Pork Merchandiser's **Profit Maximizer**

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

May 6, 2024

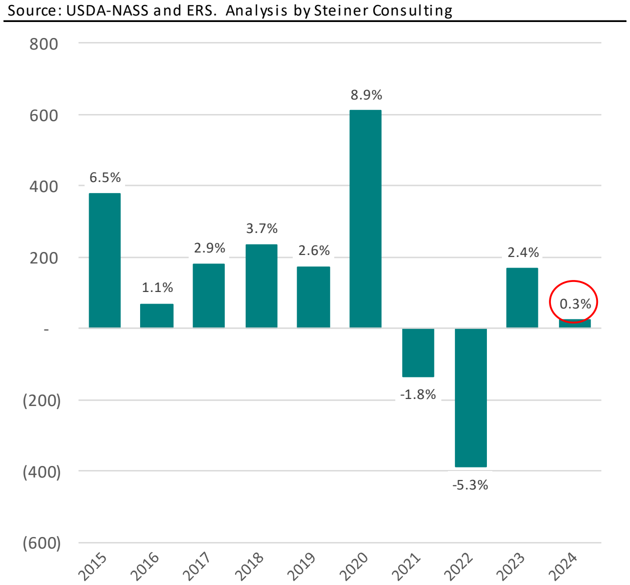
1. Robust exports helped lift pork prices in Q1. Will that hold in the spring and summer?

Pork exports have been a key driver in the market so far this year. In March total exports were 621.1 million pounds, almost 13 million pounds (+2%) higher than a year ago. Mexico remains the top market, taking 196.4 million pounds in March, a 32% share. Those exports were down 28.4 million pounds (-13%) from a year ago. But, exports to Mexico in Q1 were still higher than the previous year.

The reduction in exports to Mexico in March was offset by higher exports to South Korea, which saw an increase of 27.4 million pounds (+47%) y/y. China was not a factor in March, taking 34.3 million pounds, 10.3 million pounds (-23%) less

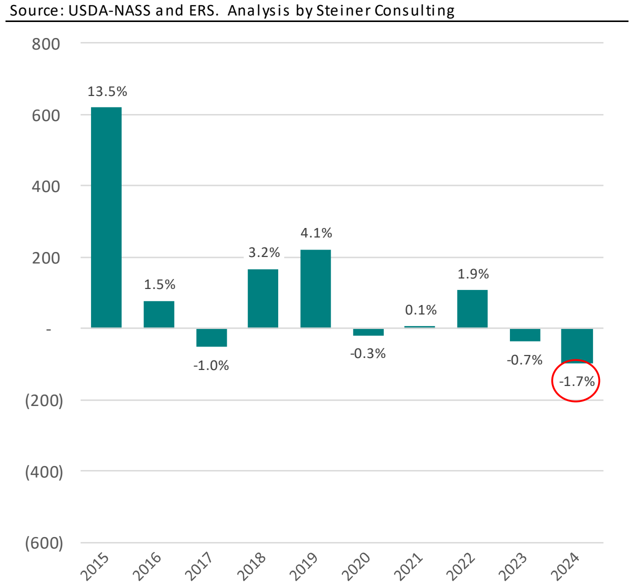
Y/Y Change in US Comm. Pork Production. Mil. Lb.

Source: USDA-NASS and ERS. Analysis by Steiner Consulting



Y/Y Change in Net Domestic Pork Supply. Mil. Lb.

Source: USDA-NASS and ERS. Analysis by Steiner Consulting



than a year ago. Exports to the Caribbean were also disappointing, down 8.9 million pounds (-23%) from a year ago.

Trade numbers need to be viewed in the broader context of production and supply availability. Pork production in Q1 was 7.094 billion pounds, slightly higher than a year ago. However, total exports in Q1 at 1.802 billion pounds were up 134.2 million pounds (+8%) while imports during the quarter increased just 13.7 million pounds. **The net result is that there was a shortfall of almost 100 million pounds in Q1 (-1.7%) vs. the same period a year ago**. The decline in supply availability came at a time when both retailers and foodservice operators saw pork as a more competitive product, especially fresh pork items such as loins and butts.

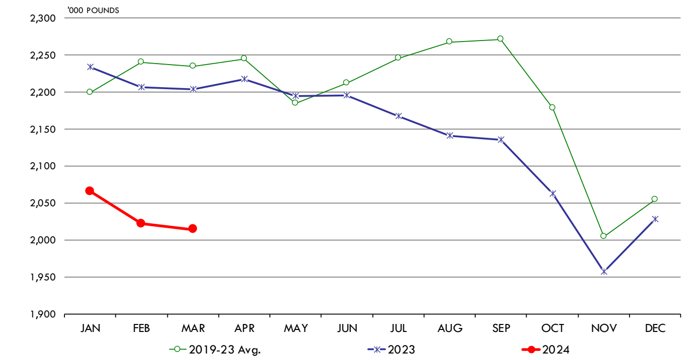
Implications for the market going forward: If the USDA quarterly survey of hog and pig operations was correct, then hog slaughter in late spring and summer should be up about 1.5% to 2% from a year ago (Dec-Feb Pig crop was up 1.9%). Will hog carcass weighs remain under last year? Maybe, but it would depend on forward premiums and weather. In our view, exports remain a key factor for the market going forward. We don't expect China demand to be a factor. And US exporters are facing more headwinds in some Central American and Asian markets due to increased competition from Brazil. So it will be as important as ever to track weekly export sales and shipments.

2. Cold storage data points to more limited supply going into spring, but situation varies depending on the item.

The supply of meat protein in cold storage at the end of March continued to decline and at just a little over 2 billion pounds it is 10% lower than the five-year average. It is also the lowest end of March supply since 2014. As we have noted in the past, a number of factors tend to impact the supply of meat protein in cold storage, be this export demand (less product needs to be staged), limited capacity and high cost of storage (interest rates) or lower overall production. While all of these factors have played a role, the reality is that

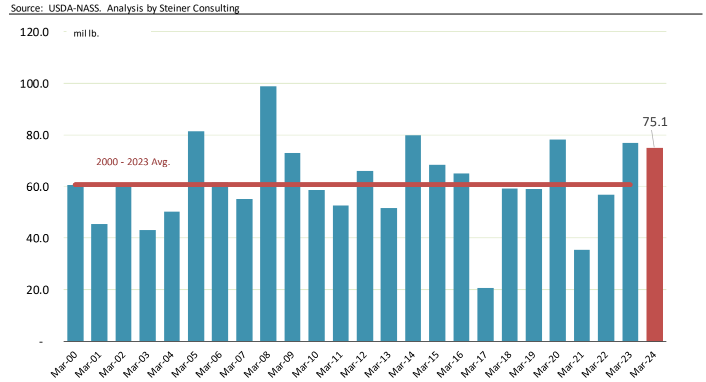
MONTHLY VOLUME OF BEEF, PORK, CHICKEN & TURKEY IN COLD STORAGE.

Y/Y Comparison. 'Mil pounds. Data source: USDA-NASS. Analysis by Steiner Consulting



INVENTORY OF PORK BELLIES AT END OF MARCH. MILLION LB.

Source: USDA-NASS. Analysis by Steiner Consulting



the lower supply in cold storage could add to market volatility and presents more upside price risk going into the high demand time of year.

The supply of pork in cold storage at the end of March was estimated at 464M, down 13.1% y/y. Current supply is near the multi-decade lows of March 2021. The supply of pork in March increased 1% from the previous month but from a relatively low base. The more bearish number in the report was the increase in belly inventories, which jumped 18% from February. The m/m increase in March far surpassed the average build of 6% in the last five years. As the chart to the right shows, current belly inventories are on the high end of the range for the last 20 years. On the other hand, several other pork items are tight going into the lower supply time of year. Ham inventory was down 18% from a year ago, with the depletion in part reflecting the early Easter. Pork trim inventory was down 16% y/y just as processors are entering the high demand time of year. Fresh pork has been moving far better than expected, with loin inventory down 7.6% y/y. The drawdown in March was 8% vs. 7% five-year average.

PORK

Hog Market. For the week ending May 4 hog slaughter was 2.406 million head, down 1.9% from a year ago. In the last two weeks hog slaughter is down 1.0% vs. year ago levels.

Iowa/Minnesota, Base Negotiated Purchase for Barrows and Gilts. Lean hog carcass values at about 90.84 /cwt. on Friday were down $0.0/cwt since Wed. April 24. Prices are up about 16.6 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.3034, up about 3.6 cents since the Wed. April 24 quote and up about 29 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.5870 for the strap on loins, down 4.2 cents since Wed. April 24 but up 20 cents from the year ago levels. Strap off loins at $1.8113 are up 1.9 cents since Wed. April 24 and up about 27 cents compared to the year ago quote.

Boneless sirloins at $1.3182 were down about 0 cent from the Wed. April 24 quote but up about 12.2 cents from the year ago price.

Pork tenderloin finished last week at $1.7656, down 7 cents since the Wed. April 24 quote but up about 29.9 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.4571, down 3.9 cents since Wed. April 24. Prices are up 9 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.8074, down about 9 cents since Wed. April 24 but up about 53 cents from year ago levels.

Rib inventories on March 31 were 91.2 million pounds, down 18.5% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.8443/lb. down 5 cents since Wed. April 24 but up about 9 cents from a year ago.

20/23 hams finished the week at 84.67 cents (page 130) down about 3 cents since Wed. April 24 but up about 9 cents from the year ago level.

23/27 hams finished the week at 83.03 , up about 2 cents from the Wed. April 24 quote and up about 6 cents from the year ago level.

Total ham cold storage stocks on March 31 at 55.0 million pounds were up 3.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 74.24 cents, down about 3.0 cents since Wed. April 24 but up about 23 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 101.88 cents, down 0.7 cents since the Wed. April 24 quote but up about 36 cents from the year ago levels.

Freezer stocks of all trimmings on March 31 were 47.3 million pounds, down 10.8% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 33 cents compared to 31 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 131.58 on Friday, May 3, down about 7 cents from a year ago.

Broiler slaughter for the week ending April 27 was 163.75 million head, down 1.24% from a year ago. For the last two weeks broiler slaughter was down 1.8% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.7575, up 1 cents since Wed. April 24 and up about 44 cent from year ago levels.

Leg Quarters. Last week leg quarter prices at 49.52 cents per pound prices were up about 0.04 cents vs. two weeks ago and were up 1 cents from a year ago.

Wings. Prices at $2.2627 are up about 135 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $1.0300, unchanged 0.0 cent since Wed. April 24 but down about 62 cents from the year ago price.

Toms finished last week at $1.0300, down since Wed. April 24 and down about 52 cents from the year ago price.

Total turkey supplies in the freezer on March 31 were up 28.7% from a year ago at 244.1 million pounds. Whole birds were down 9.1% from a year ago with an inventory of 149.6 million pounds.

Turkey slaughter was 3.5920 million head for the week ending April 27, down -13.61% from a year ago. For the last two weeks slaughter has been down 9.67%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.4000, down since Wed. April 24. Prices are down about 80 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 $9.3325 (weighted average quote) finished last week up about 22 cents since the Wed. April 24 quote but down about 87 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $9.0943 (weighted average quote) finished last week up about 6 cents since the Wed. April 24 quote but up about 64 cent vs. the year ago price.

Currently Choice 112A Rib Eyes are $0.2382 /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 $3.4678 for 90CL and $0.7858 for 50CL product, an 81CL meat block value is now $2.8644 and a 78CL meat block is $2.6632. Choice 114, 3 Clods are now being priced 38.05 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 33.97 cents and the five year average spread for is 60.41 cents over.

Choice #161 Boneless Rounds finished last week at $**3.7100**, **up** about 10 cents since **Wed.** April 24 and up about 20 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.0875 down about 17 cents since Wed. April 24 but up about 6 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.1669 up about one cents since Wed. April 24 but up about 13 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.8678 up about 2 cents since Wed. April 24 and up about 36 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $9.2790 (wt. avg.) down about one cents from the Wed. April 24 quote. Prices are up 100 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $4.4051 (wt. avg.) **down** about 16 cents since Wed. April 24 and **down** about **36** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $4.6128 (wt. avg.) up about 13 cents since Wed. April 24 but down about 59 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $6.8804 (wt. avg.) down about 39 cents since Wed. April 24 and down about 167 cents from year ago values.

COARSE GROUND BEEF –

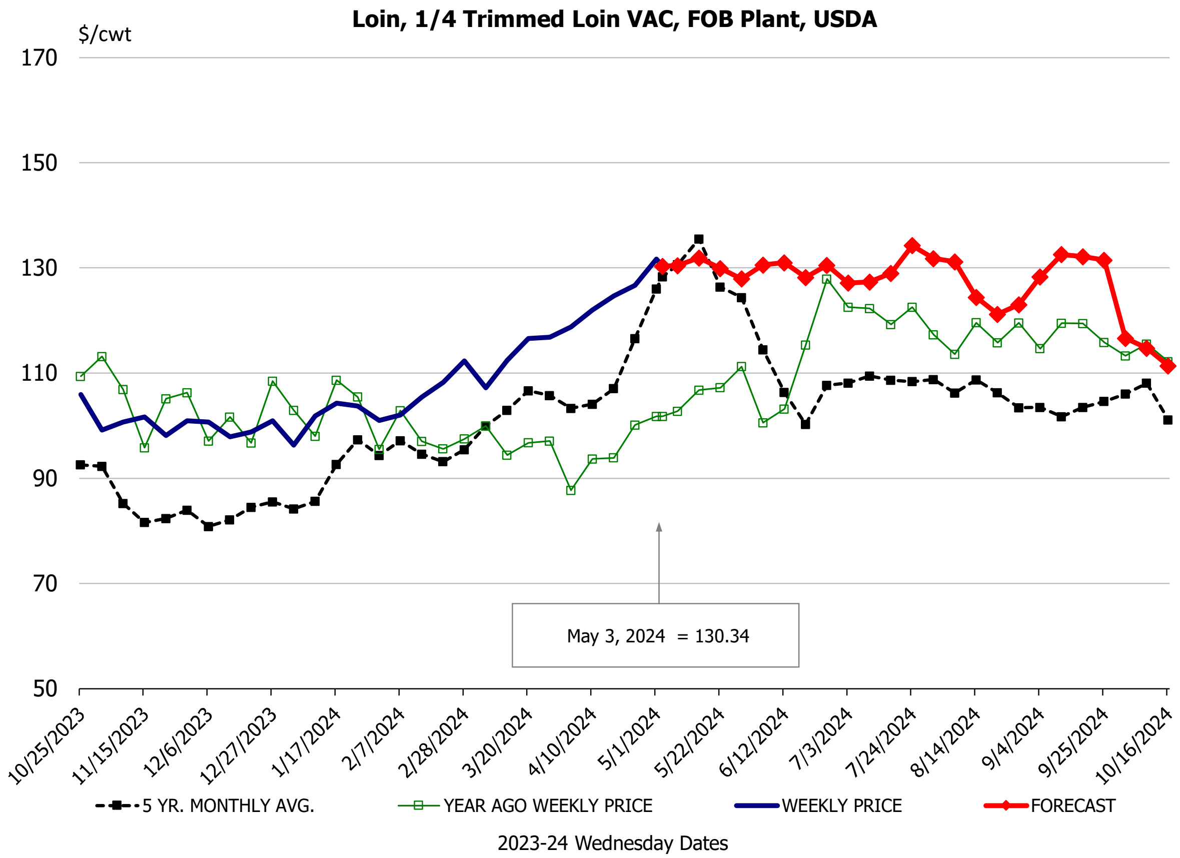
73CL Coarse Ground product finished last week at $**2.3620 down** about 12 cents since Wed. April 24 and down about 20 cents from year ago levels.

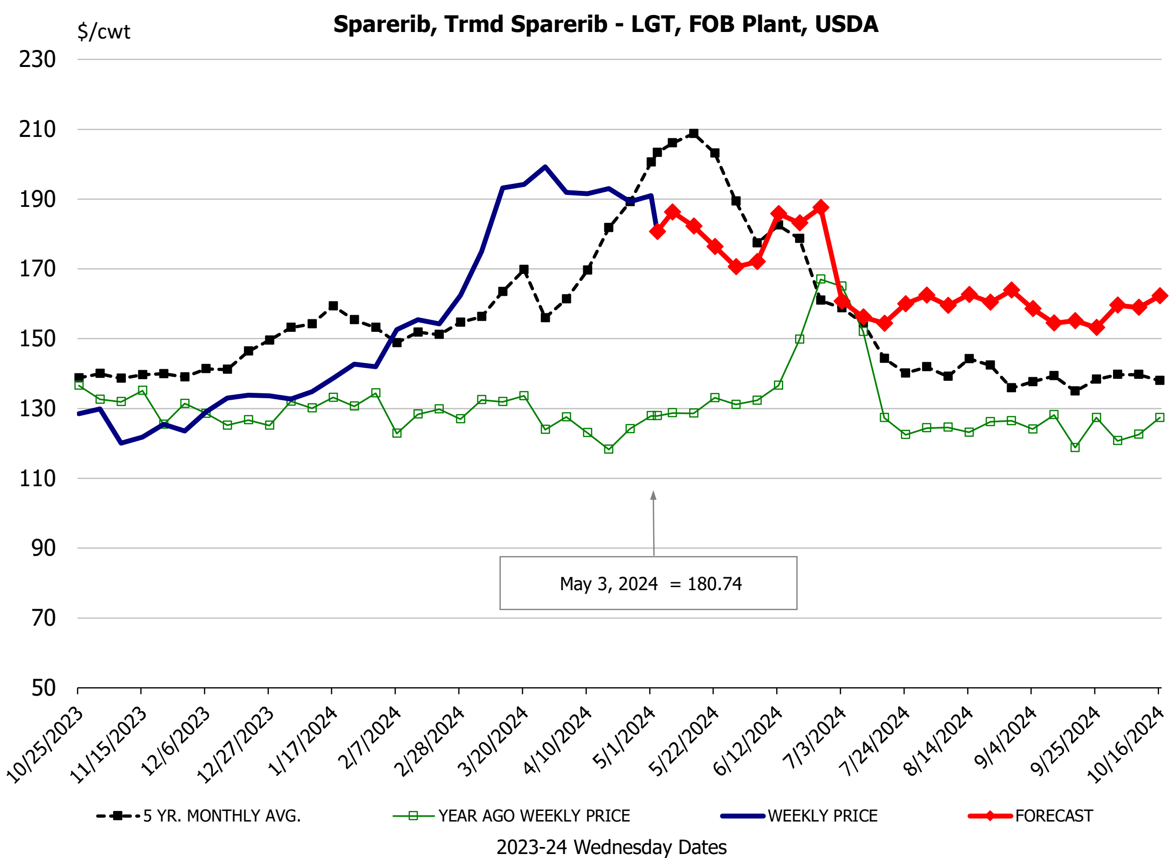
81CL Coarse Ground product finished last week at $2.8769 down about 6 cents since Wed. **April 24 but up** about **one** cents from the year ago quote.

90CL Bnls. Beef prices finished the week at $**3.4678** (wt. avg.) **down 0.37** cents since Wed. April 24 but up 42 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $0.7858, down about 6 cents since Wed. April 24 and down 119 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Nov	Dec	Jan	Feb	Mar	Apr	4/24/2024	5/3/2024	5/15/2024	May	Jun	Jul	Aug	Sep	Oct
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	101.2	100.8	101.0	104.8	110.8	122.4	126.7	130.34	132	126	130	128	129	129	115
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	109.1	107.0	109.7	110.1	118.2	126.7	130.6	134.76	140	135	137	134	136	134	122
Loin, Bnls CC Strap-off, FOB Plant, USDA	162.0	164.1	167.2	168.9	171.1	178.6	179.2	181.13	192	184	181	177	189	199	189
Loin, Tenderloin, FOB Plant, USDA	124.4	141.8	157.3	166.7	171.9	177.7	183.5	176.56	183	177	178	176	180	170	159
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	107.1	107.2	101.5	102.8	117.7	132.8	135.1	127.36	142	138	144	142	137	137	120
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	125.9	131.3	138.4	157.6	189.1	189.5	189.3	180.74	182	180	175	161	161	157	159
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	242.3	243.9	243.6	232.3	250.7	259.0	287.6	267.40	267	270	265	253	253	259	261
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	118.7	125.6	135.0	157.6	184.6	179.1	174.1	178.89	179	178	172	160	160	156	158
Loin, Backribs 2.0#/up, FOB Plant, USDA	185.2	183.9	184.0	192.7	222.3	251.2	242.2	257.37	254	257	247	232	233	220	212
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	86.6	84.0	80.4	81.0	81.7	95.1	89.9	84.43	93	91	95	101	100	101	94
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	84.9	84.1	76.8	80.8	79.1	87.1	87.5	84.67	88	89	98	98	103	98	92
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	84.0	80.3	74.1	79.0	77.4	87.7	81.5	83.03	84	85	91	97	100	96	90
Belly Cutout, FOB Plant, USDA	102.2	87.6	124.5	129.0	125.7	123.9	111.8	116.79	128	123	151	184	172	135	140
Belly, Derind Belly 9-13#, FOB Plant, USDA	128.4	109.8	148.4	161.7	159.4	160.3	168.9	150.62	157	153	182	221	208	163	170
Belly, Derind Belly 13-17#, FOB Plant, USDA	118.9	104.6	140.8	155.0	150.8	144.0	133.9	136.51	152	146	175	214	201	156	163
Trim, 42% Trim Combo, FOB Plant, USDA	47.7	43.8	45.2	35.1	56.9	75.2	77.3	74.24	71	76	84	99	93	76	59
Trim, 72% Trim Combo, FOB Plant, USDA	74.6	72.1	83.6	81.8	93.5	103.0	102.6	101.88	104	105	117	119	105	95	86
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	87.3	91.1	97.8	92.4	103.5	113.9	120.5	122.35	129	125	132	133	124	118	122
Carcass Cutout, FOB Plant, USDA	86.7	83.6	87.0	89.1	93.1	99.1	97.3	98.35	103	101	105	109	108	101	96
HOG CARCASS															
CME 1-Day Lean Hog Index	74.7	67.3	68.1	76.3	82.7	89.6	90.9	90.84	95	94	101	103	102	92	87
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	121.7	127.9	129.9	128.6	129.1	131.3	131.2	131.58	138	136	135	127	122	120	119
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	109.2	98.8	116.3	124.9	145.3	170.4	174.8	175.75	179	180	174	162	159	148	125
N.E. BROILER BREAST LINE RUN, USDA	101.0	101.6	102.4	102.8	105.3	105.9	106.3	105.79	109	107	108	106	106	103	95
N.E. BROILER LEG QUARTERS, USDA	41.1	41.4	42.6	45.7	47.2	49.7	49.5	49.52	51	51	52	51	50	47	45
N.E. BROILER WINGS, USDA, WT.AVG.	160.7	158.9	169.7	188.2	214.1	228.4	227.1	226.27	231	230	230	230	230	230	230
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	98.4	87.5	90.5	100.2	94.4	97.3	103.0	103.00	103	103	108	108	113	113	113
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	97.0	87.8	93.0	101.7	101.4	97.9	104.0	103.00	103	103	108	108	113	113	113
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	260.0	260.0	260.0	260.0	260.0	260.0	240.00	258	255	260	265	265	270	270
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	180.5	170.6	173.9	180.6	186.4	185.2	182.7	186.24	182	182	180	178	180	181	184
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	1197.5	1300.3	999.8	985.5	1010.9	933.4	911.0	933.25	1016	985	1107	1009	1099	1112	1197
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	378.1	333.5	336.9	364.1	370.5	364.7	361.0	371.00	366	365	358	352	357	371	383
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	303.9	249.4	285.6	316.8	364.8	321.4	315.4	316.69	316	317	309	309	322	331	340
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	276.3	251.7	299.6	300.8	299.6	289.2	285.2	286.78	291	286	290	290	305	338	348
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	730.8	753.5	756.7	804.5	931.9	947.3	928.5	927.90	1019	956	972	869	809	763	719
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	385.7	390.3	396.3	397.5	441.9	449.6	448.0	461.28	483	478	468	470	459	428	409
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	625.6	607.8	705.6	714.8	754.3	709.7	726.8	688.04	721	725	790	817	824	752	693
USDA,COARSE GROUND 73%, WT. AVG.	201.1	173.5	190.5	215.9	222.8	231.1	248.2	236.20	250	245	243	237	251	240	228
COARSE GROUND 81%, WT. AVG., USDA	247.4	209.5	263.7	267.7	276.0	277.1	293.6	287.69	307	302	301	289	301	288	275
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	276.8	248.4	273.3	308.0	330.5	346.2	347.2	346.78	347	346	350	349	355	358	348
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	64.6	54.2	76.9	92.9	103.9	91.2	84.5	78.58	86	92	100	104	107	98	90


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
170
150
130
110
90
70
50
May 3, 2024 = 130.34
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
9/25/2024
10/16/2024
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2023-24 Wednesday Dates


Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
230
210
190
170
150
130
110
90
70
50
May 3, 2024 = 180.74
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
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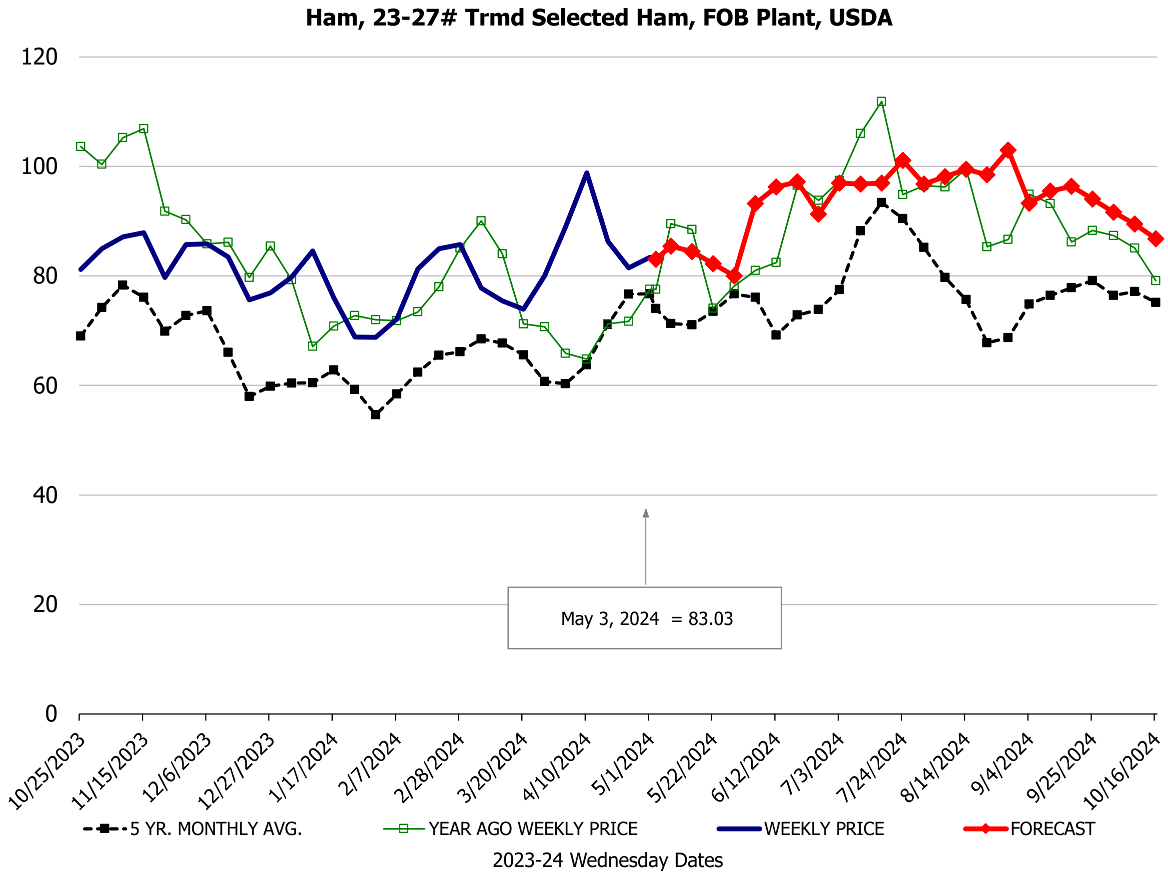
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
120
100
80
60
40
20
0
May 3, 2024 = 83.03
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
7/24/2024
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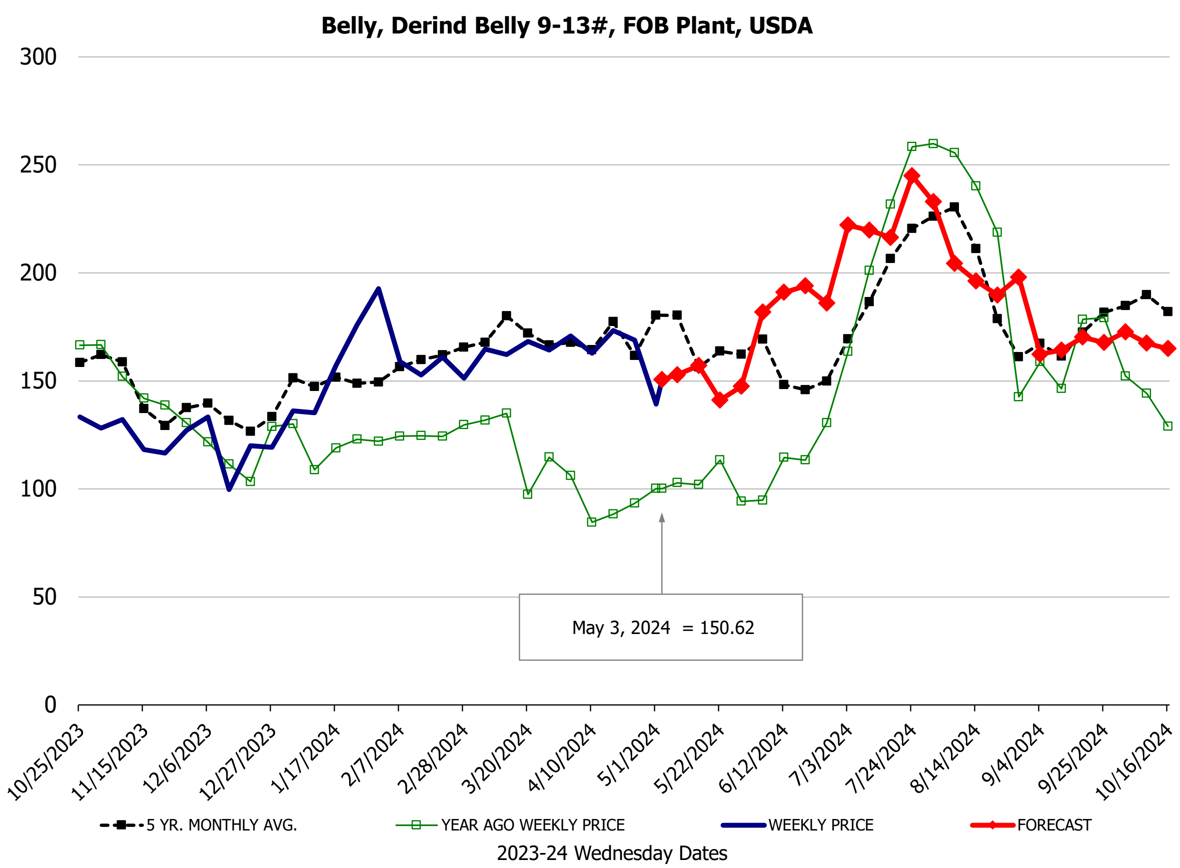
Belly, Derind Belly 9-13#, FOB Plant, USDA
300
250
200
150
100
50
0
May 3, 2024 = 150.62
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
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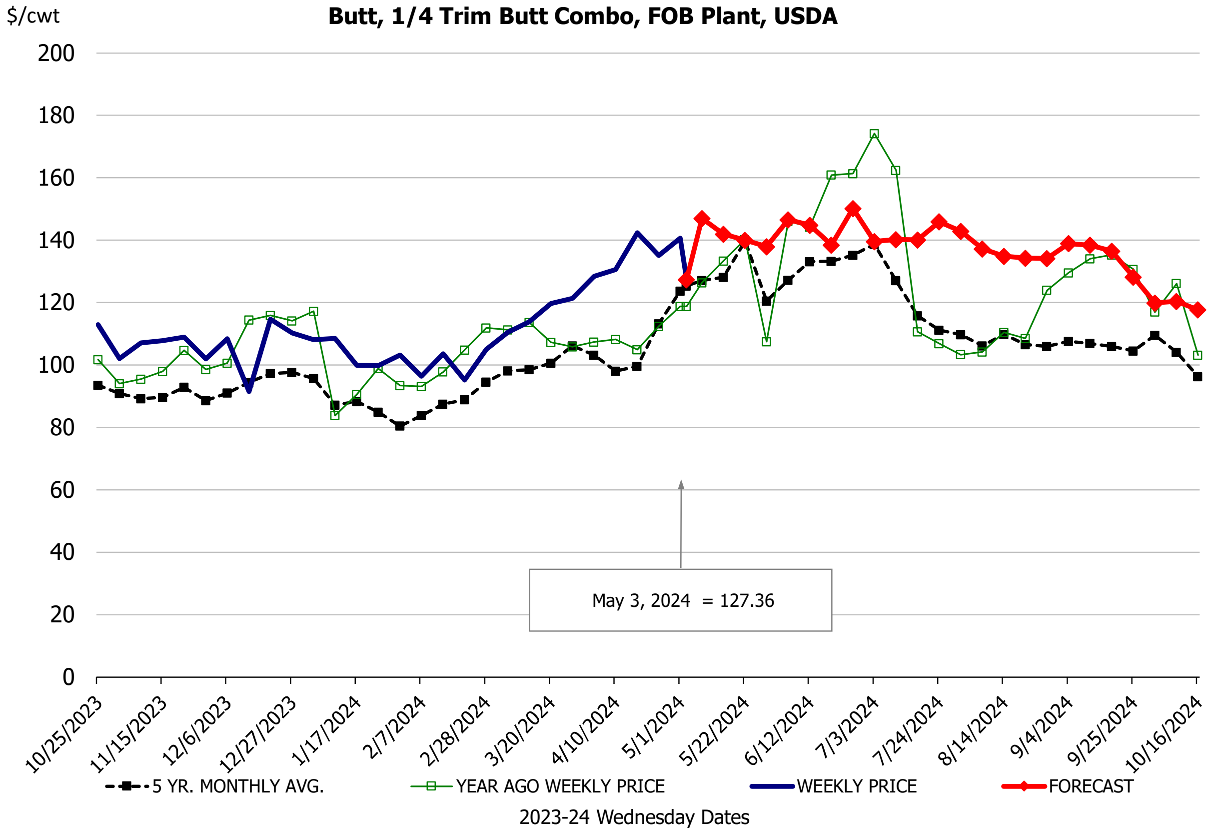
$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
200
180
160
140
120
100
80
60
40
20
0
May 3, 2024 = 127.36
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
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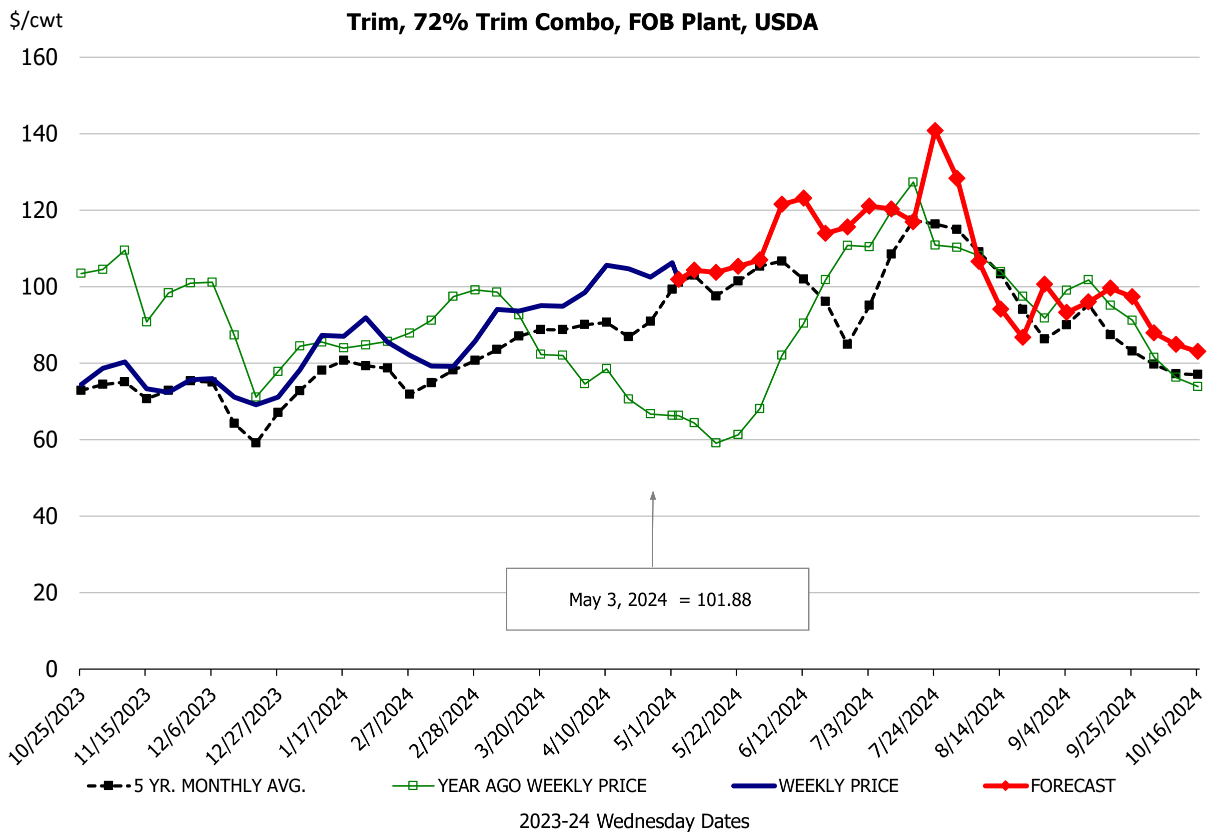
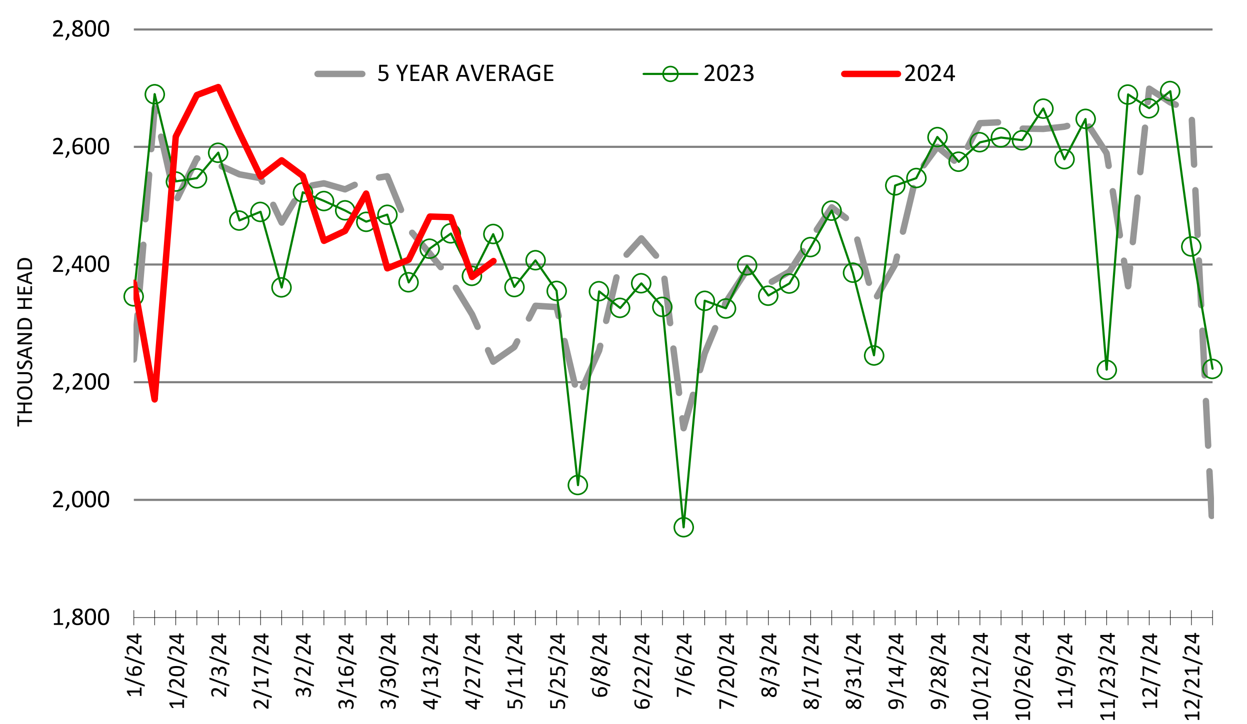
FORECAST
2023-24 Wednesday Dates


$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
160
140
120
100
80
60
40
20
0
May 3, 2024 = 101.88
10/25/2023
11/15/2023
12/6/2023
12/27/2023
1/17/2024
2/7/2024
2/28/2024
3/20/2024
4/10/2024
5/1/2024
5/22/2024
6/12/2024
7/3/2024
7/24/2024
8/14/2024
9/4/2024
9/25/2024
10/16/2024
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