



Pork Merchandiser's Profit Maximizer

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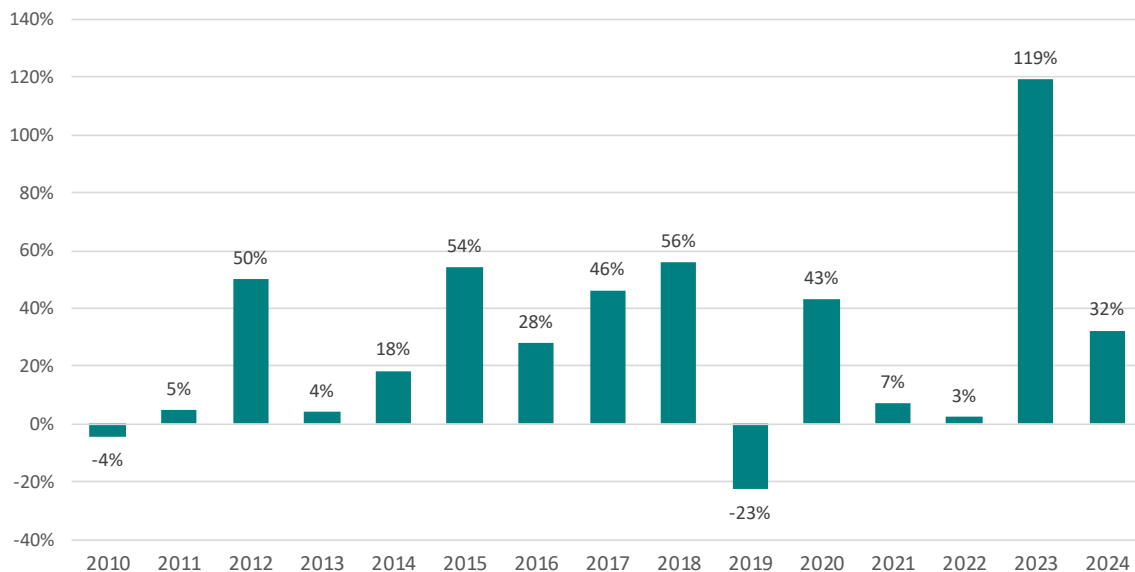
1. Pork processing items likely to dictate hog and cutout price levels this summer.

Summer hog futures have given back all the gains made earlier this spring. July lean hog futures traded as high as \$111/cwt by mid April but since then are down by more than \$14/cwt (-12.6%). As we look to understand the reasons for the shift, one thing stands out (see middle chart) -

hams and bellies have failed to contribute to the overall value of the cutout. Given the trend of the past four weeks, market participants have adjusted down the premiums built into the summer contracts. Since April 15, the value of the ham primal is down \$4.7/cwt (-5%). The decline has contributed \$1.2/cwt to the overall decline in the value of the pork cutout. The value of the belly primal during this time has also declined from

Change in Belly Primal Value Third Week of May to Second Week of July: 2010 - 2024

Data source: USDA-AMS. Analysis by Steiner Consulting.



\$147/cwt to \$130/cwt, a 9% decline. The lower value of bellies subtracted \$2.2/cwt from the value of the cutout during this period. The overall value of the pork cutout at \$102 is lower than where it was in mid April, far from the expectation of higher prices into Memorial Day. Yes, fresh pork prices have been higher, which was part of the argument for higher prices in late spring and summer. But the decline in the value of hams and bellies has more than offset the increase in fresh pork prices. Let's consider these two items.

Hams: It has been a bit of a roller coaster since early April. Just after Easter, we saw three weeks where Mexican buyers and exporters to Mexico took advantage of the post holiday lull in demand to book a significant amount of product. That helped clean up spot availability for a period, pushing the ham primal value from \$74/cwt in late March to \$96/cwt by April 10. The problem is that since then sales to Mexico have been quite uneven, resulting in a lot of volatility. During the last week of April and first two weeks of May, total sales to Mexico were 17,455 MT. During this period prices dropped under \$80/cwt. Back in late March and early April, average weekly sales were over 25,000 MT per week, resulting in ham values over \$90/cwt despite high slaughter. Will Mexico be back buying product in June and July at some of the lofty levels current futures imply (+\$90/cwt)? That's the big question that futures markets are pondering. Last week Mexican buyers stepped in and booked over 21k MT, which explains the rally this week. Whether that is sustained is another matter.

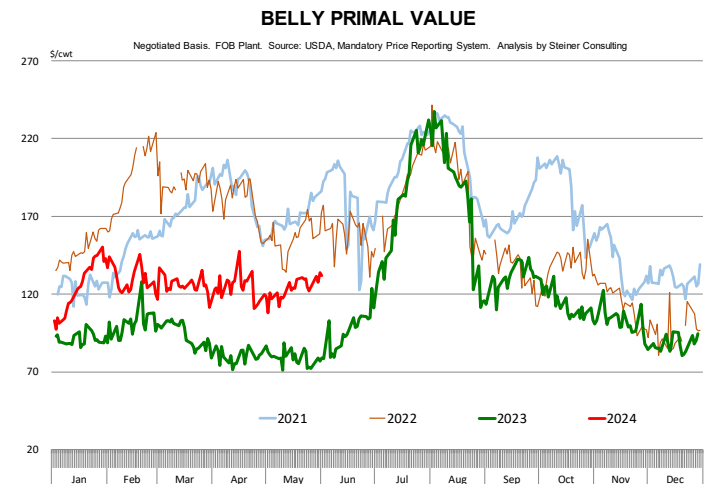
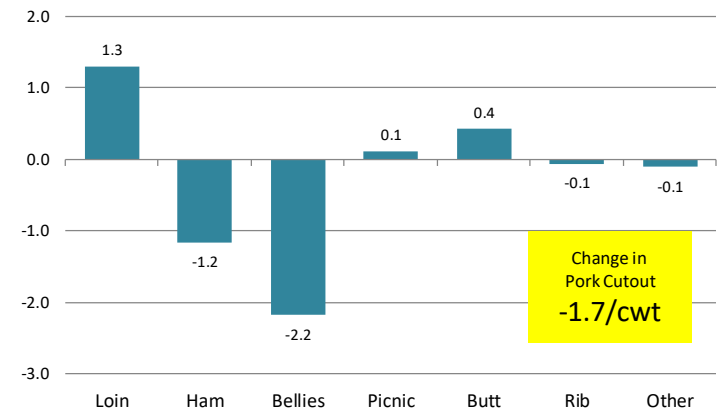
Bellies: This is something we flagged a while back, especially with growing signs of a slowdown in foodservice sales. Of all the pork items bellies have the most exposure to foodservice. Except for a brief rally back in April, belly prices have been trending sideways for three months. Will there be a rally this summer. The chart above shows the change in the value of the belly primal from the third week of March to mid July. Most years prices go up, but not always. In 2019 business was slow and

July 2024 Lean Hog Futures



Contribution to Cutout Change: May 30, 2024 vs. Apr 15, 2024

Source: USDA-AMS. Analysis by Steiner Consulting



per capita availability was high. Belly prices were down into the summer. Last year prices were extremely low in April and May and this "bought" a bunch of retail sales in July and August. It also helped the change in Prop 12 rules regarding inventories. Currently futures still are pricing a

25-30% increase in belly values by mid July. It is not a particularly big increase based on the last 15 years. But it's not a guarantee either.

PORK

Hog Market. For the week ending June 1 hog slaughter was 2.155 million head, up 6.4% from a year ago. In the last two weeks hog slaughter is up 3.1% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 91.59 /cwt. on Friday were down \$0.2/cwt since Wed. May 22. Prices are up about 12.0 \$/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.2754, up about 0.8 cents since the Wed. May 22 quote and up about 16 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.5787 for the strap on loins, down 0.2 cents since Wed. May 22 but up 15 cents from the year ago levels. Strap off loins at \$1.8298 are down 6.5 cent since Wed. May 22 but up about 24 cents compared to the year ago quote.

Boneless sirloins at \$1.3298 were up about 7 cents from the Wed. May 22 quote and up about 14.8 cents from the year ago price.

Pork tenderloin finished last week at \$1.9153, up 28 cents since the Wed. May 22 quote and up about 31.2 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.4969, down 0.5 cents since Wed. May 22. Prices are up 26 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.7062, down about 16 cents since Wed. May 22 but up about 39 cents from year ago levels.

Rib inventories on April 30 were 93.1 million pounds, down 12.0% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at \$0.9348/lb. up 6 cents since Wed. May 22 and up about 15 cents from a year ago.

20/23 hams finished the week at 94.31 cents (page 130) up about 9 cents since Wed. May 22 and up about 17 cents from the year ago level.

23/27 hams finished the week at 93.82 , up about 9 cents from the Wed. May 22 quote and up about 16 cents from the year ago level.

Total ham cold storage stocks on April 30 at 95.1 million pounds were down 19.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 69.22 cents, up about 14.2 cents since Wed. May 22 and up about 11 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 98.85 cents, up 5.4 cents since the Wed. May 22 quote and up about 31 cents from the year ago levels.

Freezer stocks of all trimmings on April 30 were 46.6 million pounds, down 19.4% 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 32 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 131.22 on Friday, May 31, down about 9 cents from a year ago.

Broiler slaughter for the week ending May 25 was 168.43 million head, down 1.76% from a year ago. For the last two weeks broiler slaughter was down 2.4% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.8299, down 3 cents since Wed. May 22 but up about 43 cent from year ago levels.

Leg Quarters. Last week leg quarter prices at 52.71 cents per pound prices were up about 0.31 cents vs. two weeks ago and were up 3 cents from a year ago.

Wings. Prices at \$2.4181 are up about 153 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.0300, up 4.0 cent since Wed. May 22 but down about 53 cents from the year ago price.

Toms finished last week at \$0.9333, up 0 cents since Wed. May 22 but down about 57 cents from the year ago price.

Total turkey supplies in the freezer on April 30 were up 6.2% from a year ago at 390.6 million pounds. Whole birds were down 9.1% from a year ago with an inventory of 172.9 million pounds.

Turkey slaughter was 3.4260 million head for the week ending May 25, down 2.8% from a year ago. For the last two weeks slaughter has been down 12.81%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$2.2000, unchanged since Wed. May 22. Prices are down about 75 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 \$10.4906 (weighted average quote) finished last week up about 22 cents since the Wed. May 22 quote and up about 105 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$9.7276 (weighted average quote) finished last week up about 29 cents since the Wed. May 22 quote and up about 140 cent vs. the year ago price.

Currently Choice 112A Rib Eyes are \$0.7630 /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 \$3.5400 for 90CL and \$0.7593 for 50CL product, an 81CL meat block value is now \$2.9143 and a 78CL meat block is \$2.7058. Choice 114, 3 Clods are now being priced 41.58 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 44.02 cents and the five year average spread for is 97.34 cents over.

Choice #161 Boneless Rounds finished last week at \$3.6200, down about unchanged cents since Wed. May 22 but up about 17 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$3.1944 down about 9 cents since Wed. May 22 but up about 14 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$3.2135 down about 8 cents since Wed. May 22 but up about 14 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$3.0491 down about 7 cents since Wed. May 22 but up about 33 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$10.6547 (wt. avg.) up about 32 cents from the Wed. May 22 quote. Prices are up 212 cents from year ago levels.

Choice #184 Regular Heavy top butts

finished at \$4.8989 (wt. avg.) **up** about 26 cents since Wed. May 22 and **down** about **15** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts

finished at \$4.9784 (wt. avg.) up about 19 cents since Wed. May 22 but down about 11 cents from the year ago levels.

Choice #185A Flap Meat

prices finished Friday at \$7.1232 (wt. avg.) down about 76 cents since Wed. May 22 and down about 191 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at **\$2.5554 up** about 4 cents since Wed. May 22 and up about 4 cents from year ago levels.

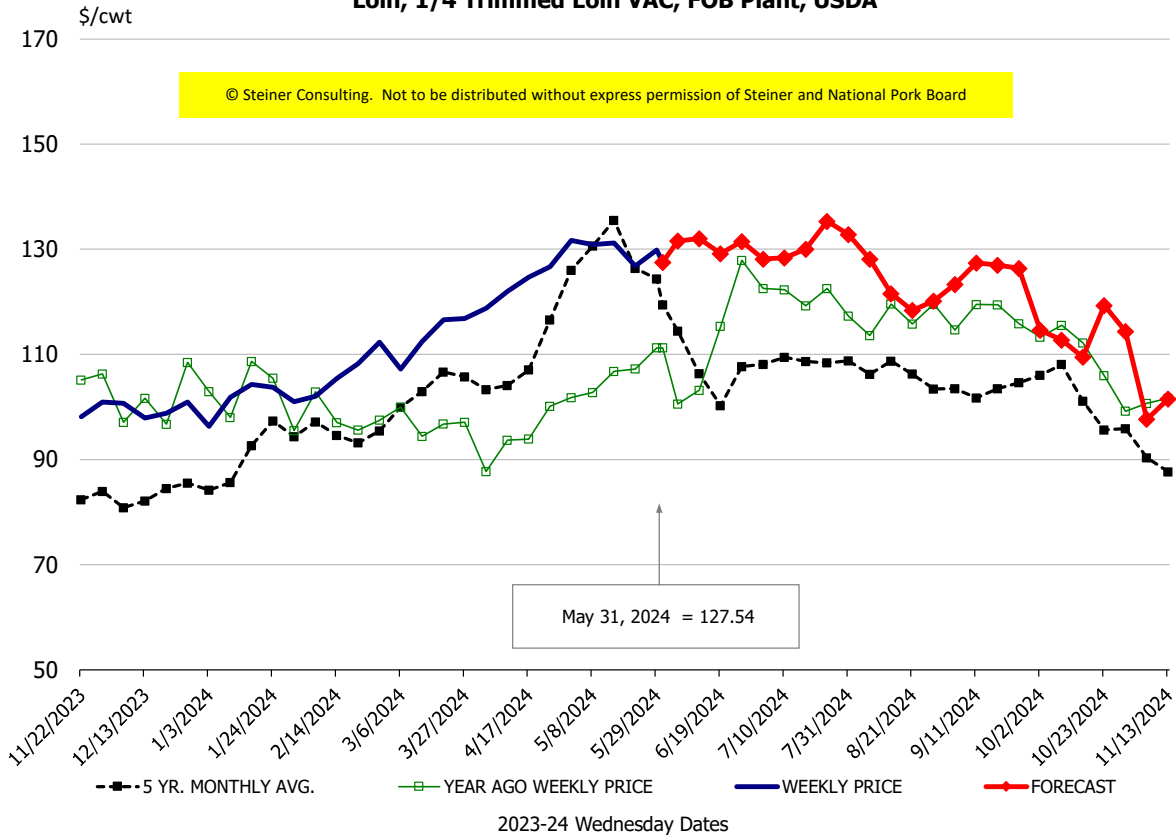
81CL Coarse Ground product finished last week at \$3.1017 up about 3 cents since Wed. **May 22 and up** about **31** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at **\$3.5400** (wt. avg.) **up 0.87** cents since Wed. May 22 and up 74 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$0.7593, up about 4 cents since Wed. May 22 but down 104 cents compared to year ago levels.

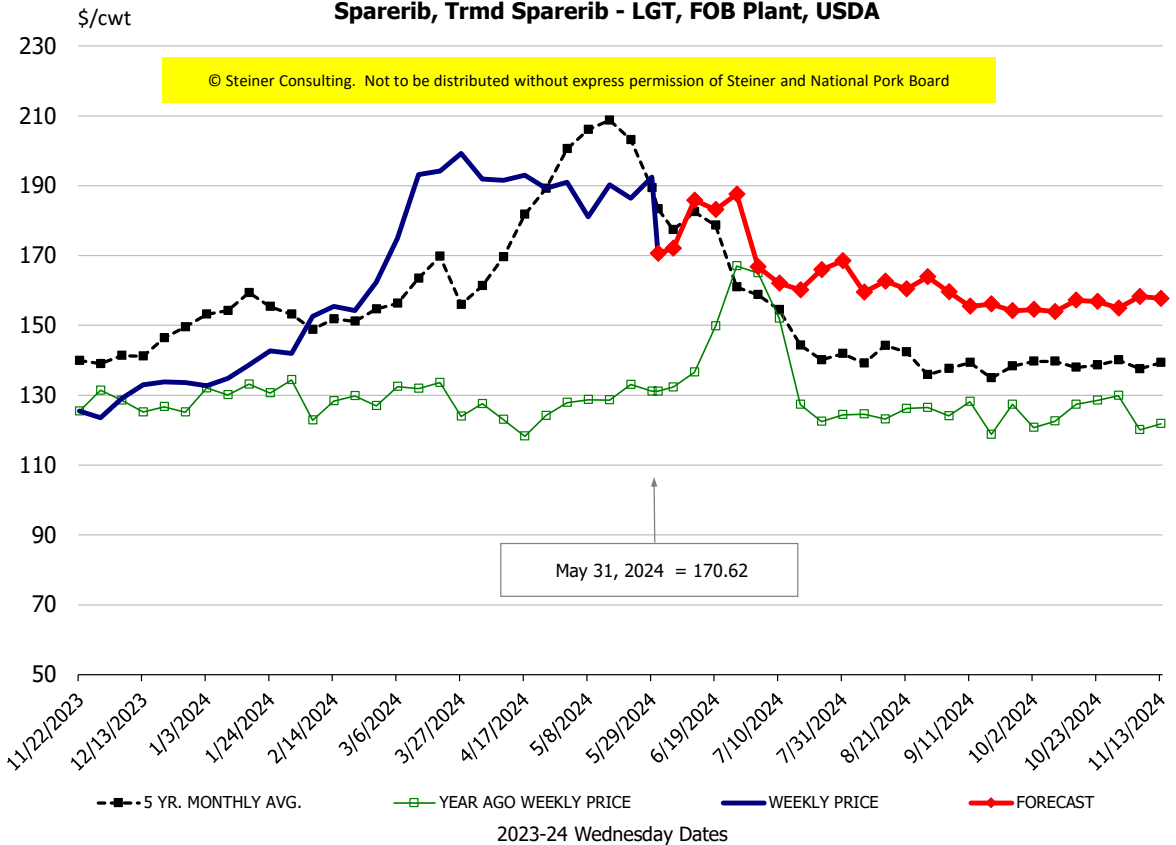
Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Dec	Jan	Feb	Mar	Apr	May	5/22/2024	5/31/2024	6/12/2024	Jun	Jul	Aug	Sep	Oct	Nov
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PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	100.8	101.0	104.8	110.8	122.4	130.3	126.8	127.54	132	131	129	126	124	113	102
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	107.0	109.7	110.1	118.2	126.7	139.1	138.0	140.91	142	141	137	132	129	121	110
Loin, Bnls CC Strap-off, FOB Plant, USDA	164.1	167.2	168.9	171.1	178.6	184.5	189.5	182.98	185	184	179	185	191	187	174
Loin, Tenderloin, FOB Plant, USDA	141.8	157.3	166.7	171.9	177.7	182.2	163.9	191.53	194	192	187	175	165	158	144
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	107.2	101.5	102.8	117.7	132.8	138.3	137.3	133.78	142	141	142	133	131	118	113
Sparerib, Trmrd Sparerib - LGT, FOB Plant, USDA	131.3	138.4	157.6	189.1	189.5	183.7	186.4	170.62	186	175	167	161	158	154	159
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	243.9	243.6	232.3	250.7	259.0	268.6	281.4	289.56	279	275	253	246	250	242	245
Sparerib, Trmrd Sparerib - MED, FOB Plant, USDA	125.6	135.0	157.6	184.6	179.1	187.7	188.4	186.49	194	180	169	162	156	155	157
Loin, Backribs 2.0#/up, FOB Plant, USDA	183.9	184.0	192.7	222.3	251.2	257.0	259.5	255.97	261	256	232	233	220	212	208
Ham, 17-20# Trmrd Selected Ham, FOB Plant, USDA	84.0	80.4	81.0	81.7	95.1	89.5	87.0	93.48	99	94	99	94	91	90	94
Ham, 20-23# Trmrd Selected Ham, FOB Plant, USDA	84.1	76.8	80.8	79.1	87.1	85.9	85.1	94.31	102	96	97	95	91	88	94
Ham, 23-27# Trmrd Selected Ham, FOB Plant, USDA	80.3	74.1	79.0	77.4	87.7	86.1	84.4	93.82	99	94	95	90	87	85	91
Belly Cutout, FOB Plant, USDA	87.6	124.5	129.0	125.7	123.9	123.7	129.7	131.90	144	135	163	148	117	126	121
Belly, Derind Belly 9-13#, FOB Plant, USDA	109.8	148.4	161.7	159.4	160.3	155.9	162.3	184.75	193	184	206	182	144	155	149
Belly, Derind Belly 13-17#, FOB Plant, USDA	104.6	140.8	155.0	150.8	144.0	150.3	157.8	158.61	185	172	196	178	140	151	145
Trim, 42% Trim Combo, FOB Plant, USDA	43.8	45.2	35.1	56.9	75.2	61.0	55.1	69.22	71	74	87	79	64	52	46
Trim, 72% Trim Combo, FOB Plant, USDA	72.1	83.6	81.8	93.5	103.0	95.8	93.4	98.85	107	111	117	100	90	83	83
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	91.1	97.8	92.4	103.5	113.9	119.4	118.7	122.06	128	123	130	117	110	115	105
Carcass Cutout, FOB Plant, USDA	83.6	87.0	89.1	93.1	99.1	100.3	100.1	103.25	108	104	110	105	97	95	93
HOG CARCASS															
CME 1-Day Lean Hog Index	67.3	68.1	76.3	82.7	89.6	91.5	91.8	91.59	95	96	101	98	87	87	83
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	127.9	129.9	128.6	129.1	131.3	131.4	131.6	131.22	131	132	127	122	120	119	123
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	98.8	116.3	124.9	145.3	170.4	182.0	185.6	182.99	176	178	165	162	151	128	117
N.E. BROILER BREAST LINE RUN, USDA	101.6	102.4	102.8	105.3	105.9	106.1	105.9	105.75	106	108	108	108	105	97	94
N.E. BROILER LEG QUARTERS, USDA	41.4	42.6	45.7	47.2	49.7	50.8	52.4	52.71	52	53	52	50	47	45	43
N.E. BROILER WINGS, USDA, WT.AVG.	158.9	169.7	188.2	214.1	228.4	231.1	233.6	241.81	242	242	243	245	245	250	250
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	87.5	90.5	100.2	94.4	97.3	102.2	99.0	103.00	100	108	108	113	113	113	108
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	87.8	93.0	101.7	101.4	97.9	97.4	93.3	93.33	100	100	108	113	113	113	108
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	260.0	260.0	260.0	260.0	228.8	220.0	220.00	232	230	235	235	240	240	240
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	170.6	173.9	180.6	186.4	185.2	187.0	188.7	189.44	181	184	180	181	181	184	185
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1300.3	999.8	985.5	1010.9	933.4	963.3	1027.2	1049.06	1080	1066	958	1035	1057	1176	1269
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	333.5	336.9	364.1	370.5	364.7	361.8	362.0	362.00	360	360	361	362	378	386	385
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	249.4	285.6	316.8	364.8	321.4	321.5	328.9	321.35	328	325	331	341	348	353	338
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	251.7	299.6	300.8	299.6	289.2	293.4	312.0	304.91	309	308	307	310	331	339	326
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	753.5	756.7	804.5	931.9	947.3	986.9	1033.8	1065.47	1039	1065	923	832	792	738	724
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	390.3	396.3	397.5	441.9	449.6	476.6	478.5	497.84	497	501	476	460	424	401	407
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	607.8	705.6	714.8	754.3	709.7	717.0	787.9	712.32	742	750	760	824	752	693	697
USDA,COARSE GROUND 73%, WT. AVG.	173.5	190.5	215.9	222.8	233.7	231.1	252.0	255.54	263	257	249	263	240	228	222
COARSE GROUND 81%, WT. AVG., USDA	209.5	263.7	267.7	276.0	281.7	294.0	306.9	310.17	308	306	292	303	288	275	277
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	248.4	273.3	308.0	330.5	346.2	349.8	353.1	354.00	361	359	355	357	355	350	345
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	54.2	76.9	92.9	103.9	91.2	74.9	72.0	75.93	94	92	105	108	98	90	95

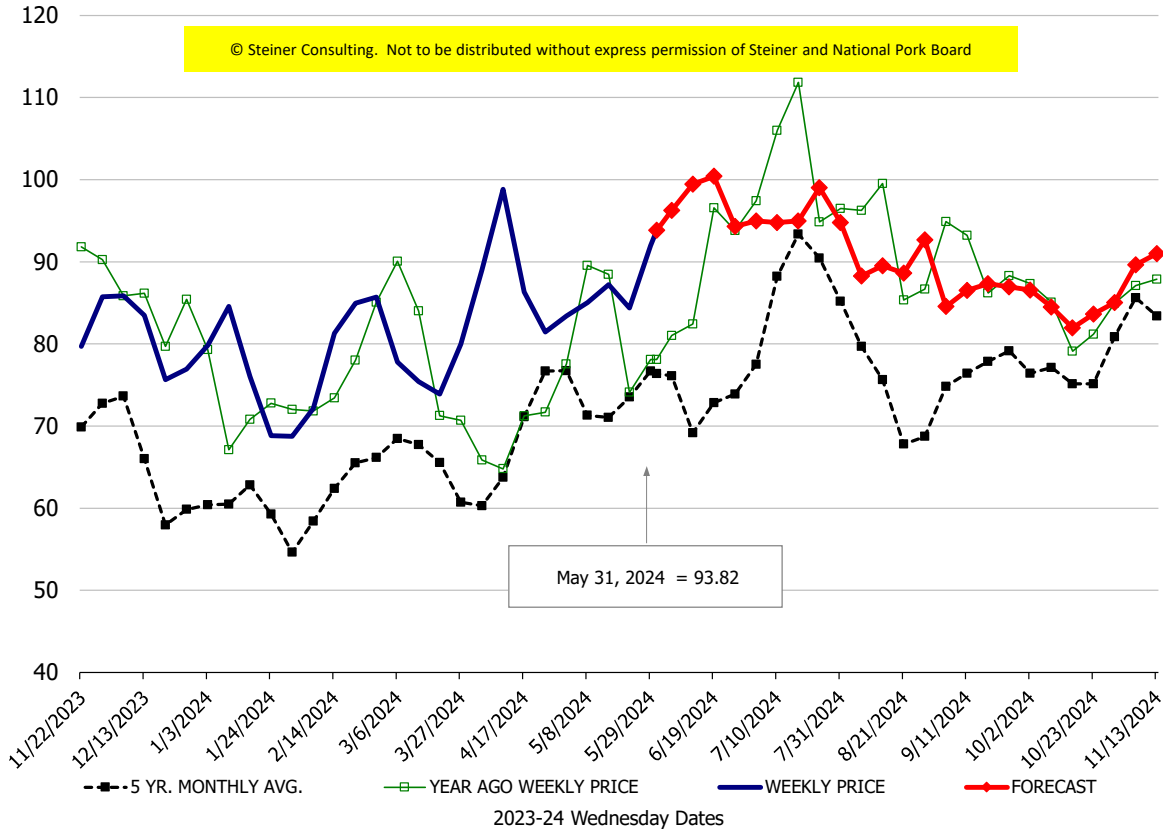
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA



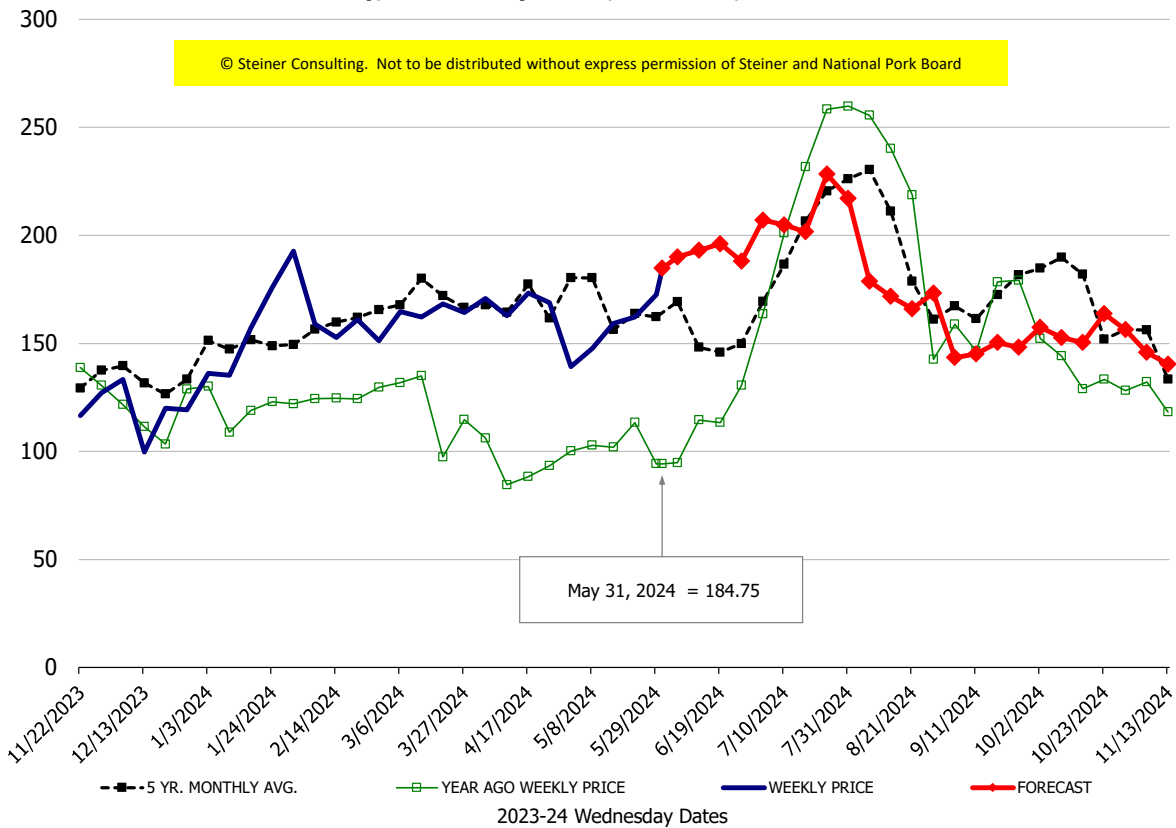
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA

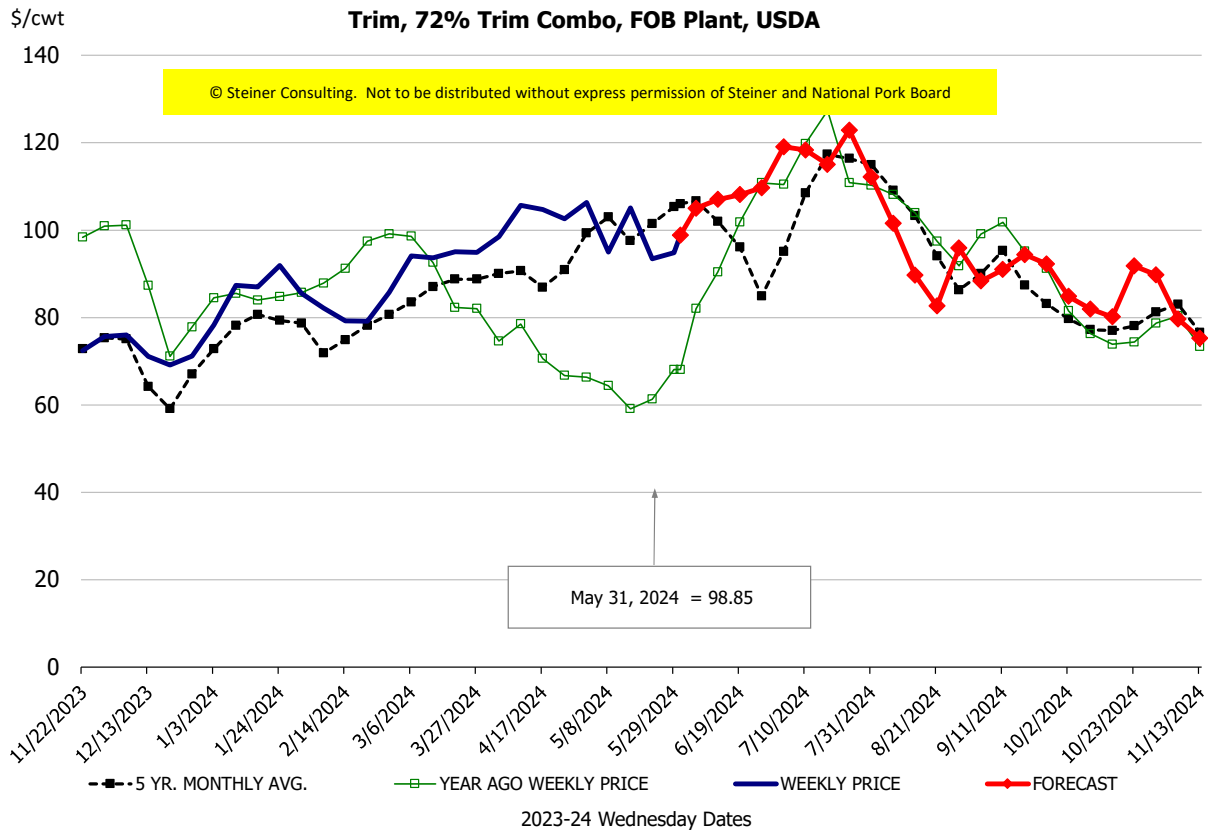
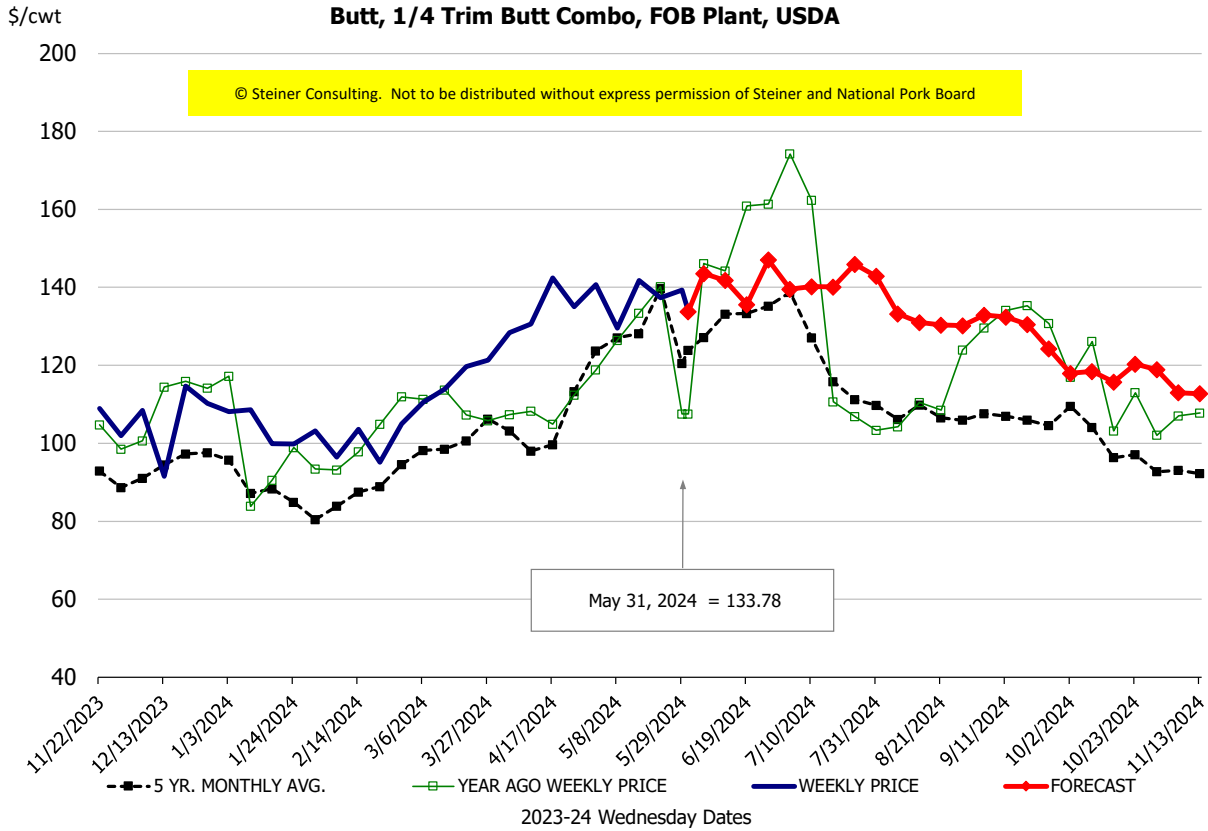


Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA



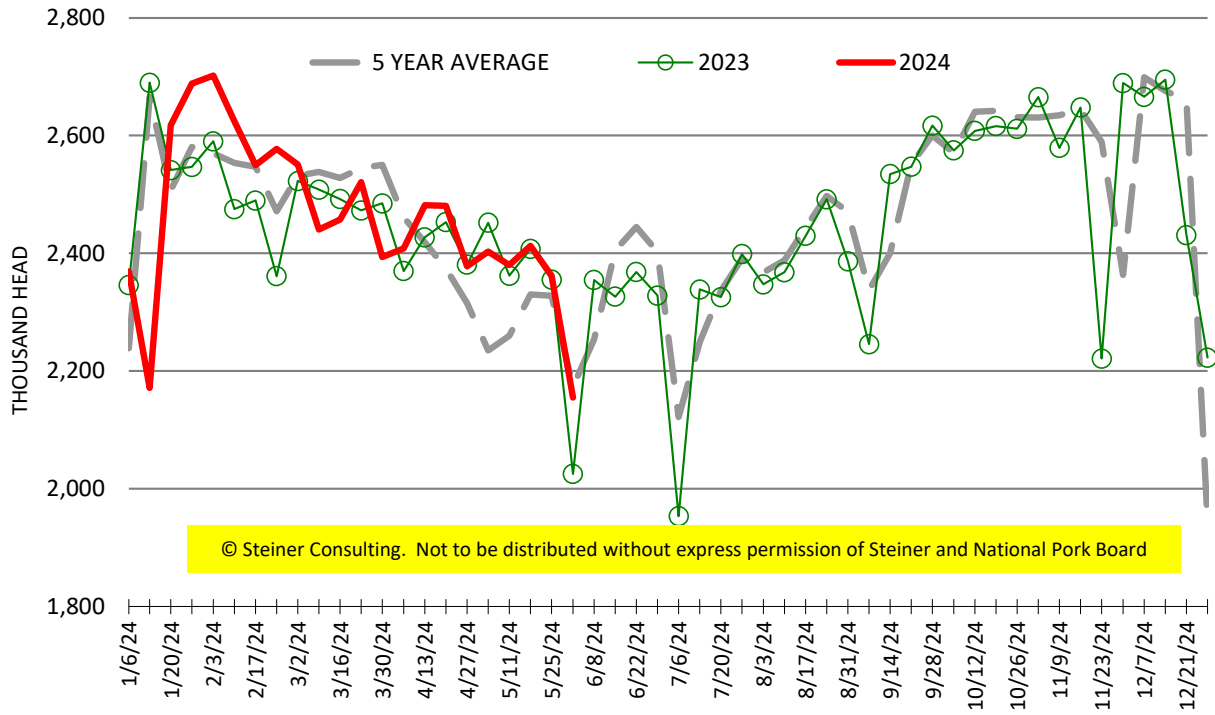
Belly, Derind Belly 9-13#, FOB Plant, USDA





ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

