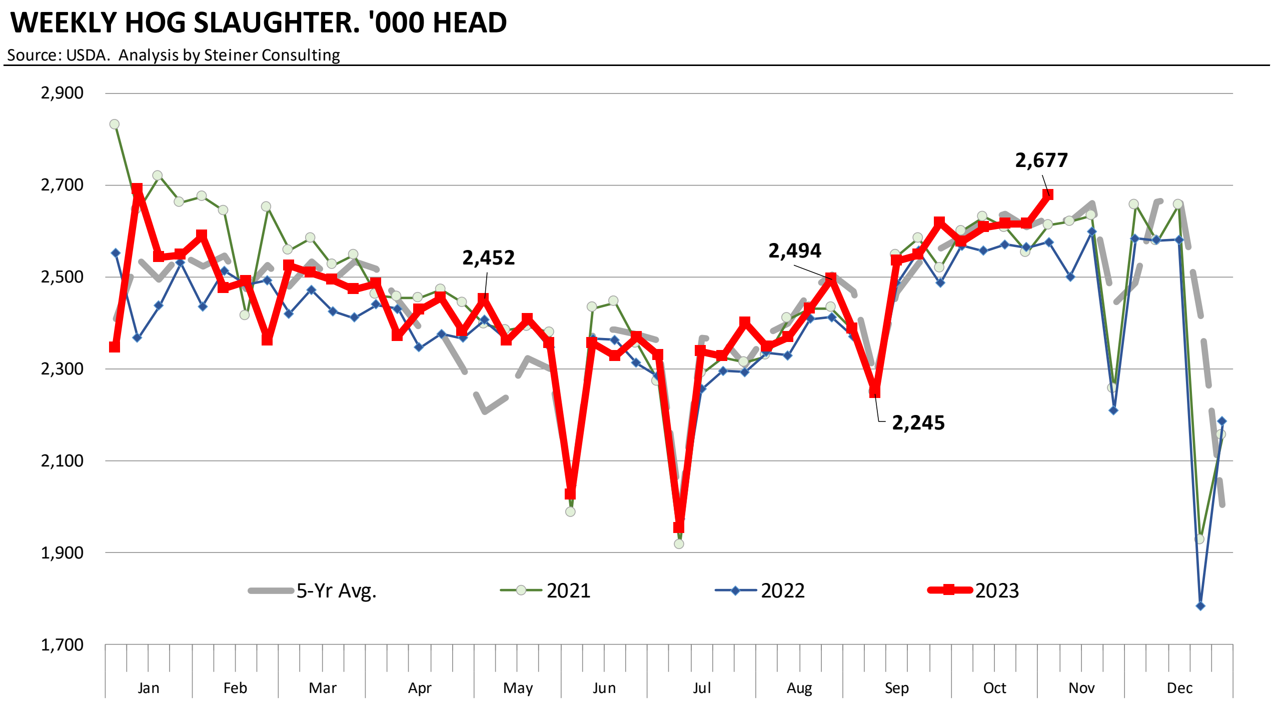
Pork Merchandiser's **Profit Maximizer**

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

November 6, 2023

1. Ample supply, uncertainty about Q1 demand keep prices in check…for now.

When USDA released the results of its quarterly survey in September expectations were for hog slaughter in the fall and winter to be near last year's levels. The inventory of market hogs was less than 1% above last year's levels and the pig crop for Mar-May was not very different from that. So far, however, those early estimates appear to be well understated. For the week ending November 4 hog slaughter was pegged at 2.677 million head, 4% higher than a year ago. Since the first week of September, weekly slaughter has been 420k head (+1.9%) higher than last year. Hog carcass weights were well under year ago levels in



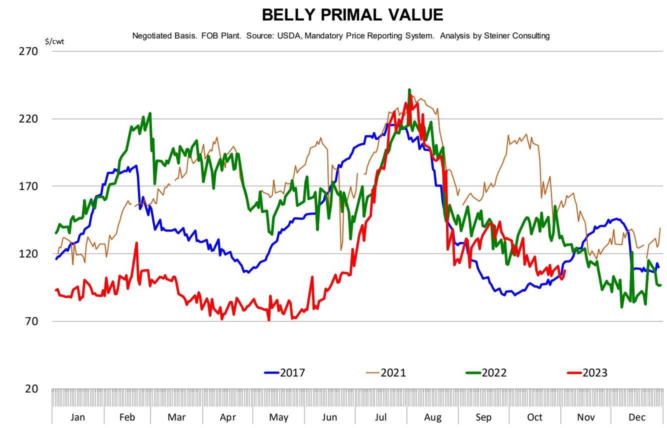
the spring and summer, offsetting some of the increase in slaughter. But hog weights have been steadily increasing and weight of producer owned hogs is now above last year's levels. That does not suggest that producers are pulling hogs forward. In the near term pork supply is well above expectations and a key reason for pork prices, especially the price of processing items, below year ago levels.

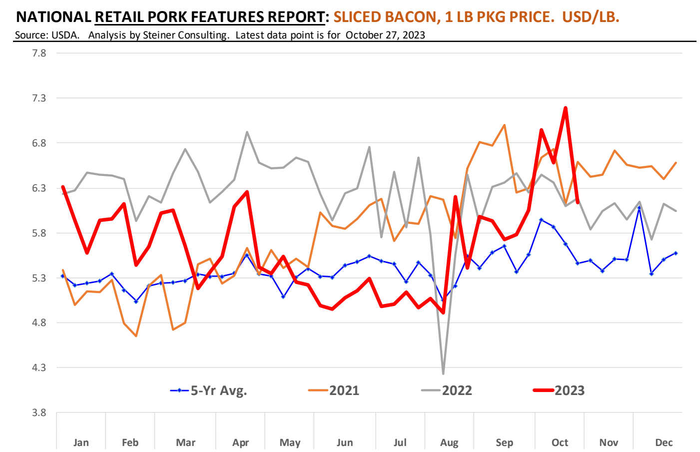
Belly market under pressure

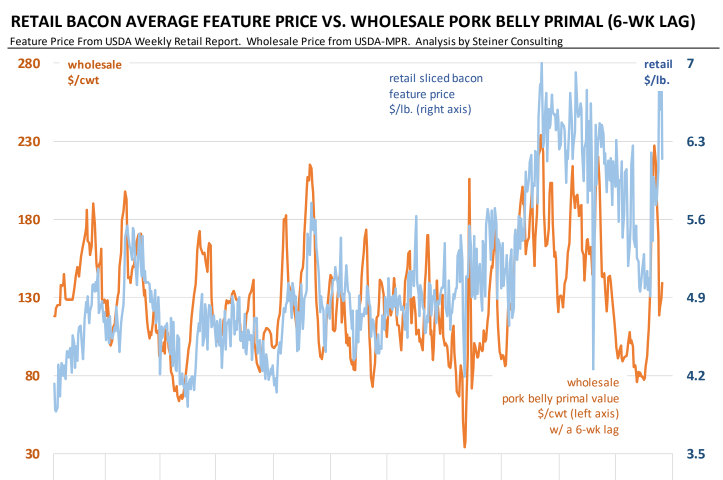
Wholesale pork prices peaked at the end of July, when the cutout hit $117.2/cwt. Last week USDA quoted the value of the pork cutout at $87/cwt, a 25% decline from the annual peak. As we look at the change in the value of pork items since late July, one item stands out - bellies. The value of the belly primal on Friday was quoted at $108/cwt, a decline of $124 (-54%) compared to late July. This decline in the value of bellies has accounted for 2/3 of the overall decline in the pork cutout during this period. So far guesses/expectations for a bottom in the belly market have proved to be premature and futures appear to be pricing more downside in the next two months.

Last year the belly primal did not find a bottom until mid December but there is no consistent pattern as to when belly prices stabilize. As we have noted in the past, more than other pork items bellies rely on prices/sales of other products, especially at foodservice. If fast food traffic slows down and chicken sandwich and burger sales decline, so will sales of bacon, which acts more as a condiment than a primary protein option. The reason for the extreme seasonality (most years) is that supply far outpaces demand in the summer but then too much supply relative to demand in the fall and winter means prices need to adjust lower to accumulate product in cold storage. Decisions on when to put product away and uncertainty about demand down the road tend to impact fall pricing.

Retail sales are facing headwinds as well. Retailers likely took advantage of the low belly prices that prevailed in the market through spring, allowing for ample features and reasonably lower prices during July and early August. According







to a USDA review of weekly retail features, the average retail feature price in July was around $5/lb., 18% lower than the previous year. These lower prices likely helped bolster sales and cleaned up spot supply. The result was a rapid increase in belly prices during July and early August. The same USDA report, however, pegged the average feature price last week at a record $7.2/lb., 18% higher than a year ago. It could very well be that this was a one week spike but the trend in the chart to the right is unmistakable. There is a lag between wholesale and retail prices, as illustrated in the bottom chart. The flip side for market participants is that the recent pullback in prices will provide bacon processors with good retail sales pitches. As for foodservice operators the pullback in price creates opportunities for next spring, especially as chicken appears poised to be more price competitive than hamburgers. And with all due respect, chicken breasts need all the help they can get from a flavor perspective.

PORK

Hog Market. For the week ending November 4 hog slaughter was 2.677 million head, up 4.0% from a year ago. In the last two weeks hog slaughter is up 3.0% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 76.19 /cwt. on Friday were down $2.0/cwt since Wed. October 25. Prices are down about 16.1 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.0298, down about 3.0 cents since the Wed. October 25 quote and down about 10 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.4540 for the strap on loins, down 3.5 cents since Wed. October 25 but up 18 cents from the year ago levels. Strap off loins at $1.6521 are down 5.2 cents since Wed. October 25 but up about 18 cents compared to the year ago quote.

Boneless sirloins at $1.2497 were up about 7 cents from the Wed. October 25 quote but down about 1.5 cents from the year ago price.

Pork tenderloin finished last week at $1.2146, down 8 cents since the Wed. October 25 quote and down about 46.0 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.0972, up 3.2 cents since Wed. October 25. Prices are up 8 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.2663, down about 2 cents since Wed. October 25 and down about 6 cents from year ago levels.

Rib inventories on September 30 were 61.4 million pounds, down 40.6% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.8578/lb. up 3 cent since Wed. October 25 but down about 19 cents from a year ago.

20/23 hams finished the week at 85.13 cents (page 130) up about 3 cent since Wed. October 25 but down about 17 cent from the year ago level.

23/27 hams finished the week at 84.94 , up about 4 cents from the Wed. October 25 quote but down about 15 cents from the year ago level.

Total ham cold storage stocks on September 30 at 149.5 million pounds were down 6.3% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 56.07 cents, up about 0.0 cents since Wed. October 25 but down about 20 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 76.41 cents, up 2.0 cents since the Wed. October 25 quote but down about 28 cents from the year ago levels.

Freezer stocks of all trimmings on September 30 were 38.2 million pounds, down 4.3% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at **30** cents compared to **34** cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 120.76 on Friday, November 3, down about 9 cents from a year ago.

Broiler slaughter for the week ending October 28 was 169.46 million head, down 3.40% from a year ago. For the last two weeks broiler slaughter was down 2.9% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.3104, down 10 cents since Wed. October 25 but up about 30 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 40.13 cents per pound prices were down about 0.59 cents vs. two weeks ago but were up 2 cents from a year ago.

Wings. Prices at $1.6466 are up about 58 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.0551, down 6.0 cent since Wed. October 25 and down about 75 cents from the year ago price.

Toms finished last week at $1.0247, down since Wed. October 25 and down about 78 cents from the year ago price.

Total turkey supplies in the freezer on September 30 were up 7.0% from a year ago at 419.1 million pounds. Whole birds were down 3.2% from a year ago with an inventory of 227.7 million pounds.

Turkey slaughter was 4.6900 million head for the week ending October 28, up 1.67% from a year ago. For the last two weeks slaughter has been up 3.41%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.6000, unchanged since Wed. October 25. Prices are down about 410 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 $11.5609 (weighted average quote) finished last week up about 43 cents since the Wed. October 25 quote and up about 157 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $8.9574 (weighted average quote) finished last week down about 55 cents since the Wed. October 25 quote and up about 188 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $2.6035 /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 $2.8719 for 90CL and $0.6964 for 50CL product, an 81CL meat block value is now $2.3824 and a 78CL meat block is $2.2193. Choice 114, 3 Clods are now being priced 89.02 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 59.93 cents and the five year average spread for is 43.06 cents over.

Choice #161 Boneless Rounds finished last week at $**3.8550**, **down** about one cent since **Wed.** October 25 but up about 80 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.2556 down about 23 cents since Wed. October 25 but up about 58 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.2523 down about 34 cents since Wed. October 25 and up about 52 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $3.5520 down about 2 cents since Wed. October 25 but up about 36 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $7.0639 (wt. avg.) up about 27 cents from the Wed. October 25 quote. Prices are up 116 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $3.9728 (wt. avg.) **up** about 26 cents since Wed. October 25 and **up** about **67** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $3.8664 (wt. avg.) down about 5 cents since Wed. October 25 but up about 40 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $6.5538 (wt. avg.) up about 25 cents since Wed. October 25 and up about 44 cents from year ago values.

COARSE GROUND BEEF –

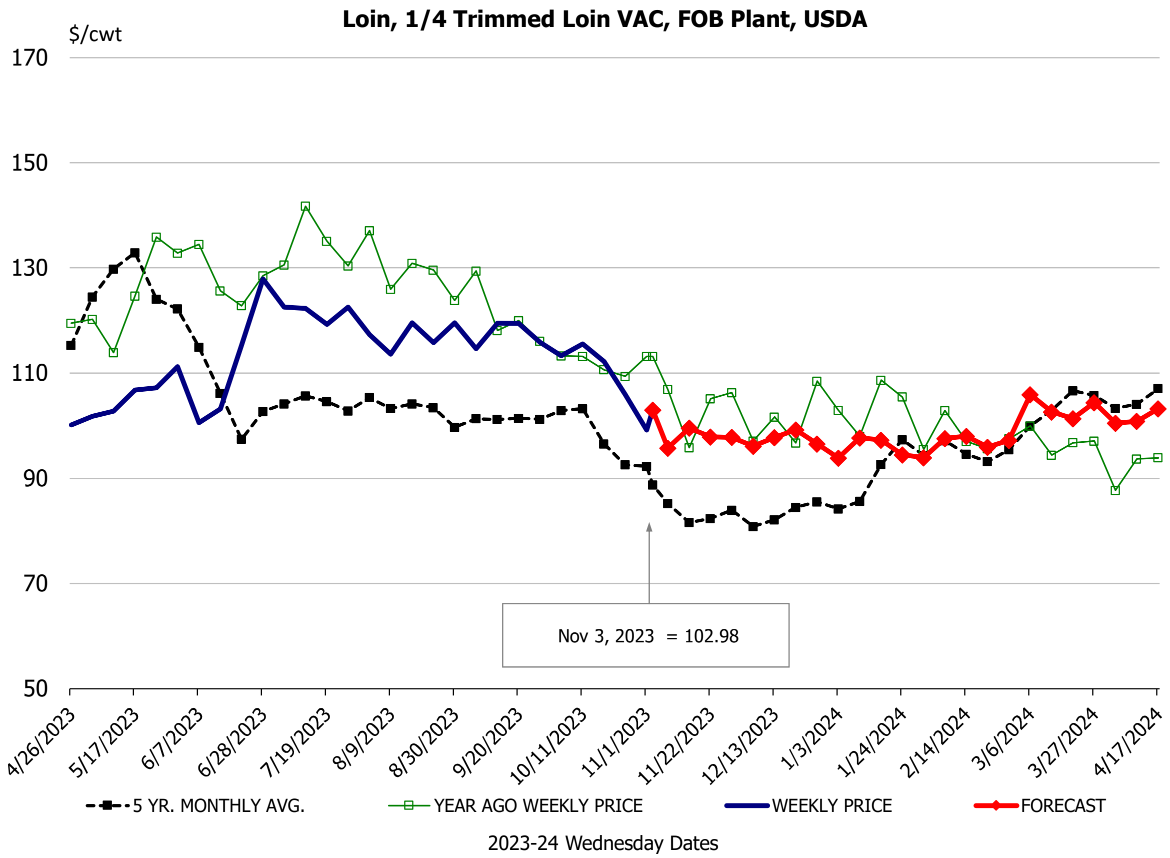
73CL Coarse Ground product finished last week at $**2.0848 down** about 23 cents since Wed. October 25 but up about 29 cents from year ago levels.

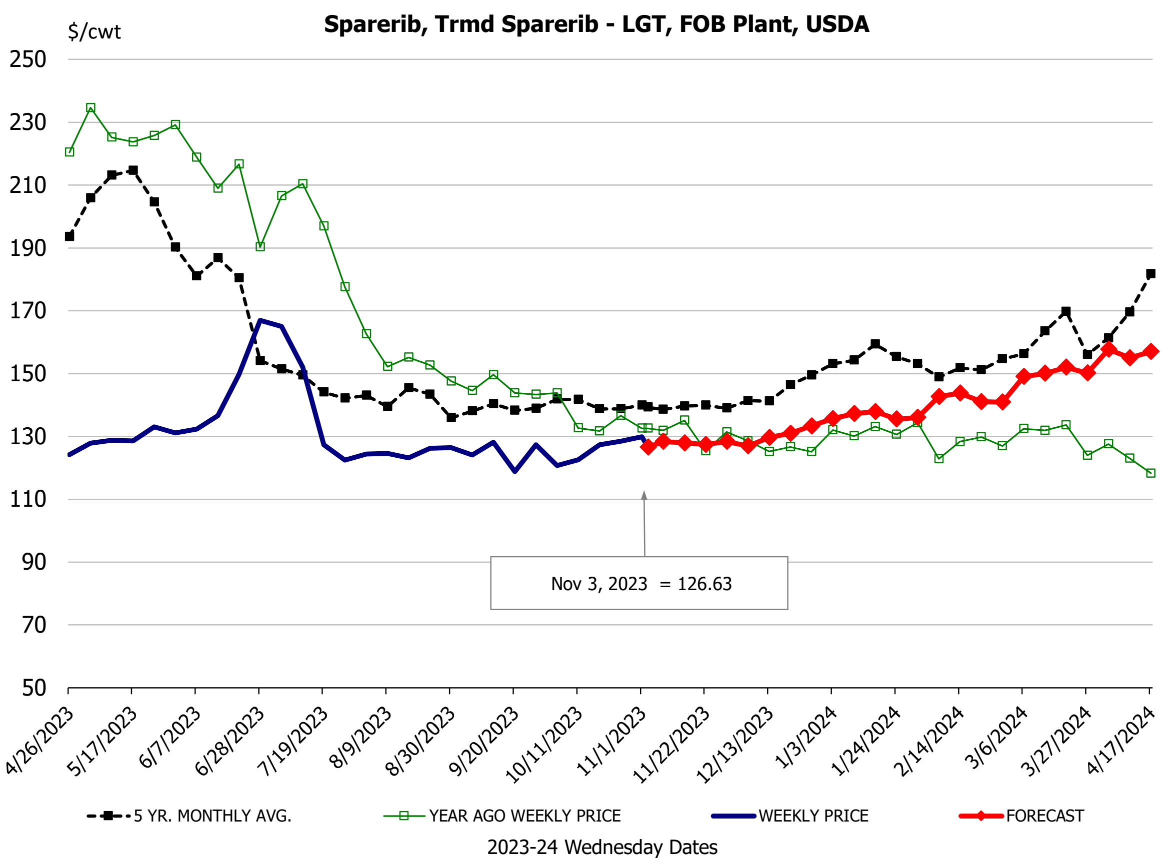
81CL Coarse Ground product finished last week at $2.5393 down about 14 cents since Wed. **October 25 but up** about **26** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $**2.8719** (wt. avg.) **up 7.19** cents since Wed. October 25 and up 44 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $0.6964, down about 9 cents since Wed. October 25 and down 6 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Apr	May	Jun	Jul	Aug	Sep	10/11/2023	10/20/2023	11/1/2023	Oct	Nov	Dec	Jan	Feb	Mar
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	93.3	105.1	109.6	121.1	117.6	117.2	115.5	109.93	101	112	100	97	95	96	98
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	100.0	108.5	113.5	127.4	123.7	120.9	121.0	117.31	109	119	108	103	99	98	105
Loin, Bnls CC Strap-off, FOB Plant, USDA	151.1	155.1	159.0	173.6	171.4	180.2	178.4	174.18	157	178	155	149	153	152	157
Loin, Tenderloin, FOB Plant, USDA	157.5	155.3	156.6	158.1	150.1	146.3	145.1	139.12	132	142	130	122	151	161	155
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	106.3	125.8	147.2	125.1	110.5	129.9	126.1	113.26	101	118	100	98	103	96	105
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	123.8	127.6	140.6	138.5	125.1	126.9	122.6	125.94	129	125	128	128	141	145	157
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	243.9	256.0	262.5	267.7	255.3	252.3	290.7	237.19	234	238	235	240	259	274	283
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	124.0	125.0	144.2	141.2	121.7	121.5	123.2	121.82	122	121	121	121	135	142	150
Loin, Backribs 2.0#/up, FOB Plant, USDA	195.4	201.5	210.4	213.7	194.8	192.7	196.1	189.65	180	194	177	168	195	211	223
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	70.1	83.1	88.2	105.0	94.4	92.9	92.6	83.98	88	86	89	81	78	79	82
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	69.4	78.4	84.7	101.0	93.2	88.9	86.0	80.52	87	85	87	79	77	78	78
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	66.4	82.1	84.0	101.5	90.7	89.6	85.1	80.11	86	83	86	78	75	76	76
Belly Cutout, FOB Plant, USDA	80.0	79.3	95.9	183.4	185.7	131.5	118.9	108.33	114	114	110	102	105	110	115
Belly, Derind Belly 9-13#, FOB Plant, USDA	100.6	105.8	112.0	225.4	184.9	154.3	144.1	133.78	134	144	133	123	127	133	139
Belly, Derind Belly 13-17#, FOB Plant, USDA	95.7	93.5	110.6	215.9	195.9	158.4	146.0	128.57	136	139	132	122	126	132	138
Trim, 42% Trim Combo, FOB Plant, USDA	52.8	50.2	68.5	95.8	81.6	69.0	52.1	54.20	43	56	40	36	45	52	60
Trim, 72% Trim Combo, FOB Plant, USDA	73.7	63.8	90.3	117.9	99.0	98.1	76.3	75.23	81	77	75	72	80	84	85
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	94.8	97.1	111.1	123.4	112.1	111.7	103.1	93.46	93	100	90	88	98	96	98
Carcass Cutout, FOB Plant, USDA	78.1	82.6	92.7	112.2	105.9	98.3	92.4	88.76	86	91	85	80	82	83	85
HOG CARCASS															
CME 1-Day Lean Hog Index	72.1	77.3	87.9	102.0	99.3	86.5	82.4	79.46	75	82	75	70	74	76	79
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	140.2	139.9	134.7	118.9	112.4	119.5	120.4	119.85	118	120	119	119	122	123	124
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	131.3	136.4	132.7	116.3	140.3	165.3	136.0	156.49	125	153	124	121	120	125	138
N.E. BROILER BREAST LINE RUN, USDA	118.0	119.3	120.4	118.0	117.9	116.6	104.5	104.09	112	108	112	111	115	118	127
N.E. BROILER LEG QUARTERS, USDA	46.6	49.6	49.5	49.6	42.8	41.3	40.8	41.13	41	41	41	41	41	42	45
N.E. BROILER WINGS, USDA, WT.AVG.	102.3	89.0	88.7	101.4	123.6	153.9	167.7	168.53	173	167	175	179	180	182	171
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	165.5	155.4	153.4	142.5	128.2	125.7	116.0	115.50	116	116	115	110	110	114	118
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	168.5	151.6	148.6	140.2	128.8	126.0	111.5	114.30	116	115	115	110	110	114	118
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	320.0	313.0	274.8	268.8	260.6	260.0	260.0	260.00	265	260	260	255	255	260	260
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	175.4	175.6	182.7	183.6	185.2	183.9	183.0	185.99	183	184	184	186	187	189	191
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1025.0	950.4	1066.3	981.4	1045.6	1150.3	1128.7	1129.74	1244	1135	1270	1110	989	1063	1134
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	340.5	347.1	360.8	349.1	350.0	370.2	376.0	386.56	382	381	380	372	387	394	379
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	298.6	304.9	325.7	305.1	331.5	358.3	353.8	356.05	351	356	350	343	336	342	329
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	258.0	257.5	286.8	270.7	294.2	340.9	340.0	339.60	331	332	327	320	325	317	293
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	797.5	824.8	1020.5	886.9	750.2	634.4	640.5	654.16	658	643	659	674	693	720	839
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	447.4	505.4	525.7	475.3	466.6	421.7	402.0	382.00	397	391	397	410	426	459	498
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	769.8	865.0	1032.0	991.3	768.5	644.2	638.3	617.36	616	629	620	630	670	710	784
USDA,COARSE GROUND 73%, WT. AVG.	228.9	245.2	245.6	257.6	255.4	251.4	232.5	225.99	235	226	228	224	248	252	264
COARSE GROUND 81%, WT. AVG., USDA	265.3	283.6	270.7	274.3	281.8	274.1	247.8	264.55	261	262	255	249	285	296	300
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	272.2	274.7	285.1	293.2	300.0	307.9	292.2	293.95	296	293	295	298	305	312	318
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	173.8	191.6	189.2	171.8	144.1	126.9	87.4	84.16	124	91	115	105	127	135	158


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
Nov 3, 2023 = 102.98
4/26/2023
5/17/2023
6/7/2023
6/28/2023
7/19/2023
8/9/2023
8/30/2023
9/20/2023
10/11/2023
11/1/2023
11/22/2023
12/13/2023
1/3/2024
1/24/2024
2/14/2024
3/6/2024
3/27/2024
4/17/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates


Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
250
230
210
190
170
150
130
110
90
70
50
Nov 3, 2023 = 126.63
4/26/2023
5/17/2023
6/7/2023
6/28/2023
7/19/2023
8/9/2023
8/30/2023
9/20/2023
10/11/2023
11/1/2023
11/22/2023
12/13/2023
1/3/2024
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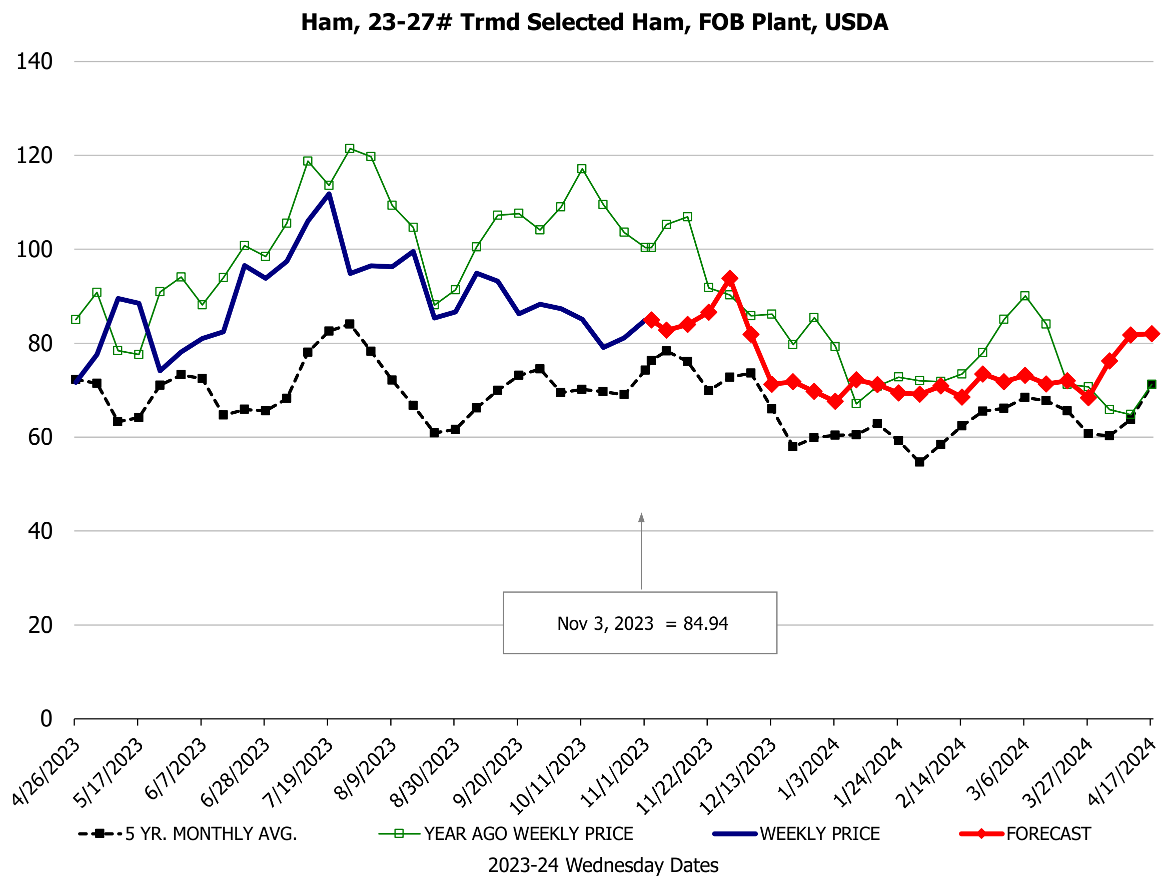
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
140
120
100
80
60
40
20
0
Nov 3, 2023 = 84.94
4/26/2023
5/17/2023
6/7/2023
6/28/2023
7/19/2023
8/9/2023
8/30/2023
9/20/2023
10/11/2023
11/1/2023
11/22/2023
12/13/2023
1/3/2024
1/24/2024
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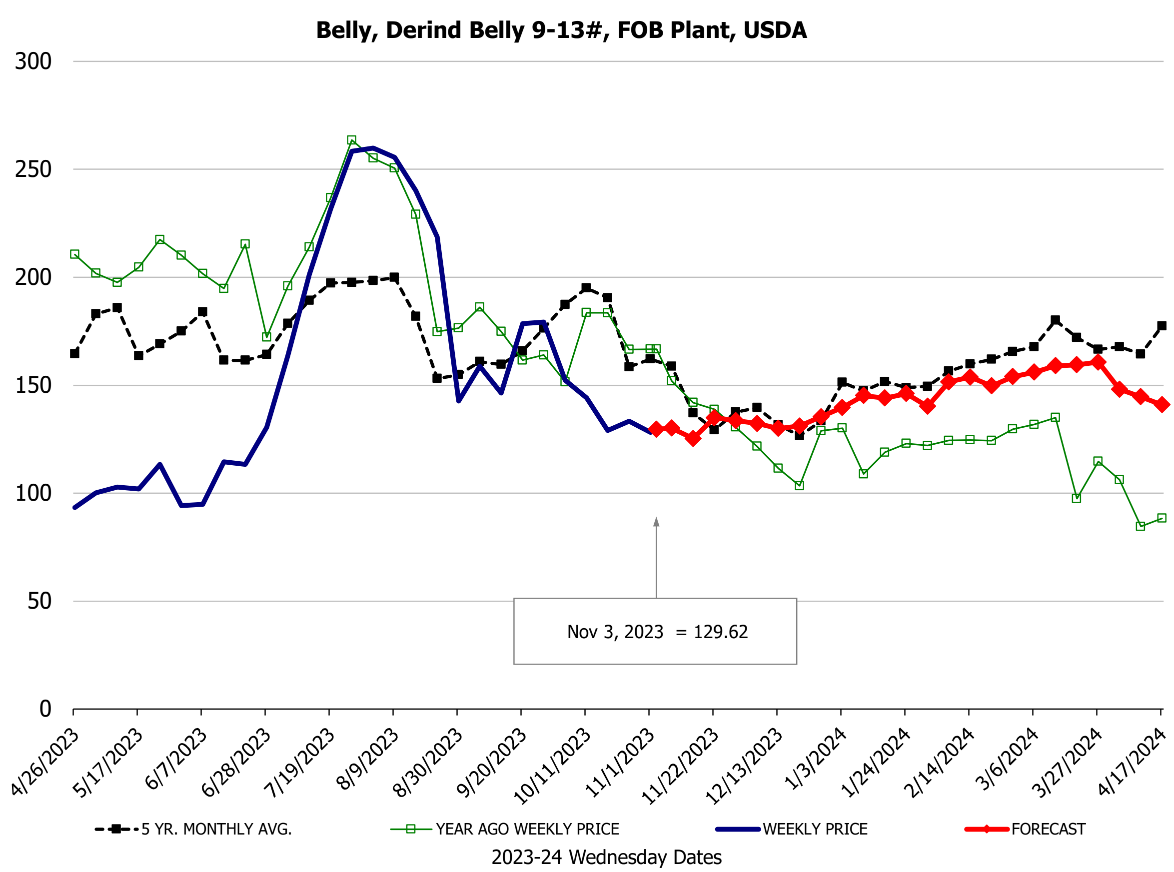
Belly, Derind Belly 9-13#, FOB Plant, USDA
300
250
200
150
100
50
0
Nov 3, 2023 = 129.62
4/26/2023
5/17/2023
6/7/2023
6/28/2023
7/19/2023
8/9/2023
8/30/2023
9/20/2023
10/11/2023
11/1/2023
11/22/2023
12/13/2023
1/3/2024
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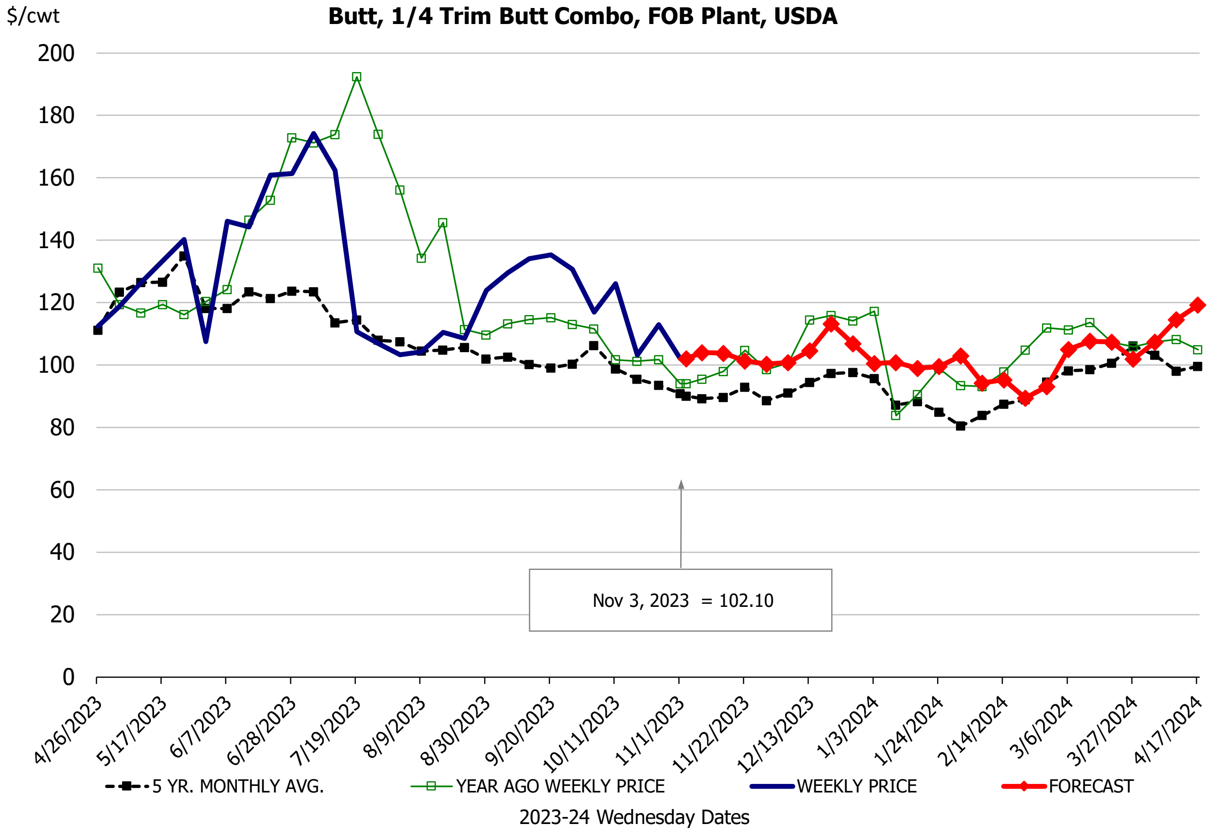

$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
200
180
160
140
120
100
80
60
40
20
0
Nov 3, 2023 = 102.10
4/26/2023
5/17/2023
6/7/2023
6/28/2023
7/19/2023
8/9/2023
8/30/2023
9/20/2023
10/11/2023
11/1/2023
11/22/2023
12/13/2023
1/3/2024
1/24/2024
2/14/2024
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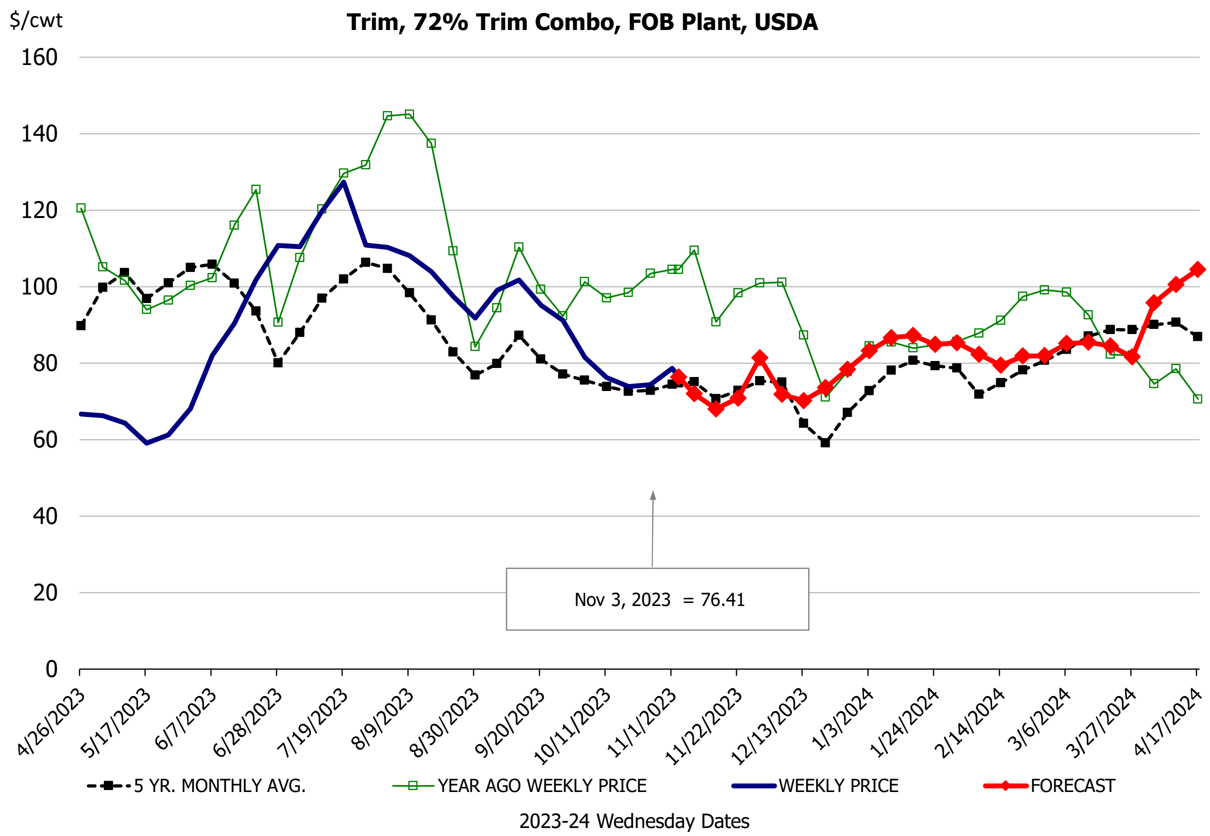
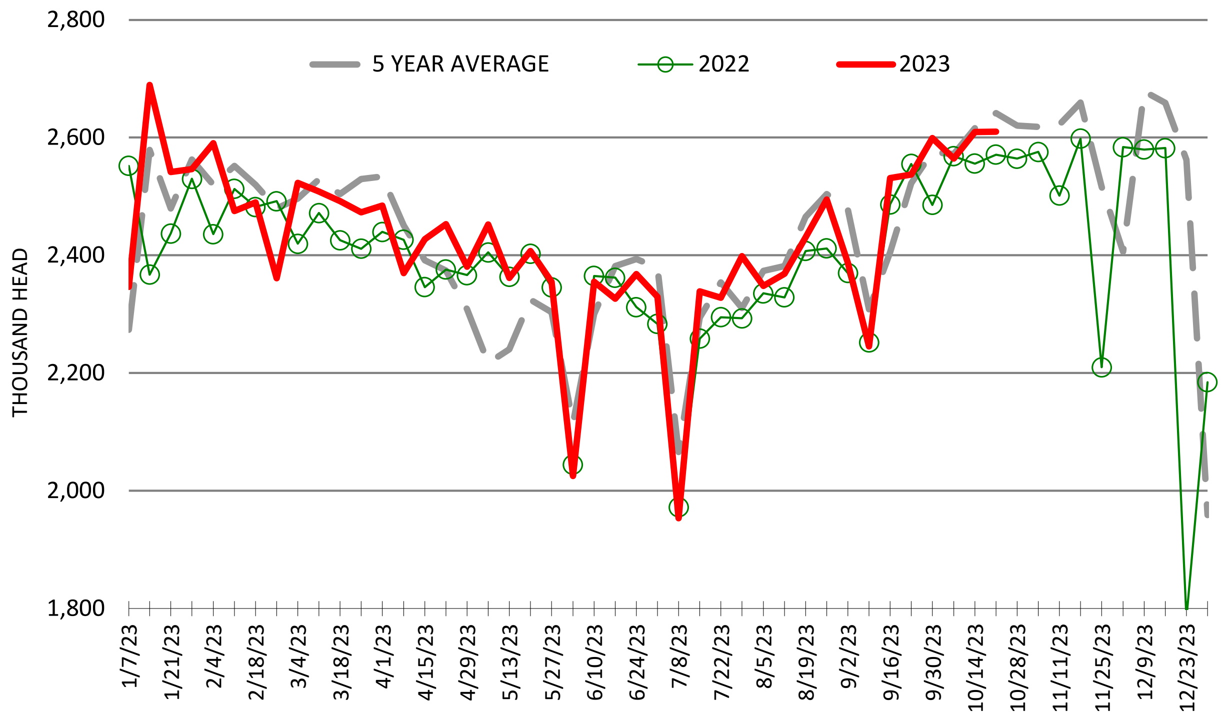


$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
160
140
120
100
80
60
40
20
0
Nov 3, 2023 = 76.41
4/26/2023
5/17/2023
6/7/2023
6/28/2023
7/19/2023
8/9/2023
8/30/2023
9/20/2023
10/11/2023
11/1/2023
11/22/2023
12/13/2023
1/3/2024
1/24/2024
2/14/2024
3/6/2024
3/27/2024
4/17/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds