



# Pork Merchandiser's Profit Maximizer

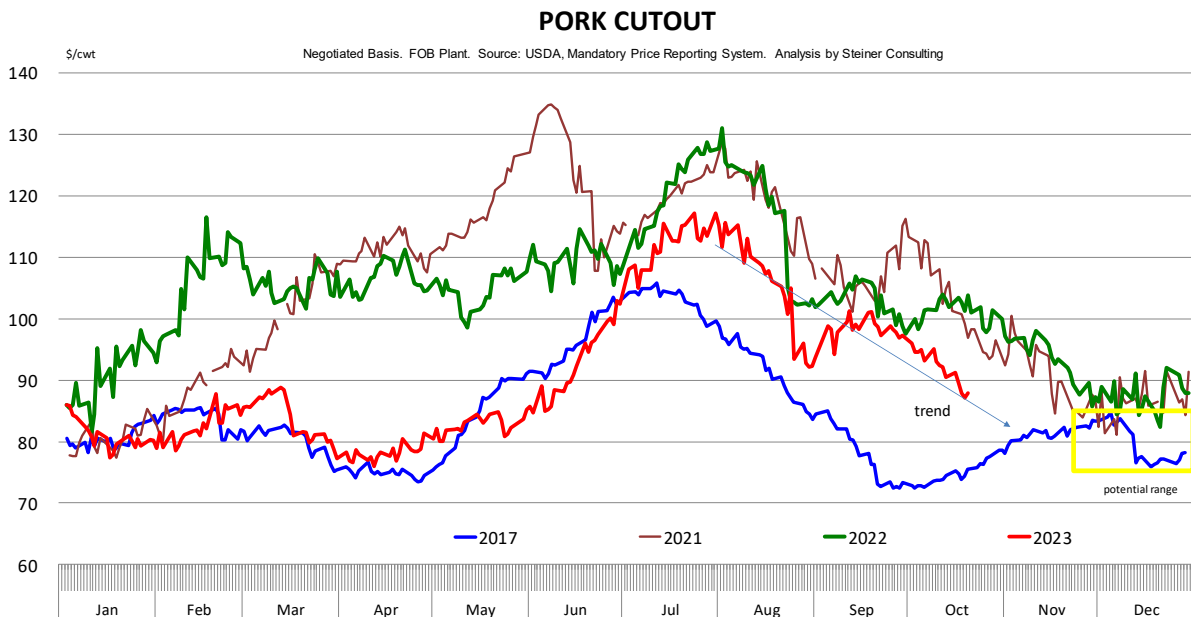
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Prepared by Steiner and Company, Manchester, NH 800-526-4612.

October 23, 2023

## 1. Hog futures retreat on ample supply and weaker than expected prices for processing items.

Lean hog futures have been steadily losing ground as market participants react to trends in the product market and reassess assumptions for both supplies and demand at the end of the year and into 2024. On Friday the nearby December

contract was down another 200 points and closed at contract lows of \$66/cwt. That's \$15/cwt (-15.6%) lower than where December futures were trading a month ago. On the supply front, the number of hogs coming to market remains above the baseline projection from the USDA 'Hogs and Pigs' report. USDA estimated the pig crop for Mar-May up 1% y/y, with the various categories of market hogs all under 1%. Weekly slaughter

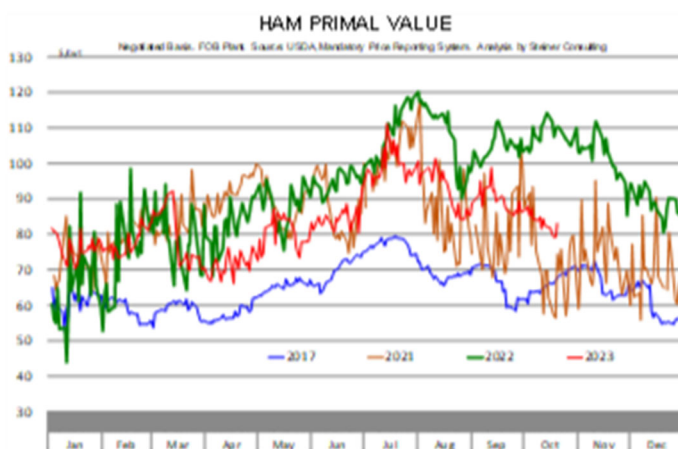
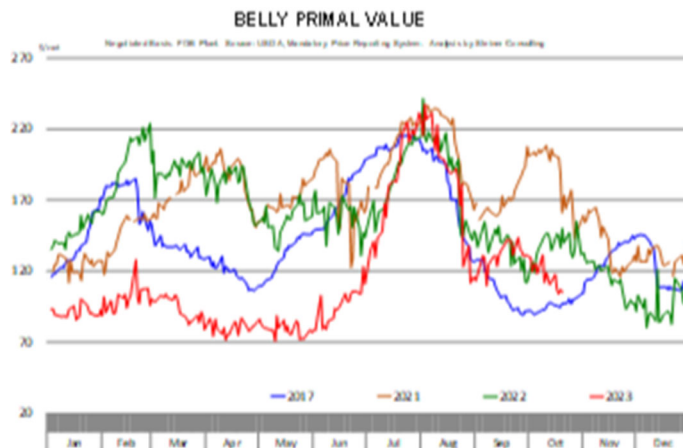


during September and so far in October has been about 1.5% higher than a year ago, with slaughter in the last four weeks up 2.3% y/y. During the last few weeks hog carcass weights have increased at a faster rate than they did last year. Since the beginning of September carcass weights for all barrows and gilts coming to market (USDA-AMS data) have increased 2.7% compared to a 2.0% increase for the comparable period a year ago. Barrow and gilt weights remain about 1.2% under last year's levels, which has largely offset some reduction in slaughter. However, there is no escaping the fact that there is substantially more pork coming to market today than what we saw in in July and early August. Consider that since then hog slaughter is up about 300k head (+13%) and weights are up about 5 pounds (+2.4%).

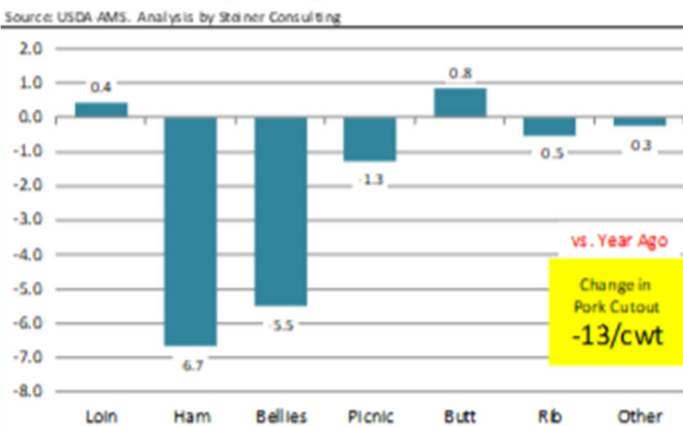
**The seasonal increase in slaughter and weights implies a +15% increase in pork supply, hence the downward pressure on prices as reflected on the cutout chart on page 1.**

One note about the chart is that we have routinely in the past included 2017 rather than 2019 as a comparison. The reason is that per capita availability in that year as close to what we have this year than in 2019. As for 2020, for the most part we leave it out of the comparisons due to the disruptions created by COVID. So far the trend in the value of the cutout is similar to the two years but prices remain below the levels registered the last two years eve as supply is at or below those levels. Product demand appears to have normalized following the sharp spike after the COVID outbreak and as we examine current primal values vs. a year ago, one item stands out - hams. The value of the pork cutout on Friday (10/20) was estimated at \$87.97/cwt, down \$13/cwt (-13%) compared to a year ago. **More than half of the decline in the value of the primal is due to lower prices for hams.**

The ham primal value on Friday was estimated at \$83/cwt, \$27/cwt (-25%) lower than a year ago. Ham prices are always critical for the cutout during Q4 as holiday demand helps bolster the movement of this product and supports the overall cutout. But as the chart to the right shows, last year prices paid for ham reflected exceptional demand due in part to lower supplies and higher



**Contribution to the Y/Y Change in the Value of the Pork Cutout**  
Source: USDA AMS. Analysis by Steiner Consulting



prices for whole turkeys. While there have been a few cases of Bird Flu recently, the turkey situation has changed significantly, reflected in the wholesale whole turkey market with prices around \$125/cwt vs. \$185/cwt a year ago. Export sales have improved and are higher than a year ago but that is more a reflection of the lower prices. The second primal that has seen a notable price decline compared to a year ago are bellies. The latest

USDA report put the value of the belly primal at \$105/cwt, down \$35/cwt (-25%) vs. year ago. Fresh pork prices continue to move lower but largely in line with last year's trend. By the end of 2023 CA will require third party verification. Will this further impact fresh pork values that so far have held up vs. 2022? This question adds to uncertainty about pork prices later in the year and in early 2024.

## **PORK**

**Hog Market. For the week ending October 21 hog slaughter was 2.610 million head, up 1.5% from a year ago. In the last two weeks hog slaughter is up 1.8% vs. year ago levels.**

**Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts.** Lean hog carcass values at about 79.46 /cwt. on Friday were down \$3.0/cwt since Wed. October 11. Prices are down about 14.3 \$/cwt compared to year ago values.

**Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA** (page 8). Prices finished last week at \$1.0993, down about 5.6 cents since the Wed. October 11 quote and down about one cent from year ago levels.

**Bnls. Strap on Pork Loins.** Prices finished the week at \$1.5399 for the strap on loins, down 2.4 cents since Wed. October 11 but up 12 cents from the year ago levels. Strap off loins at \$1.7418 are down 4.2 cents since Wed. October 11 but up about 12 cents compared to the year ago quote.

**Boneless sirloins** at \$1.2742 were down about 2 cents from the Wed. October 11 quote and down about 5.3 cents from the year ago price.

**Pork tenderloin** finished last week at \$1.3912, down 6 cents since the Wed. October 11 quote and down about 47.0 cents from the year ago price.

**1/4 Trim Pork Butts** (page 10), prices finished the week at \$1.1923, down 10.8 cents since Wed. October 11. Prices are up 12 cents from a year ago.

**Spareribs, Trimmed - LGT, Vac** (page 8). Prices finished the week at \$1.2594, up about 3 cents since Wed. October 11 but down about 6 cents from year ago levels.

Rib inventories on August 31 were 56.8 million pounds, down 47.4% from a year ago.

### **Bone-in Hams**

17/20 hams (page 9) price was last quoted at \$0.8398/lb. down 9 cent since Wed. October 11 and down about 27 cents from a year ago.

20/23 hams finished the week at 80.52 cents (page 130) down about 5 cent since Wed. October 11 and down about 30 cent from the year ago level.

23/27 hams finished the week at 80.11 , down about 5 cents from the Wed. October 11 quote and down about 29 cents from the year ago level.

Total ham cold storage stocks on August 31 at 153.9 million pounds were down 6.1% from year ago levels.

**42 CL Pork Trim** "FOB Basis". Prices finished the week at 54.20 cents, up about 2.1 cents since Wed. October 11 but down about 19 cents from the year ago price.

**72 CL Pork Trim** "FOB Basis". Prices finished the week at 75.23 cents, down 1.1 cents since the Wed. October 11 quote and down about 23 cents from the year ago levels.

Freezer stocks of all trimmings on August 31 were 40.9 million pounds, down 6.9% from the year ago levels.

**72 CL Picnic Meat** "FOB Basis". The premium of picnic meat to 72CL trim is currently at 42 cents compared to 34 cents average in the previous six months.

## POULTRY

### Whole Broilers

The National Whole Bird price was quoted at 119.85 on Friday, October 21, down about 7 cents from a year ago.

Broiler slaughter for the week ending October 21 was 166.28 million head, down 4.67% from a year ago. For the last two weeks broiler slaughter was down 4.5% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.5649, up 21 cents since Wed. October 11 and up about 42 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 41.13 cents per pound prices were up about 0.30 cents vs. two weeks ago and were up 5 cents from a year ago.

Wings. Prices at \$1.6853 are up about 59 cents from year ago levels.

## Turkeys

### The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.1550, down 1.0 cent since Wed. October 11 and down about 64 cents from the year ago price.

Toms finished last week at \$1.1430, up since Wed. October 11 but down about 66 cents from the year ago price.

Total turkey supplies in the freezer on August 31 were up 2.0% from a year ago at 447.1 million pounds. Whole birds were down 6.4% from a year ago with an inventory of 244.4 million pounds.

Turkey slaughter was 4.2460 million head for the week ending October 14, down 3.87% from a year ago. For the last two weeks slaughter has been down 4.00%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$2.6000, unchanged since Wed. October 11. Prices are down about 410 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 \$11.2974 (weighted average quote) finished last week up about one cent since the Wed. October 11 quote and up about 198 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$9.2988 (weighted average quote) finished last week down about 12 cents since the Wed. October 11 quote and up about 281 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$1.9986 /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.

81CL Meat Block With prices at \$2.9395 for 90CL and \$0.8416 for 50CL product, an 81CL meat block value is now \$2.4675 and a 78CL meat block is \$2.3101. Choice 114, 3 Clods are now being priced 81.46 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 23.74 cents and the five year average spread for is 37.86 cents over.

Choice #161 Boneless Rounds finished last week at \$3.8656, up about 11 cents since Wed. October 11 and up about 89 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$3.5803 up about 7 cents since Wed. October 11 and up about 85 cents from the year ago price.

**Choice ¼ inch trimmed #168 insides** finished last week quoted at \$3.5605 up about 2 cents since Wed. October 11 and up about 91 cents from year ago levels.

**Choice #170 Gooseneck Rounds** finished last week at \$3.3960 down about 0.5 cents since Wed. October 11 but up about 50 cents from the year ago levels.

**Choice #180 (0x1) Bnls. Strip Loins** finished last week quoted at \$6.5416 (wt. avg.) up about 14 cents from the Wed. October 11 quote. Prices are up 83 cents from year ago levels.

**Choice #184 Regular Heavy top butts** finished at \$3.8530 (wt. avg.) up about 18 cents since Wed. October 11 and up about 46 cents from year ago levels.

**Choice #184 ¼ inch trimmed Top Butts** finished at \$3.8200 (wt. avg.) down about 20 cents since Wed. October 11 but up about 43 cents from the year ago levels.

**Choice #185A Flap Meat** prices finished Friday at \$6.1736 (wt. avg.) down about 21 cents since Wed. October 11 but up about 74 cents from year ago values.

## **COARSE GROUND BEEF –**

**73CL Coarse Ground** product finished last week at \$2.2599 down about 7 cents since Wed. October 11 but up about 74 cents from year ago levels.

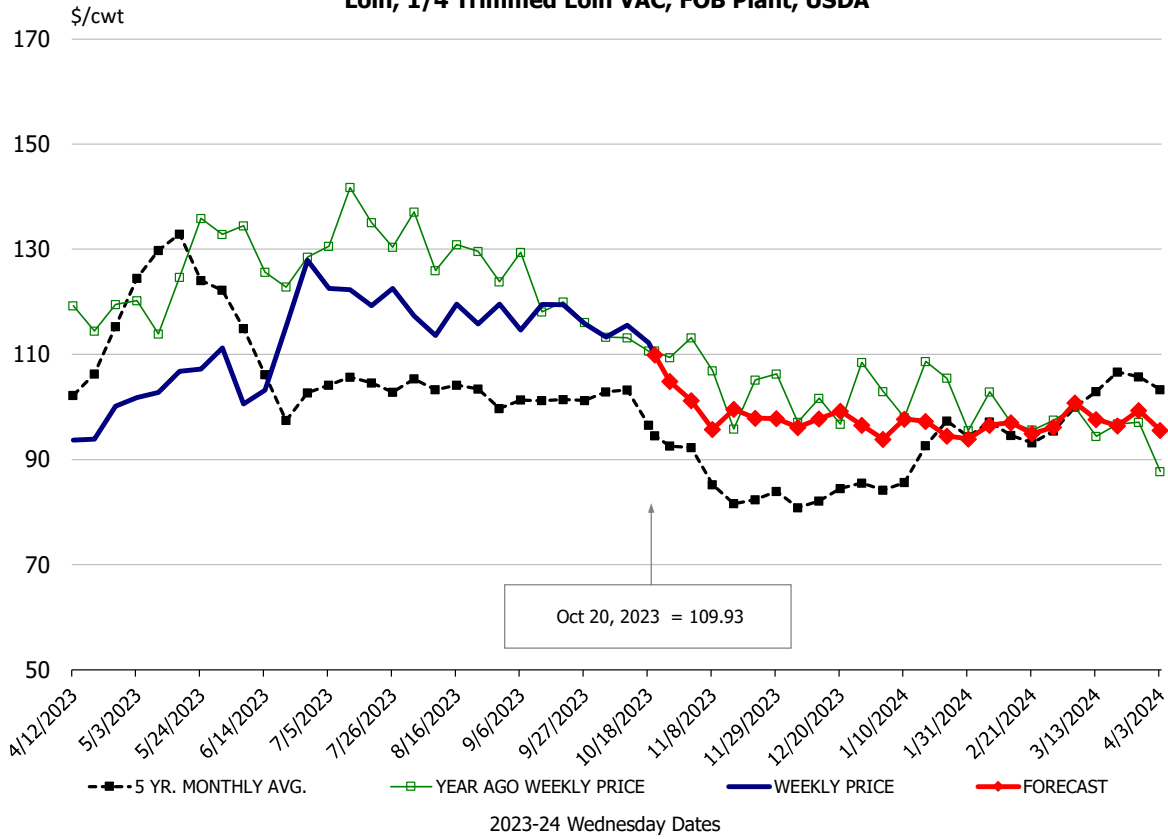
**81CL Coarse Ground** product finished last week at \$2.6455 up about 17 cents since Wed. **October 11 and up about 70 cents** from the year ago quote.

**90CL Bnls. Beef** prices finished the week at \$2.9395 (wt. avg.) up 1.73 cents since Wed. October 11 and up 44 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$0.8416, down about 3 cents since Wed. October 11 but up 9 cents compared to year ago levels.

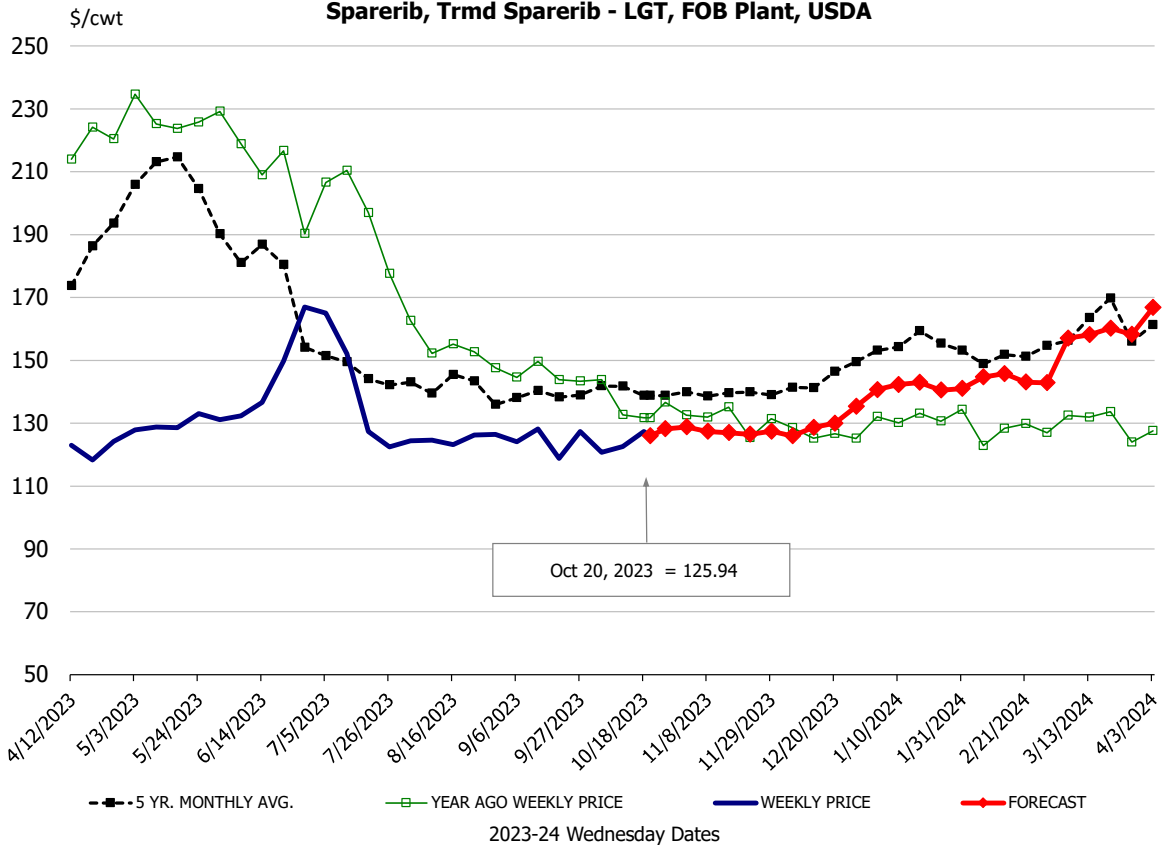
# Protein Summary Table - WT. AVE.

	HISTORY									FORECAST					
	Apr	May	Jun	Jul	Aug	Sep	10/11/2023	10/20/2023	11/1/2023	Oct	Nov	Dec	Jan	Feb	Mar
<b><u>PORK</u></b>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	93.3	105.1	109.6	121.1	117.6	117.2	115.5	109.93	101	112	100	97	95	96	98
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	100.0	108.5	113.5	127.4	123.7	120.9	121.0	117.31	109	119	108	103	99	98	105
Loin, Bnls CC Strap-off, FOB Plant, USDA	151.1	155.1	159.0	173.6	171.4	180.2	178.4	174.18	157	178	155	149	153	152	157
Loin, Tenderloin, FOB Plant, USDA	157.5	155.3	156.6	158.1	150.1	146.3	145.1	139.12	132	142	130	122	151	161	155
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	106.3	125.8	147.2	125.1	110.5	129.9	126.1	113.26	101	118	100	98	103	96	105
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	123.8	127.6	140.6	138.5	125.1	126.9	122.6	125.94	129	125	128	128	141	145	157
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	243.9	256.0	262.5	267.7	255.3	252.3	290.7	237.19	234	238	235	240	259	274	283
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	124.0	125.0	144.2	141.2	121.7	121.5	123.2	121.82	122	121	121	121	135	142	150
Loin, Backribs 2.0#/up, FOB Plant, USDA	195.4	201.5	210.4	213.7	194.8	192.7	196.1	189.65	180	194	177	168	195	211	223
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	70.1	83.1	88.2	105.0	94.4	92.9	92.6	83.98	88	86	89	81	78	79	82
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	69.4	78.4	84.7	101.0	93.2	88.9	86.0	80.52	87	85	87	79	77	78	78
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	66.4	82.1	84.0	101.5	90.7	89.6	85.1	80.11	86	83	86	78	75	76	76
Belly Cutout, FOB Plant, USDA	80.0	79.3	95.9	183.4	185.7	131.5	118.9	108.33	114	114	110	102	105	110	115
Belly, Derind Belly 9-13#, FOB Plant, USDA	100.6	105.8	112.0	225.4	184.9	154.3	144.1	133.78	134	144	133	123	127	133	139
Belly, Derind Belly 13-17#, FOB Plant, USDA	95.7	93.5	110.6	215.9	195.9	158.4	146.0	128.57	136	139	132	122	126	132	138
Trim, 42% Trim Combo, FOB Plant, USDA	52.8	50.2	68.5	95.8	81.6	69.0	52.1	54.20	43	56	40	36	45	52	60
Trim, 72% Trim Combo, FOB Plant, USDA	73.7	63.8	90.3	117.9	99.0	98.1	76.3	75.23	81	77	75	72	80	84	85
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	94.8	97.1	111.1	123.4	112.1	111.7	103.1	93.46	93	100	90	88	98	96	98
Carcass Cutout, FOB Plant, USDA	78.1	82.6	92.7	112.2	105.9	98.3	92.4	88.76	86	91	85	80	82	83	85
<b><u>HOG CARCASS</u></b>															
CME 1-Day Lean Hog Index	72.1	77.3	87.9	102.0	99.3	86.5	82.4	79.46	75	82	75	70	74	76	79
<b><u>BROILERS</u></b>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	140.2	139.9	134.7	118.9	112.4	119.5	120.4	119.85	118	120	119	119	122	123	124
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	131.3	136.4	132.7	116.3	140.3	165.3	136.0	156.49	125	153	124	121	120	125	138
N.E. BROILER BREAST LINE RUN, USDA	118.0	119.3	120.4	118.0	117.9	116.6	104.5	104.09	112	108	112	111	115	118	127
N.E. BROILER LEG QUARTERS, USDA	46.6	49.6	49.5	49.6	42.8	41.3	40.8	41.13	41	41	41	41	41	42	45
N.E. BROILER WINGS, USDA, WT.AVG.	102.3	89.0	88.7	101.4	123.6	153.9	167.7	168.53	173	167	175	179	180	182	171
<b><u>TURKEYS</u></b>															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	165.5	155.4	153.4	142.5	128.2	125.7	116.0	115.50	116	116	115	110	110	114	118
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	168.5	151.6	148.6	140.2	128.8	126.0	111.5	114.30	116	115	115	110	110	114	118
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	320.0	313.0	274.8	268.8	260.6	260.0	260.0	260.00	265	260	260	255	255	260	260
<b><u>LIVE STEERS</u></b>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	175.4	175.6	182.7	183.6	185.2	183.9	183.0	185.99	183	184	184	186	187	189	191
<b><u>BEEF</u></b>															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1025.0	950.4	1066.3	981.4	1045.6	1150.3	1128.7	1129.74	1244	1135	1270	1110	989	1063	1134
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	340.5	347.1	360.8	349.1	350.0	370.2	376.0	386.56	382	381	380	372	387	394	379
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	298.6	304.9	325.7	305.1	331.5	358.3	353.8	356.05	351	356	350	343	336	342	329
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	258.0	257.5	286.8	270.7	294.2	340.9	340.0	339.60	331	332	327	320	325	317	293
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	797.5	824.8	1020.5	886.9	750.2	634.4	640.5	654.16	658	643	659	674	693	720	839
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	447.4	505.4	525.7	475.3	466.6	421.7	402.0	382.00	397	391	397	410	426	459	498
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	769.8	865.0	1032.0	991.3	768.5	644.2	638.3	617.36	616	629	620	630	670	710	784
USDA,COARSE GROUND 73%, WT. AVG.	228.9	245.2	245.6	257.6	255.4	251.4	232.5	225.99	235	226	228	224	248	252	264
COARSE GROUND 81%, WT. AVG., USDA	265.3	283.6	270.7	274.3	281.8	274.1	247.8	264.55	261	262	255	249	285	296	300
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	272.2	274.7	285.1	293.2	300.0	307.9	292.2	293.95	296	293	295	298	305	312	318
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	173.8	191.6	189.2	171.8	144.1	126.9	87.4	84.16	124	91	115	105	127	135	158

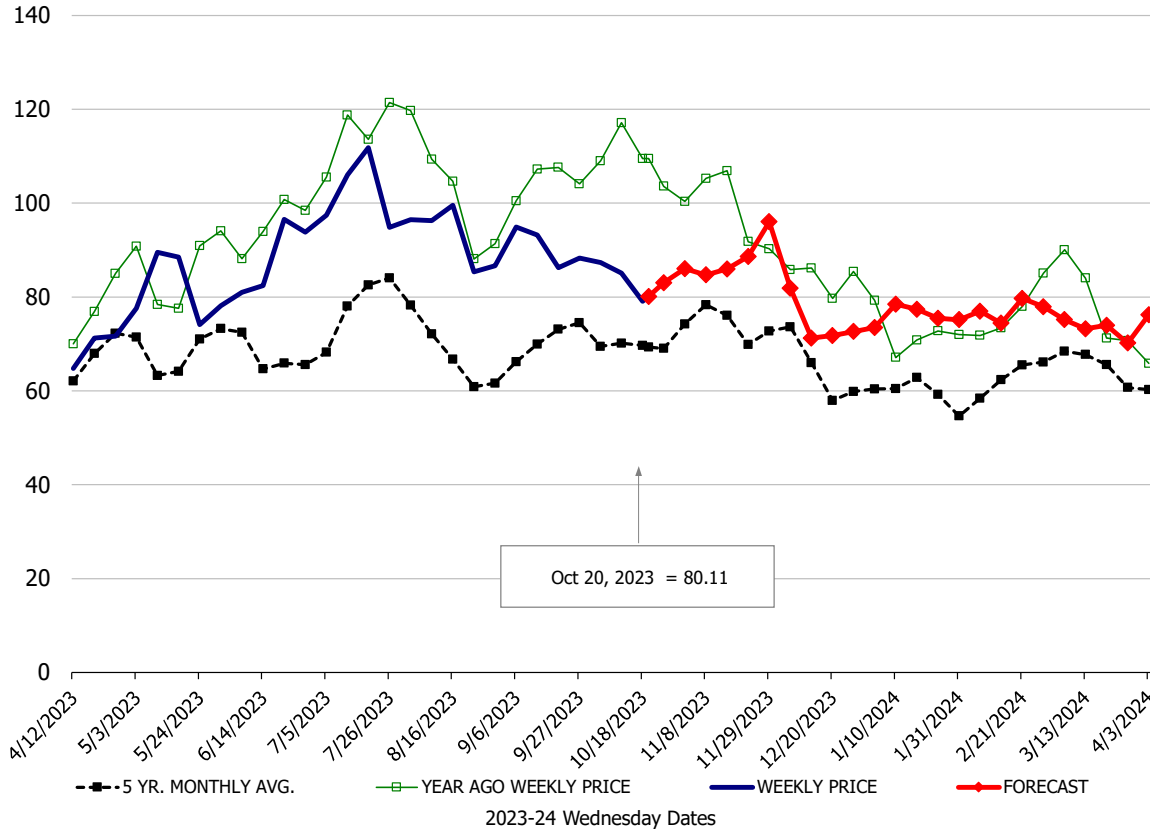
**Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA**



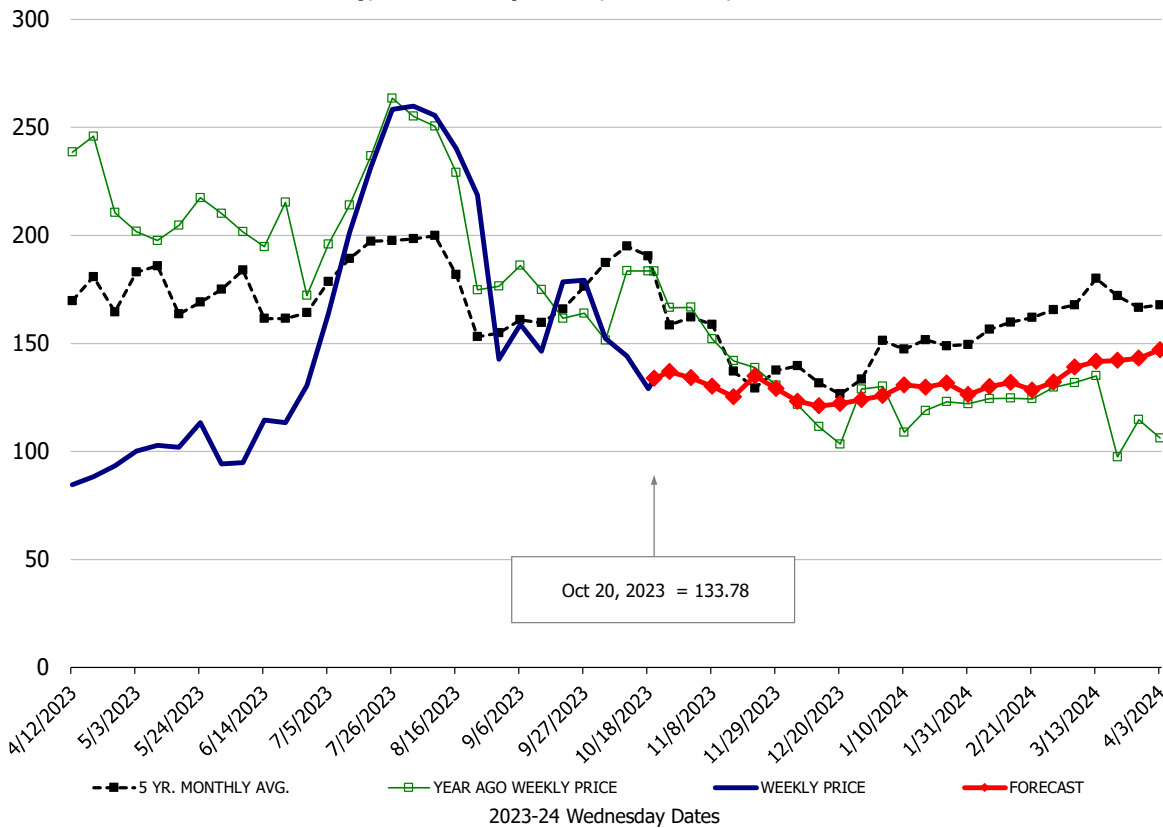
**Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA**



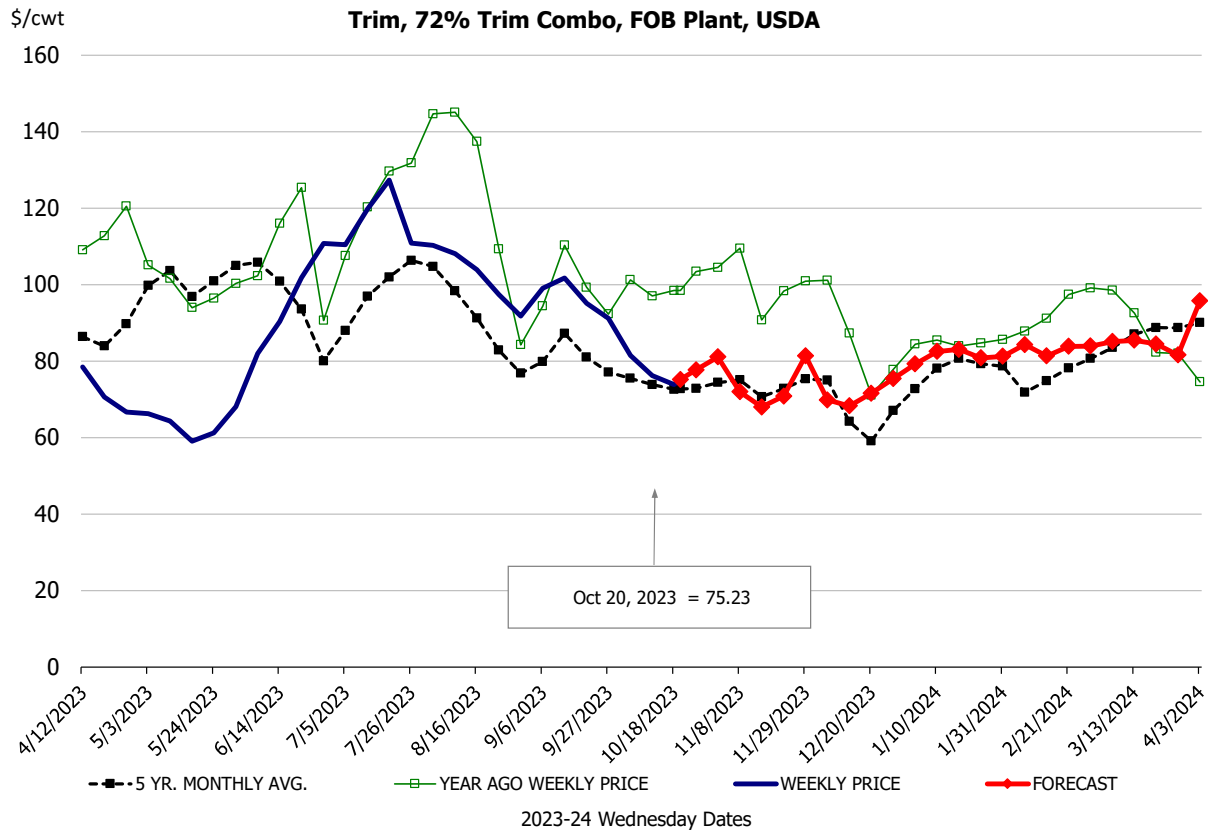
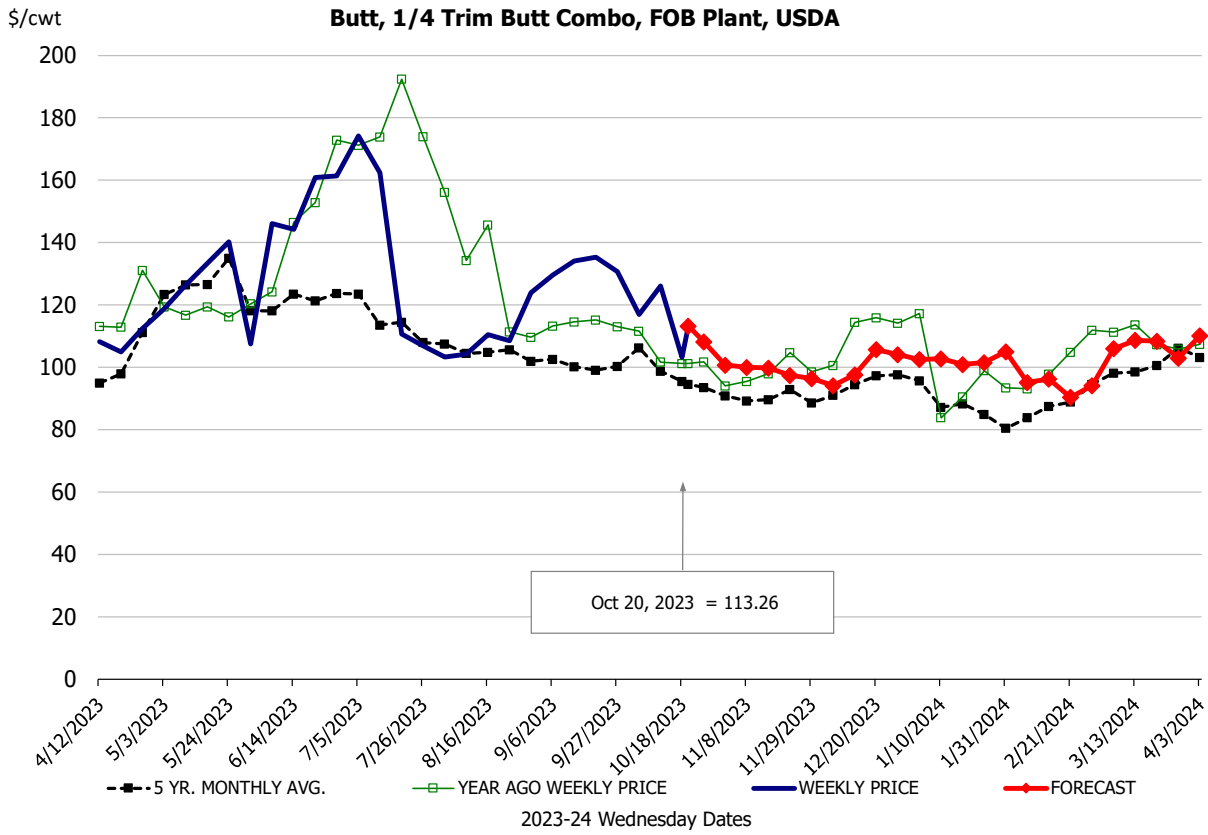
**Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA**



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

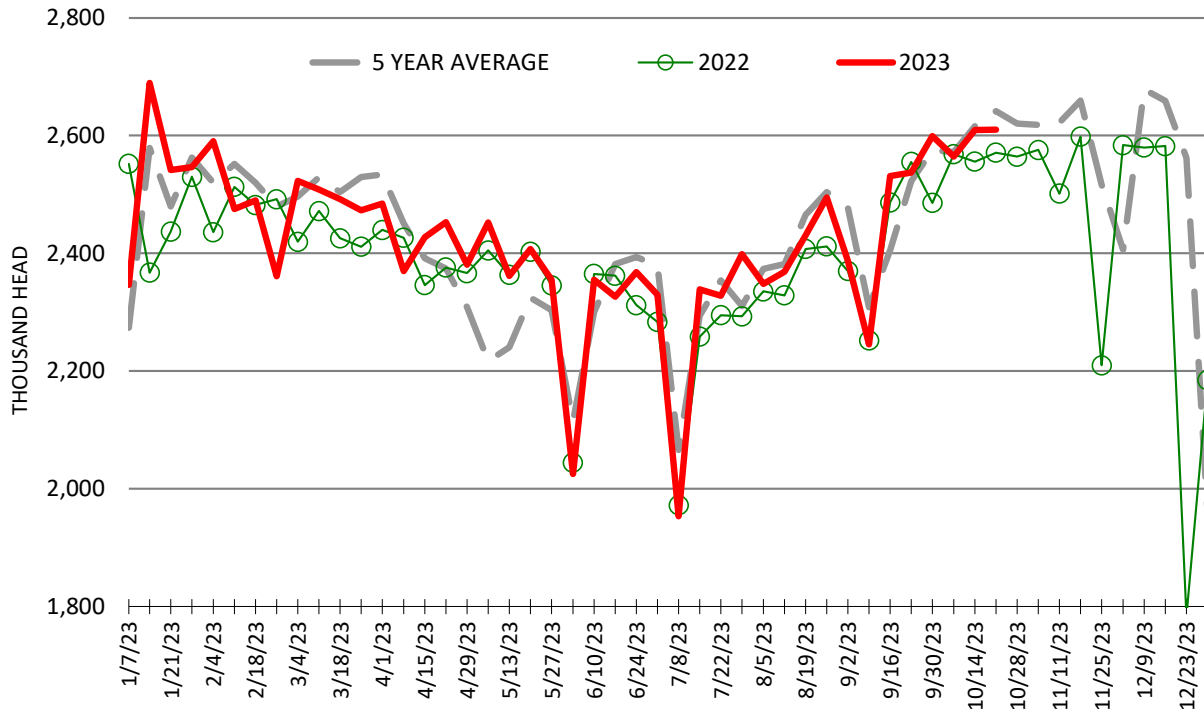






## ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



## ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

