



Pork Merchandiser's Profit Maximizer

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

November 21, 2022

Hog prices remain well supported as producers are current and outlook is for lower y/y production through the winter.

In early fall we noted that expectations for a fade in pork prices in late November and December hinged in part on the normal increase

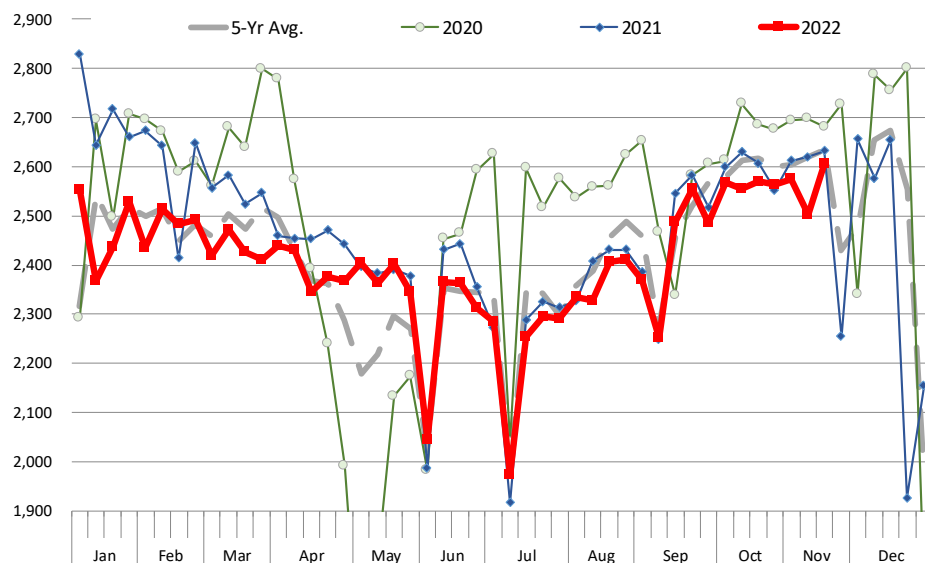
in production that takes place during this time of year. However, the supply picture seems a bit more complicated and the lower slaughter numbers in recent weeks confirm that. For the period between October 16 and November 19 total hog slaughter was 12.818 million head, down 205k head or 1.6% compared to a year ago. This is

higher than what we would have expected based on the latest USDA hog inventory survey. That survey pegged the supply of hogs weighing between 120-179 pounds at 14.073 million head, 1.2% lower than a year ago.

The lower supply means packers do not have to run as many shifts on Saturday (see chart) and this tends to drive more price volatility as retailers and processors that normally get deliveries on Monday are finding a tighter spot market. The fact that slaughter is lower than the

WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA. Analysis by Steiner Consulting



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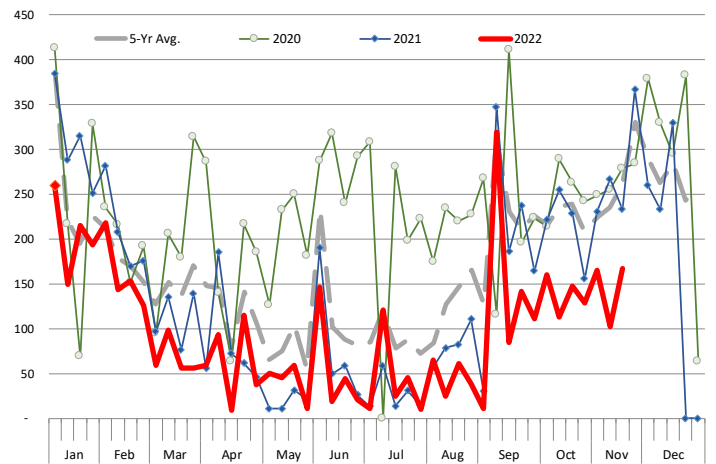
survey suggested while at the same time weights are moving sideways suggest that hog supplies on the ground, at least in the near term, are tight.

It can be argued that high feed costs may have resulted in a change in feeding and thus the timing of when hogs show up in the market. In our view that's highly speculative and we don't know of any data that support this. The only way to know will be in hindsight. For now, the info that is available is the survey done back in September, which tells us not to expect the supply situation to get much better, with hog slaughter through February running about -1.5% y/y. During Jan-Feb of 2022 weekly hog slaughter averaged 2.476 million head/week and the current estimate is for slaughter to run around 2.44 million head/week during Jan-Feb 2023.

As is often the case demand will be a key focus for market participants. There is some speculation (hope) that China will be back buying pork, but recently hog prices in China have been trending lower. Will Chinese officials start to loosen up some of their COVID restrictions? Maybe but so far all those guessing about this have been wrong. Sales during the Chinese Singles Day shopping festival apparently were disappointing and Ali Baba (the Chinese version of Amazon) for the first time decided not to disclose sales. As for domestic demand, retailers will look to cover some of their Easter ham needs in late December and January, as they usually do. But the price picture today is far different than in June and July. Will the higher prices cause some pushback in the quantity demanded? Will the higher prices affect demand from Mexico? They are all hard to answer questions and something traders will continue to debate, especially since last year's market was set up for lower prices only for people to get caught short, setting up a big rally in February. For now cash hog values have stabilized but have yet to break and the light slaughter last week should help underpin cutout values in the near term.

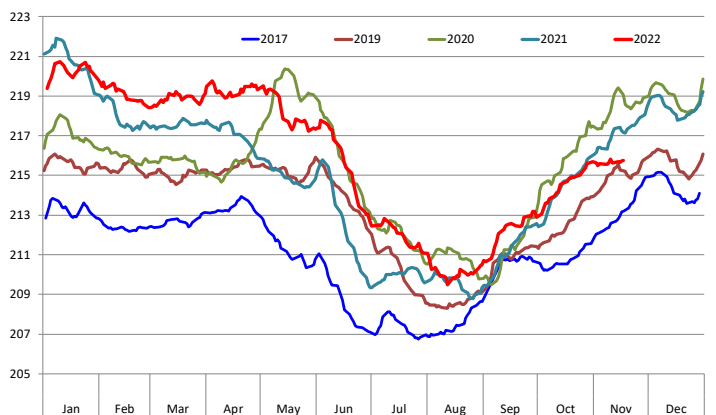
SATURDAY HOG SLAUGHTER. '000 HEAD

Source: USDA



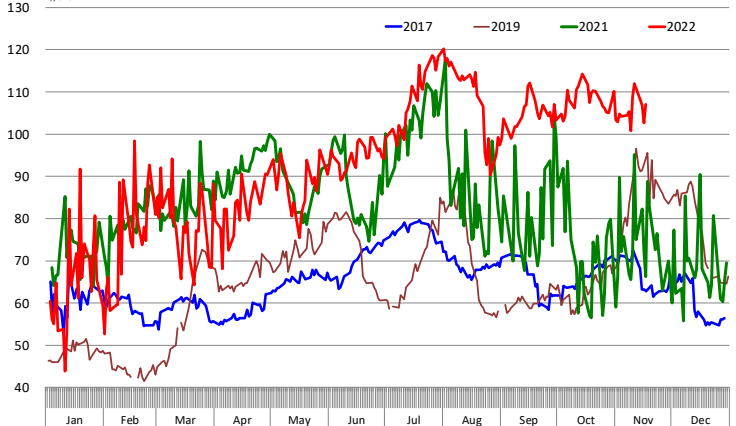
Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - All Hogs

Based on Daily MPR Report, LM_HG201. Data through Nov 17, 2022. Analysis by Steiner Consulting



DAILY PORK HAM PRIMAL VALUE

\$/cwt Negotiated Basis, FOB Plant. Source: USDA, Mandatory Price Reporting System. Analysis by Steiner Consulting



PORK

Hog Market. For the week ending November 19 hog slaughter was 2.605 million head, down 1.0% from a year ago. In the last two weeks hog slaughter is down 2.7% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 88.11 /cwt. on Friday were down \$0.9/cwt since Wed. November 9. Prices are up about 12.8 \$/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.0086, down about 6.0 cent since the Wed. November 9 quote but up about 18 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.2103 for the strap on loins, down 0.05 cent since Wed. November 9 and down 4 cent from the year ago levels. Strap off loins at \$1.3926 are down 8.8 cent since Wed. November 9 and down about 30 cent compared to the year ago quote.

Boneless sirloins at \$1.2702 are up about 4 cents from the Wed. November 9 quote and up about 0.8 cents from the year ago price.

Pork tenderloin finished last week at \$1.6680, down 10 cent since the Wed. November 9 quote and down about 60.7 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.0491, up 0.6 cents since Wed. November 9. Prices are up 11 cent from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.3396, up about 2 cent since Wed. November 9 but down about 8 cents from year ago levels.

Rib inventories on September 30 were 103.7 million pounds, up 78.6% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at \$1.0921/lb. up 2 cents since Wed. November 9 and up about 45 cents from a year ago.

20/23 hams finished the week at 110.13 cents (page 130) down about 1 cent since Wed. November 9 but up about 46 cents from the year ago level.

23/27 hams finished the week at 104.91 , down about 0.5 cent from the Wed. November 9 quote but up about 43 cents from the year ago level.

Total ham cold storage stocks on September 30 at 159.3 million pounds were down 18.1% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 66.00 cents, down about 4.1 cent since Wed. November 9 but up about 29 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 98.09 cents, down 11.4 cents since the Wed. November 9 quote but up about 24 cents from the year ago levels.

Freezer stocks of all trimmings on September 30 were 40.5 million pounds, down 5.1% 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 29 cent average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 129.43 on Friday, November 19, up about 24 cents from a year ago.

Broiler slaughter for the week ending November 19 was 176.44 million head, up 6.67% from a year ago. For the last two weeks broiler slaughter was up 6.0% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$0.9869, up 1 cents since Wed. November 9 but still down about 84 cents from year ago levels.

Leg Quarters. Last week leg quarter prices were up about 0.03 cents vs. two weeks ago but at 31.58 cents per pound prices were down 3.5 cent from a year ago.

Wings. Prices at \$0.9753 are down about 181 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.7175, down cent since Wed. November 9 but up about 37 cents from the year ago price.

Toms finished last week at \$1.7800, down since Wed. November 9 and up about 46 cent from the year ago price.

Total turkey supplies in the freezer on September 30 were down 4.8% from a year ago at 394.5 million pounds. Whole birds were down 7.7% from a year ago with an inventory of 238.5 million pounds.

Turkey slaughter was 4.6040 million head for the week ending November 12, down -1.10% from a year ago. For the last two weeks slaughter has been up 2.0%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$6.7000, unchanged since Wed. November 9. Prices are up about 300 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 \$10.3554 (weighted average quote) finished last week up about 11 cents since the Wed. November 9 quote and up about 134 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$7.6692 (weighted average quote) finished last week up about 39 cents since the Wed. November 9 quote but down about 170 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$2.6862 /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.

Choice #115 Chucks are no longer being quoted. We suggest that those participants still benchmarking pricing off the 115 Chuck market switch to 114 clods.

With prices at \$2.4269 for 90CL and \$0.6961 for 50CL product, an 81CL meat block value is now \$2.0375 and a 78CL meat block is \$1.9077. Choice 114, 3 Clods are now being priced 43.14 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was **76.48** cents and the five year average spread for is **42.17** cents over.

Choice #161 Boneless Rounds finished last week at **\$3.0422**, down slightly since Wed. November 9 and down about 21 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$2.4472 down about 20 cents since Wed. November 9 and down about 48 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$2.4869 down about 11 cent since Wed. November 9 and down about 43 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$2.4517 down about 61 cents since Wed. November 9 and down about 64 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$5.5449 (wt. avg.) down about 44 cents from the Wed. November 9 quote. Prices are down 65 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at \$3.3393 (wt. avg.) down about 5 cents since Wed. November 9 and up about 14 cent from year ago levels. **Choice #184 ¼ inch trimmed Top Butts** finished at \$3.4799 (wt. avg.) down about 6 cents since Wed. November 9 but up about 18 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$5.2464 (wt. avg.) down about 49 cents since Wed. November 9 and down about 73 cents from year ago values.

COARSE GROUND BEEF –

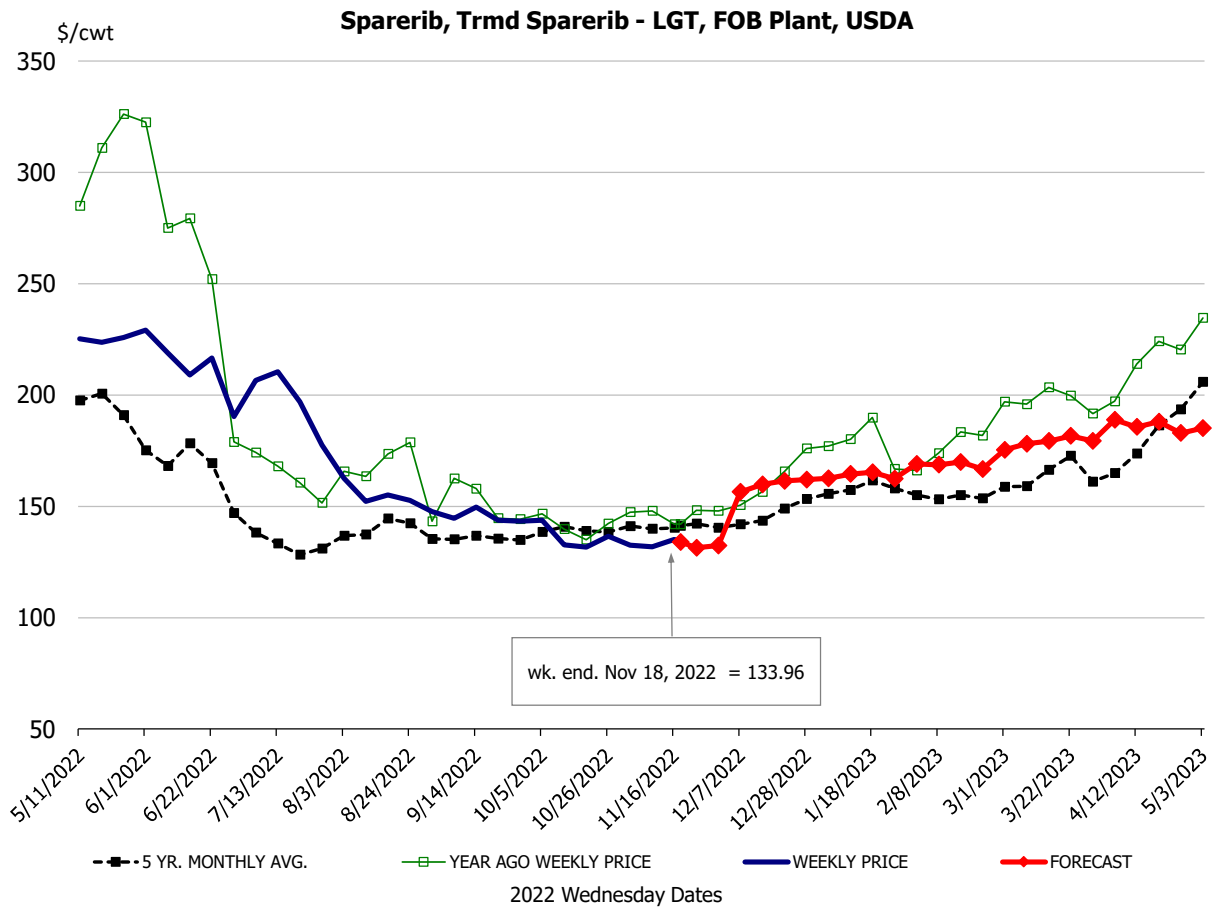
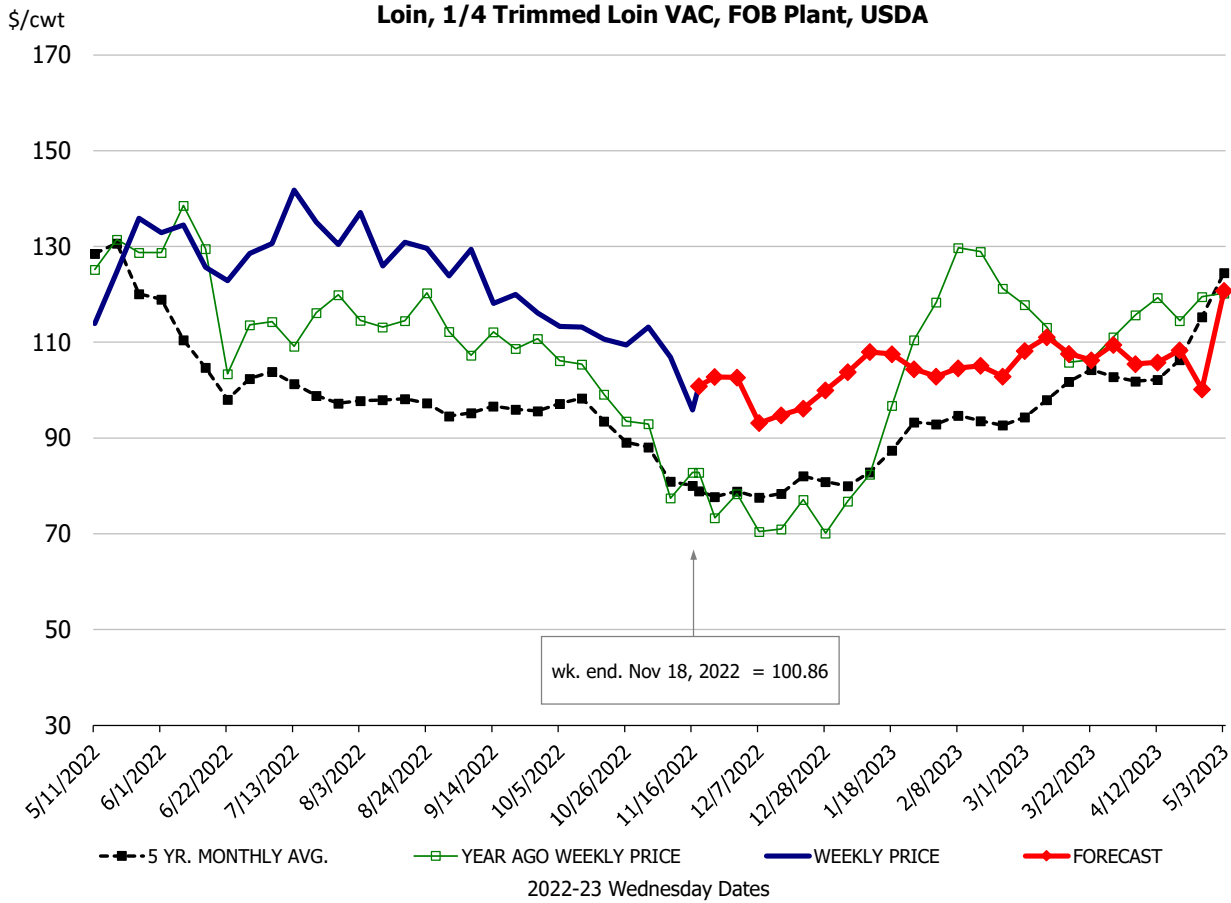
73CL Coarse Ground product finished last week at \$1.4962 down about 27 cents since Wed. November 9 and down about 63 cents from year ago levels.

81CL Coarse Ground product finished last week at \$1.9981 down about 28 cent since Wed. November 9 and down about 52 cents from the year ago quote.

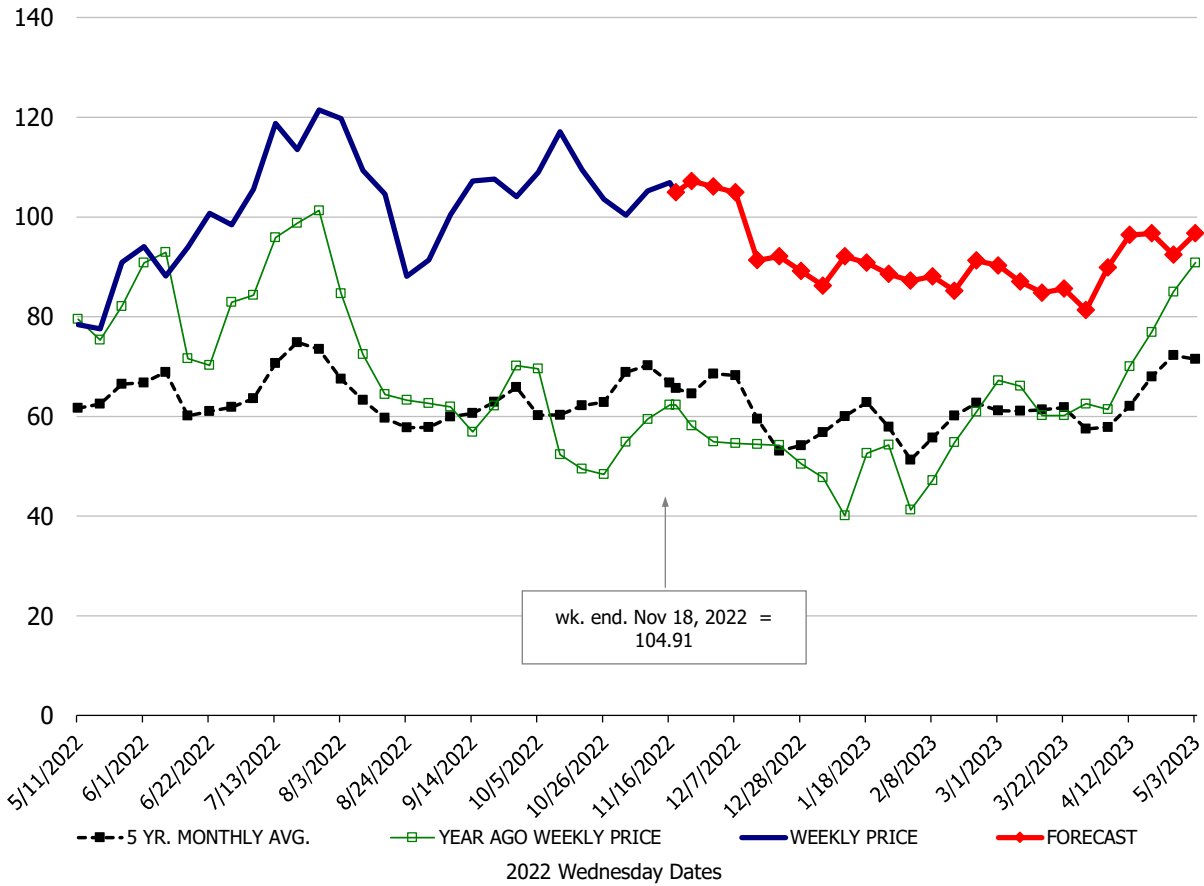
90CL Bnls. Beef prices finished the week at \$2.4269 (wt. avg.) up 0.51 cent since Wed. November 9 but down 33 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$0.6961, down about 8 cent since Wed. November 9 and down 23 cents compared to the year ago level.

Protein Summary Table - WT. AVE.

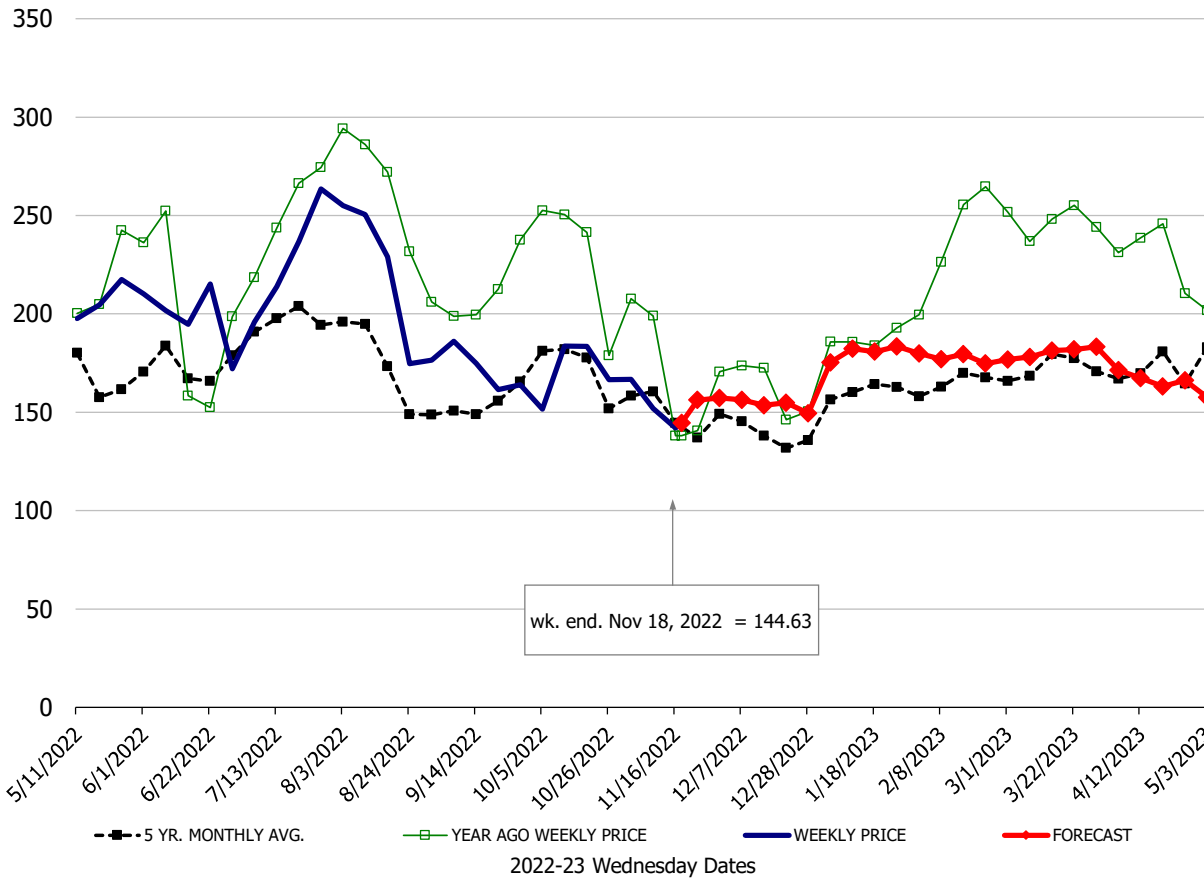
	HISTORY								FORECAST						
	May	Jun	Jul	Aug	Sep	Oct	11/9/2022	11/18/2022	11/30/2022	Nov	Dec	Jan	Feb	Mar	Apr
<u>PORK</u>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	120.2	127.0	132.0	126.7	121.0	111.4	106.9	100.86	103	105	94	105	104	108	107
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	125.0	132.4	134.8	130.6	125.3	116.8	111.4	103.34	106	108	103	108	109	113	113
Loin, Bnls CC Strap-off, FOB Plant, USDA	151.0	149.4	154.3	173.6	167.9	159.0	148.0	139.26	139	143	152	159	158	160	163
Loin, Tenderloin, FOB Plant, USDA	217.3	213.2	215.0	206.6	184.8	184.1	177.2	166.80	163	166	175	201	208	197	195
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	121.3	147.4	179.7	137.9	111.8	103.7	95.5	101.46	97	101	115	120	112	120	129
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	224.7	208.7	188.6	155.4	144.4	135.3	131.9	133.96	132	133	159	163	169	178	188
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	384.1	373.4	368.6	348.3	295.5	306.6	344.2	340.01	328	331	320	331	320	306	305
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	208.5	197.6	184.9	151.3	142.5	133.8	131.6	132.78	131	131	150	151	160	166	175
Loin, Backribs 2.0#/up, FOB Plant, USDA	355.1	316.6	222.8	213.9	191.6	182.0	158.1	158.83	163	164	189	212	229	246	264
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	85.4	96.6	110.8	103.7	104.4	111.2	107.1	109.21	111	108	104	97	95	96	96
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	80.6	95.2	111.3	103.3	103.5	110.4	110.7	110.13	109	108	102	95	93	92	95
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	81.2	93.5	113.6	101.9	103.9	107.8	105.3	104.91	106	104	100	88	87	88	92
Belly Cutout, FOB Plant, USDA	155.8	158.2	184.5	191.2	136.4	138.6	123.5	117.57	122	121	126	143	146	144	137
Belly, Derind Belly 9-13#, FOB Plant, USDA	196.9	200.3	224.2	217.2	166.9	171.7	152.0	144.63	157	154	156	177	181	178	169
Belly, Derind Belly 13-17#, FOB Plant, USDA	179.9	186.9	210.3	209.7	157.8	164.7	150.2	142.24	152	146	152	173	177	174	165
Trim, 42% Trim Combo, FOB Plant, USDA	83.6	81.9	110.6	114.8	75.2	71.2	70.1	66.00	66	71	62	64	66	69	76
Trim, 72% Trim Combo, FOB Plant, USDA	101.7	107.6	121.3	125.3	99.3	100.4	109.5	98.09	93	102	93	97	91	92	110
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	104.6	117.2	131.4	137.6	114.8	114.8	115.5	111.89	118	113	119	111	105	104	120
Carcass Cutout, FOB Plant, USDA	104.4	109.5	120.6	117.0	102.9	101.1	94.1	94.39	97	95	95	96	97	97	100
<u>HOG CARCASS</u>															
CME 1-Day Lean Hog Index	101.9	109.0	115.5	118.3	98.2	93.5	89.0	88.11	92	89	86	88	89	91	95
<u>BROILERS</u>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	169.7	165.8	153.5	131.5	124.7	121.9	129.4	129.43	129	130	124	124	120	122	125
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	351.6	331.6	281.1	228.9	184.5	117.7	98.2	98.69	99	99	103	110	120	137	152
N.E. BROILER BREAST LINE RUN, USDA	185.0	192.4	192.8	185.6	159.9	137.2	107.7	104.84	108	108	110	117	127	123	125
N.E. BROILER LEG QUARTERS, USDA	51.6	59.7	61.2	56.3	43.8	37.0	31.6	31.58	34	34	32	33	35	39	42
N.E. BROILER WINGS, USDA, WT.AVG.	190.8	180.5	167.2	128.4	117.3	109.2	102.7	97.53	102	102	102	131	129	126	125
<u>TURKEYS</u>															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	142.1	152.9	157.6	163.4	169.5	179.6	172.2	171.75	164	175	155	145	135	135	136
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	142.4	149.9	154.7	162.9	167.9	177.7	174.3	178.00	164	177	155	145	135	135	136
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	610.0	642.0	663.8	665.0	670.0	670.0	670.0	670.00	680	670	640	580	520	460	462
<u>LIVE STEERS</u>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	142.4	141.8	143.4	144.3	143.6	147.3	152.0	152.83	154	152	154	154	156	159	160
<u>BEEF</u>															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	809.1	881.1	847.4	918.4	889.5	915.8	1024.6	1035.54	1064	1032	980	789	830	922	954
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	278.5	277.7	279.7	288.1	296.0	304.4	312.6	304.22	310	308	286	301	298	297	292
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	267.7	263.7	274.2	274.8	273.8	267.6	260.1	248.69	249	259	264	277	284	286	290
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	242.7	245.8	258.1	254.0	276.3	294.2	306.0	245.17	260	282	265	277	270	257	252
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, OX1, WT. AVG.	766.0	820.9	866.5	792.4	637.7	562.7	598.0	554.49	553	572	608	654	670	799	861
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	378.4	372.0	368.5	366.6	357.4	340.7	353.7	347.99	353	349	340	346	360	403	419
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	603.8	622.6	714.8	772.4	604.4	535.7	573.9	524.64	535	553	607	620	631	689	780
USDA,COARSE GROUND 73%, WT. AVG.	172.9	182.1	174.9	172.9	164.1	158.2	176.4	149.62	144	159	165	221	190	199	205
COARSE GROUND 81%, WT. AVG., USDA	268.6	285.8	267.9	239.2	219.8	208.4	227.7	199.81	204	214	230	293	260	267	273
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	272.0	275.6	271.7	266.6	263.5	252.8	242.2	242.69	240	243	250	264	271	277	285
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	105.4	116.2	109.8	104.1	98.6	71.4	77.6	69.61	73	72	71	88	95	115	125



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

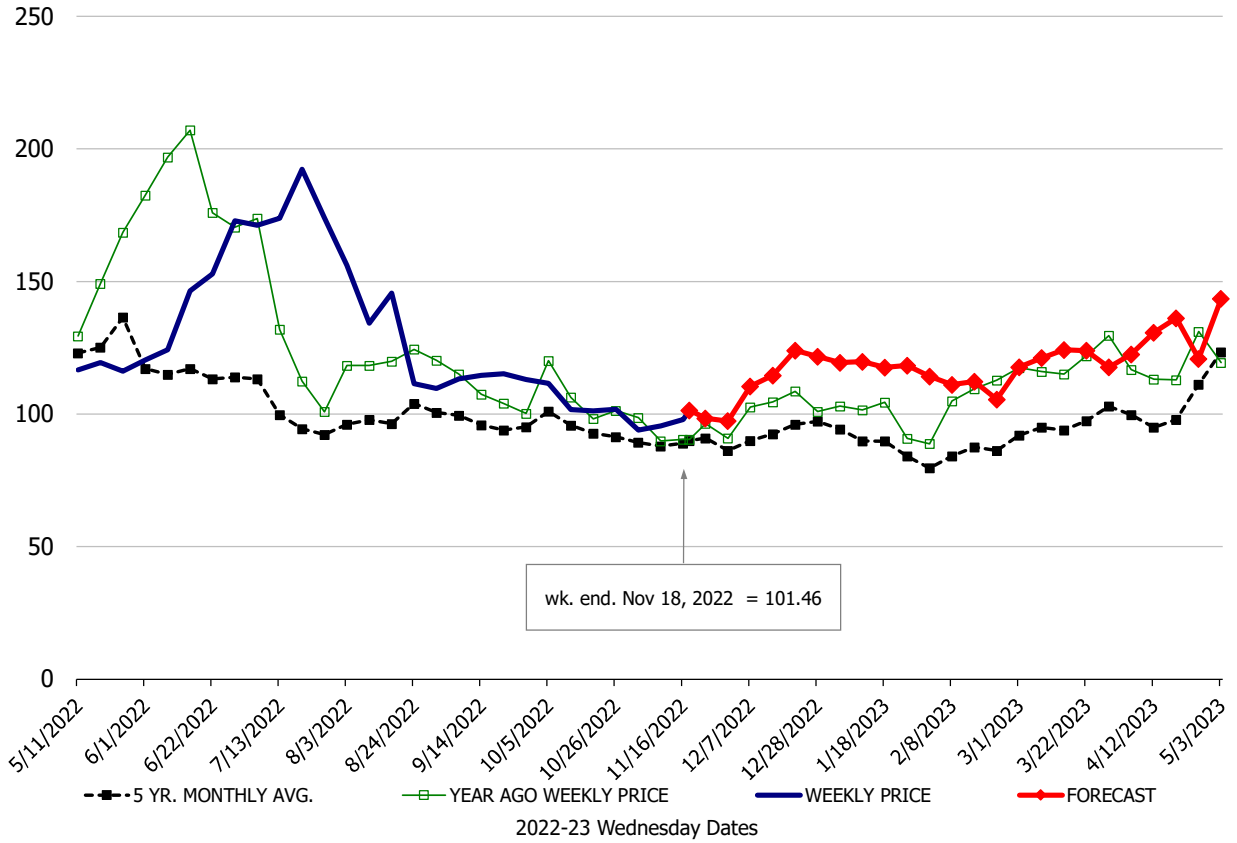


Belly, Derind Belly 9-13#, FOB Plant, USDA



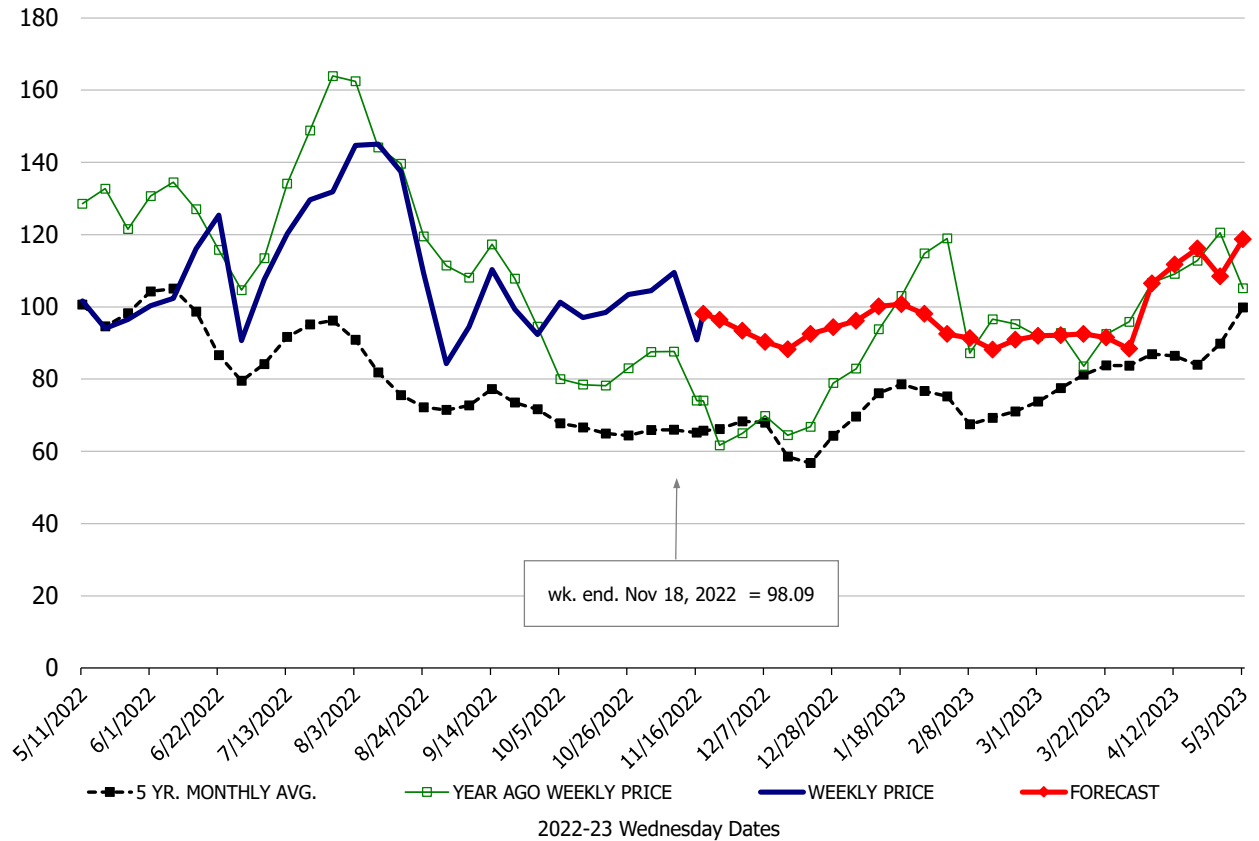
\$/cwt

Butt, 1/4 Trim Butt Combo, FOB Plant, USDA



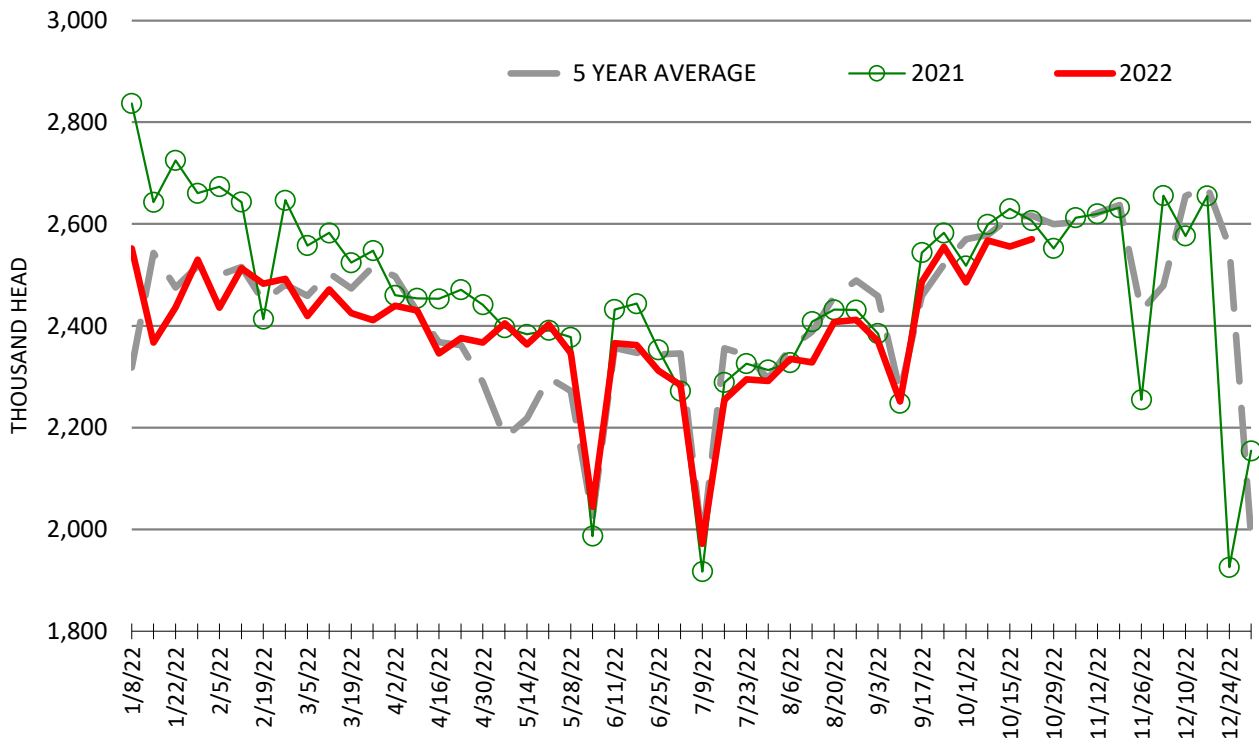
\$/cwt

Trim, 72% Trim Combo, FOB Plant, USDA



ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

