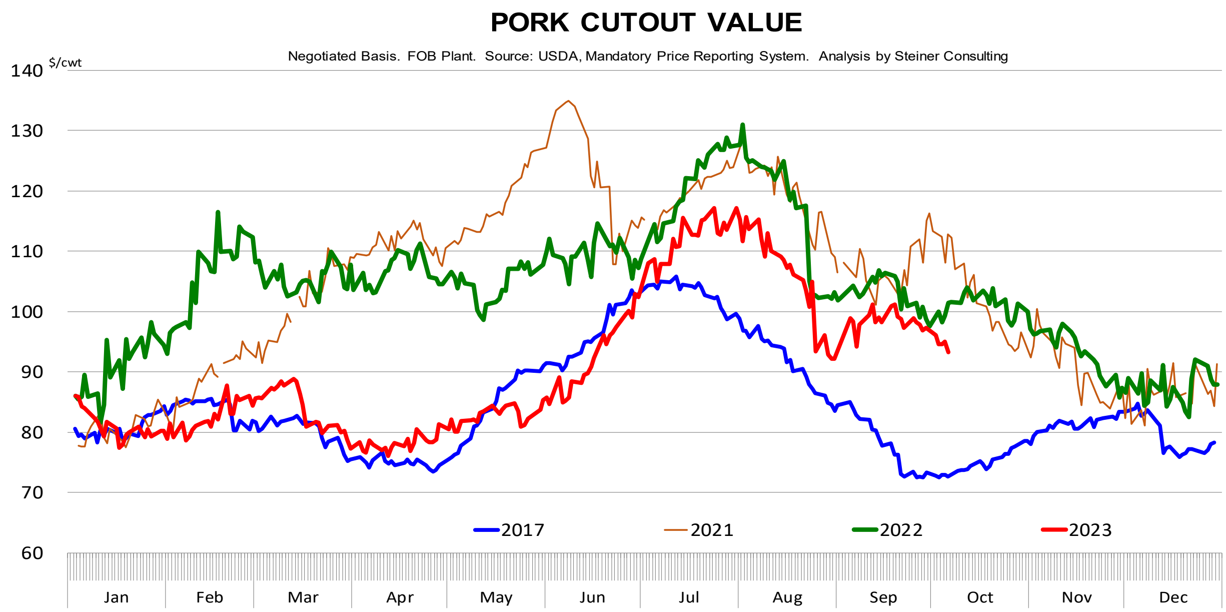
Pork Merchandiser's **Profit Maximizer**

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

October 9, 2023

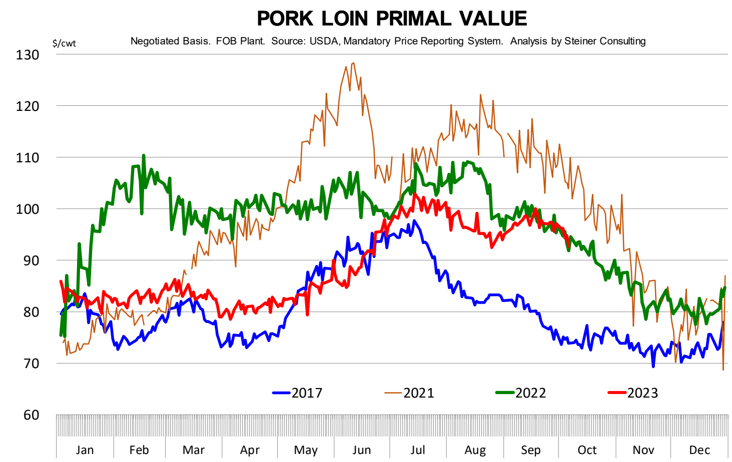
1. Wholesale pork prices move lower as seasonal supply increases and softer demand catch up with the pork market.

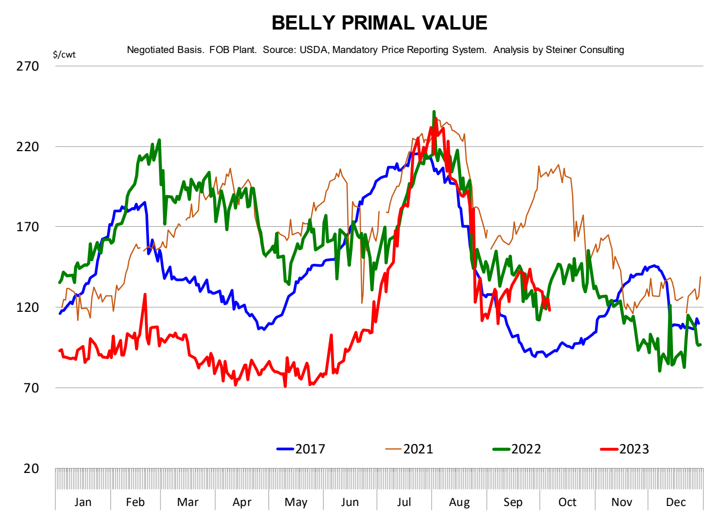
While we can spend a lot of time about specific factors driving prices for primals and subprimals, the chart below drives home one simple point: pork prices as a whole generally are higher in the summer and lower in the fall. Grilling demand picks up after Memorial Day and runs out of steam by Labor Day. During this time, slaughter declines and carcass weights drop, resulting in significantly less pork coming to market compared to both spring and fall levels. This year the Supreme Court decision injected a lot of volatility and affected the way in which packers, processors and traders handled their frozen inventory position. Ultimately, however, those seasonal factors are playing out and they will continue to play out in the next three months.

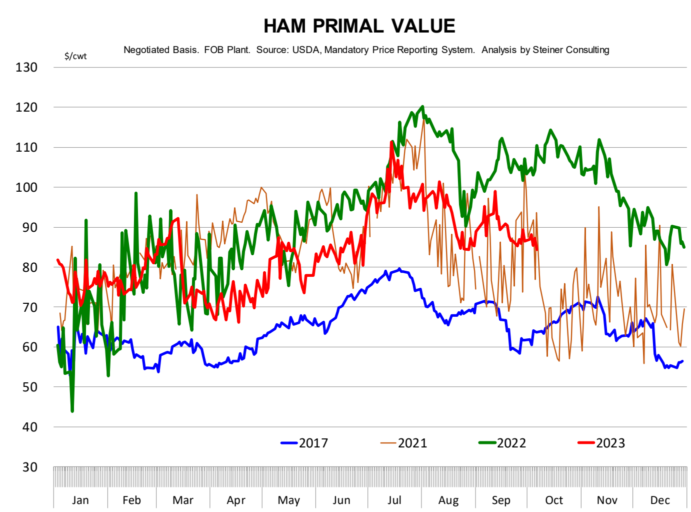


Loin market situation: With less grilling demand and the seasonal increase in hog supplies, loin values generally move lower into the fall. It appeared that loin prices might come under increasing pressure in August as slaughter climbed over 2.4 million head but just as a year ago prices have proved to be resilient so far. Eventually, however, the higher slaughter numbers and heavier weights start to have an effect. It becomes increasingly difficult to clean up the spot market in Nov/Dec as holiday items fill the meat case. Last year the loin primal value dropped from around $100/cwt in early September to around $80/cwt by mid-December. So far, the loin primal value is following the same track as a year ago although futures imply a less robust market at the end of the year. It could be that futures are pricing more demand risk, especially with stricter enforcement of Prop 12 starting January 1. With the loin primal accounting for about a quarter of the hog carcass, price trends for this item will be closely watched. Spot market for pork loins has been well supported and export demand remains in good shape. But lower prices for ground beef and chicken breasts imply more competition in the meat case and thus more downside risk.

Belly market situation: Prices have pulled back from the highs established in July and August but that should not come as a surprise. Low prices in the spring and the sudden shift in inventory use (due to CA situation) resulted in a sharp spike, similar to what we have seen in other years. Prices are now in line with a year ago and ample supply in the fall should help keep prices in check. Of concern for the belly market are reports of a slowdown in foodservice demand. Lower prices for chicken breasts lend some credence to such reports and some surveys now also support the view unit sales at foodservice are trending down. In part this reflects the fact that foodservice prices continue to outpace overall inflation. Belly demand is closely linked with foodservice as a whole and especially fast food sales. As was the cast last year, the price risk for this item is to the downside.







Ham market situation: The ham primal is down from a year ago and ample turkey supply and lower prices will temper domestic demand going into the holidays. For now, however, robust export demand continues to underpin ham values. This may prevent a price drop like we experienced in 2021 but the price risk for hams skews to the downside, especially by late November when export demand slows down and processors start to wrap up their buys for Christmas orders.

PORK

Hog Market. For the week ending October 7 hog slaughter was 2.564 million head, down 0.2% from a year ago. In the last two weeks hog slaughter is up 2.2% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 82.76 /cwt. on Friday were down $3.4/cwt since Wed. September 27. Prices are down about 10.0 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.1367, down about 2.2 cents since the Wed. September 27 quote but up about 0.5 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.6725 for the strap on loins, down 1.1 cents since Wed. September 27 but up 21 cents from the year ago levels. Strap off loins at $1.8179 are up one cent since Wed. September 27 and up about 21 cents compared to the year ago quote.

Boneless sirloins at $1.2935 were up about 2 cents from the Wed. September 27 quote but down about 14.1 cents from the year ago price.

Pork tenderloin finished last week at $1.4535, down 5 cents since the Wed. September 27 quote and down about 41.7 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.3326, down 2.0 cents since Wed. September 27. Prices are up 10 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.2250, down about 5 cents since Wed. September 27 and down about 21 cents from year ago levels.

Rib inventories on August 31 were 56.8 million pounds, down 47.4% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.8784/lb. down 1 cent since Wed. September 27 and down about 18 cents from a year ago.

20/23 hams finished the week at 87.62 cents (page 130) up about 1 cent since Wed. September 27 but down about 20 cent from the year ago level.

23/27 hams finished the week at 86.33 , down about 2 cents from the Wed. September 27 quote and down about 23 cents from the year ago level.

Total ham cold storage stocks on August 31 at 153.9 million pounds were down 6.1% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 59.89 cents, down about 5.4 cents since Wed. September 27 and down about 8 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 81.55 cents, down 9.7 cents since the Wed. September 27 quote and down about 20 cents from the year ago levels.

Freezer stocks of all trimmings on August 31 were 40.9 million pounds, down 6.9% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at **44** cents compared to **34** cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 120.44 on Friday, October 7, down about 8 cents from a year ago.

Broiler slaughter for the week ending October 7 was 170.65 million head, down 1.70% 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 $1.4770, down 8 cents since Wed. September 27 but up about 22 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 41.83 cents per pound prices were down about 0.09 cents vs. two weeks ago but were up 3 cents from a year ago.

Wings. Prices at $1.6929 are up about 58 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.1834, up 0.2 cent since Wed. September 27 but down about 62 cents from the year ago price.

Toms finished last week at $1.1921, up since Wed. September 27 but down about 51 cents from the year ago price.

Total turkey supplies in the freezer on August 31 were up 2.0% from a year ago at 447.1 million pounds. Whole birds were down 6.4% from a year ago with an inventory of 244.4 million pounds.

Turkey slaughter was 3.8740 million head for the week ending September 30, down 1.55% from a year ago. For the last two weeks slaughter has been up 1.15%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.6000, unchanged since Wed. September 27. Prices are down about 410 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 $10.8918 (weighted average quote) finished last week down about 44 cents since the Wed. September 27 quote but up about 202 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $8.9379 (weighted average quote) finished last week up about 16 cents since the Wed. September 27 quote and up about 295 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $1.9539 /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 $2.9766 for 90CL and $1.0640 for 50CL product, an 81CL meat block value is now $2.5463 and a 78CL meat block is $2.4028. Choice 114, 3 Clods are now being priced 60.56 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 11.69 cents and the five year average spread for is 37.86 cents over.

Choice #161 Boneless Rounds finished last week at $**3.6800**, **down** about 9 since **Wed.** September 27 but up about 69 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.4711 down about 6 cents since Wed. September 27 but up about 78 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.5623 up about 2 cents since Wed. September 27 and up about 90 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $3.4836 up about 15 cents since Wed. September 27 and up about 58 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $6.2312 (wt. avg.) down about 15 cents from the Wed. September 27 quote. Prices are up 40 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $4.0279 (wt. avg.) **up** about 11 cents since Wed. September 27 and **up** about **63** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $3.8973 (wt. avg.) up about 8 cents since Wed. September 27 and up about 41 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $6.4395 (wt. avg.) down about 25 cents since Wed. September 27 but up about 28 cents from year ago values.

COARSE GROUND BEEF –

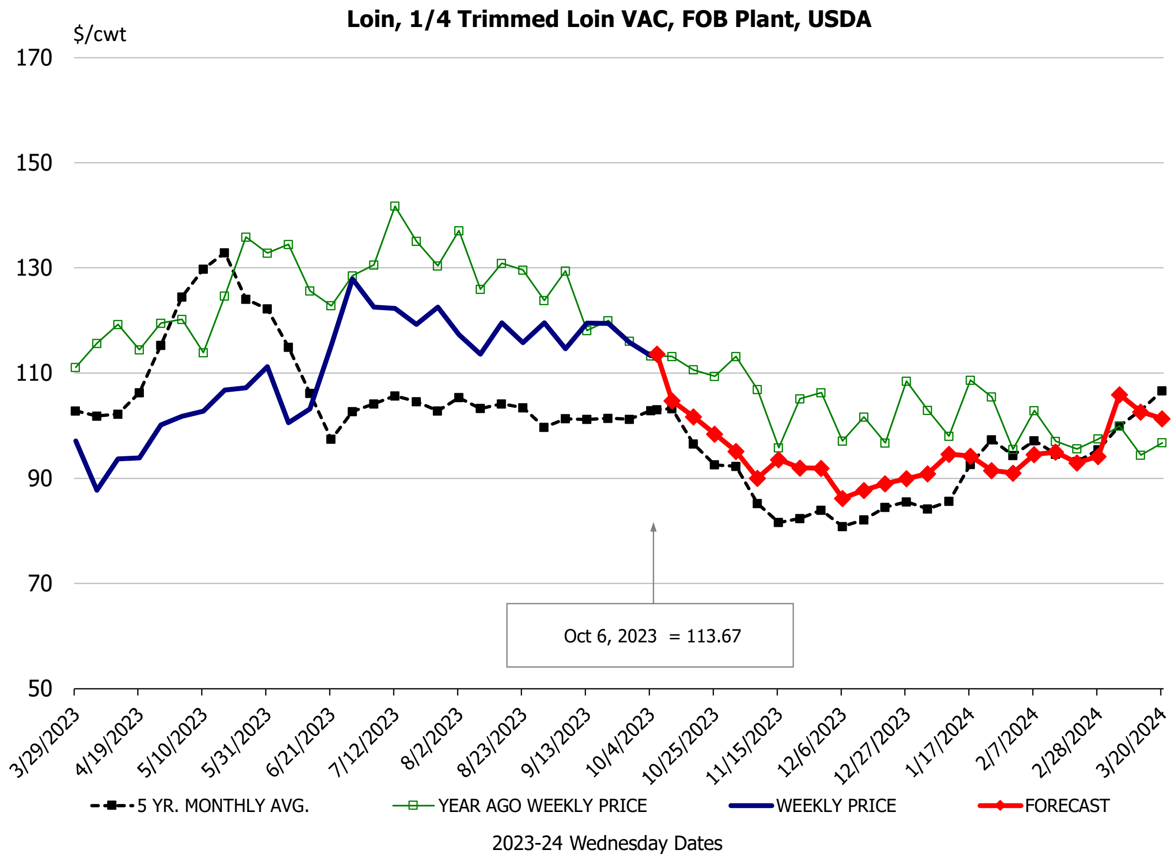
73CL Coarse Ground product finished last week at $**2.3068 down** about 8 cents since Wed. September 27 but up about 74 cents from year ago levels.

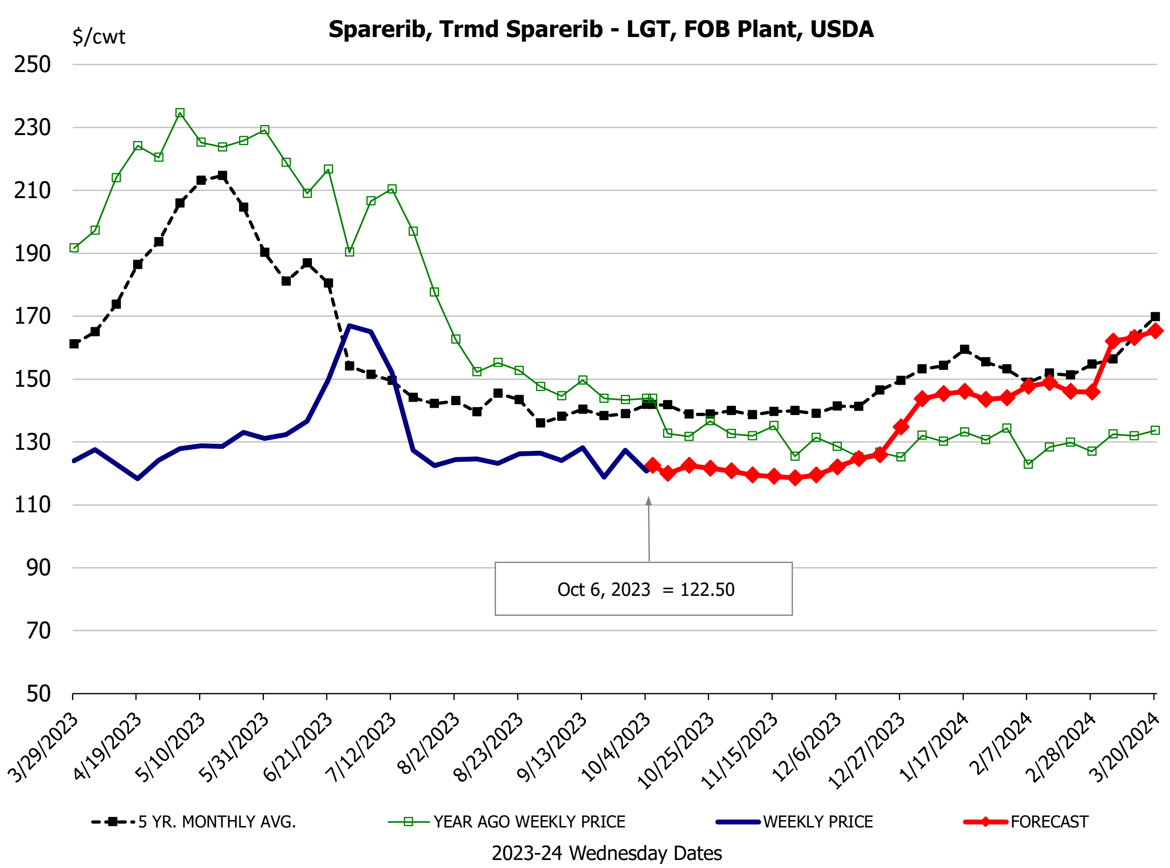
81CL Coarse Ground product finished last week at $2.4702 down about 21 cents since Wed. **September 27 but up** about **34** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $**2.9766** (wt. avg.) **up 4.69** cents since Wed. September 27 and up 40 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $1.0640, down about 19 cents since Wed. September 27 but up 29 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Apr	May	Jun	Jul	Aug	Sep	9/27/2023	10/6/2023	10/18/2023	Oct	Nov	Dec	Jan	Feb	Mar
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	93.3	105.1	109.6	121.1	117.6	117.2	115.9	113.67	102	105	94	87	92	94	103
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	100.0	108.5	113.5	127.4	123.7	120.9	120.5	121.18	107	115	97	94	97	101	110
Loin, Bnls CC Strap-off, FOB Plant, USDA	151.1	155.1	159.0	173.6	171.4	180.2	180.7	181.79	167	174	158	152	155	156	164
Loin, Tenderloin, FOB Plant, USDA	157.5	155.3	156.6	158.1	150.1	146.3	150.6	145.35	139	139	127	121	153	165	162
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	106.3	125.8	147.2	125.1	110.5	129.9	130.7	121.78	112	114	107	103	104	105	110
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	123.8	127.6	140.6	138.5	125.1	126.9	127.4	122.50	122	120	120	124	144	148	162
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	243.9	256.0	262.5	267.7	255.3	252.3	256.5	251.50	230	230	223	229	264	279	291
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	124.0	125.0	144.2	141.2	121.7	121.5	121.8	115.74	116	116	113	118	138	145	156
Loin, Backribs 2.0#/up, FOB Plant, USDA	195.4	201.5	210.4	213.7	194.8	192.7	195.4	189.35	187	186	187	179	197	217	234
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	70.1	83.1	88.2	105.0	94.4	92.9	88.4	87.84	92	92	92	85	78	79	84
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	69.4	78.4	84.7	101.0	93.2	88.9	87.1	87.62	87	90	90	83	77	78	80
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	66.4	82.1	84.0	101.5	90.7	89.6	88.3	86.33	84	87	86	81	75	76	78
Belly Cutout, FOB Plant, USDA	80.0	79.3	95.9	183.4	185.7	131.5	134.2	123.32	121	125	118	112	119	134	132
Belly, Derind Belly 9-13#, FOB Plant, USDA	100.6	105.8	112.0	225.4	184.9	154.3	179.2	150.70	147	151	142	135	143	161	159
Belly, Derind Belly 13-17#, FOB Plant, USDA	95.7	93.5	110.6	215.9	195.9	158.4	162.4	150.09	145	150	141	134	143	160	158
Trim, 42% Trim Combo, FOB Plant, USDA	52.8	50.2	68.5	95.8	81.6	69.0	65.3	59.89	48	51	41	38	49	53	63
Trim, 72% Trim Combo, FOB Plant, USDA	73.7	63.8	90.3	117.9	99.0	98.1	91.2	81.55	79	82	76	74	83	86	91
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	94.8	97.1	111.1	123.4	112.1	111.7	111.8	108.10	95	98	90	88	98	96	98
Carcass Cutout, FOB Plant, USDA	78.1	82.6	92.7	112.2	105.9	98.3	97.8	94.70	89	92	87	84	83	85	89
HOG CARCASS															
CME 1-Day Lean Hog Index	72.1	77.3	87.9	102.0	99.3	86.5	86.1	82.76	78	82	77	75	77	80	83
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	140.2	139.9	134.7	118.9	112.4	119.5	120.3	120.44	123	120	119	119	122	123	124
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	131.3	136.4	132.7	116.3	140.3	165.3	155.5	147.70	132	138	124	121	120	125	138
N.E. BROILER BREAST LINE RUN, USDA	118.0	119.3	120.4	118.0	117.9	116.6	114.9	108.84	111	114	112	111	115	118	127
N.E. BROILER LEG QUARTERS, USDA	46.6	49.6	49.5	49.6	42.8	41.3	41.9	41.83	41	42	41	41	41	42	45
N.E. BROILER WINGS, USDA, WT.AVG.	102.3	89.0	88.7	101.4	123.6	153.9	167.3	169.29	167	170	175	179	180	182	171
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	165.5	155.4	153.4	142.5	128.2	125.7	118.2	118.34	120	120	115	110	110	114	118
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	168.5	151.6	148.6	140.2	128.8	126.0	118.8	119.21	120	120	115	110	110	114	118
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	320.0	313.0	274.8	268.8	260.6	260.0	260.0	260.00	260	260	260	255	255	260	260
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	175.4	175.6	182.7	183.6	185.2	183.9	185.9	182.80	188	184	185	187	190	192	193
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1025.0	950.4	1066.3	981.4	1045.6	1150.3	1133.6	1089.18	1227	1190	1324	1125	1010	1070	1148
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	340.5	347.1	360.8	349.1	350.0	370.2	376.7	368.00	367	363	366	359	387	397	384
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	298.6	304.9	325.7	305.1	331.5	358.3	354.0	356.23	360	349	341	334	336	342	329
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	258.0	257.5	286.8	270.7	294.2	340.9	333.4	348.36	337	334	325	319	315	317	293
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	797.5	824.8	1020.5	886.9	750.2	634.4	638.1	623.12	611	601	608	621	693	725	850
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	447.4	505.4	525.7	475.3	466.6	421.7	381.6	389.73	384	384	401	418	426	459	498
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	769.8	865.0	1032.0	991.3	768.5	644.2	668.7	643.95	636	635	640	652	704	739	784
USDA,COARSE GROUND 73%, WT. AVG.	228.9	245.2	245.6	257.6	255.4	251.4	238.8	230.68	233	226	228	224	258	260	264
COARSE GROUND 81%, WT. AVG., USDA	265.3	283.6	270.7	274.3	281.8	274.1	267.8	247.02	261	250	255	249	295	302	300
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	272.2	274.7	285.1	293.2	300.0	307.9	293.0	297.66	288	290	294	297	305	312	318
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	173.8	191.6	189.2	171.8	144.1	126.9	125.0	106.40	117	105	129	123	137	145	168


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
Oct 6, 2023 = 113.67
3/29/2023
4/19/2023
5/10/2023
5/31/2023
6/21/2023
7/12/2023
8/2/2023
8/23/2023
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates


Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
250
230
210
190
170
150
130
110
90
70
50
Oct 6, 2023 = 122.50
3/29/2023
4/19/2023
5/10/2023
5/31/2023
6/21/2023
7/12/2023
8/2/2023
8/23/2023
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
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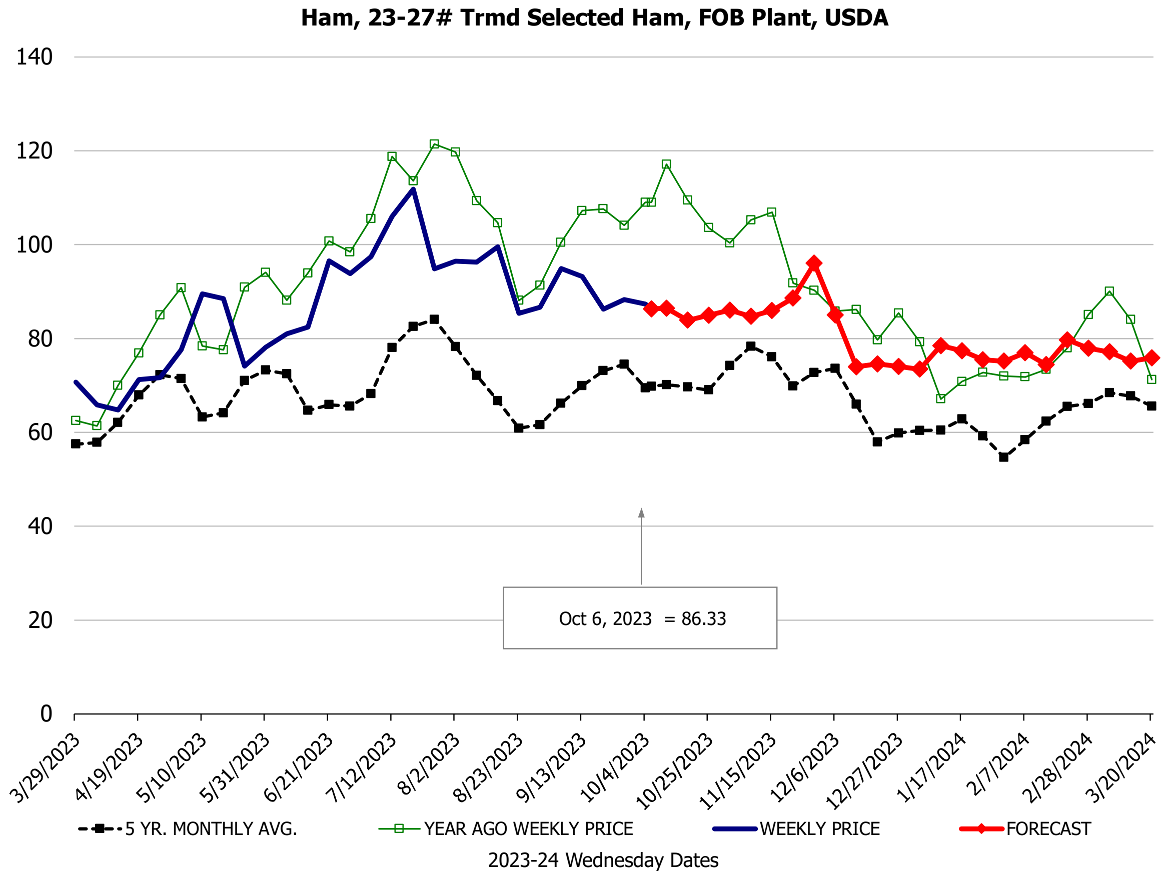
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
140
120
100
80
60
40
20
0
Oct 6, 2023 = 86.33
3/29/2023
4/19/2023
5/10/2023
5/31/2023
6/21/2023
7/12/2023
8/2/2023
8/23/2023
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
12/27/2023
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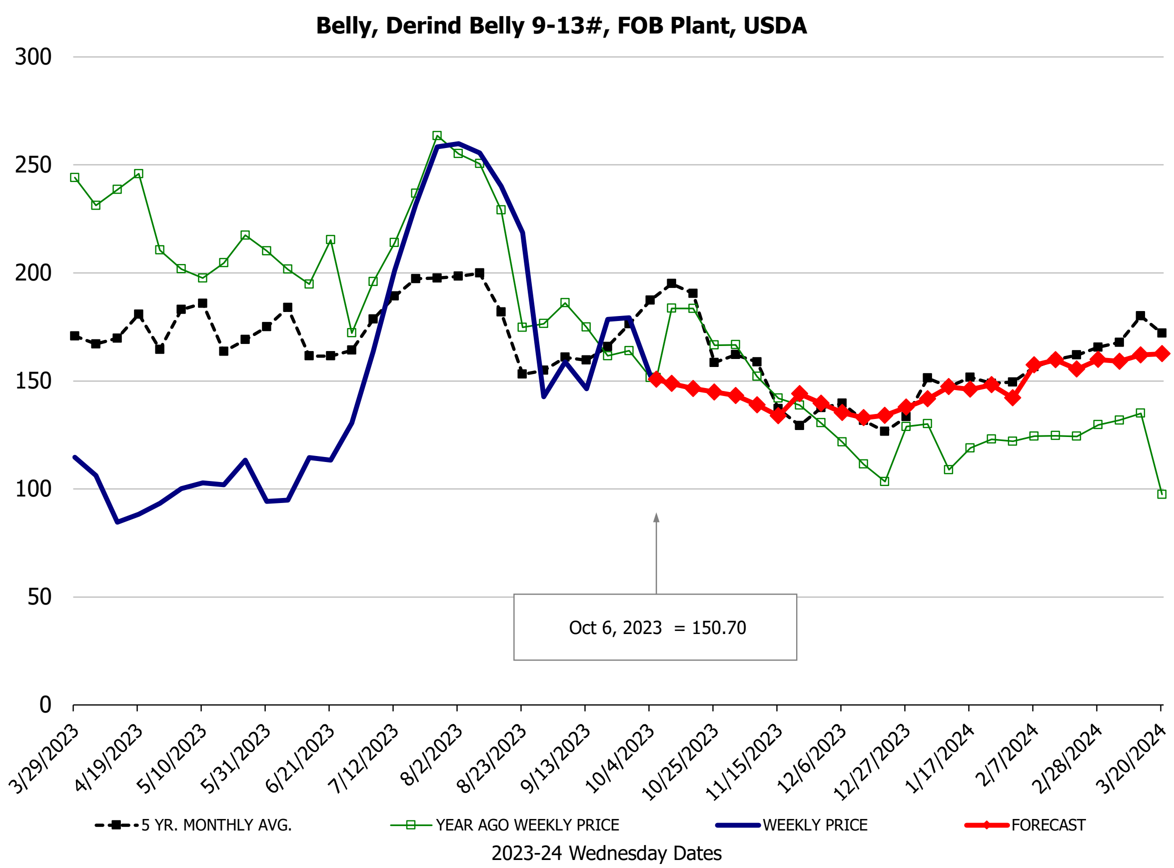
Belly, Derind Belly 9-13#, FOB Plant, USDA
300
250
200
150
100
50
0
Oct 6, 2023 = 150.70
3/29/2023
4/19/2023
5/10/2023
5/31/2023
6/21/2023
7/12/2023
8/2/2023
8/23/2023
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
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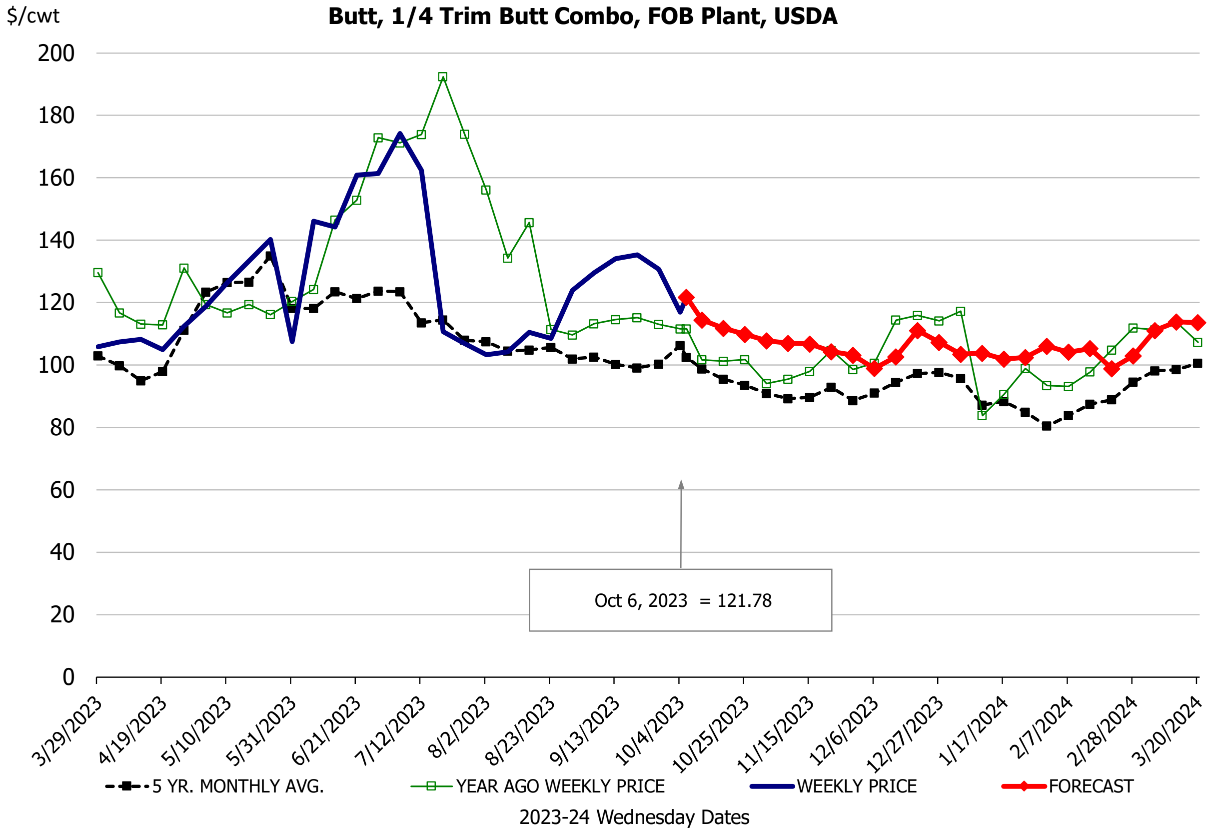
$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
200
180
160
140
120
100
80
60
40
20
0
Oct 6, 2023 = 121.78
3/29/2023
4/19/2023
5/10/2023
5/31/2023
6/21/2023
7/12/2023
8/2/2023
8/23/2023
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
12/27/2023
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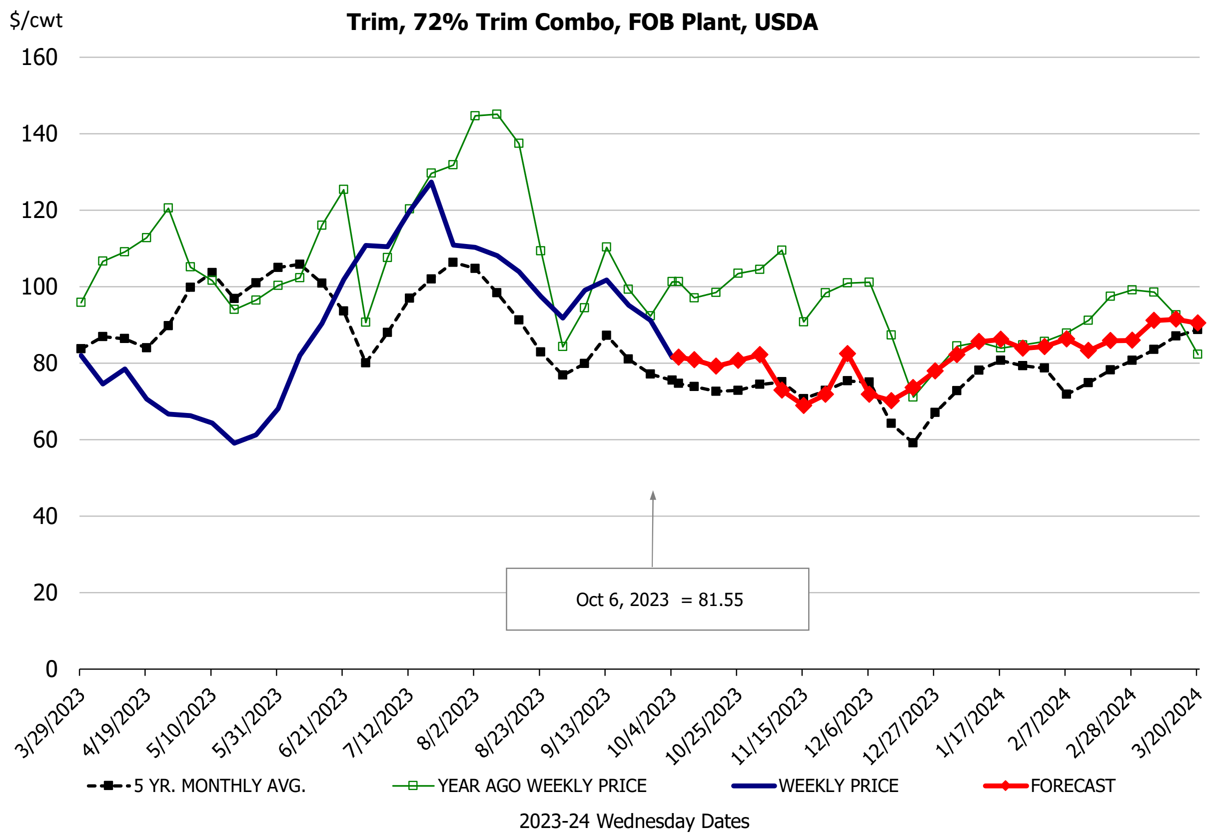
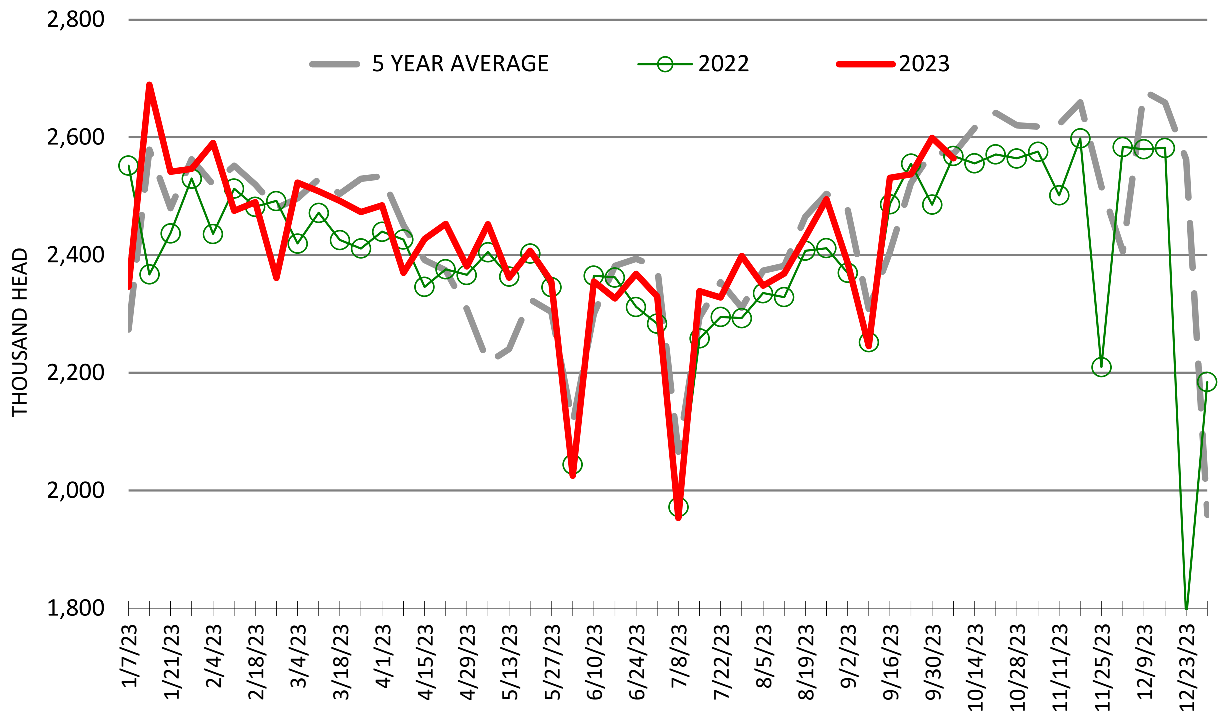

$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
160
140
120
100
80
60
40
20
0
Oct 6, 2023 = 81.55
3/29/2023
4/19/2023
5/10/2023
5/31/2023
6/21/2023
7/12/2023
8/2/2023
8/23/2023
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds