



Pork Merchandiser's Profit Maximizer

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

August 12, 2024

1. Market is bracing for more supply pressures in the fall.

Hog slaughter last week dropped under 2.4 million head, largely due to weather disruptions in the East Coast. And yet in the last four weeks weekly slaughter has averaged 2.1% higher than the year before. The shortfall in slaughter helped support trim values and a few retail items with

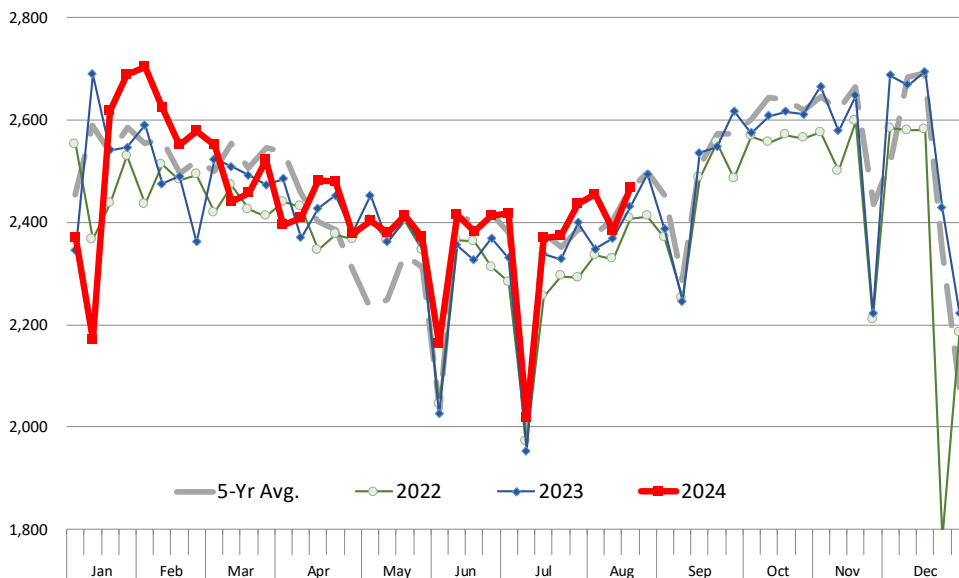
Labor Day around the corner. However, since June slaughter has been consistently above year ago levels and that's expected to continue in the fall. The lower slaughter numbers last week also imply more supply pressure in the last two weeks of August. **Last year hog slaughter for the week leading into Labor Day was near 2.5 million head and this year it could be as high as 2.55 million.** Add to this the heavier weights and

packers will have more pork to move in late August at a time when processors, like they did for the 4th of July, will look to manage schedules for a short production week. Point of all this is that there is a fair amount of product price volatility going into and coming out of the holiday weekend - a reason not to over react.

Carcass weights are currently running 1.5% higher than a year ago - this is for all barrows and gilts sold. The average weight of producer owned

WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA. Analysis by Steiner Consulting



barrows and gilts, however, has been notably higher than both last year but also 2021 and 2022 (see chart). Weather and lower feed costs have been a factor, adding to the supply of pork coming to market. Last year cash hog values rallied a bit in July and August. That has not been the case this year. Yesterday cash hog prices were under \$84/cwt (dressed), the lowest in more than two weeks and below spring levels (see chart).

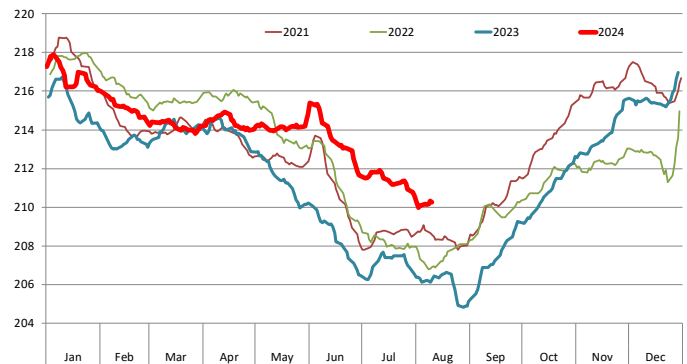
Producers have a six-week window to try and get more current in their marketings. This is difficult when you have a short week coming up. Years 2021 and 2022 offer two contrasting trajectories for weights and hog prices. In 2021, hog weights started to climb in early September and producers never managed to get caught up. The result was a cash hog market that by the end of November traded at \$55/cwt (see chart). More producers are pricing hogs using the cutout but that does not mean that cash hog values are meaningless. They still determine the price for millions of hogs traded on a formula basis of the cash price. The cash price is also an important input for the calculated value of the CME hog index. In 2022, producers did a much better job staying on top of their marketings and weights were notably lower in Q4. Hog values performed much better. So what will be the trend this year? At the current pace the market looks more likely to repeat 2021 and 2022 but much will depend on the next six weeks. The reduction in hog processing capacity only adds to the downside price risk for Q4.

2. Pork exports were lower in June on weaker Asian demand, more competition from Brazil.

Exports of fresh, frozen and cooked pork in June were 179,556 MT, 8.3% lower than a year ago. Exports of variety meats were 40,413 MT, 11% lower than a year ago. The chart to the right shows the main contributors to the decline in pork exports and what stands out is that the bulk of the decline is due to lower exports to three markets, China, Japan and the Philippines. The slowdown in exports to China is not news. The increase in domestic production and Chinese consumers pulling back on spending has resulted in a notable

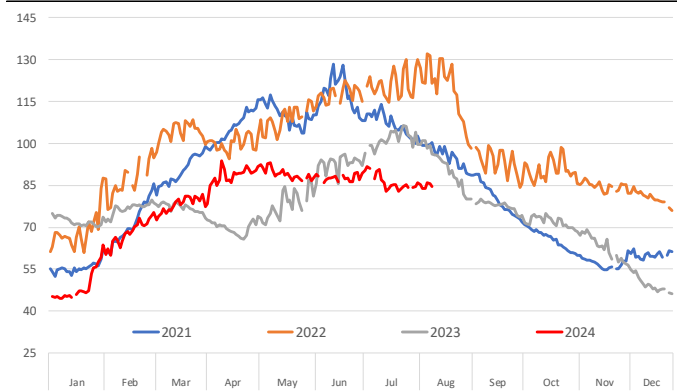
Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - Producer Hogs

Based on Daily MPR Report, LM HG201. Data through Aug 9, 2024. Analysis by Steiner Consulting



Daily Cash Hog Prices. National Price. Negotiated. \$/cwt

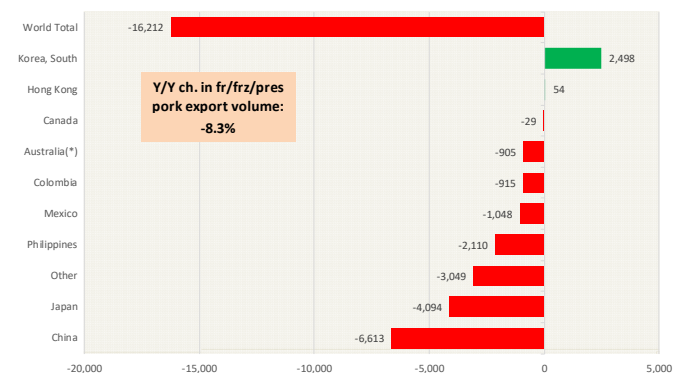
Source: USDA-AMS (LM HG200). Analysis by Steiner Consulting



Y/Y Ch. in Jun. 24 vs. Jun 23 US Fr, Froz & Pres Pork Export Volume

Source: USDA/FAS. Analysis by Steiner Consulting

Units: Metric Tons



slowdown in demand from that market. Exports to China in June were 10,071 MT, 40% lower than a year ago. Exports to another key market, Japan, were 28,056 MT, 13% lower than last year. The strong US dollar has impacted sales to this market and created an opening for Brazil to make inroads in this market. Brazilian pork export shipments to Japan so far this year are up almost 27k MT (+123%). The same can be said about the Philippines. US exports to this market in June were just 3,222 MT, 40% lower than a year ago. Brazilian pork export shipments to this market so

far this year are up by more than 38k MT (+71%). Mexico remains the top market for US pork and it is critical for pork demand in the second half of the year. Export shipments to Mexico in June were 71,145 MT, down 1.5% from a year ago but still up 6.2% for the year. The weak Mexican Peso presents more headwinds for exports to this market. While Mexico will remain the top market, lower prices may be needed to maintain the flow of product to this market. Mexico has once again also opened the door to Brazilian beef following a temporary suspension late last year and earlier this year. Brazilian pork export shipments to Mexico in July were 5,663 MT, a four-fold increase from last year and up 144% for the year. Most of the shipments this year have come during May-Jul.

PORK

Hog Market. For the week ending August 10 hog slaughter was 2.372 million head, up 0.2% from a year ago. In the last two weeks hog slaughter is up 2.4% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 91.40 /cwt. on Friday were down \$1.7/cwt since Wed. July 31. Prices are down about 12.5 \$/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.2561, up about 0.2 cents since the Wed. July 31 quote and up about 12 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.4623 for the strap on loins, up 1.5 cents since Wed. July 31 but down 11 cents from the year ago levels. Strap off loins at \$1.6515 are up one cent since Wed. July 31 but down about 6 cents compared to the year ago quote.

Boneless sirloins at \$1.3134 were down about 0.5 cents from the Wed. July 31 quote and down about 3.5 cents from the year ago price.

Pork tenderloin finished last week at \$1.7289, down one cent since the Wed. July 31 quote but up about 20.4 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.1563, down 8.1 cents since Wed. July 31. Prices are up 6 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.3591, up about one cent since Wed. July 31 and up about 11 cents from year ago levels.

Rib inventories on June 30 were 63.4 million pounds, up 1.3% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at \$1.1800/lb. down 0.7 cent since Wed. July 31 but up about 16 cents from a year ago.

20/23 hams finished the week at 100.34 cents (page 130) down about 22 cents since Wed. July 31 and down about 2 cents from the year ago level.

23/27 hams finished the week at 98.02 , down about 12 cents from the Wed. July 31 quote but up about 2 cents from the year ago level.

Total ham cold storage stocks on June 30 at 126.2 million pounds were down 7.8% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 97.38 cents, up about 11.5 cents since Wed. July 31 but down about 9 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 113.81 cents, up 2.8 cents since the Wed. July 31 quote and up about 6 cents from the year ago levels.

Freezer stocks of all trimmings on June 30 were 42.4 million pounds, down 10.2% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently

at 20 cents compared to 35 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 131.13 on Friday, August 9, up about 22 cents from a year ago.

Broiler slaughter for the week ending August 3 was 169.63 million head, up 2.02% from a year ago. For the last two weeks broiler slaughter was up 1.0% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.8093, up 3 cents since Wed. July 31 and up about 51 cent from year ago levels.

Leg Quarters. Last week leg quarter prices at 51.92 cents per pound prices were down about 0.44 cents vs. two weeks ago and were up 10 cents from a year ago.

Wings. Prices at \$2.5042 are up about 132 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.0300, up 20.0 cents since Wed. July 31 but down about 20 cents from the year ago price.

Toms finished last week at \$0.8900, down 15 cents since Wed. July 31 and down about 36 cents from the year ago price.

Total turkey supplies in the freezer on June 30 were up 1.6% from a year ago at 444.7 million pounds. Whole birds were down 5.0% from a year ago with an inventory of 218.3 million pounds.

Turkey slaughter was 3.7610 million head for the week ending August 3, down -8.51% from a year ago. For the last two weeks slaughter has been down 10.06%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$2.2000, unchanged since Wed. July 3. Prices are down about 48 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 \$9.3879 (weighted average quote) finished last week down about 9 cent since the Wed. July 3 quote but up about 29 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$8.9512 (weighted average quote) finished last week down about 97 cents since the Wed. July 3 quote and up about 115 cent vs. the year ago price.

Currently Choice 112A Rib Eyes are \$1.0974 /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 \$3.7390 for 90CL and \$1.1529 for 50CL product, an 81CL meat block value is now \$3.1571 and a 78CL meat block is \$2.9632. Choice 114, 3 Clods are now being priced 28.80 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 42.19 cents and the five year average spread for is 32.15 cents over.

Choice #161 Boneless Rounds finished last week at \$3.8204, up 27 cents since Wed. July 3 and up about 22 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$3.6281 up about 6 cents since Wed. July 3 and up about 68 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$3.6629 down about 0 cents since Wed. July 31 but up about 52 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$3.1714 down about 10 cents since Wed. July 31 but up about 36 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$7.2322 (wt. avg.) down about 76 cents from the Wed. July 31 quote. Prices are down 110 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at \$4.8190 (wt. avg.) down about 22 cents since Wed. July 31 but up about 9 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$4.8438 (wt. avg.) down about 28 cents since Wed. July 31 but up about 13 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$8.3221 (wt. avg.) down about 40 cents since Wed. July 31 and down about 30 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at \$2.9320 up about 14 cents since Wed. July 31 and up about 51 cents from year ago levels.

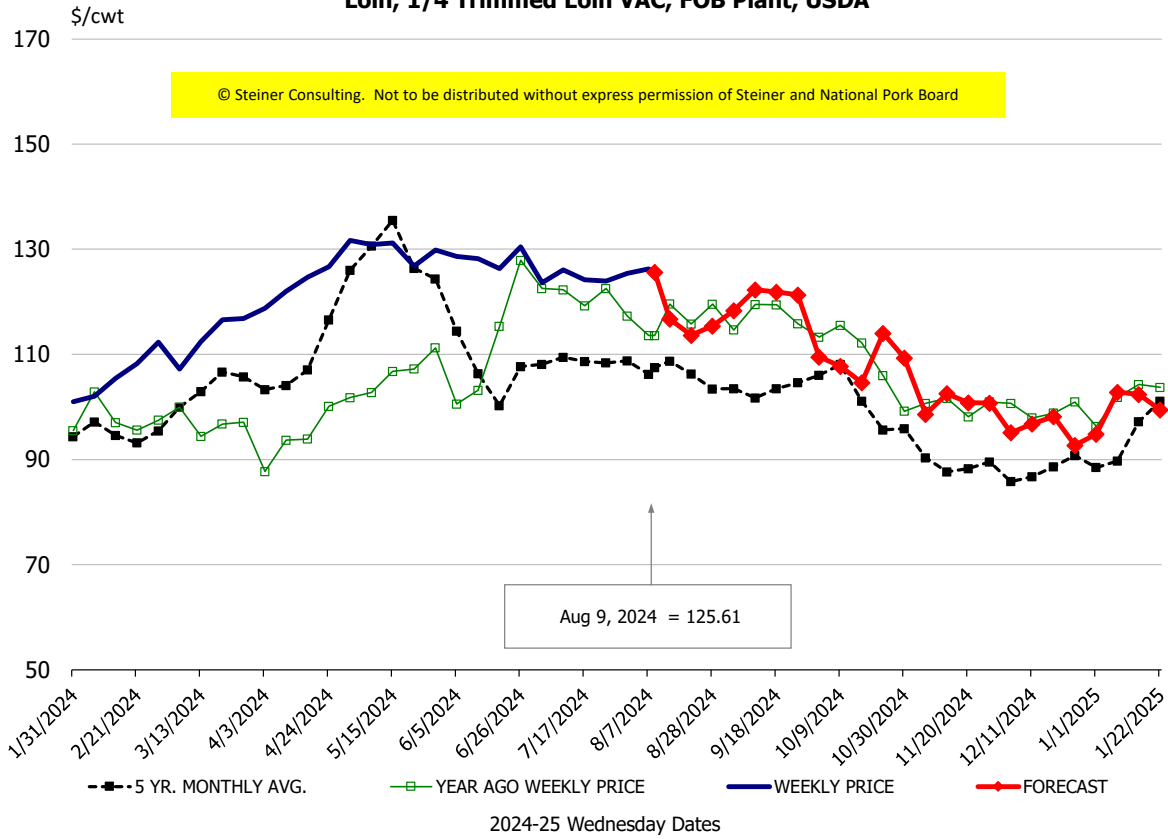
81CL Coarse Ground product finished last week at \$3.2871 down about 2 cents since Wed. July 31 but up about 49 cents from the year ago quote.

90CL Bnls. Beef prices finished the week at \$3.7304 (wt. avg.) up 5.66 cents since Wed. July 31 and up 78 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$1.6801, up about 8 cent since Wed. July 31 and up 31 cents compared to year ago levels.

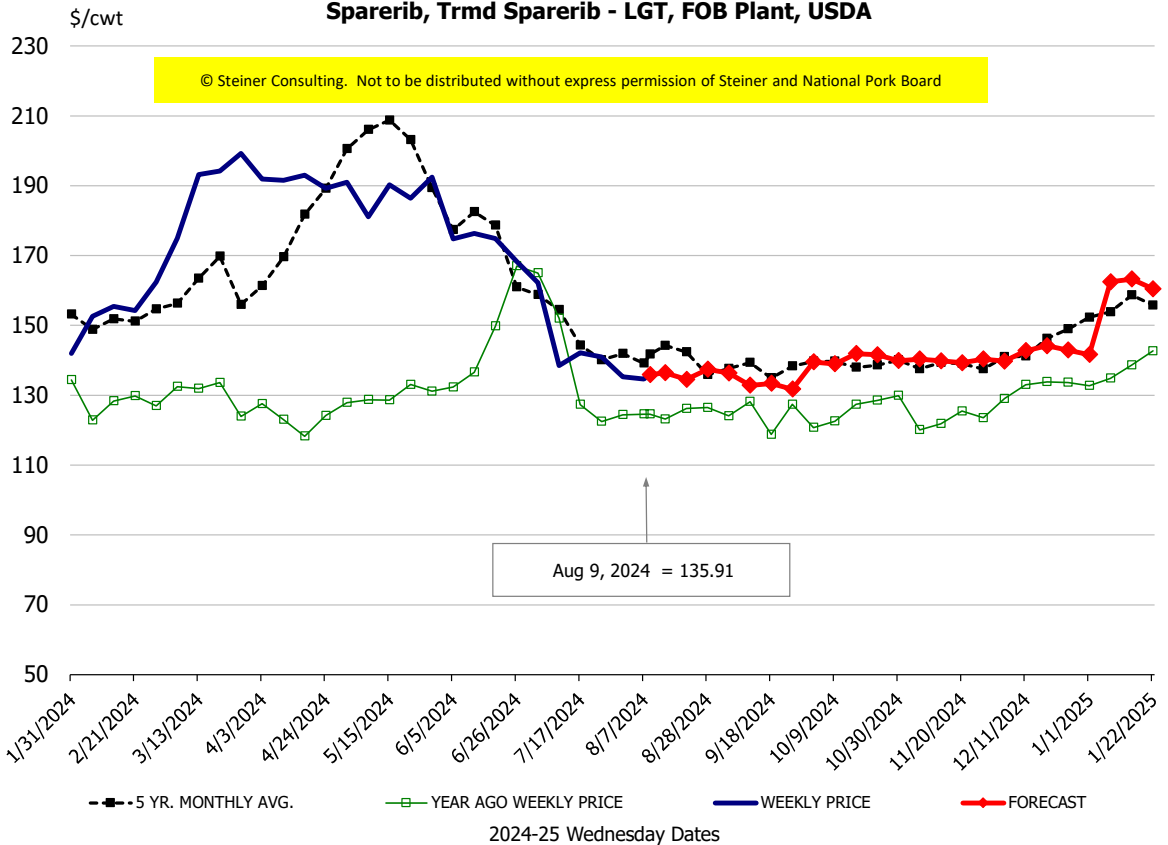
Protein Summary Table - WT. AVE.

| | HISTORY | | | | | | | | FORECAST | | | | | | |
|---|---------|--------|-------|-------|--------|-------|-----------|----------|-----------|-----|------|------|------|------|-----|
| | Feb | Mar | Apr | May | Jun | Jul | 7/31/2024 | 8/9/2024 | 8/21/2024 | Aug | Sep | Oct | Nov | Dec | Jan |
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| PORK | | | | | | | | | | | | | | | |
| Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA | 104.8 | 110.8 | 122.4 | 130.3 | 128.4 | 124.9 | 125.4 | 125.61 | 114 | 121 | 119 | 108 | 103 | 96 | 100 |
| Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA | 110.1 | 118.2 | 126.7 | 139.1 | 138.6 | 133.2 | 130.3 | 131.61 | 122 | 130 | 125 | 114 | 110 | 101 | 104 |
| Loin, Bnls CC Strap-off, FOB Plant, USDA | 168.9 | 171.1 | 178.6 | 184.5 | 180.9 | 170.1 | 164.1 | 165.15 | 172 | 170 | 178 | 172 | 167 | 165 | 169 |
| Loin, Tenderloin, FOB Plant, USDA | 166.7 | 171.9 | 177.7 | 182.2 | 176.5 | 170.2 | 173.7 | 172.89 | 165 | 172 | 164 | 154 | 145 | 146 | 161 |
| Butt, 1/4 Trim Butt Combo, FOB Plant, USDA | 102.8 | 117.7 | 132.8 | 138.3 | 133.0 | 120.7 | 116.2 | 110.59 | 109 | 111 | 116 | 109 | 105 | 109 | 105 |
| Sparerib, Trmrd Sparerib - LGT, FOB Plant, USDA | 157.6 | 189.1 | 189.5 | 183.7 | 170.7 | 143.8 | 135.3 | 135.91 | 135 | 135 | 135 | 139 | 141 | 142 | 161 |
| Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA | 232.3 | 250.7 | 259.0 | 268.6 | 270.4 | 271.2 | 273.8 | 266.65 | 257 | 259 | 251 | 239 | 237 | 244 | 274 |
| Sparerib, Trmrd Sparerib - MED, FOB Plant, USDA | 157.6 | 184.6 | 179.1 | 187.7 | 171.2 | 145.9 | 134.4 | 133.03 | 133 | 136 | 136 | 140 | 140 | 141 | 158 |
| Loin, Backribs 2.0#/up, FOB Plant, USDA | 192.7 | 222.3 | 251.2 | 257.0 | 260.3 | 239.9 | 242.4 | 220.87 | 225 | 227 | 227 | 226 | 219 | 217 | 241 |
| Ham, 17-20# Trmrd Selected Ham, FOB Plant, USDA | 81.0 | 81.7 | 95.1 | 89.5 | 93.2 | 99.6 | 118.4 | N/A | 98 | 100 | 99 | 98 | 95 | 83 | 74 |
| Ham, 20-23# Trmrd Selected Ham, FOB Plant, USDA | 80.8 | 79.1 | 87.1 | 85.9 | 88.5 | 106.6 | 122.3 | 100.34 | 98 | 99 | 98 | 96 | 95 | 83 | 73 |
| Ham, 23-27# Trmrd Selected Ham, FOB Plant, USDA | 79.0 | 77.4 | 87.7 | 86.1 | 88.5 | 111.8 | 110.4 | 98.02 | 96 | 98 | 97 | 94 | 94 | 83 | 71 |
| Belly Cutout, FOB Plant, USDA | 129.0 | 125.7 | 123.9 | 123.7 | 124.4 | 128.7 | 152.4 | 139.39 | 121 | 135 | 119 | 117 | 110 | 102 | 124 |
| Belly, Derind Belly 9-13#, FOB Plant, USDA | 161.7 | 159.4 | 160.3 | 155.9 | 163.9 | 161.1 | 189.0 | 165.84 | 152 | 167 | 147 | 144 | 136 | 126 | 153 |
| Belly, Derind Belly 13-17#, FOB Plant, USDA | 155.0 | 150.8 | 144.0 | 150.3 | 148.5 | 156.9 | 182.9 | 161.46 | 151 | 166 | 146 | 144 | 135 | 125 | 152 |
| Trim, 42% Trim Combo, FOB Plant, USDA | 35.1 | 56.9 | 75.2 | 61.0 | 55.2 | 59.3 | 85.8 | 97.38 | 78 | 85 | 69 | 56 | 47 | 43 | 44 |
| Trim, 72% Trim Combo, FOB Plant, USDA | 81.8 | 93.5 | 103.0 | 95.8 | 95.3 | 90.3 | 111.0 | 113.81 | 103 | 104 | 94 | 79 | 74 | 71 | 84 |
| Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA | 92.4 | 103.5 | 113.9 | 119.4 | 119.5 | 120.8 | 124.0 | 122.60 | 117 | 121 | 110 | 104 | 95 | 90 | 76 |
| Carcass Cutout, FOB Plant, USDA | 89.1 | 93.1 | 99.1 | 100.3 | 98.9 | 100.0 | 104.9 | 100.49 | 95 | 99 | 95 | 90 | 88 | 85 | 87 |
| HOG CARCASS | | | | | | | | | | | | | | | |
| CME 1-Day Lean Hog Index | 76.3 | 82.7 | 89.6 | 91.5 | 90.8 | 90.0 | 93.1 | 91.40 | 84 | 90 | 80 | 76 | 72 | 67 | 72 |
| BROILERS | | | | | | | | | | | | | | | |
| BROILER, NATIONAL WHOLE BIRD PRICE, USDA | 128.6 | 129.1 | 131.3 | 131.4 | 131.8 | 132.1 | 131.1 | 131.13 | 132 | 130 | 128 | 127 | 127 | 129 | 132 |
| N.E. BROILER BREAST BONELESS-SKINLESS, USDA | 124.9 | 145.3 | 170.4 | 182.0 | 172.2 | 176.1 | 178.7 | 180.93 | 174 | 175 | 159 | 136 | 125 | 124 | 135 |
| N.E. BROILER BREAST LINE RUN, USDA | 102.8 | 105.3 | 105.9 | 106.1 | 106.5 | 105.6 | 106.0 | 106.00 | 104 | 105 | 103 | 97 | 94 | 94 | 99 |
| N.E. BROILER LEG QUARTERS, USDA | 45.7 | 47.2 | 49.7 | 50.8 | 52.7 | 52.2 | 52.4 | 51.92 | 51 | 51 | 48 | 44 | 44 | 43 | 43 |
| N.E. BROILER WINGS, USDA, WT. AVG. | 188.2 | 214.1 | 228.4 | 231.1 | 252.7 | 262.7 | 257.0 | 250.42 | 256 | 255 | 260 | 265 | 270 | 270 | 270 |
| TURKEYS | | | | | | | | | | | | | | | |
| HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA | 100.2 | 94.4 | 97.3 | 102.2 | 99.6 | 93.8 | 83.0 | 103.00 | 100 | 100 | 105 | 107 | 109 | 105 | 103 |
| TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA | 101.7 | 101.4 | 97.9 | 97.4 | 98.2 | 97.0 | 104.0 | 89.00 | 100 | 99 | 105 | 107 | 109 | 105 | 103 |
| UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH | 260.0 | 260.0 | 260.0 | 228.8 | 220.0 | 220.0 | 220.0 | 220.00 | 233 | 228 | 235 | 241 | 240 | 237 | 237 |
| LIVE STEERS | | | | | | | | | | | | | | | |
| FIVE AREA DIRECT AVERAGE LIVE STEER, USDA | 180.6 | 186.4 | 185.2 | 187.0 | 191.2 | 195.2 | 195.6 | 192.47 | 187 | 189 | 187 | 185 | 185 | 185 | 186 |
| BEEF | | | | | | | | | | | | | | | |
| CHOICE, 112A, 3, USDA, RIBEYE, BONELESS, HEAVY, WT. AVG. | 985.5 | 1010.9 | 933.4 | 963.3 | 1064.1 | 953.8 | 936.2 | 948.86 | 997 | 968 | 1019 | 1123 | 1263 | 1188 | 994 |
| CHOICE, 161, 1, USDA, ROUND, BONELESS, WT. AVG. | 364.1 | 370.5 | 364.7 | 361.8 | 356.9 | 376.1 | 379.3 | 380.00 | 367 | 375 | 378 | 379 | 379 | 374 | 365 |
| CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA | 316.8 | 364.8 | 321.4 | 321.5 | 334.3 | 367.6 | 369.7 | 373.74 | 358 | 373 | 373 | 374 | 351 | 334 | 333 |
| CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA | 300.8 | 299.6 | 289.2 | 293.4 | 300.9 | 314.9 | 326.8 | 317.14 | 339 | 345 | 345 | 347 | 338 | 320 | 326 |
| CHOICE, 180, 3, USDA, STRIP LOIN, BONELESS, 0X1, WT. AVG. | 804.5 | 931.9 | 947.3 | 986.9 | 1111.0 | 906.8 | 798.7 | 723.22 | 727 | 750 | 748 | 726 | 720 | 756 | 797 |
| CHOICE, 184, 3, USDA, TOP BUTT, BONELESS, WT. AVG. | 397.5 | 441.9 | 449.6 | 476.6 | 528.8 | 531.8 | 512.7 | 484.38 | 482 | 486 | 468 | 432 | 409 | 422 | 437 |
| CHOICE, 185A, 4, USDA, BOTTOM SIRLOIN, FLAP, WT. AVG. | 714.8 | 754.3 | 709.7 | 717.0 | 725.0 | 847.5 | 872.1 | 832.21 | 822 | 834 | 724 | 665 | 679 | 700 | 751 |
| USDA, COARSE GROUND 73%, WT. AVG. | 215.9 | 222.8 | 233.7 | 231.1 | 262.8 | 278.8 | 279.3 | 293.20 | 285 | 285 | 260 | 243 | 237 | 228 | 274 |
| COARSE GROUND 81%, WT. AVG., USDA | 267.7 | 276.0 | 281.7 | 294.0 | 315.3 | 329.7 | 331.2 | 328.71 | 329 | 320 | 308 | 295 | 287 | 267 | 321 |
| USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG. | 308.0 | 330.5 | 346.2 | 349.8 | 362.6 | 373.4 | 367.4 | 373.04 | 376 | 373 | 368 | 364 | 359 | 354 | 359 |
| USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG. | 92.9 | 103.9 | 91.2 | 74.9 | 87.4 | 126.9 | 160.5 | 168.01 | 144 | 155 | 140 | 125 | 120 | 115 | 129 |

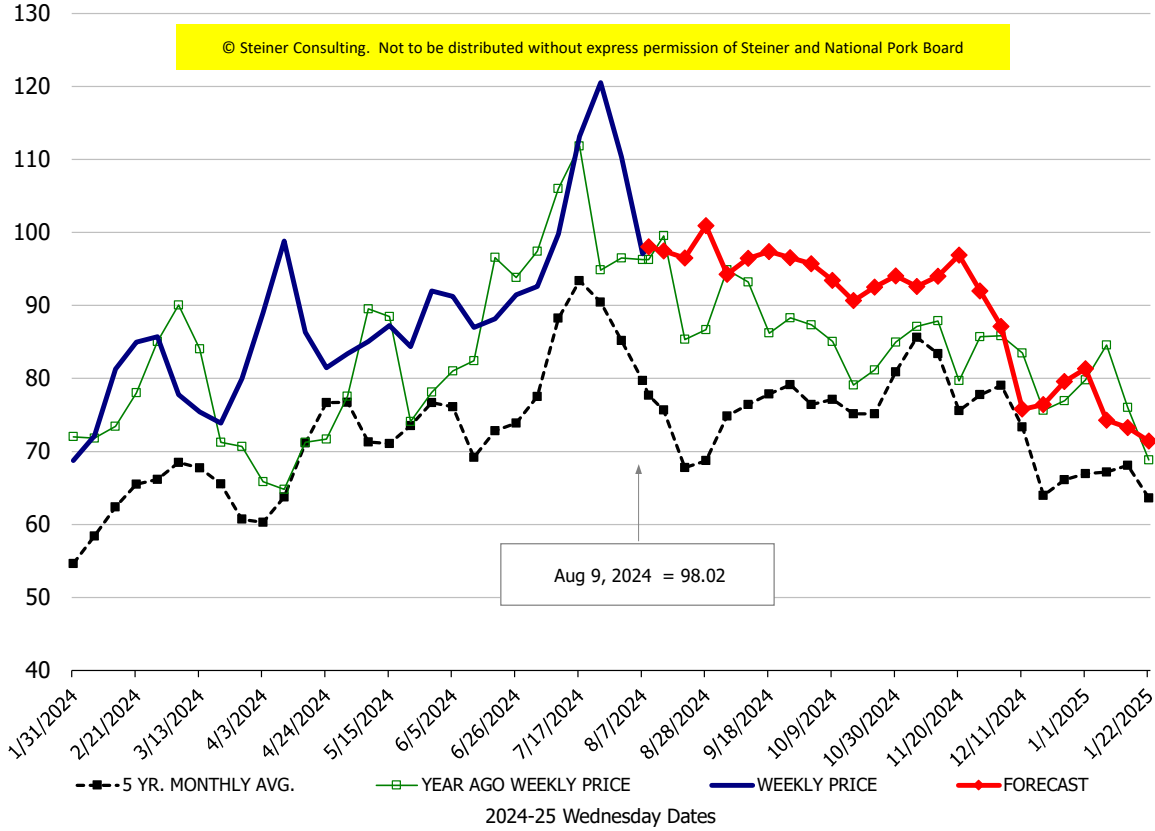
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA



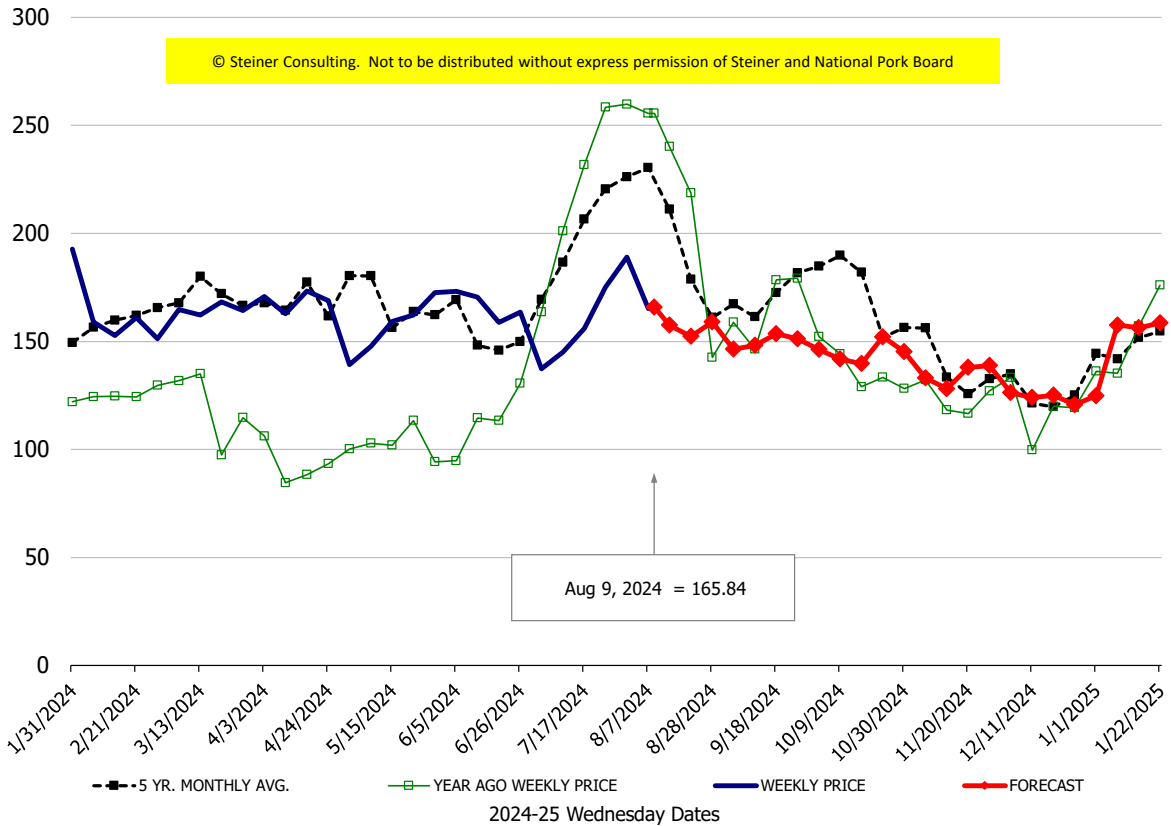
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA

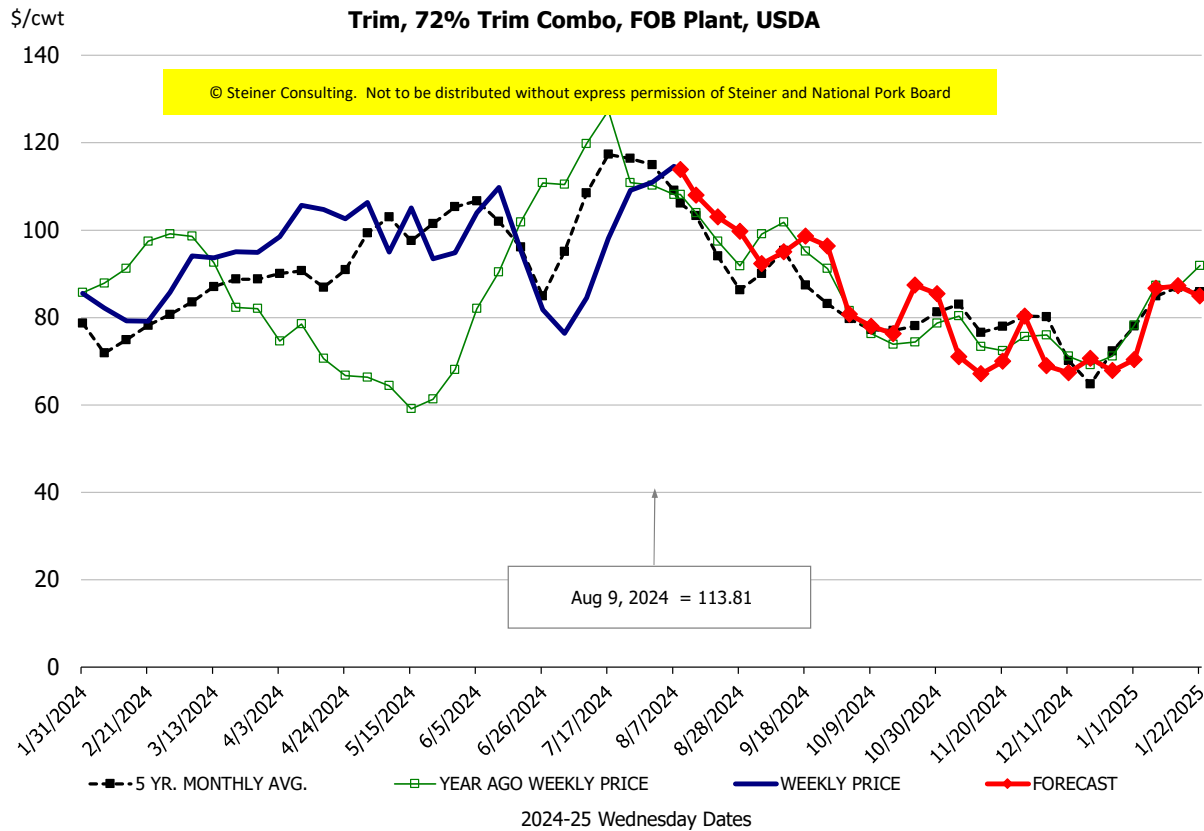
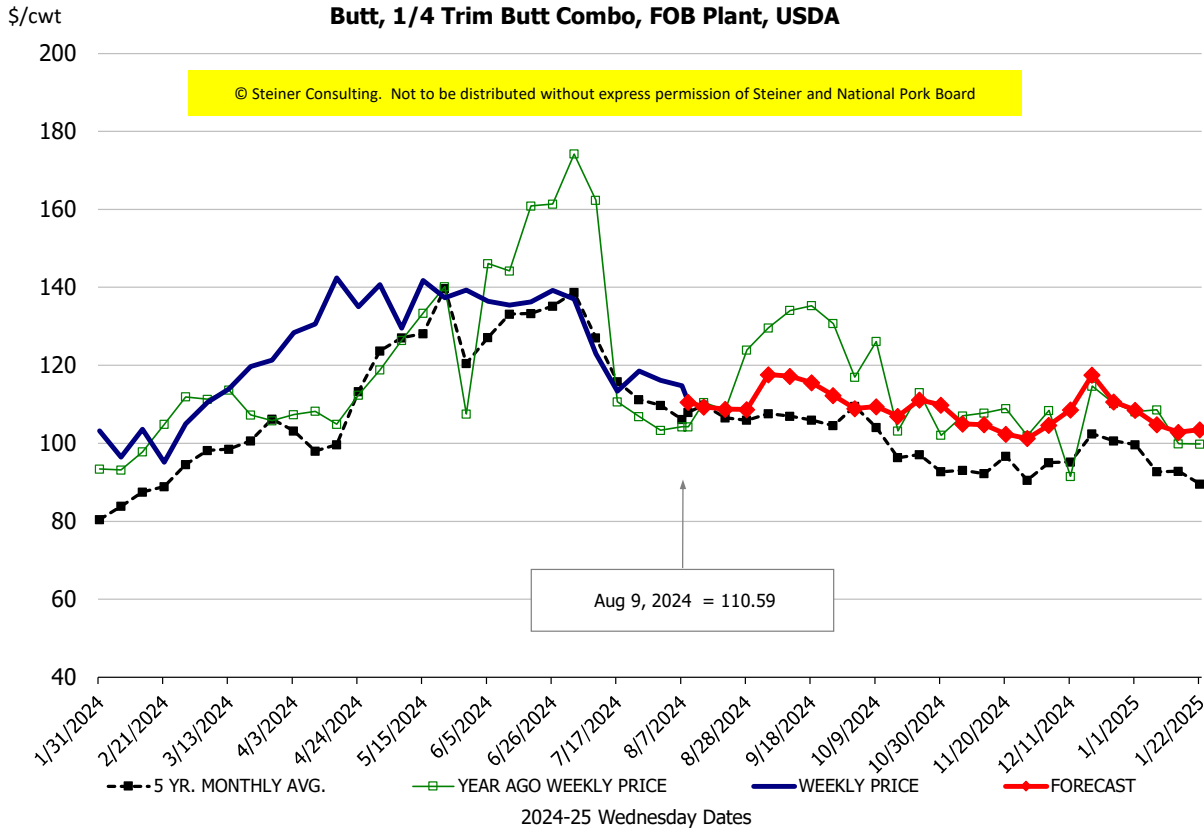


Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA



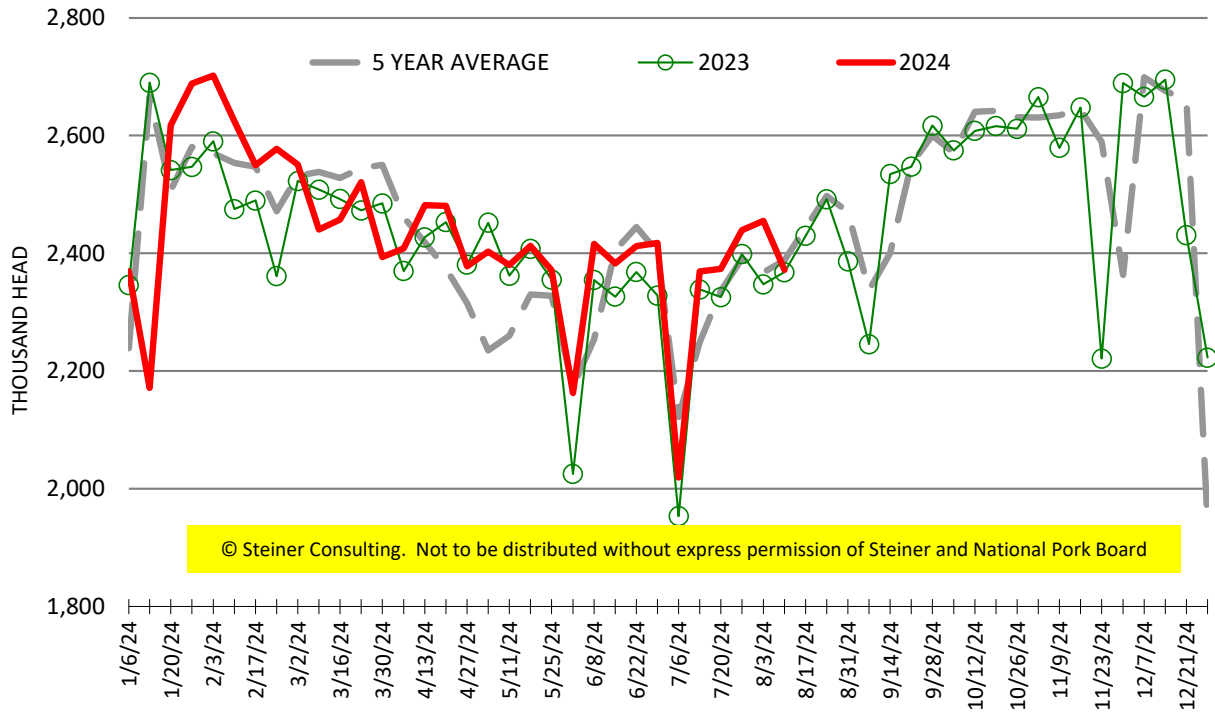
Belly, Derind Belly 9-13#, FOB Plant, USDA





ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

