

## COMMODITY UPDATES

### Meat Market Minute – March 2023

Data courtesy of Smithfield

- The USDA pork carcass cutout moved counter seasonally lower this week led by bone-in hams and bellies. For week ending 3/24, the cutout averaged \$81/cwt, down \$5/cwt from week prior, and down \$26/cwt from last year. Specifically looking at bone-in hams, the weekly average was \$72/cwt, down \$10/cwt from last week, but still up \$12/cwt from last year. The belly primal, however, is 56% lower than last year at \$85/cwt. As harvest levels decrease into the summer, ham and belly supplies will also decline which could lend support to both.
- Over the past 4 weeks ending 3/25, hog slaughter is up 2.6% YoY while YTD slaughter is up 1.6%. While some impact can be attributed to the late winter storm in 2022, harvest levels continue to outpace the harvest levels implied by the USDA December Hogs & Pigs Report. Next Thursday, the USDA will release the March 1st Hogs & Pigs Report which will likely have revisions to the current pig crop. This report will also give insight into what summer harvest levels could look like, as well as any expansion or contraction in the breeding herd.
- Pork in cold storage at the end of February totaled 521 million lbs, up 9% from last year. Frozen belly stocks increased 1 million lbs from January to 71 million lbs, still 23 million lbs above the 2018-22 average. Frozen rib stocks were steady with month prior at 116 million lbs, while hams increased 6 million lbs to 85 million lbs. Frozen beef supplies were the smallest since November 2021 at 500 million lbs, down 34 million lbs from January. Chicken in cold storage totaled 863 million lbs, a small decrease from January, but 10% more than last February.
- The March 1st Cattle on Feed Report was in line with pre-report estimates at 11.65 million head, down 4.5% YoY. This was a counter seasonal drop, and the smallest number for the month of March since 2017. February cattle placed in feedlots totaled 1.73 million head, down 7.2% YoY. The USDA increased 2023 beef production in the March WASDE, but still expect a 5.7% decline YoY. Cattle slaughter in the 4 weeks ending 3/24/23 is estimated to be down 2.9% YoY. Beef supplies will remain tight due to the liquidation that occurred over the past couple years.
- With Spring officially upon us, grain markets are gearing up for US crop plantings. The market will be watching the USDA Prospective Plantings report closely next Friday 3/31 as this will give the trade their first glimpse of US crop acreage expectations for the 2023 season. Large acreage of both corn and soybeans will be needed to bring relief to livestock feeders who have seen depressed margins from high input prices in 2022/23. Additionally, the industry is keeping close tabs on the export market as China has been a sizeable buyer of US corn over the last few weeks.