Pork Merchandiser's **Profit Maximizer**

Prepared by Steiner and Company, Manchester, NH 800-526-4612.

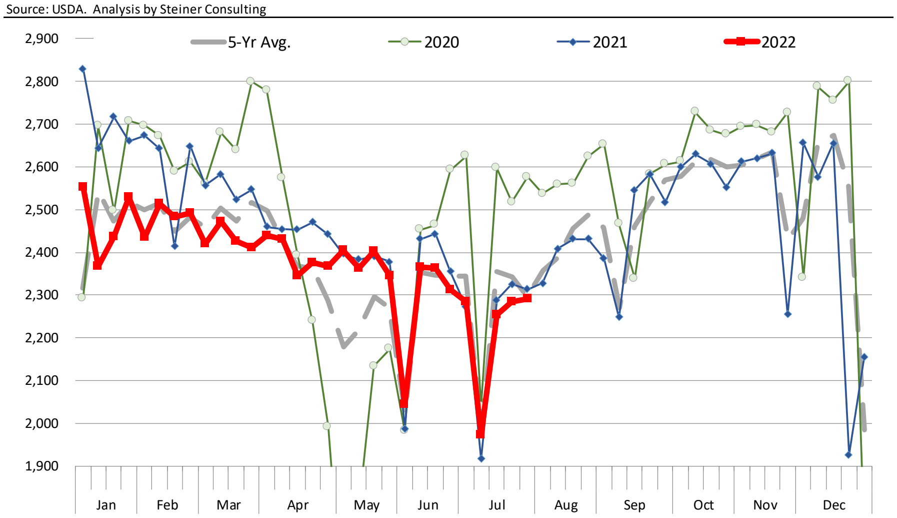
August 1st, 2022

1. Seasonal decline in supplies wreaks havoc in spot markets but availability is expected to improve by late August and September

It's that time of year when pork supplies hit annual lows, both due to fewer hogs coming to market and the impact that hot weather has on hog performance. All the issues that normally affect the spot market only get amplified during this time. USDA estimated total pork production last week at 486.5 million pounds, about 0.8% higher than a year ago but well below the +500 million pounds a week that was coming to market in May and first half of June. Indeed even that number may be inflated by about 2M pounds as we think hog carcass weights estimated by USDA are about a pound too heavy. The decline in slaughter and overall production should not be a surprise. We have been talking about that coming since last spring and then reiterated it when the June 1 hog inventory data was released. In that report USDA noted the supply of hogs weighing over +180 pounds was estimated to be 0.8% lower than the previous year. We estimate that slaughter during the weeks when those hogs came to market was 0.5% lower. We don't know the split between producer and packer hogs but our guess is that

WEEKLY HOG SLAUGHTER. '000 HEAD

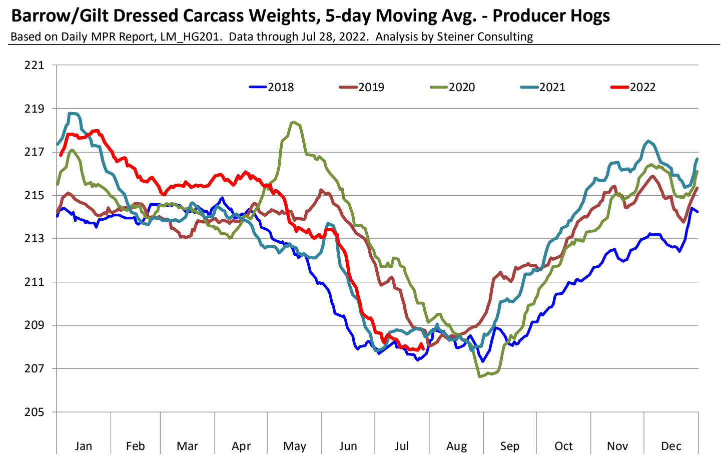
Source: USDA. Analysis by Steiner Consulting

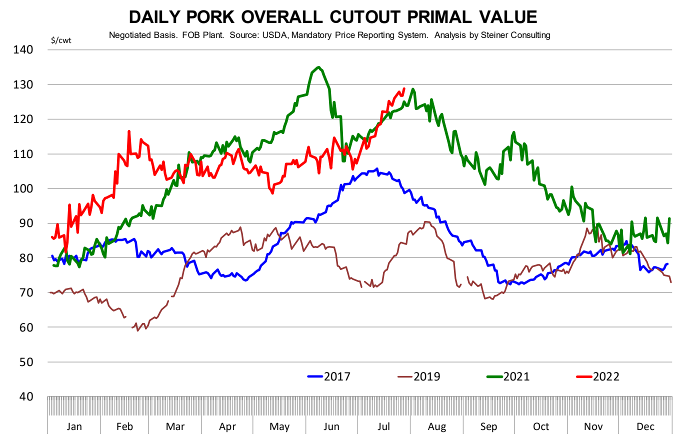


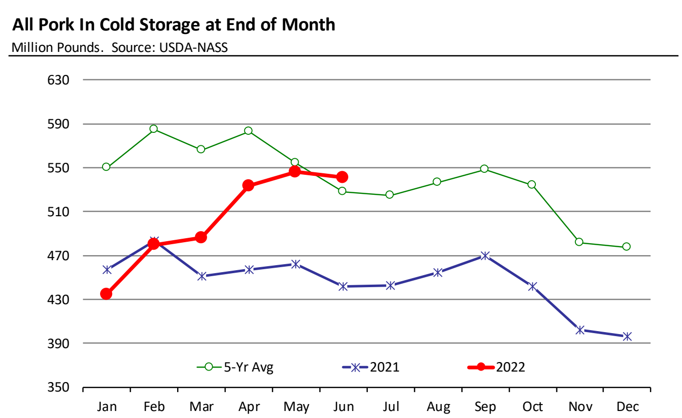
producers managed to get ahead in their marketings during June. This is evidenced in the sharp decline in the average weight of barrows and gilts during this period (see chart). In the last three weeks, hog slaughter has averaged 2.277 million head/week, 1.4% less than a year ago. This is lower than the 0.7% decline we would expect based on the June inventory data. Still, if we take the entire period of June and July, weekly slaughter has been about 0.8% lower than last year, so largely in line with the USDA survey. As we look towards the next 6-8 weeks, it is important to remember that supply will not remain static. Last year weekly hog slaughter in the first week of August was 2.327 million head so we would expect this week's slaughter to be about 16-20k head less than last year. Weekly slaughter in the following three weeks last year climbed over 2.4 million head and this suggests that we will see a notable improvement in supply availability as this month progresses. Watching slaughter and weights will be important. If slaughter remains low, it could be because a) USDA survey overestimated supply and so far that has not been the case; b) producers start to fall behind in marketings and this then shows up in the weight of hogs coming to market. Weather will be an important consideration. If hogs are not gaining then producers are not as much under the gun to move their inventory, at least in the very near term.

2. **Pork inventory in cold storage at the end of June remains well above year ago levels but supply available differs greatly between the products tracked.**

The total inventory of pork in cold storage at the end of June was 541 million pounds, 22.4% higher than last year and 2.4% higher than the five year average. Normally we see pork inventories decline in June, but this year the decline was only 0.9% compared to a 4.6% average decline in the last five years. Higher pork production in June,







and lackluster demand for processing items, likely pushed more product into cold storage. Processors with inventory will find that inventory useful now that supplies have seasonally declined. Last year limited inventory caused prices for bellies and trim to skyrocket. Total inventory of bellies in cold storage at the end of June was 53.2 million pounds, 46.2% higher than a year ago and 19.7% higher than the five year average. Inventories declined 6% from May compared to a 12% average decline in the last five years. Bellies have rallied recently but the larger inventories should help price inflation. Ham inventory was 139.2 million pounds, 6.6% higher than a year ago but 7.1% lower than the five year average. Ham inventories seasonally increase in the fall but in June inventory increased 10% compared to an average 15% increase in the last five years. Lack of turkeys for the holidays, robust Mexico demand and slower pace of inventory building have all supported ham values so far. Pork trim inventory at 46.8 million pounds was 30.2% higher than last year and 20% higher than the five-year average.

PORK

Hog Market. For the week ending July 30 hog slaughter was 2.291 million head, down 1.0% from a year ago. In the last two weeks hog slaughter is down 1.4% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 121.18 /cwt. on Friday were up $4.1/cwt since Wed. July 20. Prices are up about 9.2 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.2793, down about 7.1 cent since the Wed. July 20 quote but up about 8 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.5062 for the strap on loins, up 5.7 cent since Wed. July 20 and up 5 cent from the year ago levels. Strap off loins at $1.6064 are down 4.0 cent since Wed. July 20 and down about 3 cent compared to the year ago quote.

Boneless sirloins at $1.3391 are up about 3 cents from the Wed. July 20 quote but down about 15.2 cents from the year ago price.

Pork tenderloin finished last week at $2.2080, up 2 cent since the Wed. July 20 quote but down about 2.8 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.7936, down 10.5 cents since Wed. July 20. Prices are up 78 cent from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.8149, down about 15 cent since Wed. July 20 but up about 30 cents from year ago levels.

Rib inventories on June 30 were 108.9 million pounds, up 57.2% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $1.1949/lb. up 6 cents since Wed. July 20 and up about 26 cents from a year ago.

20/23 hams finished the week at 119.08 cents (page 130) up about 6 cent since Wed. July 20 and up about 19 cents from the year ago level.

23/27 hams finished the week at 119.79 , up about 6 cent from the Wed. July 20 quote and up about 19.5 cents from the year ago level.

Total ham cold storage stocks on June 30 at 139.2 million pounds were up 6.6% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 125.20 cents, up about 7.9 cent since Wed. July 20 but down about 15 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 132.38 cents, up 2.7 cents since the Wed. July 20 quote but down about 32 cents from the year ago levels.

Freezer stocks of all trimmings on June 30 were 52.4 million pounds, up 27.0% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at **28** cents compared to **25** cent average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 143.22 on Friday, July 30, up about 38 cents from a year ago.

Broiler slaughter for the week ending July 30 was 169.61 million head, down 0.27% from a year ago. For the last two weeks broiler slaughter was up 1.3% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $2.5921, down 20 cents since Wed. July 20 but still up about 77 cents from year ago levels.

Leg Quarters. This market continues to be export driven. Last week leg quarter prices were up about 0.13 cents vs. two weeks ago and at 61.77 cents per pound prices were up 17 cent from a year ago.

Wings. Prices at $1.4979 are down about 168 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.5400, down cent since Wed. July 20 but up about 24 cents from the year ago price.

Toms finished last week at $1.5350, down since Wed. July 20 but up about 26 cent from the year ago price.

Total turkey supplies in the freezer on June 30 were up 2.2% from a year ago at 415.1 million pounds. Whole birds were up 7.0% from a year ago with an inventory of 244.3 million pounds.

Turkey slaughter was 3.6270 million head for the week ending July 23, down -7.17% from a year ago. For the last two weeks slaughter has been down 6.8%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $6.6500, unchanged since Wed. July 20. Prices are up about 395 cents vs. year ago levels.

BEEF

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

Choice 112A Heavy Bnls. Lip On Rib Eyes at $8.7594 (weighted average quote) finished last week up about 21 cents since the Wed. July 20 quote but down about 107 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $6.3450 (weighted average quote) finished last week up about 17 cents since the Wed. July 20 quote but down about 131 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $2.4144 /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 $2.6890 for 90CL and $1.0390 for 50CL product, an 81CL meat block value is now $2.3178 and a 78CL meat block is $2.1940. Choice 114, 3 Clods are now being priced 45.20 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was **44.75** cents and the five year average spread for is **19.15** cents over.

Choice #161 Boneless Rounds finished last week at $**2.7964**, **up** slightly since **Wed.** July 20 but down about 22 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $2.6998 down about 6 cents since Wed. July 20 and down about 18 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $2.7733 up about 5 cent since Wed. July 20 and down about 19 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.5892 up about 7 cents since Wed. July 20 but down about 27 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $8.5204 (wt. avg.) down about 26 cents from the Wed. July 20 quote. Prices are up 200 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $3.6484 (wt. avg.) **down** about 2 cents since Wed. July 20 and **down** about **6** cent from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $3.6655 (wt. avg.) down about one cents since Wed. July 20 but up about 6 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.6554 (wt. avg.) up about 20 cents since Wed. July 20 and up about 135 cents from year ago values.

COARSE GROUND BEEF –

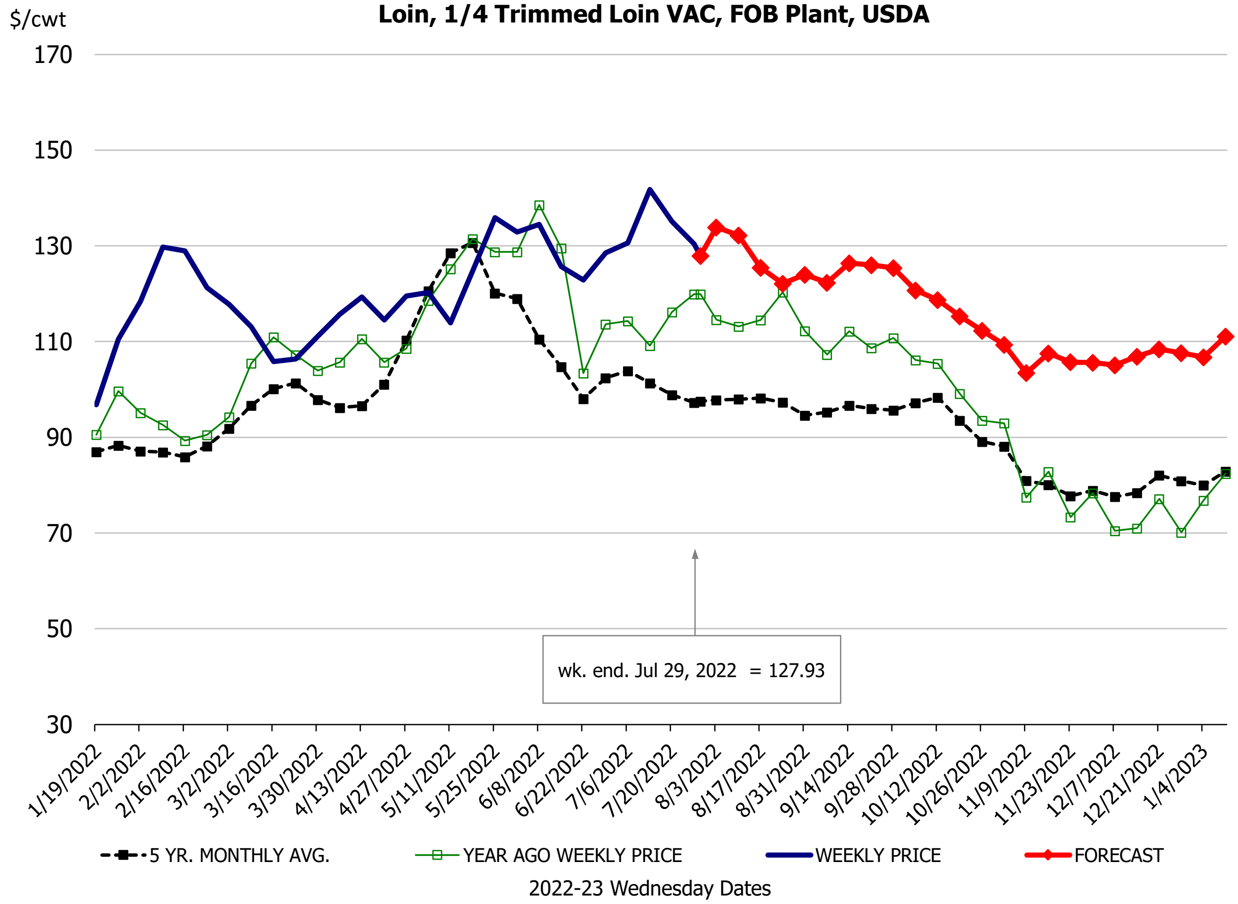
73CL Coarse Ground product finished last week at $**1.6112 down** about 23 cents since Wed. July 20 but up about 4 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.5424 down about 5 cent since Wed. **July 20 but up** about **60** cents from the year ago quote.

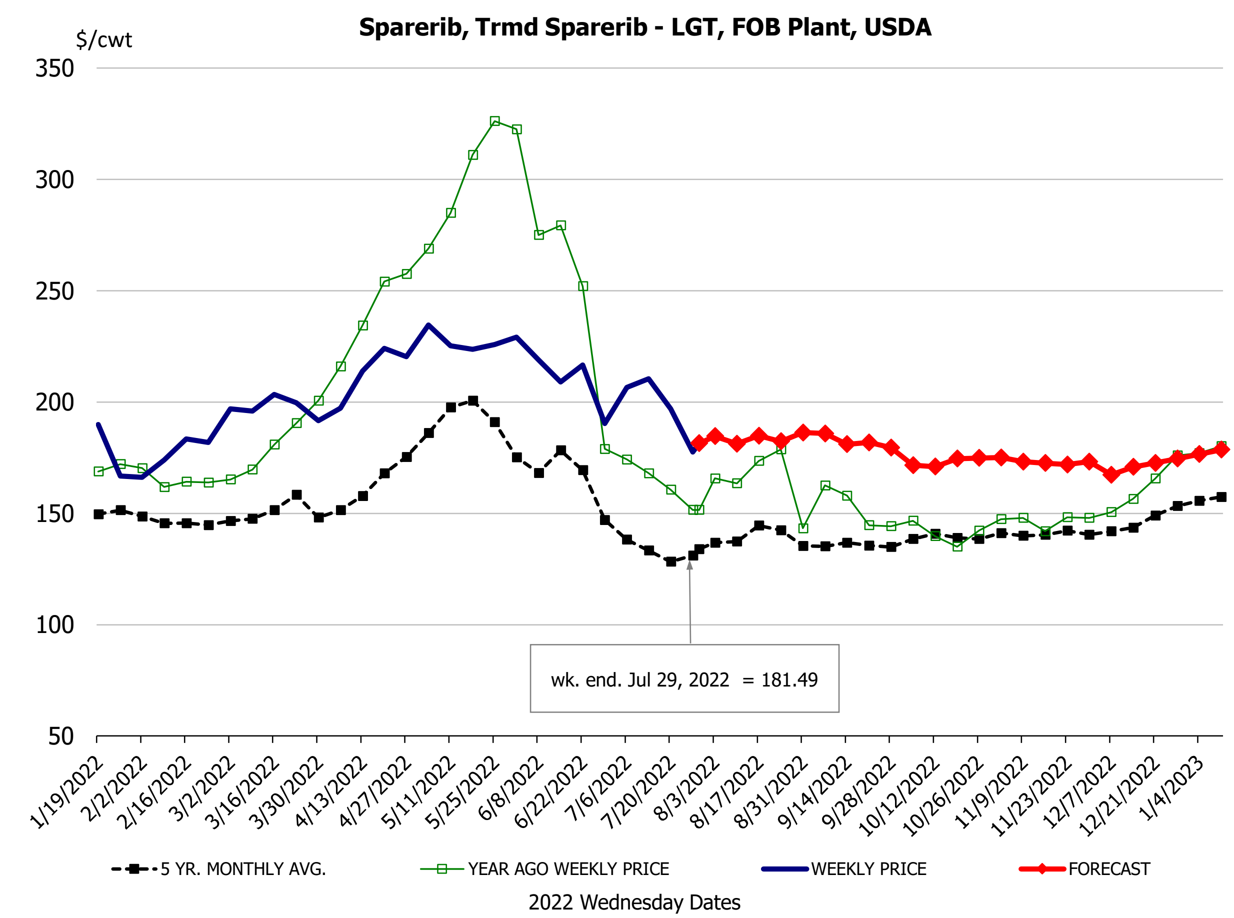
90CL Bnls. Beef prices finished the week at $**2.6890** (wt. avg.) **down 1.58** cent since Wed. July 20 and down 6 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $1.0390, down about 9 cent since Wed. July 20 and down 33 cents compared to the year ago level.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Feb	Mar	Apr	May	Jun	Jul	7/20/2022	7/29/2022	8/10/2022	Aug	Sep	Oct	Nov	Dec	Jan
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	124.7	108.7	115.7	120.2	127.0	132.3	135.1	127.93	132	130	123	119	108	106	108
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	130.0	118.9	116.5	125.0	132.4	135.0	139.3	133.86	140	135	128	124	115	111	112
Loin, Bnls CC Strap-off, FOB Plant, USDA	167.7	158.9	152.5	151.0	149.4	153.9	164.6	160.64	170	173	186	182	171	169	167
Loin, Tenderloin, FOB Plant, USDA	228.3	217.2	212.5	217.3	213.2	215.1	219.0	220.80	230	230	235	210	199	194	205
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	108.6	119.2	120.2	120.2	147.4	179.8	192.4	178.57	164	164	158	132	133	135	123
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	176.3	193.1	208.6	225.6	208.7	188.7	197.0	181.49	181	183	184	171	174	170	177
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	360.6	363.1	375.6	387.7	373.4	368.4	377.6	359.31	325	323	324	291	294	290	287
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	168.7	186.7	205.0	208.1	197.6	185.1	197.8	181.35	181	181	182	169	172	168	175
Loin, Backribs 2.0#/up, FOB Plant, USDA	405.9	406.1	377.9	355.1	316.6	225.0	201.0	179.12	198	200	189	189	189	199	212
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	54.4	63.7	71.0	85.4	96.6	110.5	113.1	119.49	113	114	110	98	108	103	86
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	47.7	62.3	72.4	80.6	95.2	110.5	112.9	119.08	113	114	110	98	108	103	86
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	48.8	62.3	73.8	81.2	93.5	113.4	113.6	119.79	112	114	110	98	108	103	86
Belly Cutout, FOB Plant, USDA	194.7	192.3	179.8	155.8	158.2	183.1	194.8	211.74	214	213	182	184	173	160	175
Belly, Derind Belly 9-13#, FOB Plant, USDA	246.7	245.1	232.4	193.7	200.3	223.1	236.8	259.80	259	264	225	228	214	198	216
Belly, Derind Belly 13-17#, FOB Plant, USDA	239.5	231.6	207.3	176.0	186.9	210.3	234.3	253.62	258	260	221	224	210	194	212
Trim, 42% Trim Combo, FOB Plant, USDA	74.6	82.0	76.7	83.6	81.9	109.9	117.3	125.20	114	109	89	70	60	55	54
Trim, 72% Trim Combo, FOB Plant, USDA	97.9	90.7	110.8	101.7	107.6	120.7	129.7	132.38	119	117	111	101	99	98	99
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	105.9	97.8	111.8	104.6	117.2	130.9	133.8	138.96	127	130	126	116	109	108	103
Carcass Cutout, FOB Plant, USDA	105.6	105.7	106.6	104.4	109.5	120.2	124.4	127.50	125	126	122	112	112	109	101
HOG CARCASS															
CME 1-Day Lean Hog Index	92.1	101.1	101.0	101.9	109.0	115.2	117.0	121.18	118	118	104	97	91	88	89
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	125.8	148.1	166.9	169.7	165.8	153.5	151.9	143.22	145	144	132	129	121	117	117
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	263.3	277.6	302.1	351.6	331.6	281.1	279.6	259.21	265	259	252	235	224	215	225
N.E. BROILER BREAST LINE RUN, USDA	115.4	132.6	152.2	185.0	192.4	192.8	192.1	192.72	165	163	145	143	125	125	130
N.E. BROILER LEG QUARTERS, USDA	37.6	39.0	44.4	51.6	59.7	61.2	61.6	61.77	59	60	54	49	47	44	44
N.E. BROILER WINGS, USDA, WT.AVG.	260.9	222.7	208.1	190.8	180.5	167.2	164.8	149.79	169	167	180	181	198	212	221
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	130.8	135.1	137.8	142.1	152.9	157.6	154.6	154.00	167	167	170	174	174	153	145
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	131.9	135.9	138.3	142.4	149.9	154.7	157.2	153.50	167	167	170	174	174	153	145
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	438.8	446.0	523.8	610.0	642.0	663.8	665.0	665.00	671	670	680	680	670	630	550
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	140.5	140.0	141.5	142.4	141.8	143.4	141.8	140.31	142	141	141	144	147	149	150
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	820.1	814.1	887.4	799.8	881.1	847.2	854.6	875.94	943	934	950	1022	1098	988	779
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	293.4	280.9	280.7	280.6	280.1	279.9	279.0	279.64	285	280	289	293	293	286	293
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	282.3	286.0	283.3	267.3	263.7	274.1	272.6	277.33	282	280	277	285	278	272	274
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	275.7	271.6	254.1	242.8	245.8	258.1	251.9	258.92	279	275	286	291	283	277	279
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	732.1	743.8	764.5	766.0	820.9	867.2	878.4	852.04	838	826	783	696	660	673	669
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	384.1	356.1	383.3	378.4	372.0	368.6	367.7	366.55	388	381	369	343	340	343	349
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	720.1	712.8	710.4	603.8	622.6	713.1	745.9	765.54	729	725	686	640	636	645	625
USDA,COARSE GROUND 73%, WT. AVG.	227.3	153.1	174.3	172.9	182.1	174.5	184.1	161.12	175	167	187	179	176	172	207
COARSE GROUND 81%, WT. AVG., USDA	311.2	244.0	261.1	268.6	285.8	268.1	259.0	254.24	273	267	272	265	261	251	295
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	281.8	282.5	276.1	272.0	275.6	271.7	270.5	268.90	274	273	278	273	270	267	270
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	105.8	108.5	123.4	105.4	116.2	110.0	112.5	103.90	102	100	82	79	94	80	95



Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
30
wk. end. Jul 29, 2022 = 127.93
1/19/2022
2/2/2022
2/16/2022
3/2/2022
3/16/2022
3/30/2022
4/13/2022
4/27/2022
5/11/2022
5/25/2022
6/8/2022
6/22/2022
7/6/2022
7/20/2022
8/3/2022
8/17/2022
8/31/2022
9/14/2022
9/28/2022
10/12/2022
10/26/2022
11/9/2022
11/23/2022
12/7/2022
12/21/2022
1/4/2023
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates



Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
350
300
250
200
150
100
50
wk. end. Jul 29, 2022 = 181.49
1/19/2022
2/2/2022
2/16/2022
3/2/2022
3/16/2022
3/30/2022
4/13/2022
4/27/2022
5/11/2022
5/25/2022
6/8/2022
6/22/2022
7/6/2022
7/20/2022
8/3/2022
8/17/2022
8/31/2022
9/14/2022
9/28/2022
10/12/2022
10/26/2022
11/9/2022
11/23/2022
12/7/2022
12/21/2022
1/4/2023
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
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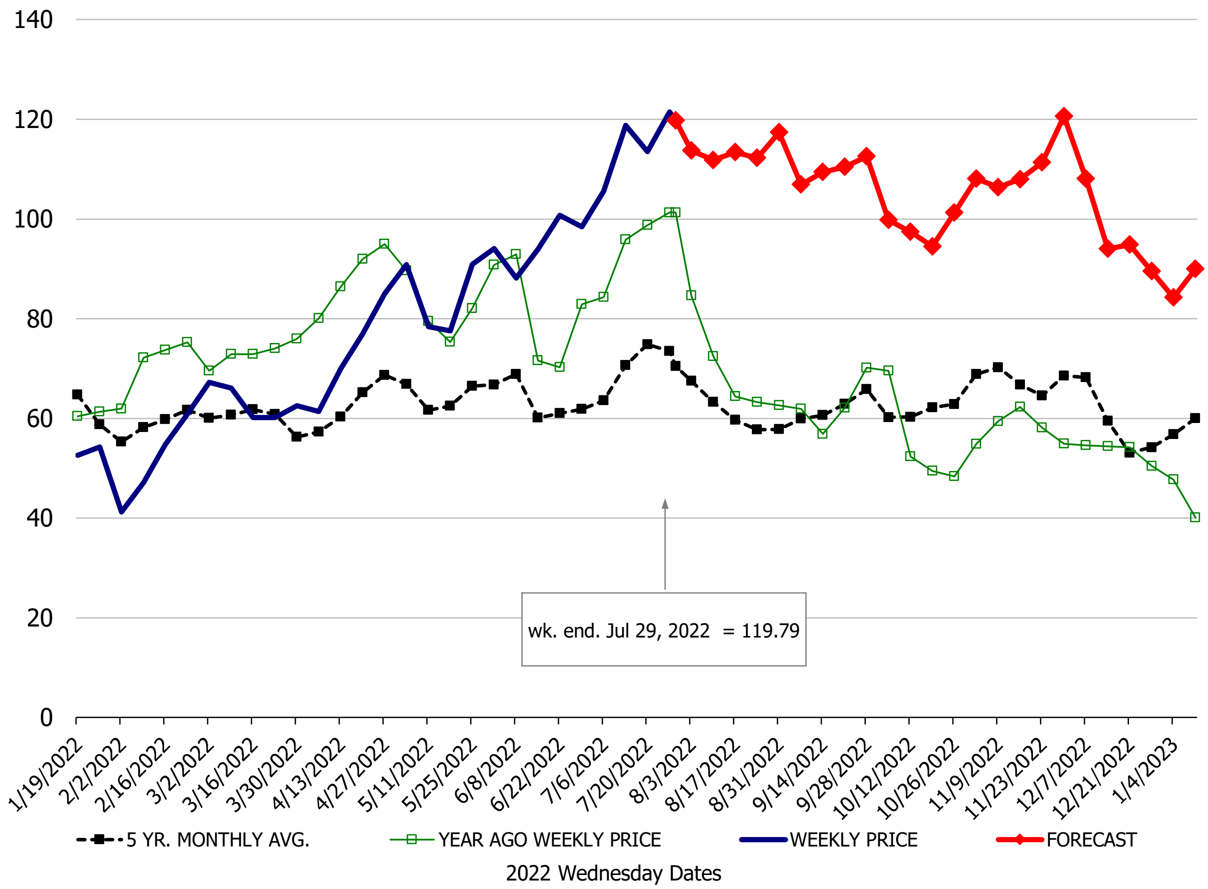
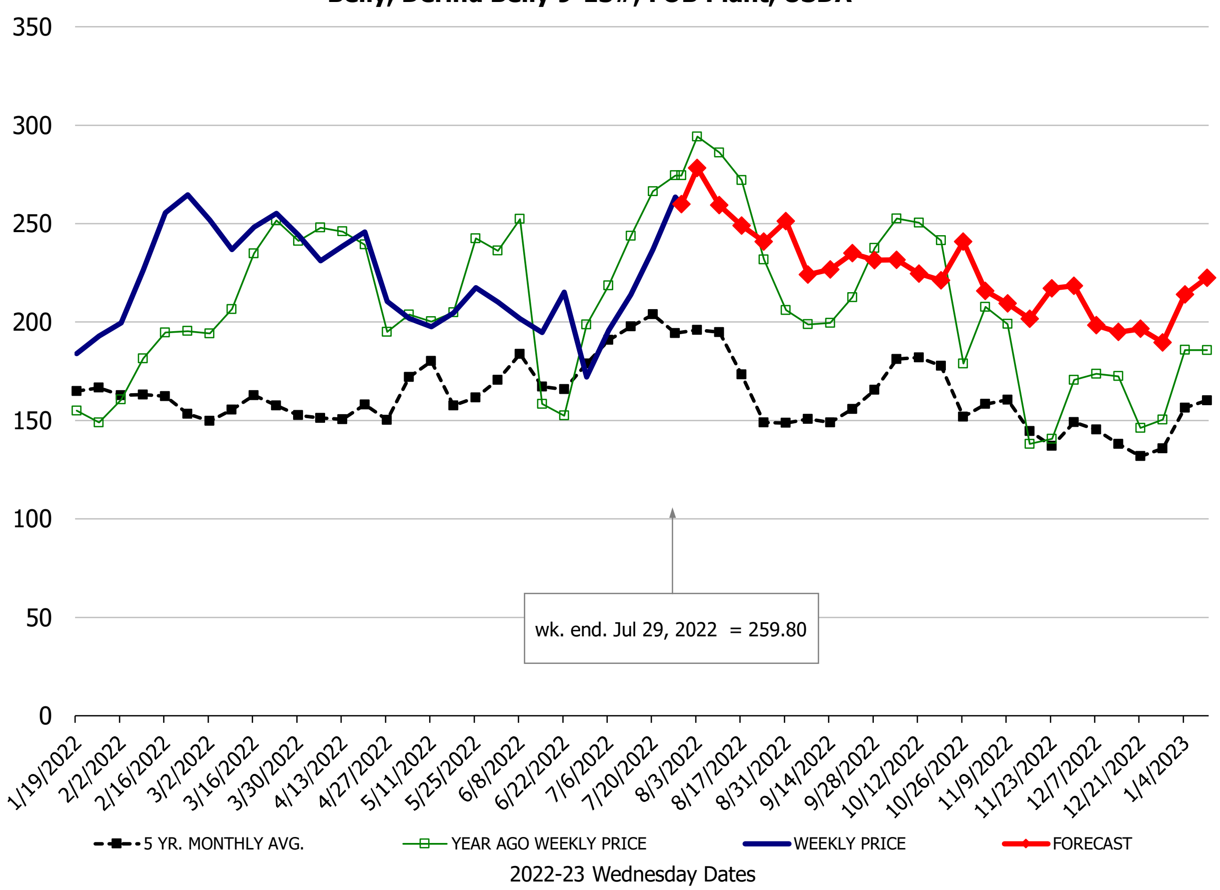
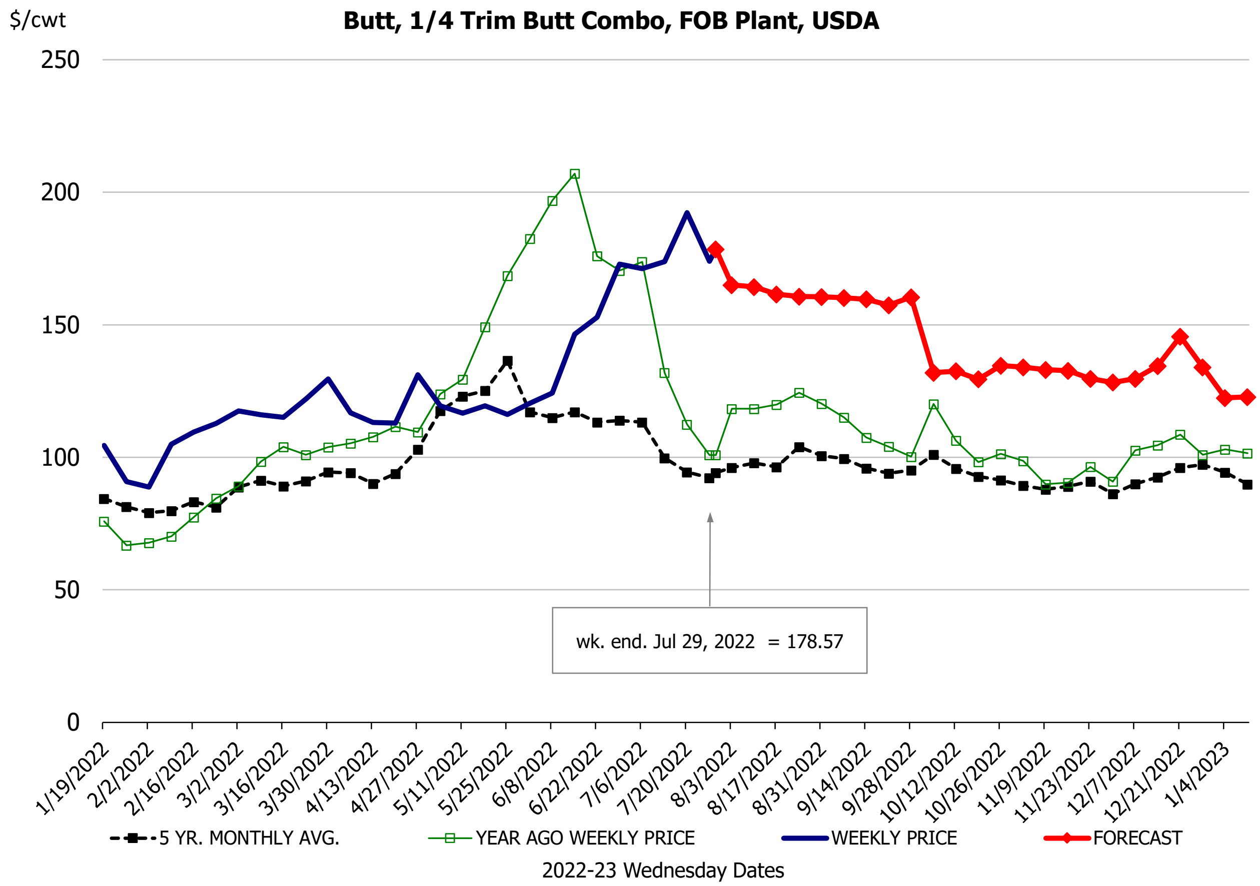
FORECAST
2022 Wednesday Dates

Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA

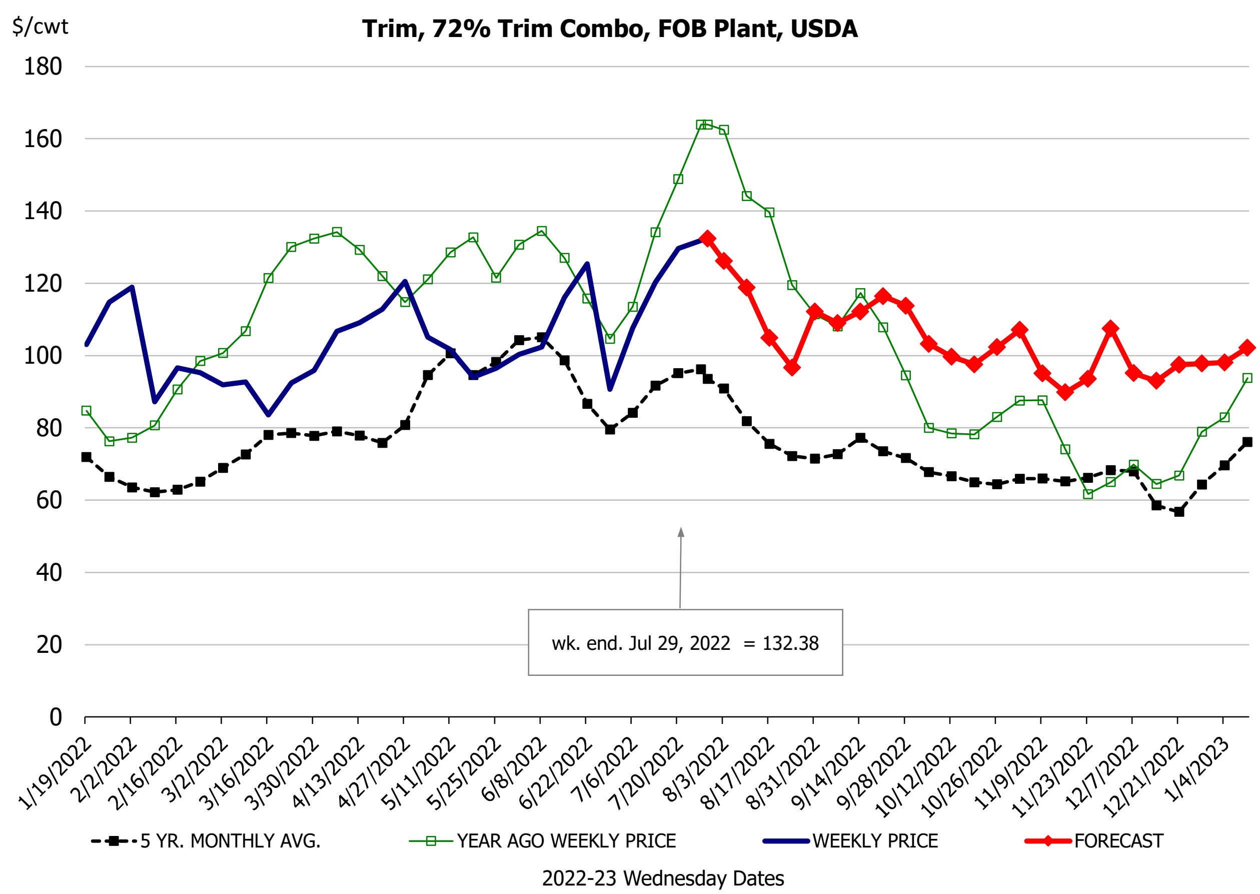


Belly, Derind Belly 9-13#, FOB Plant, USDA





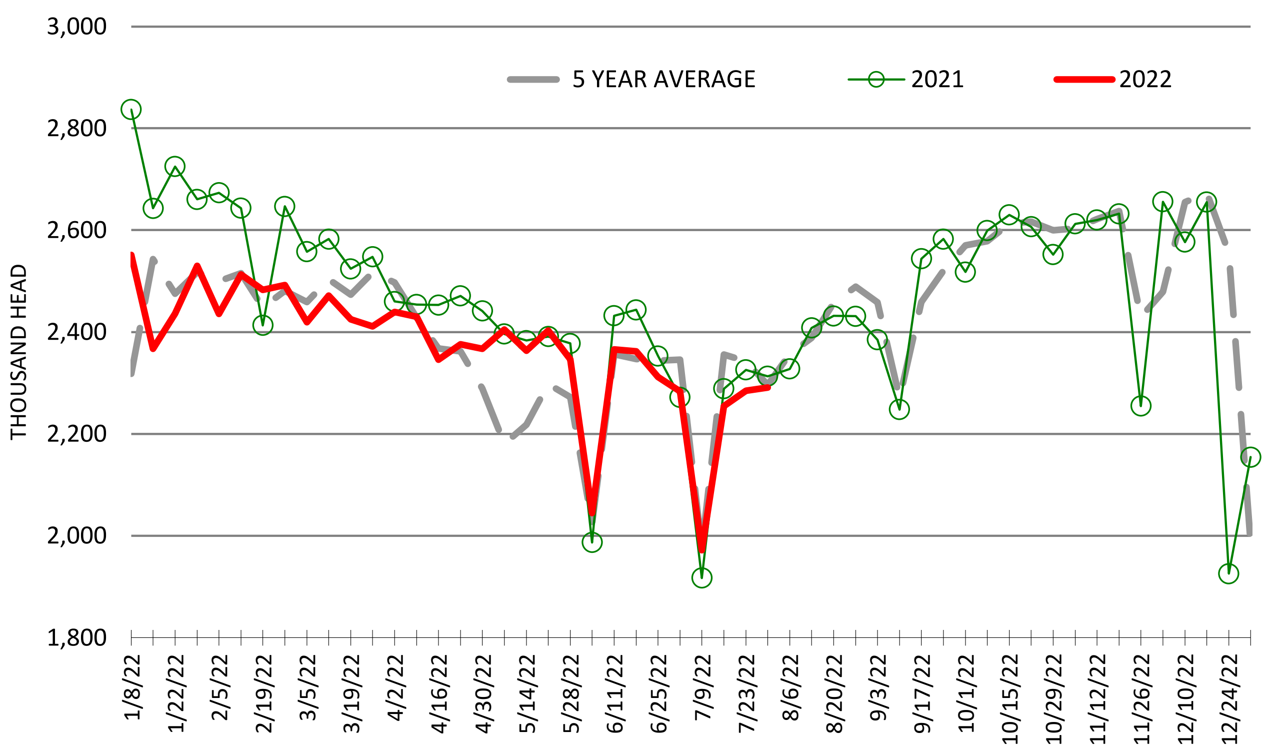
$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
250
200
150
100
50
0
wk. end. Jul 29, 2022 = 178.57
1/19/2022
2/2/2022
2/16/2022
3/2/2022
3/16/2022
3/30/2022
4/13/2022
4/27/2022
5/11/2022
5/25/2022
6/8/2022
6/22/2022
7/6/2022
7/20/2022
8/3/2022
8/17/2022
8/31/2022
9/14/2022
9/28/2022
10/12/2022
10/26/2022
11/9/2022
11/23/2022
12/7/2022
12/21/2022
1/4/2023
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates



$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
180
160
140
120
100
80
60
40
20
0
wk. end. Jul 29, 2022 = 132.38
1/19/2022
2/2/2022
2/16/2022
3/2/2022
3/16/2022
3/30/2022
4/13/2022
4/27/2022
5/11/2022
5/25/2022
6/8/2022
6/22/2022
7/6/2022
7/20/2022
8/3/2022
8/17/2022
8/31/2022
9/14/2022
9/28/2022
10/12/2022
10/26/2022
11/9/2022
11/23/2022
12/7/2022
12/21/2022
1/4/2023
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds