

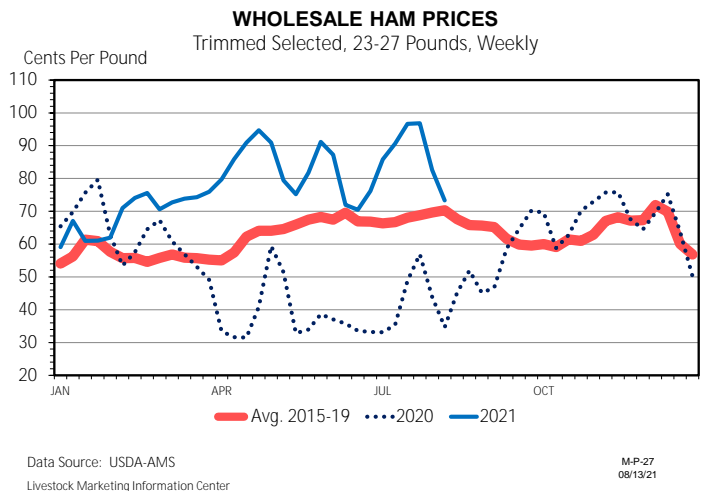
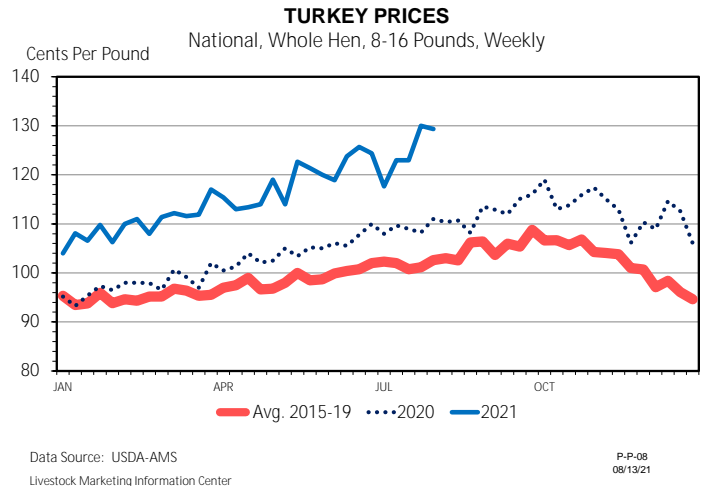
Labor Day is only a couple weeks off which usually represents the threshold for grocers and the meat industry to get hams and turkeys in position for Thanksgiving and Christmas marketing efforts. This year has been a challenge for managers in the meat distribution system and the upcoming holidays will continue these conditions.

The wholesale ham market has been topsy-turvy for most of the year with prices at the end of last week more than double the prices of a year earlier (and this was after a 25% decline from three weeks earlier). Mid-year ham inventories in cold storage were up 6% from a year earlier (bone-in inventories up 18% and boneless down 2%). Data for the end of July will be released by USDA-NASS on Monday. Three months earlier, freezer inventories of ham were 31% less than a year earlier. The swing in ham inventories over a 90 day period should not be that surprising considering that pork production during the spring quarter was up almost 6% from a year earlier and wholesale ham prices were 118% higher during the April-June period, a factor normally discouraging usage.

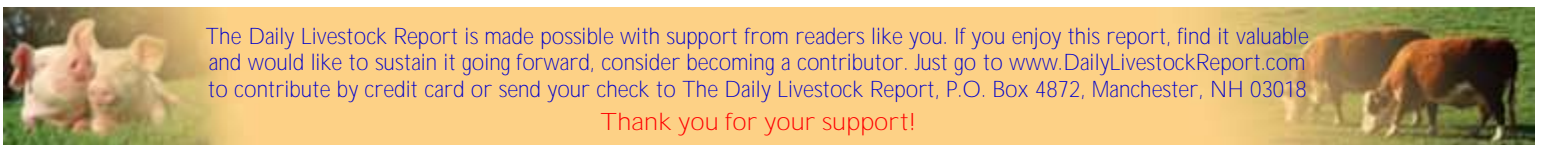
Pork production this quarter is pegged to be down more than 4% from last year by the Livestock Marketing Information Center with upcoming fall quarter production expected to be down nearly 2%. As mentioned above and in the price graph at the right, ham prices are still considerably above a year ago, but the declining trend in pork production should limit any additional accumulation of hams in cold storage relative to a year ago.

Ham price change tendencies between mid-August and the end of September during the last seven years have not shown a clear up or down bias with superficial analysis. Prices were lower in four years and higher in three years. In two years (2014 and 2020), ham prices increased by 38% and 56%, respectively. These were also years when summer quarter consumer pack turkey prices averaged above \$1.00 per pound. The graph in the top right column shows turkey prices this summer on their way to averaging close to \$1.30 per pound.

Turkey market conditions this year favor consumer pack turkey prices reaching record high values in the last quarter of the year. Mid-year turkey inventories in cold storage were down 14% from a year earlier and small sized whole bird inventories were down 25%. In the last week, some turkey processors have sent out alerts to grocery stores that some orders for smaller whole birds may not get filled, regardless of price. In recent years, whole bird prices



have dipped in the last quarter of the year as prices for breast and thigh meat and turkey parts were priced at a discount to whole birds leading to a higher percentage of production being marketed as whole birds late in the year. That is not the case this year, as the value of turkey parts and meat is at a premium to whole bird prices.



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