



Pork Merchandiser's Profit Maximizer

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

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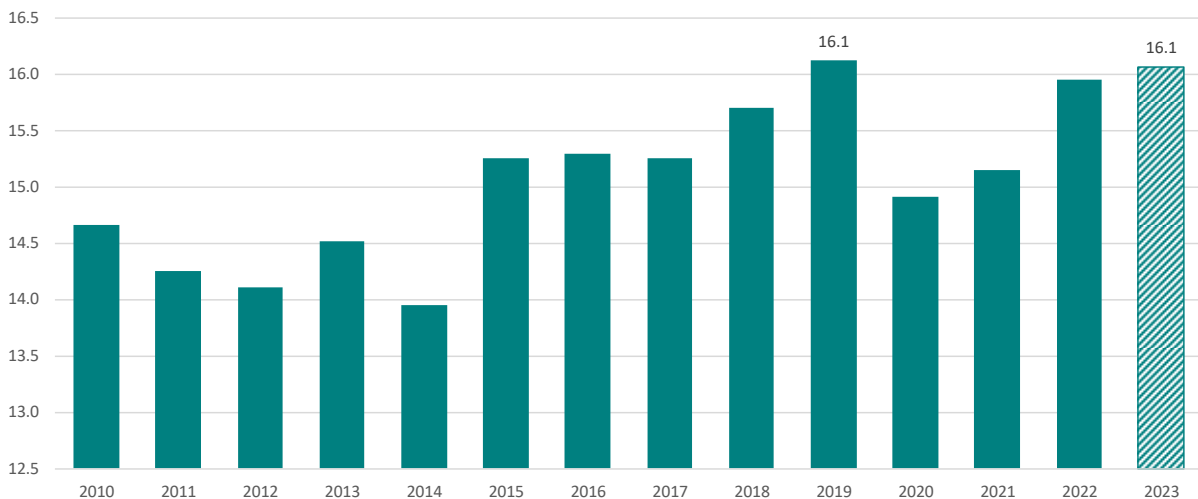
1. Demand may be weaker than during 2021 and 2022 but it is not the only reason why prices are lower. The supply picture is not getting as much attention as it should.

Lean hog futures remain under pressure and there is a lot of discussion about the state of pork retail demand. Several measures, whether the

demand indexes that are reported by ag economists or real per capita expenditures suggest that retail demand has slowed down considerably. But it should be noted that demand was exceptional during 2021 and 2022. Some of this was due to the pent up demand created during the pandemic and especially the sharp increase in disposable incomes. At the wholesale level processors aggressively bid on product as inflation concerns

Q2 Estimated Pork Per Capita Disappearance

Data source: USDA-NASS + Steiner 2023 Estimates. Analysis by Steiner Consulting

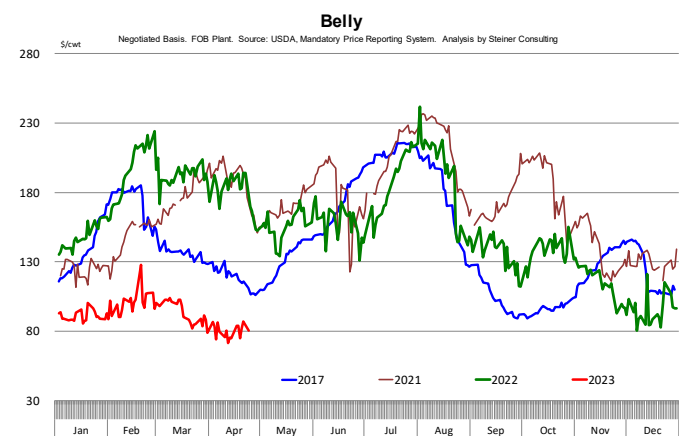
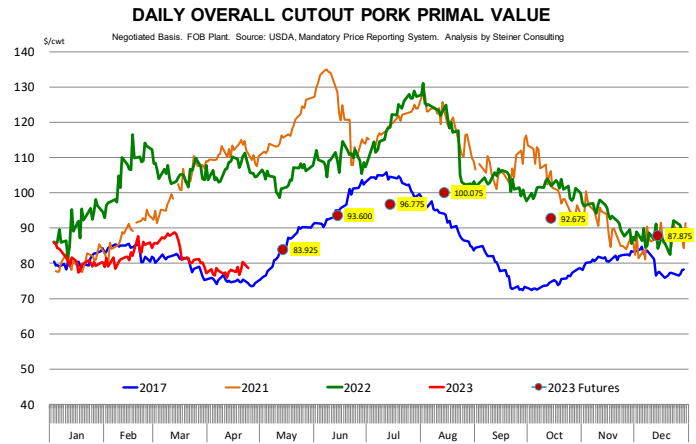


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induced them to accumulate more product in inventory and get buyers to buy more today because tomorrow prices might be even higher. But as some of the COVID induced demand subsided, the supply picture has come more into focus. The chart on page 1 illustrates the point. The supply of Q2 pork available in the domestic market on a per capita basis is expected to be the highest in more than a decade. This fact should not be ignored. While this supply is coming to market, the price of pork at retail in March was 30% higher than in March 2019. Pushing more product through the supply chain while at the same time slowing down sales via higher prices has been increasingly problematic. That's what we are currently contending with, and it will take time for the market to adjust.

Our supply expectations are not particularly farfetched. USDA currently thinks that pork production during Q2 will be about the same as a year ago. If anything, this may be a bit optimistic. Already we are seeing slaughter numbers that are diverging from the March inventory data. On Tuesday afternoon USDA will tell us how much pork was in cold storage at the end of March. We think more supply was accumulated, especially for products such as bellies. It is not a coincidence that belly prices in the spot market remain weak given how much supply processors and packers already are carrying in cold storage. Tying up more money in cold storage at a time when your existing inventory is at a loss is not something buyers are willing to do. Lower prices are needed at the consumer level to match up supply with demand but that takes time, especially when you are dealing with foodservice operators. People like bacon but operators are paying far more for bacon these days due to higher labor costs. Also, bacon is an item that closely follows the broader trends in the fast-food market. If consumers are buying fewer chicken sandwiches, maybe because prices are up, they will also buy less bacon which is often used as a flavor enhancer. More retail bacon sales help to move volume at retail.

Our forecast is for belly prices to move higher into the summer. In part this is based on demand for bacon during the summer months and the



effect of seasonally lower supplies on price. **Currently the pork cutout futures are pegging the cutout for mid-August at around \$100/cwt.** To get to that price, it would be necessary for the belly primal value to approach \$150/cwt, an 80% increase from current levels. One way for that to happen would be for end users to draw down inventories sharply in May and June. It is far from a sure thing however, especially if foodservice demand continues to struggle. Loins and hams would need to carry part of the value as well. A \$100 cutout for August would imply ham primal values between \$90 and \$100 compared to around \$80 currently. Mexico demand will be key as well as hog weights during the summer. As for loins, ample supply and competitive pricing should help bolster sales during the grilling season. Whether that will be sustained into August remains to be seen. For now, wholesale markets are signaling to retailers that supply is ample and pork remains an extremely attractive protein for summer features.

PORK

Hog Market. For the week ending April 22 hog slaughter was 2.459 million head, up 3.5% from a year ago. In the last two weeks hog slaughter is up 3.5% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 71.37 /cwt. on Friday were down \$0.6/cwt since Wed. April 12. Prices are down about 29.9 \$/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$0.9294, down about 0.8 cent since the Wed. April 12 quote and down about 22 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.3949 for the strap on loins, down 4.65 cent since Wed. April 12 but up 9 cent from the year ago levels. Strap off loins at \$1.5042 are down 0.05 cent since Wed. April 12 and down about 6 cent compared to the year ago quote.

Boneless sirloins at \$1.2159 were up about one.5 cents from the Wed. April 12 quote but down about 4.1 cents from the year ago price.

Pork tenderloin finished last week at \$1.6059, up one cent since the Wed. April 12 quote but down about 53.3 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at \$1.2344, up 12.7 cents since Wed. April 12. Prices are down 12 cent from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.2046, down about 3 cent since Wed. April 12 and down about 104 cents from year ago levels.

Rib inventories on February 28 were 116.5 million pounds, up 9.0% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at \$0.7051/lb. up 2 cents since Wed. April 12 but down about 0 cents from a year ago.

20/23 hams finished the week at 70.36 cents (page 130) up about 1 cent since Wed. April 12 but down about 6 cents from the year ago level.

23/27 hams finished the week at 64.25 , down about 1 cent from the Wed. April 12 quote and down about 13 cents from the year ago level.

Total ham cold storage stocks on February 28 at 85.1 million pounds were up 1.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 54.22 cents, down about 3.7 cent since Wed. April 12 and down about 25 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 75.15 cents, down 3.4 cents since the Wed. April 12 quote and down about 38 cents from the year ago levels.

Freezer stocks of all trimmings on February 28 were 51.1 million pounds, down 5.3% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 42 cents compared to 27 cent average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 139.00 on Friday, April 22, down about 28.5 cents from a year ago.

Broiler slaughter for the week ending April 22 was 167.57 million head, down 1.18% from a year ago. For the last two weeks broiler slaughter was down 0.7% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.3005, down 2 cents since Wed. April 12 and still down about 175 cents from year ago levels.

Leg Quarters. Last week leg quarter prices were down about 0.13 cents vs. two weeks ago but at 46.98 cents per pound prices were up 2 cent from a year ago.

Wings. Prices at \$1.0303 are down about 105 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at \$1.7025, up cent since Wed. April 12 and up about 31 cents from the year ago price.

Toms finished last week at \$1.6936, up since Wed. April 12 but up about 30 cent from the year ago price.

Total turkey supplies in the freezer on February 28 were up 10.0% from a year ago at 322.3 million pounds. Whole birds were up 0.5% from a year ago with an inventory of 160.2 million pounds.

Turkey slaughter was 4.0320 million head for the week ending April 15, up 21.37% from a year ago. For the last two weeks slaughter has been down 1.10%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$3.2000, unchanged since Wed. April 12. Prices are down about 220 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 \$10.6110 (weighted average quote) finished last week up about 20 cents since the Wed. April 12 quote and up about 135 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$9.9689 (weighted average quote) finished last week up about 80 cents since the Wed. April 12 quote but up about 189 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$0.6421 /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 \$2.7346 for 90CL and \$1.8205 for 50CL product, an 81CL meat block value is now \$2.5289 and a 78CL meat block is \$2.4604. Choice 114, 3 Clods are now being priced 55.18 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 21.77 cents and the five year average spread for is 47.65 cents over.

Choice #161 Boneless Rounds finished last week at \$3.5000, up slightly since Wed. April 12 and up about 69 cents from year ago levels.

Choice regular #168 insides finished last week quoted at \$3.0750 up about 9 cents since Wed. April 12 and up about 30 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$3.0406 up about 11 cent since Wed. April 12 and up about 30 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$2.6654 down about 2.5 cents since Wed. April 12 and down about 23 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$8.2378 (wt. avg.) up about 39 cents from the Wed. April 12 quote. Prices are up 42 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at \$4.3095 (wt. avg.) up about 20 cents since Wed. April 12 and up about 61 cent from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$4.5329 (wt. avg.) up about 11 cents since Wed. April 12 and up about 64 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$7.9717 (wt. avg.) up about 30 cents since Wed. April 12 and up about 25 cents from year ago values.

COARSE GROUND BEEF –

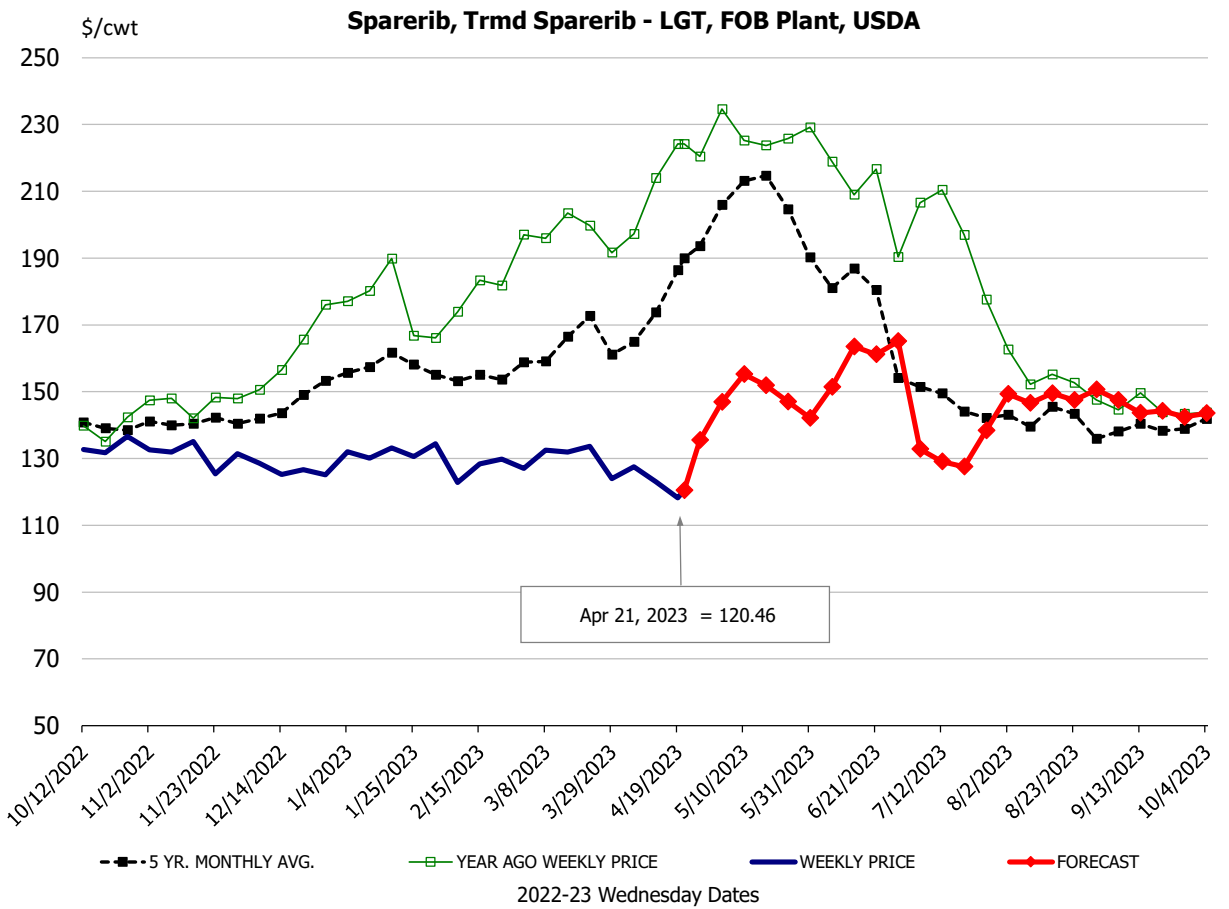
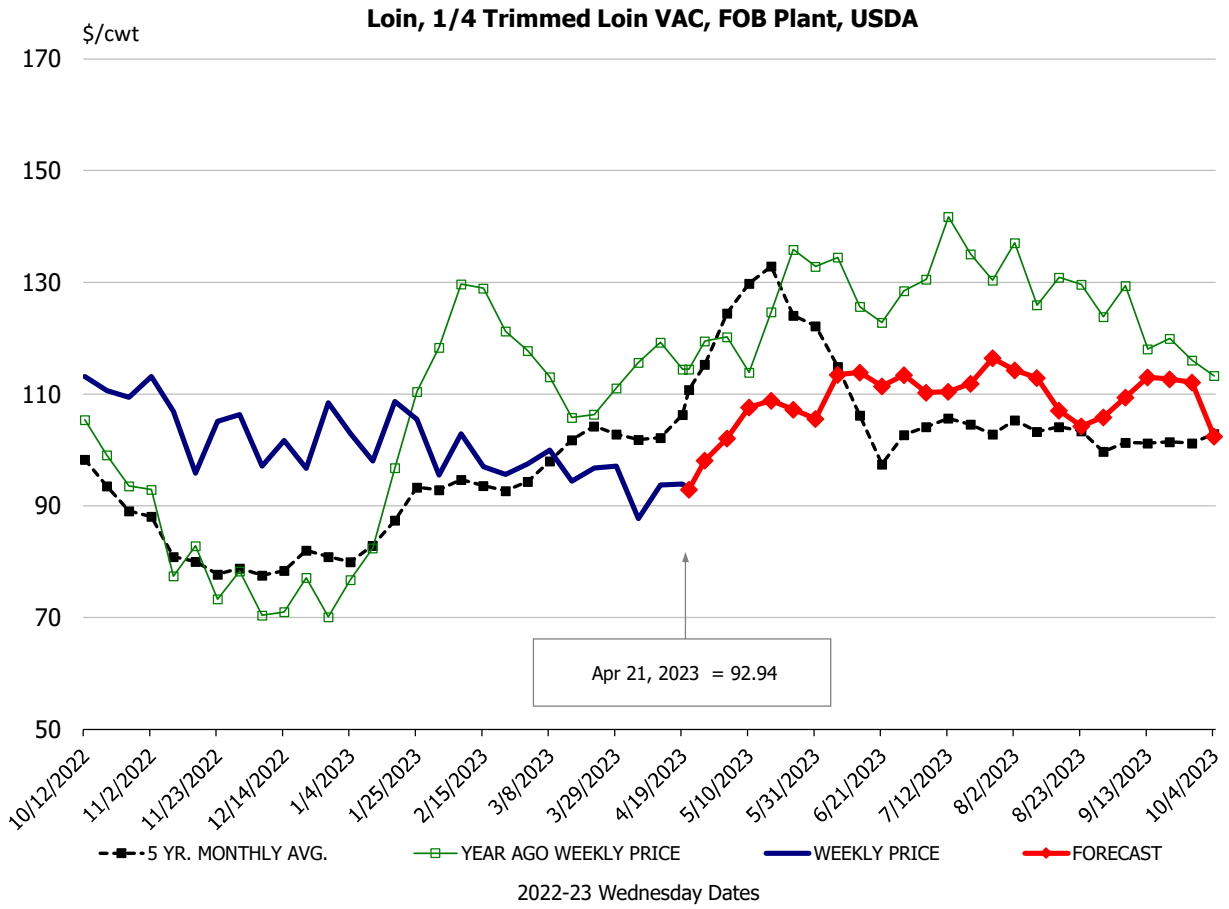
73CL Coarse Ground product finished last week at **\$2.5112 up** about 23 cents since Wed. April 12 and up about 73 cents from year ago levels.

81CL Coarse Ground product finished last week at \$2.8036 up about 20 cent since Wed. **April 12 and up** about **8** cents from the year ago quote.

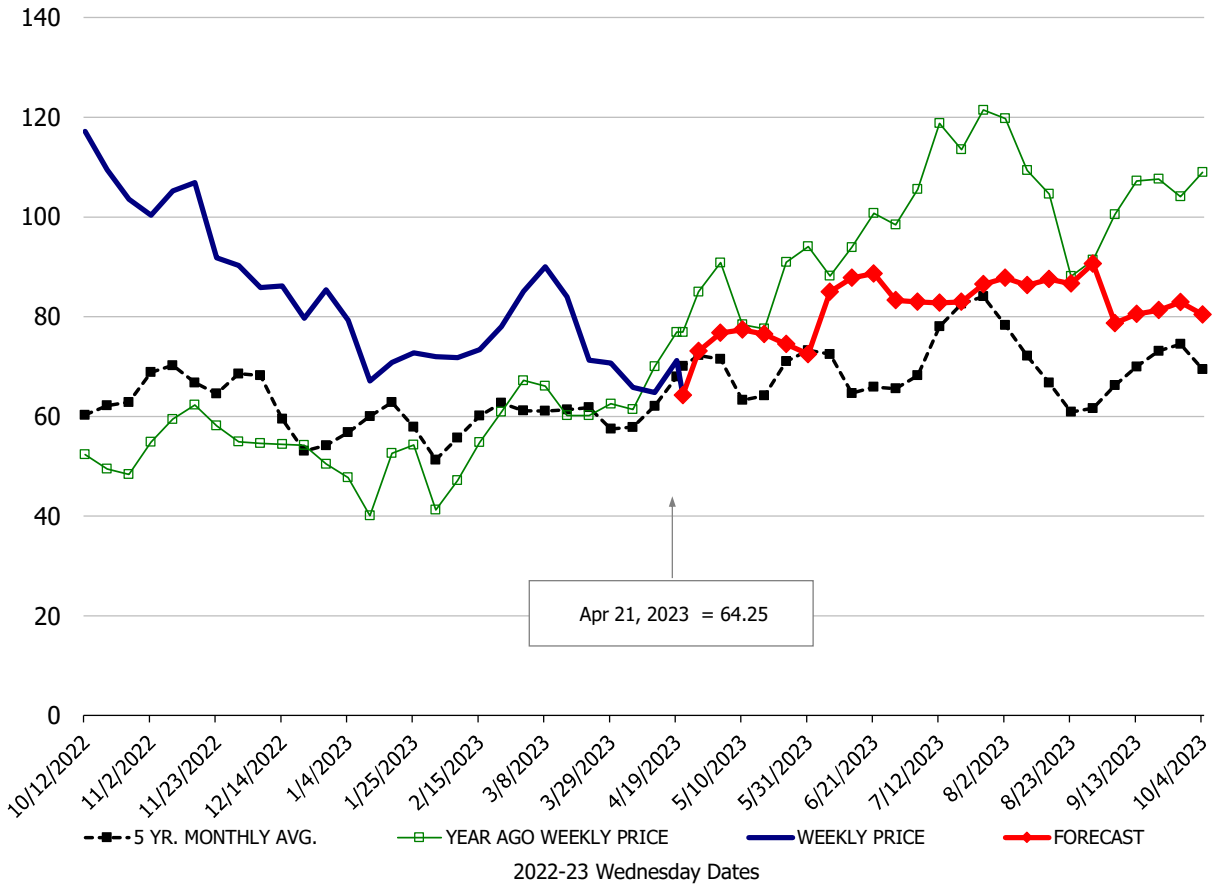
90CL Bnls. Beef prices finished the week at **\$2.7346** (wt. avg.) **up 1.96** cent since Wed. April 12 but down 2 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at \$1.8205, up about 18 cent since Wed. April 12 and up 62 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

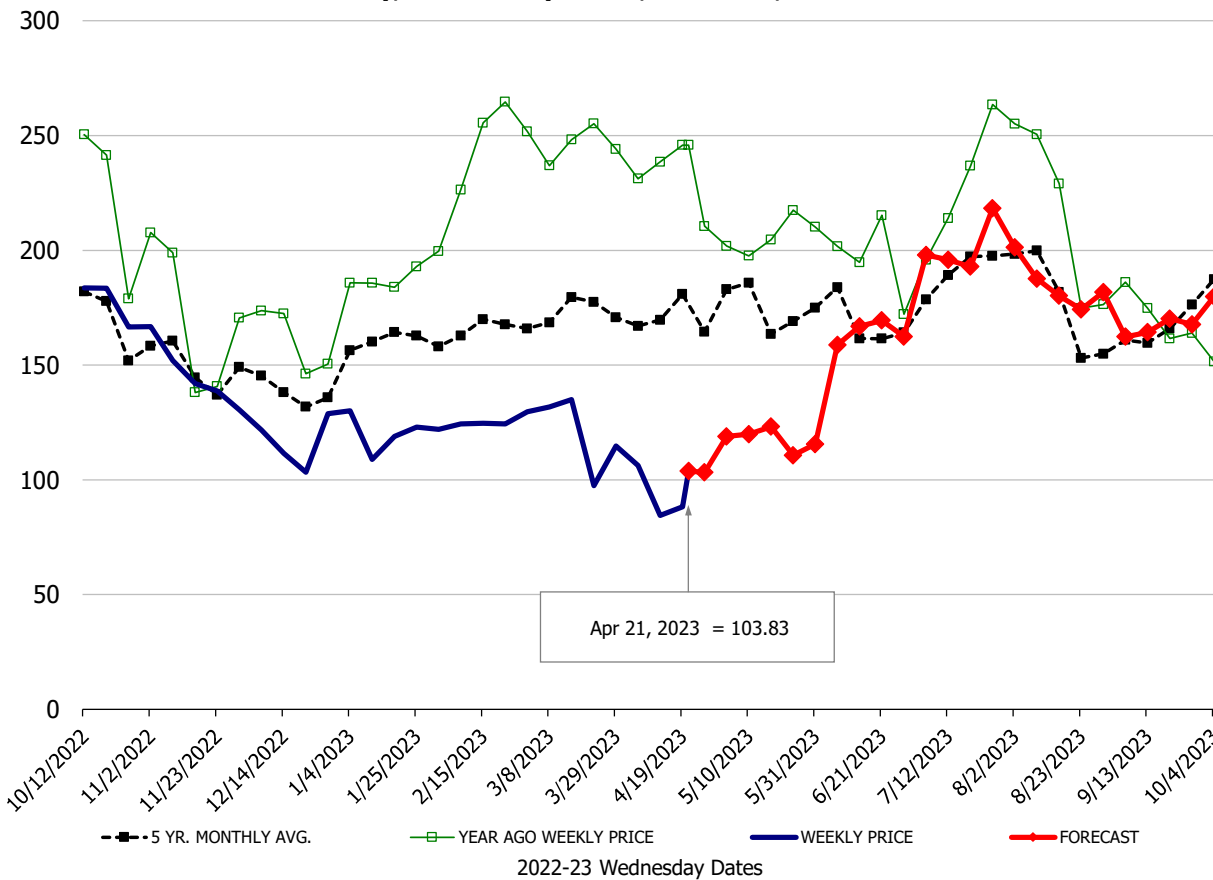
	HISTORY								FORECAST						
	Oct	Nov	Dec	Jan	Feb	Mar	4/12/2023	4/21/2023	5/3/2023	Apr	May	Jun	Jul	Aug	Sep
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	111.4	104.6	99.8	104.0	98.3	95.7	93.7	92.94	102	93	104	113	111	111	110
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	116.8	106.8	101.7	106.2	104.0	101.9	97.3	102.88	105	99	106	115	113	113	111
Loin, Bnls CC Strap-off, FOB Plant, USDA	159.0	141.0	139.0	144.1	146.4	152.8	150.4	150.42	153	151	154	155	154	152	169
Loin, Tenderloin, FOB Plant, USDA	184.1	165.6	167.1	172.2	162.4	152.5	159.5	160.59	172	158	174	195	199	201	192
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	103.7	100.0	111.7	101.2	99.1	107.0	108.2	100.47	126	105	130	127	122	127	129
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	135.3	130.7	126.7	131.0	126.8	129.4	123.0	120.46	147	124	150	154	133	148	146
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	306.6	316.3	290.1	239.9	253.7	265.0	265.1	235.67	273	257	276	275	262	270	271
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	133.8	129.1	126.0	129.7	125.6	129.5	125.0	123.93	148	124	150	154	133	148	146
Loin, Backribs 2.0#/up, FOB Plant, USDA	182.0	165.3	171.3	180.7	176.0	181.8	188.3	192.25	212	194	211	213	215	207	208
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	111.2	104.9	87.9	75.2	76.3	83.4	68.6	70.51	79	71	80	88	88	93	89
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	110.4	105.1	85.7	74.5	75.4	78.0	69.7	70.36	79	69	79	87	87	92	88
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	107.8	99.6	84.2	72.5	73.7	76.1	64.8	64.25	77	66	77	83	83	88	81
Belly Cutout, FOB Plant, USDA	138.6	116.2	94.8	90.9	100.4	96.2	71.4	82.03	96	81	96	129	160	155	132
Belly, Derind Belly 9-13#, FOB Plant, USDA	171.7	149.1	121.2	119.0	130.5	121.6	84.5	103.83	119	105	120	159	197	191	163
Belly, Derind Belly 13-17#, FOB Plant, USDA	164.7	140.1	112.7	107.8	114.9	110.3	86.5	98.52	116	101	116	155	193	187	159
Trim, 42% Trim Combo, FOB Plant, USDA	71.2	66.5	57.9	59.4	66.0	70.5	57.9	54.22	64	55	61	70	87	85	77
Trim, 72% Trim Combo, FOB Plant, USDA	100.4	102.2	88.8	84.9	91.2	92.2	78.5	75.15	93	78	90	100	105	88	82
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	114.8	110.1	102.9	97.5	92.5	102.9	99.4	91.25	102	97	104	117	120	104	105
Carcass Cutout, FOB Plant, USDA	101.1	93.4	87.2	81.0	82.3	84.9	76.0	78.15	84	78	85	95	97	97	92
HOG CARCASS															
CME 1-Day Lean Hog Index	93.5	88.0	81.2	74.4	75.6	79.3	72.0	71.37	80	72	80	90	92	92	82
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	121.9	124.6	123.7	121.8	121.7	130.0	138.6	139.00	148	138	146	144	133	117	112
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	117.7	98.1	96.0	100.6	123.0	136.5	131.8	130.05	159	131	158	157	155	151	148
N.E. BROILER BREAST LINE RUN, USDA	137.2	107.3	104.4	106.1	114.6	116.8	117.9	117.32	126	118	126	138	134	134	121
N.E. BROILER LEG QUARTERS, USDA	37.0	34.2	35.8	34.5	37.2	42.0	47.1	46.98	47	46	47	48	46	43	41
N.E. BROILER WINGS, USDA, WT.AVG.	109.2	98.9	89.1	91.2	110.3	108.2	104.5	103.03	109	103	108	118	126	130	137
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	179.6	175.9	172.4	171.8	169.4	171.4	157.6	170.25	164	167	164	162	160	157	160
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	177.7	178.0	171.0	171.8	169.2	169.4	170.2	169.36	164	169	164	162	160	157	160
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	670.0	670.0	670.0	662.5	538.8	344.0	320.0	320.00	304	320	305	300	300	310	315
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	147.3	153.2	156.0	157.0	159.1	164.5	173.5	179.63	173	174	172	165	164	164	165
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	915.8	1039.4	1149.2	1023.0	1006.1	1036.3	1040.9	1061.10	1097	1045	1112	1108	986	1072	1045
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	304.4	306.7	310.8	317.4	323.6	331.2	346.8	350.00	316	341	316	317	322	327	328
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	267.6	250.9	240.0	267.4	270.3	278.6	292.6	304.06	299	299	298	296	303	314	297
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	294.2	251.5	251.1	259.4	260.4	262.8	268.2	266.54	272	273	274	276	284	294	308
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	562.7	563.7	572.8	756.1	833.4	799.0	785.0	823.78	975	798	1010	947	797	774	753
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	340.7	349.2	354.4	376.0	393.6	406.9	442.0	453.29	449	441	453	426	435	431	402
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	535.7	523.5	529.5	587.1	687.4	708.8	766.9	797.17	827	769	830	759	715	752	715
USDA,COARSE GROUND 73%, WT. AVG.	158.2	150.6	145.2	197.9	183.9	192.9	228.4	251.12	247	231	249	242	232	242	227
COARSE GROUND 81%, WT. AVG., USDA	208.4	207.4	193.0	235.9	222.3	222.0	260.6	280.36	284	265	284	279	271	291	271
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	252.8	241.8	238.5	246.2	257.0	268.6	271.5	273.46	295	272	295	300	307	309	307
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	71.4	73.0	86.6	108.1	116.6	134.6	163.7	182.05	194	169	184	157	136	125	94

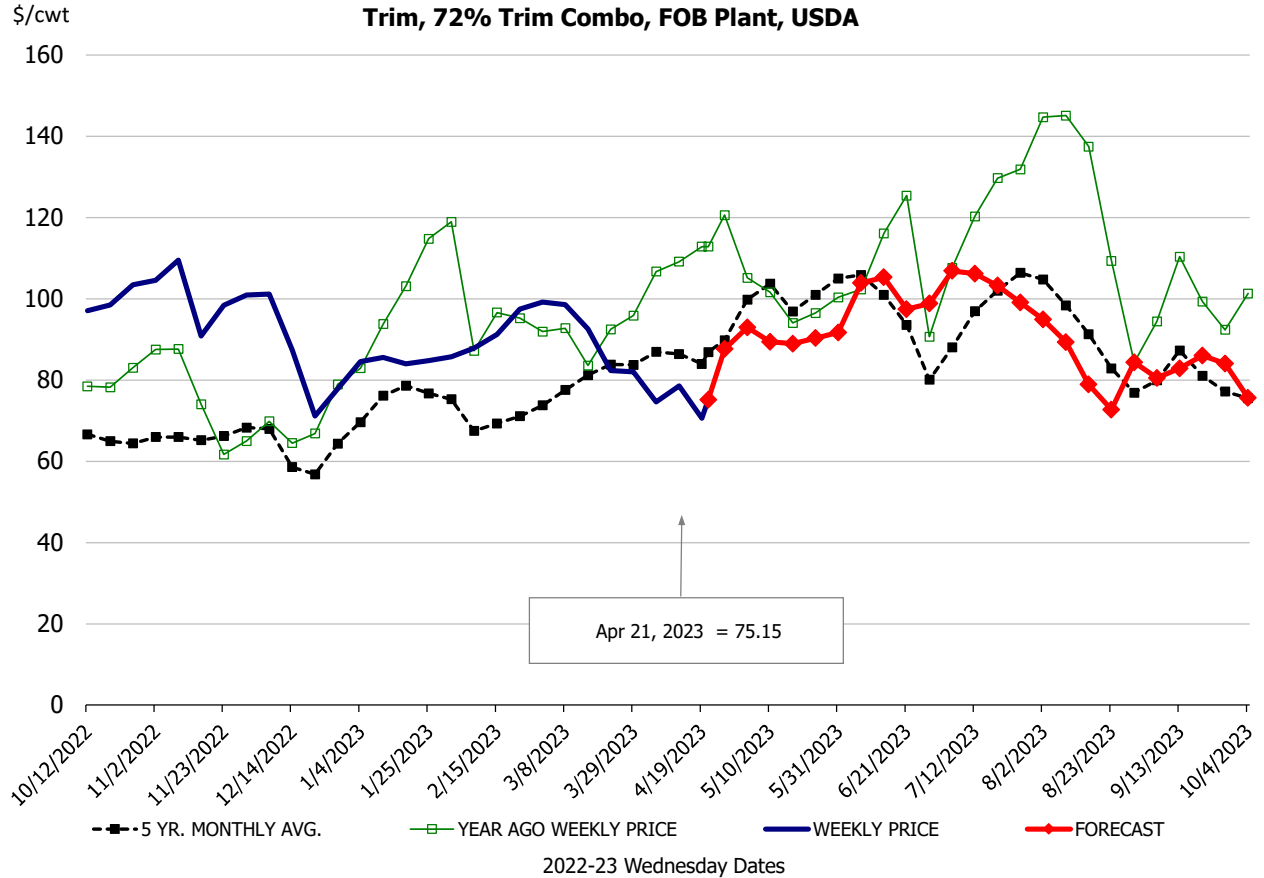
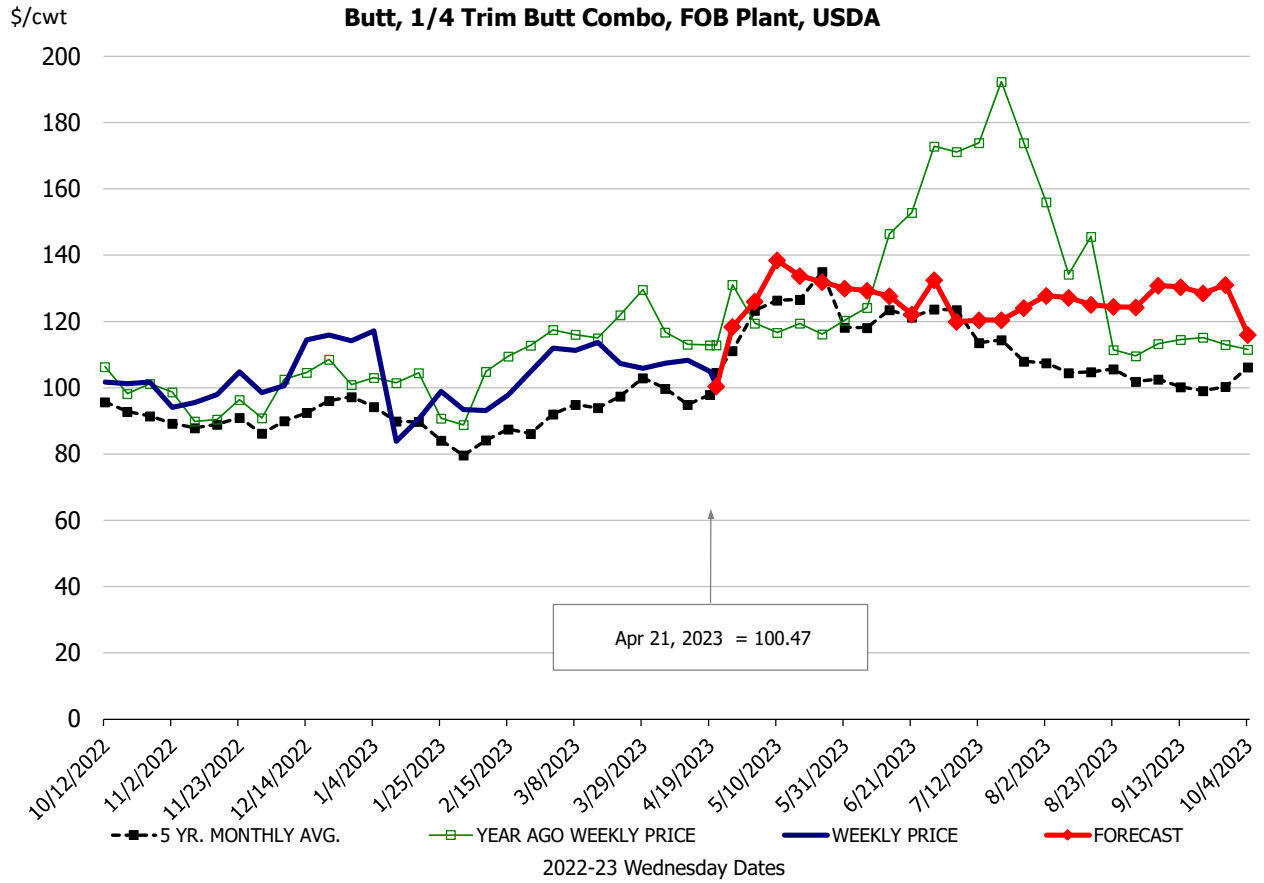


Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA



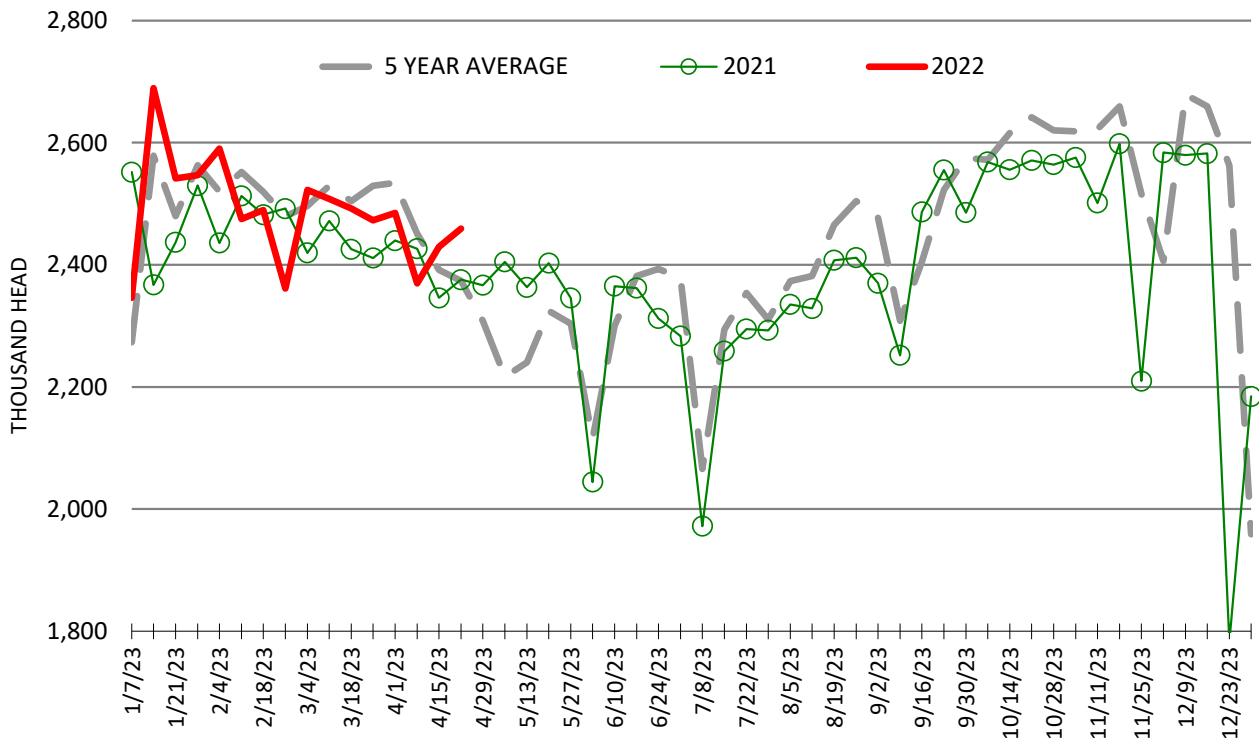
Belly, Derind Belly 9-13#, FOB Plant, USDA





ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds

