



# Pork Merchandiser's Profit Maximizer

# Be inspired<sup>SM</sup>

- Foodservice Edition -

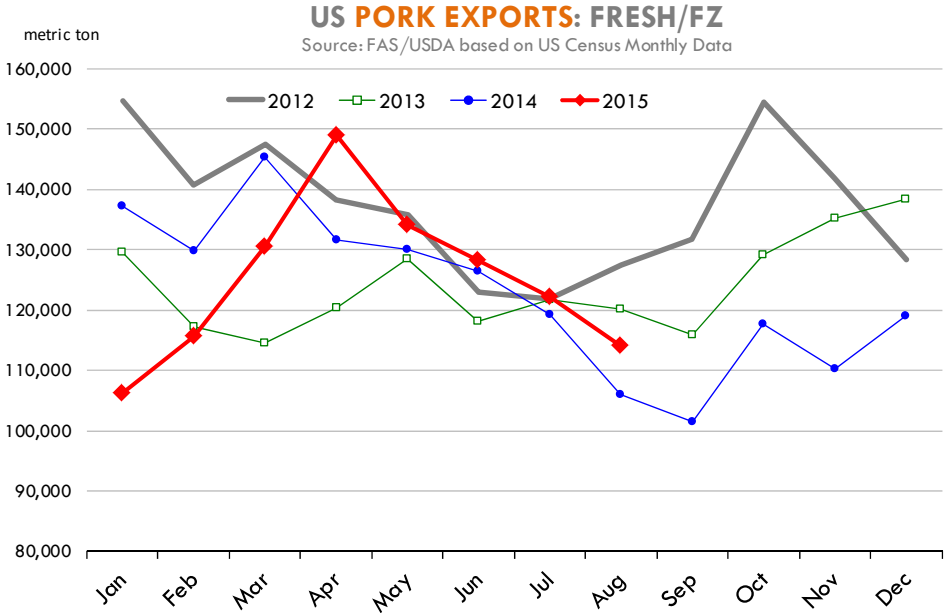
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Prepared by Steiner and Company, Manchester, NH 800-526-4612.

October 19, 2015

## 1. Monthly exports show impact of a strong dollar, weaker demand in world markets

In early October USDA released the official August statistics for US beef, pork and poultry exports. There was some surprise that pork exports continued to decline in August despite much talk (and speculation) that exports to China were about to explode. **Total US exports of fresh/frozen pork in August were 113,976 MT, 7.6% higher than a year ago but 10.5% lower than in 2013 and 2012 (see chart).** Exports of processed pork in August were 15,775 MT, 14% higher than a year ago. At this point pork exports are fol-

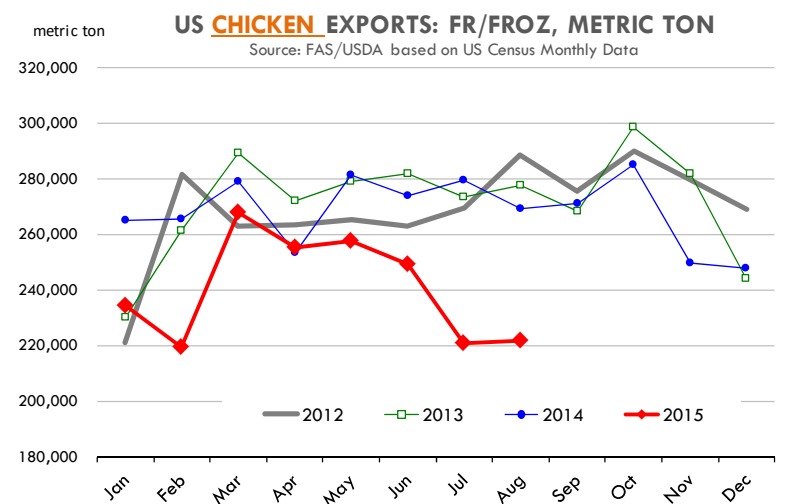
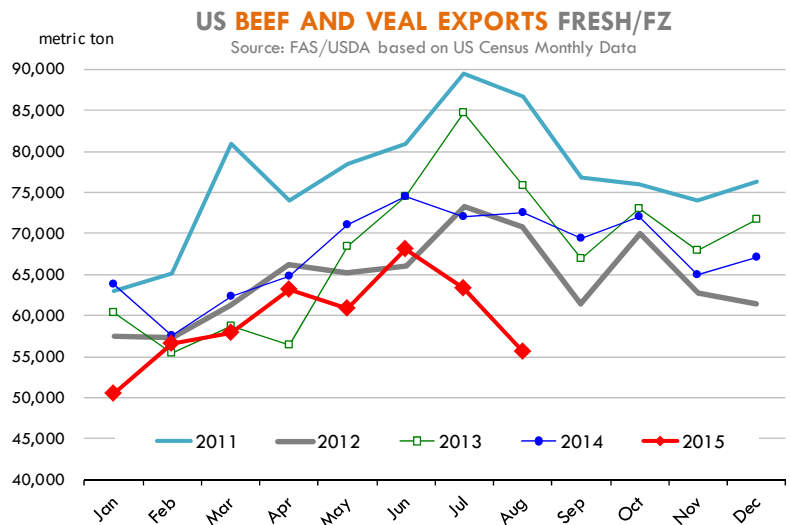
lowing a very different trend than what they did in 2012. The lack of strong export demand may cap the upside in the pork export market. The largest hog slaughter weeks of the year are expected to be in the next 6-8 weeks. The August pork export data generally tracked well with the weekly export statistics, with one big exception. Exports of fresh/



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frozen pork to China in August were 9,729 MT, about 3,000 MT lower than July levels. Weekly exports also implied a decline in August but the numbers are vastly off. Based on weekly statistics, US exports of fresh/frozen muscle cuts to China in July were 5,060 MT compared to the monthly official statistics of 12,887 MT. Weekly export data implied August shipments to China at around 1,976 MT compared to official data putting the total at 9,728 MT. So the weekly export data captured just a little over 20% of sales in August compared to 40% in July. This is one of the issues one needs to keep in mind when looking at the export data. They may suggest a direction of trend but there is still quite a bit of variability due to reporting issues.

Beef exports were projected to be weak based on weekly export statistics and the official August data confirmed that projection. **Total exports of fresh/frozen and cooked beef in August were 58,941 MT, 23.2% lower than a year ago.** Exports to Asia continue to struggle, with exports to Japan and Hong Kong down 39% and 56%, respectively. US exporters attribute the slowdown in exports to Hong Kong on: a) Chinese officials becoming more aggressive in their anti-corruption efforts, which has impacted the gray trade between Hong Kong and Mainland China; b) China lifting the embargo on Brazilian beef. Chinese beef demand remains quite strong but they now have access to more South American beef and at prices that are dramatically low-



er than the US. US beef exports to Mexico also have struggled, down 18% in August and down 23% for the year. It appears that there are strong substitution effects given the sharp decline in US pork prices and the shift in Mexican demand towards more hams and pork trimmings and fewer beef cuts.

**Chicken exports in August were once again disappointing.** Total exports of fresh/frozen chicken were 221,917 MT, 17.6% lower than a year ago. The South Korean market remains closed to US chicken while exports to China have been extremely limited due to bird flu bans. Exports to Angola and

Hong Kong, two large markets last year, were down 36% in August. Exports to a number of smaller markets also have declined, in part because of bird flu bans but also because of the impact of the strong US dollar and because low grain prices have allowed other exporting countries to expand and compete more vigorously.

**Upcoming Holidays:**

**2015** 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 October 17 slaughter was 2.318 million head, up 6.1% from a year ago. In the last two weeks hog slaughter is up 6.5% vs. year ago levels.**

**Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values.** Lean hog carcass values at about 68.81 /cwt. on Friday were down \$3.3/cwt since Wed. October 7. Prices are down about 34 dollars compared to year ago values.

**Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA** (page 8). Prices finished last week at \$1.0747, up about 2.2 cent since the Wed. October 7 quote but down about 49 cents from year ago levels.

**Bnls. Strap on Pork Loins.** Prices finished the week at \$1.6926 for the strap on loins, up 3.2 cent since Wed. October 7 but down about 39 cent from the year ago levels. Strap off loins at \$1.6905 are up about 0.2 cent since Wed. October 7 but down about 56 cents compared to the year ago quote.

**Boneless sirloins** at \$0.9939 are up about 6 cents from the Wed. October 7 quote but down about 71.5 cents from the year ago price.

**Pork tenderloin** finished last week at \$2.1869, up slightly since the Wed. October 7 quote but down about 79.6 cents from the year ago price.

**5/10 Pork Butts** (page 10), prices finished the week at \$0.8590, down about 11 cents since Wed. October 7.

**Spare Ribs, Trimmed - LGT, Vac** (page 8). Prices finished the week at \$1.5374, up about 8

cent since Wed. October 7 but down about 11 cents from year ago levels.

Rib inventories on August 31 were 72.9 million pounds, up 46.8% percent from a year ago.

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

17/20 hams (page 9) price was \$0.7766/lb., up 1.9 cents compared to prices on Wed. October 7 but down about 75 cents from a year ago.

20/23 hams finished the week at 74.92 cents, up about 2 cents since Wed. October 7 but down about 57 cents from the year ago level.

23/27 hams finished the week at 73.71 , up about 5 cents from the Wed. October 7 quote but down about 53 cents from the year ago level.

Total ham cold storage stocks on August 31 at 237.5 million pounds were up 32.3% from year ago levels.

**42 CL Pork Trim** “FOB Basis”. Prices finished the week at 28.89 cent, down about 6.2 cent since Wed. October 7 and down about 22 cents from the year ago price.

**72 CL Pork Trim** “FOB Basis”. Prices finished the week at 57.83 cents, down about 5 cents since the Wed. October 7 quote and down about 54 cents from the year ago level.

Freezer stocks of all trimmings on August 31 were 42.6 million pounds, up 5.3% 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 \$114.25 was up about 0 cents from a year ago.

The National Whole Bird price was quoted at 74.58 on Friday October 17, down about 33 cents from a year ago.

Broiler slaughter for the week ending October 17 was 164.01 million head, up 4.87% from a

year ago. For the last two weeks slaughter was up 2.2% vs. a year ago.

**Breasts.** Prices on boneless skinless breasts finished the week at \$1.0862, down 10 cents since Wed. October 7 and also down about 57 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 down about 2.0 cents vs. two weeks ago but at 21.09 cents per pound prices were down 25 cents from a year ago. Bird flu has been a negative factor for dark meat exports so far this year.

**Wings.** Prices at \$1.7179 are down about 13 cents from year ago levels.

## **Turkeys**

**Hens** finished last week at \$1.4000, down 0 cent since Wed. October 7 but up about 19 cents from the year ago price.

**Toms** finished last week at \$1.4000, down 0 cent since Wed. October 7 but up about 19 cent from the year ago price.

Total turkey supplies in the freezer on August 31 were up 3.8% from a year ago at 475.8 million pounds. Whole birds were up 3.9% from a year ago with an inventory of 289.2 million pounds.

Turkey slaughter was 4.3250 million head for the week ending October 10, down -1.57% from a year ago. For the last two weeks slaughter has been down 6.6%.

**Boneless Turkey Breast Meat.** Boneless skinless turkey breast meat prices finished last week at \$5.8000, up since Wed. October 7. Prices are up about 183 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 \$6.9266 (weighted average quote) finished last week up about 7 cents since the Wed. October 7 quote but down about 30 cents vs. the year ago price.

**Select 112A Heavy Lip On Rib Eyes** at \$6.9262 (weighted average quote) finished last week up about 64 cents since the Wed. October 7 quote but up about 112 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$0.0004 /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 \$2.2283 up about 15 cents since Wed. October 7 but down about 63 cents from the year ago price.

**Choice ¼ inch trimmed #168 insides** finished last week quoted at \$2.3030 up about 14 cents since Wed. October 7 and down about 62 cents from year ago levels.

**Choice #170 Gooseneck Rounds** finished last week at \$2.2293 up about 13 cents since Wed. October 7 but down about 100 cents from the year ago levels.

**Choice #180 (0x1) Bnls. Strip Loins** finished last week quoted at \$5.4476 (wt. avg.) up about one cents from the Wed. October 7 quote. Prices are about one cents over year ago levels.

**Choice #184 Regular Heavy top butts** finished at \$3.2922 (wt. avg.) down about 4 cents since Wed. October 7 but up about 8 cents from year ago levels.

**Choice #184 ¼ inch trimmed Top Butts** finished at \$3.3592 (wt. avg.) up about 11 cents

since Wed. October 7 and up about 5 cents from the year ago levels.

**Choice #185A Flap Meat** prices finished Friday at \$4.4119 (wt. avg.) up about 30 cents since Wed. October 7 but down about 8 cents from year ago values.

### **COARSE GROUND BEEF –**

**73CL Coarse Ground** product finished last week at \$1.6336 up about 6 cents since Wed. October 7 but down about 76 cents from year ago levels.

**81CL Coarse Ground** product finished last week at \$1.9854 up about 20 cent since Wed. October 7 but down about 64 cents from the year ago quote.

**90CL Bnls. Beef** prices finished the week at \$2.3237 (wt. avg.) down about 10 cent since Wed. October 7 and down 66 compared to the year ago price quote.

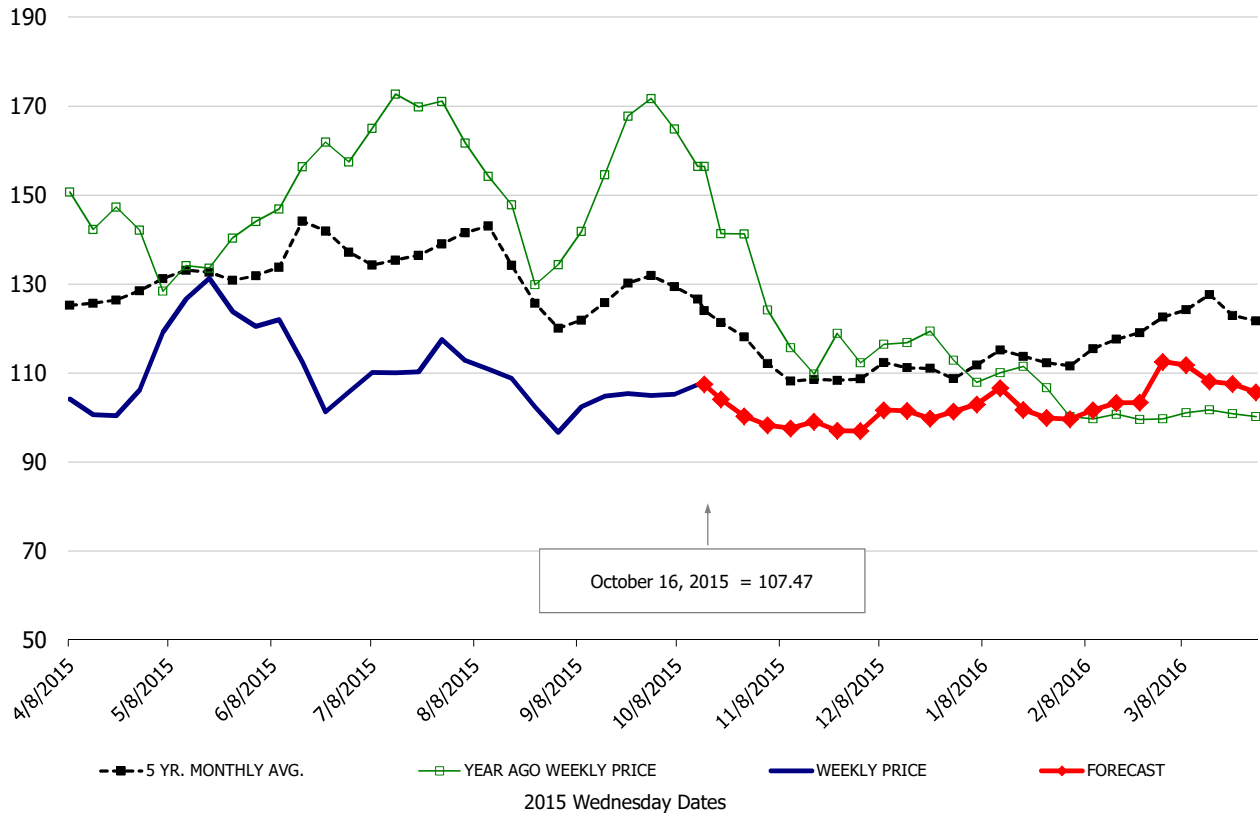
**50 CL Beef Trim** prices finished last week at \$0.5741, up about 21 cent since Wed. October 7 but down 55 compared to the year ago level.

## Food Service Summary Table - WT. AVE

	2015 History							2015-16 FORECAST							
	Apr	May	Jun	Jul	Aug	Sep	10/7/2015	10/16/2015	10/28/2015	Oct	Nov	Dec	Jan	Feb	Mar
<b><u>PORK</u></b>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.02	1.24	1.12	1.11	1.07	1.02	1.05	1.07	1.00	1.05	0.98	1.00	1.02	1.02	1.10
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.08	1.30	1.20	1.17	1.14	1.07	1.09	1.12	1.06	1.09	1.04	1.08	1.09	1.08	1.18
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.62	1.75	1.56	1.55	1.58	1.52	1.69	1.69	1.56	1.62	1.55	1.60	1.58	1.51	1.62
Loin, Tenderloin, FOB Plant, USDA	2.07	2.23	2.48	2.61	2.42	2.19	2.09	2.19	2.23	2.15	2.10	2.12	2.14	2.26	2.32
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	0.90	1.11	1.07	0.83	0.85	0.84	0.85	0.74	0.79	0.80	0.84	0.92	0.87	0.90	0.95
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.75	2.00	2.11	1.79	1.64	1.52	1.45	1.54	1.58	1.54	1.54	1.53	1.56	1.58	1.62
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	2.46	2.60	2.63	2.71	2.58	2.52	2.45	2.60	2.37	2.31	2.38	2.39	2.42	2.44	2.48
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.71	1.97	2.05	1.75	1.65	1.49	1.46	1.52	1.51	1.51	1.48	1.47	1.50	1.52	1.56
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.62	2.92	2.93	2.61	2.43	2.26	2.20	2.25	2.22	2.25	2.20	2.23	2.24	2.32	2.43
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.56	0.68	0.68	0.63	0.73	0.70	0.76	0.78	0.83	0.83	0.83	0.72	0.65	0.69	0.68
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.54	0.68	0.64	0.58	0.72	0.67	0.73	0.75	0.74	0.75	0.78	0.69	0.63	0.67	0.67
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.50	0.67	0.61	0.56	0.72	0.62	0.69	0.74	0.72	0.72	0.70	0.65	0.61	0.65	0.63
Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	1.19	1.11	0.98	0.93	0.96	0.96	0.96	0.96	1.20	1.18	1.07	1.03	0.97	1.00	1.01
Belly, Skin-on Belly 14-16#, FOB Plant, USDA	0.72	0.85	1.03	1.28	1.79	1.57	1.47	1.61	1.62	1.63	1.44	1.36	1.36	1.40	1.47
Belly, Derind Belly 9-13#, FOB Plant, USDA	0.81	0.97	1.28	1.71	2.08	1.92	1.97	2.03	2.01	2.02	1.79	1.71	1.69	1.73	1.83
Belly, Derind Belly 13-17#, FOB Plant, USDA	0.79	0.90	1.27	1.64	2.05	1.94	1.94	2.05	1.96	1.97	1.77	1.69	1.67	1.71	1.81
Trim, 42% Trim Combo, FOB Plant, USDA	0.22	0.36	0.45	0.35	0.29	0.32	0.35	0.29	0.28	0.30	0.26	0.22	0.30	0.31	0.35
Trim, 72% Trim Combo, FOB Plant, USDA	0.46	0.67	0.77	0.64	0.49	0.52	0.63	0.58	0.59	0.60	0.56	0.53	0.56	0.60	0.63
<b><u>HOG CARCASS</u></b>															
IA/MN, Base Market Hog 185 lb Carcass Basis, Plant Div.	0.62	0.79	0.77	0.76	0.75	0.69	0.72	0.69	0.67	0.69	0.65	0.66	0.66	0.68	0.72
<b><u>BROILERS</u></b>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	1.05	1.07	1.01	0.91	0.83	0.77	0.75	0.75	0.78	0.76	0.77	0.78	0.79	0.80	0.83
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.54	1.62	1.48	1.40	1.40	1.29	1.19	1.09	1.09	1.10	1.10	1.08	1.16	1.20	1.23
N.E. BROILER BREAST LINE RUN, USDA	1.04	1.10	1.07	1.01	0.91	0.83	0.77	0.78	0.77	0.78	0.78	0.78	0.80	0.81	0.82
N.E. BROILER LEG QUARTERS, USDA	0.34	0.34	0.28	0.26	0.24	0.24	0.23	0.21	0.21	0.22	0.22	0.22	0.23	0.24	0.25
N.E. BROILER WINGS, USDA, WT.AVG.	1.79	1.81	1.84	1.84	1.77	1.67	1.71	1.72	1.76	1.77	1.84	1.91	2.01	1.91	1.73
<b><u>TURKEYS</u></b>															
UB HEN TURKEYS, EAST, FROZEN 10-12LBS	1.09	1.14	1.18	1.24	1.30	1.37	1.40	1.40	1.41	1.40	1.42	1.29	1.18	1.10	1.05
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	3.08	3.74	4.44	5.20	5.64	5.72	5.75	5.80	5.80	5.80	5.55	5.25	4.70	4.10	3.90
<b><u>LIVE STEERS</u></b>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.64	1.61	1.55	1.49	1.49	1.37	1.18	1.26	1.27	1.26	1.36	1.40	1.42	1.43	1.44
<b><u>BEEF</u></b>															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	8.49	8.62	7.79	7.10	7.64	6.96	6.86	6.93	7.10	6.95	7.77	7.41	6.44	6.51	6.85
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.86	2.94	2.96	2.86	2.99	2.51	2.16	2.30	2.26	2.30	2.41	2.61	2.72	2.55	2.70
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	2.38	2.37	2.48	2.46	2.45	2.38	2.10	2.23	2.36	2.32	2.29	2.32	2.51	2.49	2.42
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	7.52	9.03	7.32	5.91	6.39	5.85	5.44	5.45	5.37	5.44	5.38	5.33	5.40	5.50	6.07
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	4.71	4.54	3.99	4.06	4.45	4.35	3.35	3.36	3.65	3.60	3.83	3.79	3.82	3.88	3.98
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	6.92	7.33	5.45	4.83	4.99	4.67	4.11	4.41	4.46	4.40	4.09	4.17	4.46	4.62	5.13
COARSE GROUND 73%, USDA	2.06	2.07	1.96	1.79	1.97	1.80	1.57	1.63	1.64	1.64	1.69	1.72	2.05	1.90	1.90
COARSE GROUND 81%, USDA	2.37	2.32	2.30	2.31	2.35	2.04	1.78	1.99	2.00	1.98	2.02	2.10	2.43	2.27	2.21
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.96	2.97	2.94	2.90	2.82	2.72	2.43	2.32	2.38	2.35	2.38	2.45	2.55	2.60	2.62
50CL BEEF TRIM, FRESH, NATIONAL, USDA	1.15	0.95	0.81	0.66	0.68	0.49	0.37	0.57	0.55	0.50	0.65	0.67	0.72	0.70	0.87

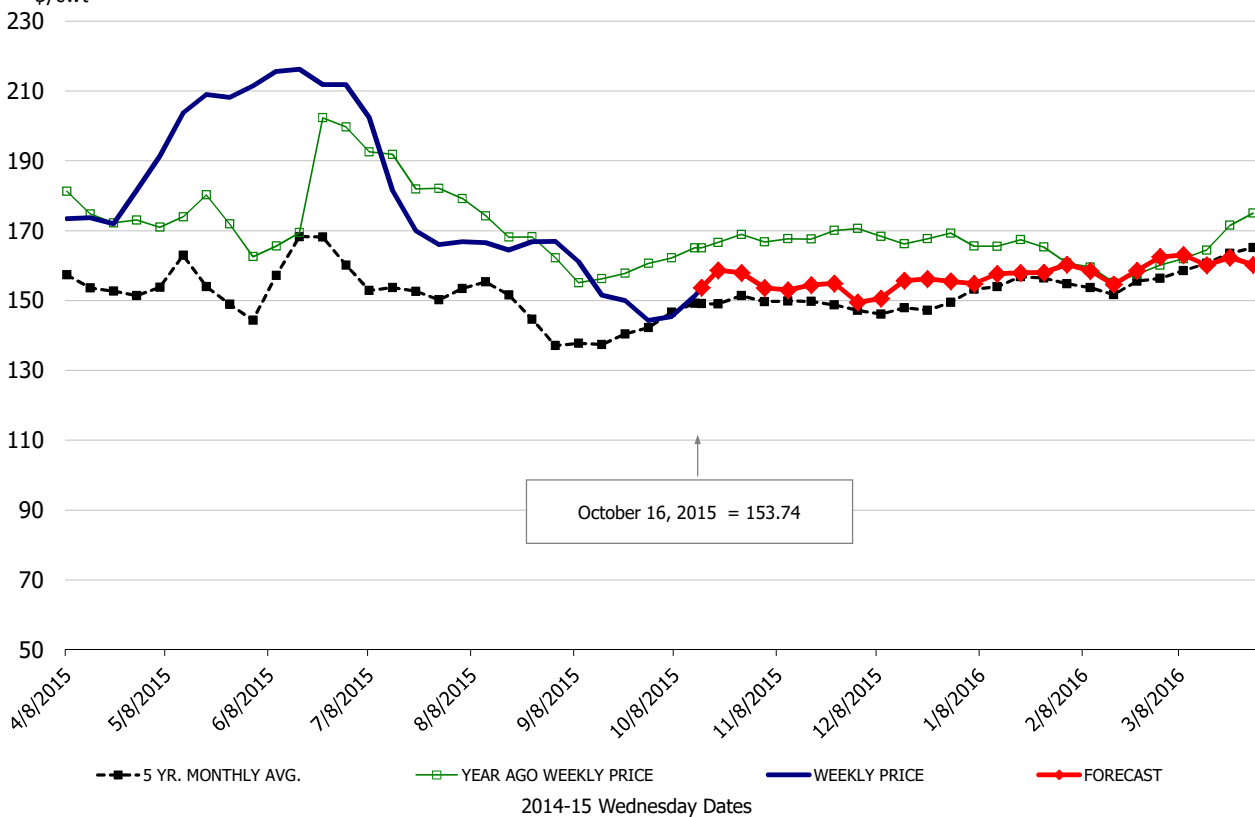
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### Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA



\$/cwt

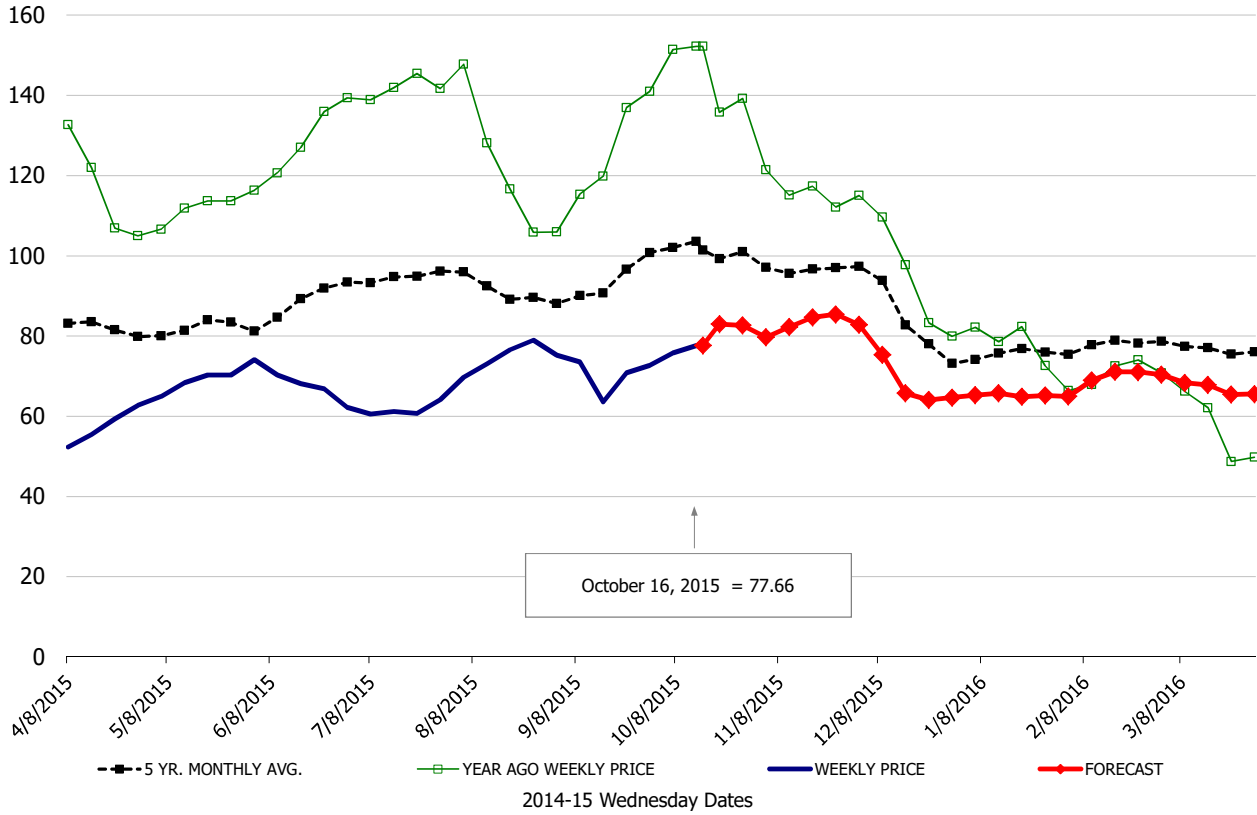
### Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA





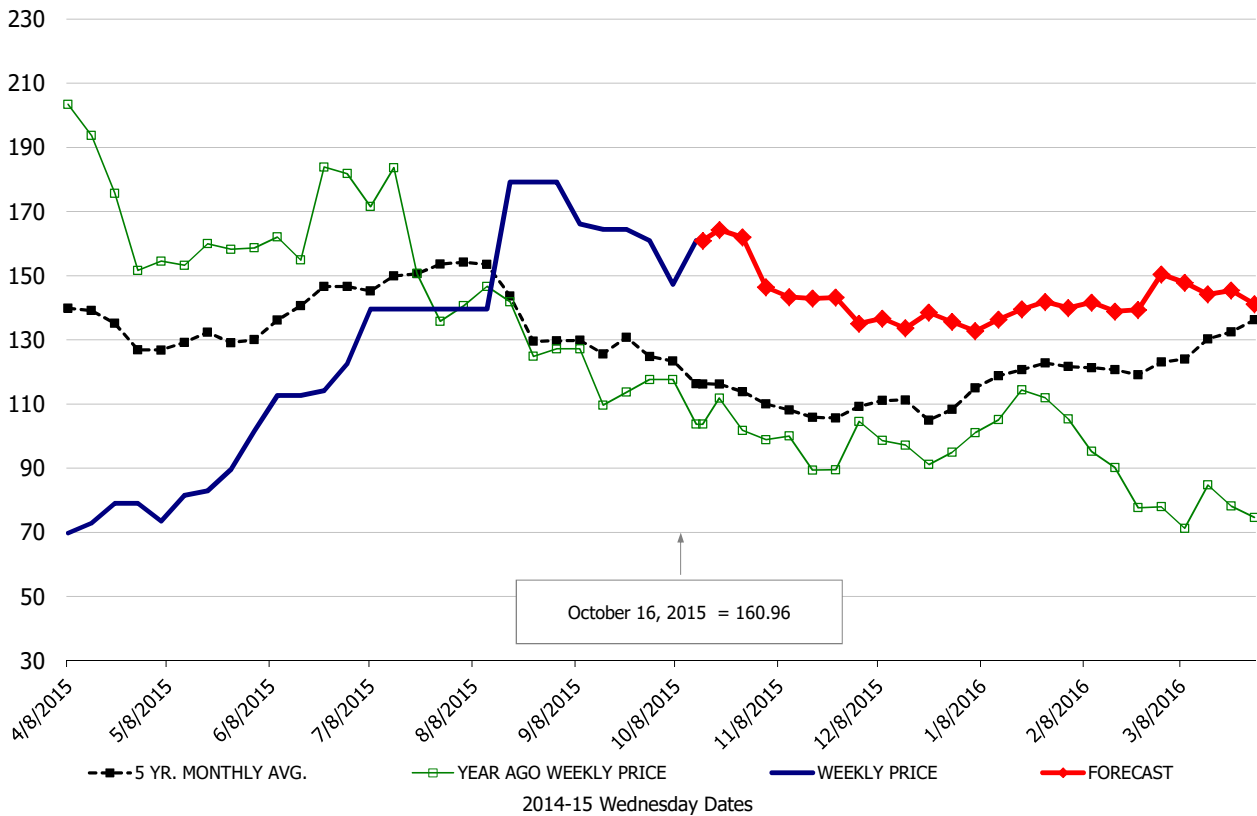
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### Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA



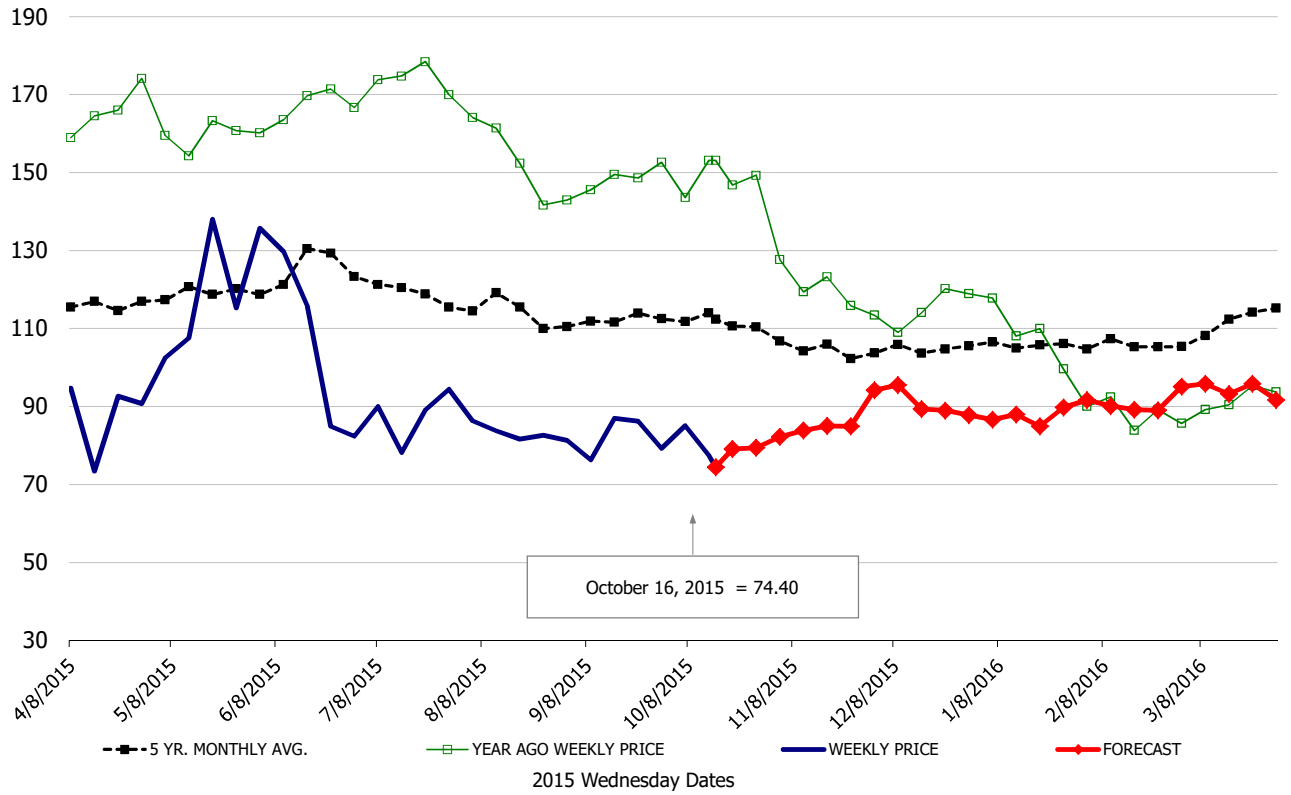
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### Belly, Skin-On Belly 14-16#, FOB Plant, USDA



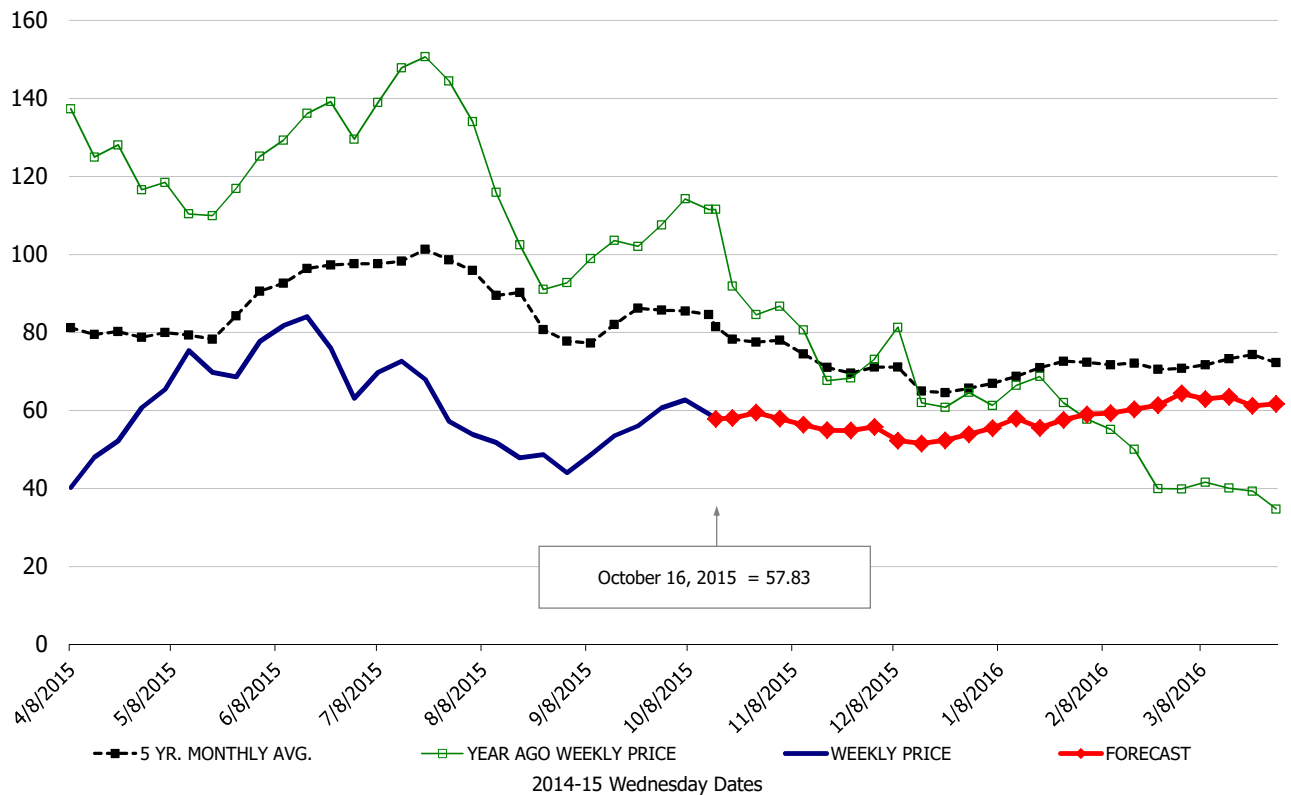
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### Butt, 1/4 Trim Butt Combo, FOB Plant, USDA

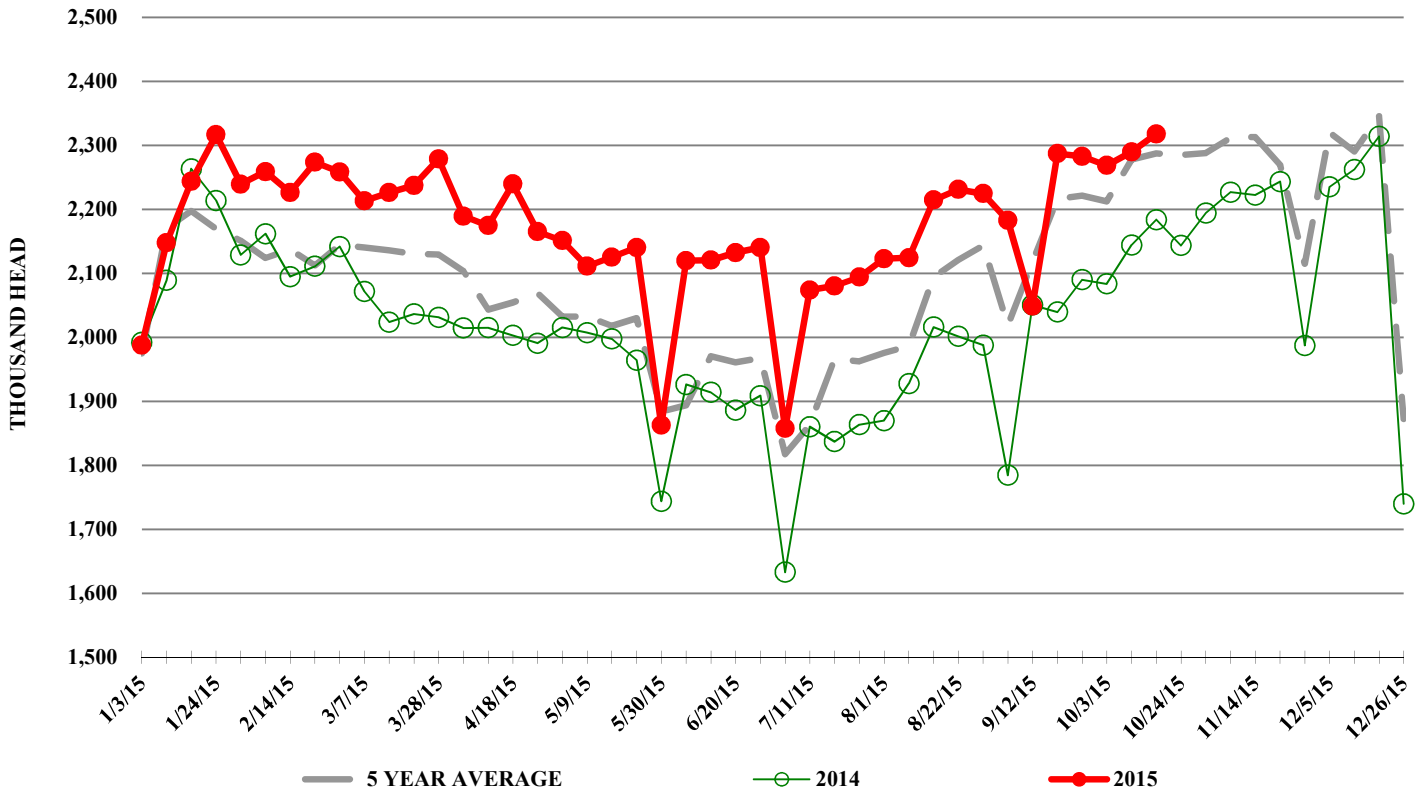


\$/cwt

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



## ESTIMATED WEEKLY FI HOG SLAUGHTER



## ESTIMATED WEEKLY FI PORK PRODUCTION

