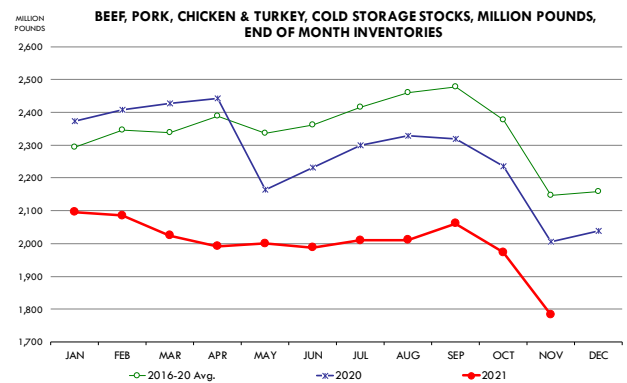
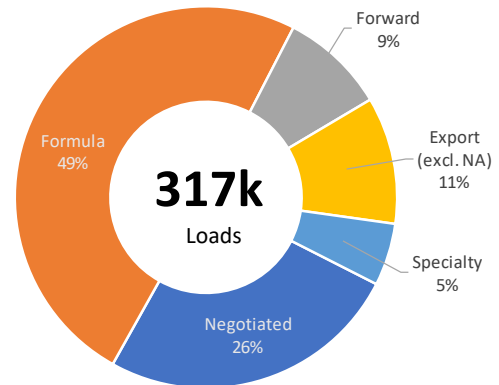


Yesterday we discussed the potential ways in which sales of California Prop 12 compliant pork might be reported by USDA and how that could affect the value of the cutout, now used by many producers to sell their hogs. **We now know how USDA plans to handle this.** Rather than report this information in the formula bucket, which was our guess, the **sale of these products will be included in the weekly report for specialty pork** (LM\_PK650). This is a relatively new report, with the first data going back to August 2019. The attached chart shows the volume of pork sales reported in the MPR system year to date, with specialty pork sales making up about 5% of overall sales. Looking at the latest specialty pork report, the biggest volume was for loins, which makes sense since a large portion of these sales likely went to retail. The price premium of strap off vacuum packed center cut boneless loins vs. the negotiated market was about 12% last week. This does not mean anything as to what CA compliant pork will be worth, just that we can see how these values will change once the additional volume is included in this bucket.

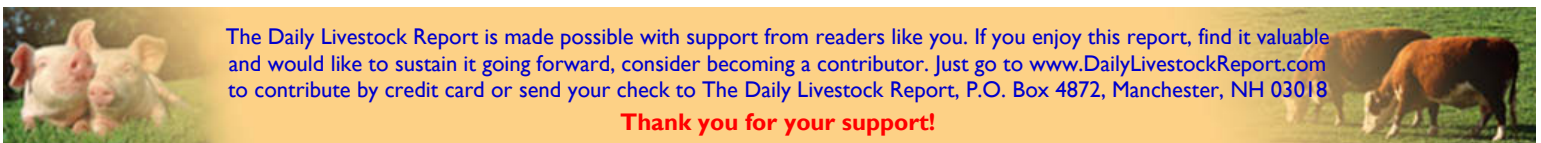
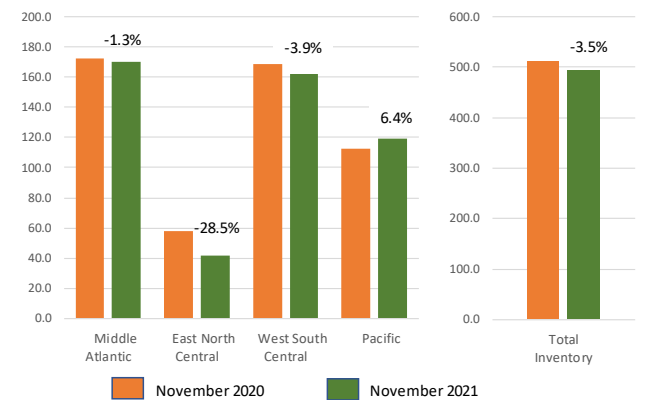
Last week USDA issued its monthly update on the supply of various commodities in cold storage and we provided a recap of key highlights in our report dated 12/23. The report showed that **the total supply of the four main proteins in cold storage at the end of November was 1.783 billion pounds, 11% lower than the previous year and 17% lower than the five year average.** Some of our readers, and people that are involved in the day to day trading of raw commodities, questioned why is it that the inventory is down by double digits and yet they hear that the freezers are full and are turning business away. It is a question that would be best asked to USDA that does the survey, and maybe if they are reading this they will respond with a timely article in one of their many publications (Amber Waves possibly). Our guess on this topic is that it is a combination of hyper regional issues combined with the broader supply chain/labor issues. The monthly cold storage report offers a bit more detail on some regional meat inventories, although even this one is still fairly generalized. For instance, the total beef inventory at the end of November was 18 million pounds or 3.5% lower than the previous year. But inventory in the Pacific region was actually 7.2 million pounds or 6.4% higher than last year while inventory in the East North Central region (see page 2 for a map of USDA Cold Storage Regions) was 16.5 million pounds or 28.5% lower than a year ago. And the Pacific region includes warehouses throughout that area. If you normally work with warehouses that are located near ports, because maybe you import or export product, then you are probably finding that those warehouses are full due to delays in clearing product, finding transportation and labor issues. But then other warehouses further afield may not have as much business. **When you are in a traffic jam, everyone around you has stopped but 20 miles up the highway there's only a few cars running around.** So that's our guess on this but welcome any feedback that you may have, please drop us a note at [info@dailylivestockreport.com](mailto:info@dailylivestockreport.com) if you wish. Tomorrow we will issue our last report for the year. Let's hope 2022 is a healthier and more prosperous time for us all.

2021 Volume of Pork in the Various USDA Price Reporting Buckets  
Source: USDA-AMS. Analysis by Steiner Consulting



Beef Inventory by Region and Total Inventory. Mil. Lb.

Data source: USDA-NASS. Analysis by Steiner Consulting



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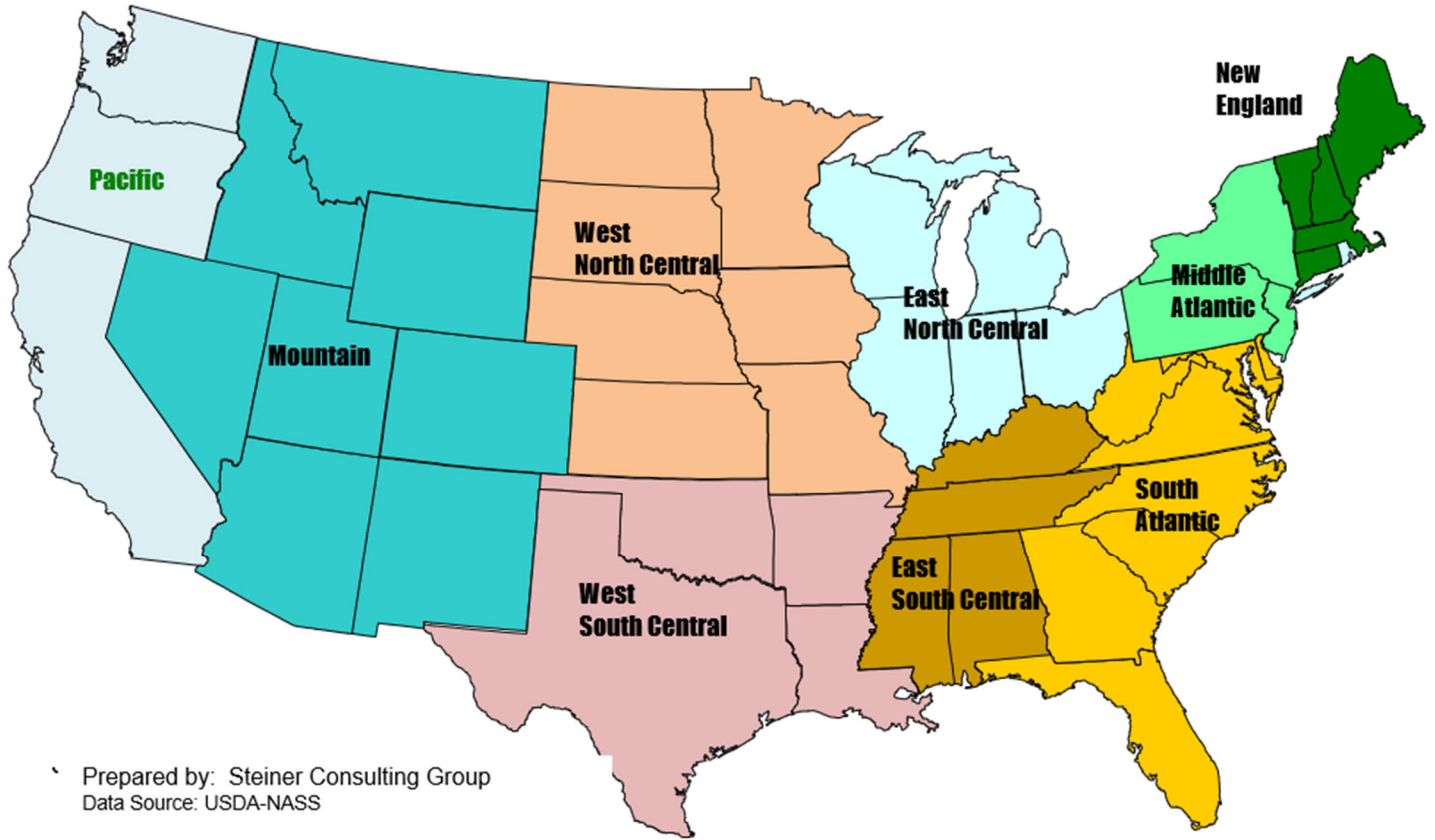
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## USDA Cold Storage Regions



Prepared by: Steiner Consulting Group  
Data Source: USDA-NASS

