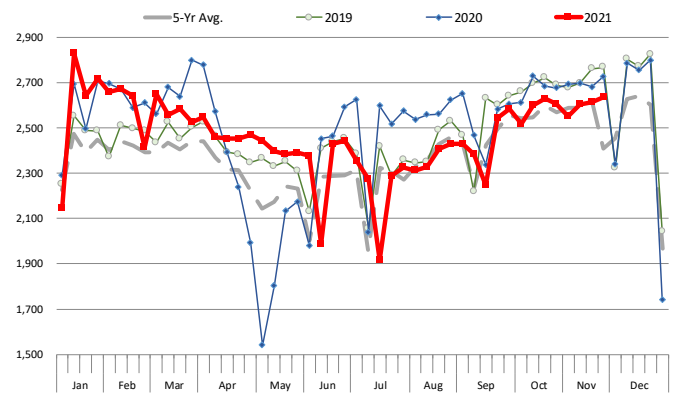


**The pork cutout dropped \$6.2/cwt or 6.6% yesterday from the previous day, with all primals registering steep declines.** The biggest decline was in the value of the ham primal, down almost \$10/cwt or 12% from the Monday close. Belly primal declined \$12/cwt or 8.5% while the loin primal gave up \$3.7/cwt or 4.2%. While these price declines may have come as a surprise considering all the talk of escalating retail price inflation, current price levels are actually very much in line with the downward trend in pork wholesale prices since early October. The thing to always keep in mind is that retail prices will tend to lag the wholesale market. **The big drop is also par for the course for a market that has seen higher than normal daily price volatility.** This is a topic we have discussed previously, a function of the wider than normal spread between bone-in and boneless products and the day to day availability of subprimals in the open market.

More broadly, **market participants need to recognize some of the seasonal factors at play, especially the short term impact of holiday disruptions.** Hog slaughter has a significant seasonal component, with hog supplies usually hitting the annual peak in early December. Hog slaughter last week was estimated at 2.614 million head. While this was 2.5% lower than a year ago and down by more than 5% compared to the same week in 2019, it was still about 180-200k head larger than in late August. **The holiday shortened slaughter next week means that hog producers need to schedule as many hogs as possible for slaughter this week.** While this is usually the case ahead for most holiday shortened weeks, it is especially important this year considering producers are behind in their marketings. The average weight of producer owned barrows and gilts (5-day avg) is currently running at 216.5 pounds (dressed weight). This is 1.6 pounds or 0.8% higher than a year ago and in 2019. Since early October weights of producer owned hogs have increased by 5 pounds, a faster pace than in any of the previous five years for this period. The reason for this is not due to an oversupply of hogs. Rather, it is due to the fact that **packers have struggled to run at full capacity.** In October, Mon-Fri hog slaughter averaged 475,934 head/day, 2.1% lower than in 2020 and 2.4% lower than in 2019. **Saturday slaughter averaged 204,998 head/day, down 18.5% compared to last year and 19.7% lower than in 2019.** As producers pushed to get hogs scheduled in a timely fashion, cash hog values have come under pressure. Cash hog prices in June and July were trading at a 60-70% premium to pre-COVID levels. Yesterday the average cash negotiated price (dressed basis) dropped under \$57/cwt compared to \$59/cwt last year but still higher than in 2018 and 2019. As we look at the trend of individual primals (see page 2), what stands out is the decline in the value of loins and bellies. Gains in the value of these two items contributed to the strength in the cutout earlier this fall but they have been pressured lower recently. It appears to us this is more due to holiday disruptions, filling the meat case with holiday items or scheduling fewer shifts at processing plants. The cutout should once again get a boost from these products in early 2022, as retailers once again fill the meat case with staples and bacon processors start preparing for the demand surge in the spring.

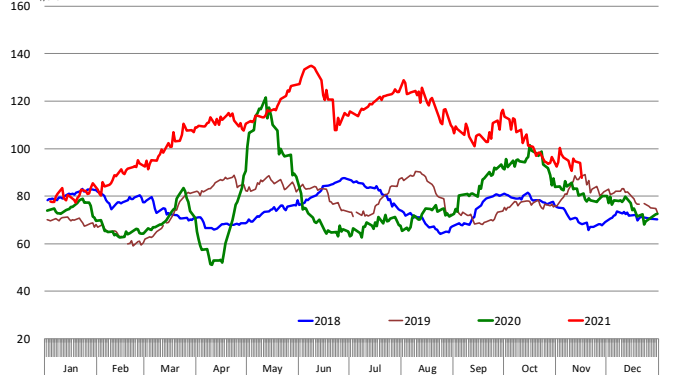
## WEEKLY HOG SLAUGHTER, '000 HEAD

Source: USDA. Analysis by Steiner Consulting



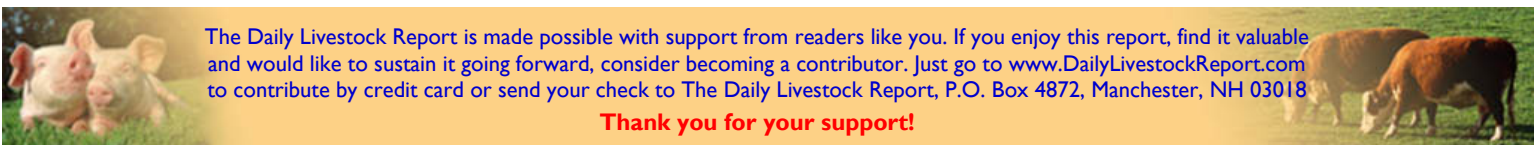
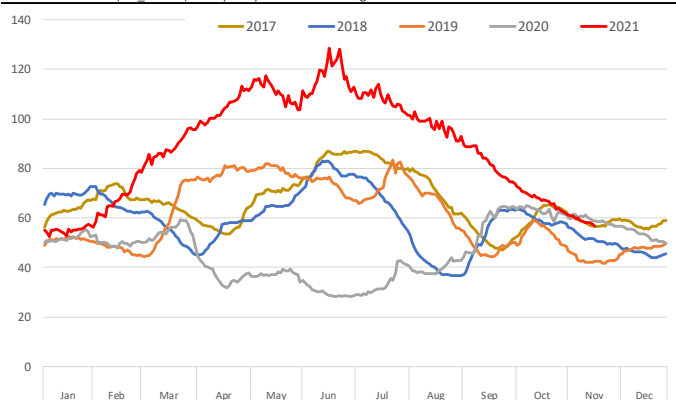
## DAILY OVERALL CUTOUT PORK PRIMAL VALUE

Negotiated Basis, FOB Plant. Source: USDA, Mandatory Price Reporting System. Analysis by Steiner Consulting



## Daily Cash Hog Prices, National Price, Negotiated, \$/cwt

Source: USDA-AMS (LM, HG200). Analysis by Steiner Consulting



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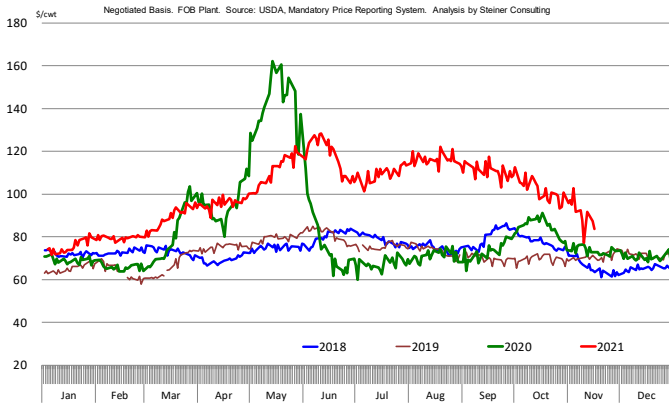
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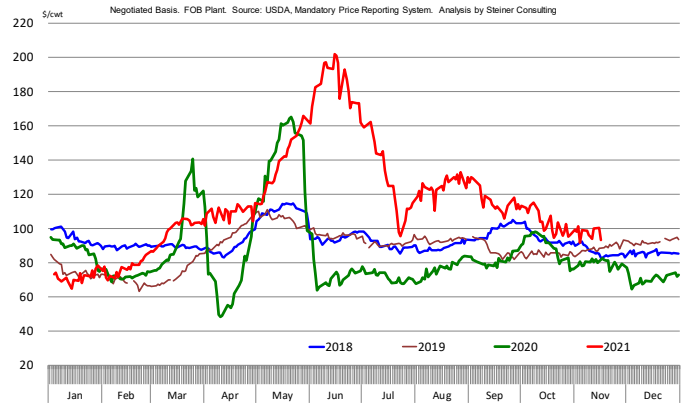
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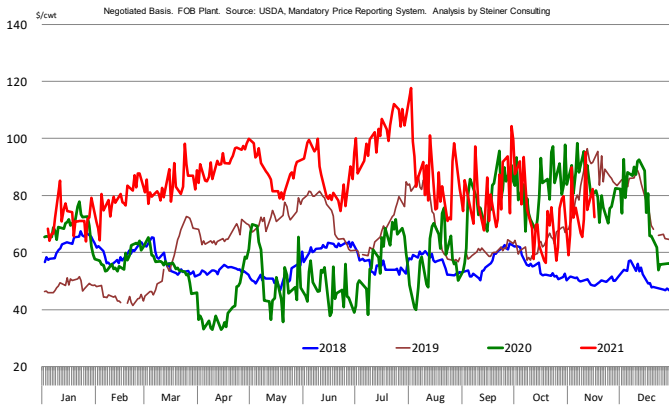
### DAILY LOIN PORK PRIMAL VALUE



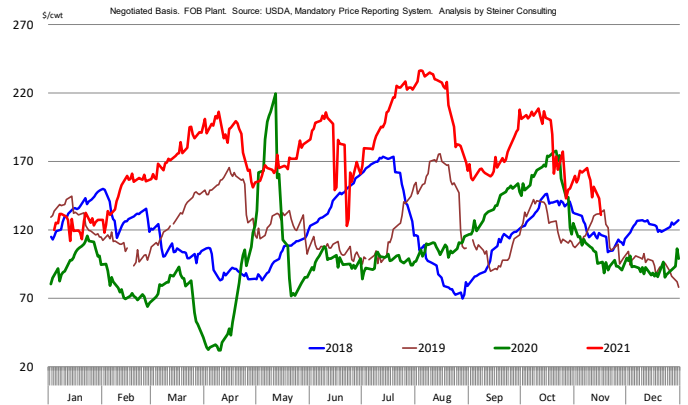
### DAILY BUTT PORK PRIMAL VALUE



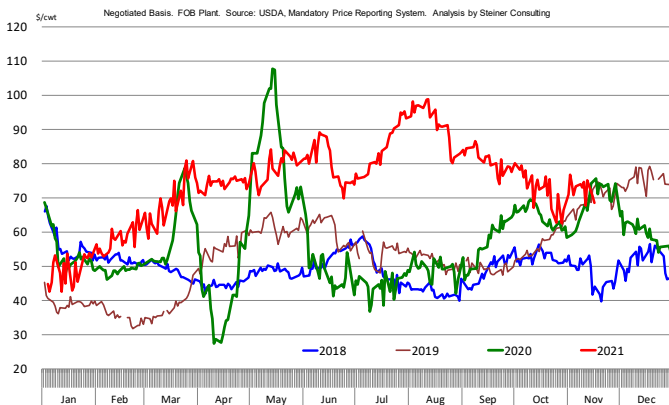
### DAILY HAM PORK PRIMAL VALUE



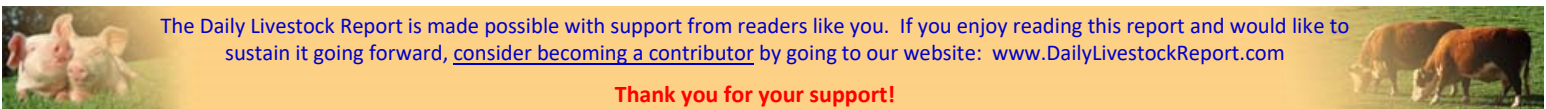
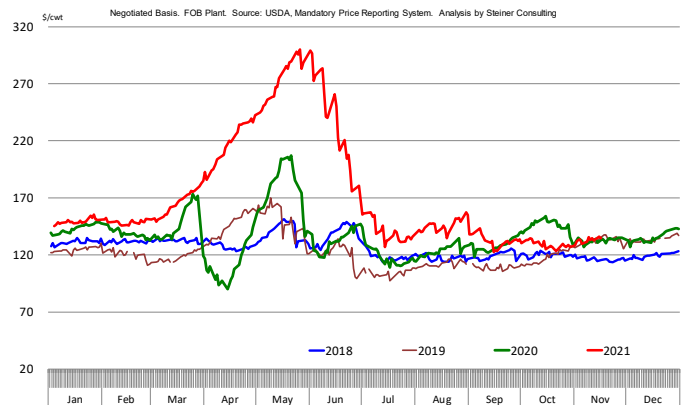
### DAILY BELLY PORK PRIMAL VALUE



### DAILY PIC PORK PRIMAL VALUE



### DAILY RIB PORK PRIMAL VALUE



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