



Pork Merchandiser's Profit Maximizer

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

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1. Stable pork supply provides retailers and foodservice operators with a predictable marketing environment in 2024

USDA recently updated its projections for pork supply and demand in 2024, summarized in the chart below. What stands out at first look is how stable the USDA projection of domestic supply availability has been. Even

more so, the supply available to US consumers has been hovering around 50 pounds per person for much of the last 20 years. The only big change was during 2011-2014, years when record corn prices and the spread of PEDv virus significantly impacted the ability of producers to bring product to market.

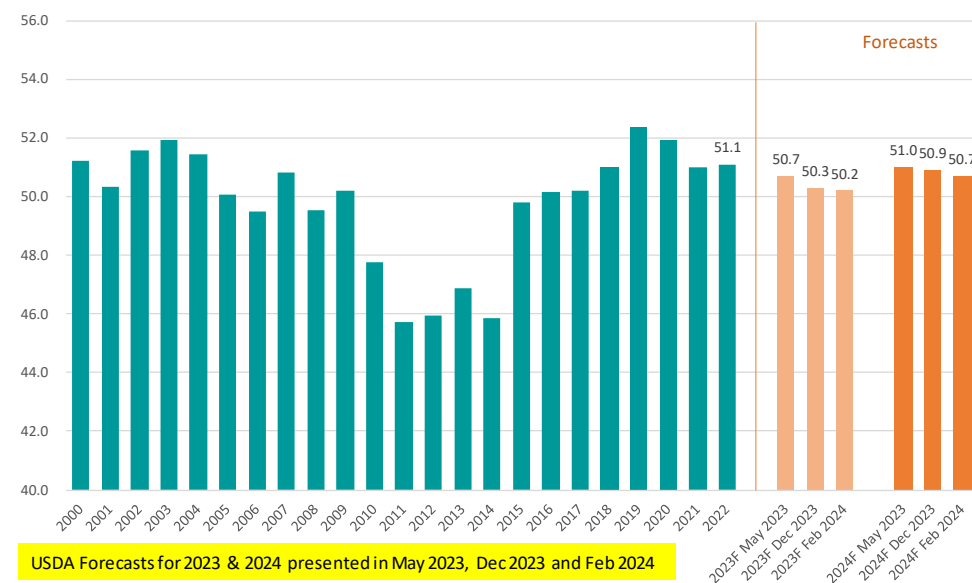
In its latest update, **USDA is projecting pork production for 2024 to be 27.895 billion**

pounds, revised down from what was presented in January but still about **579 million pounds (+2.1%) higher than in 2023**.

One thing to note is that there are two additional slaughter days in Q3 and Q4 of 2024, which will tend to skew the production figures. Also, USDA does not make any guesses as to what the productivity levels will be, it tends to follow current trends and update their forecast when the trend changes. USDA revised higher its forecast for pork exports in 2024 to

Per Capita Pork Consumption. Retail Basis. Lb./pp

Source: USDA-WASDE. Analysis by Steiner Consulting



USDA Forecasts for 2023 & 2024 presented in May 2023, Dec 2023 and Feb 2024

7.080 billion pounds, 3.8% higher than a year ago. Overall, per capita availability in 2024 is expected to be 1% higher than in 2023.

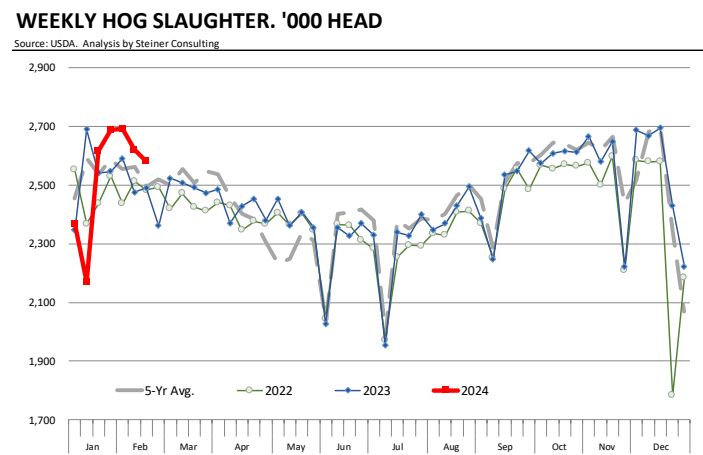
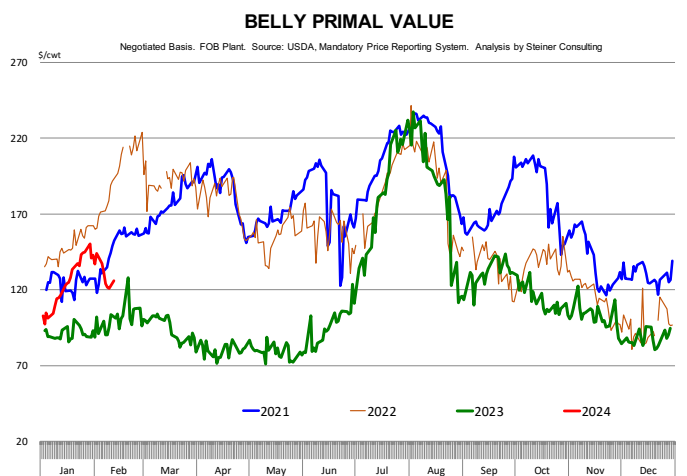
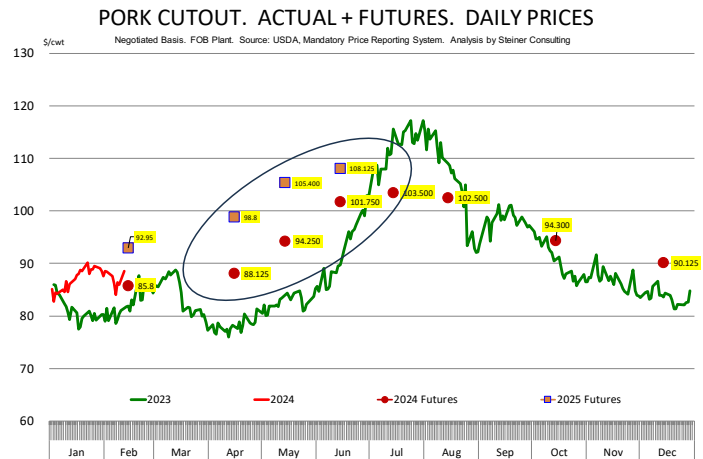
Key takeaway for US retailers and foodservice operators: While pork producer margins were significantly impacted in 2023, in the near-term pork supply is expected to remain stable. That's because reductions in the breeding herd so far have been offset by gains in productivity.

Does the fact that US pork supply is expected to be above year ago levels in 2024 imply that overall pork prices will be lower? How about the price of specific items, such as loins, hams and bellies?

The chart to the right shows the value of the pork cutout (wholesale price index) in 2023. One thing that stands out is that pork prices in Q2 of 2023 were unusually low, something that market participants do not expect to be repeated this year or in 2025. Large inventories in the spring and the Supreme Court decision about the California and Massachusetts animal welfare rules caused significant disruptions to the spot market in 2023. That is not expected to be repeated in 2024. A big reason for the lower prices in 2023 was the fact that the belly primal value in April and May was near \$70/cwt. Currently cutout futures imply belly values that are more in the \$120-\$125 range. So even as estimates imply a stable pork supply base, it is important to put the y/y price comparisons in context, especially when comparing to outliers.

2. Hog slaughter/pork production running above year ago levels.

Last week hog slaughter was 2.622 million head, 6% higher than the previous year. In the four weeks ending February 10 slaughter has been a total of 466k head (+4.6%) higher than the previous year. Some of this is due to the disruptions caused by winter weather in mid January. Remember that for the week ending January 13 hog slaughter was 518k head smaller than the comparable week in 2023. Overall,



however, it appears that there are more hogs on the ground than what the USDA inventory suggested. Seasonally hog slaughter declines in Feb/Mar/Apr. We think this week slaughter will be 2.56-2.58 million head.

PORK

Hog Market. For the week ending February 10 hog slaughter was 2.622 million head, up 6.0% from a year ago. In the last two weeks hog slaughter is up 4.9% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 73.29 /cwt. on Friday were up \$0.6/cwt since Wed. January 31. Prices are down about 0.5 \$/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.0183, up about 0.8 cents since the Wed. January 31 quote but down about one cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.5133 for the strap on loins, up 1.3 cents since Wed. January 31 and up 20 cents from the year ago levels. Strap off loins at \$1.6685 are up one cents since Wed. January 31 and up about 25 cents compared to the year ago quote.

Boneless sirloins at \$1.2258 were up about one cent from the Wed. January 31 quote and up about 10.6 cents from the year ago price.

Pork tenderloin finished last week at \$1.6449, up 4 cents since the Wed. January 31 quote and up about 19.2 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.0855, up 4.6 cents since Wed. January 31. Prices are up 10 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.5036, up about 8 cents since Wed. January 31 and up about 28 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 \$0.7266/lb. up 2 cents since Wed. January 31 but down about 2 cents from a year ago.

20/23 hams finished the week at 72.31 cents (page 130) up about 1 cent since Wed. January 31 but down about 3 cents from the year ago level.

23/27 hams finished the week at 72.11 , up about 3 cents from the Wed. January 31 quote and up about 0 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 37.69 cents, down about 10.5 cents since Wed. January 31 and down about 28 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 82.96 cents, down 2.6 cents since the Wed. January 31 quote and down about 5 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 129.15 on Friday, February 9, up about 2 cents from a year ago.

Broiler slaughter for the week ending February 3 was 166.93 million head, up 1.48% from a year ago. For the last two weeks broiler slaughter was up 0.1% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.2043, down 0 cents since Wed. January 31 and down about 1 cent from year ago levels.

Leg Quarters. Last week leg quarter prices at 44.10 cents per pound prices were up about 0.36 cents vs. two weeks ago and were up 8 cents from a year ago.

Wings. Prices at \$1.8576 are up about 78 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.0300, down 2.0 cent since Wed. January 31 and down about 63 cents from the year ago price.

Toms finished last week at \$1.0400, down 1 cents since Wed. January 31 and down about 61 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 3.8410 million head for the week ending February 3, up 3.53% from a year ago. For the last two weeks slaughter has been up 2.70%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$2.6000, unchanged since Wed. January 31. Prices are down about 315 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 \$9.7910 (weighted average quote) finished last week up about 4 cents since the Wed. January 31 quote but down about 2 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$8.7045 (weighted average quote) finished last week up about 8 cents since the Wed. January 31 quote and up about 64 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$1.0865 /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 \$3.0019 for 90CL and \$0.8704 for 50CL product, an 81CL meat block value is now \$2.5223 and a 78CL meat block is \$2.3625. Choice 114, 3 Clods are now being priced 61.82 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 49.25 cents and the five year average spread for is 44.33 cents over.

Choice #161 Boneless Rounds finished last week at \$3.5800, up about unchanged cents since Wed. January 31 and up about 34 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$2.9966 up about 7 cents since Wed. January 31 and up about 35 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$2.9987 up about 4 cents since Wed. January 31 and up about 33 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$3.1720 down about 3 cents since Wed. January 31 but up about 44 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$7.7806 (wt. avg.) down about 11 cents from the Wed. January 31 quote. Prices are down 33 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at \$4.0589 (wt. avg.) **up** about 9 cents since Wed. January 31 and **up** about **36** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$3.9057 (wt. avg.) down about 4 cents since Wed. January 31 but up about 6 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$7.0475 (wt. avg.) down about 14 cents since Wed. January 31 but up about 38 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at **\$2.1260 down** about 3 cents since Wed. January 31 but up about 24 cents from year ago levels.

81CL Coarse Ground product finished last week at \$2.7770 down about 10 cents since Wed. **January 31 but up** about **49** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at **\$3.0019** (wt. avg.) **up 3.19** cents since Wed. January 31 and up 45 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$0.8704, down about 10 cents since Wed. January 31 and down 28 cents compared to year ago levels.