Pork Merchandiser's **Profit Maximizer**

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

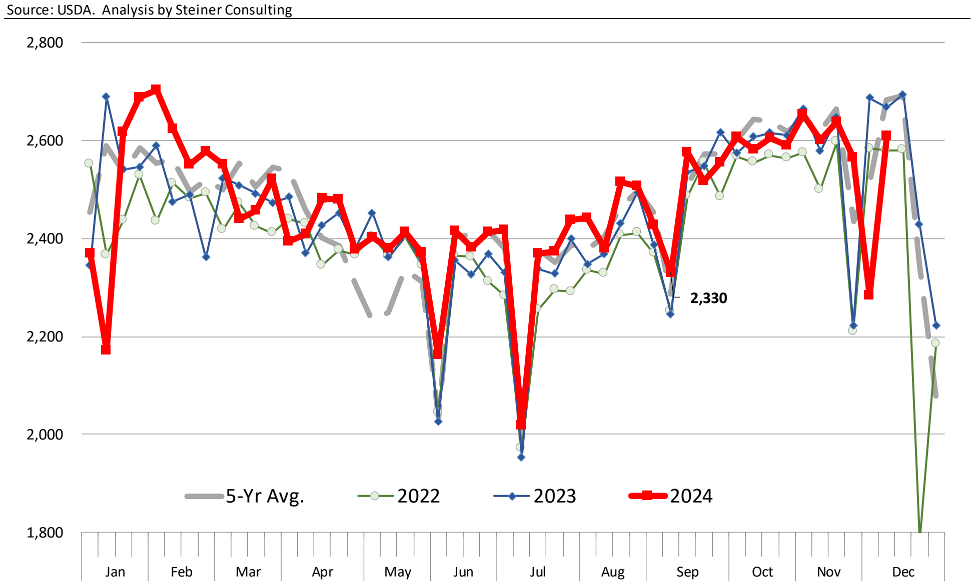
December 3, 2024

1. Hog futures at contract highs in anticipation of lower supplies, robust demand.

Less supply than anticipated in the fall has market counting on even bigger declines in the winter and spring. For all the gripes some market participants may have with the quarterly 'Hogs and Pigs' report, it provides a consistent measure of hog supplies on the ground. The survey has an error rate that likely moves around during inflection points. Still, it's the best measure we have, the alternative being guesstimates skewed by personal biases. In the September survey, USDA pegged the pig crop for Mar-May at 34.123 million head, 2.1% higher than a year ago. Weekly hog slaughter between the first week in September through the last week in November was 33.104, about 50k head (-0.1%) less than the same period a year ago. The USDA survey then went on to estimate the Jun-Aug pig crop at 35.030 million head, 0.8% lower than the year before. The inventory of market hogs between 50-119 pounds was estimated 1.3% lower y/y and the inventory of pigs under 50 pounds was down 1.5%. Already the survey was pointing to a decline of around 1-1.5% for the Dec-Feb period and given the miss in the previous period, market is likely leaning to the low side. At the start of 2024, storms impacted hog slaughter for one week but then weekly supply rebounded. Still, average weekly slaughter in

WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA. Analysis by Steiner Consulting



the first eight weeks of the year was 2.537 million head/week. If slaughter is say down 1.5%, it would imply weekly hog slaughter below 2.5 million hogs per week, about 100k head less than current levels.

PRRS talk/speculation. There is no official USDA data on disease incidence but UMN's 'Swine Health Monitoring Project' tracks sow systems that account for about a third of all the national herd. In the last couple of years the share of sow systems testing negative increased, which may have contributed to the improvement in productivity. In late October and early November the incidence rate appeared to increase (slightly). It remains to be seen if this winter PRRs becomes more of an issue, with implications for supply not only in the near term but also late spring and early summer.

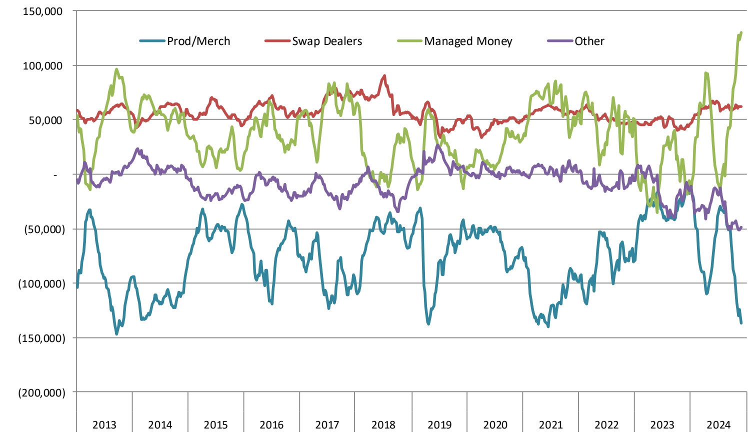
Record managed money net long position in hogs: Managed money funds (specs) continue to find reasons to buy the hog market. Tight hog supplies in the near term and speculation about productivity/disease in the first half of the year has market participants leaning on the bullish side. Producers, on the other hand, seem to have taken advantage of this to lay off some risk, with the biggest net short position since 2021 (see chart). Whether current bullish sentiment in the market is sustained will depend on a) if supply will indeed be as tight as market anticipates and b) demand recovery persists into next spring and summer. One thing that the current market makes clear is that for now it does not believe all the talk/threats about tariffs. In the case of pork, any such tariffs, especially on Mexico that accounts for 40% of all our exports, are decidedly bearish.

Bellies, bellies, bellies. A big part of the higher value of the cutout and ability of packers to pay for hogs were bellies. But after the binge comes the hangover. It may already have started as prices return to trend.

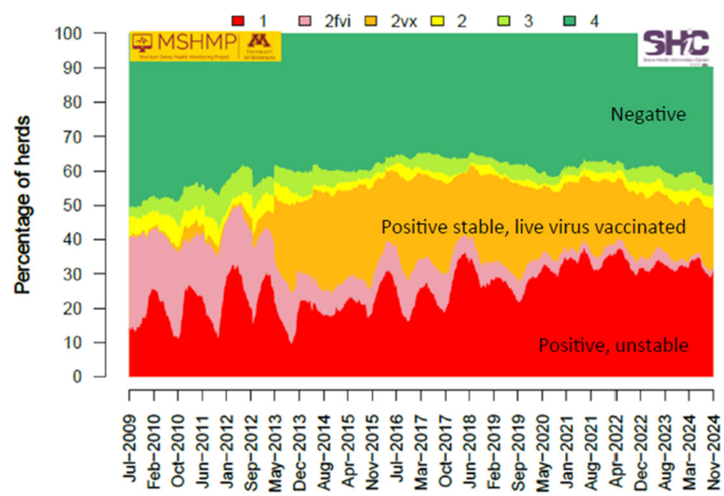
Lower cold storage stocks. Pork inventories declined at a faster pace than in previous years due to high prices in Sep/Oct.

CME Lean Hog Futures - Disaggregated CFTC Net Positions

Source: CFTC Weekly COT Report. Analysis by: Steiner Consulting. Data valid through November 26, 2024

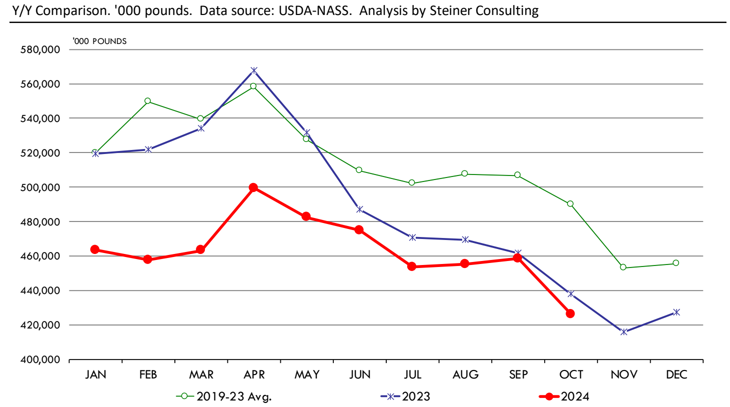


PRRS prevalence of sow herd status as of November 13, 2024



MONTHLY VOLUME OF TOTAL PORK IN COLD STORAGE.

Y/Y Comparison. '000 pounds. Data source: USDA-NASS. Analysis by Steiner Consulting



- Total pork in cold storage at the end of October was 426.0M pounds, down 2.7% y/y and 13% lower than the five-year average. This was the lowest end of October pork inventory since October 2004.

- Pork inventories declined 7.1% from the previous month. This was the biggest drawdown for the month of October since 2015.
- Belly inventory at the end of October was a mere 16.2 million pounds, 42% lower than last year. This is the lowest inventory of bellies since 2021 and one of the lowest on record.
- Ham inventory at 116.1M was still 2.3% above last year but down 15% from the five year average. Ham inventory declined 25% from the previous month, the biggest October drawdown on record.
- Inventory of pork loins usually moves up in the fall but in October it was flat, as robust demand limited the supply going to the freezer. Trim inventory also limited, down 7.6% vs. five year average.

Product Update

Hog Market. For the week ending November 30 hog slaughter was 2.293 million head, down 14.7% from a year ago. In the last two weeks hog slaughter is down 1.1% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 84.94 /cwt. on Friday were down $2.5/cwt since Wed. November 20. Prices are up about 13.6 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $0.9245, down about 0.1 cents since the Wed. November 20 quote and down about 9 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.3501 for the strap on loins, up 2.2 cents since Wed. November 20 but down 8 cents from the year ago levels. Strap off loins at $1.5552 are down 0.1 cent since Wed. November 20 and down about 4 cents compared to the year ago quote.

Boneless sirloins at $1.2824 were down about 2 cents from the Wed. November 20 quote but up about 3.8 cents from the year ago price.

Pork tenderloin finished last week at $1.7405, down 4 cent since the Wed. November 20 quote but up about 44.2 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.2033, down 0.9 cents since Wed. November 20. Prices are up 9 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.6826, up about one cents since Wed. November 20 and up about 45 cents from year ago levels.

Rib inventories on October 31 were 72.9 million pounds, up 4.0% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $1.0370/lb. up 7 cents since Wed. November 20 and up about 19 cents from a year ago.

20/23 hams finished the week at 95.25 cents (page 130) down about 2 cents since Wed. November 20 but up about 10 cents from the year ago level.

23/27 hams finished the week at 91.67 , up about 0 cents from the Wed. November 20 quote and up about 6 cents from the year ago level.

Total ham cold storage stocks on October 31 at 116.1 million pounds were up 2.3% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 42.03 cents, down about 1.9 cents since Wed. November 20 and down about 6 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 81.65 cents, down 0.1 cents since the Wed. November 20 quote but up about 6 cents from the year ago levels.

Freezer stocks of all trimmings on October 31 were 37.0 million pounds, down 2.2% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 36 cents compared to 41 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 129.16 on Friday, November 29, up about 4 cents from a year ago.

Broiler slaughter for the week ending November 23 was 169.63 million head, up 29.21% from a year ago. For the last two weeks broiler slaughter was up 13.9% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.4773, down 0 cents since Wed. November 20 but up about 50 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 51.88 cents per pound prices were up about 0.19 cents vs. two weeks ago and were up 11 cents from a year ago.

Wings. Prices at $1.8903 are up about 29 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $0.9455, down 2 cents since Wed. November 20 but up about 2 cents from the year ago price.

Toms finished last week at $0.9950, up 5 cents since Wed. November 20 and up about 3 cents from the year ago price.

Total turkey supplies in the freezer on October 31 were down 3.7% from a year ago at 307.7 million pounds. Whole birds were down 8.8% from a year ago with an inventory of 135.3 million pounds.

Turkey slaughter was 3.7650 million head for the week ending November 23, up 87.22%

from a year ago. For the last two weeks slaughter has been up 30.23%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $1.9300, unchanged since Wed. November 20. Prices are down about 67 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 $14.0779 (weighted average quote) finished last week up about 31 cents since the Wed. November 20 quote and up about 118 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $10.0683 (weighted average quote) finished last week up about 63 cent since the Wed. November 20 quote and up about 44 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $4.0096 /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 $3.2660 for 90CL and $0.7701 for 50CL product, an 81CL meat block value is now $2.7044 and a 78CL meat block is $2.5172. Choice 114, 3 Clods are now being priced 43.60 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 90.11 cents and the five year average spread for is 61.93 cents over.

Choice #161 Boneless Rounds finished last week at $3.7164, 2 since **Wed.** November 20 but down about 4 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.0673 up about 14 cents since Wed. November 20 and up about 21 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.0346 up about one cents since Wed. November 20 but up about 34 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.9357 down about 23 cents since Wed. November 20 but up about 35 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $7.8188 (wt. avg.) up about 0 cents from the Wed. November 20 quote. Prices are up 28 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $3.9695 (wt. avg.) **up** about 2 cents since Wed. November 20 but **up** about **12** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $3.8211 (wt. avg.) down about 15 cents since Wed. November 20 and down about 9 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $6.3129 (wt. avg.) down about 28 cents since Wed. November 20 but up about one cents from year ago values.

COARSE GROUND BEEF –

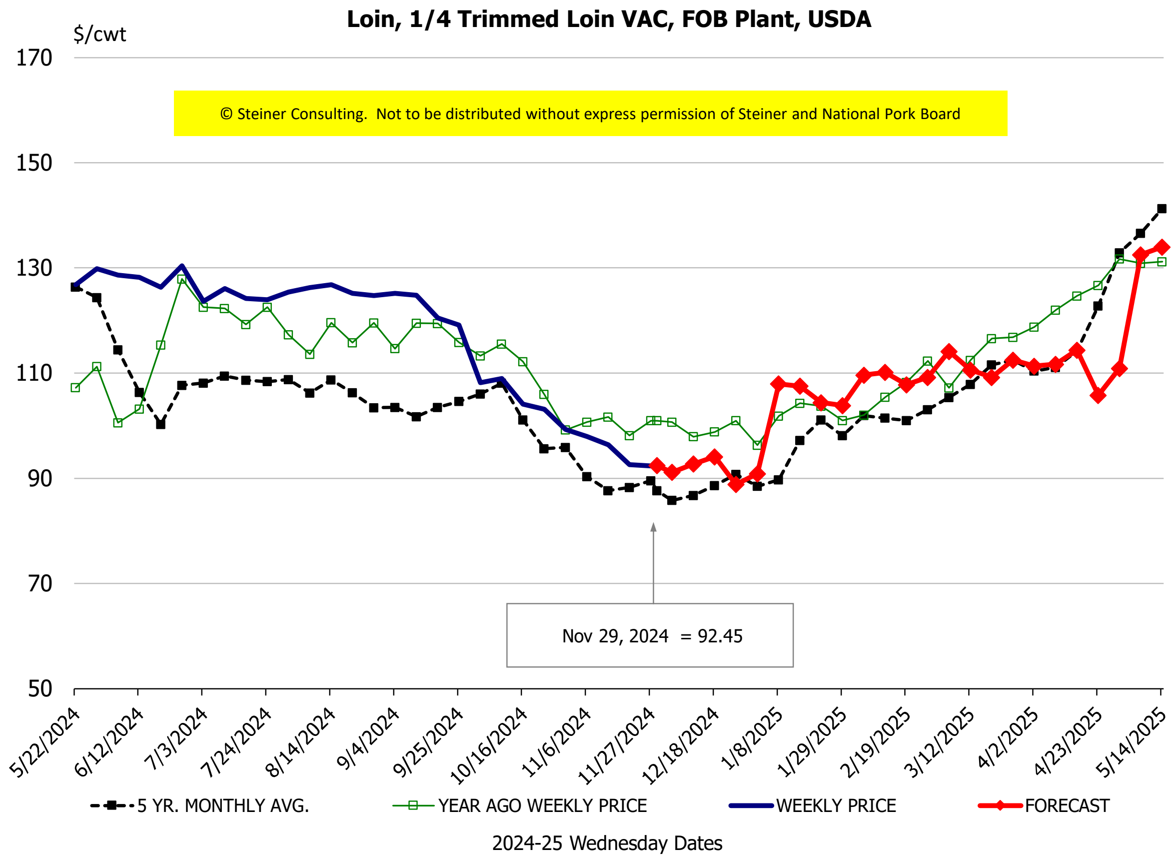
73CL Coarse Ground product finished last week at $**2.1061 up** about 5 cents since Wed. November 20 and up about 13 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.3654 down about 14 cents since Wed. **November 20 but up** about **one** cent from the year ago quote.

90CL Bnls. Beef prices finished the week at $**3.2660** (wt. avg.) **up 5.34** cents since Wed. November 20 and up 51 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $0.7701, up about 9 cents since Wed. November 20 and up 13 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Jun	Jul	Aug	Sep	Oct	Nov	11/20/2024	11/29/2024	12/11/2024	Dec	Jan	Feb	Mar	Apr	May
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	128.4	124.9	125.5	123.3	105.2	95.0	92.6	92.45	93	92	105	109	111	113	128
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	138.6	133.2	131.3	129.7	115.8	102.0	108.5	98.52	105	103	111	117	120	122	135
Loin, Bnls CC Strap-off, FOB Plant, USDA	180.9	170.1	166.5	166.4	164.9	158.9	155.7	155.52	167	163	167	166	167	173	180
Loin, Tenderloin, FOB Plant, USDA	176.5	170.2	174.5	180.2	181.2	171.9	177.7	174.05	175	174	175	180	183	191	195
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	133.0	120.7	110.8	109.9	110.3	111.7	106.8	110.56	114	114	109	104	111	121	139
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	170.7	143.8	137.9	144.6	151.8	170.3	167.1	168.26	171	170	170	170	174	185	189
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	270.4	271.2	266.9	241.5	254.3	250.7	232.4	255.70	286	284	284	284	284	293	306
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	171.2	145.9	137.7	136.7	152.0	169.3	167.7	161.54	170	170	170	171	172	177	191
Loin, Backribs 2.0#/up, FOB Plant, USDA	260.3	239.9	220.5	218.8	222.2	227.3	228.1	227.97	235	233	245	243	248	256	262
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	93.2	99.6	108.0	92.9	92.4	99.7	96.4	103.70	95	97	78	77	87	85	97
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	88.5	106.6	97.4	90.3	88.1	95.1	97.5	95.25	93	95	76	74	82	84	92
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	88.5	111.8	94.5	87.3	86.0	91.2	91.5	91.67	90	92	72	72	80	83	93
Belly Cutout, FOB Plant, USDA	124.4	128.7	135.7	126.3	146.2	156.8	134.5	116.30	119	119	132	142	134	129	128
Belly, Derind Belly 9-13#, FOB Plant, USDA	163.9	161.1	165.3	152.4	172.2	179.3	169.5	151.15	155	157	164	175	157	154	157
Belly, Derind Belly 13-17#, FOB Plant, USDA	148.5	156.9	160.4	152.1	175.0	167.1	165.1	140.62	149	151	158	169	151	148	151
Trim, 42% Trim Combo, FOB Plant, USDA	55.2	59.3	85.0	66.0	76.3	51.3	44.0	42.03	38	43	48	51	63	64	64
Trim, 72% Trim Combo, FOB Plant, USDA	95.3	90.3	101.3	87.7	94.7	83.6	81.7	81.65	76	80	82	85	87	96	94
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	119.5	120.8	121.7	122.2	113.9	102.5	101.7	98.48	96	99	100	99	100	111	116
Carcass Cutout, FOB Plant, USDA	98.9	100.0	98.9	94.9	97.0	99.3	94.6	90.93	92	92	91	92	93	96	101
HOG CARCASS															
CME 1-Day Lean Hog Index	90.8	90.0	89.9	84.8	85.0	89.0	87.4	84.94	85	84	84	86	87	90	95
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	131.8	132.1	129.8	131.4	133.2	132.6	133.4	129.16	132	130	132	132	133	135	137
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	172.2	176.1	189.5	191.2	154.0	149.2	147.9	147.73	142	142	145	147	151	168	182
N.E. BROILER BREAST LINE RUN, USDA	106.5	105.6	107.2	107.7	107.3	107.3	107.0	107.08	107	107	108	108	112	115	122
N.E. BROILER LEG QUARTERS, USDA	52.7	52.2	51.9	52.6	51.8	51.6	51.7	51.88	51	51	51	52	52	53	54
N.E. BROILER WINGS, USDA, WT.AVG.	252.7	262.7	243.4	231.9	207.8	189.5	189.1	189.03	195	195	214	230	225	225	230
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	99.6	93.8	95.3	91.7	100.3	95.8	96.3	94.55	100	95	95	95	100	108	109
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	98.2	97.0	89.6	101.8	103.1	96.9	94.3	99.50	100	100	100	100	105	108	109
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	220.0	220.0	220.0	217.5	199.8	194.5	193.0	193.00	191	193	193	193	195	205	215
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	191.2	195.2	189.8	183.1	187.7	186.9	184.8	188.40	185	188	188	189	193	194	194
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1064.1	953.8	957.5	1022.9	1165.8	1320.8	1376.5	1407.79	1336	1310	958	995	1054	1082	1111
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	356.9	376.1	380.7	374.3	370.0	370.4	370.0	371.64	367	371	378	374	370	364	373
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	334.3	367.6	365.4	336.2	329.9	308.5	302.5	303.46	318	314	334	337	345	341	345
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	300.9	314.9	318.5	297.8	306.7	304.0	316.3	293.57	306	303	319	311	308	296	301
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	1111.0	906.8	702.8	661.0	740.9	782.4	781.7	781.88	827	820	847	866	969	990	1074
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	528.8	531.8	496.8	453.3	402.8	389.1	397.1	382.11	413	407	455	470	496	507	517
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	725.0	847.5	752.8	656.0	686.6	655.4	658.9	631.29	669	668	740	763	800	849	858
USDA,COARSE GROUND 73%, WT. AVG.	262.8	278.8	282.0	227.2	222.7	217.7	205.5	210.61	213	215	265	248	247	262	274
COARSE GROUND 81%, WT. AVG., USDA	315.3	329.7	336.3	296.3	287.0	245.0	250.3	236.54	250	253	312	307	309	324	340
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	362.6	373.4	374.0	361.3	348.4	329.2	321.3	326.60	338	337	347	352	359	362	366
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	87.4	126.9	158.3	102.9	67.4	74.0	67.9	77.01	84	89	109	124	148	164	168



Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
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Nov 29, 2024 = 92.45
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
9/25/2024
10/16/2024
11/6/2024
11/27/2024
12/18/2024
1/8/2025
1/29/2025
2/19/2025
3/12/2025
4/2/2025
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5/14/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
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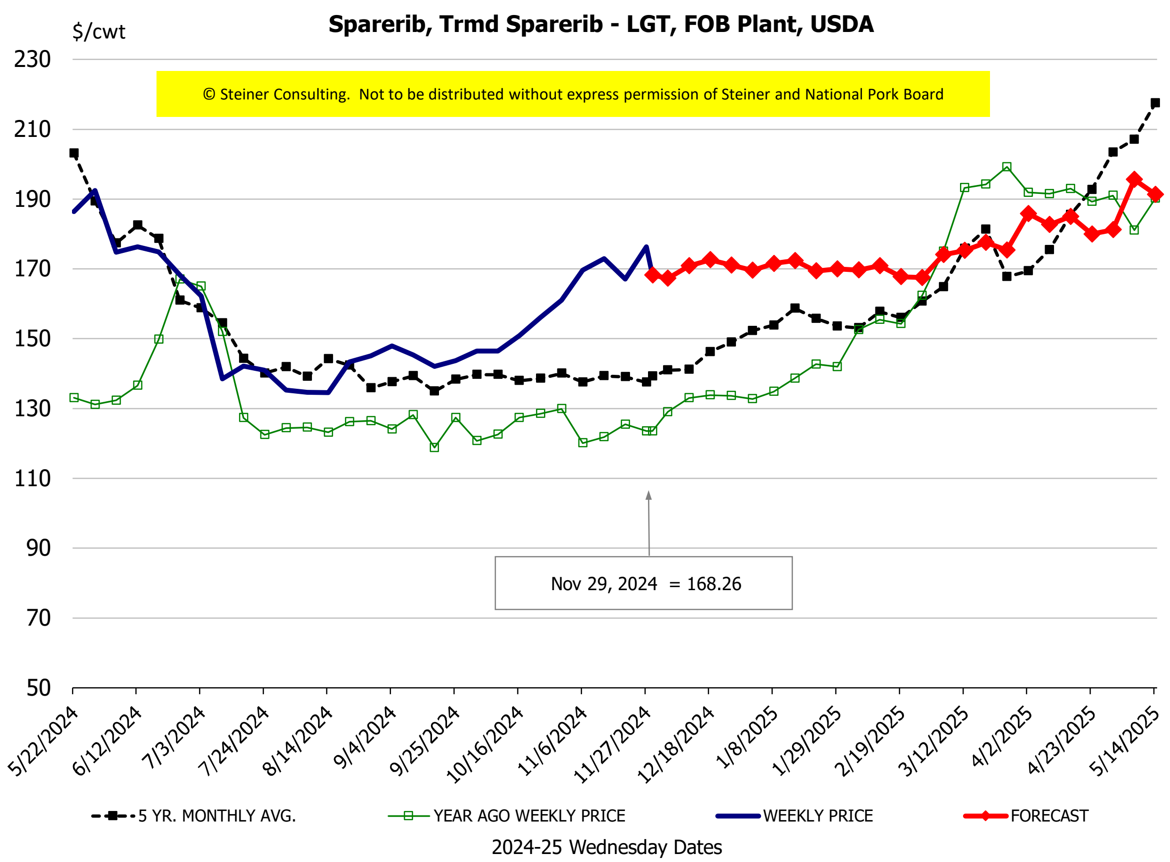
FORECAST
2024-25 Wednesday Dates



Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
230
210
190
170
150
130
110
90
70
50
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Nov 29, 2024 = 168.26
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
9/25/2024
10/16/2024
11/6/2024
11/27/2024
12/18/2024
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1/29/2025
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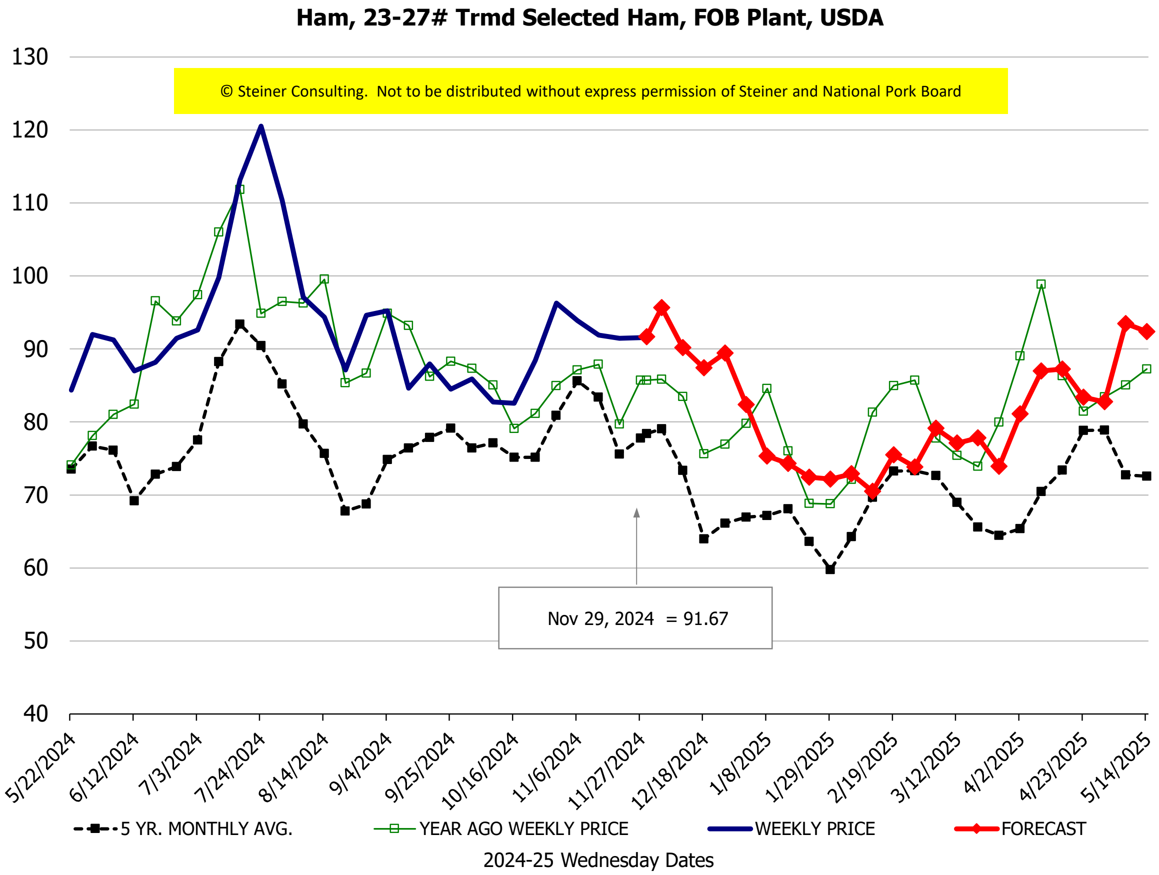
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
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130
120
110
100
90
80
70
60
50
40
Nov 29, 2024 = 91.67
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
9/25/2024
10/16/2024
11/6/2024
11/27/2024
12/18/2024
1/8/2025
1/29/2025
2/19/2025
3/12/2025
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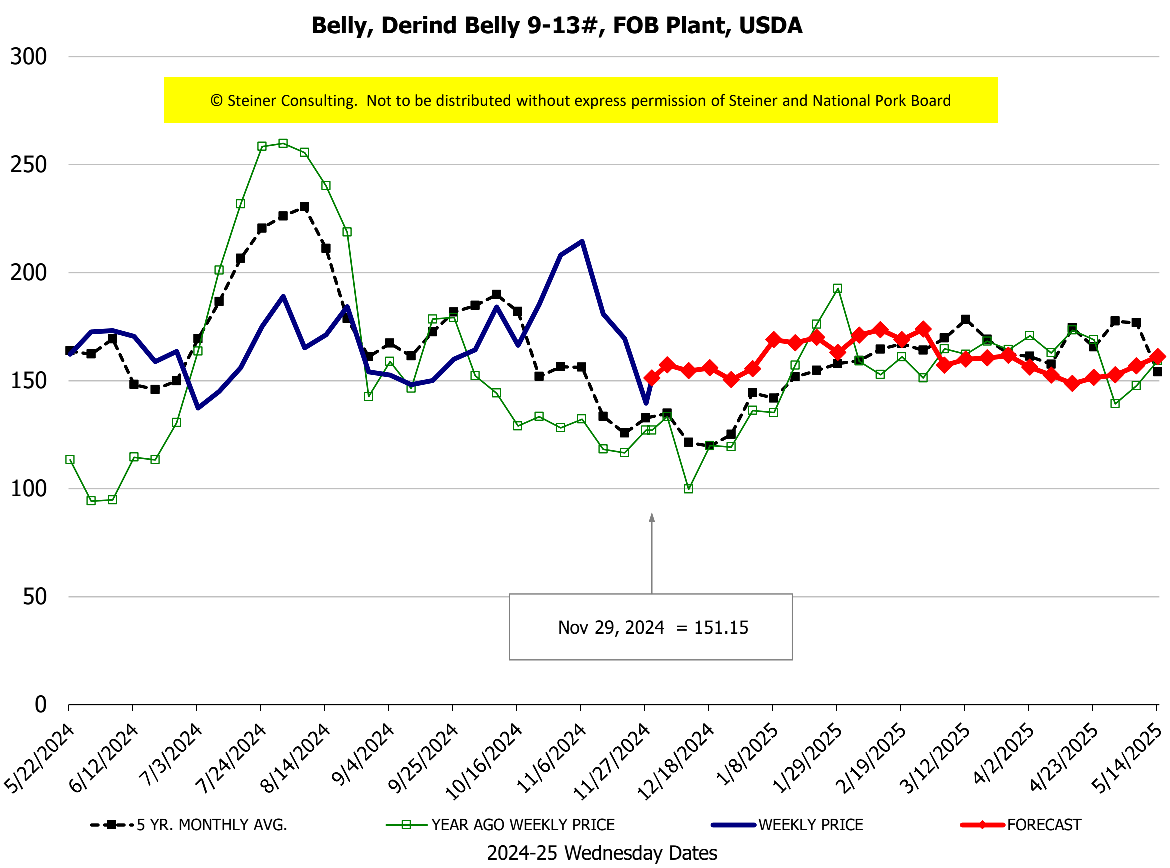
Belly, Derind Belly 9-13#, FOB Plant, USDA
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300
250
200
150
100
50
0
Nov 29, 2024 = 151.15
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
9/25/2024
10/16/2024
11/6/2024
11/27/2024
12/18/2024
1/8/2025
1/29/2025
2/19/2025
3/12/2025
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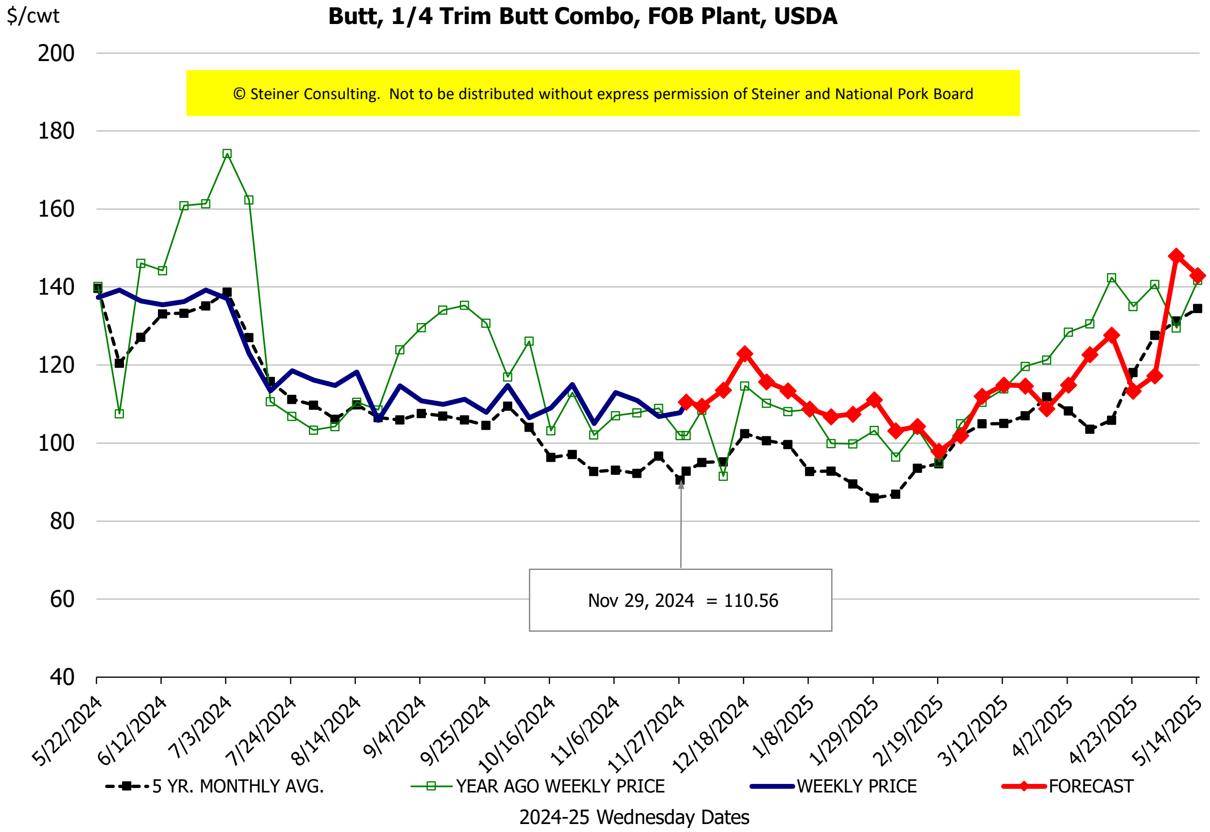

$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
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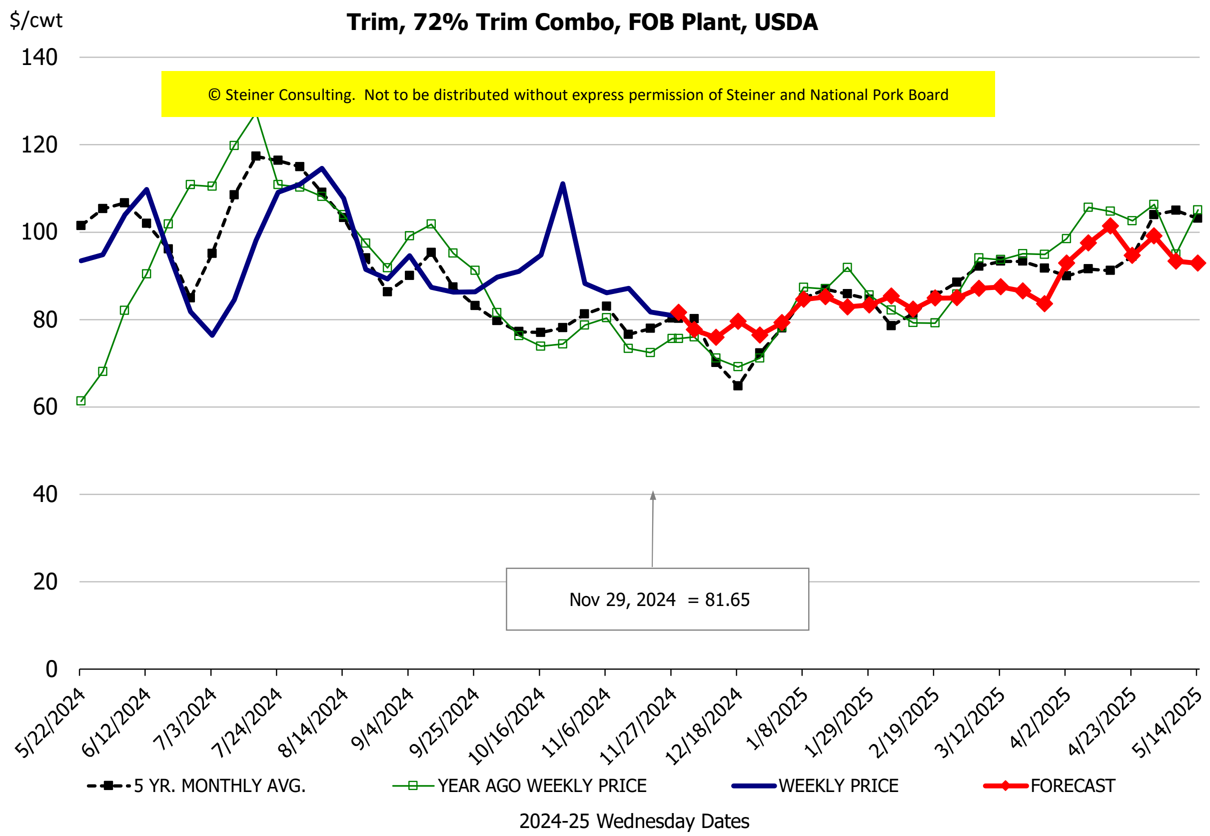
200
180
160
140
120
100
80
60
40
Nov 29, 2024 = 110.56
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
9/25/2024
10/16/2024
11/6/2024
11/27/2024
12/18/2024
1/8/2025
1/29/2025
2/19/2025
3/12/2025
4/2/2025
4/23/2025
5/14/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates



$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
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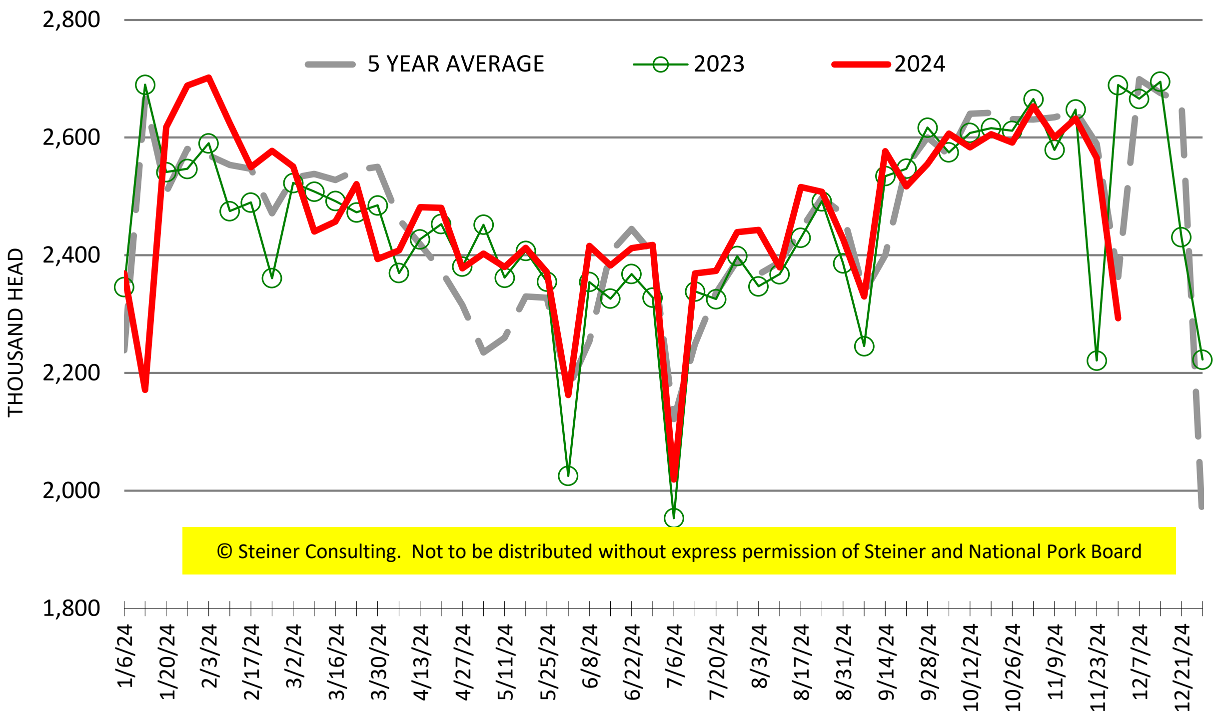
140
120
100
80
60
40
20
0
Nov 29, 2024 = 81.65
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
9/25/2024
10/16/2024
11/6/2024
11/27/2024
12/18/2024
1/8/2025
1/29/2025
2/19/2025
3/12/2025
4/2/2025
4/23/2025
5/14/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds