Pork Merchandiser's
Profit Maximizer

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

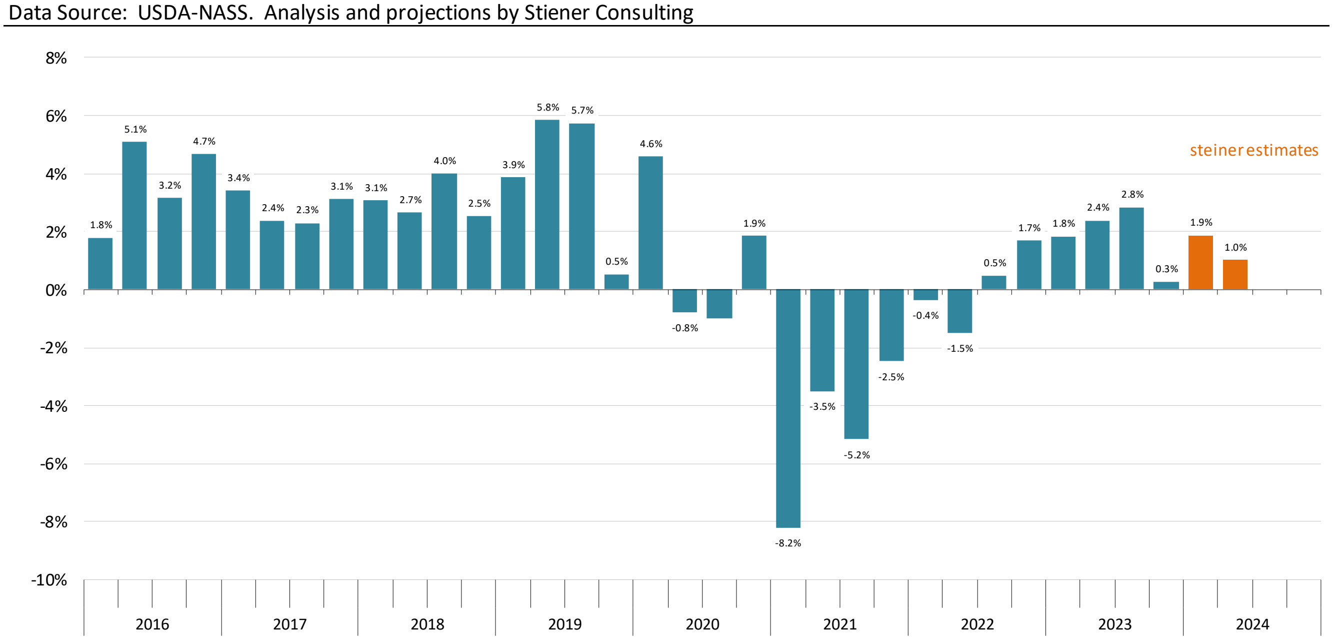
April 8, 2024

1. Pork supply expected to be above year ago levels in summer/fall but robust demand drives price expectations.

Hog futures last week largely ignored the implications of the latest Hogs and Pigs survey. The results came in on the high end of estimates in most categories but, for now, market participants are instead focusing on near term demand. **The bet is that demand in domestic and export markets will hold up in the spring and summer and more than offset the expected increase in supply implied by the latest survey**. After all, pork supplies have been higher than expected for much of Q1 and yet hog/pork prices have proved to be quite resilient. Also, in the past the market has not traded quarterly report numbers, or at least not

Y/Y % Change in Quarterly Pig Crop Data. USDA. Last Two Quarters Reflect Estimates

Data Source: USDA-NASS. Analysis and projections by Stiener Consulting

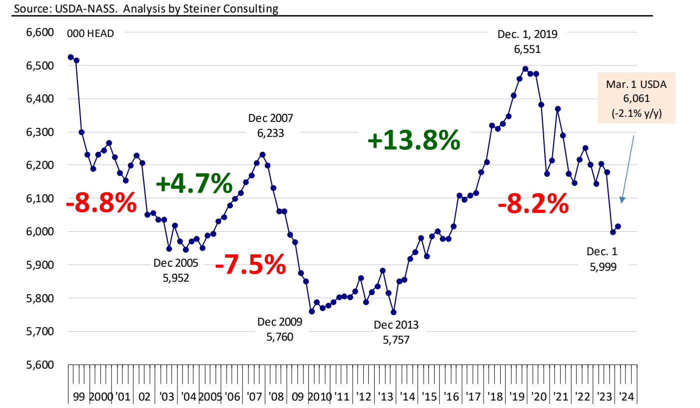


to the degree that it trades some grain reports like the quarterly stocks or planting intentions. Still, it is important to note the latest survey as it gives the best baseline available for supply forecasts in the next 12 months.

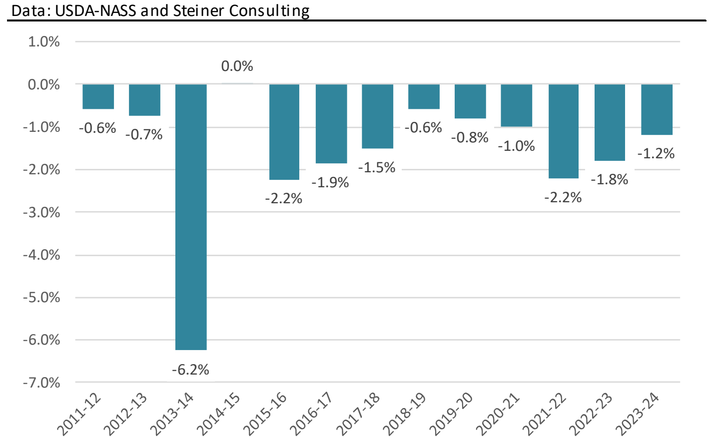
Will there be more or fewer hogs than a year ago this summer? The USDA survey says more. The Dec-Feb pig crop roughly corresponds to hogs coming to market Jun-Aug. Analysts were expecting a 1.3% increase vs. a 1.9% increase in the USDA March survey. The Dec-Feb pig crop increase is higher than the increase market hog inventory numbers. This would imply that supply this summer may be a bit larger than many expect. USDA has made significant upward revisions to the supply from previous quarters, so the higher supply for the summer should not come as a surprise.

More hogs from a smaller herd, what gives? In the last six months there has been a lot of talk/focus on the breeding herd, especially following announcements last year about major suppliers closing sow farms. Farrowings data confirmed what the December herd data suggested, with the survey data showing Dec-Feb farrowings 2.6% lower thana year ago. It's always good to check farrowings relative to the breeding herd. The ratio to the Dec. 1 breeding herd at 47.9% is a bit higher than last year but consistent with recent trend and still under pre-COVID levels. But even with the lower-than-expected farrowings, the pig crop ended up being higher. The reason is the higher productivity we have experienced the last few months compared to 2020-2022. Pigs per litter in the quarter jumped 4.6% y/y. Analysts were expecting 3.3% increase, which we noted in our pre-report review as being low considering previous quarters. Even at +4.6% pigs per litter were slightly under pre-COVID trend. The chart above shows that Dec-Feb pigs per litter tend to be lower than during Sep-Nov. The q/q decline was not as big as the last two years but it does not appear out of line with those pre-COVID years.

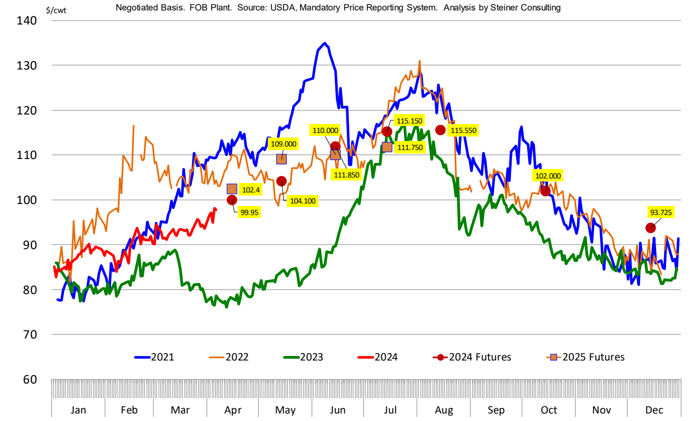
Hogs Kept for Breeding. Quarterly Inventory. '000 Head
Source: USDA-NASS. Analysis by Steiner Consulting



Quarterly Change in Pigs Per Litter. Dec-Feb vs. Sep-Nov
Data: USDA-NASS and Steiner Consulting



PORK CUTOUT. ACTUAL + FUTURES. DAILY PRICES
Negotiated Basis. FOB Plant. Source: USDA, Mandatory Price Reporting System. Analysis by Steiner Consulting



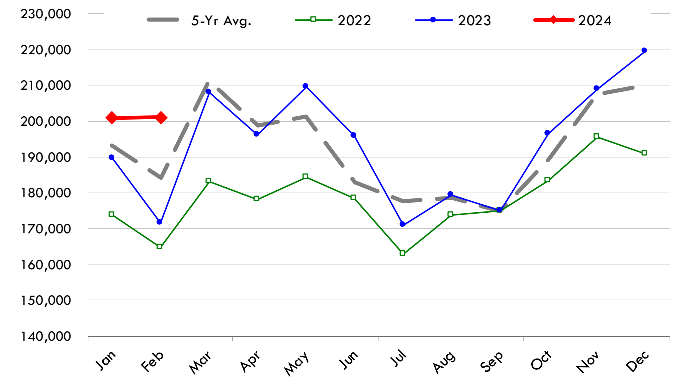
Fall supply could be slightly above year ago. Mar-May farrowing intentions were down 0.9% but the current trend in pigs per litter could more than offset that.

2. <u>Pork exports were robust in February, with strong Mexico demand helping offset weaker sales to Asia.</u>

Exports of fresh, frozen and cooked pork in February were 201,089 MT, 29,335 MT (+17%) higher than a year ago. Shipments to Mexico were up 15,102 MT, a 23% increase from a year ago. Shipments to several other markets registered strong growth. Exports to South Korea were up 68% and exports to Australia increased 152%. That growth helped offset the lower exports to Japan (-2.8%) as well as lower exports to China (-31%) and the Philippines (-26%). Robust sales to Mexico in March are likely to keep pork export shipment volume above year ago levels. However, outstanding pork export sales are currently running under year ago levels. This may curtail export potential in late spring and summer.

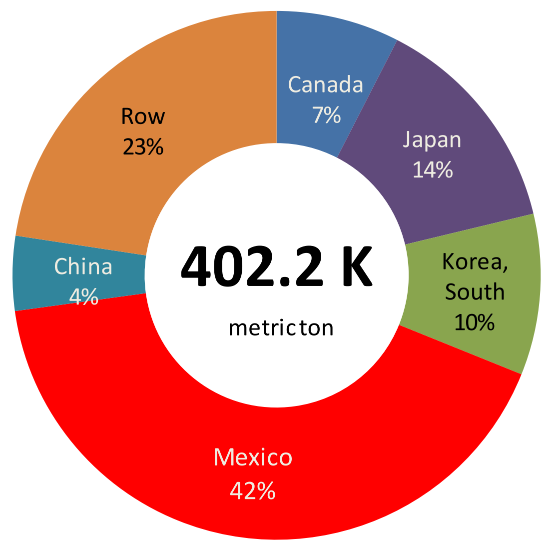
Quantity of US Exports of Fr/Frz/Cooked Pork: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



TOP MARKETS FOR US PORK IN 2024

Total Volume and Country Shares for Period Jan - Feb 2024, MT



PORK

<u>Hog Market. For the week ending April 6 hog slaughter was 2.421 million head, up 2.2% from a year ago. In the last two weeks hog slaughter is down 0.6% vs. year ago levels.</u>

<u>Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts.</u> Lean hog carcass values at about 86.42 /cwt. on Friday were <u>up $1.8/cwt</u> since Wed. March 27. Prices are up about 13.1 $/cwt compared to year ago values.

<u>Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA</u> (page 8). Prices finished last week at $1.1746, up about 0.6 cents since the Wed. March 27 quote and up about 30 cents from year ago levels.

<u>Bnls. Strap on Pork Loins</u>. Prices finished the week at $1.5652 for the strap on loins, up 10.9 cents since Wed. March 27 and up 21 cents from the year ago levels. Strap off loins at $1.7603 are up 7.9 cents since Wed. March 27 and up about 28 cents compared to the year ago quote.

<u>Boneless sirloins</u> at $1.2797 were down about 4 cent from the Wed. March 27 quote but up about 12.9 cents from the year ago price.

<u>Pork tenderloin</u> finished last week at $1.7168, down 2 cents since the Wed. March 27 quote but up about 12.1 cents from the year ago price.

<u>1/4 Trim Pork Butts</u> (page 10), prices finished the week at $1.3295, up 5.7 cents since Wed. March 27. Prices are up 22 cents from a year ago.

<u>Spareribs, Trimmed - LGT, Vac</u> (page 8). Prices finished the week at $2.0120, up about 2 cents since Wed. March 27 and up about 74 cents from year ago levels.

Rib inventories on February 29 were 87.6 million pounds, down 24.1% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.8488/lb. up 3 cents since Wed. March 27 and up about 14 cents from a year ago.

20/23 hams finished the week at 87.57 cents (page 130) up about 6 cents since Wed. March 27 and up about 18 cents from the year ago level.

23/27 hams finished the week at 88.67 , up about 9 cents from the Wed. March 27 quote and up about 23 cents from the year ago level.

Total ham cold storage stocks on February 29 at 55.0 million pounds were up 3.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 58.94 cents, up about 4.1 cents since Wed. March 13 but down about 9 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 98.09 cents, up 3 cents since the Wed. March 27 quote and up about 23 cents from the year ago levels.

Freezer stocks of all trimmings on February 29 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 26 cents compared to 34 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 131.22 on Friday, April 5, down about 5 cents from a year ago.

Broiler slaughter for the week ending March 30 was 160.98 million head, down 0.64% from a year ago. For the last two weeks broiler slaughter was down 1.0% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.6313, up 10 cents since Wed. March 27 and up about 31 cent from year ago levels.

Leg Quarters. Last week leg quarter prices at 49.70 cents per pound prices were up about 0.19 cents vs. two weeks ago and were up 5 cents from a year ago.

Wings. Prices at $2.2709 are up about 124 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.0300, up 18.0 cent since Wed. March 27 but down about 67 cents from the year ago price.

Toms finished last week at $1.0400, unchanged since Wed. March 27 but down about 65 cents from the year ago price.

Total turkey supplies in the freezer on February 29 were up 28.7% from a year ago at 244.1 million pounds. Whole birds were down 9.1% from a year ago with an inventory of 135.9 million pounds.

Turkey slaughter was 3.3160 million head for the week ending March 30, down -17.96% from a year ago. For the last two weeks slaughter has been down 8.93%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.6000, unchanged since Wed. March 27. Prices are down about 60 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 $9.6678 (weighted average quote) finished last week down about 62 cents since the Wed. March 27 quote and down about 38 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $9.3960 (weighted average quote) finished last week down about 62 cents since the Wed. March 27 quote but down about one cent vs. the year ago price.

Currently Choice 112A Rib Eyes are $0.2718 /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 $3.4481 for 90CL and $0.9804 for 50CL product, an 81CL meat block value is now $2.8929 and a 78CL meat block is $2.7078. Choice 114, 3 Clods are now being priced 33.94 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 44.09 cents and the five year average spread for is 49.12 cents over.

Choice #161 Boneless Rounds finished last week at $**3.7100**, **up** about 2 cents since **Wed.** March 27 and up about 48 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.0571 down about 63 cents since Wed. March 27 but up about 26 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.2040 down about 27 cents since Wed. March 27 but up about 33 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $3.0837 up about 12 cents since Wed. March 27 and up about 61 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $9.6531 (wt. avg.) down about 6 cents from the Wed. March 27 quote. Prices are up 191 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $4.7124 (wt. avg.) **down** about 2 cents since Wed. March 27 and **up** about **68** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $4.5221 (wt. avg.) down about 5 cents since Wed. March 27 but up about 41 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.5230 (wt. avg.) down about 8 cents since Wed. March 27 but up about 32 cents from year ago values.

COARSE GROUND BEEF –

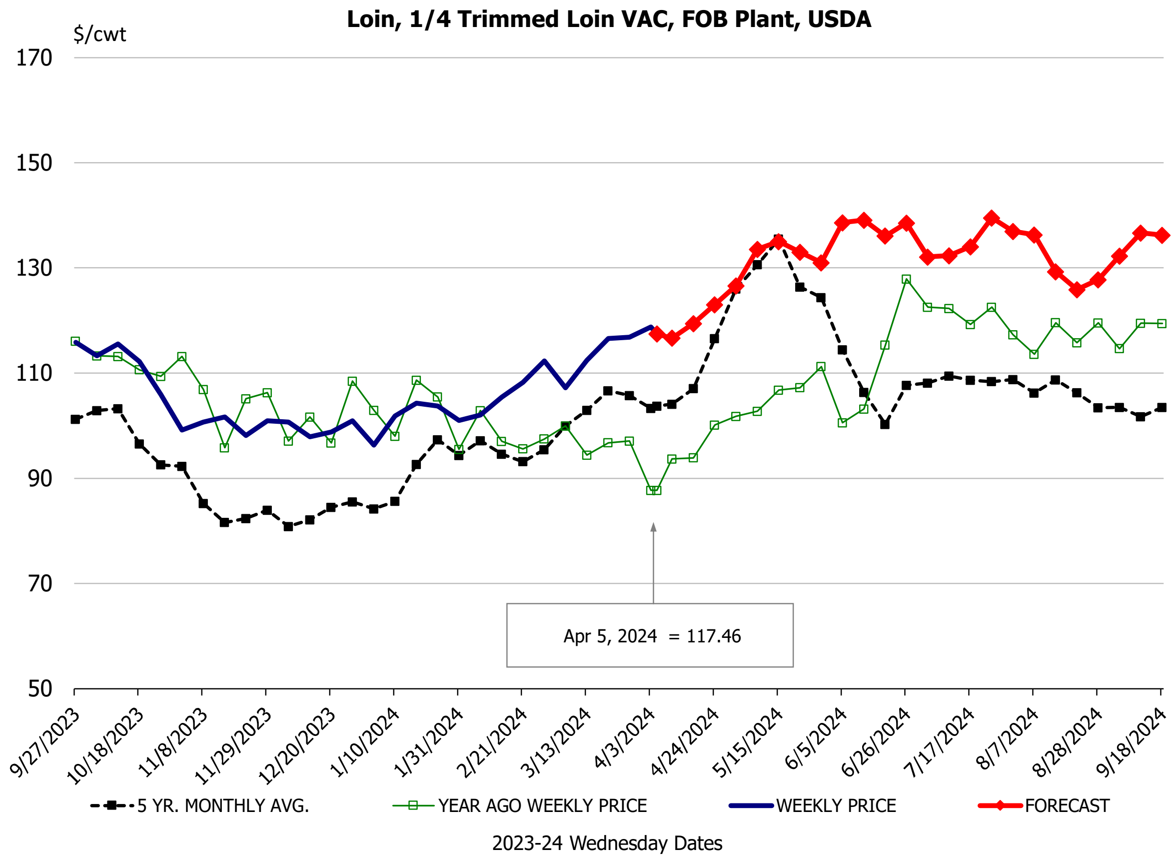
73CL Coarse Ground product finished last week at $**2.2365 up** about 0 cents since Wed. March 27 and up about 6 cents from year ago levels.

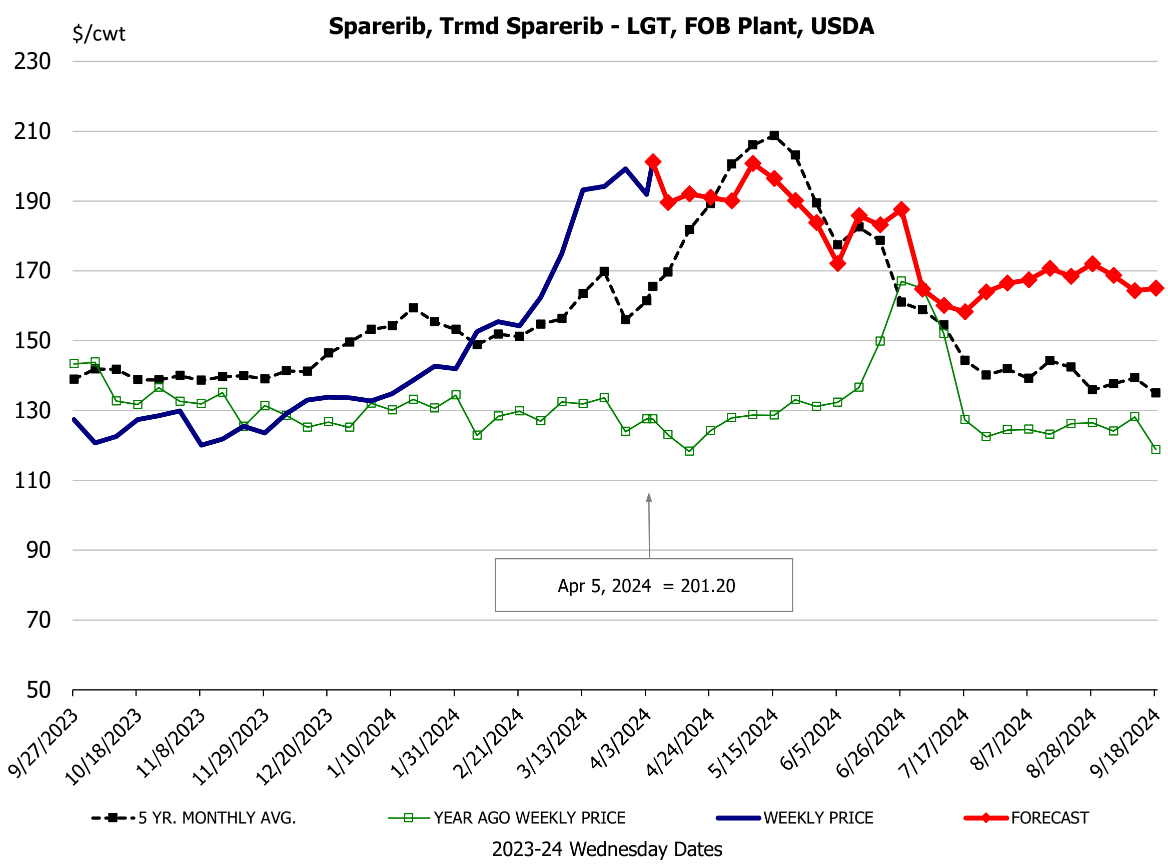
81CL Coarse Ground product finished last week at $2.7230 up about 4 cents since Wed. **March 27 and up** about **28** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $**3.4481** (wt. avg.) **up 3.07** cents since Wed. March 27 and up 70 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $0.9804, down about 6 cents since Wed. March 27 and down 54 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Oct	Nov	Dec	Jan	Feb	Mar	3/27/2024	4/5/2024	4/17/2024	Apr	May	Jun	Jul	Aug	Sep
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	110.3	101.2	100.8	101.0	104.8	110.8	116.8	117.46	119	118	129	138	133	134	133
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	117.5	109.1	107.0	109.7	110.1	118.2	123.8	122.38	124	124	135	144	139	141	138
Loin, Bnls CC Strap-off, FOB Plant, USDA	176.8	162.0	164.1	167.2	168.9	171.1	168.1	176.03	177	178	191	193	186	197	206
Loin, Tenderloin, FOB Plant, USDA	137.7	124.4	141.8	157.3	166.7	171.9	174.2	171.68	176	174	175	188	182	186	175
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	115.7	107.1	107.2	101.5	102.8	117.7	121.3	128.90	136	129	149	153	147	142	141
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	125.0	125.9	131.3	138.4	157.6	189.1	199.2	201.20	192	192	194	175	165	169	167
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	257.8	242.3	243.9	243.6	232.3	250.7	264.0	257.45	306	301	311	297	283	287	285
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	119.2	118.7	125.6	135.0	157.6	184.6	185.2	181.01	188	188	192	172	164	168	166
Loin, Backribs 2.0#/up, FOB Plant, USDA	191.5	185.2	183.9	184.0	192.7	222.3	235.5	241.29	241	238	250	250	222	223	210
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	85.7	86.6	84.0	80.4	81.0	81.7	81.5	84.88	93	89	99	104	109	108	104
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	83.1	84.9	84.1	76.8	80.8	79.1	81.4	87.57	95	89	94	104	103	107	102
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	82.8	84.0	80.3	74.1	79.0	77.4	80.0	88.67	94	89	96	102	106	104	100
Belly Cutout, FOB Plant, USDA	113.5	102.2	87.6	124.5	129.0	125.7	125.9	123.40	130	138	133	160	190	178	139
Belly, Derind Belly 9-13#, FOB Plant, USDA	140.6	128.4	109.8	148.4	161.7	159.4	164.3	153.22	165	171	165	194	231	216	169
Belly, Derind Belly 13-17#, FOB Plant, USDA	136.8	118.9	104.6	140.8	155.0	150.8	153.2	145.08	155	164	158	187	224	209	162
Trim, 42% Trim Combo, FOB Plant, USDA	55.5	47.7	43.8	45.2	35.1	56.9	61.2	65.93	72	68	73	89	103	96	78
Trim, 72% Trim Combo, FOB Plant, USDA	76.7	74.6	72.1	83.6	81.8	93.5	94.9	98.09	107	101	110	118	120	105	95
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	95.3	87.3	91.1	97.8	92.4	103.5	102.9	109.79	118	111	120	133	134	124	118
Carcass Cutout, FOB Plant, USDA	90.4	86.7	83.6	87.0	89.1	93.1	94.1	96.91	98	97	103	111	113	112	104
HOG CARCASS															
CME 1-Day Lean Hog Index	80.7	74.7	67.3	68.1	76.3	81.6	84.6	86.42	91	88	97	107	109	107	97
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	119.6	121.7	127.9	129.9	128.6	129.1	131.0	131.22	130	133	139	137	127	122	120
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	145.3	109.2	98.8	116.3	124.9	145.3	152.8	163.13	167	161	170	164	157	154	143
N.E. BROILER BREAST LINE RUN, USDA	105.2	101.0	101.6	102.4	102.8	105.3	106.4	105.77	111	108	115	120	121	121	113
N.E. BROILER LEG QUARTERS, USDA	41.1	41.1	41.4	42.6	45.7	47.2	49.5	49.70	51	50	51	52	51	50	47
N.E. BROILER WINGS, USDA, WT.AVG.	168.2	160.7	158.9	169.7	188.2	214.1	222.7	227.09	216	223	217	200	202	209	210
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	115.4	98.4	87.5	90.5	100.2	94.4	84.9	103.00	105	104	108	113	113	118	118
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	114.7	97.0	87.8	93.0	101.7	101.4	104.0	104.00	105	104	104	108	113	113	118
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	260.0	260.0	260.0	260.0	260.0	260.0	260.00	262	265	265	270	275	275	280
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	184.0	180.5	170.6	173.9	180.6	186.4	189.6	188.13	183	186	183	179	178	178	179
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1087.4	1197.5	1300.3	999.8	985.5	1010.9	1029.0	966.78	1051	1035	1100	1150	1026	1107	1123
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	381.1	378.1	333.5	336.9	364.1	370.5	369.0	371.00	368	365	360	354	352	357	371
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	351.7	303.9	249.4	285.6	316.8	364.8	347.3	320.40	333	337	340	329	328	333	327
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	338.7	276.3	251.7	299.6	300.8	299.6	296.0	308.37	303	303	310	300	305	315	340
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	649.0	730.8	753.5	756.7	804.5	931.9	971.4	965.31	1023	981	986	1025	897	826	781
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	390.6	385.7	390.3	396.3	397.5	441.9	456.8	452.21	495	474	493	488	481	464	434
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	623.0	625.6	607.8	705.6	714.8	754.3	814.4	752.30	854	816	861	884	863	862	790
USDA,COARSE GROUND 73%, WT. AVG.	226.6	201.1	173.5	190.5	215.9	222.8	223.5	223.65	237	233	245	245	237	251	240
COARSE GROUND 81%, WT. AVG., USDA	258.5	247.4	209.5	263.7	267.7	276.0	268.2	272.30	289	283	302	304	289	301	288
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	289.2	276.8	248.4	273.3	308.0	330.5	341.7	344.81	342	343	346	350	354	357	361
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	87.3	64.6	54.2	76.9	92.9	103.9	104.4	98.04	121	120	139	139	128	122	99


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
Apr 5, 2024 = 117.46
9/27/2023
10/18/2023
11/8/2023
11/29/2023
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates


Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
230
210
190
170
150
130
110
90
70
50
Apr 5, 2024 = 201.20
9/27/2023
10/18/2023
11/8/2023
11/29/2023
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
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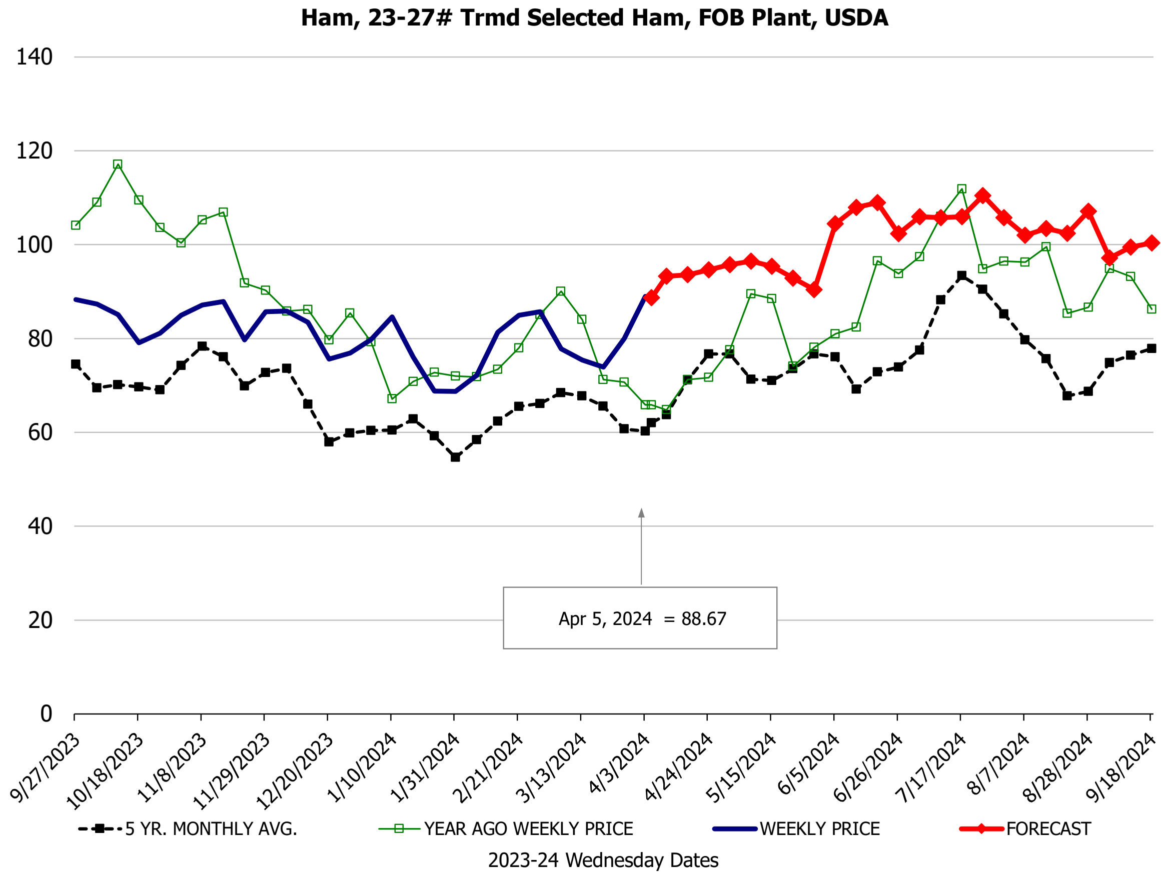
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
140
120
100
80
60
40
20
0
Apr 5, 2024 = 88.67
9/27/2023
10/18/2023
11/8/2023
11/29/2023
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
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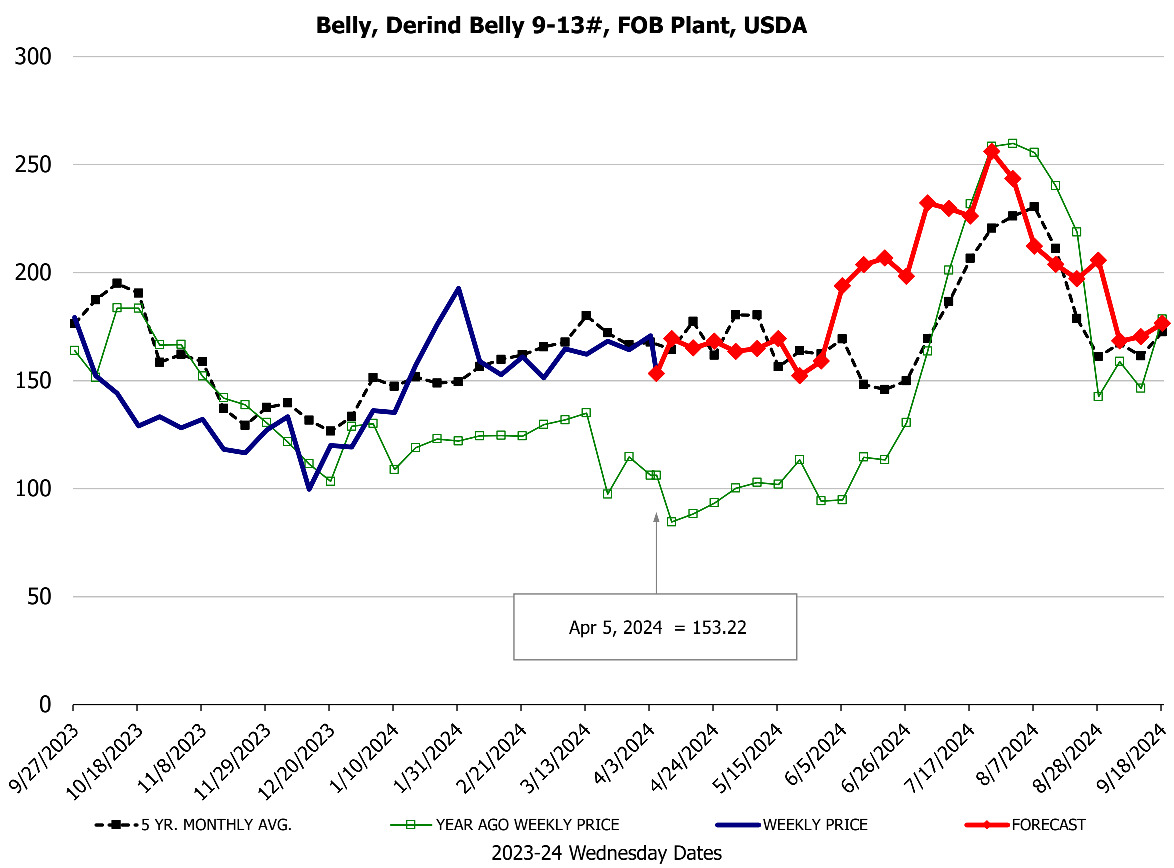
Belly, Derind Belly 9-13#, FOB Plant, USDA
300
250
200
150
100
50
0
Apr 5, 2024 = 153.22
9/27/2023
10/18/2023
11/8/2023
11/29/2023
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
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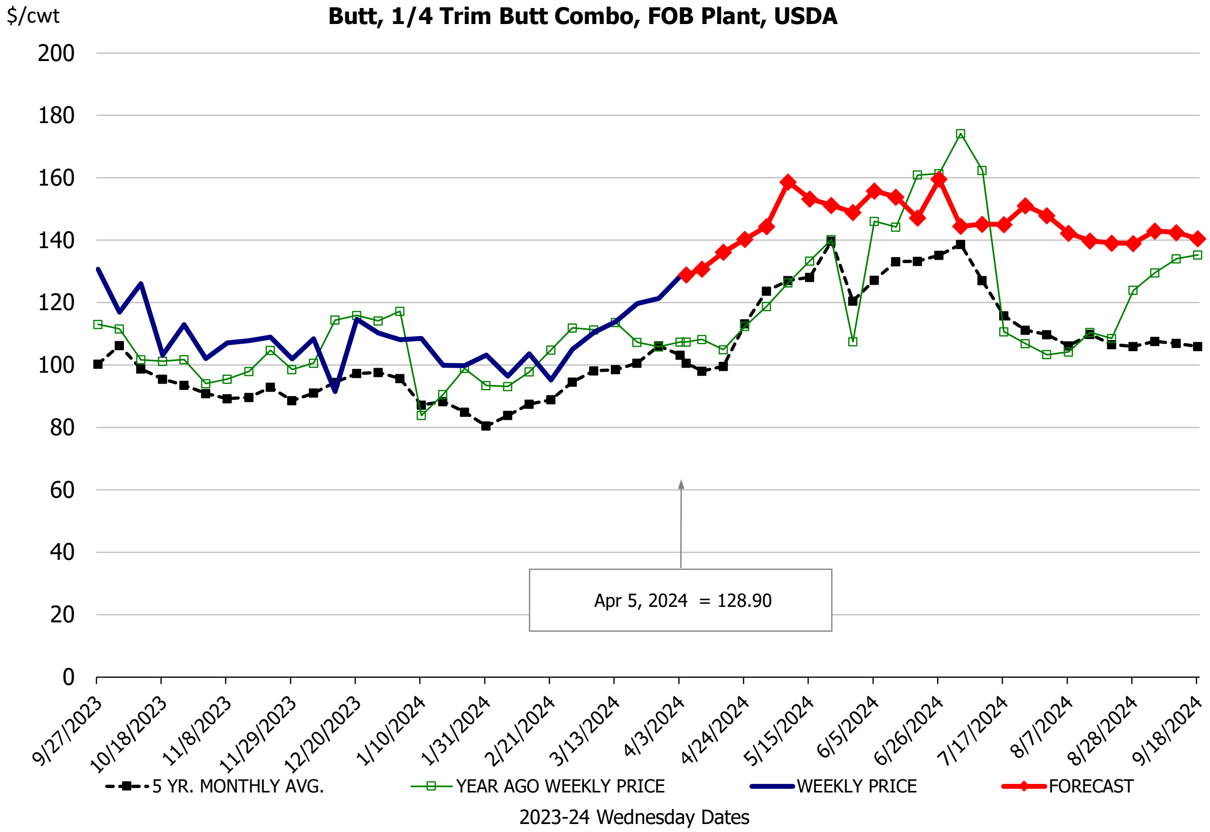
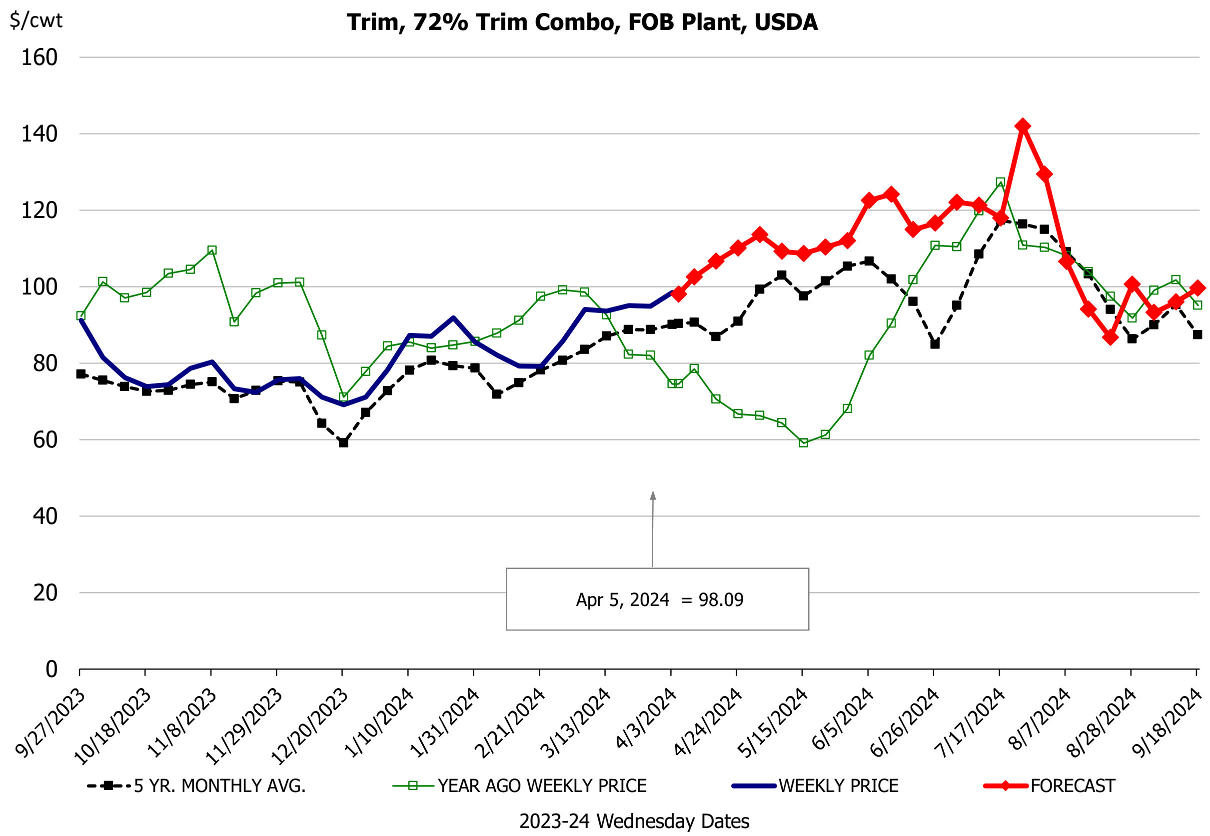
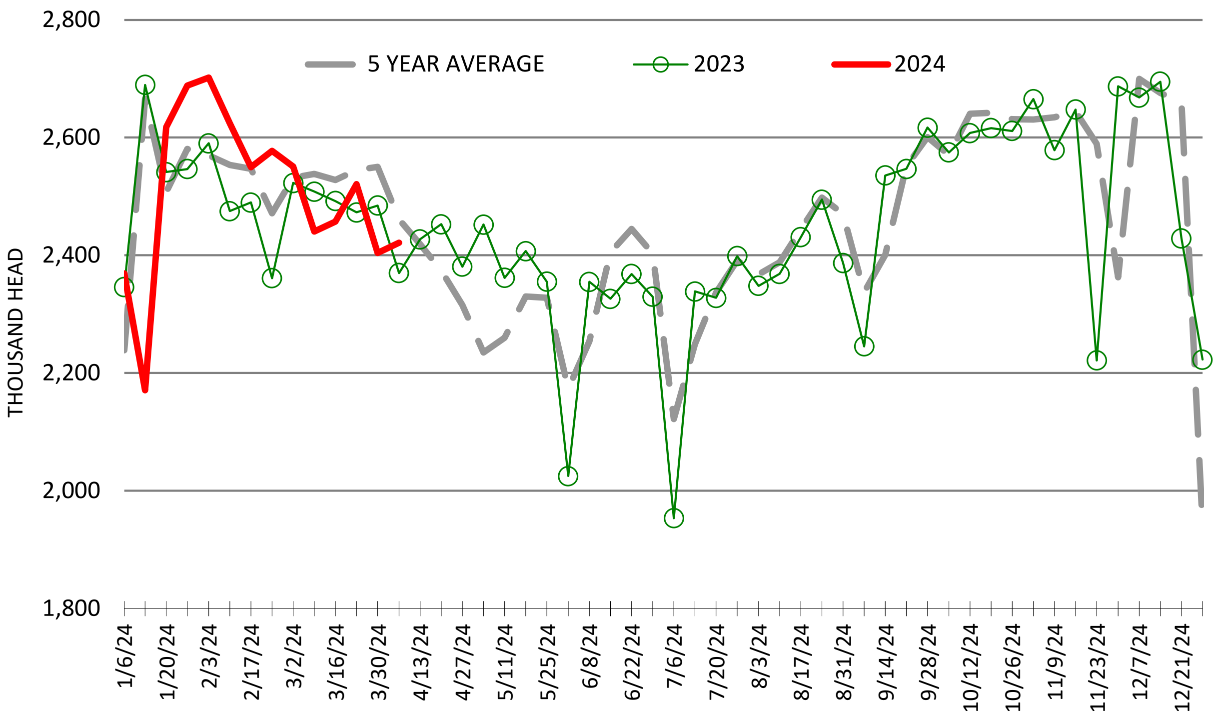

$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
200
180
160
140
120
100
80
60
40
20
0
Apr 5, 2024 = 128.90
9/27/2023
10/18/2023
11/8/2023
11/29/2023
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates


$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
160
140
120
100
80
60
40
20
0
Apr 5, 2024 = 98.09
9/27/2023
10/18/2023
11/8/2023
11/29/2023
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds