Pork Merchandiser's **Profit Maximizer**

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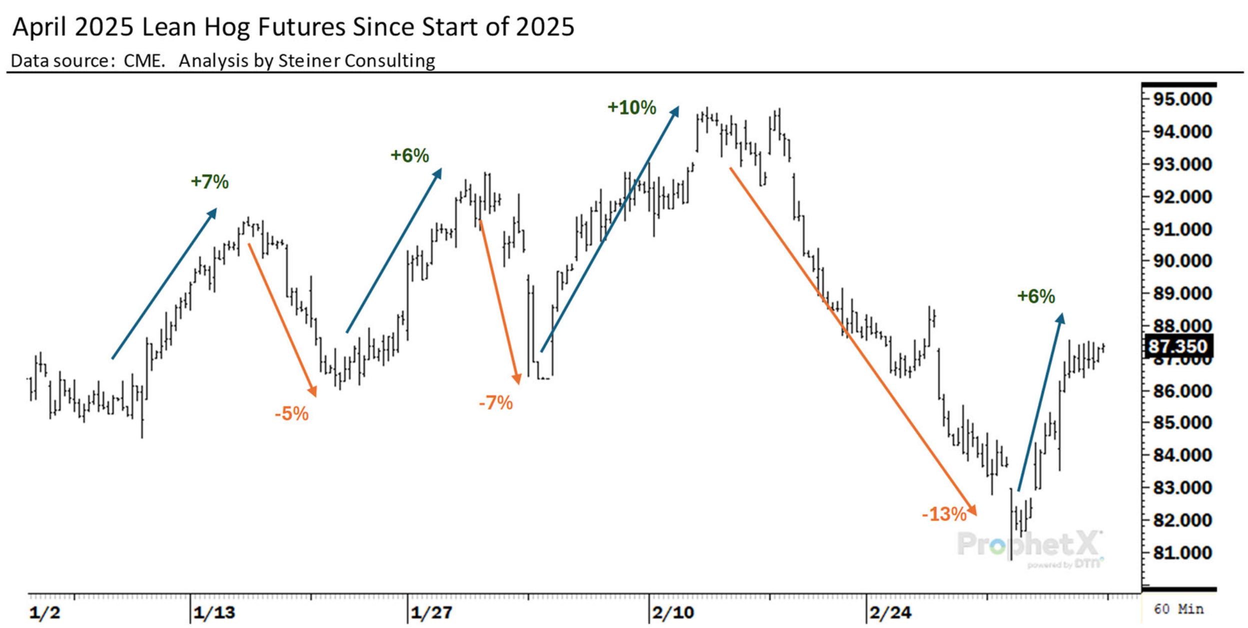
March 10, 2025

Hog Futures Remain Volatile Even as Product Prices Hold Firm – Why the Disconnect?

The chart below speaks for itself. On Friday, the April lean hog futures contract settled at a little over $87/cwt, close to where it was at the start of the year. However, during this period, futures have fluctuated between a high of $95/cwt and a low of $82/cwt, with approximately eight moves of +/- 5%. Tariffs have clearly been a factor, but so has the outlook for pork supplies in Q1.

Regarding tariffs, the new administration has consistently (perhaps intentionally) kept the market guessing, which has not been helpful. A few highlights:

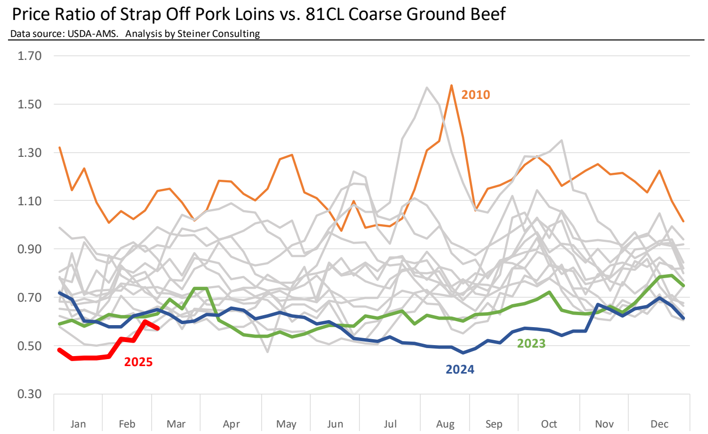


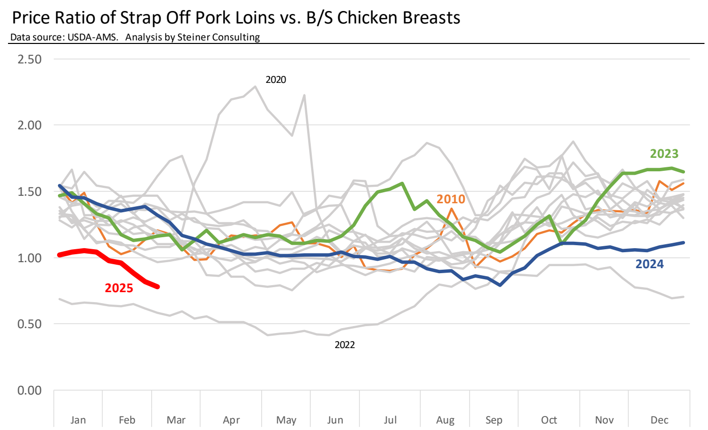
- Jan 20: President Trump, in his inaugural address, emphasized the use of economic measures such as tariffs to strengthen the U.S. position.
- Jan 23: At Davos, Trump warned international businesses to invest in the U.S. or face tariffs.
- Jan 31: The U.S. government announced a 25% tariff on all imports from Canada and Mexico, with lower tariffs for energy.
- Feb 3: Tariffs on Mexico and Canada were paused for one month.
- Feb 10: A 25% tariff on all steel and aluminum was set to take effect on March 12.
- Feb 13: A memo was sent to various U.S. agencies requesting reports on imposing reciprocal tariffs, with a deadline of April 2.
- Feb 26: The U.S. announced its intention to impose a 25% tariff on EU imports.
- Mar 4: Tariffs on Mexico and Canada went into effect.
- Mar 6: A partial rollback of the 25% tariff on Mexican goods covered by the USMCA was announced.
- Mar 7: Reciprocal tariffs were imposed on Canadian dairy and lumber.

Meat markets are difficult to navigate on a good day. The mixed messages coming from the new administration have often resulted in market paralysis, with buyers and traders operating on a day-to-day basis. We believe this has limited the ability to plan.

At the same time, some reports indicate that near-term pork sales have been robust. Retail pork prices have remained generally stable and competitive with beef and chicken. Meanwhile, the weekly supply of pork coming to market has fallen short of expectations. Last week, hog slaughter was estimated at 2.418 million head—120,000 head (-4.7%) lower than the previous week and 1% lower than the same period last year. Since mid-January, weekly hog slaughter has been 576,000 head (-2.8%) lower than a year ago, well below projections from the USDA's December Hogs and Pigs report.

That report estimated the inventory of hogs





between 120–179 lbs. to be down just 0.6% year-over-year, while the 50–119 lb. market hog group was projected to be 1.4% above the previous year. By now, we should be processing those market hogs, but supply remains limited.

In the near term, tight pork supply has supported overall cutout values. Until we see evidence to the contrary, our working assumption is that hog supply will remain limited through spring and early summer. Additionally, we believe the U.S. and Mexico will avoid a trade war—both countries have too much to lose, and the U.S. administration needs Mexico's cooperation on immigration and fentanyl. Mexico, on the other hand, relies on exports to the U.S. for 25% of its GDP.

However, the U.S. is likely to take a harder line with Canada, which could negatively impact the flow of hogs into the U.S., potentially exacerbating the already tight hog supply. In the longer term, a broader trade war would be detrimental to the U.S. pork industry, opening the door for competitors to gain ground in key U.S. export markets.

2. Pork trade – Trade Storms Gather

Matching last year's U.S. pork export volume will be challenging. The USDA still expects exports to increase in 2025, forecasting a 2.5% rise. However, it's important to note that the USDA does not account for potential trade disruptions until they become reality.

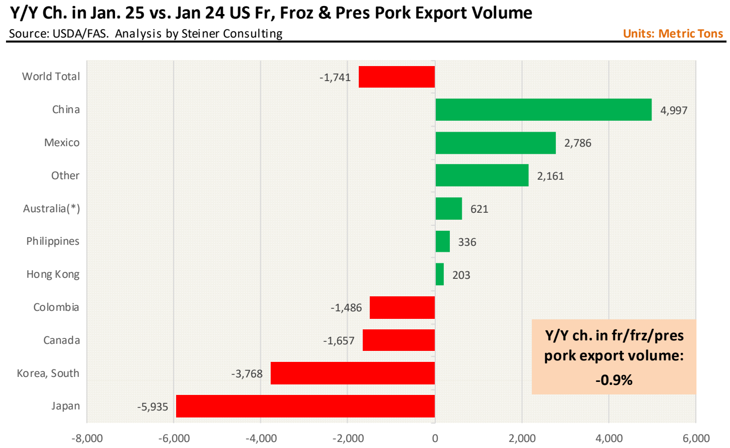
The start of the year has not been particularly encouraging, especially considering that looming tariffs may have prompted some demand to be pulled forward. Mexico remained the top market for U.S. pork, with shipments totaling 90,189 MT—3.2% higher than a year ago.

Exports to China also increased, but it remains to be seen how long that trend will continue now that the effective tariff on U.S. pork in China stands at 47% (37% plus the newly imposed 10% retaliatory tariff). The rise in shipments to China helped offset a decline in exports to Japan.

Once the leading market for U.S. pork, Japan has lost ground in recent years due to increased competition from Europe, a weaker yen, and slowing consumption. U.S. pork exports—fresh, frozen, and cooked—totaled 21,833 MT, down 21.4% from a year ago.

Although Canada often receives less attention, January shipments there exceeded those to China, reaching 13,387 MT. However, exports to Canada declined by 11% year-over-year, and with the suspension of Smithfield's Tar Heel plant and the potential for new tariffs on U.S. pork, shipments to this market are expected to decline further in the coming months.

Beyond tariffs, sentiment toward American products in Canada is another factor to consider. As a net exporter of pork, Canada is likely to push for increased domestic sourcing, further weighing on U.S. export prospects.



Product Update

Hog Market. For the week ending March 8 hog slaughter was 2.418 million head, down 0.9% from a year ago. In the last two weeks hog slaughter is down 0.7% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 89.82 /cwt. on Friday were up $0.4/cwt since Wed. February 26. Prices are up about $8.3/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $0.9857, down about 2.9 cents since the Wed. February 26 quote and down about 9 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.4074 for the strap on loins, up 2.4 cents since Wed. February 26 but down 8 cents from the year ago levels. Strap off loins at $1.6261 are up 5.6 cents since Wed. February 26 but down about 11 cents compared to the year ago quote.

Boneless sirloins at $1.2995 were down about 3 cents from the Wed. February 26 quote but up about 1.8 cents from the year ago price.

Pork tenderloin finished last week at $1.7397, down 8 cents since the Wed. February 26 quote but up about 10.3 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.2056, down 3.9 cents since Wed. February 26. Prices are up 3 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.6627, down about 3 cent since Wed. February 26 and down about 9 cents from year ago levels.

Rib inventories on January 31 were 85.0 million pounds, down 3.8% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.9284/lb. down 5 cent since Wed. February 26 but up about 5 cents from a year ago.

20/23 hams finished the week at 87.23 cents (page 130) down about 2 cents since Wed. February 26 but up about 6 cents from the year ago level.

23/27 hams finished the week at 82.47 , up about 1 cents from the Wed. February 26 quote and up about 5 cents from the year ago level.

Total ham cold storage stocks on January 31 at 80.0 million pounds were up 6.8% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 75.75 cents, up about 8.6 cents since Wed. February 26 and up about 26 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 109.08 cents, up 3.7 cents since the Wed. February 26 quote and up about 15 cents from the year ago levels.

Freezer stocks of all trimmings on January 31 were 49.8 million pounds, up 4.5% 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 36 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 131.73 on Friday, March 7, up about 4 cents from a year ago.

Broiler slaughter for the week ending February 22 was 162.67 million head, down 0.67% from a year ago. For the last two weeks broiler slaughter was up 0.5% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $2.0526, up 14 cents since Wed. February 26 and up about 68 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 51.54 cents per pound prices were down about 0.10 cents vs. two weeks ago but were up 6 cents from a year ago.

Wings. Prices at $1.6395 are down about 47 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.1200, up 4 cent since Wed. February 26 and up about 17 cents from the year ago price.

Toms finished last week at $1.1224, up 4 cents since Wed. February 26 and up about 10 cents from the year ago price.

Total turkey supplies in the freezer on January 31 were down 12.5% from a year ago at 264.0 million pounds. Whole birds were down 15.7% from a year ago with an inventory of 97.7 million pounds.

Turkey slaughter was 2.9530 million head for the week ending February 22, down 20.47%

from a year ago. For the last two weeks slaughter has been down 18.23%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.8700, up since Wed. February 26. Prices are up about 27 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 $9.9675 (weighted average quote) finished last week up about 29 cents since the Wed. February 26 quote but down about 10 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $8.9700 (weighted average quote) finished last week up about 10 cents since the Wed. February 26 quote but down about 0 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $0.9975 /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 $3.8143 for 90CL and $1.0565 for 50CL product, an 81CL meat block value is now $3.1938 and a 78CL meat block is $2.9870. Choice 114, 3 Clods are now being priced 21.10 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 51.78 cents and the five year average spread for is 44.75 cents over.

Choice #161 Boneless Rounds finished last week at $3.7100, unchanged since **Wed.** February 26 and down about 0 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.5168 down about one cent since Wed. February 26 but up about one cent from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.5719 up about 7 cents since Wed. February 26 but down about 13 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $3.1641 down about 50 cents since Wed. February 26 but up about 17 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $9.5858 (wt. avg.) up about 9 cents from the Wed. February 26 quote. Prices are up 67 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $4.6193 (wt. avg.) **up** about one cent since Wed. February 26 and **up** about **58** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $4.7043 (wt. avg.) down about 12 cents since Wed. February 26 but up about 51 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.2147 (wt. avg.) up about 4 cents since Wed. February 26 but down about 21 cents from year ago values.

COARSE GROUND BEEF –

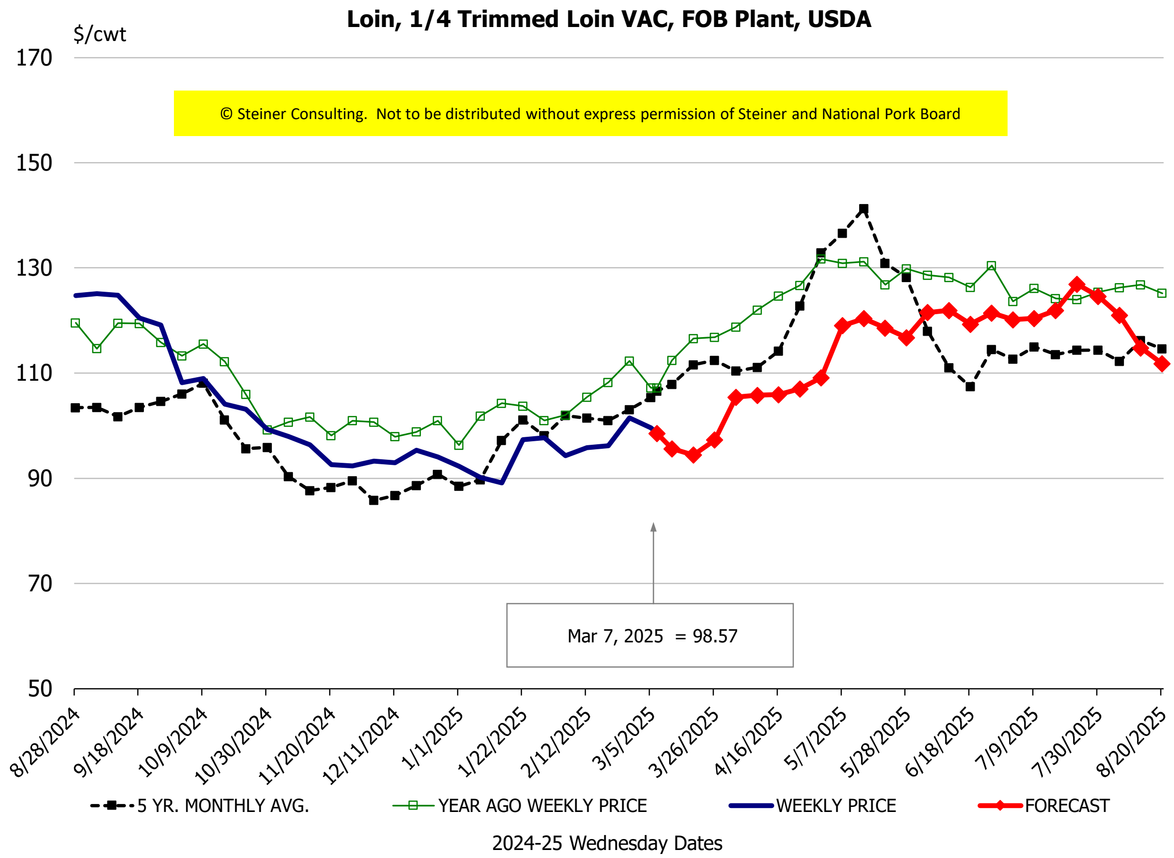
73CL Coarse Ground product finished last week at $**2.5802 up** about 2 cents since Wed. February 26 and up about 33 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.7895 up about 17 cent since Wed. **February 26 and up** about **2** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $**3.8143** (wt. avg.) **up 0.91** cents since Wed. February 26 and up 65 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $1.0565, down about 9 cents since Wed. February 26 but up one cent compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Sep	Oct	Nov	Dec	Jan	Feb	2/26/2025	3/7/2025	3/19/2025	Mar	Apr	May	Jun	Jul	Aug
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	123.3	105.2	95.0	93.9	91.8	96.8	101.5	98.57	94	96	107	115	121	121	119
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	129.7	115.8	102.0	102.5	102.3	107.2	105.7	108.17	106	109	116	126	133	132	130
Loin, Bnls CC Strap-off, FOB Plant, USDA	166.4	164.9	158.9	159.3	155.9	158.9	157.0	162.61	164	164	172	179	176	175	180
Loin, Tenderloin, FOB Plant, USDA	180.2	181.2	171.9	166.4	172.3	177.5	182.0	173.97	174	175	187	195	205	204	207
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	109.9	110.3	111.7	115.5	112.7	110.0	116.2	113.56	118	114	122	139	141	136	129
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	144.6	151.8	170.3	151.5	160.0	169.0	169.1	166.27	173	170	184	189	181	161	158
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	241.5	254.3	250.7	253.2	243.4	252.8	190.5	261.77	281	283	292	308	303	278	271
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	136.7	152.0	169.3	152.3	159.1	160.8	160.0	160.28	167	165	177	187	183	163	158
Loin, Backribs 2.0#/up, FOB Plant, USDA	218.8	222.2	227.3	230.8	239.4	255.6	255.4	265.70	269	267	284	291	294	266	261
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	92.9	92.4	99.7	112.6	99.2	91.3	97.4	92.84	91	95	97	98	101	108	106
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	90.3	88.1	95.1	104.3	84.4	87.6	89.3	87.23	85	87	85	92	100	105	103
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	87.3	86.0	91.2	98.2	78.6	83.6	81.7	82.47	83	85	86	93	99	107	100
Belly Cutout, FOB Plant, USDA	126.3	146.2	144.6	115.3	134.8	158.7	152.4	155.68	156	156	139	131	145	175	173
Belly, Derind Belly 9-13#, FOB Plant, USDA	152.4	172.2	179.3	146.4	176.1	208.5	189.7	209.72	214	209	175	167	183	215	195
Belly, Derind Belly 13-17#, FOB Plant, USDA	152.1	175.0	167.1	139.0	165.4	183.4	185.7	187.83	186	188	164	155	172	203	194
Trim, 42% Trim Combo, FOB Plant, USDA	66.0	76.3	51.3	40.6	41.6	58.5	67.1	75.75	75	76	64	61	72	85	85
Trim, 72% Trim Combo, FOB Plant, USDA	87.7	94.7	83.6	86.9	91.2	99.9	105.4	109.08	108	109	109	111	115	122	112
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	122.2	113.9	102.5	110.3	101.9	106.1	110.5	111.19	113	111	121	123	127	132	127
Carcass Cutout, FOB Plant, USDA	94.9	97.0	96.7	93.4	91.1	97.7	96.7	97.78	98	97	97	103	106	109	106
HOG CARCASS															
CME 1-Day Lean Hog Index	84.8	85.0	88.3	84.1	81.8	88.2	89.4	89.82	91	90	91	97	102	103	99
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	131.4	133.2	132.6	134.7	136.0	132.1	131.6	131.73	133	133	137	142	144	134	130
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	191.2	154.0	148.1	147.8	147.9	172.8	191.6	205.26	222	212	220	225	194	182	184
N.E. BROILER BREAST LINE RUN, USDA	107.7	107.3	107.3	106.9	107.3	107.7	107.6	109.07	112	109	112	118	120	119	120
N.E. BROILER LEG QUARTERS, USDA	52.6	51.8	51.6	51.7	51.5	51.5	51.6	51.54	53	52	54	55	55	56	54
N.E. BROILER WINGS, USDA, WT.AVG.	231.9	207.8	189.5	188.8	190.5	186.9	177.9	163.95	159	160	154	153	150	155	161
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	91.7	100.3	95.8	94.8	91.7	94.9	108.0	112.00	115	114	116	117	118	118	119
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	101.8	103.1	96.9	94.8	92.0	96.5	108.5	112.24	115	114	116	117	118	118	119
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	217.5	199.8	194.5	201.8	223.4	253.5	267.0	287.00	301	295	310	315	320	324	330
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	183.1	187.7	186.9	192.5	202.0	204.8	199.6	197.67	199	198	200	197	196	195	194
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1022.9	1165.8	1320.8	1455.2	1064.1	974.4	967.4	996.75	1059	1050	1121	1133	1186	1090	1180
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	374.3	370.0	370.4	371.0	371.0	371.0	371.0	371.00	359	373	373	370	370	372	380
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	336.2	329.9	308.5	318.2	384.3	364.6	349.7	357.19	348	358	358	354	355	363	374
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	297.8	306.7	304.0	322.6	368.2	333.2	366.7	316.41	299	321	321	321	330	335	343
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	661.0	740.9	782.4	746.2	850.2	947.5	949.8	958.58	996	967	1003	1063	1110	985	891
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	453.3	402.8	389.1	395.7	412.7	454.5	482.1	470.43	474	472	488	504	518	498	482
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	656.0	686.6	655.4	665.5	803.1	698.1	717.7	721.47	758	741	790	838	868	918	890
USDA,COARSE GROUND 73%, WT. AVG.	227.2	222.7	217.7	228.2	291.4	265.3	256.2	258.02	253	258	254	260	266	260	275
COARSE GROUND 81%, WT. AVG., USDA	296.3	287.0	245.0	245.5	328.0	293.6	261.7	278.95	270	285	310	321	323	322	336
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	361.3	348.4	329.2	318.2	352.7	375.7	380.5	381.43	381	384	395	405	410	407	404
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	102.9	67.4	74.0	77.9	109.9	104.9	114.9	105.65	116	118	137	146	145	147	151



Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
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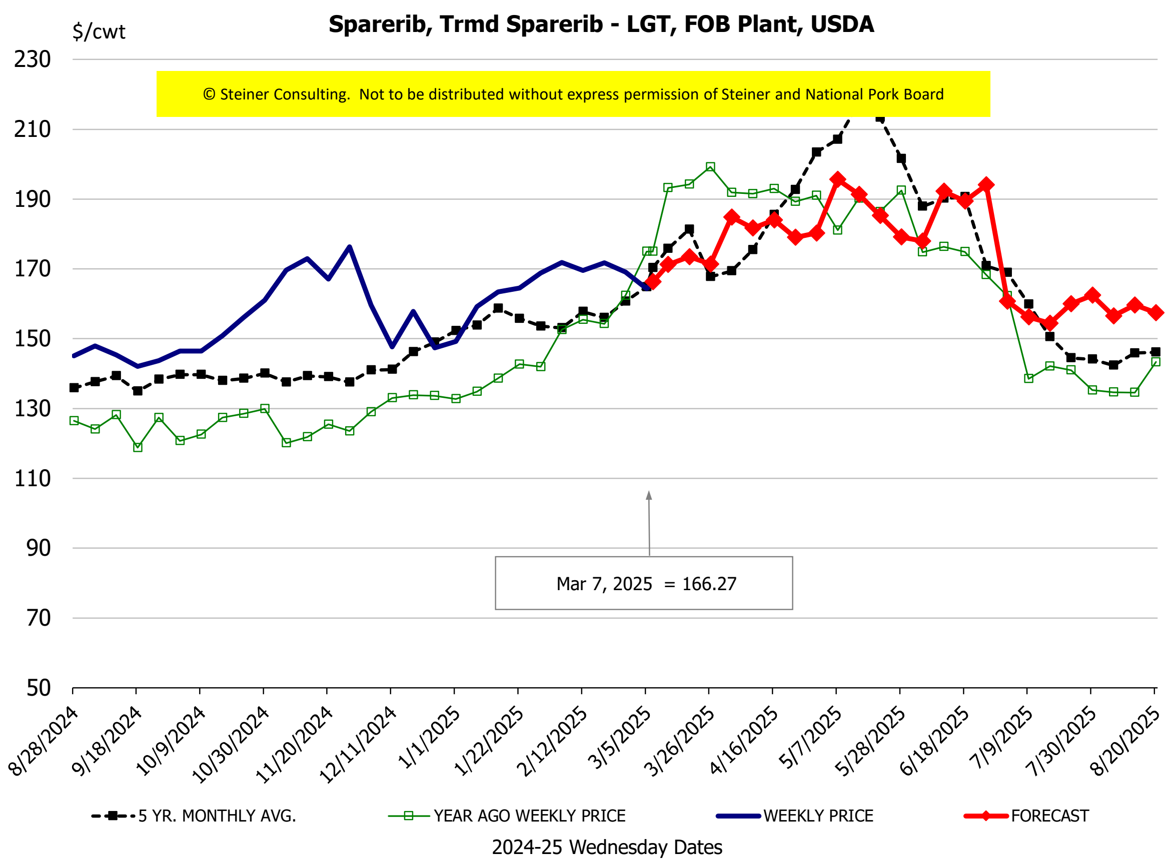
Mar 7, 2025 = 98.57
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
3/26/2025
4/16/2025
5/7/2025
5/28/2025
6/18/2025
7/9/2025
7/30/2025
8/20/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates



Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
230
210
190
170
150
130
110
90
70
50
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Mar 7, 2025 = 166.27
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
3/26/2025
4/16/2025
5/7/2025
5/28/2025
6/18/2025
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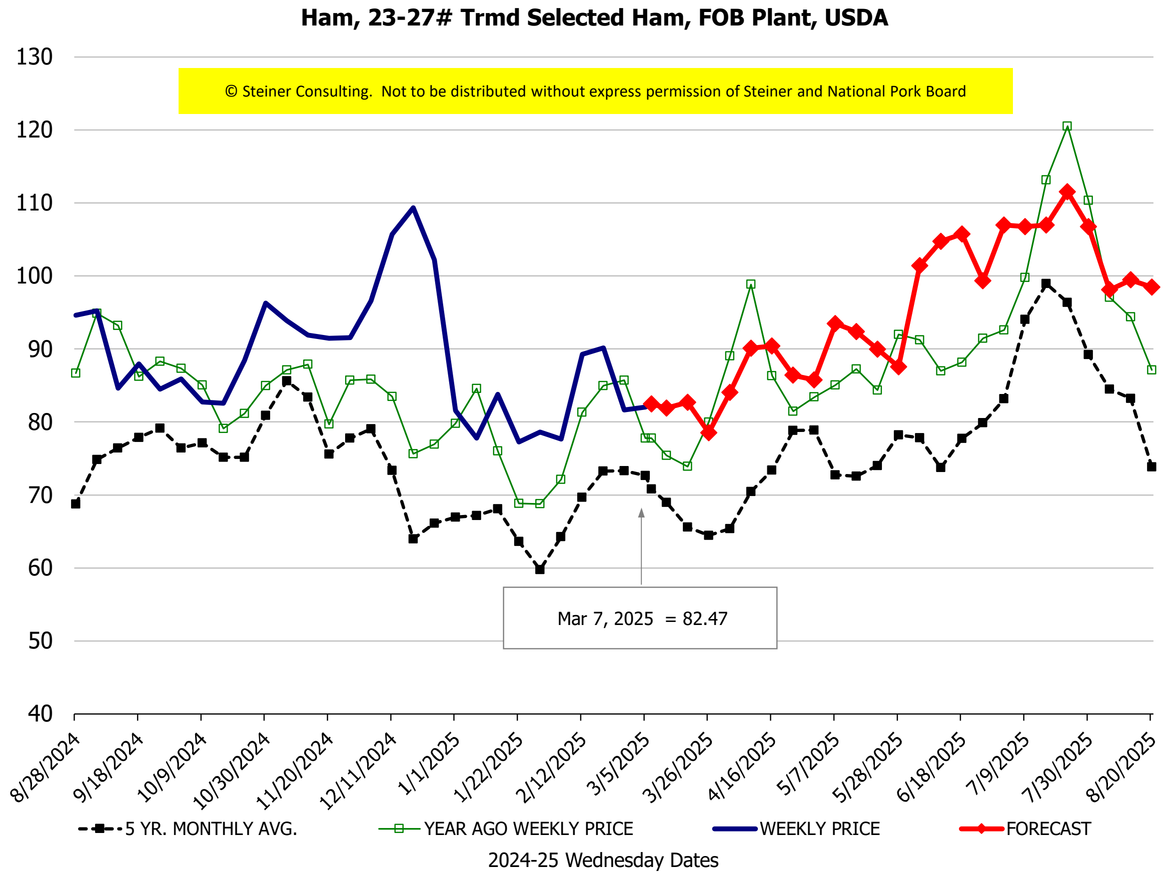

Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
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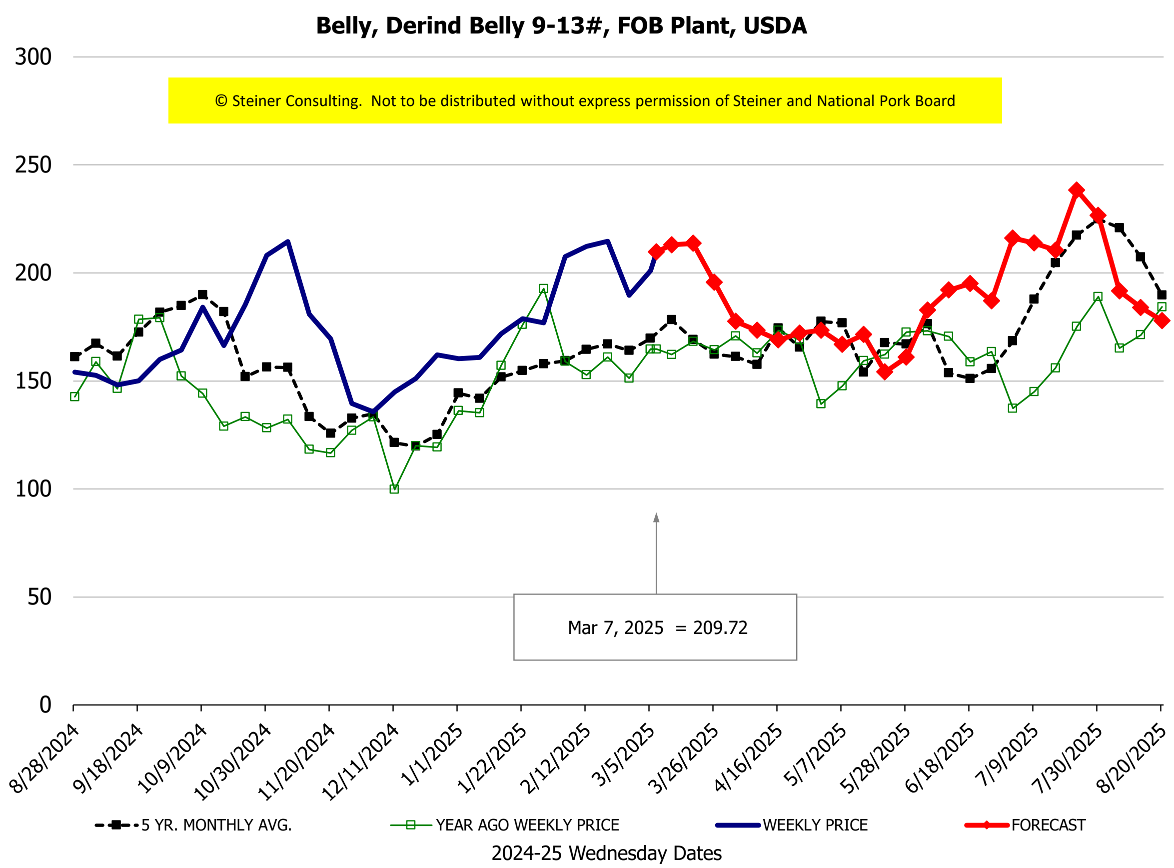
Mar 7, 2025 = 82.47
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates



Belly, Derind Belly 9-13#, FOB Plant, USDA
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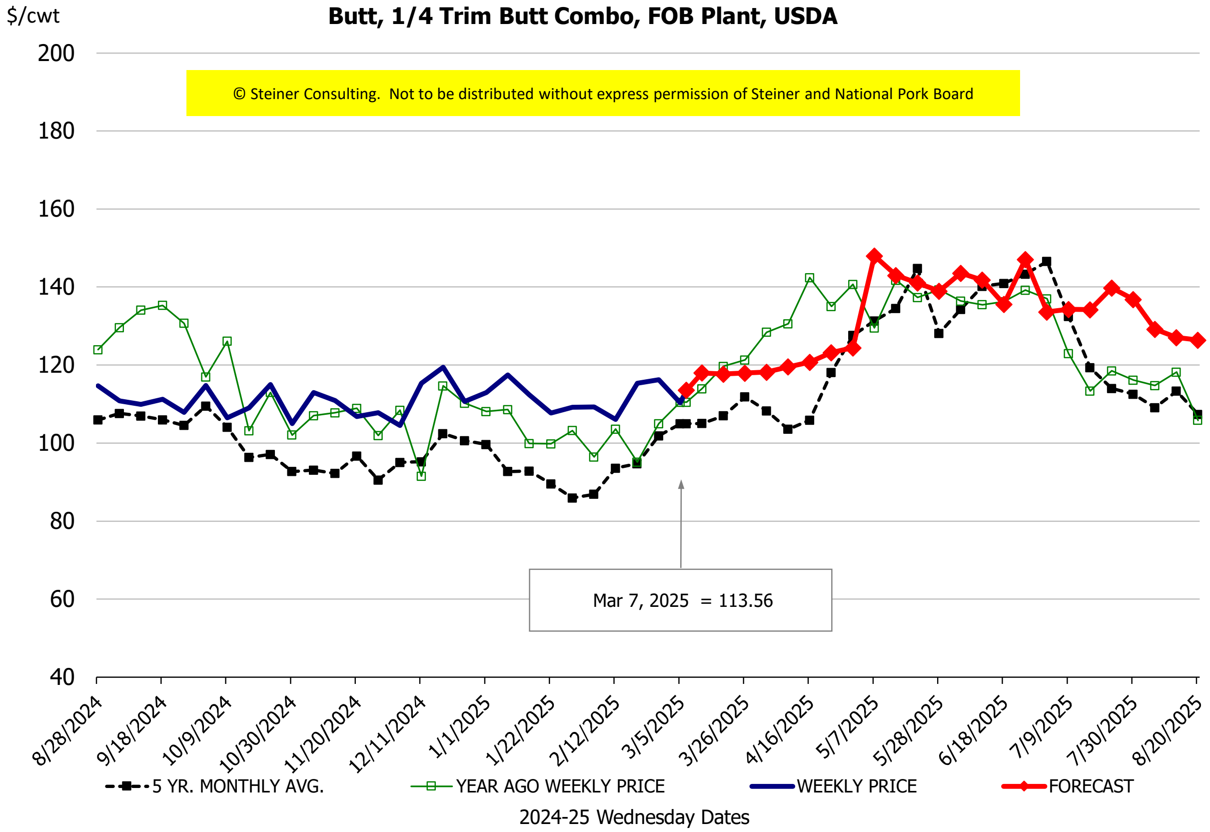
Mar 7, 2025 = 209.72
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates



$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
200
180
160
140
120
100
80
60
40
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Mar 7, 2025 = 113.56
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
3/26/2025
4/16/2025
5/7/2025
5/28/2025
6/18/2025
7/9/2025
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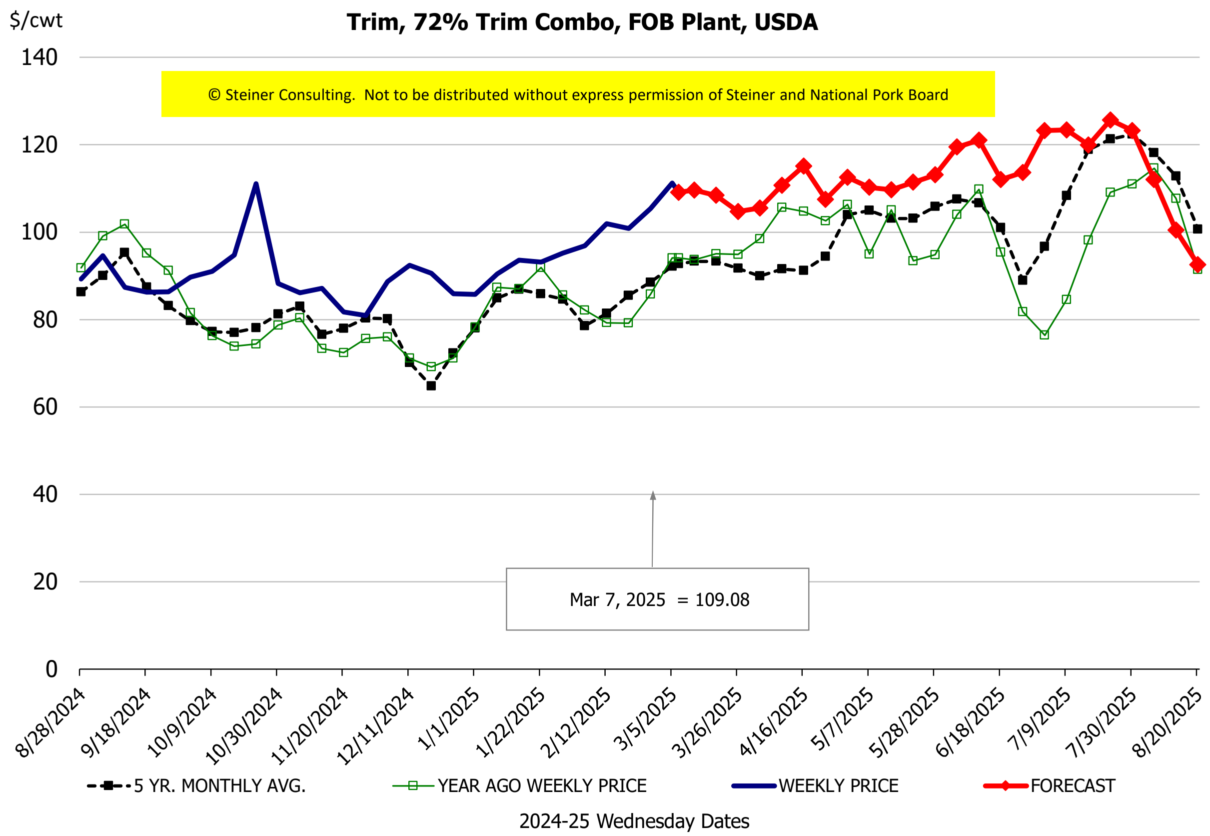

$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
140
120
100
80
60
40
20
0
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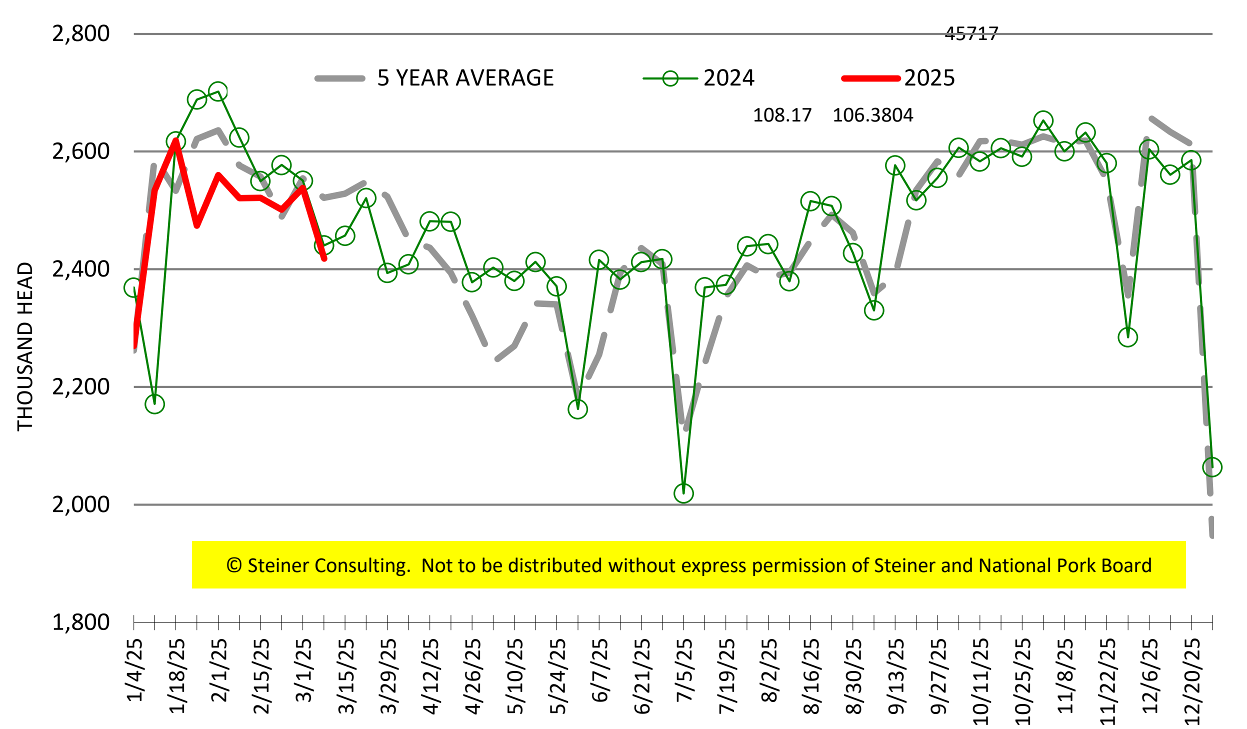
Mar 7, 2025 = 109.08
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
3/26/2025
4/16/2025
5/7/2025
5/28/2025
6/18/2025
7/9/2025
7/30/2025
8/20/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds