



Pork Merchandiser's Profit Maximizer

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

January 13, 2025

Hams, Prices Pull Cutout Lower. Will Fresh Help Offset the Decline?

Cutout Roller-Coaster

The pork cutout has experienced higher volatility over the last three weeks, significantly influencing how hog futures have traded. This is for good reason, as the value of the cutout now has

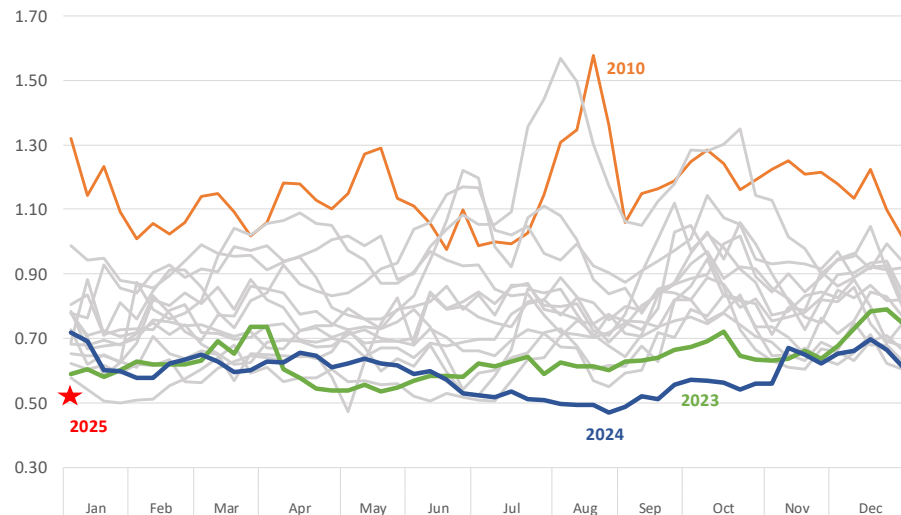
a more direct impact on formula hogs than it did in the past. While money flow doesn't determine the ultimate price of hogs or pork in the market—that is dictated by pork supply availability and consumer demand—it does influence short-term volatility. The recent influx of speculators into the market, followed by their swift exit, has heightened this volatility.

Managed Money and Decline in Open Interest

In early December, managed money funds held the largest net long position ever in lean hog futures. However, over the past three weeks, futures open interest has declined by almost 30,000 contracts. The February contract alone has seen a reduction of 47,000 contracts, with only a portion of this volume being rolled into future contracts. Late last week, the higher value of the cutout, combined with sharply higher prices for other commodities, appeared to have a knock-on effect on hog futures.

Price Ratio of Strap Off Pork Loins vs. 81CL Coarse Ground Beef

Data source: USDA-AMS. Analysis by Steiner Consulting



Seasonal (and short term) decline in hams

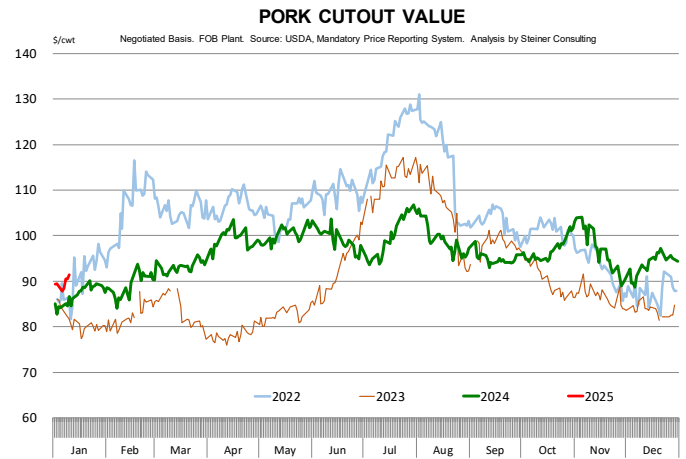
A significant reason for the pullback in the cutout value at the end of the year and the start of 2025 is the decline in ham prices. On Friday, the cutout was \$91.40/cwt, down nearly \$6.00/cwt from its December 20 level. Most of this decline can be attributed to lower ham prices, which typically soften after Christmas but gradually recover as processors begin building inventories for Easter. Our expectation is for ham values to trend higher in February and especially March given that Easter is later than normal this year.

Pork Loins Offer Retail Opportunities for Feb/Mar

The more surprising development, however, has been the underperformance of pork loins in the new year. While it's expected for hams to lose value post-Christmas, packers often rely on more affordable retail items like loins to fill the gap left by turkeys, hams, and rib roasts in the meat case. Reduced production during the holiday weeks, coupled with a traditional increase in retail promotions, should have supported loin values. Yet, loin primal values have declined since December 20. Although this may not seem like a substantial drop, loin prices were expected to help offset the decline in ham values.

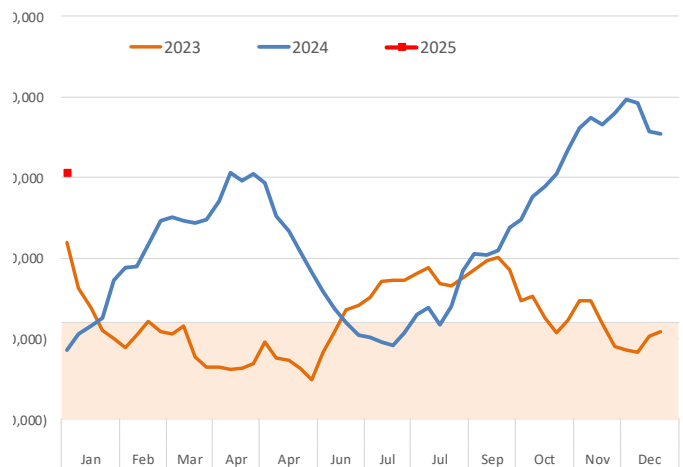
Loins Are Now Very Competitive vs. Beef and Chicken

Currently, strap-off boneless pork loins are trading at half the price of 81CL coarse ground beef—the lowest relative value for this time of year in 15 years. Additionally, the wholesale price of strap-off boneless loins is only slightly higher than that of boneless, skinless chicken breasts, compared to a 1.55 multiple at the same time last year. The hope was that high prices for other proteins, such as beef and chicken, would bolster fresh pork sales. Judging by recent market activity, however, some of these expectations may have been overly optimistic.



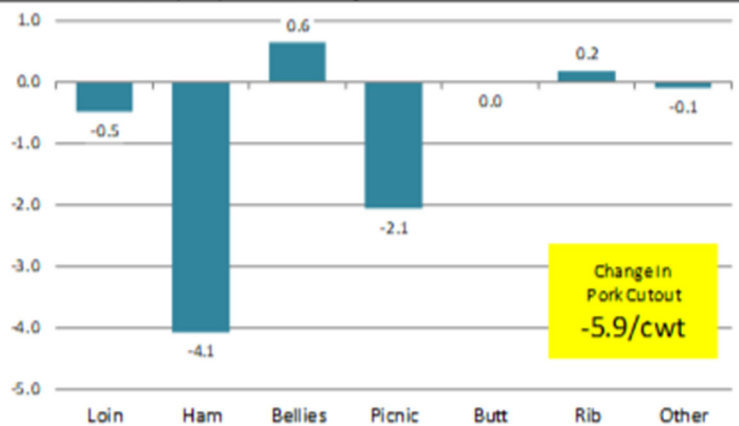
Lean Hogs: Managed Money, Net Position

Source: CFTC. Data valid through January 7, 2025



Contribution to Pork Cutout Change: Jan 10, 2025 vs. Dec 20, 2024

Source: USDA-AMS. Analysis by Steiner Consulting



Product Update

Hog Market. For the week ending January 11 hog slaughter was 2.551 million head, down 17.5% from a year ago. In the last two weeks hog slaughter is up 6.1% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 80.50 /cwt. on Friday were down \$3.5/cwt since Wed. January 1. Prices are up about \$13.7/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$0.9128, down about one cent since the Wed. January 1 quote and down about 11 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.3371 for the strap on loins, up 0.7 cents since Wed. January 1 but down 14 cents from the year ago levels. Strap off loins at \$1.5291 are down 9.9 cents since Wed. January 1 and down about 13 cents compared to the year ago quote.

Boneless sirloins at \$1.3276 were up about 5 cents from the Wed. January 1 quote and up about 13.4 cents from the year ago price.

Pork tenderloin finished last week at \$1.6644, down 5 cents since the Wed. January 1 quote but up about 12.2 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.2642, down 1.2 cents since Wed. January 1. Prices are up 9 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.5101, up about 2 cents since Wed. January 1 and up about 16 cents from year ago levels.

Rib inventories on November 30 were 78.1 million pounds, up 2.6% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at \$0.9500/lb. down 21 cents since Wed. January 1 but up about 11 cents from a year ago.

20/23 hams finished the week at 80.92 cents (page 130) down about 15 cents since Wed. January 1 and down about 1 cents from the year ago level.

23/27 hams finished the week at 78.65, down about 3 cents from the Wed. January 1 quote and down about 6 cents from the year ago level.

Total ham cold storage stocks on November 30 at 69.3 million pounds were up 20.9% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 44.43 cents, up about 1.0 cents since Wed. January 1 and up about 0 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 93.50 cents, up 7.8 cents since the Wed. January 1 quote and up about 6 cents from the year ago levels.

Freezer stocks of all trimmings on November 30 were 44.1 million pounds, down 1.2% 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 41 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 135.91 on Friday, January 10, up about 5 cents from a year ago.

Broiler slaughter for the week ending January 4 was 135.71 million head, down 5.91% from a year ago. For the last two weeks broiler slaughter was up 4.4% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.4685, up 2 cents since Wed. January 1 and up about 33 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 51.60 cents per pound prices were up about 0.04 cents vs. two weeks ago and were up 10 cents from a year ago.

Wings. Prices at \$1.9094 are up about 24 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.0000, unchanged 0.7 cents since Wed. January 1 but up about 18 cents from the year ago price.

Toms finished last week at \$1.0050, unchanged 0 cents since Wed. January 1 but up about 11 cents from the year ago price.

Total turkey supplies in the freezer on November 30 were down 0.1% from a year ago at 202.9 million pounds. Whole birds were down 9.0% from a year ago with an inventory of 49.3 million pounds.

Turkey slaughter was 2.7510 million head for the week ending January 4, up 0.18%

from a year ago. For the last two weeks slaughter has been down 2.92%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$2.2200, up since Wed. January 1. Prices are down about 38 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 \$10.8891 (weighted average quote) finished last week down about 237 cents since the Wed. January 1 quote but up about 82 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$8.8560 (weighted average quote) finished last week down about 0 cents since the Wed. January 1 quote but up about 30 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$2.0331 /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 2015-2019 five year average spread was Choice at a premium to the Select by \$0.1244 per pound.

81CL Meat Block With prices at \$3.3524 for 90CL and \$1.0459 for 50CL product, an 81CL meat block value is now \$2.8334 and a 78CL meat block is \$2.6605. Choice 114, 3 Clods are now being priced 106.74 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 89.24 cents and the five year average spread for is 55.29 cents over.

Choice #161 Boneless Rounds finished last week at \$3.7100, unchanged since Wed. January 1 but up about 51 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$3.9034 up about 28 cents since Wed. January 1 and up about 111 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$3.8723 up about 20 cents since Wed. January 1 and up about 112 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$3.6043 up about 21 cents since Wed. January 1 and up about 67 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$8.1508 (wt. avg.) up about 35 cents from the Wed. January 1 quote. Prices are up 59 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at \$4.1677 (wt. avg.) **up** about 11 cent since Wed. January 1 and **up** about 27 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$4.0788 (wt. avg.) down about 2 cents since Wed. January 1 but up about 5 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$8.0321 (wt. avg.) down about 4 cents since Wed. January 1 but up about 111 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at **\$2.7920 up** about 25 cents since Wed. January 1 and up about 109 cents from year ago levels.

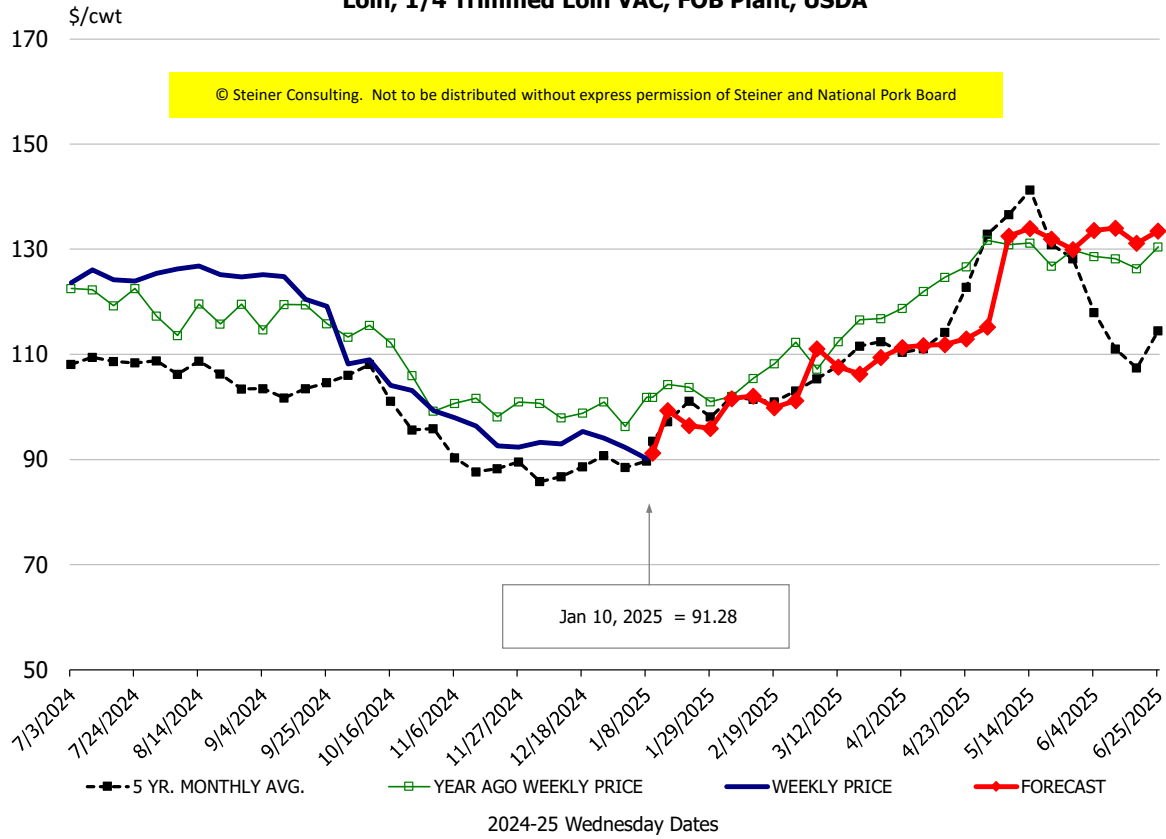
81CL Coarse Ground product finished last week at \$3.1546 up about 22 cent since Wed. **January 1 and up** about 76 cents from the year ago quote.

90CL Bnls. Beef prices finished the week at **\$3.3524** (wt. avg.) **up 0.07** cents since Wed. January 1 and up 69 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$1.0459, up about 10 cents since Wed. January 1 and up 31 cents compared to year ago levels.

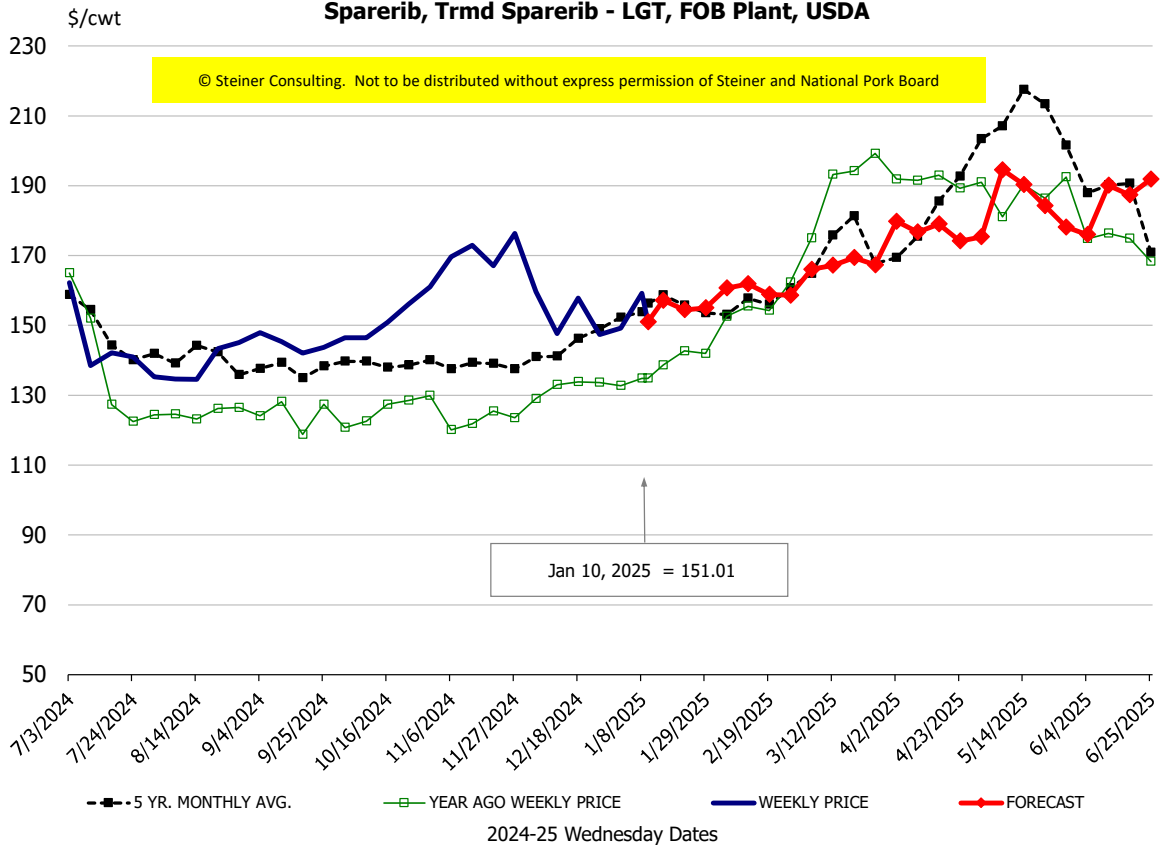
Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Jul	Aug	Sep	Oct	Nov	Dec	1/1/2025	1/10/2025	1/22/2025	Jan	Feb	Mar	Apr	May	Jun
PORK	© Steiner Consulting. Not to be distributed without express permission of Steiner and National Pork Board														
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	124.9	125.5	123.3	105.2	95.0	93.9	92.3	91.28	96	97	101	108	113	128	133
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	133.2	131.3	129.7	115.8	102.0	102.5	104.3	98.06	102	104	109	117	122	135	140
Loin, Bnls CC Strap-off, FOB Plant, USDA	170.1	166.5	166.4	164.9	158.9	159.3	162.8	152.91	162	162	163	165	173	180	177
Loin, Tenderloin, FOB Plant, USDA	170.2	174.5	180.2	181.2	171.9	166.4	171.6	166.44	172	172	182	184	191	197	200
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	120.7	110.8	109.9	110.3	111.7	115.5	112.9	117.59	115	117	111	111	121	139	140
Sparerib, Trmrd Sparerib - LGT, FOB Plant, USDA	143.8	137.9	144.6	151.8	170.3	151.5	149.2	151.01	154	155	161	166	179	188	179
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	271.2	266.9	241.5	254.3	250.7	253.2	311.2	235.52	254	270	284	289	303	306	298
Sparerib, Trmrd Sparerib - MED, FOB Plant, USDA	145.9	137.7	136.7	152.0	169.3	152.3	155.3	155.63	157	157	158	161	174	185	181
Loin, Backribs 2.0#/up, FOB Plant, USDA	239.9	220.5	218.8	222.2	227.3	230.8	236.0	234.14	235	240	243	248	256	262	258
Ham, 17-20# Trmrd Selected Ham, FOB Plant, USDA	99.6	108.0	92.9	92.4	99.7	112.6	116.0	95.00	83	84	84	90	85	97	97
Ham, 20-23# Trmrd Selected Ham, FOB Plant, USDA	106.6	97.4	90.3	88.1	95.1	104.3	95.9	80.92	82	82	83	88	84	92	98
Ham, 23-27# Trmrd Selected Ham, FOB Plant, USDA	111.8	94.5	87.3	86.0	91.2	98.2	81.6	78.65	80	80	82	86	83	93	95
Belly Cutout, FOB Plant, USDA	128.7	135.7	126.3	146.2	144.6	115.3	111.7	137.23	137	137	141	134	129	128	#N/A
Belly, Derind Belly 9-13#, FOB Plant, USDA	161.1	165.3	152.4	172.2	179.3	146.4	160.2	173.45	179	173	182	170	161	159	#N/A
Belly, Derind Belly 13-17#, FOB Plant, USDA	156.9	160.4	152.1	175.0	167.1	139.0	148.7	167.78	173	168	176	164	155	153	#N/A
Trim, 42% Trim Combo, FOB Plant, USDA	59.3	85.0	66.0	76.3	51.3	40.6	43.4	44.43	42	44	50	56	58	58	#N/A
Trim, 72% Trim Combo, FOB Plant, USDA	90.3	101.3	87.7	94.7	83.6	86.9	85.8	93.50	94	93	89	89	97	97	#N/A
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	120.8	121.7	122.2	113.9	102.5	110.3	104.0	104.56	107	105	102	102	112	116	#N/A
Carcass Cutout, FOB Plant, USDA	100.0	98.9	94.9	97.0	96.7	93.4	89.3	91.36	91	91	92	93	96	101	107
HOG CARCASS															
CME 1-Day Lean Hog Index	90.0	89.9	84.8	85.0	88.3	83.8	84.0	80.50	81	82	84	86	90	95	102
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	132.1	129.8	131.4	133.2	132.6	134.7	136.6	135.65	132	136	134	135	136	137	136
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	176.1	189.5	191.2	154.0	148.1	147.8	145.3	146.85	148	147	148	151	168	182	175
N.E. BROILER BREAST LINE RUN, USDA	105.6	107.2	107.7	107.3	107.3	106.9	106.9	107.36	110	108	108	112	115	122	125
N.E. BROILER LEG QUARTERS, USDA	52.2	51.9	52.6	51.8	51.6	51.7	51.6	51.60	52	52	52	52	53	54	55
N.E. BROILER WINGS, USDA, WT.AVG.	262.7	243.4	231.9	207.8	189.5	188.8	189.6	190.94	209	199	220	220	220	225	228
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	93.8	95.3	91.7	100.3	95.8	94.8	100.0	100.00	100	100	101	103	109	110	112
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	97.0	89.6	101.8	103.1	96.9	94.8	100.5	100.50	100	101	101	104	109	110	112
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	220.0	220.0	217.5	199.8	194.5	201.8	215.0	222.00	233	222	225	225	225	230	235
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	195.2	189.8	183.1	187.7	186.9	192.5	195.0	199.02	199	198	198	199	199	198	193
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	953.8	957.5	1022.9	1165.8	1320.8	1455.2	1325.6	1088.91	1071	1095	1062	1120	1138	1154	1188
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	376.1	380.7	374.3	370.0	370.4	371.0	371.0	371.00	387	379	375	377	381	383	384
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	367.6	365.4	336.2	329.9	308.5	318.2	366.9	387.23	384	387	389	387	369	359	363
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	314.9	318.5	297.8	306.7	304.0	322.6	339.6	360.43	361	361	352	336	312	313	322
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	906.8	702.8	661.0	740.9	782.4	746.2	780.6	815.08	842	863	880	980	1028	1111	1121
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	531.8	496.8	453.3	402.8	389.1	395.7	410.3	407.88	435	445	470	496	526	536	537
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	847.5	752.8	656.0	686.6	655.4	665.5	807.0	803.21	825	810	820	845	876	888	901
USDA,COARSE GROUND 73%, WT. AVG.	278.8	282.0	227.2	222.7	217.7	228.2	254.1	279.20	294	284	261	258	272	283	282
COARSE GROUND 81%, WT. AVG., USDA	329.7	336.3	296.3	287.0	245.0	245.5	293.8	315.46	345	336	323	314	325	343	341
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	373.4	374.0	361.3	348.4	329.2	318.2	335.2	335.24	336	342	352	365	365	366	374
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	126.9	158.3	102.9	67.4	74.0	77.9	95.1	104.59	107	109	124	148	164	168	168

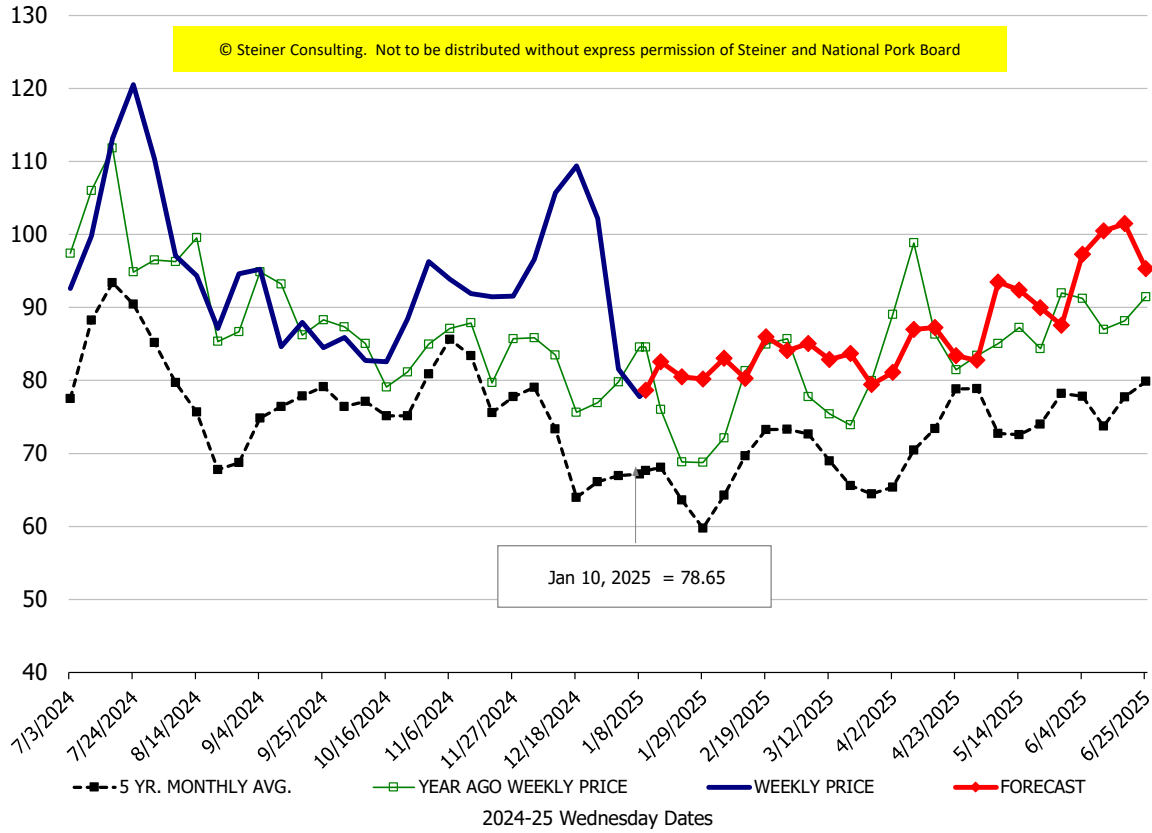
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA



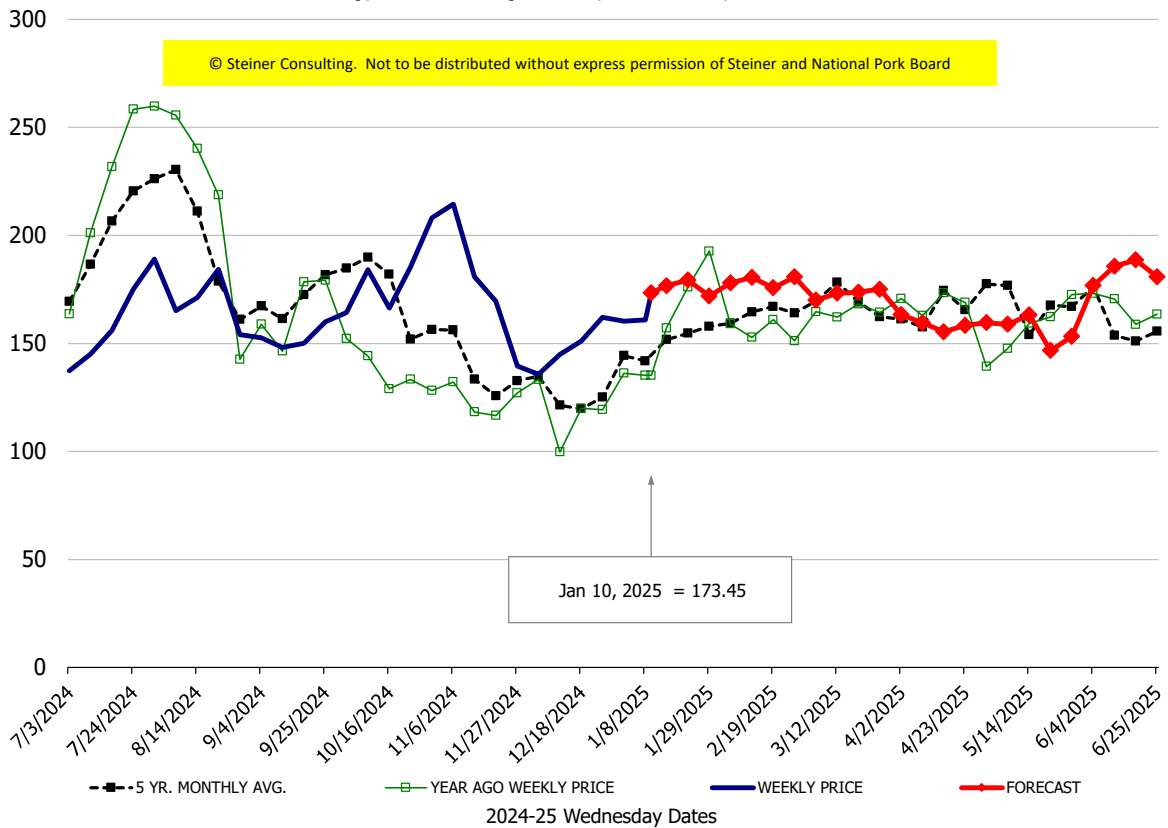
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA

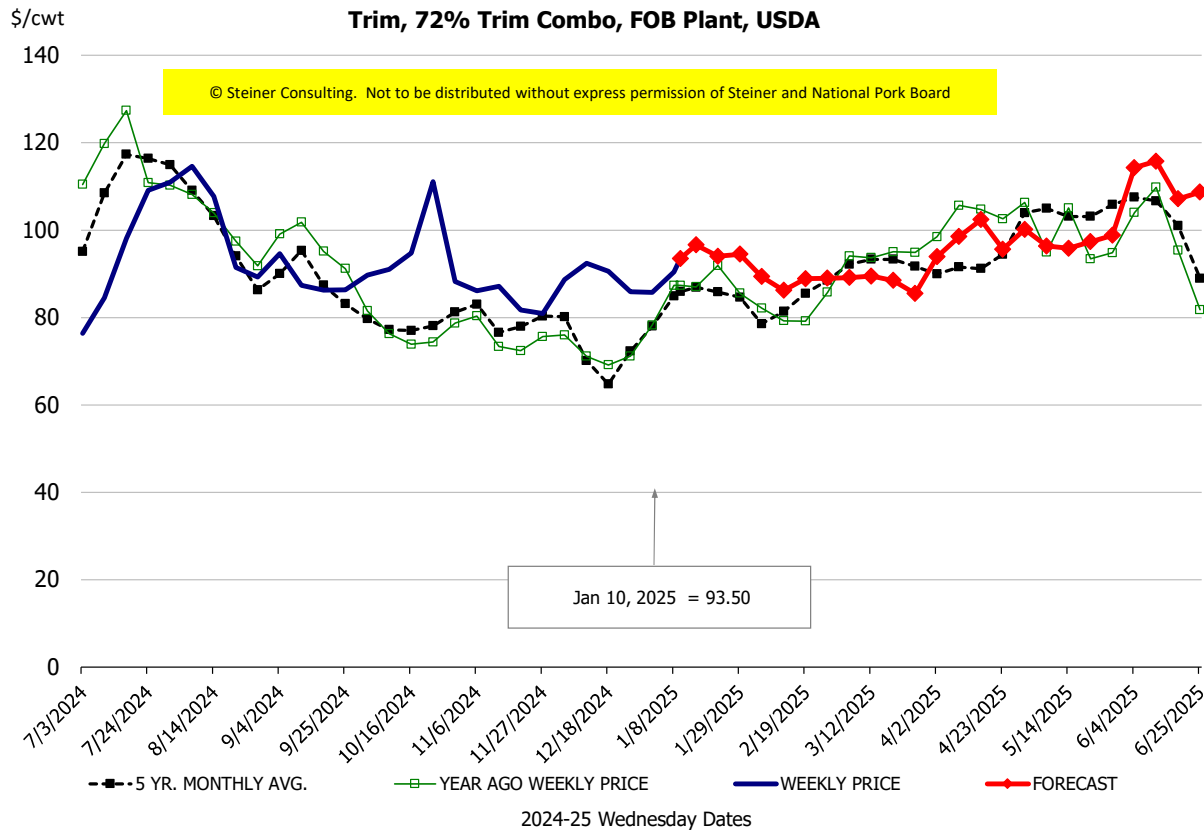
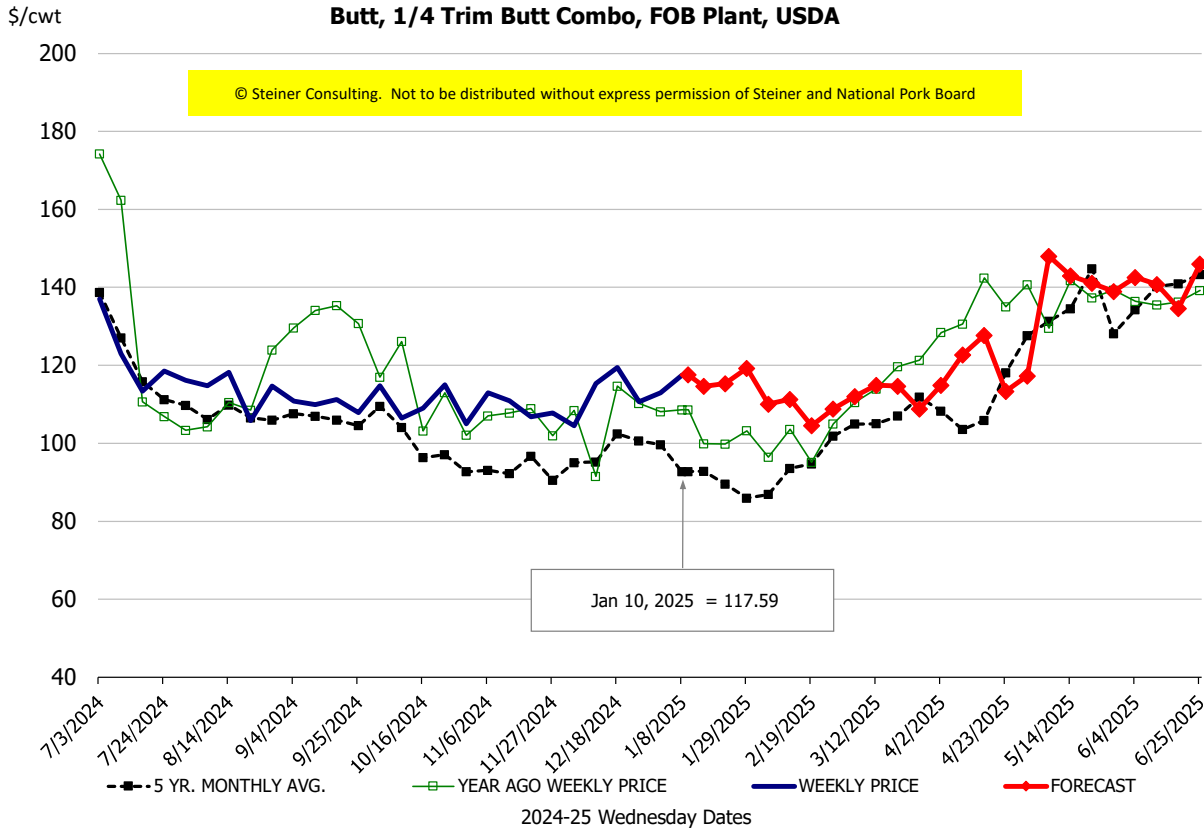


Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA



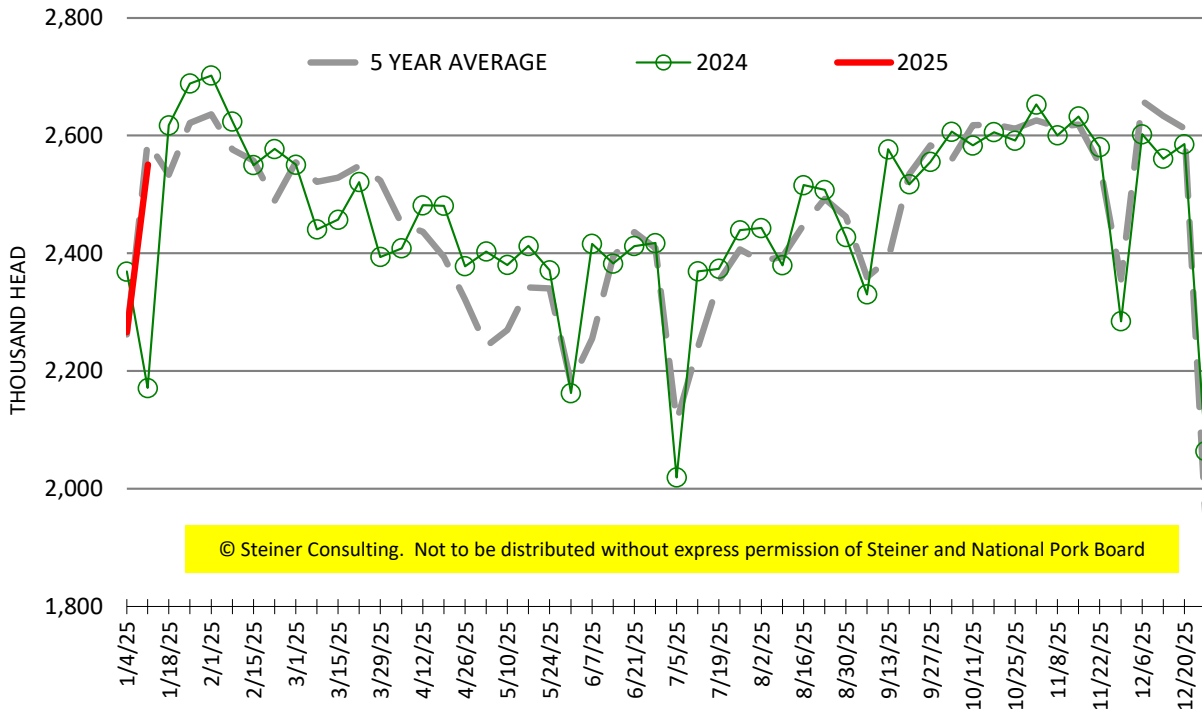
Belly, Derind Belly 9-13#, FOB Plant, USDA





ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

