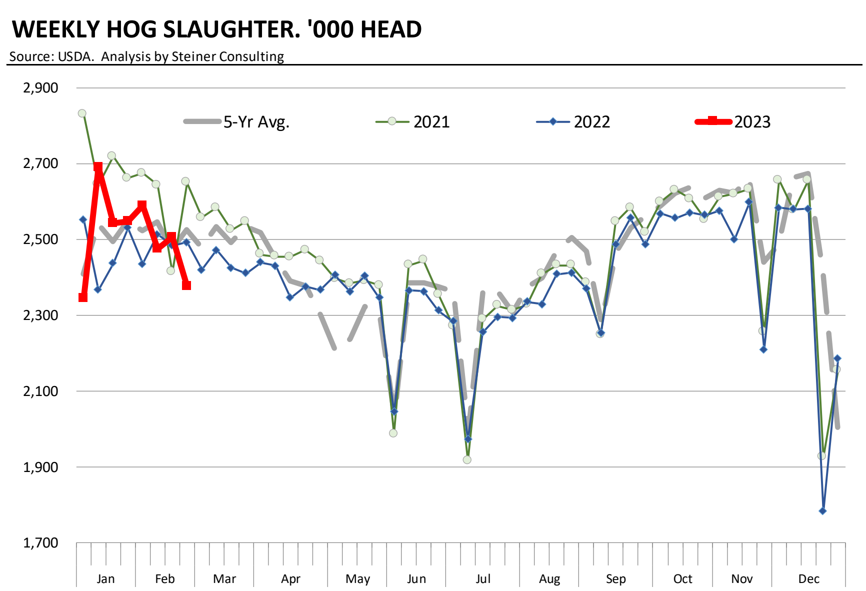
Pork Merchandiser's **Profit Maximizer**

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

February 27, 2023

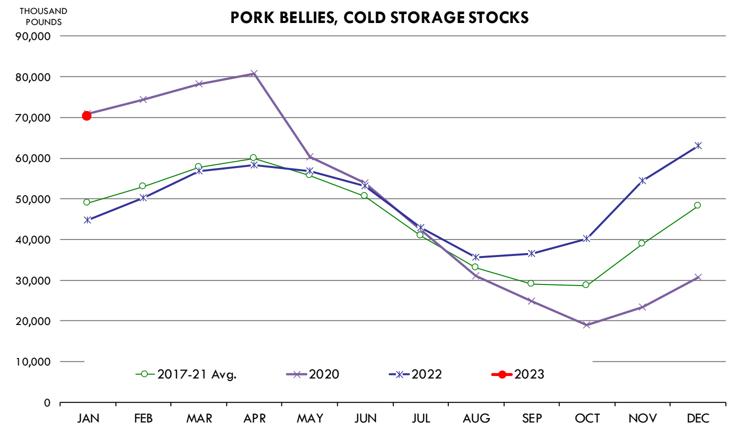
1. Weather disruptions result in sharp decline in slaughter, underpin cutout last week. Outlook for early spring remains muddled but more upside risk for Q2 on seas

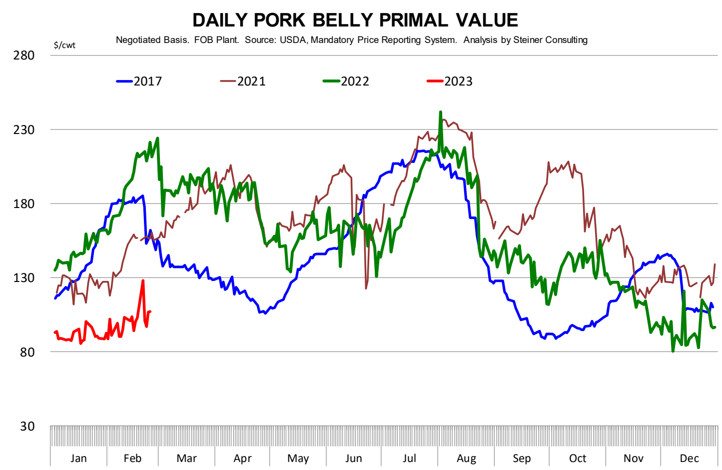
Total hog slaughter last week was 2.375 million head, 95k head less than expectations when the week started. Slaughter on Wednesday and Thursday was 409k and 371k head, respectively. Some of this was made up on Saturday but **for the week slaughter was 5.2% smaller than the previous week and 4.7% smaller than a year ago**. The shortfall in production supported wholesale prices last week, and it is possible we will see prices remain well supported into Monday as well. The pork cutout was predictably higher on Thursday but then slipped a bit on Friday, somewhat of a surprise considering the extent of the drop in production. This is a reminder that pork demand is at a different level today than a year ago. One thing is worth repeating: we are talking about wholesale pork demand, i.e. demand from processors, foodservice buyers, retail buyers and export traders. Ultimately their demand will reflect the final consumer, but in the near term it represents their concerns about the future, pushback from downstream customers, labor issues, and inventory positions. The latest USDA 'Cold Storage' report was a good reminder

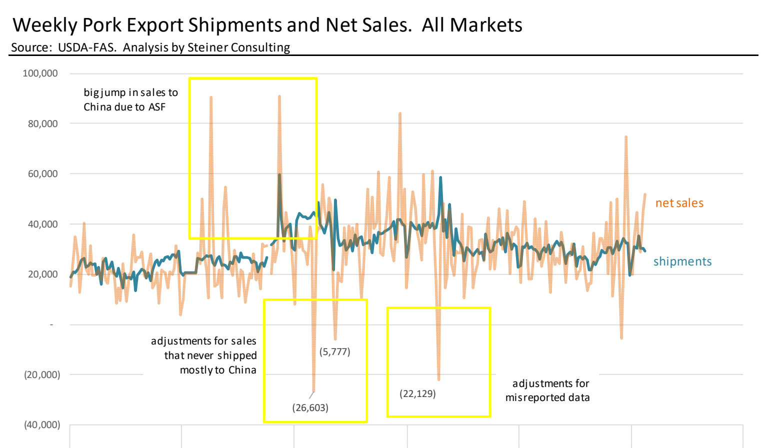


that pork supplies in cold storage have returned to a more "normal" level for this time of year. The total supply of pork at the end of January was 19% higher than a year ago. For some items, such as hams, inventories are not particularly heavy, hence buyers are not able to stay out of the market too long. For others, such as bellies, inventory remains burdensome, up 57% from last year and 44% higher than the five-year average. Hog slaughter will be lower in the coming weeks/months, but high cost of feed continues to incentivize producers to bring hogs to market earlier rather than later. There will come a time when we hit an inflection point. As to when that happens will be the big guessing game for April and June futures.

Fresh pork prices in the near term are mostly trading sideways. Retail demand has not been particularly strong, resulting in more product backing up in cold storage. The supply of pork loins in cold storage at the end of January was 43.9 million pounds, 16.7% higher than a year ago and 7.8% higher than the five-year average. Recently we have noticed some good demand from Japan. Sales of loins to markets outside North America are also running well ahead of last year's levels. This is positive but it appears to us that the real action in this market will take place in Q2. Already we are seeing the price of b/s chicken breasts trend higher, which should make pork loins more competitive in the retail case. Ground beef prices are trending up as well. Futures already are pricing, in our view, a 15% premium for the loin primal value by April and a 26% premium by June. This would put the June loin primal value at par with last year's levels. In the near term, however, loin primal value is running about 23% lower than a year ago, presenting an opportunity for domestic and export buyers alike.







2. Export trend points to higher shipments in March and April

Pork export business has seen a notable improvement since the start of the year and the latest data shows a continuation of that trend. While the pace of shipments is similar or slightly under last year, export buyers have put more orders on the books which should bolster US pork exports going forward. Total export sales last week were 51,916 MT, 49% higher than the average of the previous four weeks and the highest weekly sales figure since March 2021. In the last six weeks, net pork export sales have been 235k MT, which is again similar to the export sales volume we saw in early 2021. Export sales to China continue to be inconsistent but they have been trending higher. For the second time in five weeks export sales to China surpassed 12,000 MT and outstanding net sales to China are a little over 30,000 MT, 67% higher than at this time last year. Sales to Mexico have also surged higher and at 25,041 MT last week they were 61% higher than the four weeks average. Outstanding sales to Mexico are currently at 60,842 MT, a four-week supply and 31% higher than at this time last year. Sales to Colombia also rebounded and we also saw strong sales to smaller markets, with the Philippines buying a little over 1,300 MT compared to just 135 MT total in the previous four weeks and sales to Australia at 1,577 MT. Sales to Japan slowed down from the big order that was reported the week before but the average of sales in the last five weeks is still above the current pace of shipments.

PORK

Hog Market. For the week ending February 25 hog slaughter was 2.375 million head, down 4.7% from a year ago. In the last two weeks hog slaughter is down 1.9% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 77.40 /cwt. on Friday were up $1.8/cwt since Wed. February 15. Prices are down about 20.6 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $0.9745, up about 0.4 cent since the Wed. February 15 quote but down about 24 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.3724 for the strap on loins, up 7.75 cent since Wed. February 15 and up 8 cent from the year ago levels. Strap off loins at $1.4488 are up 2.2 cent since Wed. February 15 but down about 24 cent compared to the year ago quote.

Boneless sirloins at $1.1961 were up about one.5 cents from the Wed. February 15 quote but down about 7.9 cents from the year ago price.

Pork tenderloin finished last week at $1.5698, down 7 cent since the Wed. February 15 quote and down about 70.4 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.1083, up 4.5 cents since Wed. February 15. Prices are down 10 cent from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.2971, up about one cent since Wed. February 15 but down about 52 cents from year ago levels.

Rib inventories on January 31 were 116.7 million pounds, up 21.4% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.7774/lb. up 4 cents since Wed. February 15 and up about 16 cents from a year ago.

20/23 hams finished the week at 79.52 cents (page 130) up about 7 cent since Wed. February 15 and up about 19 cents from the year ago level.

23/27 hams finished the week at 78.11 , up about 5 cent from the Wed. February 15 quote and up about 17 cents from the year ago level.

Total ham cold storage stocks on January 31 at 78.3 million pounds were up 4.8% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 70.45 cents, up about 4.1 cent since Wed. February 15 but down about 16 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 97.45 cents, up 6.2 cents since the Wed. February 15 quote and up about 2 cents from the year ago levels.

Freezer stocks of all trimmings on January 31 were 52.9 million pounds, up 8.2% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at **12** cents compared to **31** cent average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 125.07 on Friday, February 25, down about 3.5 cents from a year ago.

Broiler slaughter for the week ending February 25 was 167.38 million head, up 0.81% from a year ago. For the last two weeks broiler slaughter was up 0.4% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.3001, up 3 cents since Wed. February 15 but still down about 144 cents from year ago levels.

Leg Quarters. Last week leg quarter prices were up about 1.32 cents vs. two weeks ago and at 39.86 cents per pound prices were up 2 cent from a year ago.

Wings. Prices at $1.1673 are down about 133 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.7150, down cent since Wed. February 15 but up about 39 cents from the year ago price.

Toms finished last week at $1.7150, down since Wed. February 15 but up about 37 cent from the year ago price.

Total turkey supplies in the freezer on January 31 were up 16.7% from a year ago at 284.5 million pounds. Whole birds were up 2.8% from a year ago with an inventory of 131.6 million pounds.

Turkey slaughter was 3.6400 million head for the week ending February 18, down -10.65% from a year ago. For the last two weeks slaughter has been down 1.62%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $4.3000, down since Wed. February 15. Prices are down about 15 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 $10.3650 (weighted average quote) finished last week up about 13 cents since the Wed. February 15 quote and up about 232 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $8.7978 (weighted average quote) finished last week up about 41 cents since the Wed. February 15 quote but up about 92 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $1.5672 /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 $2.6065 for 90CL and $1.2051 for 50CL product, an 81CL meat block value is now $2.2912 and a 78CL meat block is $2.1861. Choice 114, 3 Clods are now being priced 55.44 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 21.03 cents and the five year average spread for is 38.99 cents over.

Choice #161 Boneless Rounds finished last week at $**3.2706**, **up** slightly since **Wed.** February 15 and up about 44 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $2.9025 up about 20 cents since Wed. February 15 and up about 24 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $2.8995 up about 12 cent since

Wed. February 15 and up about 6 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.8872 down about 2.5 cents since Wed. February 15 and down about 10 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $8.7240 (wt. avg.) up about 28 cents from the Wed. February 15 quote. Prices are up 176 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $3.9016 (wt. avg.) **up** about 3 cents since Wed. February 15 and **up** about **24** cent from year ago levels. **Choice #184 ¼ inch trimmed Top Butts** finished at $4.1381 (wt. avg.) up about 17 cents since Wed. February 15 and up about 41 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.1780 (wt. avg.) up about 46 cents since Wed. February 15 and up about 44 cents from year ago values.

COARSE GROUND BEEF –

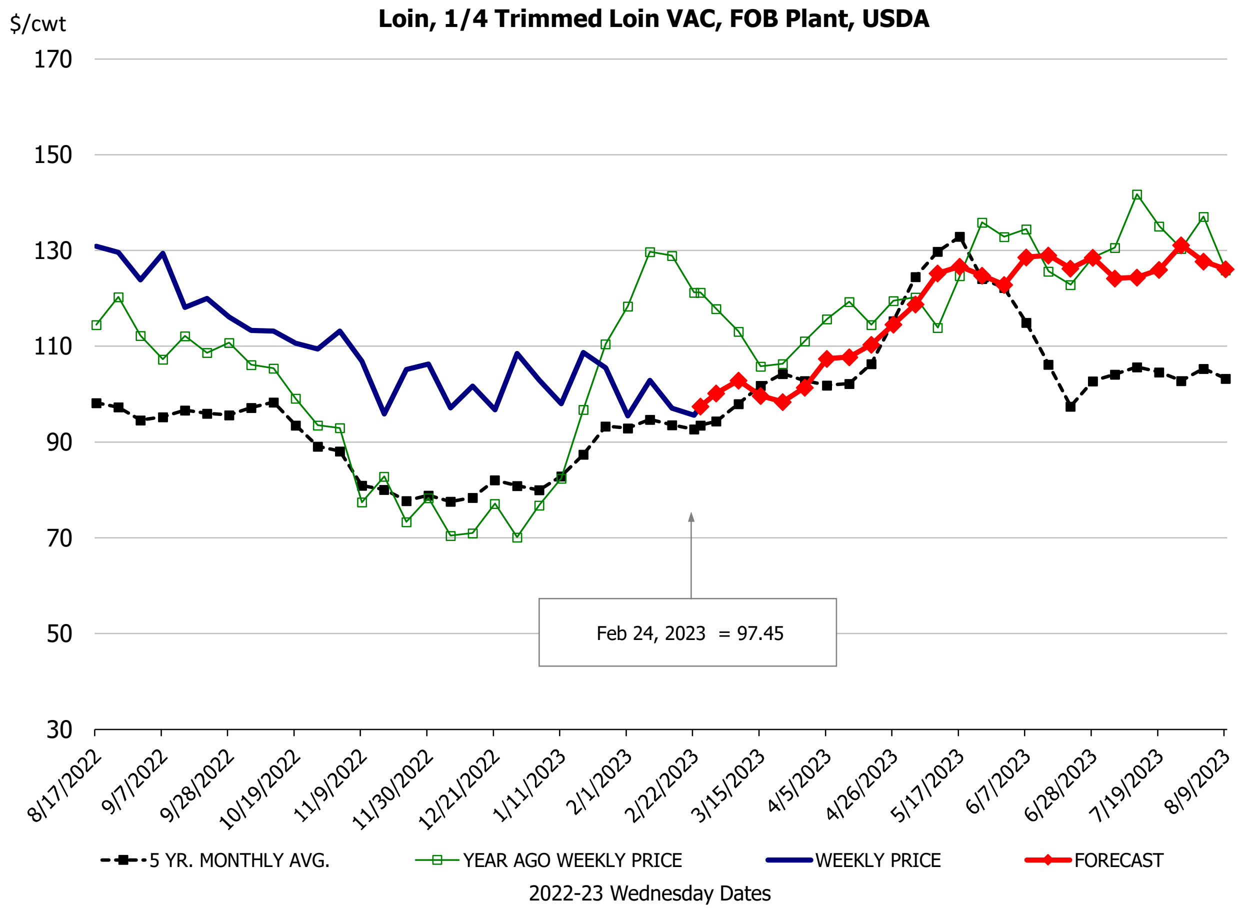
73CL Coarse Ground product finished last week at $**1.9767 up** about 9 cents since Wed. February 15 but down about 25 cents from year ago levels.

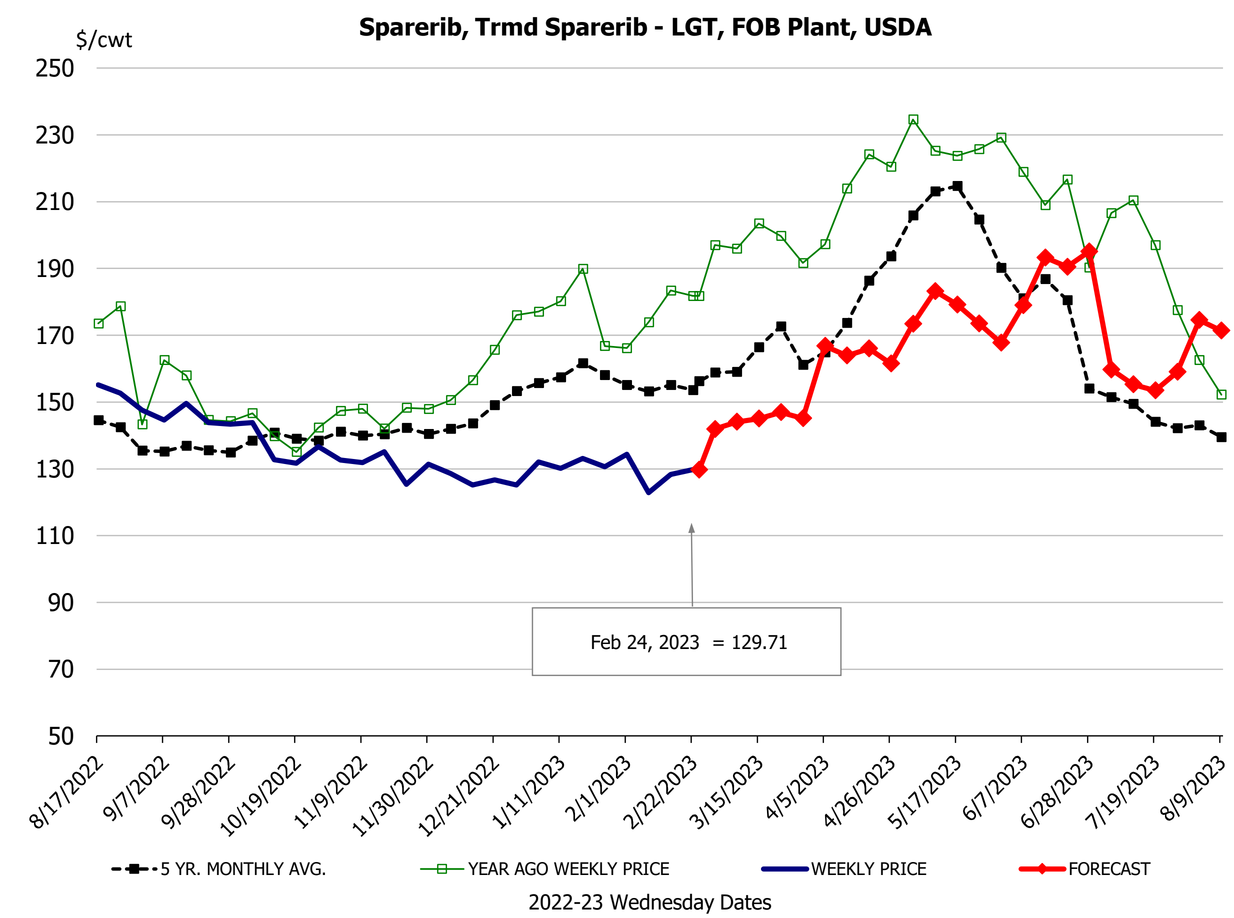
81CL Coarse Ground product finished last week at $2.3865 up about 8 cent since Wed. **February 15 but down** about **55** cents from the year ago quote.

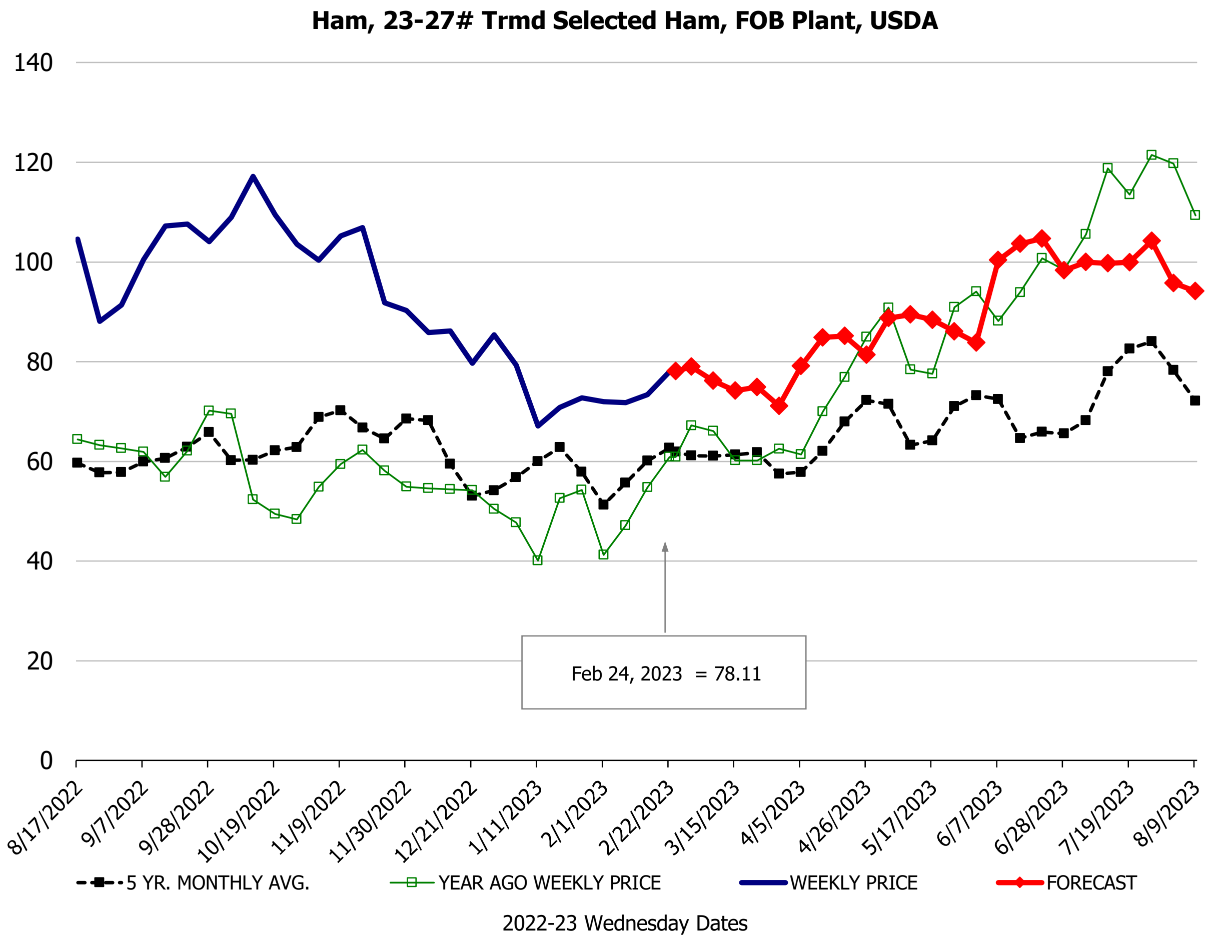
90CL Bnls. Beef prices finished the week at $**2.6065** (wt. avg.) **up 2.44** cent since Wed. February 15 but down 24 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $1.2051, up about 4 cent since Wed. February 15 and up 23 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

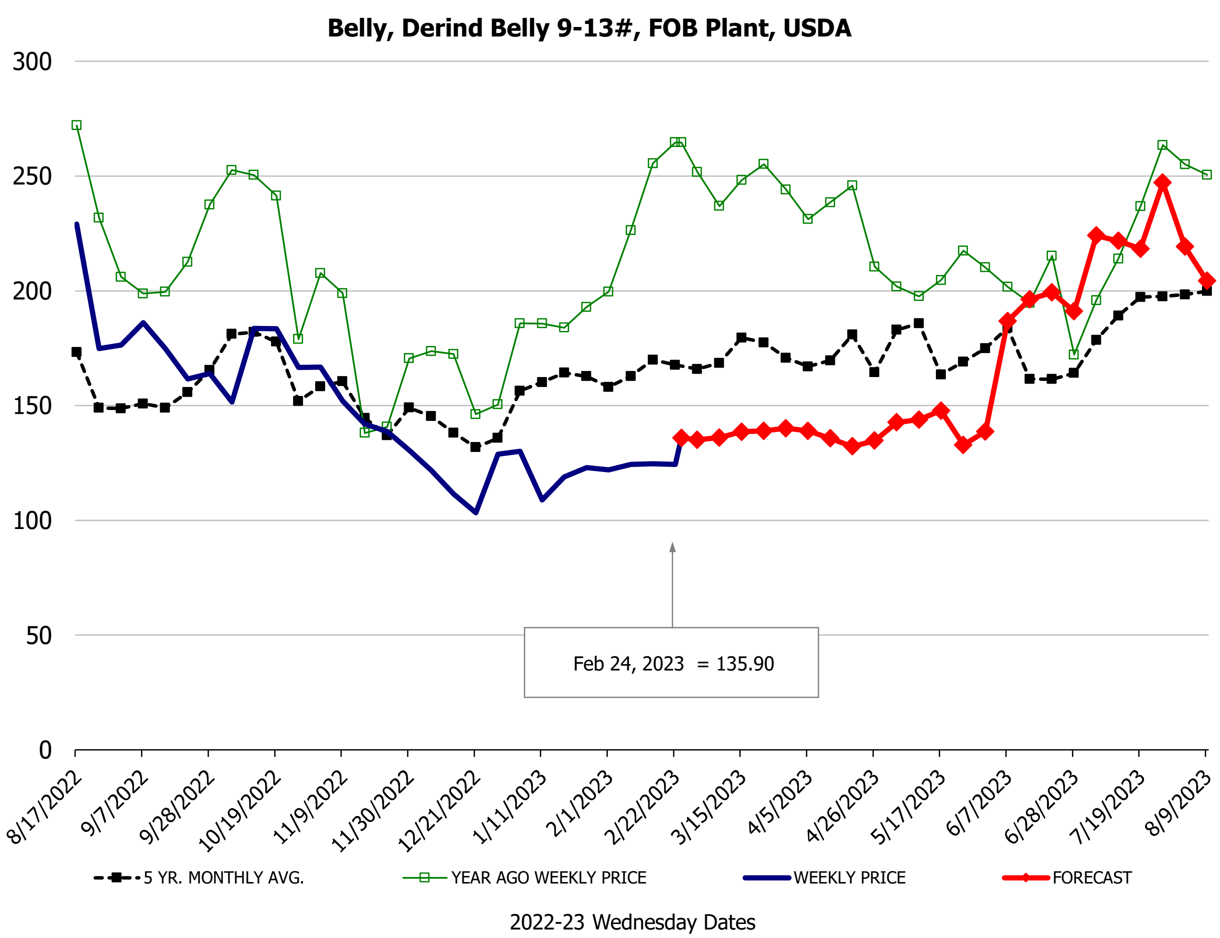
	HISTORY								FORECAST						
	Aug	Sep	Oct	Nov	Dec	Jan	2/15/2023	2/24/2023	3/8/2023	Feb	Mar	Apr	May	Jun	Jul
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	126.7	121.0	111.4	104.6	99.8	104.4	97.0	97.45	103	99	100	109	121	128	125
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	130.6	125.3	116.8	106.8	101.7	106.1	108.2	106.04	111	105	107	113	123	130	127
Loin, Bnls CC Strap-off, FOB Plant, USDA	173.6	167.9	159.0	141.0	139.0	144.2	142.7	144.88	154	147	149	154	160	172	159
Loin, Tenderloin, FOB Plant, USDA	206.6	184.8	184.1	165.6	167.1	171.7	164.0	156.98	180	165	180	183	187	210	213
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	137.9	111.8	103.7	100.0	111.7	101.8	97.8	102.67	109	99	108	125	140	138	131
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	155.4	144.4	135.3	130.7	126.7	130.7	128.4	129.71	144	129	144	166	177	182	160
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	348.3	295.5	306.6	316.3	290.1	242.9	287.6	264.37	262	249	259	260	295	305	291
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	151.3	142.5	133.8	129.1	126.0	130.0	125.5	126.08	141	126	139	160	179	184	162
Loin, Backribs 2.0#/up, FOB Plant, USDA	213.9	191.6	182.0	165.3	171.3	180.8	186.3	173.33	197	180	195	215	225	229	229
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	103.7	104.4	111.2	104.9	87.9	74.9	74.2	77.74	82	76	80	85	92	100	104
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	103.3	103.5	110.4	105.1	85.7	74.4	72.2	79.52	78	75	78	83	90	99	101
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	101.9	103.9	107.8	99.6	84.2	72.2	73.4	78.11	76	74	77	81	89	98	100
Belly Cutout, FOB Plant, USDA	191.2	136.4	138.6	116.2	94.8	91.1	94.1	108.06	109	101	108	111	115	149	181
Belly, Derind Belly 9-13#, FOB Plant, USDA	217.2	166.9	171.7	149.1	121.2	119.9	124.6	135.90	136	135	136	137	144	187	223
Belly, Derind Belly 13-17#, FOB Plant, USDA	209.7	157.8	164.7	140.1	112.7	107.8	113.1	121.49	128	121	128	132	131	175	211
Trim, 42% Trim Combo, FOB Plant, USDA	114.8	75.2	71.2	66.5	57.9	58.8	66.3	70.45	73	66	71	81	89	111	115
Trim, 72% Trim Combo, FOB Plant, USDA	125.3	99.3	100.4	102.2	88.8	85.1	91.2	97.45	97	92	97	109	118	135	126
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	137.6	114.8	114.8	110.1	102.9	98.4	93.0	96.26	98	93	98	112	132	145	144
Carcass Cutout, FOB Plant, USDA	117.0	102.9	101.1	93.4	87.2	81.2	80.9	85.03	86	82	85	93	101	110	111
HOG CARCASS															
CME 1-Day Lean Hog Index	118.3	98.2	93.5	88.0	81.2	75.4	75.6	77.40	81	75	81	86	95	105	106
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	131.5	124.7	121.9	124.6	123.7	121.8	125.6	125.07	132	126	130	137	146	144	133
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	228.9	184.5	117.7	98.1	96.0	100.6	126.7	130.01	139	124	139	155	175	170	168
N.E. BROILER BREAST LINE RUN, USDA	185.6	159.9	137.2	107.3	104.4	106.1	115.3	116.16	131	115	130	137	150	153	144
N.E. BROILER LEG QUARTERS, USDA	56.3	43.8	37.0	34.2	35.8	34.5	38.5	39.86	41	38	40	42	44	46	44
N.E. BROILER WINGS, USDA, WT.AVG.	128.4	117.3	109.2	98.9	89.1	91.2	114.1	116.73	119	112	117	115	115	118	124
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	163.4	169.5	179.6	175.9	172.4	171.8	173.0	171.50	167	169	167	160	159	154	155
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	162.9	167.9	177.7	178.0	171.0	171.8	173.0	171.50	167	169	167	160	159	154	155
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	665.0	670.0	670.0	670.0	670.0	662.5	520.0	430.00	409	522	410	400	400	425	430
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	144.3	143.6	147.3	153.2	156.0	157.0	159.6	162.66	163	160	163	166	162	161	159
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	918.4	889.5	915.8	1039.4	1149.2	1028.2	1023.3	1036.50	1041	1036	1037	1042	1065	1087	972
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	288.1	296.0	304.4	306.7	310.8	317.4	317.7	327.06	329	324	327	310	303	312	319
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	274.8	273.8	267.6	250.9	240.0	268.6	278.3	289.95	291	277	290	287	286	291	299
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	254.0	276.3	294.2	251.5	251.1	258.6	291.0	288.72	277	268	278	264	264	271	281
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	792.4	637.7	562.7	563.7	572.8	756.1	844.2	872.40	874	841	872	874	964	926	785
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	366.6	357.4	340.7	349.2	354.4	376.0	397.2	413.81	431	398	423	443	433	418	428
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	772.4	604.4	535.7	523.5	529.5	587.1	671.9	717.80	721	683	720	785	793	743	705
USDA,COARSE GROUND 73%, WT. AVG.	172.9	164.1	158.2	150.6	145.2	198.3	189.0	197.67	197	189	197	196	204	202	193
COARSE GROUND 81%, WT. AVG., USDA	239.2	219.8	208.4	207.4	193.0	237.0	230.3	238.65	247	231	242	247	256	257	250
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	266.6	263.5	252.8	241.8	238.5	246.2	258.2	260.65	270	257	269	284	292	300	307
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	104.1	98.6	71.4	73.0	86.6	108.1	116.1	120.51	130	116	129	142	144	138	129


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
Feb 24, 2023 = 97.45
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates

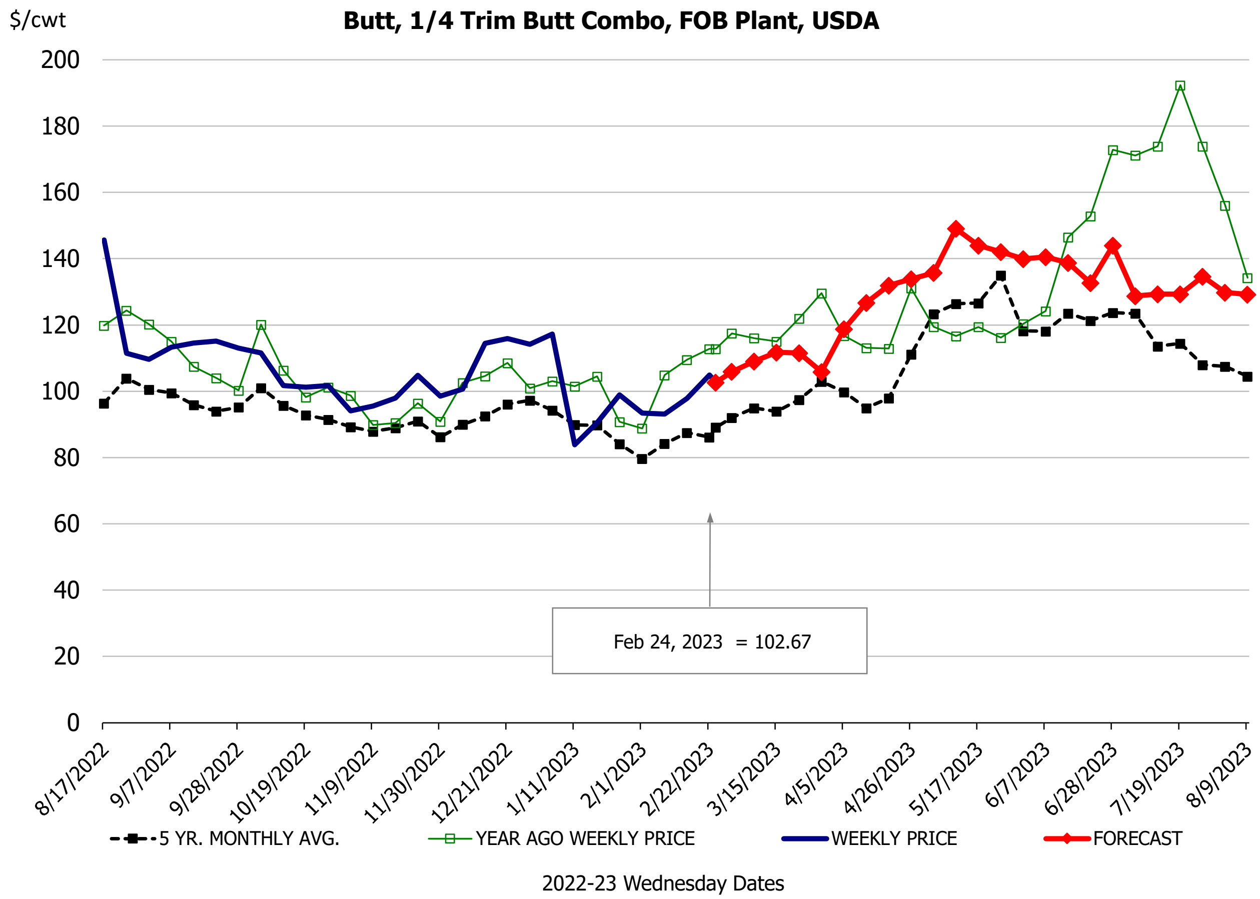

Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
Feb 24, 2023 = 129.71
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates

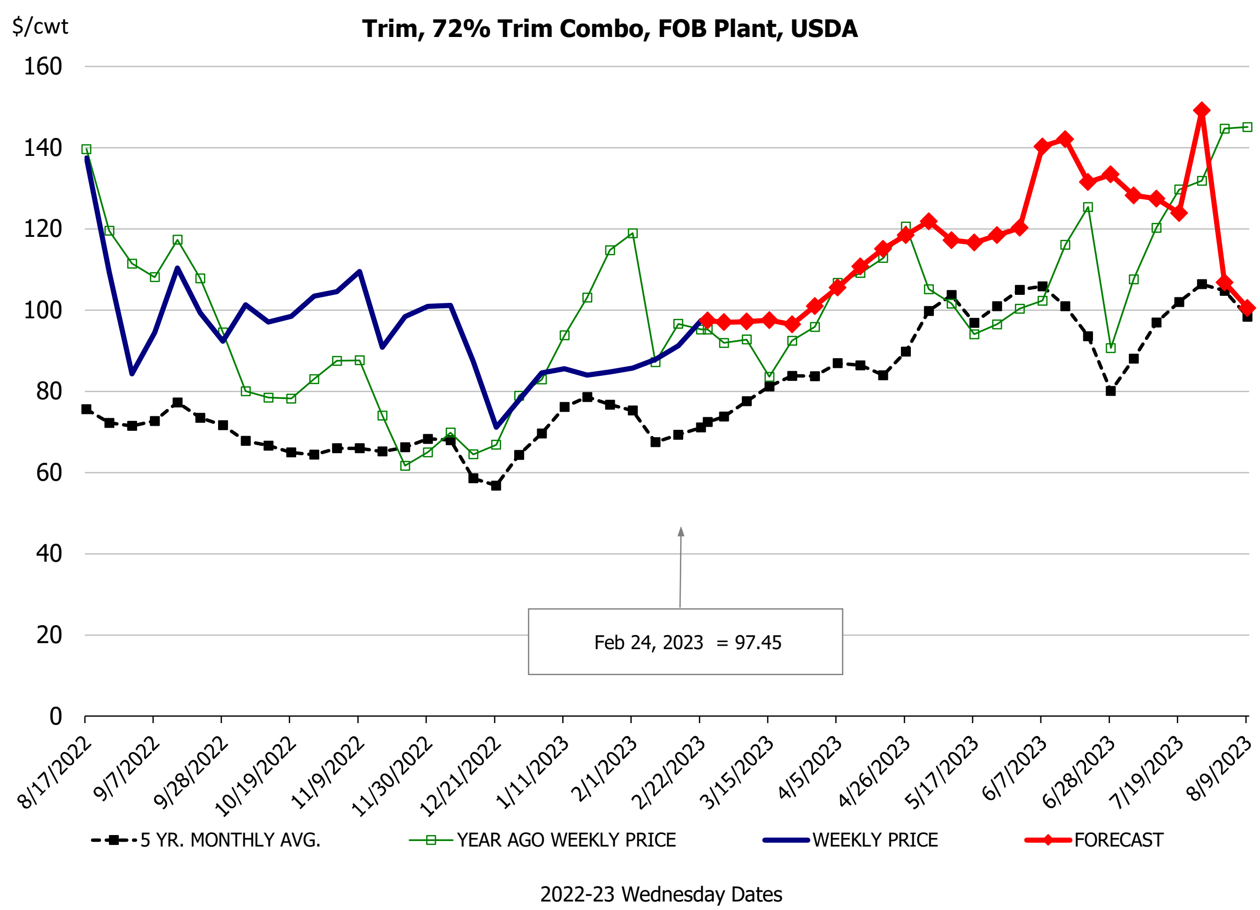


Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
140
120
100
80
60
40
20
0
Feb 24, 2023 = 78.11
8/17/2022
9/7/2022
9/28/2022
10/19/2022
11/9/2022
11/30/2022
12/21/2022
1/11/2023
2/1/2023
2/22/2023
3/15/2023
4/5/2023
4/26/2023
5/17/2023
6/7/2023
6/28/2023
7/19/2023
8/9/2023
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates



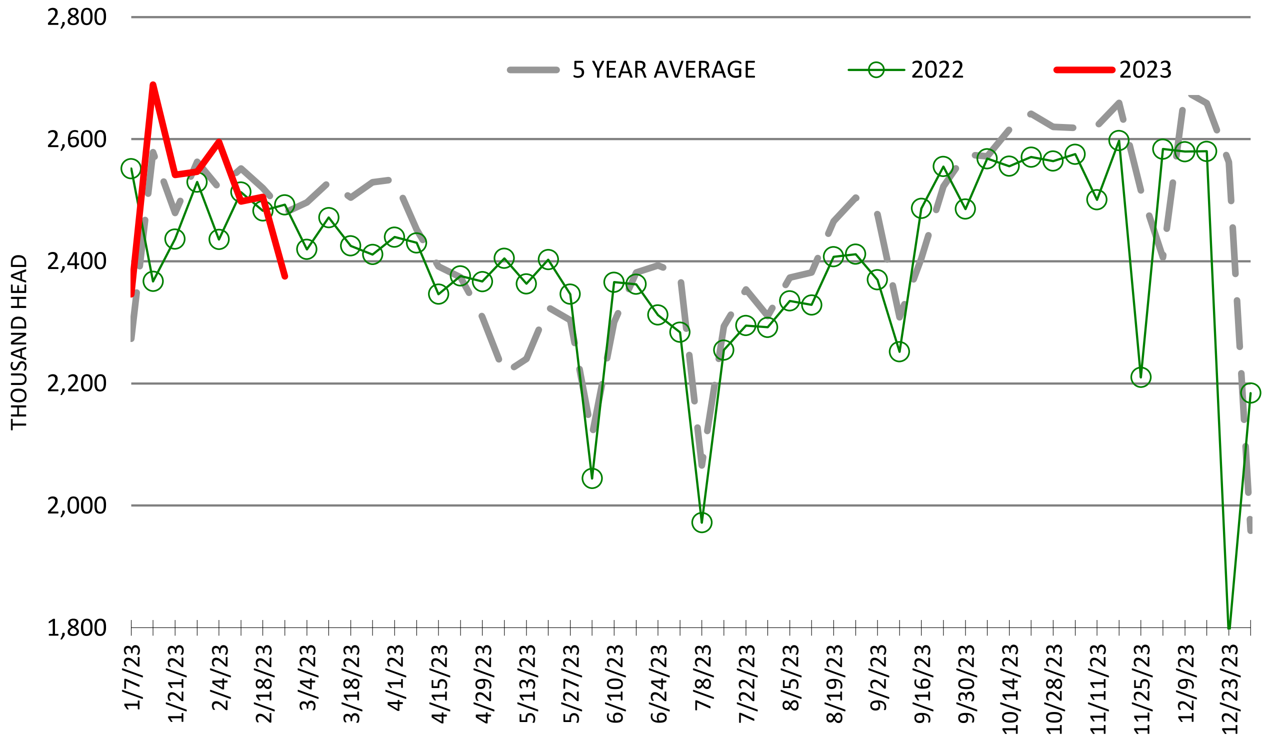
Belly, Derind Belly 9-13#, FOB Plant, USDA
300
250
200
150
100
50
0
Feb 24, 2023 = 135.90
8/17/2022
9/7/2022
9/28/2022
10/19/2022
11/9/2022
11/30/2022
12/21/2022
1/11/2023
2/1/2023
2/22/2023
3/15/2023
4/5/2023
4/26/2023
5/17/2023
6/7/2023
6/28/2023
7/19/2023
8/9/2023
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates


$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
Feb 24, 2023 = 102.67
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates


$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
Feb 24, 2023 = 97.45
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds