

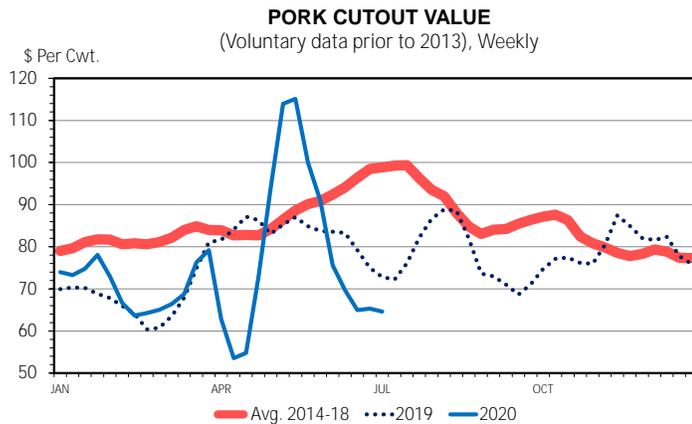
In mid-May, the pork cutout value peaked at \$115.12 per cwt, the highest value since October 2014. Over the next seven weeks, the cutout value has precipitously dropped 43.9% to \$64.60 per cwt last week, easily below last year and seasonal levels. Pork primal values saw similar increases in value during mid-May as supplies became limited due to outbreaks of COVID-19 in slaughter facilities. Since these peaks, a similar moderation in prices has occurred for most pork primal values.

Wholesale ham prices (trimmed selected, 23-27 pounds) have been under pressure for most of this year, but prices did spike in mid-May to \$0.59 per pound but quickly fell back to the mid-\$0.30 per pound range. Mexico typically is a large purchaser of U.S. hams, but monthly trade data has been showing a slower pace of pork shipments to the market which has likely been constrained by unfavorable exchange rates. Lower pork shipments to Mexico has possibly contributed to the slide in ham prices.

Wholesale pork loin prices (1/4 inch trim, vacuum sealed) have mostly been above last year. At the start of 2020 loin prices were in the \$0.80 per pound range, then as the events surrounding COVID-19 started to unfold, prices rose substantially. In May, loin prices averaged around \$2.00 per pound each week with a peak of \$2.13 per pound in early May. But just as quickly as prices jumped, they have fallen, and the last four weeks prices are easily below the prior year's levels. The most recent week was \$0.73 per pound, which is down 21.6% from last year and 39.2% below the five-year average.

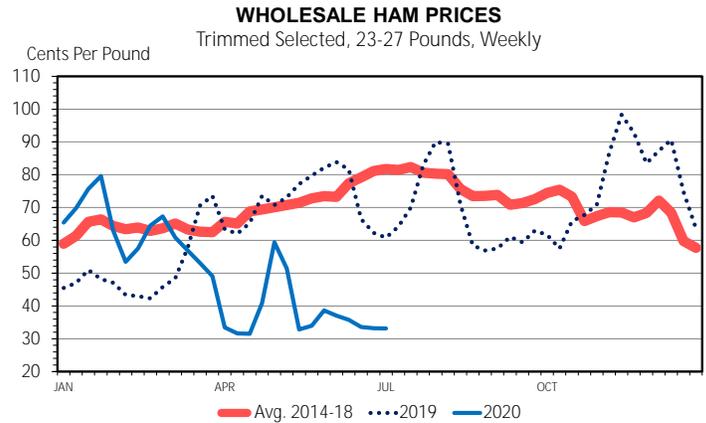
Wholesale Pork Belly prices (skin-on, 12-14 pounds) have seen substantial swings in value this year bottoming at \$0.44 per pound in mid-April. Just four weeks later, belly prices surged to \$1.94 per pound, a more than four-fold increase. Belly prices have since weakened 42.6% to \$1.11 per pound the first week of July which is just below the same week in 2019.

Fresh 72% lean pork trimmings have also had tumultuous prices,



Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

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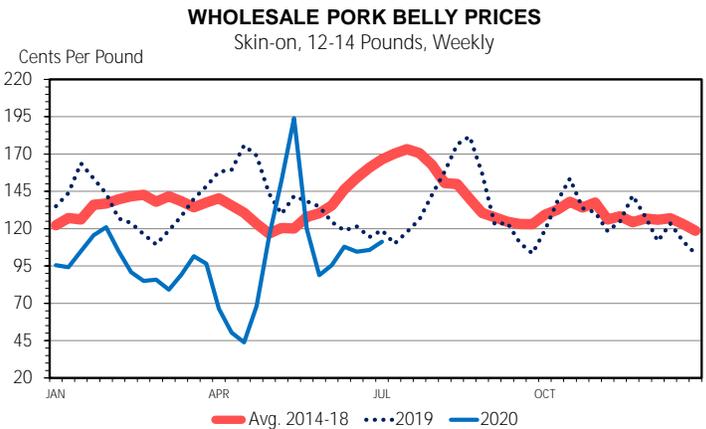


Data Source: USDA-AMS
Livestock Marketing Information Center

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07/06/20

dipping as low as \$0.35 per pound to a high of \$1.39 per pound, and have come back down. In addition to supply constraints, COVID-19 eating patterns showed preferences to comfort foods, such as ground products, hot dogs and sausages. There is evidence that consumers may be shifting away from those trends.

Wholesale pork prices and cutout values are expected to remain under pressure as June 1 Hogs and Pigs report showed a 5.8% increase in market hog supplies in the second half of 2020. Domestic demand will still be heavily reliant on the retail sector as many states have stalled re-opening. Exports have been tremendous, but so far that has not boosted wholesale prices.



Data Source: USDA-AMS
Livestock Marketing Information Center

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