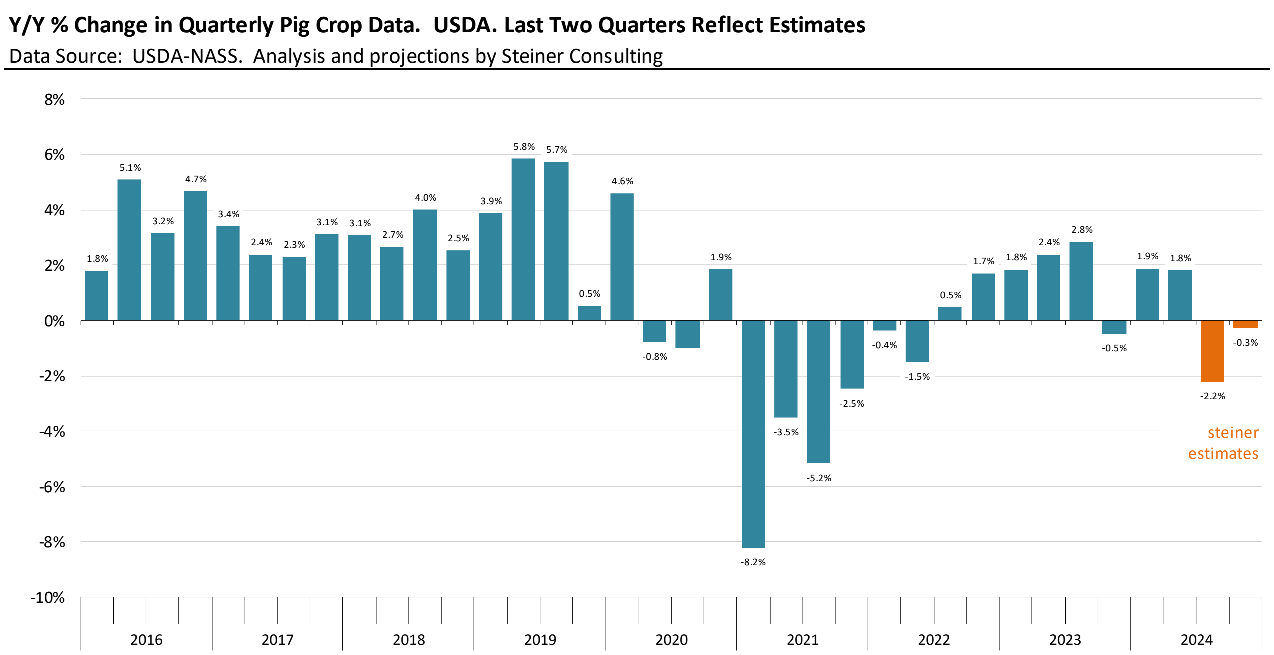
Pork Merchandiser's **Profit Maximizer**

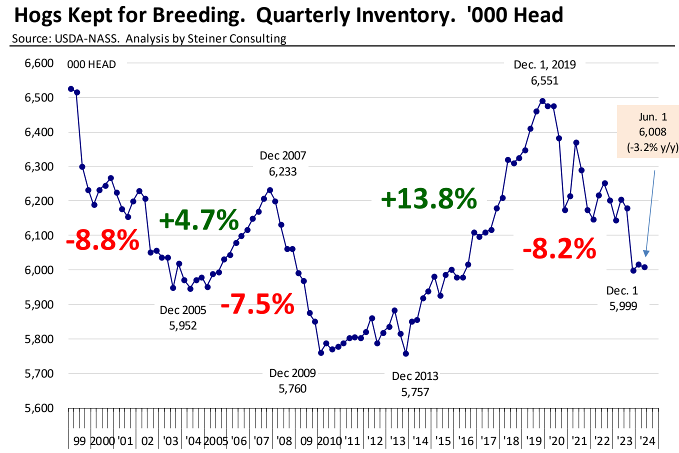
Prepared by Steiner and Company, Manchester, NH 800-526-4612.

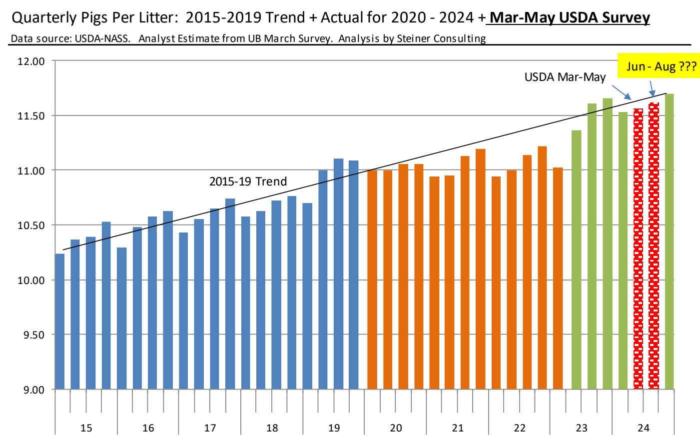
July 1, 2024

1. Pork supply expectations from latest USDA "Hogs and Pigs' survey

USDA published last Thursday the results of its quarterly survey of hog operations, offering an updated view of the supply of hogs on the ground. We will try to break down what the numbers imply for hog/pork supplies the rest of the summer, fall and winter market. The consensus of analysts after the report was that it was largely neutral. However, futures were higher following the release, in part because the numbers were not worse than what was already priced in the market. The survey also reaffirmed that producers are at least doing one of the things necessary to support prices going forward - limit supply. Whether that continues given lower feed costs and the need to walk corn off the farm (i.e. feed to livestock) is likely going to be a topic of debate in the coming months.







<u>Short term supply implications</u>: USDA breaks down the inventory of market hogs into four groups, which allows us to get a better idea as to the timing of when those hogs will be marketed.

June through mid July: This is when the inventory of hogs over 180 pounds will come to market. Slaughter so far has been running 2.5% above year ago levels. If USDA survey is right, slaughter in early July will remain around 2.4 million head, about 2% higher than a year ago.

Mid July through late August: There is a bit of variability here since slaughter in late July tends to hit annual lows and then trend higher through August. The USDA pegged the inventory of hogs between 120-179 pounds at 2% above last year. This would imply weekly slaughter of around 2.4 million hogs through early August and then climb to around 2.45 million/week in the second half of the month.

Late August through mid October: Slaughter tends to be higher the last week of August as producers seek to market hogs before the Labor Day shortened week. USDA estimates the inventory of hogs between 50-119 pounds to be up 1.2% y/y. If this is correct, it would imply slaughter after Labor Day and into mid to late October of around 2.6 million head/week. This would start to approach the capacity constraints now that the Tyson plant in Iowa has ceased operations.

Late October through November: Inventory of light weight hogs (under 50 pounds) was estimated 1.4% above year ago levels. If correct, this would imply a weekly slaughter for non-holiday weeks approaching 2.7 million head, requiring more shifts to process hogs on Saturday. We think this will result in a wider spread between hogs/cutout than the last two years.

<u>Winter and beyond</u>: We continue to hold that the breeding herd offers the best indication with regard to future supply although the shift in productivity in the last four quarters has been a more significant factor. □Prior to the report analysts thought herd would be down 2.2% from a year ago but higher than in March. The USDA survey showed no change from March to June, suggesting a lower rate of gilt retention. □Our estimates suggest that gilt retention was lower than what we normally see during this time of year and 2.5% lower than the same quarter last year. □Producers have been struggling with profitability and while prices were high in March and April, the sharp decline in May was a reminder that they need to keep supply in check if they have any hope of bringing a margin back in the business. As of June 1, the breeding herd was 3.2% lower than a year ago. The survey pegged intended farrowings for Jun-Aug to be down 2.5% from a year ago. The ratio of farrowings with the June 1 breeding herd was 49.3%, consistent with the past two years.

Will pigs per litter offset lower farrowings, like they have done in the past 12 months? We don't think so. Pigs saved per litter during Mar-May were 1.8% higher than the previous year but below the pre-COVID trend line. If Jun-Aug follows the same trajectory, it would imply almost no change y/y in pigs per litter (they were above trend last year) and thus a net reduction in hog slaughter during Dec-Feb and potentially Mar-Apr.

PORK

Hog Market. For the week ending June 29 hog slaughter was 2.421 million head, up 4.0% from a year ago. In the last two weeks hog slaughter is up 3.1% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 89.31 /cwt. on Friday were down $1.2/cwt since Wed. June 19. Prices are down about 4.1 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.2990, up about 3.6 cent since the Wed. June 19 quote and up about 2 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.4408 for the strap on loins, down 2.5 cents since Wed. June 19 and down 13 cents from the year ago levels. Strap off loins at $1.7548 are up 5.3 cent since Wed. June 19 and up about 7 cents compared to the year ago quote.

Boneless sirloins at $1.2700 were down about 3 cents from the Wed. June 19 quote but down about 3.5 cents from the year ago price.

Pork tenderloin finished last week at $1.7400, up 5 cents since the Wed. June 19 quote and up about 8.2 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.4518, down 3.4 cents since Wed. June 19. Prices are down 31 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.6530, down about 10 cents since Wed. June 19 and down about 2 cents from year ago levels.

Rib inventories on May 31 were 74.6 million pounds, down 6.0% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.9291/lb. up 1 cent since Wed. June 19 and up about 9 cents from a year ago.

20/23 hams finished the week at 89.27 cents (page 130) up about 2 cents since Wed. June 19 but down about 2 cents from the year ago level.

23/27 hams finished the week at 91.25 , up about 3 cents from the Wed. June 19 quote but down about 3 cents from the year ago level.

Total ham cold storage stocks on May 31 at 110.7 million pounds were down 19.3% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 46.36 cents, down about 2.0 cents since Wed. June 19 and down about 40 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 83.47 cents, down 12.0 cents since the Wed. June 19 quote and down about 27 cents from the year ago levels.

Freezer stocks of all trimmings on May 31 were 43.6 million pounds, down 20.8% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 52 cents compared to 33 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 131.99 on Friday, June 28, up about 4 cents from a year ago.

Broiler slaughter for the week ending June 22 was 166.65 million head, down 4.42% from a year ago. For the last two weeks broiler slaughter was down 2.8% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.6986, up 1 cents since Wed. June 19 and up about 49 cent from year ago levels.

Leg Quarters. Last week leg quarter prices at 53.10 cents per pound prices were up about 0.75 cents vs. two weeks ago and were up 4 cents from a year ago.

Wings. Prices at $2.5915 are up about 170 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $0.8935, down 14.0 cents since Wed. June 19 and down about 59 cents from the year ago price.

Toms finished last week at $0.9467, down 9 cents since Wed. June 19 and down about 49 cents from the year ago price.

Total turkey supplies in the freezer on May 31 were up 5.2% from a year ago at 422.9 million pounds. Whole birds were down 4.1% from a year ago with an inventory of 199.4 million pounds.

Turkey slaughter was 3.7120 million head for the week ending June 22, down 4.1% from a year ago. For the last two weeks slaughter has been down 10.70%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.2000, unchanged since Wed. June 19. Prices are down about 51 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 $10.9456 (weighted average quote) finished last week up about one cent since the Wed. June 19 quote but down about 12 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $9.6051 (weighted average quote) finished last week down about 37 cents since the Wed. June 19 quote and up about 81 cent vs. the year ago price.

Currently Choice 112A Rib Eyes are $1.3405 /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 $3.7106 for 90CL and $1.0063 for 50CL product, an 81CL meat block value is now $3.1021 and a 78CL meat block is $2.8993. Choice 114, 3 Clods are now being priced 33.34 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 45.00 cents and the five year average spread for is 32.15 cents over.

Choice #161 Boneless Rounds finished last week at $**3.5500**, unchanged since **Wed.** June 19 and down about 5 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.3643 up about 3 cents since Wed. June 19 and up about 38 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.4741 up about 16 cent since Wed. June 19 but up about 25 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $3.2831 up about 31 cents since Wed. June 19 and up about 14 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $10.9244 (wt. avg.) down about 11 cents from the Wed. June 19 quote. Prices are up 4 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $5.2628 (wt. avg.) **up** about one cent since Wed. June 19 and **up** about **19** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $5.4373 (wt. avg.) up about 12 cents since Wed. June 19 and up about 21 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.6887 (wt. avg.) up about 43 cent since Wed. June 19 but down about 314 cents from year ago values.

COARSE GROUND BEEF –

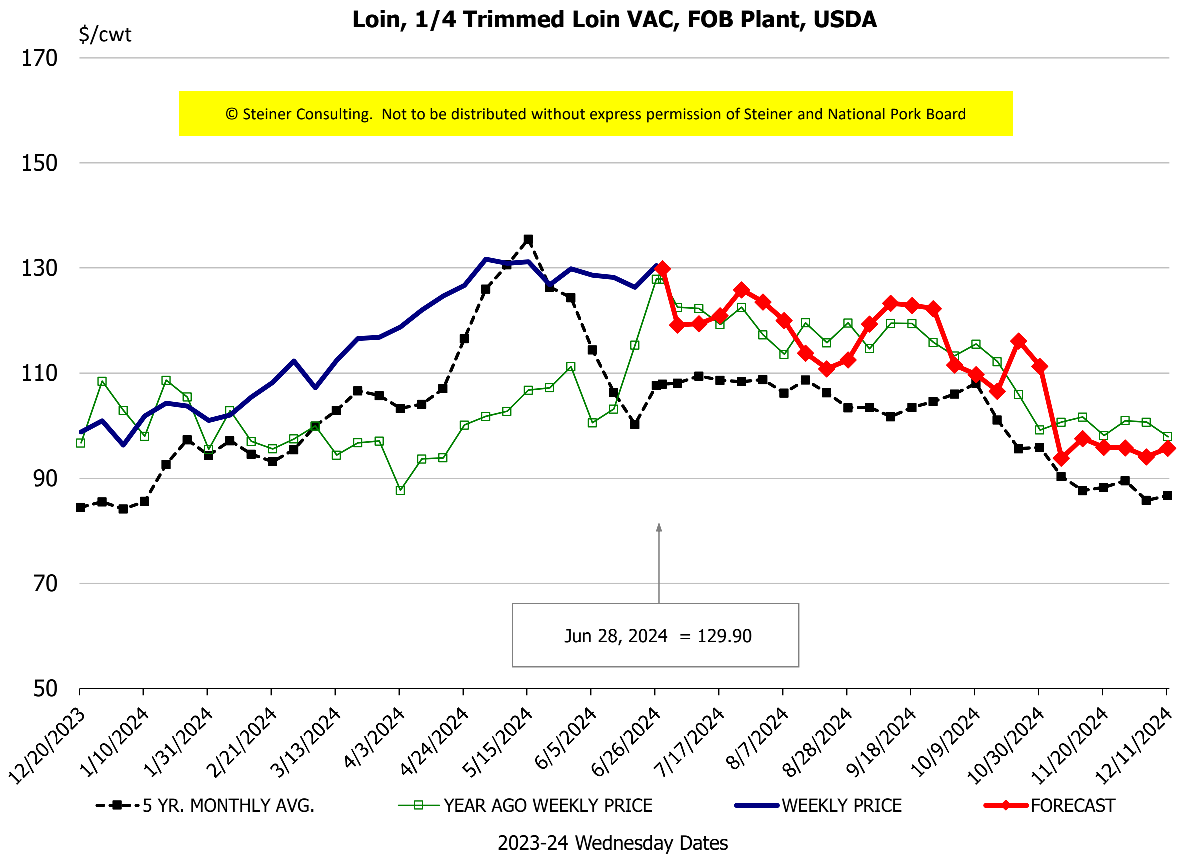
73CL Coarse Ground product finished last week at $**2.6400 down** about 2 cents since Wed. June 19 but up about 13 cents from year ago levels.

81CL Coarse Ground product finished last week at $3.2643 up about 6 cents since Wed. **June 19 and up** about **56** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $**3.7106** (wt. avg.) **down 0.02** cents since Wed. June 19 but up 75 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $1.0063, up about 11 cent since Wed. June 19 but down 89 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Jan	Feb	Mar	Apr	May	Jun	6/19/2024	6/28/2024	7/10/2024	Jul	Aug	Sep	Oct	Nov	Dec
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	101.0	104.8	110.8	122.4	130.3	128.4	126.3	129.90	119	120	118	120	110	98	95
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	109.7	110.1	118.2	126.7	139.1	138.6	130.3	136.67	128	128	125	124	116	105	101
Loin, Bnls CC Strap-off, FOB Plant, USDA	167.2	168.9	171.1	178.6	184.5	180.9	170.1	175.48	170	170	175	188	183	169	165
Loin, Tenderloin, FOB Plant, USDA	157.3	166.7	171.9	177.7	182.2	176.5	169.2	174.00	173	174	169	165	154	137	137
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	101.5	102.8	117.7	132.8	138.3	133.0	136.3	130.38	128	130	124	128	115	109	110
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	138.4	157.6	189.1	189.5	183.7	170.7	174.9	165.30	155	160	159	160	155	155	152
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	243.6	232.3	250.7	259.0	268.6	270.4	293.6	267.22	241	241	248	254	245	251	254
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	135.0	157.6	184.6	179.1	187.7	171.2	167.6	166.99	160	162	160	161	156	154	151
Loin, Backribs 2.0#/up, FOB Plant, USDA	184.0	192.7	222.3	251.2	257.0	260.3	257.2	260.80	247	250	246	240	232	225	220
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	80.4	81.0	81.7	95.1	89.5	93.2	91.9	92.91	91	91	87	87	86	89	83
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	76.8	80.8	79.1	87.1	85.9	88.5	87.4	89.27	90	89	88	87	84	89	83
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	74.1	79.0	77.4	87.7	86.1	88.5	88.2	91.25	87	87	86	85	82	89	83
Belly Cutout, FOB Plant, USDA	124.5	129.0	125.7	123.9	123.7	129.3	116.7	117.14	137	137	145	115	113	107	112
Belly, Derind Belly 9-13#, FOB Plant, USDA	148.4	161.7	159.4	160.3	155.9	163.9	158.7	162.30	168	169	178	140	139	132	137
Belly, Derind Belly 13-17#, FOB Plant, USDA	140.8	155.0	150.8	144.0	150.3	148.5	141.8	141.69	157	157	164	130	125	120	122
Trim, 42% Trim Combo, FOB Plant, USDA	45.2	35.1	56.9	75.2	61.0	55.2	48.3	46.36	63	61	61	54	52	46	43
Trim, 72% Trim Combo, FOB Plant, USDA	83.6	81.8	93.5	103.0	95.8	95.3	95.4	83.47	99	98	89	84	77	76	75
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	97.8	92.4	103.5	113.9	119.4	119.5	120.2	118.19	121	118	107	105	110	102	101
Carcass Cutout, FOB Plant, USDA	87.0	89.1	93.1	99.1	100.3	100.6	97.7	96.29	100	100	97	93	91	89	85
HOG CARCASS															
CME 1-Day Lean Hog Index	68.1	76.3	82.7	89.6	91.5	91.0	90.6	89.31	90	91	89	80	77	75	71
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	129.9	128.6	129.1	131.3	131.4	131.8	131.9	131.99	127	129	125	123	123	124	126
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	116.3	124.9	145.3	170.4	182.0	172.2	168.4	169.86	162	165	162	151	128	117	116
N.E. BROILER BREAST LINE RUN, USDA	102.4	102.8	105.3	105.9	106.1	106.5	107.6	107.09	105	106	105	103	97	94	94
N.E. BROILER LEG QUARTERS, USDA	42.6	45.7	47.2	49.7	50.8	52.7	52.4	53.10	52	52	50	47	45	43	42
N.E. BROILER WINGS, USDA, WT.AVG.	169.7	188.2	214.1	228.4	231.1	252.7	255.5	259.15	261	258	260	260	265	265	265
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	90.5	100.2	94.4	97.3	102.2	99.6	103.0	89.35	108	108	113	113	113	108	105
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	93.0	101.7	101.4	97.9	97.4	98.2	104.0	94.67	108	108	113	113	113	108	105
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	260.0	260.0	260.0	228.8	220.0	220.0	220.00	231	230	235	240	240	240	240
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	173.9	180.6	186.4	185.2	187.0	191.2	192.5	194.83	188	190	187	186	187	188	189
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	999.8	985.5	1010.9	933.4	963.3	1064.1	1093.6	1094.56	950	1000	1068	1090	1192	1289	1198
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	336.9	364.1	370.5	364.7	361.8	356.9	355.0	355.00	359	360	365	380	387	389	370
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	285.6	316.8	364.8	321.4	321.5	334.3	331.6	347.41	346	345	361	369	374	351	334
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	299.6	300.8	299.6	289.2	293.4	300.9	296.9	328.31	330	323	322	345	347	338	320
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	756.7	804.5	931.9	947.3	986.9	1111.0	1103.7	1092.44	1007	1028	875	812	753	741	756
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	396.3	397.5	441.9	449.6	476.6	528.8	531.4	543.73	532	540	515	485	455	421	422
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	705.6	714.8	754.3	709.7	717.0	725.0	725.7	768.87	836	835	820	750	700	697	696
USDA,COARSE GROUND 73%, WT. AVG.	190.5	215.9	222.8	233.7	231.1	258.5	265.9	264.00	253	255	263	240	228	222	213
COARSE GROUND 81%, WT. AVG., USDA	263.7	267.7	276.0	281.7	294.0	309.3	320.5	326.43	315	320	323	303	285	277	257
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	273.3	308.0	330.5	346.2	349.8	362.6	371.1	371.06	368	370	372	365	360	355	350
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	76.9	92.9	103.9	91.2	74.9	87.4	89.2	100.63	106	105	108	98	90	95	88



Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
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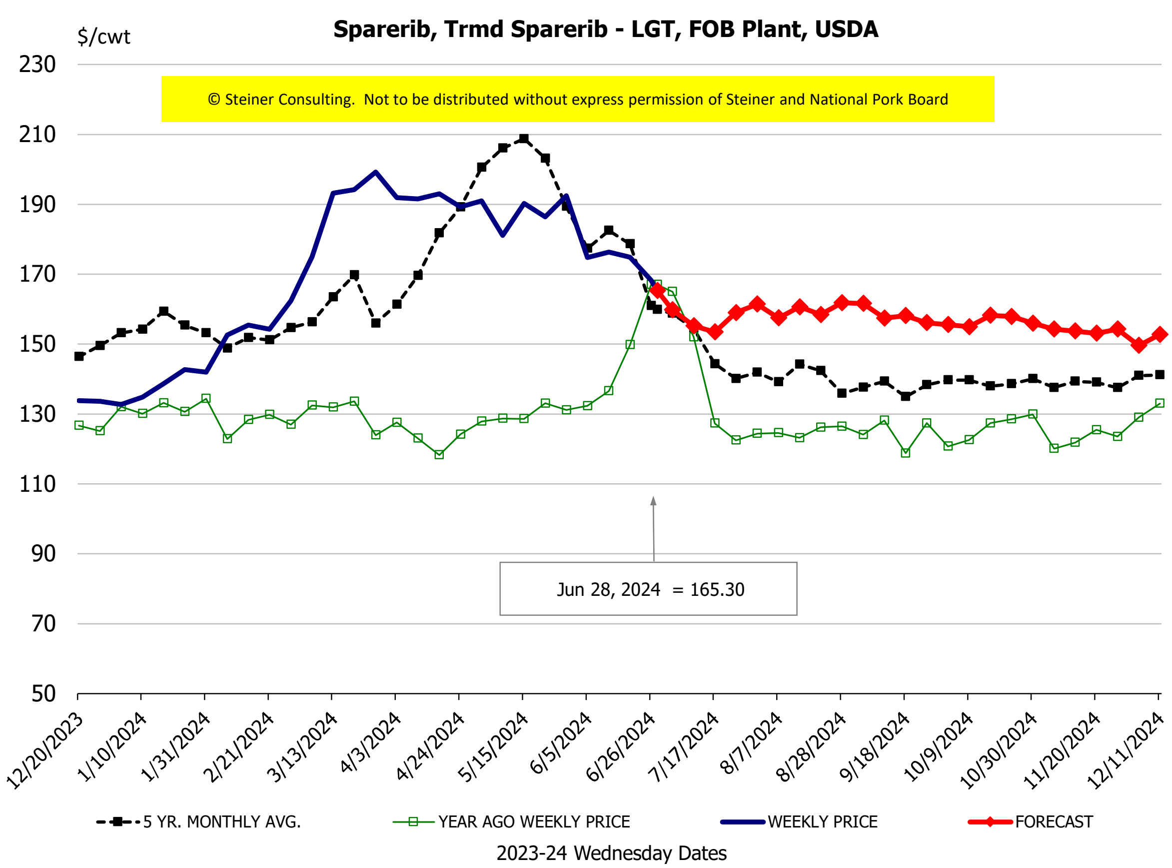
Jun 28, 2024 = 129.90
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates



Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
230
210
190
170
150
130
110
90
70
50
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Jun 28, 2024 = 165.30
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
10/9/2024
10/30/2024
11/20/2024
12/11/2024
5 YR. MONTHLY AVG.
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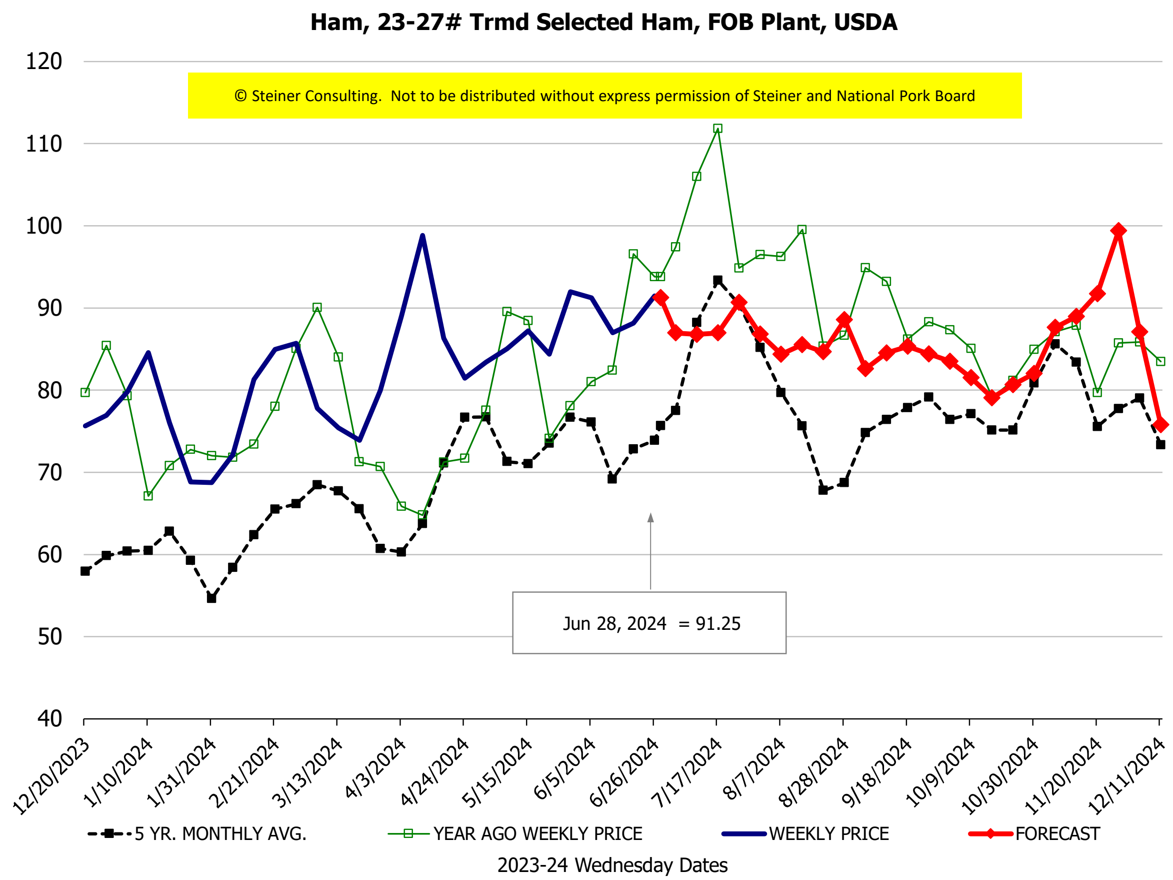

Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
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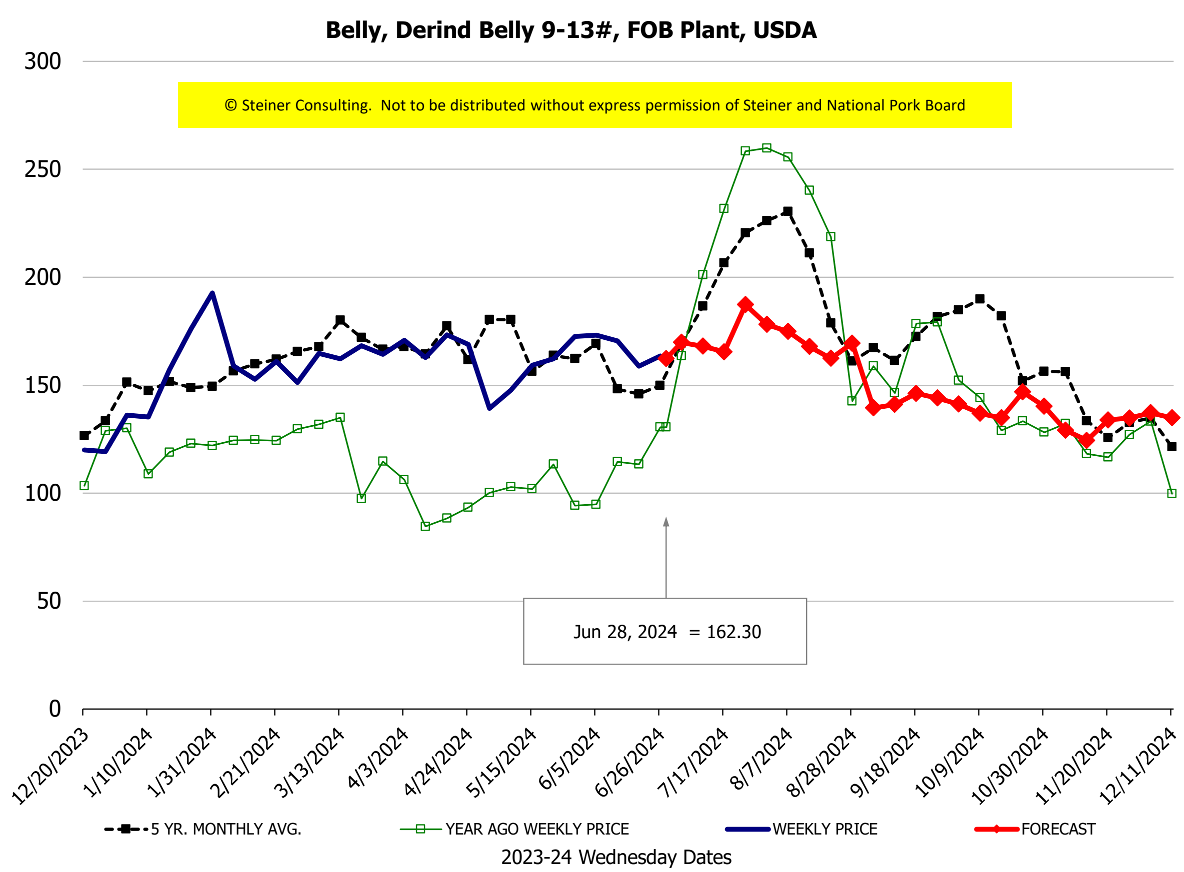
120
110
100
90
80
70
60
50
40
Jun 28, 2024 = 91.25
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates



Belly, Derind Belly 9-13#, FOB Plant, USDA
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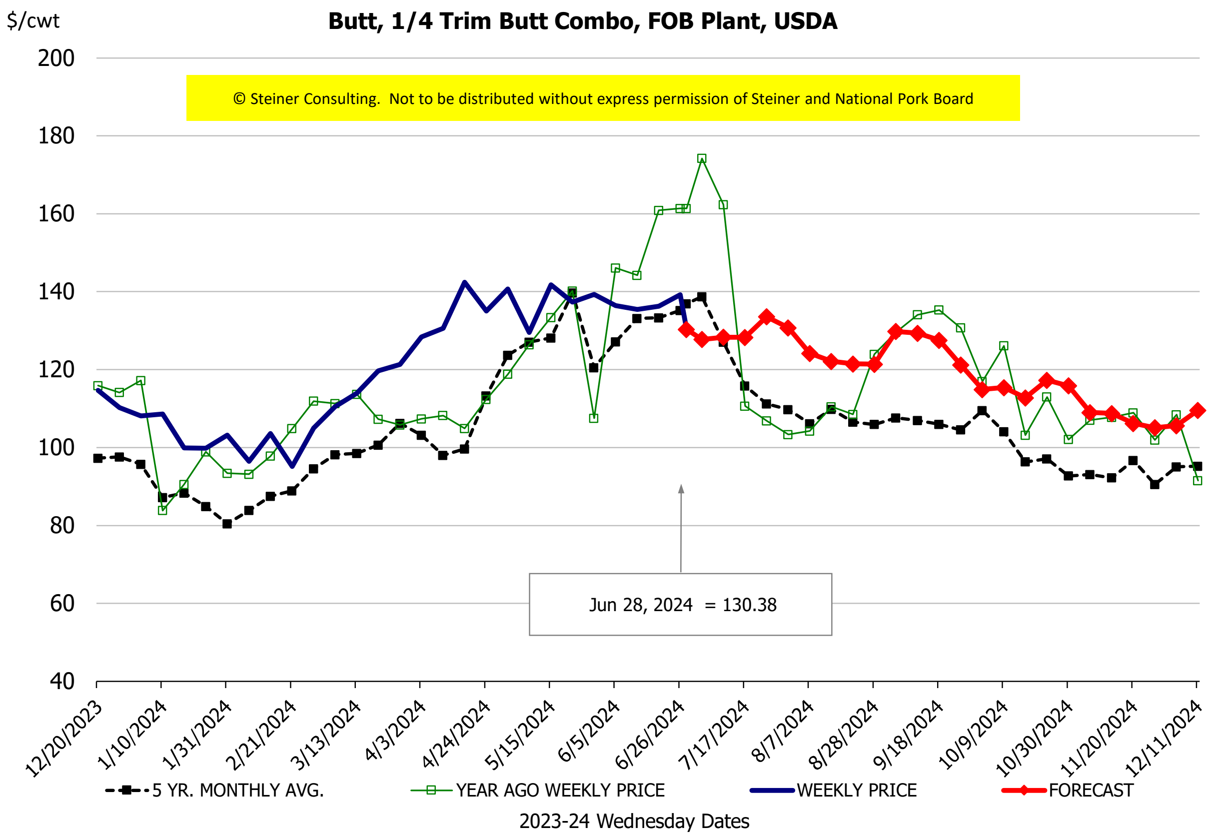
300
250
200
150
100
50
0
Jun 28, 2024 = 162.30
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates



$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
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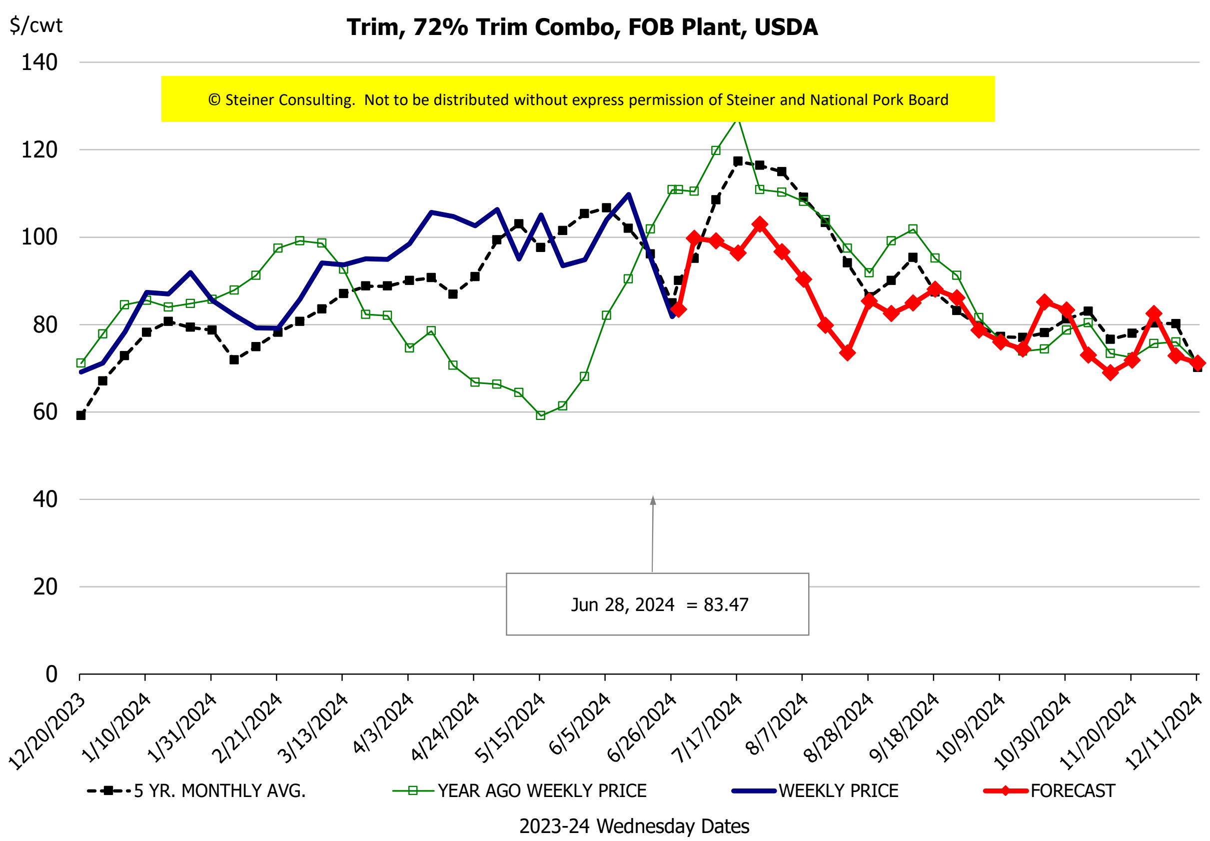
Jun 28, 2024 = 130.38
200
180
160
140
120
100
80
60
40
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates



$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
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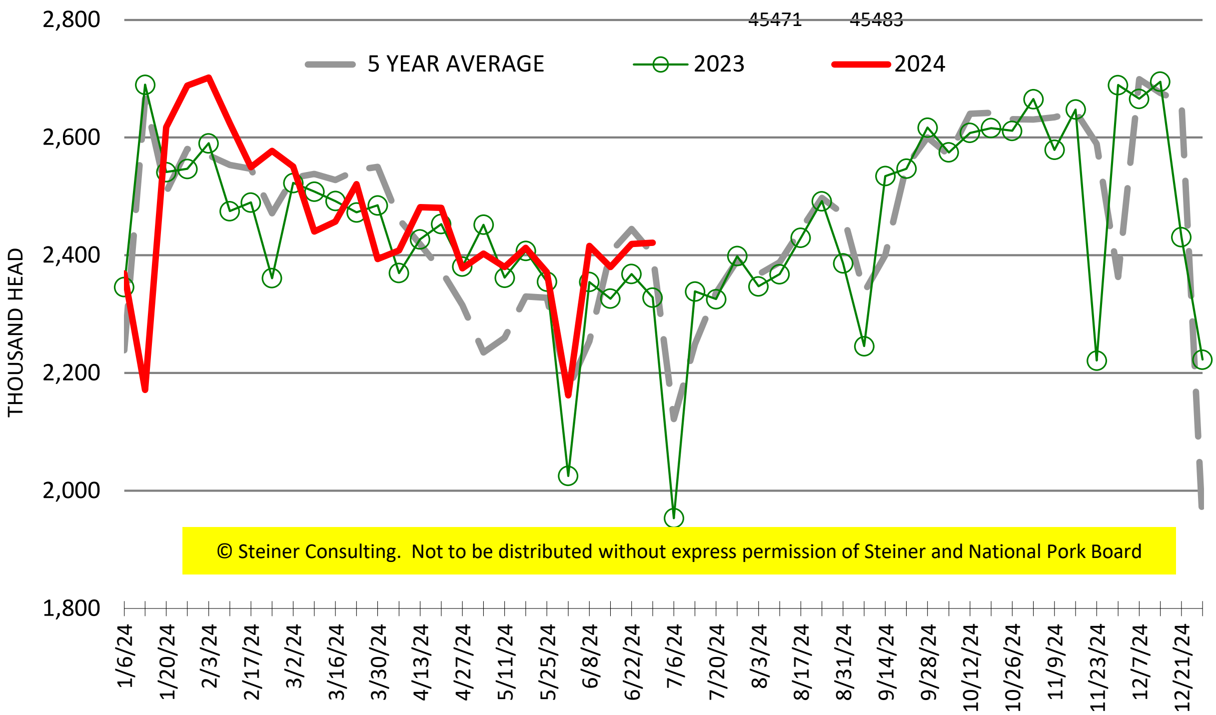
Jun 28, 2024 = 83.47
140
120
100
80
60
40
20
0
12/20/2023
1/10/2024
1/31/2024
2/21/2024
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds