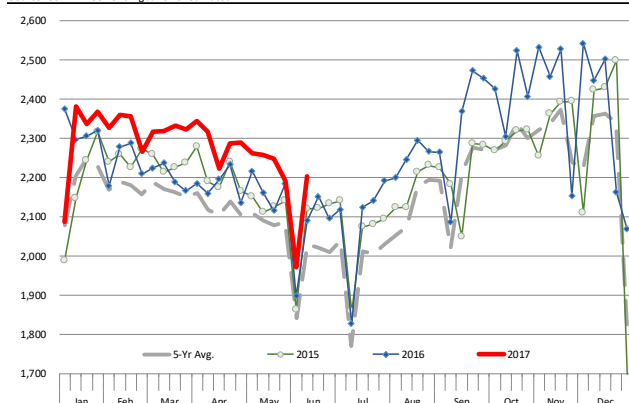


USDA is preparing to make some enhancements to Livestock Mandatory Price (LMR) reporting for pork. Next week AMS has organized a conference call to review these enhancements ([for details follow this link](#)). One enhancement that will come into effect today is that National Weekly Negotiated Sales will be reported on Friday rather than Monday. Some market participants use this information in their formula prices for pork. For those interested in tracking weekly pork prices relative to the previous week and year, on page 2 we have included a pork price summary that is published each week by the National Pork Board. This report now comes out on Wednesday but may be published earlier thanks to the new USDA reporting time.

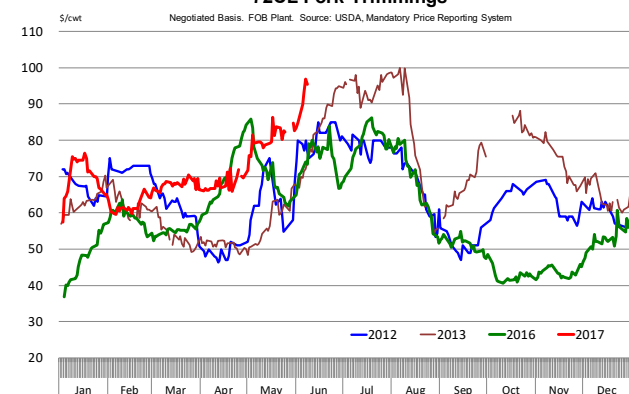
And since we are talking about pork, a couple of points worth noting about the current market. **The pork cutout continues to track higher thanks to robust prices for bellies as well as escalating values for both fat and lean pork trimmings.** A few days ago we highlighted the relationship between 50CL beef and 72CL pork trim and the fact that so far in Q2 2017 the value of 72CL pork trim has been well under trend. That seems to be changing however, in part because the price of 50CL beef is coming down but also because 72CL trim values have escalated in recent days. **Last night USDA quoted the value of 72CL pork trim at \$95.35/cwt, 22% higher than a year ago.** Fat pork trim (42CL) values also have increased sharply as well and now at \$54/cwt compared to the low 30s in early May. The increase in the value of trim has a two fold effect. It increases trim credit values for different parts of the carcass but it also sets a floor under the price of some muscle cuts, particularly hams. Currently large bone-in hams are trading in the low 60s but given the value of trim it's just a matter of time before you can take some of those hams and throw them in the grinder. Pork trim prices have certainly benefited from the high price of beef trimmings but they also speak to robust demand for processed pork products at retail (be this bacon, hot dogs or sliced meats). It is interesting to see in the latest USDA pork retail report that processed pork items far outpace other pork items in terms of retail feature activity. US consumers over the years may have had trouble spending money on ground pork. But take that ground pork, mix it with spices and shape it in a long tube and suddenly people cannot have enough of it. As \$2 chicken wings and \$200 50CL beef can attest, the consumer is voting with their dollars for flavor. The value of the pork loin primal, which is about a quarter of the carcass, may have not followed the same trajectory as pork trim but generally prices move higher in June and this year is no different. In the past the value of loins has peaked in late June and this year may do the same. For now, robust prices for loins, trim and bellies have been enough to propel the pork cutout higher, in turn supporting higher cash hog prices. In the short term market participants will pay close attention to reports of hot weather in Iowa and the impact this may have on hog weights. **Already barrow and gilt weights (based on mandatory price reports) are running 1.5% under year ago levels.** As we noted in a report earlier in the week, weights of packer owned hogs, have declined even more as packers look to maximize margins. That trend has only escalated in the last few days and packer hog weights are now down 2.7% compared to the same period a year ago.

WEEKLY HOG SLAUGHTER, '000 HEAD

Source: USDA, Week ending June 10 Estimated.

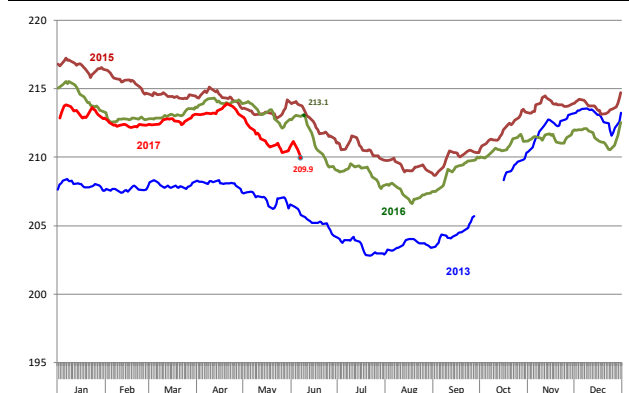


72CL Pork Trimmings



Dressed Carcass Weights, 5-day Moving Average, All MPR Barrows & Gilts

Based on Daily MPR Report, LM, HG201. Last data point is for June 7, 2017



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Wholesale Pork Pricing Chart - USDA Prices for Pork Sub-primals

Weekly Wt. Average, USDA Weekly National Pork Report FOB Plant - Negotiated Sales (LM_PK610)¹

Price Increase vs. Wk/Yr Ago

Price Decrease vs. Wk/Yr Ago

Average for Week Ending: **June 2, 2017**

BUTT Primal, Various Styles: 10% of carcass

Description	Last Wk. 2-Jun-17	Prev. Wk. 26-May-17	W/W % ch.	Year Ago 3-Jun-16	Y/Y % ch.
1/4 Trim Butt VAC	1.27	1.26	↑ 1%	1.18	↑ 7%
1/8 Trim Steak Ready Butt Vac	1.44	1.42	↑ 1%	1.35	↑ 6%
1/4 Trim Bnls Butt VAC	1.44	1.40	↑ 3%	1.37	↑ 5%

LOIN Primal, Various Styles: 25% of Carcass

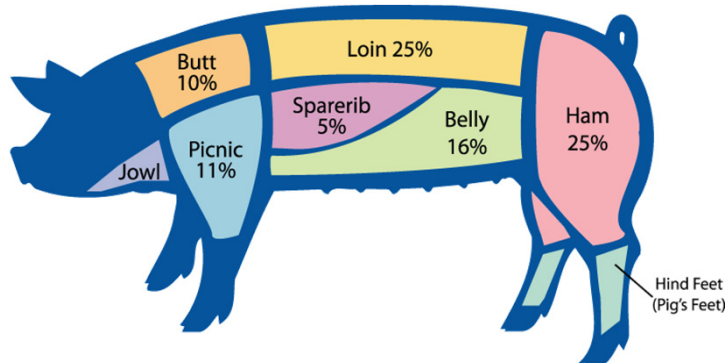
Description	Last Wk. 2-Jun-17	Prev. Wk. 26-May-17	W/W % ch.	Year Ago 3-Jun-16	Y/Y % ch.
1/4 Trimmed Loin VAC	1.17	1.12	↑ 4%	1.27	↓ -8%
1/8 Trimmed Loin VAC	1.20	1.17	↑ 3%	1.30	↓ -8%
Bnls CC Strap-on	1.37	1.36	↑ 1%	1.44	↓ -5%
Bnls CC Strap-off	1.52	1.52	↓ 0%	1.57	↓ -3%
Boneless Sirloin	1.13	1.09	↑ 4%	1.11	↑ 2%
Bone-in Sirloin	0.85	0.80	↑ 6%	0.87	↓ -3%
Tenderloin	2.17	2.14	↑ 1%	2.79	↓ -22%
Backribs 2.0#/up	2.32	2.37	↓ -2%	2.92	↓ -20%

HAM Primal, Various Styles: 25% of carcass

Description	Last Wk. 2-Jun-17	Prev. Wk. 26-May-17	W/W % ch.	Year Ago 3-Jun-16	Y/Y % ch.
17-20# Trmd Selected Ham	0.70	0.70	↓ 0%	0.68	↑ 2%
20-23# Trmd Selected Ham	0.69	0.70	↓ -2%	0.68	↑ 1%
23-27# Trmd Selected Ham	0.66	0.69	↓ -4%	0.68	↓ -2%
4 Muscle Ham to Blue	1.28	1.21	↑ 6%	1.24	↑ 3%
Insides	1.22	1.22	↓ 0%	1.12	↑ 8%
Outsides	1.20	1.21	↓ -1%	1.12	↑ 8%
Knuckles	1.18	1.18	↓ -1%	1.10	↑ 7%
Outer Shank	1.00	0.99	↑ 2%	0.81	↑ 23%

Note:

Primal yields include trim, fat, skin, bone, shrink. Total yields do not calculate to 100% due to other products derived from carcass (jowl, neckbones, tail, feet, cutting loss). Trim yield is approximate due to various styles of cutting primals.



Description	Last Wk. 2-Jun-17	Prev. Wk. 26-May-17	w/w % ch.	Year Ago 3-Jun-16	Y/Y % ch.
Pork Cutout	0.91	0.90	↑ 1%	0.86	↑ 6%

PICNIC Primal, Various Styles: 11% of carcass

Description	Last Wk. 2-Jun-17	Prev. Wk. 26-May-17	W/W % ch.	Year Ago 3-Jun-16	Y/Y % ch.
SS Smoker Trim Picnic VAC	0.79	0.79	↓ 0%	0.73	↑ 8%
RS Smoker Trim Picnic Combo	0.70	0.69	↑ 0%	0.59	↑ 17%
Picnic Cushion Meat Vac	1.07	1.07	↓ 0%	1.03	↑ 4%
SS Smoker Trim Picnic 1 Pc Vac	0.91	0.87	↑ 4%	0.89	↑ 2%

BELLY Primal, Various Styles: 16% of carcass

Description	Last Wk. 2-Jun-17	Prev. Wk. 26-May-17	W/W % ch.	Year Ago 3-Jun-16	Y/Y % ch.
Derind Belly 9-13#	1.82	1.77	↑ 3%	1.37	↑ 33%
Derind Belly 13-17#	1.80	1.74	↑ 3%	1.34	↑ 34%
Derind Belly 17-19#	1.75	1.68	↑ 4%	1.26	↑ 39%
Skin-on Belly 12-14#	1.53	1.54	↓ 0%	1.23	↑ 24%
Skin-on Belly 14-16#	1.55	1.56	↓ 0%	1.13	↑ 37%

TRIM from various primals: 10-30% of carcass

Description	Last Wk. 2-Jun-17	Prev. Wk. 26-May-17	W/W % ch.	Year Ago 3-Jun-16	Y/Y % ch.
42% Trim Combo	0.48	0.42	↑ 15%	0.41	↑ 18%
72% Trim Combo	0.84	0.82	↑ 2%	0.68	↑ 23%
72% Trim Boxed, FZN	0.91	0.88	↑ 3%	0.73	↑ 25%
Picnic Meat Combo Cushion Out	0.87	0.85	↑ 2%	0.78	↑ 11%
Trim w/Trace Combo	0.28	0.26	↑ 4%	0.34	↓ -19%

SPARERIBS Primal, Various Styles: 5% of carcass

Description	Last Wk. 2-Jun-17	Prev. Wk. 26-May-17	W/W % ch.	Year Ago 3-Jun-16	Y/Y % ch.
Trmd Sparerib - LGT	1.57	1.55	↑ 1%	1.70	↓ -7%
Trmd Sparerib - MED	1.59	1.57	↑ 1%	1.64	↓ -3%
St Louis Spareribs, VAC	2.22	2.14	↑ 4%	2.49	↓ -11%
BBQ Style Spareribs, VAC	1.80	1.80	↑ 0%	1.95	↓ -8%



Funded by the Pork Checkoff

1. Prior to April 2013, prices from the voluntary report were used (USDA Weekly National Carlot Meat Report).
 *A number of new items have been added to this report, some of which were not available in the voluntary report.

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