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NebFact

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Cull Sow Price Patterns at Omaha

by Al Wellman, Extension Marketing Specialist

The key to developing marketing strategies is having records on past price patterns. Knowing the historical patterns of trends, cycles and seasonal price movements can provide a base for forecasting. Trends refer to consistent price movements over a period of years. Hog price cycles are fairly regular up and down changes which cover a period of about three to five years. Seasonal price patterns refer to month to month repeating patterns within a year. This NebFact provides data about seasonal price patterns.

Cull sow seasonal price patterns persist from year to year. The price patterns result from changes in pork supplies, changing demand for pork by consumers or a combination of supply and demand changes. Sow prices are affected by slaughter hog and feeder pig prices, the seasonability of farrowings and the resulting total supply of pork products.

Table I has the monthly cash prices for Omaha cull sows from 1975 through 1994. By reviewing the past price movements during the year, a determination can be made about the chances that prices will increase or decrease during a particular current or a future time period.

Price Index

A price index of the monthly prices is calculated for the 20-year period. The price index is a measure of the relative level of monthly prices over the calendar year with 100 as the base. The index shows the average relationship of prices in a particular month to the average for all months for the 1975-94 period. Theprice index of 98.1 for January indicates that in January, Omaha cull sows averaged 98.1 percent of the annual average. In February, the price index is 104.9 indicating prices rose on the average 6.9 percent between January and February (104.9 - 98.1).

Price Variability

Variability is a measure of the variation of each month's average price. It is an indication of the reliability of the price index for each month. It is calculated using the variability of prices for the indicated month during the 1975-94 period.

For example, the January price index value is 98.1 and the variability indicator is 12.6. This means the expected price in January may be as high as 110.7 percent or as low as 85.5 percent of the annual average price in about two-thirds of future years. The smaller the variability factor, the more reliable the monthly index.

Omaha Cull Sow Price Patterns

Price patterns for the 1975-94 period indicate monthly cull sow prices were below the yearly average in January, June, July, November and December. Prices remained fairly steady from February to May, then declined through July. Prices trended upward to a summer high in August, then declined to a yearly low in December. Prices were above the annual average for the year from February to May and August through October. Highest prices were in February and lowest prices were in December.

Table I. Monthly and yearly average prices received per cwt. at Omaha 1975-1994[1] for cull sows[2].

Year	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Yearly Average*
1975	35.13	36.84	36.66	37.15	41.25	43.71	49.30	51.84	54.08	52.35	42.12	38.55	43.25
1976	40.73	44.28	42.42	43.02	43.41	43.30	41.04	38.37	34.30	27.21	23.50	28.58	37.51
1977	33.84	36.51	34.38	34.34	37.20	38.16	39.02	38.17	37.04	36.03	33.95	36.60	36.27
1978	39.87	45.11	43.45	43.12	45.17	42.78	41.60	43.96	45.46	47.56	42.57	42.07	43.56
1979	47.21	49.84	45.79	43.00	39.75	34.04	31.29	30.68	33.28	30.84	29.94	31.74	37.28
1980	34.82	36.62	33.20	27.94	26.02	29.14	37.49	43.44	44.65	46.53	42.92	41.00	36.98
1981	39.02	40.83	37.88	37.67	38.28	43.57	44.53	45.40	47.70	44.67	39.61	35.07	41.19
1982	42.07	47.48	48.49	54.20	53.57	52.20	52.96	55.85	57.87	56.43	48.96	47.32	51.45
1983	51.25	55.92	51.89	46.92	42.63	36.68	34.95	38.69	42.64	39.02	33.94	43.84	43.20
1984	47.00	46.80	49.80	48.07	44.47	43.92	44.53	45.62	43.55	43.12	42.74	41.81	45.12
1985	45.64	51.15	47.81	45.95	39.46	38.72	38.15	38.15	37.36	39.15	41.00	39.43	41.83
1986	39.84	41.11	42.83	41.18	43.25	45.97	50.90	56.72	57.81	52.24	49.47	43.04	47.03
1987	46.44	43.50	44.06	47.14	45.41	44.42	47.86	51.36	52.82	47.68	35.47	33.52	44.97
1988	35.10	36.60	35.46	35.96	37.72	33.36	31.27	34.56	34.03	32.01	29.04	31.53	33.89
1989	34.15	37.71	37.50	32.96	34.47	34.72	35.08	38.26	39.85	43.31	39.70	45.09	37.73
1990	41.82	42.66	46.71	50.04	54.06	52.11	49.12	49.61	46.00	48.78	43.73	40.14	47.07
1991	44.76	46.98	50.00	49.36	47.77	46.29	43.40	42.67	41.80	38.91	33.61	29.27	42.90
1992	28.24	32.79	35.36	36.23	38.39	36.01	33.21	35.36	33.99	39.31	34.50	32.70	34.67
1993	34.26	38.21	43.87	43.48	40.81	38.53	36.57	38.07	40.52	38.79	37.81	33.29	38.68
1994	38.05	42.60	43.70	43.11	39.39	34.30	31.64	32.96	29.80	27.37	21.48	21.90	33.86
20-Year Average													
1974-95	39.96	42.68	42.56	42.04	41.62	40.60	40.70	42.49	42.73	41.57	37.30	36.82	40.92

	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*
Price Index	98.1	104.9	104.5	102.9	101.9	99.1	99.1	103.5	103.9	101.2	90.9	90.1
Variability	12.6	14.1	12.3	12.5	10.9	8.5	8.8	9.9	11.6	13.8	13.6	13.2

[1]Information compiled from Livestock and Meat Statistics, Livestock Market News, USDA.
[2]U.S. No. 1 & 2, 400-550 lbs., 1975-1978; 500-600 lbs, 1979-1991; U.S. 1-3, 500-600 lbs., 1992-94.

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