How Private Market Analysts Use Market News Livestock and Meat Reports

Rob Murphy,
Informa Economics, Inc.
Feb 16, 2006

Informa Economics Background

- **Founded in 1977 as Sparks Commodities, renamed Sparks Companies in the 1980s**

- **Acquired in 2003 by what is now T.F. Informa, plc., a British publishing company**

- **Has grown to become one of the largest and most respected agricultural consulting companies in North America.**

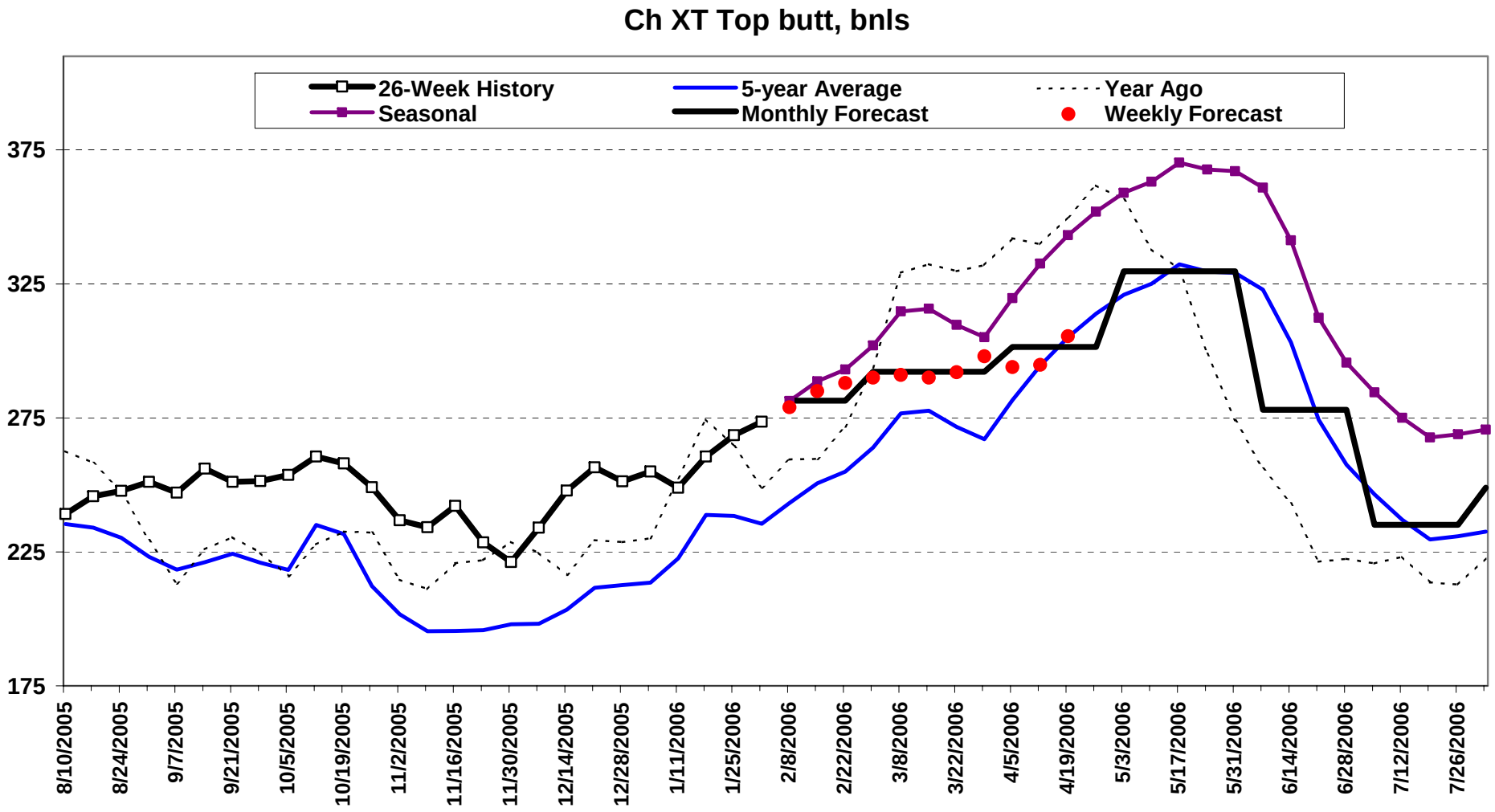
Types of Data Employed

- **Livestock work: better than 95% of all data used comes from USDA**

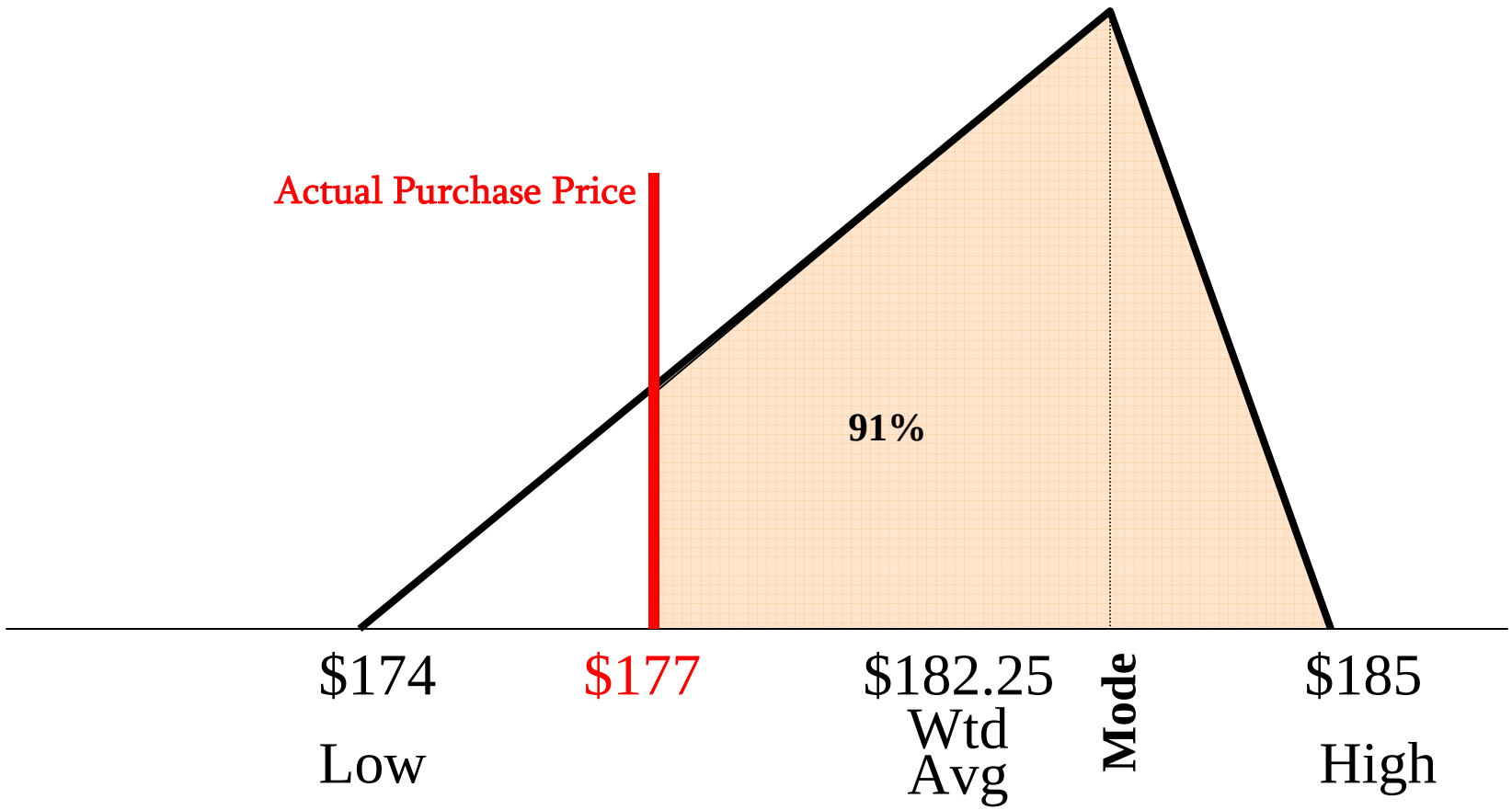
- **Big user of high frequency Market News price data and lower frequency NASS production data**

- **In-house database system has existed since early 1990s. This allows analysts (and clients) unprecedented access to thousands of AMS and NASS data series**

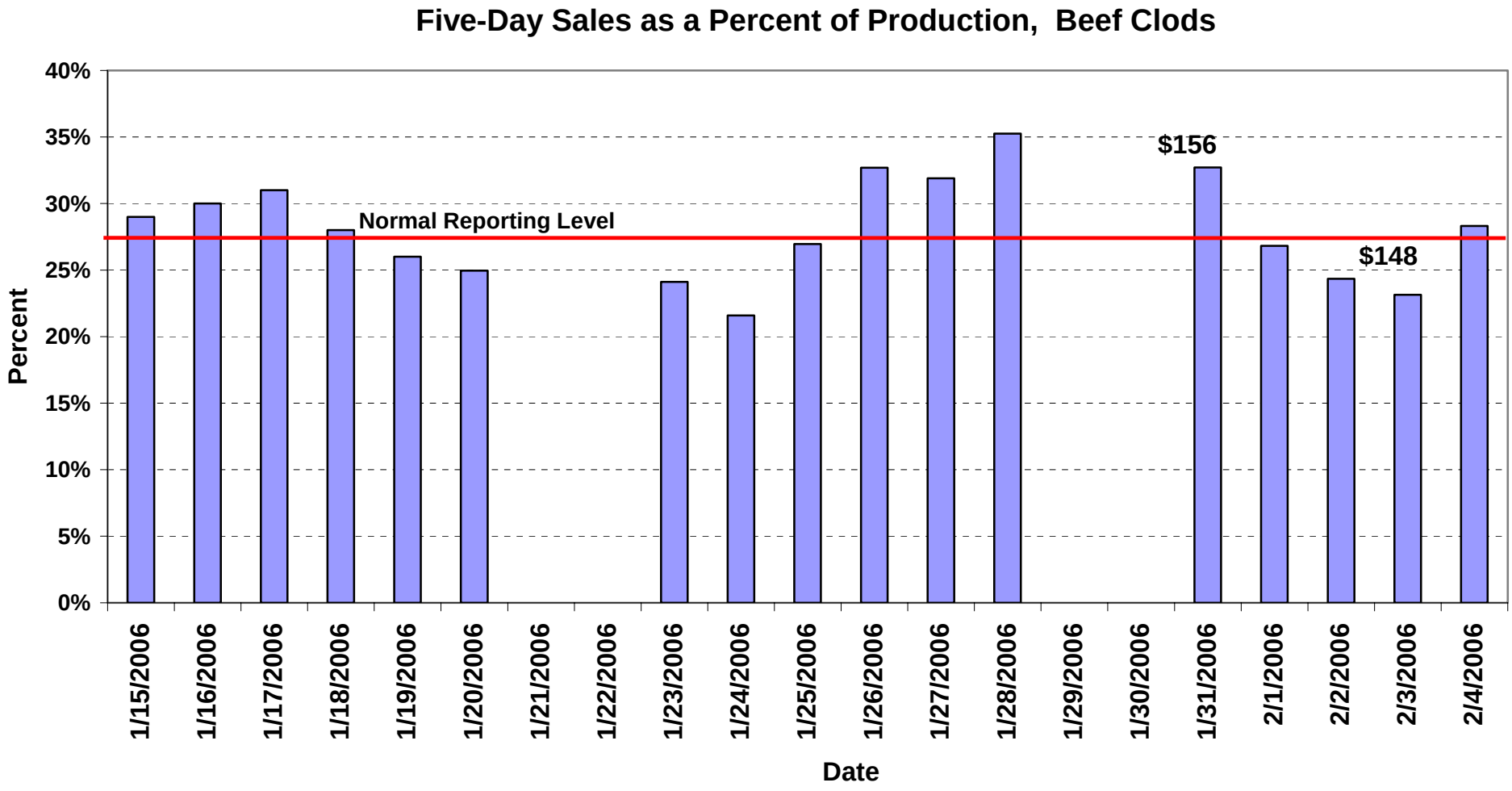
Sample Forecasting Application



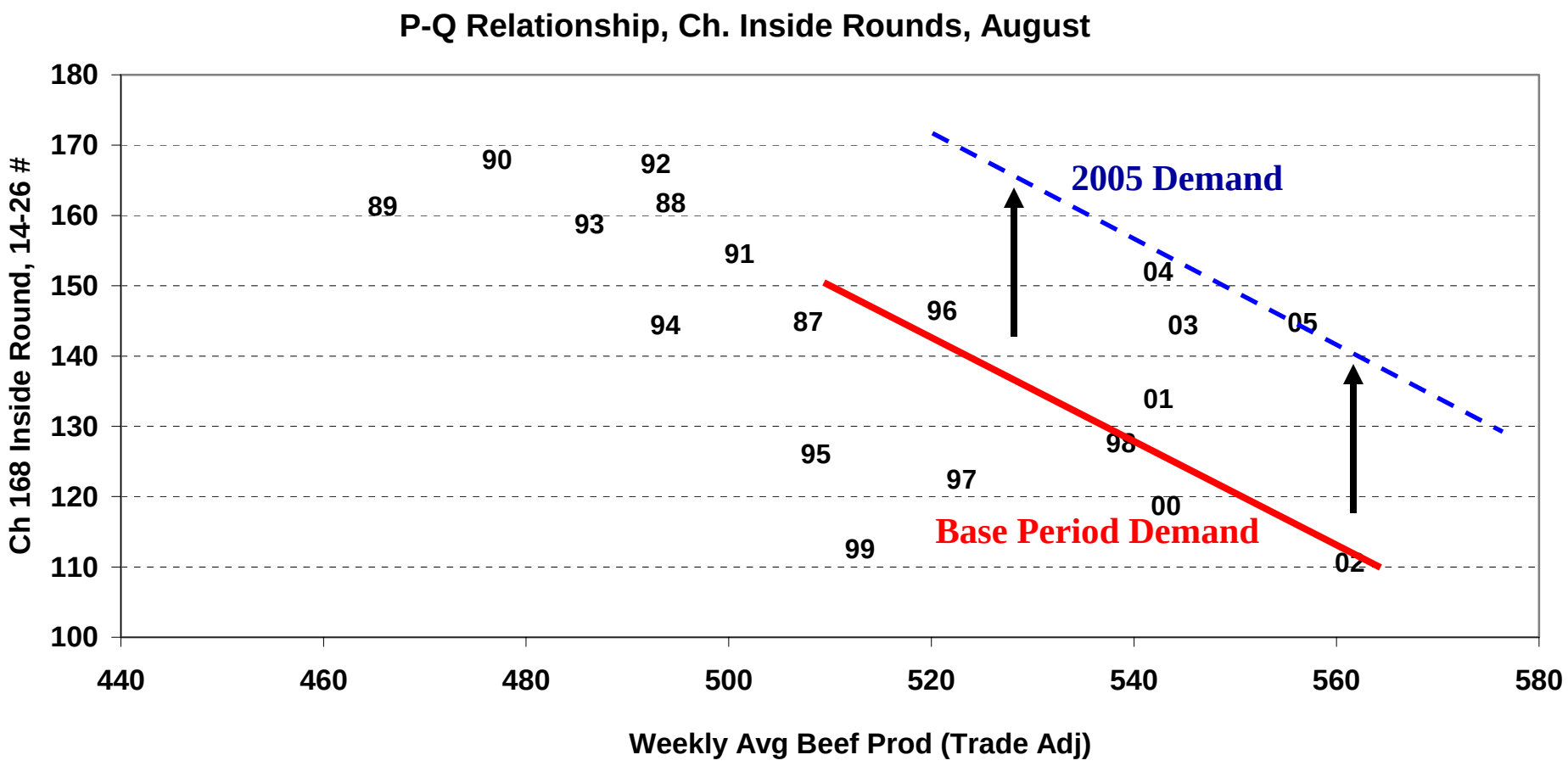
Benchmarking Calculation



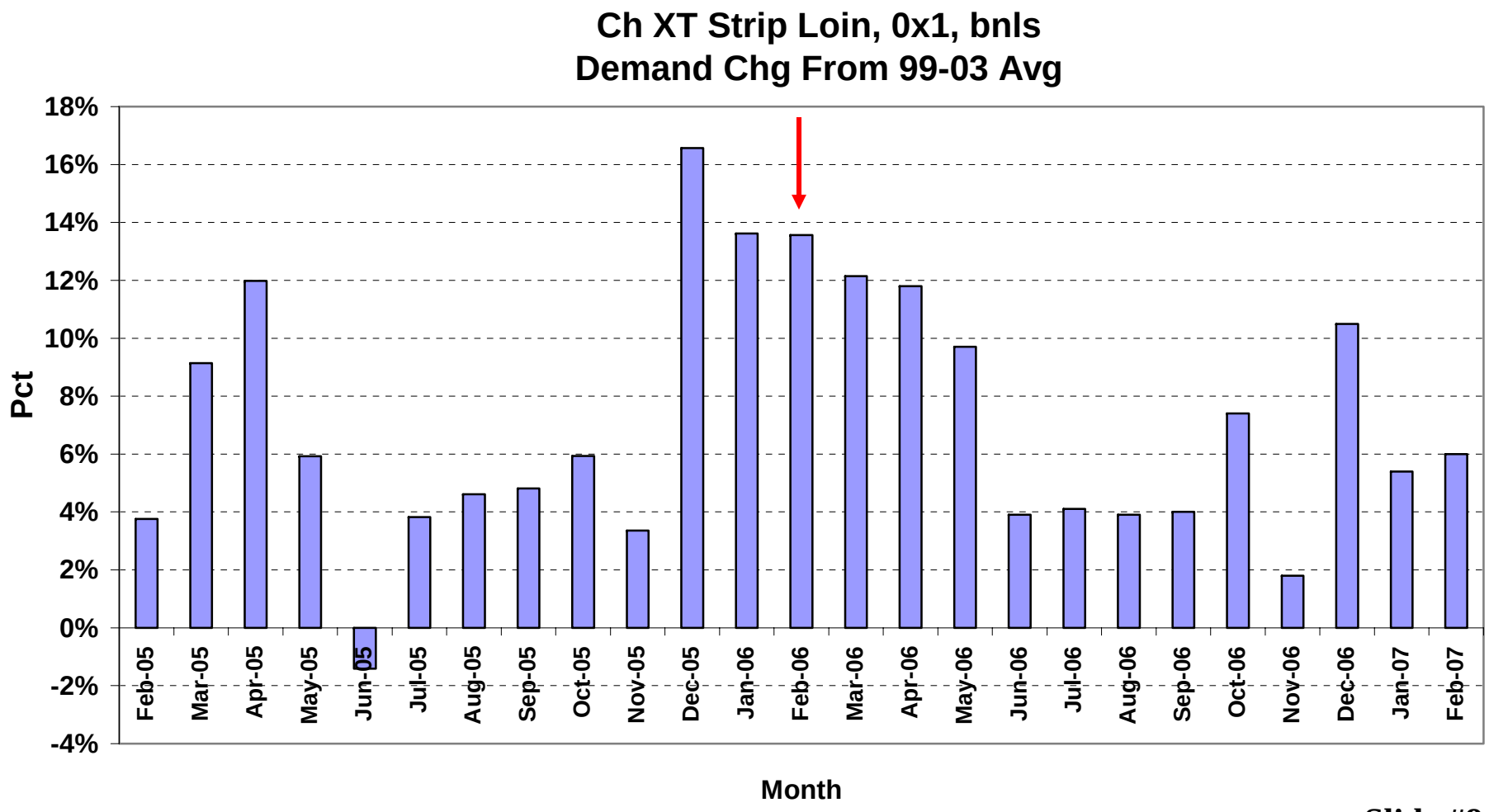
Sample Volume Application



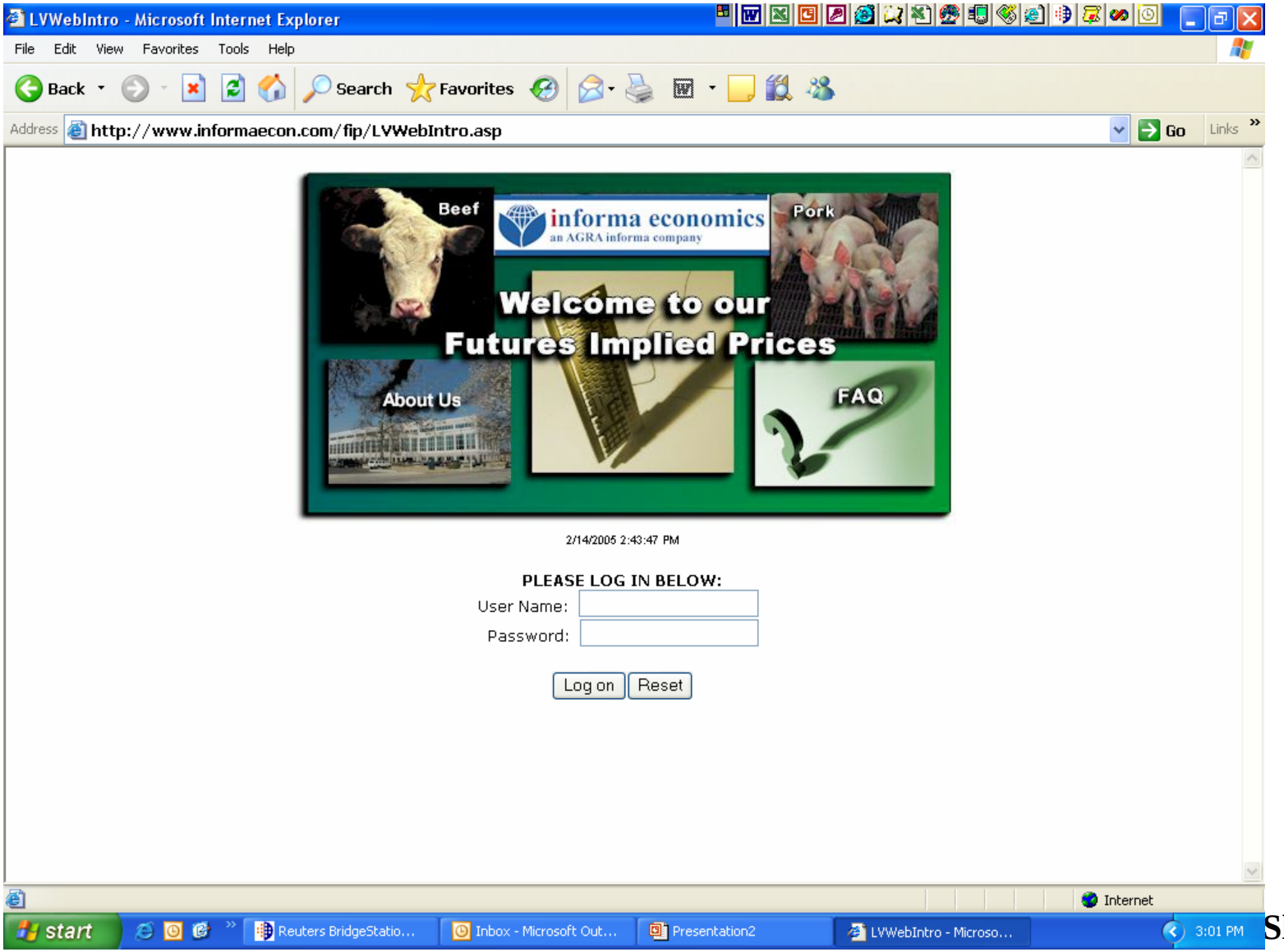
Demand Analysis



Sample Long-Run Demand Analysis



Web-Based Hedging Application



Hedging Tool Example

Implied Pricing Table - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Search Favorites

Address http://www.informaecon.com/fipsql/LVMain.asp?commod=LN4FR1318W Go Links

informa economics
an AGRA informa company
formerly Sparks Companies, Inc.

Our Mission
To Be a Vital Force in the Success
of Food and Agricultural Interests Around the World

Futures Implied Pricing

Loin Bone-In 1/4" Trim 21#Dn-Lgt Total Fob Basis Avg

Confidence Limit: 75
First year in the analysis: 1996
Years to Exclude: (use 4 digits) View Weekly Data

Change Parameters/ Refresh data Choose another commodity Chart cash prices

Month	R Square	Hedge Ratio	25% Level	50% Level	75% Level	Number Years	Based on Futures	Updated	Chart the Basis
Mar	76.1	1.38	105.47	111.65	117.82	9	LH 2006-04	2/7/2006 10:11	
Apr	91.7	1.39	111.21	114.90	118.58	9	LH 2006-06	2/7/2006 10:10	
May	69.1	1.40	118.50	125.88	133.25	9	LH 2006-06	2/7/2006 10:10	
Jun	86.5	1.28	117.52	121.78	126.05	9	LH 2006-07	2/7/2006 09:58	
Jul	65.9	1.01	111.91	118.84	125.78	9	LH 2006-08	2/7/2006 09:53	
Aug	72.3	0.96	111.00	116.55	122.10	9	LH 2006-10	2/7/2006 09:43	
Sep	78.5	0.99	106.32	111.57	116.82	9	LH 2006-10	2/7/2006 09:43	
Oct	55.3	0.85	100.63	107.26	113.90	10	LH 2006-12	2/7/2006 09:26	
Nov	68.8	1.03	90.29	97.79	105.29	10	LH 2006-12	2/7/2006 09:26	
Dec	73.3	1.27	91.70	99.20	106.71	10	LH 2007-02	2/7/2006 09:47	
Jan	51.8	0.78	99.69	106.71	113.74	9	LH 2007-02	2/7/2006 09:47	
Feb	73.5	1.15	98.93	104.06	109.19	9	LH 2007-02	2/7/2006 09:47	

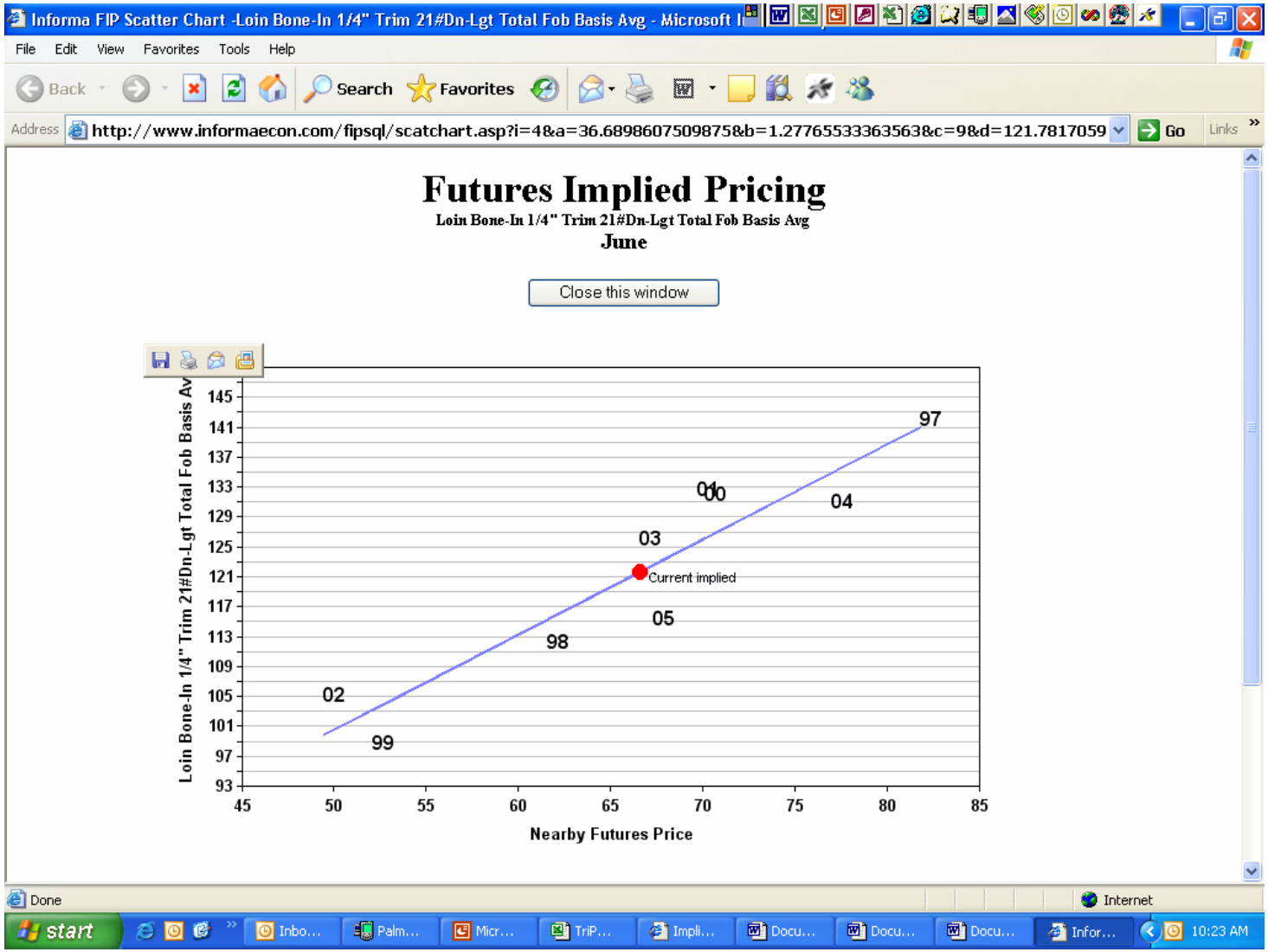
Internet

start Inbox - M... Palm Des... Microsoft ... TriPDF.xls Implied Pr... Document... Document... 10:20 AM

Futures Implied Table, Closeup

Month	R Square	Hedge Ratio	25% Level	50% Level	75% Level	Number Years	Based on Futures	Updated	Chart the Basis
Mar	76.1	1.38	105.47	111.65	117.82	9	LH 2006-04	2/7/2006 10:11	
Apr	91.7	1.39	111.21	114.9	118.58	9	LH 2006-06	2/7/2006 10:10	
May	69.1	1.4	118.5	125.88	133.25	9	LH 2006-06	2/7/2006 10:10	
Jun	86.5	1.28	117.52	121.78	126.05	9	LH 2006-07	2/7/2006 09:58	
Jul	65.9	1.01	111.91	118.84	125.78	9	LH 2006-08	2/7/2006 09:53	
Aug	72.3	0.96	111	116.55	122.1	9	LH 2006-10	2/7/2006 09:43	
Sep	78.5	0.99	106.32	111.57	116.82	9	LH 2006-10	2/7/2006 09:43	
Oct	55.3	0.85	100.63	107.26	113.9	10	LH 2006-12	2/7/2006 09:26	
Nov	68.8	1.03	90.29	97.79	105.29	10	LH 2006-12	2/7/2006 09:26	
Dec	73.3	1.27	91.7	99.2	106.71	10	LH 2007-02	2/7/2006 09:47	
Jan	51.8	0.78	99.69	106.71	113.74	10	LH 2007-02	2/7/2006 09:47	
Feb	73.5	1.15	98.93	104.06	109.19	9	LH 2007-02	2/7/2006 09:47	

Hedging Tool Example, Continued



Wish List

- **Mandatory Price Reporting Program Permanently Authorized and Funded**
- **Mandatory Price Reporting Program Extended to Pork**
- **Cutoff times for daily MPR data pushed later in the day, particularly for cattle**
- **Make MPR transactional data available to analysts in a way that doesn't disclose reporting entities**