Pork Merchandiser's **Profit Maximizer**

- Foodservice Edition

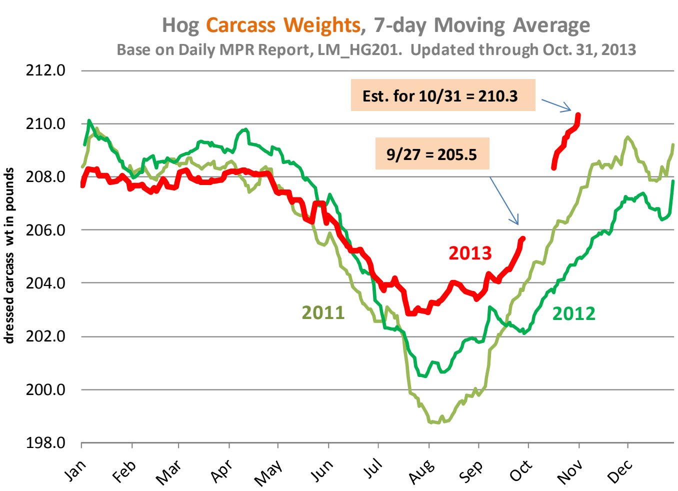
Prepared by Steiner and Company, Manchester, NH 800-526-4612.

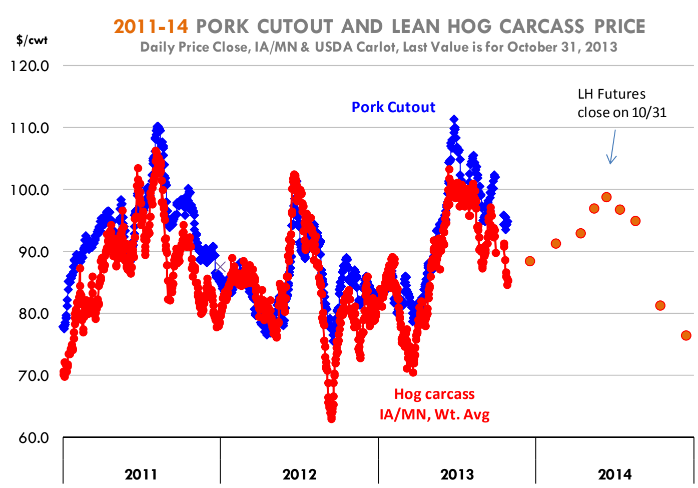
November 4, 2013

1. Hog Markets Remain Volatile

Hog futures have been buoyed in recent days by ongoing speculation that hog/pork prices will remain firm on good demand prospects and short supplies due to the spread of PEDv virus. On the demand front, the expectation of tight cattle supplies and record beef prices certainly has been supportive of the hog and pork market. Consumer disposable incomes going into the holidays are modestly better, in part thanks to lower energy costs. There is plenty of attention on the unemployment rate but given the number of people that have left the labor force and have yet to come back, that may not be as reliable an indicator as it appears. As for export demand, there is plenty of hope for the future even as the actual data continues to show pork exports tracking below year ago levels. There continues to be a lot of speculation that China will become a more active buyer in the US market. At this point Chinese purchases of US pork are slowly moving up but the market continues to price significant gains in the coming year.

As for pork supplies, market participants continue to focus on the potential impact that PEDv virus will have on US pork production in late 2013 and the first half of 2014. It is difficult

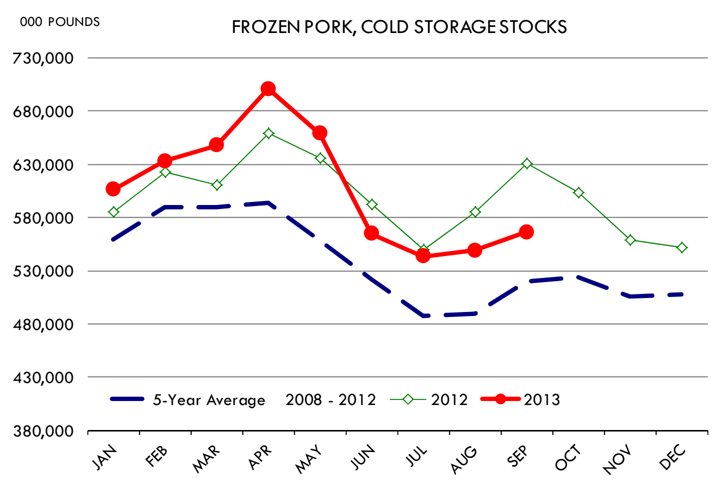




to peg much of the shortfall in hog supplies in September and October on PEDv. While it is possible that the disease was active earlier than reports indicate, we have no knowledge of that being the case. More likely it appears that high feed costs caused producers to reduce the number of pigs that were born during Mar - May period. Based on current slaughter numbers, it looks like a fair bet that USDA will have to go back and revise the pig crop numbers significantly for that time period. Now the focus is on the potential impact of the virus. There are plenty of guesses out there and there is simply too much confusion to really come up with any firm numbers. The situation in North Carolina and the expansion of the disease there certainly is cause for concern. Some wire stories quote that over 150,000 sows may have been affected. With a little over 10 pigs per litter, we could see an impact of about 1.5 million pigs spread out over a number of weeks. Then there is the issue of new cases in Iowa. The numbers there are vague as well. More importantly, however, the market remains particularly concerned as to what the current spread implies for the industry this winter. Normally there are more hogs being moved around in Q4 as total numbers are larger. This tends to contribute to the spread of the disease. For now, futures have built a significant risk premium in the hog contracts for Q2 and Q3. For those hog producers that are able to take advantage, this presents a good opportunity to lock in some of the best profits.

One final note that may offer some restraint to all the bullish talk. **Hog weights continue to climb and they are now hovering above 210 pounds/carcass**. Given normal trends, hog weights could climb further in November. This will offset some of the decline in slaughter and could limit the upside currently futures are pricing in the very short term.

2. **The supply of beef, pork and chicken in cold storage at the end of September was slightly below year ago levels and it will likely continue to drift lower in the next two months**. Total pork inventory inventories as of



September 30 were 566.4 million pounds, 10.2% lower than a year ago but 8.9% higher than the five year average. The year over year decline in pork inventories was expected as slaughter levels declined. The reduction in pork inventories tends to be supportive of pork prices going into the holiday season. Ham inventories at 221.2 million pounds were 2.8% higher than a year ago and 26.9% higher than the five year average. The combination of higher ham inventories and relatively firm ham prices leads us to think that export demand must be quite robust for this item. Total beef inventories were 445.1 million pounds, 4.7% higher than a year ago and 4.3% higher than the five year average. The increase was due to significantly more boneless beef going into storage in September but USDA provides no visibility as to what kind of beef this is, whether it is fat trimmings, lean beef, beef cuts or imports. Inventories of chicken breast have declined sharply, which likely has contributed to the decline in breast meat prices. End users are gearing up for lower chicken prices in 2014 and are quickly reducing their stocks.

Upcoming holidays:

2013 Veterans Day (Monday November 11); Remembrance Day [Canada] (Monday November 11); Hanukkah (Wednesday November 27); Thanksgiving (Thursday November 28); Christmas Day (Wednesday December 25); Boxing Day [Canada] (Thursday December 26).

2014 New Year's Day (Wednesday January 1); Martin Luther King Day (Monday January 20); Chinese New Year (Friday January 31); Super Bowl XLVIII Sunday (Sunday February 2, in East Rutherford, NJ); Valentine's Day (Friday February 14); President's Day (Monday February 17); Ash Wednesday (Wednesday March 5); Daylight Savings Time Begins in US (Sunday March 9); St. Patrick's Day (Monday March 17); Passover (Tuesday April 15); Easter (Sunday April 20); Cinco de Mayo (Monday May 5); Mother's Day (Sunday May 11); Victoria Day [Canada] (Monday May 19); Memorial Day (Monday May 26); 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 November 1 hog slaughter was 2.271 million head, down 3.7 percent from a year ago.

Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values. Lean hog carcass values at about 84.20/cwt. on Friday were down about \$2.50/cwt. since Wed. October 23. Prices are now about \$4.20/cwt. above year ago values.

21/dn Pork Loins "**Total on FOB Basis**" (page 7). Prices finished last week at \$1.1616 for the "Total on FOB Basis" quote, about the same as on the Wed. October 23 quote but up 4.66 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.5659 for the strap on loins, down about 3 cents since Wed. October 23 but 12 cents higher than year ago levels. Strap off loins at \$1.8256 are up about 3 cents since Wed. October 23 and up about 18 cents compared to the year ago quote.

Boneless sirloins at \$1.2476 are down about 3 cents from the Wed. October 23 quote but up about 4 cents from the year ago price.

Pork tenderloin finished last week at \$2.3280 are down about 5 cents since the Wed. October 23 quote but up about 20 cents from the year ago price.

5/10 Pork Butts "Total on FOB Basis" (page 9), prices finished the week at \$0.99, down about two cents since Wed. October 23 but still up about 4 cents from the year ago levels.

4.25/dn Spare Ribs "Total on FOB Basis" (page 7). Prices finished the week at \$1.4389 up about 1 cent since Wed. October 23 but down about 1 cents from year ago levels.

Rib inventories on September 30 were 55.9 million pounds, down 15 percent from a year ago.

Bone-in Hams.

The price of 17/20 hams (page 8) was 96.51 cents, 5 cents higher since Wed. October 23 and up about 15 cents from a year ago.

20/23 hams finished the week at 93.06 cents for the Total on FOB Basis, up about one cent since Wed. October 23 and up about 13 cents from the year ago level.

23/27 hams finished the week at 94.85 cents for the Total on FOB Basis, up about 3 cents from the Wed. October 23 quote and up about 16 cents from the year ago level.

Total ham cold storage stocks on September 30 at 221.2 million pounds were up about 3% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 41.30, down about 7 cents since Wed. October 23 and down about one cent from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 80.86 cents, down about one cent since the Wed. October 23 quote and down about 12 cents from the year ago level.

Freezer stocks of all trimmings on September 30 were 38.2 million pounds, down about 21 percent from the year ago levels.

72 CL Picnic Meat "FOB Basis". Prices finished the week at 96.35 cents, down about 2 cents compared to Wed. October 23 but up 20 cents from a year ago.

POULTRY

Georgia Dock Broilers. The Georgia dock price on Wednesday October 15 at $1.475 was up about 8.5 cents from a year ago.

The National Whole Bird price was quoted at 88.98 cents on Friday.

Breasts. Prices on boneless skinless breasts finished the week at $1.2928, down about 3 cents since the Wed. October 23 quote and also down 2 cents from the year ago levels.

Leg Quarters. Leg quarter prices have declined sharply on expanding supplies. Leg quarter prices are now trading about 42.85 cents, 2 cents below the previous week and also down 9 cents below the year ago price.

Wings. Prices at $1.3561 are down about 51 cents from year ago levels.

Turkeys

Hens finished last week at $1.09, unchanged since October 23 but down about 7 cents from the year ago price.

Toms finished last week at $1.0700 unchanged since Wed. October 23 but down about 11 cents from the year ago price.

Total turkey supplies in the freezer on September 30 were up about 4 percent from a year ago at 541,528 million pounds. Whole birds were up 7 percent from year ago with whole bird inventory at 325.6 million pounds.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $2.2000, unchanged since Wed. October 23.

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 $6.9450 (weighted average quote) finished last week up about 3 cents since the Wed. October 23 quote but down 2 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $5.2927 (weighted average quote) finished last week down about 3 cents since the Wed. October 23 quote but still up 6 cents vs. the year ago price.

Choice regular #168 insides finished last week quoted at $2.2277 up about 2 cents since Wed. October 23 and up about 12 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $2.3183 up about 10 cent since Wed. October 23 and also up about 11 cent from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.1104 down about 5 cents since Wed. October 9 but up about 7 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $4.8799 (wt. avg.) down about 5 cents from the Wed. October 23 quote. Prices are about 18 cents under year ago levels.

Choice #184 Regular Heavy top butts finished at $2.7849 (wt. avg.) down about 1 cent since Wed. October 23 and down about 40 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $2.9560 (wt. avg.) down about 12 cent since Wed. October 23 and down about 25 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $3.7115 (wt. avg.) down about 7 cents since Wed. October 23 but still up about 14 cents from year ago values.

COARSE GROUND BEEF –

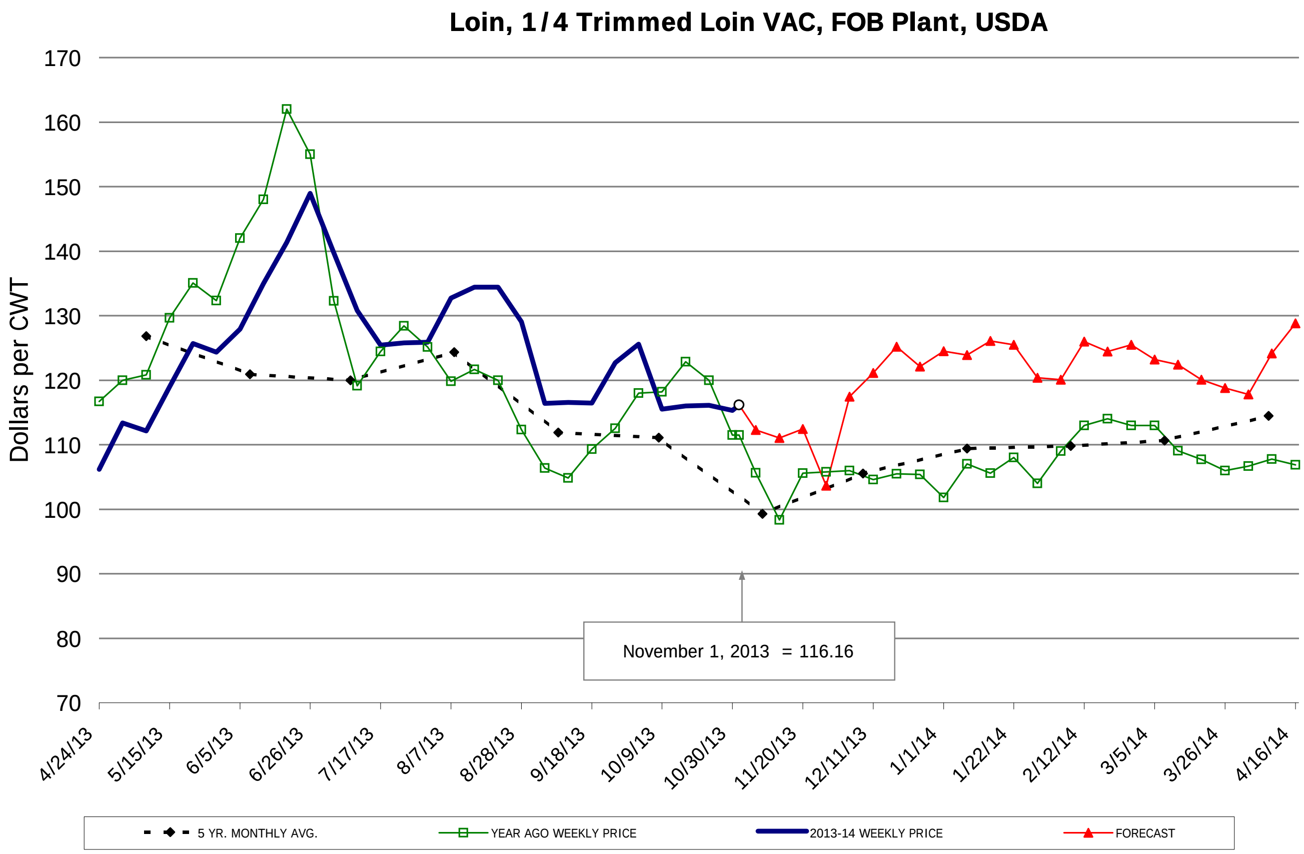
73CL Coarse Ground product finished last week at $1.6568, down about 7 cents since Wed. October 23 but still up about 17 cents from year ago levels.

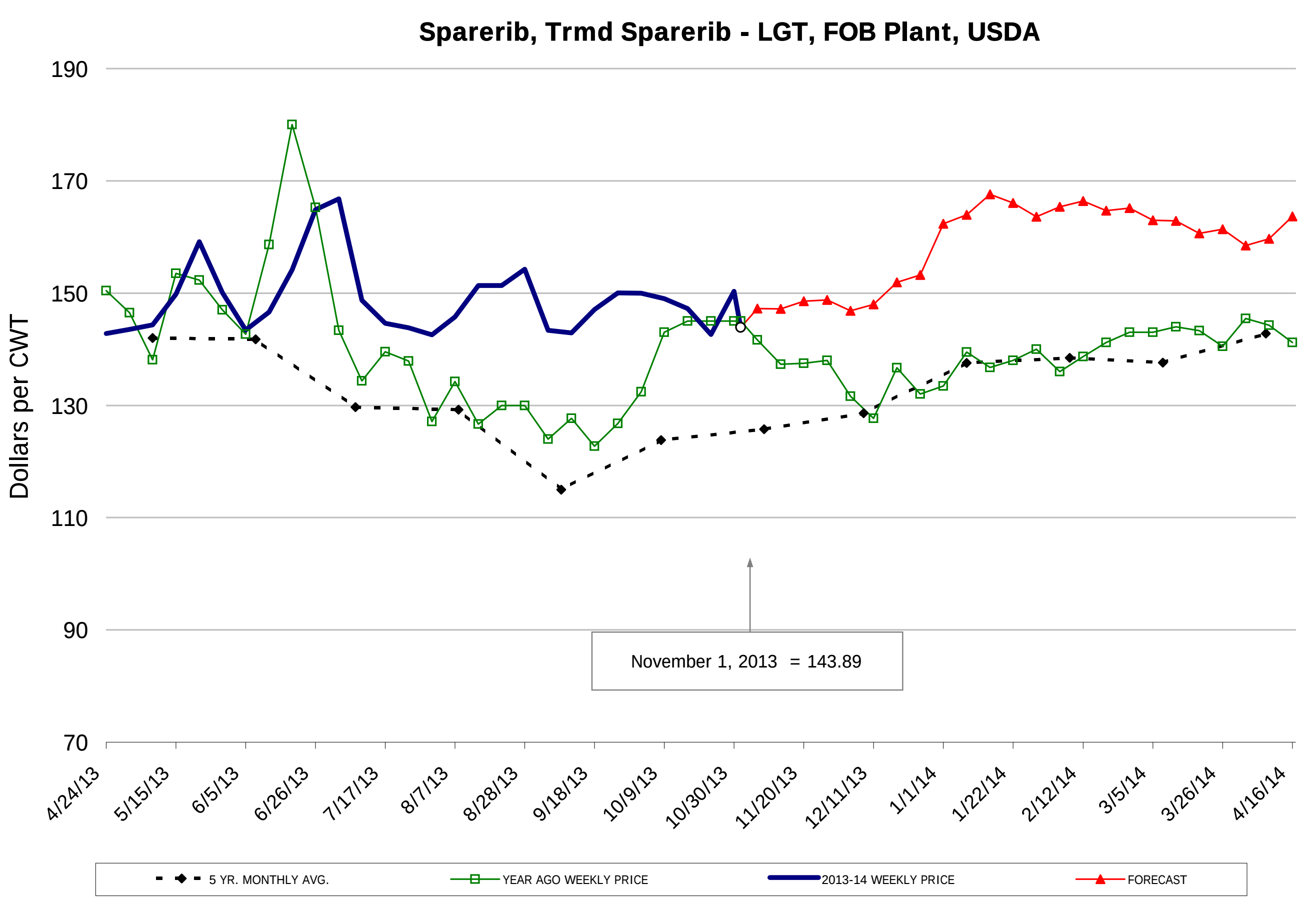
81CL Coarse Ground product finished last week at $1.7793, down 12 cents since Wed. October 23 and down about 16 cents from the year ago quote.

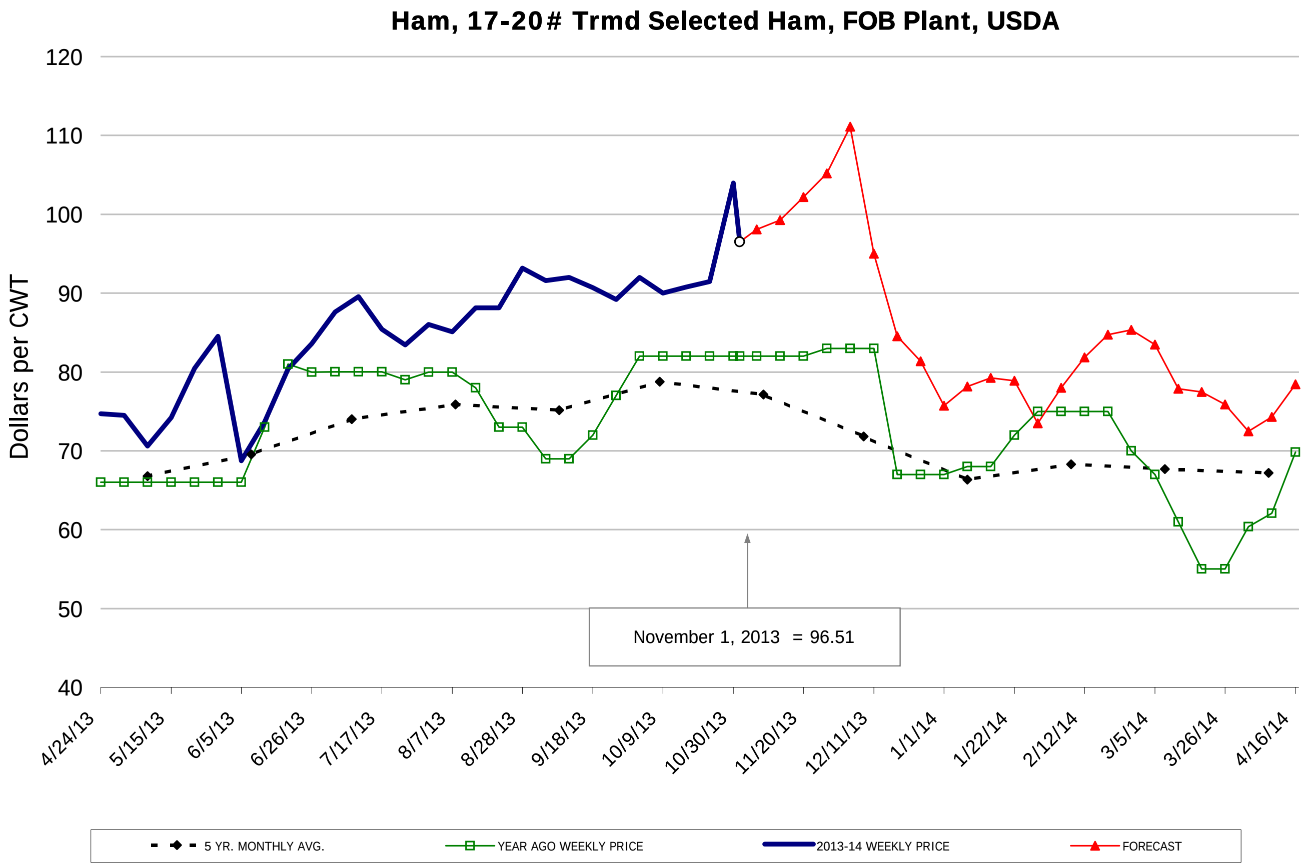
Food Service Summary Table - WT. AVE

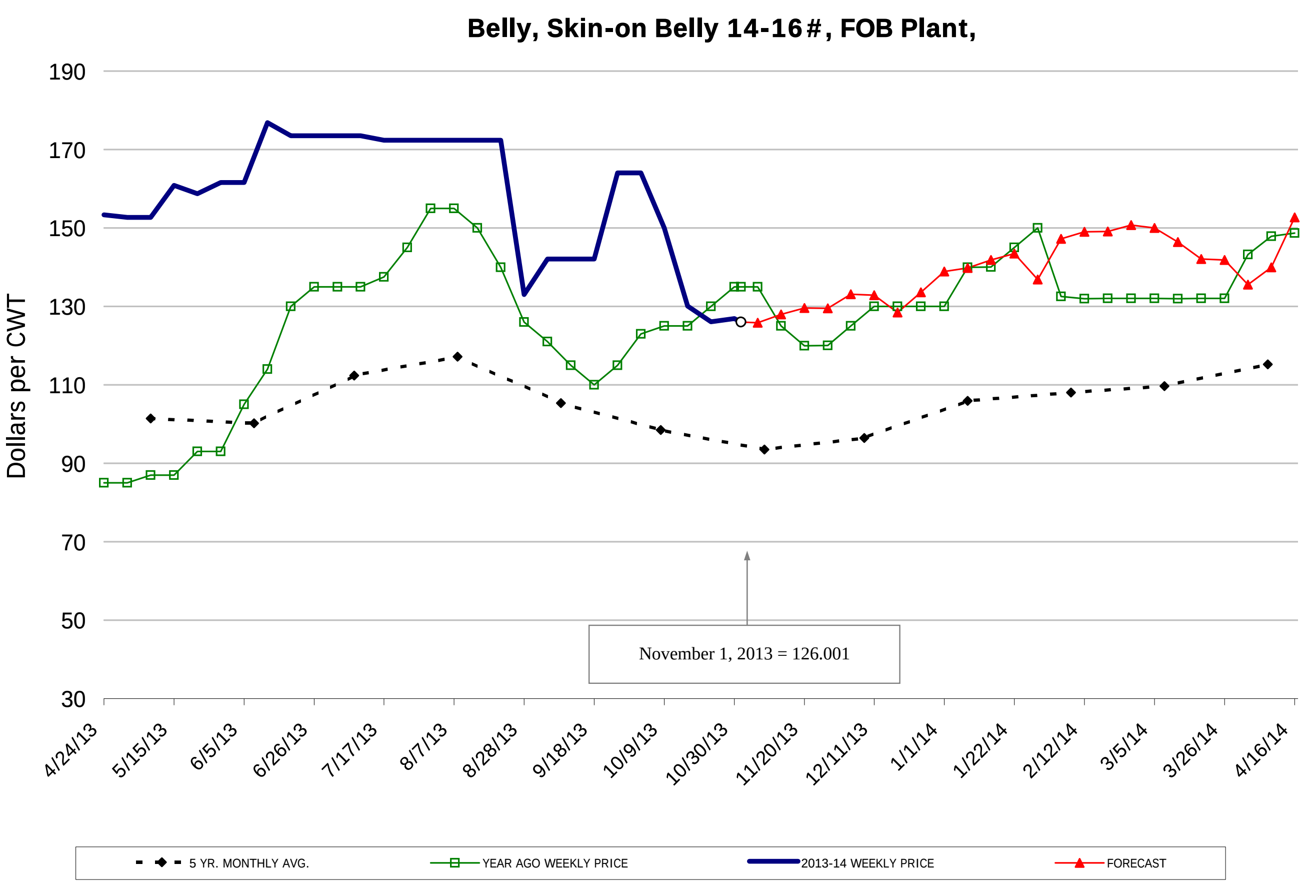
	2013 History								2013 FORECAST						
	May	Jun	Jul	Aug	Sep	Oct	10/23/2013	11/1/2013	11/13/2013	Nov	Dec	Jan	Feb	Mar	Apr
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.19	1.38	1.30	1.33	1.18	1.18	1.16	1.16	1.11	1.13	1.19	1.25	1.22	1.22	1.27
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.24	1.46	1.35	1.39	1.29	1.26	1.26	1.22	1.16	1.21	1.29	1.37	1.31	1.32	1.37
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.78	2.01	1.82	1.74	1.80	1.84	1.79	1.83	1.85	1.80	1.90	1.98	1.83	1.84	1.88
Loin, Tenderloin, FOB Plant, USDA	2.68	2.81	2.60	2.32	2.39	2.35	2.38	2.33	2.39	2.36	2.32	2.63	2.66	2.62	2.61
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	1.03	1.24	1.08	1.08	1.13	1.02	1.01	0.99	1.03	1.04	1.06	1.04	1.08	1.05	1.12
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.49	1.52	1.49	1.51	1.46	1.48	1.43	1.44	1.47	1.48	1.50	1.65	1.65	1.62	1.62
ST LOUIS STYLE RIBS 2 1/4 DN	2.49	2.52	2.49	2.51	2.46	2.48	2.43	2.44	2.47	2.48	2.50	2.65	2.65	2.62	2.62
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.43	1.56	1.52	1.58	1.49	1.41	1.41	1.44	1.44	1.44	1.44	1.56	1.58	1.55	1.55
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.39	2.48	2.37	2.27	2.14	2.07	2.08	2.05	2.07	2.06	2.11	2.20	2.32	2.41	2.55
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.77	0.77	0.86	0.89	0.91	0.94	0.91	0.97	0.99	1.01	0.93	0.78	0.80	0.80	0.76
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.69	0.76	0.88	0.87	0.90	0.91	0.92	0.93	0.92	0.95	0.90	0.76	0.78	0.77	0.74
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.70	0.76	0.87	0.87	0.88	0.89	0.92	0.95	0.85	0.90	0.88	0.75	0.77	0.76	0.75
SELECT, Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	1.35	1.17	1.22	1.23	1.50	1.39	1.35	1.40	1.41	1.43	1.41	1.36	1.36	1.25	1.23
Belly, Skin-on Belly 12-14#, FOB Plant,	1.61	1.82	1.77	1.82	1.60	1.44	1.30	1.40	1.27	1.26	1.30	1.39	1.45	1.44	1.44
Belly, Skin-on Belly 14-16#, FOB Plant,	1.57	1.71	1.73	1.63	1.48	1.39	1.26	1.26	1.28	1.28	1.32	1.41	1.47	1.46	1.46
Belly, Skin-on Belly 16-18#, FOB Plant,	1.60	1.62	1.66	1.69	1.47	1.37	1.25	1.23	1.26	1.25	1.29	1.38	1.44	1.43	1.43
Trim, 42% Trim Combo, FOB Plant, USDA	0.45	0.58	0.64	0.73	0.54	0.50	0.48	0.41	0.40	0.42	0.37	0.45	0.46	0.50	0.52
Trim, 72% Trim Combo, FOB Plant, USDA	0.56	0.83	0.94	0.81	0.67	0.82	0.82	0.81	0.74	0.75	0.71	0.75	0.77	0.76	0.72
HOG CARCASS															
250-270# HOGS, US 1-3, INTERIOR IOWA DIRECT HOG MARKET	0.90	1.00	0.99	0.95	0.93	0.88	0.87	0.84	0.80	0.85	0.88	0.88	0.90	0.89	0.92
BROILERS															
12 CITY BROILER COMPOSITE WEIGHTED AVG.	1.10	1.08	0.99	0.91	0.91	0.91	0.90	0.89	0.88	0.88	0.89	0.90	0.91	0.93	0.92
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.96	1.89	1.82	1.78	1.50	1.35	1.33	1.29	1.23	1.24	1.26	1.39	1.43	1.51	1.57
N.E. BROILER BREAST LINE RUN, USDA	1.29	1.28	1.24	1.17	1.06	1.01	1.02	0.97	0.95	0.95	0.92	0.93	0.98	1.02	1.06
N.E. BROILER LEG QUARTERS, USDA	0.54	0.54	0.51	0.52	0.53	0.47	0.45	0.43	0.41	0.42	0.42	0.44	0.45	0.46	0.48
N.E. BROILER WINGS, USDA	1.38	1.50	1.59	1.58	1.62	1.49	1.43	1.36	1.47	1.50	1.62	1.68	1.65	1.51	1.45
TURKEYS															
HEN TURKEYS, EAST, FROZEN 10-12LBS, , TOP HEN TURKEYS, E/	1.02	1.03	1.03	1.05	1.06	1.08	1.09	1.09	1.12	1.10	1.05	0.97	0.98	1.02	1.04
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH,	1.55	1.58	1.66	1.96	2.14	2.20	2.20	2.20	2.16	2.15	2.09	1.98	1.86	1.89	1.93
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.27	1.22	1.20	1.23	1.23	1.29	1.32	1.32	1.31	1.32	1.32	1.32	1.33	1.35	1.36
BEEF															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	6.79	7.11	6.28	6.40	6.69	6.82	6.93	6.95	8.54	8.31	7.68	6.27	6.39	6.83	7.00
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.15	2.00	2.09	2.13	2.10	2.24	2.21	2.32	2.30	2.29	2.34	2.46	2.35	2.33	2.34
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	1.95	1.85	1.90	1.98	1.98	2.14	2.16	2.11	2.17	2.20	2.19	2.27	2.27	2.18	2.11
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	7.78	7.21	5.05	5.07	4.99	4.94	4.94	4.88	4.95	4.95	4.92	5.41	5.64	5.98	6.75
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	3.57	3.43	3.23	3.29	3.20	3.05	3.09	2.96	2.96	2.95	3.07	3.30	3.44	3.66	3.82
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	5.03	5.30	4.03	3.38	3.54	3.77	3.78	3.71	3.73	3.71	3.71	3.87	4.10	4.55	4.60
COARSE GROUND 73%, USDA	1.73	1.59	1.66	1.76	1.68	1.62	1.72	1.66	1.73	1.69	1.70	2.01	1.90	1.75	1.89
COARSE GROUND 81%, USDA	1.94	1.77	1.82	1.88	1.88	1.79	1.89	1.78	1.90	1.88	1.91	2.19	2.10	1.97	2.10
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.01	1.97	2.00	2.03	2.04	1.93	1.90	1.91	1.93	1.95	2.04	2.19	2.29	2.26	2.30
50CL BEEF TRIM, FRESH, NATIONAL, USDA	0.93	0.92	1.06	1.08	0.97	1.00	1.07	1.14	1.19	1.14	1.10	1.09	1.11	1.18	1.17

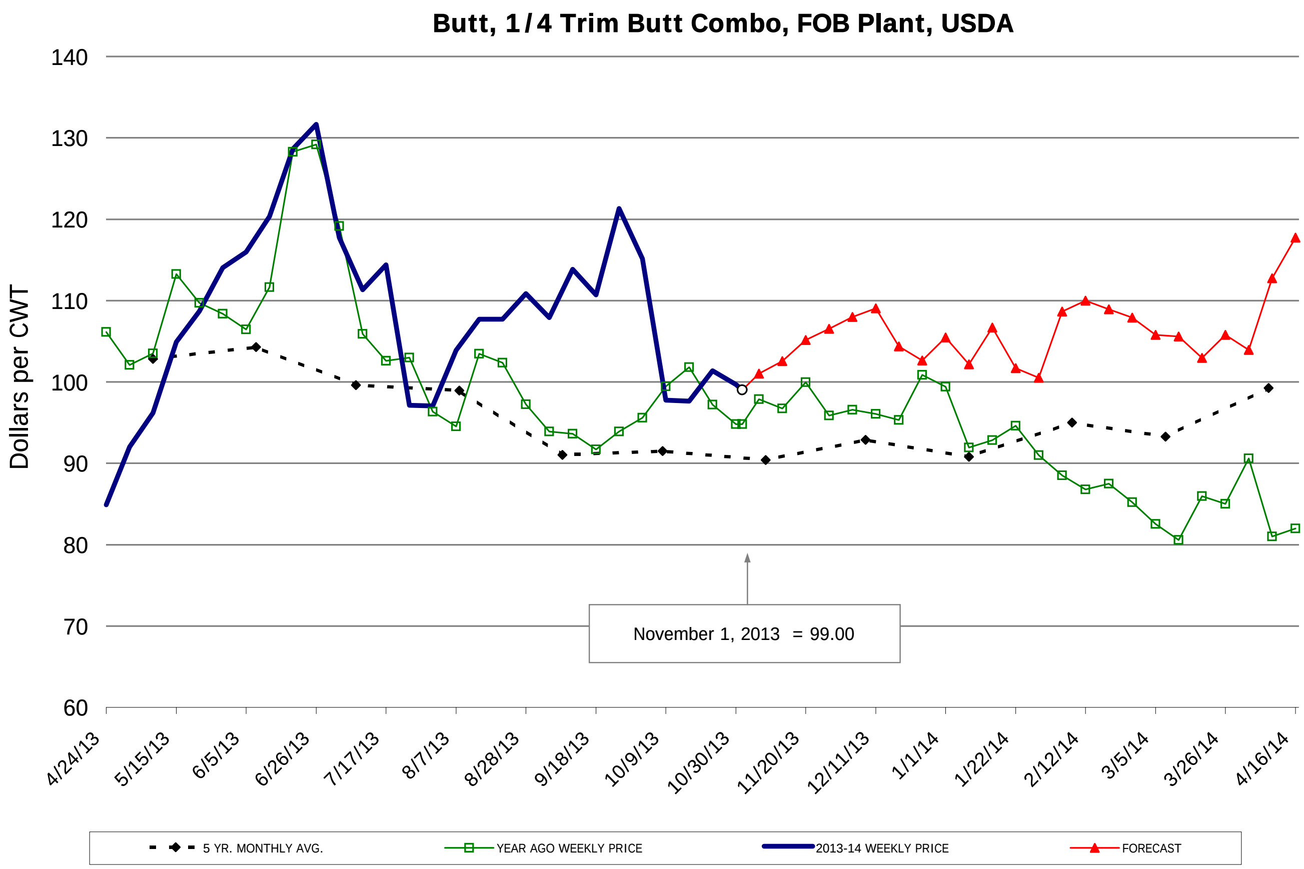
*St. Louis 2 1/4 dn rib prices are estimated at 3 1/2 dn plus $1.10


Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
Dollars per CWT
170
160
150
140
130
120
110
100
90
80
70
November 1, 2013 = 116.16
4/24/13
5/15/13
6/5/13
6/26/13
7/17/13
8/7/13
8/28/13
9/18/13
10/9/13
10/30/13
11/20/13
12/11/13
1/1/14
1/22/14
2/12/14
3/5/14
3/26/14
4/16/14
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2013-14 WEEKLY PRICE
FORECAST

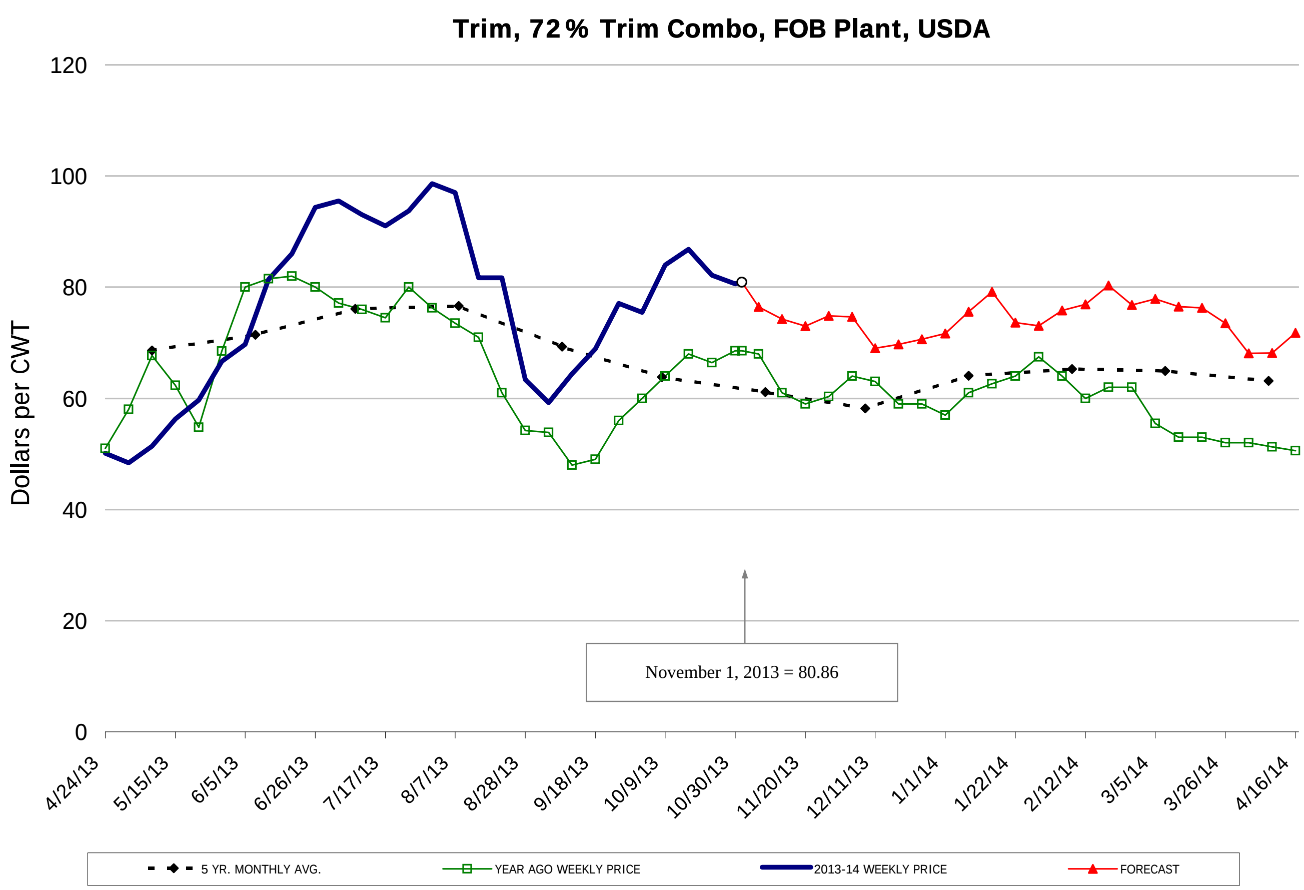

Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
Dollars per CWT
190
170
150
130
110
90
70
November 1, 2013 = 143.89
4/24/13
5/15/13
6/5/13
6/26/13
7/17/13
8/7/13
8/28/13
9/18/13
10/9/13
10/30/13
11/20/13
12/11/13
1/1/14
1/22/14
2/12/14
3/5/14
3/26/14
4/16/14
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2013-14 WEEKLY PRICE
FORECAST


Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA
Dollars per CWT
120
110
100
90
80
70
60
50
40
November 1, 2013 = 96.51
4/24/13
5/15/13
6/5/13
6/26/13
7/17/13
8/7/13
8/28/13
9/18/13
10/9/13
10/30/13
11/20/13
12/11/13
1/1/14
1/22/14
2/12/14
3/5/14
3/26/14
4/16/14
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2013-14 WEEKLY PRICE
FORECAST

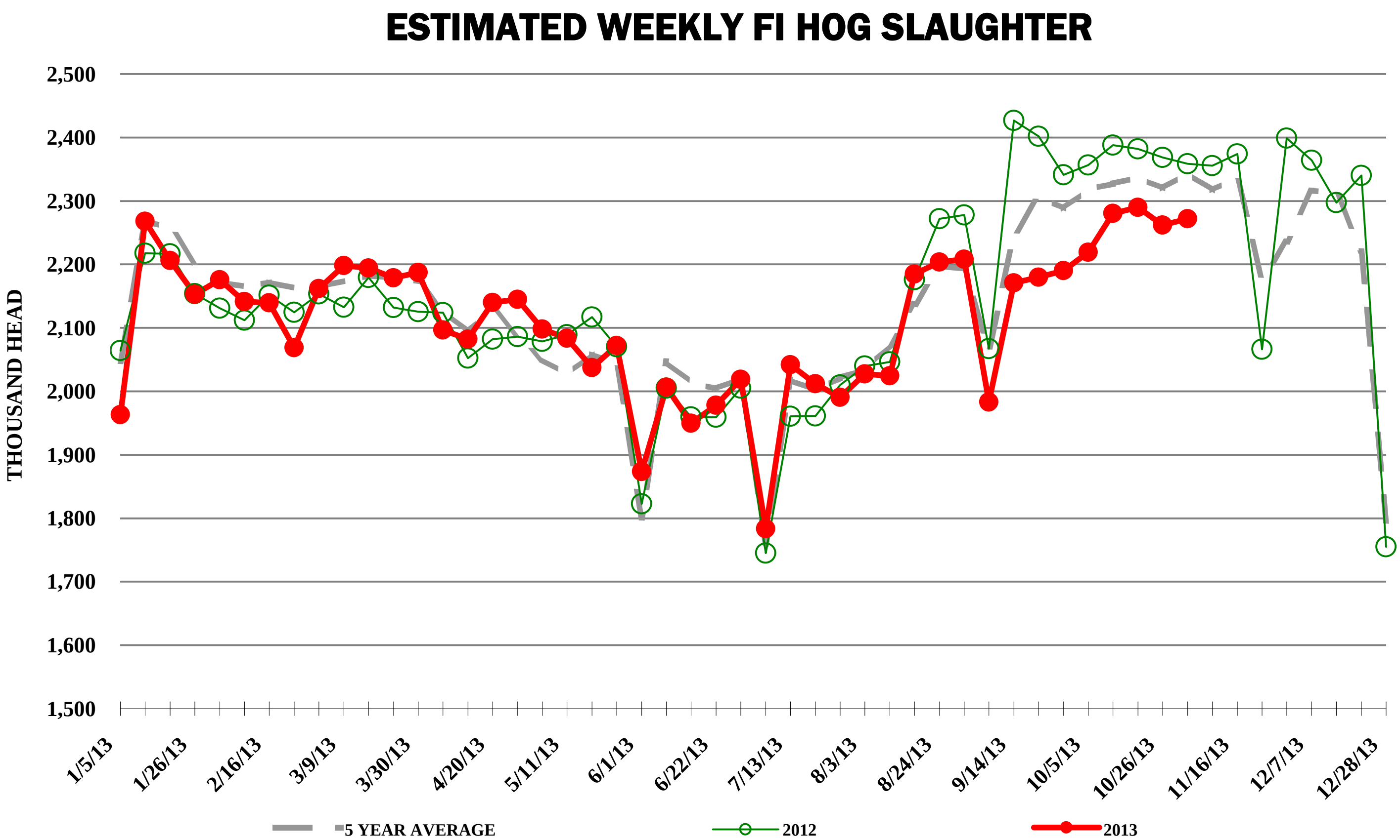

Belly, Skin-on Belly 14-16#, FOB Plant,
Dollars per CWT
190
170
150
130
110
90
70
50
30
November 1, 2013 = 126.001
4/24/13
5/15/13
6/5/13
6/26/13
7/17/13
8/7/13
8/28/13
9/18/13
10/9/13
10/30/13
11/20/13
12/11/13
1/1/14
1/22/14
2/12/14
3/5/14
3/26/14
4/16/14
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2013-14 WEEKLY PRICE
FORECAST

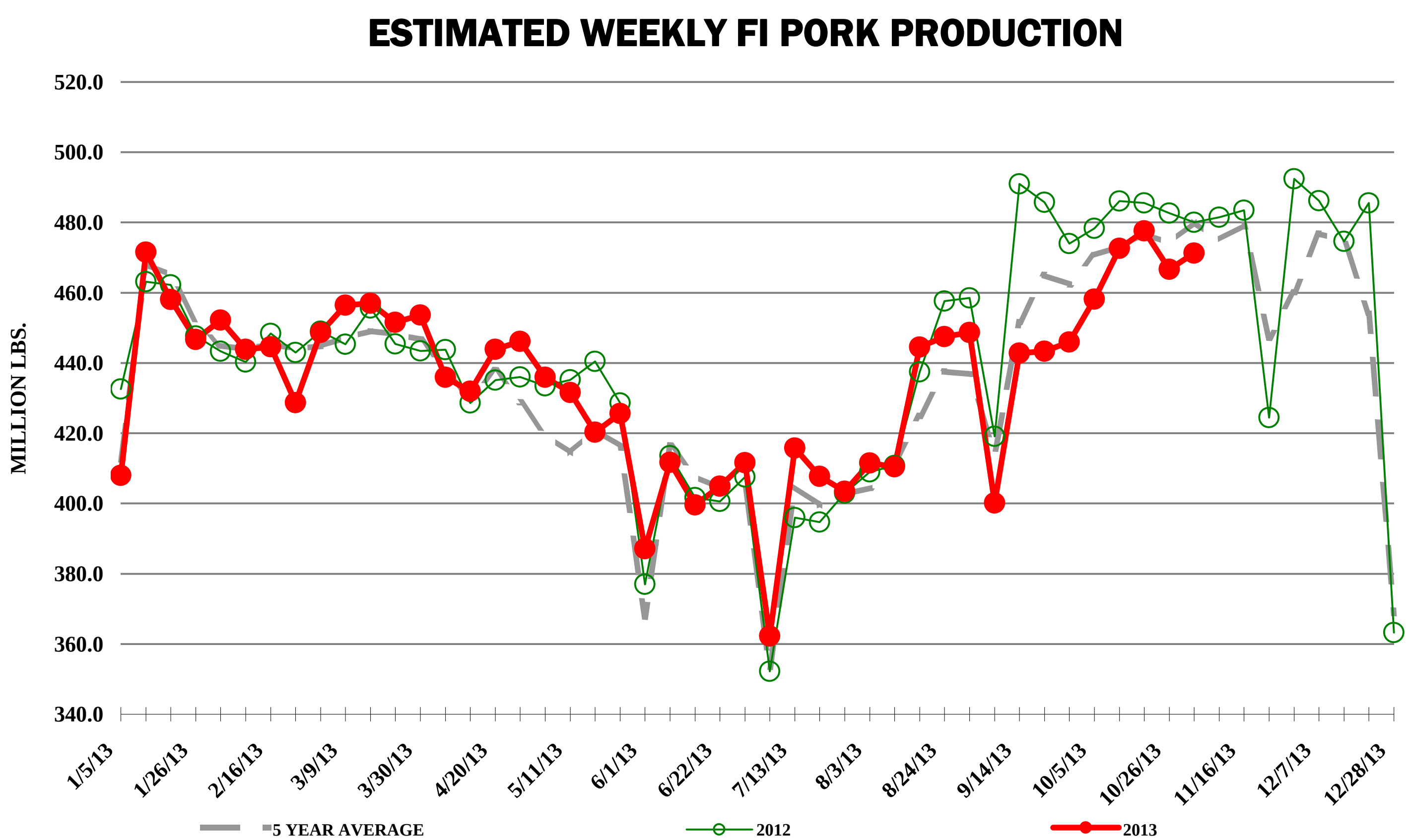


Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
Dollars per CWT
140
130
120
110
100
90
80
70
60
November 1, 2013 = 99.00
4/24/13
5/15/13
6/5/13
6/26/13
7/17/13
8/7/13
8/28/13
9/18/13
10/9/13
10/30/13
11/20/13
12/11/13
1/1/14
1/22/14
2/12/14
3/5/14
3/26/14
4/16/14
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2013-14 WEEKLY PRICE
FORECAST



Trim, 72% Trim Combo, FOB Plant, USDA
Dollars per CWT
120
100
80
60
40
20
0
November 1, 2013 = 80.86
4/24/13
5/15/13
6/5/13
6/26/13
7/17/13
8/7/13
8/28/13
9/18/13
10/9/13
10/30/13
11/20/13
12/11/13
1/1/14
1/22/14
2/12/14
3/5/14
3/26/14
4/16/14
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
2013-14 WEEKLY PRICE
FORECAST


ESTIMATED WEEKLY FI HOG SLAUGHTER
2,500
2,400
2,300
2,200
2,100
2,000
1,900
1,800
1,700
1,600
1,500
THOUSAND HEAD
1/5/13
1/26/13
2/16/13
3/9/13
3/30/13
4/20/13
5/11/13
6/1/13
6/22/13
7/13/13
8/3/13
8/24/13
9/14/13
10/5/13
10/26/13
11/16/13
12/7/13
12/28/13
5 YEAR AVERAGE
2012
2013


ESTIMATED WEEKLY FI PORK PRODUCTION
520.0
500.0
480.0
460.0
440.0
420.0
400.0
380.0
360.0
340.0
MILLION LBS.
1/5/13
1/26/13
2/16/13
3/9/13
3/30/13
4/20/13
5/11/13
6/1/13
6/22/13
7/13/13
8/3/13
8/24/13
9/14/13
10/5/13
10/26/13
11/16/13
12/7/13
12/28/13
5 YEAR AVERAGE
2012
2013