



Pork Merchandiser's Profit Maximizer

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

June 20, 2023

1. Futures rally on higher cash hog values and cutout gains. Tight summer supplies and seasonal demand driving rally for now.

Hog futures have been steadily gaining ground in the last three weeks, as if market participants suddenly woke up to the fact that hog supplies

decline in the summer. Other factors have likely contributed to the rally as well, with sharply higher beef prices expected to push retail prices higher in July and August, and producers aggressively marketing hogs in the last three months, driving weights as much as 2% under year ago levels. Proposition 12 was the sword hanging over the

July 2023 Futures Contract



December 2023 Futures Contract

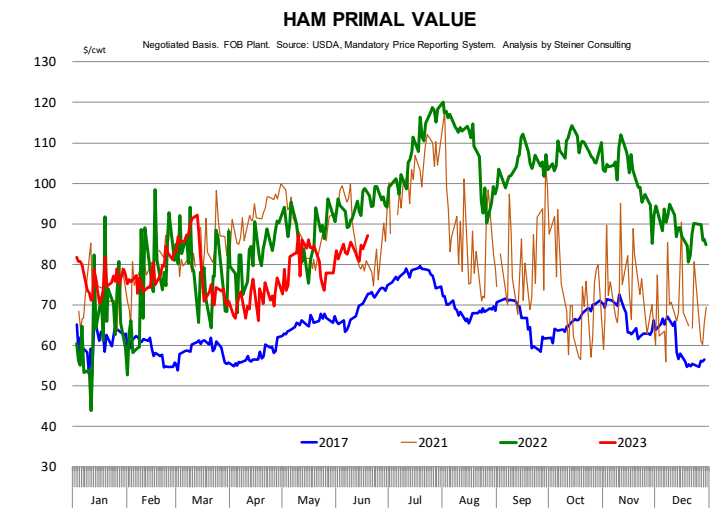
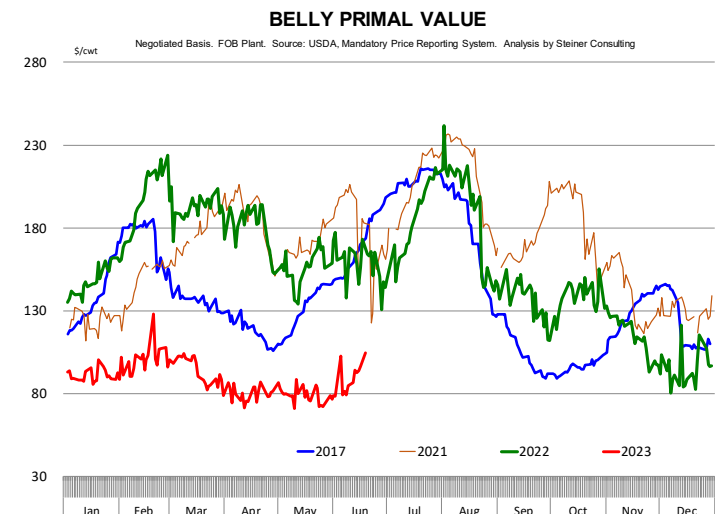
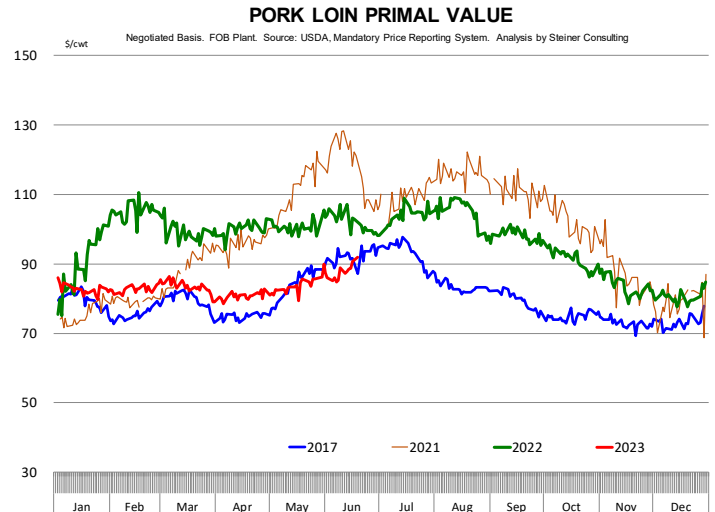


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market once the Supreme Court decided to leave the law in place but even on that account end users appear a bit more relaxed after the CA Department of AG offered some clarity on the situation.

Since May 24, the pork cutout has gained \$15/cwt (+19%) while cash hog values have gained \$13/cwt (+16%). The gains have been steadily pushing the cash hog index higher and, at least in the near term, futures participants expect the trend to continue. The biggest gain, both in percentage terms and value, has been in bellies. The belly primal during this period has gained 45%, contributing about a third of the overall increase in the cutout. Other primals have also contributed, with the ham primal value during this period up 16%, adding \$3/cwt to the cutout. Loin prices have been steadily moving higher as well but they remain well below 2021 and 2022 levels. We suspect that more competition from chicken has kept loin values in check while higher prices for beef have helped other fresh items, such as butts and picnics.

But as market participants look forward, they will still have to ponder several things and calibrate price expectations. In our mind the hit to demand from Proposition 12 remains a big wild card and for all the speculation out there, we don't think anyone really knows how it will play out. For now retailers are breathing a sigh of relief that the new rules will not ruin 4th of July features and that they will get to clean up inventories even after the holiday. However, as the chart to the right shows loin prices tend to erode after September, even during strong demand years. It is more a function of supply than demand. Currently October cutout futures imply a loin primal value that's close to what it was last year. Time will tell if that's reasonable but clearly it's a risk area. Then we have to contend with bellies. Ample inventories have helped keep belly prices in check and one can reason that once those inventories get cleaned up, belly prices may find some support. The flip side is that there is a reason why bellies got backed up in the freezer. Bacon sales slowed down in the spring as retail and foodservice prices increased. That's changing. The latest retail feature prices suggest that retail prices are now \$1



lower (-17%) than a year ago. That should help in July and August when retail features usually perform well. But the foodservice picture is more complicated as bacon depends on sales of burgers,

chicken sandwiches and breakfast offerings, not just a lower retail feature price. At this point we see downside risk to our belly forecast for Q4.

PORK

Hog Market. For the week ending June 3 hog slaughter was 2.025 million head, down 1.0% 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 88.00 /cwt. on Friday were up \$5.0/cwt since Wed. June 7. Prices are down about 20.8 \$/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.0501, up about 4.5 cent since the Wed. June 7 quote but down about 21 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.4484 for the strap on loins, up 7.65 cent since Wed. June 7 and up 19 cent from the year ago levels. Strap off loins at \$1.5738 are up 1.7 cent since Wed. June 7 and up about 7 cent compared to the year ago quote.

Boneless sirloins at \$1.2590 were up about 4.5 cents from the Wed. June 7 quote and up about 2.6 cents from the year ago price.

Pork tenderloin finished last week at \$1.5492, down 6 cent since the Wed. June 7 quote and down about 66.6 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.6111, up 12.8 cents since Wed. June 7. Prices are down one cent from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.3759, up about 5 cent since Wed. June 7 but down about 71 cents from year ago levels.

Rib inventories on April 30 were 105.9 million pounds, down 10.8% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at \$0.8506/lb. up 2 cents since Wed. June 7 but down about 9 cents from a year ago.

20/23 hams finished the week at 81.83 cents (page 130) down about 2 cent since Wed. June 7 and down about 12 cents from the year ago level.

23/27 hams finished the week at 81.73 , up about 1 cent from the Wed. June 7 quote but down about 12 cents from the year ago level.

Total ham cold storage stocks on April 30 at 117.5 million pounds were up 19.9% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 68.24 cents, up about 7.7 cent since Wed. June 7 but down about 27 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 90.53 cents, up 8.5 cents since the Wed. June 7 quote but down about 26 cents from the year ago levels.

Freezer stocks of all trimmings on April 30 were 56.8 million pounds, up 7.3% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 32 cents compared to 33 cent average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 134.43 on Friday, June 3, down about 32.5 cents from a year ago.

Broiler slaughter for the week ending June 3 was 171.44 million head, up 1.75% from a year ago. For the last two weeks broiler slaughter was up 1.9% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.3487, down 3.5 cents since

Wed. June 7 and still down about 196 cents from year ago levels.

Leg Quarters. Last week leg quarter prices were up about 0.81 cents vs. two weeks ago but at 49.63 cents per pound prices were down 10 cent from a year ago.

Wings. Prices at \$0.8869 are down about 89 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.5378, down cent since Wed. June 7 and down about 0 cents from the year ago price.

Toms finished last week at \$1.4751, down since Wed. June 7 and down about 4 cent from the year ago price.

Total turkey supplies in the freezer on April 30 were up 10.7% from a year ago at 368.0 million pounds. Whole birds were down 1.6% from a year ago with an inventory of 177.9 million pounds.

Turkey slaughter was 3.8950 million head for the week ending May 27, up 11.80% from a year ago. For the last two weeks slaughter has been up 13.45%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$2.7600, unchanged since Wed. June 7. Prices are down about 374 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 \$10.8580 (weighted average quote) finished last week up about 41 cents since the Wed. June 7

quote and up about 193 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$8.9695 (weighted average quote) finished last week up about 44 cents since the Wed. June 7 quote but up about 208 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$1.8885 /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 \$2.8327 for 90CL and \$1.9215 for 50CL product, an 81CL meat block value is now \$2.6277 and a 78CL meat block is \$2.5593. Choice 114, 3 Clods are now being priced 75.14 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 33.27 cents and the five year average spread for is 95.85 cents over.

Choice #161 Boneless Rounds finished last week at \$3.6615, up slightly since Wed. June 7 and up about 86 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$3.4971 up about 19 cents since Wed. June 7 and up about 86 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$3.4584 up about 11 cent since Wed. June 7 and up about 77 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$2.9932 down about 6.5 cents since Wed. June 7 but up about 46 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$10.5110 (wt. avg.) up about 96 cents from the Wed. June 7 quote. Prices are up 250 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at \$5.3051 (wt. avg.) up about 21 cents since Wed. June 7 and up about 147 cent from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$5.3873 (wt. avg.) up about 13 cents since Wed. June 7 and up about 177 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$10.4651 (wt. avg.) up about 106 cents since Wed. June 7 and up about 375 cents from year ago values.

COARSE GROUND BEEF –

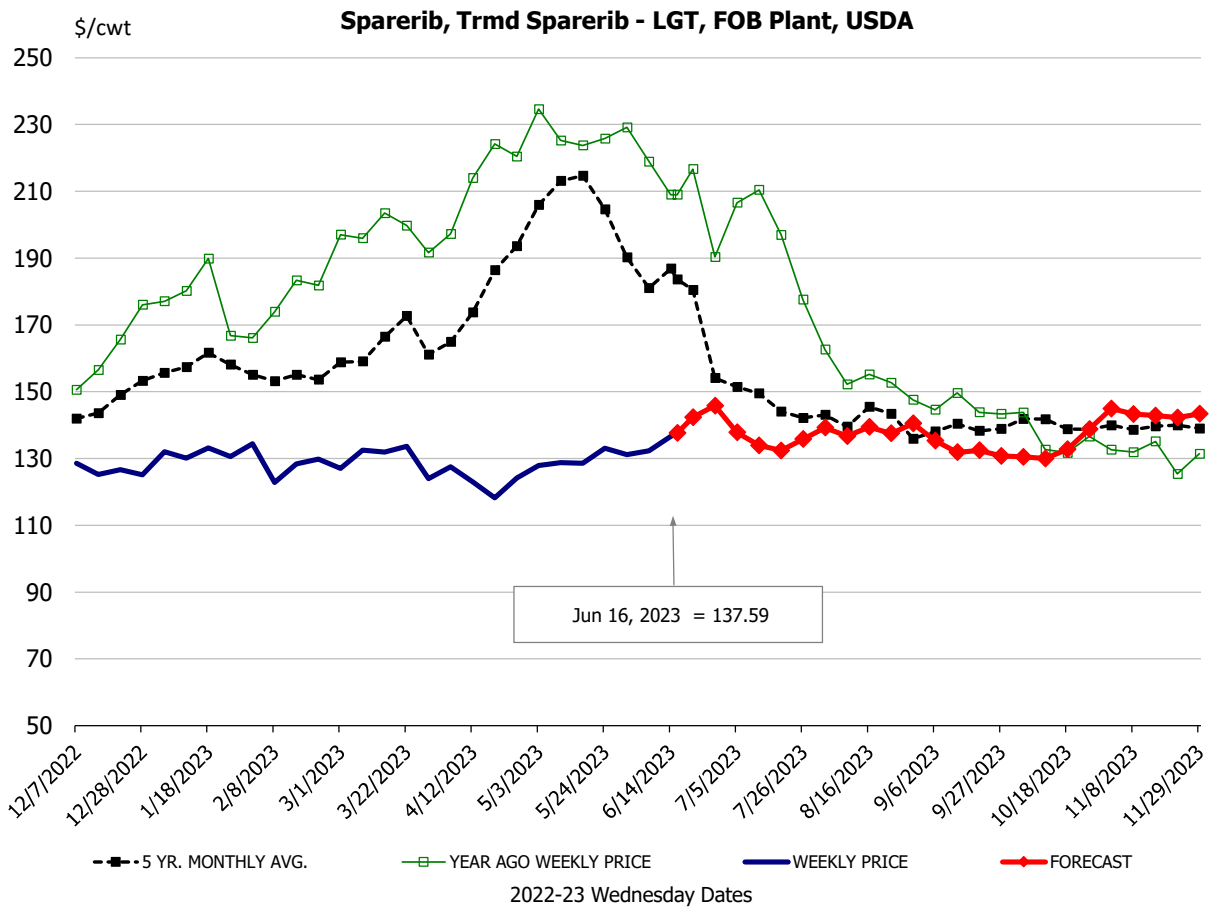
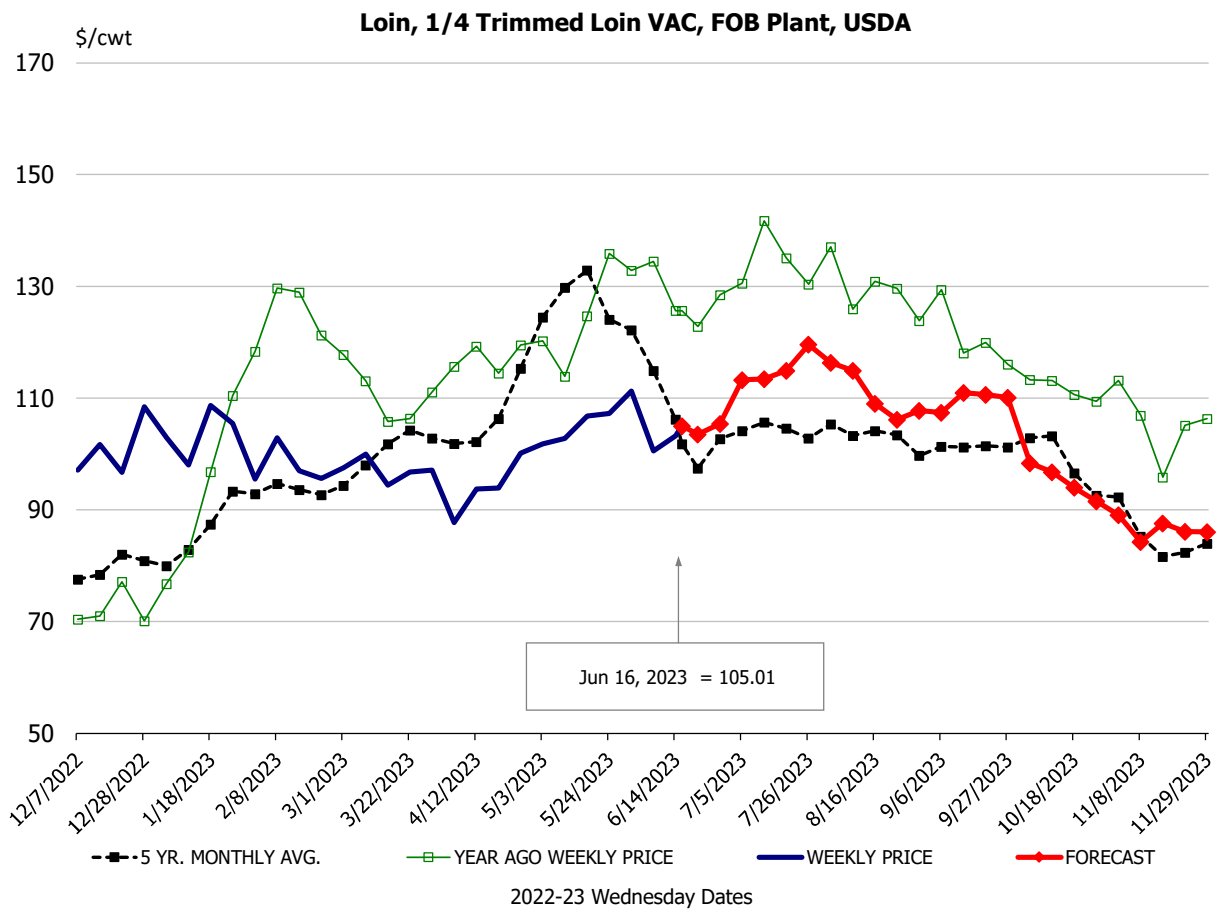
73CL Coarse Ground product finished last week at \$2.4958 up about 6 cents since Wed. June 7 and up about 73 cents from year ago levels.

81CL Coarse Ground product finished last week at \$2.6838 up about 2 cent since Wed. **June 7 but down** about 17 cents from the year ago quote.

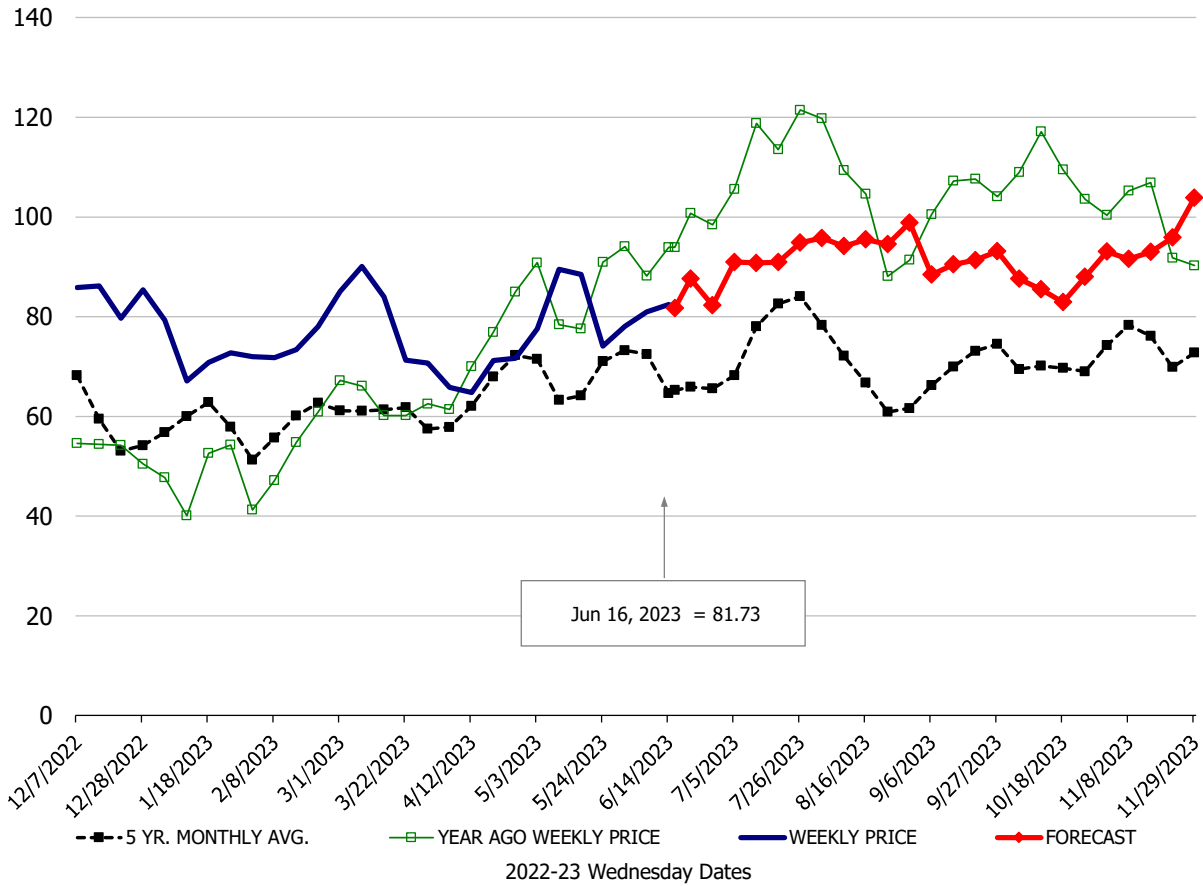
90CL Bnls. Beef prices finished the week at \$2.8327 (wt. avg.) up 2.95 cent since Wed. June 7 and up 8 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$1.9215, up about 3 cent since Wed. June 7 and up 68 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

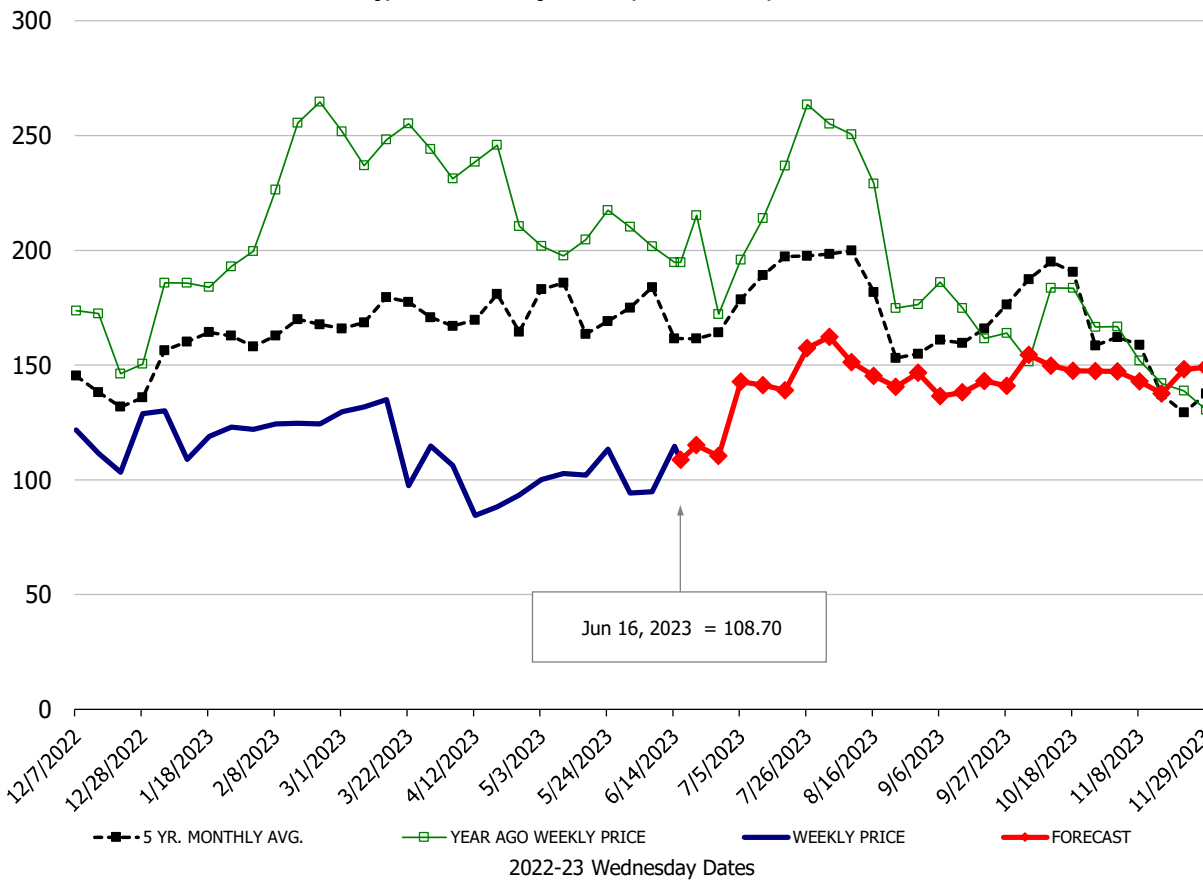
	HISTORY							FORECAST							
	Dec	Jan	Feb	Mar	Apr	May	6/7/2023	6/16/2023	6/28/2023	Jun	Jul	Aug	Sep	Oct	Nov
<u>PORK</u>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	99.8	104.0	98.3	95.7	93.3	105.1	100.6	105.01	105	105	114	113	108	97	88
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	101.7	106.2	104.0	101.9	100.0	108.5	108.7	111.48	113	111	119	116	109	100	93
Loin, Bnls CC Strap-off, FOB Plant, USDA	139.0	144.1	146.4	152.8	151.1	155.1	155.6	157.38	159	157	164	160	171	166	157
Loin, Tenderloin, FOB Plant, USDA	167.1	172.2	162.4	152.5	157.5	155.3	160.8	154.92	159	154	178	176	169	162	157
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	111.7	101.2	99.1	107.0	106.3	125.8	146.1	145.48	150	144	134	136	123	113	108
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	126.7	131.0	126.8	129.4	123.8	127.6	132.3	137.59	146	136	138	138	134	130	144
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	290.1	239.9	253.7	265.0	243.9	256.0	262.1	259.69	276	270	278	275	269	257	259
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	126.0	129.7	125.6	129.5	124.0	125.0	129.2	138.18	143	136	138	138	134	130	140
Loin, Backribs 2.0#/up, FOB Plant, USDA	171.3	180.7	176.0	181.8	195.4	201.5	209.1	212.55	216	211	215	207	208	201	212
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	87.9	75.2	76.3	83.4	70.1	83.1	83.1	85.06	85	84	92	97	92	87	94
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	85.7	74.5	75.4	78.0	69.4	78.4	83.5	81.83	81	82	91	96	91	86	93
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	84.2	72.5	73.7	76.1	66.4	82.1	81.0	81.73	82	82	91	96	91	86	93
Belly Cutout, FOB Plant, USDA	94.8	90.9	100.4	96.2	80.0	79.3	81.6	92.78	88	88	115	125	112	124	119
Belly, Derind Belly 9-13#, FOB Plant, USDA	121.2	119.0	130.5	121.6	100.6	105.8	94.8	108.70	110	108	142	154	137	152	146
Belly, Derind Belly 13-17#, FOB Plant, USDA	112.7	107.8	114.9	110.3	95.7	93.5	98.0	108.84	111	109	139	147	127	142	136
Trim, 42% Trim Combo, FOB Plant, USDA	57.9	59.4	66.0	66.4	52.8	50.2	60.6	68.24	58	67	80	78	74	58	50
Trim, 72% Trim Combo, FOB Plant, USDA	88.8	84.9	91.2	90.2	73.7	63.8	82.1	90.53	86	87	90	83	75	71	70
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	102.9	97.5	92.5	102.3	94.8	97.1	105.2	110.24	105	109	116	101	100	110	104
Carcass Cutout, FOB Plant, USDA	87.2	81.0	82.3	84.9	78.1	82.6	85.2	90.13	89	89	95	95	91	88	88
<u>HOG CARCASS</u>															
CME 1-Day Lean Hog Index	81.2	74.4	75.6	78.2	72.1	76.0	83.0	88.00	88	85	91	88	81	79	76
<u>BROILERS</u>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	123.7	121.8	121.7	130.0	140.2	139.9	139.3	134.43	135	136	130	118	114	109	112
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	96.0	100.6	123.0	136.5	131.3	136.4	138.3	134.87	137	136	135	132	123	123	123
N.E. BROILER BREAST LINE RUN, USDA	104.4	106.1	114.6	116.8	118.0	119.3	120.9	120.67	120	121	119	115	115	112	110
N.E. BROILER LEG QUARTERS, USDA	35.8	34.5	37.2	42.0	46.6	49.6	48.8	49.63	49	49	50	50	47	45	43
N.E. BROILER WINGS, USDA, WT.AVG.	89.1	91.2	110.3	108.2	102.3	89.0	88.9	88.69	88	89	92	96	102	102	105
<u>TURKEYS</u>															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	172.4	171.8	169.4	171.4	165.5	155.4	156.0	153.78	151	155	154	153	156	159	166
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	171.0	171.8	169.2	169.4	168.5	151.6	155.7	147.51	151	152	154	153	156	159	166
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	670.0	662.5	538.8	344.0	320.0	313.0	276.0	276.00	279	279	276	280	285	290	300
<u>LIVE STEERS</u>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	156.0	157.0	159.1	164.5	175.4	175.6	184.4	186.73	187	185	178	175	174	176	178
<u>BEEF</u>															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1149.2	1023.0	1006.1	1036.3	1019.5	980.4	1044.4	1085.80	1065	1061	1064	1133	1104	1273	1392
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	310.8	317.4	323.6	331.2	340.5	347.1	356.7	366.15	367	365	378	376	376	378	384
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	240.0	267.4	270.3	278.6	297.4	303.1	335.0	345.84	336	343	328	332	316	322	316
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	251.1	259.4	260.4	262.8	256.9	255.8	304.9	299.32	299	302	298	302	318	320	314
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	572.8	756.1	833.4	799.0	797.5	824.8	955.1	1051.10	861	1006	802	762	744	697	668
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	354.4	376.0	393.6	406.9	447.4	505.4	525.9	538.73	510	532	489	476	427	393	393
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	529.5	587.1	687.4	708.8	769.8	865.0	941.0	1046.51	918	1007	871	845	760	698	703
USDA,COARSE GROUND 73%, WT. AVG.	145.2	197.9	183.9	192.9	228.9	245.2	243.8	249.58	249	248	248	266	250	237	235
COARSE GROUND 81%, WT. AVG., USDA	193.0	235.9	222.3	222.0	265.3	283.6	266.3	268.38	271	268	271	286	287	277	277
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	238.5	246.2	257.0	268.6	272.2	273.9	280.3	283.27	284	282	293	295	290	290	290
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	86.6	108.1	116.6	134.6	173.8	191.6	189.0	192.15	176	191	162	147	114	110	135

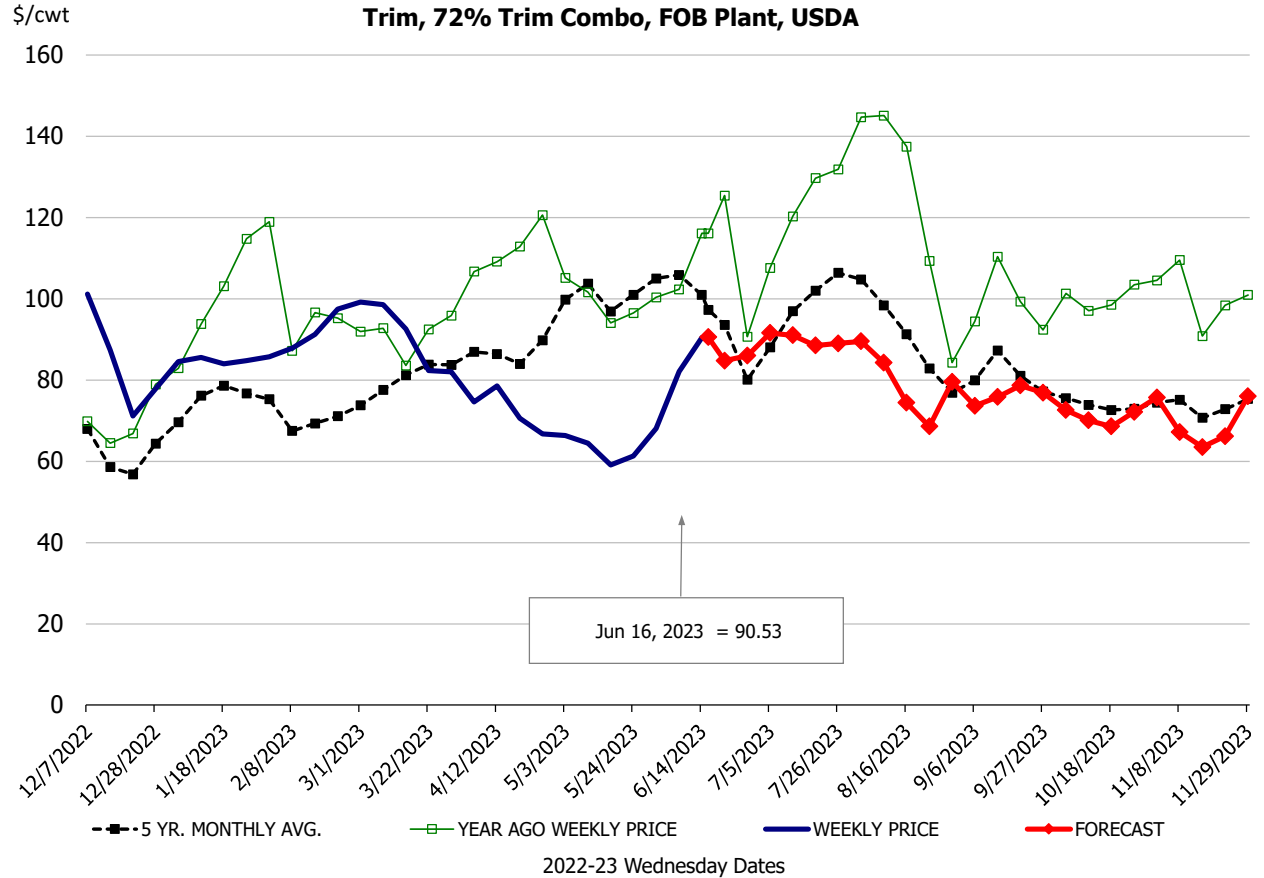
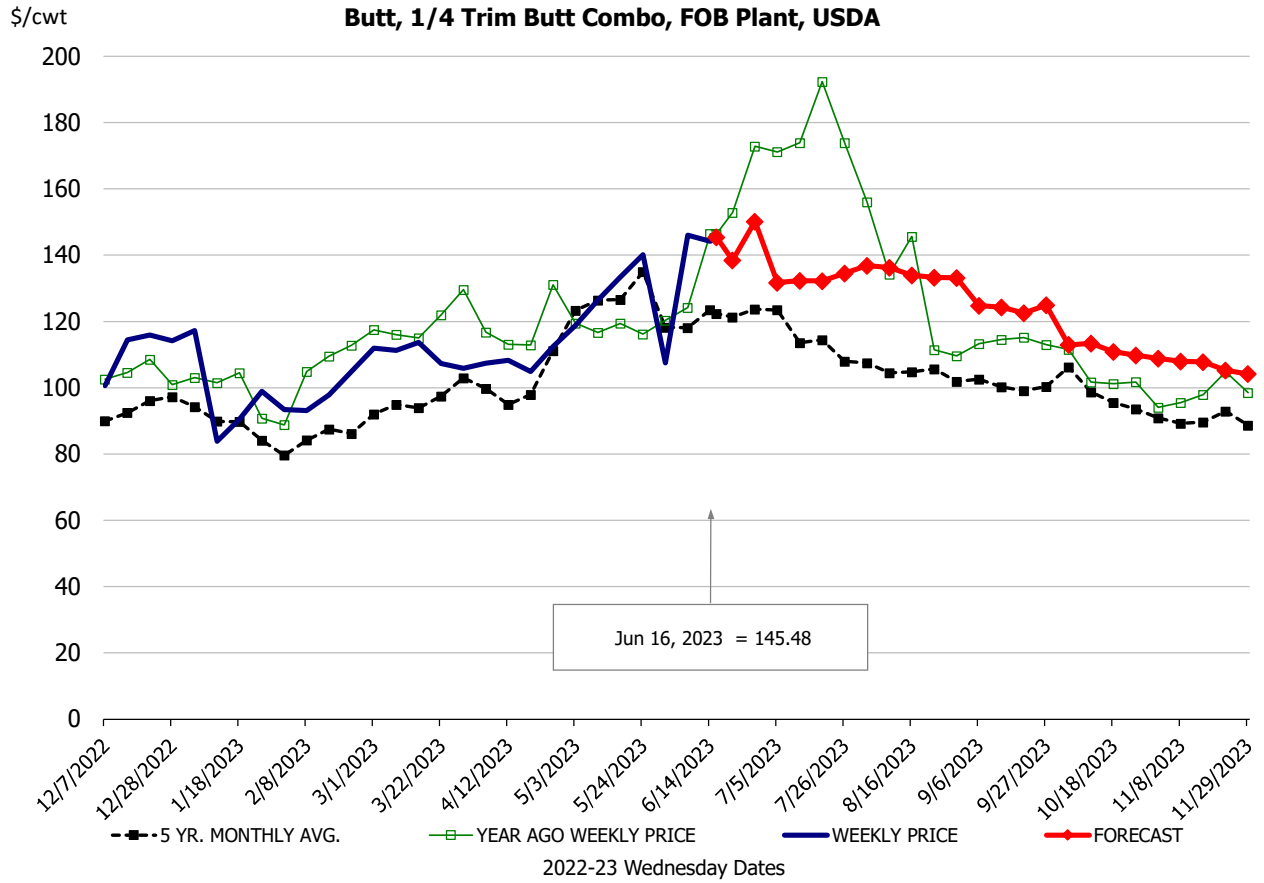


Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA



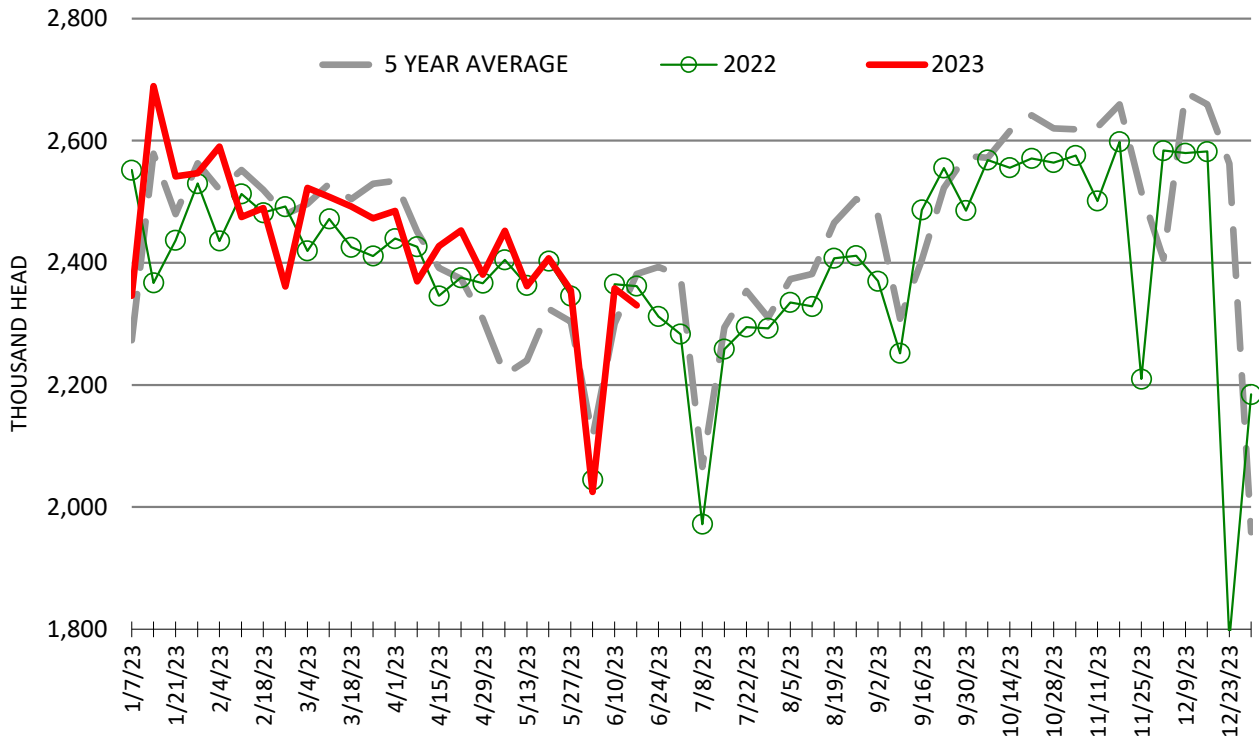
Belly, Derind Belly 9-13#, FOB Plant, USDA





ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

