



# Pork Merchandiser's Profit Maximizer

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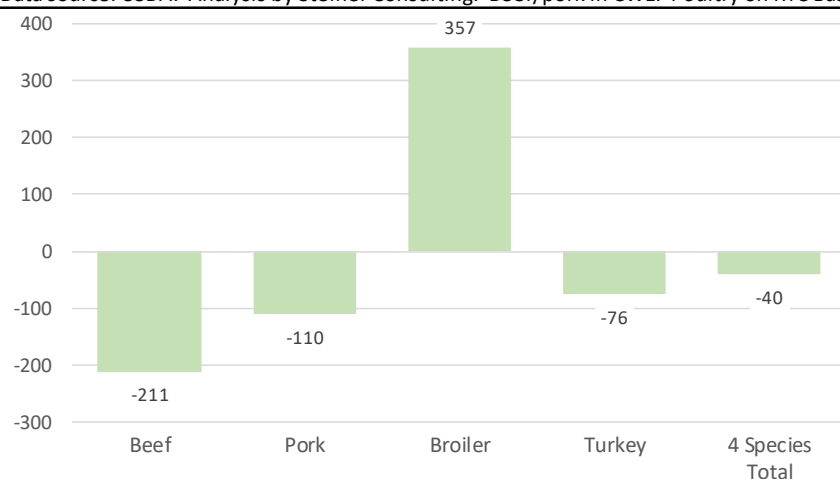
November 7, 2022

**Red meat supply is lower than a year ago but increase in chicken production, and lower chicken prices, have kept retail pork prices in check in the near term.**

We are now one month into the final quarter of the year and pork output is expected to be down 110 million pounds or 1.5% and beef output is expected to be down 211 million pounds or 3%.

USDA Forecasts for Q4 Production of the Four Main Proteins

Data source: USDA. Analysis by Steiner Consulting. Beef/pork in CWE. Poultry on RTC Basis



The decline is expected to be offset by higher chicken production. USDA thinks that Q4 chicken production will be up 357 million pounds or 3.2% compared to the same period a year ago. For those that think this forecast may be too aggressive, think again. Chick placements in recent weeks have averaged 5% above year ago levels, implying a robust slaughter pace through at least late November. More importantly, the broiler hatchery flock is running above year ago levels and the hatching rate has improved - coincidentally at same time that plants have become better staffed. Add to this heavier broiler weights and even the seemingly “aggressive” USDA forecast may not be high enough. The USDA forecast for a 3% decline in beef production may end up being revised higher. Feedlot inventories are near year ago levels and we have yet to see packers slow down the pace of fed cattle and cows coming to market. Indeed, for the week ending October 22 beef cow slaughter was almost 85k head, up by

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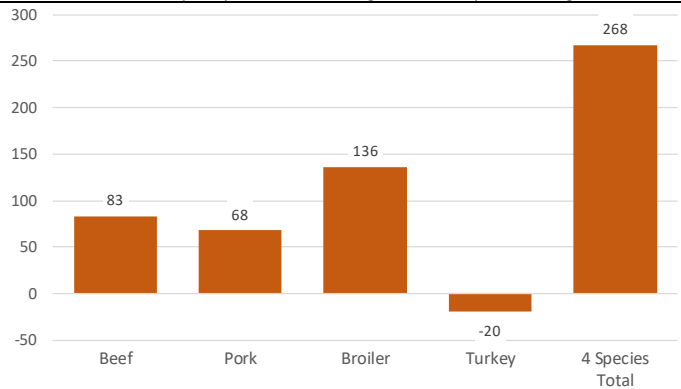
double digits compared to a year ago and the highest weekly beef cow slaughter since 2011. As for the decline in pork production for the most part it is in line with expectations from the September Hogs and Pigs report. Despite the decline in pork production, loins, butts and ribs are at or below year ago levels. Retailers have seen very aggressive pricing on chicken breasts and thighs for near term futures, which may have negatively affected demand for these items. And with the holidays ahead, loins and ribs may find it difficult to get much traction.

But while production gets a lot of attention, carryover inventory and exports are important. Meat protein output in Q4 of this year is expected to be just slightly lower than a year ago but there is substantially more meat protein in cold storage. This is a concern for end users that own that inventory and fear a slowdown in demand may cause them to mark down its value. Keep in mind that production and trade data is on a carcass weight or ready to cook basis while the cold storage data is on a product weight basis. If we were to convert the cold storage numbers to equivalent units, the volume would look even bigger. But even as currently reported, the combined supply of the four main proteins at the start of Q4 was 268 million pounds or 13% higher than a year ago. Supply of beef, pork and chicken was up double digits from last year. USDA thinks pork exports will be up in Q4, with Mexico and possibly China buying more pork. This will help the pork market and hog futures for Dec are up substantially vs. year ago. But chicken and turkey exports are forecast lower. So, while the supply situation for some items may still be tight, the overall domestic protein supply shows a significant improvement compared to last year's levels.

Finally, we wanted to highlight the fact that hog producers remain extremely current, and we are starting to get reports of more cases of PRRS affecting farms. Normally hog carcass weights move higher in late fall and winter as hogs get fresh new corn and enjoy the cooler temps. But the average weight of producer owned hogs going to market last week was little changed from two weeks ago and now down 3.7 pounds or 1.7%

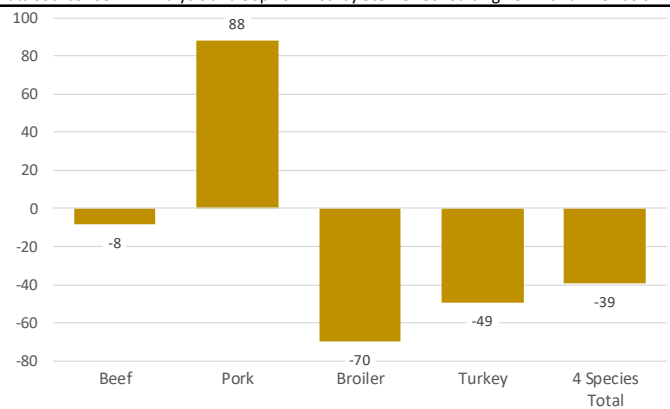
October 1 Inventory of the Four Main Proteins in Cold Storage

Data source: USDA. Analysis by Steiner Consulting. Data is on a product weight basis



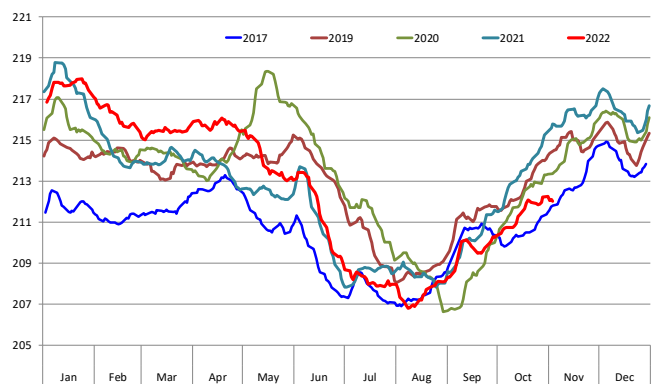
Implied USDA Forecast of Q4 Exports of 4 Main Species. Mil Lb

Data source: USDA. Analysis and Sep 2022 Est. by Steiner Consulting. CWE and RTC Basis



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

Based on Daily MPR Report, LM\_HG201. Data through Nov 3, 2022. Analysis by Steiner Consulting



compared to a year ago. Producer supplies in parts of the country have been tight for much of the year and current trends suggest that packers will be forced to pay up for hogs. Seasonally hog supplies decline in Q1 and the latest Hogs and Pigs report suggested supply in early spring could be down as much as 2.5% y/y. With pork supply constrained, demand remains critical for producers and end users alike.

## **PORK**

**Hog Market. For the week ending November 5 hog slaughter was 2.577 million head, down 1.4% from a year ago. In the last two weeks hog slaughter is down 0.6% vs. year ago levels.**

**Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts.** Lean hog carcass values at about 91.79 /cwt. on Friday were down \$2.4/cwt since Wed. October 26. Prices are up about 13.5 \$/cwt compared to year ago values.

**Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA** (page 8). Prices finished last week at \$1.0836, down about 1.1 cent since the Wed. October 26 quote but up about 15 cents from year ago levels.

**Bnls. Strap on Pork Loins.** Prices finished the week at \$1.2639 for the strap on loins, up 5.6 cent since Wed. October 26 but down 4 cent from the year ago levels. Strap off loins at \$1.4733 are down 9.0 cent since Wed. October 26 and down about 23 cent compared to the year ago quote.

**Boneless sirloins** at \$1.2695 are down about 4 cents from the Wed. October 26 quote and down about 10.4 cents from the year ago price.

**Pork tenderloin** finished last week at \$1.6749, down 18 cent since the Wed. October 26 quote and down about 80.2 cents from the year ago price.

**1/4 Trim Pork Butts** (page 10), prices finished the week at \$1.0569, down 3.8 cents since Wed. October 26. Prices are up 0 cent from a year ago.

**Spareribs, Trimmed - LGT, Vac** (page 8). Prices finished the week at \$1.3177, down about 5 cent since Wed. October 26 and down about 16 cents from year ago levels.

Rib inventories on September 30 were 103.7 million pounds, up 78.6% from a year ago.

### **Bone-in Hams**

17/20 hams (page 9) price was last quoted at \$1.0487/lb. down 4 cents since Wed. October 26 but up about 50 cents from a year ago.

20/23 hams finished the week at 102.45 cents (page 130) down about 11 cent since Wed. October 26 but up about 48 cents from the year ago level.

23/27 hams finished the week at 101.12 , down about 2 cent from the Wed. October 26 quote but up about 46 cents from the year ago level.

Total ham cold storage stocks on September 30 at 159.3 million pounds were down 18.1% from year ago levels.

**42 CL Pork Trim** "FOB Basis". Prices finished the week at 76.69 cents, up about 4.3 cent since Wed. October 26 and up about 14 cents from the year ago price.

**72 CL Pork Trim** "FOB Basis". Prices finished the week at 104.47 cents, up 1.0 cents since the Wed. October 26 quote and up about 17 cents from the year ago levels.

Freezer stocks of all trimmings on September 30 were 40.5 million pounds, down 5.1% from the year ago levels.

**72 CL Picnic Meat** "FOB Basis". The premium of picnic meat to 72CL trim is currently at **28** cents compared to **29** cent average in the previous six months.

## **POULTRY**

### **Whole Broilers**

The National Whole Bird price was quoted at 128.53 on Friday, November 5, up about 27 cents from a year ago.

Broiler slaughter for the week ending November 5 was 175.43 million head, up 6.83% from a year ago. For the last two weeks broiler slaughter was up 5.4% vs. a year ago.

**Breasts.** Prices on boneless skinless breasts finished the week at \$1.0113, down 4 cents since Wed. October 26 and still down about 79 cents from year ago levels.

Leg Quarters. Last week leg quarter prices were up about 3.33 cents vs. two weeks ago but at 38.40 cents per pound prices were down 1 cent from a year ago.

Wings. Prices at \$1.0668 are down about 180 cents from year ago levels.

## **Turkeys**

### **The prices below reflect weekly quoted USDA prices.**

Hens finished last week at \$1.8069, up cent since Wed. October 26 and up about 40 cents from the year ago price.

Toms finished last week at \$1.8050, up since Wed. October 26 but up about 42 cent from the year ago price.

Total turkey supplies in the freezer on September 30 were down 4.8% from a year ago at 394.5 million pounds. Whole birds were down 7.7% from a year ago with an inventory of 238.5 million pounds.

Turkey slaughter was 4.6130 million head for the week ending October 29, up 0.24% from a year ago. For the last two weeks slaughter has been down 1.0%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$6.7000, unchanged since Wed. October 26. Prices are up about 310 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 \$9.7375 (weighted average quote) finished last week down about 12 cents since the Wed. October

26 quote and down about 144 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$7.0165 (weighted average quote) finished last week up about 38 cents since the Wed. October 26 quote but down about 261 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$2.7210 /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.

Choice #115 Chucks are no longer being quoted. We suggest that those participants still benchmarking pricing off the 115 Chuck market switch to 114 clods.

With prices at \$2.4550 for 90CL and \$0.7275 for 50CL product, an 81CL meat block value is now \$2.0663 and a 78CL meat block is \$1.9368. Choice 114, 3 Clods are now being priced 52.17 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was **70.46** cents and the five year average spread for is **42.17** cents over.

Choice #161 Boneless Rounds finished last week at **\$0.0000**, down slightly since Wed. October 26 and down about 322 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$2.5561 down about 11 cents since Wed. October 26 and down about 32 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$2.6839 up about 2 cent since Wed. October 26 and down about 30 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$3.0047 down about 7 cents since Wed. October 26 and down about 67 cents from the year ago levels.

**Choice #180 (0x1) Bnls. Strip Loins** finished last week quoted at \$5.8507 (wt. avg.) down about 8 cents from the Wed. October 26 quote. Prices are down 98 cents from year ago levels.

**Choice #184 Regular Heavy top butts** finished at \$3.3000 (wt. avg.) down about one cent since Wed. October 26 and up about 5 cent from year ago levels.

**Choice #184 ¼ inch trimmed Top Butts** finished at \$3.4475 (wt. avg.) up about 2 cents since Wed. October 26 and up about 16 cents from the year ago levels.

**Choice #185A Flap Meat** prices finished Friday at \$5.5384 (wt. avg.) down about 43 cents since Wed. October 26 and down about 105 cents from year ago values.

## **COARSE GROUND BEEF –**

**73CL Coarse Ground** product finished last week at **\$1.6807** down about 3 cents since Wed. October 26 and down about 42 cents from year ago levels.

**81CL Coarse Ground** product finished last week at \$2.2541 up about 12 cent since Wed. **October 26 but down about 22** cents from the year ago quote.

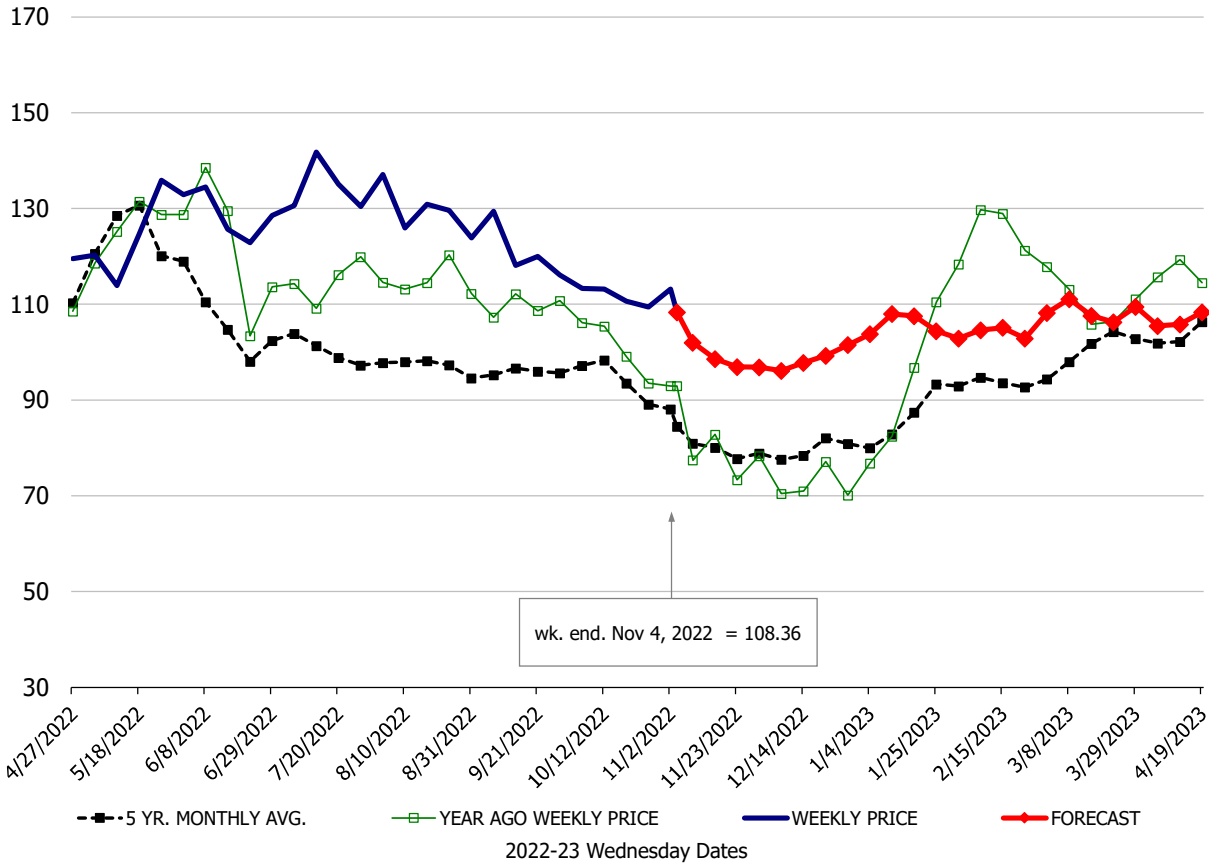
**90CL Bnls. Beef** prices finished the week at **\$2.4550** (wt. avg.) down **2.44** cent since Wed. October 26 and down 30 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$0.7275, up about 2 cent since Wed. October 26 but down 18 cents compared to the year ago level.

# Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	May	Jun	Jul	Aug	Sep	Oct	10/26/2022	11/4/2022	11/16/2022	Nov	Dec	Jan	Feb	Mar	Apr
<b>PORK</b>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	120.2	127.0	132.0	126.7	121.0	111.4	109.4	108.36	99	99	97	105	104	108	107
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	125.0	132.4	134.8	130.6	125.3	116.8	113.2	110.33	105	108	102	108	109	113	113
Loin, Bnls CC Strap-off, FOB Plant, USDA	151.0	149.4	154.3	173.6	167.9	159.0	156.3	147.33	148	148	152	164	158	160	163
Loin, Tenderloin, FOB Plant, USDA	217.3	213.2	215.0	206.6	184.8	184.1	185.2	167.49	171	170	175	201	208	197	195
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	121.3	147.4	179.7	137.9	111.8	103.7	101.8	98.89	106	106	119	124	112	120	129
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	224.7	208.7	188.6	155.4	144.4	135.3	136.6	131.77	138	139	159	163	169	178	188
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	384.1	373.4	368.6	348.3	295.5	306.6	299.1	319.62	311	309	300	296	290	296	285
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	208.5	197.6	184.9	151.3	142.5	133.8	131.7	127.89	135	135	150	151	160	166	175
Loin, Backribs 2.0#/up, FOB Plant, USDA	355.1	316.6	222.8	213.9	191.6	182.0	207.3	172.88	185	185	199	212	229	246	264
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	85.4	96.6	110.8	103.7	104.4	111.2	108.8	104.87	109	109	104	97	95	96	96
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	80.6	95.2	111.3	103.3	103.5	110.4	113.0	102.45	107	107	102	95	93	92	95
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	81.2	93.5	113.6	101.9	103.9	107.8	103.6	101.12	105	105	100	88	87	88	92
Belly Cutout, FOB Plant, USDA	155.8	158.2	184.5	191.2	136.4	138.6	129.5	129.21	131	135	136	153	156	144	137
Belly, Derind Belly 9-13#, FOB Plant, USDA	196.9	200.3	224.2	217.2	166.9	171.7	166.6	163.21	158	168	168	189	193	178	169
Belly, Derind Belly 13-17#, FOB Plant, USDA	179.9	186.9	210.3	209.7	157.8	164.7	155.8	155.33	162	164	164	185	189	174	165
Trim, 42% Trim Combo, FOB Plant, USDA	83.6	81.9	110.6	114.8	75.2	71.2	72.4	76.69	59	65	62	64	66	69	76
Trim, 72% Trim Combo, FOB Plant, USDA	101.7	107.6	121.3	125.3	99.3	100.4	103.5	104.47	91	100	93	97	91	92	110
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	104.6	117.2	131.4	137.6	114.8	114.8	117.2	116.30	112	118	125	111	105	104	120
Carcass Cutout, FOB Plant, USDA	104.4	109.5	120.6	117.0	102.9	101.1	97.7	97.29	100	102	100	99	97	97	100
<b>HOG CARCASS</b>															
CME 1-Day Lean Hog Index	101.9	109.0	115.5	118.3	98.2	93.5	94.2	91.79	88	89	86	88	89	91	94
<b>BROILERS</b>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	169.7	165.8	153.5	131.1	129.2	127.8	128.3	128.53	130	127	124	124	120	122	125
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	351.6	331.6	281.1	228.9	184.5	117.7	105.6	101.13	100	101	103	110	120	137	152
N.E. BROILER BREAST LINE RUN, USDA	185.0	192.4	192.8	185.6	159.9	137.2	121.3	110.46	111	110	110	117	127	123	125
N.E. BROILER LEG QUARTERS, USDA	51.6	59.7	61.2	56.3	43.8	37.0	35.1	38.40	38	38	38	38	39	41	44
N.E. BROILER WINGS, USDA, WT.AVG.	190.8	180.5	167.2	128.4	117.3	109.2	106.1	106.68	107	106	112	141	139	136	135
<b>TURKEYS</b>															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	142.1	152.9	157.6	163.4	169.5	179.6	180.0	180.69	180	181	155	145	135	135	136
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	142.4	149.9	154.7	162.9	167.9	177.7	181.0	180.50	180	181	155	145	135	135	136
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	610.0	642.0	663.8	665.0	670.0	670.0	670.0	670.00	658	670	640	580	520	460	462
<b>LIVE STEERS</b>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	142.4	141.8	143.4	144.3	143.6	147.3	150.1	152.07	152	152	153	154	156	159	160
<b>BEEF</b>															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	809.1	881.1	847.4	918.4	889.5	915.8	986.0	973.75	1053	1025	950	789	830	922	954
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	278.5	277.7	279.7	288.1	296.0	304.4	305.9	0.00	290	291	286	301	298	297	292
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	267.7	263.7	274.2	274.8	273.8	267.6	266.3	268.39	280	280	276	287	294	296	290
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	242.7	245.8	258.1	254.0	276.3	294.2	307.4	300.47	295	295	277	287	280	257	252
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, OX1, WT. AVG.	766.0	820.9	866.5	792.4	637.7	562.7	593.1	585.07	590	595	618	654	670	799	861
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	378.4	372.0	368.5	366.6	357.4	340.7	343.1	344.75	346	345	340	346	360	403	419
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	603.8	622.6	714.8	772.4	604.4	535.7	596.9	553.84	627	622	622	620	631	689	780
USDA,COARSE GROUND 73%, WT. AVG.	172.9	182.1	174.9	172.9	164.1	158.2	171.4	168.07	161	165	166	221	190	199	205
COARSE GROUND 81%, WT. AVG., USDA	268.6	285.8	267.9	239.2	219.8	208.4	213.9	225.41	215	225	242	293	260	267	273
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	272.0	275.6	271.7	266.6	263.5	252.8	247.9	245.50	249	249	253	264	271	277	285
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	105.4	116.2	109.8	104.1	98.6	71.4	70.6	72.75	70	75	69	88	95	115	125

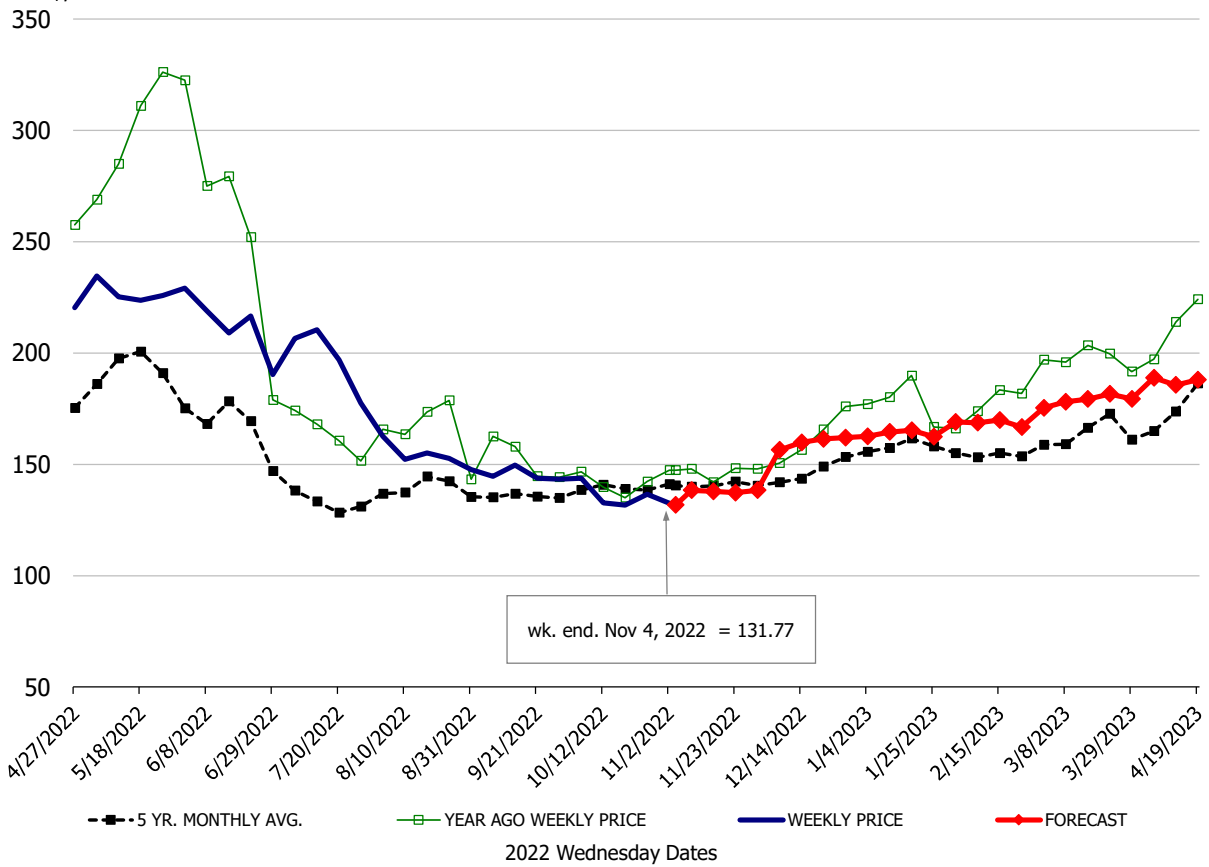
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### Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA

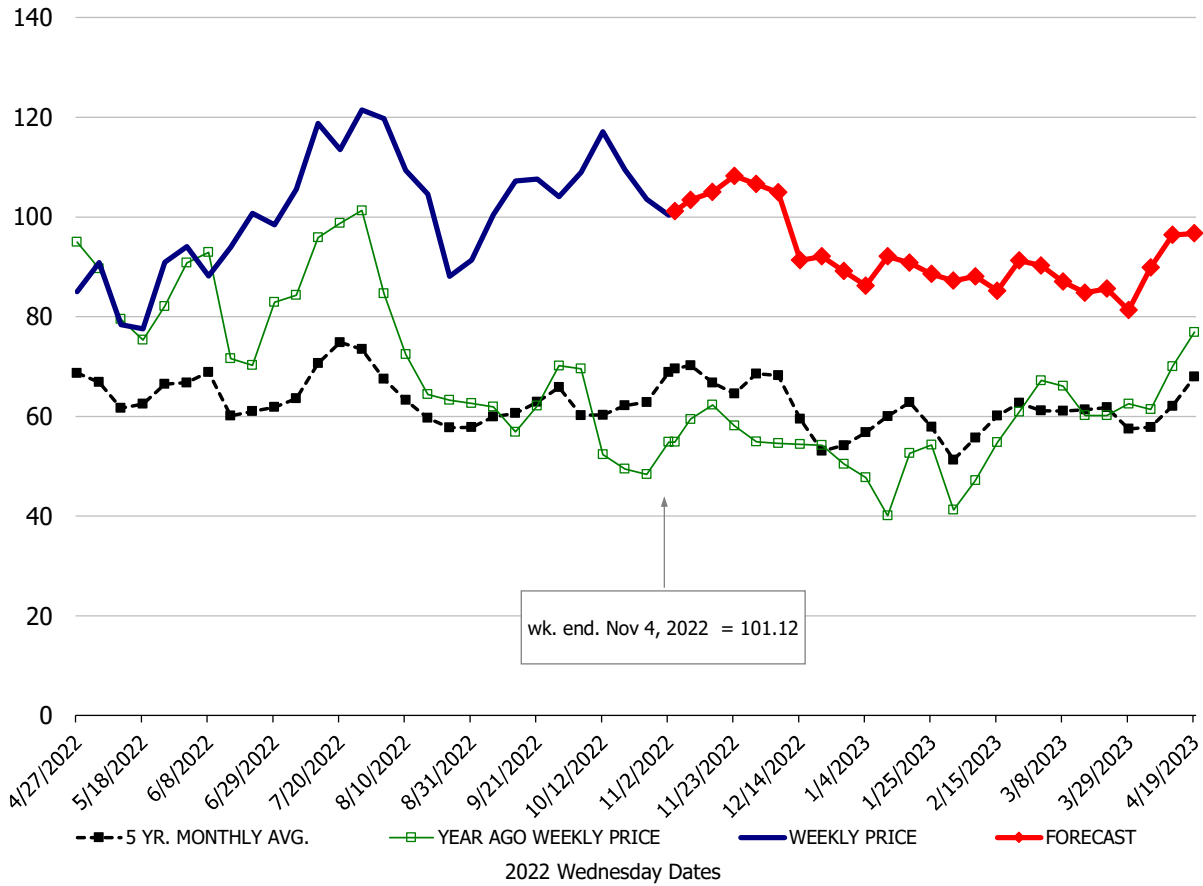


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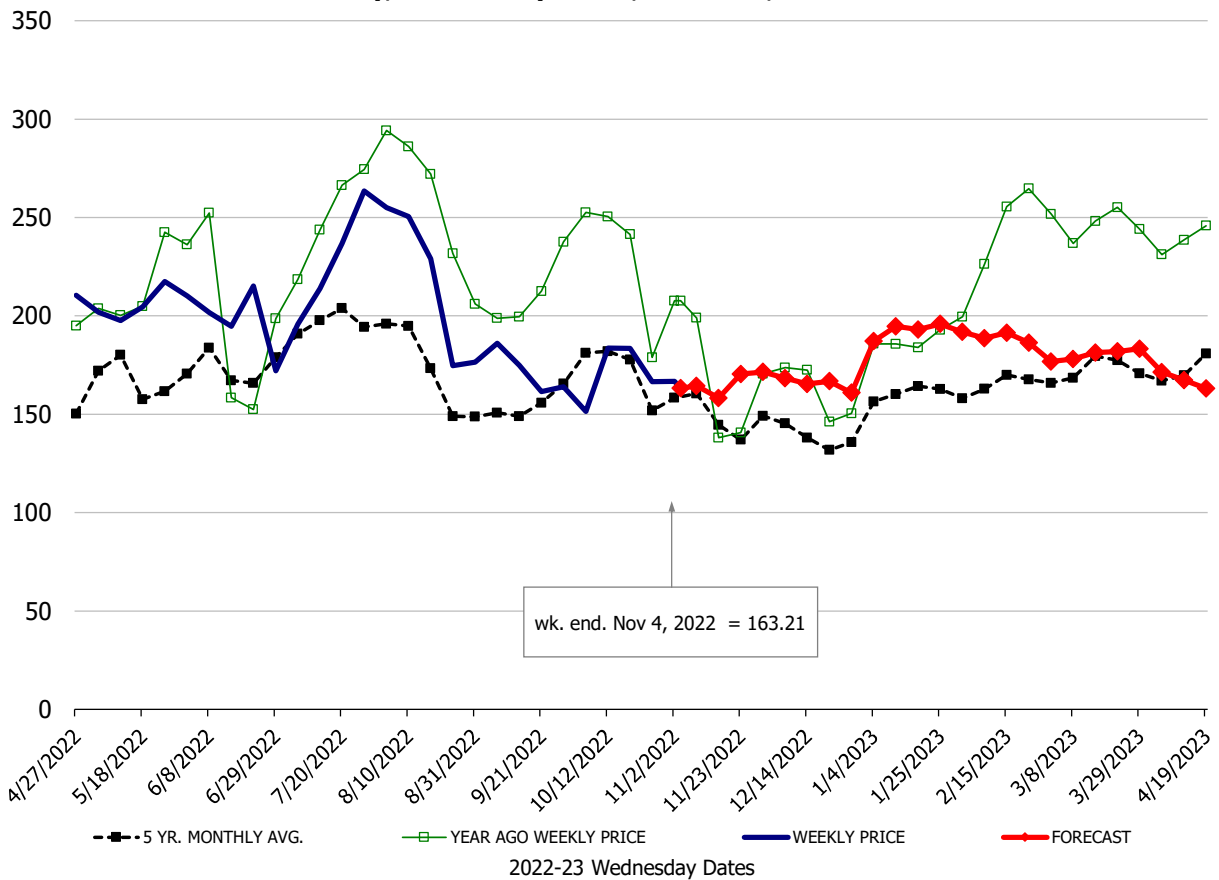
### Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA



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



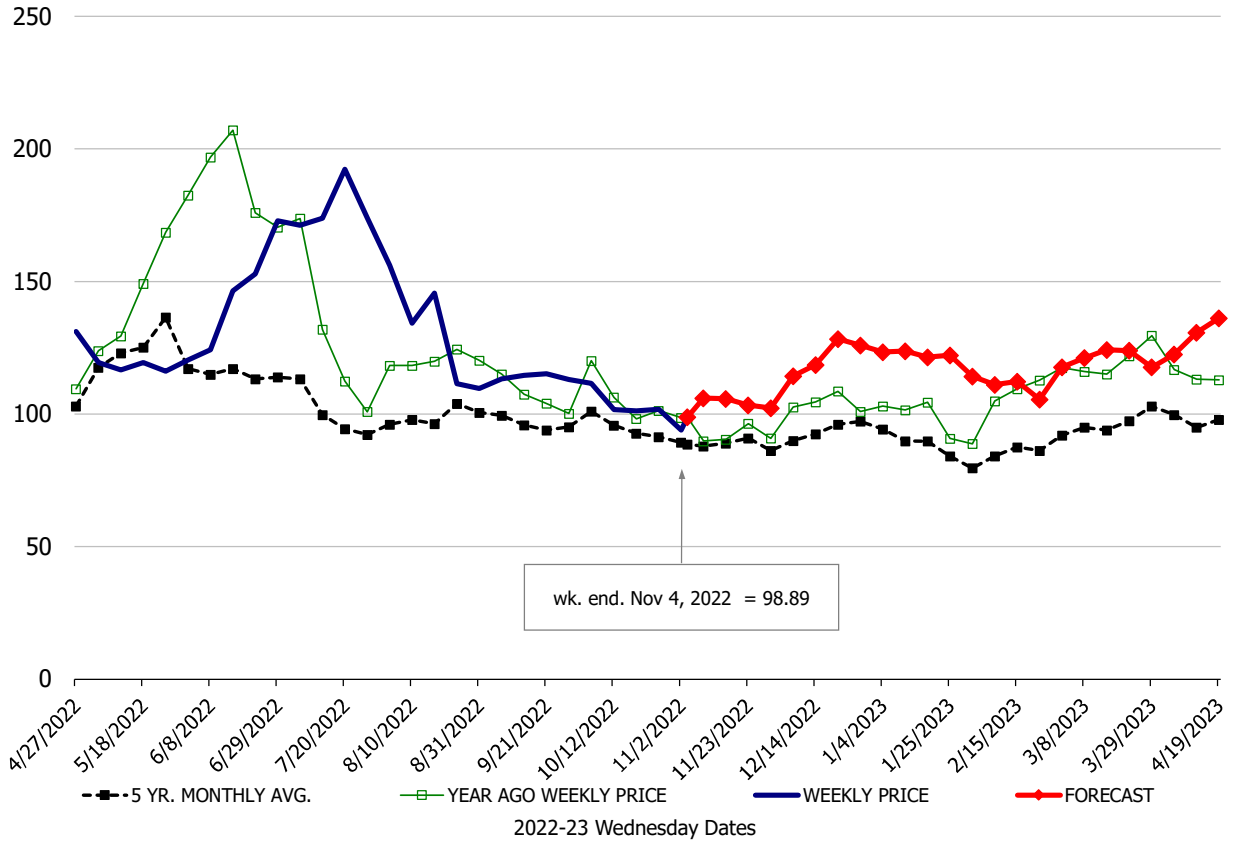
**Belly, Derind Belly 9-13#, FOB Plant, USDA**





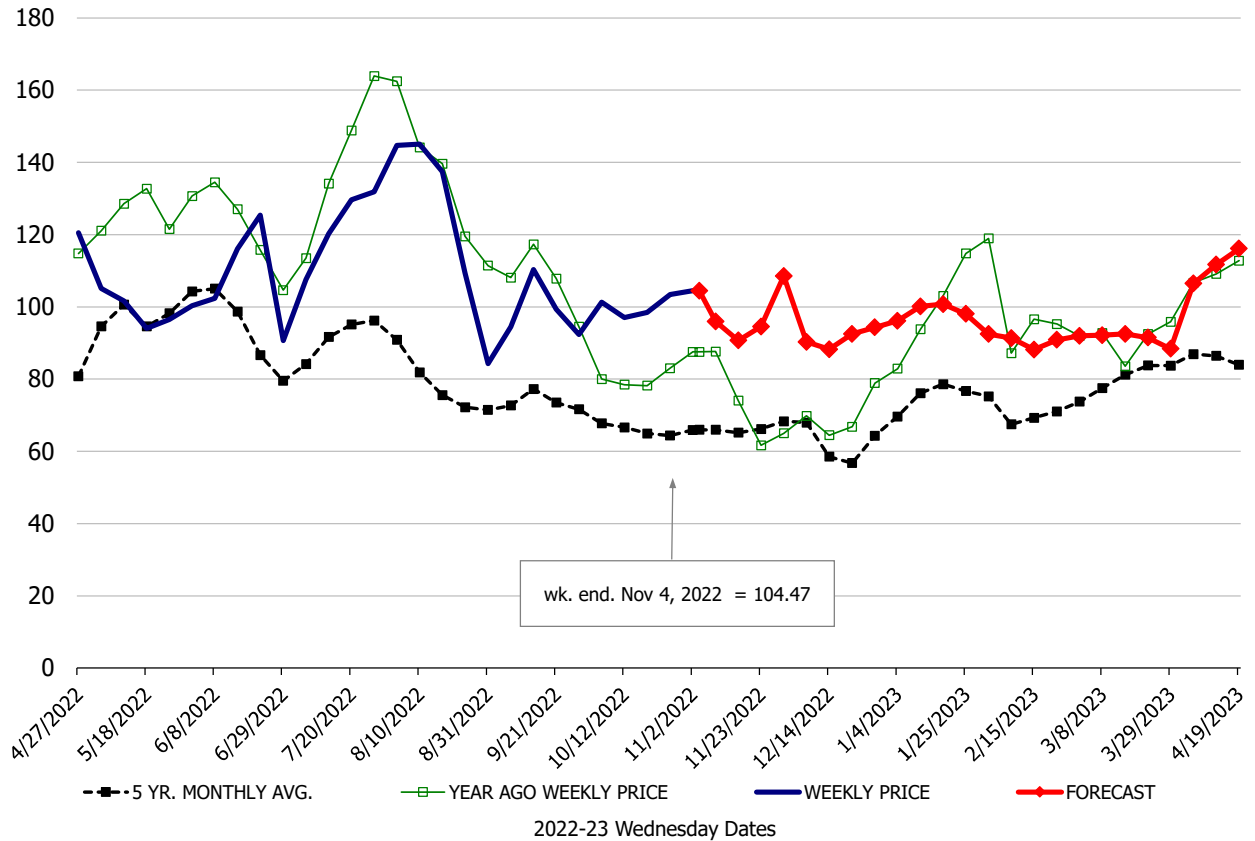
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### Butt, 1/4 Trim Butt Combo, FOB Plant, USDA



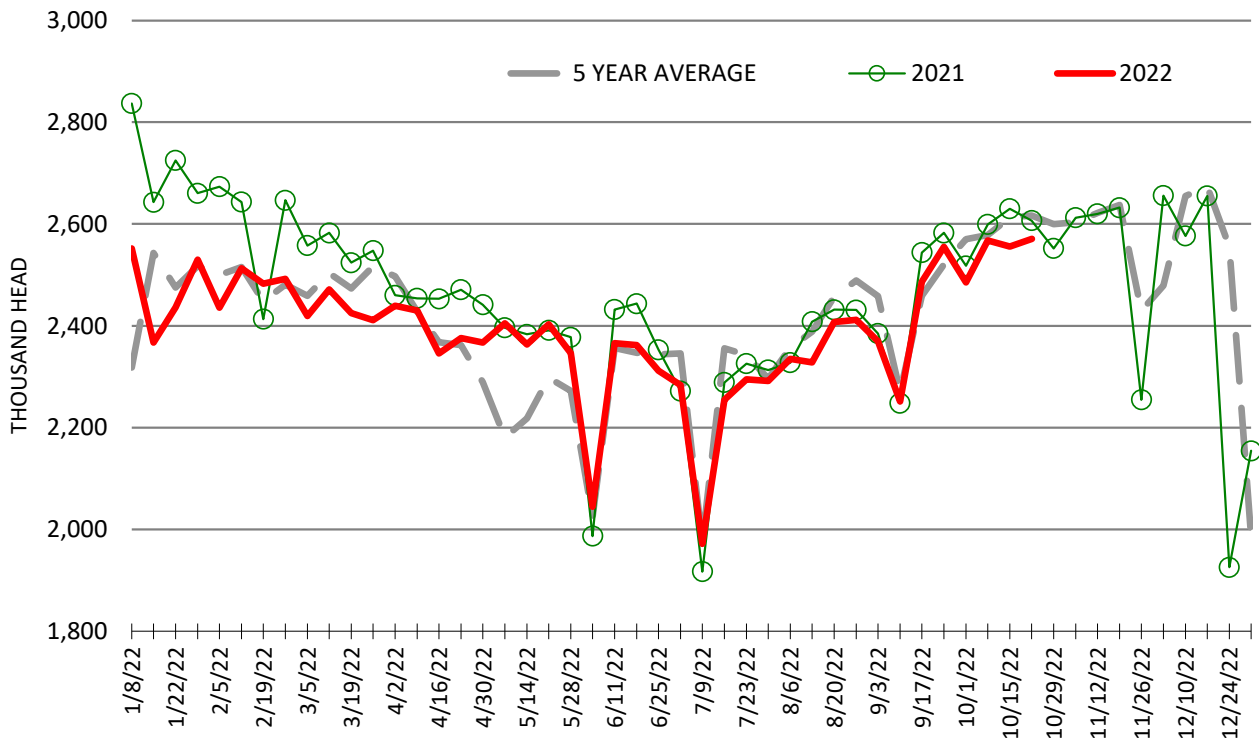
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### Trim, 72% Trim Combo, FOB Plant, USDA



# ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



# ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

