



Pork Merchandiser's Profit Maximizer

Be inspiredSM

- Foodservice Edition

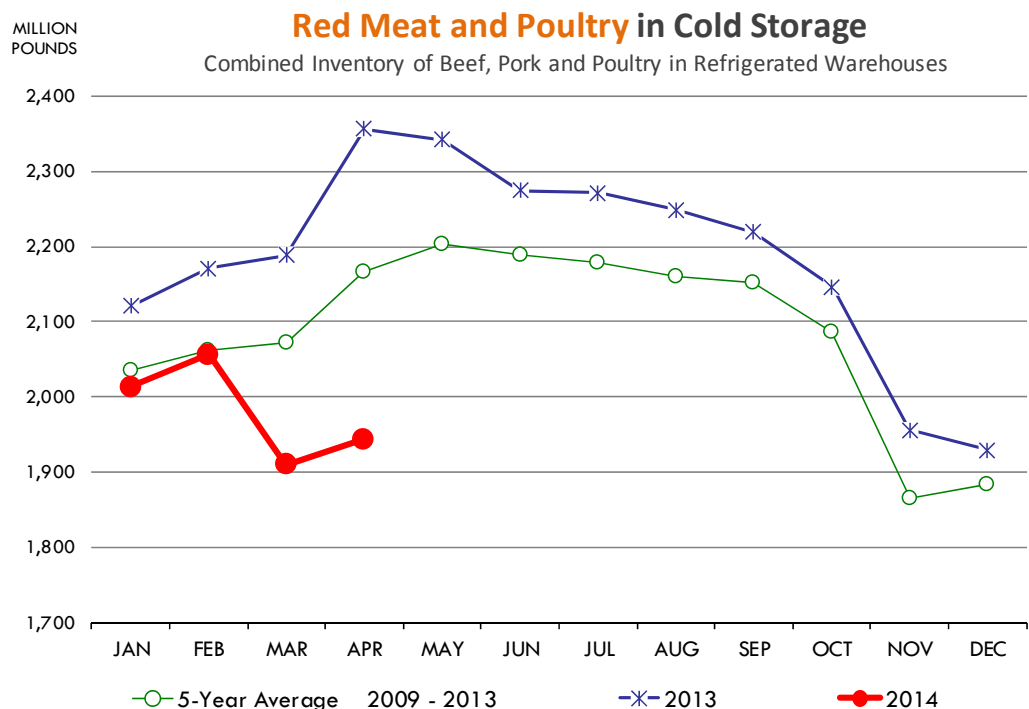
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Prepared by Steiner and Company, Manchester, NH 800-526-4612.

June 2, 2014

1. May 1 Cold Storage Stocks Sharply Lower

USDA released on Thursday, May 22, the results of its monthly survey of refrigerated warehouses and the results were for the most part supportive for meat prices going into the summer months. The survey data was particularly bullish for beef and chicken, with overall stocks of these two commodities down sharply compared to both last year and the five year average. Pork stocks also were lower than a year ago but we did not see the rate of depletion that we saw in March.

The total supply of beef, pork and poultry in cold storage at the end of April was 1.944 billion pounds, down 17.5% from a year ago and 10.3% lower than the five year average. US end users have aggressively depleted inventories in the first four months of the year and they are coming into the high demand summer months with



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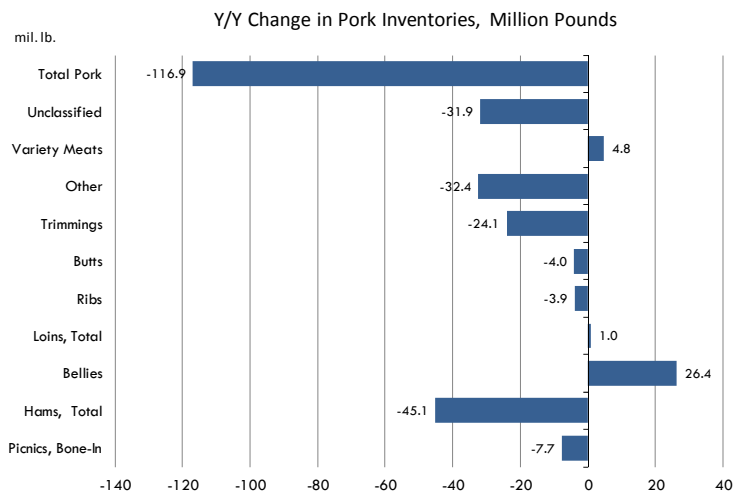
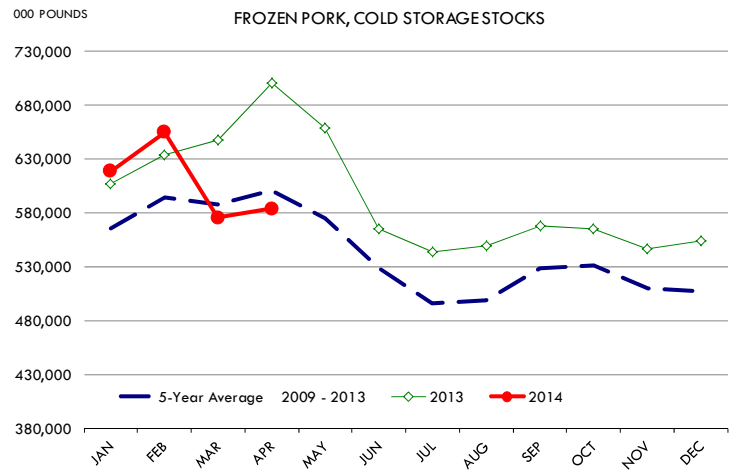
very tight stocks. This will continue to underpin meat prices during the June – Aug period.

Beef inventories were 402.3 million pounds, down 21% from a year ago and 10.6% lower than the five year average. Pork inventories were also 16.7% lower than a year ago but that comparison is a bit skewed by the fact that pork supplies last year were backed up.

Pork inventories were 2.9% lower than the five year average and they increased modestly compared to where they were at the end of March. The cold storage numbers were somewhat bullish for hams, which counter seasonally declined in April and are now down 35.6% from a year ago and 12.8% lower than the five year average. With ham prices high and expected to be higher, it will be challenging for end users to build stocks as they normally do during June – Sep. This supports a rather bullish outlook for ham prices going into the holidays. Ham export demand could be further supported in the coming months by strong exports to Mexico as PEDv disease is now reported to be in 17 of the 31 Mexican states. Belly stocks remain heavy, 46.8% higher than a year ago and 31.8% higher than the five year average. Also somewhat bearish were the inventory numbers for pork loins, with stocks of boneless loins increasing 15.8% compared to where they were at the end of March. Inventories of pork trimmings remain tight, with stocks at the end of April down 36.5% from the previous year.

We think the latest report was particularly bullish for broiler prices. **Whole broiler stocks dropped some 24% compared to where they were at the end of March and at just 8.5 million pounds they were 48% lower than a year ago and 55% lower than**

the five year average. Breast meat supplies are down 10% from a year ago and 12.4% lower than the five year average while stocks of leg quarters have been depleted each of the last three months and are now some 27% below year ago levels.



Upcoming holidays:

2014 Father's Day [US and Canada] (Sunday June 15); Canada Day [Canada] (Tuesday July 1); Independence Day (Friday July 4); 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 hog. For the week ending May 31 slaughter was 1.750 million head, down 6.6% from a year ago. In the last two weeks hog slaughter is down 5.2% vs. year ago levels.

Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values. Lean hog carcass values at about 108.18 /cwt. on Friday were down about \$1/cwt since Wed. May 21. Prices are still up about \$17 /cwt compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.4151, up about 8 cent since the Wed. May 21 quote and up about 17 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.7351 for the strap on loins, down about 4 cents since Wed. May 21 but up about 4 cents from the year ago levels. Strap off loins at \$1.9747 are up about 10 cent since Wed. May 21 and up about 3 cents compared to the year ago quote.

Boneless sirloins at \$1.7125 are up about 5 cents from the Wed. May 21 quote and up about 43 cents from the year ago price.

Pork tenderloin finished last week at \$2.7332, down about 12 cents since the Wed. May 21 quote and down about 4 cents from the year ago price.

5/10 Pork Butts (page 10), prices finished the week at \$1.6181, up about 3 cents since Wed. May 21.

Spare Ribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$1.6053, down about 20 cent since Wed. May 21 but up about 10 cents from year ago levels.

Rib inventories on March 31 were 120.3 million pounds, down 2 percent from a year ago.

Bone-in Hams.

17/20 hams (page 9) price was \$1.1366/lb., unchanged compared to prices on Wed. May 21 and up about 29 cents from a year ago.

20/23 hams finished the week at 117.13 cents, up about 1 cents since Wed. May 21 but up about 52 cents from the year ago level.

23/27 hams finished the week at 108.56 , up about 2 cents from the Wed. May 21 quote and up about 43 cents from the year ago level.

Total ham cold storage stocks on April 30 at 81.8 million pounds were down about 36 percent from year ago levels.

42 CL Pork Trim “FOB Basis”. Prices finished the week at 73.75 , up about 7.8 cent since Wed. May 21 and up about 25 cents from the year ago price.

72 CL Pork Trim “FOB Basis”. Prices finished the week at 120.97 cents, up about 11 cents since the Wed. May 21 quote and up about 54 cents from the year ago level.

Freezer stocks of all trimmings on April 30 were 42.0 million pounds, down about 36 percent from the year ago levels.

72 CL Picnic Meat “FOB Basis”. Picnic 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 \$109.50 was up about 5 cents from a year ago.

The National Whole Bird price was quoted at 121.09 on Friday May 31, up about 8 cents from a year ago.

Broiler slaughter for the week ending May 31 was 139.82 million head, up 0.66% from a year ago. For the last two weeks slaughter was up 0.0% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.9323, up 1 cents since Wed. May 21 but also down about 10 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 down about 0.3 cents vs. year ago price at 50.32 . Prices trend modestly higher the next few months. However, Mexico could be a significant issue any time.

Wings. Prices at \$1.4070 are down about 3 cents from year ago levels.

Turkeys

Hens finished last week at \$1.0900, unchanged since Wed. May 21 but up about 7 cents from the year ago price.

Toms finished last week at \$1.0900, unchanged since Wed. May 21 but up about 7 cent from the year ago price.

Total turkey supplies in the freezer on April 30 were down about 18 percent from a year ago at 375.2 million pounds. Whole birds were down 17 percent from year ago with an inventory of 193.1 million pounds.

Turkey slaughter was 4.4620 million head for the week ending May 24, down -0.11% from a year ago. For the last two weeks slaughter has been down 1.0%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$3.6000, unchanged since Wed. May 21. Prices are up about 53 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 \$7.5202 (weighted average quote) finished last week up about 4 cents since the Wed. May 21 quote and up about 31 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$7.1885 (weighted average quote) finished last week up about 28 cents since the Wed. May 21 quote but up about 140 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$0.3317 /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 \$2.1881 down about 3 cents

since Wed. May 21 but up about 12 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$2.2051 down about 7 cents since Wed. May 21 and up about 9 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$2.1327 down about 5 cents since Wed. May 21 but up about 16 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$6.3422 (wt. avg.) up about 9 cents from the Wed. May 21 quote. Prices are about 200 cents over year ago levels.

Choice #184 Regular Heavy top butts finished at \$3.2758 (wt. avg.) down about 29 cents since Wed. May 21 and down about 12 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$4.0105 (wt. avg.) up about 11 cents since Wed. May 21 and up about 35 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$5.1396 (wt. avg.) down about 7 cents since Wed. May 21 and down about 24 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at \$1.9920 down about 6 cents since Wed. May 21 but up about 32 cents from year ago levels.

81CL Coarse Ground product finished last week at \$2.1100 down about 5 cent since Wed. May 21 but up about 23 cents from the year ago quote.

90CL Bnls. Beef prices finished the week at \$2.4363 (wt. avg.) down about one cent since Wed. May 21 but up 45 compared to the year ago price quote. Ranchers are trying to hold more beef cows and lean beef supplies remain in limited supply

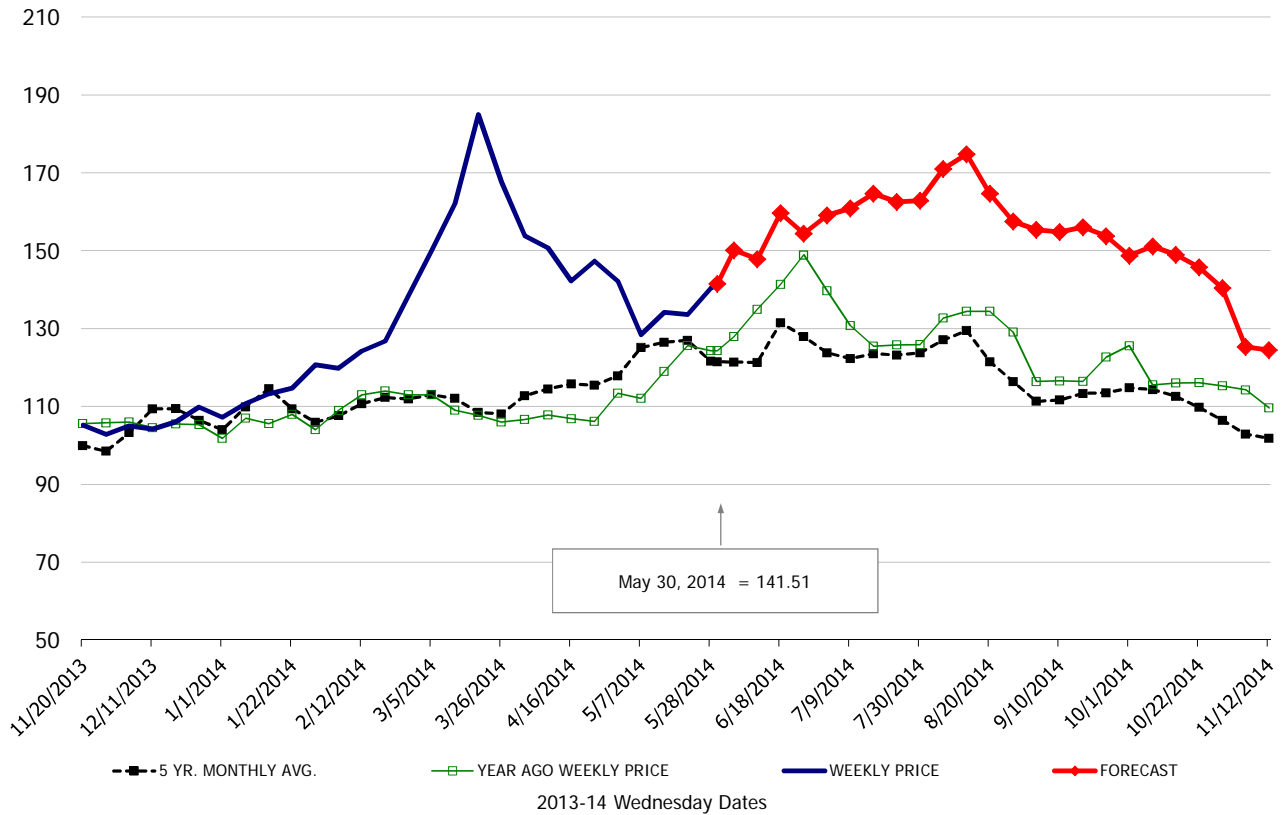
50 CL Beef Trim prices finished last week at \$1.2771, up about 2 cent since Wed. May 21 and up 41 compared to the year ago level.

Food Service Summary Table - WT. AVE

	2013-14 History							2014 FORECAST							
	Dec	Jan	Feb	Mar	Apr	May	5/21/2014	5/30/2014	6/11/2014	Jun	Jul	Aug	Sep	Oct	Nov
<u>PORK</u>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.06	1.14	1.27	1.65	1.47	1.35	1.34	1.42	1.48	1.53	1.62	1.67	1.55	1.47	1.25
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.12	1.20	1.34	1.73	1.58	1.45	1.50	1.53	1.55	1.56	1.67	1.71	1.57	1.48	1.26
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.71	1.78	1.84	2.35	2.12	1.91	1.88	1.97	1.95	2.02	2.30	2.41	2.34	2.29	1.98
Loin, Tenderloin, FOB Plant, USDA	2.32	2.41	2.54	2.76	2.78	2.78	2.85	2.73	2.77	2.80	2.90	2.93	2.81	2.72	2.47
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	0.99	1.06	1.16	1.61	1.60	1.60	1.63	1.62	1.56	1.60	1.52	1.49	1.44	1.38	1.26
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.42	1.52	1.61	1.82	1.76	1.70	1.80	1.61	1.72	1.70	1.77	1.80	1.62	1.65	1.55
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	2.21	2.20	2.29	2.45	2.54	2.59	2.54	2.55	2.47	2.44	2.53	2.56	2.36	2.39	2.29
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.36	1.46	1.53	1.74	1.64	1.61	1.72	1.58	1.63	1.64	1.71	1.74	1.56	1.59	1.49
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.03	2.16	2.33	2.71	2.63	2.66	2.63	2.60	2.81	2.78	2.75	2.80	2.52	2.43	2.26
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.98	0.78	0.86	1.06	1.19	1.08	1.14	1.14	1.11	1.12	1.14	1.19	1.17	1.22	1.13
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.81	0.74	0.85	1.12	1.14	1.13	1.18	1.17	1.09	1.11	1.13	1.16	1.15	1.16	1.05
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.80	0.74	0.84	0.99	1.02	1.05	1.07	1.09	1.05	1.07	1.12	1.16	1.12	1.10	0.98
Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	1.40	1.21	1.30	1.49	1.48	1.48	1.50	1.50	1.29	1.31	1.33	1.34	1.31	1.31	1.24
Belly, Skin-on Belly 14-16#, FOB Plant, USDA	1.14	1.07	1.34	1.77	1.85	1.54	1.60	1.48	1.73	1.79	2.10	2.18	1.96	1.71	1.49
Belly, Derind Belly 9-13#, FOB Plant, USDA	1.53	1.44	1.65	2.15	2.08	1.76	1.81	1.78	1.85	1.90	2.25	2.32	2.25	2.08	1.82
Belly, Derind Belly 13-17#, FOB Plant, USDA	1.48	1.38	1.58	2.14	1.94	1.68	1.75	1.80	1.83	1.88	2.22	2.29	2.23	2.06	1.80
Trim, 42% Trim Combo, FOB Plant, USDA	0.32	0.35	0.43	0.71	0.71	0.66	0.66	0.74	0.75	0.77	0.89	0.90	0.76	0.66	0.49
Trim, 72% Trim Combo, FOB Plant, USDA	0.64	0.70	0.91	1.23	1.30	1.13	1.10	1.21	1.28	1.28	1.32	1.30	1.04	1.04	0.92
<u>HOG CARCASS</u>															
IA/MN, Base Market Hog 185 lb Carcass Basis, Plant Div.	0.78	0.79	0.89	1.17	1.19	1.13	1.10	1.08	1.13	1.13	1.18	1.21	1.09	1.04	0.91
<u>BROILERS</u>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	0.95	0.96	0.92	1.06	1.10	1.18	1.21	1.21	1.19	1.18	1.12	1.08	1.06	1.03	1.00
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.26	1.25	1.27	1.48	1.73	1.87	1.92	1.93	1.96	2.01	1.92	1.88	1.82	1.61	1.36
N.E. BROILER BREAST LINE RUN, USDA	0.94	0.93	0.85	0.91	1.06	1.20	1.24	1.23	1.31	1.31	1.31	1.35	1.27	1.11	0.99
N.E. BROILER LEG QUARTERS, USDA	0.43	0.43	0.42	0.44	0.48	0.50	0.51	0.50	0.52	0.51	0.51	0.53	0.53	0.51	0.47
N.E. BROILER WINGS, USDA, WT.AVG.	1.21	1.30	1.27	1.38	1.42	1.38	1.39	1.41	1.45	1.44	1.46	1.48	1.51	1.55	1.48
<u>TURKEYS</u>															
UB HEN TURKEYS, EAST, FROZEN 10-12LBS	1.10	1.03	1.03	1.06	1.08	1.09	1.09	1.09	1.13	1.13	1.17	1.18	1.19	1.20	1.21
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	2.16	2.16	2.16	2.42	3.26	3.57	3.60	3.60	3.59	3.60	3.60	3.68	3.82	3.79	3.64
<u>LIVE STEERS</u>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.31	1.40	1.43	1.50	1.49	1.47	1.47	1.44	1.38	1.38	1.36	1.38	1.41	1.43	1.44
<u>BEEF</u>															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	6.45	5.77	5.61	6.32	6.68	7.23	7.48	7.52	7.49	7.59	6.98	6.88	7.05	7.44	7.93
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.30	2.67	2.55	3.04	2.68	2.34	2.27	2.21	2.29	2.30	2.38	2.53	2.57	2.57	2.49
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	2.09	2.57	2.53	2.51	2.18	2.15	2.18	2.13	2.11	2.13	2.18	2.26	2.34	2.44	2.36
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	4.75	5.00	5.00	6.76	6.30	6.01	6.25	6.34	6.41	6.45	5.86	5.66	5.60	5.31	5.19
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	2.78	2.95	2.96	3.50	3.51	3.82	3.91	4.01	3.77	3.85	3.90	3.95	3.68	3.14	3.11
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	3.66	4.21	3.99	4.72	5.04	5.15	5.20	5.14	5.32	5.34	5.07	4.51	4.09	3.93	3.92
COARSE GROUND 73%, USDA	1.71	2.29	2.06	2.24	1.89	1.98	2.05	1.99	1.93	1.95	1.92	1.96	1.96	1.88	1.93
COARSE GROUND 81%, USDA	1.86	2.45	2.28	2.51	2.03	2.07	2.16	2.11	2.12	2.15	2.04	2.09	2.14	2.03	2.05
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.02	2.19	2.38	2.61	2.49	2.43	2.44	2.44	2.39	2.43	2.41	2.37	2.32	2.21	2.21
50CL BEEF TRIM, FRESH, NATIONAL, USDA	0.95	1.05	1.10	1.47	1.22	1.26	1.26	1.28	1.24	1.23	1.22	1.23	1.15	1.20	1.38

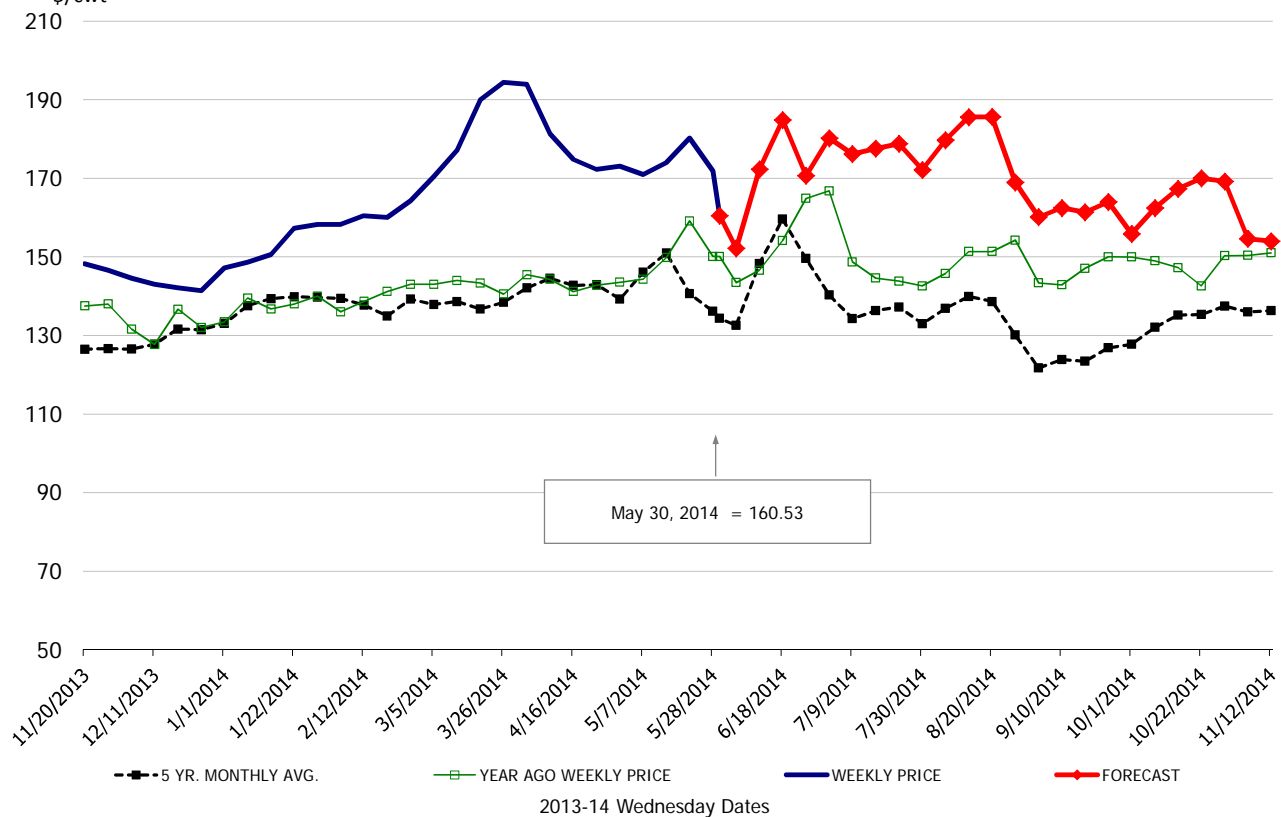
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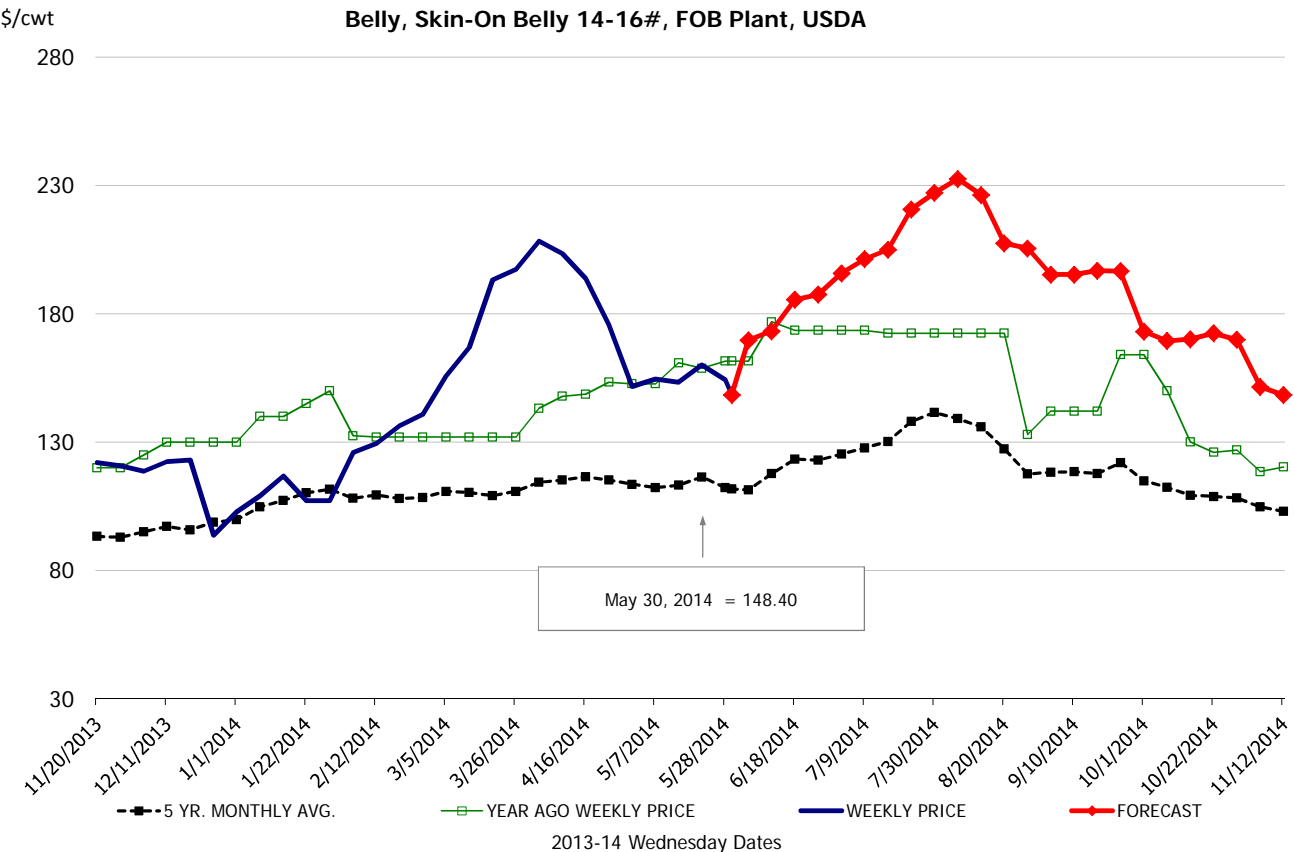
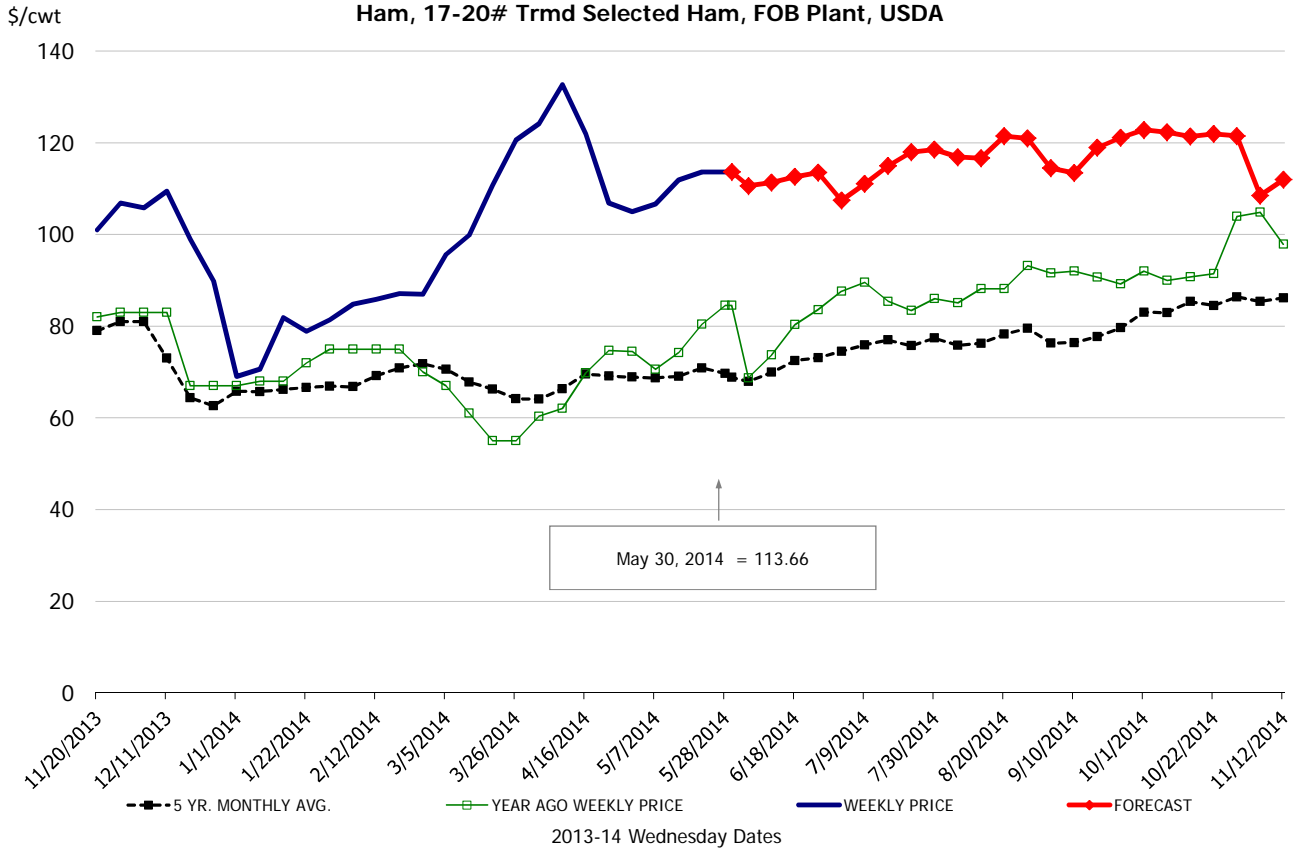
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA



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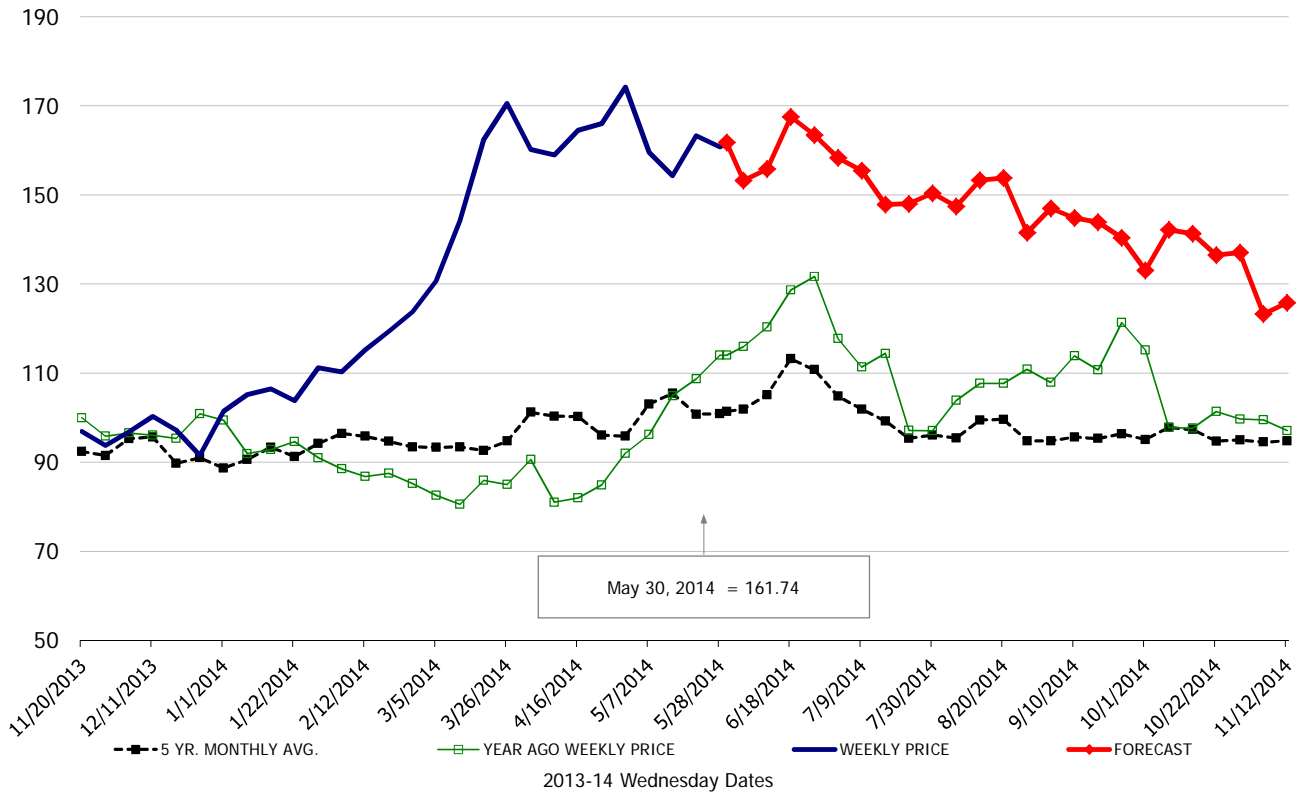
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA





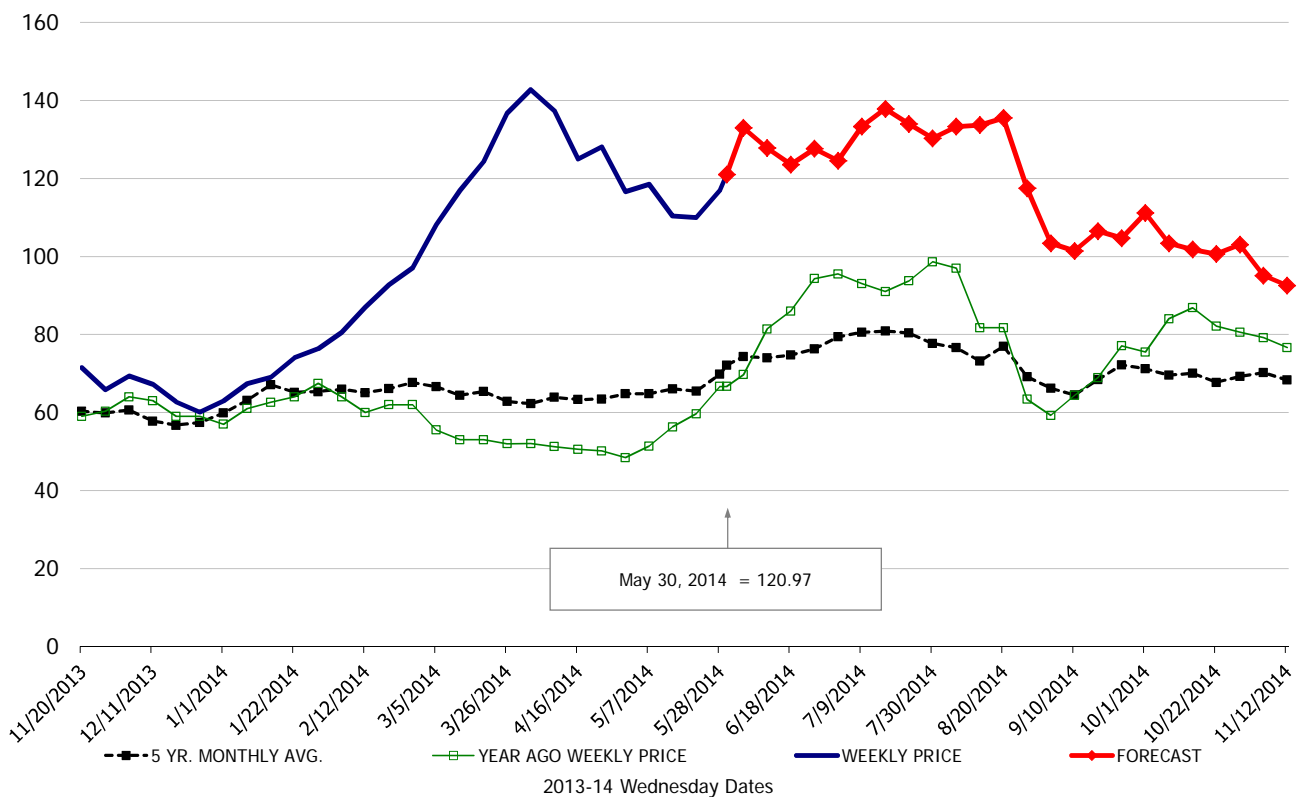
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Butt, 1/4 Trim Butt Combo, FOB Plant, USDA

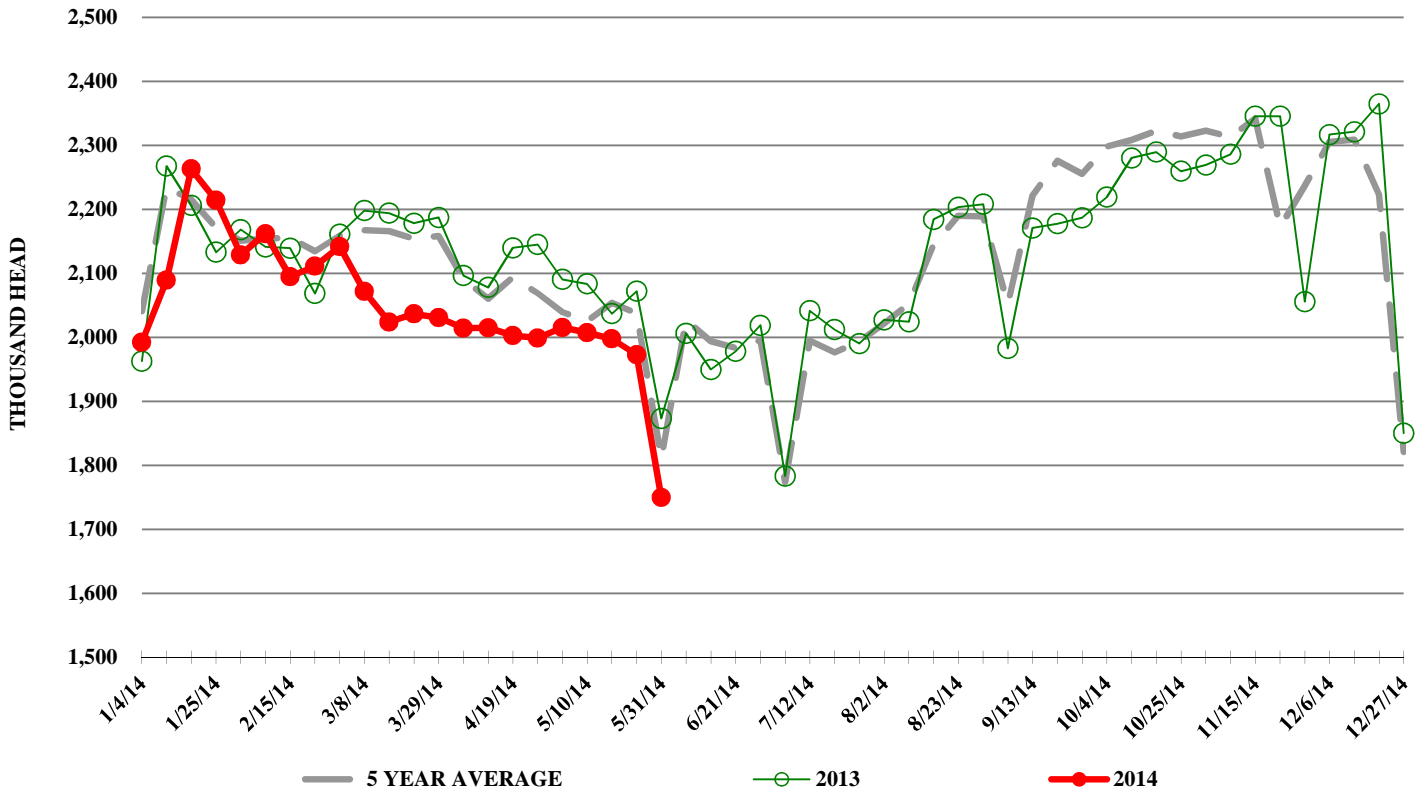


\$/cwt

Trim, 72% Trim Combo, FOB Plant, USDA



ESTIMATED WEEKLY FI HOG SLAUGHTER



ESTIMATED WEEKLY FI PORK PRODUCTION

