Pork Merchandiser's **Profit Maximizer**

- Foodservice Edition

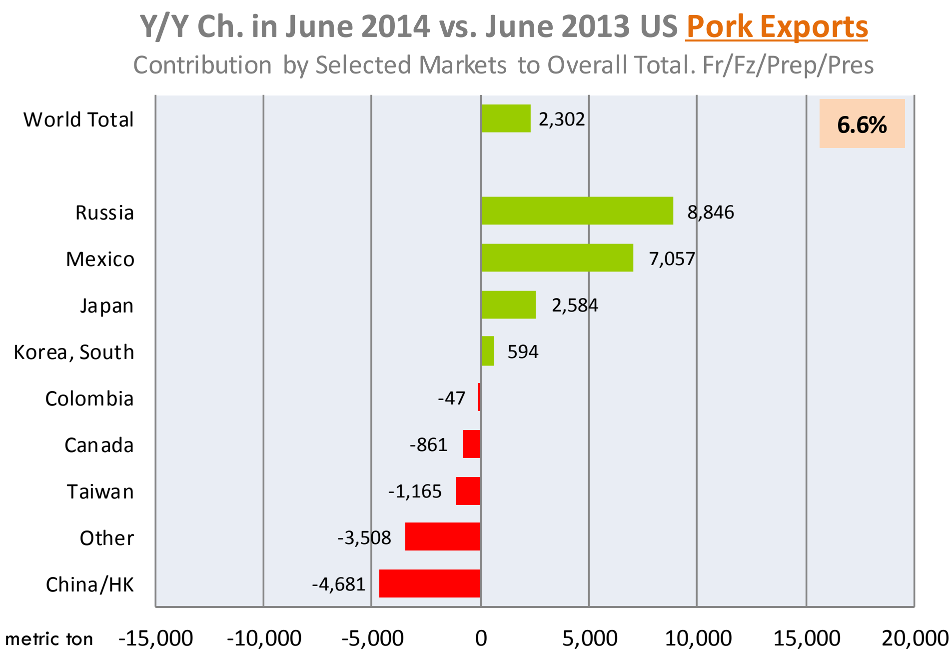
Prepared by Steiner and Company, Manchester, NH 800-526-4612.

August 11, 2014

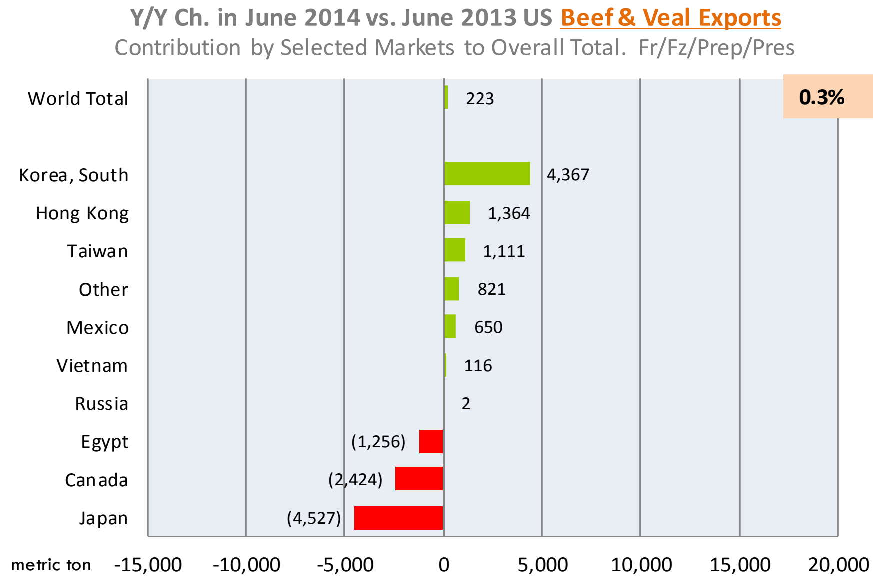
1.**June beef and pork exports were once again higher but the pace of growth has slowed down as high prices push world buyers towards other markets**

US export shipments of beef and pork were higher in June despite sharply higher prices in the first half of the year. Strong export demand has been part of the reason for the firm meat protein markets and the latest export data was a confirmation of that trend. Still, we are seeing exports for some products starting to slow down and it is likely that exports in Q3 will slow down, in large part because beef and pork supplies are significantly lower than a year ago.\

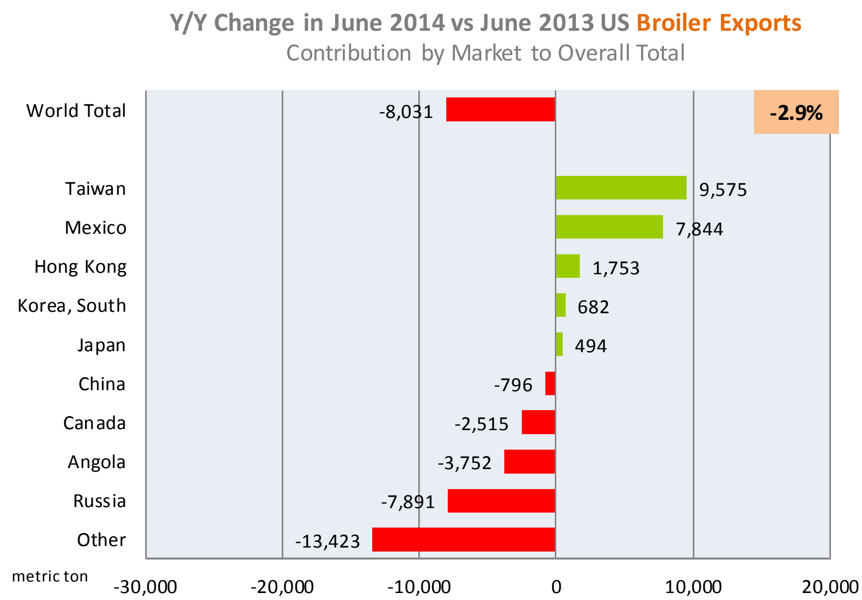
Pork exports in June were 141,822 MT, some 6.6% higher than the previous year despite sharply higher prices for a number of pork items. The increase in volume was largely driven by the return of Russian purchases, which has proved to be short lived. US pork shipments to Russia in June were 8,846 MT, accounting for 6% of overall exports. However, because we shipped no pork to Russia last year, these new sales offset the decline in pork exports to a number of markets, particularly China and Hong Kong. Recently Russian authorities announced they would ban imports from the US as a response to US sanctions, a significant



negative in our view for the pork market in Q4. Some items, such as hams, have been particularly firm this summer as a result of the Russian buys. That will not be the case in Q4 when seasonally slaughter tends to increase. US pork exports to Mexico remained firm in June and at 42,166 MT, Mexico is now the largest market for US pork, surpassing Japan.



<u>Beef exports in June at 77,973 MT were up 0.3% compared to the previous year</u>. The growth was driven largely by higher exports to South Korea and Hong Kong, which offset the decline in US beef shipments to Japan, Canada and Egypt. Japan remains the top market for US beef, with total shipments in June pegged at 19,578 MT. Still, exports to the Japanese market were down about 4,527 MT (-19%) compared to a year ago. On the other hand, exports to South Korea increased by almost a similar amount (4,367 MT) and were up 88% compared to a year ago. Exports to Canada remain weak due to the sharply higher prices in the US but also because more Canadian cattle are going into Canadian feedlots rather than coming into the US due to Country of Origin Labelling barriers.



<u>Exports of fresh/frozen chicken in June were 273,664 MT, 2.9% lower than last year</u>. Since April, US broiler exports have averaged about 3% below year ago levels. Lower feed costs across a number of markets will make it more difficult for US broiler producers to maintain the export pace and lower prices will likely be required, especially now that Russia has decided to completely stop purchases of US broiler meat. Indeed, looking at the latest data, exports to the myriad of small market that US broiler meat goes to was down some 13,423 MT (-11%). Lower global feed costs will spur expansion not just in the US but other markets that compete with US chicken in the foreign markets. In this environment, we think that leg quarters and dark meat in general will face significant headwinds and we expect prices to be pressured lower.

Takeaway: Global demand for US beef is expected to remain strong and the decision by

Russia to stop buying US beef will likely have no impact. However, we think the loss of the Russian market is a negative for US pork and broiler prices, especially as the ban is expected to stay in place for one year.

Upcoming holidays:

2014 Labor Day [US and Canada] (Monday September 1); Rosh Hashanah (Thursday September 25); Yom Kippur (Saturday October 4); Columbus Day (Monday October 13; Canadian Thanksgiving Day (Monday October 13); Daylight Savings Time Ends [US and Canada] (Sunday November 2); Veterans Day (Tuesday November 11); Remembrance Day [Canada] (Tuesday November 11); Thanksgiving (Thursday November 27); Hanukkah (Wednesday December 17); Christmas Day (Thursday December 25); Boxing Day [Canada] (Friday December 26).

PORK

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

Live hogs. For the week ending August 9 slaughter was 1.919 million head, down 5.2% from a year ago. In the last two weeks hog slaughter is down 6.6% vs. year ago levels.

Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values. Lean hog carcass values at about 114.32 /cwt. on Friday were down about $7/cwt since Wed. July 30. Prices are up about $13 /cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $1.5915, down about 12 cent since the Wed. July 30 quote but up about 26 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.8173 for the strap on loins, down about 10 cents since Wed. July 30 but up about 21 cents from the year ago levels. Strap off loins at $2.0028 are down about 5 cent since Wed. July 30 but up about 20 cents compared to the year ago quote.

Boneless sirloins at $1.9317 are down about 0 cents from the Wed. July 30 quote but up about 68 cents from the year ago price.

Pork tenderloin finished last week at $2.8345, up about 2 cents since the Wed. July 30 quote and up about 46 cents from the year ago price.

5/10 Pork Butts (page 10), prices finished the week at $1.6282, down about 9 cents since Wed. July 30.

Spare Ribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.7960, down about 3 cent since Wed. July 30 but up about 34 cents from year ago levels.

Rib inventories on June 30 were 60.5 million pounds, down 6.8% percent from a year ago.

Bone-in Hams.

17/20 hams (page 9) price was $1.4777/lb., up 6 cents compared to prices on Wed. July 30 and up about 63 cents from a year ago.

20/23 hams finished the week at 139.91 cents, up about 5 cents since Wed. July 30 but up about 56 cents from the year ago level.

23/27 hams finished the week at 133.20 , down about 11 cents from the Wed. July 30 quote but up about 48 cents from the year ago level.

Total ham cold storage stocks on June 30 at 126.1 million pounds were down about 22.0% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 78.72 , down about 10.6 cent since Wed. July 30 and down about 10 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 133.51 cents, down about 11 cents since the Wed. July 30 quote but up about 37 cents from the year ago level.

Freezer stocks of all trimmings on June 30 were 43.8 million pounds, down about 9.6% percent from the year ago levels.

72 CL Picnic Meat "FOB Basis". Picnics prices should continue to command significant premiums over the price of 72CL pork trim in the spring.

POULTRY

Georgia Dock Broilers. The Georgia dock price last week at $112.75 was up about 6 cents from a year ago.

The National Whole Bird price was quoted at 98.04 on Friday August 9, up about 7 cents from a year ago.

Broiler slaughter for the week ending August 9 was 158.22 million head, down 0.73% from a year ago. For the last two weeks slaughter was down 0.8% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.8925, down 3 cents since Wed. July 30 but also up about 7 cents from year ago levels.

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 ok at this time. Leg quarter prices are now up about 0.6 cents vs. year ago price at 53.51 . Prices trend modestly higher the next few months. However, Mexico could be a significant issue any time.

Wings. Prices at $1.4621 are down about 14 cents from year ago levels.

Turkeys

Hens finished last week at $1.1200, unchanged since Wed. July 30 but up about 8 cents from the year ago price.

Toms finished last week at $1.1200, unchanged since Wed. July 30 but up about 8 cent from the year ago price.

Total turkey supplies in the freezer on June 30 were down about 18.7% percent from a year ago at 460.4 million pounds. Whole birds were down 14.4% percent from year ago with an inventory of 266.4 million pounds.

Turkey slaughter was 4.4270 million head for the week ending August 2, down -5.20% from a year ago. For the last two weeks slaughter has been down 6.8%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $4.0500, unchanged since Wed. July 30. Prices are up about 58 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 $6.8990 (weighted average quote) finished last week down about 30 cents since the Wed. July 30 quote but up about 86 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $5.7896 (weighted average quote) finished last week down about 58 cents since the Wed. July 30 quote but up about 6 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $1.1094 /lb. over Select. The 2013 annual average spread (wt. average price) had the Choice at a premium to the Select by $0.8910 per pound and the previous five years (2009 thru 2013) average spread was Choice at a premium to the Select by $0.7074 per pound.

Choice regular #168 insides finished last week quoted at $3.5604 up about 27 cents since Wed. July 30 and up about 158 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $3.6089 down about 2 cents since Wed. July 30 and up about 155 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.8088 up about 13 cents since Wed. July 30 and up about 84 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $6.5124 (wt. avg.) down about 17 cents from the Wed. July 30 quote. Prices are about 163 cents over year ago levels.

Choice #184 Regular Heavy top butts finished at $3.5345 (wt. avg.) down about 16 cents since Wed. July 30 but up about 55 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $3.6305 (wt. avg.) down about 11 cents since Wed. July 30 but up about 39 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $4.8692 (wt. avg.) down about one cents since Wed. July 30 but up about 160 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at $2.3828 up about 2 cents since Wed. July 30 and up about 69 cents from year ago levels.

81CL Coarse Ground product finished last week at $2.6973 up about 4 cent since Wed. July 30 and up about 89 cents from the year ago quote.

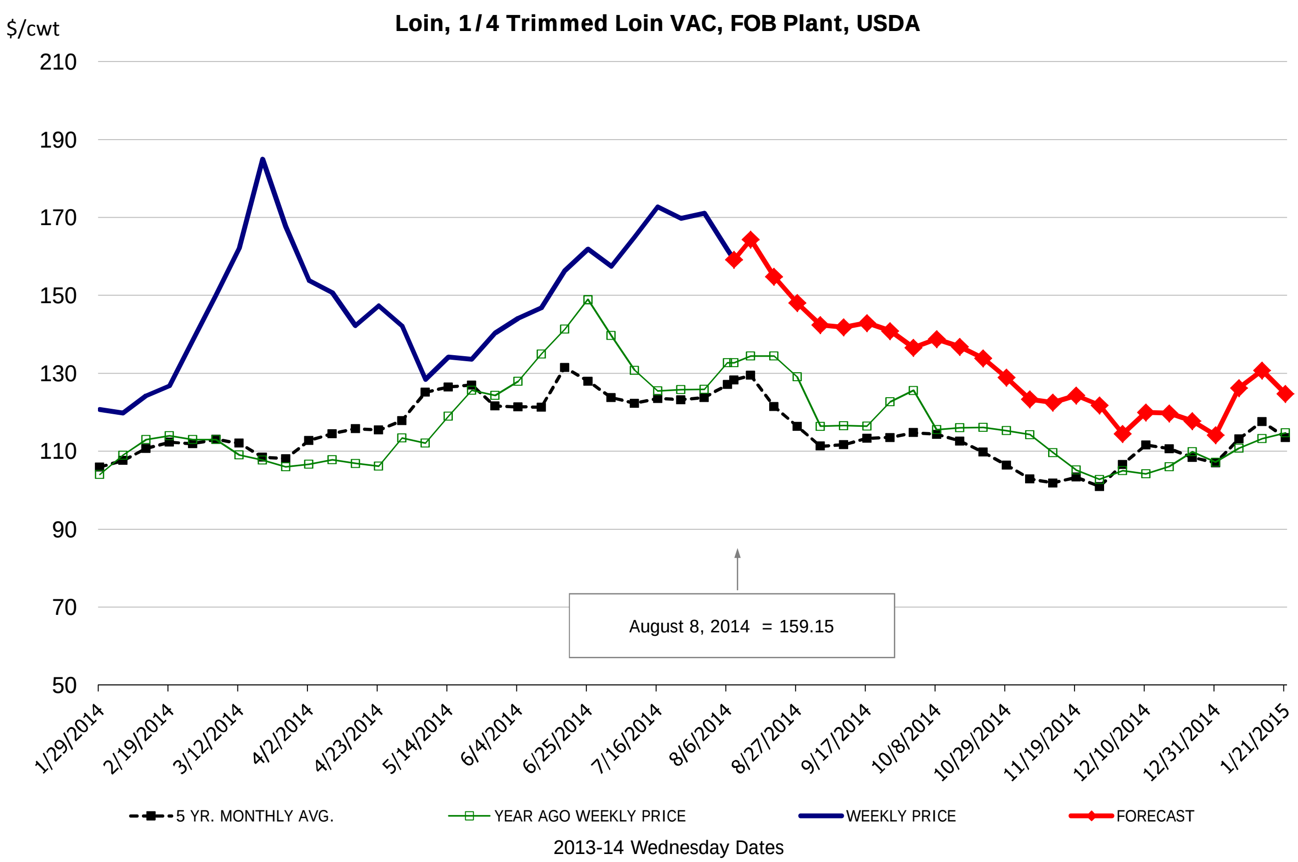
90CL Bnls. Beef prices finished the week at $2.9453 (wt. avg.) up about 2 cent since Wed. July 30 and up 96 compared to the year ago price quote. Ranchers are trying to hold more beef cows and lean beef supplies remain in limited supply

50 CL Beef Trim prices finished last week at $1.4476, down about 6 cent since Wed. July 30 but up 36 compared to the year ago level.

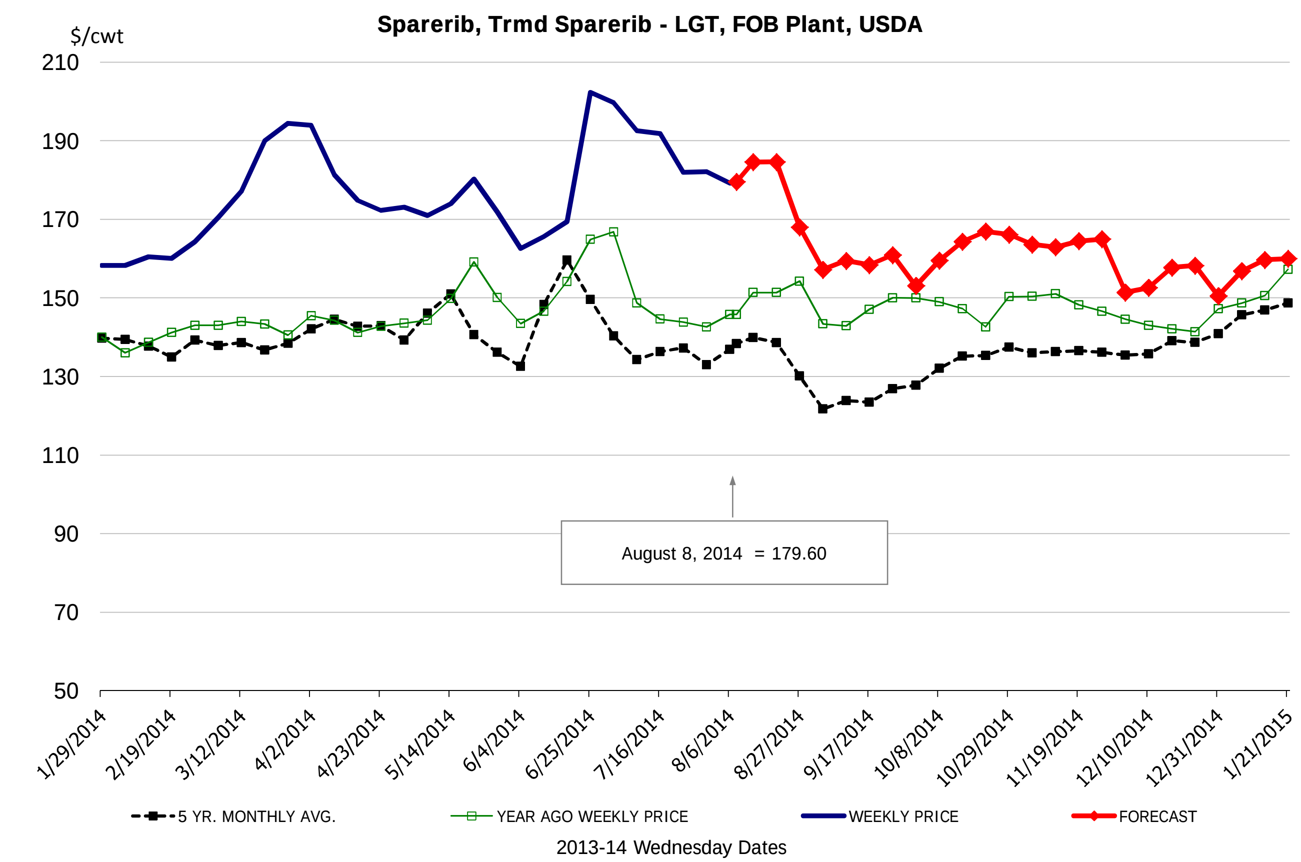
Food Service Summary Table - WT. AVE

	2013-14 History								2014 FORECAST						
	Feb	Mar	Apr	May	Jun	Jul	7/30/2014	8/8/2014	8/20/2014	Aug	Sep	Oct	Nov	Dec	Jan
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.27	1.65	1.47	1.35	1.52	1.66	1.71	1.59	1.55	1.57	1.42	1.35	1.23	1.18	1.25
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.34	1.73	1.58	1.45	1.60	1.79	1.75	1.75	1.75	1.72	1.54	1.45	1.33	1.31	1.36
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.84	2.35	2.12	1.91	1.97	2.18	2.05	2.00	2.10	2.06	2.01	2.00	1.84	1.83	1.88
Loin, Tenderloin, FOB Plant, USDA	2.54	2.76	2.78	2.77	2.84	2.89	2.82	2.83	2.81	2.83	2.63	2.48	2.43	2.28	2.54
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	1.16	1.61	1.60	1.60	1.68	1.71	1.70	1.72	1.75	1.70	1.58	1.52	1.49	1.43	1.26
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.61	1.82	1.76	1.70	1.73	1.91	1.82	1.80	1.85	1.79	1.59	1.62	1.64	1.55	1.58
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	2.29	2.45	2.54	2.59	2.55	2.64	2.53	2.32	2.56	2.48	2.33	2.32	2.32	2.24	2.26
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.53	1.74	1.64	1.61	1.70	1.85	1.79	1.72	1.78	1.72	1.57	1.56	1.56	1.48	1.50
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.33	2.71	2.63	2.65	2.77	2.72	2.61	2.55	2.62	2.57	2.60	2.25	2.26	2.11	2.45
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.86	1.06	1.19	1.08	1.28	1.41	1.42	1.48	1.48	1.45	1.28	1.32	1.34	1.11	0.90
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.85	1.12	1.14	1.13	1.27	1.44	1.45	1.40	1.43	1.40	1.30	1.31	1.28	1.12	0.90
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.84	0.99	1.02	1.05	1.21	1.40	1.44	1.33	1.36	1.33	1.23	1.21	1.15	1.04	0.86
Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	1.30	1.49	1.48	1.48	1.73	2.07	2.33	2.33	2.33	2.18	1.96	1.92	1.84	1.66	1.36
Belly, Skin-on Belly 14-16#, FOB Plant, USDA	1.34	1.77	1.85	1.54	1.66	1.61	1.36	1.41	1.48	1.56	1.50	1.41	1.33	1.25	1.31
Belly, Derind Belly 9-13#, FOB Plant, USDA	1.65	2.15	2.08	1.76	1.96	2.00	1.69	1.63	1.96	2.00	2.00	1.74	1.63	1.53	1.57
Belly, Derind Belly 13-17#, FOB Plant, USDA	1.58	2.14	1.94	1.69	1.91	2.03	1.60	1.55	1.94	1.98	1.98	1.72	1.61	1.51	1.55
Trim, 42% Trim Combo, FOB Plant, USDA	0.43	0.71	0.71	0.66	0.68	0.62	0.89	0.79	0.79	0.78	0.69	0.55	0.47	0.40	0.45
Trim, 72% Trim Combo, FOB Plant, USDA	0.91	1.23	1.30	1.14	1.32	1.37	1.45	1.34	1.39	1.33	1.10	1.10	1.04	0.92	0.85
HOG CARCASS															
IA/MN, Base Market Hog 185 lb Carcass Basis, Plant Dlv.	0.89	1.17	1.19	1.10	1.18	1.29	1.21	1.14	1.15	1.15	1.07	1.02	0.95	0.92	0.89
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	0.92	1.06	1.10	1.18	1.13	1.07	0.99	0.98	1.01	1.00	0.99	0.98	0.95	0.93	0.93
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.27	1.48	1.73	1.87	2.00	2.00	1.93	1.89	1.94	1.89	1.78	1.60	1.46	1.35	1.38
N.E. BROILER BREAST LINE RUN, USDA	0.85	0.91	1.06	1.20	1.24	1.22	1.20	1.18	1.17	1.17	1.12	1.11	0.94	0.90	0.93
N.E. BROILER LEG QUARTERS, USDA	0.42	0.44	0.48	0.50	0.50	0.52	0.53	0.54	0.53	0.52	0.52	0.51	0.47	0.46	0.46
N.E. BROILER WINGS, USDA, WT.AVG.	1.27	1.38	1.42	1.38	1.45	1.45	1.50	1.46	1.52	1.50	1.53	1.57	1.50	1.53	1.64
TURKEYS															
UB HEN TURKEYS, EAST, FROZEN 10-12LBS	1.03	1.06	1.08	1.09	1.11	1.11	1.12	1.12	1.13	1.13	1.14	1.15	1.15	1.05	0.99
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	2.16	2.42	3.26	3.57	3.71	4.01	4.05	4.05	4.09	4.05	4.05	3.94	3.75	3.50	3.05
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.43	1.50	1.49	1.47	1.47	1.57	1.63	1.62	1.60	1.58	1.56	1.57	1.58	1.57	1.59
BEEF															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	5.61	6.32	6.68	7.24	7.94	7.43	7.20	6.90	7.04	6.91	7.50	7.78	8.37	7.61	6.98
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.55	3.04	2.68	2.33	2.33	2.77	3.63	3.61	3.49	3.40	3.21	3.11	2.91	3.01	3.19
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	2.53	2.51	2.18	2.14	2.25	2.54	2.68	2.81	2.80	2.75	2.75	2.86	2.76	2.74	2.97
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	5.00	6.76	6.30	6.02	6.44	6.70	6.68	6.51	6.67	6.52	6.18	5.52	5.40	5.35	5.97
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	2.96	3.50	3.51	3.82	4.05	4.16	3.94	3.63	4.03	3.99	3.86	3.55	3.51	3.60	3.78
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	3.99	4.72	5.04	5.15	5.21	4.83	4.88	4.87	4.77	4.78	4.24	4.06	4.05	4.07	4.46
COARSE GROUND 73%, USDA	2.06	2.24	1.89	1.98	1.98	2.36	2.36	2.38	2.47	2.38	2.24	2.12	2.19	2.26	2.60
COARSE GROUND 81%, USDA	2.28	2.51	2.03	2.07	2.11	2.56	2.66	2.70	2.71	2.61	2.57	2.42	2.44	2.40	2.96
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.38	2.61	2.49	2.43	2.52	2.87	2.92	2.95	2.90	2.90	2.78	2.64	2.65	2.78	2.94
50CL BEEF TRIM, FRESH, NATIONAL, USDA	1.10	1.47	1.22	1.26	1.27	1.36	1.51	1.45	1.53	1.48	1.34	1.39	1.47	1.39	1.41

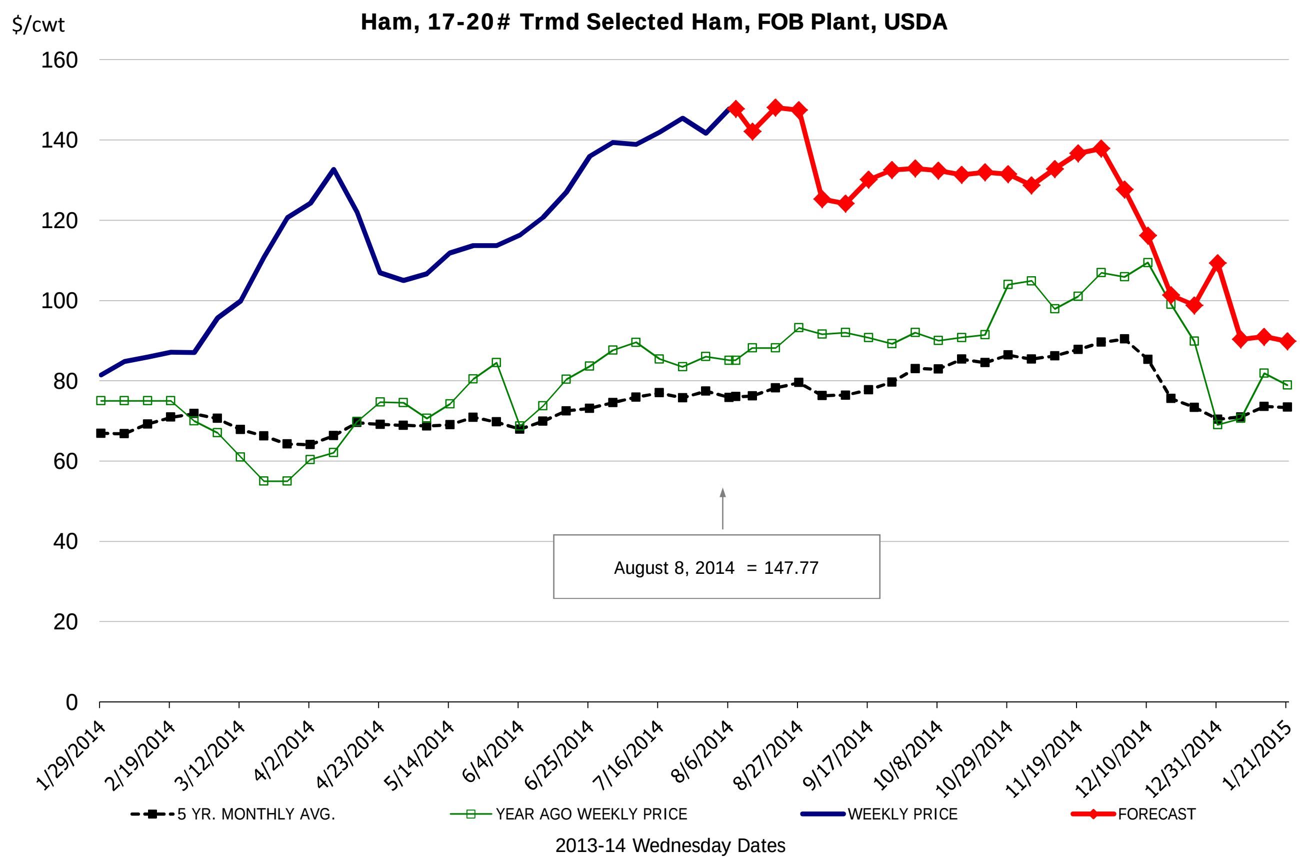
*St. Louis 2 1/4 dn rib prices are estimated at 3 1/2 dn plus $1.10

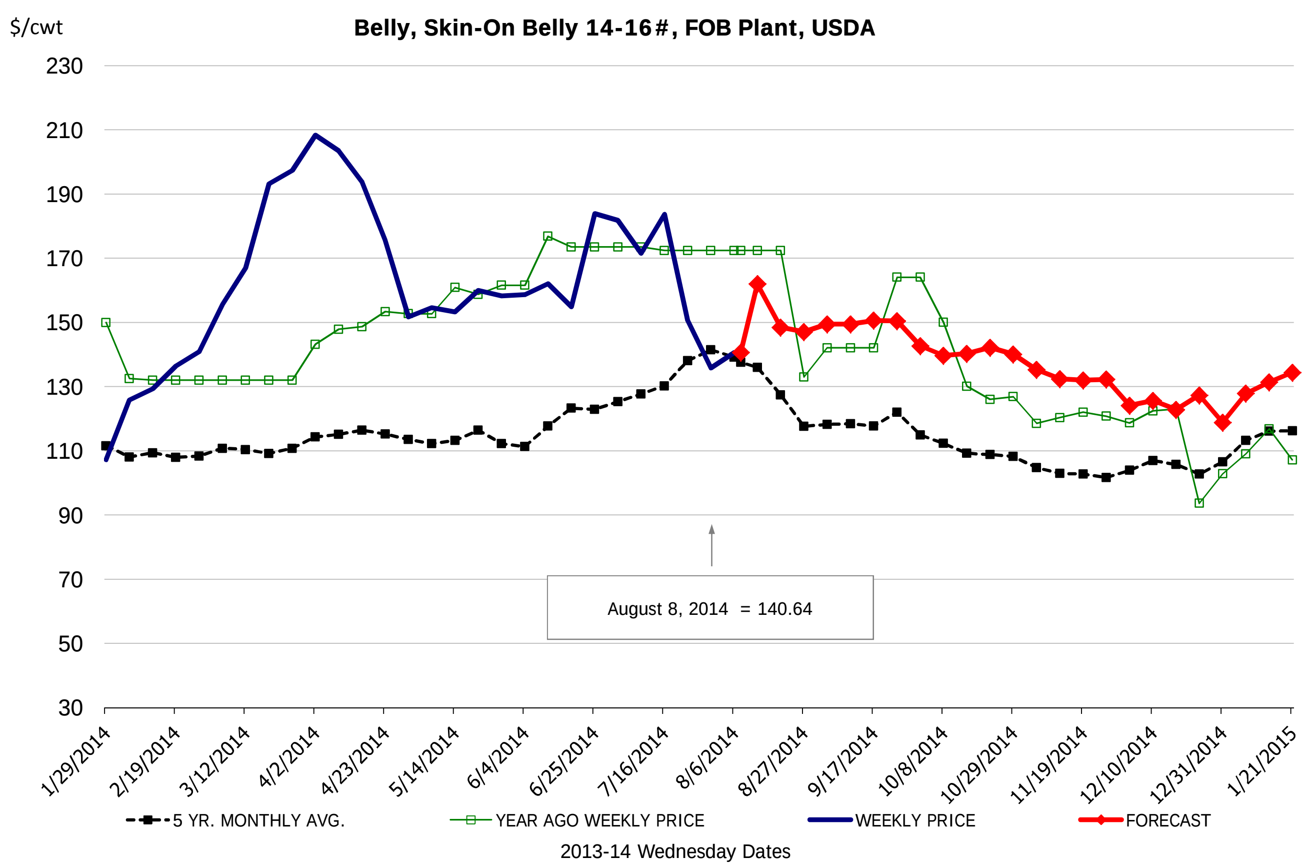


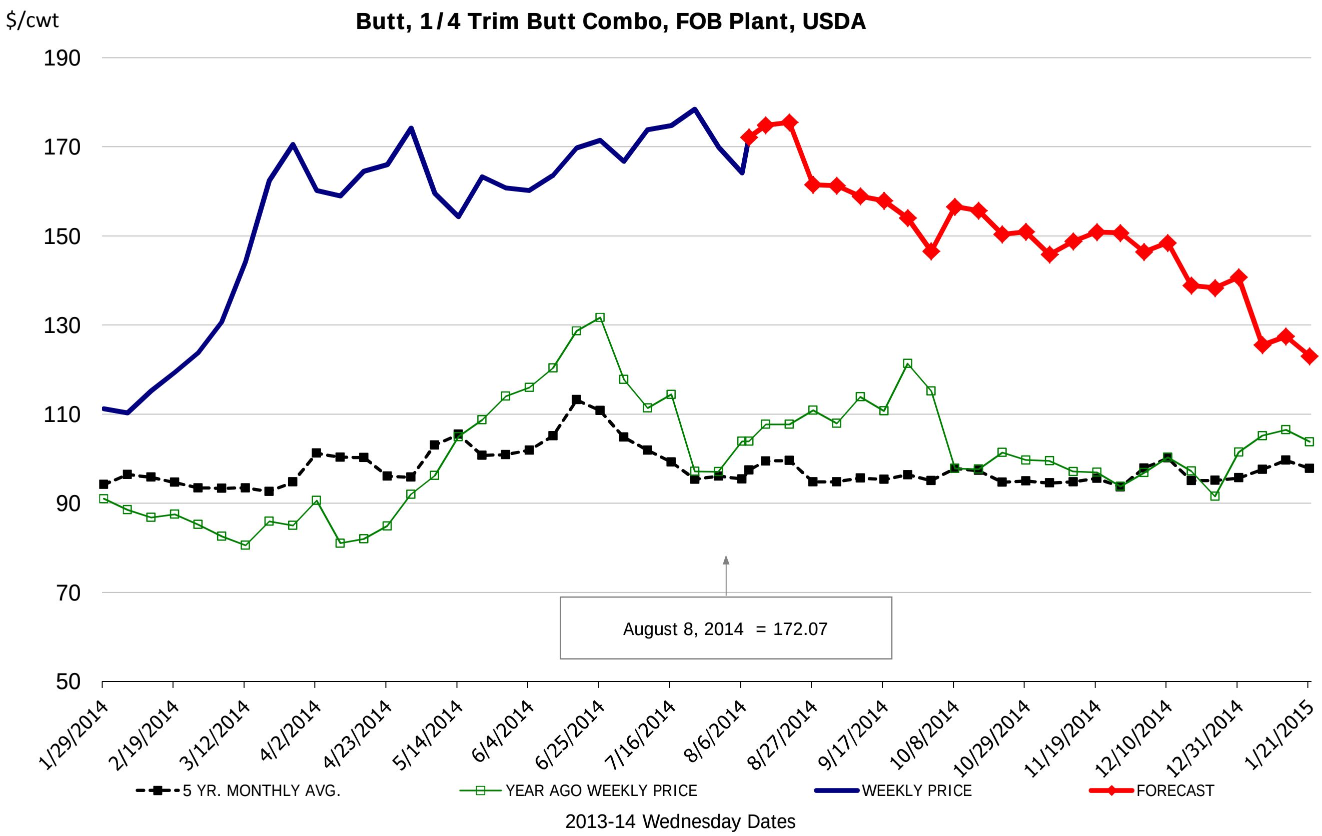
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
$/cwt
210
190
170
150
130
110
90
70
50
August 8, 2014 = 159.15
1/29/2014
2/19/2014
3/12/2014
4/2/2014
4/23/2014
5/14/2014
6/4/2014
6/25/2014
7/16/2014
8/6/2014
8/27/2014
9/17/2014
10/8/2014
10/29/2014
11/19/2014
12/10/2014
12/31/2014
1/21/2015
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates



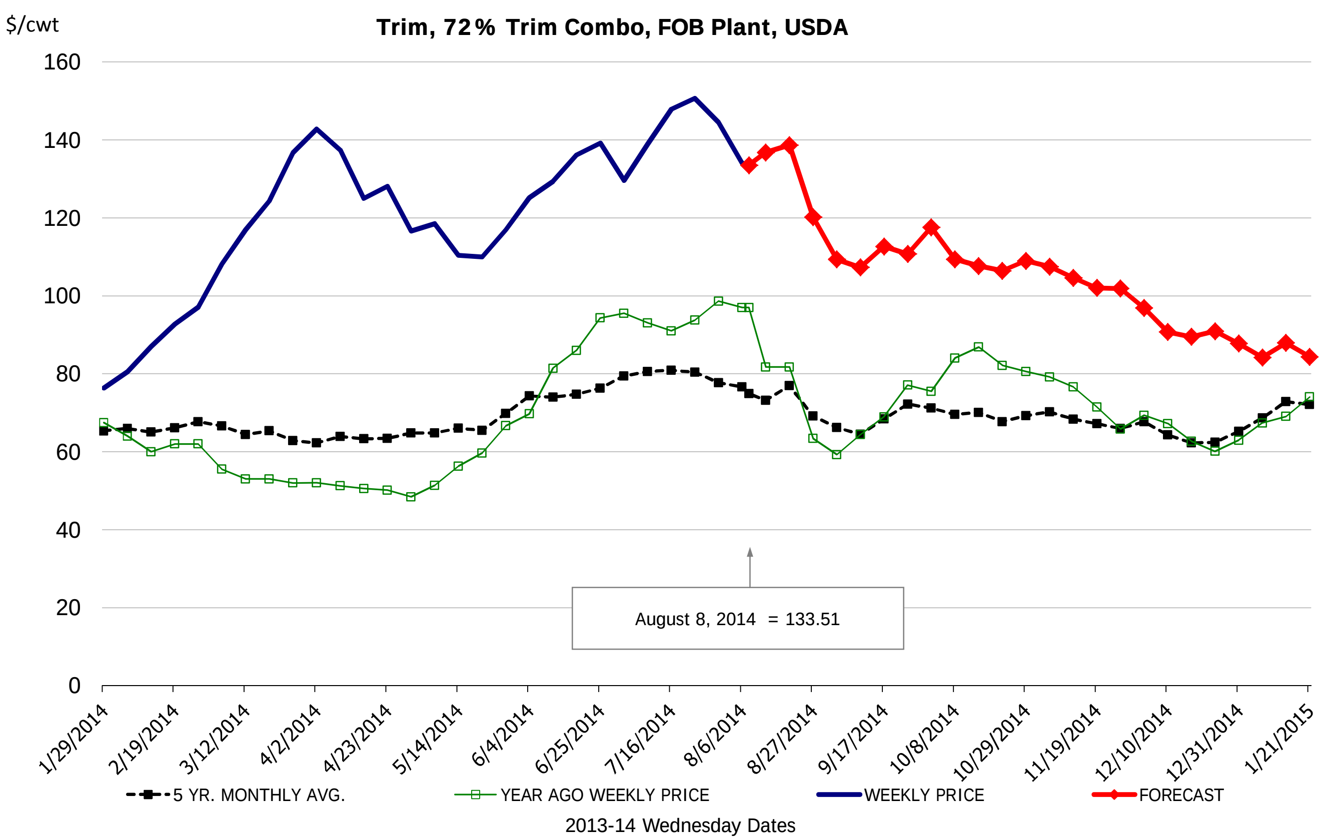
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
$/cwt
210
190
170
150
130
110
90
70
50
August 8, 2014 = 179.60
1/29/2014
2/19/2014
3/12/2014
4/2/2014
4/23/2014
5/14/2014
6/4/2014
6/25/2014
7/16/2014
8/6/2014
8/27/2014
9/17/2014
10/8/2014
10/29/2014
11/19/2014
12/10/2014
12/31/2014
1/21/2015
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates


$/cwt
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA
August 8, 2014 = 147.77
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates


$/cwt
Belly, Skin-On Belly 14-16#, FOB Plant, USDA
August 8, 2014 = 140.64
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates

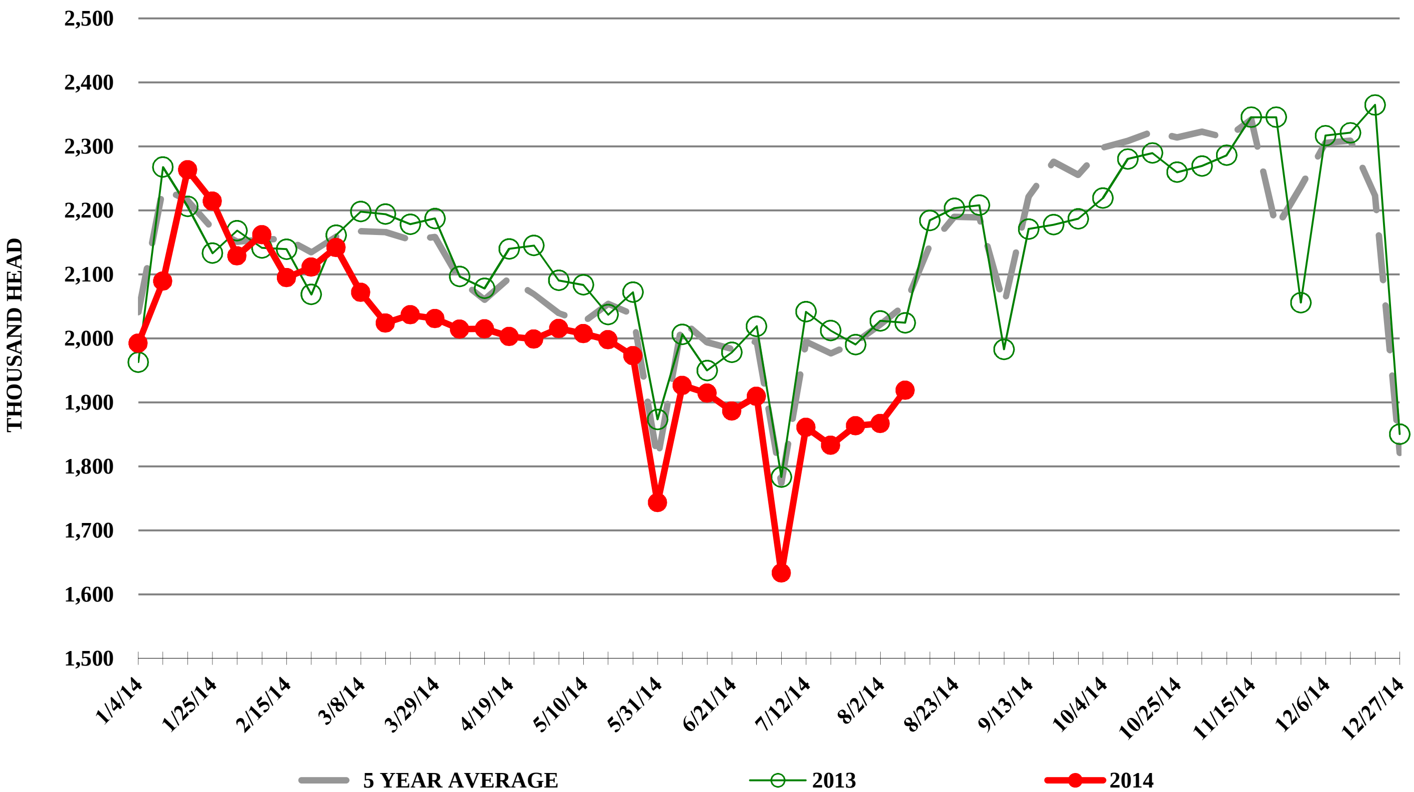


$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
190
170
150
130
110
90
70
50
August 8, 2014 = 172.07
1/29/2014
2/19/2014
3/12/2014
4/2/2014
4/23/2014
5/14/2014
6/4/2014
6/25/2014
7/16/2014
8/6/2014
8/27/2014
9/17/2014
10/8/2014
10/29/2014
11/19/2014
12/10/2014
12/31/2014
1/21/2015
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates



$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
160
140
120
100
80
60
40
20
0
August 8, 2014 = 133.51
1/29/2014
2/19/2014
3/12/2014
4/2/2014
4/23/2014
5/14/2014
6/4/2014
6/25/2014
7/16/2014
8/6/2014
8/27/2014
9/17/2014
10/8/2014
10/29/2014
11/19/2014
12/10/2014
12/31/2014
1/21/2015
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2013-14 Wednesday Dates

ESTIMATED WEEKLY FI HOG SLAUGHTER



ESTIMATED WEEKLY FI PORK PRODUCTION