



Pork Merchandiser's Profit Maximizer

Be inspiredSM

- Foodservice Edition -

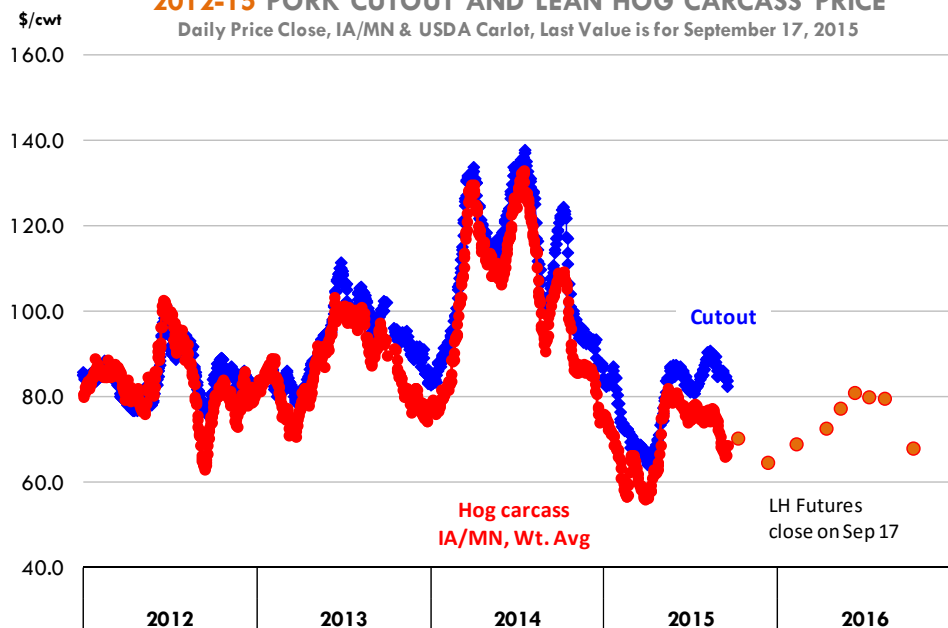
© 2015 The National Pork Board, Des Moines, IA 515-223-2600;
Prepared by Steiner and Company, Manchester, NH 800-526-4612.

September 21, 2015

Hog markets have been trending higher in the last few weeks (despite all the volatility), buoyed by stronger than expected cutout values and expectations that demand this fall should be robust enough to support the seasonal surge in slaughter numbers. The nearby (October) hog futures contract closed on Friday at \$71.05/cwt, the highest point since early June. At this point gone are projections of hog prices in the mid 50s that were being entertained in mid July—pork prices have simply been much stronger than expected. The pork cutout on Friday was slightly lower but it is still hovering in the low 80 cent range, providing packers with good margins. Part of the reason for the +350 point jump in hog futures this week were

reports that higher prices were being paid for hogs in the cash market. IA/MN lean hog carcass was quoted on Friday at \$68.75/cwt, \$1.70/cwt more than a week ago. The expectation last week was that hog prices would continue to drift lower with more hogs becoming available. Hog carcass weights were notably higher following the short holiday

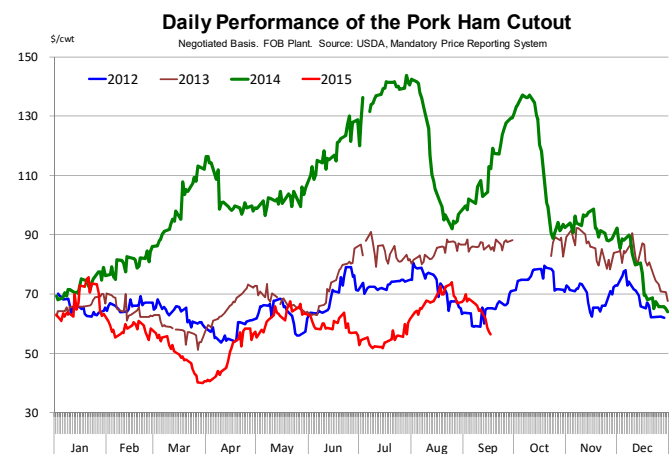
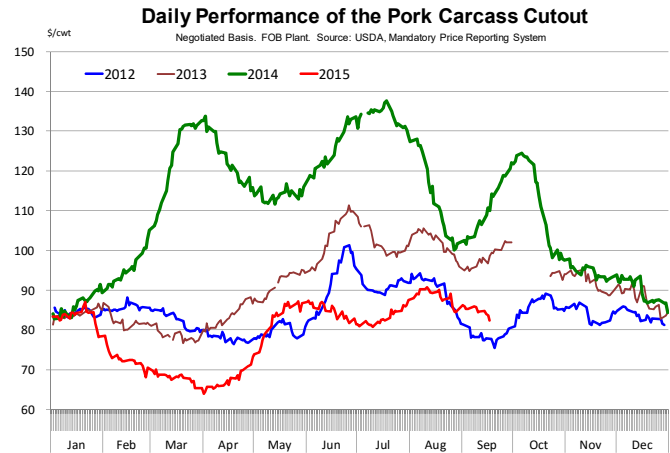
2012-15 PORK CUTOUT AND LEAN HOG CARCASS PRICE
Daily Price Close, IA/MN & USDA Carlot, Last Value is for September 17, 2015



Steiner and Company produces the National Pork Board Newsletter based on information we believe is accurate and reliable. However neither NPB nor Steiner and Company warrants or guarantees the accuracy of or accepts any liability for the data, opinions or recommendations expressed.

week, which also implied that producers would be more aggressive in trying to market hogs. The fact that packers paid up to secure supplies certainly upended those ideas and futures markets participants have aggressively bid up hog prices.

Even as the performance of the pork market has certainly been better than most have expected, there are a number of factors that bear watching in the coming weeks. These could be bearish or bullish for the hog market depending on how they play out. It is somewhat concerning for us that ham values have failed to perform well so far this September. It is not terribly unusual for hams to slump in September, something we have mentioned a number of times before. Slaughter starts to pick up and seasonal demand is not there yet to help soak up the additional supply. Also, there is a large number of hams in storage, which also tends to negatively impact the quantity demanded during this time of year. The ham primal value last night was quoted at \$56.37/cwt, almost \$14/cwt lower than where it was at the beginning of the month. The ham primal accounts for about a quarter of the carcass so it will be critical to get ham values to recover into October in order to offset the expected seasonal decline in some of the other primals. Which brings us to the exceptional belly demand we have seen so far this summer. One needs simply run a ratio of belly prices to the value of the carcass for the last few years to recognize how dramatic the shift in belly demand has been recently. At this point we are in uncharted territory. Retail demand for bellies seasonally falls off between now and November and we have no reason to believe this year will be any different. The key will be foodservice demand for bellies, especially as foodservice accounts for the bulk of

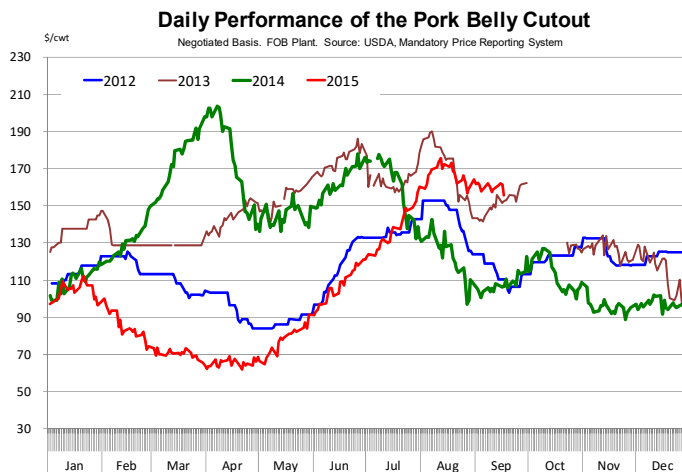


bacon consumption in the US. Some are looking at the recent announcement by McDonalds to run all day breakfast as one of the reasons for belly prices holding firm deep into September. Large as this company is, the belly market is quite deep. Rather, we think the shift in belly demand can be directly linked to the extremely cheap prices we saw last spring. At the time, foodservice operators saw an opportunity to increase the number of bacon features. The decision certainly made sense given expectations of very large hog slaughter levels in the fall and the seasonal tendency for bellies to be weak that time of year. The result is a surge in the quantity of bellies demanded and a dramatic increase in the ratio of belly prices to the price of the carcass. The risk is that those belly features do not last forever and once they go, we could be left with plenty of bellies looking for a home. Ex-

port demand also is a key wild card going into the fall. Talk of China purchases has died down a bit and the USDA weekly export sales reports the last few weeks have failed to show a ramp up in China shipments. Will we see a recovery in Q4 and, if so, what kind of a premium does this warrant for the December contract. If not, maybe Dec futures are now fully priced, implying a cutout in the low 70s .

Upcoming Holidays:

2015 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 September 19 slaughter was 2.278 million head, up 11.7% from a year ago. In the last two weeks hog slaughter is up 5.6% vs. year ago levels.

Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values. Lean hog carcass values at about 68.75 /cwt. on Friday were up \$1.8/cwt since Wed. September 9. Prices are down about 36 dollars compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.0033, down about 2.1 cent since the Wed. September 9 quote and down about 54 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.3679 for the strap on loins, up 0.6 cent since Wed. September 9 but down about 75 cent from the year ago levels. Strap off loins at \$1.5185 are up about one cent since Wed. September 9 but down about 56 cents compared to the year ago quote.

Boneless sirloins at \$0.9684 are down about 13 cents from the Wed. September 9 quote and down about 71.1 cents from the year ago price.

Pork tenderloin finished last week at \$2.2718, up slightly since the Wed. September 9 quote but down about 47.3 cents from the year ago price.

5/10 Pork Butts (page 10), prices finished the week at \$0.9916, up about 3 cents since Wed. September 9.

Spare Ribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.4479, down about

16 cent since Wed. September 9 and down about 11 cents from year ago levels.

Rib inventories on July 31 were 75.6 million pounds, up 37.1% percent from a year ago.

Bone-in Hams.

17/20 hams (page 9) price was \$0.6357/lb., down 10.0 cents compared to prices on Wed. September 9 and down about 56 cents from a year ago.

20/23 hams finished the week at 61.82 cents, down about 9 cents since Wed. September 9 and down about 56 cents from the year ago level.

23/27 hams finished the week at 56.40 , down about 9 cents from the Wed. September 9 quote and down about 55 cents from the year ago level.

Total ham cold storage stocks on July 31 at 206.8 million pounds were up 38.9% from year ago levels.

42 CL Pork Trim “FOB Basis”. Prices finished the week at 35.32 cent, up about 6.4 cent since Wed. September 9 but down about 24 cents from the year ago price.

72 CL Pork Trim “FOB Basis”. Prices finished the week at 57.03 cents, up about 8 cents since the Wed. September 9 quote but down about 47 cents from the year ago level.

Freezer stocks of all trimmings on July 31 were 44.2 million pounds, up 4.2% 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.

POULTRY

Georgia Dock Broilers. The Georgia dock price last week at \$115.00 was up about 1 cents from a year ago.

The National Whole Bird price was quoted at 78.93 on Friday September 19, down about 29 cents from a year ago.

Broiler slaughter for the week ending September 19 was 165.67 million head, up 5.30%

from a year ago. For the last two weeks slaughter was down 2.1% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.3085, down 5 cents since Wed. September 9 and also down about 59 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 0.8 cents vs. two weeks ago but at 23.64 cents per pound prices were down 23 cents from a year ago. Bird flu has been a negative factor for dark meat exports so far this year.

Wings. Prices at \$1.6452 are down about 8 cents from year ago levels.

Turkeys

Hens finished last week at \$1.3700, up 2 cent since Wed. September 9 and up about 20 cents from the year ago price.

Toms finished last week at \$1.3700, up 2 cent since Wed. September 9 and up about 20 cent from the year ago price.

Total turkey supplies in the freezer on July 31 were up 0.9% from a year ago at 494.0 million pounds. Whole birds were up 3.0% from a year ago with an inventory of 297.3 million pounds.

Turkey slaughter was 3.4290 million head for the week ending September 12, down -24.29% from a year ago. For the last two weeks slaughter has been down 7.1%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$5.7500, up since Wed. September 9. Prices are up about 170 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 \$6.9929 (weighted average quote) finished last week down about 74 cents since the Wed. September 9 quote and down about 23 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$6.8111 (weighted average quote) finished last week down about 23 cents since the Wed. September 9 quote but up about 115 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$0.1818 /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 \$2.4716 down about 15 cents since Wed. September 9 and down about 36 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$2.5360 down about 18 cents since Wed. September 9 and down about 29 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$2.4617 up about 5 cents since Wed. September 9 but down about 32 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$5.4236 (wt. avg.) down about 74 cents from the Wed. September 9 quote. Prices are about 11 cents over year ago levels.

Choice #184 Regular Heavy top butts finished at \$4.3946 (wt. avg.) down about 11 cents since Wed. September 9 but up about 112 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$4.4542 (wt. avg.) down about 11 cents since Wed. September 9 but up about 116 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$4.6414 (wt. avg.) down about 5 cents since Wed. September 9 and down about 5 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at \$1.7794 down about 8 cents since Wed. September 9 and down about 63 cents from year ago levels.

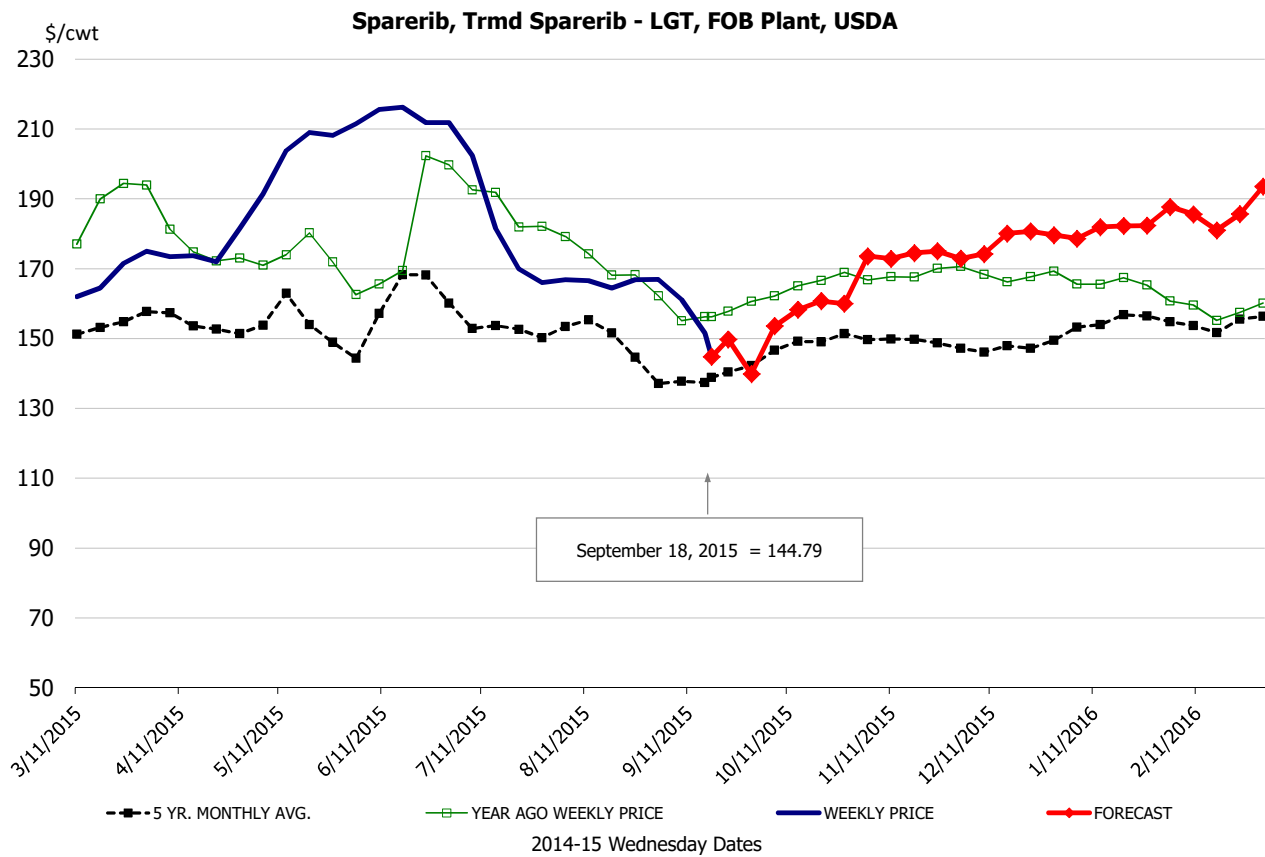
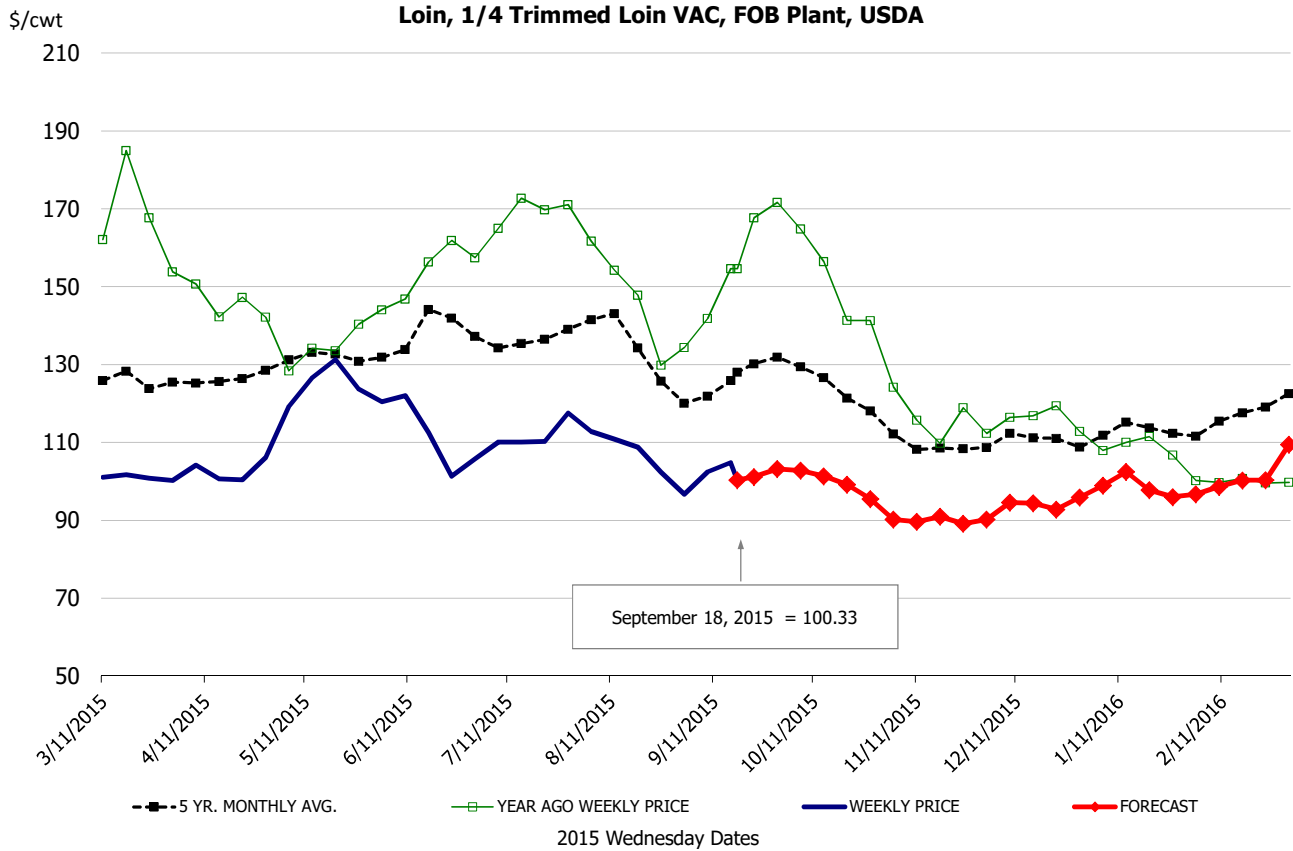
81CL Coarse Ground product finished last week at \$2.0340 down about 20 cent since Wed. September 9 and down about 59 cents from the year ago quote.

90CL Bnls. Beef prices finished the week at \$2.7684 (wt. avg.) up about one cent since Wed. September 9 but down 22 compared to the year ago price quote.

50 CL Beef Trim prices finished last week at \$0.4630, down about 17 cent since Wed. September 9 and down 64 compared to the year ago level.

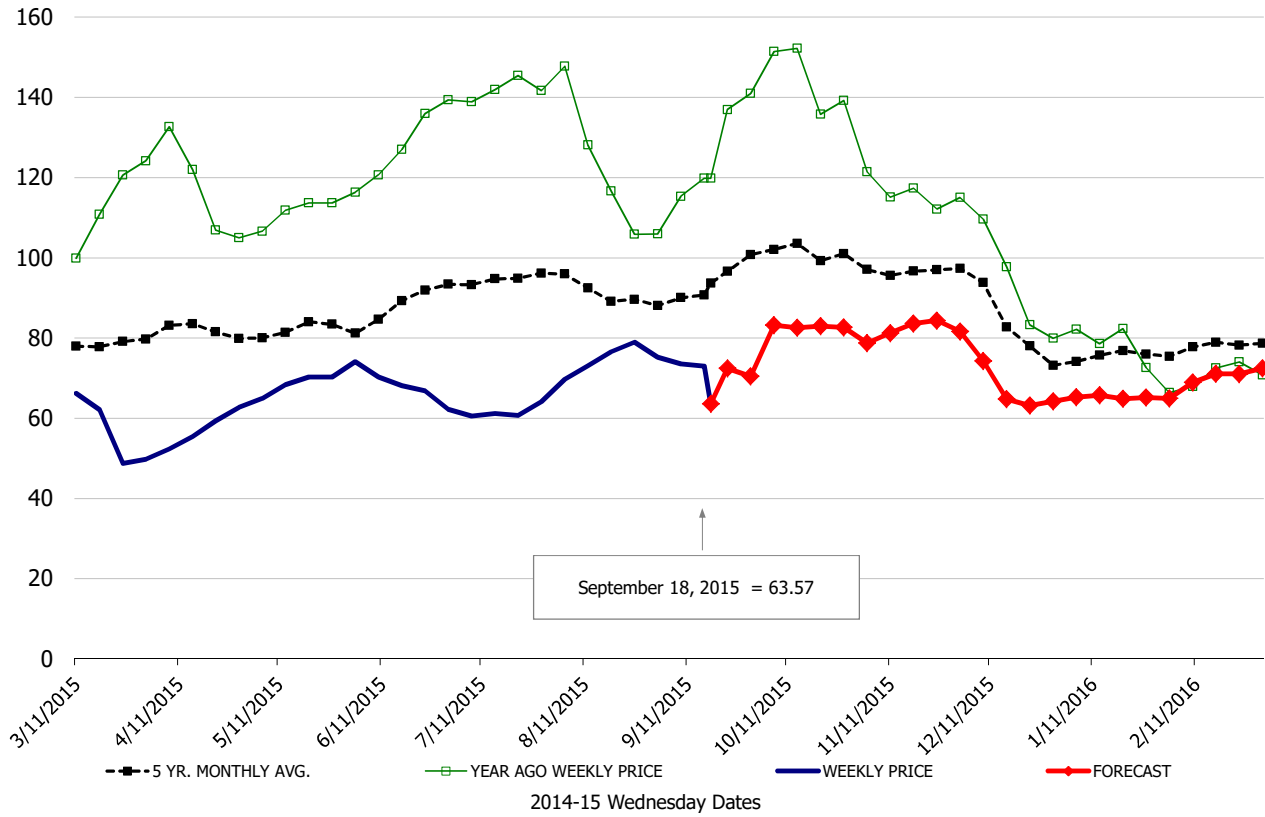
Food Service Summary Table - WT. AVE

	2015 History						2015-16 FORECAST								
	Mar	Apr	May	Jun	Jul	Aug	9/9/2015	9/18/2015	9/30/2015	Sep	Oct	Nov	Dec	Jan	Feb
<u>PORK</u>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.00	1.02	1.24	1.12	1.11	1.07	1.02	1.00	1.03	1.02	1.00	0.90	0.93	0.98	0.99
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.08	1.08	1.30	1.20	1.17	1.14	1.05	1.06	1.07	1.06	1.03	0.96	1.01	1.06	1.05
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.57	1.62	1.75	1.56	1.55	1.58	1.51	1.52	1.53	1.53	1.52	1.44	1.51	1.51	1.47
Loin, Tenderloin, FOB Plant, USDA	2.25	2.07	2.23	2.48	2.61	2.42	2.23	2.27	2.31	2.27	2.16	2.09	2.13	2.17	2.31
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	0.89	0.90	1.11	1.07	0.83	0.85	0.76	0.83	0.81	0.84	0.89	0.87	0.90	0.82	0.88
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.66	1.75	2.00	2.11	1.79	1.64	1.61	1.45	1.40	1.48	1.56	1.74	1.77	1.80	1.85
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	2.40	2.46	2.60	2.63	2.71	2.58	2.63	2.38	2.29	2.42	2.43	2.53	2.56	2.61	2.66
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.56	1.71	1.97	2.05	1.75	1.65	1.52	1.44	1.40	1.44	1.50	1.66	1.68	1.72	1.77
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.53	2.62	2.92	2.93	2.61	2.43	2.30	2.11	2.27	2.26	2.12	2.13	2.19	2.15	2.26
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.58	0.56	0.68	0.68	0.63	0.73	0.74	0.64	0.70	0.70	0.83	0.82	0.71	0.65	0.69
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.53	0.54	0.68	0.64	0.58	0.72	0.71	0.62	0.67	0.66	0.74	0.73	0.65	0.62	0.65
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.48	0.50	0.67	0.61	0.56	0.72	0.66	0.56	0.64	0.62	0.67	0.66	0.63	0.61	0.62
Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	1.19	1.19	1.11	0.98	0.93	0.96	0.96	0.96	1.24	1.23	1.13	1.07	1.03	0.90	0.95
Belly, Skin-on Belly 14-16#, FOB Plant, USDA	0.76	0.72	0.85	1.03	1.28	1.79	1.79	1.79	1.52	1.50	1.43	1.34	1.36	1.36	1.37
Belly, Derind Belly 9-13#, FOB Plant, USDA	0.87	0.81	0.97	1.28	1.71	2.08	1.96	1.85	1.90	1.85	1.79	1.69	1.71	1.64	1.73
Belly, Derind Belly 13-17#, FOB Plant, USDA	0.83	0.79	0.90	1.27	1.64	2.05	1.98	1.94	1.98	1.93	1.77	1.67	1.69	1.62	1.71
Trim, 42% Trim Combo, FOB Plant, USDA	0.24	0.22	0.36	0.45	0.35	0.29	0.29	0.35	0.41	0.35	0.29	0.23	0.21	0.28	0.30
Trim, 72% Trim Combo, FOB Plant, USDA	0.39	0.46	0.67	0.77	0.64	0.49	0.49	0.57	0.59	0.55	0.52	0.51	0.49	0.53	0.57
<u>HOG CARCASS</u>															
IA/MN, Base Market Hog 185 lb Carcass Basis, Plant Div.	0.60	0.62	0.79	0.77	0.76	0.75	0.67	0.69	0.72	0.69	0.69	0.63	0.64	0.64	0.68
<u>BROILERS</u>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	0.99	1.05	1.07	1.01	0.91	0.83	0.80	0.79	0.78	0.79	0.82	0.82	0.82	0.83	0.83
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.41	1.54	1.62	1.48	1.40	1.40	1.36	1.31	1.35	1.31	1.26	1.15	1.13	1.21	1.24
N.E. BROILER BREAST LINE RUN, USDA	1.01	1.04	1.10	1.07	1.01	0.91	0.84	0.84	0.87	0.85	0.84	0.83	0.82	0.84	0.85
N.E. BROILER LEG QUARTERS, USDA	0.37	0.34	0.34	0.28	0.26	0.24	0.23	0.24	0.24	0.24	0.24	0.24	0.24	0.25	0.25
N.E. BROILER WINGS, USDA, WT.AVG.	1.85	1.79	1.81	1.84	1.84	1.77	1.63	1.65	1.82	1.69	1.83	1.89	1.91	2.01	1.91
<u>TURKEYS</u>															
UB HEN TURKEYS, EAST, FROZEN 10-12LBS	1.06	1.09	1.14	1.18	1.24	1.30	1.35	1.37	1.36	1.37	1.38	1.38	1.27	1.15	1.08
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	2.94	3.08	3.74	4.44	5.20	5.64	5.70	5.75	5.72	5.73	5.85	5.55	5.25	4.70	4.10
<u>LIVE STEERS</u>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.61	1.64	1.61	1.55	1.49	1.49	1.41	1.36	1.38	1.38	1.39	1.41	1.41	1.41	1.42
<u>BEEF</u>															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	7.78	8.49	8.62	7.79	7.10	7.64	7.73	6.99	7.50	7.40	7.65	8.16	7.61	6.76	6.74
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.84	2.86	2.94	2.96	2.86	2.99	2.71	2.54	2.68	2.69	2.73	2.74	2.80	2.86	2.69
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	2.55	2.38	2.37	2.48	2.46	2.45	2.41	2.46	2.52	2.46	2.57	2.49	2.44	2.66	2.57
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	6.19	7.52	9.03	7.32	5.91	6.39	6.16	5.42	5.07	5.37	4.99	4.98	5.03	5.42	5.52
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	4.40	4.71	4.54	3.99	4.06	4.45	4.63	4.45	4.17	4.40	3.90	3.83	3.79	3.82	3.88
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	4.98	6.92	7.33	5.45	4.83	4.99	4.70	4.64	4.21	4.47	4.16	4.09	4.17	4.46	4.62
COARSE GROUND 73%, USDA	2.11	2.06	2.07	1.96	1.79	1.97	1.86	1.78	1.70	1.79	1.69	1.71	1.72	2.09	1.93
COARSE GROUND 81%, USDA	2.42	2.37	2.32	2.30	2.31	2.35	2.24	2.03	2.04	2.10	2.07	2.10	2.12	2.49	2.32
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.95	2.96	2.97	2.94	2.90	2.82	2.75	2.77	2.64	2.76	2.62	2.58	2.65	2.72	2.76
50CL BEEF TRIM, FRESH, NATIONAL, USDA	0.89	1.15	0.95	0.81	0.66	0.68	0.63	0.46	0.51	0.51	0.59	0.75	0.67	0.78	0.76



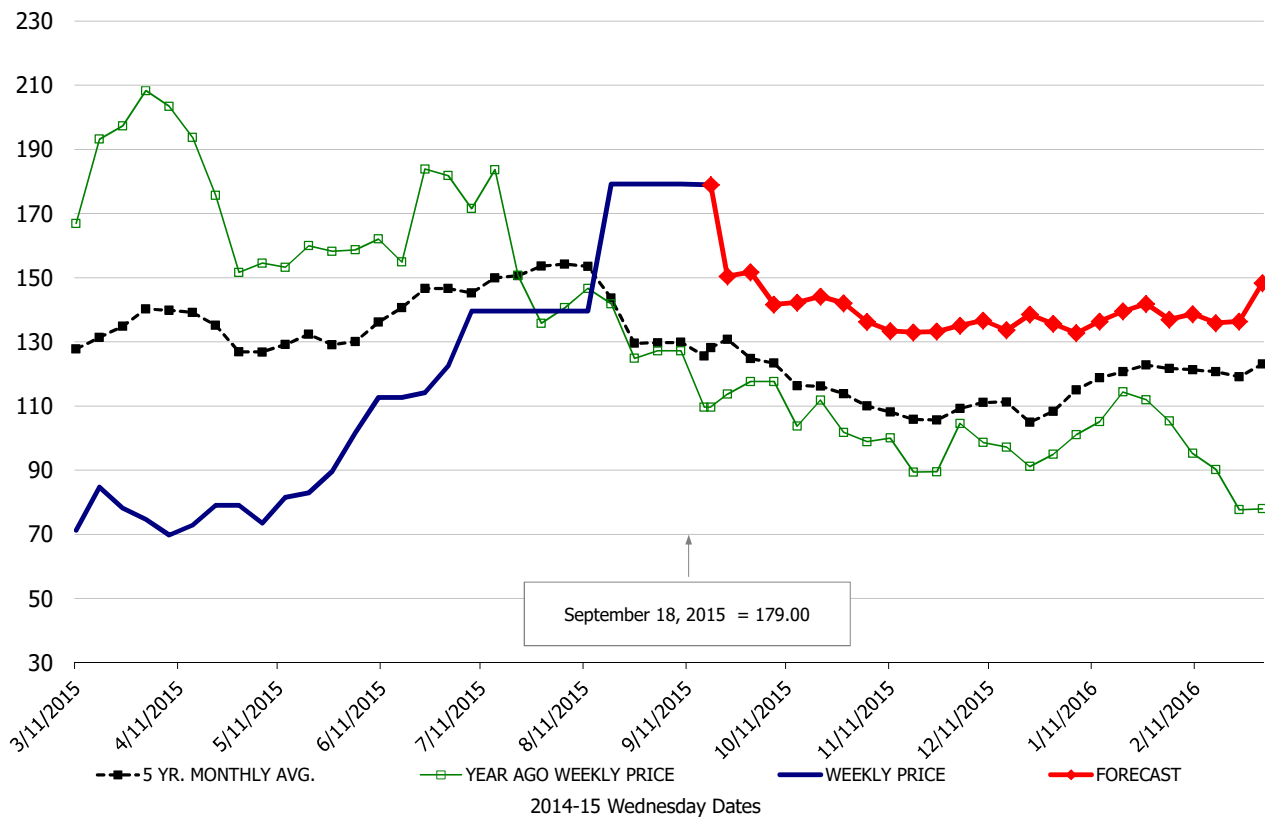
\$/cwt

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



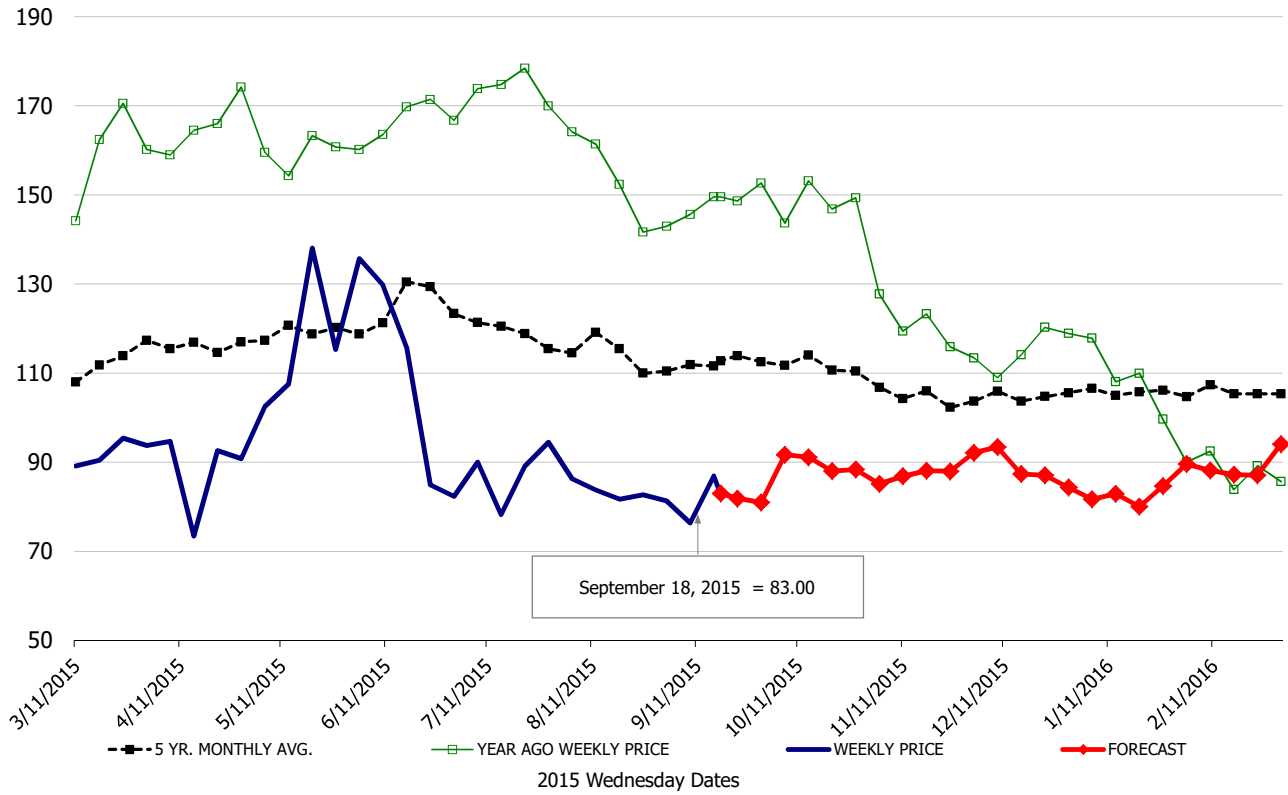
\$/cwt

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



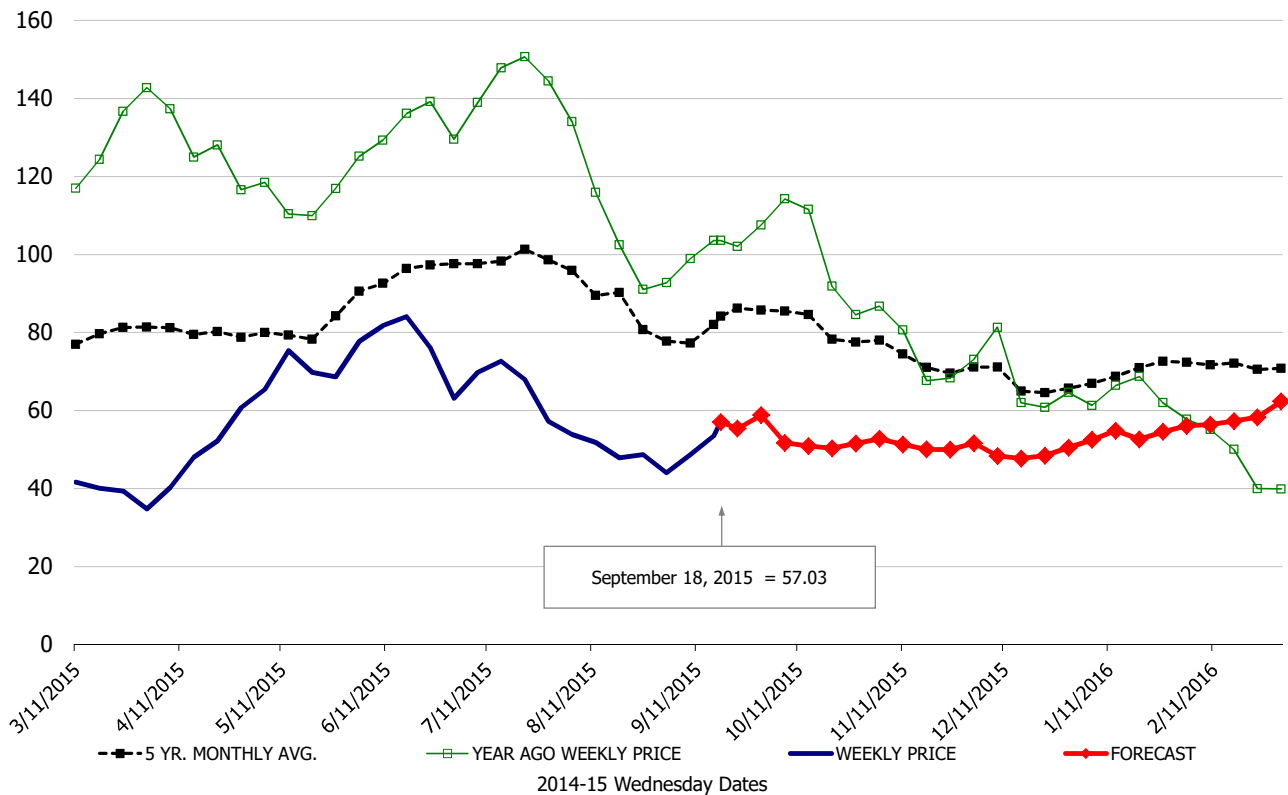
\$/cwt

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

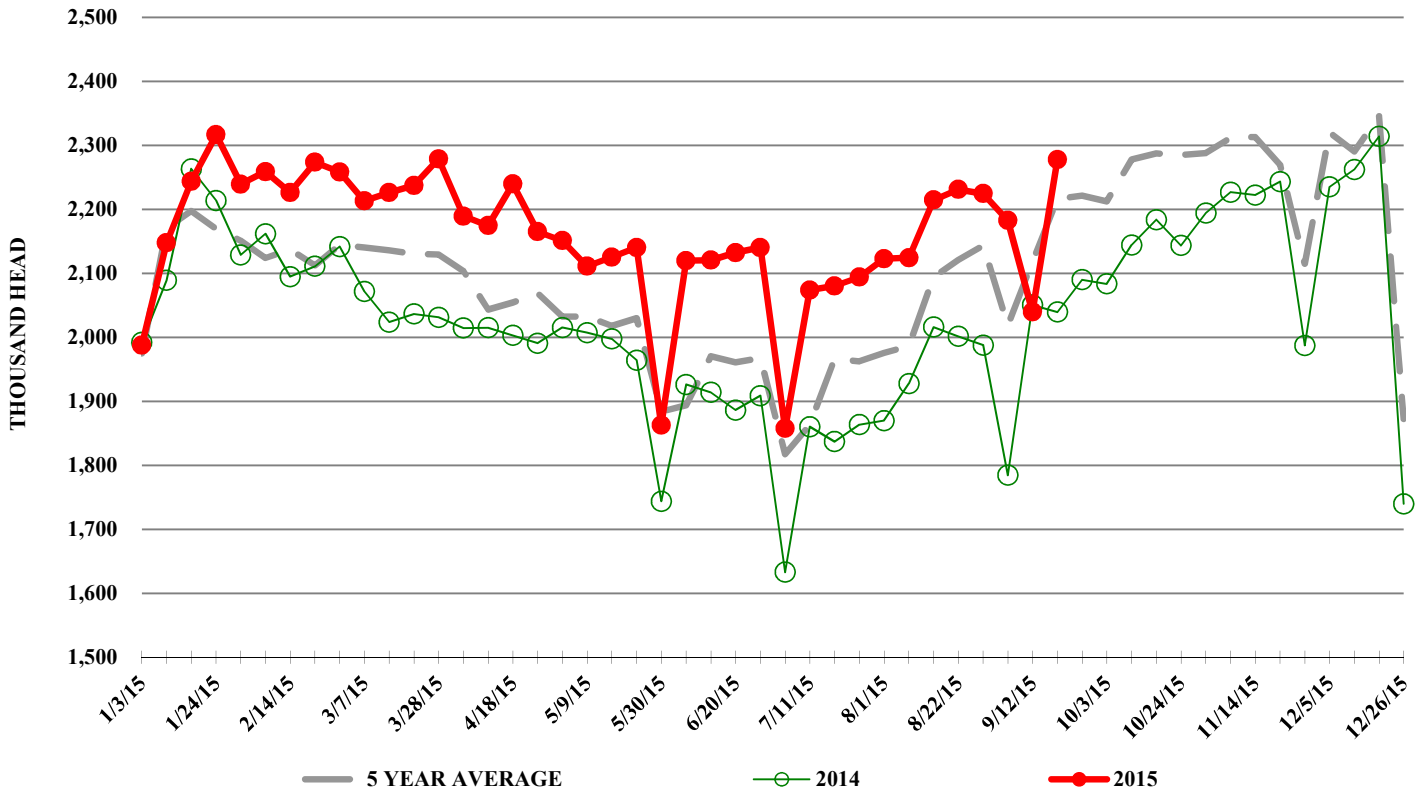


\$/cwt

Trim, 72% Trim Combo, FOB Plant, USDA



ESTIMATED WEEKLY FI HOG SLAUGHTER



ESTIMATED WEEKLY FI PORK PRODUCTION

