Pork Merchandiser's **Profit Maximizer**

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

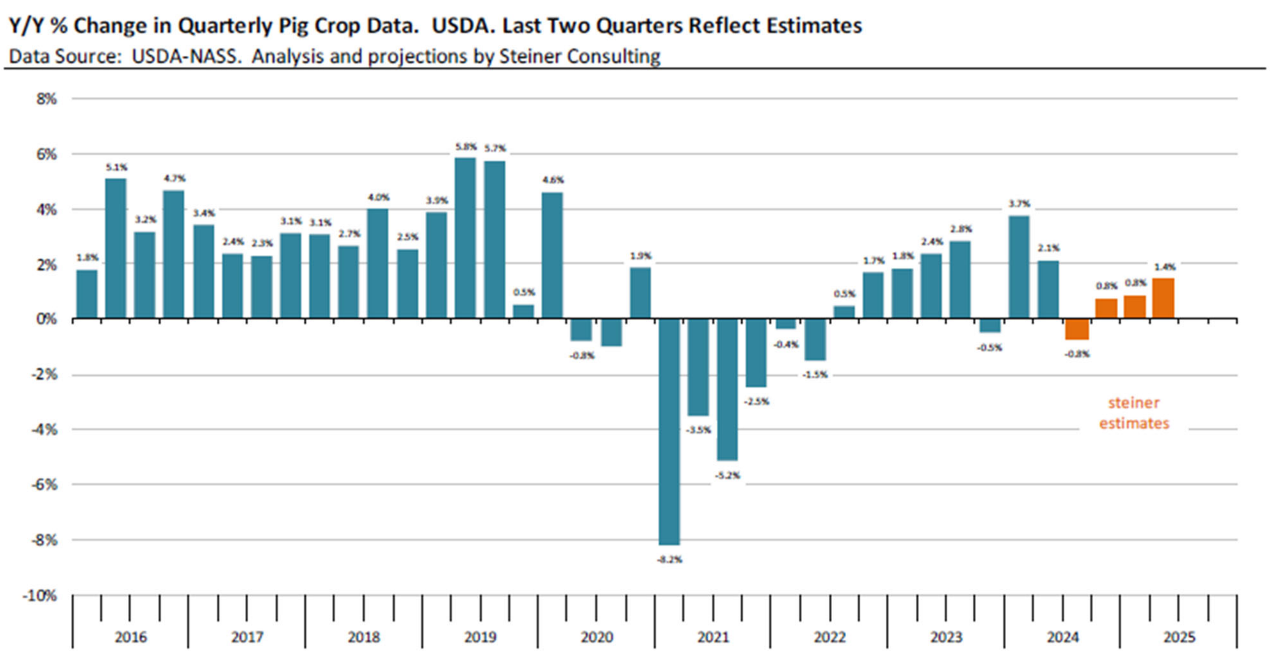
October 8, 2024

1. Pork supply expectations for 2025

We've had over a week to digest the most recent USDA 'Hogs and Pigs' report and have made adjustments to our forecasts. The key question is whether the report is overstating short-term supply and if productivity gains will persist into 2025.

Spring Pig Crop vs. Current Slaughter

One of the most puzzling figures in the report is the discrepancy between the Mar-May pig crop estimate and the supply of hogs weighing over 120 pounds. According to the report, the Mar-May pig crop was up 2.1% from the previous year, an upward revision from the June estimate. Typically,



this spring pig crop dictates slaughter numbers for Sep-Nov, as it takes 5-6 months for pigs born in the spring to reach market weight.

The report also indicated that the inventory of hogs over 180 pounds was slightly over 13 million, a 600,000 head increase (+4.8%) compared to last year. However, since the start of September (Sep 1 - Oct 5), hog slaughter has totaled 12.561 million—just 43,000 head higher (+0.3%) than a year ago. This raises questions: are producers delaying marketing, or are packers slowing down slaughter to support cutout values? Considering nearly half of all hogs are packer-owned, this could be a plausible explanation. However, if this were the case, we'd expect to see a significant increase in hog weights.

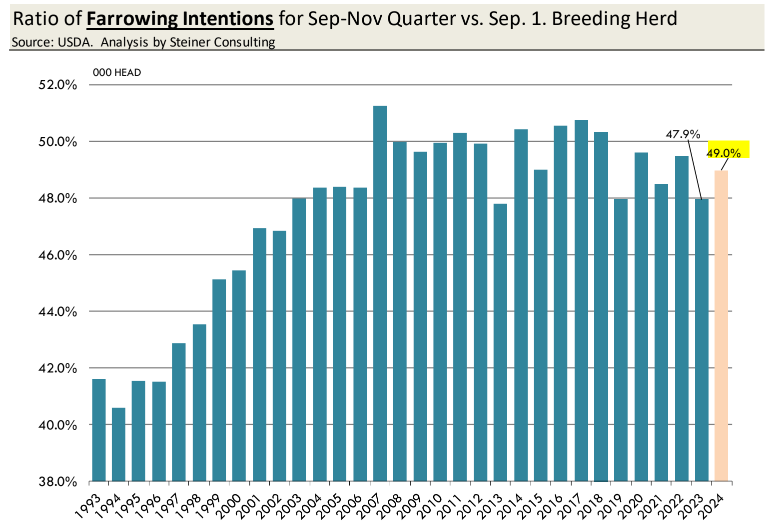
While the average weight of packer-owned barrows and gilts has increased by 3.2 pounds (+1.5%) since late August, this is lower than the typical 3.8 pounds (+1.8%) increase seen in previous years. Producer-owned hogs have seen even slower weight gains, up just 1.4% compared to 2% last year and a 1.7% average increase over the past three years.

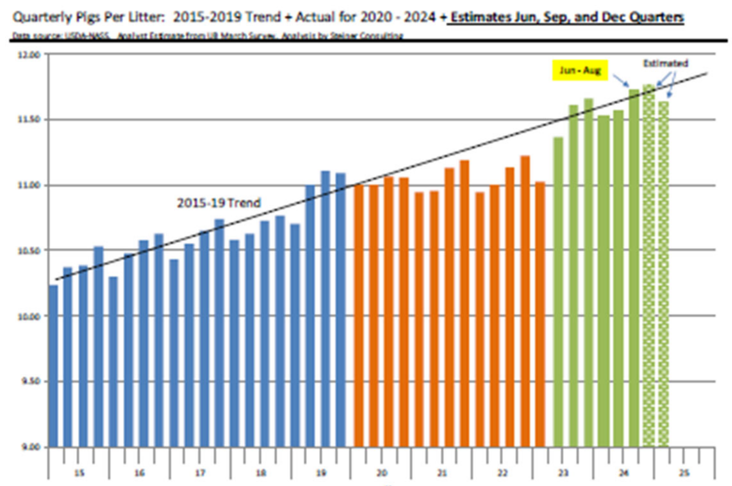
This data suggests the report likely overstated the inventory of hogs over 180 pounds. As for hogs between 120-179 pounds, which should come to market from mid-October to the end of November (part of the spring pig crop), the survey estimated this group at nearly 15 million head, 500,000 higher (+3.5%) than last year.

Last year, weekly slaughter during this period averaged 2.624 million head. Based on the survey, we should expect weekly slaughter to average around 2.7 million, which seems unlikely given recent trends. Even using the Mar-May pig crop estimate, weekly slaughter would be around 2.68 million, about 100,000 more per week than recent levels. Until we see confirmation in the slaughter data, the futures market appears to be dismissing the report, and we've adjusted our forecasts accordingly.

Winter Supply Outlook

The Jun-Aug pig crop will determine slaughter numbers for Dec-Feb. The USDA estimated the pig crop to be 0.8% lower than last year, driven





by a 1.7% decline in farrowings (births), which isn't surprising given the June 1 estimate showing the breeding herd was down 3.2% year-over-year. In 2023 and early 2024, pigs per litter were up as much as 4% from the previous year, but it seems this has now returned to a more typical trend.

This lower pig crop estimate supports our forecast for reduced slaughter in Q1 2025, compounded by the fact that there will be one less marketing day in that period.

Limited Growth Next Spring and Summer

Farrowing intentions for Sep-Nov and Dec-Feb are projected at –0.1% and +0.2%, respectively. Factoring in a modest 0.8% increase in pigs per litter, we anticipate supply growth for next spring and summer to be under 1%.

Product Update

Hog Market. For the week ending October 5 hog slaughter was 2.586 million head, up 0.4% from a year ago. In the last two weeks hog slaughter is down 1.0% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 84.50 /cwt. on Friday were up $0.4/cwt since Wed. September 25. Prices are up about 0.8 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.0862, down about 10.5 cents since the Wed. September 25 quote and down about 5 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.4569 for the strap on loins, up 4.8 cents since Wed. September 25 but down 15 cents from the year ago levels. Strap off loins at $1.6842 are up 3.8 cent since Wed. September 25 but down about 16 cents compared to the year ago quote.

Boneless sirloins at $1.4004 were down about 0 cents from the Wed. September 25 quote but up about 10.9 cents from the year ago price.

Pork tenderloin finished last week at $1.7810, up 6 cents since the Wed. September 25 quote and up about 30.3 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.1798, down 0.3 cents since Wed. September 25. Prices are down 6 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.4714, up about 3 cents since Wed. September 25 and up about 26 cents from year ago levels.

Rib inventories on August 31 were 59.3 million pounds, up 4.5% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.9348/lb. up 2 cents since Wed. September 25 and up about 6 cents from a year ago.

20/23 hams finished the week at 88.54 cents (page 130) up about 2 cent since Wed. September 25 and up about 1 cents from the year ago level.

23/27 hams finished the week at 85.21 , up about 1 cent from the Wed. September 25 quote but down about 2 cents from the year ago level.

Total ham cold storage stocks on August 31 at 150.2 million pounds were down 2.7% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 78.50 cents, up about 8.7 cents since Wed. September 25 and up about 17 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 90.50 cents, up 4.2 cents since the Wed. September 25 quote and up about 9 cents from the year ago levels.

Freezer stocks of all trimmings on August 31 were 38.5 million pounds, down 4.3% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 46 cents compared to 40 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 133.03 on Friday, October 4, up about 13 cents from a year ago.

Broiler slaughter for the week ending September 28 was 167.07 million head, down 2.09% from a year ago. For the last two weeks broiler slaughter was down 1.6% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.6913, down 9 cents since

Wed. September 25 but up about 21 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 52.19 cents per pound prices were down about 0.59 cents vs. two weeks ago but were up 10 cents from a year ago.

Wings. Prices at $2.2373 are up about 54 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $0.9149, down 2 cents since Wed. September 25 and down about 27 cents from the year ago price.

Toms finished last week at $0.9750, down 4 cents since Wed. September 25 and down about 22 cents from the year ago price.

Total turkey supplies in the freezer on August 31 were up 2.1% from a year ago at 456.3 million pounds. Whole birds were up 1.1% from a year ago with an inventory of 247.0 million pounds.

Turkey slaughter was 3.7090 million head for the week ending September 28, down 4.26% from a year ago. For the last two weeks slaughter has been down 6.32%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.0300, down since Wed. September 25. Prices are down about 57 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 $10.5541 (weighted average quote) finished last week up about 15 cent since the Wed. September 25 quote but down about 16 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $9.1567 (weighted average quote) finished last week up about 2 cents since the Wed. September 25 quote and up about 3 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $1.3974 /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 $3.5335 for 90CL and $0.7206 for 50CL product, an 81CL meat block value is now $2.9006 and a 78CL meat block is $2.6896. Choice 114, 3 Clods are now being priced 24.17 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 56.52 cents and the five year average spread for is 38.52 cents over.

Choice #161 Boneless Rounds finished last week at $**3.7000**, unchanged since **Wed.** September 25 and down about 6 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.0566 down about 16 cents since Wed. September 25 and down about 37 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.1703 down about 11 cents since Wed. September 25 but down about 39 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.9830 up about 8 cents since Wed. September 25 but down about 41 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $6.8011 (wt. avg.) up about 9 cents from the Wed. September 25 quote. Prices are up 57 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $4.3517 (wt. avg.) **down** about 4 cents since Wed. September 25 but **up** about **47** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $4.2481 (wt. avg.) down about 9 cents since Wed. September 25 but up about 41 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $6.4759 (wt. avg.) down about 2 cents since Wed. September 25 and down about 6 cents from year ago values.

COARSE GROUND BEEF –

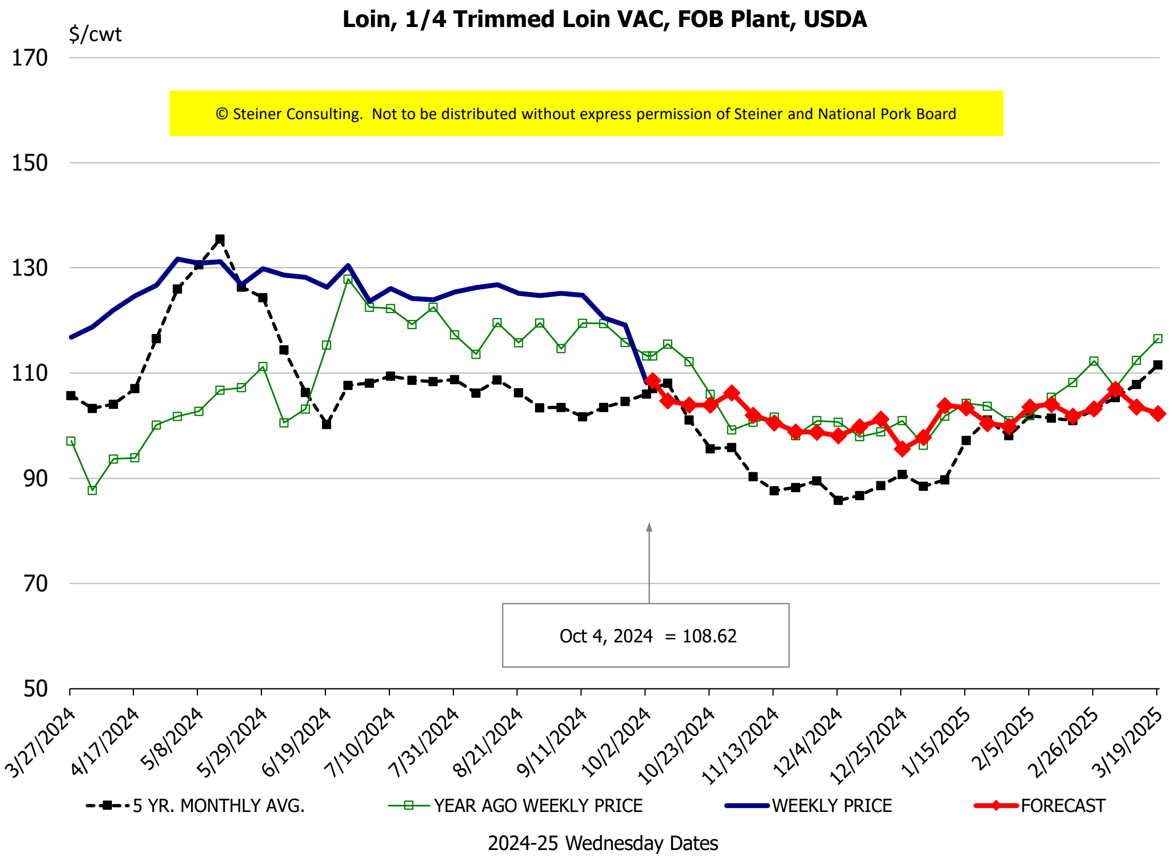
73CL Coarse Ground product finished last week at $**2.3321 up** about 36 cents since Wed. September 25 and up about 13 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.9366 up about 6 cents since Wed. **September 25 and up** about **26** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $**3.5335** (wt. avg.) **up 0.56** cents since Wed. September 25 and up 49 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $0.7206, down about 12 cents since Wed. September 25 and down 28 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Apr	May	Jun	Jul	Aug	Sep	9/25/2024	10/4/2024	10/16/2024	Oct	Nov	Dec	Jan	Feb	Mar
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	122.4	130.3	128.4	124.9	125.5	123.3	119.1	108.62	104	105	101	99	101	103	104
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	126.7	139.1	138.6	133.2	131.3	129.7	126.3	123.23	120	121	111	107	106	110	112
Loin, Bnls CC Strap-off, FOB Plant, USDA	178.6	184.5	180.9	170.1	166.5	166.4	164.6	168.42	165	170	167	169	169	168	167
Loin, Tenderloin, FOB Plant, USDA	177.7	182.2	176.5	170.2	174.5	180.2	172.6	178.10	185	185	175	171	166	165	156
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	132.8	138.3	133.0	120.7	110.8	109.9	107.9	111.24	112	114	108	112	105	103	112
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	189.5	183.7	170.7	143.8	137.9	144.6	143.8	147.14	149	146	146	149	153	160	171
Sparerib, St Louis Sparerибs, POLY, FZN, FOB Plant, USDA	259.0	268.6	270.4	271.2	266.9	241.5	223.6	242.07	248	248	248	256	274	273	276
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	179.1	187.7	171.2	145.9	137.7	136.7	141.5	141.57	142	142	139	141	149	157	166
Loin, Backribs 2.0#/up, FOB Plant, USDA	251.2	257.0	260.3	239.9	220.5	218.8	225.9	222.58	222	220	215	216	221	238	244
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	95.1	89.5	93.2	99.6	108.0	92.9	91.3	93.48	95	95	98	89	77	75	80
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	87.1	85.9	88.5	106.6	97.4	90.3	86.2	88.54	90	93	96	88	76	73	77
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	87.7	86.1	88.5	111.8	94.5	87.3	84.5	85.21	88	91	94	86	74	72	75
Belly Cutout, FOB Plant, USDA	123.9	123.7	124.4	128.7	135.7	126.3	129.0	134.26	128	132	122	116	124	134	132
Belly, Derind Belly 9-13#, FOB Plant, USDA	160.3	155.9	163.9	161.1	165.3	152.4	160.1	161.10	153	158	151	143	153	165	163
Belly, Derind Belly 13-17#, FOB Plant, USDA	144.0	150.3	148.5	156.9	160.4	152.1	156.0	163.60	153	158	149	141	152	164	162
Trim, 42% Trim Combo, FOB Plant, USDA	75.2	61.0	55.2	59.3	85.0	66.0	69.8	78.50	73	72	62	58	56	59	61
Trim, 72% Trim Combo, FOB Plant, USDA	103.0	95.8	95.3	90.3	101.3	87.7	86.3	90.50	86	87	81	78	82	84	86
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	113.9	119.4	119.5	120.8	121.7	122.2	120.2	121.57	119	120	110	104	102	101	98
Carcass Cutout, FOB Plant, USDA	99.1	100.3	98.9	100.0	98.9	94.9	94.1	95.26	92	95	94	90	89	89	89
HOG CARCASS															
CME 1-Day Lean Hog Index	89.6	91.5	90.8	90.0	89.9	86.3	84.1	84.50	81	82	77	73	76	78	79
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	131.3	131.4	131.8	132.1	129.8	131.4	132.8	133.03	135	132	130	130	130	131	133
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	170.4	182.0	172.2	176.1	189.5	191.2	178.3	169.13	158	161	142	135	137	147	151
N.E. BROILER BREAST LINE RUN, USDA	105.9	106.1	106.5	105.6	107.2	107.7	107.4	107.53	104	106	103	102	104	105	112
N.E. BROILER LEG QUARTERS, USDA	49.7	50.8	52.7	52.2	51.9	52.6	52.8	52.19	51	52	50	48	47	48	48
N.E. BROILER WINGS, USDA, WT.AVG.	228.4	231.1	252.7	262.7	243.4	231.9	230.1	223.73	221	224	227	230	240	250	245
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	97.3	102.2	99.6	93.8	95.3	91.7	93.0	91.49	100	100	104	103	103	103	105
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	97.9	97.4	98.2	97.0	89.6	101.8	101.3	97.50	100	100	104	103	103	103	105
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	228.8	220.0	220.0	220.0	217.5	210.0	203.00	203	203	203	203	203	203	203
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	185.2	187.0	191.2	195.2	189.8	183.1	184.3	187.07	191	187	188	187	187	187	188
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	933.4	963.3	1064.1	953.8	957.5	1022.9	1040.2	1055.41	1094	1083	1174	1114	962	988	1052
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	364.7	361.8	356.9	376.1	380.7	374.3	370.0	370.00	369	365	361	357	357	357	356
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	321.4	321.5	334.3	367.6	365.4	336.2	327.7	317.03	333	323	321	317	330	341	345
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	289.2	293.4	300.9	314.9	318.5	297.8	290.2	298.30	308	305	294	293	309	305	294
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	947.3	986.9	1111.0	906.8	702.8	661.0	670.7	680.11	672	661	647	669	768	800	933
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	449.6	476.6	528.8	531.8	496.8	453.3	433.3	424.81	409	409	414	421	430	443	476
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	709.7	717.0	725.0	847.5	752.8	656.0	649.6	647.59	659	658	668	675	725	755	809
USDA,COARSE GROUND 73%, WT. AVG.	233.7	231.1	262.8	278.8	282.0	227.2	197.0	233.21	243	235	230	245	263	256	252
COARSE GROUND 81%, WT. AVG., USDA	281.7	294.0	315.3	329.7	336.3	296.3	288.1	293.66	300	287	280	299	316	311	303
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	346.2	349.8	362.6	373.4	374.0	361.3	352.8	353.35	345	347	342	340	344	348	354
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	91.2	74.9	87.4	126.9	158.3	102.9	83.7	72.06	88	79	89	100	117	132	155


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
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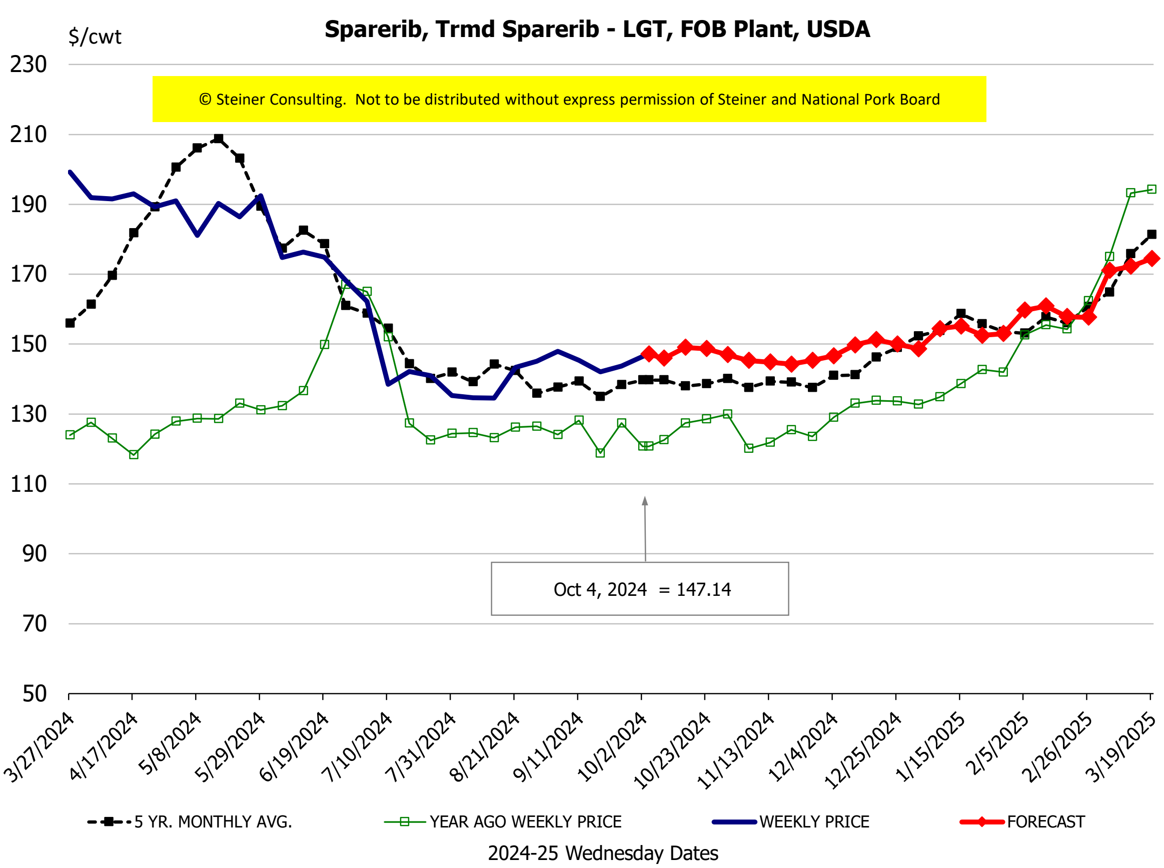
170
150
130
110
90
70
50
Oct 4, 2024 = 108.62
3/27/2024
4/17/2024
5/8/2024
5/29/2024
6/19/2024
7/10/2024
7/31/2024
8/21/2024
9/11/2024
10/2/2024
10/23/2024
11/13/2024
12/4/2024
12/25/2024
1/15/2025
2/5/2025
2/26/2025
3/19/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates


Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
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230
210
190
170
150
130
110
90
70
50
Oct 4, 2024 = 147.14
3/27/2024
4/17/2024
5/8/2024
5/29/2024
6/19/2024
7/10/2024
7/31/2024
8/21/2024
9/11/2024
10/2/2024
10/23/2024
11/13/2024
12/4/2024
12/25/2024
1/15/2025
2/5/2025
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YEAR AGO WEEKLY PRICE
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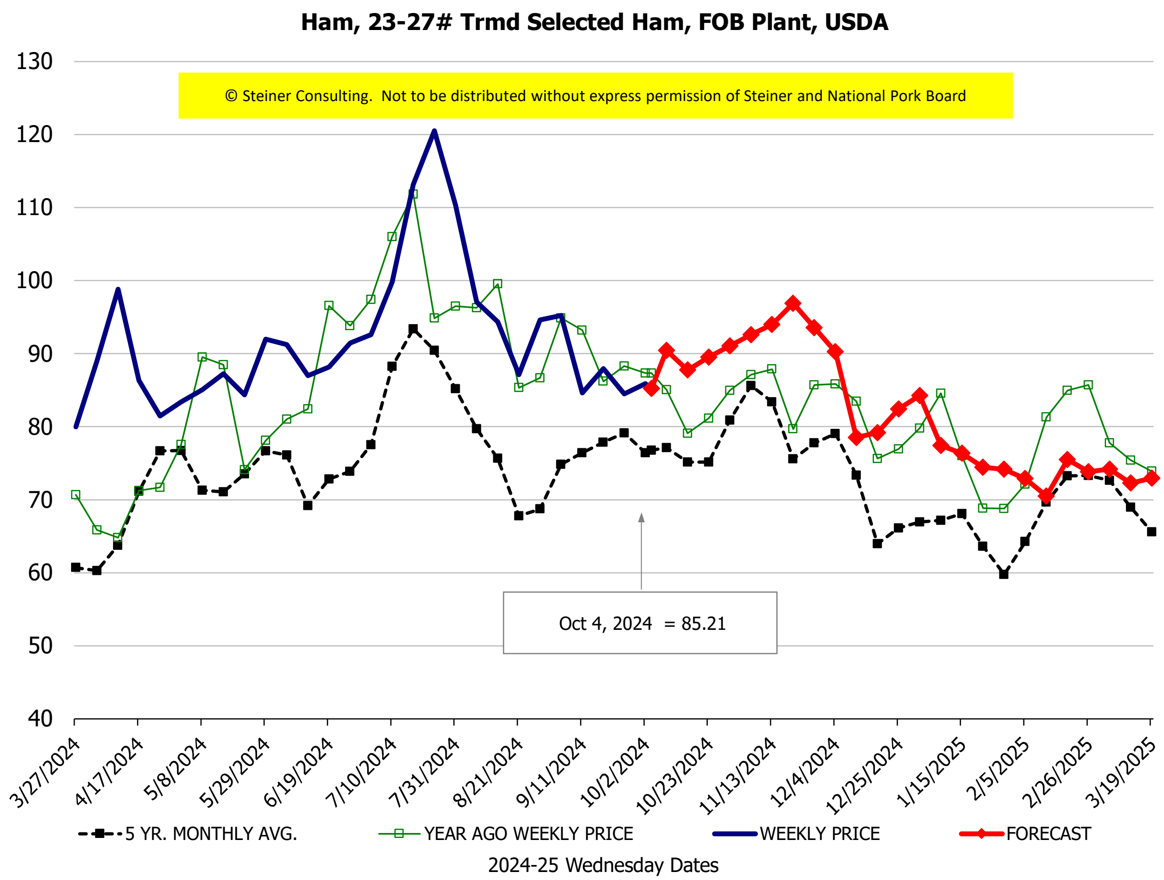
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
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130
120
110
100
90
80
70
60
50
40
Oct 4, 2024 = 85.21
3/27/2024
4/17/2024
5/8/2024
5/29/2024
6/19/2024
7/10/2024
7/31/2024
8/21/2024
9/11/2024
10/2/2024
10/23/2024
11/13/2024
12/4/2024
12/25/2024
1/15/2025
2/5/2025
2/26/2025
3/19/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
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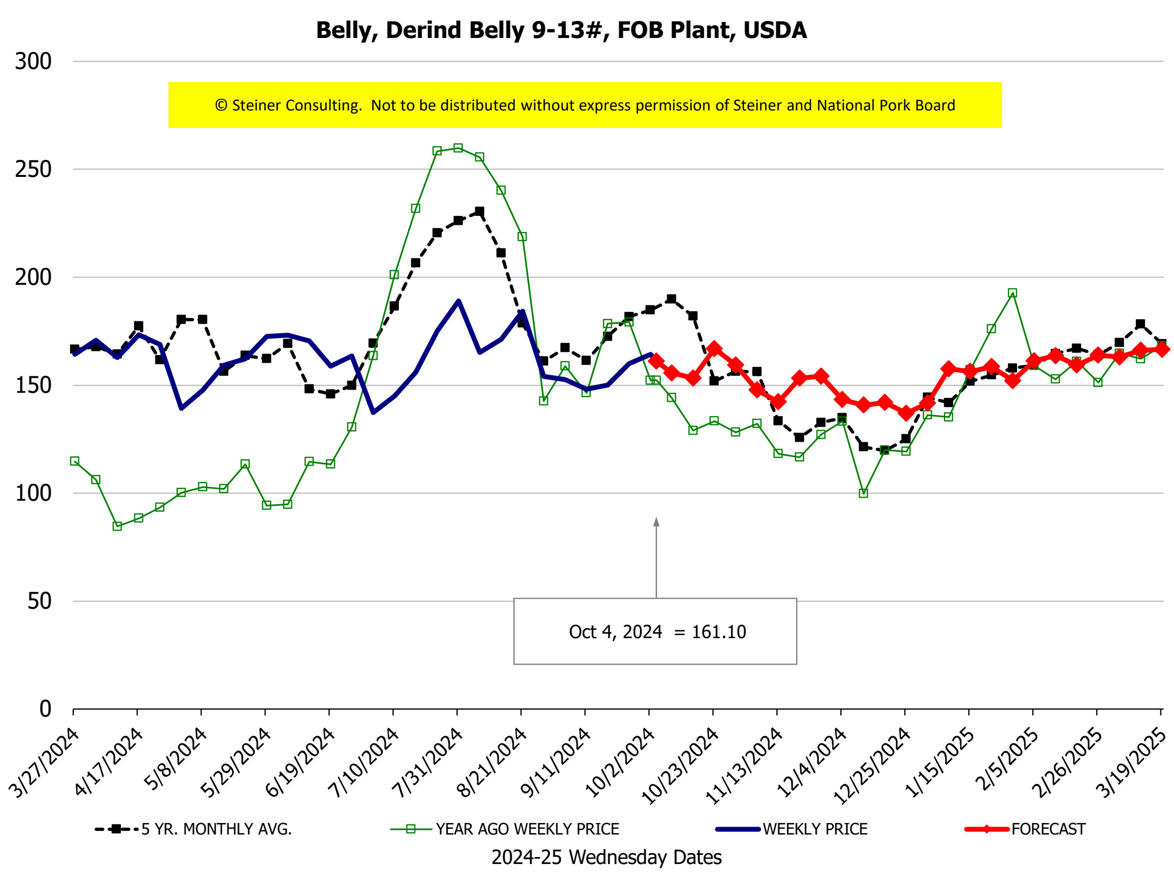
2024-25 Wednesday Dates


Belly, Derind Belly 9-13#, FOB Plant, USDA
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300
250
200
150
100
50
0
Oct 4, 2024 = 161.10
3/27/2024
4/17/2024
5/8/2024
5/29/2024
6/19/2024
7/10/2024
7/31/2024
8/21/2024
9/11/2024
10/2/2024
10/23/2024
11/13/2024
12/4/2024
12/25/2024
1/15/2025
2/5/2025
2/26/2025
3/19/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
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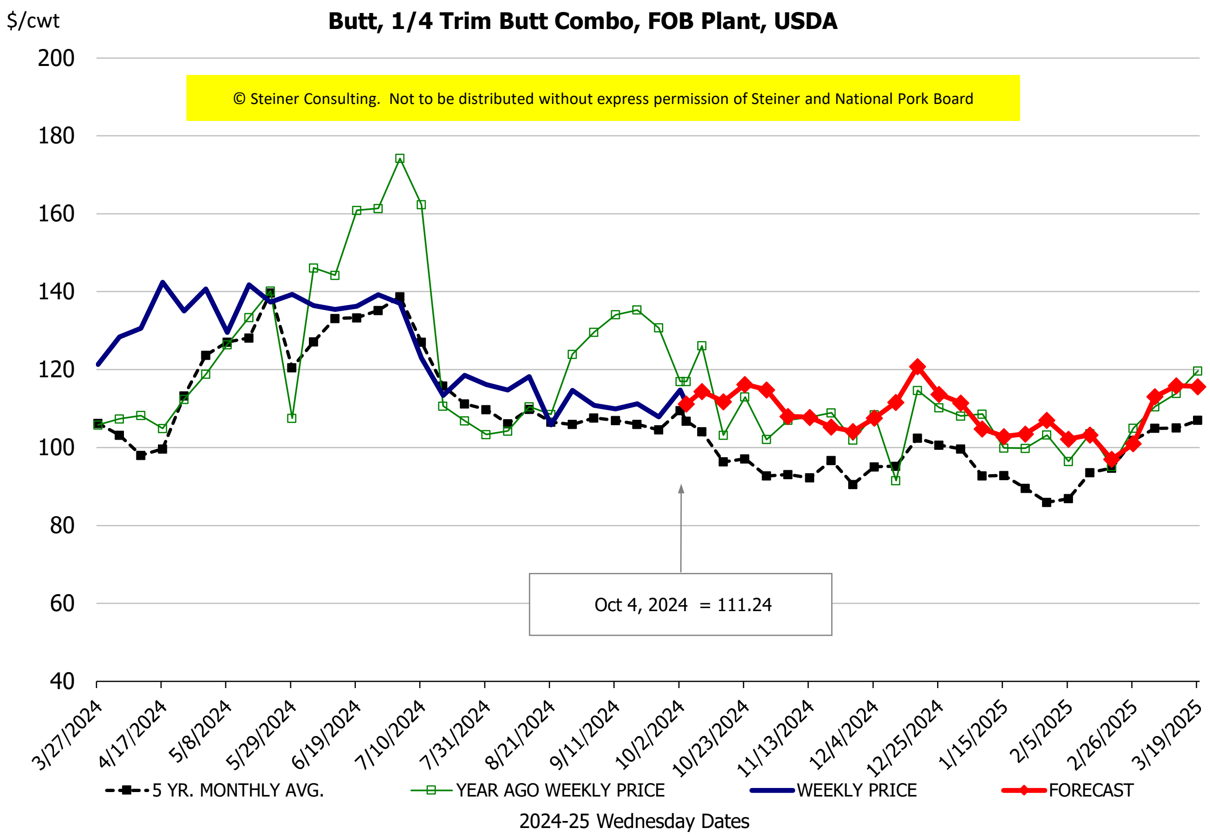
FORECAST
2024-25 Wednesday Dates



$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
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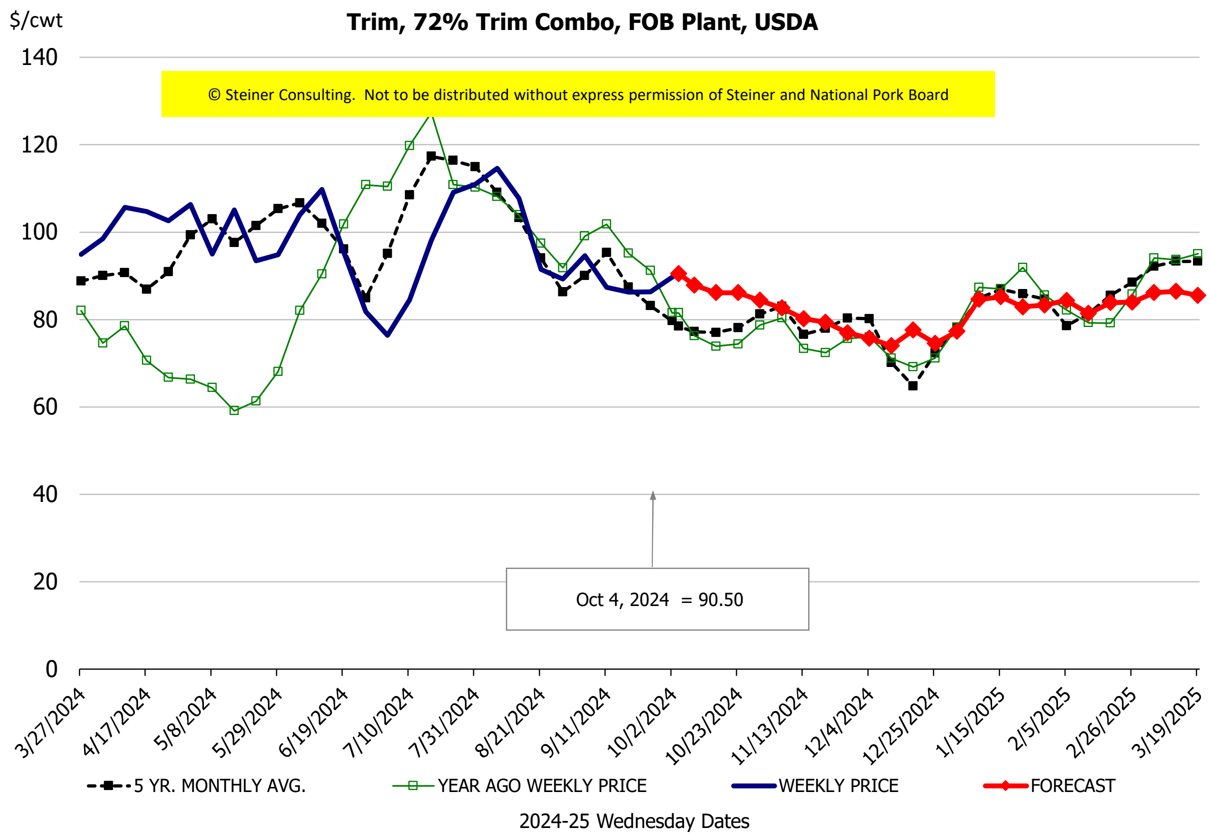
Oct 4, 2024 = 111.24
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates



$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
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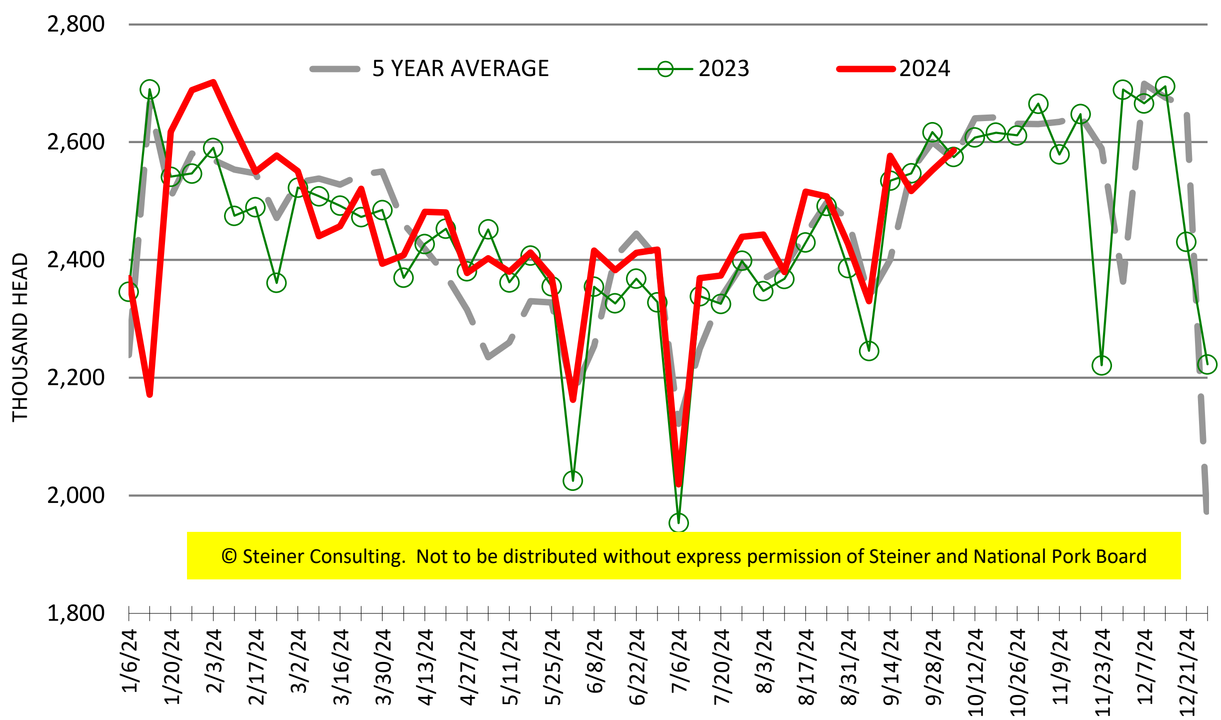
Oct 4, 2024 = 90.50
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds