Pork Merchandiser's **Profit Maximizer**

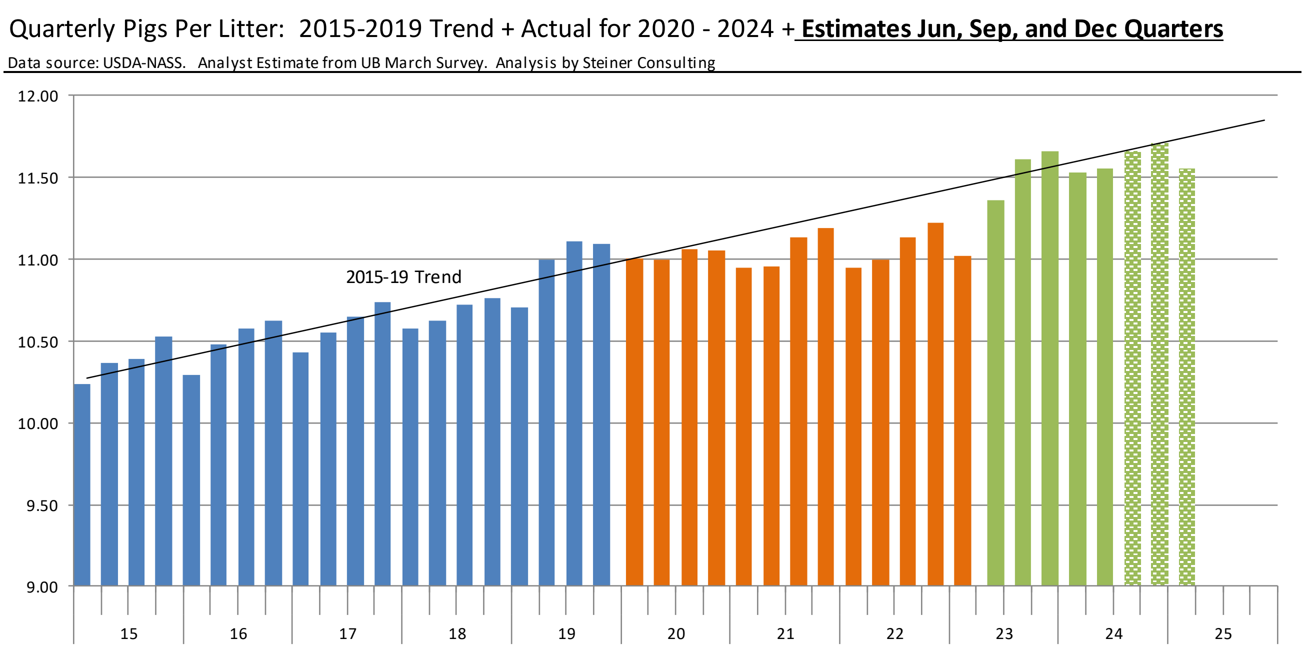
Prepared by Steiner and Company, Manchester, NH 800-526-4612.

September 23, 2024

1. What could the upcoming 'Hogs and Pigs' report hold in store and implications for pork supply in 2025?

USDA will release on Thursday, September 26, the results of its quarterly survey of US hog producers, providing a count of the supply on the ground as well as expectations for hog supplies in the next few months. Below we offer some ideas as to what the report may show and what that could mean for the pork market going forward.

Summer supply vs. Dec-Feb pig crop: The latest USDA estimates pegged the pig crop for Dec-Feb at 33.148 million head, 1.9% higher than the previous year, an indication about the potential hog supply next summer. Now that we have slaughter figures for Jun-Aug, the actual supply may have been a bit higher than previously thought. Daily slaughter during this period was 2.6% above year



ago. USDA may go back and revise up some of the pig crop numbers reported previously.

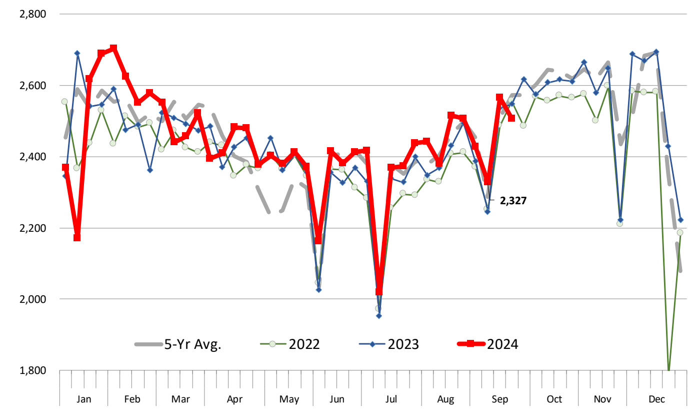
Fall supply expectations: It is broadly expected that hog numbers in the fall will be up vs. a year ago. The June survey pegged the Mar-May pig crop 1.8% above year ago levels and since Dec-Feb seems to have undercounted the supply, one might expect that to be the case for the spring pig crop as well. However, this is far from a given, especially considering the reduction in the breeding herd last year and negative producer margins last fall and winter. Hog weights were higher than expected for much of the summer, another indication of higher supplies but they have stopped going up. The trend in weights bears watching as we ponder supply in the next three months. We still expect pork production during Sep-Nov to be up about 3% y/y.

Winter supply: One of the numbers that will be watched closely in the upcoming report is the pig crop for Jun-Aug. Farrowings are expected to be lower since the breeding herd on June 1 was estimated to be down 3.2% from the previous year. This was reflected in producer farrowing intentions at 2.963 million, 2.5% lower than a year ago. In the last three years the ratio of farrowings to the breeding herd has been near 49% and the farrowing intentions in the June survey were at 49.3%, so very much in the ballpark. The big question mark is the number of pigs saved per litter this summer. It was a relatively mild summer, which may have helped productivity. At the same time, productivity levels appear to have returned to the pre-COVID trend, as illustrated in the chart on page 1. The trend yields a pigs per litter rate of 11.66, 0.4% higher than a year ago. Our guess is that the survey will be a bit higher but probably no more than 1% above year ago levels. As a result, the pig crop for Jun-Aug is likely to be below year ago, anywhere between half a percent to 1.5% lower than last year. This implies a similar decline in hog slaughter for Dec-Feb.

Spring and summer of 2025: Our current estimate is for the September 1 breeding herd at

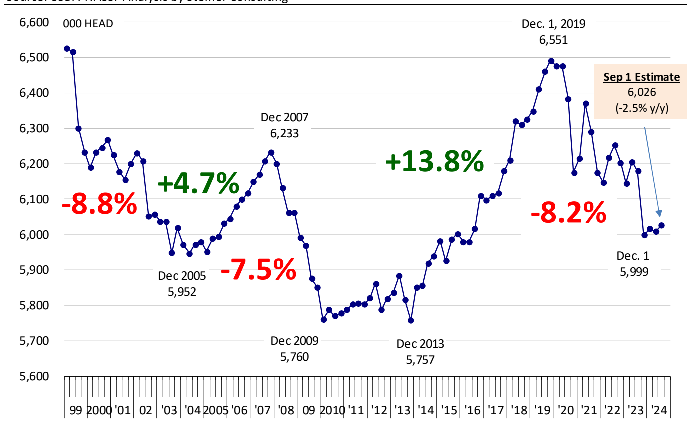
WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA. Analysis by Steiner Consulting



Hogs Kept for Breeding. Quarterly Inventory. '000 Head

Source: USDA-NASS. Analysis by Steiner Consulting



6.026 million head, about 20k head higher than the June count but still 2.5% lower than a year ago. Lower grain prices and improving producer margins this spring and summer will likely continue to increase gilt retention vs. previous years but the pace of growth is likely to be slow. Farrowings during Sep-Nov and Dec-Feb are likely to be 0.5% to 1% lower than a year ago based on that breeding herd level. Considering that the growth in pigs per litter is also expected to increase by less than 1% in the next two quarters, we would expect very modest if any growth in the pig crop and thus slaughter next spring and summer. Our current forecast is for hog slaughter to be about unchanged during that period and down slightly (-0.3%) for all of 2025.

Product Update

Hog Market. For the week ending September 21 hog slaughter was 2.506 million head, down 1.6% from a year ago. In the last two weeks hog slaughter is down 0.2% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 84.27 /cwt. on Friday were down $1.1/cwt since Wed. September 11. Prices are down about 2.9 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.2136, down about 3.4 cents since the Wed. September 11 quote but up about 2 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.4637 for the strap on loins, up 1.5 cents since Wed. September 11 but down 25 cents from the year ago levels. Strap off loins at $1.6648 are up 9.2 cent since Wed. September 11 but down about 16 cents compared to the year ago quote.

Boneless sirloins at $1.3436 were up about 3 cents from the Wed. September 11 quote and up about 6.1 cents from the year ago price.

Pork tenderloin finished last week at $1.8228, down one cent since the Wed. September 11 quote but up about 47.0 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.1985, up 1.4 cents since Wed. September 11. Prices are down 26 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.4306, down about 2 cents since Wed. September 11 but up about 24 cents from year ago levels.

Rib inventories on July 31 were 59.8 million pounds, down 7.9% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.9528/lb. up 0 cents since Wed. September 11 and up about 3 cents from a year ago.

20/23 hams finished the week at 90.61 cents (page 130) down about 1 cent since Wed. September 11 but up about 5 cents from the year ago level.

23/27 hams finished the week at 87.40 , up about 3 cents from the Wed. September 11 quote and up about 1 cent from the year ago level.

Total ham cold storage stocks on July 31 at 139.2 million pounds were up 1.2% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 62.83 cents, up about 4.1 cents since Wed. September 11 but down about 2 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 86.40 cents, down 1.0 cent since the Wed. September 11 quote and down about 9 cents from the year ago levels.

Freezer stocks of all trimmings on July 31 were 37.2 million pounds, down 21.2% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 50 cents compared to 36 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 128.87 on Friday, September 20, up about 9 cents from a year ago.

Broiler slaughter for the week ending September 14 was 170.31 million head, up 0.27% from a year ago. For the last two weeks broiler slaughter was down 1.4% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.8878, down 10 cents since Wed. September 11 but up about 23 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 52.50 cents per pound prices were down about 0.34 cents vs. two weeks ago but were up 12 cents from a year ago.

Wings. Prices at $2.3300 are up about 74 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $0.8767, down 12 cents since Wed. September 11 and down about 37 cents from the year ago price.

Toms finished last week at $1.0500, up 8 cents since Wed. September 11 but down about 20 cents from the year ago price.

Total turkey supplies in the freezer on July 31 were up 4.7% from a year ago at 460.7 million pounds. Whole birds were up 4.2% from a year ago with an inventory of 246.0 million pounds.

Turkey slaughter was 3.8110 million head for the week ending September 14, down -1.88% from a year ago. For the last two weeks slaughter has been down 0.77%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.1800, down since Wed. September 11. Prices are down about 42 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 $10.1781 (weighted average quote) finished last week down about 20 cent since the Wed. September 11 quote and down about 136 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $9.1756 (weighted average quote) finished last week down about 5 cents since the Wed. September 11 quote and up about 11 cent vs. the year ago price.

Currently Choice 112A Rib Eyes are $1.0025 /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 $3.6375 for 90CL and $0.9721 for 50CL product, an 81CL meat block value is now $3.0378 and a 78CL meat block is $2.8379. Choice 114, 3 Clods are now being priced 17.65 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 45.77 cents and the five year average spread for is 43.51 cents over.

Choice #161 Boneless Rounds finished last week at $**3.7025**, down 8 cents since **Wed.** September 11 but up about 2 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.2561 down about 13 cents since Wed. September 11 and down about 31 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.3350 down about 8 cents since Wed. September 11 but down about 20 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $3.0259 up about 4 cents since Wed. September 11 but down about 33 cents from the year ago levels.

<u>Choice #180 (0x1) Bnls. Strip Loins</u> finished last week quoted at $6.5959 (wt. avg.) down about 4 cents from the Wed. September 11 quote. Prices are up 25 cents from year ago levels.

<u>Choice #184 Regular Heavy top butts</u> finished at $4.5632 (wt. avg.) **down** about 19 cents since Wed. September 11 but **up** about **30** cents from year ago levels.

<u>Choice #184 ¼ inch trimmed Top Butts</u> finished at $4.3386 (wt. avg.) down about 40 cents since Wed. September 11 but up about 12 cents from the year ago levels.

<u>Choice #185A Flap Meat</u> prices finished Friday at $6.3838 (wt. avg.) down about 5 cents since Wed. September 11 and down about 47 cents from year ago values.

<u>COARSE GROUND BEEF –</u>

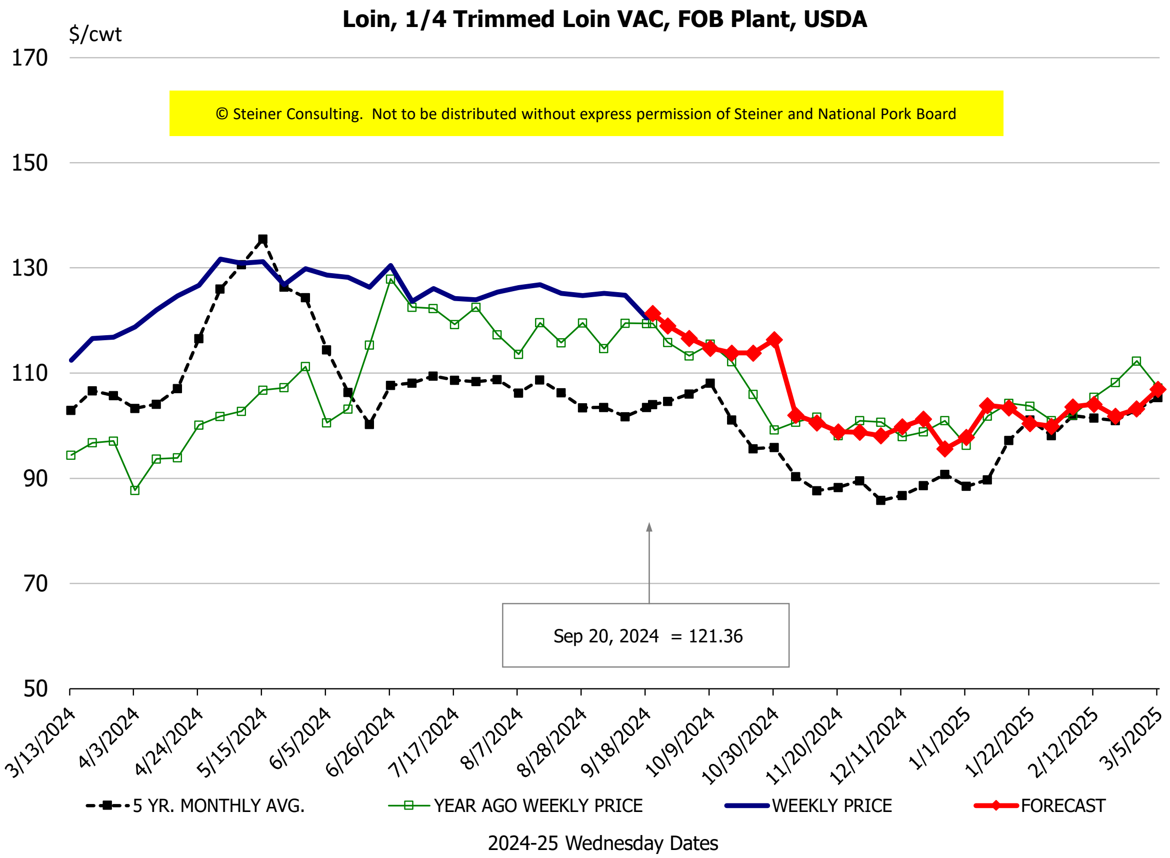
<u>73CL Coarse Ground</u> product finished last week at $**2.4367 down** about 33 cents since Wed. September 11 but up about one cent from year ago levels.

<u>81CL Coarse Ground</u> product finished last week at $2.8599 down about 21 cents since Wed. **September 11 but up** about **12** cents from the year ago quote.

<u>90CL Bnls. Beef</u> prices finished the week at $**3.6375** (wt. avg.) **down 5.49** cents since Wed. September 11 but up 58 cents compared to the year ago price quote. **<u>50 CL Beef Trim</u>** prices finished last week at $0.9721, down about 27 cents since Wed. September 11 and down 19 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Mar	Apr	May	Jun	Jul	Aug	9/11/2024	9/20/2024	10/2/2024	Sep	Oct	Nov	Dec	Jan	Feb
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	110.8	122.4	130.3	128.4	124.9	125.5	124.8	121.36	117	124	115	101	99	101	103
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	118.2	126.7	139.1	138.6	133.2	131.3	132.4	128.03	123	130	122	109	107	106	110
Loin, Bnls CC Strap-off, FOB Plant, USDA	171.1	178.6	184.5	180.9	170.1	166.5	157.3	166.48	177	165	174	167	169	169	168
Loin, Tenderloin, FOB Plant, USDA	171.9	177.7	182.2	176.5	170.2	174.5	183.6	182.28	173	181	175	165	166	166	165
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	117.7	132.8	138.3	133.0	120.7	110.8	110.0	109.09	113	111	113	108	112	105	103
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	189.1	189.5	183.7	170.7	143.8	137.9	145.3	143.06	149	144	148	144	149	153	160
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	250.7	259.0	268.6	270.4	271.2	266.9	253.3	244.49	253	247	252	248	256	274	273
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	184.6	179.1	187.7	171.2	145.9	137.7	128.7	138.33	139	137	139	136	141	149	157
Loin, Backribs 2.0#/up, FOB Plant, USDA	222.3	251.2	257.0	260.3	239.9	220.5	217.7	218.34	216	218	216	210	211	221	238
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	81.7	95.1	89.5	93.2	99.6	108.0	95.0	N/A	103	95	102	101	89	77	75
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	79.1	87.1	85.9	88.5	106.6	97.4	91.4	90.61	102	92	100	100	88	76	73
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	77.4	87.7	86.1	88.5	111.8	94.5	84.6	87.40	100	89	98	97	86	74	72
Belly Cutout, FOB Plant, USDA	125.7	123.9	123.7	124.4	128.7	135.7	121.7	126.25	124	125	123	114	106	124	134
Belly, Derind Belly 9-13#, FOB Plant, USDA	159.4	160.3	155.9	163.9	161.1	165.3	148.2	153.03	152	157	150	141	131	153	165
Belly, Derind Belly 13-17#, FOB Plant, USDA	150.8	144.0	150.3	148.5	156.9	160.4	148.2	152.94	155	151	151	140	130	152	164
Trim, 42% Trim Combo, FOB Plant, USDA	56.9	75.2	61.0	55.2	59.3	85.0	58.8	62.83	63	65	64	54	50	48	49
Trim, 72% Trim Combo, FOB Plant, USDA	93.5	103.0	95.8	95.3	90.3	101.3	87.4	86.40	83	88	81	80	80	85	83
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	103.5	113.9	119.4	119.5	120.8	121.7	122.9	120.78	122	122	120	110	108	105	101
Carcass Cutout, FOB Plant, USDA	93.1	99.1	100.3	98.9	100.0	98.9	92.9	94.52	98	95	96	93	89	88	88
HOG CARCASS															
CME 1-Day Lean Hog Index	82.7	89.6	91.5	90.8	90.0	93.6	85.4	84.27	82	85	80	74	72	75	78
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	129.1	131.3	131.4	131.8	132.1	129.8	133.3	128.87	127	130	127	127	128	130	131
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	145.3	170.4	182.0	172.2	176.1	189.5	198.4	188.78	176	192	175	144	140	140	147
N.E. BROILER BREAST LINE RUN, USDA	105.3	105.9	106.1	106.5	105.6	107.2	107.9	107.47	106	108	105	102	102	104	105
N.E. BROILER LEG QUARTERS, USDA	47.2	49.7	50.8	52.7	52.2	51.9	52.8	52.50	49	52	49	47	45	45	47
N.E. BROILER WINGS, USDA, WT.AVG.	214.1	228.4	231.1	252.7	262.7	243.4	229.8	233.00	231	233	230	237	240	250	260
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	94.4	97.3	102.2	99.6	93.8	95.3	99.4	87.67	107	91	107	109	105	103	103
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	101.4	97.9	97.4	98.2	97.0	89.6	96.6	105.00	107	102	107	109	105	103	103
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	260.0	228.8	220.0	220.0	220.0	220.0	218.00	220	220	220	230	230	230	230
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	186.4	185.2	187.0	191.2	195.2	189.8	181.5	182.97	181	183	182	183	182	183	184
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1010.9	933.4	963.3	1064.1	953.8	957.5	1038.1	1017.81	1064	1026	1083	1174	1114	962	988
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	370.5	364.7	361.8	356.9	376.1	380.7	378.0	370.25	373	374	371	371	357	357	357
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	364.8	321.4	321.5	334.3	367.6	365.4	341.7	333.50	348	338	350	336	322	330	341
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	299.6	289.2	293.4	300.9	314.9	318.5	298.4	302.59	330	306	325	304	293	309	305
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	931.9	947.3	986.9	1111.0	906.8	702.8	663.3	659.59	658	666	661	647	669	768	800
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	441.9	449.6	476.6	528.8	531.8	496.8	474.0	433.86	408	459	409	414	421	430	443
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	754.3	709.7	717.0	725.0	847.5	752.8	643.5	638.38	661	665	658	668	675	725	755
USDA,COARSE GROUND 73%, WT. AVG.	222.8	233.7	231.1	262.8	278.8	282.0	276.5	243.67	254	258	255	250	245	286	256
COARSE GROUND 81%, WT. AVG., USDA	276.0	281.7	294.0	315.3	329.7	336.3	307.4	285.99	284	304	290	290	277	329	311
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	330.5	346.2	349.8	362.6	373.4	374.0	369.2	363.75	355	363	354	347	342	341	348
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	103.9	91.2	74.9	87.4	126.9	158.3	124.2	97.21	86	112	90	99	100	117	132


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
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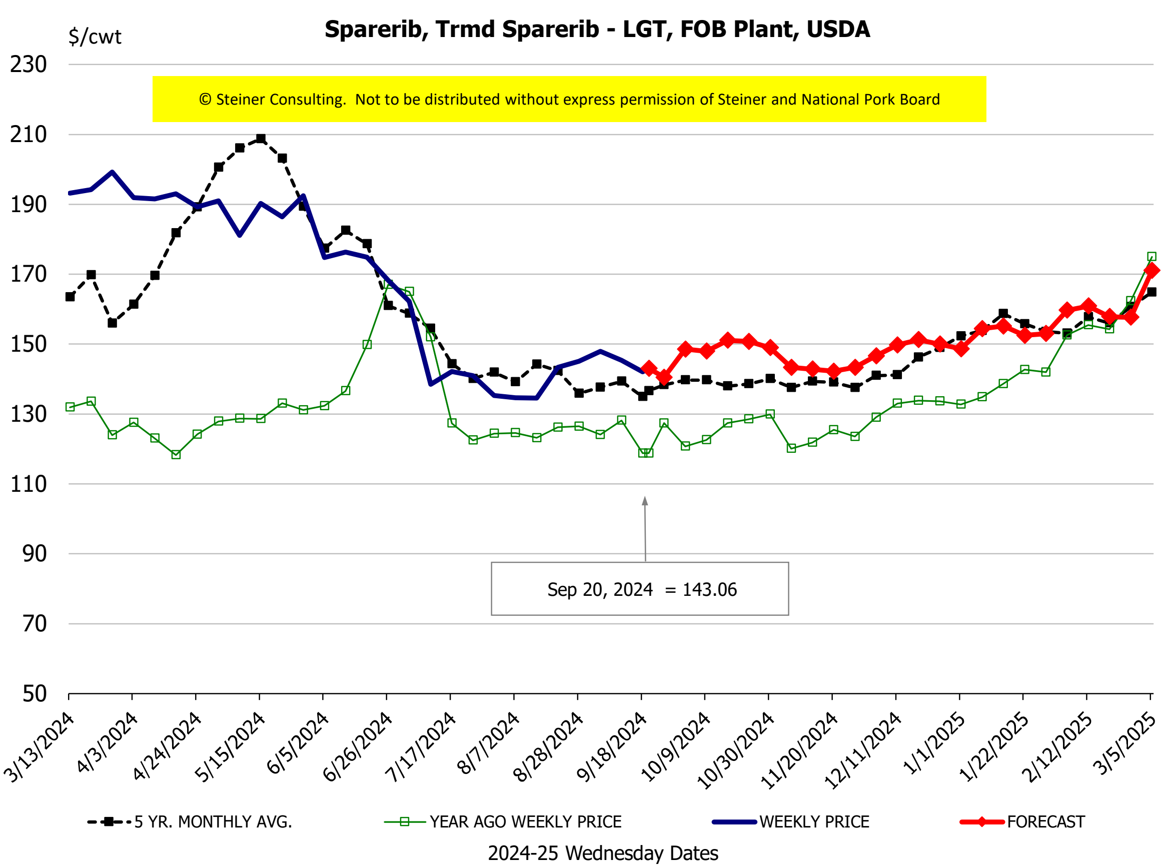
Sep 20, 2024 = 121.36
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates


Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
230
210
190
170
150
130
110
90
70
50
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Sep 20, 2024 = 143.06
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
1/1/2025
1/22/2025
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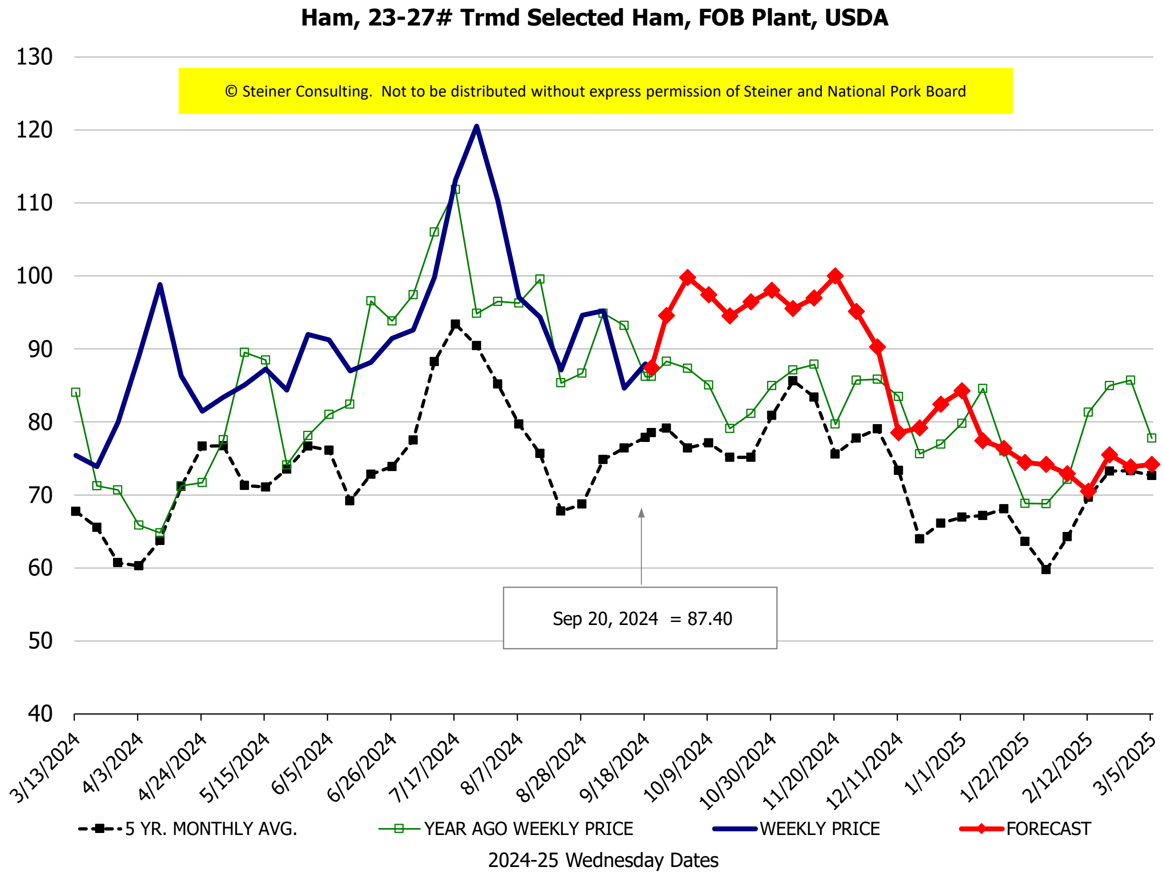
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
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Sep 20, 2024 = 87.40
130
120
110
100
90
80
70
60
50
40
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
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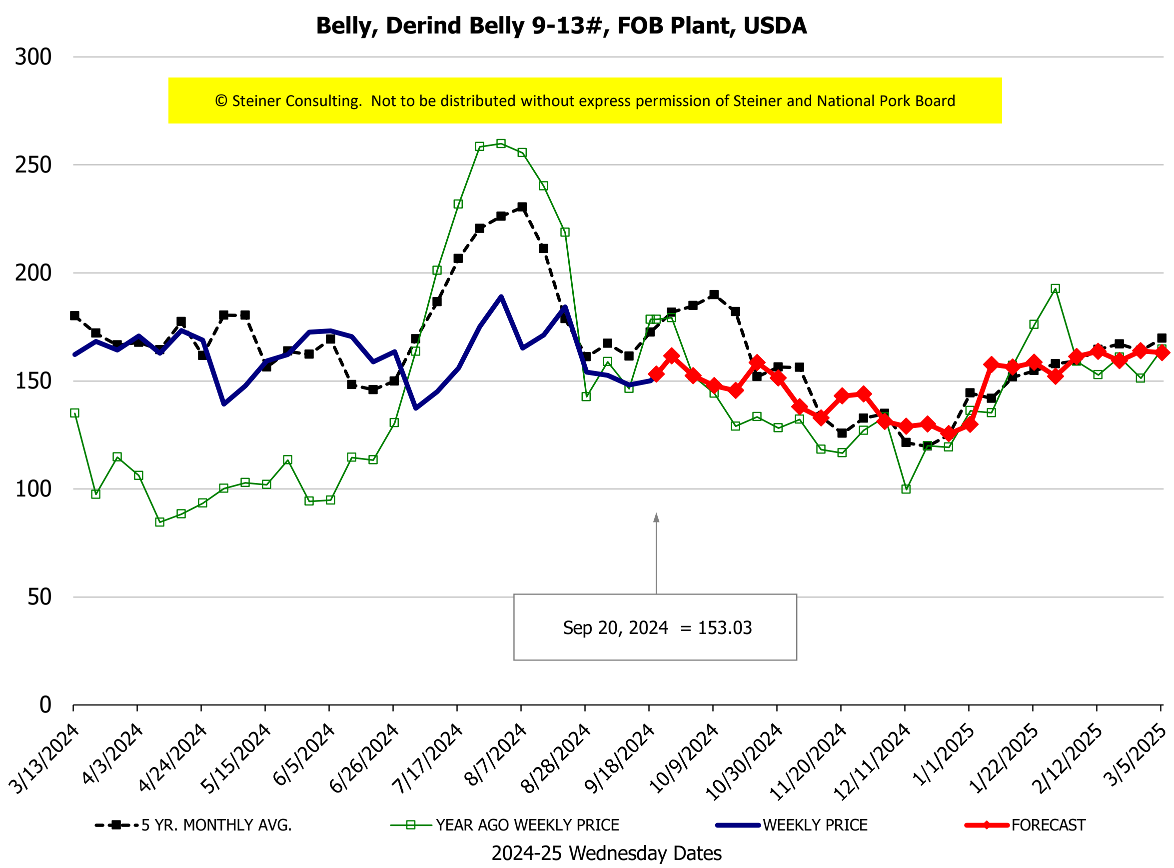
Belly, Derind Belly 9-13#, FOB Plant, USDA
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Sep 20, 2024 = 153.03
300
250
200
150
100
50
0
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
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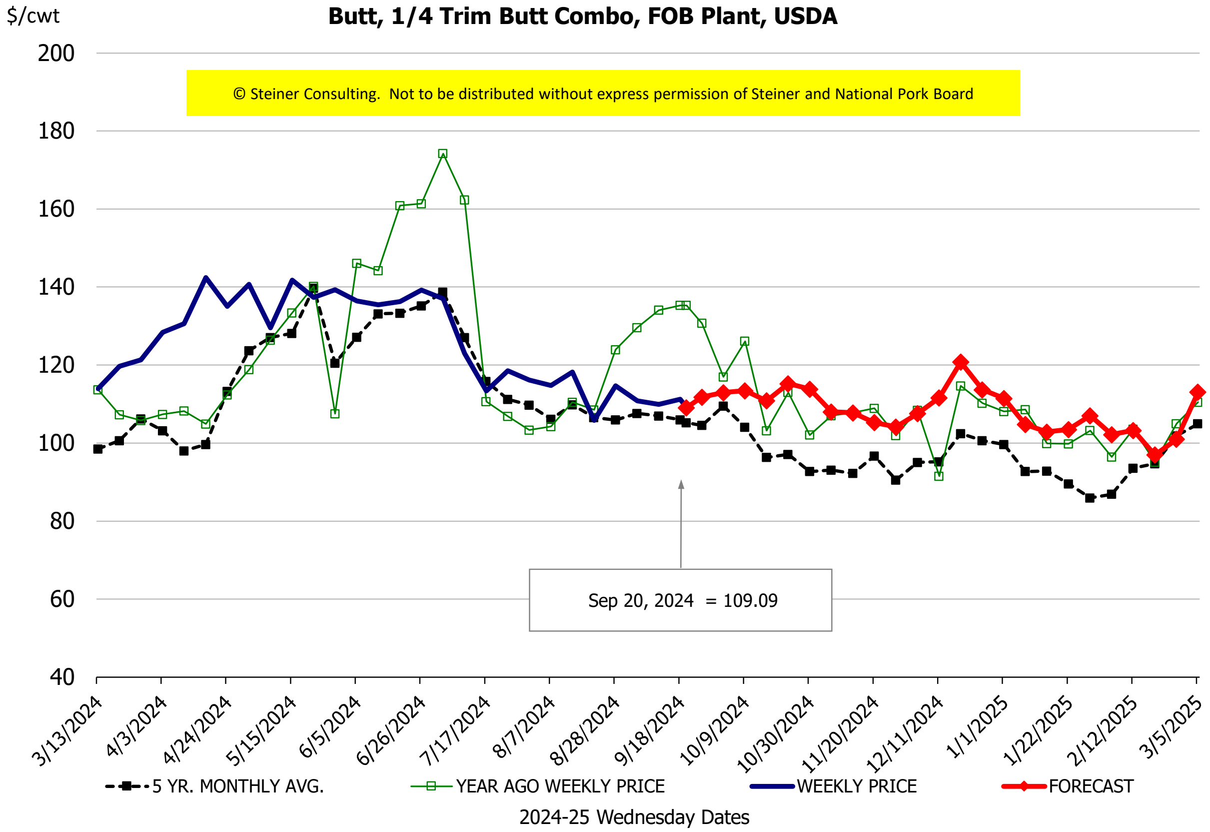
$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
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Sep 20, 2024 = 109.09
200
180
160
140
120
100
80
60
40
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
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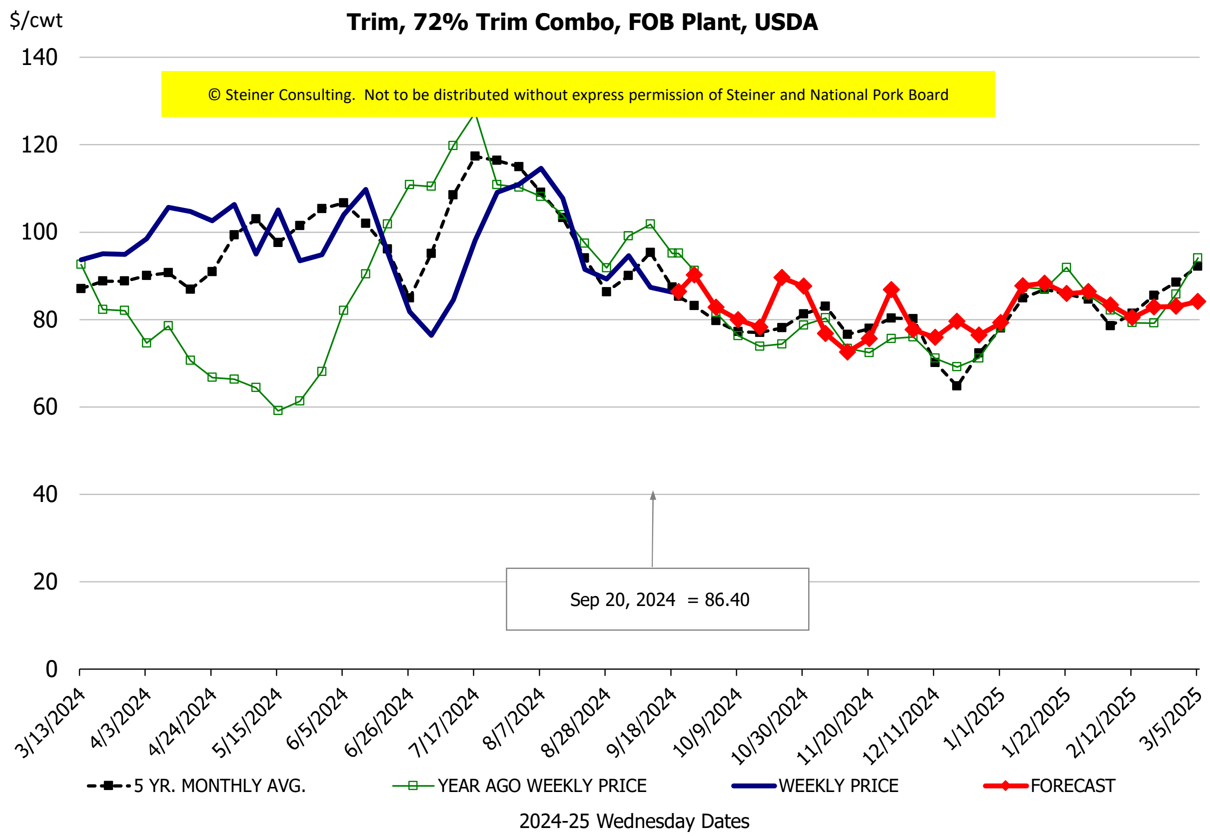
$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
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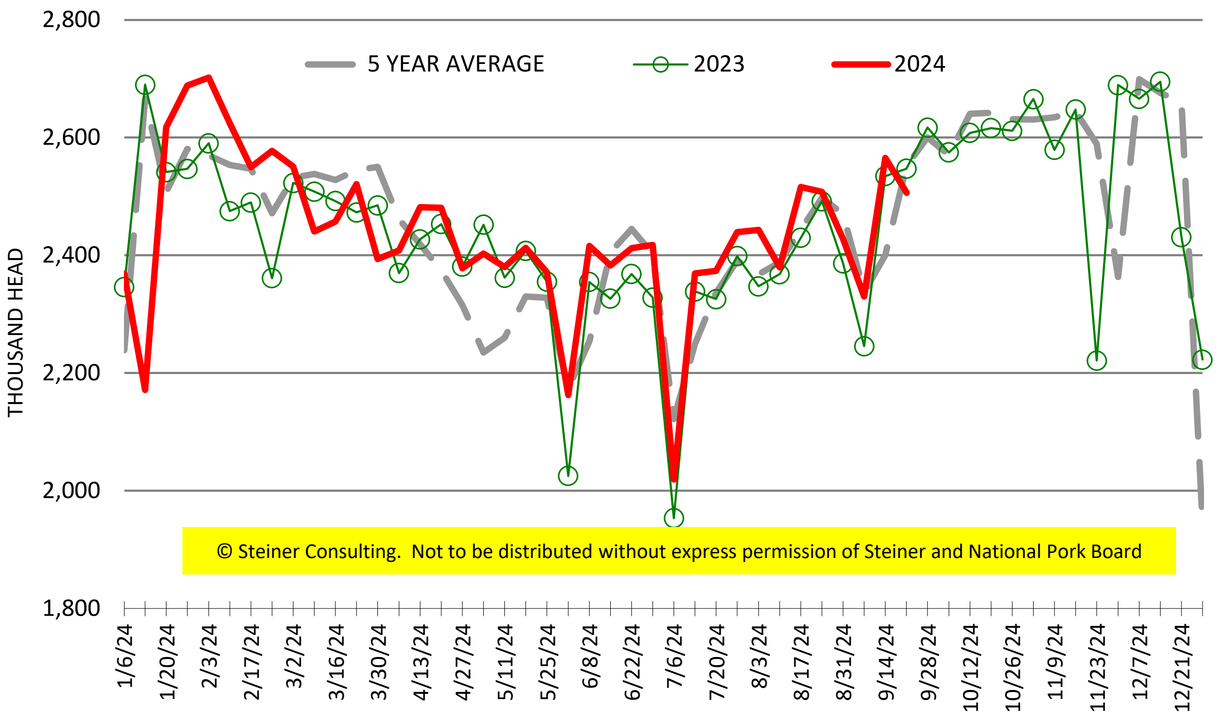
Sep 20, 2024 = 86.40
140
120
100
80
60
40
20
0
3/13/2024
4/3/2024
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds