1. The cure for high prices is high prices. Lack of features and ample inventory causes prices to adjust but also creates future opportunities.

Backribs last year peaked at a record high of $528/cwt, more than double what they were in 2019. Roughly at the same time, chicken wing prices at wholesale also hit record highs at $331/cwt, a 75% premium compared to where they were in 2019. The reasons for the spike last year were a combination of pent-up demand from the pandemic, restaurants finally opening without restrictions and lack of inventory. Normally end
users will have enough supply on hand to act as a buffer. Backrib and sparerib inventories start accumulating in the previous fall to meet grilling demand as well as the normal demand from foodservice. At a time when the supply chain was stretched and spot availability was limited, retailers still had merchandising plans in place and foodservice operators had not updated prices in their menus. The response has been swift, as can be seen in the attached chart. While we thought prices for these two staples in restaurant and bar menus would tend to follow each other, we were surprised as to how closely they have tracked in the last two years. This is also a reminder that as hot as meat prices got last year, the true test comes when end users try to pass along the higher prices to the consumer. This becomes even more difficult when inflation of key spending items, such as housing, fuel, power, education, and health care crowds out dining out expenses.

We think prices for these items at some point will once again become attractive enough to encourage end users to either start promoting them again or accumulate them in the freezer. But at this point they will need to “buy” their place in the menu again. The reason for the popularity of wings and backribs in recent years is the shift away from fat free towards flavorful. We think fundamentally these items should be priced above current levels but in the near term the market may swing too much in the other direction before it finds the appropriate level. As to what is near term, that is especially difficult to say, it could be a few weeks or it could stretch to 3-4 months. What we do know is that current prices represent excellent value, especially in the current environment. It is a matter of time before retail and foodservice operators see this and react accordingly.

2. Hog prices remain firm, limiting slaughter and bolstering pork prices in the near term.

**Hog carcass weights, at least for producer owned hogs, have been following the seasonal trend so far this summer, pointing to current supplies of hogs on the ground.** We continue to see a wide spread between the average weight of producer owned hogs, which would impact the cash market, and the average weight of packer owned hogs. In the five business days ending July 11 the average weight of producer owned barrows and gilts was 208.4 pounds per dressed carcass, down 4.7 pounds or 2.2% since early June. The average weight of packer owned barrows and gilts for the same period was 217.8 pounds, down 5.7 pounds or 2.5%. The current spread of 9.5 pounds per dressed carcass is not as high as it was earlier this spring but it is on the high end of the 10 year range. Previously the only time we saw this kind

---


Source: USDA-AMS (LM_HG200). Analysis by Steiner Consulting

**Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - Producer Hogs**

of weight spread was in 2020, when packers backed up supplies of hogs on the farm. Why would the spread in weights be so large this year? Our guess is that some packers tried to get ahead of any potential shortfall in hog supplies this summer, getting hogs to heavier weights and helping offset any shortfall in supply. Slaughter capacity does not seem to have been an issue for much of this year and the labor situation appears to have improved as well.

As producers, especially in the Upper Midwest, remain current, this continues to underpin the value of the cash hog market. For all the day to day volatility in the cash price, hog values have been trending higher for much of the spring and summer and they are currently above year ago levels. This contrasts with futures and cutout, which are running below last year. Packer margins may have been compressed, but they continue to bid on hogs and pay asking prices. One of the questions that is rightly asked is whether the cash market matters anymore. The short answer is yes, although not as much as before. For futures traders, what matters is both the cash hog market and wholesale pork prices. Over the years producers and processors have developed a number of ways in which to price hogs. Negotiated trade volume so far this year represents 1.3% of the hogs traded. However, the prices derived in such trades were one of the inputs used in the formulas used to price a lot of hogs. Year to date, the hogs priced on a swine or pork market formula represented 28.23% of the total. This remains the largest category of hogs traded and it is also what the CME uses to calculate the CME Lean Hog Index. Because the cash hog market, thin as it is, makes up an input in the formulas used to derive the CME Lean Hog Index, there is still a very strong relationship between cash hog prices and the index itself. That relationship appears to change from one year to the next because new formulas are negotiated all the time. The chart to the right illustrates that relationship. The blue line shows the relationship during Jul - Nov 2021. During that period, a $1 change in the cash hog price resulted in a $0.72 change in the CME index. Since then, a $1 change in the cash hog price implied a $0.64 change in the index. The effect of the cutout on the index has become more pronounced but that does not mean that cash hog values don’t matter. This is an important consideration when we think about weights and slaughter in the next 3 weeks and implications for the August contract.

**PORK**

Hog Market. For the week ending July 16, hog slaughter was 2.255 million head, down 1.5% from a year ago. In the last two weeks hog slaughter is up 0.5% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 113.94 /cwt. on Friday were up $3.8/cwt since Wed. July 6. Prices are up about 2.6 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.3904, up about 8.5 cent since the Wed. July 6 quote and up about 30 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.3907 for the strap on loins, up 9.6 cent since Wed. July 6 and up 9 cent from the year ago levels. Strap off loins at $1.5302 are up 5.9 cent since Wed. July 6 but down about 10 cent compared to the year ago quote.

Boneless sirloins at $1.2825 are up about 3 cents from the Wed. July 6 quote but down about 14.8 cents from the year ago price.

Pork tenderloin finished last week at $2.1870, up 13 cent since the Wed. July 6 quote but down about 6.6 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.8605, up 7.6 cents since Wed. July 6. Prices are up 46 cent from a year ago.
**Spareribs, Trimmed - LGT, Vac** (page 8). Prices finished the week at $1.9342, down about 13 cent since Wed. July 6 but up about 25 cents from year ago levels.

Rib inventories on May 31 were 112.0 million pounds, up 24.5% from a year ago.

**Bone-in Hams**

17/20 hams (page 9) price was last quoted at $1.0781/lb. up 5 cents since Wed. July 6 and up about 17 cents from a year ago.

20/23 hams finished the week at 108.98 cents (page 130) up about 6 cent since Wed. July 6 and up about 18 cents from the year ago level.

23/27 hams finished the week at 108.35 , up about 3 cent from the Wed. July 6 quote and up about 13.5 cents from the year ago level.

Total ham cold storage stocks on May 31 at 126.4 million pounds were up 15.6% from year ago levels.

**42 CL Pork Trim** “FOB Basis”. Prices finished the week at 104.10 cents, up about 12.3 cent since Wed. July 6 but down about 12 cents from the year ago price.

**72 CL Pork Trim** “FOB Basis”. Prices finished the week at 119.20 cents, up 11.6 cents since the Wed. July 6 quote but down about 15 cents from the year ago levels.

Freezer stocks of all trimmings on May 31 were 52.3 million pounds, up 24.4% from the year ago levels.

**72 CL Picnic Meat** “FOB Basis”. The premium of picnic meat to 72CL trim is currently at 26 cents compared to 24 cent average in the previous six months.

**POULTRY**

**Whole Broilers**

The National Whole Bird price was quoted at 156.53 on Friday, July 16, up about 51 cents from a year ago.

Broiler slaughter for the week ending July 16 was 151.09 million head, up 2.89% from a year ago. For the last two weeks broiler slaughter was up 1.2% vs. a year ago.

**Breasts.** Prices on boneless skinless breasts finished the week at $2.8951, down 6 cents since Wed. July 6 but still up about 106 cents from year ago levels.

**Leg Quarters.** This market continues to be export driven. Last week leg quarter prices were down about 0.00 cents vs. two weeks ago but at 60.79 cents per pound prices were up 16 cent from a year ago.

**Wings.** Prices at $1.7585 are down about 139 cents from year ago levels.

**Turkeys**

The prices below reflect weekly quoted USDA prices.

**Hens** finished last week at $1.6600, up cent since Wed. July 6 and up about 43 cents from the year ago price.

**Toms** finished last week at $1.5200, up since Wed. July 6 but up about 29 cent from the year ago price.

Total turkey supplies in the freezer on May 31 were down 3.7% from a year ago at 376.1 million pounds. Whole birds were up 6.9% from a year ago with an inventory of 221.2 million pounds.

Turkey slaughter was 2.9000 million head for the week ending July 9, down -5.48% from a year ago. For the last two weeks slaughter has been up 3.1%.

**Boneless Turkey Breast Meat.** Boneless skinless turkey breast meat prices finished last week at $6.6500, up since Wed. July 6. Prices are up about 412 cents vs. year ago levels.
BEF

NOTE: WE ARE NOW REPORTING AND FORECASTING WEIGHTED AVERAGE BLUE SHEET PRICES FOR BEEF CUTS.

Choice 112A Heavy Bnls, Lip On Rib Eyes at $8.3303 (weighted average quote) finished last week down about 3 cents since the Wed. July 6 quote and down about 43 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $6.2038 (weighted average quote) finished last week down about 18 cents since the Wed. July 6 quote but down about 68 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $2.1265/lb. over Select. The 2017 annual average spread (wt. average price) had the Choice at a premium to the Select by $0.1235 per pound and the previous five years (2015 thru 2019) average spread was Choice at a premium to the Select by $0.1244 per pound.

Choice #115 Chucks are no longer being quoted. We suggest that those participants still benchmarking pricing off the 115 Chuck market switch to 114 clods.

With prices at $2.7715 for 90CL and $1.1420 for 50CL product, an 81CL meat block value is now $2.4049 and a 78CL meat block is $2.2827. Choice 114, 3 Clods are now being priced 30.00 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 29.69 cents and the five year average spread for is 23.52 cents over.

Choice #161 Boneless Rounds finished last week at $2.7975, down slightly since Wed. July 6 and down about 45 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.6689 up about 2 cents since Wed. July 6 and up about 6 cents from the year ago levels.

Choice #180 (0x1) Bnls, Strip Loins finished last week quoted at $8.6619 (wt. avg.) up about 10 cents from the Wed. July 6 quote. Prices are up 139 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $3.7061 (wt. avg.) down about 6 cents since Wed. July 6 and up about 31 cent from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $3.7019 (wt. avg.) down about 2 cents since Wed. July 6 and down about 21 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.2648 (wt. avg.) up about 35 cents since Wed. July 6 and up about 60 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at $1.9106 up about 2 cents since Wed. July 6 and up about 17 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.7144 down about 20 cent since Wed. July 6 but up about 26 cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $2.7715 (wt. avg.) up 0.08 cent since Wed. July 6 but down 2 cents compared to the year ago price quote. 50 CL Beef Trim prices finished last week at $1.1420, up about 2 cent since Wed. July 6 but down 9 cents compared to the year ago level.
## Protein Summary Table - WT. AVE.

<table>
<thead>
<tr>
<th>Protein</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HOG CARCASS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CME 1-Day Lean Hog Index</td>
<td>76.8</td>
<td>92.1</td>
<td>101.1</td>
<td>101.0</td>
<td>101.9</td>
<td>109.0</td>
<td>110.2</td>
<td>113.9</td>
<td>114.2</td>
<td>112</td>
<td>109</td>
<td>100</td>
</tr>
<tr>
<td><strong>BROILERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BROILER, NATIONAL WHOLE BIRD PRICE, USDA</td>
<td>131.4</td>
<td>125.8</td>
<td>148.1</td>
<td>166.9</td>
<td>169.7</td>
<td>165.8</td>
<td>162.5</td>
<td>156.3</td>
<td>148</td>
<td>157</td>
<td>144</td>
<td>132</td>
</tr>
<tr>
<td>N.E. BROILER BREAST BONELESS-SKINLESS, USDA</td>
<td>228.8</td>
<td>263.3</td>
<td>277.6</td>
<td>302.1</td>
<td>351.6</td>
<td>331.6</td>
<td>296.0</td>
<td>289.5</td>
<td>280</td>
<td>289</td>
<td>275</td>
<td>262</td>
</tr>
<tr>
<td>N.E. BROILER BREAST LINE RUN, USDA</td>
<td>113.9</td>
<td>115.4</td>
<td>132.6</td>
<td>152.2</td>
<td>185.0</td>
<td>192.4</td>
<td>192.9</td>
<td>193.4</td>
<td>186</td>
<td>185</td>
<td>163</td>
<td>145</td>
</tr>
<tr>
<td>N.E. BROILER LEG QUARTERS, USDA</td>
<td>36.9</td>
<td>37.6</td>
<td>39.0</td>
<td>44.4</td>
<td>51.6</td>
<td>59.7</td>
<td>60.8</td>
<td>60.7</td>
<td>61</td>
<td>60</td>
<td>57</td>
<td>54</td>
</tr>
<tr>
<td>N.E. BROILER WINGS, USDA, WT.AVG.</td>
<td>267.9</td>
<td>269.0</td>
<td>222.7</td>
<td>208.1</td>
<td>190.8</td>
<td>185.0</td>
<td>178.4</td>
<td>175.8</td>
<td>175</td>
<td>176</td>
<td>197</td>
<td>210</td>
</tr>
<tr>
<td><strong>TURKEYS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA</td>
<td>127.7</td>
<td>130.8</td>
<td>135.1</td>
<td>137.8</td>
<td>142.1</td>
<td>152.9</td>
<td>156.0</td>
<td>166.0</td>
<td>157</td>
<td>166</td>
<td>167</td>
<td>170</td>
</tr>
<tr>
<td>TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA</td>
<td>127.9</td>
<td>131.9</td>
<td>135.9</td>
<td>138.3</td>
<td>142.4</td>
<td>149.9</td>
<td>156.0</td>
<td>152.0</td>
<td>157</td>
<td>158</td>
<td>167</td>
<td>170</td>
</tr>
<tr>
<td>UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH</td>
<td>422.5</td>
<td>438.8</td>
<td>446.0</td>
<td>523.8</td>
<td>610.0</td>
<td>642.0</td>
<td>660.0</td>
<td>665.0</td>
<td>644</td>
<td>665</td>
<td>670</td>
<td>680</td>
</tr>
<tr>
<td><strong>LIVE STEERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIVE AREA DIRECT AVERAGE LIVE STEER, USDA</td>
<td>138.2</td>
<td>140.5</td>
<td>140.0</td>
<td>141.5</td>
<td>142.4</td>
<td>141.8</td>
<td>146.6</td>
<td>142.4</td>
<td>140</td>
<td>141</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td><strong>BEEF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.</td>
<td>860.7</td>
<td>820.1</td>
<td>814.1</td>
<td>887.4</td>
<td>799.8</td>
<td>881.1</td>
<td>836.1</td>
<td>833.0</td>
<td>830</td>
<td>876</td>
<td>934</td>
<td>954</td>
</tr>
<tr>
<td>CHOICE, 161, 1, USDA,Round, BONELESS, WT.AVG.</td>
<td>302.3</td>
<td>293.4</td>
<td>280.9</td>
<td>280.7</td>
<td>280.6</td>
<td>280.1</td>
<td>280.1</td>
<td>279.75</td>
<td>279</td>
<td>279</td>
<td>269</td>
<td>272</td>
</tr>
<tr>
<td>CHOICE, 168, 3, TOP INSIDE ROUND, 1/4&quot; MAX, WT. AVG., USDA</td>
<td>297.1</td>
<td>282.3</td>
<td>286.0</td>
<td>283.3</td>
<td>267.3</td>
<td>263.7</td>
<td>274.0</td>
<td>273.41</td>
<td>280</td>
<td>274</td>
<td>269</td>
<td>274</td>
</tr>
<tr>
<td>CHOICE, 170, 1, BOTTOM GOSENECK ROUND, WT. AVG., USDA</td>
<td>287.3</td>
<td>275.7</td>
<td>271.6</td>
<td>254.1</td>
<td>242.8</td>
<td>245.8</td>
<td>265.3</td>
<td>266.89</td>
<td>271</td>
<td>267</td>
<td>267</td>
<td>269</td>
</tr>
<tr>
<td>CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.</td>
<td>703.1</td>
<td>732.1</td>
<td>743.8</td>
<td>764.5</td>
<td>760.0</td>
<td>820.9</td>
<td>856.2</td>
<td>866.19</td>
<td>849</td>
<td>866</td>
<td>778</td>
<td>728</td>
</tr>
<tr>
<td>CHOICE, 184, 3, USDA, TOP BUTT BONELESS, WT. AVG.</td>
<td>402.5</td>
<td>384.1</td>
<td>356.1</td>
<td>383.3</td>
<td>378.4</td>
<td>372.0</td>
<td>372.5</td>
<td>375</td>
<td>386</td>
<td>385</td>
<td>387</td>
<td>381</td>
</tr>
<tr>
<td>CHOICE, 185A, 4, USDA, BOTTOM SIRLOIN, FLAP, WT. AVG.</td>
<td>724.8</td>
<td>720.1</td>
<td>712.8</td>
<td>710.4</td>
<td>603.8</td>
<td>622.6</td>
<td>691.2</td>
<td>726.48</td>
<td>720</td>
<td>725</td>
<td>691</td>
<td>642</td>
</tr>
<tr>
<td>USDA,COARSE ROUND 73%, WT. AVG.</td>
<td>246.0</td>
<td>227.3</td>
<td>153.1</td>
<td>174.3</td>
<td>172.9</td>
<td>182.1</td>
<td>189.5</td>
<td>191.06</td>
<td>185</td>
<td>197</td>
<td>207</td>
<td>201</td>
</tr>
<tr>
<td>COARSE GROUND 81%, WT. AVG., USDA</td>
<td>284.9</td>
<td>311.2</td>
<td>244.0</td>
<td>261.1</td>
<td>268.6</td>
<td>285.8</td>
<td>291.1</td>
<td>271.41</td>
<td>252</td>
<td>268</td>
<td>257</td>
<td>260</td>
</tr>
<tr>
<td>USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.</td>
<td>275.1</td>
<td>281.8</td>
<td>282.5</td>
<td>276.1</td>
<td>272.0</td>
<td>275.6</td>
<td>277.1</td>
<td>271.15</td>
<td>274</td>
<td>277</td>
<td>281</td>
<td>285</td>
</tr>
<tr>
<td>USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.</td>
<td>112.7</td>
<td>105.8</td>
<td>108.5</td>
<td>123.4</td>
<td>105.4</td>
<td>111.2</td>
<td>112.4</td>
<td>114.20</td>
<td>121</td>
<td>114</td>
<td>100</td>
<td>82</td>
</tr>
</tbody>
</table>
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA

Weekend Jul 15, 2022 = 108.35

Belly, Derind Belly 9-13#, FOB Plant, USDA

Weekend Jul 15, 2022 = 214.97
### Butt, 1/4 Trim Butt Combo, FOB Plant, USDA

- **$/cwt**: wk. end. Jul 15, 2022 = 177.83

### Trim, 72% Trim Combo, FOB Plant, USDA

- **$/cwt**: wk. end. Jul 15, 2022 = 119.20
ESTIMATED WEEKLY FI HOG SLAUGHTER
Source: USDA, '000 head

ESTIMATED WEEKLY FI PORK PRODUCTION
Source: USDA, Mil. Pounds