

The background of the slide is a collage of agricultural images. On the left, there is a close-up, slightly blurred image of a pig's face, showing its eyes and snout. On the right, there are two images: the top one shows a field of tall, green corn plants with yellow tassels, and the bottom one shows a field of green soybean plants with a dark barn in the distance under a clear sky.

# NPPC Fall Pork Alliance Meeting

October 25, 2023

507.449.2030 • [www.professionalagmarketing.com](http://www.professionalagmarketing.com)



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## Offices:

- Luverne, MN
- Sheldon, IA
- Mechanicsville, IA
- Fairmont, MN

Nation Wide Customer Base:

Our Team:





## Our Brand

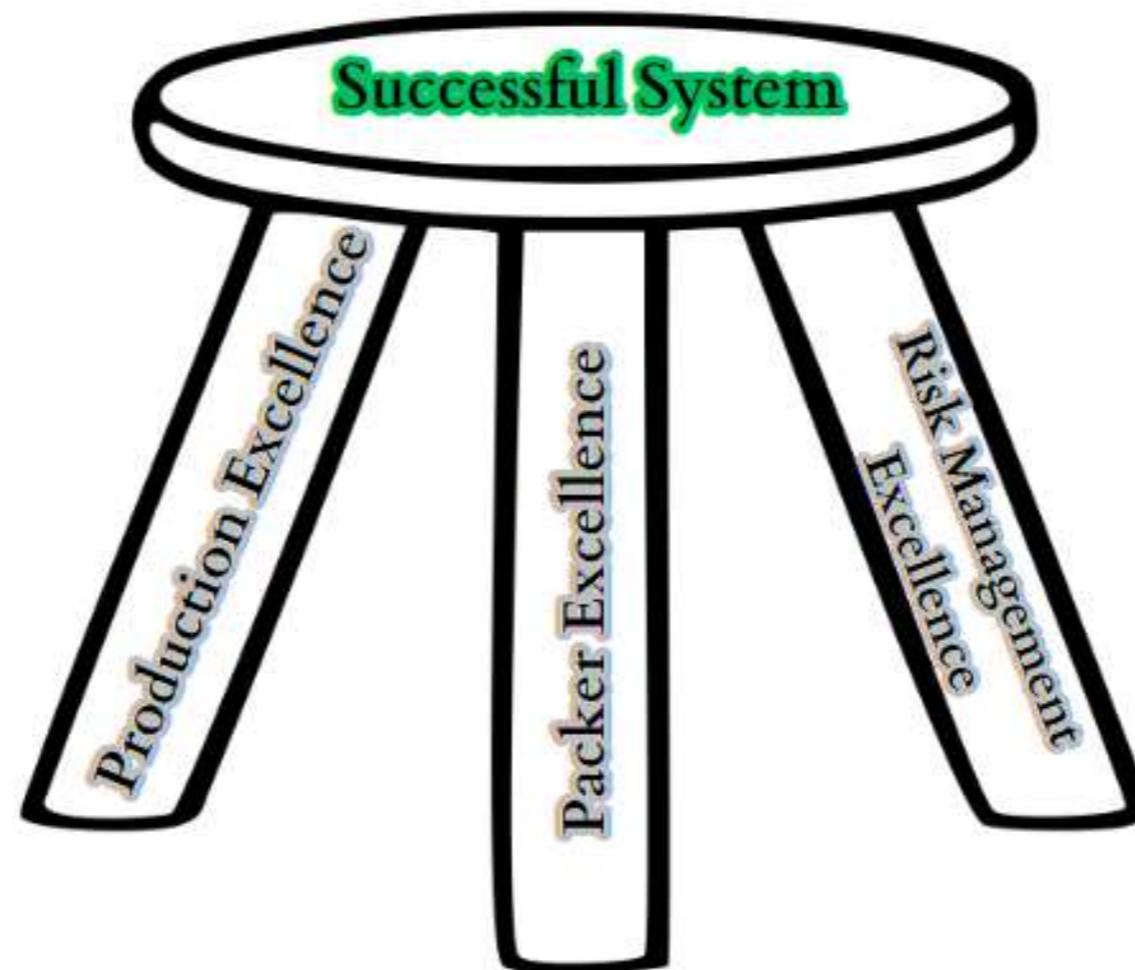
Professional Ag Marketing honors the rich agricultural heritage of our country. A creative, dynamic partnership with Professional Ag Marketing helps producers make informed and deliberative decisions.

With market insight, experience, education and access to the most current information and models, Professional Ag Marketing will develop a marketing strategy to manage and minimize risk, designed specifically for your unique operation.

Our team of experts, with expertise of agricultural production and the supply chain, put their knowledge to work developing adaptive, innovative and successful strategies for our clients.

# PORK PRODUCTION EXCELLENCE

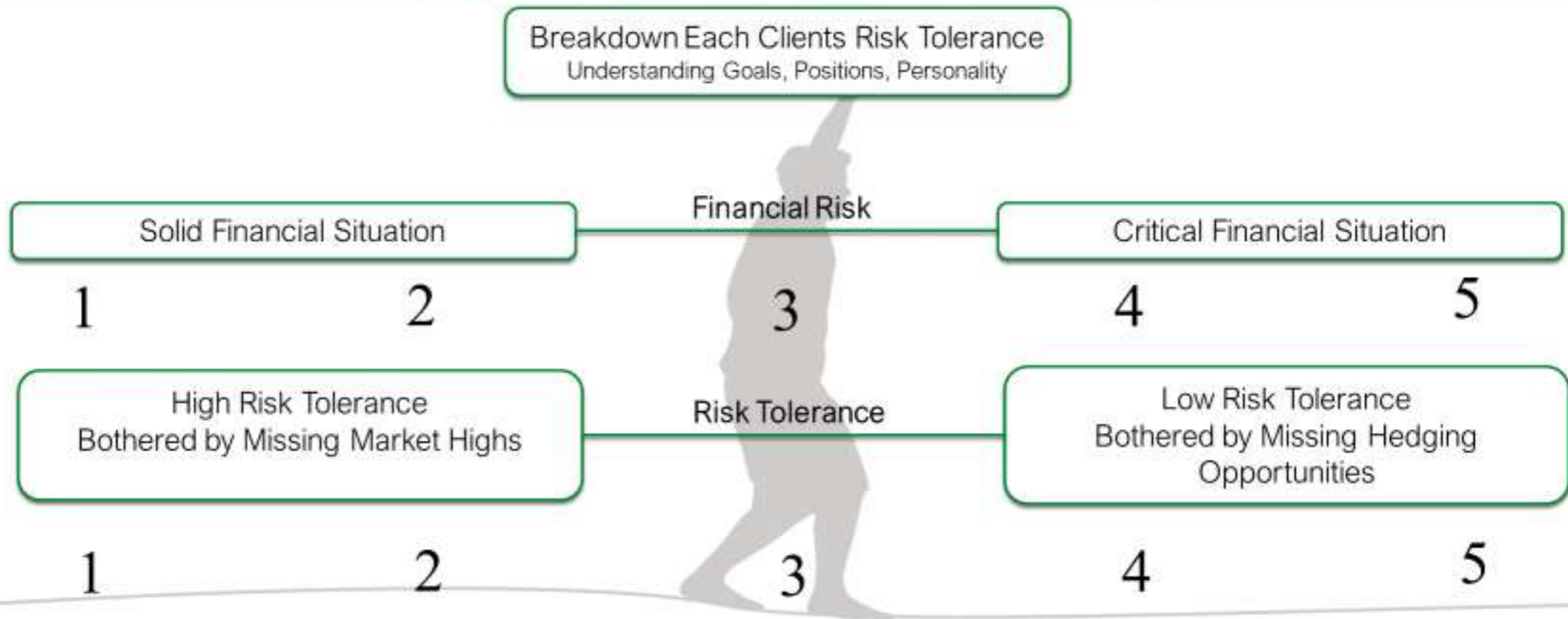
## "IT'S LIKE A 3-LEGGED STOOL"



**EACH LEG IS CRITICAL TO SUCCESS!**

# Managing Your Risk Should Not Feel Like Walking a Tight Rope

We are committed to designing strategies balancing our clients growth goals while assessing each individuals risk tolerance.



What are we going to do.

Determine objectives for your business:

- What is the right target?
- Study the cycles (Revenue & Inputs)
- Global Conditions
- Economic Situation



targeted margin from \$16 to \$12  
 ▲  
 targeted margin from \$12 to \$10  
 ▲  
 targeted margin from \$10 to \$15  
 ▲

Adjusted Fixed Cost

\$94	\$96	\$102	\$106
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# Professional Ag Marketing Resources:





# Weekly Slaughter

## Hog Slaughter

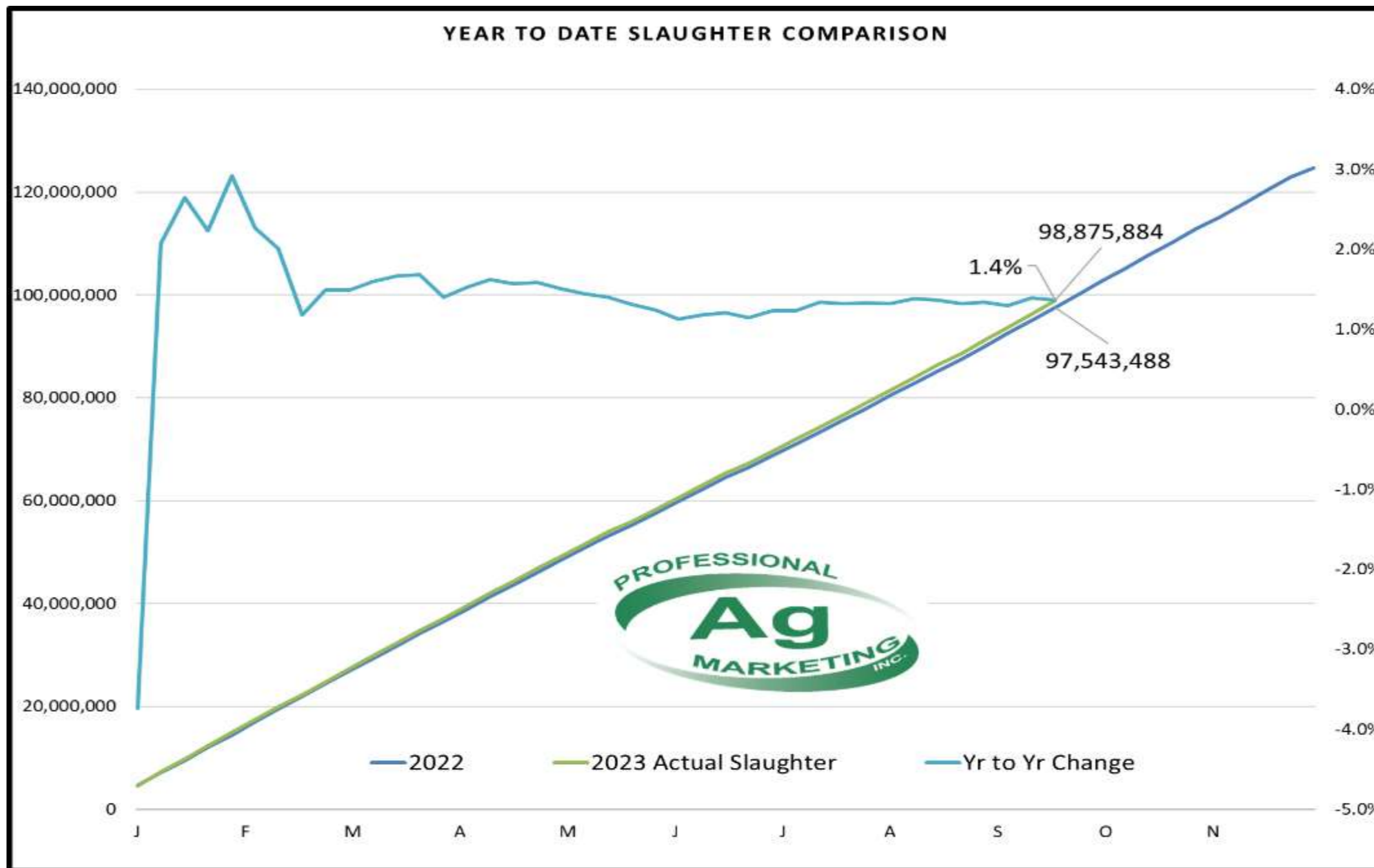


5 Year Average    Projected Baseline    2021    2022    2023



Week of 10/21/2023:      Estimated Slaughter:    2,610,000  
   Prior Week:                    2,609,000

# Year to Date Slaughter Comparison

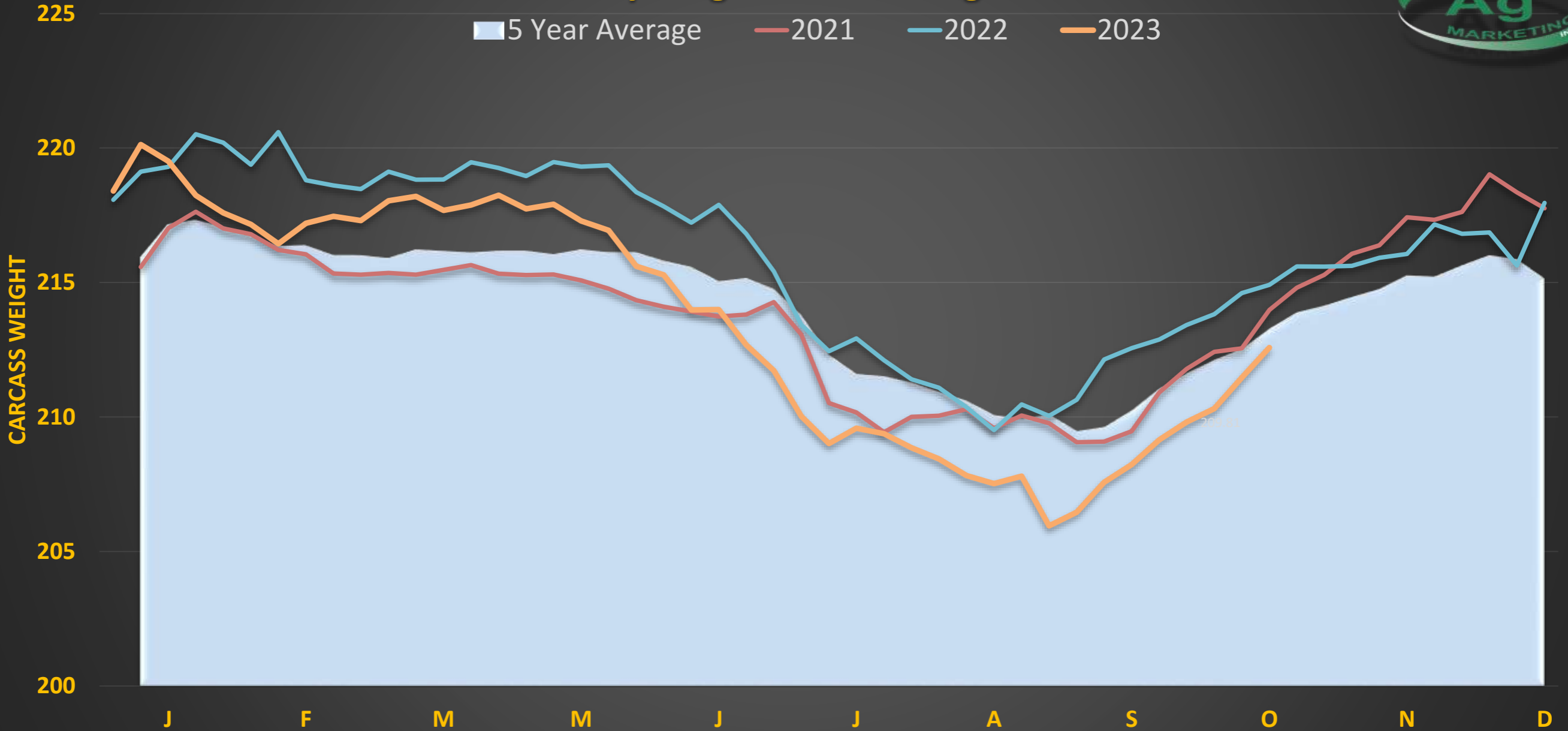


10/07 Actual YTD slaughter is 98.875 million head  
Prior YTD slaughter was 96.301 million head  
Slaughter change is 1.4% higher

# USDA Weekly Weights



## Weekly Hog Carcass Weights

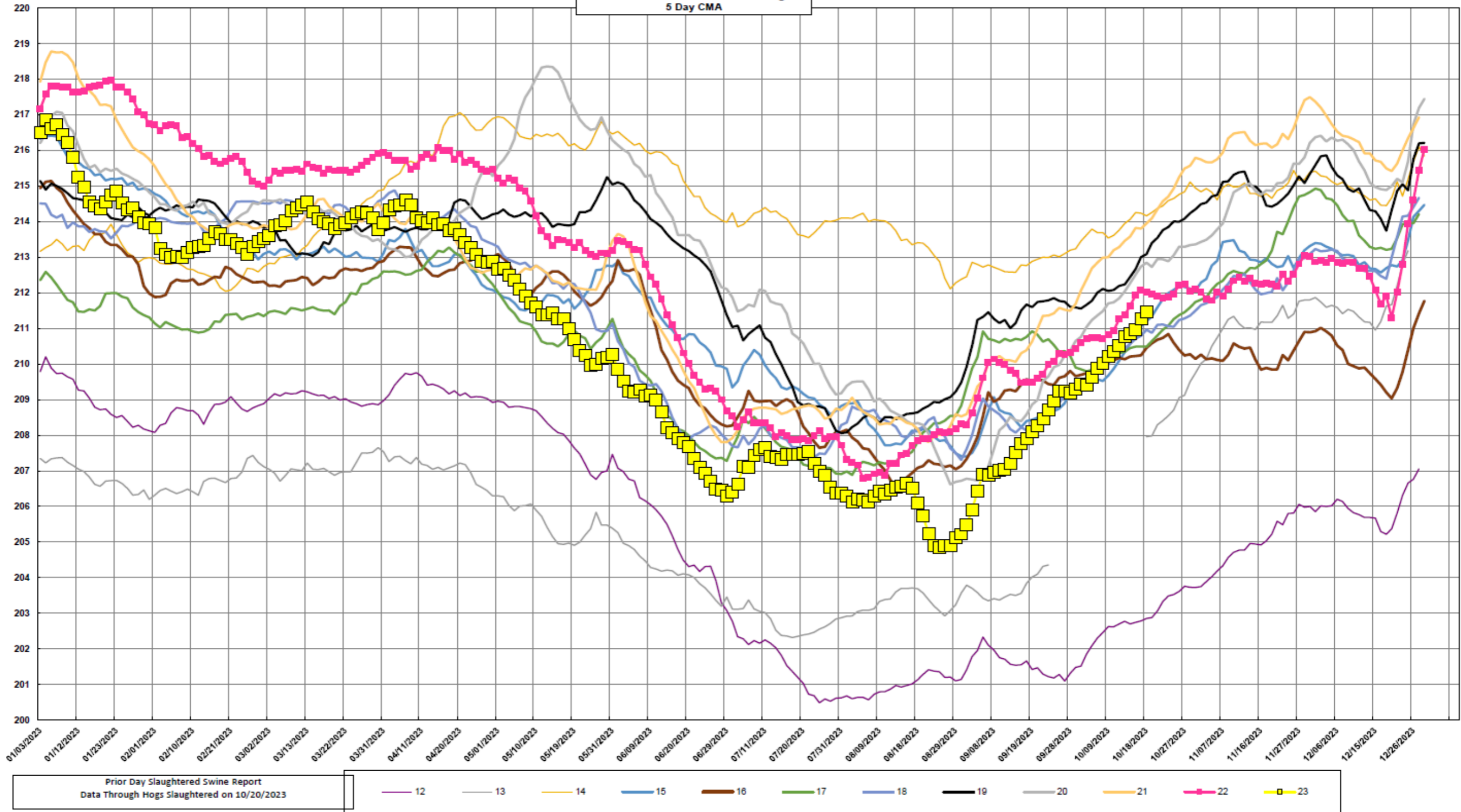


Averaging 212.58 vs prior week of 211.46  
5 Year Average 213.87

# USDA Weekly Producer Owned Weights



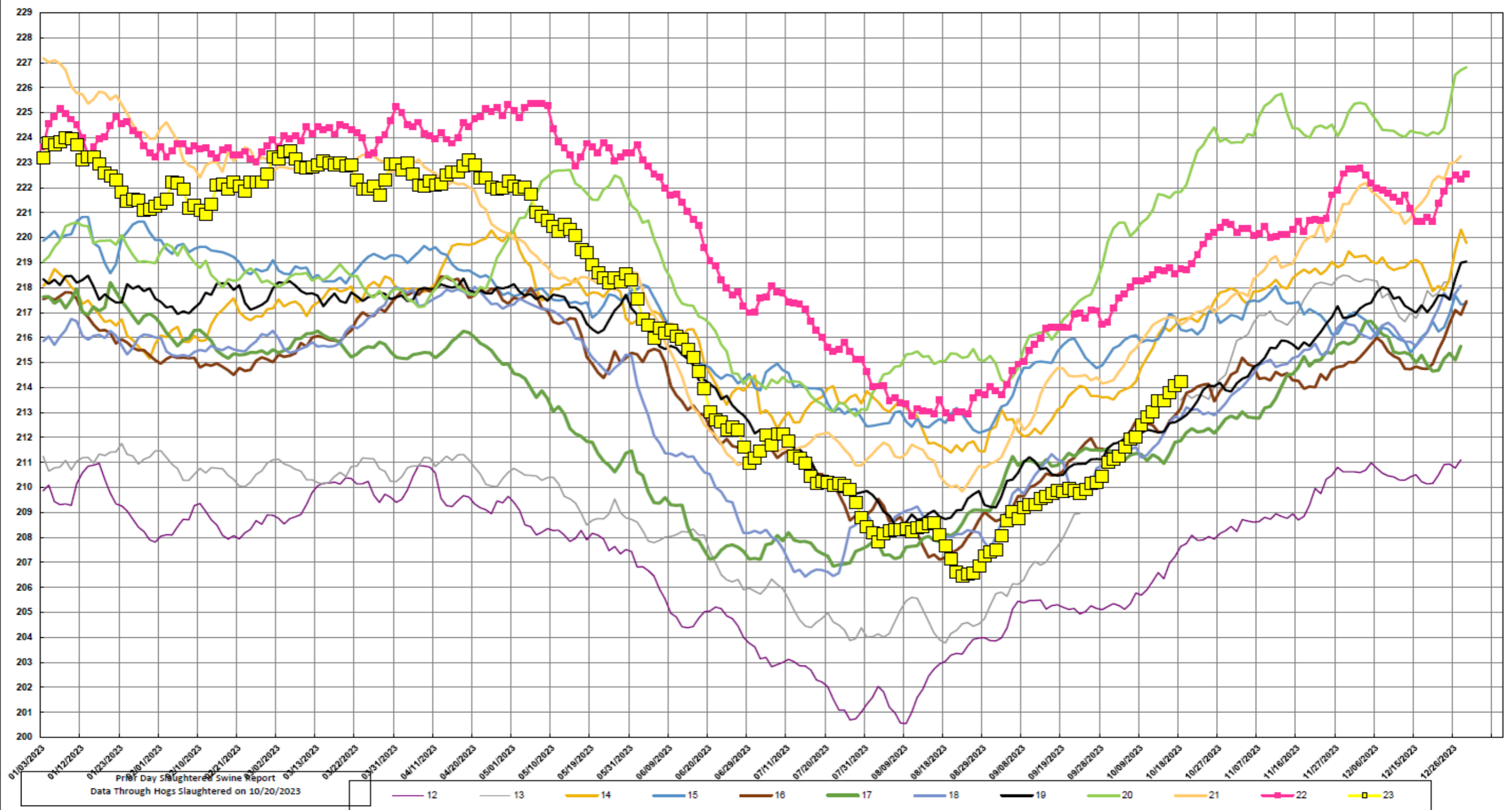
Producer Owned Carcass Weights  
5 Day CMA



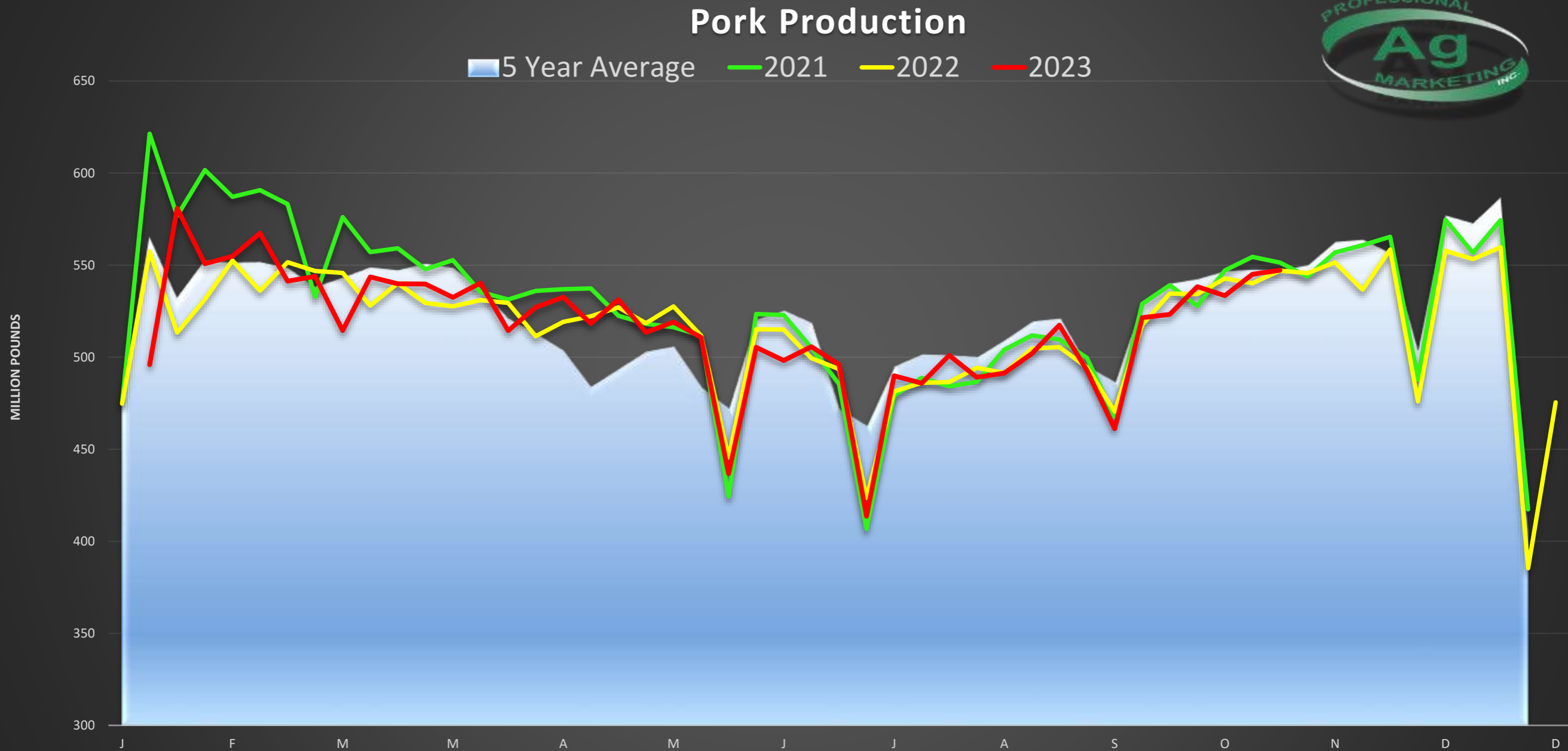
# USDA Weekly Packer Owned Weights



Packer Owned Carcass Weights  
5 Day CMA

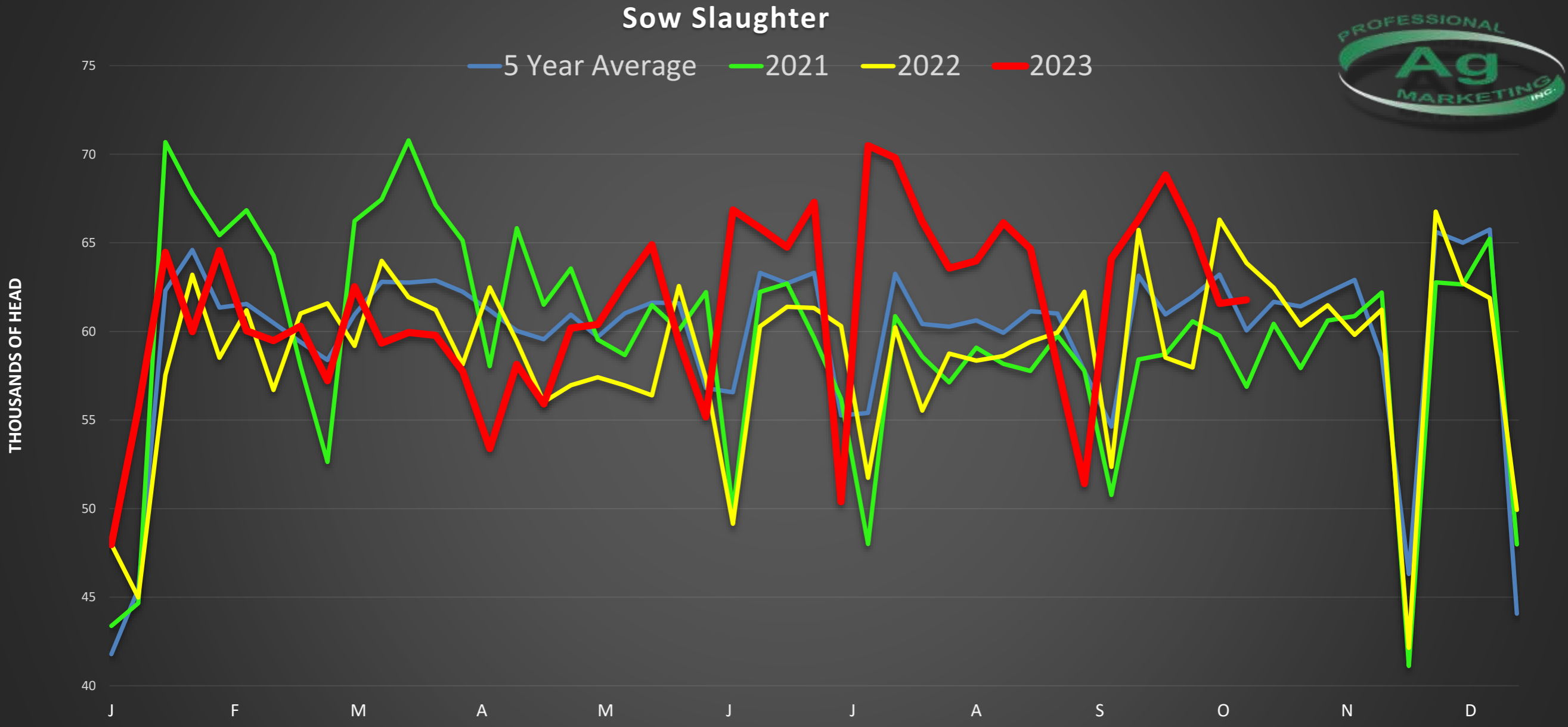


# Weekly Pork Production



Week of 10/21/2023:      Estimated Production: 547.2 Million Pounds  
Prior Week: 545 Million Pounds

# Weekly Sow Slaughter

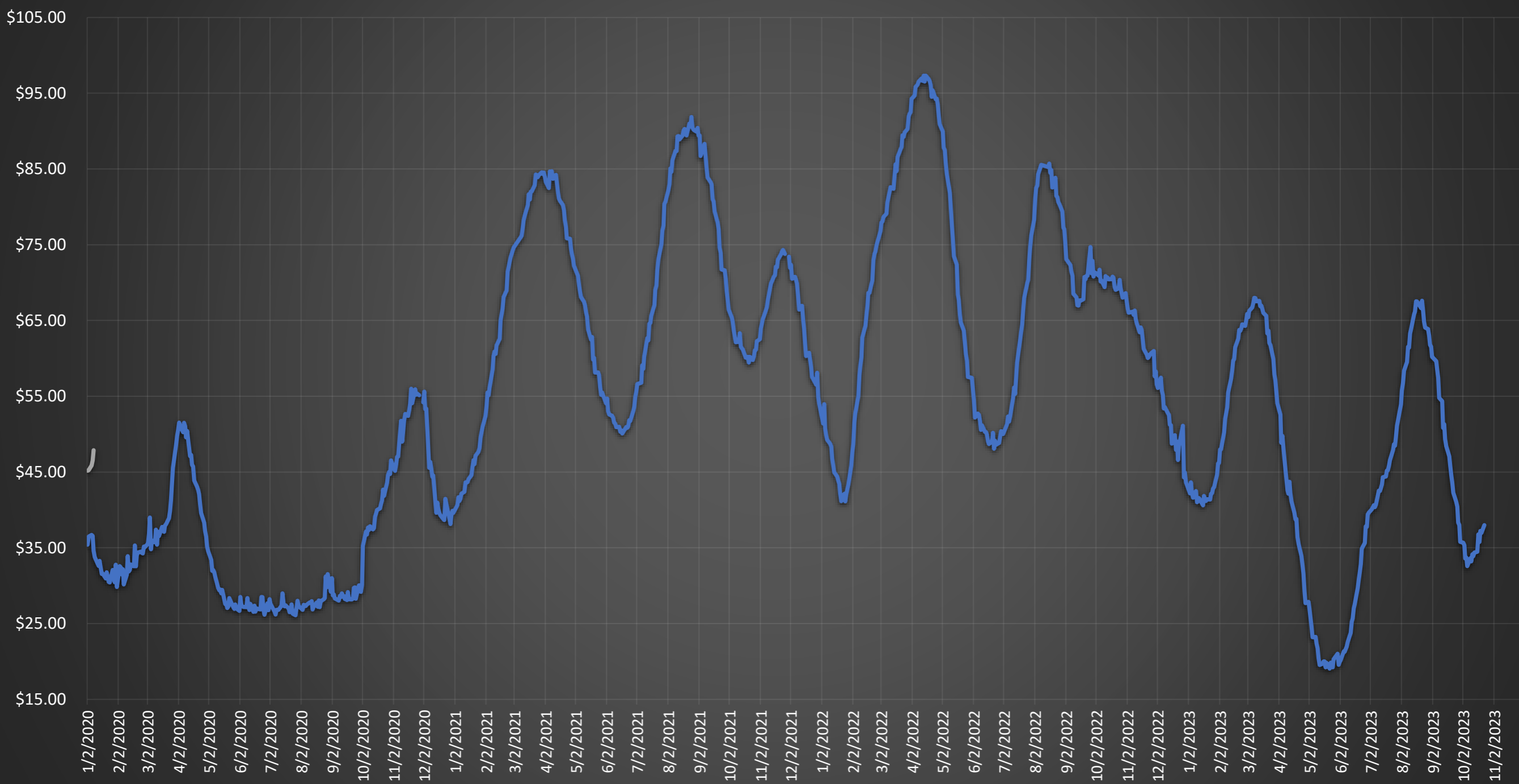


Estimated Sow Slaughter Week Ending 10/21 is 61.78  
Prior Year 62.473 was 1.1% higher  
5-Year Average 61.675  
Year to Date Sow Slaughter change is 3.8% higher

# National Sow Prices



National Sow Prices





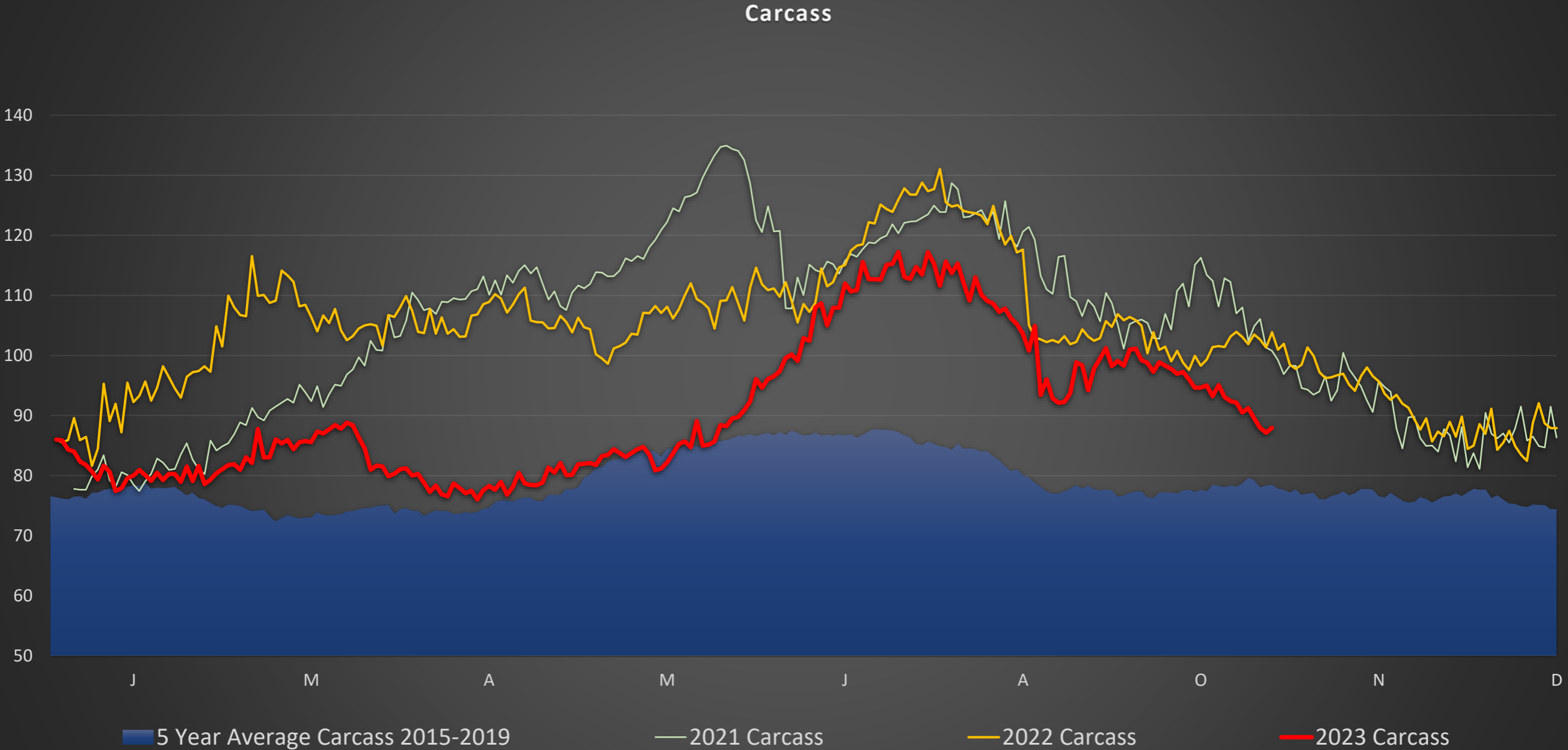
# Pork Cutout



Carcass

Date Thru 10/20/2023

Last Value \$87.97



# Loin Primal

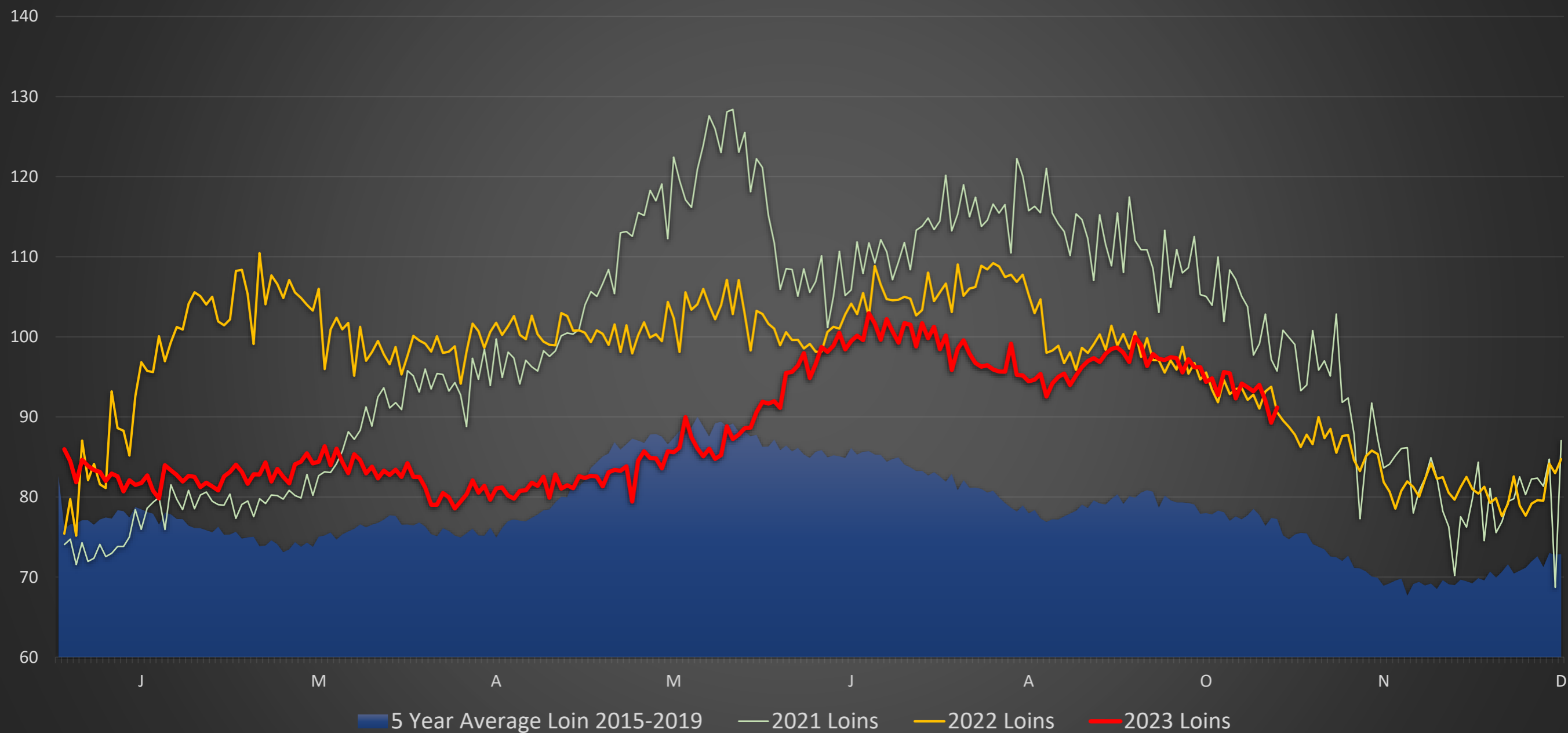


Loins

Date Thru 10/20/2023

Last Value \$91.17

Loins



# Ham Primal

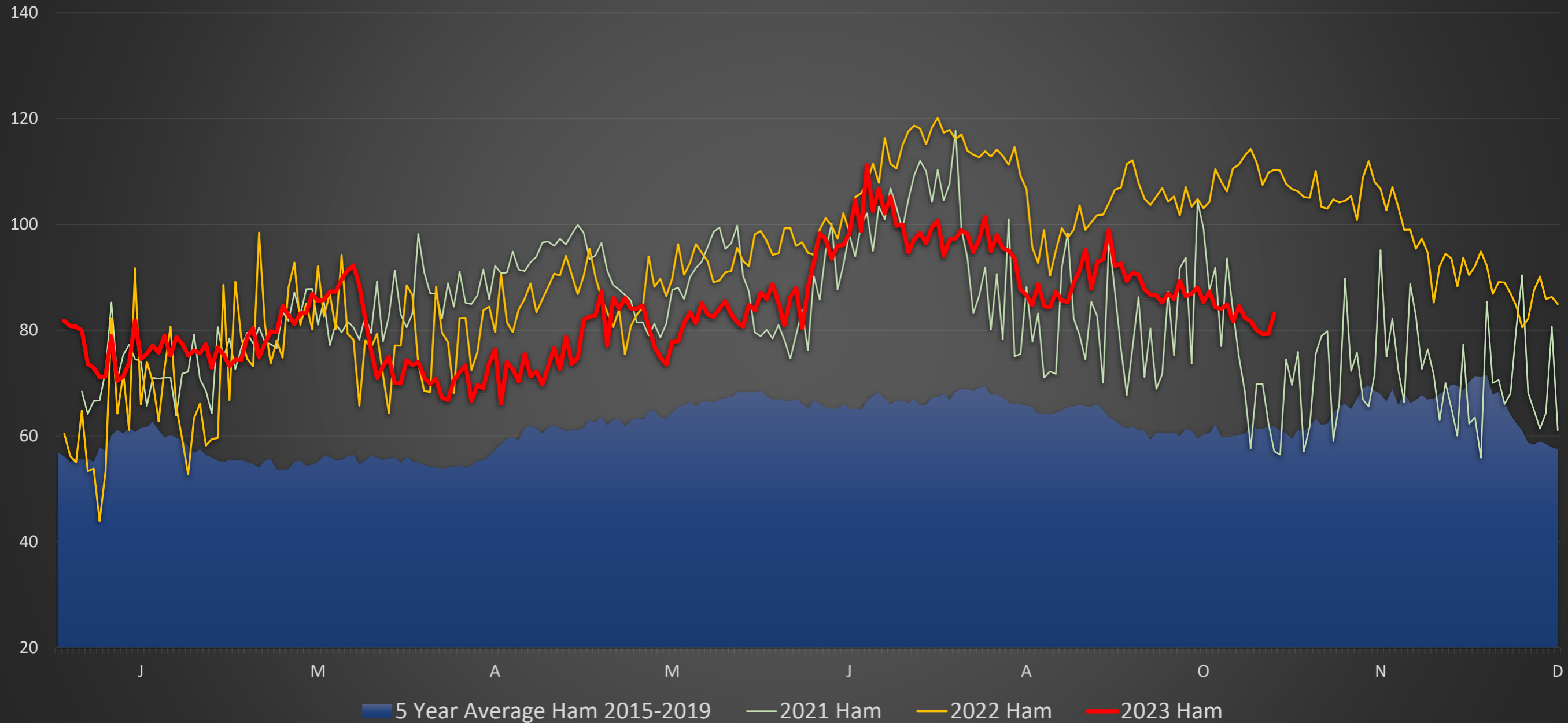


Ham

Date Thru 10/20/2023

Last Value \$83.10

Ham



# Belly Primal

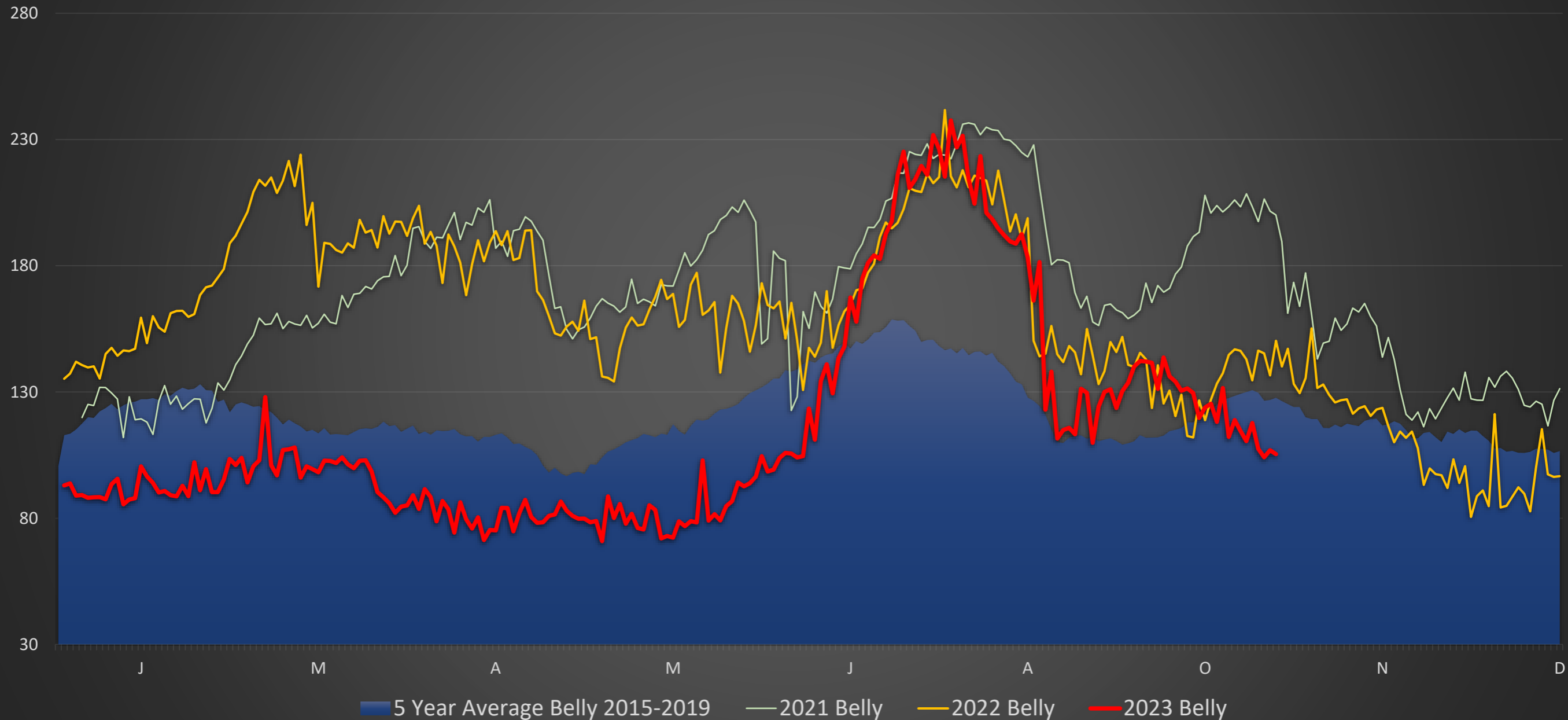


Belly

Date Thru 10/20/2023

Last Value \$105.35

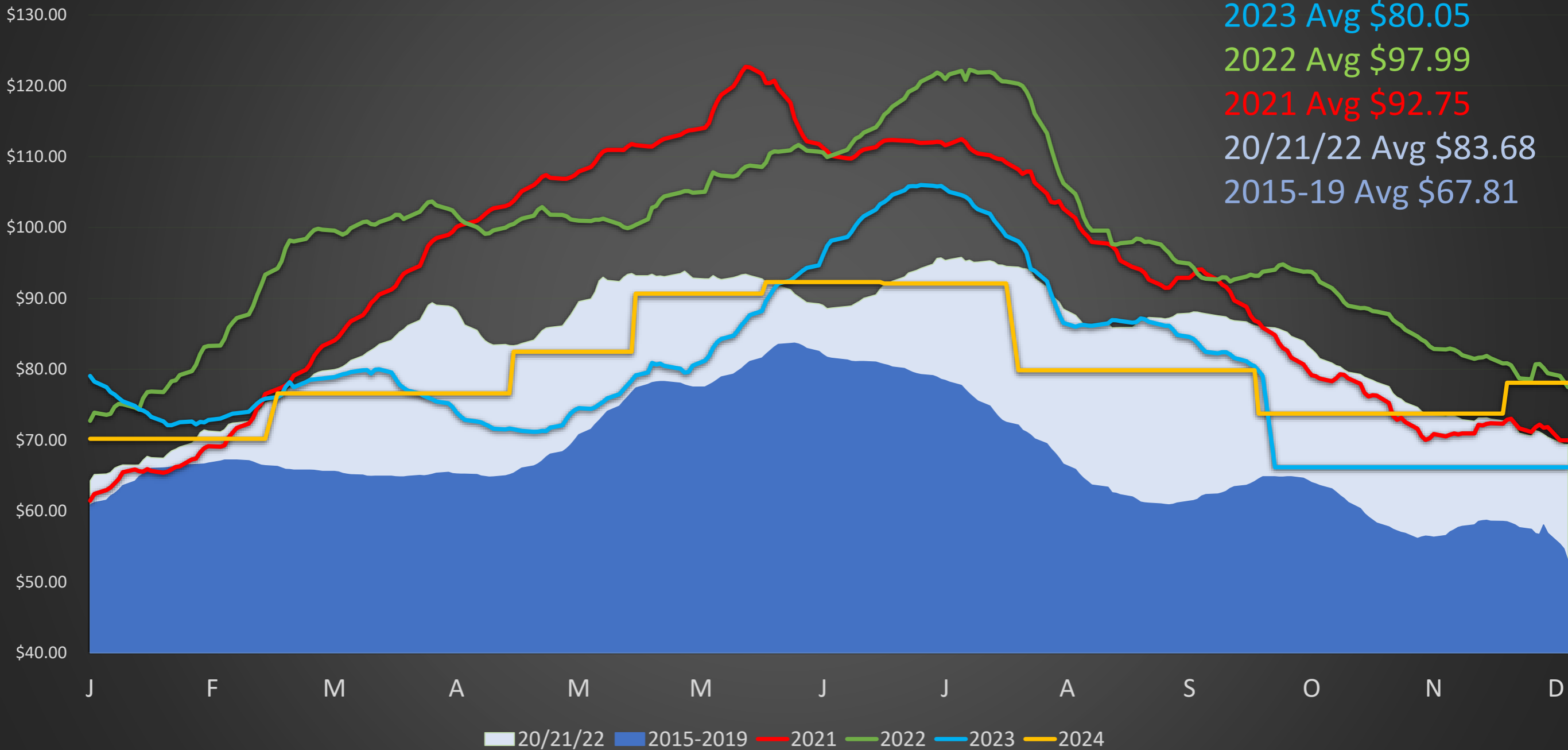
Belly



CME Index 10/20 \$79.07



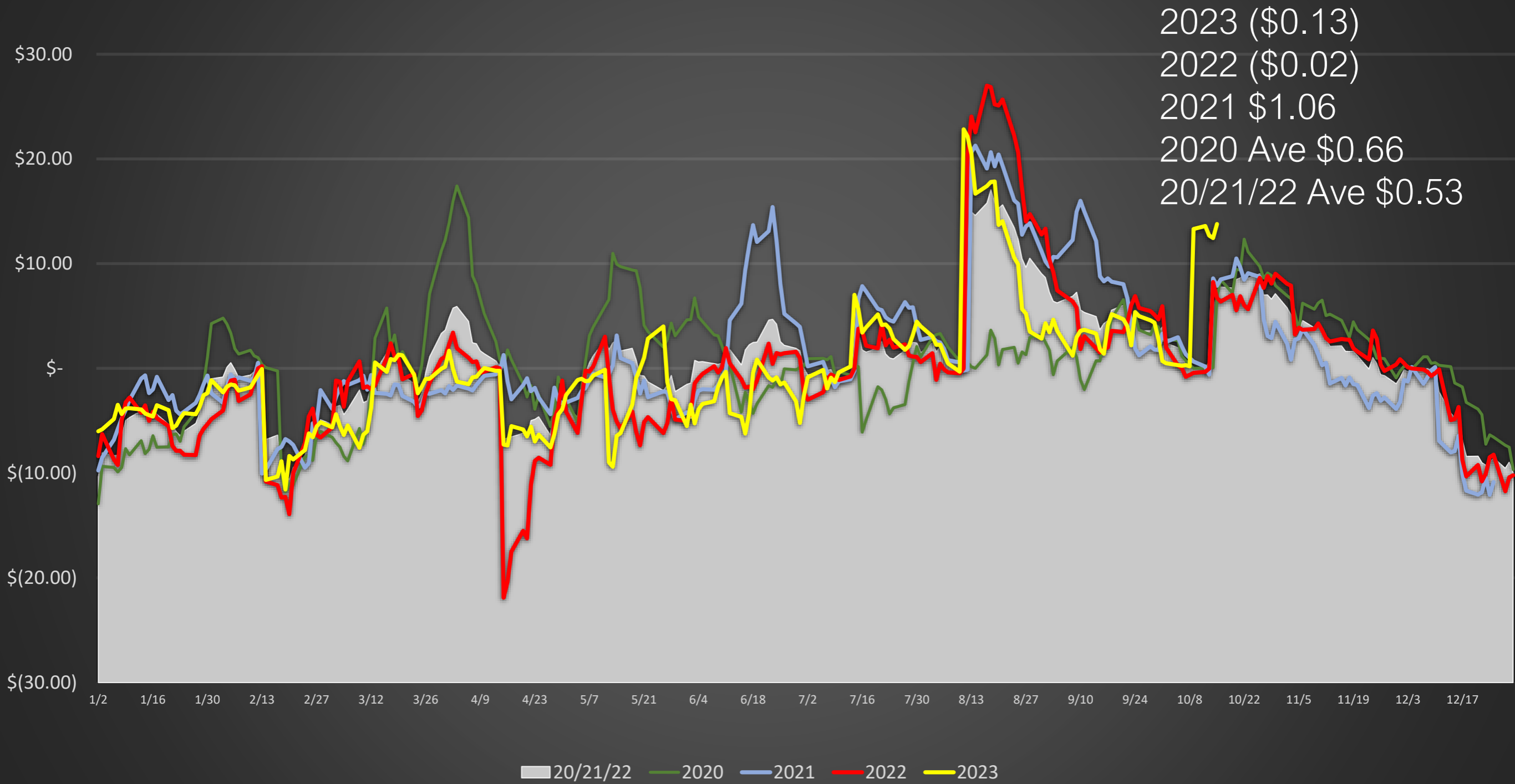
CME Lean Hog Index History



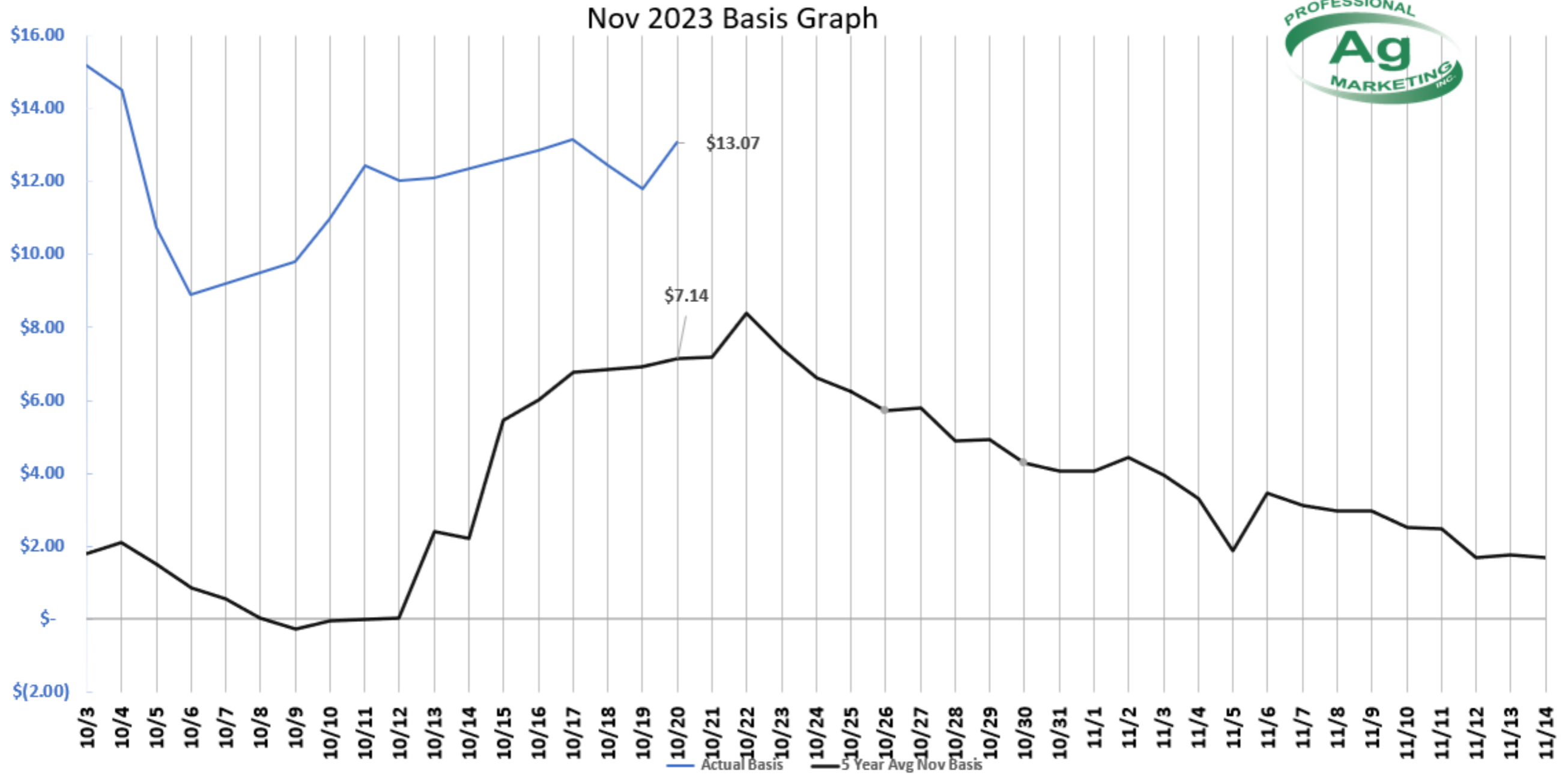


# Basis: Index - Futures

CME Index - Lean Hog Basis History



# Basis: Index - Futures

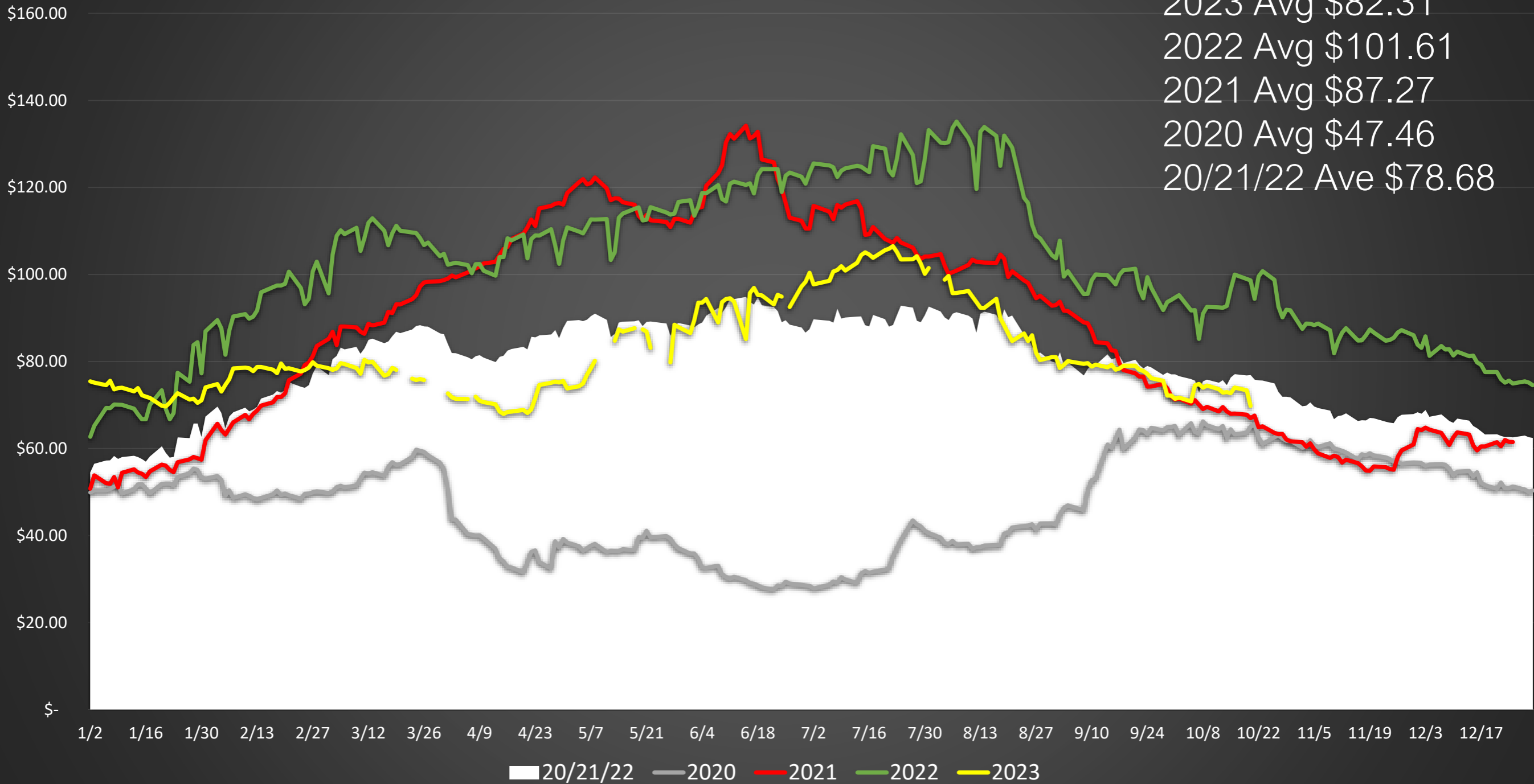




# Western Corn Belt 10/20 \$69.79

## WCB Historical

2023 Avg \$82.31  
2022 Avg \$101.61  
2021 Avg \$87.27  
2020 Avg \$47.46  
20/21/22 Ave \$78.68

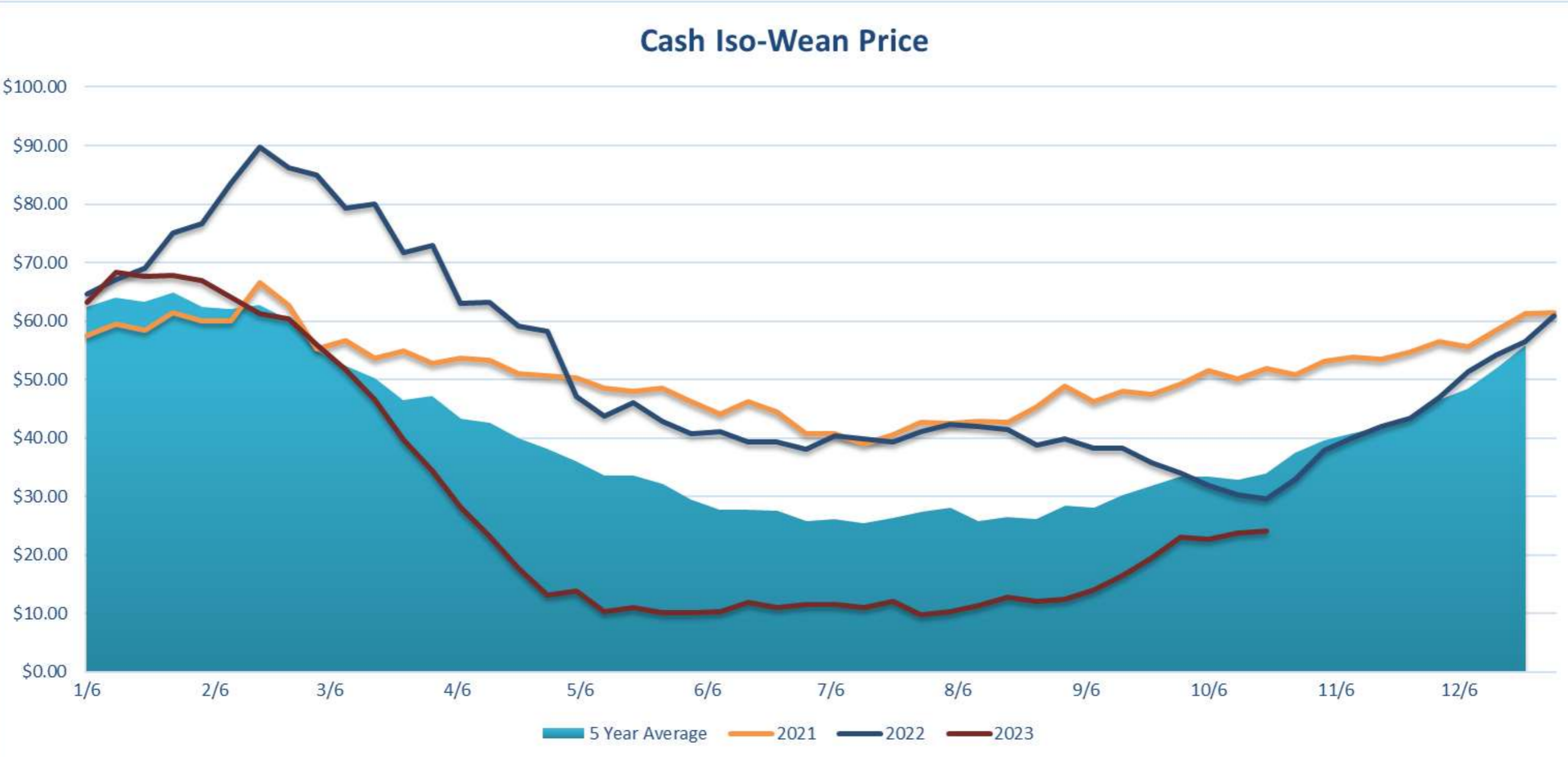




# Cash Iso-Weans

PIGS EARLY WEANED - 10 to 12 lb (Per Head/Estimate)

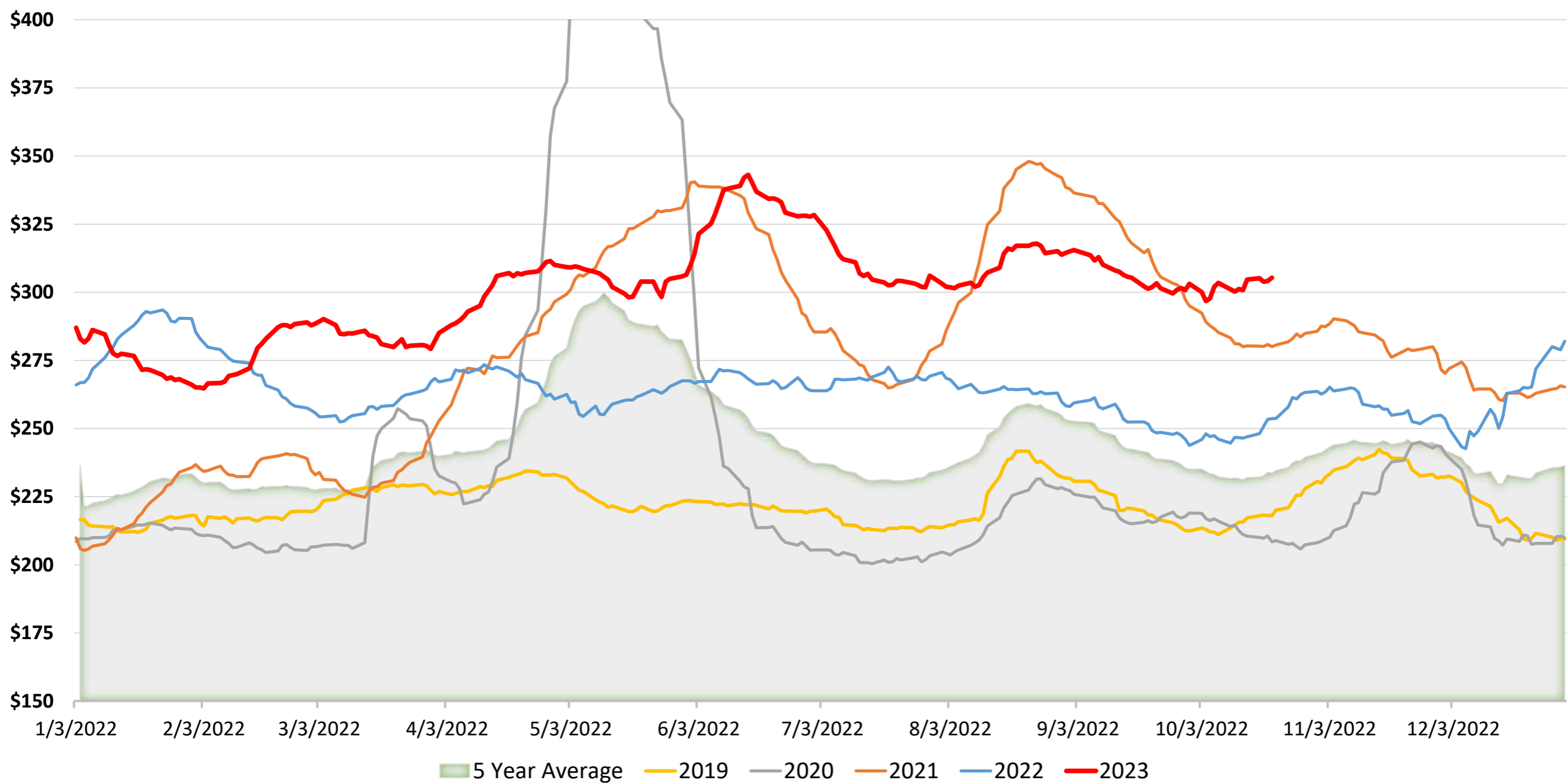
	Lot Size	Head	This Week			Last Reported (10/13/2023)	Last Year (10/21/2022)
			Price Range	Wtd Avg	Freight	Wtd Avg	Wtd Avg
Cash Current	< 600	450	16.00	16.00	DEL	27.00	
	600 - 1200	4,500	20.00 - 27.00	23.98	DEL	24.51	33.00
	> 1200	64,995	14.00 - 33.50	24.12	DEL	23.63	29.52
	<b>Total Composite</b>	<b>69,945</b>	<b>14.00 - 33.50</b>	<b>24.06</b>	<b>DEL</b>	<b>23.68</b>	<b>29.62</b>





# Beef Cutout

## CHOICE CUTOUT

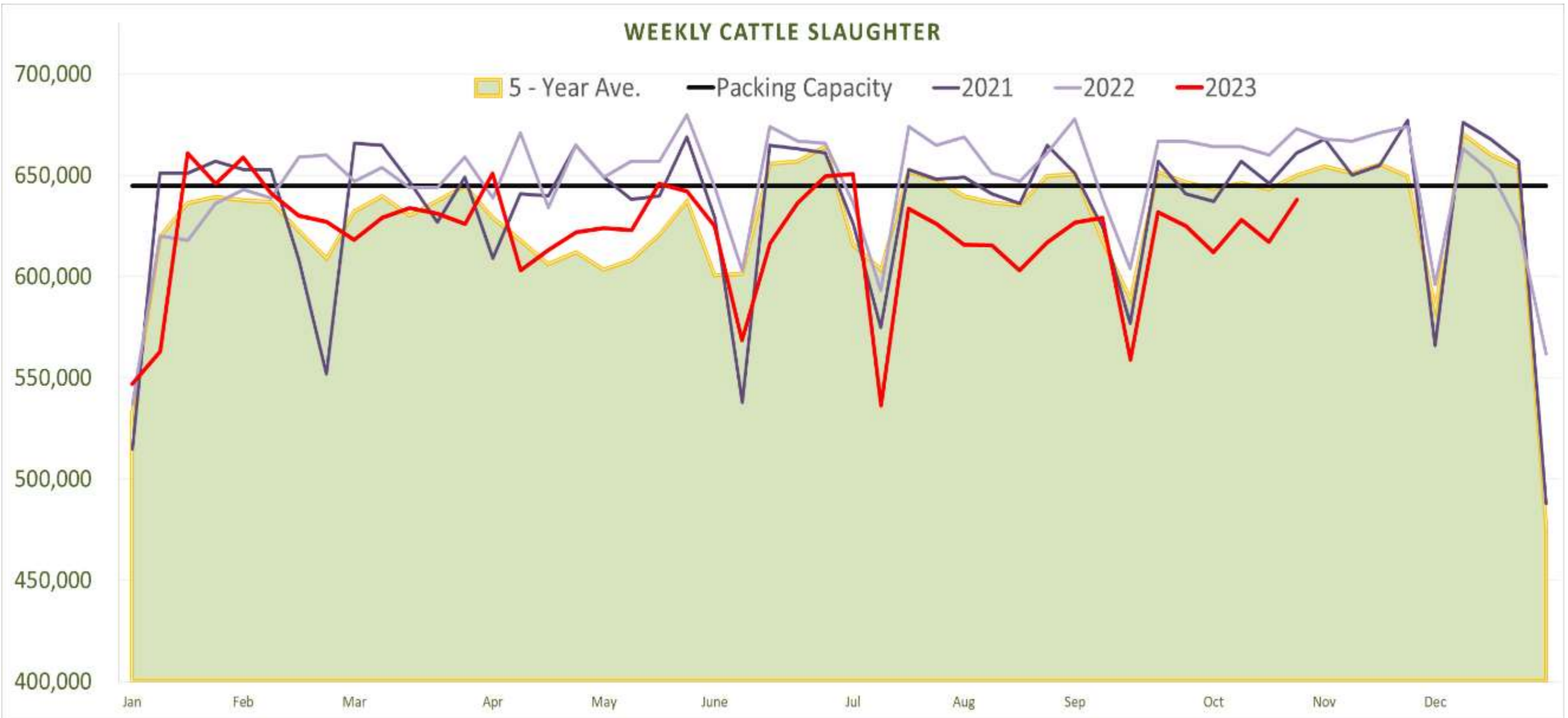


# Cattle on Feed



Cattle on Feed Summary	Actual	Estimate	Estimate Range
On Feed Oct 1	100.6%	99.8%	99-100.3
Placements Sep	106.1%	101.6%	95.9-104.8
Marketings Sep	89.4%	90.2%	88-91.3
On Feed Sep 1	97.8%		

WEEKLY CATTLE SLAUGHTER



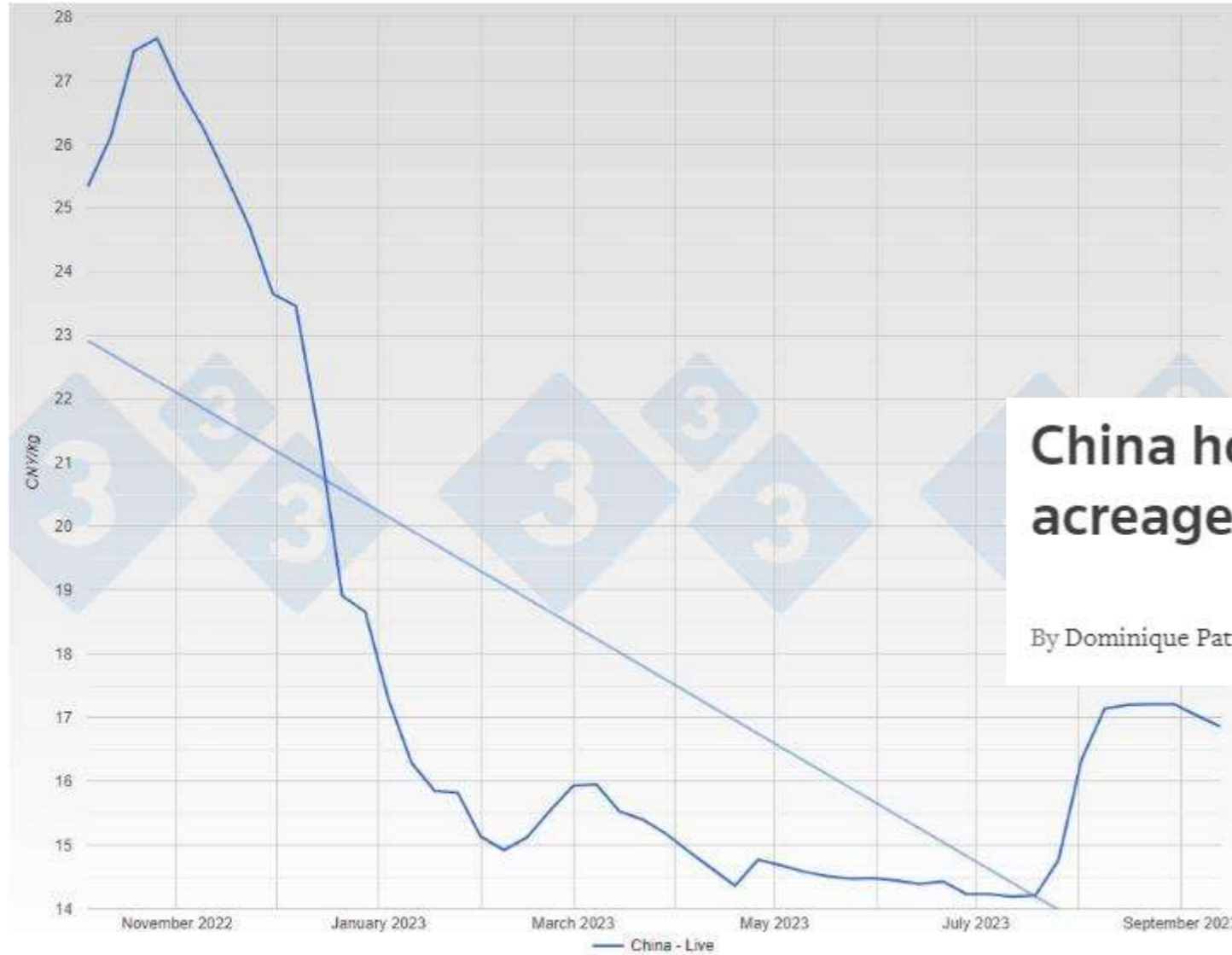
# China Futures Hog Price

Started Trading 1/8/21



Dalian Futures China / U.S. Pig Prices		
Current China DCE Live Hog Futures	¥ 14,980.00	China Yuan Renminbi/tonne live
Current Conversion	7.32	USD to Yuan
	\$ 2,046.45	U.S. Per Tonne\ Live
From Prior week:		
\$ (0.05)	\$ 0.9281	Per Pound Live
	\$ 1.2542	Per Pound cwt

# China Live Hog Price



## China hogfarming losses to worsen, grain acreage up, say officials

By Dominique Patton

3 MIN READ



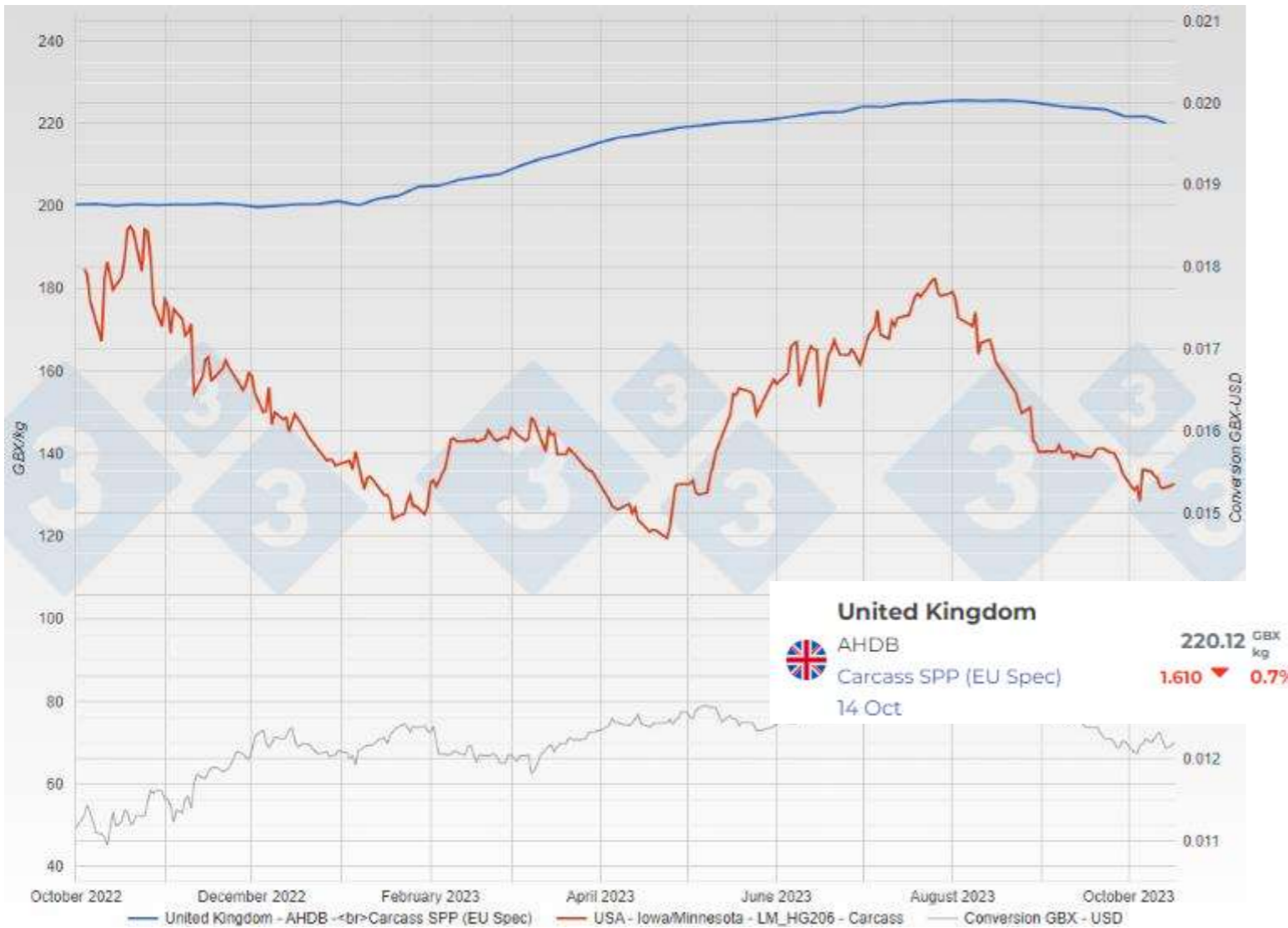
BEIJING (Reuters) - China's pig production is still growing, a farm ministry official said on Monday, with a higher than normal number of breeding sows set to maintain downward pressure on prices.

China had 42.4 million sows at the end of September, unchanged from the previous month, and 3.4% higher than the normal level, Chen Guanghua, head of the animal husbandry and veterinary bureau at the Ministry of Agriculture and Rural Affairs told a press briefing.

Production efficiency of sows is also improving, with each sow breeding 0.5 more pigs every year than the previous year, Chen said.

China Cash Market / U.S. Pig Prices	
Current China Pig Price	¥ 16.27 China Yuan Renminbi/kg live
Current Conversion	¥ 7.38 Yuan/pnd
	\$ 1.0096 U.S. Per Pound Live
	\$ 1.3643 Per cwt

# US Prices Compared to EU

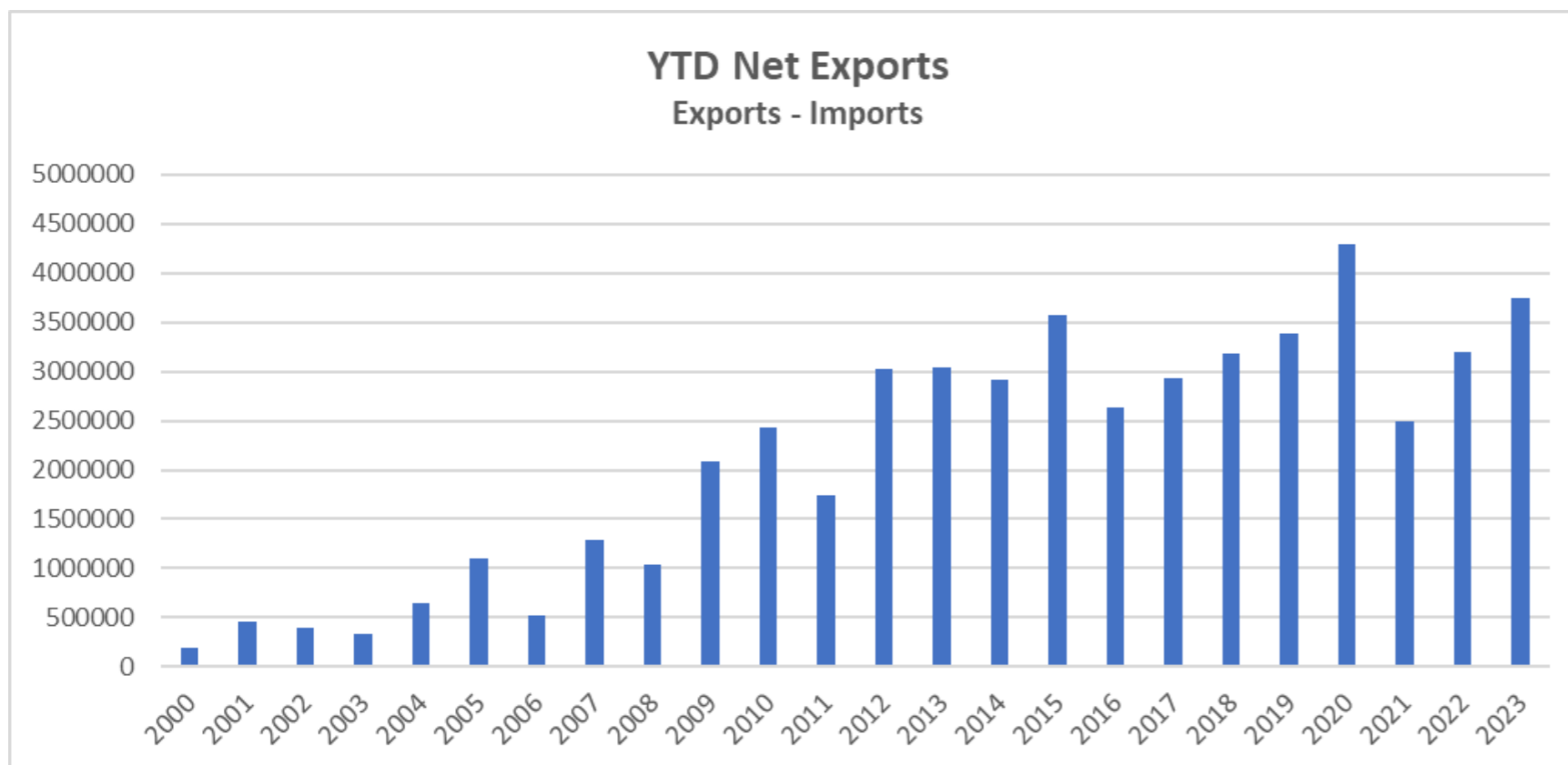


EU / U.S. Pig Prices			
Current EU Pig Price	£ 220.12	UK Pence Sterling/kg cwt	
Current Conversion	£ 99.85	UK Pence Sterling/pnd	
US Price Would Be	\$ 1.2281	U.S. Per Pound cwt	
	\$ 1.2300	Exchange Sterling to \$	

# August Exports



**YTD Net Exports**  
Exports - Imports



- **Aug Exports up 3% from last Aug**
- **Imports down 15% from last Aug**
- **YTD Net Exports +16.65%**

## Exports

	YTD %	1,000 Pounds	Aug over Aug	Aug over Jul
Japan	0.9%	6425	10%	11%
Mexico	8.1%	123471	7%	12%
Canada	10.0%	32264	19%	13%
China	2.7%	9942	-43%	-8%
South Korea	4.2%	15610	-13%	4%
Australia	70.9%	55187	164%	-25%
Hong Kong	-19.3%	-3029	-21%	-1%
<b>Total</b>	<b>8.1%</b>	<b>336611</b>	<b>3%</b>	<b>4%</b>

## Imports

	YTD %	1,000 Pounds	Aug over Aug	Aug over Jul
Canada	-13.3%	-76466	-10%	0%
Denmark	-49.6%	-39000	-30%	0%
Poland	-43.6%	-25198	-37%	-17%
Mexico	-17.8%	-13637	-18%	-1%
Italy	-7.6%	-2635	-1%	24%
<b>Total</b>	<b>-20.9%</b>	<b>-196853</b>	<b>-15%</b>	<b>0%</b>

# August Exports



North American Pork Remains Competitive Around the Globe.

### TOTAL PORK EXPORTS



### SOUTH KOREA EXPORTS



### MEXICO PORK EXPORTS



### JAPAN PORK EXPORTS





# August Exports (cont.)



### CHINA PORK EXPORTS

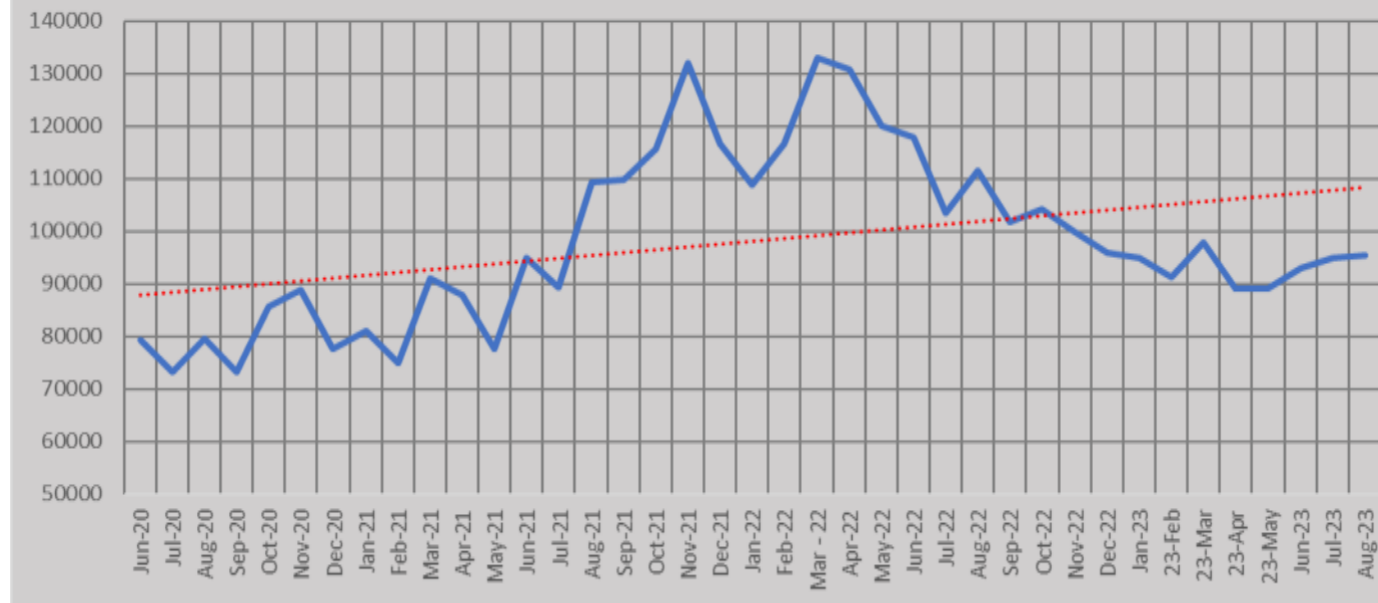


### NET PORK EXPORTS-IMPORTS



# August Imports

### Total Pork Imports



# USDA Supply & Demand Report- Corn

## Corn Balance Sheet

<i>Yearly Historical Final Reports</i>	WASDE	WASDE	WASDE	WASDE
Area (Mil Acres)	September 22-23	October 22-23	September 23-24	October 23-24
Planted	88.6	88.6	94.9	94.9
Harvested	79.2	79.1	87.1	87.1
Yield	173.30	173.40	173.80	173.00
Beginning Stocks	1,377	1,377	1,452	1,361
Production	13,730	13,715	15,134	15,064
Imports	40	39	25	25
Supply, Total	15,147	15,130	16,611	16,451
Feed & Residual	5,425	5,549	5,625	5,600
Food, Seed & Ind.	1,410	1,382	1,415	1,415
Ethanol	5,195	5,177	5,300	5,300
Domestic Total	12,030	12,108	12,340	12,315
Total Exports	1,665	1,661	2,050	2,025
Use, Total	13,695	13,769	14,390	14,340
Ending Stocks	1,452	1,361	2,221	2,111
Stocks/Use Ratio	10.6%	9.9%	15.4%	14.7%

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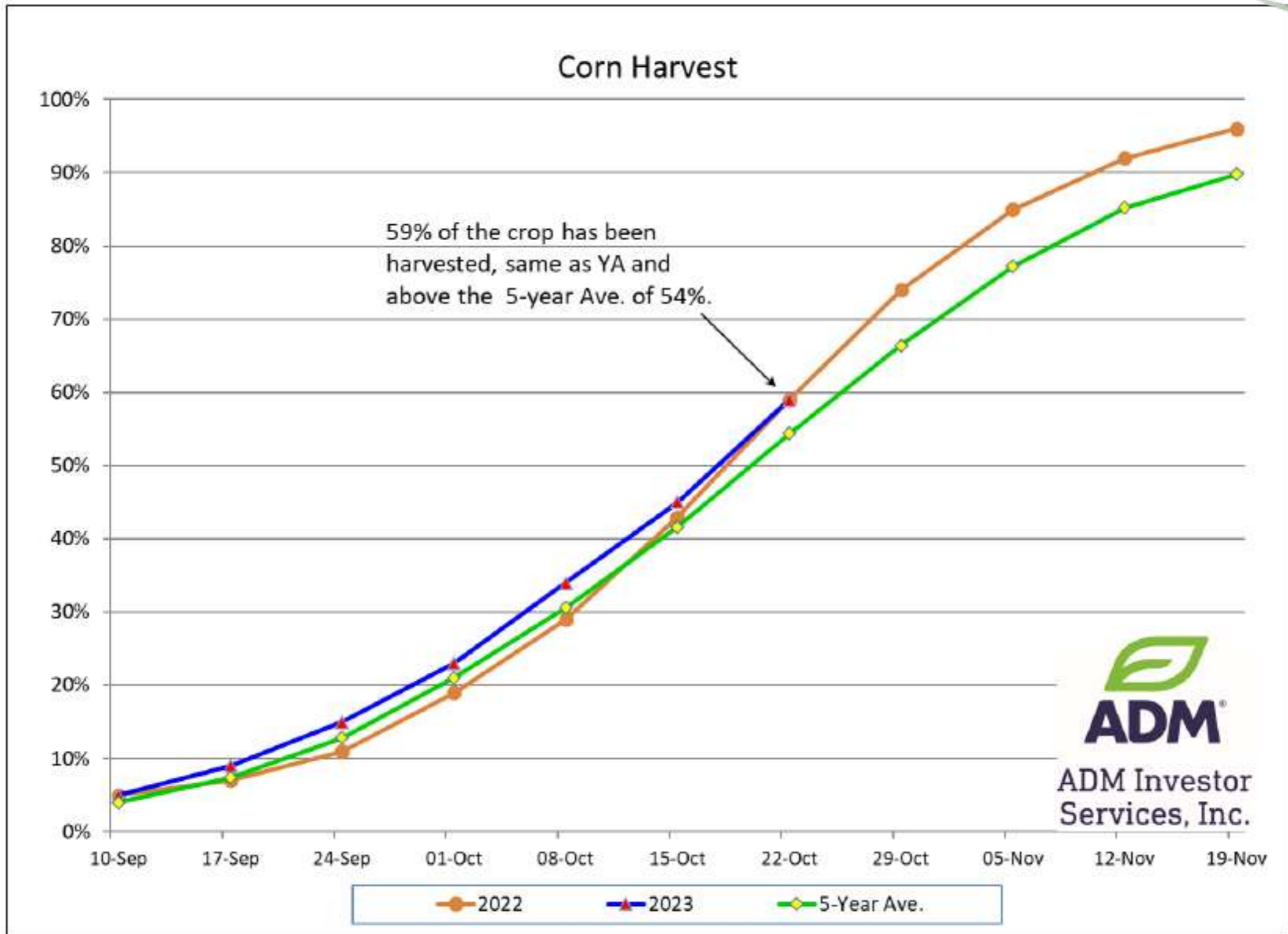
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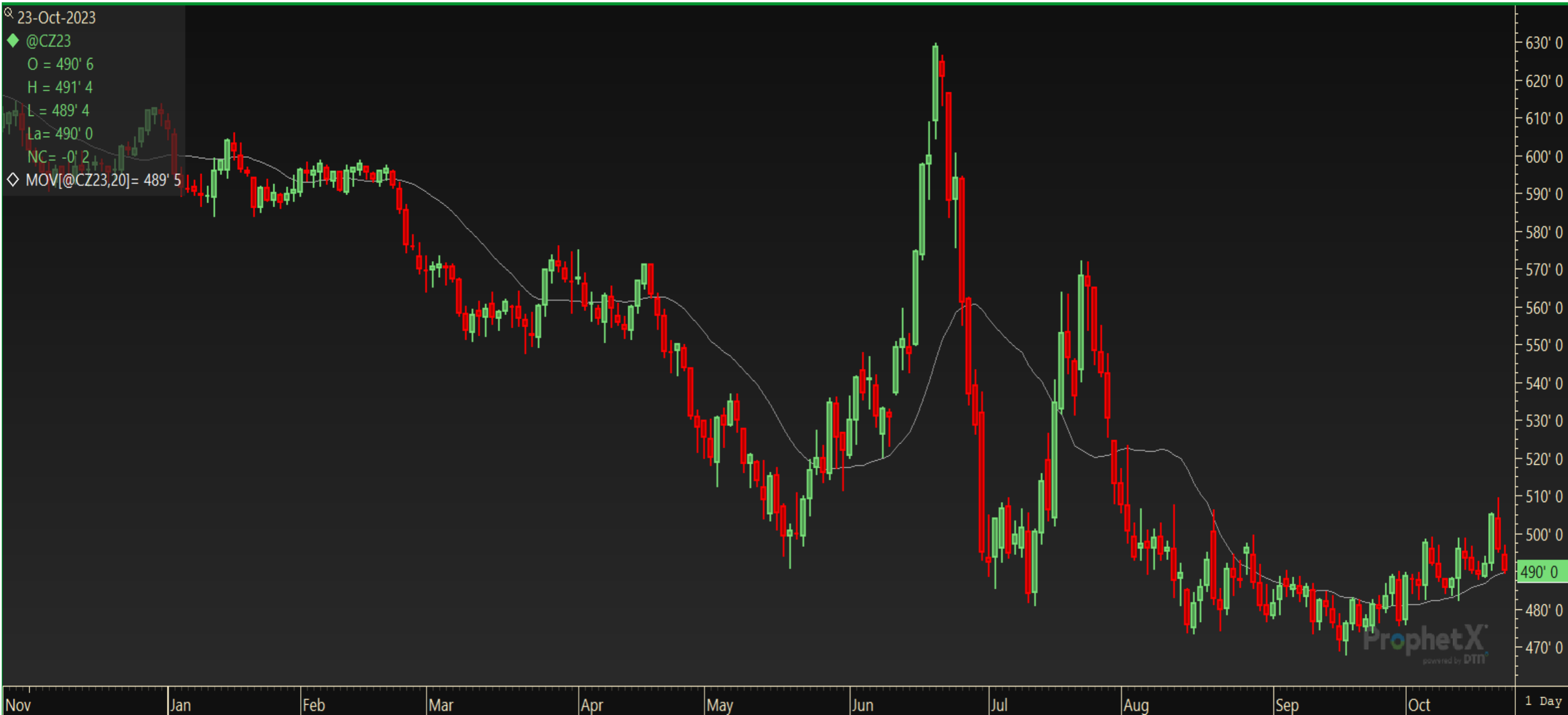
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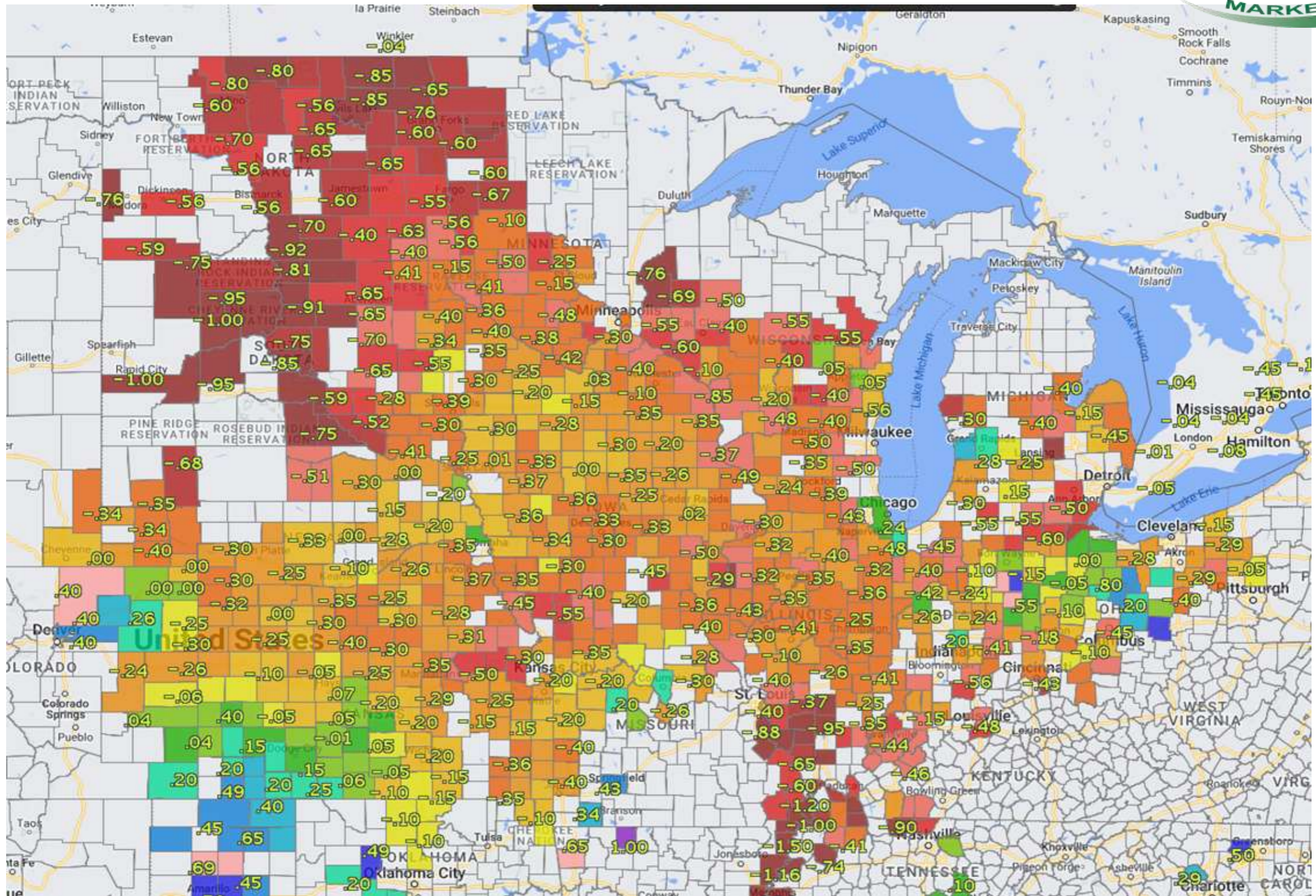
# Corn Harvest Progress



# Dec'23 Corn



# U.S. Corn Basis



# Corn Cycle



# USDA Supply & Demand Report- Soybeans

## Soybean Balance Sheet

<i>Yearly Historical Final Reports</i>	<i>WASDE</i>	<i>WASDE</i>	<i>WASDE</i>	<i>WASDE</i>
<b>Area (Mil Acres)</b>	<b>September 22-23</b>	<b>October 22-23</b>	<b>September 23-24</b>	<b>October 23-24</b>
Planted	87.5	87.5	83.6	83.6
Harvested	86.3	86.3	82.8	82.8
Yield	49.5	49.5	50.1	49.6
Beginning Stocks	274	274	250	268
Production	4,276	4,276	4,146	4,104
Imports	30	30	30	30
Supply, Total	4,581	4,581	4,426	4,403
Crushings	2,220	2,220	2,290	2,300
Exports	1,990	1,990	1,790	1,755
Seed	97	97	101	101
Residual	23	23	25	27
Use, Total	4,330	4,330	4,206	4,183
Ending Stocks	250	250	220	220
Stocks/Use Ratio	5.8%	5.8%	5.2%	5.3%

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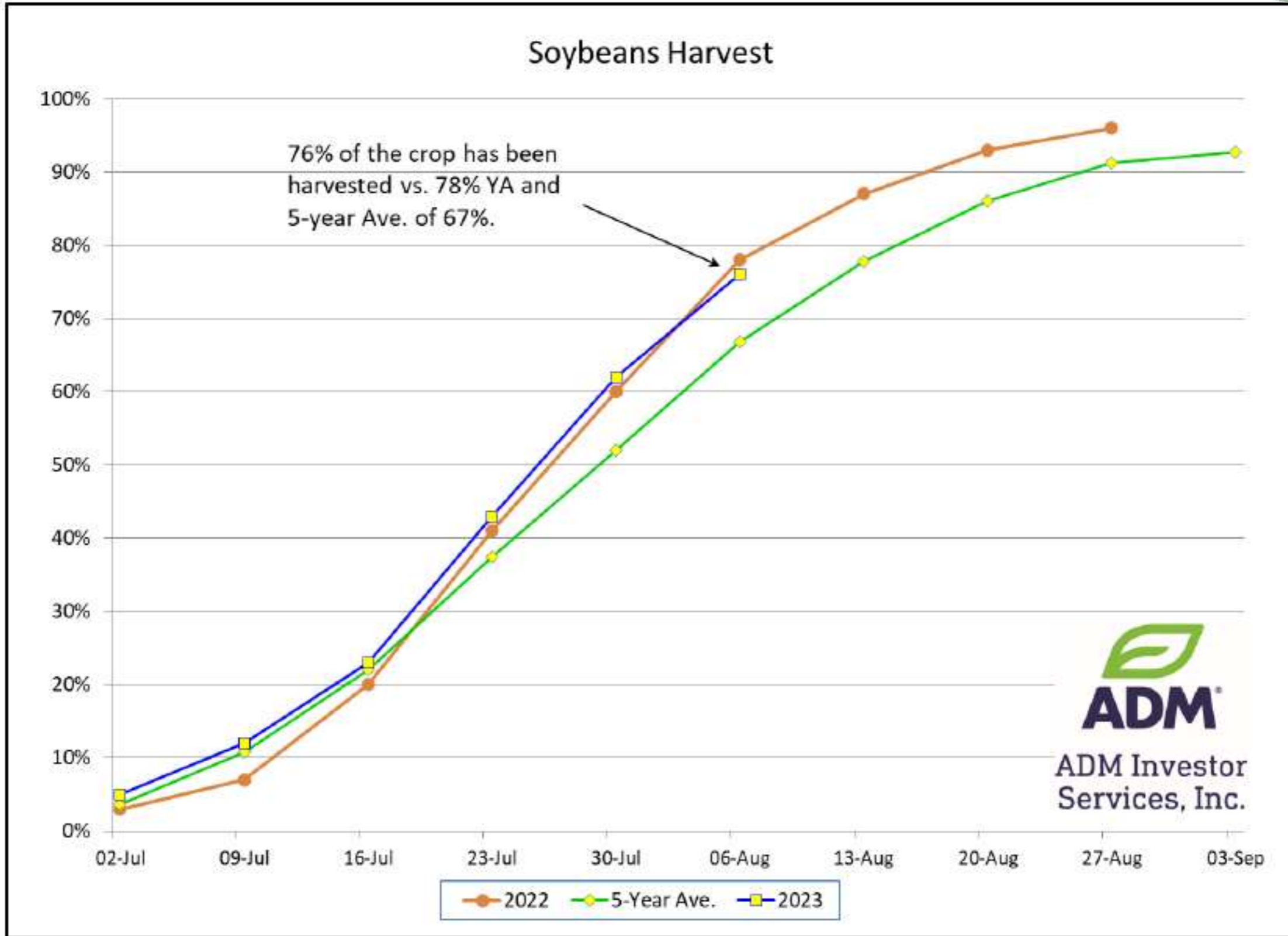
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# Soybean Harvest Progress

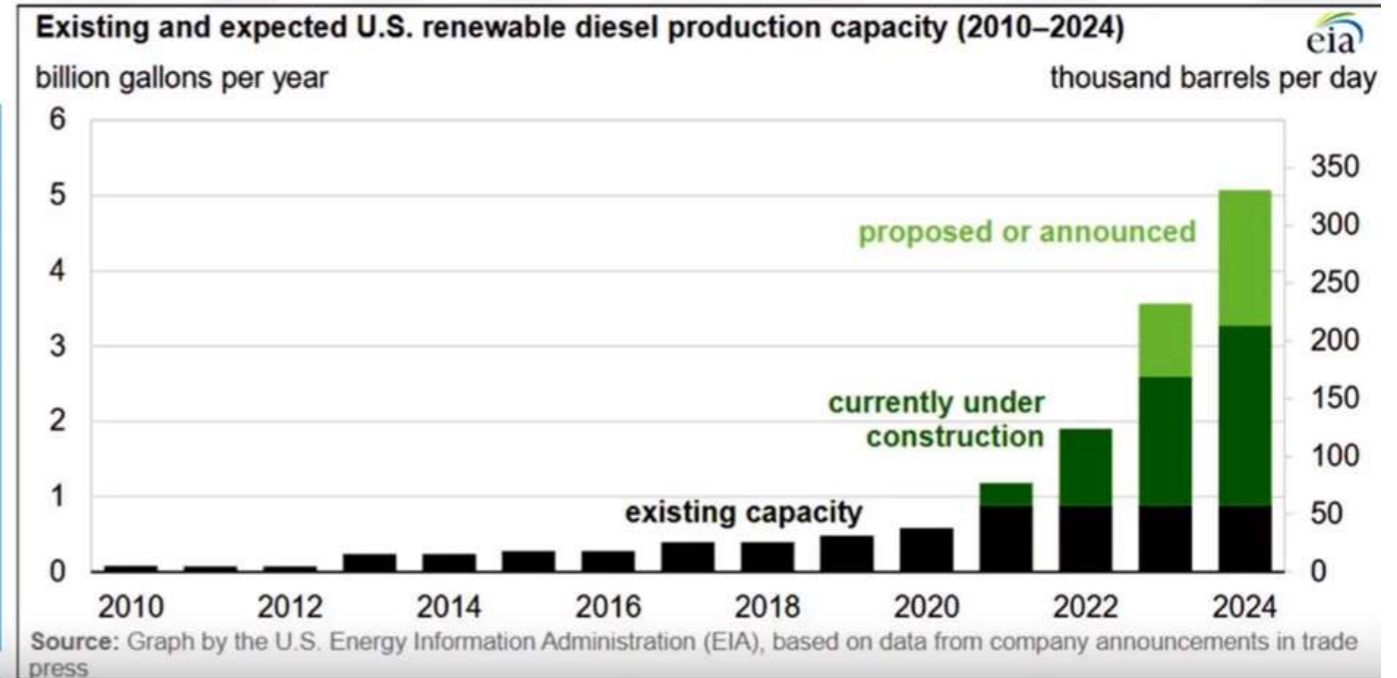
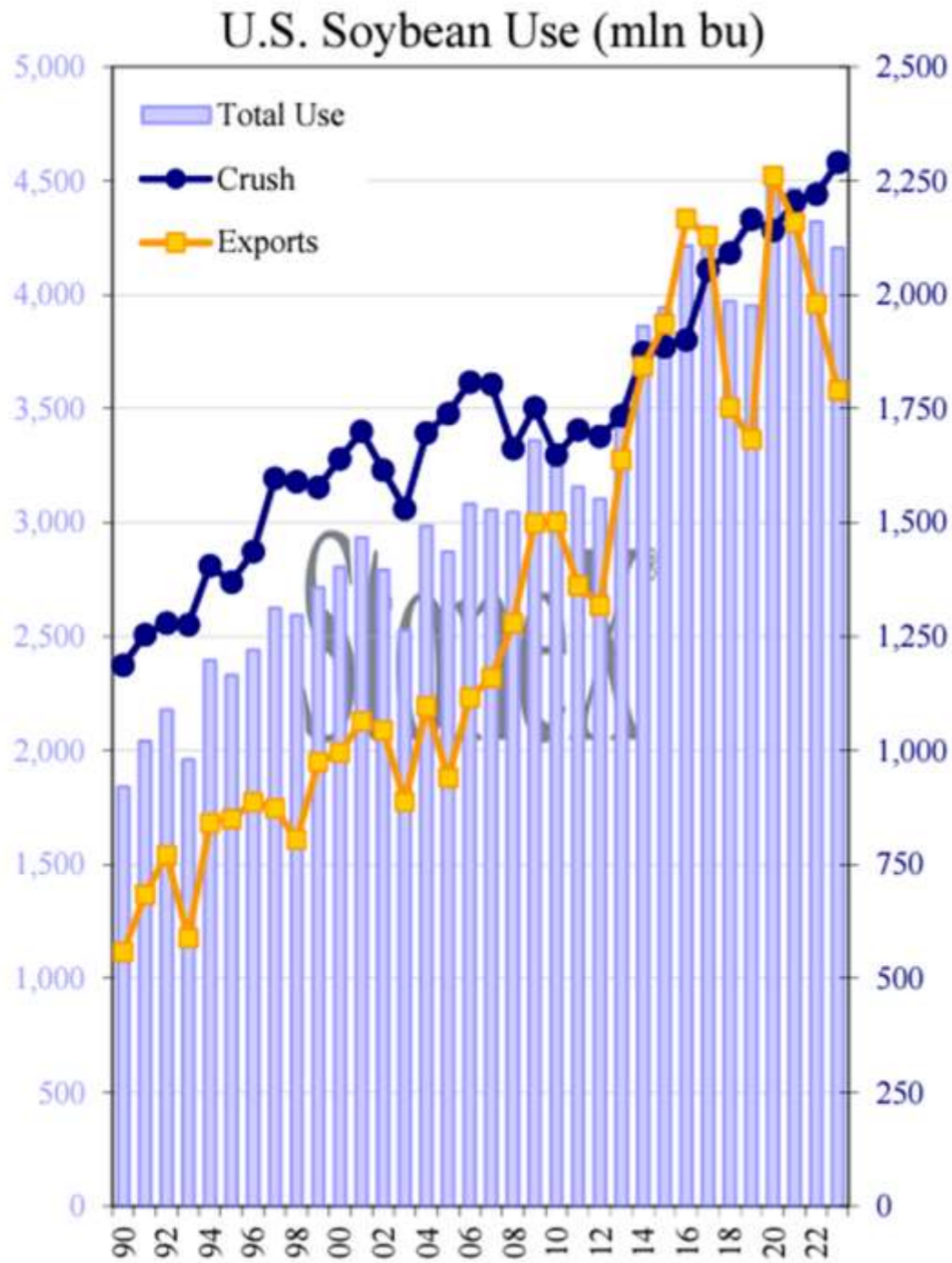




# Dec'23 Soybean Meal



# U.S. Soybeans Exports & Crush



# World Carry Out







USDA 2023/24 U.S. Carryout (In Billion Bushels)				
	USDA Oct 2023	Ave Trade Est	Range of Est	USDA Sep 2023
Corn	2.111	2.138	1.946-2.389	2.221
Soybeans	0.220	0.233	.206-.271	0.220
Wheat	0.670	0.647	.584-.693	0.615

USDA 2023/24 World Carryout (In Million Tonnes)				
	USDA Oct 2023	Ave Trade Est	Range of Est	USDA Sep 2023
Corn	312.400	313.05	310.40-318.4	313.99
Soybeans	115.620	119.71	118.50-122.00	119.25
Wheat	258.130	258.38	255.0-261.0	258.61

# Brazil Is Still Untapped

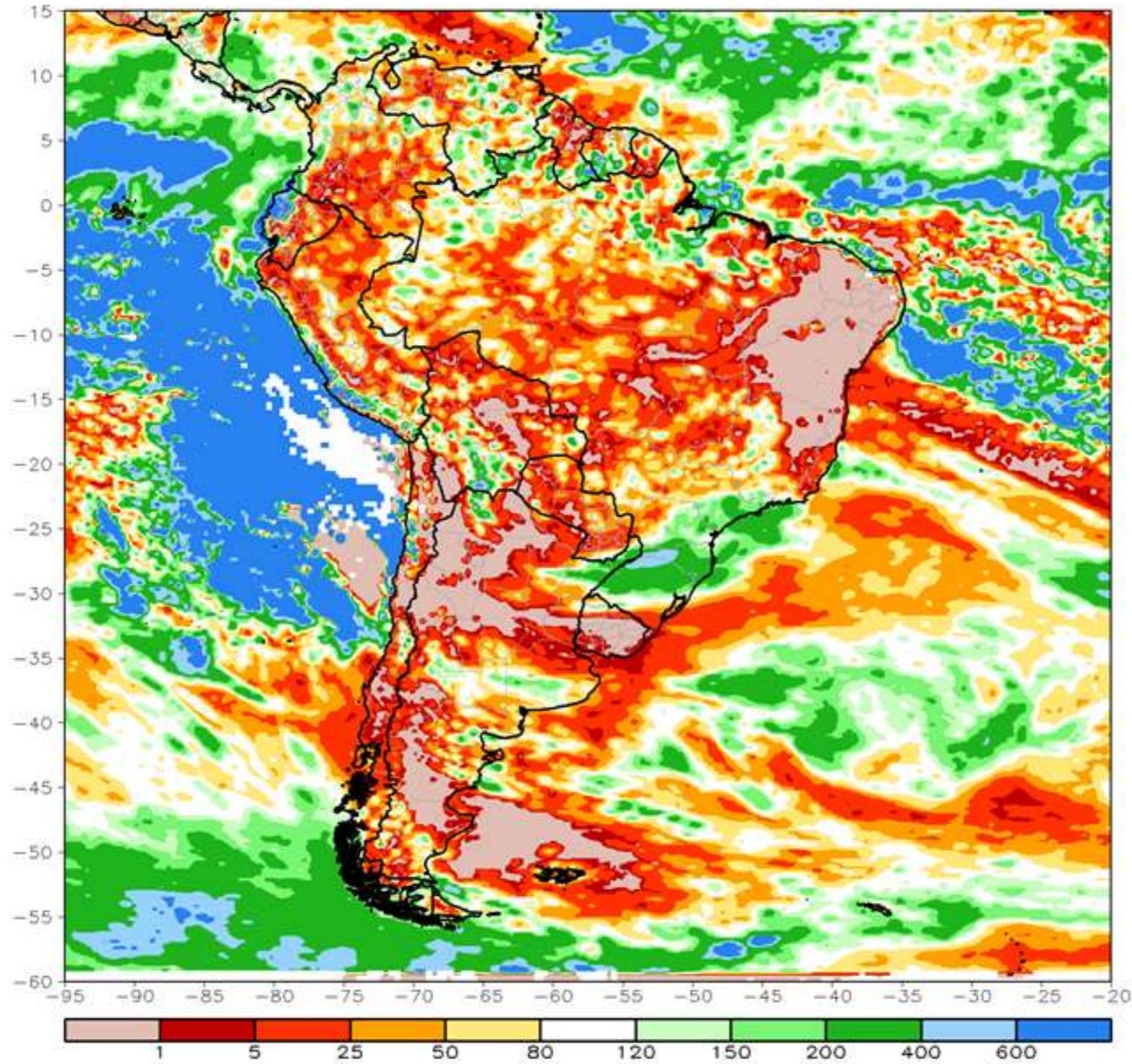


- |   |   |
|---|---|
|  Contraction of Cultivated Lands: Contraction of Cultivated Pasturelands greater than expansion of croplands and planted forests |  Expansion of cultivated lands: contraction of croplands and planted forests smaller than expansion of cultivated pasturelands |
|  Expansion of Cultivated Lands: Contraction of Cultivated Pasturelands smaller than expansion of croplands and planted forests   |  Expansion of cultivated lands: expansion of cultivated pasturelands, croplands and planted forests                            |

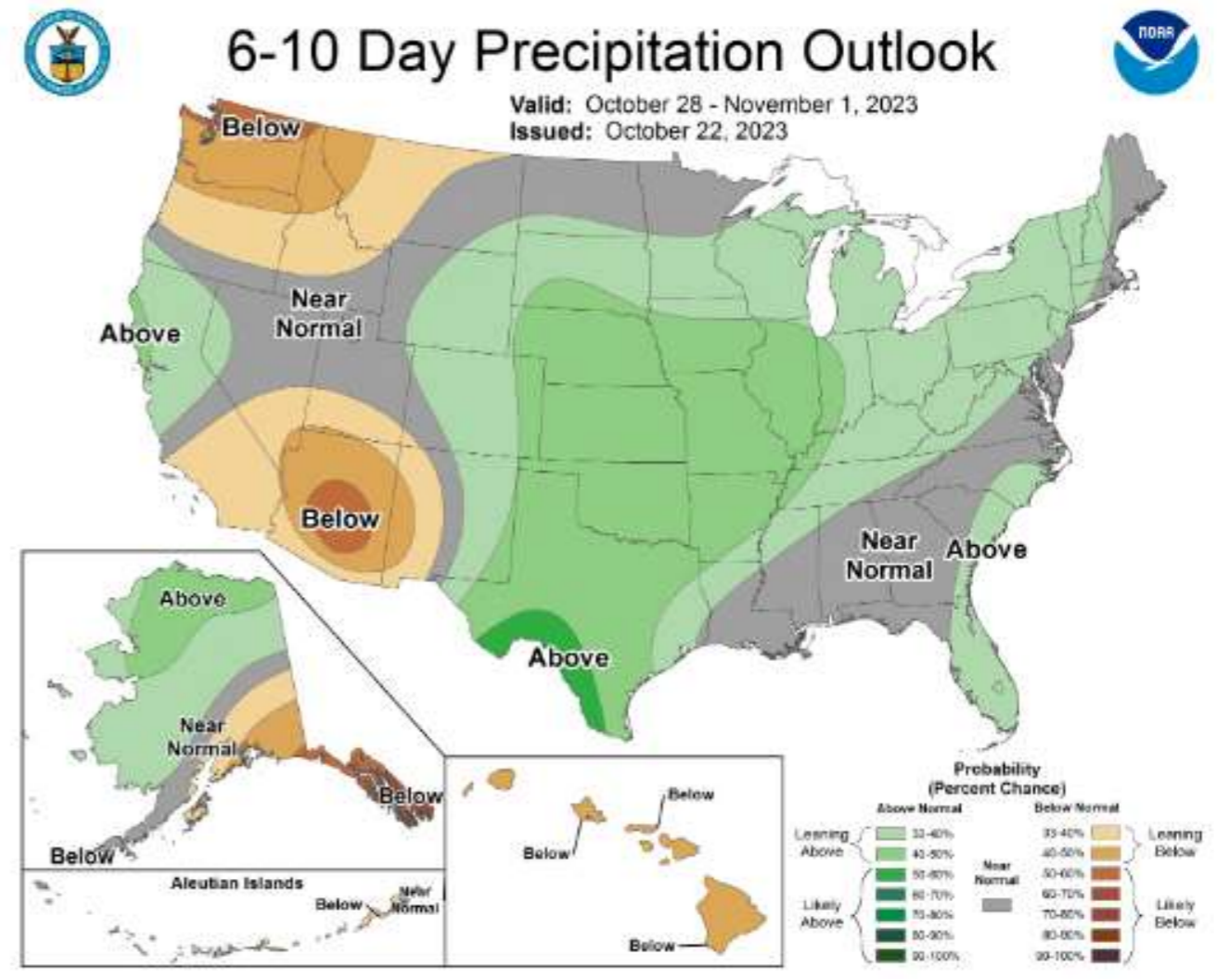
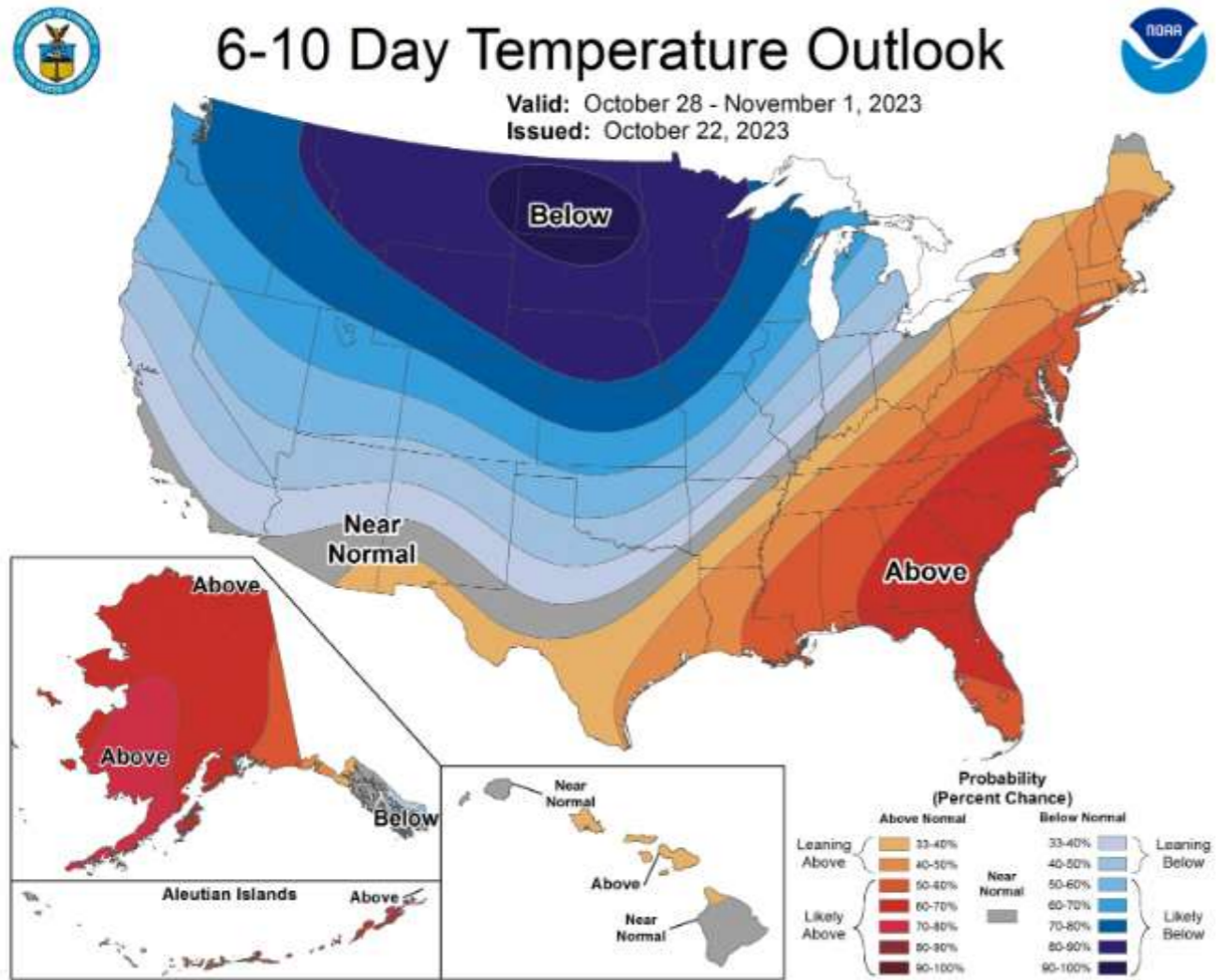
# South America Weather



CMORPH 7-Day Percent of Normal Rainfall (%)  
Period: 15Oct2023 - 21Oct2023



# US Forecast



# Hog Margin Worksheet

October 23, 2023



Target weight:	280
Yield	75%

Annual Targeted Margin	\$15.00
------------------------	---------

All expense minus corn,ddg and meal		
\$106.00 per head		
DDG	Corn	Meal
\$177.38	\$4.97	\$403.73
111	464	94
lbs		
(\$0.32) basis		

	Today's CME Price	Hog Basis	Estimate Cash w/ Basis	Today's Target	Corn Price	DDG	Meal Price	Cost of Production	Historic Target	Margin/Pig Today's Market
Nov '23	\$ 66.18	\$4.81	\$ 70.99	\$ 78.31	\$4.75	\$ 169.73	\$420.50	\$ 83.12	\$0.00	(\$25.49)
Dec '23	\$ 66.18	(\$0.34)	\$ 65.84	\$ 83.46	\$4.75	\$ 169.73	\$420.50	\$ 83.12	\$0.00	(\$36.31)
Jan '24	\$ 70.20	(\$7.25)	\$ 62.95	\$ 95.14	\$4.99	\$ 178.21	\$411.30	\$ 84.08	\$8.00	(\$44.37)
Feb '24	\$ 70.20	(\$2.22)	\$ 67.98	\$ 90.15	\$4.99	\$ 178.21	\$402.50	\$ 83.88	\$8.50	(\$33.40)
Mar '24	\$ 76.60	(\$6.09)	\$ 70.51	\$ 96.04	\$4.99	\$ 178.21	\$402.50	\$ 83.88	\$12.75	(\$28.08)
Apr '24	\$ 76.60	(\$0.51)	\$ 76.09	\$ 90.70	\$5.05	\$ 180.36	\$399.90	\$ 84.12	\$12.75	(\$16.86)
May '24	\$ 90.68	(\$4.62)	\$ 86.06	\$ 99.81	\$5.05	\$ 180.36	\$399.90	\$ 84.12	\$23.25	\$4.07
Jun '24	\$ 90.68	(\$1.21)	\$ 89.47	\$ 100.36	\$5.10	\$ 182.23	\$400.60	\$ 84.39	\$31.00	\$10.66
Jul '24	\$ 92.30	\$0.84	\$ 93.14	\$ 98.41	\$5.12	\$ 182.95	\$400.60	\$ 84.49	\$31.00	\$18.17
Aug '24	\$ 92.10	\$1.95	\$ 94.05	\$ 96.52	\$4.97	\$ 177.59	\$398.70	\$ 83.71	\$31.00	\$21.71
Sep '24	\$ 79.88	\$9.45	\$ 89.33	\$ 80.01	\$4.90	\$ 174.82	\$395.90	\$ 83.27	\$13.00	\$12.71
Oct '24	\$ 79.88	\$1.37	\$ 81.25	\$ 86.14	\$4.93	\$ 176.16	\$391.90	\$ 83.36	\$8.70	(\$4.45)
Nov '24	\$ 73.75	\$4.81	\$ 78.56	\$ 79.08	\$5.03	\$ 179.73	\$393.70	\$ 83.89	\$0.00	(\$11.20)
12 Month Avg	\$ 79.29	(\$0.32)	\$ 78.97	\$ 91.26	\$4.97	\$177.38	\$403.73	\$83.80	\$15.00	(\$10.14)
	per cwt.	per cwt.	per cwt.	per cwt.	per bu.	per ton	per ton	per cwt.	per head	per head



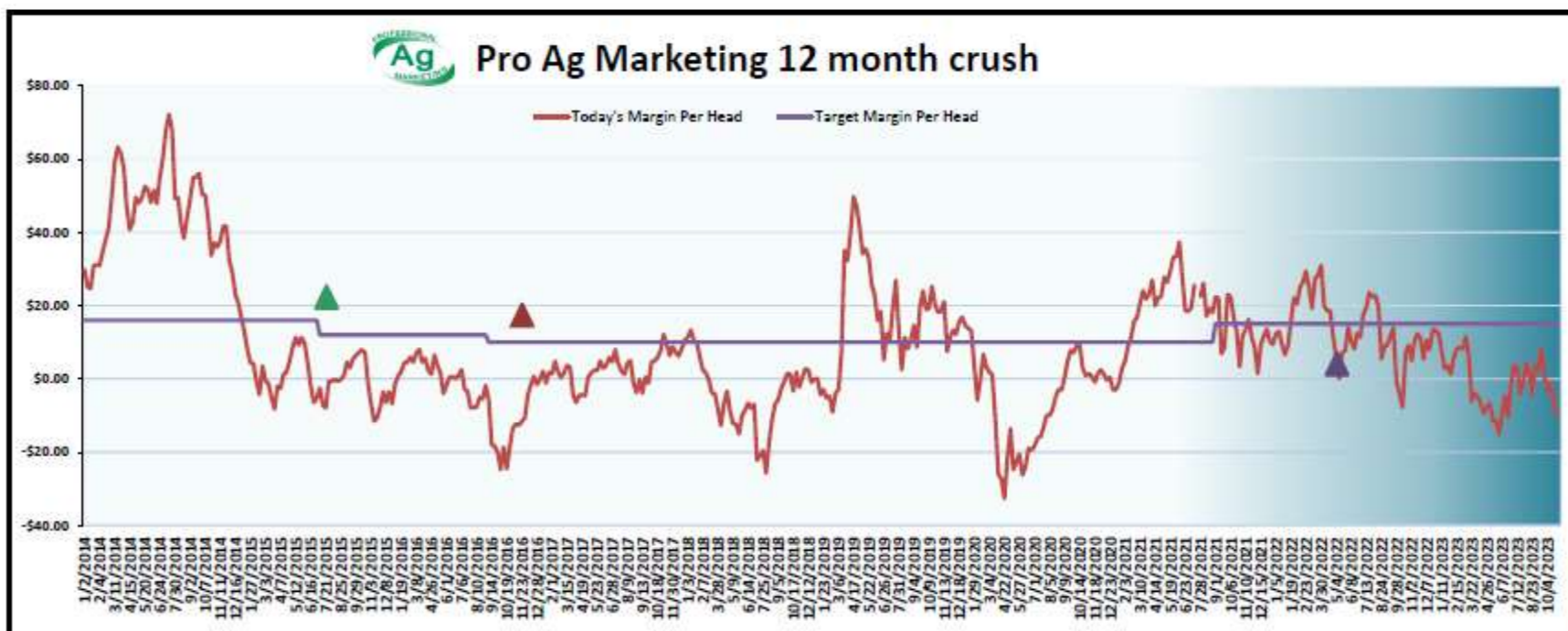
Futures Prices		Corn Basis
May '24 corn	\$5.12	(\$0.05) JAN
Jul '24 Corn	\$5.17	(\$0.05) FEB
Sep' 24 Corn	\$5.15	(\$0.05) MAR
Dec '24 Corn	\$5.18	(\$0.07) APR
Mar '24 Corn	\$5.04	(\$0.07) MAY
Dec '23 Corn	\$4.90	(\$0.07) JUNE
Mar '24 Corn	\$5.04	(\$0.05) JULY
Dec '23 Meal	\$420.50	(\$0.20) AUG
Mar '24 Meal	\$402.50	(\$0.25) SEP
May '24 Meal	\$399.90	(\$0.25) OCT
Jul ' 24 Meal	\$400.60	(\$0.15) NOV
Aug '24 Meal	\$398.70	(\$0.15) DEC
Sep '24 Meal	\$395.90	
Oct '24 Meal	\$391.90	
Dec '24 Meal	\$393.70	
Oct' 24 Meal	\$391.90	
Jan '24 Meal	\$411.30	

**Hog Fixed Costs:**

Isowean	\$48.00
Yardage	\$21.00
Vet	\$4.50
Trucking	\$4.00
Interest	\$2.50
Insurance	\$0.50
Misc	\$3.50
Other Feed	\$22.00
	<hr/>
	\$106.00



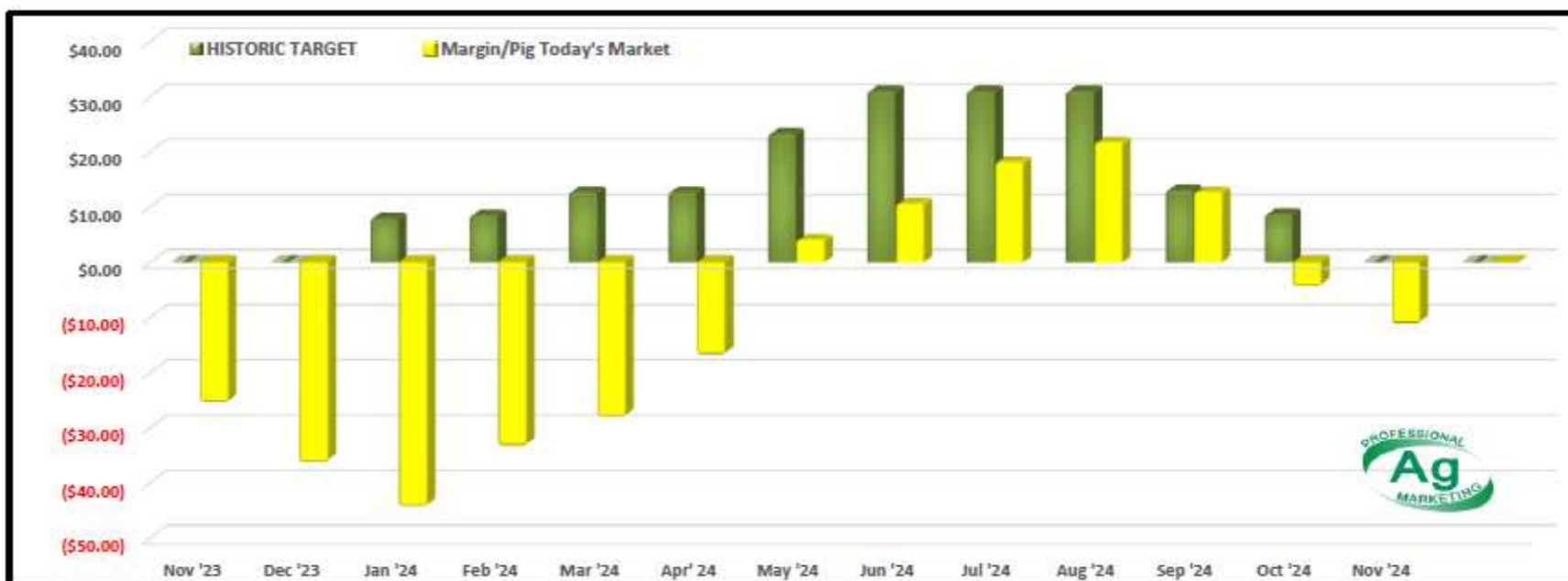
# Crush History



- targeted margin from \$16 to \$12 ▲
- targeted margin from \$12 to \$10 ▲
- targeted margin from \$10 to \$15 ▲

Adjusted Fixed Cost

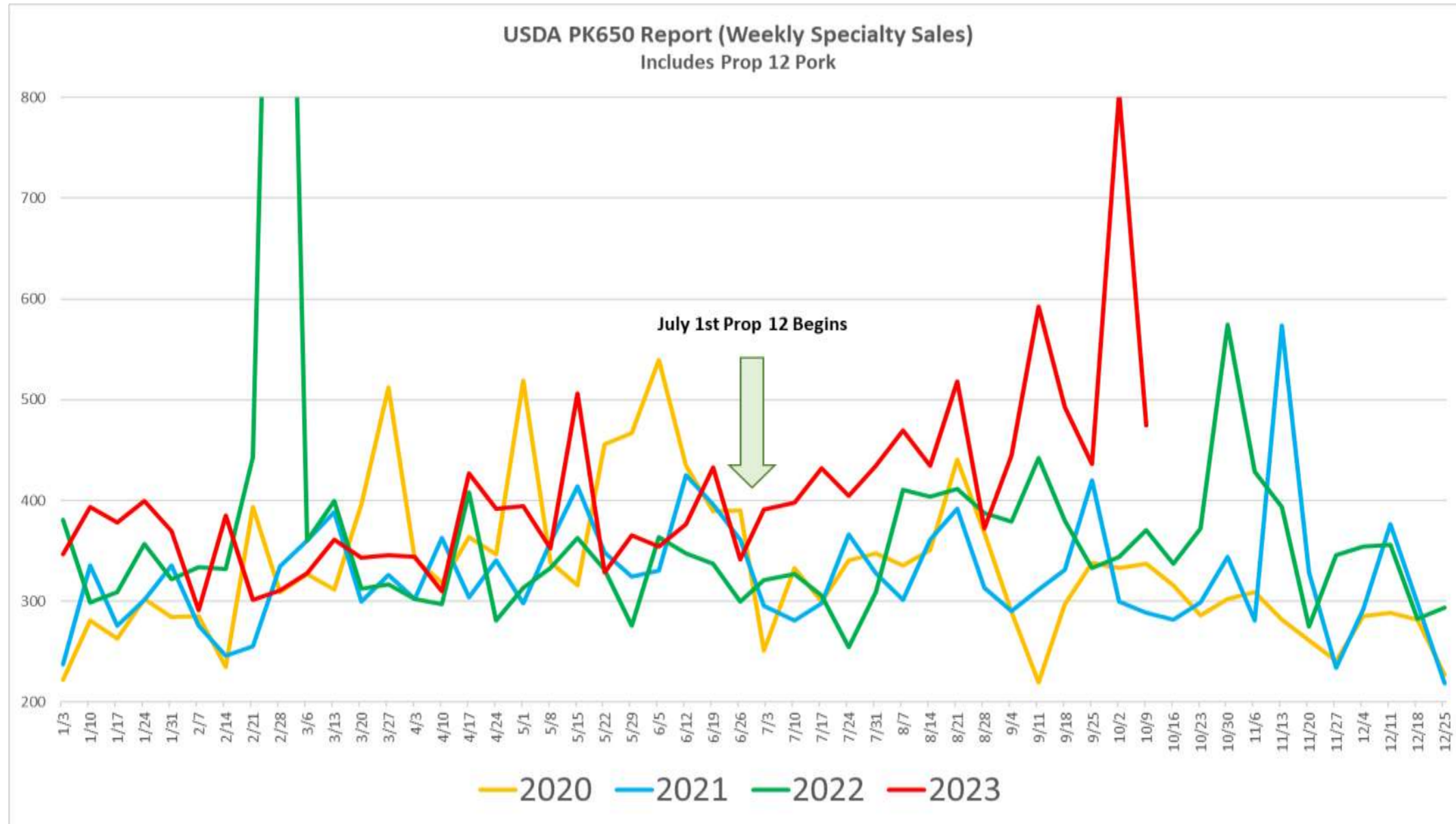
\$94	\$96	\$102	\$106
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# Current Events



USDA Weekly PK650 Report has recently shown larger volumes, Prop-12 pre-July pork supplies may be dwindling.



Report includes market information for pork cuts from specialty programs including but not limited to open pen gestation, crate free, antibiotic free, no-antibiotics ever, pre-priced and labeled, color graded, breed specific, quality graded, and organic.

# USDA National Retail Prices

Week Ending 10/20/23



**This week in Pork Retail . . . . .**  
 This week in Pork Retail, the Feature Rate increased by 1.4 percent, and the Special Rate increased by 1.3 percent. The Activity Index showed a 6.4 percent decrease. Butt, picnic, and spareribs received more advertisement space while loin, ham, and processed items received less advertisement space compared to the previous week.

**This week in Beef Retail. . . . .**  
 This week in Beef Retail, the Feature Rate decreased by 8.0 percent while the Special Rate increased by 2.3 percent. The Activity Index showed a 17.3 percent increase. Cuts from the Round, Loin, Brisket, and Ground Beef showed a decrease in ad space, while cuts from the Rib and Chuck showed an increase in ad space.

Pork	Current	Last Year		
Loin Boneless	\$ 2.39	\$ 2.39		100%
Tenderloin	\$ 3.75	\$ 4.16		90%
Backribs	\$ 3.70	\$ 3.34		111%
Butt Roast	\$ 1.83	\$ 1.81		101%
Spareribs	\$ 2.59	\$ 2.70		96%
Ham	\$ 1.50	\$ 2.00		75%
Sirolin Chop	\$ 2.64	\$ 1.74		152%
Ground Pork	\$ 3.72	\$ 3.06		122%

## Prior Week

Pork	Current	Last Year		
Loin Boneless	\$ 2.83	\$ 2.68		106%
Tenderloin	\$ 3.44	\$ 3.92		88%
Backribs	\$ 3.30	\$ 4.08		81%
Butt Roast	\$ 1.92	\$ 1.76		109%
Spareribs	\$ 2.76	\$ 2.70		102%
Ham	\$ 4.49	\$ 4.34		103%
Sirolin Chop	\$ 3.38	\$ 2.32		146%
Ground Pork	\$ 4.22	\$ 3.30		128%

Beef	Current	Last Year		
T-Bone	\$ 9.26	\$ 7.70		120%
Tenderloin	\$ 12.35	\$ 25.23		49%
Loin	\$ 6.99	\$ 6.99		100%
Beef Ribs	\$ 3.93	\$ 4.50		87%
Chuck Roast	\$ 5.75	\$ 4.94		116%
Brisket	\$ 4.81	\$ 4.13		116%
Ground Beef	\$ 6.16	\$ 5.22		118%

## Prior Week

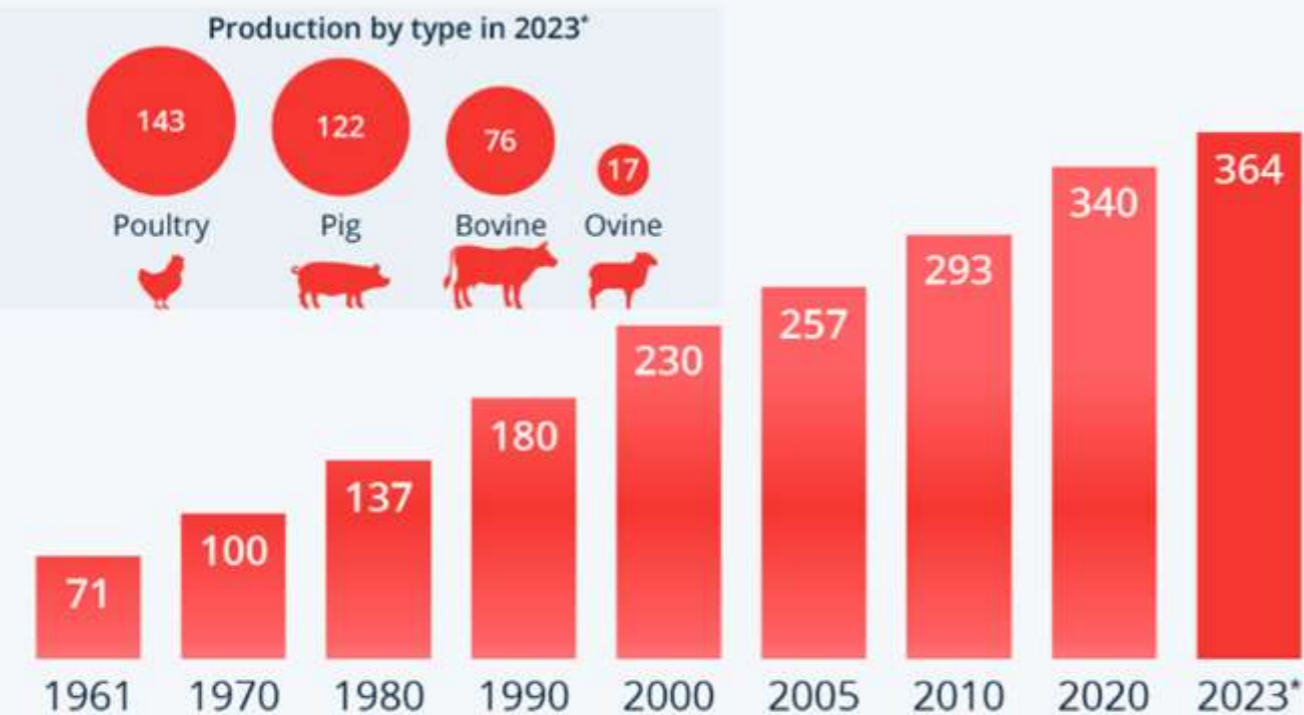
Beef	Current	Last Year		
T-Bone	\$ 9.12	\$ 8.10		113%
Tenderloin	\$ 11.66	\$ 10.14		115%
Loin	\$ 9.01	\$ 9.01		100%
Beef Ribs	\$ 5.99	\$ 4.99		120%
Chuck Roast	\$ 5.77	\$ 4.85		119%
Brisket	\$ 5.33	\$ 7.60		70%
Ground Beef	\$ 4.77	\$ 6.21		77%

# Global Protein Supply



## The Growing Global Hunger For Meat

Worldwide annual production of meat  
(in million tonnes - carcass weight equivalent)



\* Forecast  
Source: FAO

### HOGS:

- U.S. Hogs: Financial losses 8 of the past 10 Months, H&P still showing only slight liquidation
- EU Hogs: Significant liquidation due to rising cost and policies
- China Hogs: Disease issues, weak demand, 21 of past 25 months financial losses

### CATTLE:

- U.S. Cattle: tightened supply due to 3 years of drought, expansion yet to begin
- Australian Cattle: Liquidation in progress
- Brazilian Cattle: Current estimates for slaughter to decline 11% by 2026



Open Discussion &  
Thank You!

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