Pork Merchandiser's **Profit Maximizer**

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

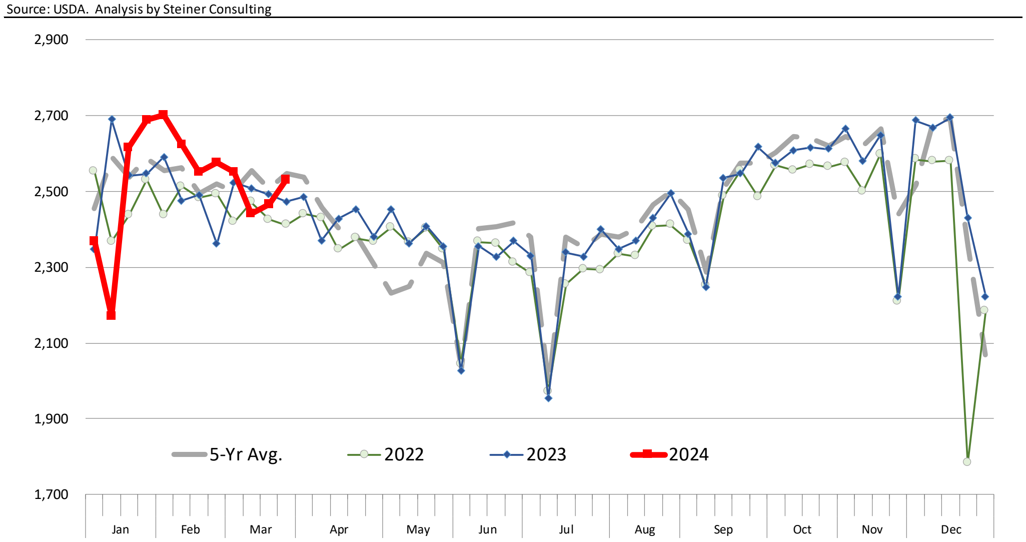
March 25, 2024

1. Fresh pork trending up, more upside price risk for Q2.

The pork cutout has managed to stay in the low 90s for much of Q1, defying some of the more bearish ideas that percolated last year. As we have noted previously, the higher prices paid for bellies have been a key factor, accounting for about 2/3 of the y/y increase in the value of the cutout. But, we would argue that it is fresh pork, rather than bellies, that have been the biggest surprise so far this year. At the end of the week (3/22, the value of the loin primal was estimated at $92/cwt, 9% higher than a year ago. Pork butt primal value was also up 8% while spareribs were up 52%. The reason for this being a surprise are twofold. First, pork production in January and February was 262 million pounds (+6%) higher than a year ago. Second, there was a lot of speculation in the second half of 2023, especially towards the end of the year, about the impact that Prop 12 in CA and Question 3 in MA would have on sales to 15% of the US population. Higher prices and lack of Prop 12 compliant supply was expected to result in more fresh pork available in other parts of the country, depressing prices. That has not happened. Instead, fresh pork prices have been trending higher and are now expected to be higher still in April and May as seasonal demand picks up while hog supply slowly moves lower.

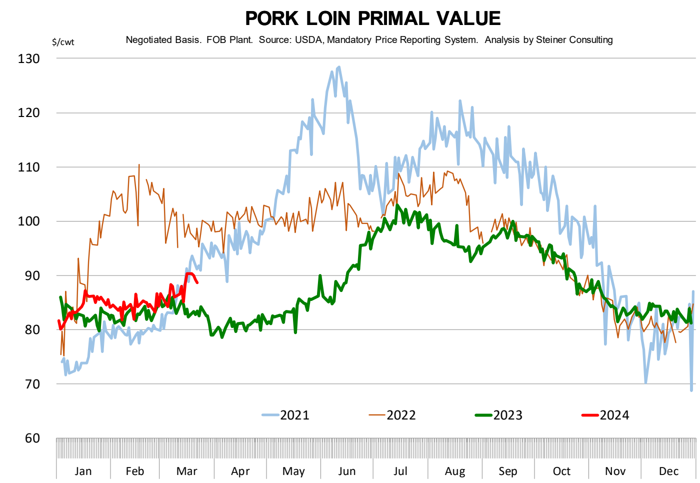
WEEKLY HOG SLAUGHTER. '000 HEAD

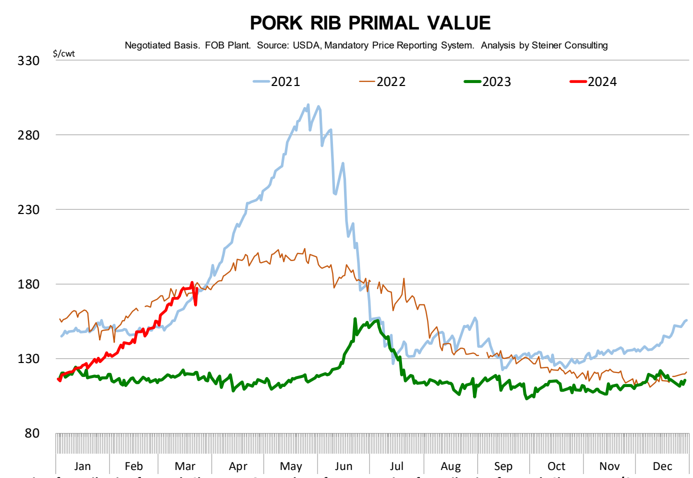
Source: USDA. Analysis by Steiner Consulting



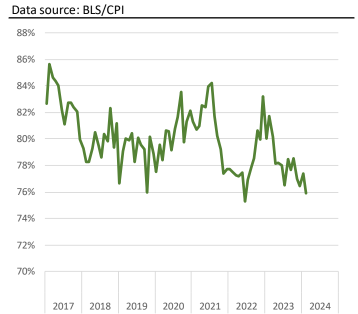
In a couple of weeks USDA will provide the results of its quarterly survey of hog producers and the focus will be both on productivity during Dec-Feb and the size of the breeding herd on March 1. Three months ago, the survey suggested modest supply growth for the summer. Since then, however, producers have continued to send more sows to market, with sow slaughter projected up about 6% during Dec-Feb. Talk of a supply glut may have also affected gilt retention, a number that we do not have a way to measure until the quarterly survey results come out. For now the expectation among market participants is that summer supply will be near year ago levels but a more stable retail and foodservice demand will help prices in the spring and summer. For all the talk of supply, we still think demand remains the critical driver. By our estimates, even with the recent improvement in hog/cutout values for late spring and summer, full 2024 demand is still projected to be below the long run demand curve.

The warm winter has likely had a positive impact on fresh meat sales, including pork. The price ratio of pork chops to ground beef and chicken breasts is on the low end of the five year range, implying a more competitive position for pork as retailers adjust their merchandising for the spring. The price of boneless pork chops is currently about 6% higher than last year. However, the price of b/s chicken breasts is now 23% above last year and the price of 81CL coarse ground beef is 31% higher than a year ago. Lean beef prices are expected to push even higher in Apr/May due to fewer cows coming to market while chicken production has faced productivity issues. Pork prices may be up y/y, but still a value relative to competition.

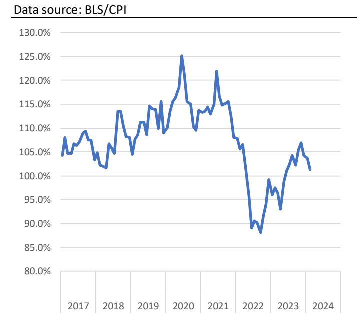




Ratio of Retail Price for Pork Chops vs. Ground Beef
Data source: BLS/CPI



Ratio of Retail Price for Pork Chops vs. B/S Breasts
Data source: BLS/CPI



2. <u>Pork in Cold Storage</u>

The supply of pork in cold storage remains well below year ago levels, which may impact price action in Q2. Inventory was down by double digits across most categories. Pork supply was higher in February, in part due to one extra slaughter day but also because packers sought to make up for the weather impact on production in January. Still, the inventory of all pork in cold storage was 1% lower than in January, pointing to good domestic and export clearance. The total supply at 456.5 million pounds was 65 million pounds or 12% lower than a year ago. Belly inventory was slightly higher than the previous month at 63.8 million pounds but 10% lower than last year. Belly inventory is still large, from a historical perspective, however. The inventory of boneless loins increased 5% from the previous month and it is now 8% higher than last year. We

PORK

Hog Market. For the week ending March 23 hog slaughter was 2.532 million head, up 2.4% from a year ago. In the last two weeks hog slaughter is up 0.7% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 83.45 /cwt. on Friday were up $1.3/cwt since Wed. March 13. Prices are up about 6.1 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.1620, up about 3.8 cents since the Wed. March 13 quote and up about 19 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.4690 for the strap on loins, up 8.1 cents since Wed. March 13 and up 6 cents from the year ago levels. Strap off loins at $1.7055 are up 5.3 cents since Wed. March 13 and up about 13 cents compared to the year ago quote.

Boneless sirloins at $1.3084 were up about 7 cent from the Wed. March 13 quote and up about 5.7 cents from the year ago price.

Pork tenderloin finished last week at $1.7385, up 2 cents since the Wed. March 13 quote and up about 19.2 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.2697, up 5.0 cents since Wed. March 13. Prices are up 11 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.9486, up about 2 cents since Wed. March 13 and up about 61 cents from year ago levels.

Rib inventories on February 29 were 87.6 million pounds, down 24.1% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.8090/lb. up 2 cents since Wed. March 13 and up about 5 cents from a year ago.

20/23 hams finished the week at 78.28 cents (page 130) up about 2 cents since Wed. March 13 and up about 4 cents from the year ago level.

23/27 hams finished the week at 73.63 , down about 2 cents from the Wed. March 13 quote but up about 2 cents from the year ago level.

Total ham cold storage stocks on February 29 at 55.0 million pounds were up 3.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 58.94 cents, up about 4.1 cents since Wed. March 13 but down about 9 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 93.62 cents, down 0.1 cents since the Wed. March 13 quote but up about 11 cents from the year ago levels.

Freezer stocks of all trimmings on February 29 were 47.3 million pounds, down 10.8% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 30 cents compared to 34 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 130.22 on Friday, March 22, down about 4 cents from a year ago.

Broiler slaughter for the week ending March 16 was 160.58 million head, down 2.26% from a year ago. For the last two weeks broiler slaughter was down 1.7% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.4958, up 8 cents since Wed. March 13 and up about 10 cent from year ago levels.

Leg Quarters. Last week leg quarter prices at 48.60 cents per pound prices were up about 3.39 cents vs. two weeks ago and were up 5 cents from a year ago.

Wings. Prices at $2.1857 are up about 114 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.0300, up 9.0 cent since Wed. March 13 but down about 68 cents from the year ago price.

Toms finished last week at $0.9533, down 9 cents since Wed. March 13 and down about 76 cents from the year ago price.

Total turkey supplies in the freezer on February 29 were up 28.7% from a year ago at 244.1 million pounds. Whole birds were down 9.1% from a year ago with an inventory of 135.9 million pounds.

Turkey slaughter was 3.6910 million head for the week ending March 16, up 2.19% from a year ago. For the last two weeks slaughter has been down 1.55%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.6000, unchanged since Wed. March 13. Prices are down about 60 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 $10.3121 (weighted average quote) finished last week up about 16 cents since the Wed. March 13 quote and up about 2 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $9.9158 (weighted average quote) finished last week up about 18 cents since the Wed. March 13 quote but up about 60 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $0.3963 /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 $3.3479 for 90CL and $1.0584 for 50CL product, an 81CL meat block value is now $2.8328 and a 78CL meat block is $2.6611. Choice 114, 3 Clods are now being priced 47.19 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 38.18 cents and the five year average spread for is 41.27 cents over.

Choice #161 Boneless Rounds finished last week at $**3.7100**, **down** about unchanged cents since **Wed.** March 13 but up about 36 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.5692 down about 15 cents since Wed. March 13 but up about 80 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.6836 down about 11 cents since Wed. March 13 but up about 92 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.9801 down about 24 cents since Wed.

March 13 but up about 44 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $9.6504 (wt. avg.) up about 41 cents from the Wed. March 13 quote. Prices are up 222 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $4.4779 (wt. avg.) **up** about 34 cents since Wed. March 13 and **up** about **63** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $4.5027 (wt. avg.) up about 15 cents since Wed. March 13 and up about 43 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.6346 (wt. avg.) down about 8 cents since Wed. March 13 but up about 56 cents from year ago values.

COARSE GROUND BEEF –

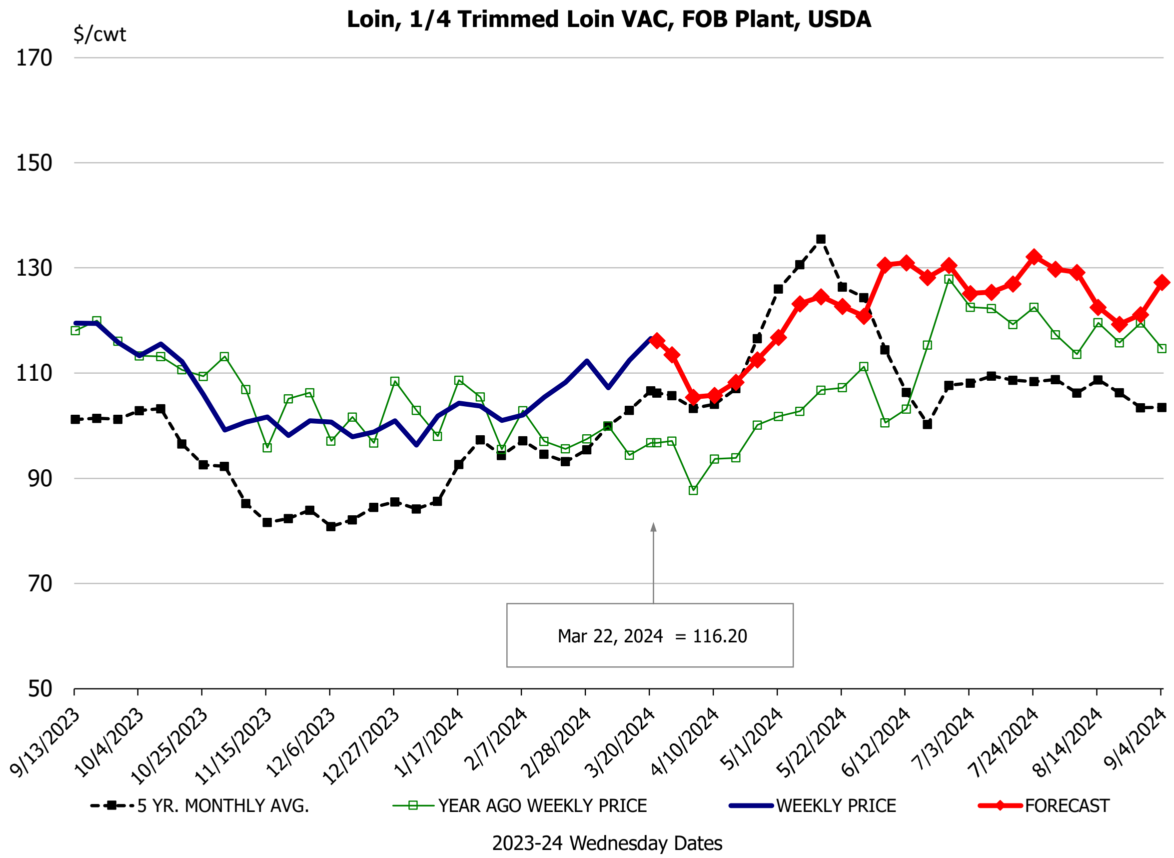
73CL Coarse Ground product finished last week at $**2.2631 down** about 7 cents since Wed. March 13 but up about 38 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.8333 up about 6 cents since Wed. **March 13 and up** about **69** cents from the year ago quote.

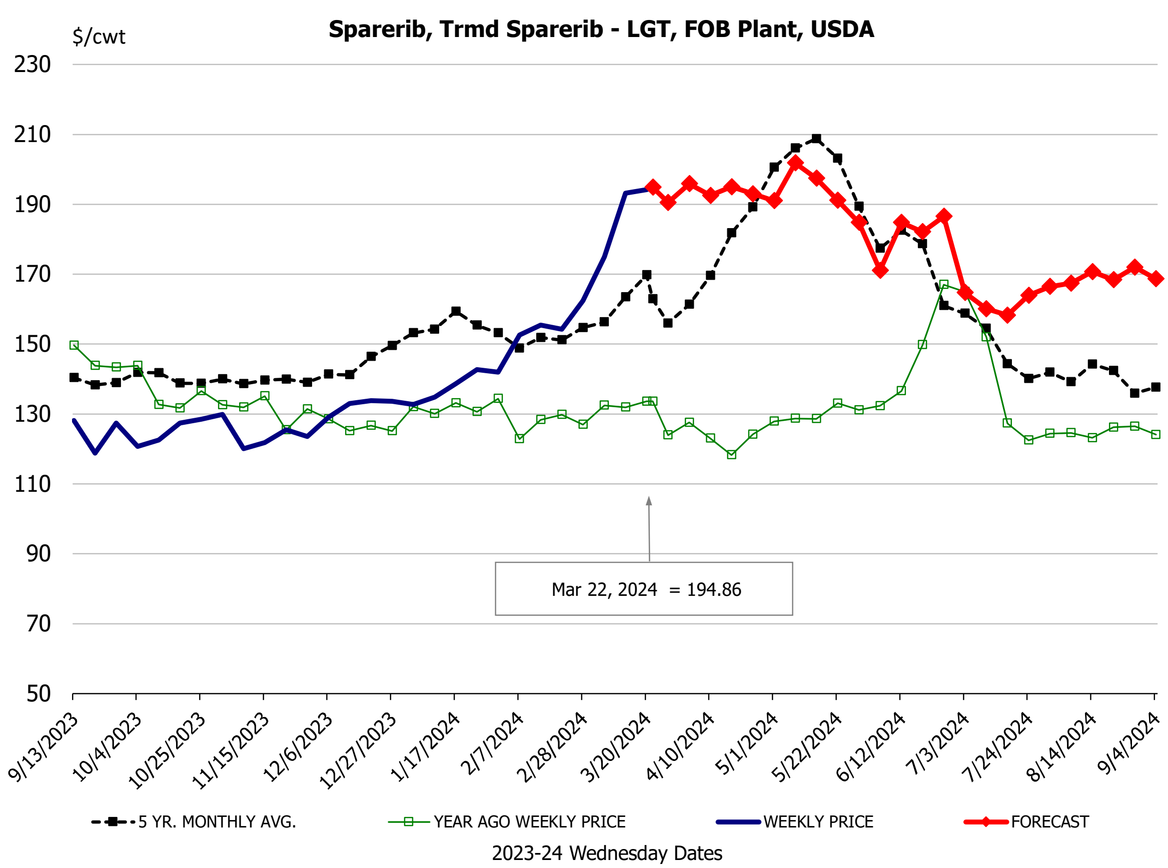
90CL Bnls. Beef prices finished the week at $**3.3479** (wt. avg.) **up 10.03** cents since Wed. March 13 and up 64 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $1.0584, up about 3 cents since Wed. March 13 but down 35 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Sep	Oct	Nov	Dec	Jan	Feb	3/13/2024	3/22/2024	4/3/2024	Mar	Apr	May	Jun	Jul	Aug
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	117.2	110.3	101.2	100.8	101.0	104.8	112.4	116.20	105	112	107	119	130	126	127
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	120.9	117.5	109.1	107.0	109.7	110.1	116.8	121.75	120	119	121	127	136	132	133
Loin, Bnls CC Strap-off, FOB Plant, USDA	180.2	176.8	162.0	164.1	167.2	168.9	165.3	170.55	173	170	174	177	180	174	185
Loin, Tenderloin, FOB Plant, USDA	146.3	137.7	124.4	141.8	157.3	166.7	171.9	173.85	173	171	174	175	178	172	176
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	129.9	115.7	107.1	107.2	101.5	102.8	113.9	118.13	120	114	126	140	144	139	134
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	126.9	125.0	125.9	131.3	138.4	157.6	193.2	194.86	196	189	195	195	174	165	169
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	252.3	257.8	242.3	243.9	243.6	232.3	260.0	255.74	292	294	301	311	297	283	287
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	121.5	119.2	118.7	125.6	135.0	157.6	190.1	187.35	189	186	188	192	171	164	168
Loin, Backribs 2.0#/up, FOB Plant, USDA	192.7	191.5	185.2	183.9	184.0	192.7	216.5	227.35	230	222	231	241	235	213	201
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	92.9	85.7	86.6	84.0	80.4	81.0	79.0	80.90	80	82	81	89	94	103	102
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	88.9	83.1	84.9	84.1	76.8	80.8	76.2	78.28	76	79	79	84	94	100	101
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	89.6	82.8	84.0	80.3	74.1	79.0	75.4	73.63	78	77	80	86	92	100	98
Belly Cutout, FOB Plant, USDA	131.5	113.5	102.2	87.6	124.5	129.0	124.5	126.70	143	127	138	133	151	180	169
Belly, Derind Belly 9-13#, FOB Plant, USDA	154.3	140.6	128.4	109.8	148.4	161.7	162.2	167.13	171	167	169	163	185	221	207
Belly, Derind Belly 13-17#, FOB Plant, USDA	158.4	136.8	118.9	104.6	140.8	155.0	151.7	153.50	166	153	162	156	178	214	200
Trim, 42% Trim Combo, FOB Plant, USDA	69.0	55.5	47.7	43.8	45.2	35.1	54.8	58.94	57	55	59	66	80	94	87
Trim, 72% Trim Combo, FOB Plant, USDA	98.1	76.7	74.6	72.1	83.6	81.8	93.7	93.62	98	93	101	110	115	120	103
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	111.7	95.3	87.3	91.1	97.8	92.4	105.1	107.82	107	104	110	116	125	128	116
Carcass Cutout, FOB Plant, USDA	98.3	90.4	86.7	83.6	87.0	89.1	92.0	93.03	94	93	94	99	105	107	106
HOG CARCASS															
CME 1-Day Lean Hog Index	86.4	80.7	74.7	67.3	68.1	76.3	82.2	83.45	85	82	87	93	101	103	101
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	119.5	119.6	121.7	127.9	129.9	128.6	129.1	130.22	134	130	133	139	137	127	122
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	165.3	145.3	109.2	98.8	116.3	124.9	141.9	149.58	160	146	161	170	164	157	154
N.E. BROILER BREAST LINE RUN, USDA	116.6	105.2	101.0	101.6	102.4	102.8	104.6	105.73	110	105	110	115	120	121	121
N.E. BROILER LEG QUARTERS, USDA	41.3	41.1	41.1	41.4	42.6	45.7	45.2	48.60	48	47	48	51	52	51	50
N.E. BROILER WINGS, USDA, WT.AVG.	153.9	168.2	160.7	158.9	169.7	188.2	212.4	218.57	220	216	219	207	190	192	199
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	125.7	115.4	98.4	87.5	90.5	100.2	94.3	103.00	105	95	104	108	113	118	118
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	126.0	114.7	97.0	87.8	93.0	101.7	104.0	95.33	105	99	105	108	113	118	118
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	260.0	260.0	260.0	260.0	260.0	260.0	260.00	264	260	265	265	270	275	275
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	183.9	184.0	180.5	170.6	173.9	180.6	185.2	188.86	190	183	189	187	186	185	185
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1150.3	1087.4	1197.5	1300.3	999.8	985.5	1014.8	1031.21	1079	1028	1096	1110	1179	1052	1136
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	370.2	381.1	378.1	333.5	336.9	364.1	371.0	371.00	351	371	356	356	364	362	367
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	358.3	351.7	303.9	249.4	285.6	316.8	379.1	368.36	364	373	365	360	349	348	353
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	340.9	338.7	276.3	251.7	299.6	300.8	321.7	298.01	302	316	300	302	310	315	325
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	634.4	649.0	730.8	753.5	756.7	804.5	924.5	965.04	937	932	965	986	1025	897	826
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	421.7	390.6	385.7	390.3	396.3	397.5	435.6	450.27	494	439	494	503	498	491	474
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	644.2	623.0	625.6	607.8	705.6	714.8	771.5	763.46	821	764	846	871	894	873	872
USDA,COARSE GROUND 73%, WT. AVG.	251.4	226.6	201.1	173.5	190.5	215.9	233.4	226.31	232	228	233	245	245	237	251
COARSE GROUND 81%, WT. AVG., USDA	274.1	258.5	247.4	209.5	263.7	267.7	277.8	283.33	279	277	283	302	304	289	301
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	306.3	289.2	276.8	248.4	273.3	308.0	324.8	334.79	339	335	343	346	357	364	367
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	126.9	87.3	64.6	54.2	76.9	92.9	103.1	105.84	138	104	142	149	149	138	132



Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
Mar 22, 2024 = 116.20
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
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates



Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
230
210
190
170
150
130
110
90
70
50
Mar 22, 2024 = 194.86
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
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
7/24/2024
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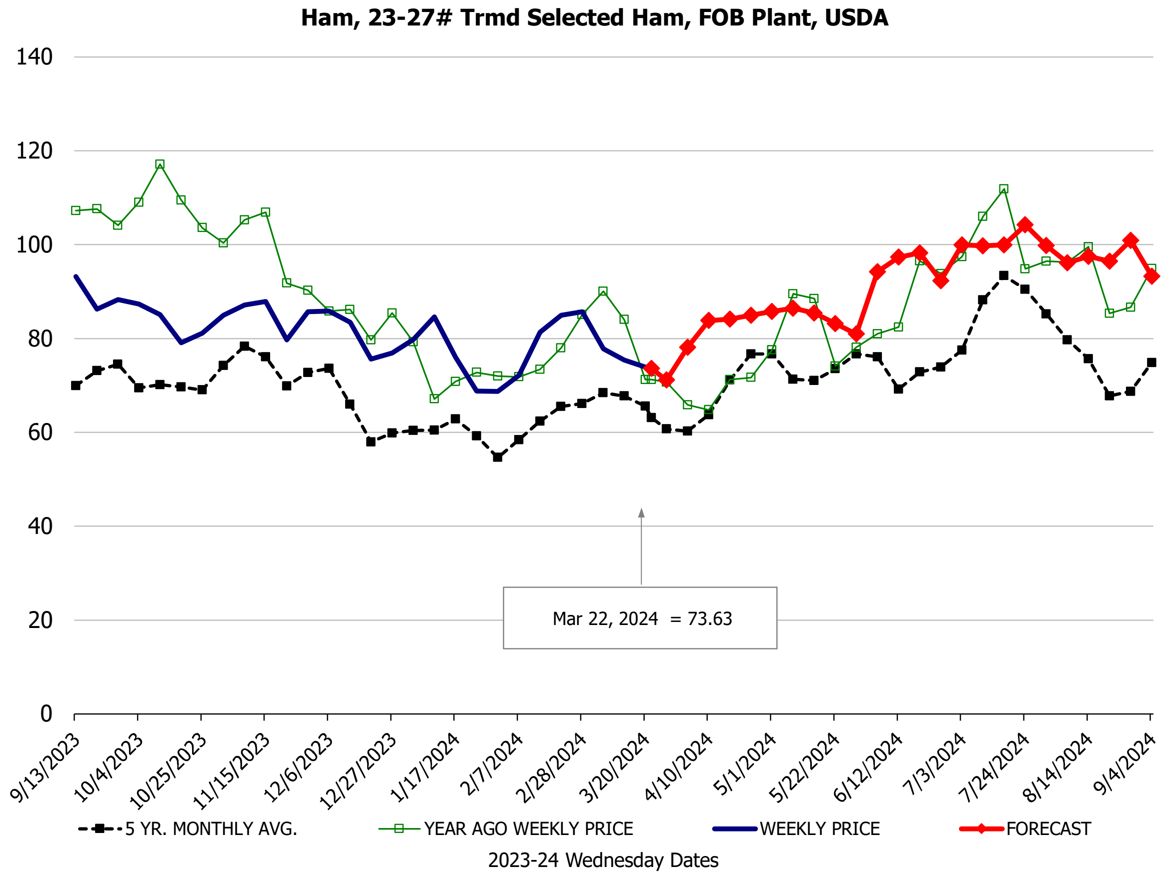
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
140
120
100
80
60
40
20
0
Mar 22, 2024 = 73.63
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
6/12/2024
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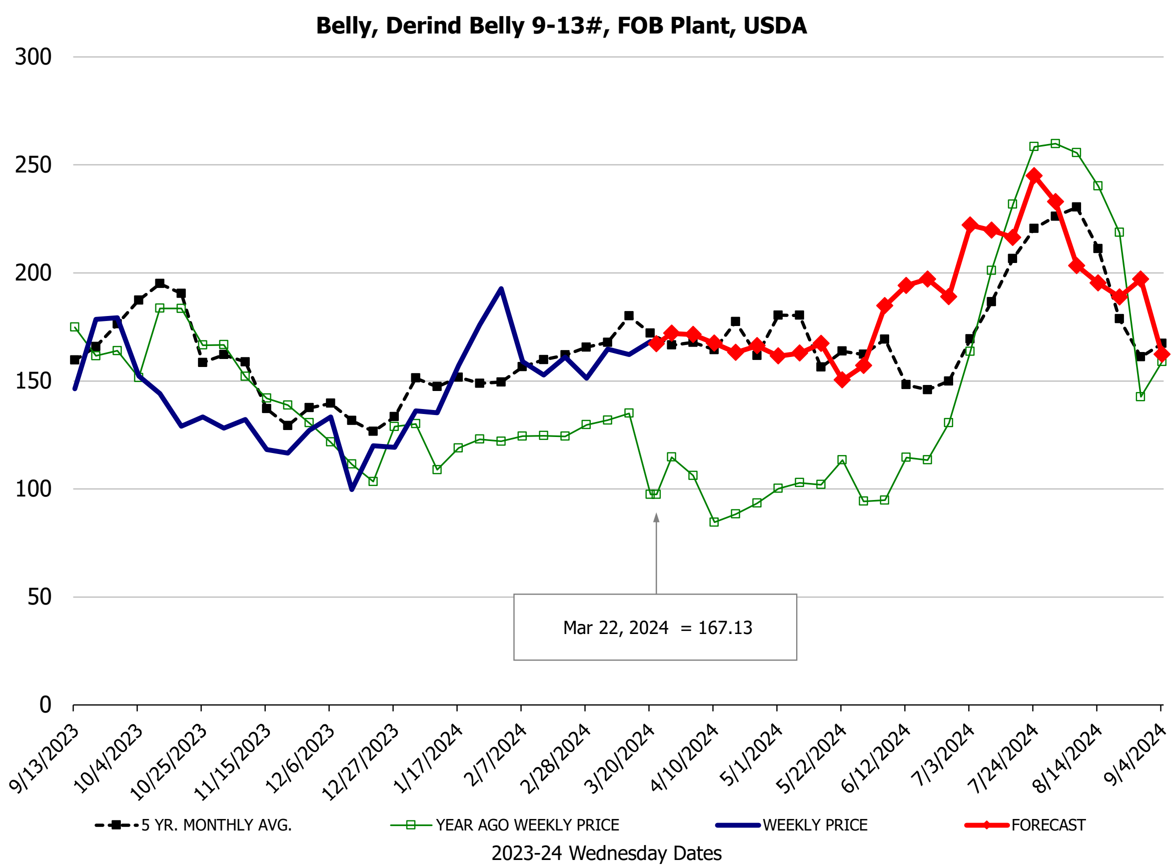
Belly, Derind Belly 9-13#, FOB Plant, USDA
300
250
200
150
100
50
0
Mar 22, 2024 = 167.13
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
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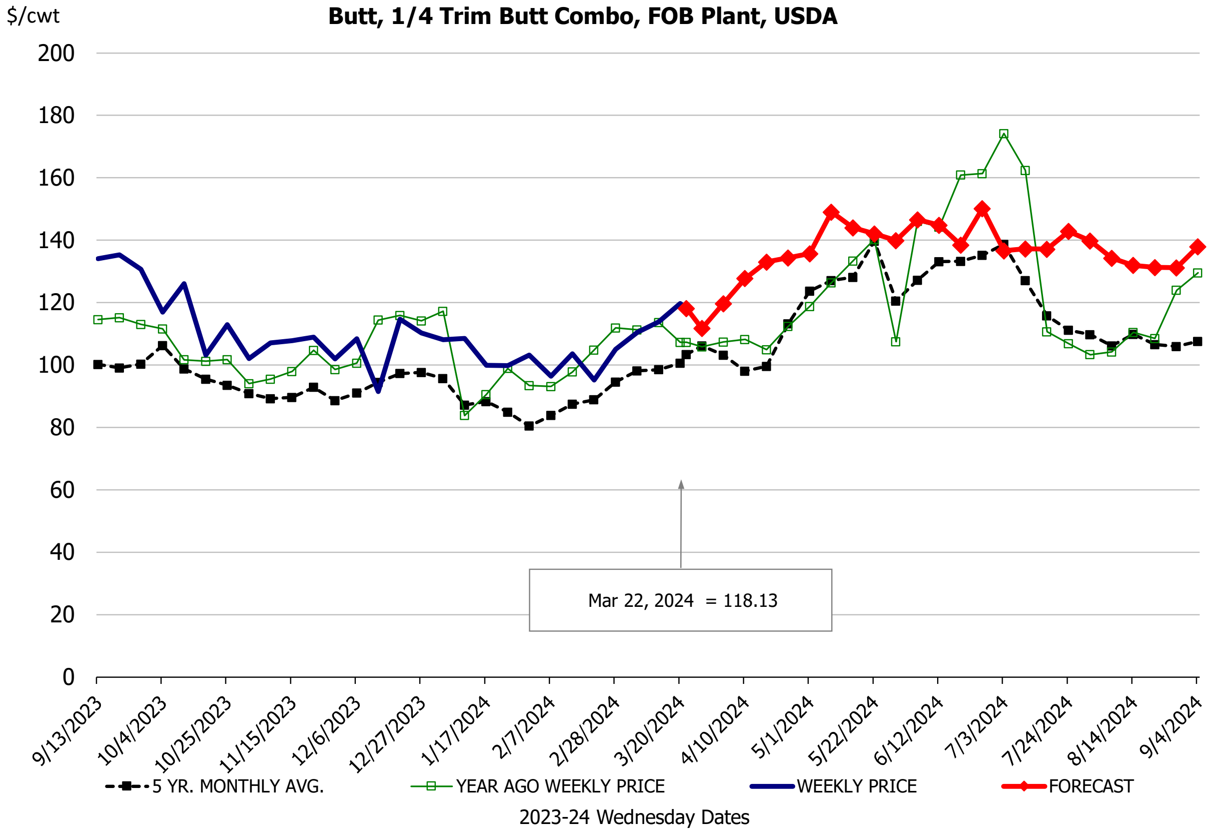

$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
200
180
160
140
120
100
80
60
40
20
0
Mar 22, 2024 = 118.13
9/13/2023
10/4/2023
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
7/24/2024
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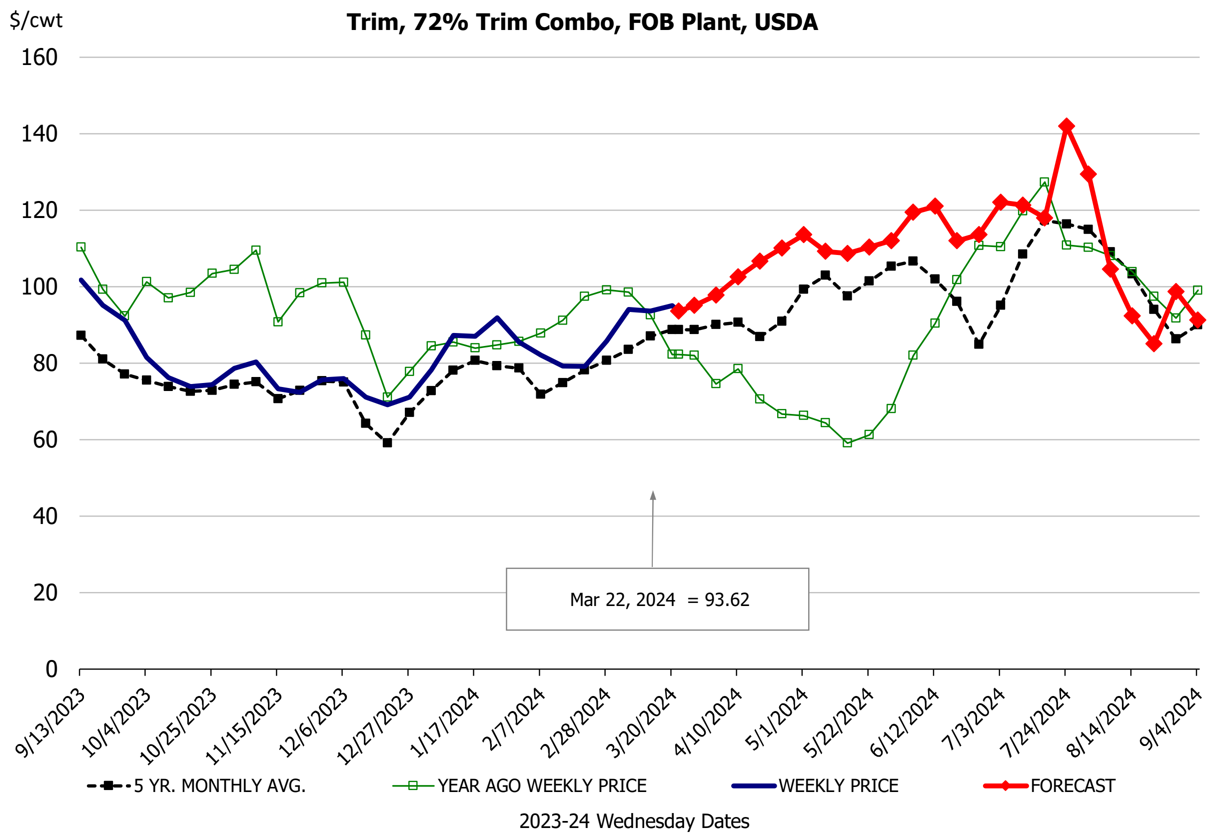
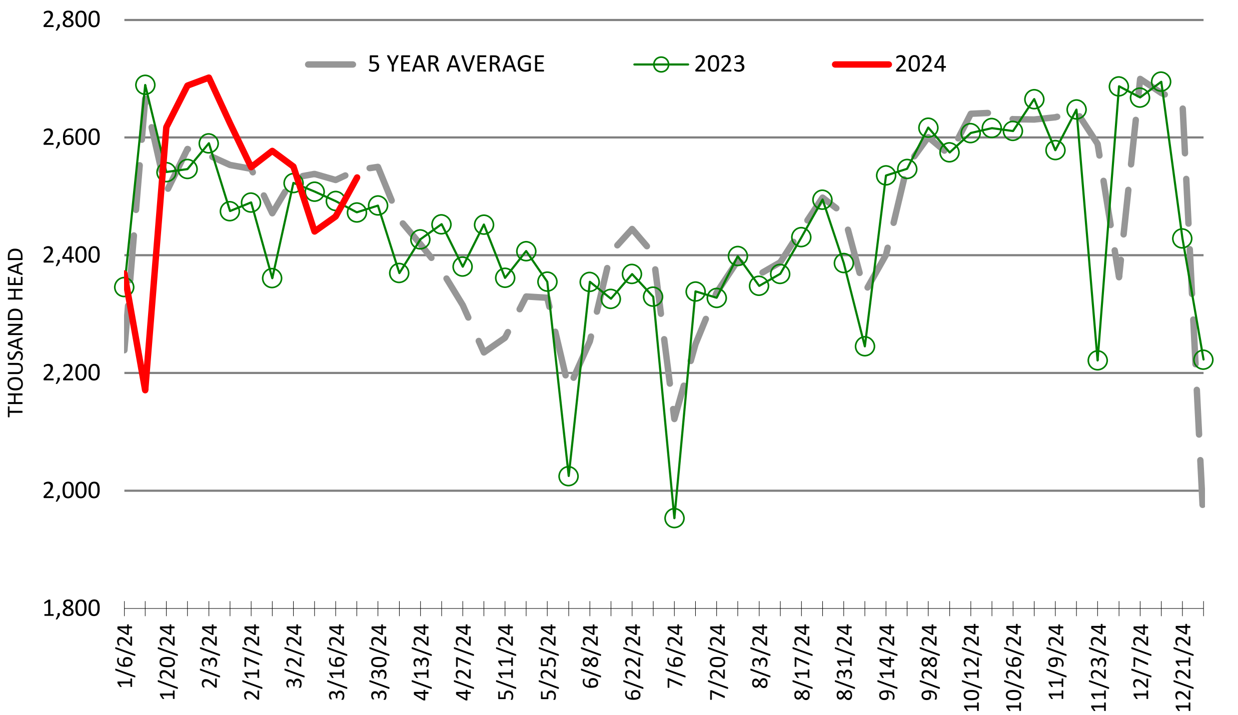
FORECAST
2023-24 Wednesday Dates



$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
160
140
120
100
80
60
40
20
0
Mar 22, 2024 = 93.62
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
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
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