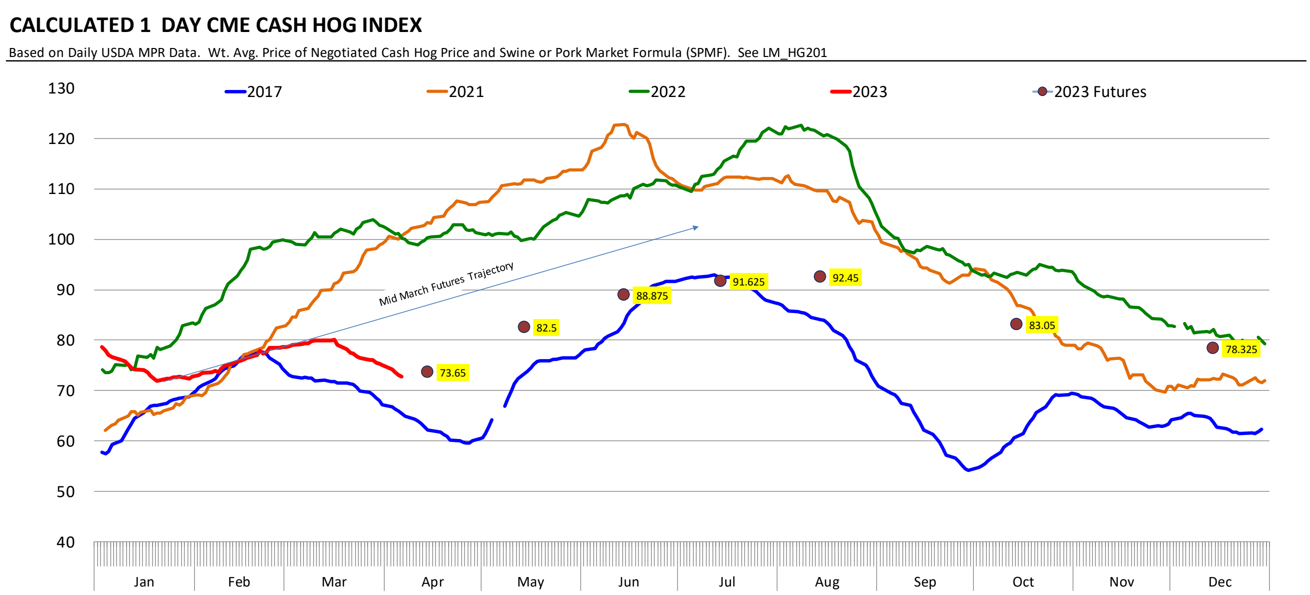
Pork Merchandiser's **Profit Maximizer**

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

April 10, 2023

1. Summer futures under pressure following ongoing uncertainty about retail, and especially processing demand.

Lean hog futures continue to slide as spot prices give participants little reason to feel better about spring and summer business. Market participants that accumulated product in inventory earlier in the year are seeing the value of that inventory erode daily. In this environment, if spot supply is not moving and packers need to catch a bid, prices need to be even lower to entice buying. Arguing whether something is undervalued makes little sense at this point, especially if the buyer is under water. Take bellies for instance. Putting bellies away in Jan/Feb at $90 seemed like a great idea as they offered an



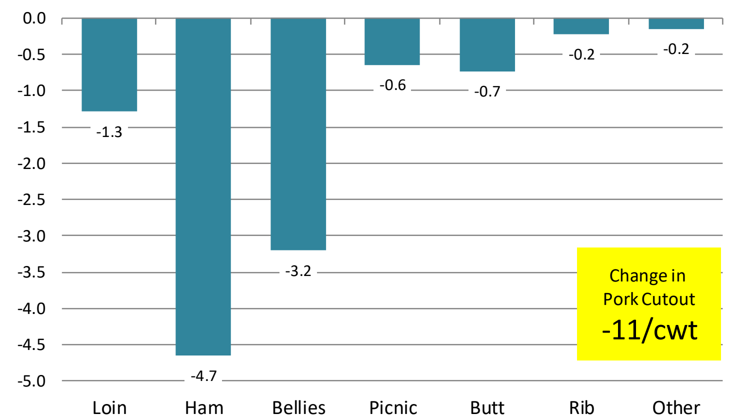
implied $130 price by the time you took them out in late spring. That calculation has been turned upside down now that bellies are still under $85 and buyers face $30-40 losses if they are to draw down their inventory. It would take a special salesman to get a buyer that's this much under water to take even more.

Summer futures have lost ground in the last three weeks as the trajectory implied by the Feb/early Mar product market has shifted (see chart). Bellies have been weak for much of the year and still account for a big portion of the value loss vs. year ago. But in the last three weeks it has been hams that have led the way down for the cutout. Since March 13, the pork cutout has declined $11/cwt or 12%. Almost half of that decline is due to lower ham prices, with the ham primal value down from near $92/cwt to $73/cwt on Friday. Bone-in hams sold at $62/cwt, a number that was hard to imagine even two weeks ago. The pullback in ham prices has a seasonal component to it. Usually ham values peak a few weeks before Easter as processors need to get product delivered to retailer distribution centers by a certain time before they go into the retail case. One would think that lower prices would encourage some export demand and they probably did. However, export buyers are also in tune with the seasonal tendency for this item and likely sat on the sidelines and put bids well under the market. Seems they did catch those bids in the last few days as packers struggled to clean up the spot market.

Then there is all the talk about demand. In the last two years we noted that at the wholesale level buyers were paying more than in past years for the same level of supply. That's not the same as consumer demand, however. Eventually the consumer will have to pay more but there is a price transmission lag. Prices at retail are up and it appears the consumer is buying less volume, that's how the demand curve usually works. USDA noted that for the week ending March 31 ham features at retail were down 10% than the comparable week last year (comparison of the weeks before Easter) while the price of the various ham items is up by double digits. Current lower wholesale prices should eventually show up in the meat case. But just as it took time for the high prices pass to through, it will take time for the reverse to happen. And often prices take longer to adjust on the way down. For now, market participants are left guessing as to the price needed to clear the market, especially after the experience of the past couple of years.

Contribution to the Change in the Value of the Pork Cutout

Source: USDA-AMS. Analysis by Steiner Consulting



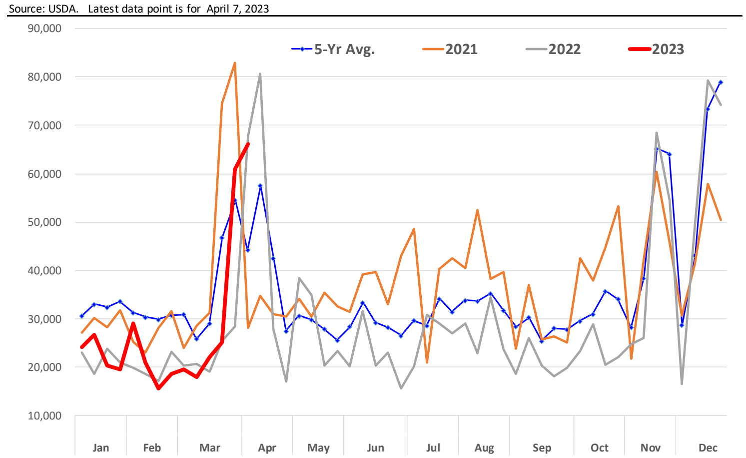
Retail Ham Feature Price for Current Week vs. Year ago

Source: USDA-AMS. Analysis by Steiner Consulting

	4/8/2022 store features	4/8/2022 price in $/lb.	4/7/2023 store features	4/7/2023 price in $/lb.	Y/Y % Feat. Ch.	Y/Y % Price Ch.
DELI HAM	11,120	7.53	11,480	9.00	3%	20%
HAM STEAK	1,850	4.74	1,290	4.27	-30%	-10%
HAM, B/IN	4,870	1.73	5,710	2.08	17%	20%
HAM, B/IN BUTT	1,800	1.37	2,910	1.46	62%	7%
HAM, B/IN SHANK	7,020	1.16	6,980	1.32	-1%	14%
HAM, BNLS	5,110	3.86	8,040	4.02	57%	4%
HAM, SPIRAL	22,390	2.35	24,130	2.53	8%	8%
PKG/SLCD HAM, 1 LB/LESS	13,510	6.78	5,580	8.47	-59%	25%

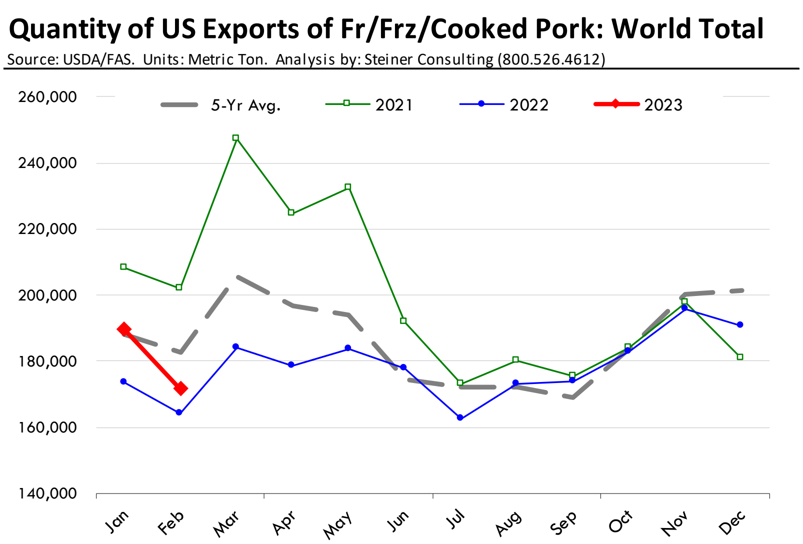
NATIONAL RETAIL PORK FEATURES REPORT: HAM ACTIVITY INDEX

Source: USDA. Latest data point is for April 7, 2023



2. Pork Export Update

Exports of fresh/frozen and cooked pork in February were 171,755 MT, 4.5% higher than a year ago but below 2021 levels and the five-year average. The slowdown in exports to Japan and S. Korea continues to have a negative impact on the pace of export shipments. Shipments to Japan, the second most valuable pork market for US product, were 28,143 MT, 10.8% lower than last year. The value of exports to Japan at $112 million was 18% lower than last year. Mexico remains the top market for US pork, taking 65,289 MT in February, about the same amount as last year (+0.4%). On a more positive note, exports of pork variety meat in February were up 40% compared to a year ago. China is by far the top market for pork variety meats, taking 25,844 MT or 52% more than last year. Variety pork meat exports to Mexico were 11,542 MT, up 32%. Shipments of fresh/frozen pork muscle cuts in March (about 75% of total pork shipments) were 4% higher than the previous year. The outlook is for US pork exports to be robust in April and May. In the last four weeks net pork sales have averaged about 20% above the same period last year while outstanding pork export sales are currently 11.4% higher than at this point last year.



PORK

<u>Hog Market. For the week ending April 8 hog slaughter was 2.370 million head, down 2.5% from a year ago. In the last two weeks hog slaughter is down 0.2% vs. year ago levels.</u>

<u>Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts.</u> Lean hog carcass values at about 73.05 /cwt. on Friday were <u>down $2.7/cwt</u> since Wed. March 29. Prices are down about 28.6 $/cwt compared to year ago values.

<u>Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA</u> (page 8). Prices finished last week at $0.8844, down about 8.7 cent since the Wed. March 29 quote and down about 27 cents from year ago levels.

<u>Bnls. Strap on Pork Loins</u>. Prices finished the week at $1.3547 for the strap on loins, up 2.05 cent since Wed. March 29 and up 5 cent from the year ago levels. Strap off loins at $1.4959 are down 12.3 cent since Wed. March 29 but up about 2 cent compared to the year ago quote.

<u>Boneless sirloins</u> at $1.1891 were down about 3.5 cents from the Wed. March 29 quote and down about 8.1 cents from the year ago price.

<u>Pork tenderloin</u> finished last week at $1.5834, down 2 cent since the Wed. March 29 quote and down about 49.3 cents from the year ago price.

<u>1/4 Trim Pork Butts</u> (page 10), prices finished the week at $1.1086, down 4.5 cents since Wed. March 29. Prices are down 10 cent from a year ago.

<u>Spareribs, Trimmed - LGT, Vac</u> (page 8). Prices finished the week at $1.2754, up about 4 cent since Wed. March 29 but down about 70 cents from year ago levels.

Rib inventories on February 28 were 116.5
million pounds, up 9.0% from a year ago.

<u>Bone-in Hams</u>

17/20 hams (page 9) price was last quoted at $0.6998/lb. down 5 cents since Wed. March 29 but up about 7 cents from a year ago.

20/23 hams finished the week at 68.91 cents (page 130) down about 1 cent since Wed. March 29 but up about 3 cents from the year ago level.

23/27 hams finished the week at 64.45 , down about 6 cent from the Wed. March 29 quote but up about 3 cents from the year ago level.

Total ham cold storage stocks on February 28 at 85.1 million pounds were up 1.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 56.58 cents, down about 2.3 cent since Wed. March 29 and down about 19 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 77.88 cents, down 4.2 cents since the Wed. March 29 quote and down about 29 cents from the year ago levels.

Freezer stocks of all trimmings on February 28 were 51.1 million pounds, down 5.3% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at **40** cents compared to **27** cent average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 136.24 on Friday, April 8, down about 28.5 cents from a year ago.

Broiler slaughter for the week ending April 8 was 162.01 million head, down 1.99% 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 $1.3254, down 2 cents since Wed. March 29 and still down about 156 cents from year ago levels.

Leg Quarters. Last week leg quarter prices were up about 0.81 cents vs. two weeks ago and at 44.81 cents per pound prices were up 3 cent from a year ago.

Wings. Prices at $1.0293 are down about 109 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.7000, down cent since Wed. March 29 but up about 33 cents from the year ago price.

Toms finished last week at $1.6900, down since Wed. March 29 and up about 32 cent from the year ago price.

Total turkey supplies in the freezer on February 28 were up 10.0% from a year ago at 322.3 million pounds. Whole birds were up 0.5% from a year ago with an inventory of 160.2 million pounds.

Turkey slaughter was 4.0420 million head for the week ending April 1, up 5.23% from a year ago. For the last two weeks slaughter has been down 1.50%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $3.2000, unchanged since Wed. March 29. Prices are down about 145 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 $9.9903 (weighted average quote) finished last week down about 51 cents since the Wed. March 29 quote but up about 100 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $9.4411 (weighted average quote) finished last week up about 14 cents since the Wed. March 29 quote but up about 86 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $0.5492 /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 $2.7581 for 90CL and $1.5057 for 50CL product, an 81CL meat block value is now $2.4763 and a 78CL meat block is $2.3824. Choice 114, 3 Clods are now being priced 42.49 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 14.61 cents and the five year average spread for is 47.65 cents over.

Choice #161 Boneless Rounds finished last week at $**3.2335**, **up** slightly since **Wed.** March 29 and up about 43 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $2.8171 up about 15 cents since Wed. March 29 but down about 0 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $2.8796 up about 13 cent since Wed. March 29 and down about 8 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.4849 down about 5.5 cents since Wed. March 29 and down about 29 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $7.6780 (wt. avg.) up about 2 cents from the Wed. March 29 quote. Prices are up 11 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $4.0350 (wt. avg.) **up** about 24 cents since Wed. March 29 and **up** about **48** cent from year ago levels. **Choice #184 ¼ inch trimmed Top Butts** finished at $4.1618 (wt. avg.) up about 20 cents since Wed. March 29 and up about 39 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.0999 (wt. avg.) up about 12 cents since Wed. March 29 but down about 81 cents from year ago values.

COARSE GROUND BEEF –

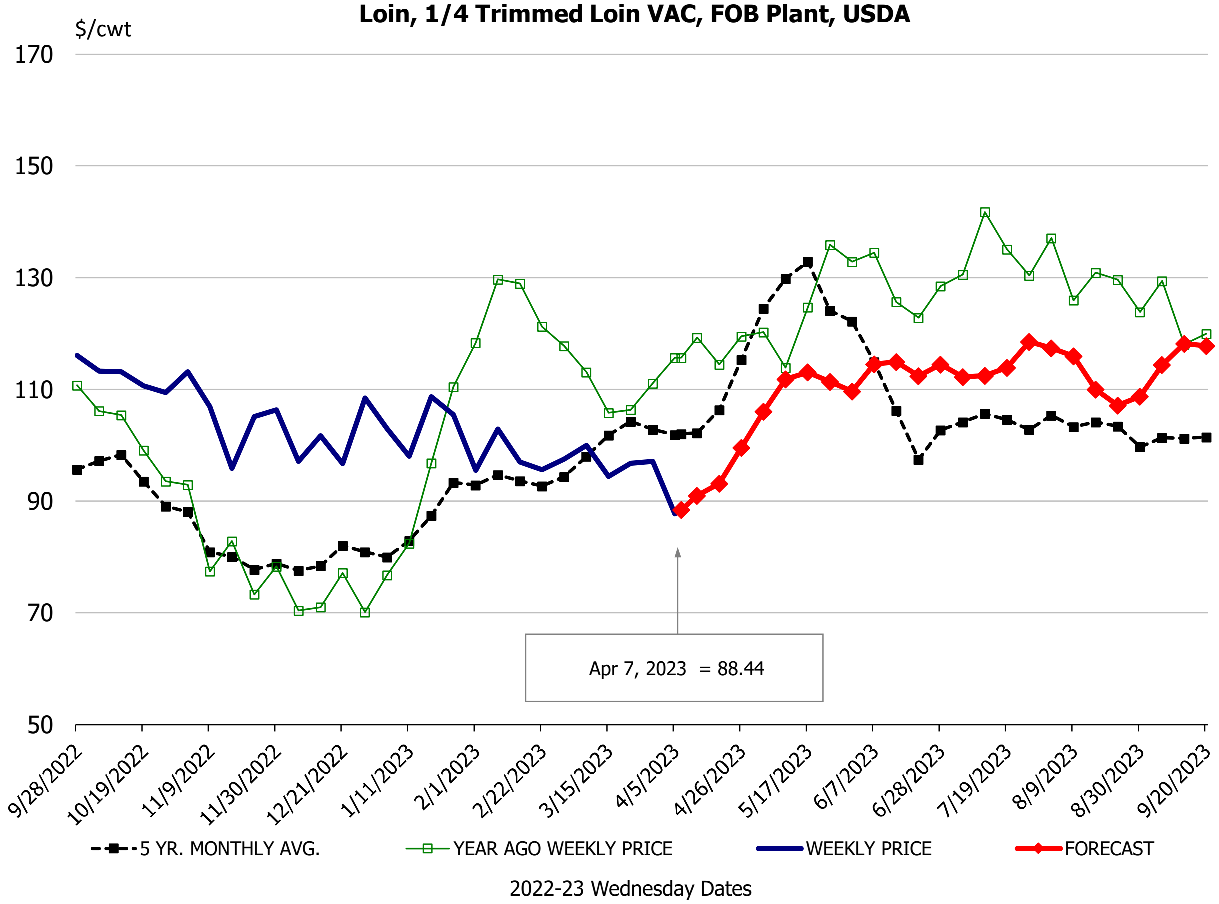
73CL Coarse Ground product finished last week at $**2.1211 up** about 22 cents since Wed. March 29 and up about 21 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.4818 up about 29 cent since Wed. **March 29 but down** about **14** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $**2.7581** (wt. avg.) **down 1.12** cent since Wed. March 29 and down 5 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $1.5057, up about 5 cent since Wed. March 29 and up 16 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Oct	Nov	Dec	Jan	Feb	Mar	3/29/2023	4/7/2023	4/19/2023	Apr	May	Jun	Jul	Aug	Sep
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	111.4	104.6	99.8	104.0	98.3	95.7	97.1	88.44	93	92	108	114	113	114	115
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	116.8	106.8	101.7	106.2	104.0	101.9	93.6	99.18	99	99	110	117	115	116	116
Loin, Bnls CC Strap-off, FOB Plant, USDA	159.0	141.0	139.0	144.1	146.4	152.8	161.9	149.59	149	150	154	155	154	152	169
Loin, Tenderloin, FOB Plant, USDA	184.1	165.6	167.1	172.2	162.4	152.5	160.6	158.34	165	163	174	195	199	201	192
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	103.7	100.0	111.7	101.2	99.1	107.0	105.8	106.29	117	111	130	127	122	127	129
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	135.3	130.7	126.7	131.0	126.8	129.4	124.0	127.54	140	140	160	164	143	158	156
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	306.6	316.3	290.1	239.9	253.7	265.0	301.3	259.75	263	258	276	285	272	280	281
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	133.8	129.1	126.0	129.7	125.6	129.5	126.8	123.97	140	140	160	164	143	158	156
Loin, Backribs 2.0#/up, FOB Plant, USDA	182.0	165.3	171.3	180.7	176.0	181.8	186.5	190.43	198	195	211	213	215	207	208
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	111.2	104.9	87.9	75.2	76.3	83.4	74.5	69.98	80	76	83	87	91	95	92
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	110.4	105.1	85.7	74.5	75.4	78.0	69.8	68.91	79	74	81	89	88	96	92
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	107.8	99.6	84.2	72.5	73.7	76.1	70.7	64.45	73	69	80	84	85	91	85
Belly Cutout, FOB Plant, USDA	138.6	116.2	94.8	90.9	100.4	96.2	91.5	82.10	90	96	101	132	163	160	137
Belly, Derind Belly 9-13#, FOB Plant, USDA	171.7	149.1	121.2	119.0	130.5	121.6	114.7	106.26	113	117	124	162	200	196	168
Belly, Derind Belly 13-17#, FOB Plant, USDA	164.7	140.1	112.7	107.8	114.9	110.3	108.6	97.29	107	113	120	158	196	192	164
Trim, 42% Trim Combo, FOB Plant, USDA	71.2	66.5	57.9	59.4	66.0	70.5	58.9	56.58	67	64	71	80	87	85	77
Trim, 72% Trim Combo, FOB Plant, USDA	100.4	102.2	88.8	84.9	91.2	92.2	82.1	77.88	90	85	100	110	115	98	92
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	114.8	110.1	102.9	97.5	92.5	102.9	97.6	102.08	109	102	114	127	130	114	115
Carcass Cutout, FOB Plant, USDA	101.1	93.4	87.2	81.0	82.3	84.9	80.3	77.66	83	82	89	97	99	100	96
HOG CARCASS															
CME 1-Day Lean Hog Index	93.5	88.0	81.2	74.4	75.6	79.3	75.8	73.05	80	77	84	92	94	95	86
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	121.9	124.6	123.7	121.8	121.7	130.0	134.9	136.24	138	137	146	144	133	117	112
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	117.7	98.1	96.0	100.6	123.0	136.5	134.6	132.54	147	142	168	167	165	161	148
N.E. BROILER BREAST LINE RUN, USDA	137.2	107.3	104.4	106.1	114.6	116.8	117.8	117.83	125	122	141	148	139	134	121
N.E. BROILER LEG QUARTERS, USDA	37.0	34.2	35.8	34.5	37.2	42.0	44.0	44.81	46	45	46	48	46	43	41
N.E. BROILER WINGS, USDA, WT.AVG.	109.2	98.9	89.1	91.2	110.3	108.2	98.8	102.93	103	106	113	123	126	130	137
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	179.6	175.9	172.4	171.8	169.4	171.4	171.5	170.00	170	170	159	154	155	157	160
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	177.7	178.0	171.0	171.8	169.2	169.4	166.1	169.00	170	169	159	154	155	157	160
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	670.0	670.0	670.0	662.5	538.8	344.0	320.0	320.00	312	315	305	300	300	310	315
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	147.3	153.2	156.0	157.0	159.1	164.5	164.6	173.18	169	172	170	163	162	163	164
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	915.8	1039.4	1149.2	1023.0	1006.1	1036.3	1050.0	999.03	1063	1046	1095	1101	979	1065	1069
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	304.4	306.7	310.8	317.4	323.6	331.2	321.2	323.35	325	323	312	315	320	325	335
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	267.6	250.9	240.0	267.4	270.3	278.6	274.8	287.96	285	288	293	295	301	312	306
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	294.2	251.5	251.1	259.4	260.4	262.8	253.7	248.49	254	254	258	270	281	292	317
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	562.7	563.7	572.8	756.1	833.4	799.0	765.6	767.80	874	838	994	941	792	769	774
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	340.7	349.2	354.4	376.0	393.6	406.9	396.1	416.18	462	443	445	424	432	429	413
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	535.7	523.5	529.5	587.1	687.4	708.8	697.9	709.99	782	747	816	754	710	748	735
USDA,COARSE GROUND 73%, WT. AVG.	158.2	150.6	145.2	197.9	183.9	192.9	190.2	212.11	215	212	206	202	193	213	202
COARSE GROUND 81%, WT. AVG., USDA	208.4	207.4	193.0	235.9	222.3	222.0	219.5	248.18	253	248	260	258	250	270	259
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	252.8	241.8	238.5	246.2	257.0	268.6	276.9	275.81	283	284	295	300	307	309	307
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	71.4	73.0	86.6	108.1	116.6	134.6	145.6	150.57	153	151	154	147	136	125	94


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
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Apr 7, 2023 = 88.44
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
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5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
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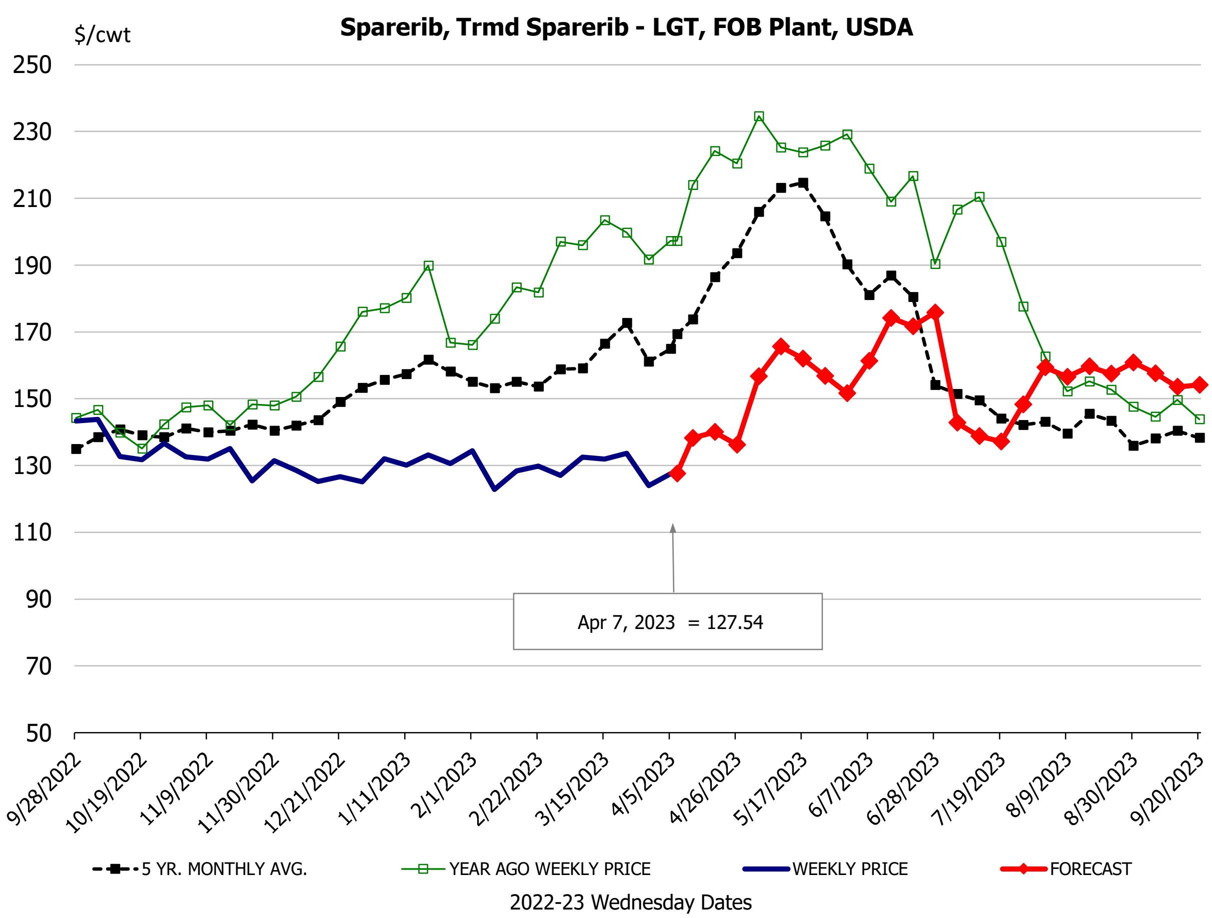
FORECAST
2022-23 Wednesday Dates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2/1/2023
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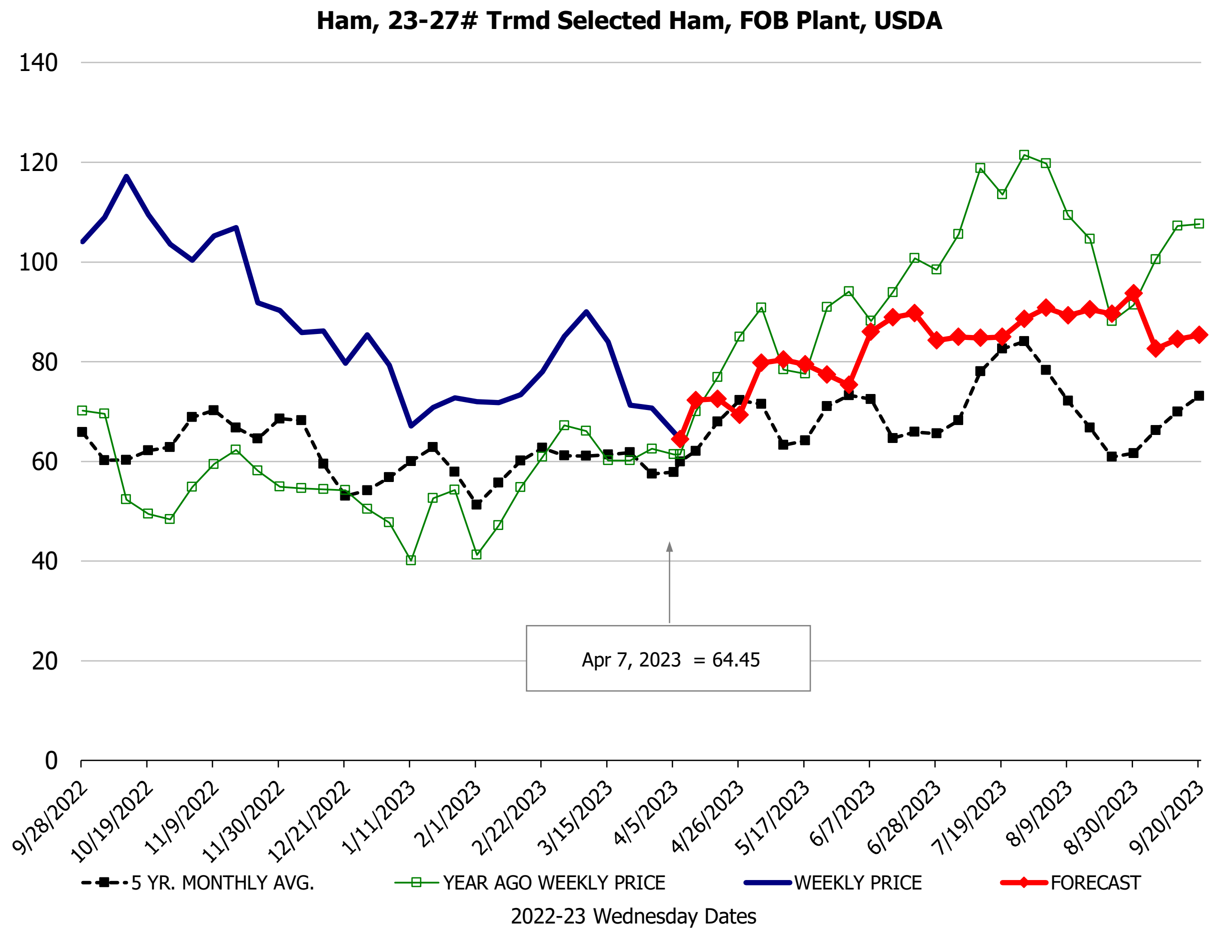
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
140
120
100
80
60
40
20
0
Apr 7, 2023 = 64.45
9/28/2022
10/19/2022
11/9/2022
11/30/2022
12/21/2022
1/11/2023
2/1/2023
2/22/2023
3/15/2023
4/5/2023
4/26/2023
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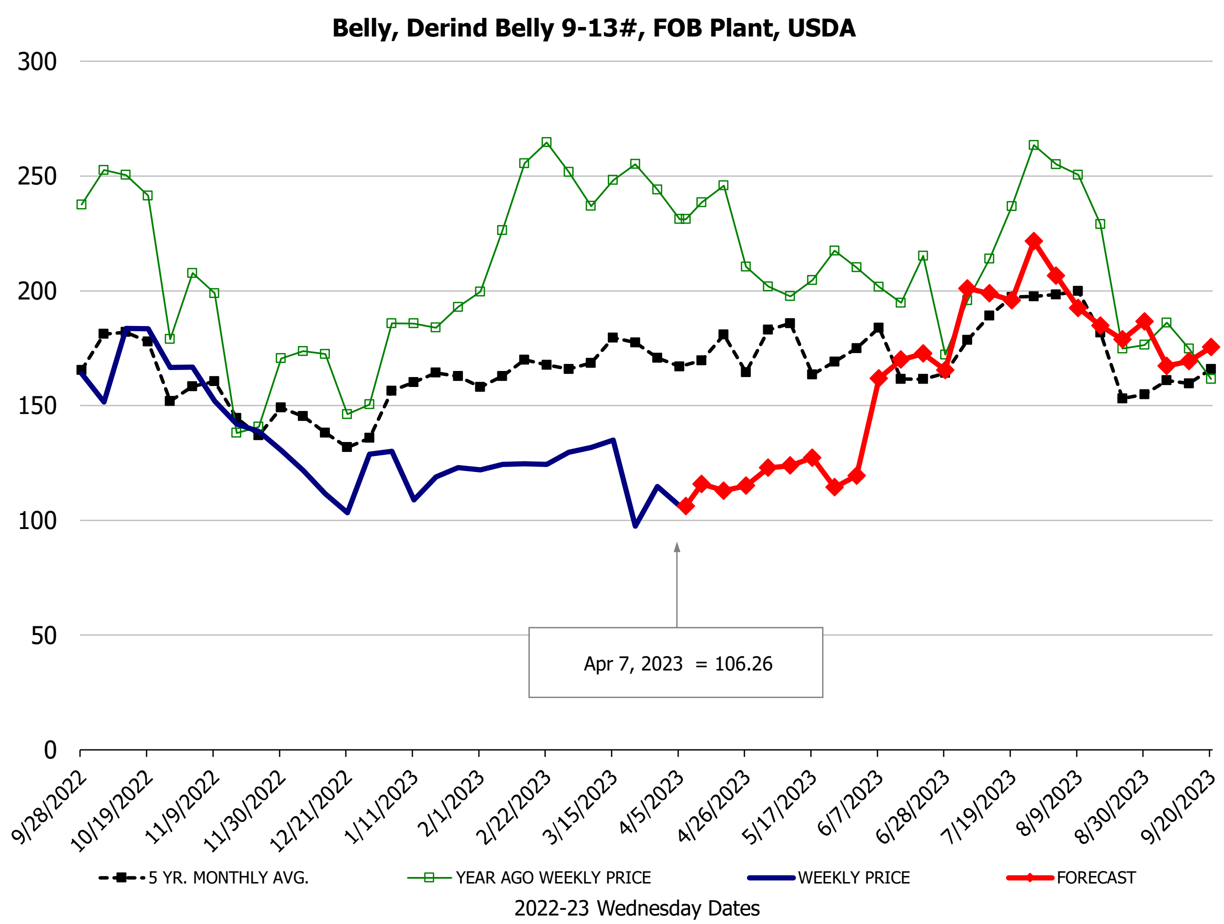
Belly, Derind Belly 9-13#, FOB Plant, USDA
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Apr 7, 2023 = 106.26
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11/30/2022
12/21/2022
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2/1/2023
2/22/2023
3/15/2023
4/5/2023
4/26/2023
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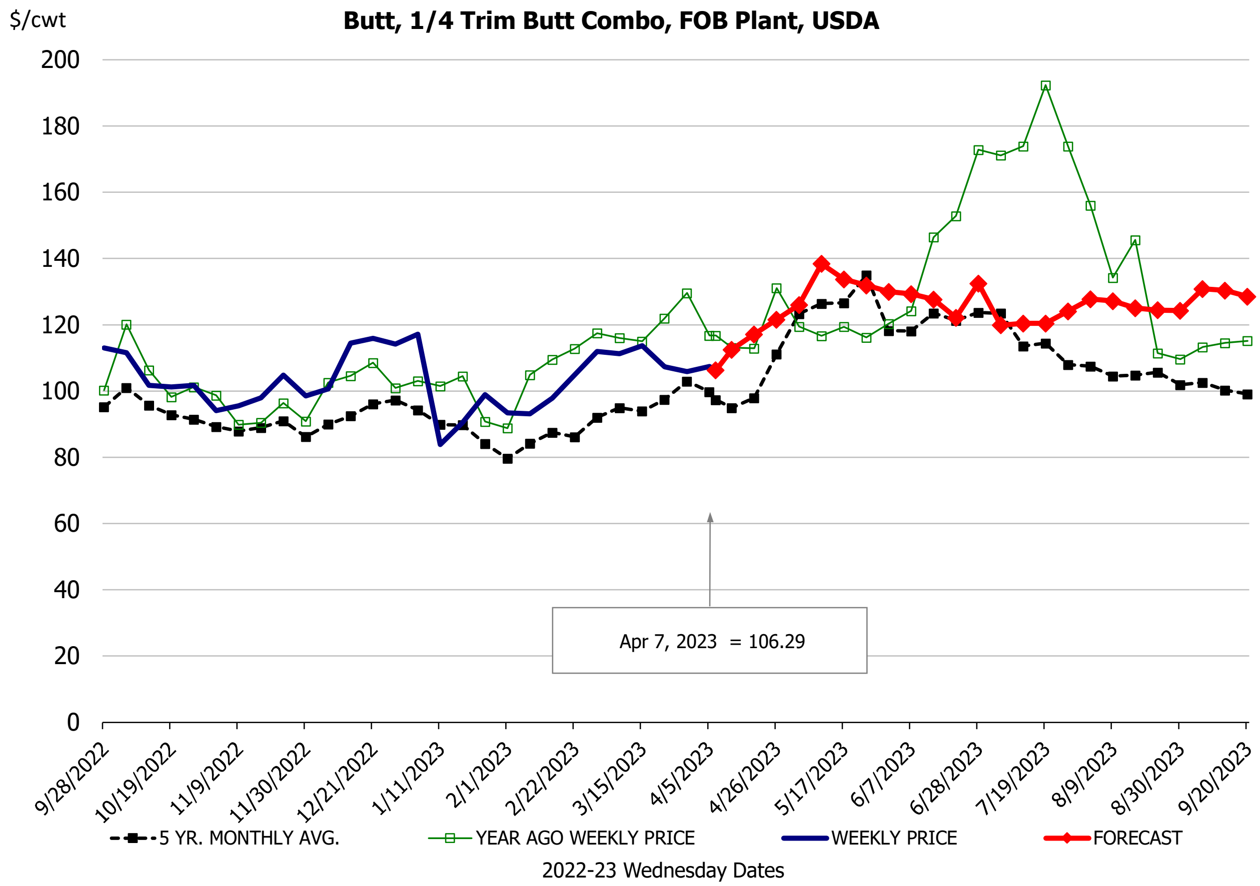
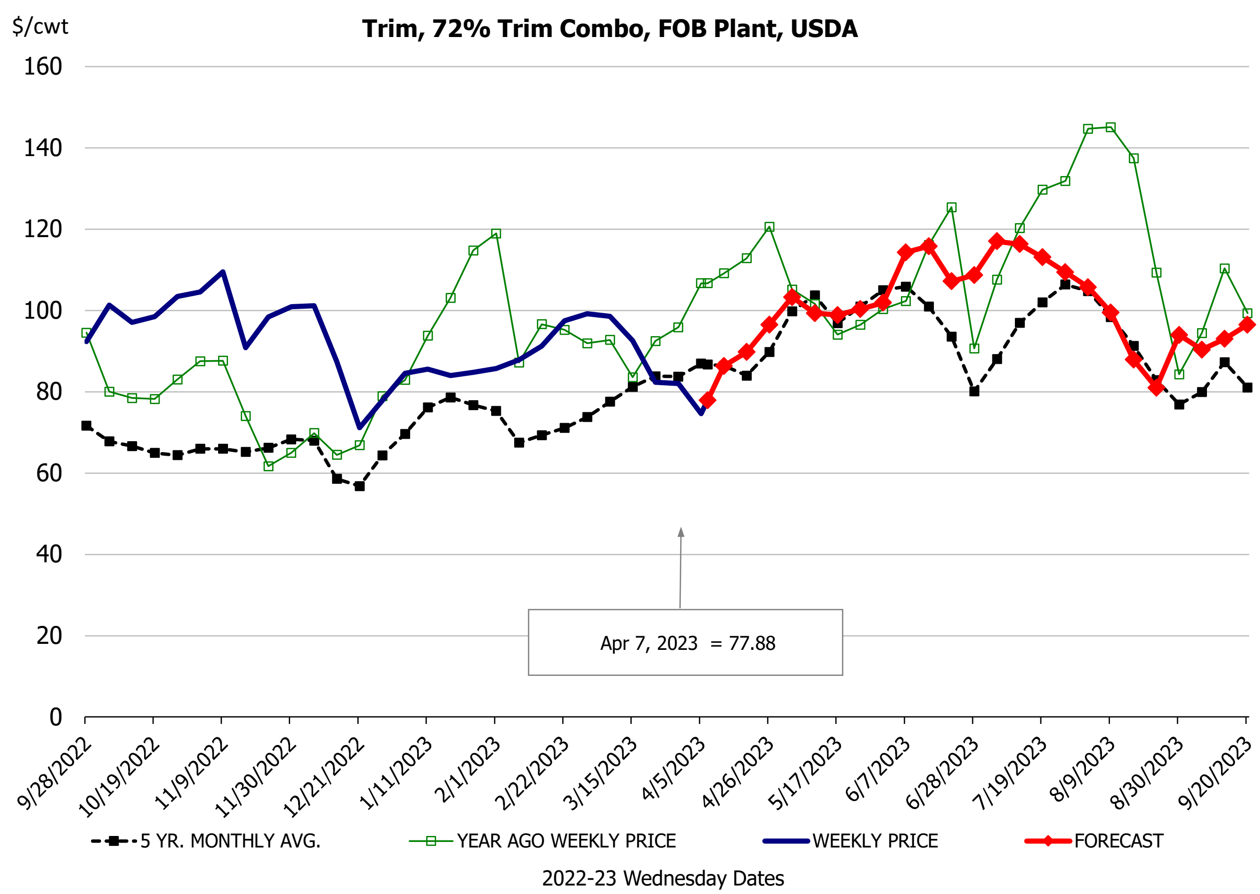
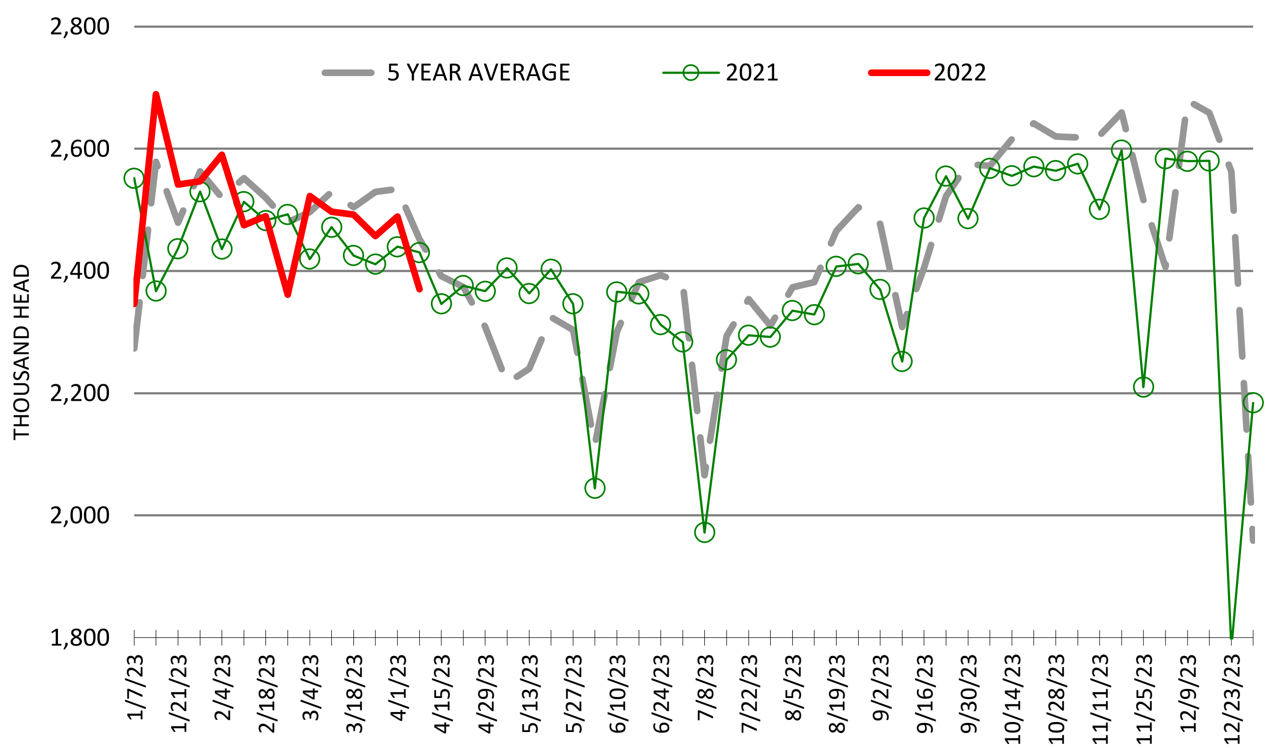
FORECAST
2022-23 Wednesday Dates


$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
200
180
160
140
120
100
80
60
40
20
0
Apr 7, 2023 = 106.29
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
8/30/2023
9/20/2023
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2022-23 Wednesday Dates


$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
160
140
120
100
80
60
40
20
0
Apr 7, 2023 = 77.88
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
8/30/2023
9/20/2023
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