



Pork Merchandiser's Profit Maximizer

Be inspiredSM

- Foodservice Edition

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

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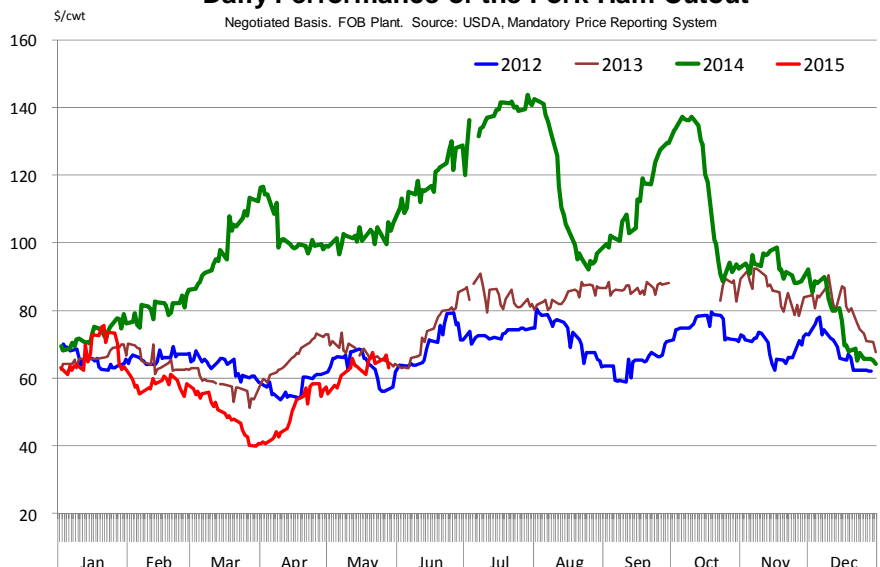
Ham market seasonality, turkey breast effect and price targets for summer and fall

Ham prices have recovered from the post-Easter price decline. A number of factors we think helped the ham market return to more normal trading levels. End users who were sitting on the sidelines as the market collapsed returned to a more normal order flow in May. We also think export business has improved. April pork data will be released next week and we expect to see a significant increase in US pork shipments to Mexico in April, with hams contributing a large part of that growth. Hog supplies in April and May have declined from the levels we saw in February and March, lending some additional support.

But even as ham prices have advanced in recent weeks, we still think that the upside potential for prices over the

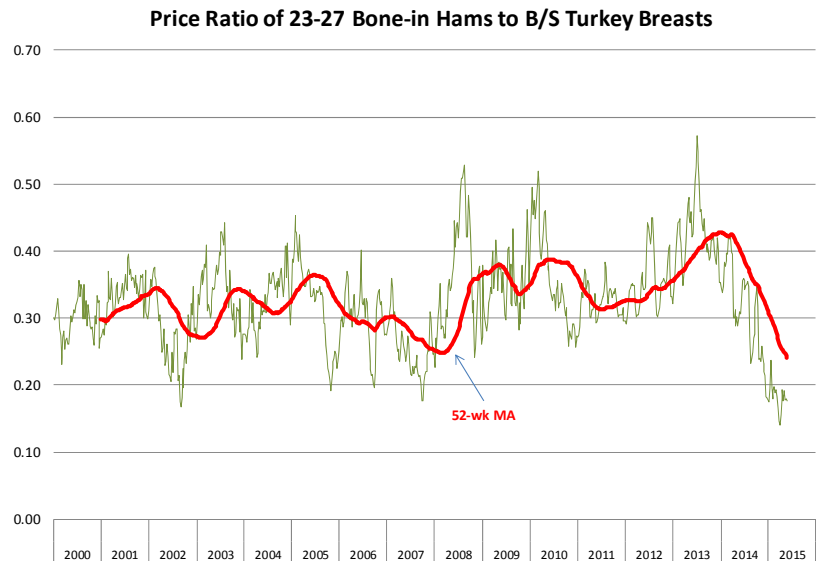
summer and early fall will be limited by: a) a relatively large hog slaughter; b) heavy hog carcass weights; c) an export market that has been negatively affected by the high value of the US\$. It was easy to sell hams when they were 40 cents a pound in early April. Selling them at +80 cents in July and August as the US dollar continues to climb is a much more challenging proposition. Hog slaughter for Q2 is projected to be 27.621 million head, this is 3.2% higher than in 2013 and 3.6% higher

Daily Performance of the Pork Ham Cutout



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than in 2012. It is 8% higher than last year. Hog carcass weights are currently running well above levels we saw in 2012 and 2013. Normally weights start to decline at this time of year but that has yet to happen and bears watching going forward. Carcass weights will decline, the question is by how much. This is as critical a factor in terms of determining pork supplies as hog slaughter for the next few weeks. Hog carcass weights based on MPR data currently are 213.4 pounds per carcass (includes producer and packer hogs), 3.4% higher than in 2012 and 2013. The combination of heavier weights and higher slaughter implies pork production is running about 7% above what we saw in 2012 and 2013. If this kind of supply increase is sustained into July and August will the cutout stay above the \$90 mark (which hog futures currently are pricing)? Can it go to \$100 to sustain a hog rally? This brings us to the second point. Export market demand needs to be robust in order to help absorb the increase in supply. We should get the export data for April next week and this will help validate some of the projections we have made using the weekly pork export report. In the last two weeks, weekly pork export sales have been disappointing. As a result, the projected monthly export number for May now is 117,469 MT (fresh/frozen pork), 10% lower than a year ago and 8.5% lower than in 2013. Pork freezer inventories at the end of April were 699.6 million pounds, 19.8% higher than the previous year. Higher freezer inventories and lower exports normally is not a bullish signal for the market. Memorial Day and Father's Day demand has helped bolster pork values so far and strong beef prices also are supportive.



Ham Price Outlook: On Friday the price of #23-27 hams was quoted at 67 cents per pound, almost 40% lower than a year ago but about 2 cents higher than what it was in 2013. We expect prices to continue to advance in the next few weeks and be in the high 70s in July and August. September prices are currently forecast at 79 cents. High prices for turkey breast meat are supportive for the ham market, as evidenced in the current ratio of hams to turkey breast meat (see second chart). However, the primary drivers for the ham market into the fall will be: a) hog/pork supplies; b) export outlook. Weather over the summer is a wild card as it could negatively impact hog carcass weights. If so, this could reduce pork supplies by more than we are currently forecasting and help bolster ham prices. In some years, ham prices remain firm all the way into November. However, we currently expect weekly slaughter in Q4 to increase sharply, with some weeks above 2.4 million head. This will tend to cap ham prices and export demand will be key to soak up the additional supply.

Upcoming holidays:

2015 Victoria Day [Canada] (Monday May 18); Memorial Day (Monday May 25); Father's Day [US and Canada] (Sunday June 21); Canada Day [Canada] (Wednesday July 1); Independence Day (Saturday July 4); Labor Day [US and Canada] (Monday September 7); Rosh Hashanah (Monday September 14); Yom Kippur (Wednesday September 23); Columbus Day (Monday October 12); Canadian Thanksgiving Day (Monday October 12); Daylight Savings Time Ends [US and Canada] (Sunday November 1); Veterans Day (Wednesday November 11); Remembrance Day [Canada] (Wednesday November 11); Thanksgiving (Thursday November 26); Hanukkah (Monday December 7); Christmas Day (Friday December 25); Boxing Day [Canada] (Saturday 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 May 30 slaughter was 1.856 million head, up 6.4% from a year ago. In the last two weeks hog slaughter is up 7.8% vs. year ago levels.

Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values. Lean hog carcass values at about 79.76 /cwt. on Friday were up \$0.2/cwt since Wed. May 20. Prices are down about 28 dollars compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at \$1.2198, down about 9.3 cent since the Wed. May 20 quote and down about 18 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at \$1.5809 for the strap on loins, down 4.5 cent since Wed. May 20 and down about 20 cent from the year ago levels. Strap off loins at \$1.7414 are up about 0.3 cent since Wed. May 20 but down about 21 cents compared to the year ago quote.

Boneless sirloins at \$1.2758 are up about one cents from the Wed. May 20 quote but down about 38.9 cents from the year ago price.

Pork tenderloin finished last week at \$2.3955, up slightly since the Wed. May 20 quote but down about 41.5 cents from the year ago price.

5/10 Pork Butts (page 10), prices finished the week at \$1.3988, down about 3 cents since Wed. May 20.

Spare Ribs, Trimmed - LGT, Vac (page 8). Prices finished the week at \$2.0636, down about 3 cent since Wed. May 20 but up about 34 cents from year ago levels.

Rib inventories on April 30 were 113.8 million pounds, down 1.8% percent from a year ago.

Bone-in Hams.

17/20 hams (page 9) price was \$0.7029/lb., up 0.0 cents compared to prices on Wed. May 20 but down about 43 cents from a year ago.

20/23 hams finished the week at 70.34 cents, down about 0 cents since Wed. May 20 and down about 45 cents from the year ago level.

23/27 hams finished the week at 67.00 , down about 3 cents from the Wed. May 20 quote and down about 44 cents from the year ago level.

Total ham cold storage stocks on April 30 at 135.6 million pounds were down about 65.8% from year ago levels.

42 CL Pork Trim “FOB Basis”. Prices finished the week at 39.89 cent, up about 1.8 cent since Wed. May 20 but down about 31 cents from the year ago price.

72 CL Pork Trim “FOB Basis”. Prices finished the week at 68.76 cents, down about 1 cents since the Wed. May 20 quote and down about 48 cents from the year ago level.

Freezer stocks of all trimmings on April 30 were 64.1 million pounds, up about 52.4% 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 \$116.00 was up about 7 cents from a year ago.

The National Whole Bird price was quoted at 104.76 on Friday May 30, down about 16 cents from a year ago.

Broiler slaughter for the week ending May 30 was 145.42 million head, up 4.12% from a year ago. For the last two weeks slaughter was up 4.4% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at \$1.5651, down 4 cents since Wed. May 20 and also down about 37 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. Leg quarter prices were up about 1.3 cents vs. two weeks ago but at 33.20 cents per pound prices were still down 17 cents from a year ago. Bird flu has been a negative factor for dark meat exports so far this year.

Wings. Prices at \$1.8293 are up about 42 cents from year ago levels.

Turkeys

Hens finished last week at \$1.1500, up 1 cent since Wed. May 20 and up about 6 cents from the year ago price.

Toms finished last week at \$1.1500, up 1 cent since Wed. May 20 and up about 6 cent from the year ago price.

Total turkey supplies in the freezer on April 30 were down about 5.2% percent from a year ago at 394.4 million pounds. Whole birds were down 12.2% percent from year ago with an inventory of 216.5 million pounds.

Turkey slaughter was 4.1030 million head for the week ending May 23, down -8.05% from a year ago. For the last two weeks slaughter has been down 4.9%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at \$4.1000, up 20 cents since Wed. May 20. Prices are down about 32 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 \$8.3903 (weighted average quote) finished last week down about 48 cents since the Wed. May 20 quote but up about 85 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at \$7.5731 (weighted average quote) finished last week down about 19 cents since the Wed. May 20 quote but up about 27 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are \$0.8172 /lb. over Select. The 2013 annual average spread (wt. average price) had the Choice at a premium to the Select by \$0.7477 per pound and the previous five years (2009 thru 2013) average spread was Choice at a premium to the Select by \$0.7950 per pound.

Choice regular #168 insides finished last week quoted at \$2.7537 down about 16 cents since Wed. May 20 but up about 50 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at \$2.8449 down about 9 cents since Wed. May 20 and up about 62 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at \$2.4196 up about one cent since Wed. May 20 and up about 30 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at \$8.8765 (wt. avg.) down about 70 cents from the Wed. May 20 quote. Prices are about 244 cents over year ago levels.

Choice #184 Regular Heavy top butts finished at \$4.1472 (wt. avg.) down about 27 cents since Wed. May 20 but up about 51 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at \$4.1888 (wt. avg.) down about 11 cents since Wed. May 20 but up about 23 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at \$5.7894 (wt. avg.) down about 153 cents since Wed. May 20 but up about 58 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at \$2.0343 down about 12 cents since Wed. May 20 and down about 6 cents from year ago levels.

81CL Coarse Ground product finished last week at \$2.4201 up about 4 cent since Wed. May 20 and up about 19 cents from the year ago quote.

90CL Bnls. Beef prices finished the week at \$2.9775 (wt. avg.) up about one cent since Wed. May 20 and up 55 compared to the year ago price quote. Fat grinding beef prices have

been higher in the last two weeks on tight slaughter supplies but the drop in ground beef prices should help cool off that market.

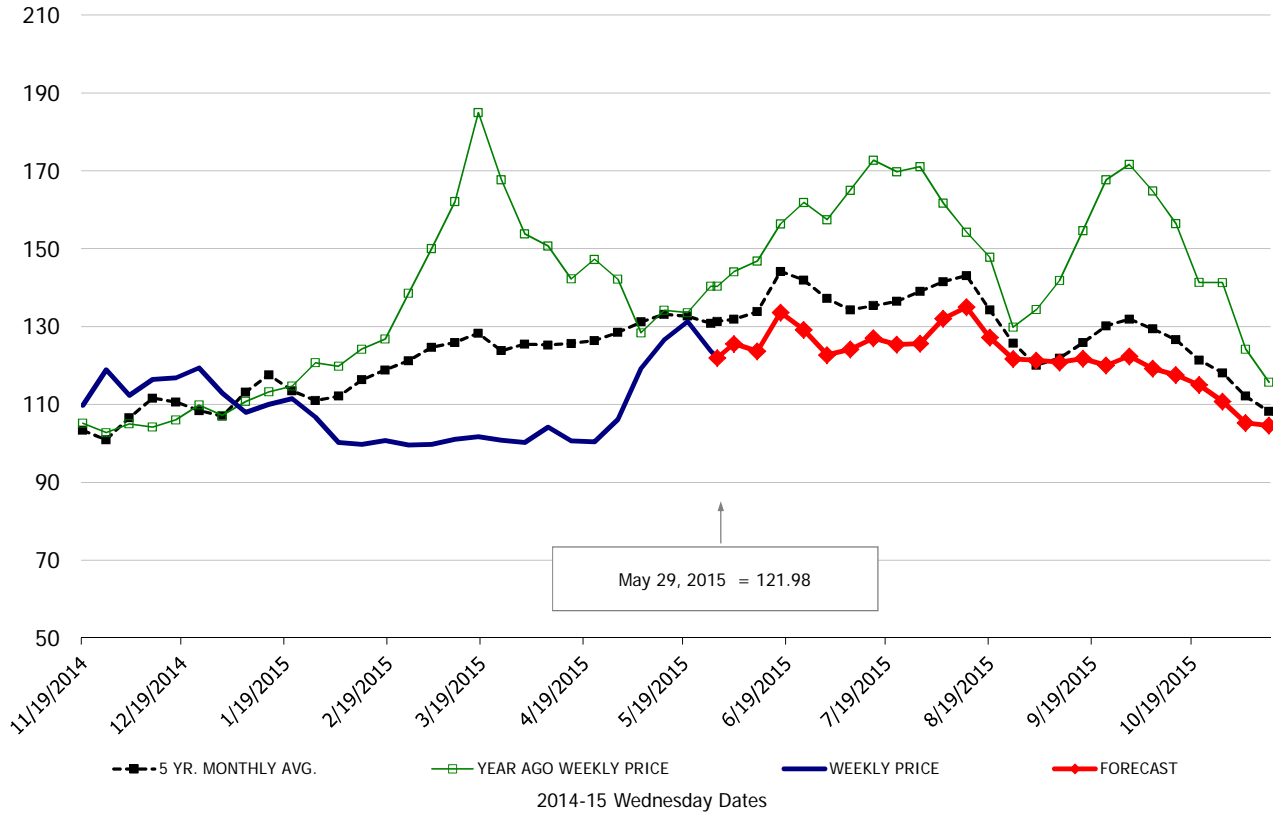
50 CL Beef Trim prices finished last week at \$0.9000, down about 5 cent since Wed. May 20 and down 32 compared to the year ago level.

Food Service Summary Table - WT. AVE

	2014-15 History							2015 FORECAST							
	Dec	Jan	Feb	Mar	Apr	May	5/20/2015	5/29/2015	6/10/2015	Jun	Jul	Aug	Sep	Oct	Nov
<u>PORK</u>															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.15	1.08	1.00	1.00	1.02	1.24	1.31	1.22	1.24	1.28	1.25	1.29	1.21	1.16	1.05
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.23	1.16	1.07	1.08	1.08	1.30	1.36	1.31	1.38	1.39	1.35	1.39	1.28	1.22	1.13
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.78	1.72	1.55	1.57	1.62	1.75	1.74	1.74	1.79	1.86	1.81	1.93	1.86	1.83	1.71
Loin, Tenderloin, FOB Plant, USDA	2.58	2.64	2.51	2.25	2.07	2.22	2.24	2.40	2.39	2.41	2.59	2.54	2.38	2.21	2.14
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	1.14	1.04	0.85	0.89	0.90	1.10	1.38	1.27	1.26	1.29	1.21	1.15	1.12	1.07	1.06
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.67	1.66	1.59	1.66	1.75	1.99	2.09	2.06	2.10	2.07	1.98	2.02	1.87	1.90	1.98
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	2.39	2.42	2.36	2.40	2.46	2.59	2.58	2.76	2.97	2.93	2.83	2.82	2.68	2.69	2.76
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.65	1.59	1.53	1.56	1.71	1.97	1.99	2.02	2.00	2.01	1.97	1.96	1.82	1.83	1.90
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.27	2.35	2.44	2.53	2.62	2.92	2.98	3.02	2.96	2.93	2.78	2.79	2.62	2.47	2.50
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.96	0.80	0.70	0.58	0.56	0.68	0.70	0.70	0.77	0.77	0.82	0.84	0.87	0.93	0.90
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.82	0.73	0.64	0.53	0.54	0.68	0.71	0.70	0.71	0.72	0.79	0.79	0.83	0.82	0.81
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.75	0.67	0.59	0.48	0.50	0.67	0.70	0.67	0.68	0.69	0.76	0.77	0.79	0.76	0.73
Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	1.47	1.19	1.19	1.19	1.19	1.11	1.06	1.06	1.09	1.11	1.23	1.23	1.25	1.21	1.16
Belly, Skin-on Belly 14-16#, FOB Plant, USDA	0.98	1.08	0.86	0.76	0.72	0.83	0.83	1.04	1.00	1.03	1.03	1.08	0.95	0.85	0.81
Belly, Derind Belly 9-13#, FOB Plant, USDA	1.21	1.27	1.01	0.87	0.81	0.97	1.02	1.06	1.22	1.25	1.31	1.36	1.19	1.07	1.02
Belly, Derind Belly 13-17#, FOB Plant, USDA	1.20	1.24	1.05	0.83	0.79	0.89	0.99	1.11	1.20	1.23	1.29	1.34	1.17	1.05	1.00
Trim, 42% Trim Combo, FOB Plant, USDA	0.26	0.30	0.27	0.24	0.22	0.36	0.38	0.40	0.39	0.40	0.44	0.43	0.38	0.32	0.27
Trim, 72% Trim Combo, FOB Plant, USDA	0.67	0.64	0.48	0.39	0.46	0.67	0.70	0.69	0.76	0.76	0.79	0.72	0.67	0.66	0.60
<u>HOG CARCASS</u>															
IA/MN, Base Market Hog 185 lb Carcass Basis, Plant Div.	0.80	0.71	0.61	0.60	0.62	0.79	0.80	0.80	0.85	0.85	0.86	0.84	0.78	0.74	0.70
<u>BROILERS</u>															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	0.98	0.99	0.92	0.99	1.05	1.07	1.07	1.05	1.06	1.05	1.02	0.99	0.99	0.97	0.96
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.31	1.38	1.38	1.41	1.54	1.62	1.60	1.57	1.62	1.66	1.68	1.71	1.64	1.43	1.28
N.E. BROILER BREAST LINE RUN, USDA	1.05	1.05	1.02	1.01	1.04	1.10	1.11	1.13	1.15	1.15	1.15	1.15	1.12	1.01	0.94
N.E. BROILER LEG QUARTERS, USDA	0.45	0.41	0.36	0.37	0.34	0.34	0.32	0.33	0.35	0.34	0.34	0.35	0.35	0.35	0.33
N.E. BROILER WINGS, USDA, WT.AVG.	1.73	1.96	1.94	1.85	1.79	1.81	1.76	1.83	1.93	1.92	2.01	2.03	2.14	2.17	2.01
<u>TURKEYS</u>															
UB HEN TURKEYS, EAST, FROZEN 10-12LBS	1.15	1.05	1.04	1.06	1.09	1.14	1.14	1.15	1.17	1.17	1.22	1.24	1.27	1.30	1.30
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	3.83	3.48	3.10	2.94	3.08	3.74	3.90	4.10	4.13	4.15	4.30	4.48	4.68	4.67	4.46
<u>LIVE STEERS</u>															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.64	1.65	1.60	1.61	1.64	1.61	1.61	1.60	1.54	1.54	1.52	1.53	1.54	1.55	1.55
<u>BEEF</u>															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	7.48	6.41	6.64	7.78	8.49	8.63	8.87	8.39	8.75	8.87	8.14	7.96	8.12	8.35	8.82
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.95	2.87	2.89	2.84	2.86	2.96	2.94	2.84	2.83	2.84	2.80	2.95	2.84	2.84	2.81
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	2.69	2.81	2.68	2.55	2.38	2.37	2.41	2.42	2.33	2.35	2.43	2.48	2.54	2.64	2.54
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	5.56	6.05	5.88	6.19	7.52	9.05	9.57	8.88	8.56	8.61	7.76	6.95	5.99	5.62	5.58
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	3.57	3.86	4.06	4.40	4.71	4.60	4.53	4.19	4.34	4.39	4.45	4.38	4.21	3.88	3.90
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	4.25	4.77	4.88	4.98	6.92	7.52	7.32	5.79	5.76	5.78	5.78	5.55	4.95	4.65	4.55
COARSE GROUND 73%, USDA	2.28	2.49	2.18	2.16	2.17	2.09	2.16	2.03	2.13	2.15	2.10	2.18	2.16	2.03	2.07
COARSE GROUND 81%, USDA	2.64	2.78	2.51	2.48	2.46	2.36	2.38	2.42	2.39	2.42	2.37	2.44	2.44	2.30	2.33
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.97	3.02	2.93	2.95	2.96	2.97	2.97	2.98	2.92	2.97	2.98	2.97	2.91	2.75	2.74
50CL BEEF TRIM, FRESH, NATIONAL, USDA	1.01	1.26	0.90	0.89	1.15	0.95	0.95	0.90	0.93	0.92	0.95	0.98	0.87	0.90	0.99

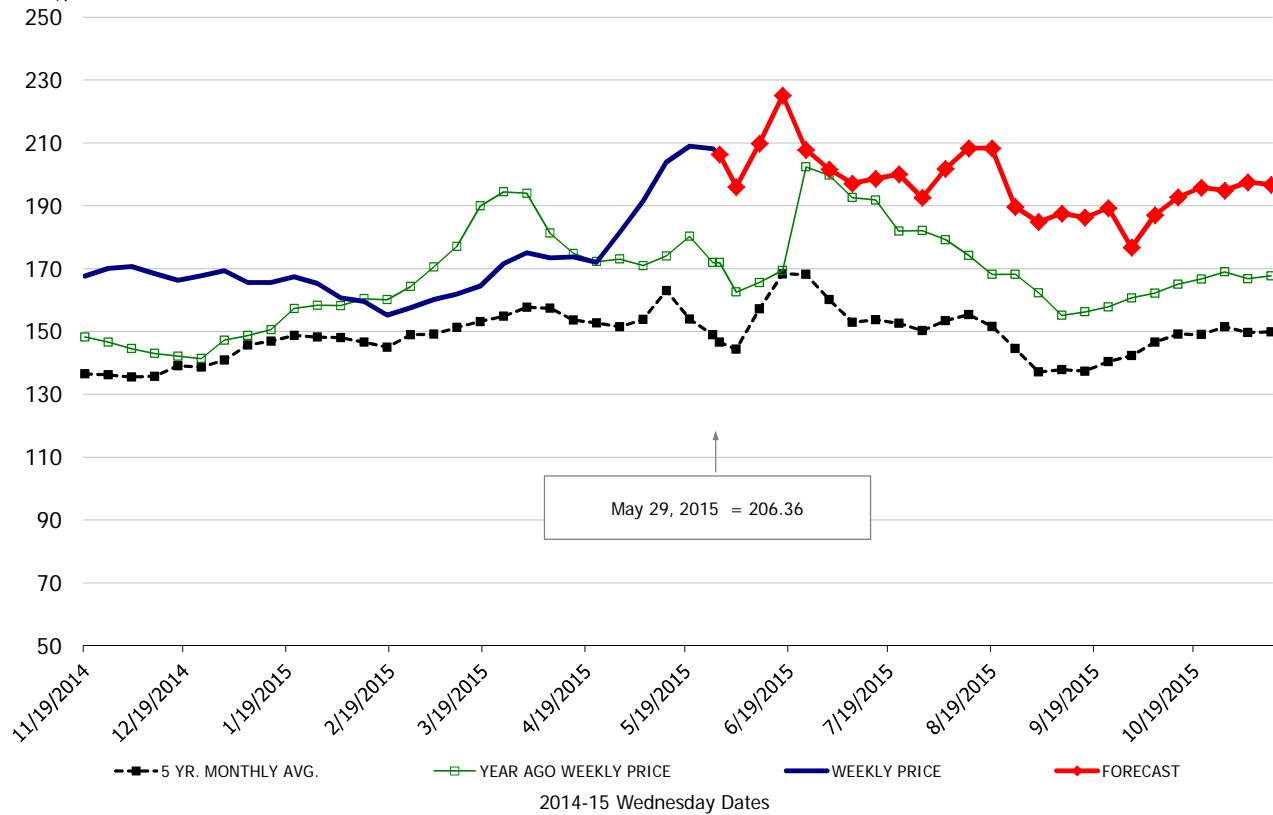
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Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA



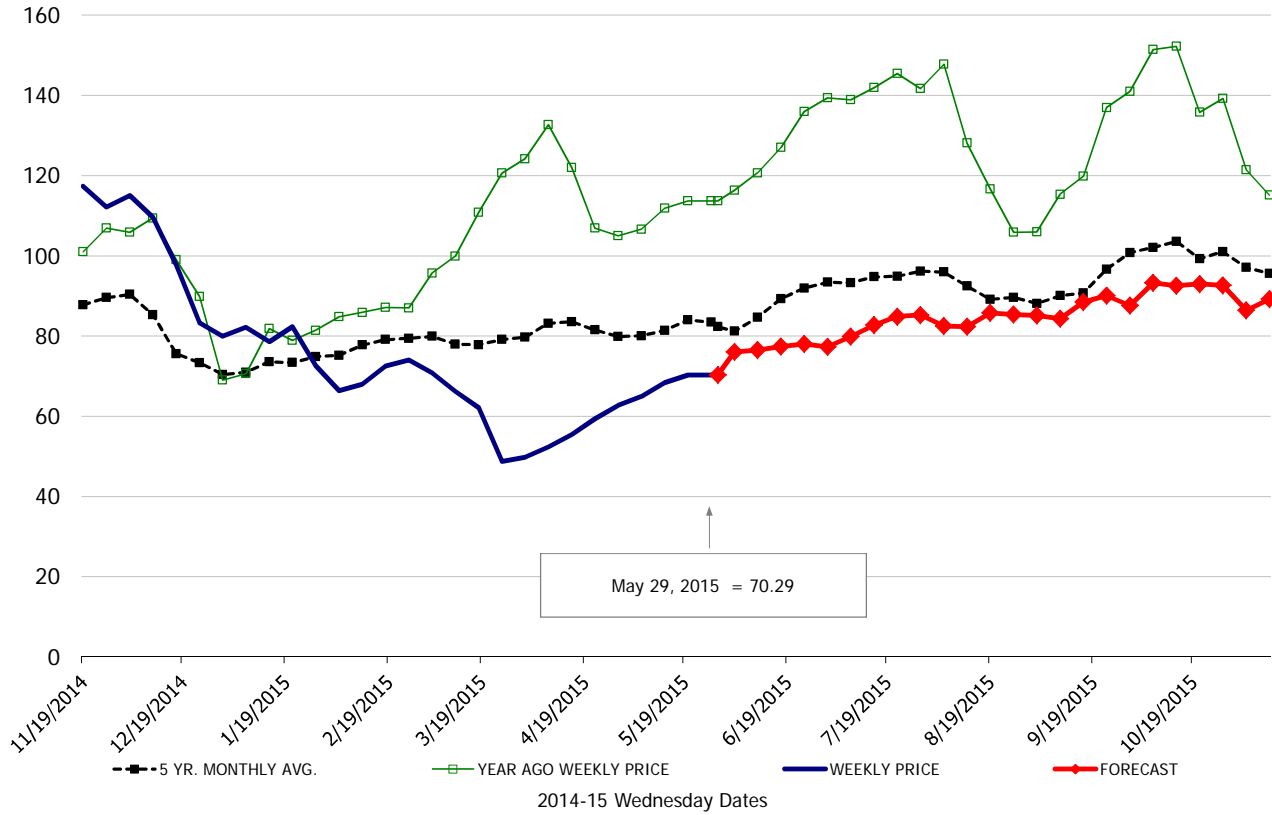
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Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA



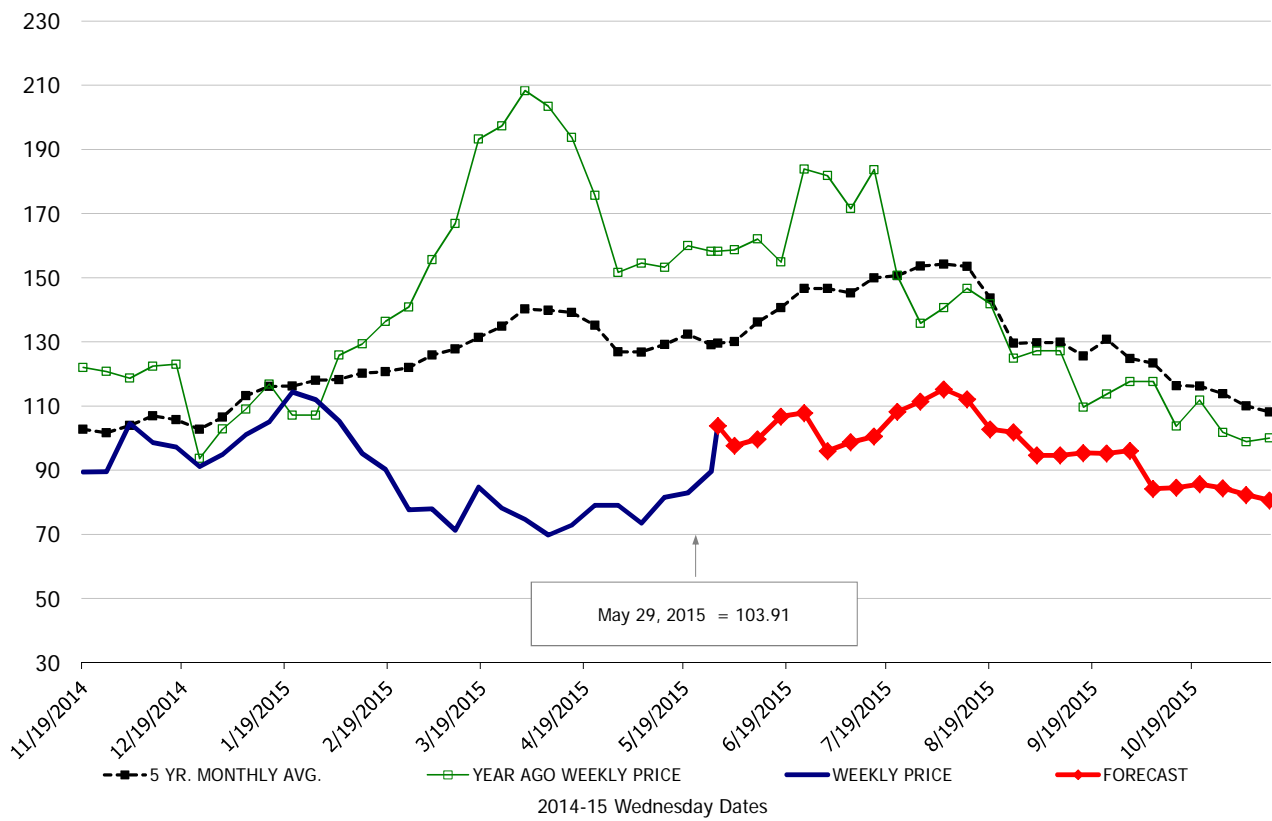
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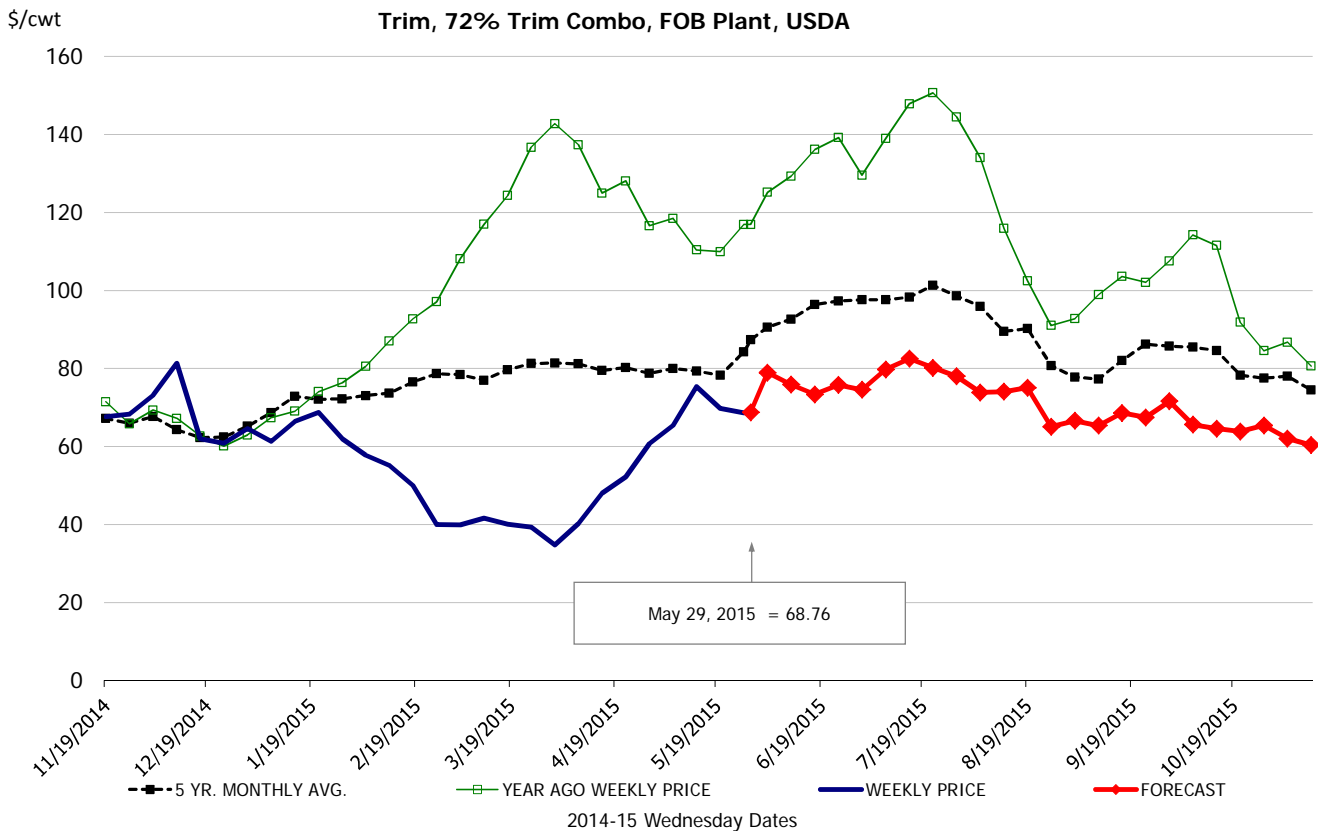
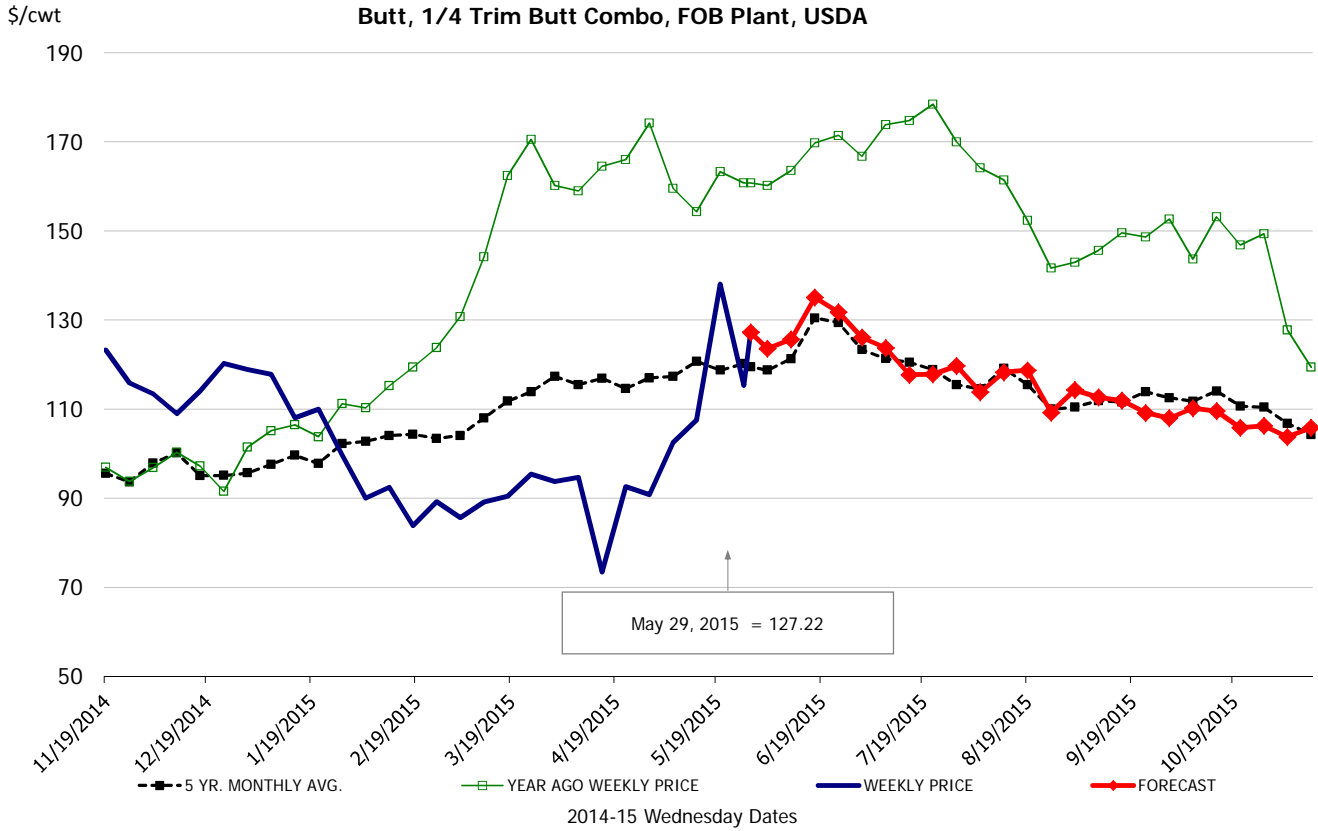
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA



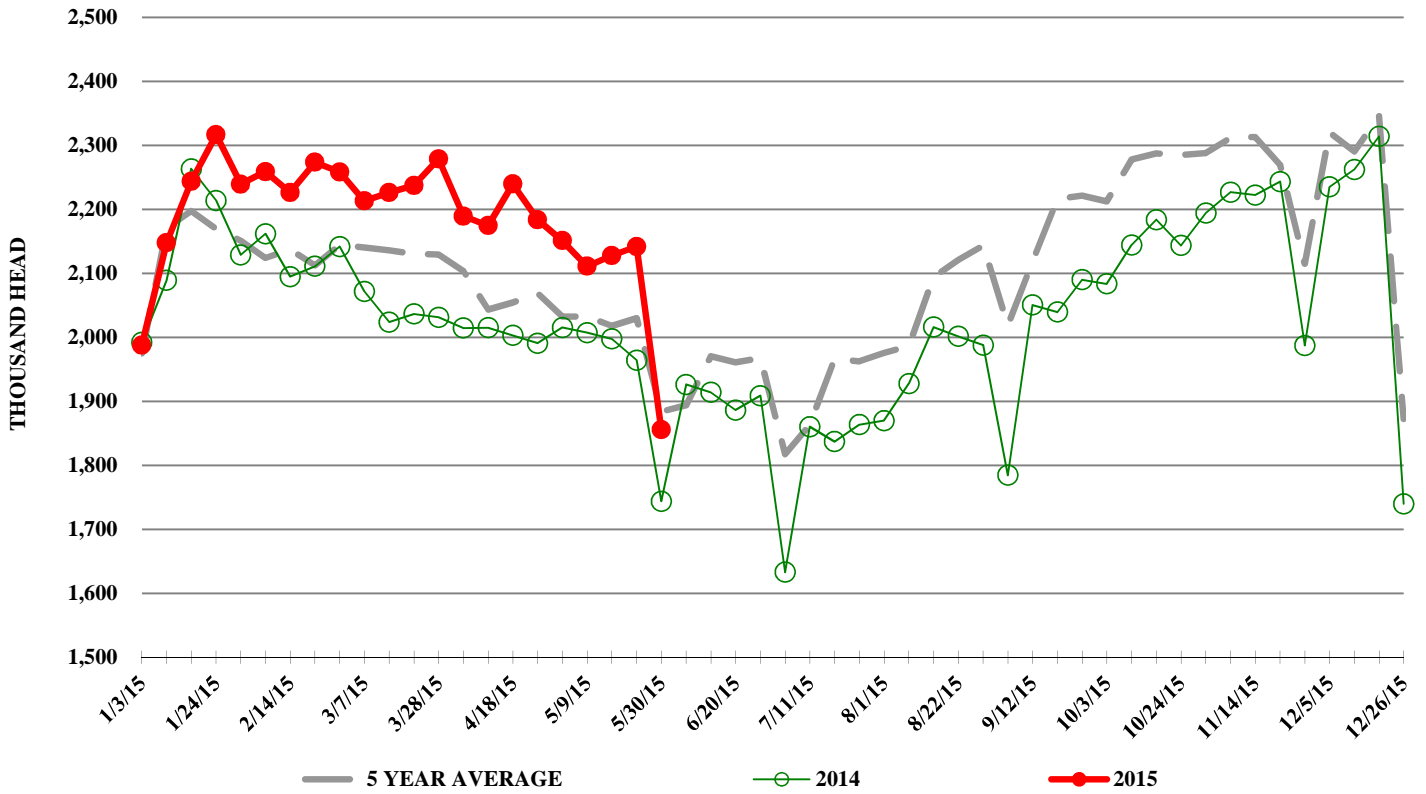
\$/cwt

Belly, Skin-On Belly 14-16#, FOB Plant, USDA





ESTIMATED WEEKLY FI HOG SLAUGHTER



ESTIMATED WEEKLY FI PORK PRODUCTION

