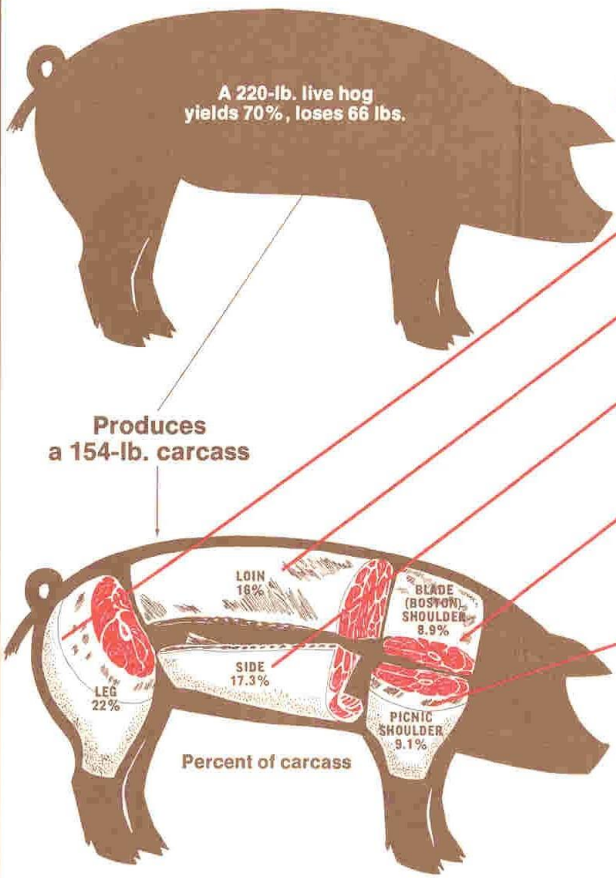
WHY A HOG'S NOT ALL CHOPS



Figures are averages taken from actual cutting tests. Carcass data vary, depending on cutting method and type of hog.

	Saleable Pork Cuts and Trim Pounds
LEG (Fresh Ham)	**33.9 lbs.**
Shank Half Roast	17.0
Rump Portion Roast	9.1
Center Slices	7.5
Fat Trim	0.3
LOIN	**24.7 lbs.**
Blade Roast	5.7
Center Chops	12.2
Sirloin Roast	3.9
Fat Trim	2.9
SIDE	**26.7 lbs.**
Bacon	20.3
Spareribs	4.7
Lean Trimmings	1.7
BLADE (BOSTON) SHOULDER	**13.7 lbs.**
Blade Steaks	8.2
Blade Roast	4.8
Lean Trimmings	0.7
PICNIC SHOULDER	**14.0 lbs.**
Arm Roast	6.4
Lean Trimmings	3.2
Skin, Bone	4.4
MISCELLANEOUS	**41.0 lbs.**
Minor Cuts (hocks, jowl, neckbone meat, etc.)	16.9
Fat Trim	24.1
TOTAL	154.0
Total Saleable Pork Cuts	**122.4**
Total Fat Trim	**27.3**
Skin and Bone	**4.3**
Total Carcass Weight	**154.0**

THE FACTS BEHIND PORK PRODUCTION

IN ORDER TO UNDERSTAND PORK PRICES, IT IS FIRST NECESSARY TO LOOK AT THE PORK INDUSTRY AND SEE HOW AND WHY IT BRINGS CHOPS, ROASTS, BACON, HAM AND OTHER PRODUCTS FROM THE FARM TO CONSUMERS' TABLES.

To raise hogs, or to conduct *any* business venture, there must be a profit incentive. The profit incentive for the pork industry depends on supply and demand. When supply outpaces demand, prices fall; when demand is high and supply low, prices rise. Increasing the supply of pork is different from supplying most other items because it ultimately depends on a biological process — not an assembly line.

It all begins when a pork producer receives an economic signal in the form of rising hog prices. This profit incentive spurs his plans for raising more hogs. But a pork producer cannot just increase speed on the assembly line because the basic "pork factory" is the female hog (sow), and the only way to boost production is to increase the number of sows producing offspring. To do so, the producer selects a certain number of females from his pig crop, keeping them until seven or eight months of age — old enough to begin producing.

Just under four months later, each sow gives birth to about seven or eight pigs, day or night, and the pork producer is there to see that all goes smoothly. After the young pigs are weaned, the producer feeds approximately 525 lbs. of corn and 125 lbs. of protein-mineral supplement to each growing hog. The hogs are marketed at about 220 lbs. (five to six months old). So, the length of time from the pork producer's decision to expand to an actual increase in retail pork supplies is about one and one-half years.

Over a period of time, increased hog production increases retail supplies of pork. More pork at the retail level forces prices down, resulting in lower prices paid to packers and, eventually, to producers. A drop in hog prices results in the loss of the profit incentive for the pork producer. But the fact that hog raising is not an assembly-line process makes it impossible to stop pork production immediately. Also, with 400,000 pork producers each responding individually to economic conditions, unanimous decision-making is impossible. Pregnant hogs and growing pigs are the source of market weight hogs for many months, further increasing supplies and decreasing prices. In time, lower prices and market losses result in decreased production, which, in turn, sets the stage for higher prices and increased production. This swing between high production and low production and back again is what economists call the "hog cycle."

Another important factor influencing pork production is the ever-increasing cost of maintaining a modern hog operation. It has been through improved production technology and management that U.S. pork producers have been able to improve their product and stay in business even though production costs have tripled during the last 20 years.

ALL THE COSTS OF TRANSFORMING HOGS TO RETAIL PORK CUTS ARE REFLECTED IN RETAIL PRICES. Labor, transportation and other costs involved in turning a live hog into chops, roasts and other cuts have been severely affected by inflation, just as the average household has. In terms of the average dollar spent for pork, about 45¢ is returned to the farmer and 55¢ to the processor and retailer. It is easy to understand what the farmer provides for his 45¢ share of the dollar. He must raise, feed and market the animals. Processors and retailers provide a valuable service by turning the 220-lb. hog into roasts, cutlets, chops, ham and other cuts. The pork is then packaged and displayed for sale in clean, efficient retail stores. The considerable costs to process and package today's pork are reflected in the day-to-day retail prices. Reflected also are any processor and retailer profits. But in today's highly competitive market, pork prices contain extremely small profit margins—consumers would spend only two cents less per dollar for pork items if both the processor and retailer operated completely without profit.

Traditionally, consumers want loin chops and roasts in preference to shoulder steaks and roasts. But there are only limited amounts of pork chops for every 122 lbs. of pork cuts to be sold. A retailer must price pork so that he sells a balance of all cuts and does not end up with only picnics, hocks and ribs left in the cooler. So it makes sense to "know your pork" and take advantage of all the cuts available at a wide range of prices. Fortunately, Americans today are getting the highest quality and the most conveniently-cut and wrapped pork sold anywhere in the world.

Pork producers are businessmen with the knowledge and ability to produce nutritious high-quality pork, supplying consumers' wants and needs. Livestock prices established by supply and demand in an open market and in tune with the day's cost of production are consumers' best assurance of future supplies of pork at reasonable prices.

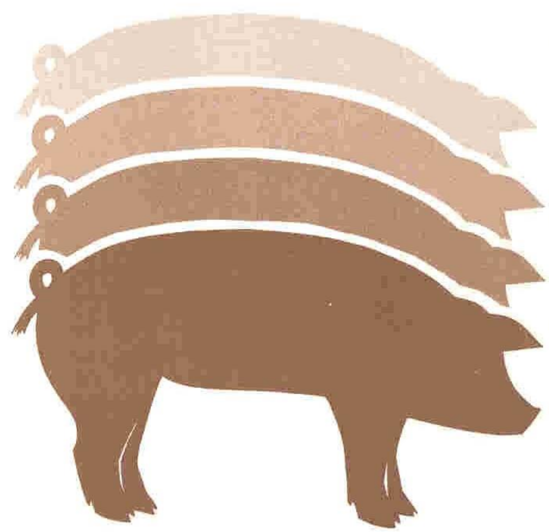
NATIONAL LIVE STOCK AND MEAT BOARD

published by
Pork Industry Group
National Live Stock and Meat Board
444 North Michigan Avenue
Chicago, Illinois 60611

Another part of the Meat Board's coordinated pork program with the National Pork Producers Council.

 Printed in U.S.A. 181200 26-106

A HOG'S NOT ALL CHOPS



An important factor in the price you pay for pork