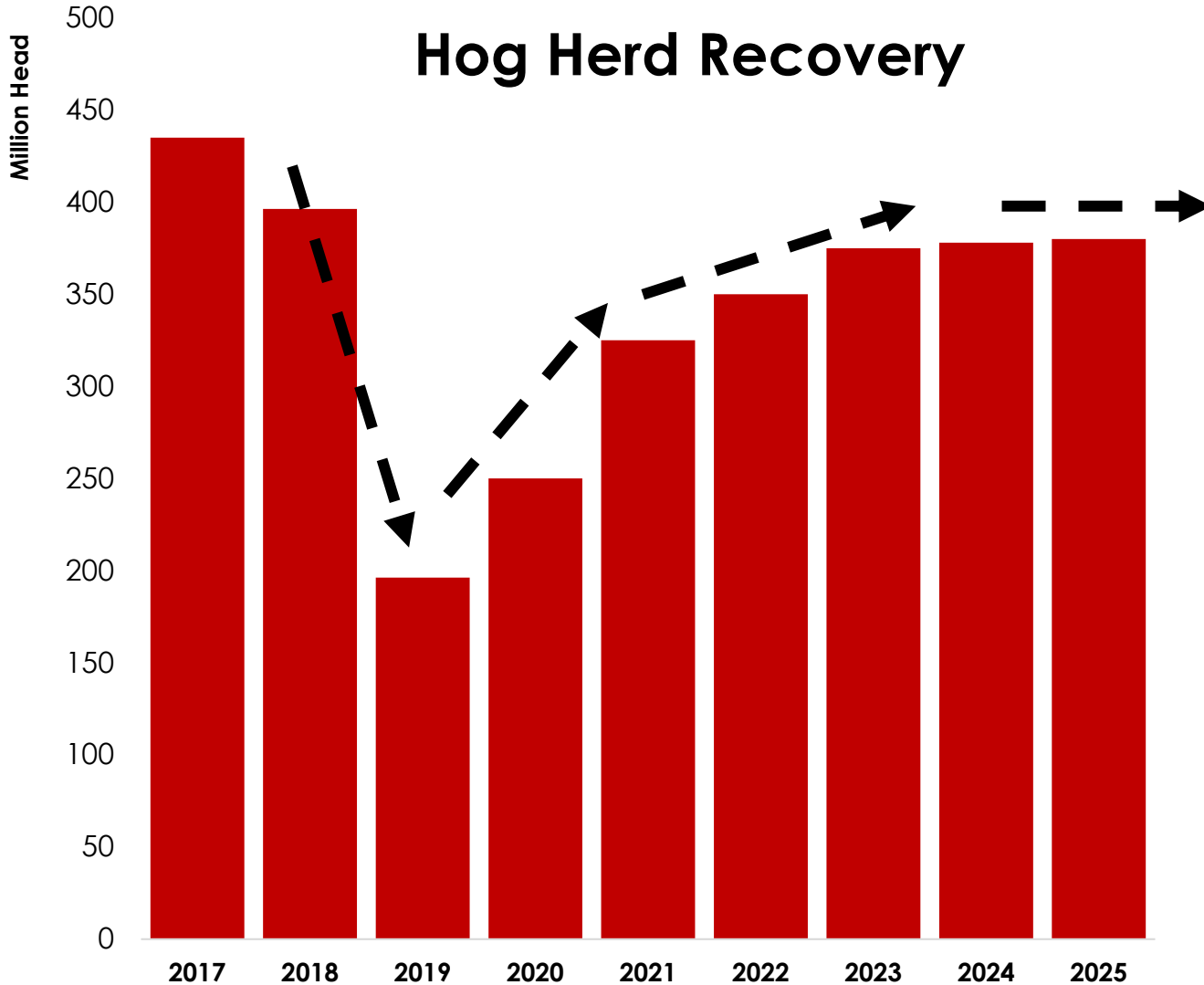
- Given the size of China’s hog herd, hog feed dominated in the feed market before ASF.
- Other feed species picked up slack as producers look to capture animal protein demand, resulting in smaller overall feed demand decline than in number of pigs decline.
- Structure of China’s hog industry also muted decline somewhat, the loss of “backyard” style operations does not translate to direct feed loss.



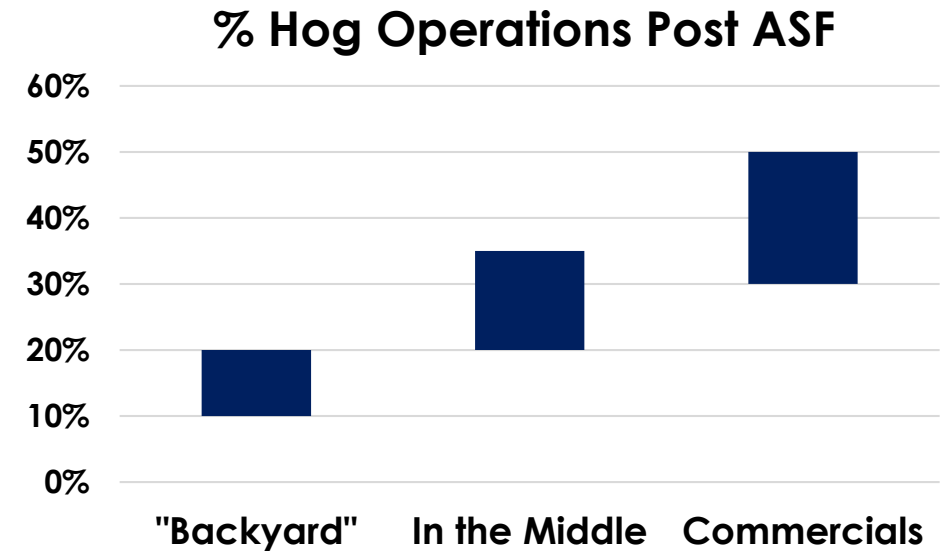
# Impacts to Other Proteins

- **Dairy**
  - Weaned pigs often placed on starter feed with significant % of dried whey permeate.
- **Poultry**
  - Likely to see biggest benefits in the short term.
  - Cheaper than pork and beef, characteristics, 6 weeks to grow a bird
- **Beef**
  - Expected to benefit as well, potentially to a slower extent
  - More expensive protein, might be harder cultural shift

# Recovery is Happening Quicker Than Most Thought



- Many in industry say it could be a while before FULLY under control, but they can still increase herd size and production more quickly than most thought.
- Herd may never return to numbers it was, but due to structure of industry changing, will produce more pork than before because of shift to larger commercial operations. Good news for long term feed demand.





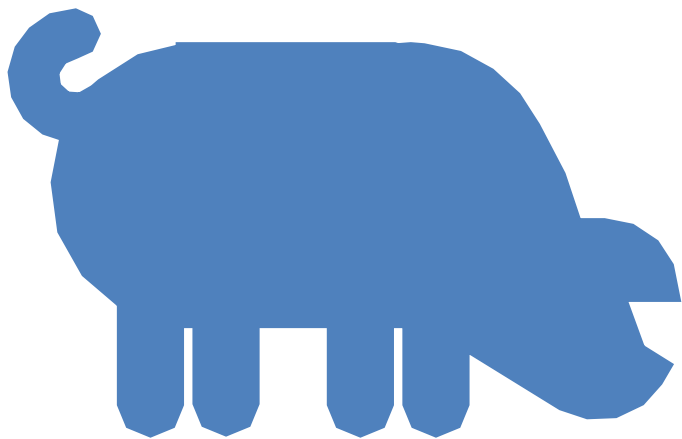


# How Could It Come Here?

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- Smuggling in tainted meat
- Bulk Feed Ingredients
- Containerized Feed Ingredients

# Summary



- Most of the current restocking has been driven by large scale commercial producers. China's pork industry undergoing a restructuring as small producers elect not to restock.
- Shifting of Chinese consumer's protein consumption in the short term.
- ASF is endemic...could easily take a while to fully get under control. However, countries can adapt to live with it. Not just a China problem, impacting entire region.
- U.S. Pork, Beef, and Poultry producers could stand to profit, but trade tensions holding them back.
- Feed Demand faced a short-term loss, but potentially long-term gain depending on restructuring of Chinese hog industry.



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