



# Pork Merchandiser's Profit Maximizer

## Be inspired<sup>SM</sup>

### - Foodservice Edition -

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

August 10, 2015

#### Pork exports lower in June but expectation is for significant recovery in the second half

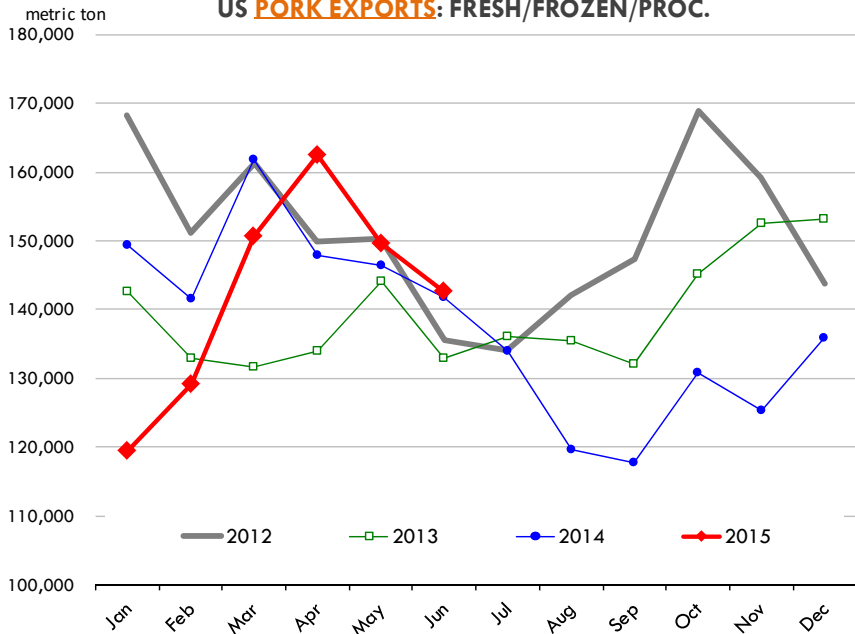
#### Total exports of fresh/frozen and cooked pork in June were 142,658 MT, just 0.6% higher than the same period a year ago.

The volume of pork shipments was disappointing given the surge in overall pork production compared to last year and the sharp reduction in prices. While some markets, such as Mexico, have clearly taken advantage of the lower prices and have increased purchases, shipments to Asia remain soft and the lack of Russian business clearly has had a significant impact. US pork exports to Mexico were 50,999 MT, 8,833 MT (+21%) compared to a year ago. Japan is now the second largest market for US pork. June shipments to Japan were 31,892 MT, down 9.5% from last year's levels. Russia last June purchased about 8,846 MT of US pork, ac-

counting for about 6% of US exports. This year, US pork exports to Russia have been zero as Russia continues to block food imports from North America, EU and Australia. Pork exports to Canada in June were 14,138 MT, down 15% from a year ago.

We currently expect pork exports to rebound in the second half of the year but remain under

US PORK EXPORTS: FRESH/FROZEN/PROC.



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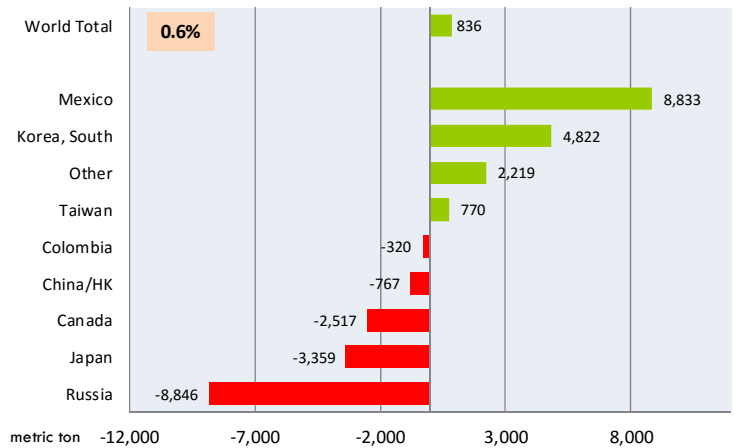
2012 levels. This implies a larger amount of pork will be available in the domestic market and it helps explain why futures hold such a big discount to current cash prices. There is ongoing speculation in the market, however, about improving export demand, particularly from China. Chinese pork prices have increased sharply in recent months following a significant decline both in breeding stock and overall hog inventories. The last time we saw this kind of move in Chinese pork supplies was in 2011. At that time, China quickly increased its purchases of US pork, helping support overall pork prices in the US. There are some differences this time around, however. Chinese requirements regarding ractopamine in pork and third party verification was not in place in 2011. Also, prices for pork in competing markets, especially EU, are much different than in 2011. So while we expect US pork exports to China to increase in the second half of the year, the magnitude of the increase likely will be much smaller than what it was in 2011.

**Beef export update**

**Total exports of fresh/frozen and cooked beef in June were 71,184 MT, 8.7% lower than the same period a year ago.** Beef exports are down across the board but the decline in shipments to key Asian markets has been quite significant. Last year Hong Kong was a growing market but so far this year shipments have been trending lower. June exports to Hong Kong were 9,123 MT, down 24% compared to a year ago. July exports based on weekly data are down by more than 40%. As a result, the value of items that in the past used to go to export has declined dramatically. Brisket prices were running as much as 45% above year ago earlier in the year. Today they are 15%

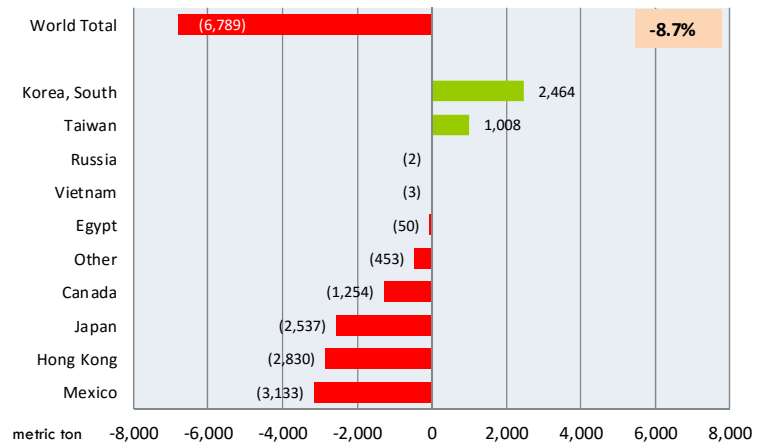
**Y/Y Ch. in Jun. 15 vs. Jun 14 US Pork Exports**

Contribution by Selected Markets to Overall Total. Fr/Fz/Prep/Pres



**Y/Y Ch. in Jun. 15 vs. Jun 14 US Beef and Veal Exports**

Contribution by Selected Markets to Overall Total. Fr/Fz/Prep/Pres



under last year's levels. Exports to Mexico also remain weak, in part because the sharp decline in prices of other proteins has caused Mexican buyers to shift their purchases toward pork and chicken. Exports to Mexico were 8,879 MT, down 26% from a year ago. Beef exports to Japan were 17,041 MT, 13% lower than last year.

**Upcoming Holidays:**

**2015** Labor Day [US and Canada] (Monday September 7); Rosh Hashanah (Monday September 14); Yom Kippur (Wednesday September 23); Columbus Day (Monday October 12); Canadian Thanksgiving Day (Monday October 12); Daylight Savings Time Ends [US and Canada] (Sunday November 1); Veterans Day (Wednesday November 11); Remembrance Day [Canada] (Wednesday November 11); Thanksgiving (Thursday November 26); Hanukkah (Monday December 7); Christmas Day (Friday December 25); Boxing Day [Canada] (Saturday December 26).

## PORK

**NOTE: WE ARE NOW REPORTING AND FORECASTING MANDATORY PLANT WEIGHTED AVERAGE BLUE SHEET PRICES FOR PORK CUTS.**

**Live hogs. For the week ending August 8 slaughter was 2.126 million head, up 10.3% from a year ago. In the last two weeks hog slaughter is up 12.1% vs. year ago levels.**

**Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values.** Lean hog carcass values at about 74.59 /cwt. on Friday were down \$2.2/cwt since Wed. July 29. Prices are down about 42 dollars compared to year ago values.

**Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA** (page 8). Prices finished last week at \$1.1173, down about 5.8 cent since the Wed. July 29 quote and down about 50 cents from year ago levels.

**Bnls. Strap on Pork Loins.** Prices finished the week at \$1.4624 for the strap on loins, down 4.6 cent since Wed. July 29 and down about 33 cent from the year ago levels. Strap off loins at \$1.6458 are up about 3.5 cent since Wed. July 29 but down about 28 cents compared to the year ago quote.

**Boneless sirloins** at \$1.2415 are down about 10 cents from the Wed. July 29 quote and down about 67.3 cents from the year ago price.

**Pork tenderloin** finished last week at \$2.4617, down slightly since the Wed. July 29 quote and down about 37.5 cents from the year ago price.

**5/10 Pork Butts** (page 10), prices finished the week at \$0.9195, down about 6 cents since Wed. July 29.

**Spare Ribs, Trimmed - LGT, Vac** (page 8). Prices finished the week at \$1.6407, down about

2 cent since Wed. July 29 and down about 15 cents from year ago levels.

Rib inventories on June 30 were 73.2 million pounds, 22.2% percent from a year ago.

### **Bone-in Hams.**

17/20 hams (page 9) price was \$0.7198/lb., up 7.9 cents compared to prices on Wed. July 29 but down about 76 cents from a year ago.

20/23 hams finished the week at 69.86 cents, up about 5 cents since Wed. July 29 but down about 75 cents from the year ago level.

23/27 hams finished the week at 65.95 , up about 4 cents from the Wed. July 29 quote but down about 75 cents from the year ago level.

Total ham cold storage stocks on June 30 at 180.7 million pounds were 42.8% from year ago levels.

**42 CL Pork Trim** “FOB Basis”. Prices finished the week at 36.19 cent, up about 3.2 cent since Wed. July 29 but down about 44 cents from the year ago price.

**72 CL Pork Trim** “FOB Basis”. Prices finished the week at 54.39 cents, down about 3 cents since the Wed. July 29 quote and down about 80 cents from the year ago level.

Freezer stocks of all trimmings on June 30 were 47.2 million pounds, 8.3% percent from the year ago levels.

**72 CL Picnic Meat** “FOB Basis”. Picnics prices should continue to command premiums over the price of 72CL pork trim in the spring.

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## POULTRY

**Georgia Dock Broilers.** The Georgia dock price last week at \$115.50 was up about 3 cents from a year ago.

The National Whole Bird price was quoted at 81.69 on Friday August 8, down about 16 cents from a year ago.

Broiler slaughter for the week ending August 8 was 165.55 million head, up 4.74% from a year

ago. For the last two weeks slaughter was up 4.0% vs. a year ago.

**Breasts.** Prices on boneless skinless breasts finished the week at \$1.3401, down 3 cents since Wed. July 29 and also down about 55 cents from year ago levels.

**Leg Quarters.** The value of this item and the timing of price moves are completely dependent on the timing of export purchases and export business. Leg quarter prices were up about 2.4 cents vs. two weeks ago but at 25.30 cents per pound prices were down 28 cents from a year ago. Bird flu has been a negative factor for dark meat exports so far this year.

**Wings.** Prices at \$1.8020 are up about 34 cents from year ago levels.

## **Turkeys**

**Hens** finished last week at \$1.2900, up 2 cent since Wed. July 29 and up about 17 cents from the year ago price.

**Toms** finished last week at \$1.2900, up 2 cent since Wed. July 29 and up about 17 cent from the year ago price.

Total turkey supplies in the freezer on June 30 were 1.0% from a year ago at 458.1 million pounds. Whole birds were 2.6% from a year ago with an inventory of 262.0 million pounds.

Turkey slaughter was 3.9770 million head for the week ending August 1, down -10.16% from a year ago. For the last two weeks slaughter has been down 3.0%.

**Boneless Turkey Breast Meat.** Boneless skinless turkey breast meat prices finished last week at \$5.6000, up 5 cents since Wed. July 29. Prices are up about 155 cents vs. year ago prices.

## **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 \$7.4295 (weighted average quote) finished last week up about 39 cents since the Wed. July 29 quote and up about 38 cents vs. the year ago price.

**Select 112A Heavy Lip On Rib Eyes** at \$6.7535 (weighted average quote) finished last week up about 0 cents since the Wed. July 29 quote but up about 61 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$0.6760 /lb. over Select. The 2013 annual average spread (wt. average price) had the Choice at a premium to the Select by \$0.7477 per pound and the previous five years (2009 thru 2013) average spread was Choice at a premium to the Select by \$0.7950 per pound.

**Choice regular #168 insides** finished last week quoted at \$2.9489 up about 7 cents since Wed. July 29 but down about 69 cents from the year ago price.

**Choice ¼ inch trimmed #168 insides** finished last week quoted at \$3.0353 up about 8 cents since Wed. July 29 and down about 62 cents from year ago levels.

**Choice #170 Gooseneck Rounds** finished last week at \$2.4698 up about 0 cents since Wed. July 29 but down about 48 cents from the year ago levels.

**Choice #180 (0x1) Bnls. Strip Loins** finished last week quoted at \$6.0646 (wt. avg.) up about 22 cents from the Wed. July 29 quote. Prices are about 40 cents over year ago levels.

**Choice #184 Regular Heavy top butts** finished at \$4.0791 (wt. avg.) down about one cent since Wed. July 29 but up about 66 cents from year ago levels.

**Choice #184 ¼ inch trimmed Top Butts** finished at \$4.3772 (wt. avg.) up about 11 cents since Wed. July 29 and up about 58 cents from the year ago levels.

**Choice #185A Flap Meat** prices finished Friday at \$4.7978 (wt. avg.) up about 2 cents since Wed. July 29 but down about 26 cents from year ago values.

### **COARSE GROUND BEEF –**

**73CL Coarse Ground** product finished last week at \$1.8681 up about 7 cents since Wed. July 29 but down about 53 cents from year ago levels.

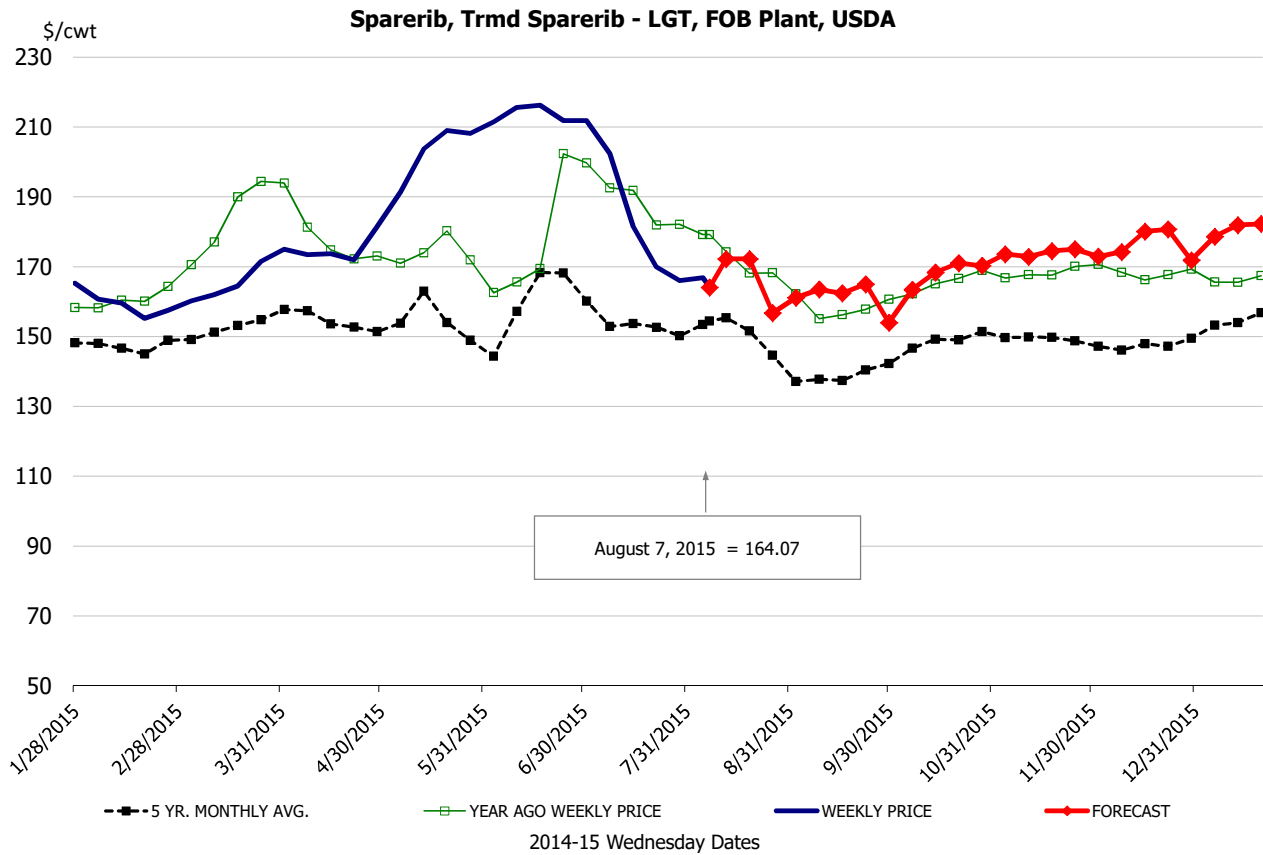
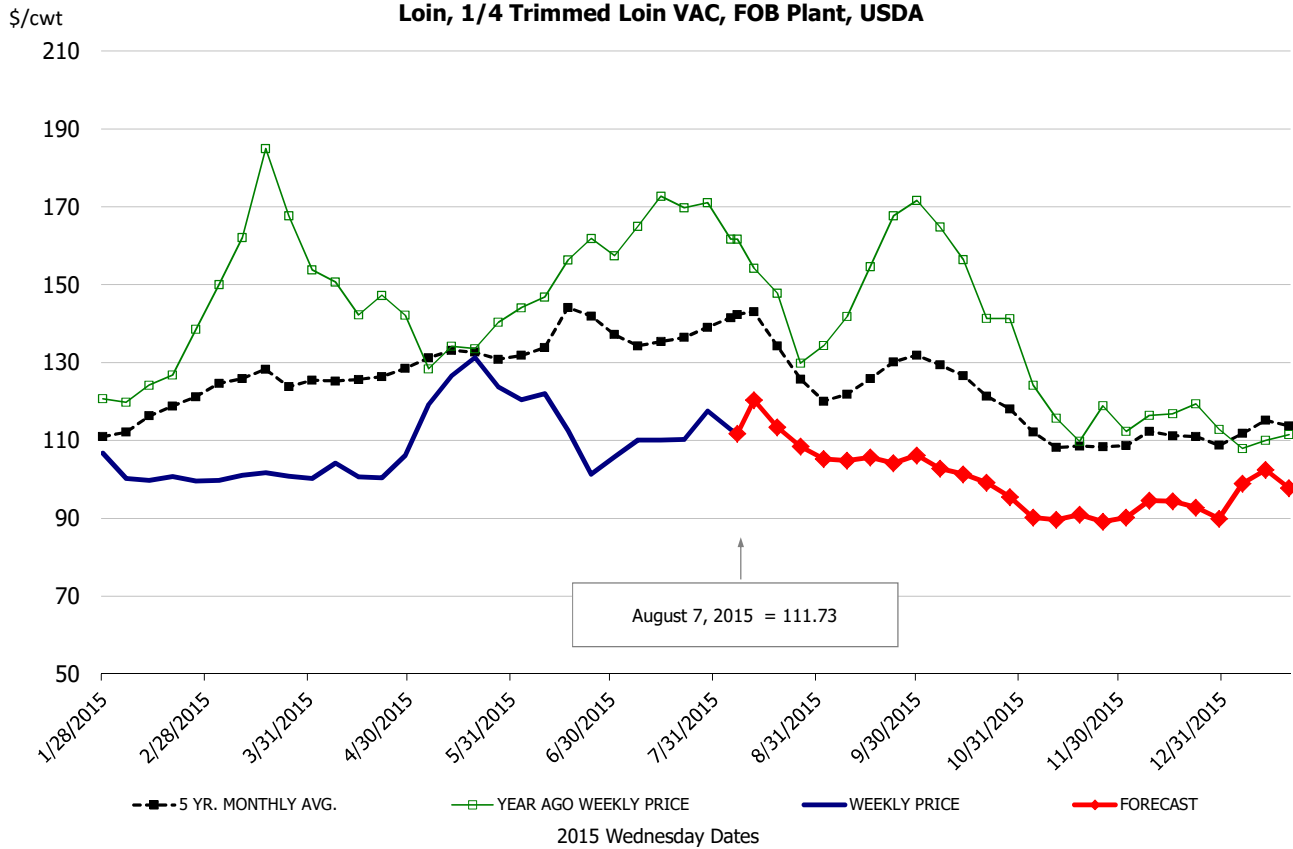
**81CL Coarse Ground** product finished last week at \$2.3406 up about 9 cent since Wed. July 29 but down about 35 cents from the year ago quote.

**90CL Bnls. Beef** prices finished the week at \$2.8058 (wt. avg.) up about one cent since Wed. July 29 but down 13 compared to the year ago price quote.

**50 CL Beef Trim** prices finished last week at \$0.8030, up about 13 cent since Wed. July 29 but down 69 compared to the year ago level.

## Food Service Summary Table - WT. AVE

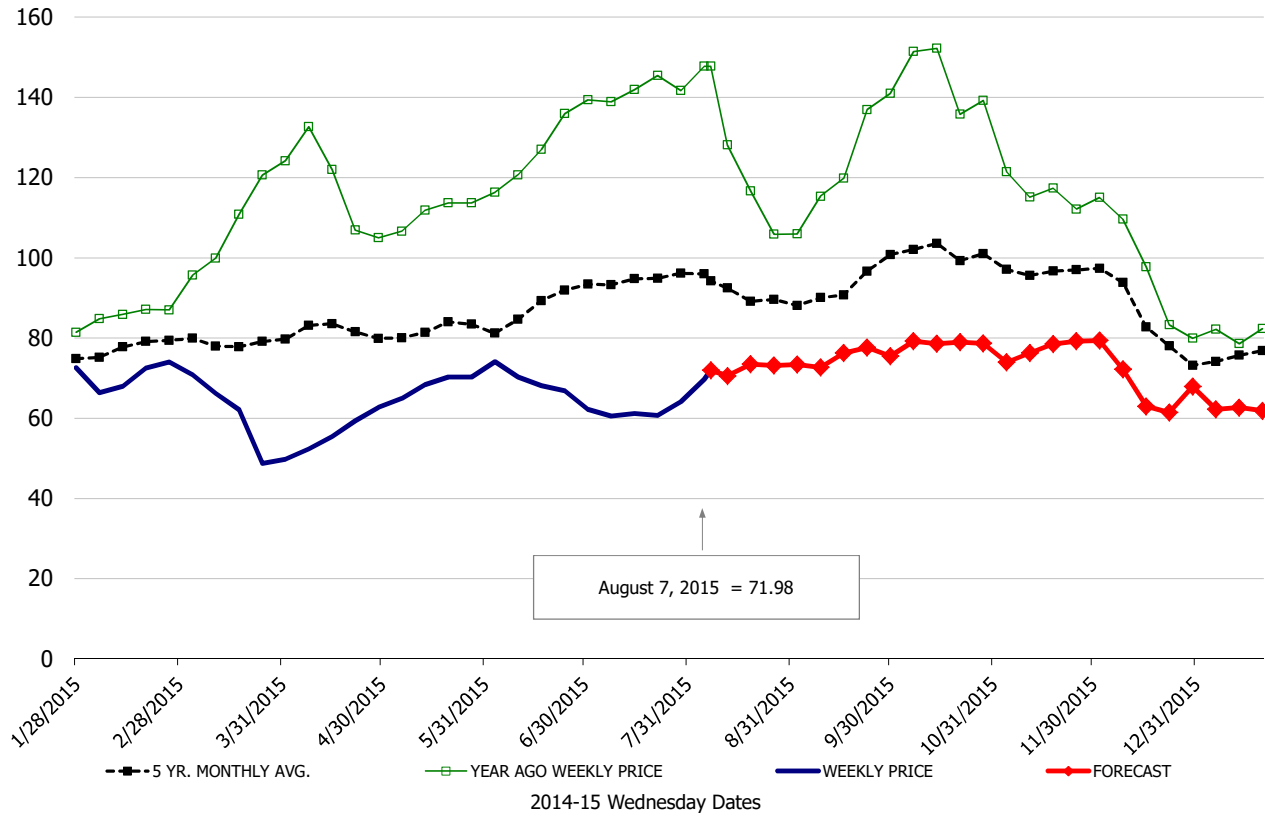
	2015 History							2015-16 FORECAST							
	Feb	Mar	Apr	May	Jun	Jul	7/29/2015	8/7/2015	8/19/2015	Aug	Sep	Oct	Nov	Dec	Jan
<b><u>PORK</u></b>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.00	1.00	1.02	1.24	1.12	1.11	1.18	1.12	1.13	1.15	1.05	1.00	0.90	0.93	0.98
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.07	1.08	1.08	1.30	1.20	1.17	1.22	1.20	1.24	1.22	1.10	1.04	0.96	1.01	1.06
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.55	1.57	1.62	1.75	1.56	1.55	1.61	1.65	1.72	1.68	1.59	1.56	1.44	1.51	1.51
Loin, Tenderloin, FOB Plant, USDA	2.51	2.25	2.07	2.23	2.48	2.61	2.58	2.46	2.46	2.47	2.30	2.16	2.09	2.13	2.17
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	0.85	0.89	0.90	1.11	1.07	0.83	0.94	0.87	0.98	0.95	0.94	0.89	0.87	0.90	0.82
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.59	1.66	1.75	2.00	2.11	1.79	1.66	1.64	1.72	1.67	1.63	1.66	1.74	1.77	1.80
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	2.36	2.40	2.46	2.60	2.63	2.71	2.63	2.59	2.78	2.70	2.50	2.47	2.53	2.56	2.61
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.53	1.56	1.71	1.97	2.05	1.75	1.68	1.62	1.77	1.71	1.62	1.60	1.66	1.68	1.72
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.44	2.53	2.62	2.92	2.93	2.61	2.45	2.49	2.53	2.48	2.26	2.12	2.13	2.19	2.15
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.70	0.58	0.56	0.68	0.68	0.63	0.64	0.72	0.74	0.72	0.75	0.79	0.77	0.69	0.62
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.64	0.53	0.54	0.68	0.64	0.58	0.64	0.70	0.71	0.70	0.71	0.70	0.68	0.63	0.59
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.59	0.48	0.50	0.67	0.61	0.56	0.62	0.66	0.71	0.69	0.67	0.64	0.61	0.58	0.57
Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	1.19	1.19	1.19	1.11	0.98	0.93	0.96	0.96	1.19	1.11	1.08	1.03	0.97	0.93	0.90
Belly, Skin-on Belly 14-16#, FOB Plant, USDA	0.86	0.76	0.72	0.85	1.03	1.28	1.40	1.40	1.59	1.67	1.48	1.38	1.34	1.36	1.36
Belly, Derind Belly 9-13#, FOB Plant, USDA	1.01	0.87	0.81	0.97	1.28	1.71	1.89	2.11	2.03	2.08	1.81	1.74	1.69	1.71	1.64
Belly, Derind Belly 13-17#, FOB Plant, USDA	1.05	0.83	0.79	0.90	1.27	1.64	1.91	2.02	2.00	2.05	1.83	1.72	1.67	1.69	1.62
Trim, 42% Trim Combo, FOB Plant, USDA	0.27	0.24	0.22	0.36	0.45	0.35	0.33	0.36	0.38	0.37	0.33	0.29	0.23	0.21	0.28
Trim, 72% Trim Combo, FOB Plant, USDA	0.48	0.39	0.46	0.67	0.77	0.64	0.57	0.54	0.62	0.59	0.57	0.56	0.51	0.49	0.53
<b><u>HOG CARCASS</u></b>															
IA/MN, Base Market Hog 185 lb Carcass Basis, Plant Div.	0.61	0.60	0.62	0.79	0.77	0.76	0.77	0.75	0.75	0.75	0.68	0.64	0.60	0.62	0.63
<b><u>BROILERS</u></b>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	0.92	0.99	1.05	1.07	1.01	0.91	0.81	0.82	0.84	0.83	0.87	0.87	0.87	0.87	0.88
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.38	1.41	1.54	1.62	1.48	1.40	1.37	1.34	1.47	1.43	1.41	1.26	1.15	1.13	1.21
N.E. BROILER BREAST LINE RUN, USDA	1.02	1.01	1.04	1.10	1.07	1.01	0.92	0.92	0.96	0.96	0.99	0.92	0.86	0.85	0.86
N.E. BROILER LEG QUARTERS, USDA	0.36	0.37	0.34	0.34	0.28	0.26	0.23	0.25	0.23	0.23	0.24	0.23	0.21	0.21	0.25
N.E. BROILER WINGS, USDA, WT.AVG.	1.94	1.85	1.79	1.81	1.84	1.84	1.81	1.80	1.87	1.85	1.95	2.02	1.89	1.91	2.01
<b><u>TURKEYS</u></b>															
UB HEN TURKEYS, EAST, FROZEN 10-12LBS	1.04	1.06	1.09	1.14	1.18	1.24	1.27	1.29	1.29	1.29	1.31	1.36	1.36	1.27	1.15
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	3.10	2.94	3.08	3.74	4.44	5.20	5.55	5.60	5.66	5.60	5.70	5.80	5.55	5.25	4.70
<b><u>LIVE STEERS</u></b>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.60	1.61	1.64	1.61	1.55	1.49	1.45	1.48	1.50	1.48	1.50	1.52	1.54	1.53	1.43
<b><u>BEEF</u></b>															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	6.64	7.78	8.49	8.62	7.79	7.10	7.04	7.43	7.34	7.21	7.49	7.77	8.26	7.69	6.88
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.89	2.84	2.86	2.94	2.96	2.86	2.96	3.04	3.07	2.99	2.91	2.92	2.92	2.99	3.00
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	2.68	2.55	2.38	2.37	2.48	2.46	2.47	2.47	2.59	2.55	2.63	2.75	2.66	2.61	2.79
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	5.88	6.19	7.52	9.03	7.32	5.91	5.85	6.06	6.15	6.01	5.60	5.26	5.25	5.30	5.67
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	4.06	4.40	4.71	4.54	3.99	4.06	4.18	4.38	4.37	4.30	4.18	3.78	3.81	3.88	3.88
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	4.88	4.98	6.92	7.33	5.45	4.83	4.78	4.80	4.89	4.90	4.66	4.37	4.29	4.38	4.65
COARSE GROUND 73%, USDA	2.12	2.11	2.06	2.07	1.96	1.79	1.80	1.87	1.95	1.88	1.89	1.79	1.81	1.83	2.20
COARSE GROUND 81%, USDA	2.40	2.42	2.37	2.32	2.30	2.31	2.25	2.34	2.36	2.27	2.27	2.19	2.22	2.24	2.61
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.93	2.95	2.96	2.97	2.94	2.90	2.79	2.81	2.83	2.83	2.82	2.70	2.71	2.78	2.74
50CL BEEF TRIM, FRESH, NATIONAL, USDA	0.90	0.89	1.15	0.95	0.81	0.66	0.68	0.80	0.81	0.78	0.69	0.72	0.81	0.72	0.83





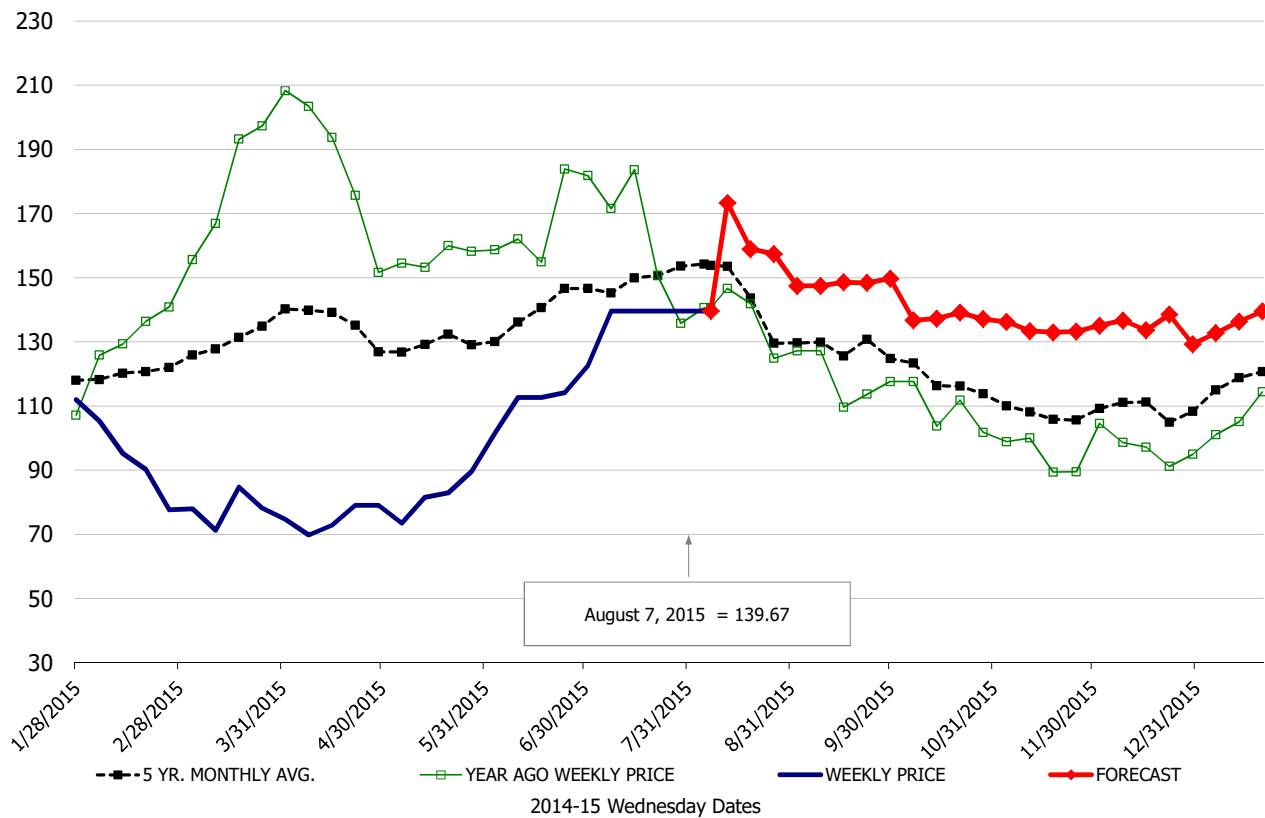
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### Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA



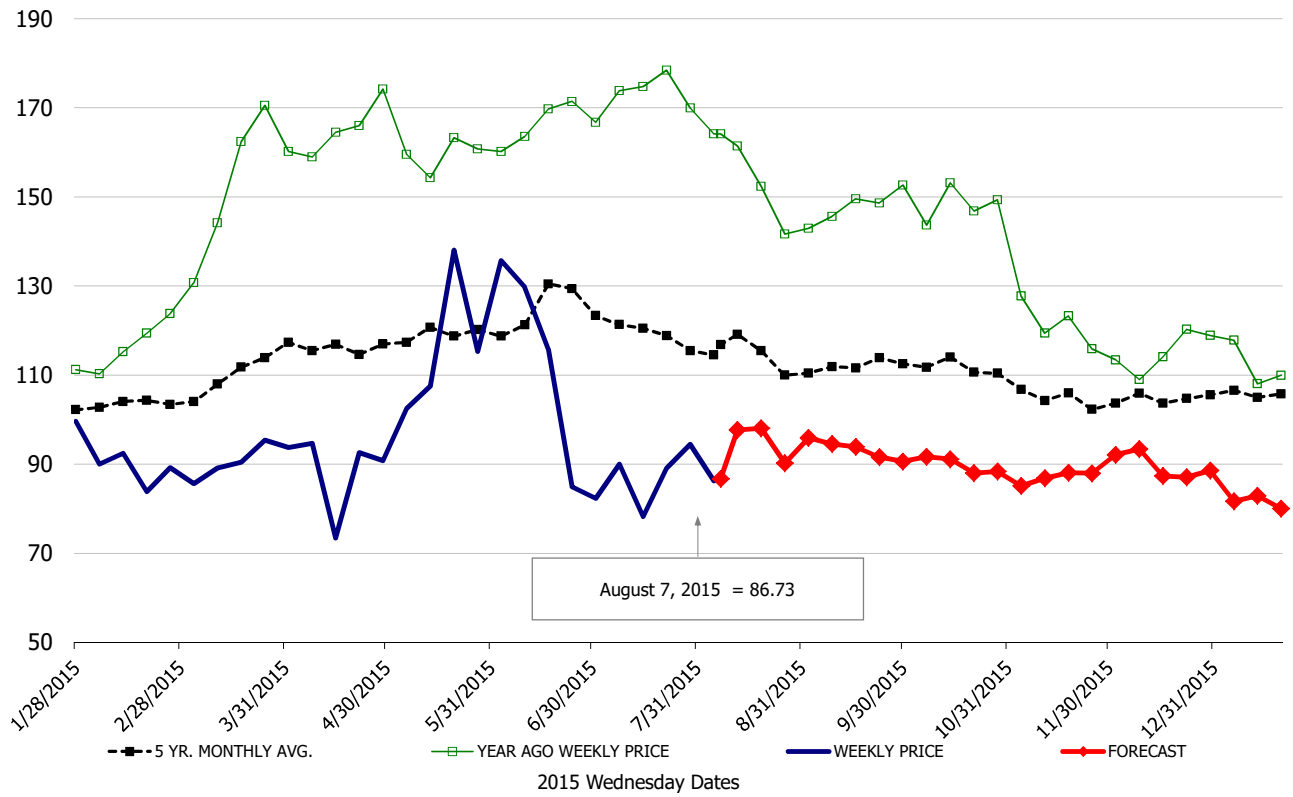
\$/cwt

### Belly, Skin-On Belly 14-16#, FOB Plant, USDA



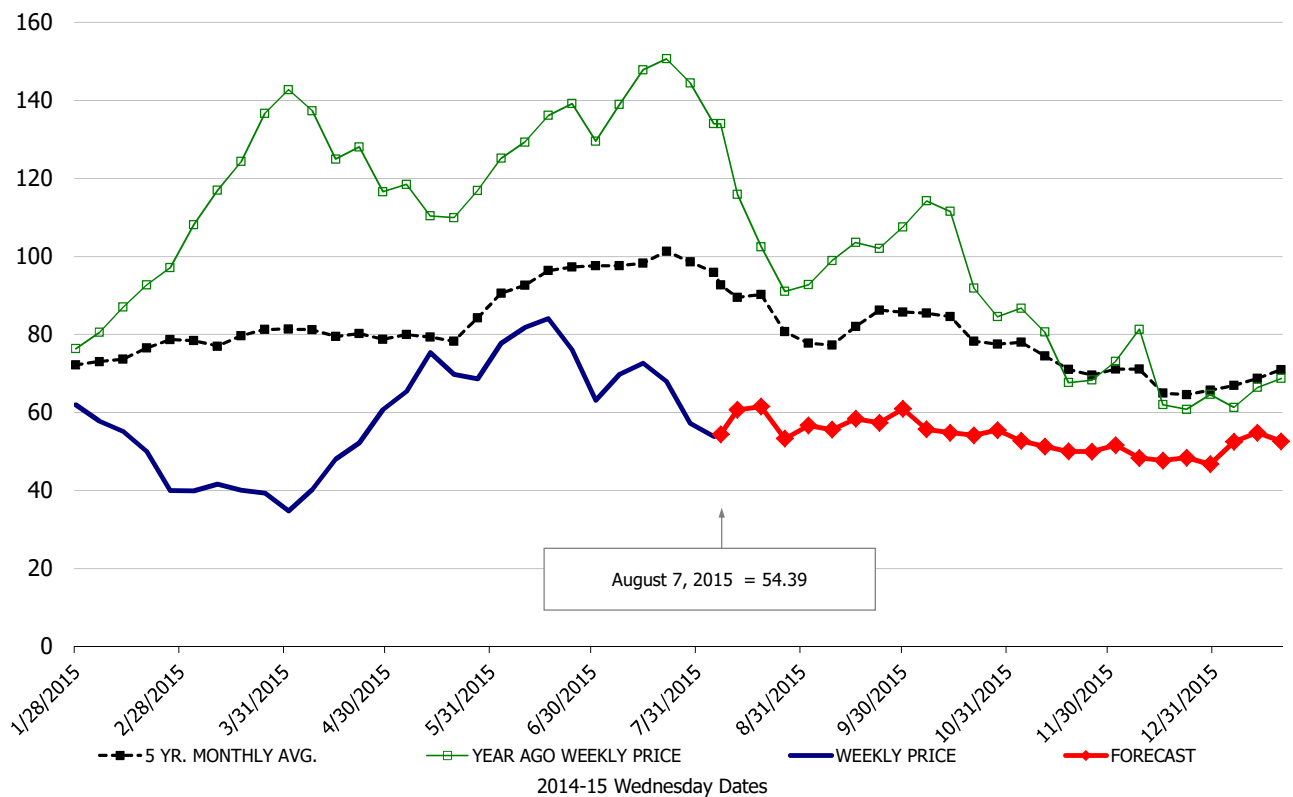
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### Butt, 1/4 Trim Butt Combo, FOB Plant, USDA

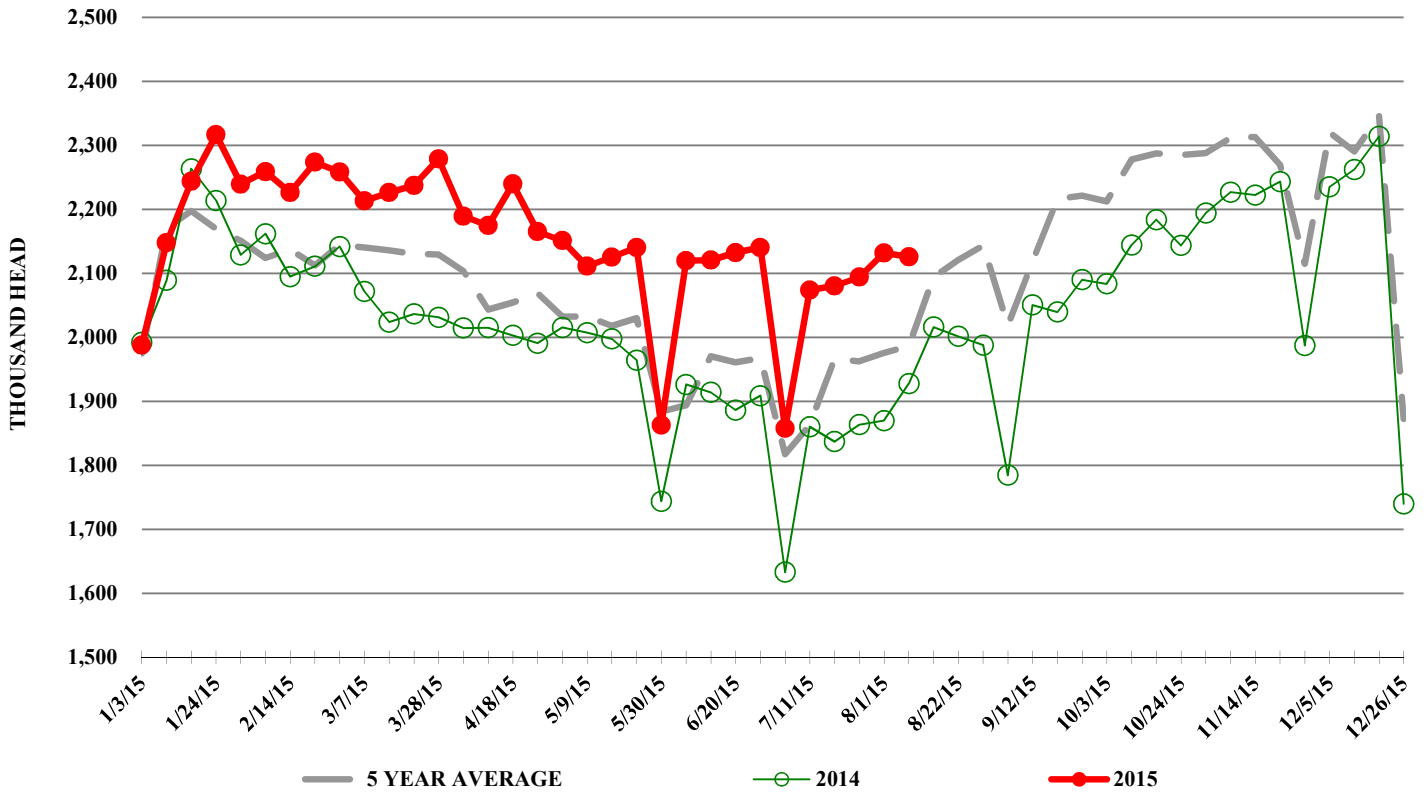


\$/cwt

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



## ESTIMATED WEEKLY FI HOG SLAUGHTER



## ESTIMATED WEEKLY FI PORK PRODUCTION

