

Swine flu comes at a bad time

OUT of college, I was proud to tell folks I was a journalist, a bona-fide member of the mainstream media.

I believed in the media's "watchdog" role. In every situation, I saw myself as a potential whistle-blower. I felt it was my duty to inform the public as to what was going on in their community.

Now when folks ask what I do, I go above and beyond in pointing out that I'm an ag journalist, and I do not consider myself a member of the mainstream media. I'm sure most of you know why. It's because the mainstream media gets things wrong too often.

My latest irritation deals with the media's decision to call our recent health scare "swine flu." Let's start with the obvious: The virus contains elements of swine, avian and human flu. Why pick only one? In a word, sensationalism. Let's face it, swine flu sounds a lot scarier than H1N1.

Profitability postponed

While the semantics are frustrating, more irritating is how this will affect the hog farmer. I spoke with Purdue University ag economist Chris Hurt on this topic. Until now, Hurt had forecast hog farmers would return to profitability in the second quarter of 2009. Now, he says best-case scenario may be third-quarter profitability.

"We keep telling producers to keep a stiff upper lip; prosperity is just around the corner," Hurt explains. "Everyone is saying, 'We've been around this corner.'"

When you consider pork producers have been losing money since fourth-quarter 2007, the media's attempt to attract more viewers/readers could not have come at a worse time.

Since H1N1 contains elements of human flu, perhaps we should have struck fear in the hearts of Americans by calling it "stockbroker flu." Folks probably would have assumed you can catch the stockbroker flu by attempting to invest in Wall Street.

Absorbing demand

While a stockbroker flu may seem far-fetched, essentially the same thing has happened with pork exports. Hurt says 18 countries have placed restrictions on U.S. pork, largely under the assumption that the virus may be transferred by consuming pork. According to Hurt, this means American consumers will have to absorb about 5% more pork in



For Starters

By JOSH FLINT

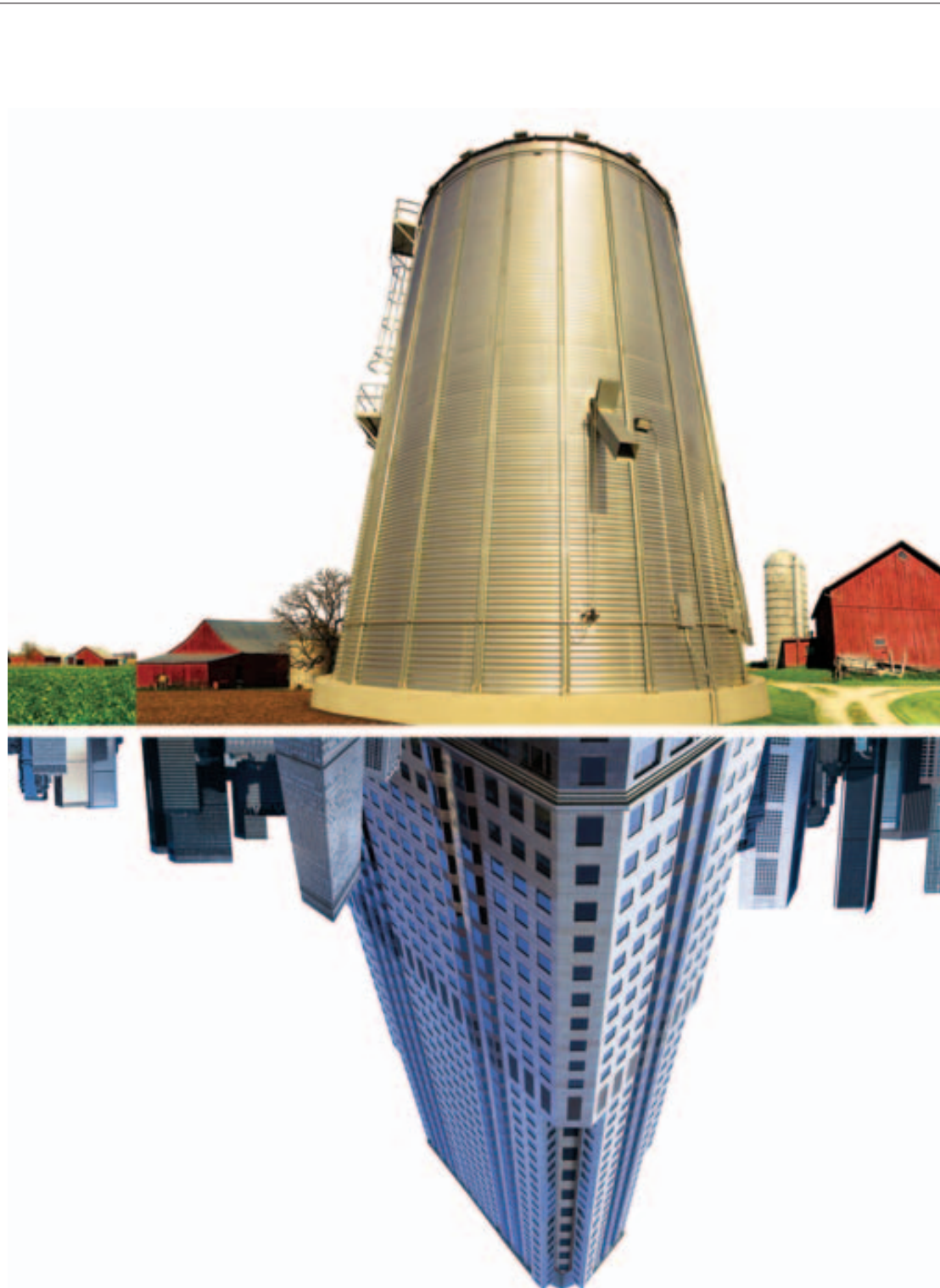
the domestic market.

Can we count on consumers to eat that much more pork? It's doubtful. Hurt says retail pork buyers began cutting down on orders in late April. This resulted in an 8% to 10% drop in wholesale meat prices. At the farm level, prices dropped 12% to 15% when the term "swine flu" was introduced. Hurt

reported a 16% drop in western Corn Belt carcass prices between April 24 and May 4. Eastern Corn Belt prices fell by 13% over the same time period.

In terms of a per-head loss, on April 24, farmers began receiving \$5 less per head. In mid-May, Hurt says farmers were losing up to \$20 per head.

If this is a short-lived event, Hurt thinks June may see a return to higher pork prices. With losses through April and May, this would mean producers may finally find the silver lining in 2009's third quarter.



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