



Pork Merchandiser's Profit Maximizer

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

January 29, 2024

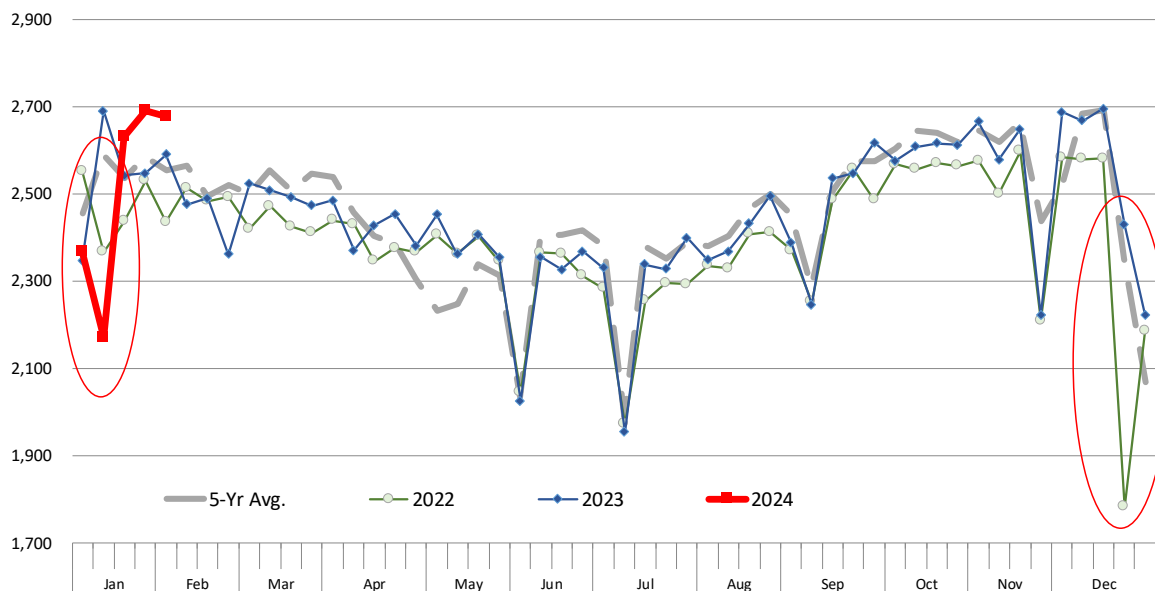
1. After several short slaughter weeks, spot market will take some time to recover. Prop 12 demand a wild card going forward.

There has been a notable shift in pork supply coming to market in recent weeks and that's being felt across the wholesale market. Some perspective is necessary. Hog slaughter for the

week ending Nov 30, Dec 7 and Dec 14 averaged 2.683 million head/week, the highest weekly slaughter for the year. On top of that, hog carcass weights during those three weeks were around 217 pounds/carcass, near the top of the annual range. The combination of high slaughter and heavy weight hogs resulted in ample pork supplies and lower prices in December (see chart). Then it all changed. Hog slaughter in the three weeks ending

WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA. Analysis by Steiner Consulting



Dec 23, Dec 30 and Jan 6 averaged 2.340 million head/week, 343k head/week less than in late November and the first two weeks of December. Slaughter usually declines into the holidays and generally that is balanced out by the fact that processing plants are also managing their production during the holidays. But what normally happens is that following the holiday shortened weeks plants are scheduled to run full production and look to refill their pipeline. Hog slaughter picks up as producers look to market some of the hogs backed up during those holiday weeks. Instead, winter weather forced processing plants to shut down because workers could not drive to the plants and trucks could not deliver. For the week ending January 13, USDA pegged hog slaughter at just 2.174 million head, half a million head less (-19%) compared to the same week a year ago. The shortfall forced processing plants to raise bids to find replacement loads. Now industry is in the process of replenishing a very tight spot market. Last week slaughter was 2.719 million head, up 7% y/y. But even with this increase, slaughter in the last four weeks is still lower than what it was a year ago (see table).

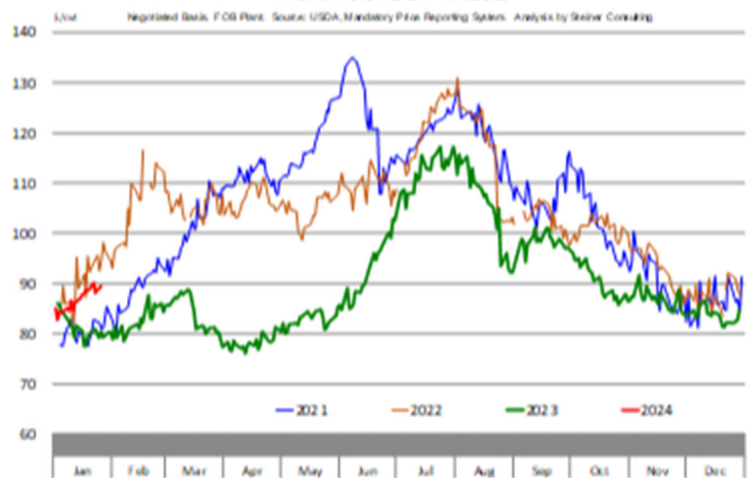
The effect of the supply roller coaster on pork prices varies, depending on where product is going. By far the biggest impact has been in the belly market. Bacon processing plants likely sold product for retail business given the very low prices in December and now they need to find the product to run production and cover orders. Since January 3, the pork belly primal has increased by \$48/cwt (+49%). The increase in the belly primal has been the main reason for the 8% increase in the value of the pork cutout during this period. The value of the ham primal, however, has declined about 11% during this period. Some of this may be due to transportation issues for loads going to exports. Sales to Mexico have been robust but if delivery is delayed due to lack of transport, the packer needs to move current production elsewhere. The value of the picnic primal also declined by 10% during this period. After bellies, pork trim has seen the biggest jump, with the price of 72CL pork up 11% since January 3. As with bellies, the shortfall in supply and the need to run production

Hog Slaughter in Last Four Weeks

Data source: USDA-NASS. Analysis by Steiner Consulting

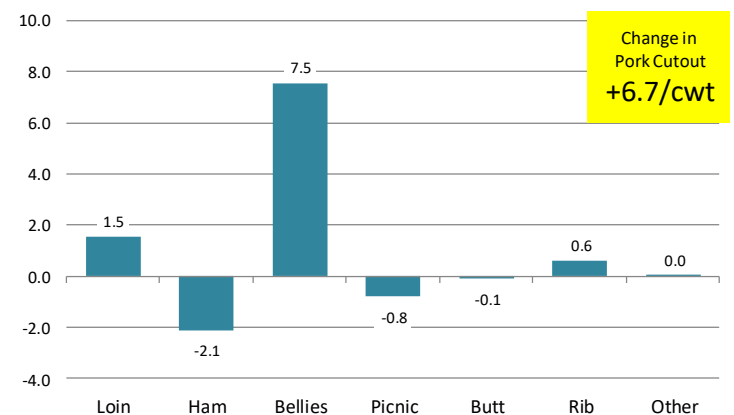
	2024	2023	ch.	% ch.	2022	ch.	% ch.
	'000 head						
6-Jan-24	2,369	2,346	23	1.0%	2,552	(183)	-7.2%
13-Jan-24	2,171	2,689	(518)	-19.3%	2,367	(196)	-8.3%
20-Jan-24	2,630	2,541	89	3.5%	2,436	194	7.9%
27-Jan-24	2,719	2,546	173	6.8%	2,530	189	7.5%
4-wk	9,889	10,123	(234)	-2.3%	9,885	4	0.0%

PORK CUTOFF VALUE



Contribution to Change in Cutout value since January 3

Source: USDA-AMS. Analysis by Steiner Consulting



forced processors to pay up. Pork supply should slowly recover and some of the product issues will be resolved but this was a wakeup call for end users that likely grew complacent with the ample supply of pork in Q4. Spring and summer are coming and slaughter will not stay at +2.6M/week.

PORK

Hog Market. For the week ending January 27 hog slaughter was 2.719 million head, up 6.8% from a year ago. In the last two weeks hog slaughter is up 5.1% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 70.05 /cwt. on Friday were up \$2.7/cwt since Wed. January 17. Prices are down about 2.5 \$/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.0293, down about 1.4 cents since the Wed. January 17 quote and down about 3 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.5194 for the strap on loins, up 1.3 cents since Wed. January 17 but up 25 cents from the year ago levels. Strap off loins at \$1.6813 are down 3.6 cents since Wed. January 17 but up about 26 cents compared to the year ago quote.

Boneless sirloins at \$1.1951 were up about 3 cent from the Wed. January 17 quote but down about 5.4 cents from the year ago price.

Pork tenderloin finished last week at \$1.5942, up 2 cents since the Wed. January 17 quote and up about 8.3 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.0901, down 3.9 cents since Wed. January 17. Prices are up 4 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.4469, up about 2 cents since Wed. January 17 and up about 14 cents from year ago levels.

Rib inventories on December 30 were 80.5 million pounds, down 28.4% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at \$0.7389/lb. down 11 cents since Wed. January 17 and down about 1 cents from a year ago.

20/23 hams finished the week at 72.87 cents (page 130) down about 6 cents since Wed. January 17 and down about 1 cent from the year ago level.

23/27 hams finished the week at 69.81 , down about 6 cents from the Wed. January 17 quote and down about 3 cents from the year ago level.

Total ham cold storage stocks on December 30 at 55.0 million pounds were up 3.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 45.86 cents, down about 1.8 cents since Wed. January 17 and down about 14 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 88.79 cents, up 1.8 cents since the Wed. January 17 quote and up about 4 cents from the year ago levels.

Freezer stocks of all trimmings on December 30 were 47.3 million pounds, down 10.8% 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 **32** cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 129.65 on Friday, January 26, up about 4 cents from a year ago.

Broiler slaughter for the week ending January 20 was 142.80 million head, down 10.79% from a year ago. For the last two weeks broiler slaughter was down 5.0% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.2216, up 4 cents since

Wed. January 17 and up about 16 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 43.31 cents per pound prices were up about 1.17 cents vs. two weeks ago and were up 7 cents from a year ago.

Wings. Prices at \$1.7600 are up about 80 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$0.8878, down 1.0 cent since Wed. January 17 and down about 83 cents from the year ago price.

Toms finished last week at \$0.9241, up 2 cents since Wed. January 17 and down about 80 cents from the year ago price.

Total turkey supplies in the freezer on December 30 were up 28.7% from a year ago at 244.142 million pounds. Whole birds were up 9.1% from a year ago with an inventory of 74.795 million pounds.

Turkey slaughter was 3.1640 million head for the week ending January 20, down -7.86% from a year ago. For the last two weeks slaughter has been down 7.32%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$2.6000, unchanged since Wed. January 17. Prices are down about 385 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 \$10.0981 (weighted average quote) finished last week down about 6 cents since the Wed. January 17 quote but up about 18 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$8.9499 (weighted average quote) finished last week up about 36 cents since the Wed. January 17 quote and up about 110 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$1.1482 /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 \$2.8640 for 90CL and \$0.9226 for 50CL product, an 81CL meat block value is now \$2.4272 and a 78CL meat block is \$2.2816. Choice 114, 3 Clods are now being priced 81.64 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 50.37 cents and the five year average spread for is 44.68 cents over.

Choice #161 Boneless Rounds finished last week at **\$3.6145**, up about 23 cents since Wed. January 17 and up about 27 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$2.8221 down about 18 cents since Wed. January 17 but up about 25 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$3.0480 down about 9 cents since Wed. January 17 and up about 48 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$3.1411 up about 3 cents since Wed. January 17 and up about 40 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$7.7087 (wt. avg.) down about 16 cents from the Wed. January 17 quote. Prices are down 22 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at \$3.9363 (wt. avg.) **up** about 5 cents since Wed. January 17 and **up** about **26** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$4.0364 (wt. avg.) up about 13 cents since Wed. January 17 and up about 27 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$7.4797 (wt. avg.) up about 25 cents since Wed. January 17 and up about 127 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at **\$2.1746 down** about one cent since Wed. January 17 but up about 28 cents from year ago levels.

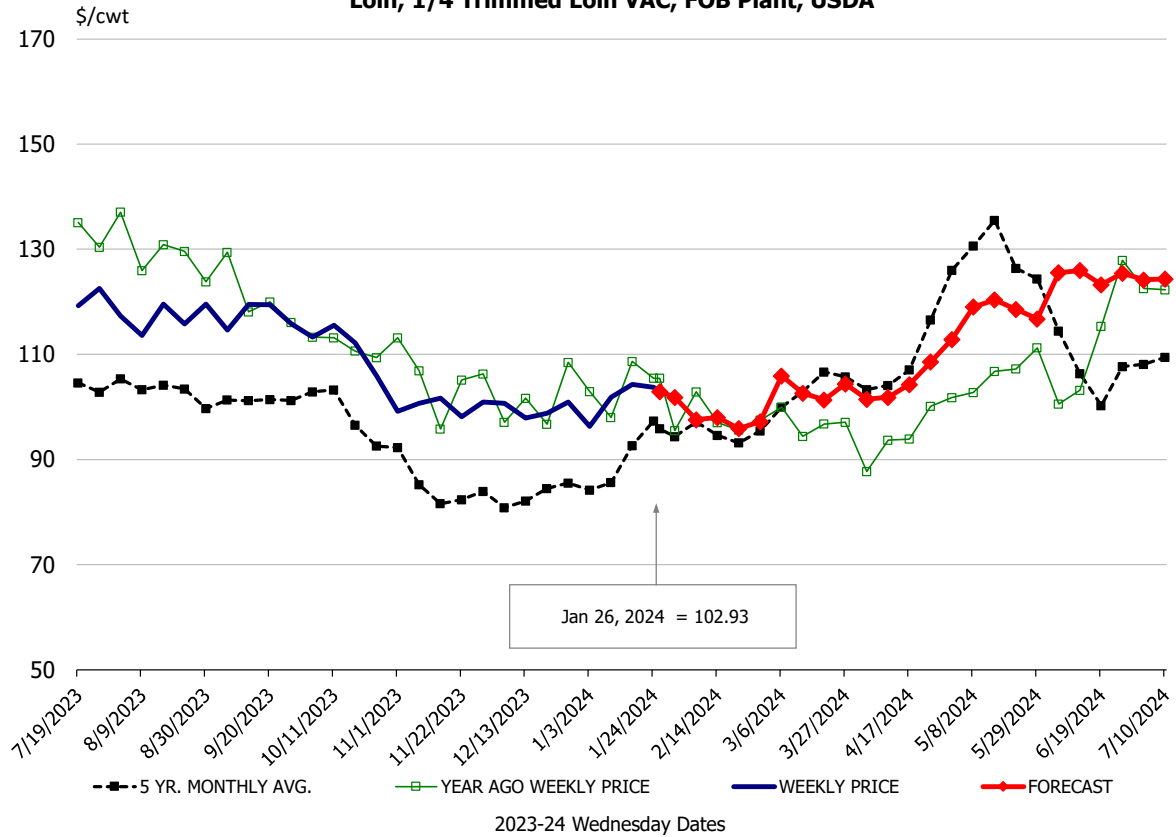
81CL Coarse Ground product finished last week at \$2.8999 up about 4 cents since Wed. **January 17 and up** about **55** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at **\$2.8640** (wt. avg.) **up 10.40** cents since Wed. January 17 and up 40 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$0.9226, up about 3 cents since Wed. January 17 but down 20 cents compared to year ago levels.

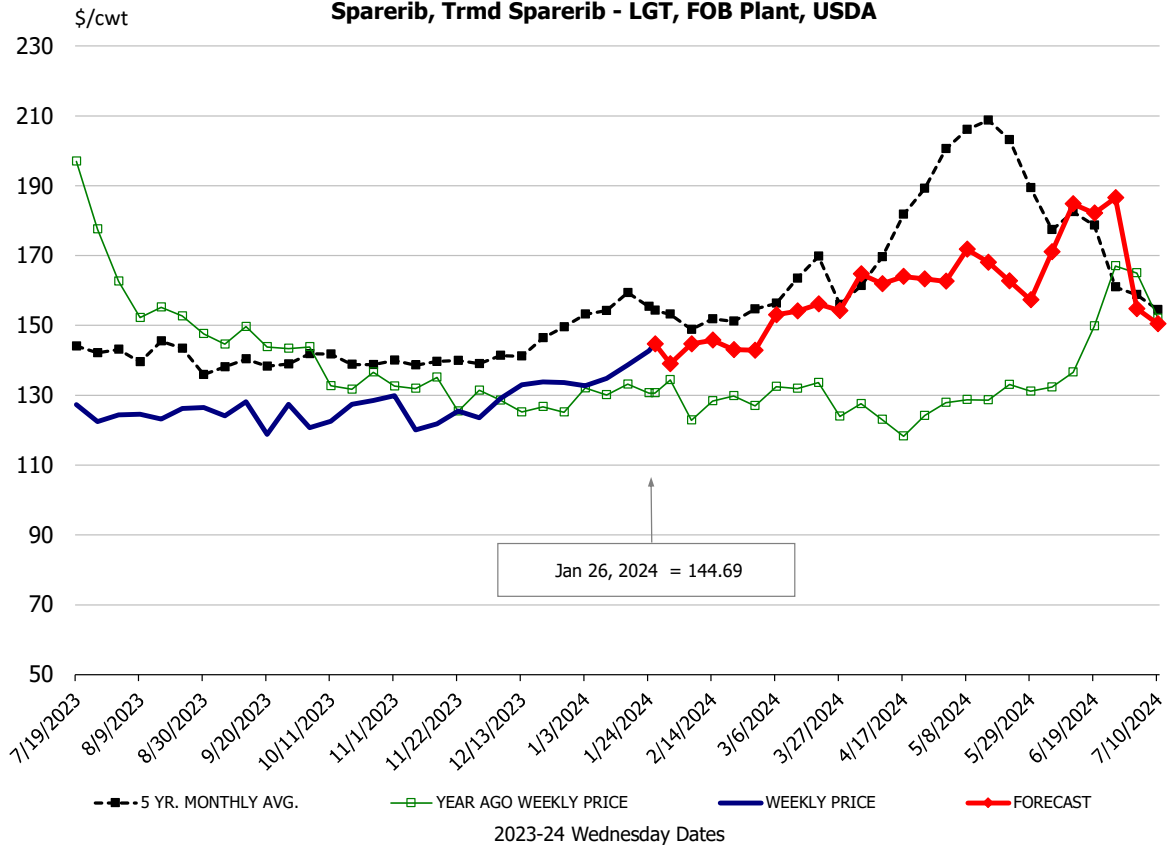
Protein Summary Table - WT. AVE.

	HISTORY						FORECAST								
	Jul	Aug	Sep	Oct	Nov	Dec	1/17/2024	1/26/2024	2/7/2024	Jan	Feb	Mar	Apr	May	Jun
<u>PORK</u>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	121.1	117.6	117.2	110.3	101.2	100.8	104.3	102.93	98	103	97	103	103	115	125
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	127.4	123.7	120.9	117.5	109.1	107.0	118.9	112.61	107	110	106	110	109	117	128
Loin, Bnls CC Strap-off, FOB Plant, USDA	173.6	171.4	180.2	176.8	162.0	164.1	171.7	168.13	165	168	166	169	174	176	181
Loin, Tenderloin, FOB Plant, USDA	158.1	150.1	146.3	137.7	124.4	141.8	157.8	159.42	163	158	163	167	172	174	189
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	125.1	110.5	129.9	115.7	107.1	107.2	99.9	102.98	103	103	104	115	126	142	144
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	138.5	125.1	126.9	125.0	125.9	131.3	138.7	144.69	145	139	145	153	164	166	174
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	267.7	255.3	252.3	257.8	242.3	243.9	262.3	241.37	263	250	261	274	288	296	306
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	141.2	121.7	121.5	119.2	118.7	125.6	138.7	140.14	142	136	142	150	157	164	172
Loin, Backribs 2.0#/up, FOB Plant, USDA	213.7	194.8	192.7	191.5	185.2	183.9	177.4	186.08	198	185	196	217	248	248	257
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	105.0	94.4	92.9	85.7	86.6	84.0	84.5	73.89	78	80	77	79	77	85	92
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	101.0	93.2	88.9	83.1	84.9	84.1	79.2	72.87	80	78	79	79	75	82	87
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	101.5	90.7	89.6	82.8	84.0	80.3	76.0	69.81	77	75	76	76	73	80	85
Belly Cutout, FOB Plant, USDA	183.4	185.7	131.5	113.5	102.2	87.6	124.7	141.19	134	124	134	131	134	140	153
Belly, Derind Belly 9-13#, FOB Plant, USDA	225.4	184.9	154.3	140.6	128.4	109.8	157.1	173.96	157	157	161	158	161	169	184
Belly, Derind Belly 13-17#, FOB Plant, USDA	215.9	195.9	158.4	136.8	118.9	104.6	151.6	172.30	155	151	160	157	160	168	183
Trim, 42% Trim Combo, FOB Plant, USDA	95.8	81.6	69.0	55.5	47.7	43.8	47.7	45.86	51	46	50	60	64	63	81
Trim, 72% Trim Combo, FOB Plant, USDA	117.9	99.0	98.1	76.7	74.6	72.1	87.0	88.79	80	85	80	84	99	101	123
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	123.4	112.1	111.7	95.3	87.3	91.1	103.6	97.17	93	99	95	96	110	112	135
Carcass Cutout, FOB Plant, USDA	112.2	105.9	98.3	90.4	86.7	83.6	88.0	89.10	88	87	87	88	92	93	100
<u>HOG CARCASS</u>															
CME 1-Day Lean Hog Index	102.0	99.3	86.4	80.7	74.7	67.3	67.3	70.05	73	68	74	76	81	87	95
<u>BROILERS</u>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	118.9	112.4	119.5	119.6	121.7	127.9	129.5	129.65	131	130	129	130	133	139	137
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	116.3	140.3	165.3	145.3	109.2	98.8	118.4	122.16	129	115	129	142	153	170	164
N.E. BROILER BREAST LINE RUN, USDA	118.0	117.9	116.6	105.2	101.0	101.6	102.4	102.46	115	102	115	118	128	135	140
N.E. BROILER LEG QUARTERS, USDA	49.6	42.8	41.3	41.1	41.1	41.4	42.1	43.31	45	42	45	46	47	50	51
N.E. BROILER WINGS, USDA, WT.AVG.	101.4	123.6	153.9	168.2	160.7	158.9	171.0	176.00	177	170	180	171	162	157	150
<u>TURKEYS</u>															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	142.5	128.2	125.7	115.4	98.4	87.5	90.2	88.78	100	88	100	115	121	125	130
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	140.2	128.8	126.0	114.7	97.0	87.8	90.3	92.41	100	90	100	115	121	125	130
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	268.8	260.6	260.0	260.0	260.0	260.0	260.0	260.00	260	260	265	265	270	270	275
<u>LIVE STEERS</u>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	183.6	185.2	183.9	184.0	180.5	170.6	173.5	175.11	176	174	177	179	183	181	180
<u>BEEF</u>															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	981.4	1045.6	1150.3	1087.4	1197.5	1300.3	1015.5	1009.81	1072	1042	1067	1115	1136	1073	1156
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	349.1	350.0	370.2	381.1	378.1	333.5	338.5	361.45	348	313	344	349	359	358	353
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	305.1	331.5	358.3	351.7	303.9	249.4	313.7	304.80	292	291	294	293	312	321	327
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	270.7	294.2	340.9	338.7	276.3	251.7	311.0	314.11	290	305	290	285	274	279	286
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	886.9	750.2	634.4	649.0	730.8	753.5	786.9	770.87	816	767	817	870	899	976	993
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	475.3	466.6	421.7	390.6	385.7	390.3	391.1	403.64	430	399	424	455	485	517	500
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	991.3	768.5	644.2	623.0	625.6	607.8	723.4	747.97	699	715	728	775	839	908	927
USDA,COARSE GROUND 73%, WT. AVG.	257.6	255.4	251.4	226.6	201.1	173.5	218.4	217.46	199	203	203	208	236	255	240
COARSE GROUND 81%, WT. AVG., USDA	274.3	281.8	274.1	258.5	247.4	209.5	285.7	289.99	264	266	257	250	275	306	280
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	293.2	300.0	306.3	289.2	276.8	248.4	276.0	286.40	285	278	294	303	314	326	328
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	171.8	144.1	126.9	87.3	64.6	54.2	89.3	92.26	103	78	105	130	154	179	174

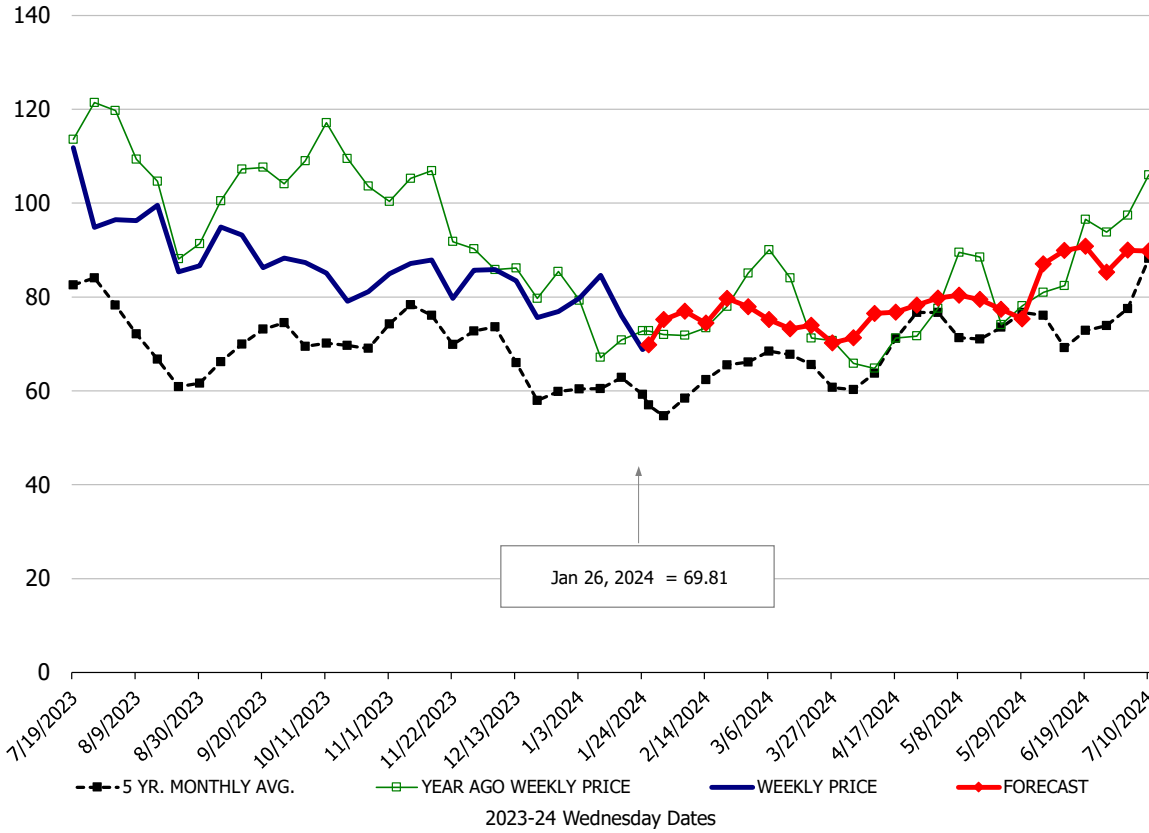
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA



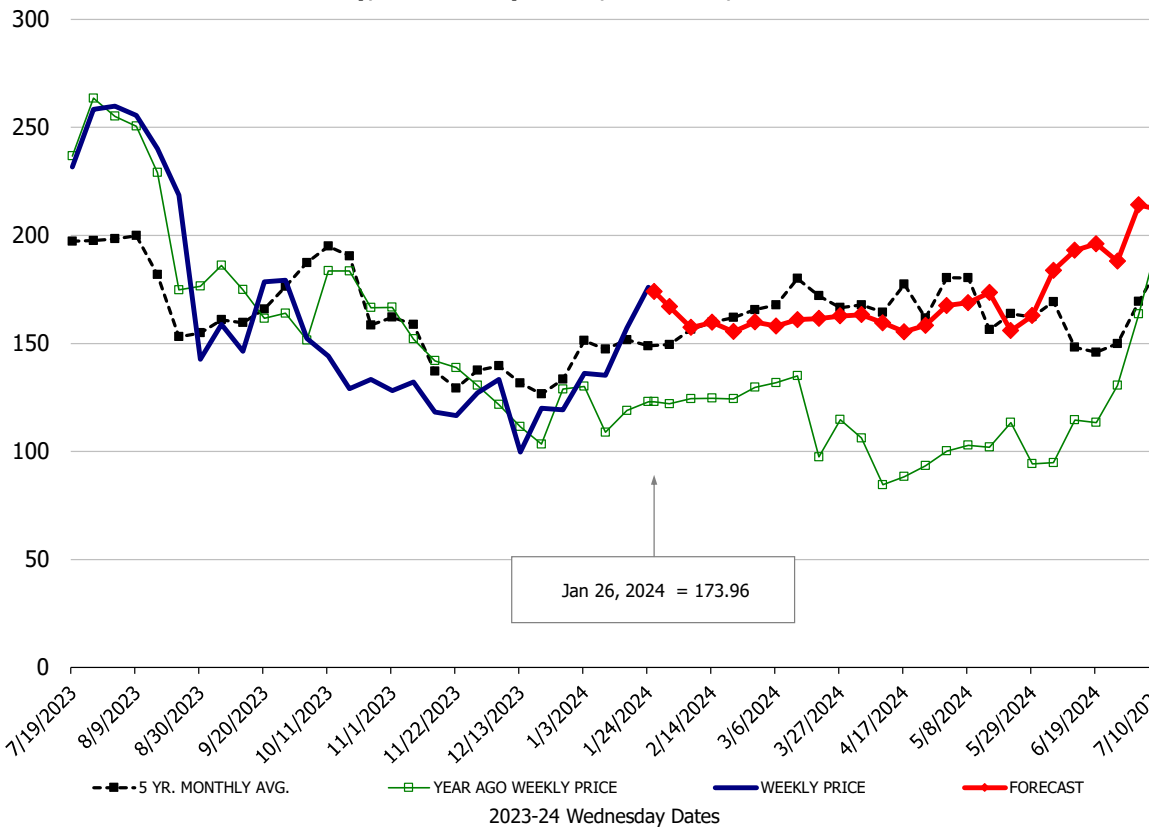
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA

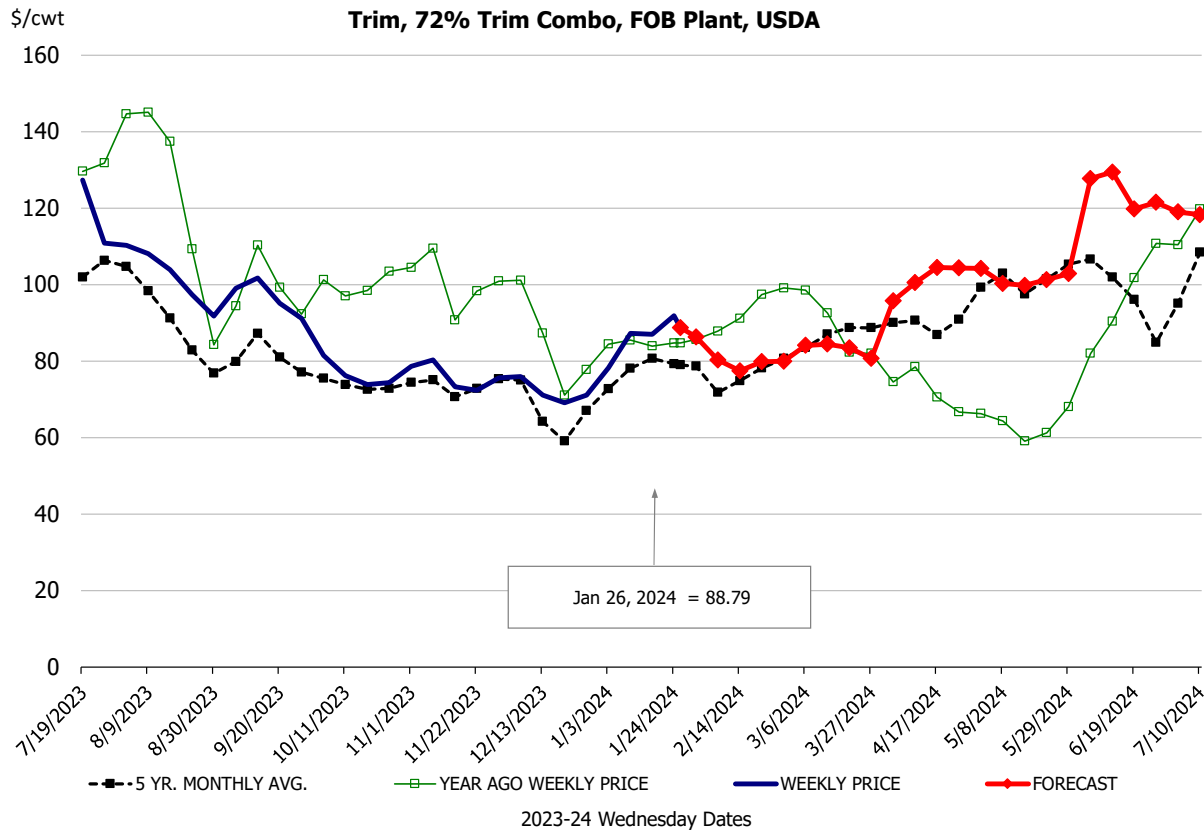
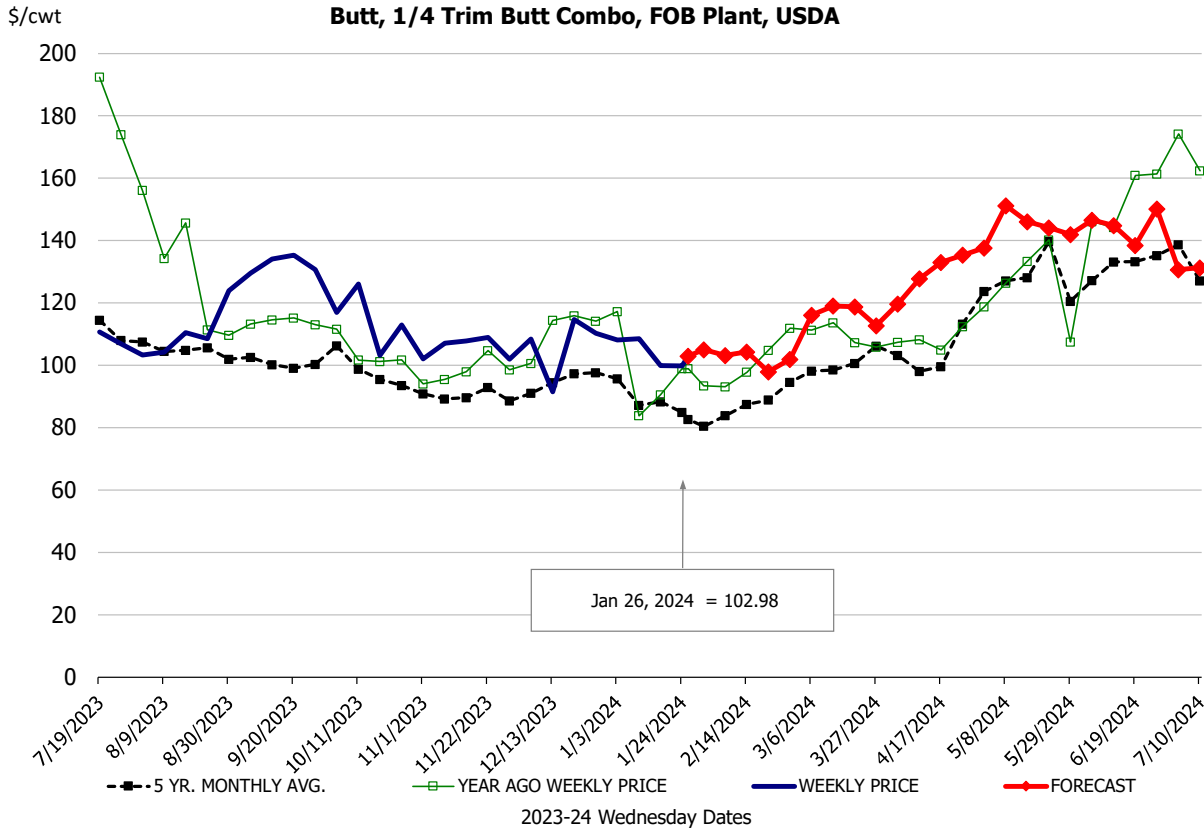


Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA



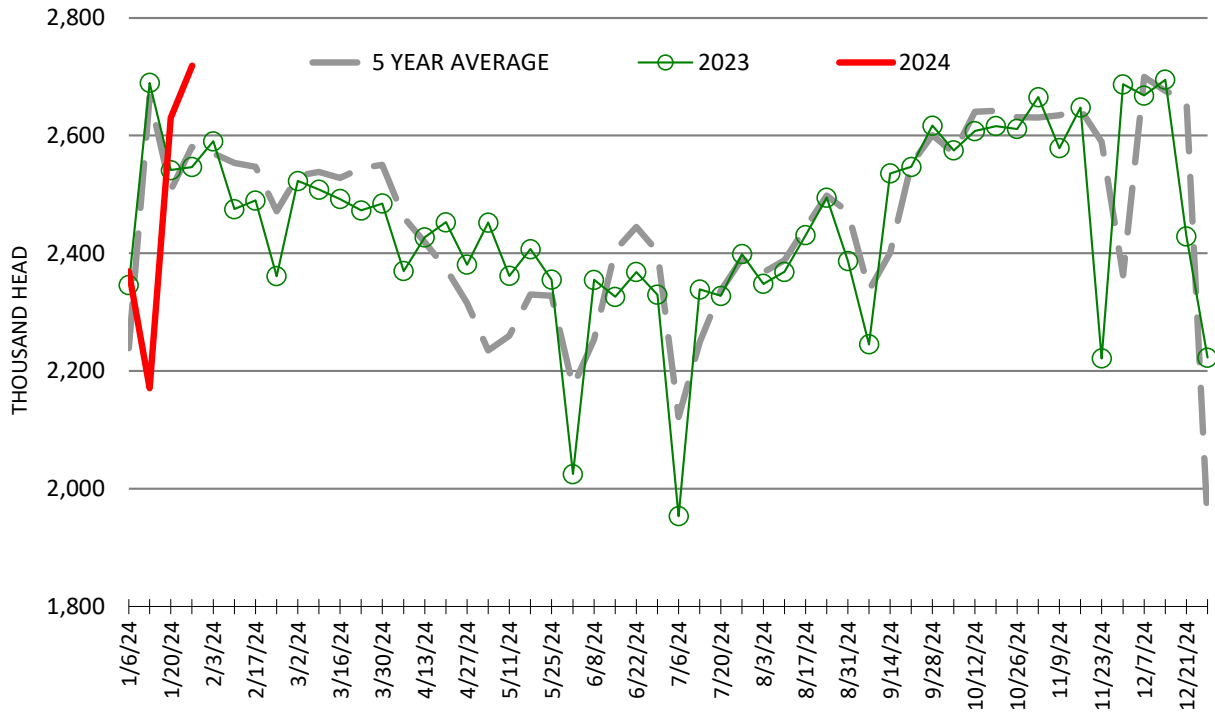
Belly, Derind Belly 9-13#, FOB Plant, USDA





ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

