Pork Merchandiser's **Profit Maximizer**

- Foodservice Edition

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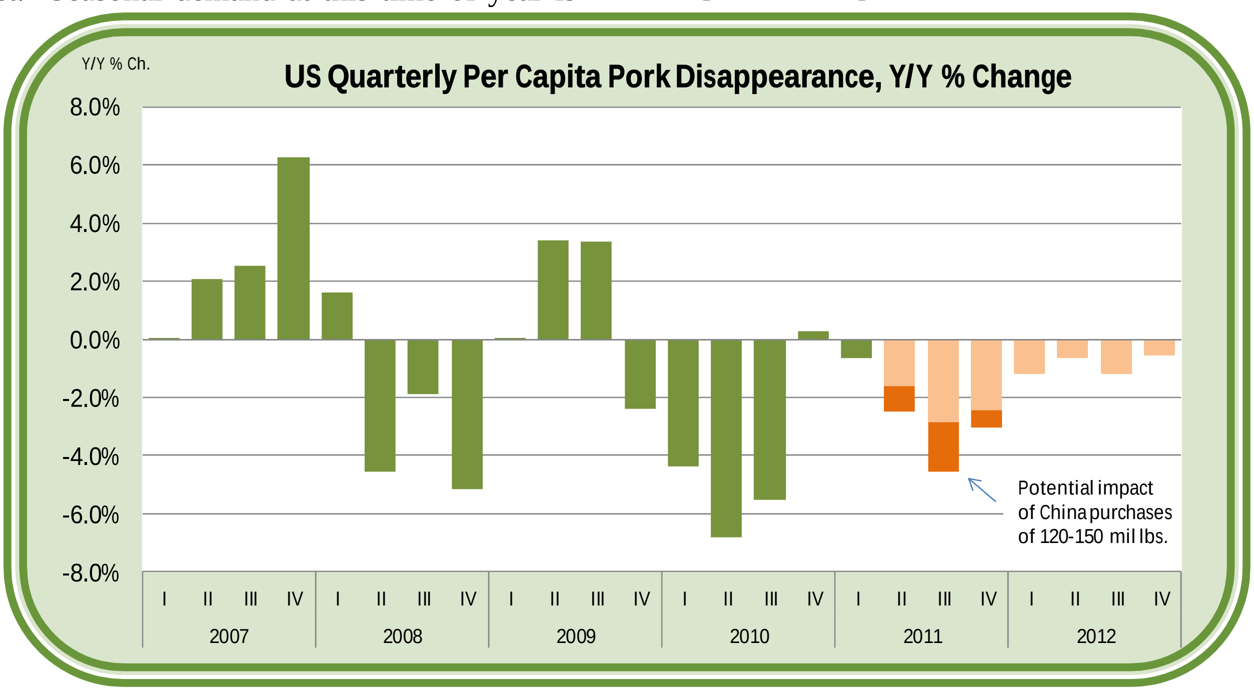
July 18, 2011

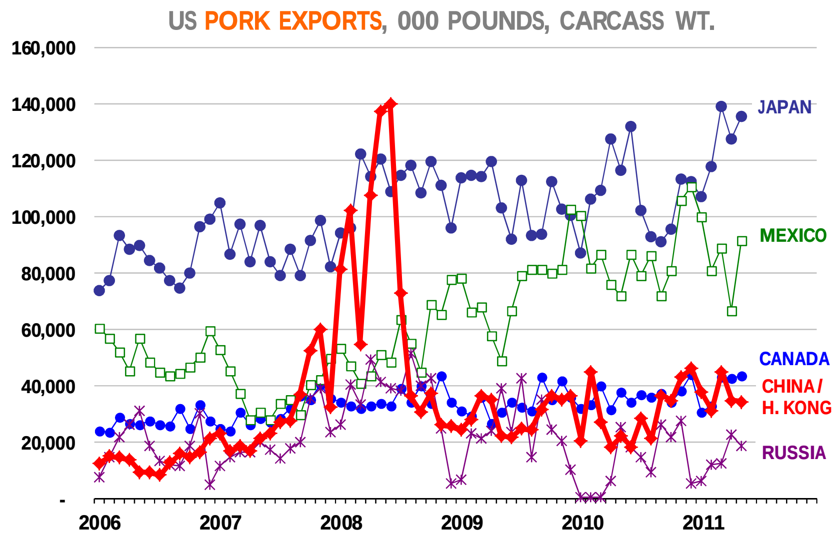
NEWS THIS WEEK!

1. Pork Prices Near Record Levels on Limited Supply, Strong Exports

Hog futures have bounced back recently on strong seasonal demand and expectations of limited product availability in the domestic market. Seasonal demand at this time of year is nothing new but markets were rattled somewhat earlier this spring, in part due to extremely wet and cold conditions which stifled grilling demand into Memorial Day. Summer hog futures declined from a high of $104/cwt. in early April to as low as $87/cwt. by mid-May. At the time, the normal seasonal was seriously in doubt with many looking at weak consumer spending and insufficient exports to explain the decline. Conversely, as



weather warmed up, domestic demand returned and the nearby lean hog futures contract is currently trading near $99/cwt. Out front hog futures also have shown gains as market participants speculate on product availability in the domestic market. The chart below shows US quarterly per capita pork disappearance before and after the recession. It is important to note that we have had just three quarters since 2007 when per capita pork disappearance increased from the previous year. Our forecasts are for continued reductions in per capita pork availability in the US. This is the main reason why we remain bullish for pork prices into 2012. US hog producers continue to hold back on any significant expansion plans and with corn prices expected to remain high, we think that any gains in sow numbers will be minimal. Indeed, US sow slaughter during the last four reported weeks is up almost 10% compared to the previous year. On June 1, the US sow inventory was reported at 5.803 million head, just 0.3% higher than the previous year. Given current trends, the breeding herd on September 1 will likely be very close to year ago levels. Any gains in US pork production, therefore, will be due to more pigs per litter and heavier hogs coming to market. Our current estimates are for US pork production in the second half of the year to increase by only 0.6% from a year ago and then be only 0.5% higher in 2012. These are minimal increases that are insufficient to support normal population growth, let alone expanding export demand.

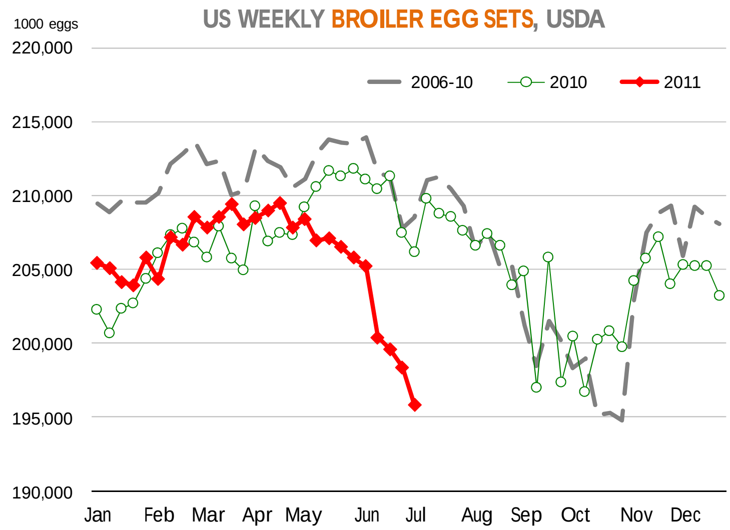


The issue of pork export demand has gained prominence in recent years and it was once again the topic of discussion following reports of large Chinese purchases. China is reported to be releasing pork from domestic reserves in an effort to limit domestic pork price inflation. Pork prices in China have increased by 57% recently and Chinese authorities are worried about popular unrest following price increases for staples such as pork and soybean oil. Much of the talk in the market focused on reports that China is poised to purchase an additional 120-150 million pounds of pork in June - Aug. Assuming that some of these purchases have already taken place in June (about 40 million additional pounds or so), it leaves an additional 80 million pounds of pork to be shipped in Q3. Our current forecast is for pork exports to rise 14.7% in Q3 but if such Chinese purchases materialize, pork exports would rise by 23% compared to a year ago. Such an increase in pork exports would imply a 4.2% Y/Y decline in per capita disappearance, notably lower than our baseline forecast for a –2.9% decline. Chinese pork purchases are fickle, as evidenced by the sharp increase in purchases during a few months in 2008. At the time, China bought as much as 100 million pounds of pork a month going into the Olympics but then pulled back sharply. We suspect a similar pattern this year, especially with extra incentives provided to Chinese farmers to retain sows. Longer term, however, we do think that US pork exports to China will continue to grow. In part this reflects higher production costs for Chinese farmers but also an expanding urban population that still views imported pork as a superior product. Chinese officials also will continue to look at the US market as a way to supplement ever rising demand for pork protein.

In addition to shipping more pork to China, US pork exports to other parts of the world remain strong. Pork exports in May were 408.8 million pounds, 12.7% higher than a year ago. This was the third consecutive month that pork exports have crossed the 400 million pound threshold, the last time that happened was during the summer of 2008, driven by large Chinese purchases. This time around growth appears to be broader based. Japan continues to buy more US pork, with exports to this market in May reaching 135.5 million pounds, or 16.4% more than a year ago. Exports to Mexico rose 26.9% to 91.5 million pounds while exports to Canada increased 15.1% to 43.2 million pounds. As with beef, shipments to S. Korea have slowed down from around 87 million pounds a month in March to about 30 million pounds in May. Still, even at that volume, pork exports to S. Korea were up 33% compared to May 2010.

Bottom line: Expect tight US domestic pork supplies to continue into 2012. One big wild card for pork demand will be the performance of other proteins, especially chicken. As we discuss in point #3, cuts in chicken production should also be supportive of pork demand going into the holiday season while very high cattle and beef prices are long term bullish for pork prices as well.

2. The cutbacks in chicken egg sets have been swift, a response to eroding producer profitability in light of high feed costs and insufficient demand, especially for breast meat. As the chart above shows, current egg sets are more similar to the kind of cutbacks we see in late September and October (corresponds to very weak demand levels in Q4). Indeed, we expect egg sets to continue to decline for the next two to three months as the industry strives to bring its supplies more in line with current weak demand levels. Part of the problem for the chicken industry has been the sharp rise in broiler weights. Much better feed quality has caused weights to increase as much as 3% compared to a year ago, thus adding considerable tonnage despite relatively flat egg set numbers. Also, the industry is striving to cope with the lack of Russian purchases. Last year, lower feed costs and product prices allowed chicken producers to push more product into smaller markets. However, it is one thing to sell chicken leg quarters when they are priced at 30 cents a pound and it is quite another when you price them at 50 cents per pound. As leg quarter asking prices crept up during March and April,



international buyers moved to the sidelines, unable to pay asking prices. Eventually, US packers had to relent as leg quarter stocks rose sharply. Also negative for the industry has been the pronounced slowdown in foodservice sales this summer. Many large foodservice chains have long term contracts covering their chicken needs. These contracts help chicken producers who are vertically integrated better manage risk and production. However, as sales at foodservice slowed down this spring and summer, sales projections badly missed the mark, causing significantly more product to be available in the spot market. In a normal year, we would expect chicken breast prices in June and July to trade at 1.60 to 1.80 cents per pound but so far prices have had difficulty staying at 1.20 cents per pound. Eventually we think the reductions in supply and more stability in foodservice demand will cause chicken prices to swing back. Normally you would expect whole broiler prices in December to trade at a 7.5% discount to July levels. Our current forecast, however, calls for a 6% premium December over July. Similarly for chicken breasts, December prices trade at an almost 20% discount to July. Given current depressed breast values and supply cutbacks, we estimate December breast meat to trade at a 3% premium to current levels.

Upcoming holidays:

2011 Labor Day [US and Canada] (Monday September 5); Rosh Hashanah (Thursday September 29); Yom Kippur (Saturday October 8); Columbus Day (Monday October 10; Canadian Thanksgiving Day (Monday October 10); Daylight Savings Time Ends [US and Canada] (Sunday November 6); Veterans Day (Friday November 11); Remembrance Day [Canada] (Friday November 11); Thanksgiving (Thursday November 24); Hanukkah (Wednesday December 21; Christmas Day (Sunday December 25); Boxing Day [Canada] (Monday December 26).

PORK

NOTE: WE ARE NOW REPORTING AND FORECASTING WEIGHTED AVERGAGE BLUE SHEET PRICES FOR PORK CUTS.

Live hog. For the week ending July 16 hog slaughter was 1.945 million head, down about 0.97% from the same week a year ago. Slaughter for the last two reported weeks was down 0.77% vs. a year ago.

Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values. Lean hog carcass values at $92.71/cwt. on Friday were down $3.71 since Wed. July 6. Prices are now about $23.86/cwt. over year ago values. Prices are likely to be higher in August.

21/dn Pork Loins "**Total on FOB Basis**" (page 8). Prices finished last week at $1.4386 for the "Total on FOB Basis" quote, up about 5 cents since the Wed. July 6 quote and about 24 cents higher than year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.8500 for the strap on loins, up about 17 cents since Wed. July 6 and up about 52 cents from the year ago levels. Strap off loins at $1.9500 are up about 12 cents since Wed. July 6 and up about 49 cents compared to the year ago quote.

Boneless sirloins at $1.4000 are up about 9 cents from the Wed. July 6 quote and up about 25 cents from the year ago price. Expect prices to be higher in late July and August.

Pork tenderloin finished last week at $3.2100 up about 2 cents since the Wed. July 6 quote and up about 52 cents from the year ago price.

5/10 Pork Butts "Total on FOB Basis" (page 10), prices finished the week at $1.2473 up about 5 cents since Wed. July 6 and up about 32 cents from the year ago levels. US consumer demand for pork butts should continue to be good during the summer cookout season.

4.25/dn Spare Ribs "Total on FOB Basis" (page 8). Prices finished the week at $1.6600 up about 4 cents since Wed. July 6 and up about 36 cents from year ago levels.

Rib inventories on May 31 were 79.5 million pounds, up 25 percent from a year ago.

Hams "Total on FOB Basis".

The Total on FOB Basis for 17/20 hams (page 9) price was 80.00 cents unchanged since Wed. July 6 but up about 2 cents from a year ago.

20/23 hams finished the week at 82.00 cents for the Total on FOB Basis up about 2 cents since Wed. July 6 and up about 6 cents from the year ago level.

23/27 hams finished the week at 83.00 cents for the Total on FOB Basis up about one cent from the Wed. July 6 quote and up about 7 cents from the year ago level.

Total ham cold storage stocks on May 31 at 101.5 million pounds were up about 9 percent from year ago levels.

Bellies "Total on FOB Basis". 14/16 bellies (page 9) finished Friday at 131.00 cents, unchanged since the Wed. July 6 quote but up about 16 cents from the year ago quote.

Cold storage stocks on May 31 were 56.5 million pounds, up about 28 percent from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 74.00 cents unchanged since Wed. July 6 but up about 17 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at $0.9711 up less than one cent since the Wed. July 6 quote and up about 17 cents from the year ago level.

Freezer stocks of all trimmings on May 31 were 49.4 million pounds, up 19% from the year go levels.

72 CL Picnic Meat "FOB Basis" (page 10). Picnics prices at $1.0800 are up about 4 cents from Wed. July 6 and up about 14 cents from the year ago price.

POULTRY

Georgia Dock Broilers. The Georgia dock price on Wednesday July 13 at 87.25 cents was down about one cent from a year ago.

The composite market average price was down about 8 cents from the year ago levels at 79.85 on Monday July 11.

Broiler slaughter for the week ending July 16 was estimated at 161.7 million, down about 0.81% from a year ago. For the last two weeks slaughter was down 0.41% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.2002 up about one cent since the Wed. July 6 quote but down about 43 cents from the year ago levels.

Prices should be higher in late July and August. The broiler industry appears to be in the process of cutting production to match today's very poor demand if you look at the egg sets.

Leg Quarters. The value of this item and the timing of price moves are completely dependent on the timing of export purchases and export business, which seems so so at this time. Leg quarter prices are now trading about 7 cents over year ago prices at 44.40.

Wings. Prices at $0.9621 are down about 29 cents from year ago levels. The cure for low prices is low prices. We think wing prices have found their annual bottom recently near current levels and the next move on wings should be to higher prices.

Turkeys

Hens finished last week at $1.0500 unchanged since Wed. July 6 but about 9 cents over the year ago price.

Toms finished last week at $1.0500 unchanged since Wed. July 6 but about 9 cents over the year ago price.

Total turkey supplies in the freezer on May 31 were down 4 percent from a year ago at 443.9 million pounds. Whole birds were down 6% from year ago with that inventory at 234.0 million pounds.

Turkey slaughter was 3.988 million head for the week ending July 9, up 2.41% from a year ago. For the last two reported weeks slaughter was 4.77% above a year ago.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.50, unchanged since Wed. July 6. Prices are up about 5 cents vs. year ago prices.

BEEF

NOTE: WE ARE NOW REPORTING AND FORECASTING WEIGHTED AVERAGE BLUE SHEET PRICES FOR BEEF CUTS.

Choice 112A Heavy Bnls. Lip On Rib Eyes at $5.6038 (weighted average quote) finished last week up about 11 cents since the Wed. July 6 quote and up less than one cent vs. the year ago price. **Select 112A Heavy Lip On Rib Eyes** prices finished last week at $5.2073 (weighted average quote) up about one cent since Wed. July 6 and up about 64 cents from the year ago price. The current spread between Choice and Select heavy ribs shows the Choice Rib Eyes are trading at a premium to the Select by $0.0121 per pound. The 2010 annual average spread (wt. average price) was the Choice at a premium to the Select by $0.5461 per pound and the previous five years (2006 thru 2010) average spread was Choice at a premium to the Select by $0.5833 cents per pound. Prices are low compared to their normal relationship to cattle prices. However, it is difficult to get enough demand to move prices up during the summer until September.

Choice regular #168 insides finished last week quoted at $1.8983 down about one cent since Wed. July 6 but up about 39 cents from the year ago price. **Choice ¼ inch trimmed #168 insides** finished last week quoted at $1.9800 down about 7 cents since Wed. July 6 but up about 36 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $1.8698 almost unchanged since Wed. July 6 but up about 31 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $5.7497 (wt. avg.) up about 19 cents from the Wed. July 6 quote. Prices are about 87 cents above year ago levels.

Choice #184 Regular Heavy top butts finished at $3.0208 (wt. avg.) up about 33 cents since Wed. July 6 and up about 96 cents from year ago levels. **Choice #184 ¼ inch trimmed Top Butts** finished at $3.1173 (wt. avg.) up about 25 cents since Wed. July 6 and up about 95 cents from the year ago levels.

Choice #185A Flap Meat (page 54) prices finished Friday at $4.2444 (wt. avg.) up about 14 cents since Wed. July 6 and up about $1.05/lb. from year ago values.

COARSE GROUND BEEF - 73CL Coarse Ground product finished last week at $1.4718 down about 5 cents since Wed. July 6 but up about 21 cents from year ago levels. Current prices are $0.1115 per pound over the price of a 73CL meat block formulated from 90CL and 50CL trim. A year ago the margin was $0.0533 per pound and the five years average for July is a negative $0.0372 per pound over. **81CL Coarse Ground** product finished last week at $1.6384 down about 10 cents since Wed. July 6 but up about 17 cents from the year ago quote. Currently 81CL Coarse Ground is trading for $0.1111 per pound over a meat block made up of 90CL and 50CL trim. A year ago the spread was $0.0558 and the five year average spread for July is a negative margin of $0.0335.

MANUFACTURING BEEF AND TRIM –

Domestic cow meat supplies are now above year ago levels. The drought conditions in the Texas area keep getting worse. For the last four reported weeks the **total cow slaughter** rate (the last week being the week ending July 2) was 4.49% above a year ago. With higher milk prices we expect the net cow slaughter will run under a year ago for the remainder of 2011, in spite of the dry conditions in Texas.

Imported beef supplies from Australia are increasing a bit after being down very sharply due to weather issues in Australia and better demand for Australian product from non-USA countries. New Zealand's heavy slaughter season is basically over until October/November. Uruguay continues to find better markets for its beef and is shipping insignificant amounts to the USA.

The currency market continues to discourage shipments to the USA. The Australian dollar finished last week at US$1.0540/Australian dollar.

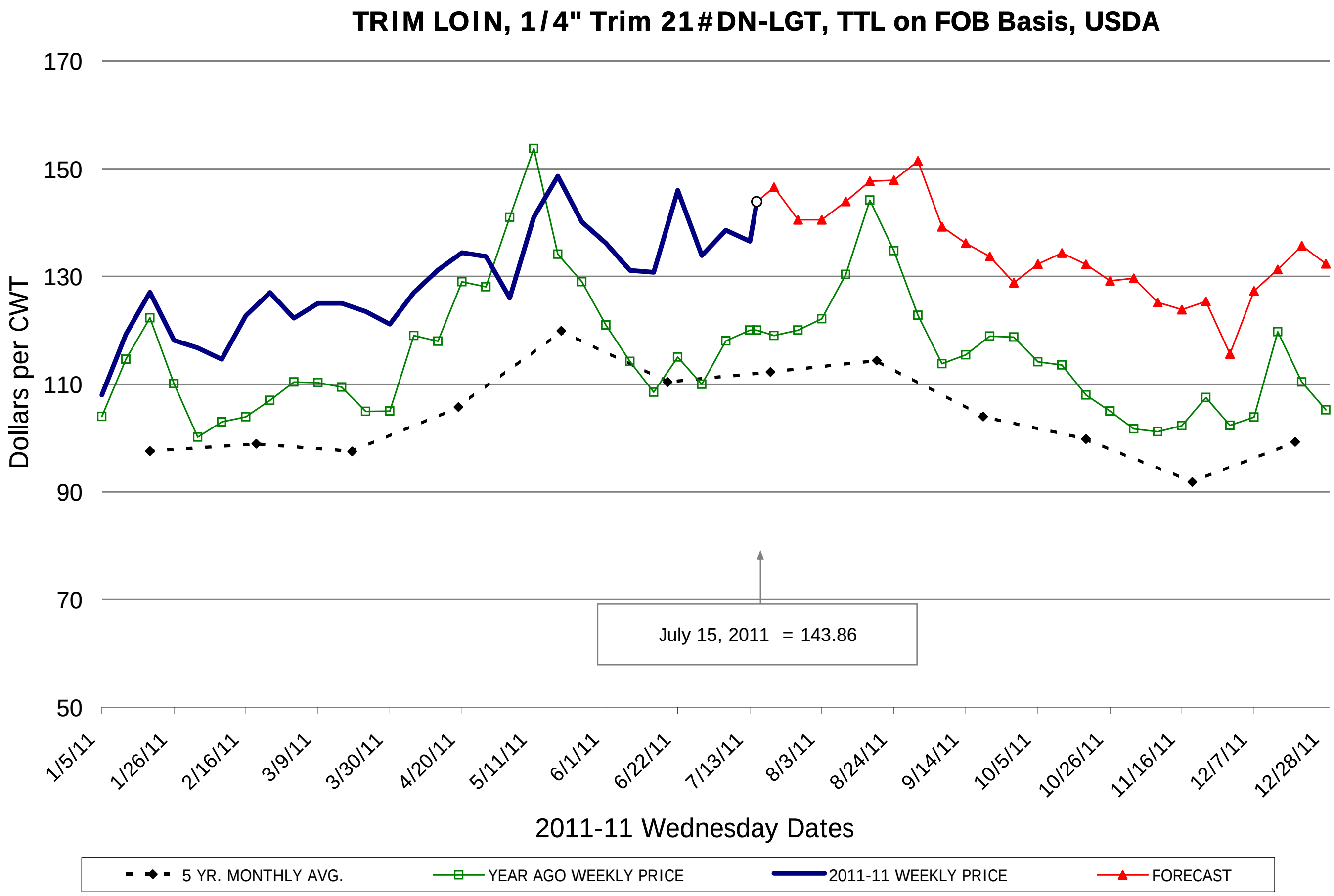
90CL Bnls. Beef prices finished the week at $1.8345 (wt. avg.) down about 2 cents since Wed. July 6 but about 18 cents over the year ago price quote. We expect prices to be higher in August, but some of the hot weather is going to need to break for that to happen. Farmers liquidated their beef and dairy cows in 2010, but we expect that that liquidation will stop during the second half of 2011. We expect significantly less cows slaughtered during the second half of 2011 vs. 2010. Fewer cows in the kill should mean higher prices than a year ago for the remainder of 2011.

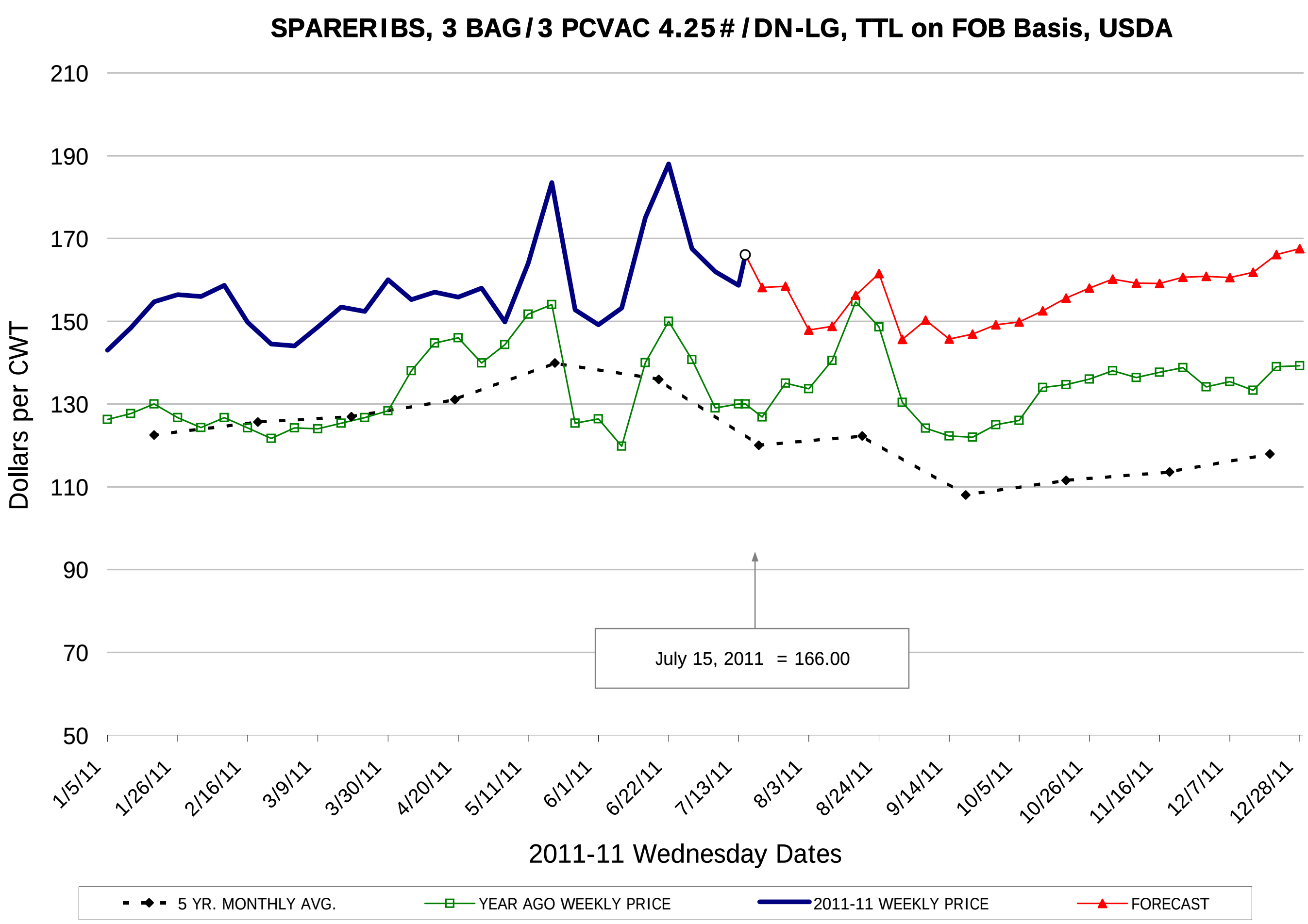
50 CL Beef Trim prices finished last week at $0.8057 on Friday down about 7 cents per lb. (wt. avg.) since Wed. July 6 but about 3 cents over the year ago level.

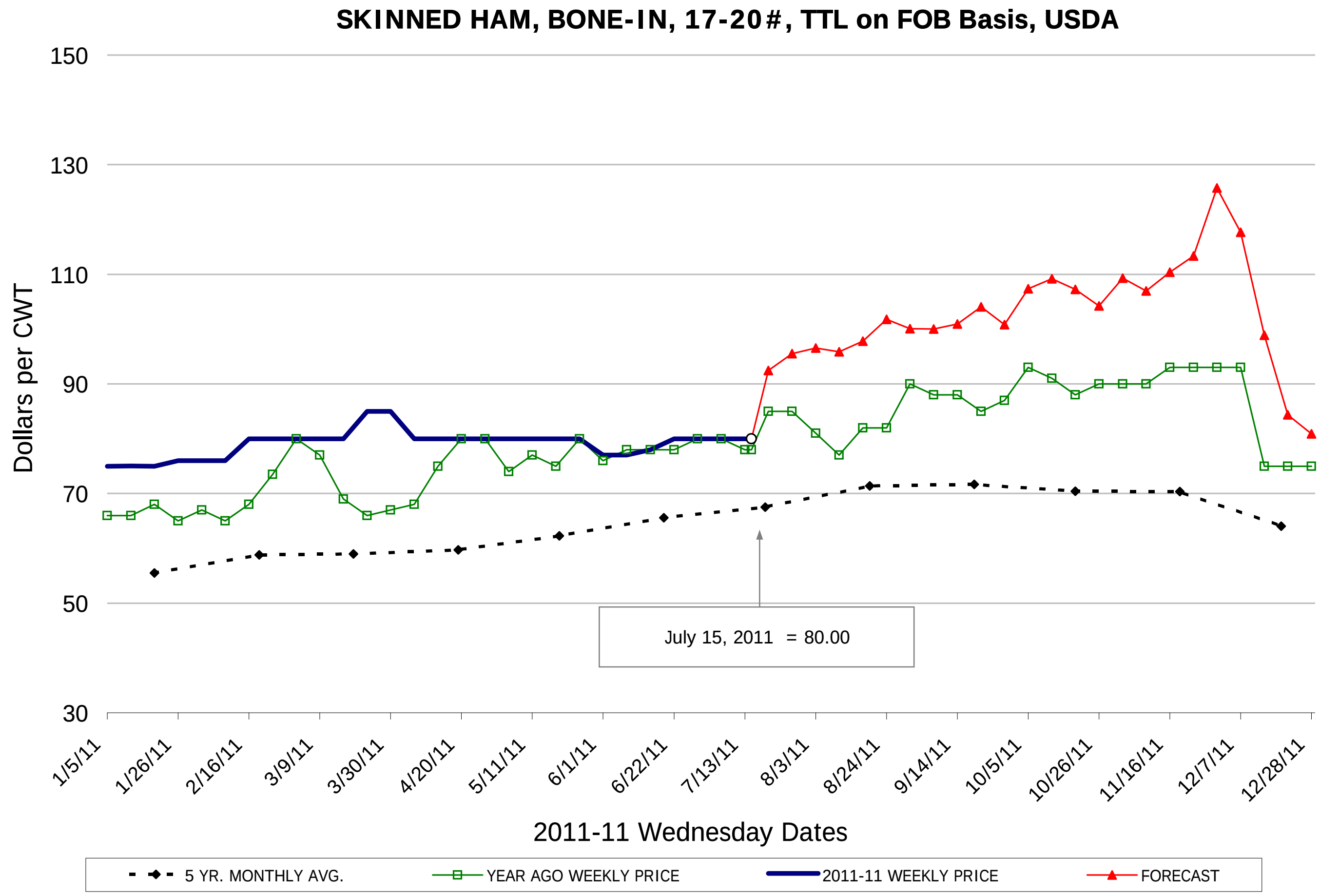
Food Service Summary Table - WT. AVE

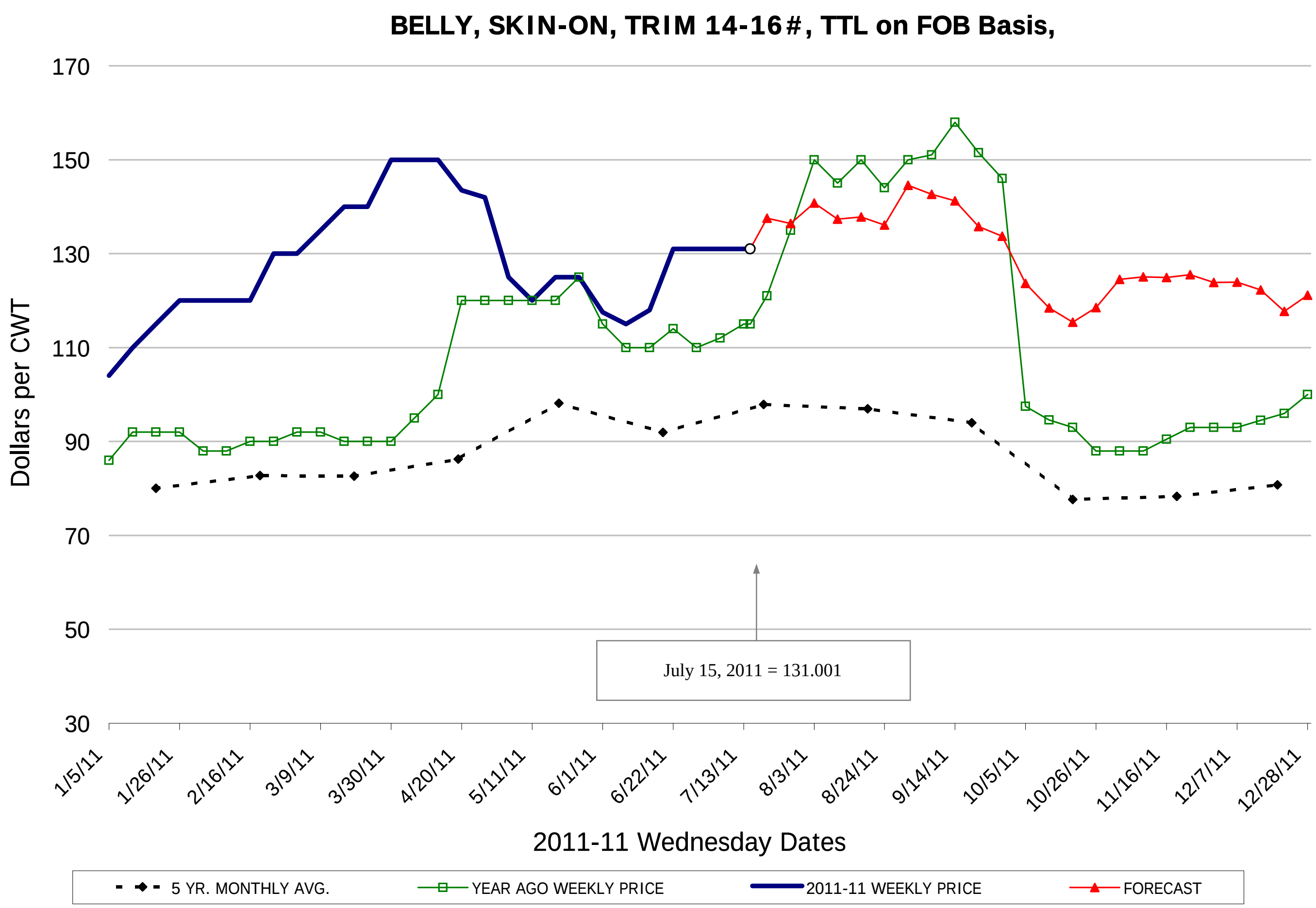
	2011 History								2011 FORECAST						
	Jan	Feb	Mar	Apr	May	Jun	7/6/2011	7/15/2011	7/27/2011	Jul	Aug	Sep	Oct	Nov	Dec
PORK															
TRIM LOIN, 1/4" Trim 21#DN-LGT, TTL on FOB Basis, USDA	1.18	1.20	1.23	1.32	1.39	1.36	1.39	1.44	1.41	1.44	1.45	1.36	1.32	1.26	1.29
TRIM LOIN, 1/8" TRM/less 21#DN-LGT, TTL on FOB Basis, USD/	1.31	1.30	1.34	1.44	1.54	1.54	1.52	1.54	1.52	1.55	1.61	1.51	1.50	1.47	1.51
LOINS, CNTRCUT, BNLS STRAP-OFF 5-11#, USDA	1.76	1.75	1.80	1.88	1.84	1.84	1.83	1.95	2.02	1.95	2.07	1.98	1.96	2.01	2.07
PORK TENDERLOIN 1.25/DN#,	2.26	2.56	2.58	2.70	2.90	3.07	3.20	3.22	3.29	3.20	2.94	2.91	2.80	2.84	2.88
TRIMMED BUTT, 1/4" TRM 5-10#, TTL on FOB Basis, USDA	1.06	1.26	1.17	1.19	1.15	1.16	1.19	1.25	1.19	1.24	1.29	1.22	1.20	1.20	1.26
SPARERIBS, 3 BAG/3 PCVAC 4.25#/DN-LG, TTL on FOB Basis, U	1.51	1.52	1.52	1.57	1.62	1.67	1.62	1.66	1.58	1.62	1.52	1.48	1.54	1.60	1.64
ST LOUIS STYLE RIBS 2 1/4 DN	2.51	2.52	2.52	2.57	2.62	2.67	2.62	2.66	2.58	2.62	2.52	2.48	2.54	2.60	2.64
SPARERIBS, 2 BAG/3 PCVAC 4.25#/UP-M, USDA	1.48	1.47	1.45	1.51	1.58	1.61	1.59	1.62	1.56	1.57	1.49	1.44	1.49	1.55	1.57
LOIN BACKRIB (BOXED), FRSH/FRZN, 1.75-2.00, USDA	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.53	2.60	2.66	2.65	2.74	2.94	2.79
LOIN BACKRIB (BOXED), FRSH/FRZN, 2.00/UP, USDA	2.44	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04
SKINNED HAM, BONE-IN, 17-20#, TTL on FOB Basis, USDA	0.75	0.78	0.82	0.80	0.80	0.78	0.80	0.80	0.96	0.90	0.98	1.02	1.07	1.10	0.99
SKINNED HAM, BONE-IN, 20-23#, TTL on FOB Basis, USDA	0.71	0.78	0.82	0.77	0.79	0.77	0.80	0.82	0.93	0.89	0.98	0.98	1.01	1.04	0.91
SKINNED HAM, BONE-IN, 23-27#, TTL on FOB Basis, USDA	0.70	0.78	0.80	0.77	0.80	0.77	0.82	0.83	0.92	0.89	0.98	0.98	0.93	0.96	0.88
SELECT, BNLS 5 MUSCLE HAMS 94-96%, TTL on FOB Basis, USD/	1.26	1.19	1.31	1.20	1.20	1.26	1.27	1.28	1.51	1.51	1.63	1.65	1.56	1.65	1.58
BELLY, SKIN-ON, TRIM 12-14#, TTL on FOB Basis,	1.09	1.21	1.39	1.47	1.23	1.22	1.31	1.31	1.33	1.32	1.35	1.37	1.16	1.22	1.18
BELLY, SKIN-ON, TRIM 14-16#, TTL on FOB Basis,	1.12	1.23	1.39	1.46	1.24	1.23	1.31	1.31	1.36	1.35	1.38	1.40	1.19	1.25	1.21
BELLY, SKIN-ON, TRIM 16-18#, TTL on FOB Basis,	1.12	1.23	1.39	1.47	1.25	1.22	1.31	1.31	1.34	1.32	1.35	1.37	1.16	1.22	1.18
42CL PORK TRIM, FRESH, COMBO, USDA	0.45	0.46	0.56	0.54	0.59	0.58	0.74	0.74	0.68	0.70	0.66	0.60	0.52	0.43	0.41
72CL PORK TRIM, FRESH, COMBO, USDA	0.78	0.86	0.85	0.84	0.85	0.86	0.97	0.97	1.06	1.03	1.04	0.96	0.92	0.99	0.99
HOG CARCASS															
250-270# HOGS, US 1-3, INTERIOR IOWA DIRECT HOG MARKET	0.74	0.81	0.83	0.91	0.90	0.95	0.96	0.93	0.98	0.95	0.98	0.95	0.91	0.88	0.88
BROILERS															
12 CITY BROILER COMPOSITE WEIGHTED AVG.	0.77	0.75	0.82	0.82	0.83	0.82	0.80	0.80	0.80	0.81	0.85	0.85	0.85	0.85	0.86
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.14	1.20	1.34	1.36	1.31	1.25	1.19	1.20	1.21	1.26	1.44	1.42	1.28	1.23	1.30
N.E. BROILER BREAST LINE RUN, USDA	0.75	0.77	0.88	0.91	0.87	0.84	0.82	0.81	0.77	0.82	0.90	0.87	0.82	0.81	0.83
N.E. BROILER LEG QUARTERS, USDA	0.35	0.37	0.43	0.48	0.49	0.47	0.45	0.44	0.45	0.46	0.46	0.46	0.43	0.41	0.43
N.E. BROILER WINGS, USDA	1.09	0.97	0.86	0.83	0.82	0.90	0.94	0.96	0.94	0.96	0.98	1.15	1.21	1.19	1.25
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS,	0.92	0.93	0.95	0.98	1.02	1.05	1.05	1.05	1.05	1.06	1.08	1.12	1.16	1.16	1.05
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH,	2.42	2.23	2.28	2.50	2.50	2.50	2.50	2.50	2.62	2.66	2.92	3.18	3.34	2.80	2.65
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.06	1.06	1.14	1.21	1.12	1.08	1.12	1.14	1.10	1.11	1.13	1.18	1.19	1.20	1.22
BEEF															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	4.77	4.81	5.19	5.82	5.46	5.33	5.49	5.60	5.40	5.60	5.45	5.48	5.98	7.00	6.93
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.13	1.92	2.19	2.14	2.05	1.99	2.05	1.98	1.99	2.05	2.18	2.23	2.21	2.19	2.28
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	1.89	1.92	2.03	1.99	1.92	1.88	1.87	1.87	1.90	1.89	2.02	2.10	2.21	2.21	2.09
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	4.08	4.29	5.09	5.97	5.17	5.20	5.56	5.75	5.38	5.70	5.01	4.96	4.67	4.75	4.87
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	2.63	2.58	2.76	2.80	2.41	2.46	2.87	3.12	2.98	3.05	3.13	2.92	2.77	2.86	2.96
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	3.11	3.23	3.82	3.68	3.60	3.90	4.10	4.24	3.94	4.16	3.68	3.17	3.14	3.39	3.36
COARSE GROUND 73%, USDA	1.74	1.69	1.60	1.77	1.72	1.63	1.52	1.47	1.58	1.62	1.70	1.68	1.70	1.74	1.60
COARSE GROUND 81%, USDA	1.87	1.97	1.88	1.94	1.89	1.82	1.74	1.64	1.77	1.80	1.84	1.84	1.83	1.89	1.76
90% BONELESS BEEF, CENTRAL, FRESH, USDA	1.83	1.97	1.97	2.03	1.99	1.90	1.85	1.83	1.80	1.85	1.95	1.92	1.92	1.91	1.98
50CL BEEF TRIM, FRESH, OMAHA BASIS, USDA	0.82	0.77	0.98	1.02	1.08	0.96	0.87	0.81	0.82	0.83	0.87	0.87	0.91	0.91	0.91

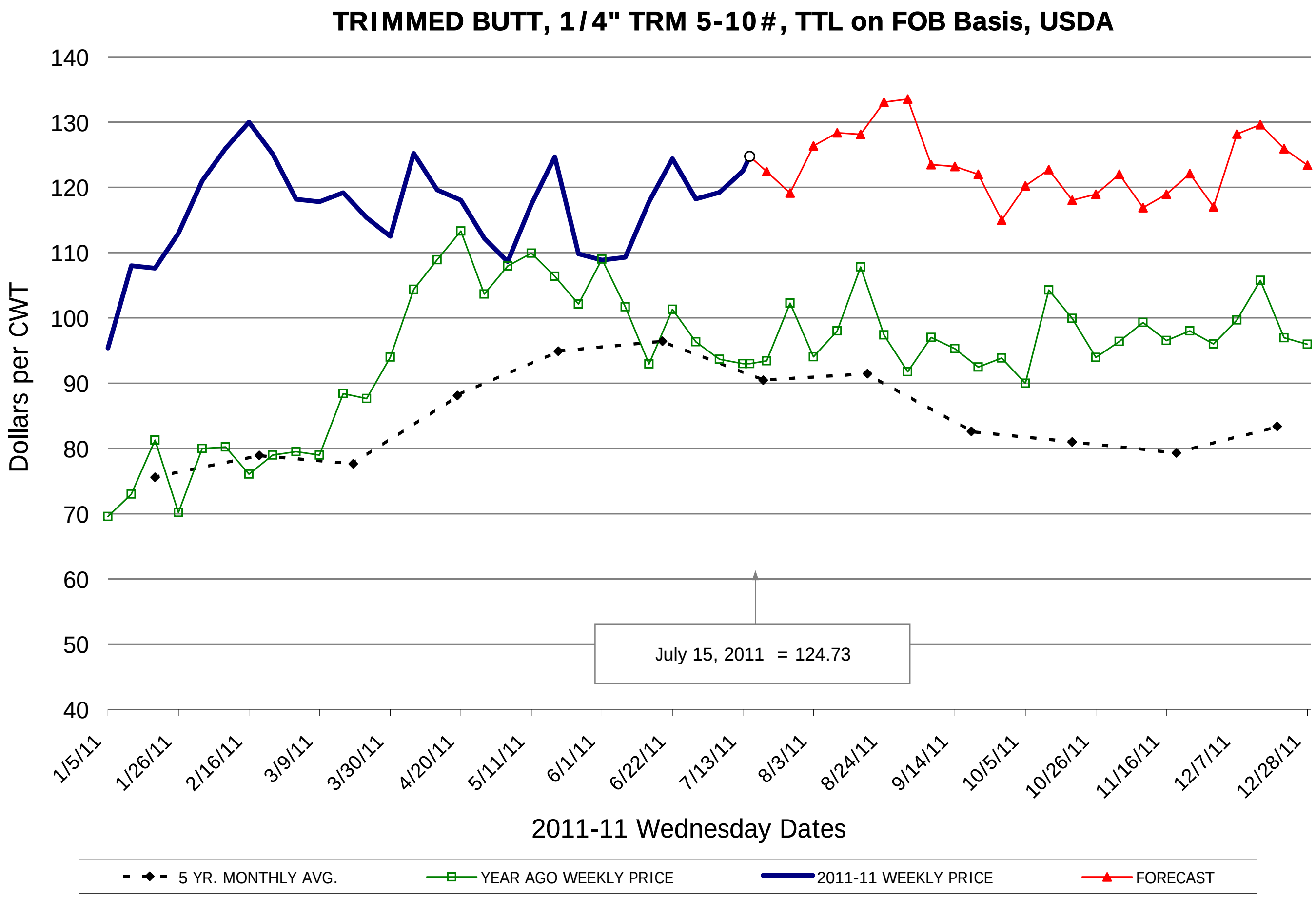
*St. Louis 2 1/4 dn rib prices are estimated at 3 1/2 dn plus $1.10

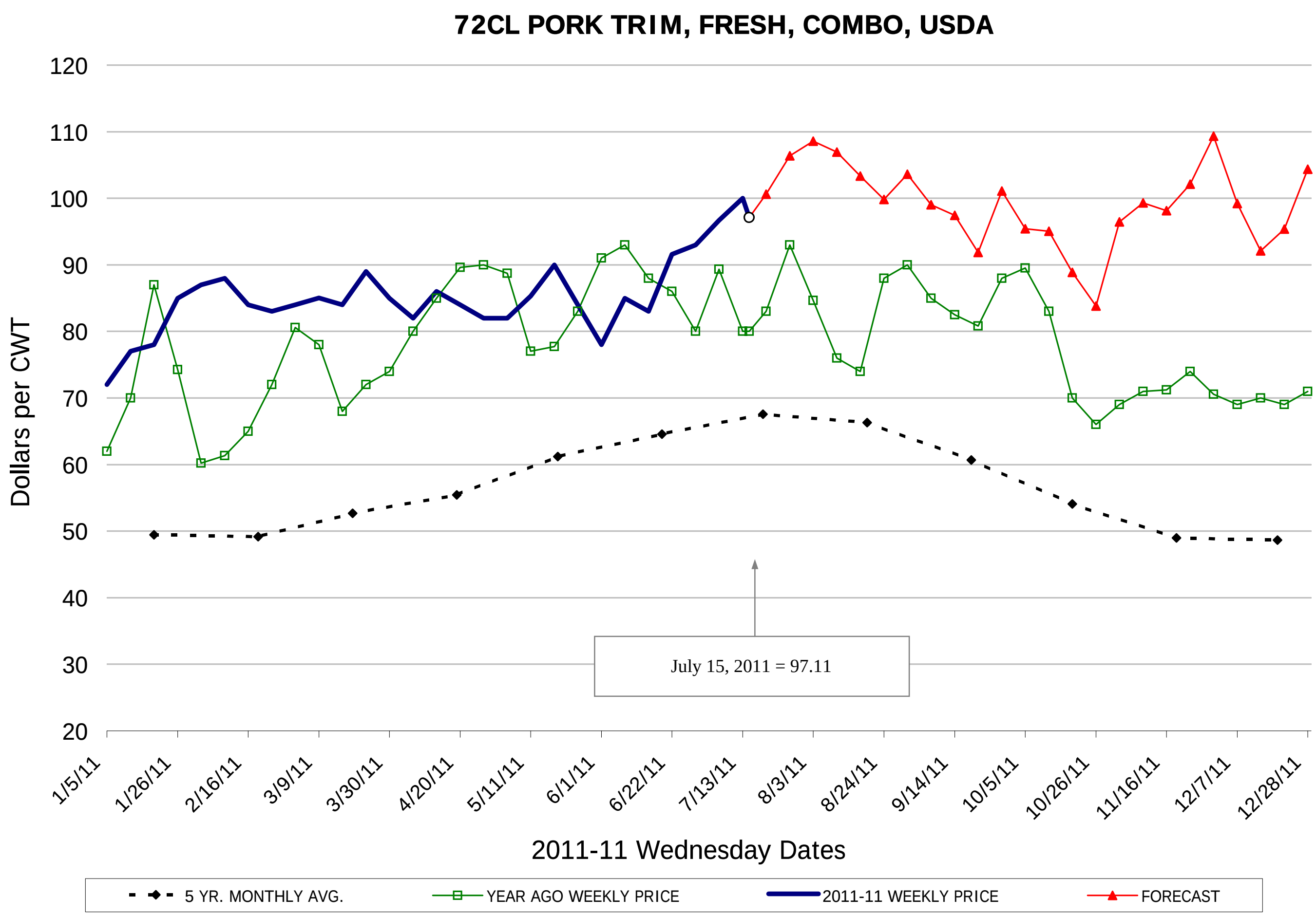

TRIM LOIN, 1/4" Trim 21#DN-LGT, TTL on FOB Basis, USDA
170
150
130
110
90
70
50
Dollars per CWT
July 15, 2011 = 143.86
1/5/11
1/26/11
2/16/11
3/9/11
3/30/11
4/20/11
5/11/11
6/1/11
6/22/11
7/13/11
8/3/11
8/24/11
9/14/11
10/5/11
10/26/11
11/16/11
12/7/11
12/28/11
2011-11 Wednesday Dates
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2011-11 WEEKLY PRICE
FORECAST

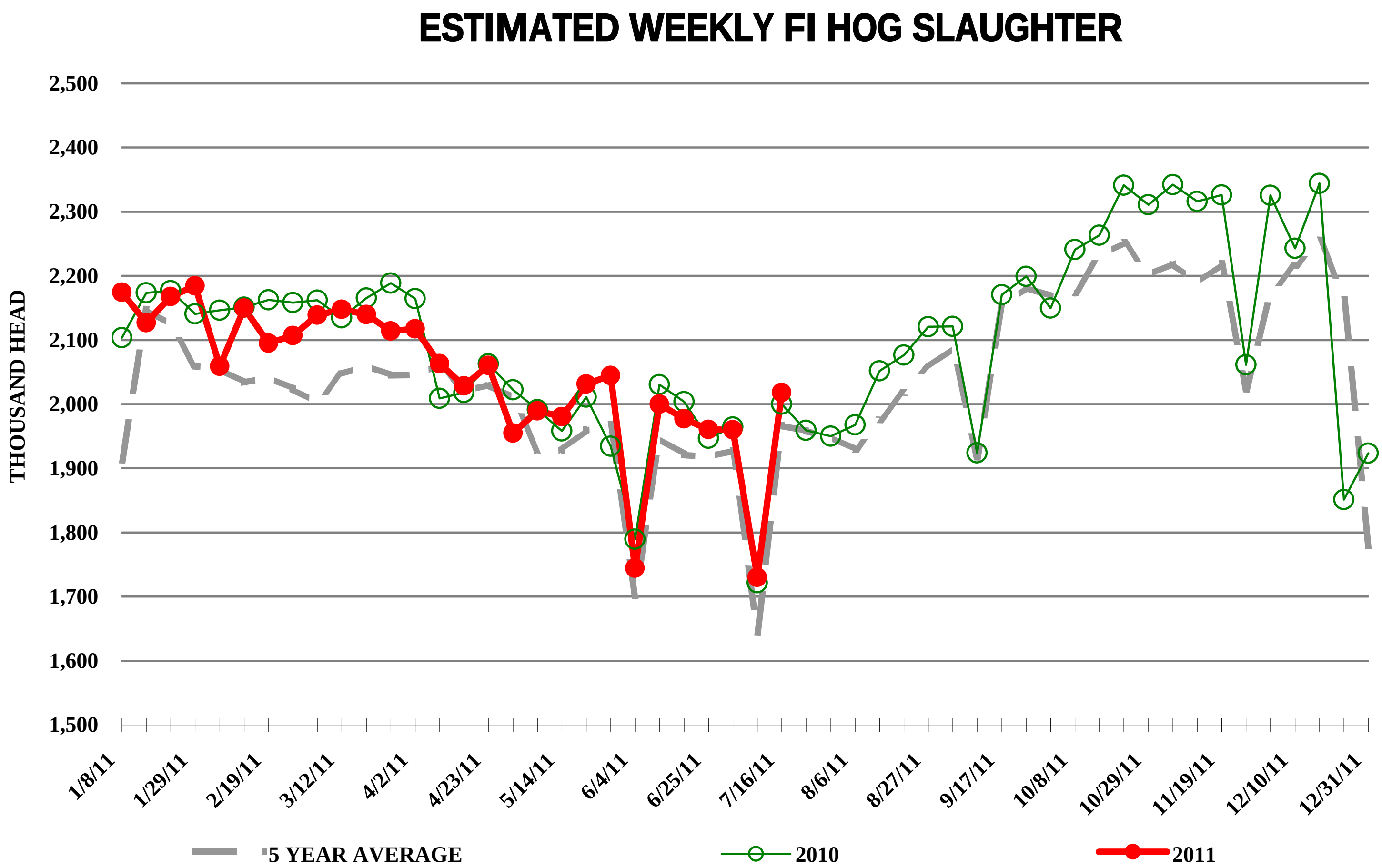

SPARERIBS, 3 BAG/3 PCVAC 4.25#/DN-LG, TTL on FOB Basis, USDA
210
190
170
150
130
110
90
70
50
Dollars per CWT
July 15, 2011 = 166.00
1/5/11
1/26/11
2/16/11
3/9/11
3/30/11
4/20/11
5/11/11
6/1/11
6/22/11
7/13/11
8/3/11
8/24/11
9/14/11
10/5/11
10/26/11
11/16/11
12/7/11
12/28/11
2011-11 Wednesday Dates
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2011-11 WEEKLY PRICE
FORECAST

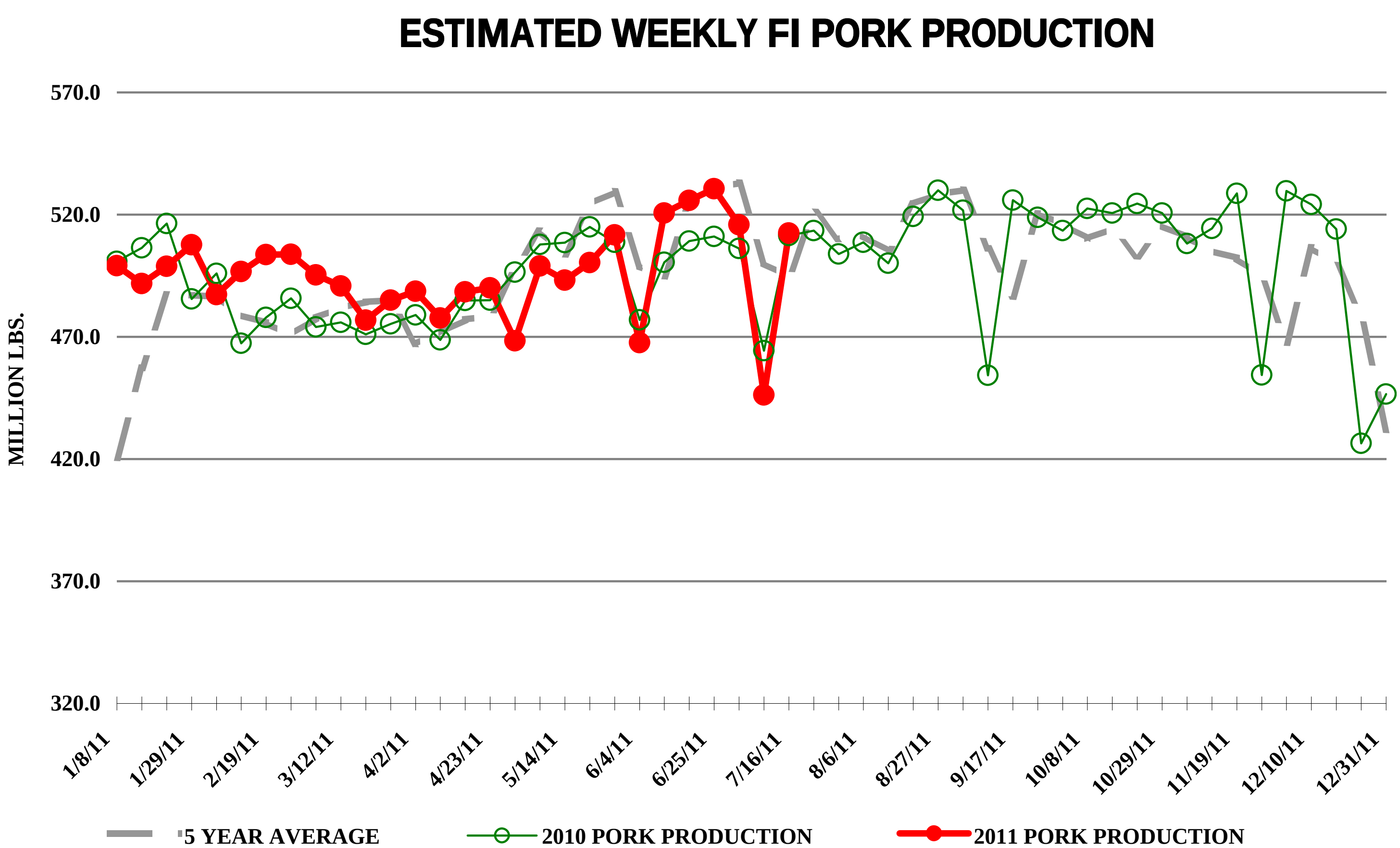

SKINNED HAM, BONE-IN, 17-20#, TTL on FOB Basis, USDA
Dollars per CWT
150
130
110
90
70
50
30
July 15, 2011 = 80.00
1/5/11
1/26/11
2/16/11
3/9/11
3/30/11
4/20/11
5/11/11
6/1/11
6/22/11
7/13/11
8/3/11
8/24/11
9/14/11
10/5/11
10/26/11
11/16/11
12/7/11
12/28/11
2011-11 Wednesday Dates
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2011-11 WEEKLY PRICE
FORECAST


BELLY, SKIN-ON, TRIM 14-16#, TTL on FOB Basis,
Dollars per CWT
170
150
130
110
90
70
50
30
July 15, 2011 = 131.001
1/5/11
1/26/11
2/16/11
3/9/11
3/30/11
4/20/11
5/11/11
6/1/11
6/22/11
7/13/11
8/3/11
8/24/11
9/14/11
10/5/11
10/26/11
11/16/11
12/7/11
12/28/11
2011-11 Wednesday Dates
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2011-11 WEEKLY PRICE
FORECAST


TRIMMED BUTT, 1/4" TRM 5-10#, TTL on FOB Basis, USDA
Dollars per CWT
140
130
120
110
100
90
80
70
60
50
40
July 15, 2011 = 124.73
1/5/11
1/26/11
2/16/11
3/9/11
3/30/11
4/20/11
5/11/11
6/1/11
6/22/11
7/13/11
8/3/11
8/24/11
9/14/11
10/5/11
10/26/11
11/16/11
12/7/11
12/28/11
2011-11 Wednesday Dates
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2011-11 WEEKLY PRICE
FORECAST


72CL PORK TRIM, FRESH, COMBO, USDA
Dollars per CWT
120
110
100
90
80
70
60
50
40
30
20
July 15, 2011 = 97.11
1/5/11
1/26/11
2/16/11
3/9/11
3/30/11
4/20/11
5/11/11
6/1/11
6/22/11
7/13/11
8/3/11
8/24/11
9/14/11
10/5/11
10/26/11
11/16/11
12/7/11
12/28/11
2011-11 Wednesday Dates
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2011-11 WEEKLY PRICE
FORECAST


ESTIMATED WEEKLY FI HOG SLAUGHTER
THOUSAND HEAD
2,500
2,400
2,300
2,200
2,100
2,000
1,900
1,800
1,700
1,600
1,500
1/8/11
1/29/11
2/19/11
3/12/11
4/2/11
4/23/11
5/14/11
6/4/11
6/25/11
7/16/11
8/6/11
8/27/11
9/17/11
10/8/11
10/29/11
11/19/11
12/10/11
12/31/11
5 YEAR AVERAGE
2010
2011


ESTIMATED WEEKLY FI PORK PRODUCTION
MILLION LBS.
570.0
520.0
470.0
420.0
370.0
320.0
1/8/11
1/29/11
2/19/11
3/12/11
4/2/11
4/23/11
5/14/11
6/4/11
6/25/11
7/16/11
8/6/11
8/27/11
9/17/11
10/8/11
10/29/11
11/19/11
12/10/11
12/31/11
5 YEAR AVERAGE
2010 PORK PRODUCTION
2011 PORK PRODUCTION