Pork Merchandiser's Profit Maximizer

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

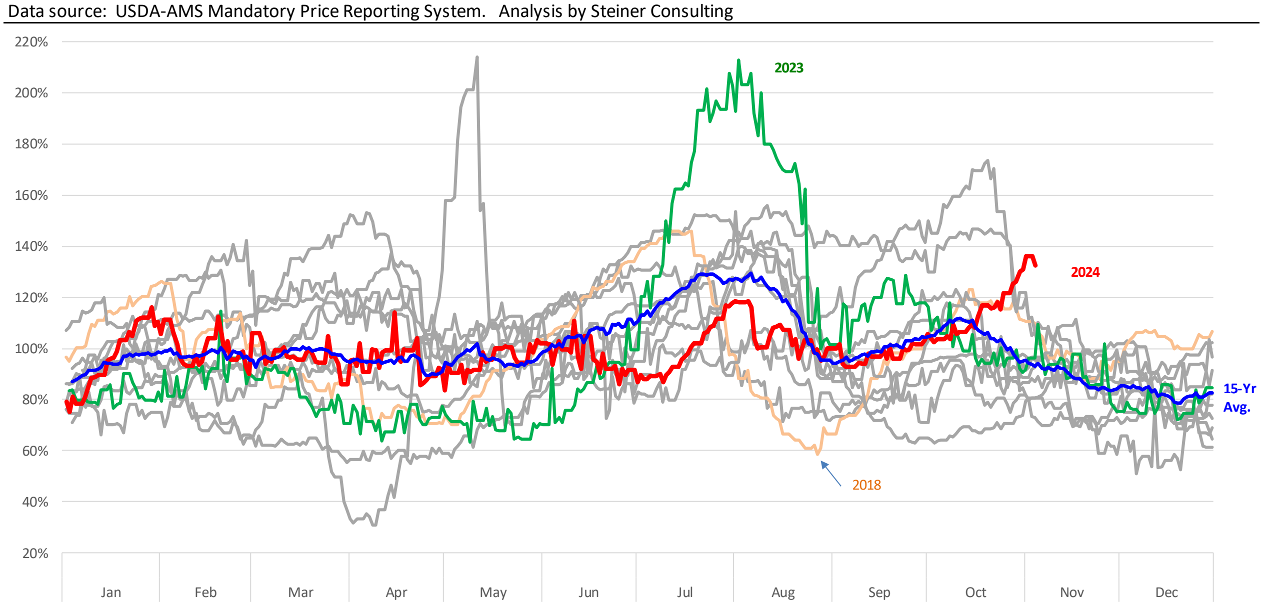
November 4, 2024

1. Belly prices at annual highs…in November!

The pork cutout value has surged to levels few expected for this time of year, largely driven by a sharp increase in belly values. On Friday, the belly primal was priced at $176 per cwt, while the pork cutout value reached $104 per cwt—up $16.7 per cwt (a 19% increase) compared to last year, with $11 of that gain coming from the higher value of bellies (see table on page 2). Since the beginning of mandatory belly price reporting in 2013, we haven't observed a November belly price higher than in July or August—until now.

To better illustrate this unusual market situation, we've included a chart below. Though it may look like a busy "spaghetti chart," this is intentional. The chart shows daily belly primal prices

Pork Belly Seasonality in the Last 15 Years and 2024 Performance YTD. Daily Price as % of Annual Average.
Data source: USDA-AMS Mandatory Price Reporting System. Analysis by Steiner Consulting

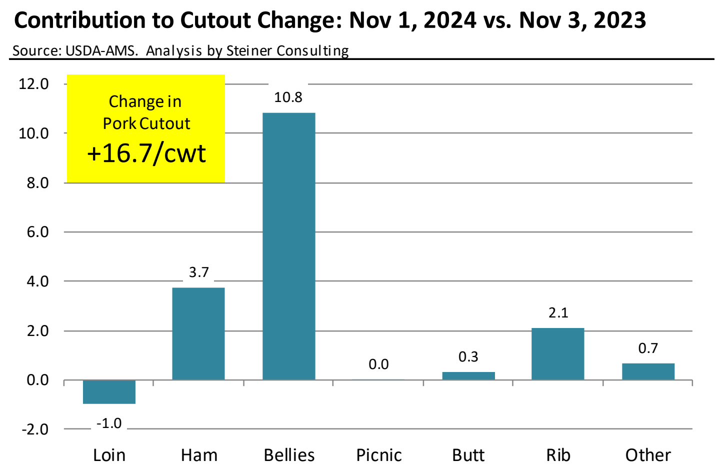


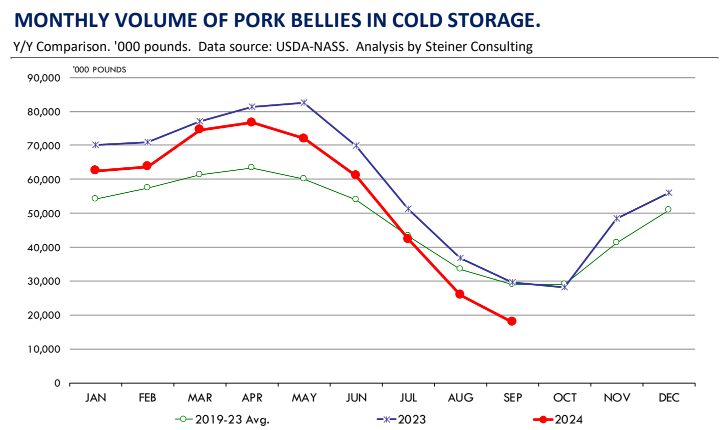
compared to the annual average. While average seasonal charts can often mask year-over-year variability, this chart shows the full range of annual fluctuations. For example, the chart on page 1 highlights that the 15-year seasonal average for belly prices in February and March is near the annual average, but the "spaghetti strands" reveal that in some years, prices were as high as 40% above the average, and in others, as much as 60% below it.

Fall typically brings greater consistency in belly prices, as foodservice demand cools down with the seasonal slowdown (cold weather, the start of the school year, etc.), and pork supply is near its annual peak. This is what makes the current market so unusual. Although there have been other years (like 2015 and 2020) when belly prices in October were significantly above the annual average, both years had low belly prices in the preceding spring and summer.

This brings us to recent market dynamics. Last spring and early summer, belly prices were particularly low due to uncertainty surrounding California demand and regulatory changes. This year, however, high prices in 2022 impacted retail and foodservice prices, leading to a stable wholesale market for most of the year. Notably, summer wholesale prices were lower than the long-term seasonal trend. This relative stability might have led to complacency, as evidenced by the rapid depletion of cold storage stocks in August and September. With expectations of ample supply and lower prices in the fall, many buyers were content to draw down their inventories.

Looking back, history often shows why "the cure for low prices is low prices." For example, in 2018, belly prices were well below the annual average in August, only to surge in late September and October. In 14 of the past 15 years, November and December prices have been below the annual average, with 2018 as the exception (about 5% above). This year the seasonal uptick in July and August was below historical levels but it was not as low as in 2018. In our mind this raises questions as to how sustainable current belly prices will be in the last two months of the year.





The main downside risk for the hog market now is that recent gains are heavily concentrated in bellies alone. Currently, futures are pricing a relatively strong belly market into December, around the $135 level. Although this is below current prices, it's still high from a seasonal perspective. The key takeaway here is not to equate wholesale market movements with consumer demand for bacon. The wholesale market is especially sensitive to foodservice planning and promotions, which have long lead times. For buyers, low belly prices should serve as a warning to prepare for potential rebounds. This fall, the lesson has been costly.

2. Cold storage review for pork items other than bellies

The USDA survey is far more nuanced in terms of the pork and chicken cold storage holdings. The report provides details on cold storage inventories by product rather than catchall terms such as "boneless beef" and "beef cuts."

The total supply of pork in cold storage at the end of September was 461.1 million pounds, 9% lower than the five year average. Inventories increased 1% from the previous month. Last year inventories in September declined. But, when we look at the long term trend the September increase is still rather modest. As noted earlier, pork buyers depleted inventories in anticipation of higher supply and lower prices in the fall. Total belly inventory at the end of September was 17.8 million pounds, 40% lower than last year and five year average. Inventories in September dropped 31% from the previous month, the biggest September drawdown since 2011. Pork trim prices have also surpassed expectations in recent weeks, with slaughter falling short of estimates. Buyers have been forced to buy more in the spot market as seasonally cold storage supply is low at this time of year, this year more so than in the past. Pork trim in cold storage was 36 million pounds, 8% lower than the five year average. Drawdown was 6% vs. flat long term.

Product Update

Hog Market. For the week ending November 2 hog slaughter was 2.653 million head, down 0.5% 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 88.84 /cwt. on Friday were up $3.6/cwt since Wed. October 23. Prices are up about 12.0 $/cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.0063, down about 2.5 cents since the Wed. October 23 quote but up about one cent from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.4175 for the strap on loins, down 0.1 cents since Wed. October 23 and down 2 cents from the year ago levels. Strap off loins at $1.6259 are down one cent since Wed. October 23 and down about 5 cents compared to the year ago quote.

Boneless sirloins at $1.3245 were down about 0 cents from the Wed. October 23 quote but up about 9.8 cents from the year ago price.

Pork tenderloin finished last week at $1.7699, down 8 cents since the Wed. October 23 quote but up about 60.8 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $1.1972, up 1.8 cents since Wed. October 23. Prices are up 8 cents from a year ago.

Spareribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.6245, up about 6 cents since Wed. October 23 and up about 33 cents from year ago levels.

Rib inventories on September 30 were 67.2 million pounds, up 9.5% from a year ago.

Bone-in Hams

17/20 hams (page 9) price was last quoted at $0.9512/lb. up 3 cents since Wed. October 23 and up about 9 cents from a year ago.

20/23 hams finished the week at 98.19 cents (page 130) up about 9 cents since Wed. October 23 and up about 13 cents from the year ago level.

23/27 hams finished the week at 95.15 , up about 7 cents from the Wed. October 23 quote and up about 10 cents from the year ago level.

Total ham cold storage stocks on September 30 at 153.5 million pounds were up 2.6% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 70.98 cents, down about 15.5 cents since Wed. October 23 but up about 11 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 89.31 cents, down 21.8 cents since the Wed. October 23 quote but up about 11 cents from the year ago levels.

Freezer stocks of all trimmings on September 30 were 36.0 million pounds, down 5.8% from the year ago levels.

72 CL Picnic Meat "FOB Basis". The premium of picnic meat to 72CL trim is currently at 41 cents compared to 41 cents average in the previous six months.

POULTRY

Whole Broilers

The National Whole Bird price was quoted at 132.68 on Friday, November 1, up about 12 cents from a year ago.

Broiler slaughter for the week ending October 26 was 167.55 million head, down 1.13% 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 $1.4767, down 1 cents since Wed. October 23 but up about 17 cents from year ago levels.

Leg Quarters. Last week leg quarter prices at 51.68 cents per pound prices were down about 0.33 cents vs. two weeks ago but were up 12 cents from a year ago.

Wings. Prices at $1.9124 are up about 27 cents from year ago levels.

Turkeys

The prices below reflect weekly quoted USDA prices.

Hens finished last week at $0.9575, down 3 cents since Wed. October 23 and down about 10 cents from the year ago price.

Toms finished last week at $1.0450, down 1 cent since Wed. October 23 but up about 2 cents from the year ago price.

Total turkey supplies in the freezer on September 30 were up 1.4% from a year ago at 427.2 million pounds. Whole birds were down 0.4% from a year ago with an inventory of 228.2 million pounds.

Turkey slaughter was 4.3440 million head for the week ending October 26, down 7.38%

from a year ago. For the last two weeks slaughter has been down 9.07%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $1.9800, unchanged since Wed. October 23. Prices are down about 62 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 $12.8201 (weighted average quote) finished last week up about 67 cents since the Wed. October 23 quote and up about 150 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $9.8121 (weighted average quote) finished last week up about 65 cents since the Wed. October 23 quote and up about 53 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $3.0080 /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 $3.4810 for 90CL and $0.6836 for 50CL product, an 81CL meat block value is now $2.8516 and a 78CL meat block is $2.6418. Choice 114, 3 Clods are now being priced 46.38 cents over 81CL meat block grinding values of 90s and 50s. A year ago the spread was 76.86 cents and the five year average spread for is 49.49 cents over.

Choice #161 Boneless Rounds finished last week at $37**0.0000**, 370 since **Wed.** October 23 and down about 386 cents from year ago levels.

Choice regular #168 insides finished last week quoted at $3.2203 down about 22 cents since Wed. October 23 and down about 20 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.2284 down about 18 cents since Wed. October 23 but down about 0 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $3.1756 down about 2 cents since Wed. October 23 and down about 12 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $7.9550 (wt. avg.) up about 22 cents from the Wed. October 23 quote. Prices are up 91 cents from year ago levels.

Choice #184 Regular Heavy top butts finished at $4.0339 (wt. avg.) **down** about 9 cents since Wed. October 23 but **up** about **6** cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $3.6964 (wt. avg.) down about 62 cents since Wed. October 23 and down about 9 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $7.1150 (wt. avg.) down about 5 cents since Wed. October 23 but up about 50 cents from year ago values.

COARSE GROUND BEEF –

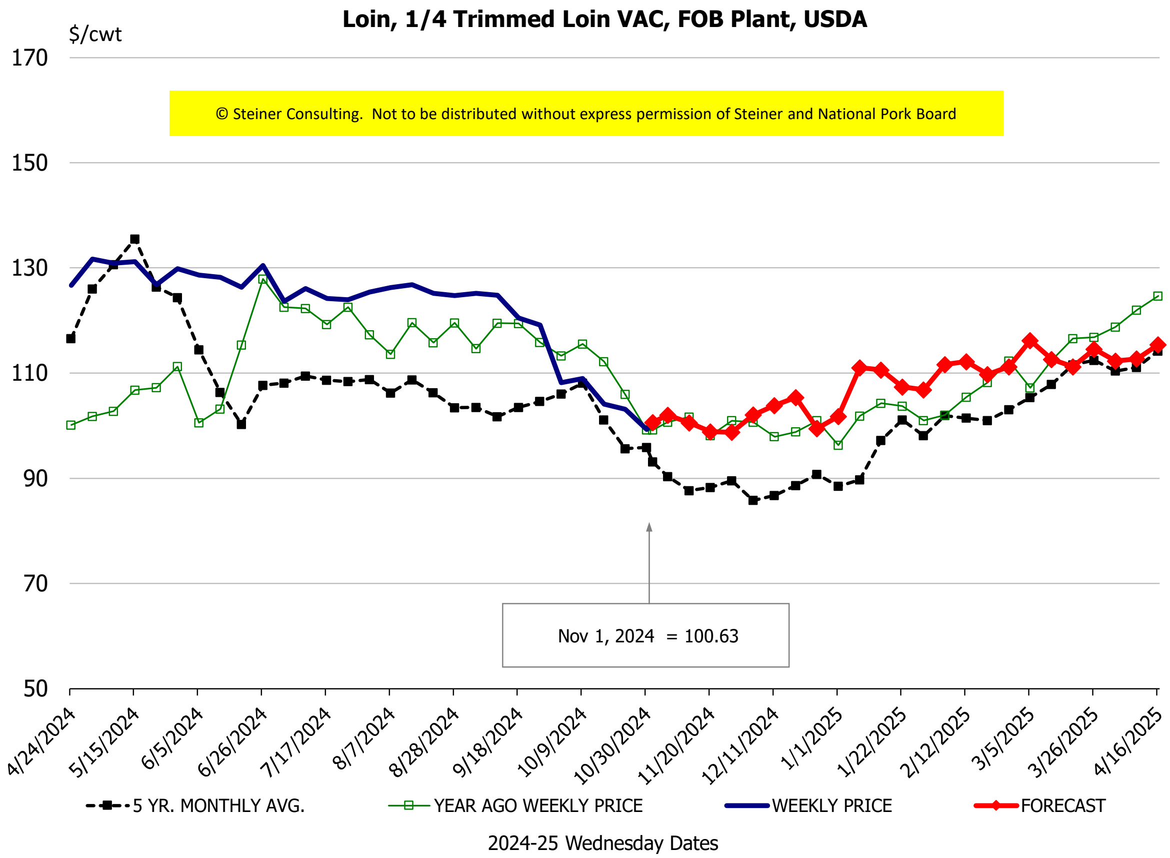
73CL Coarse Ground product finished last week at $**2.0334 down** about 38 cents since Wed. October 23 and down about 18 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.6581 down about 28 cents since Wed. **October 23 and down** about **one** cent from the year ago quote.

90CL Bnls. Beef prices finished the week at $**3.4810** (wt. avg.) **up 0.79** cents since Wed. October 23 and up 58 cents compared to the year ago price quote. **50 CL Beef Trim** prices finished last week at $0.6836, up about 6 cents since Wed. October 23 but down 6 cents compared to year ago levels.

Protein Summary Table - WT. AVE.

	HISTORY								FORECAST						
	Apr	May	Jun	Jul	Aug	Sep	10/9/2024	10/18/2024	10/30/2024	Oct	Nov	Dec	Jan	Feb	Mar
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	122.4	130.3	128.4	124.9	125.5	123.3	109.0	107.02	109	108	101	99	103	105	106
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	126.7	139.1	138.6	133.2	131.3	129.7	119.5	115.10	119	118	113	109	110	112	114
Loin, Bnls CC Strap-off, FOB Plant, USDA	178.6	184.5	180.9	170.1	166.5	166.4	165.9	163.69	166	164	163	169	172	171	170
Loin, Tenderloin, FOB Plant, USDA	177.7	182.2	176.5	170.2	174.5	180.2	185.0	181.70	185	182	175	171	169	168	159
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	132.8	138.3	133.0	120.7	110.8	109.9	106.5	108.72	110	109	108	112	107	105	114
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	189.5	183.7	170.7	143.8	137.9	144.6	146.5	150.88	150	149	156	159	163	169	179
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	259.0	268.6	270.4	271.2	266.9	241.5	256.7	255.14	256	257	258	266	284	282	284
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	179.1	187.7	171.2	145.9	137.7	136.7	147.3	151.87	151	149	151	153	159	166	174
Loin, Backribs 2.0#/up, FOB Plant, USDA	251.2	257.0	260.3	239.9	220.5	218.8	221.0	220.98	224	220	219	220	225	242	248
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	95.1	89.5	93.2	99.6	108.0	92.9	92.3	89.16	91	92	95	89	79	77	82
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	87.1	85.9	88.5	106.6	97.4	90.3	86.6	84.93	86	86	93	88	78	75	78
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	87.7	86.1	88.5	111.8	94.5	87.3	82.7	82.40	83	83	91	86	76	74	77
Belly Cutout, FOB Plant, USDA	123.9	123.7	124.4	128.7	135.7	126.3	141.5	143.52	144	139	130	124	132	142	140
Belly, Derind Belly 9-13#, FOB Plant, USDA	160.3	155.9	163.9	161.1	165.3	152.4	184.1	172.25	173	172	161	153	163	175	173
Belly, Derind Belly 13-17#, FOB Plant, USDA	144.0	150.3	148.5	156.9	160.4	152.1	170.2	171.71	174	169	160	152	162	174	172
Trim, 42% Trim Combo, FOB Plant, USDA	75.2	61.0	55.2	59.3	85.0	66.0	76.3	74.66	75	77	64	60	58	61	63
Trim, 72% Trim Combo, FOB Plant, USDA	103.0	95.8	95.3	90.3	101.3	87.7	91.0	94.78	91	94	85	82	84	86	90
Trim, Picnic Meat Combo Cushion Out, FOB Plant, USDA	113.9	119.4	119.5	120.8	121.7	122.2	117.2	113.34	112	115	109	104	104	103	100
Carcass Cutout, FOB Plant, USDA	99.1	100.3	98.9	100.0	98.9	94.9	95.2	95.44	96	95	96	92	91	91	91
HOG CARCASS															
CME 1-Day Lean Hog Index	89.6	91.5	90.8	90.0	89.9	86.3	84.5	83.98	84	84	79	74	78	80	81
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	131.3	131.4	131.8	132.1	129.8	131.4	133.3	132.99	130	132	130	130	130	131	133
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	170.4	182.0	172.2	176.1	189.5	191.2	156.1	148.59	142	152	140	135	137	147	151
N.E. BROILER BREAST LINE RUN, USDA	105.9	106.1	106.5	105.6	107.2	107.7	107.2	107.15	107	107	103	102	104	105	112
N.E. BROILER LEG QUARTERS, USDA	49.7	50.8	52.7	52.2	51.9	52.6	51.5	51.39	51	51	50	48	47	48	48
N.E. BROILER WINGS, USDA, WT.AVG.	228.4	231.1	252.7	262.7	243.4	231.9	213.5	198.59	206	208	217	225	234	250	245
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, USDA	97.3	102.2	99.6	93.8	95.3	91.7	104.0	111.20	104	110	112	106	103	103	105
TOM TURKEYS, EAST, FROZEN 16-22LBS, USDA	97.9	97.4	98.2	97.0	89.6	101.8	104.5	103.50	104	103	104	103	103	103	105
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	260.0	228.8	220.0	220.0	220.0	217.5	200.0	198.00	204	200	203	203	203	203	203
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	185.2	187.0	191.2	195.2	189.8	183.1	187.1	187.64	186	187	188	187	187	187	188
BEEF															
CHOICE, 112A, 3, USDA,RIBEYE, BONELESS, HEAVY, WT.AVG.	933.4	963.3	1064.1	953.8	957.5	1022.9	1099.6	1183.26	1144	1144	1242	1194	981	1007	1072
CHOICE, 161, 1, USDA,ROUND, BONELESS, WT. AVG.	364.7	361.8	356.9	376.1	380.7	374.3	370.0	370.00	372	370	361	357	357	357	356
CHOICE, 168, 3, TOP INSIDE ROUND, 1/4" MAX, WT. AVG., USDA	321.4	321.5	334.3	367.6	365.4	336.2	331.8	338.17	336	335	334	328	337	348	352
CHOICE, 170, 1, BOTTOM GOOSENECK ROUND, WT. AVG., USDA	289.2	293.4	300.9	314.9	318.5	297.8	294.4	338.45	330	326	315	307	315	311	300
CHOICE, 180, 3, USDA,STRIP LOIN, BONELESS, 0X1, WT. AVG.	947.3	986.9	1111.0	906.8	702.8	661.0	696.1	740.31	719	720	703	711	783	816	951
CHOICE, 184, 3, USDA,TOP BUTT, BONELESS, WT. AVG.	449.6	476.6	528.8	531.8	496.8	453.3	420.8	427.81	429	429	435	435	439	452	485
CHOICE, 185A, 4, USDA,BOTTOM SIRLOIN, FLAP, WT. AVG.	709.7	717.0	725.0	847.5	752.8	656.0	674.5	703.95	690	694	704	708	739	770	825
USDA,COARSE GROUND 73%, WT. AVG.	233.7	231.1	262.8	278.8	282.0	227.2	235.2	234.65	245	238	225	243	258	251	247
COARSE GROUND 81%, WT. AVG., USDA	281.7	294.0	315.3	329.7	336.3	296.3	295.3	303.99	308	301	298	309	322	317	309
USDA, 90% BONELESS BEEF, CENTRAL, FRESH, WT. AVG.	346.2	349.8	362.6	373.4	374.0	361.3	347.3	352.67	352	351	347	351	353	355	361
USDA, 50CL BEEF TRIM, FRESH, NATIONAL, WT. AVG.	91.2	74.9	87.4	126.9	158.3	102.9	67.9	61.68	71	66	72	89	109	124	148



Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
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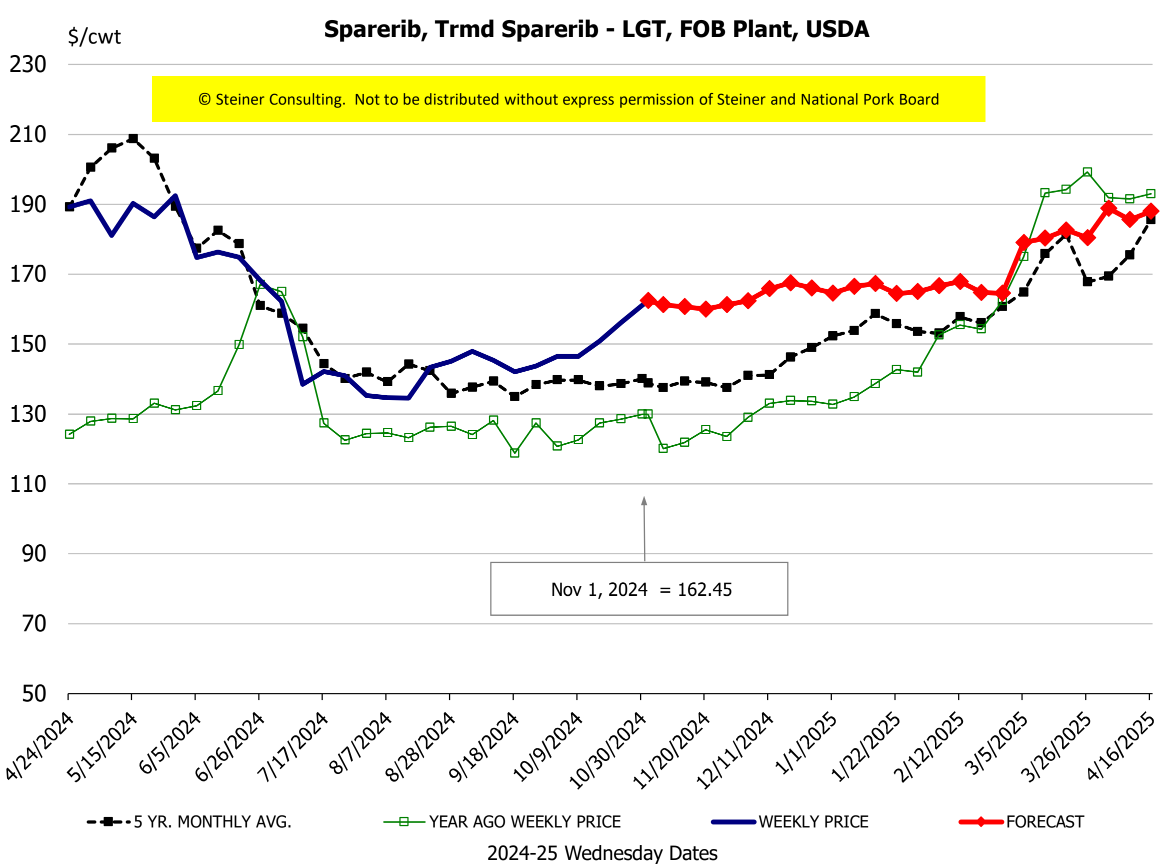
Nov 1, 2024 = 100.63
170
150
130
110
90
70
50
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
3/26/2025
4/16/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates



Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
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Nov 1, 2024 = 162.45
230
210
190
170
150
130
110
90
70
50
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
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
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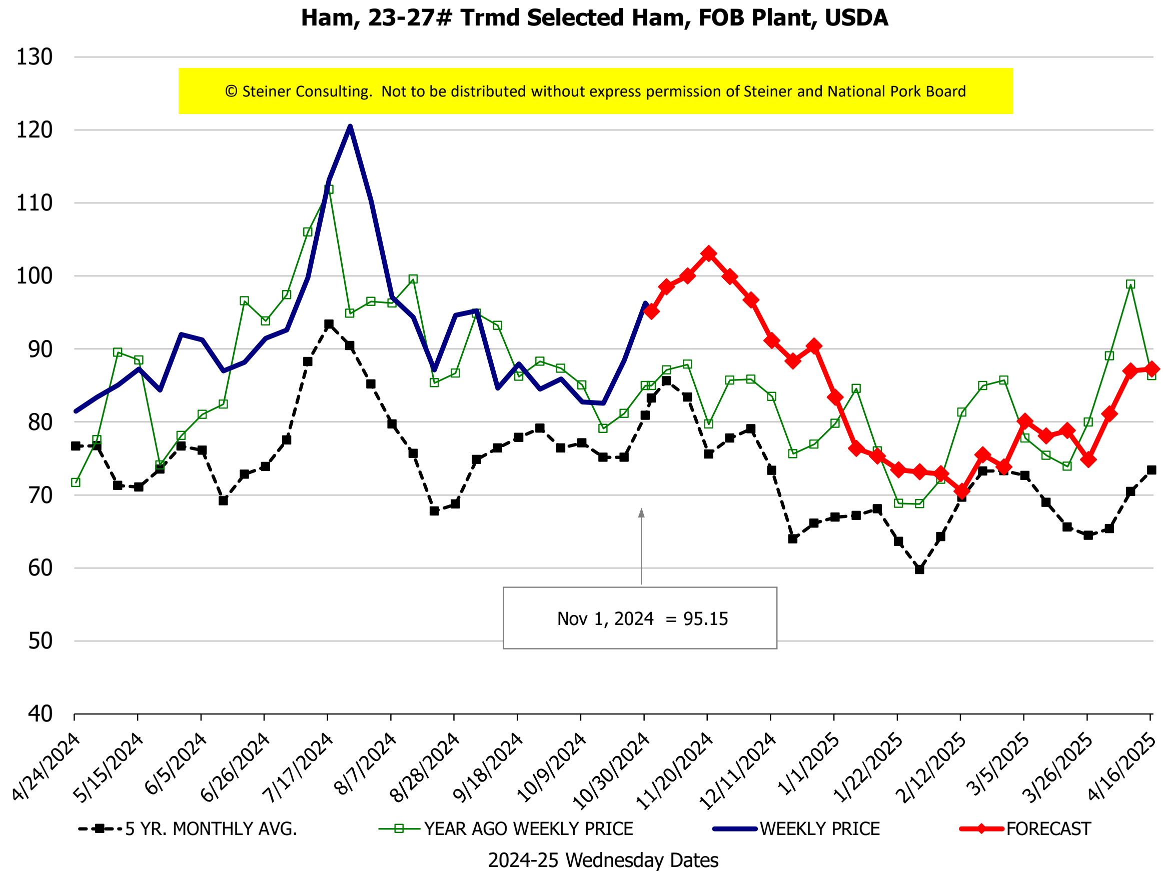
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA
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Nov 1, 2024 = 95.15
130
120
110
100
90
80
70
60
50
40
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
8/28/2024
9/18/2024
10/9/2024
10/30/2024
11/20/2024
12/11/2024
1/1/2025
1/22/2025
2/12/2025
3/5/2025
3/26/2025
4/16/2025
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
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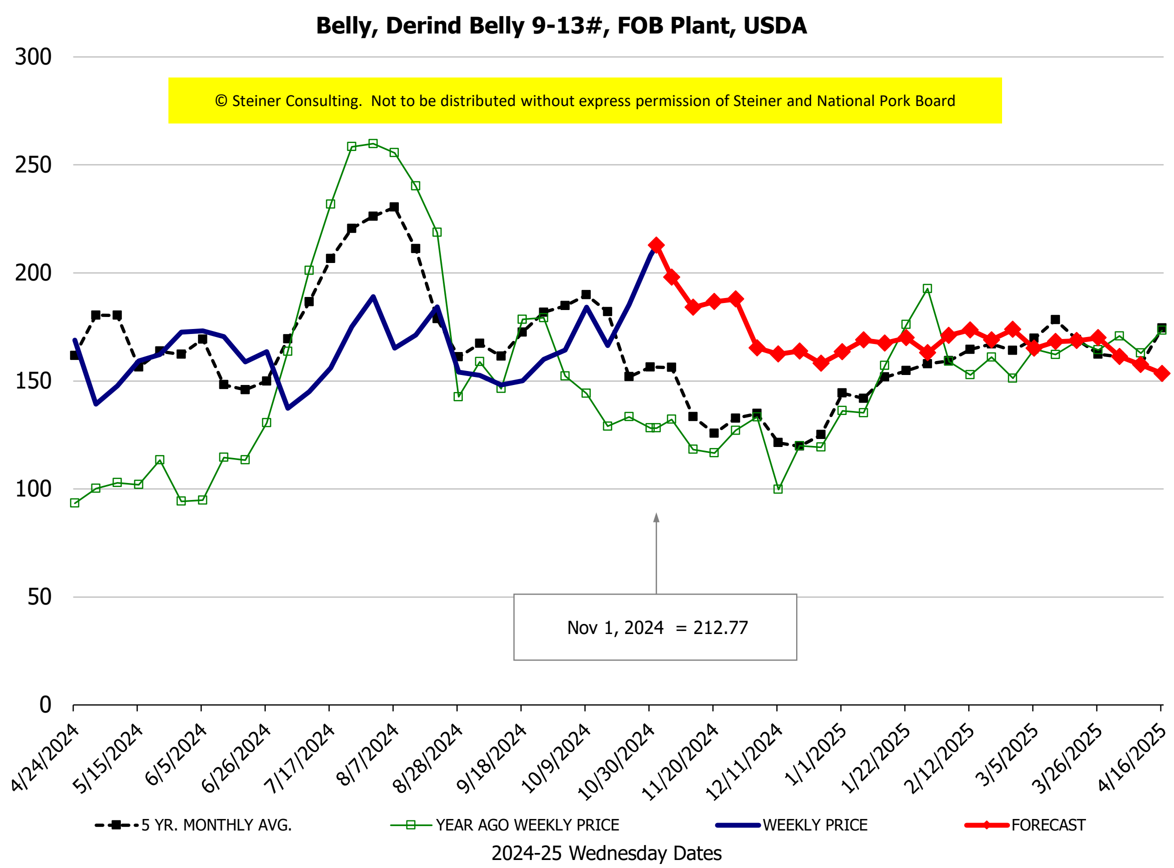
2024-25 Wednesday Dates


Belly, Derind Belly 9-13#, FOB Plant, USDA
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Nov 1, 2024 = 212.77
300
250
200
150
100
50
0
4/24/2024
5/15/2024
6/5/2024
6/26/2024
7/17/2024
8/7/2024
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 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
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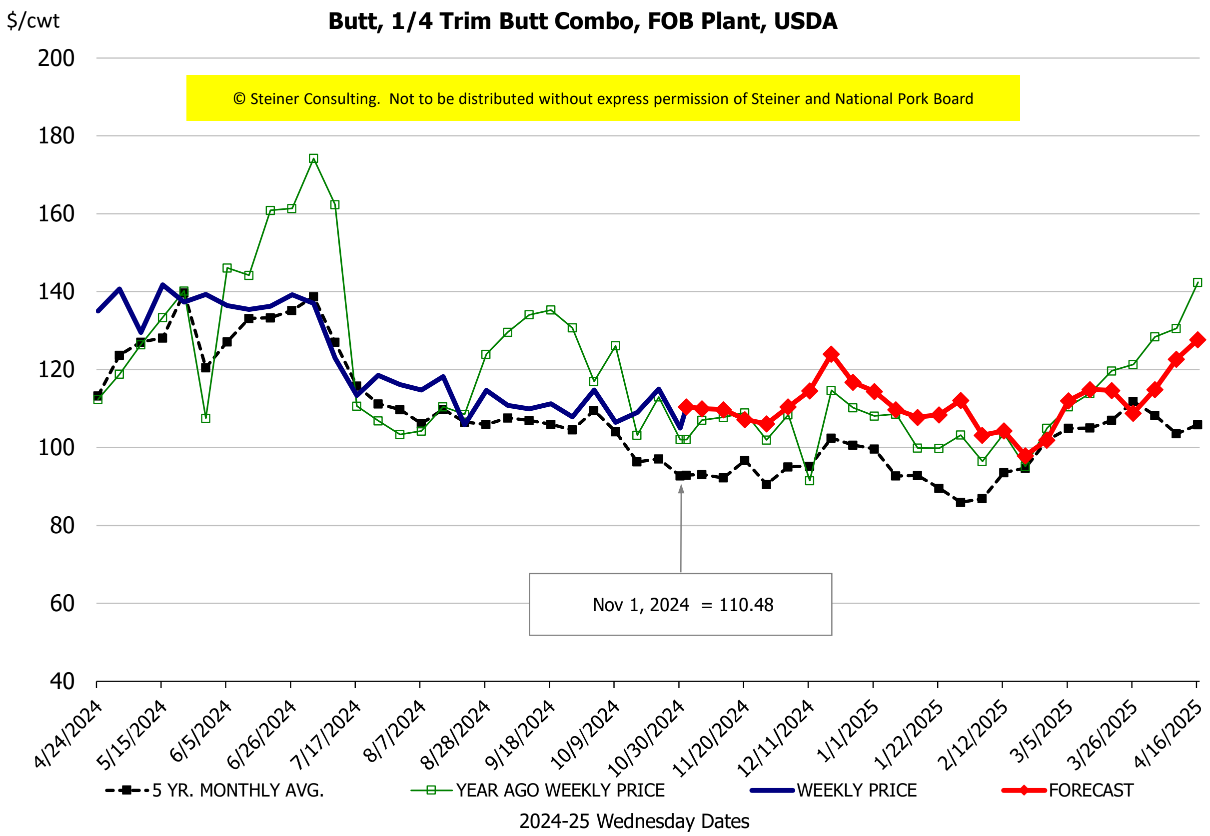
2024-25 Wednesday Dates



$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
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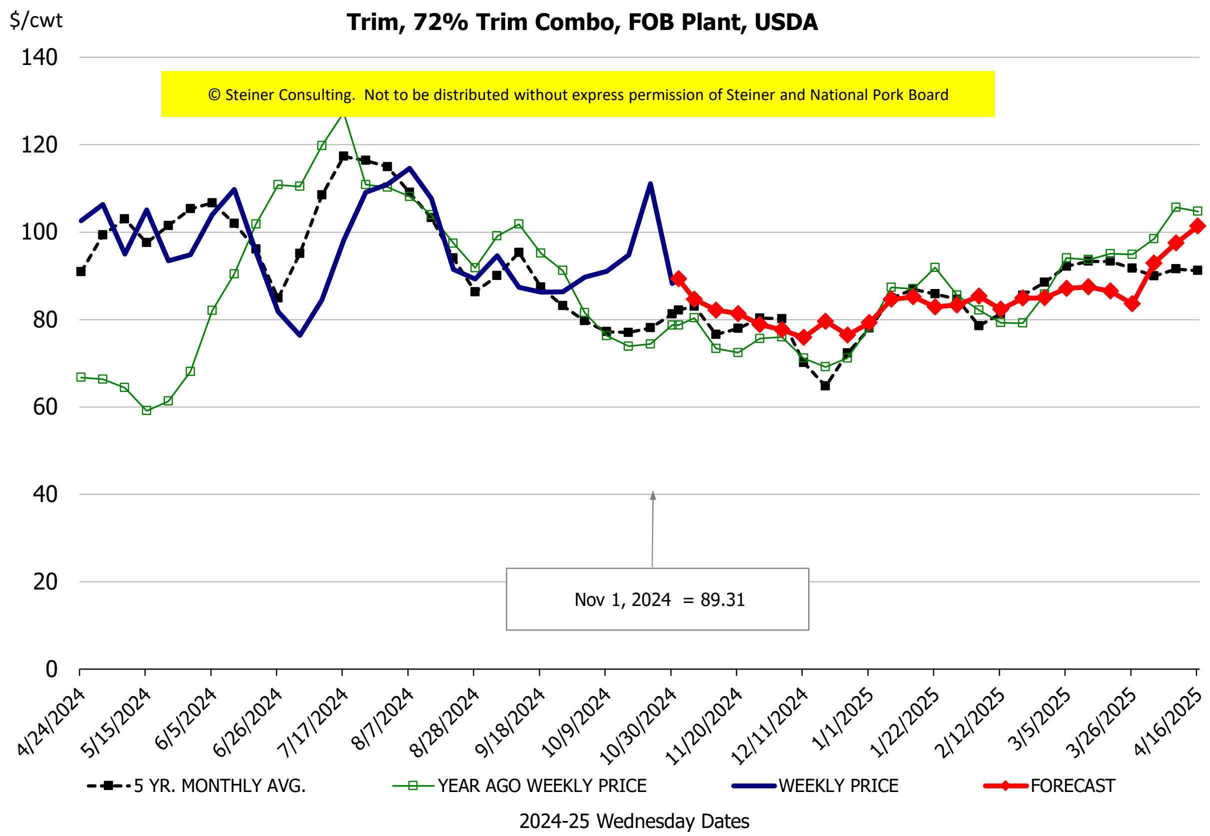
Nov 1, 2024 = 110.48
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates



$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
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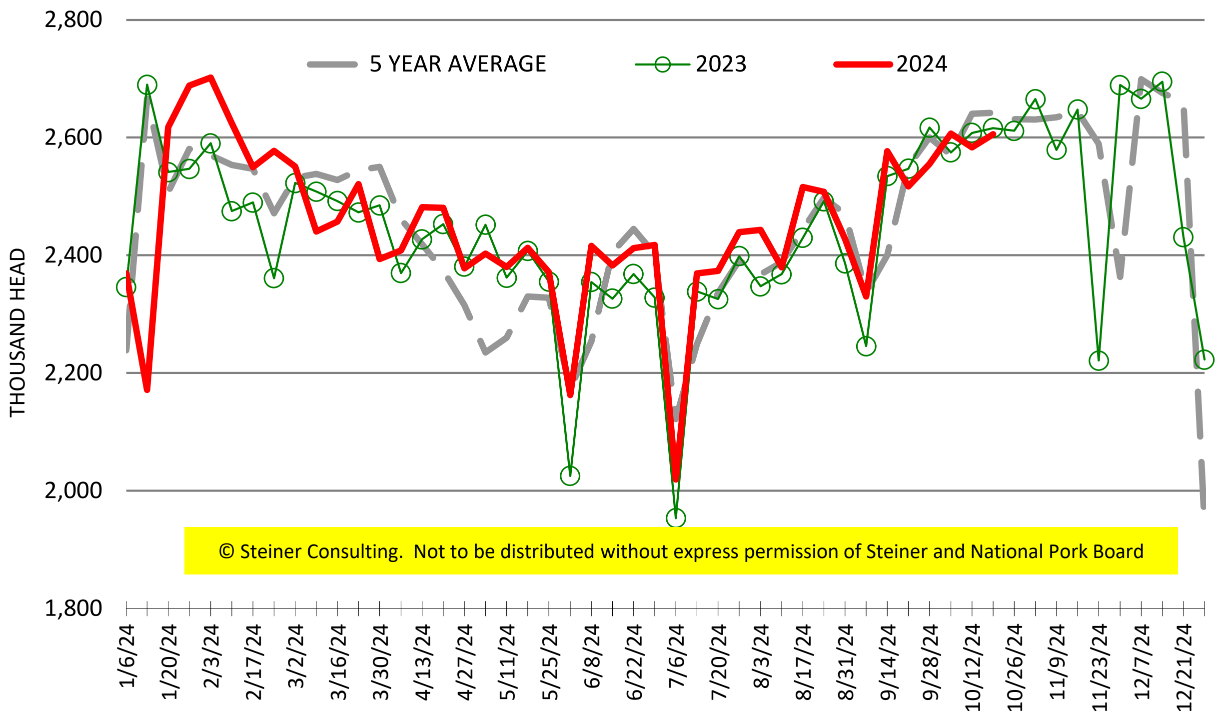
Nov 1, 2024 = 89.31
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2024-25 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER

Source: USDA, '000 head



ESTIMATED WEEKLY FI PORK PRODUCTION

Source: USDA, Mil. Pounds