



# Pork Merchandiser's Profit Maximizer

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

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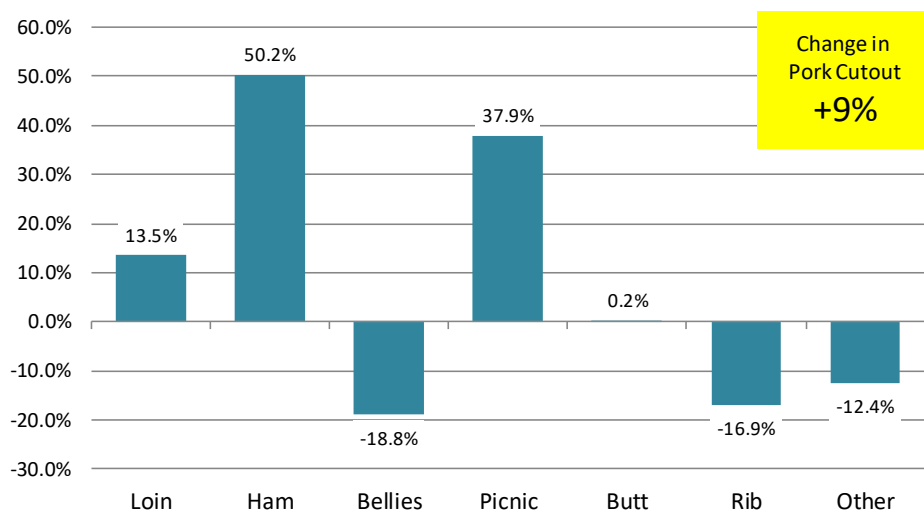
## Hog futures volatility and outlook for processing items in Q1

Lean hog futures have seen significant swings in the last three months and much of that can be attributed to money flow. We saw sharp breaks and then quick recoveries in late September and late November and in both cases these coincided

with big moves in speculative fund net long positions. The situation in the product markets is mixed. Fresh pork is largely trading in line with expectations although some items continue to struggle to gain traction while prices for processing items are a bit in flux due to seasonal factors as well as freezer stocks (or lack thereof). Below is a quick update of key drivers for each primal:

### Y/Y % Change in Primal Value

Source: MPR-USDA



**Loin:** Primal value was last pegged about 13% above year ago levels. Lower slaughter has been a key factor driving prices in the near term. Holiday features generally tend to limit retail demand at this time of year. Prices are expected to trend higher in Q1 as slaughter remains under 2022 levels while retail business improves after the holidays.

**Butt:** Prices largely moving sideways in the near term as seasonal demand is soft. A

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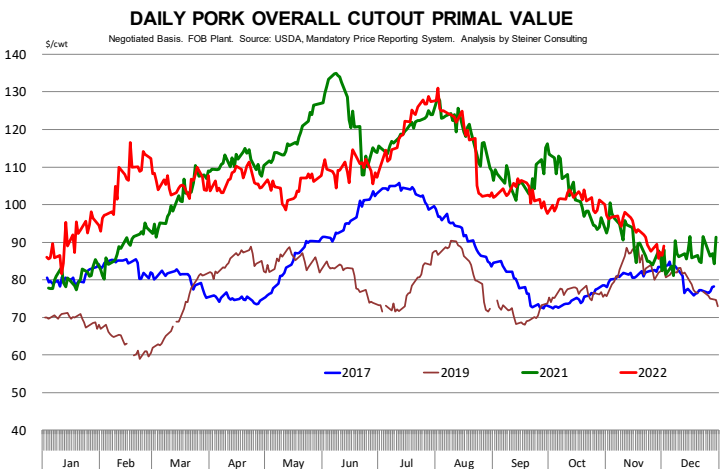
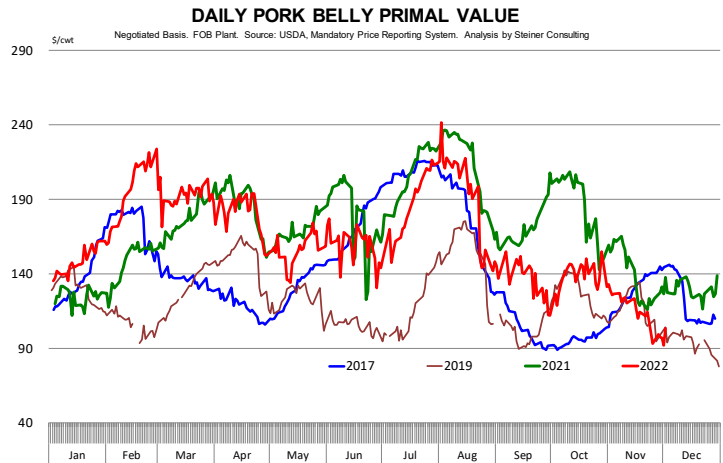
modest improvement expected in Q1 but price moves are expected to be modest, with more upside expected in Q2 as slaughter seasonally declines and retailers focus on spring merchandising and features.

**Picnics:** Demand is usually good towards the end of the year and this has been further amplified by the shortfall in slaughter, which has severely limited spot availability. Prices should take a step back in Q1 on softer seasonal demand. Lack of strong demand from Asia should also keep prices in check during the winter months.

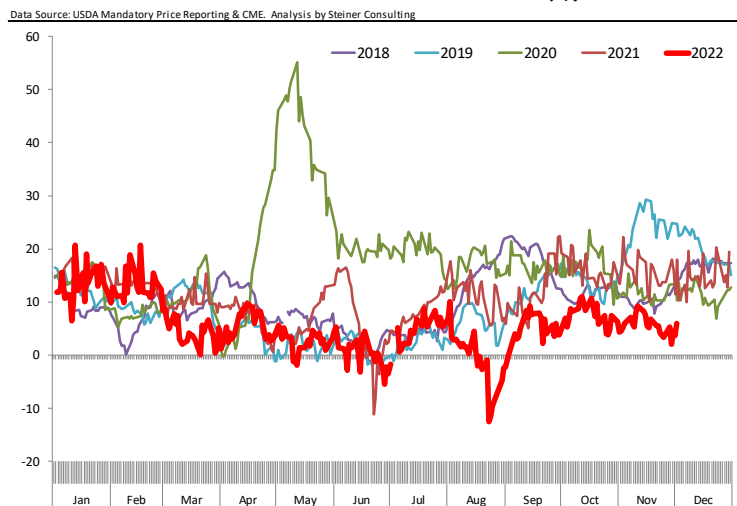
**Ham:** A combination of strong retail demand for the holidays and steady sales to Mexico limited spot availability throughout the fall. As holiday demand has eased, ham values have pulled back but they remain well above year ago levels. Processors will look to cover Easter needs on breaks and expected y/y decline in slaughter will continue to underpin prices. However, retailers will likely face much higher prices when they go to negotiate Easter purchases. This will tend to ration out some demand. Our expectation is for prices to remain above year ago levels but below fall highs.

**Bellies:** The supply of bellies at the end of October was already some 246% higher than a year ago. Slaughter last week was near 2.6M head resulting in ample belly volume available in the spot market. With freezer space limited, packers struggled to clear the market, causing prices to drop to \$90/cwt. Lower slaughter later in December should help steady the market.

**Ribs:** Freezer inventories are heavy and its an uphill battle to get end users to put even more product away. High prices at foodservice and weak seasonal demand continues to keep this market on the defensive for the moment.



**SPREAD BETWEEN PORK CUTOUT AND CME HOG INDEX, \$/cwt**



## PORK

**Hog Market. For the week ending December 3 hog slaughter was 2.590 million head, down 2.5% from a year ago. In the last two weeks hog slaughter is down 2.0% vs. year ago levels.**

**Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts.** Lean hog carcass values at about 82.90 /cwt. on Friday were down \$2.7/cwt since Wed. November 23. Prices are up about 12.0 \$/cwt compared to year ago values.

**Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA** (page 8). Prices finished last week at \$1.0417, down about one cent since the Wed. November 23 quote but up about 26 cents from year ago levels.

**Bnls. Strap on Pork Loins.** Prices finished the week at \$1.2058 for the strap on loins, up 3.25 cent since Wed. November 23 and up 9 cent from the year ago levels. Strap off loins at \$1.3834 are down one cent since Wed. November 23 and down about 8 cent compared to the year ago quote.

**Boneless sirloins** at \$1.2690 are up about 0 cents from the Wed. November 23 quote and up about 4.4 cents from the year ago price.

**Pork tenderloin** finished last week at \$1.6520, up 15 cent since the Wed. November 23 quote but down about 51.5 cents from the year ago price.

**1/4 Trim Pork Butts** (page 10), prices finished the week at \$1.0880, down 0.2 cents since Wed. November 23. Prices are up 11 cent from a year ago.

**Spareribs, Trimmed - LGT, Vac** (page 8). Prices finished the week at \$1.3025, up about 5 cent since Wed. November 23 but down about 18 cents from year ago levels.

Rib inventories on October 31 were 109.9 million pounds, up 63.7% from a year ago.

## Bone-in Hams

17/20 hams (page 9) price was last quoted at \$0.9284/lb. down 6 cents since Wed. November 23 but up about 34 cents from a year ago.

20/23 hams finished the week at 94.84 cents (page 130) down about 7 cent since Wed. November 23 but up about 41 cents from the year ago level.

23/27 hams finished the week at 89.10 , down about 3 cent from the Wed. November 23 quote but up about 34 cents from the year ago level.

Total ham cold storage stocks on October 31 at 121.4 million pounds were down 19.1% from year ago levels.

**42 CL Pork Trim** "FOB Basis". Prices finished the week at 60.35 cents, up about 4.9 cent since Wed. November 23 and up about 20 cents from the year ago price.

**72 CL Pork Trim** "FOB Basis". Prices finished the week at 102.08 cents, up 3.7 cents since the Wed. November 23 quote and up about 37 cents from the year ago levels.

Freezer stocks of all trimmings on October 31 were 38.2 million pounds, down 13.1% from the year ago levels.

**72 CL Picnic Meat** "FOB Basis". The premium of picnic meat to 72CL trim is currently at **23** cents compared to **30** cent average in the previous six months.

## POULTRY

### Whole Broilers

The National Whole Bird price was quoted at 131.04 on Friday, December 3, up about 15 cents from a year ago.

Broiler slaughter for the week ending December 3 was 127.33 million head, up 2.49% from a year ago. For the last two weeks broiler slaughter was up 4.8% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$0.9581, down 1 cents since Wed. November 23 and still down about 94 cents from year ago levels.

Leg Quarters. Last week leg quarter prices were up about 0.63 cents vs. two weeks ago but at 34.93 cents per pound prices were down 1 cent from a year ago.

Wings. Prices at \$0.9213 are down about 190 cents from year ago levels.

## Turkeys

**The prices below reflect weekly quoted USDA prices.**

Hens finished last week at \$1.7400, down cent since Wed. November 23 but up about 50 cents from the year ago price.

Toms finished last week at \$1.8100, down since Wed. November 23 and up about 57 cent from the year ago price.

Total turkey supplies in the freezer on October 31 were down 12.0% from a year ago at 265.9 million pounds. Whole birds were down 21.6% from a year ago with an inventory of 134.1 million pounds.

Turkey slaughter was 1.9440 million head for the week ending November 26, down -17.73% from a year ago. For the last two weeks slaughter has been down 5.7%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$6.7000, unchanged since Wed. November 23. Prices are up about 297 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 \$11.2407 (weighted average quote) finished last week up about 31 cents since the Wed. November 23 quote and up about 117 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$8.2433 (weighted average quote) finished last week up about 53 cents since the Wed. November 23 quote but down about 93 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$2.9974 /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 \$2.3870 for 90CL and \$0.7471 for 50CL product, an 81CL meat block value is now \$2.0180 and a 78CL meat block is \$1.8950. Choice 114, 3 Clods are now being priced 39.16 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was **47.99** cents and the five year average spread for is **46.57** cents over.

Choice #161 Boneless Rounds finished last week at **\$3.0564**, up slightly since Wed. November 23 but down about 9 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$2.4128 down about 8 cents since Wed. November 23 and down about 42 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$2.3507 down about 15 cent since Wed. November 23 and down about 35 cents from year ago levels.

**Choice #170 Gooseneck Rounds** finished last week at \$2.3090 down about 51 cents since Wed. November 23 and down about 99 cents from the year ago levels.

**Choice #180 (0x1) Bnls. Strip Loins** finished last week quoted at \$5.2783 (wt. avg.) down about 35 cents from the Wed. November 23 quote. Prices are down 109 cents from year ago levels.

**Choice #184 Regular Heavy top butts** finished at \$3.3397 (wt. avg.) down about 10 cents since Wed. November 23 and up about 10 cent from year ago levels. **Choice #184 ¼ inch trimmed Top Butts** finished at \$3.5323 (wt. avg.) down about one cents since Wed. November 23 but up about 37 cents from the year ago levels.

**Choice #185A Flap Meat** prices finished Friday at \$4.9231 (wt. avg.) down about 38 cents since Wed. November 23 and down about 132 cents from year ago values.

## **COARSE GROUND BEEF –**

**73CL Coarse Ground** product finished last week at \$1.3270 down about 14 cents since Wed. November 23 and down about 76 cents from year ago levels.

**81CL Coarse Ground** product finished last week at \$1.8796 down about 14 cent since Wed. November 23 and down about 49 cents from the year ago quote.

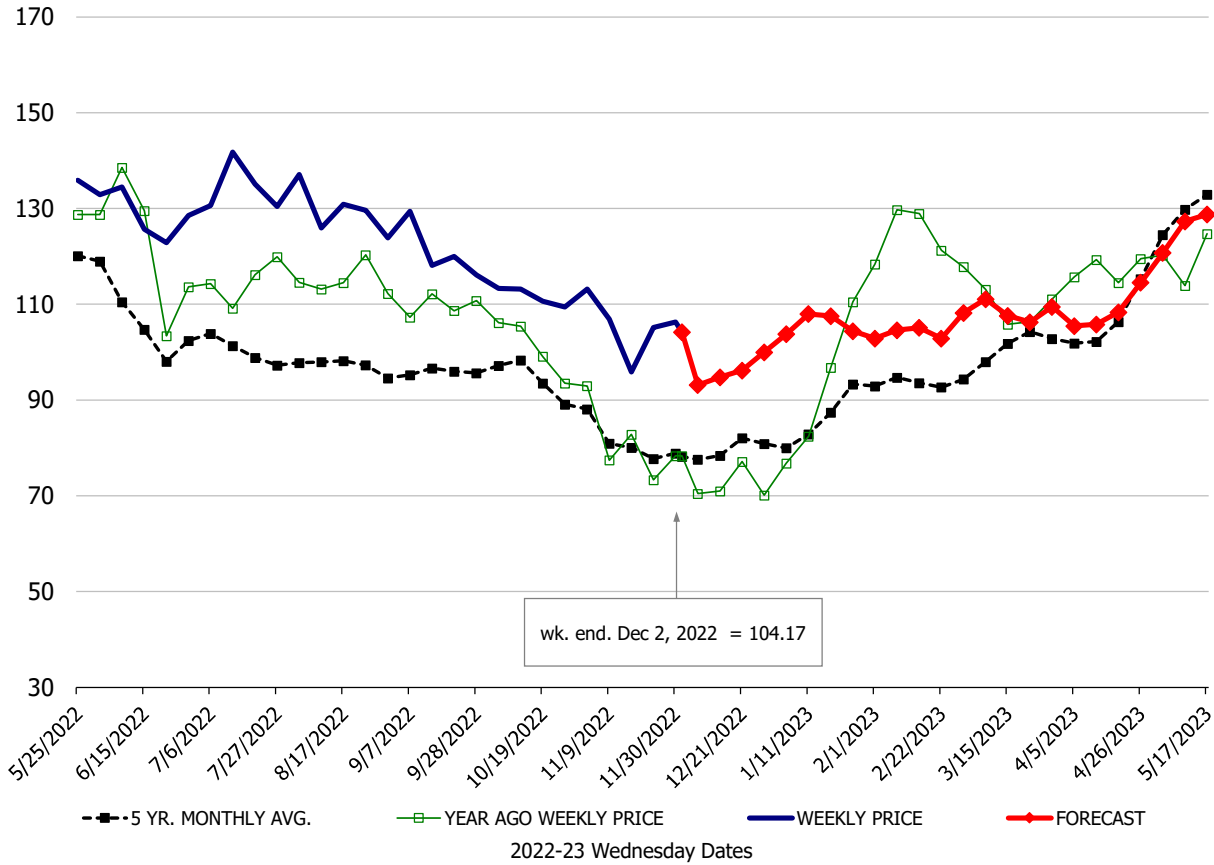
**90CL Bnls. Beef** prices finished the week at \$2.3870 (wt. avg.) down 0.00 cent since Wed. November 23 and down 37 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$0.7471, up about 4 cent since Wed. November 23 but down 23 cents compared to the year ago level.

# Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Jun	Jul	Aug	Sep	Oct	Nov	11/23/2022	12/2/2022	12/14/2022	Dec	Jan	Feb	Mar	Apr	May
<b><u>PORK</u></b>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	127.0	132.0	126.7	121.0	111.4	104.6	105.1	104.17	95	94	105	104	108	107	123
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	132.4	134.8	130.6	125.3	116.8	106.8	103.7	107.73	105	103	108	109	113	113	126
Loin, Bnls CC Strap-off, FOB Plant, USDA	149.4	154.3	173.6	167.9	159.0	141.0	139.0	138.34	156	152	159	158	160	163	168
Loin, Tenderloin, FOB Plant, USDA	213.2	215.0	206.6	184.8	184.1	165.6	150.0	165.20	176	175	201	208	197	195	201
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	147.4	179.7	137.9	111.8	103.7	100.0	104.8	101.57	110	110	115	112	120	129	148
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	208.7	188.6	155.4	144.4	135.3	130.7	125.4	130.25	141	140	155	169	178	188	189
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	373.4	368.6	348.3	295.5	306.6	316.3	333.2	317.85	322	320	331	320	306	305	304
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	197.6	184.9	151.3	142.5	133.8	129.1	129.2	123.57	135	135	145	160	166	175	184
Loin, Backribs 2.0#/up, FOB Plant, USDA	316.6	222.8	213.9	191.6	182.0	165.3	164.1	165.61	190	189	212	229	246	264	261
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	96.6	110.8	103.7	104.4	111.2	104.9	98.8	92.84	86	92	97	95	96	96	101
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	95.2	111.3	103.3	103.5	110.4	105.1	101.7	94.84	83	90	95	93	92	95	100
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	93.5	113.6	101.9	103.9	107.8	99.6	91.8	89.10	78	85	88	87	88	92	97
Belly Cutout, FOB Plant, USDA	158.2	184.5	191.2	136.4	138.6	116.2	107.7	97.91	116	116	132	140	144	137	150
Belly, Derind Belly 9-13#, FOB Plant, USDA	200.3	224.2	217.2	166.9	171.7	149.1	138.8	123.70	141	143	163	173	178	169	185
Belly, Derind Belly 13-17#, FOB Plant, USDA	186.9	210.3	209.7	157.8	164.7	140.1	131.7	116.53	138	140	162	171	176	166	182
Trim, 42% Trim Combo, FOB Plant, USDA	81.9	110.6	114.8	75.2	71.2	66.5	55.4	60.35	55	62	64	66	69	76	83
Trim, 72% Trim Combo, FOB Plant, USDA	107.6	121.3	125.3	99.3	100.4	102.2	98.4	102.08	89	94	97	91	92	110	115
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	117.2	131.4	137.6	114.8	114.8	110.1	102.1	103.66	105	108	110	105	104	120	135
Carcass Cutout, FOB Plant, USDA	109.5	120.6	117.0	102.9	101.1	93.4	89.4	87.60	90	90	94	95	97	100	106
<b><u>HOG CARCASS</u></b>															
CME 1-Day Lean Hog Index	109.0	115.5	118.3	98.2	93.5	89.9	85.6	82.90	83	84	87	89	91	95	102
<b><u>BROILERS</u></b>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	165.8	153.5	131.5	124.7	121.9	124.5	129.9	131.04	132	130	129	129	128	128	127
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	331.6	281.1	228.9	184.5	117.7	98.7	96.8	95.81	98	98	108	115	137	152	163
N.E. BROILER BREAST LINE RUN, USDA	192.4	192.8	185.6	159.9	137.2	107.7	107.7	105.99	105	105	112	120	123	125	135
N.E. BROILER LEG QUARTERS, USDA	59.7	61.2	56.3	43.8	37.0	34.0	34.3	34.93	34	34	35	37	39	42	42
N.E. BROILER WINGS, USDA, WT.AVG.	180.5	167.2	128.4	117.3	109.2	100.5	95.3	92.13	100	100	125	129	126	125	129
<b><u>TURKEYS</u></b>															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	152.9	157.6	163.4	169.5	179.6	176.4	181.0	174.00	165	165	155	145	145	146	147
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	149.9	154.7	162.9	167.9	177.7	177.2	176.0	181.00	165	165	155	145	145	146	147
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	642.0	663.8	665.0	670.0	670.0	670.0	670.0	670.00	654	660	630	560	500	480	463
<b><u>LIVE STEERS</u></b>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	141.8	143.4	144.3	143.6	147.3	153.2	153.3	156.04	155	155	156	158	161	162	158
<b><u>BEEF</u></b>															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	881.1	847.4	918.4	889.5	915.8	1039.4	1092.7	1124.07	915	1000	809	850	922	954	987
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	277.7	279.7	288.1	296.0	304.4	306.7	302.6	305.64	291	293	301	298	297	292	286
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	263.7	274.2	274.8	273.8	267.6	250.9	250.0	235.07	255	252	272	284	290	294	293
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	245.8	258.1	254.0	276.3	294.2	251.5	281.9	230.90	258	255	277	270	267	262	261
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	820.9	866.5	792.4	637.7	562.7	563.7	563.3	527.83	583	578	654	670	799	861	953
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	372.0	368.5	366.6	357.4	340.7	349.2	354.5	353.23	355	350	361	375	403	419	419
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	622.6	714.8	772.4	604.4	535.7	523.5	530.1	492.31	558	557	600	621	689	780	790
USDA,COARSE GROUND 73%, WT. AVG.	182.1	174.9	172.9	164.1	158.2	150.6	146.4	132.70	155	150	211	190	199	205	211
COARSE GROUND 81%, WT. AVG., USDA	285.8	267.9	239.2	219.8	208.4	207.4	201.7	187.96	219	215	283	260	267	273	282
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	275.6	271.7	266.6	263.5	252.8	241.8	238.7	238.70	246	245	264	271	277	285	288
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	116.2	109.8	104.1	98.6	71.4	73.0	70.7	74.71	72	76	93	95	125	135	137

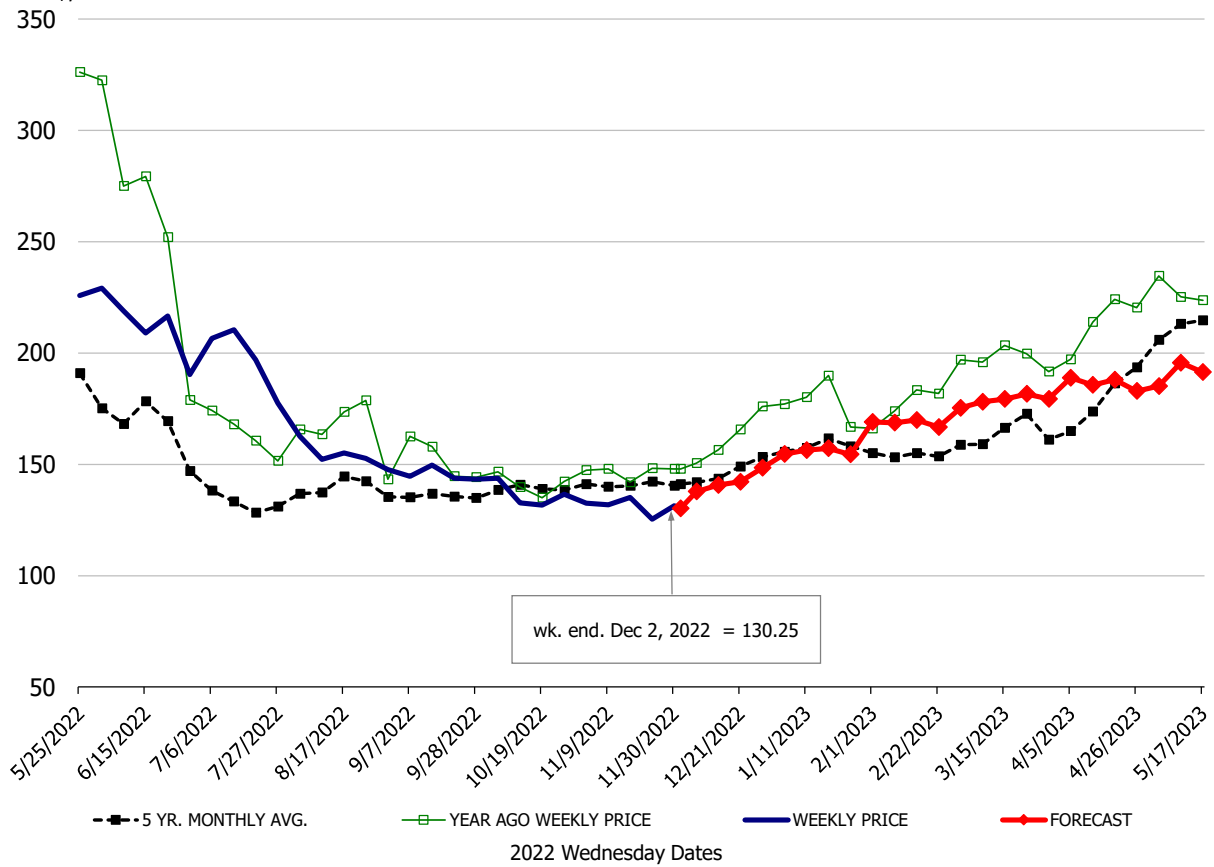
\$/cwt

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

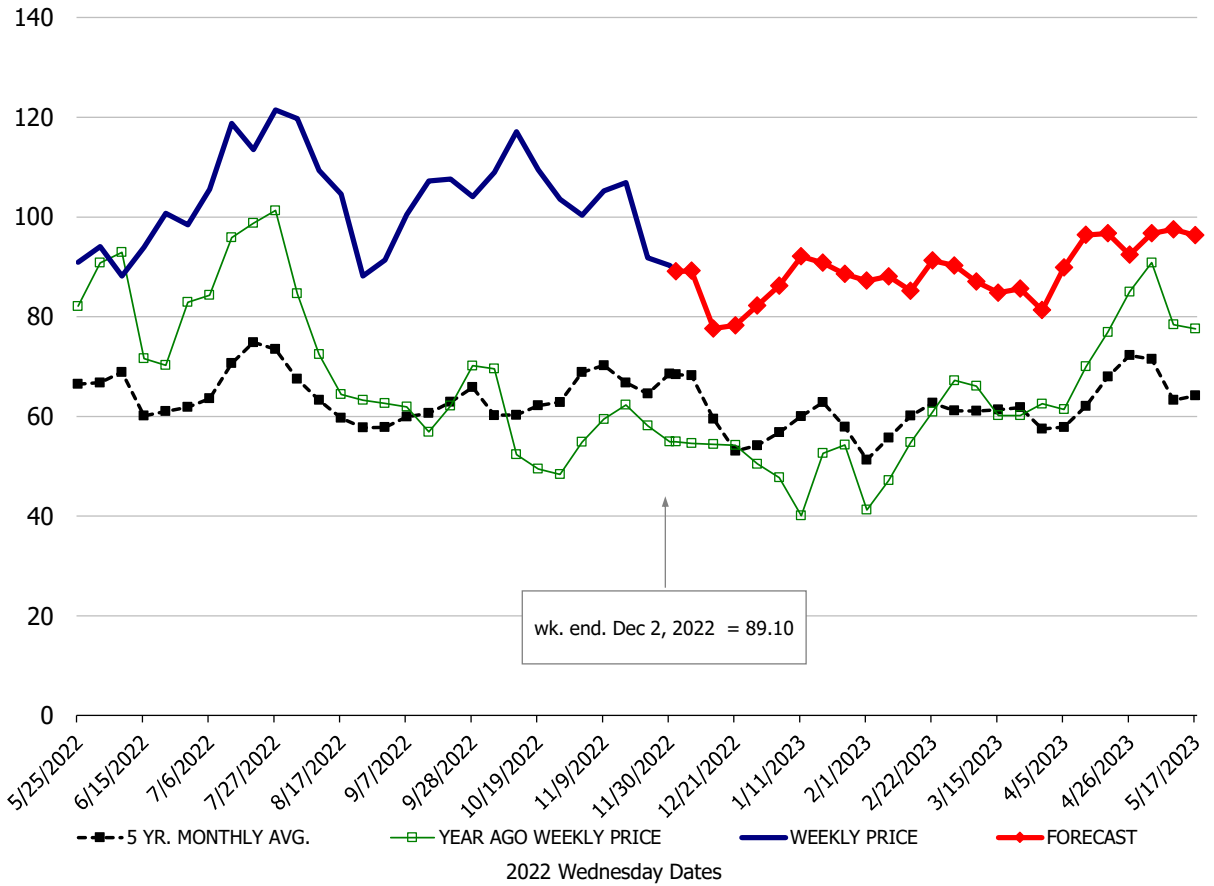


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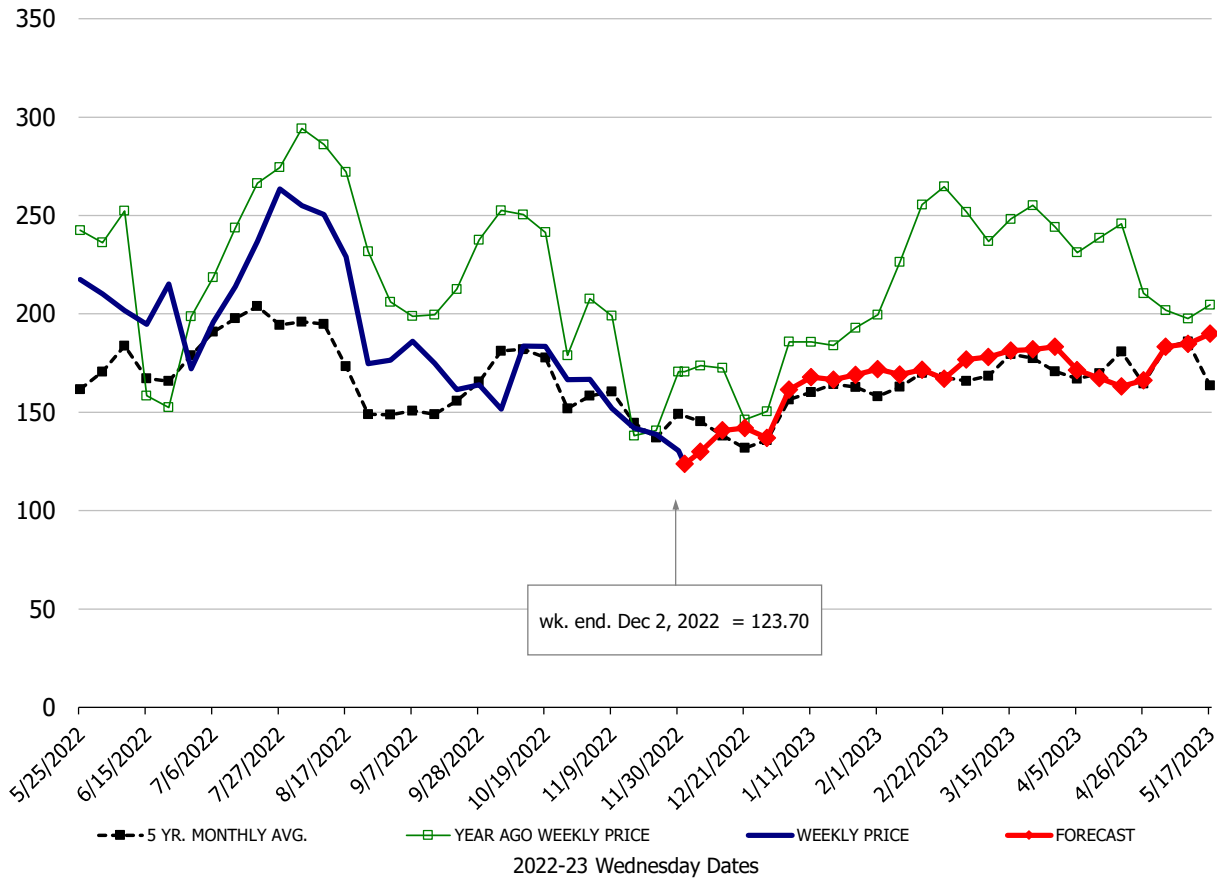
### Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA



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



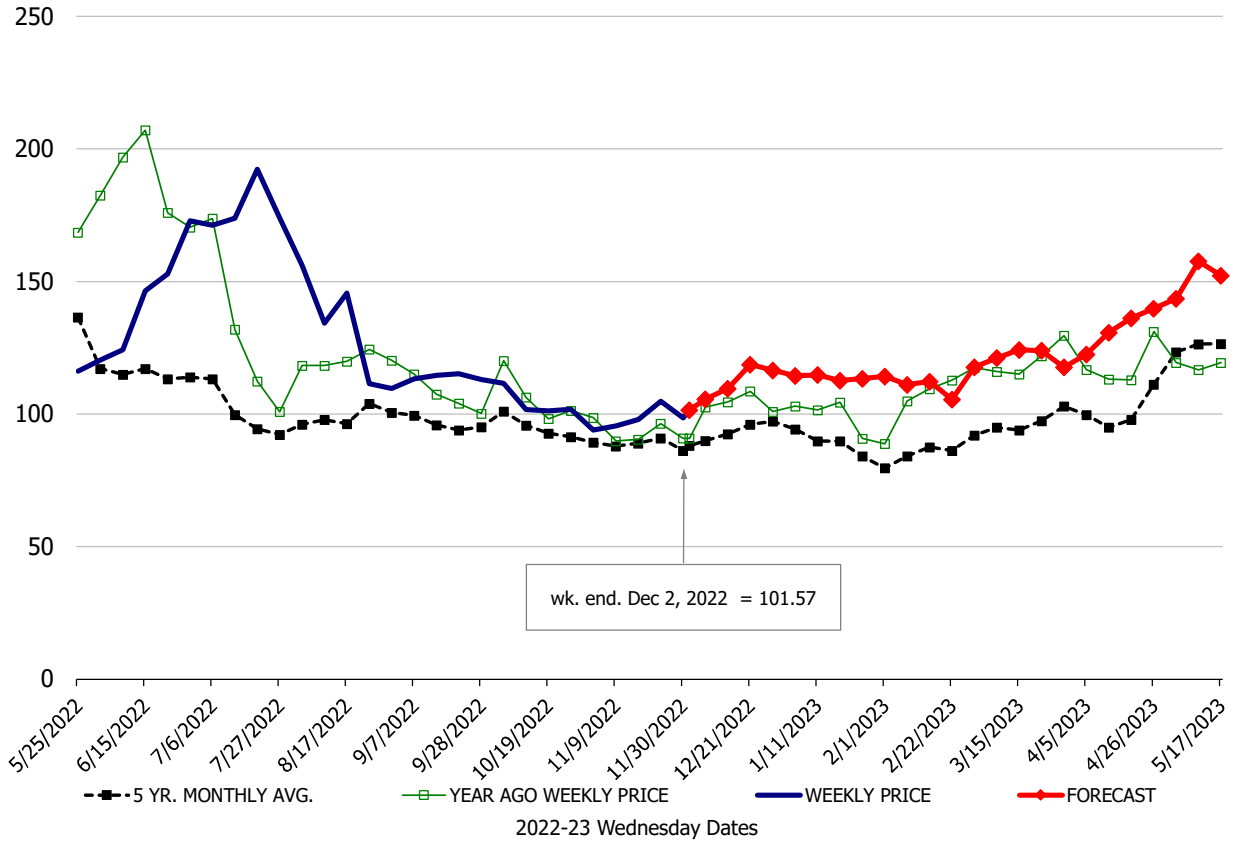
**Belly, Derind Belly 9-13#, FOB Plant, USDA**





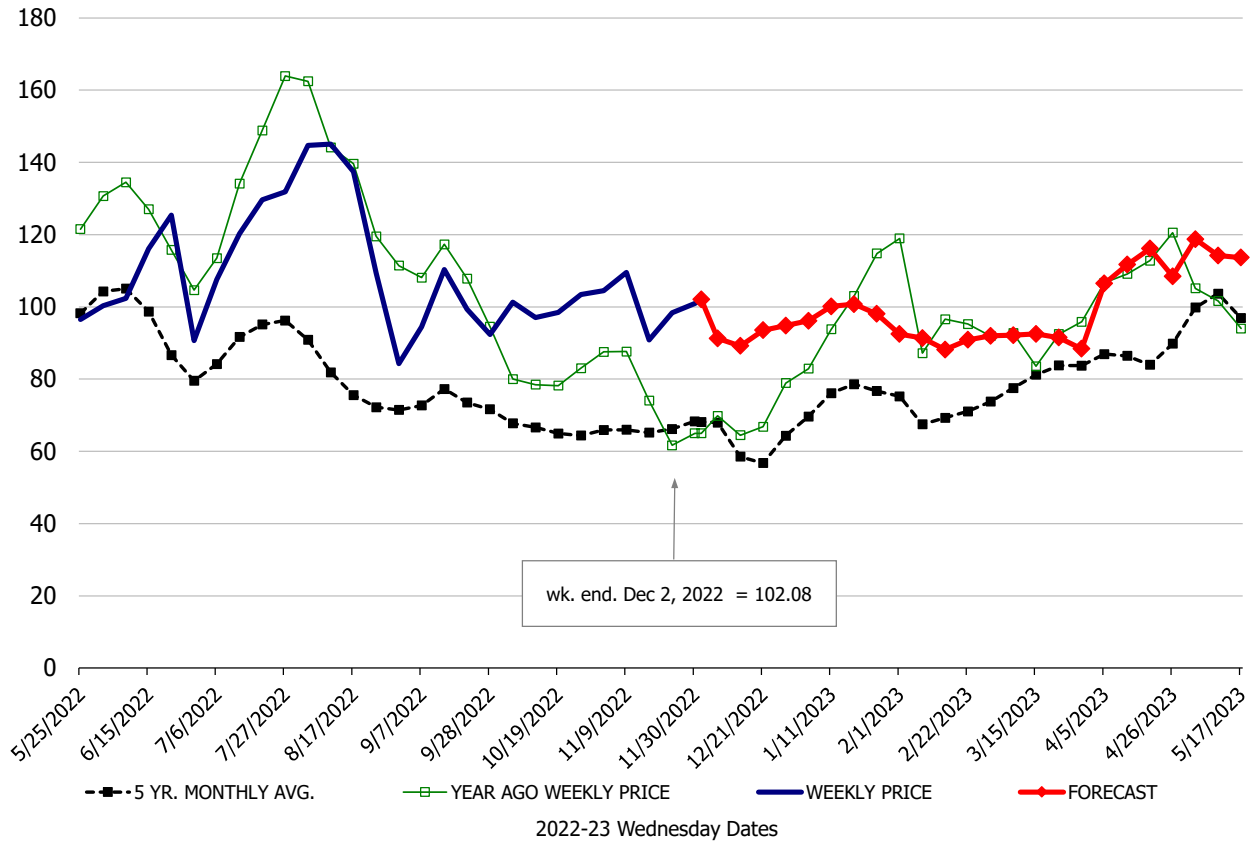
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### Butt, 1/4 Trim Butt Combo, FOB Plant, USDA



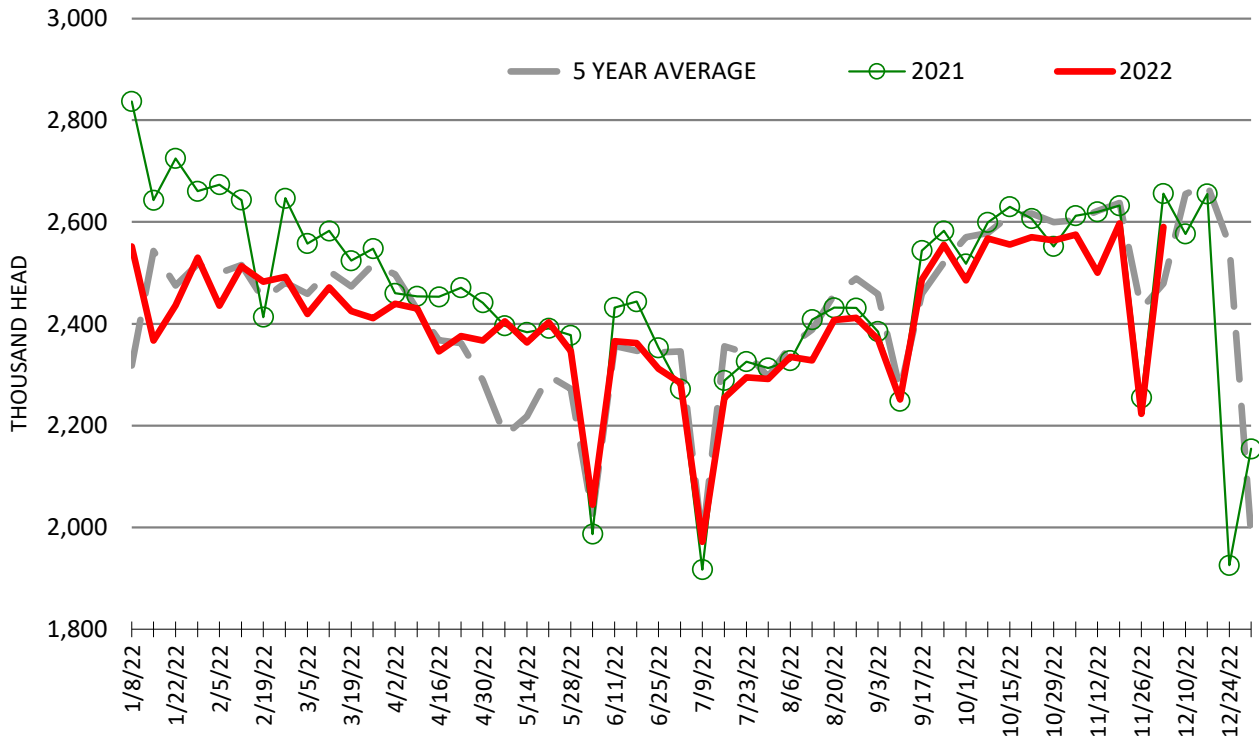
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### Trim, 72% Trim Combo, FOB Plant, USDA



# ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



# ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

