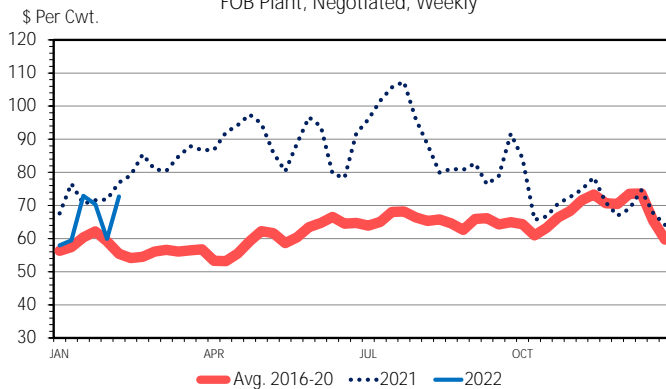


This time of year in 2021 many of the wholesale pork cuts were starting a rally that would largely carry through the summer. “This year is different” might as well be the mantra again this year as the challenges from COVID seem far from over but are not quite the same either.

Using primal values to generalize, the ham primal is below a year ago, something not seen in any of the other pork primals or beef primals at this time. Wholesale hams (Trimmed , 23-27 pounds) are about 45 cents per pound, 21% below the five year average and 39% lower than the same week in 2021. This relative bargain price is an anomaly among historically strong meat case prices.

PORK PRIMAL HAM VALUE
FOB Plant, Negotiated, Weekly



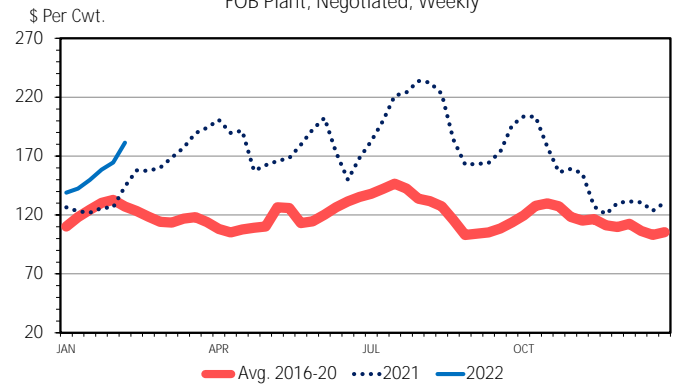
Data Source: USDA-AMS
Livestock Marketing Information Center 02/11/22

Pork rib and picnic primal values are similar to last year’s values. Butt, Belly, and loin primal values look poised to have a strong price profile again this year. The pork belly primal is already outpacing last year’s values and started climbing several weeks ahead of 2021. Loin primal values are already more than \$1 per pound, a value not seen until April in 2021. Butt primal values are 48% higher at this time.

The onset of higher prices earlier this year does not guarantee these primal values will follow a similar pattern. However, based on the hogs and pigs quarterly reports hog supplies are tighter, combined with smaller harvesting flows, is supportive of stronger pork prices in 2022.

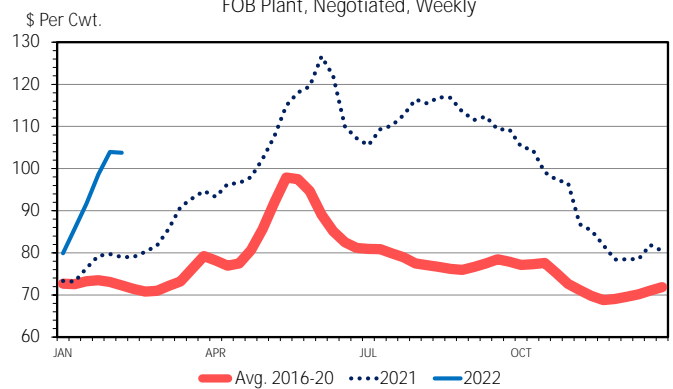
In 2020 and 2021, the supply chain was in turmoil. There was also considerably less ability to forecast demand from HRI (Hotel, Restaurant, Institutional) spaces. This year some of that should be easier. Schools have largely remained in session and dining operations have not had to reduce capacity. It should be easier to know what that space looks like and therefore see less short-term needs landing on the negotiated market. Consumer sentiment and inflation though may provide a new challenge if

PORK PRIMAL BELLY VALUE
FOB Plant, Negotiated, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center 02/11/22

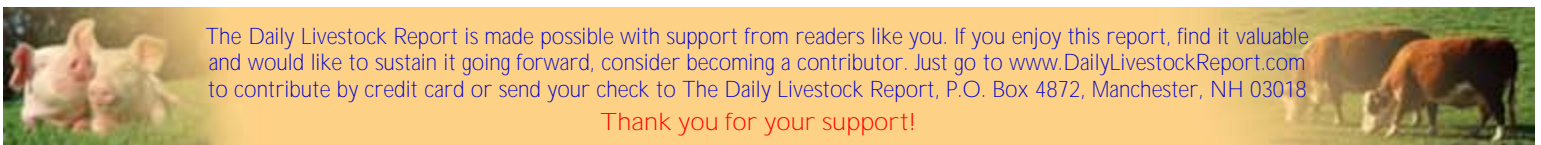
PORK PRIMAL LOIN VALUE
FOB Plant, Negotiated, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center 02/11/22

consumers need to drastically cut back spending. Arguably, dining out has not returned to pre-pandemic levels. In 2019, the U.S. spent on average about \$65 billion per month on food and drinking places according to the monthly retail sales report (not adjusted figures). Contrast that figure with the 2020 average of \$52 billion and 2021’s figure of \$68 billion.

[Food inflation](#) though has played a significant role in increasing the sales dollar figure and doesn't necessarily translate to greater volumes in store. [National Restaurant Association](#) stated only 25% of their surveyed restaurant operators are reporting same-store traffic has returned to pre-pandemic or higher levels.



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The **Daily Livestock Report** is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract’s value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.