



Pork Merchandiser's Profit Maximizer

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

June 17, 2024

1. Seasonal factors impact near term supply outlook but little change in expected supply availability into 2025.

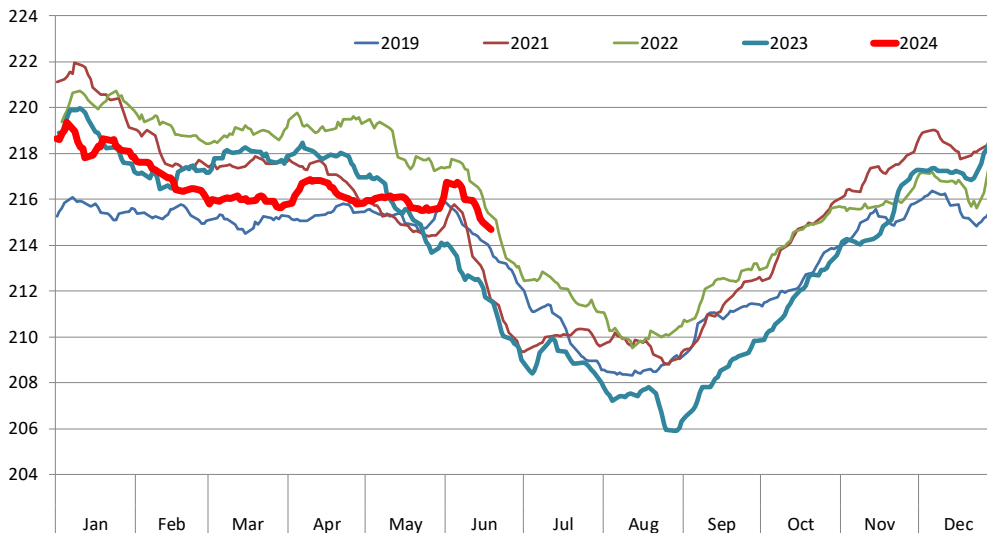
Lean hog futures have rallied in the last few days as high temperatures could significantly impact hog performance and the supply of pork coming to market. As the chart below shows, it's quite common, indeed expected, for hog carcass weights to decline in the summer. Different from

many other animals, pigs find it more difficult to transfer heat since they cannot sweat and their lungs are small, making it more difficult to transfer heat via panting. One natural response to increase in temperature is for pigs to reduce food intake. By eating less pigs reduce the amount of heat they generate, allowing them to stay cooler. This significantly impact hog carcass weights. Hog weights have already started to trend lower and the heat dome currently over the Midwest could see

hog weights decline about 2% in the next two weeks. Even bigger declines have been registered in the past (see June 2021). Hog futures until last week had no premium for the summer months and now the market is in the process of adding some of that premium back in. Much will depend on spot product prices, especially on the price of processing items. However, in the near term market participants

Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - All Hogs

Based on Daily MPR Report, LM_HG201. Data through Jun 17, 2024. Analysis by Steiner Consulting



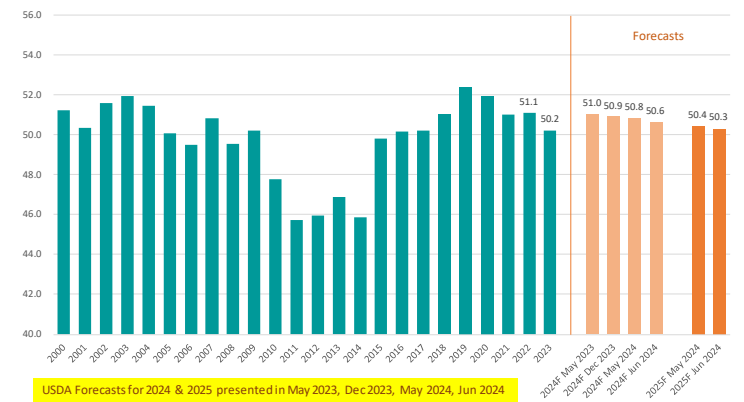
once again are coming to term with the effect that seasonality has pork supply availability.

Longer term, the outlook is for pork supply to remain stable. We will get a better idea on this when the results of the next USDA 'Hogs and Pigs' survey are released. Below is a brief recap of the latest data from USDA about both pork and overall meat protein availability in 2024 and 2025:

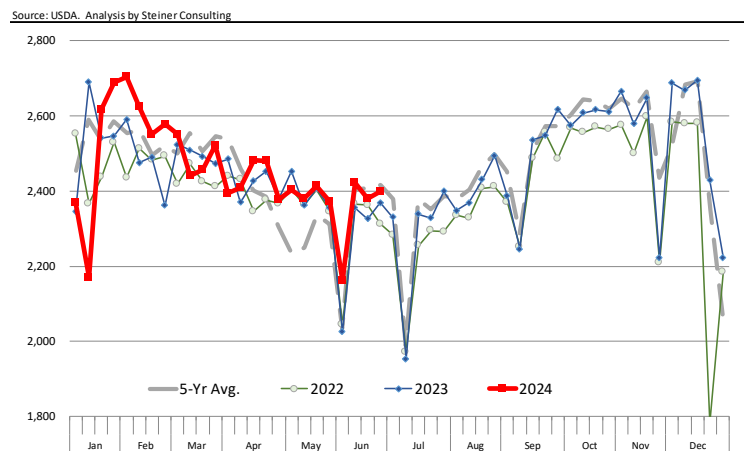
USDA revised higher production and per capita availability for both 2024 and 2025, but for different reasons. USDA raised expected 2024 production of the four main proteins by 115 million pounds vs. the previous month. Pork production was raised 40 million pounds (+0.1%), chicken production was raised 60 million pounds (+0.1%) and turkey production was raised 20 million pounds (+0.4%). The increases largely reflect the higher-than-expected production the previous month (higher weights) although the increase in turkey production was a bit of a surprise. Turkey poult placements were down by more than 7% in May, pointing to ongoing tight supplies in that market well into the fall. **USDA is holding firm to its idea that pork production in second half of the year will be up almost 5% y/y.** More production days but also expectations for higher slaughter/higher weights are driving this forecast. So far this has been hard to argue considering Q2 trend but it will be a point of discussion once the quarterly survey data comes out. USDA expects pork production in 2025 to be up 1.1%. With exports expected to be up 3.4% next year, per capita pork availability is now forecast at 50.3 pounds per person (retail weight), slightly lower than the previous forecast and 0.6% y/y.

USDA also revised higher its red meat/poultry production for 2025, with the revision all coming from a 245 million pound increase in its forecast to beef production. This was a 1% increase from the beef production forecast presented last month. USDA thinks that a higher placement rate in Q4 of 2024 will result in a higher slaughter in first half of 2025 than previously expected, something that's always up for debate. Still forecast is for beef production in 2025 to be down 4.6% y/y.

US Domestic Per Capita **Pork Disappearance** (Consumption). Retail Basis. Lb./pp
Source: USDA-WASDE. Analysis by Steiner Consulting



WEEKLY HOG SLAUGHTER. '000 HEAD



US #23-27 Hams in Peso per Lb.

Data source: USDA-AMS. Analysis by Steiner Consulting



2. Lower Peso presents more headwinds for ham values this fall.

Currency markets are especially sensitive to potential shifts in a country's fiscal and/or monetary policy. That was the case with the Mexican Peso as the ruling party not only scored a win in the election but appears likely to steamroll

other parties and gain a super majority in Congress. This could open the door to more spending and result in market distorting policies. Currently the Mexican Peso is trading at 18.5 to 1 USD, 13% lower than a year ago and the lowest since last fall. The effect of this is that suddenly US pork products have become more expensive for Mexican buyers. The second chart shows the implied value of #23-27 hams converted in Mexican Pesos. In late May the value of #23-27 hams was almost \$94/cwt, near the highs we saw back in April. The short holiday week likely played a role. Since then ham values have declined and at the end of the week they were \$85.5/cwt. However, the decline in the value of the peso means that in Peso terms prices are still on the very high end of the range for the year (see chart). Given the current value of the Peso, #23-27 ham values would have to trade in the mid-70s to yield a comparable price in Peso terms. This could present significant headwinds for the cutout in July and August, especially if the seasonal decline in production is not as significant as in past years.

PORK

Hog Market. For the week ending June 15 hog slaughter was 2.390 million head, up 2.7% from a year ago. In the last two weeks hog slaughter is up 2.8% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 91.18 /cwt. on Friday were down \$0.9/cwt since Wed. June 5. Prices are up about 4.3 \$/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.2763, down about one cent since the Wed. June 5 quote but up about 24 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.5100 for the strap on loins, up 2.4 cents since Wed. June 5 and up 8 cents from the year ago levels. Strap off loins at \$1.8301 are up

1.9 cent since Wed. June 5 and up about 26 cents compared to the year ago quote.

Boneless sirloins at \$1.2590 were up about one cents from the Wed. June 5 quote but down about 0.8 cents from the year ago price.

Pork tenderloin finished last week at \$1.7800, down 0 cents since the Wed. June 5 quote but up about 22.1 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.4361, down 1.5 cents since Wed. June 5. Prices are down 12 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.7485, up about 0 cents since Wed. June 5 and up about 38 cents from year ago levels.

Rib inventories on April 30 were 93.1 million pounds, down 12.0% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at \$0.9351/lb. down 1 cent since Wed. June 5 but up about 9 cents from a year ago.

20/23 hams finished the week at 91.82 cents (page 130) up about 3 cents since Wed. June 5 and up about 9 cents from the year ago level.

23/27 hams finished the week at 87.59 , down about 4 cents from the Wed. June 5 quote but up about 5 cents from the year ago level.

Total ham cold storage stocks on April 30 at 95.1 million pounds were down 19.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 54.74 cents, down about 11.7 cents since Wed. June 5 and down about 13 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 105.96 cents, up 2.0 cents since the Wed. June 5 quote and up about 16 cents from the year ago levels.

Freezer stocks of all trimmings on April 30 were 46.6 million pounds, down 19.4% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 33 cents compared to 32 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 131.50 on Friday, June 14, down about 3 cents from a year ago.

Broiler slaughter for the week ending June 8 was 166.41 million head, up 0.01% from a year ago. For the last two weeks broiler slaughter was down 1.1% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.7240, down 6 cents since Wed. June 5 but up about 38 cent from year ago levels.

Leg Quarters. Last week leg quarter prices at 52.66 cents per pound prices were up about 0.12 cents vs. two weeks ago and were up 3 cents from a year ago.

Wings. Prices at \$2.5108 are up about 162 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.0300, unchanged 0.0 cents since Wed. June 5 but down about 51 cents from the year ago price.

Toms finished last week at \$1.0400, up 14 cents since Wed. June 5 but down about 44 cents from the year ago price.

Total turkey supplies in the freezer on April 30 were up 6.2% from a year ago at 390.6 million pounds. Whole birds were down 9.1% from a year ago with an inventory of 172.9 million pounds.

Turkey slaughter was 3.9390 million head for the week ending June 8, down 2.8% from a year ago. For the last two weeks slaughter has been down 6.12%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$2.2000, unchanged since Wed. June 5. Prices are down about 56 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 \$10.6331 (weighted average quote) finished last week up about 31 cents since the Wed. June 5 quote but down about 29 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$9.8823 (weighted average quote) finished last week up about 13 cents since the Wed. June 5 quote and up about 81 cent vs. the year ago price.

Currently Choice 112A Rib Eyes are \$0.7508 /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 \$3.6052 for 90CL and \$0.7844 for 50CL product, an 81CL meat block value is now \$2.9705 and a 78CL meat block is \$2.7590. Choice 114, 3 Clods are now being priced 41.54 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 77.38 cents and the five year average spread for is 97.34 cents over.

Choice #161 Boneless Rounds finished last week at **\$3.5546**, **down** about 7 cents since **Wed. June 5** and **down** about 11 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$3.2465 up about 3 cents since **Wed. June 5** but **down** about 24 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$3.2638 up about one cent since **Wed. June 5** but **down** about 19 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$3.1210 up about 21 cents since **Wed. June 5** and up about 4 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$11.3482 (wt. avg.) up about 31 cents from the **Wed. June 5** quote. Prices are up 87 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at \$5.0273 (wt. avg.) **down** about one cent since **Wed. June 5** and **down** about **31** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$5.2148 (wt. avg.) up about 13 cents since **Wed. June 5** but **down** about 20 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$7.2247 (wt. avg.) up about one cent since **Wed. June 5** but **down** about 337 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at **\$2.6139 up** about 6 cents since **Wed. June 5** and up about 19 cents from year ago levels.

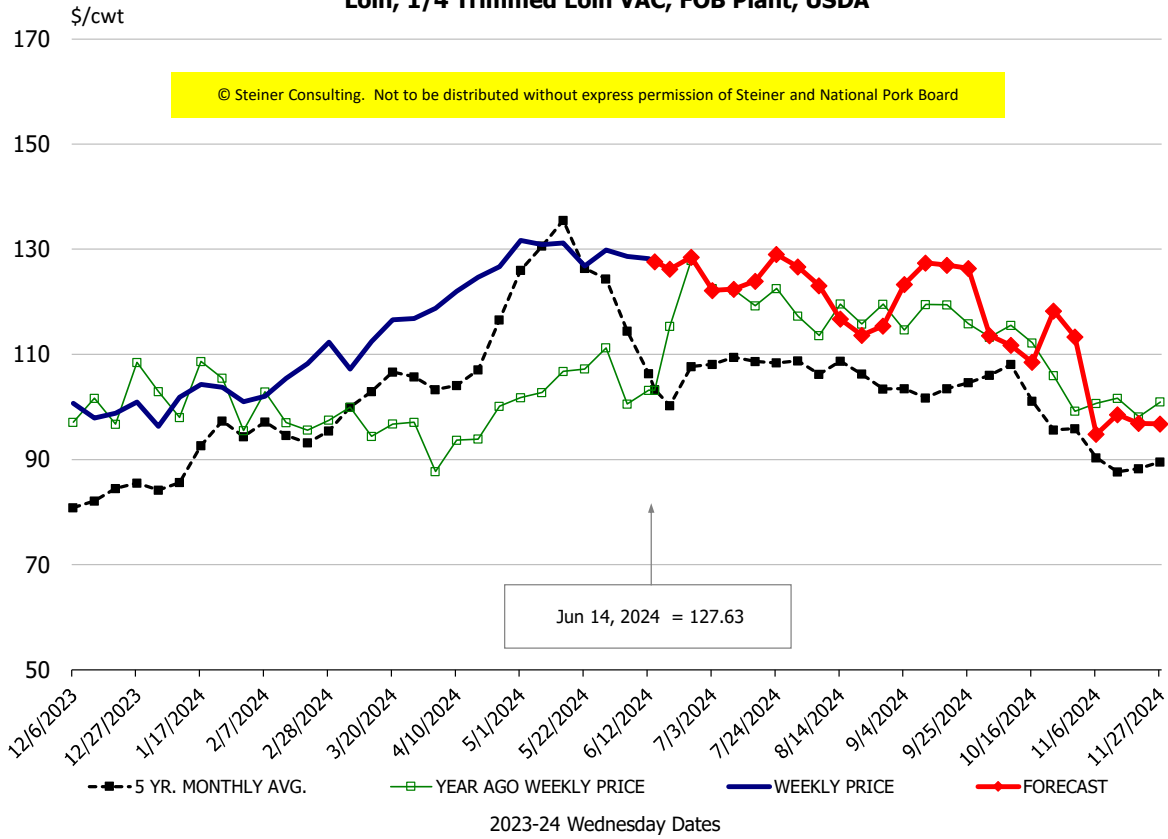
81CL Coarse Ground product finished last week at \$3.1224 up about 9 cents since **Wed. June 5** and up about **45** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at **\$3.6052** (wt. avg.) **up 0.22** cents since **Wed. June 5** and up 78 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$0.7844, up about one cent since **Wed. June 5** but **down** 114 cents compared to year ago levels.

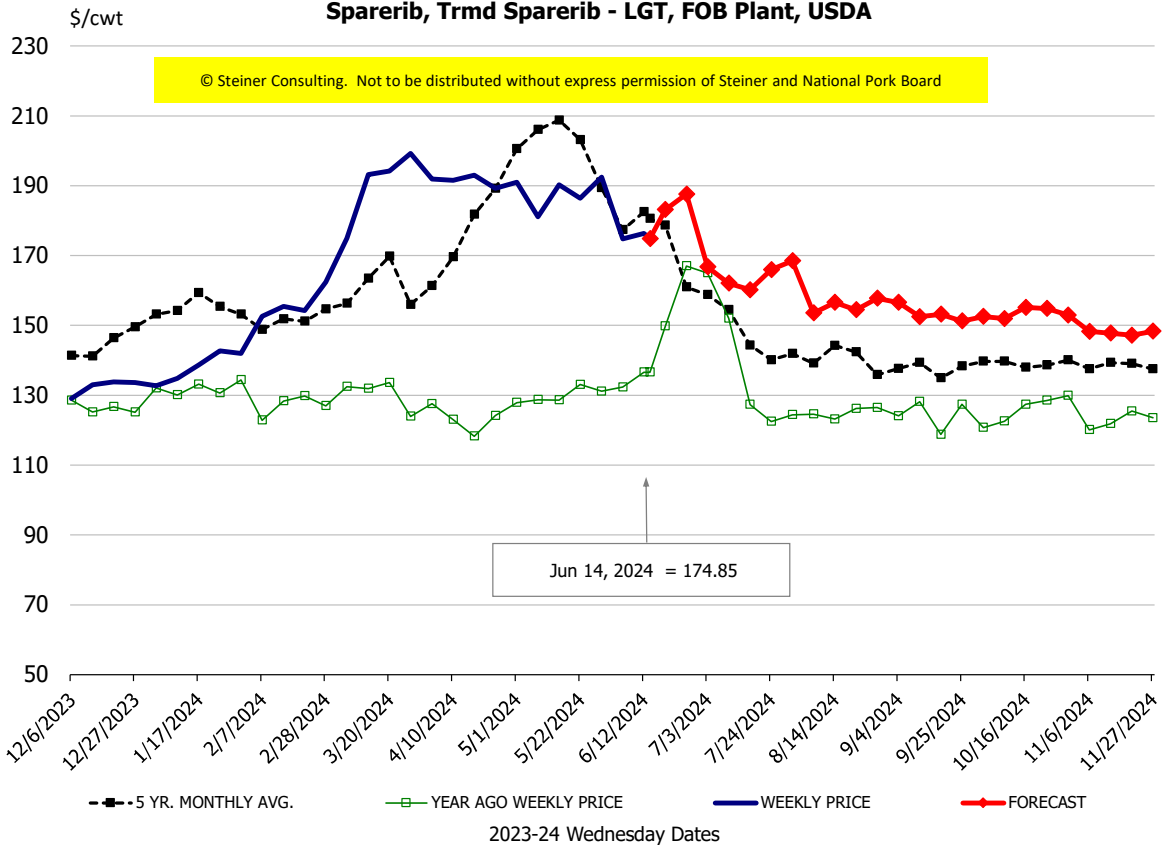
Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Dec	Jan	Feb	Mar	Apr	May	6/5/2024	6/14/2024	6/26/2024	Jun	Jul	Aug	Sep	Oct	Nov
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PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	100.8	101.0	104.8	110.8	122.4	130.3	128.6	127.63	128	128	123	121	124	112	99
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	107.0	109.7	110.1	118.2	126.7	139.1	138.6	139.25	141	139	134	132	134	123	111
Loin, Bnls CC Strap-off, FOB Plant, USDA	164.1	167.2	168.9	171.1	178.6	184.5	181.1	183.01	183	181	171	177	191	185	167
Loin, Tenderloin, FOB Plant, USDA	141.8	157.3	166.7	171.9	177.7	182.2	178.2	178.00	185	179	174	169	165	154	137
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	107.2	101.5	102.8	117.7	132.8	138.3	136.4	132.46	141	135	136	128	131	117	110
Sparerib, Trmrd Sparerib - LGT, FOB Plant, USDA	131.3	138.4	157.6	189.1	189.5	183.7	174.8	174.85	188	175	167	155	155	152	149
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	243.9	243.6	232.3	250.7	259.0	268.6	286.0	277.89	287	280	253	246	250	242	245
Sparerib, Trmrd Sparerib - MED, FOB Plant, USDA	125.6	135.0	157.6	184.6	179.1	187.7	173.8	170.29	181	172	165	153	153	150	147
Loin, Backribs 2.0#/up, FOB Plant, USDA	183.9	184.0	192.7	222.3	251.2	257.0	263.5	260.17	264	258	237	238	225	217	213
Ham, 17-20# Trmrd Selected Ham, FOB Plant, USDA	84.0	80.4	81.0	81.7	95.1	89.5	94.4	93.51	95	94	95	91	91	89	91
Ham, 20-23# Trmrd Selected Ham, FOB Plant, USDA	84.1	76.8	80.8	79.1	87.1	85.9	89.0	91.82	91	92	93	92	91	87	91
Ham, 23-27# Trmrd Selected Ham, FOB Plant, USDA	80.3	74.1	79.0	77.4	87.7	86.1	91.3	87.59	88	88	91	90	89	85	91
Belly Cutout, FOB Plant, USDA	87.6	124.5	129.0	125.7	123.9	123.7	127.9	130.05	130	130	163	148	117	126	121
Belly, Derind Belly 9-13#, FOB Plant, USDA	109.8	148.4	161.7	159.4	160.3	155.9	173.1	177.37	180	176	206	182	144	155	149
Belly, Derind Belly 13-17#, FOB Plant, USDA	104.6	140.8	155.0	150.8	144.0	150.3	155.5	149.80	159	157	186	168	135	141	140
Trim, 42% Trim Combo, FOB Plant, USDA	43.8	45.2	35.1	56.9	75.2	61.0	66.5	54.74	51	59	71	66	54	52	46
Trim, 72% Trim Combo, FOB Plant, USDA	72.1	83.6	81.8	93.5	103.0	95.8	104.0	105.96	105	106	112	95	85	78	78
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	91.1	97.8	92.4	103.5	113.9	119.4	119.8	119.64	116	120	125	112	105	110	100
Carcass Cutout, FOB Plant, USDA	83.6	87.0	89.1	93.1	99.1	100.3	100.3	100.29	101	100	105	101	97	94	91
HOG CARCASS															
CME 1-Day Lean Hog Index	67.3	68.1	76.3	82.7	89.6	91.5	92.1	91.18	96	93	97	95	87	84	79
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	127.9	129.9	128.6	129.1	131.3	131.4	131.9	131.50	135	132	127	122	120	119	123
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	98.8	116.3	124.9	145.3	170.4	182.0	178.0	172.40	176	172	165	162	151	128	117
N.E. BROILER BREAST LINE RUN, USDA	101.6	102.4	102.8	105.3	105.9	106.1	105.6	105.75	109	106	106	105	103	97	94
N.E. BROILER LEG QUARTERS, USDA	41.4	42.6	45.7	47.2	49.7	50.8	52.5	52.66	54	53	52	50	47	45	43
N.E. BROILER WINGS, USDA, WT.AVG.	158.9	169.7	188.2	214.1	228.4	231.1	245.2	251.08	248	250	253	255	255	260	260
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	87.5	90.5	100.2	94.4	97.3	102.2	103.0	103.00	100	104	108	113	113	113	108
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	87.8	93.0	101.7	101.4	97.9	97.4	90.0	104.00	100	101	108	113	113	113	108
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	260.0	260.0	260.0	260.0	228.8	220.0	220.00	216	220	230	235	240	240	240
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	170.6	173.9	180.6	186.4	185.2	187.0	189.0	190.95	187	187	185	184	184	185	187
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1300.3	999.8	985.5	1010.9	933.4	963.3	1032.3	1063.31	1020	1061	974	1045	1067	1176	1269
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	333.5	336.9	364.1	370.5	364.7	361.8	362.0	355.46	355	359	361	362	378	386	385
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	249.4	285.6	316.8	364.8	321.4	321.5	325.8	326.38	330	327	334	344	351	356	341
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	251.7	299.6	300.8	299.6	289.2	293.4	290.7	312.10	311	310	309	312	333	341	328
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	753.5	756.7	804.5	931.9	947.3	986.9	1104.0	1134.82	989	1131	943	851	810	753	741
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	390.3	396.3	397.5	441.9	449.6	476.6	508.6	521.48	501	520	483	473	438	414	421
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	607.8	705.6	714.8	754.3	709.7	717.0	721.0	722.47	729	731	760	824	752	693	697
USDA,COARSE GROUND 73%, WT. AVG.	173.5	190.5	215.9	222.8	233.7	231.1	255.5	261.39	268	259	255	263	240	228	222
COARSE GROUND 81%, WT. AVG., USDA	209.5	263.7	267.7	276.0	281.7	294.0	303.1	312.24	323	312	300	303	288	275	277
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	248.4	273.3	308.0	330.5	346.2	349.8	360.3	360.52	362	359	360	362	360	355	350
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	54.2	76.9	92.9	103.9	91.2	74.9	77.5	78.44	77	79	100	103	93	85	90

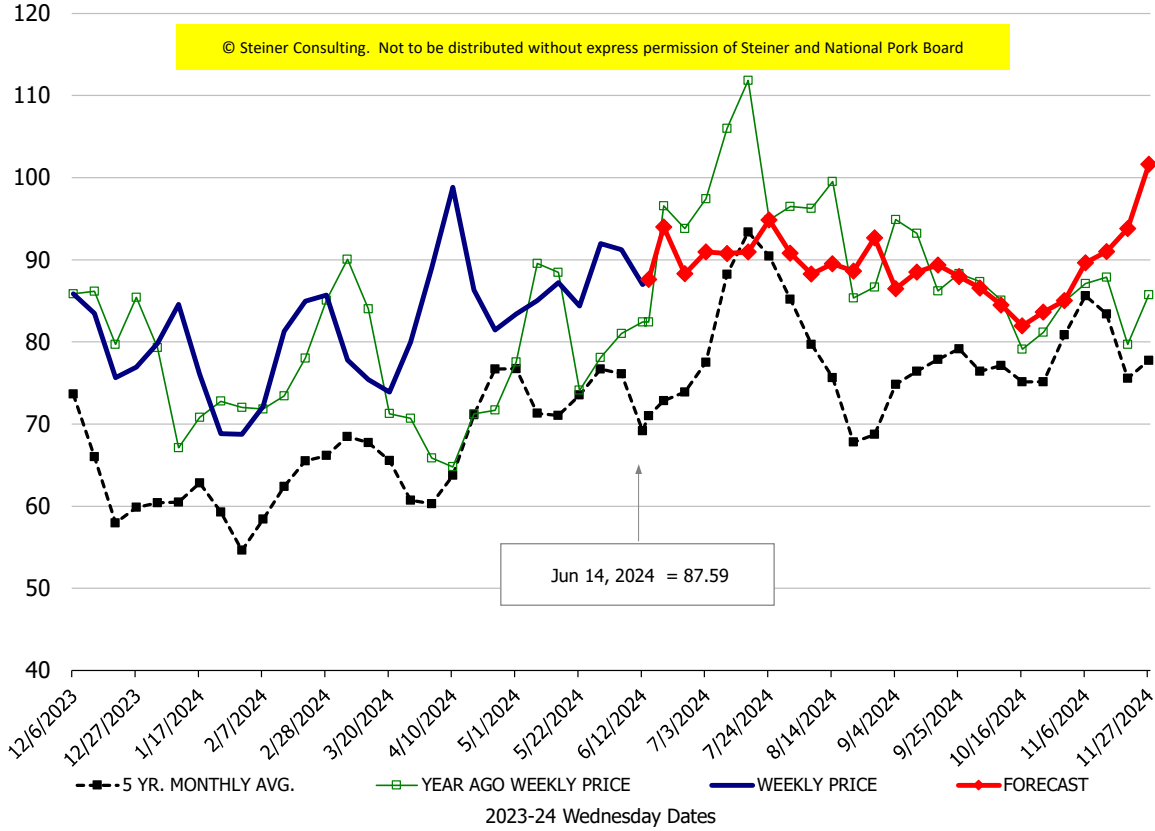
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA



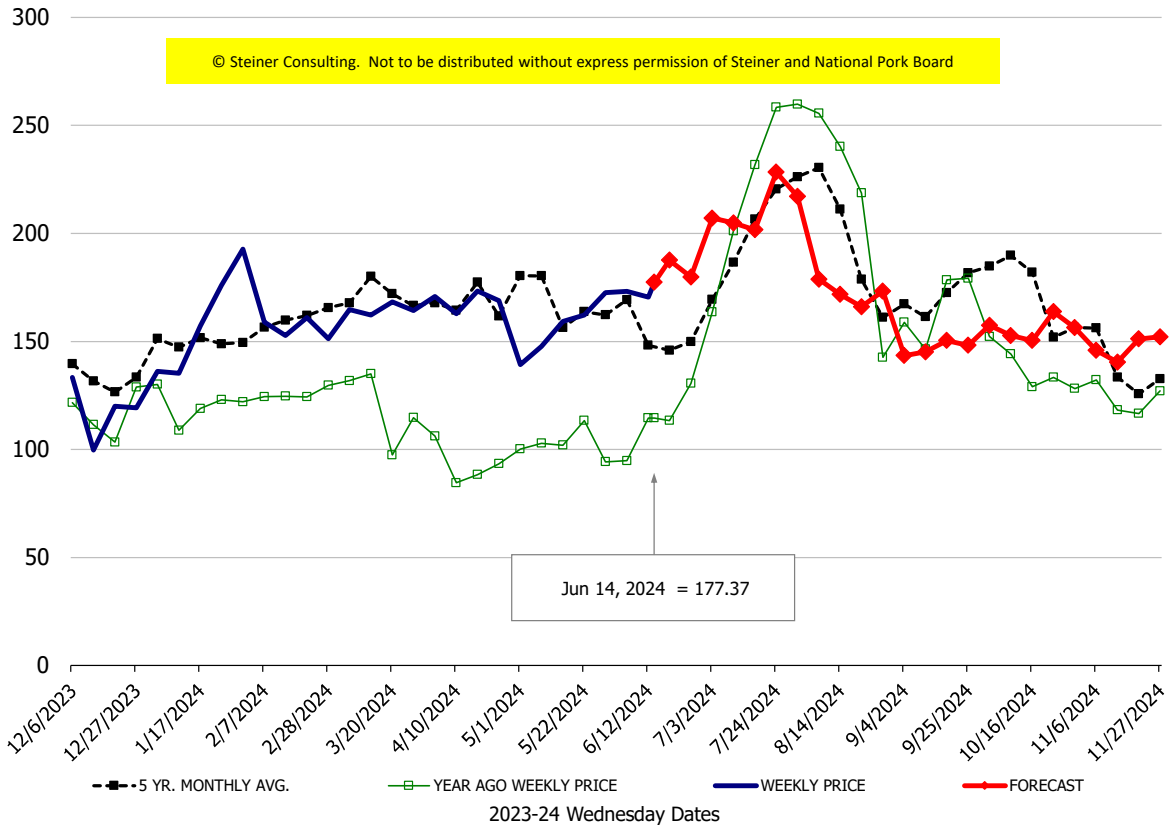
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA

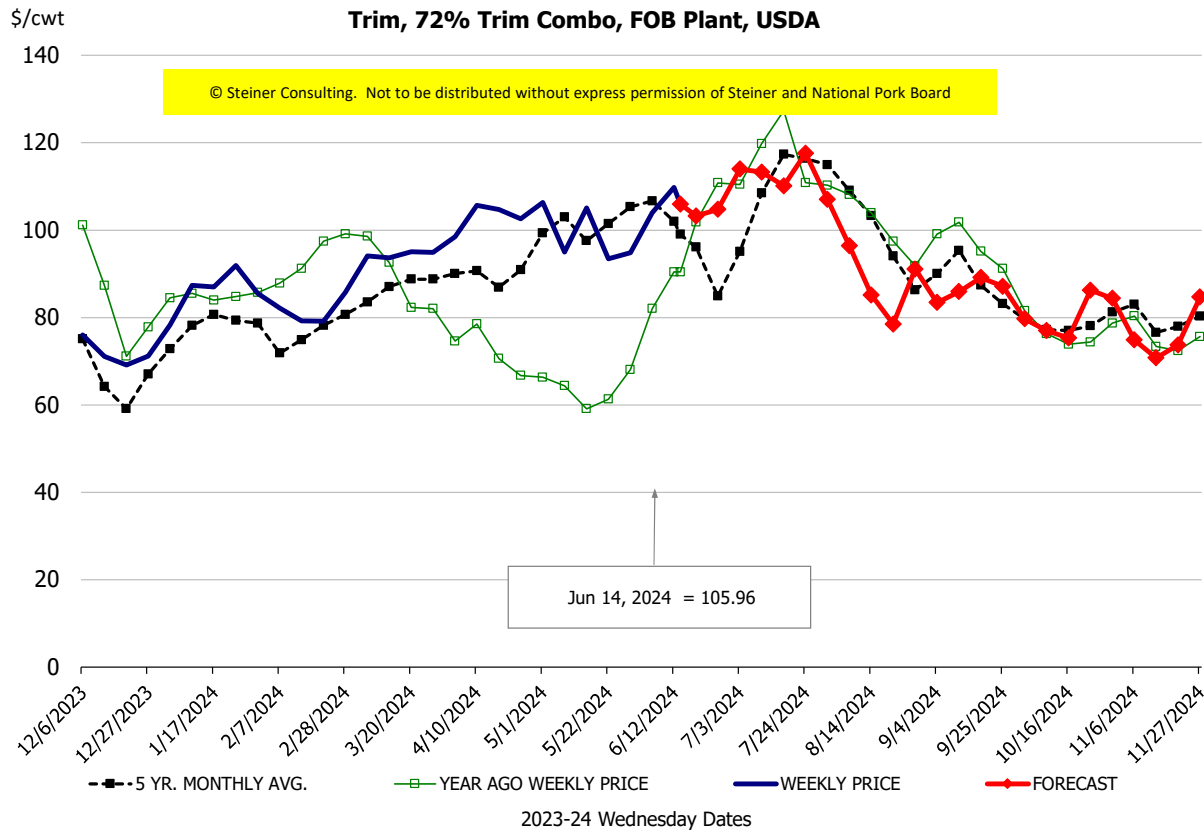
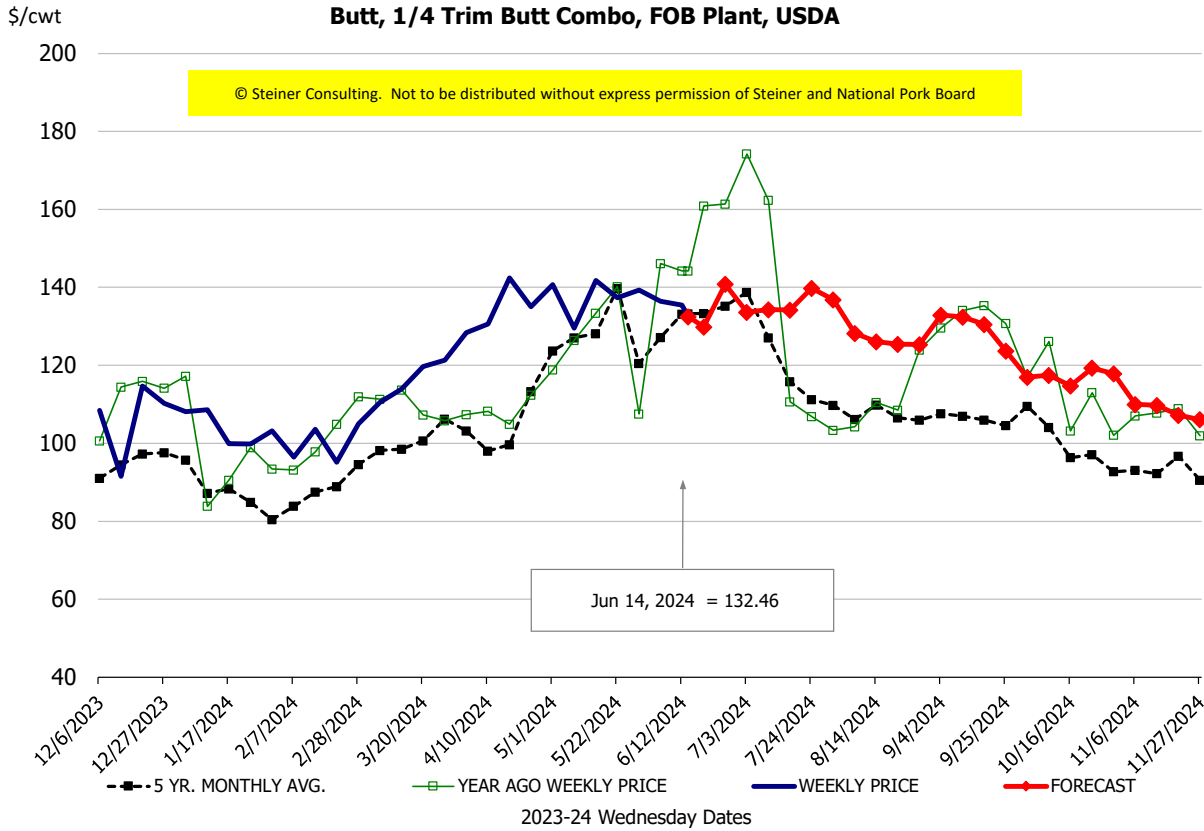


Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA



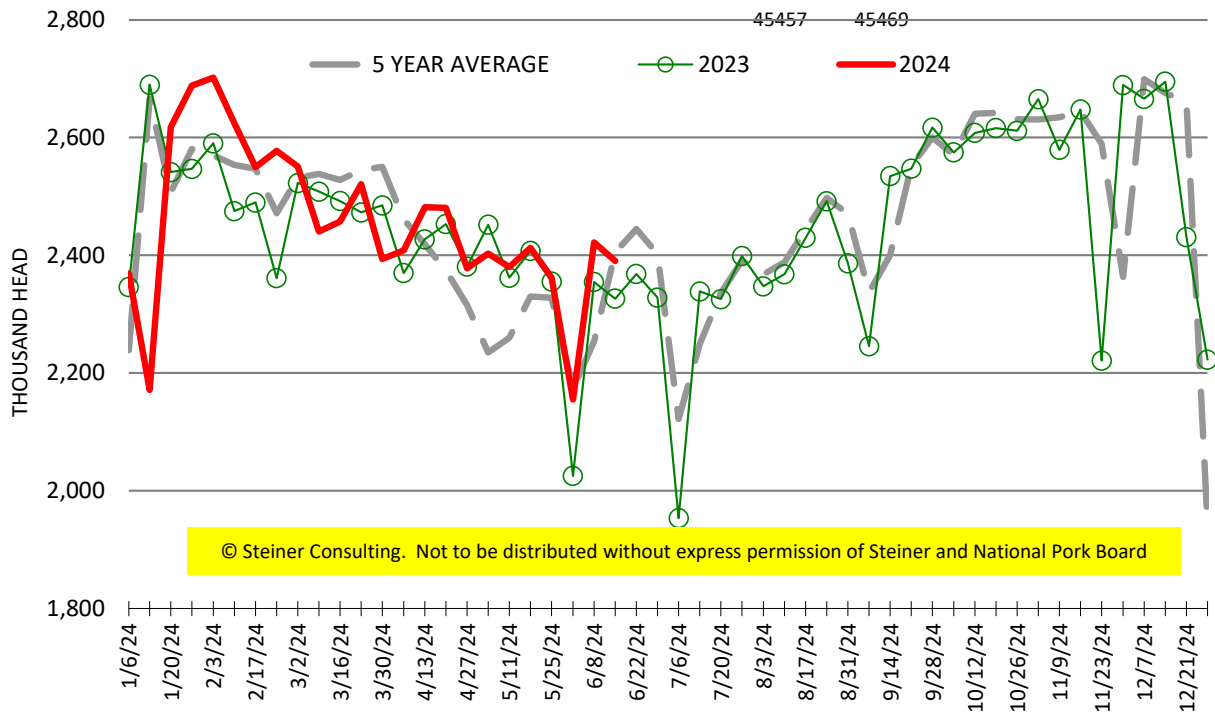
Belly, Derind Belly 9-13#, FOB Plant, USDA





ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

