Pork Merchandiser's Profit Maximizer

- Foodservice Edition -

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February 8, 2016

1. Exports remain a key demand driver for the US pork industry in 2016. Review of 2015 offers some insights as to what needs to change

December export data became available on Friday and we now have a complete picture of the pork trade flows for all of 2015. We see exports as a key driver for the pork market in 2016, in part because exports absorb over 20% of US production but also because export growth has sustained the overall expansion of the US pork industry in the last 15 years. Recognizing what happened in 2015 (good and bad) is the first step towards developing an understanding of the trends that will shape the market in 2016. One point of clarification as we look as some of the export numbers. The data below is in Metric Ton and on a Product Weight basis. USDA will release today the carcass weight equivalent calculations. The carcass weight

Annual Pork Exports. Metric Ton. Product Weight. Fresh/Frozen/Cooked. Source: USDA

	2010	2011	2012	2013	2014	2015	Change	% Ch.
Japan	403,238	477,842	432,635	410,578	383,090	376,847	(6,243)	-1.6%
Mexico	384,124	379,168	438,065	461,873	514,867	576,921	62,054	12.1%
Canada	162,957	185,109	216,852	210,204	194,748	189,188	(5,560)	-2.9%
China	51,558	224,589	204,811	161,527	109,753	97,204	(12,548)	-11.4%
Colombia	7,867	10,227	17,747	31,943	44,129	38,609	(5,520)	-12.5%
Hong Kong	61,275	38,148	40,720	48,230	42,816	43,893	1,076	2.5%
Taiwan	21,367	14,694	9,738	12,000	8,505	12,334	3,830	45.0%
Korea, South	73,023	150,409	135,101	90,093	123,011	156,745	33,734	27.4%
Russia	54,704	65,001	90,113	5,317	34,492	-	(34,492)	-100.0%
Ukraine	4,540	3,791	2,428	14,601	1,458	-	(1,458)	-100.0%
Rest of World	212,418	203,679	222,504	226,428	195,643	205,740	10,097	5.2%
World Total	**1,437,071**	**1,752,658**	**1,810,713**	**1,672,794**	**1,652,512**	**1,697,481**	**44,969**	**2.7%**

Annual Pork Variety Meats Exports. Metric Ton. Product Weight. Fresh/Frozen/Cooked. Source: USDA

	2010	2011	2012	2013	2014	2015	Change	% Ch.
Japan	31,277	15,491	22,712	14,085	85,466	29,218	(56,248)	-65.8%
Mexico	148,586	144,965	149,291	148,179	152,903	132,660	(20,243)	-13.2%
Canada	19,230	18,421	17,794	16,256	11,732	10,859	(873)	-7.4%
China	61,057	136,197	134,633	156,831	90,116	78,004	(12,112)	-13.4%
Hong Kong	102,755	69,353	34,846	35,505	73,169	90,777	17,608	24.1%
Philippines	8,137	3,969	6,478	14,327	8,745	13,012	4,268	48.8%
Taiwan	9,245	11,739	7,744	5,782	5,243	6,812	1,569	29.9%
Korea, South	13,851	37,709	14,212	6,603	10,412	9,967	(445)	-4.3%
Singapore	680	963	259	9,375	19,623	897	(18,727)	-95.4%
Rest of World	47,319	27,245	25,458	23,986	23,407	17,034	(6,374)	-27.2%
World Total	**442,138**	**466,053**	**413,428**	**430,930**	**480,815**	**389,239**	**(91,577)**	**-19.0%**

data is useful as it allows us to put exports in the overall context of meat availability (all that is calculated on a carcass weight basis). However, for our purposes, which is to see the actual volume of shipments to various countries, the product weight volumes are quite instructive.

December pork exports were somewhat disappointing and a bit under the levels we were projecting based on the weekly shipment volumes. Total exports of fresh/frozen and cooked pork in December were 147,144 MT, 8.4% higher than the previous year but **4% under the volume that was exported in December 2013**. And this is why we see the numbers as somewhat disappointing. Total pork production in December 2015 (adjusted for the difference in slaughter days) was up about 2% compared to what it was in December 2013 and yet export volumes were lower, leaving more product to be absorbed by domestic channels and pressuring prices lower in the process. Total shipments of fresh/frozen and cooked product in 2015 were 1.697 million MT, up just 2.7% compared to what they were in 2014 and also marginally higher than what they were in 2013. It appears that pork export growth has hit a wall in the last couple of years and export volumes are now significantly lower than what they were in 2012. This is important because exports need to expand in order to support the expansion in the pork industry currently under way. The breeding herd on December 1, 2011 (ahead of the big export surge in 2012) was 66.259 million head. According to USDA, the breeding herd on December 1, 2015 had increased to 68.299 million head, a full 3% increase. But the increase in the breeding herd is only part of the supply growth picture. Producers are now saving more pigs per litter and they also have overcome the challenges posed by PEDv. Pigs saved per litter in December 2015 were pegged at 10.53, 5% more than what they were in December 2011. There will be significantly more hogs coming to market in 2016 than in 2012, which is why closing the export gap is so critical.

What drove the export market in 2015? First the good news is that exports to Mexico remain quite robust despite the weak peso. It appears that Mexican consumers are shifting to eating more pork and less beef given the very large value gap between the two proteins. US beef exports to Mexico have struggled and beef imports from Mexico have increased. Total pork exports in 2015, however, were 576,921 MT, 12% higher than the previous year and 32% higher than in 2012. We expect shipments to Mexico to continue to increase in 2016 but the pace of growth will slow down. Pork exports to Asia were weaker in 2015 even as US pork availability and pricing was dramatically better than in 2014. Exports to Japan were down 1.6% and exports to China were down 11.4%. These two markets will be critical for

US pork export growth in 2016. The value of the US dollar certainly is one aspect but we think the main reason why US pork exports have failed to grain traction in these markets is because of stiff competition from the EU. Russia has stopped buying US pork exports from the US, EU and Canada. This has removed an important market for US direct shipments. But even more importantly, it has stifled US growth in other Asian markets. EU and Canada are competing very successfully with the US in Japan and China.

Exports of pork variety meats do not get much attention but they are critical for hog producer profitability. Hog drop credits in 2015 declined as much as 40% compared to the previous year and were down by a similar amount from 2012. The main reason was a significantly weaker export market for variety meats. Total exports of pork variety meats in 2015 were 389,239 MT, down 19% from the previous year. The declines have been broad based but a sharp erosion in exports to Japan (see table on page 2) accounted for about 60% of the overall drop in volume. Prices paid in the Japanese market for variety pork products are some of the highest, causing a dramatic value erosion for such products. Increased competition from EU and Canadian producers is the main reason, we think, for the sharp drop. Will US producers be able to gain back oms of the markets for variety meats we lost in 2015? It will be difficult given that Russia was a key buyer of EU variety meats and we do not expect Russia to open its doors to EU pork anytime soon. Mexico does hold some potential although Canada certainly has benefited from the shift in exchange rates to ship more pork variety meats to the Mexican market. Exports to China remain limited as well. As with Japan, the main challenge there remains stiff competition from EU producers.

At this point the forecast is for US pork exports to expand modestly in 2016. Changes to the outlook for pork trade will have very significant implications for the overall US pork market in 2016 given ongoing supply expansion and lower prices for competing meats, particularly chicken.

Upcoming holidays:

2016 Chinese New Year (Monday February 8); Ash Wednesday (Wednesday February 10); Valentine's Day (Sunday February 14); President's Day (Monday February 15); Daylight Savings Time Begins in US (Sunday March 13); St. Patrick's Day (Thursday March 17); Easter (Sunday March 27); Passover (Saturday April 23); Cinco de Mayo (Thursday May 5); Mother's Day (Sunday May 8); Victoria Day [Canada] (Monday May 23); Memorial Day (Monday May 30); Father's Day [US and Canada] (Sunday June 19); Canada Day [Canada] (Friday July 1); Independence Day (Monday July 4); Labor Day [US and Canada] (Monday September 5); Rosh Hashanah (Monday October 3); Yom Kippur (Wednesday October 12); 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 (Sunday December 25); Christmas Day (Sunday December 25); Boxing Day [Canada] (Monday 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 February 6 slaughter was 2.182 million head, down 3.4% from a year ago. In the last two weeks hog slaughter is up 0.3% vs. year ago levels.

Iowa/Minnesota, Base Lean Market Hog 185 lbs. Carcass Values. Lean hog carcass values at about 62.41 /cwt. on Friday were up $2.5/cwt since Wed. January 27. Prices are down about one dollars compared to year ago values.

Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA (page 8). Prices finished last week at $0.9645, down about 12.7 cent since the Wed. January 27 quote and down about 4 cents from year ago levels.

Bnls. Strap on Pork Loins. Prices finished the week at $1.3890 for the strap on loins, up 8.2 cent since Wed. January 27 but down about 2 cent from the year ago levels. Strap off loins at $1.5254 are up about 4.5 cent since Wed. January 27 but down about 8 cents compared to the year ago quote.

Boneless sirloins at $1.0772 are down slightly from the Wed. January 27 quote and down about 25.2 cents from the year ago price.

Pork tenderloin finished last week at $2.4131, up 14 cent from the Wed. January 27 quote but down about 11.2 cents from the year ago price.

1/4 Trim Pork Butts (page 10), prices finished the week at $0.8685, down one cents since Wed. January 27. Prices are down 17 cents from a year ago.

Spare Ribs, Trimmed - LGT, Vac (page 8). Prices finished the week at $1.5699, up about 2 cent since Wed. January 27 but down about 4 cents from year ago levels.

Rib inventories on December 31 were 134.8 million pounds, up 54.9% percent from a year ago.

Bone-in Hams.

17/20 hams (page 9) price was $0.6383/lb., up 1.8 cents compared to prices on Wed. January 27 but down about 3 cents from a year ago.

20/23 hams finished the week at 62.81 cents, up about 2 cents since Wed. January 27 and up about 1 cents from the year ago level.

23/27 hams finished the week at 58.69 , down about 1 cents from the Wed. January 27 quote but up about 1 cents from the year ago level.

Total ham cold storage stocks on December 31 at 67.8 million pounds were up 2.2% from year ago levels.

42 CL Pork Trim "FOB Basis". Prices finished the week at 19.77 cent, up about 0.3 cent since Wed. January 27 but down about 7 cents from the year ago price.

72 CL Pork Trim "FOB Basis". Prices finished the week at 59.72 cents, up about 5 cents since the Wed. January 27 quote and up about 2 cents from the year ago level.

Freezer stocks of all trimmings on December 31 were 42.7 million pounds, up 16.3% percent from the year ago levels.

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

POULTRY

Georgia Dock Broilers. The Georgia dock price last week at $112.25 was down 1.50 cents from a year ago.

The National Whole Bird price was quoted at 80.83 on Friday, February 6, down about 10 cents from a year ago.

Broiler slaughter for the week ending February 6 was 161.80 million head, up 2.94% from a year ago. For the last two weeks slaughter was up 2.9% vs. a year ago.

Breasts. Prices on boneless skinless breasts finished the week at $1.1005, down 2 cents since Wed. January 27 and still down about 30 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 down about 0.2 cents vs. two weeks ago but at 26.49 cents per pound prices were down 10 cents from a year ago. Bird flu has been a negative factor for dark meat exports so far this year.

Wings. Prices at $1.9763 are down about 3 cents from year ago levels.

Turkeys

Hens finished last week at $1.1800, down 0.5 cent since Wed. January 27 but up about 14 cents from the year ago price.

Toms finished last week at $1.1800, down 0.5 cents since Wed. January 27 but up about 14 cent from the year ago price.

Total turkey supplies in the freezer on December 31 were up 3.4% from a year ago at 200.1 million pounds. Whole birds were up 10.0% from a year ago with an inventory of 53.6 million pounds.

Turkey slaughter was 4.2960 million head for the week ending January 30, down -0.16% from a year ago. For the last two weeks slaughter has been down 2.2%.

Boneless Turkey Breast Meat. Boneless skinless turkey breast meat prices finished last week at $4.1500, down 75 cents since Wed. January 27. Prices are up about 95 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 $7.3688 (weighted average quote) finished last week up about 44 cents since the Wed. January 27 quote and up about 91 cents vs. the year ago price.

Select 112A Heavy Lip On Rib Eyes at $7.2577 (weighted average quote) finished last week up about 18 cents since the Wed. January 27 quote but up about 97 cents vs. the year ago price.

Currently Choice 112A Rib Eyes are $0.1111 /lb. over Select. The 2015 annual average spread (wt. average price) had the Choice at a premium to the Select by $0.0981 per pound and the previous five years (2010 thru 2014) average spread was Choice at a premium to the Select by $0.0919 per pound.

Choice regular #168 insides finished last week quoted at $2.4355 up about 9 cents since Wed. January 27 but down about 35 cents from the year ago price.

Choice ¼ inch trimmed #168 insides finished last week quoted at $2.6975 up about 30 cents since Wed. January 27 and down about 15 cents from year ago levels.

Choice #170 Gooseneck Rounds finished last week at $2.5890 up about 3 cents since Wed. January 27 but down about 11 cents from the year ago levels.

Choice #180 (0x1) Bnls. Strip Loins finished last week quoted at $5.4663 (wt. avg.) down about 9 cents from the Wed. January 27 quote. Prices are about 33 cents over year ago levels.

Choice #184 Regular Heavy top butts finished at $3.1576 (wt. avg.) up about 14 cents since Wed. January 27 but down about 71 cents from year ago levels.

Choice #184 ¼ inch trimmed Top Butts finished at $3.1455 (wt. avg.) down about 11 cents since Wed. January 27 and down about 84 cents from the year ago levels.

Choice #185A Flap Meat prices finished Friday at $5.4967 (wt. avg.) up about one cents since Wed. January 27 and up about 35 cents from year ago values.

COARSE GROUND BEEF –

73CL Coarse Ground product finished last week at $1.7625 down about 48 cents since Wed. January 27 and down about 51 cents from year ago levels.

81CL Coarse Ground product finished last week at $1.7319 down about 64 cent since Wed. January 27 and down about 86 cents from the year ago quote.

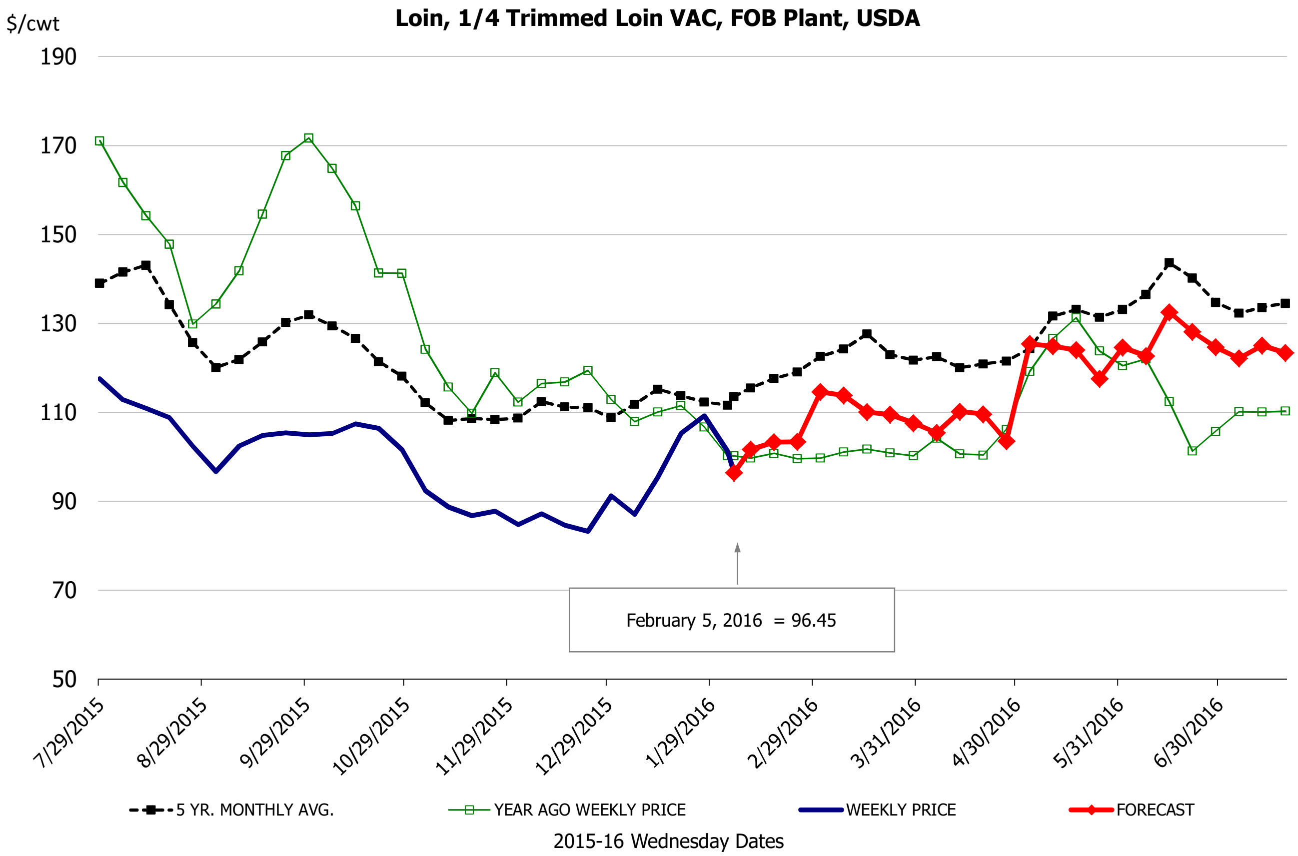
90CL Bnls. Beef prices finished the week at $2.0892 (wt. avg.) up about 5 cent since Wed. January 27 but down 81 compared to the year ago price quote.

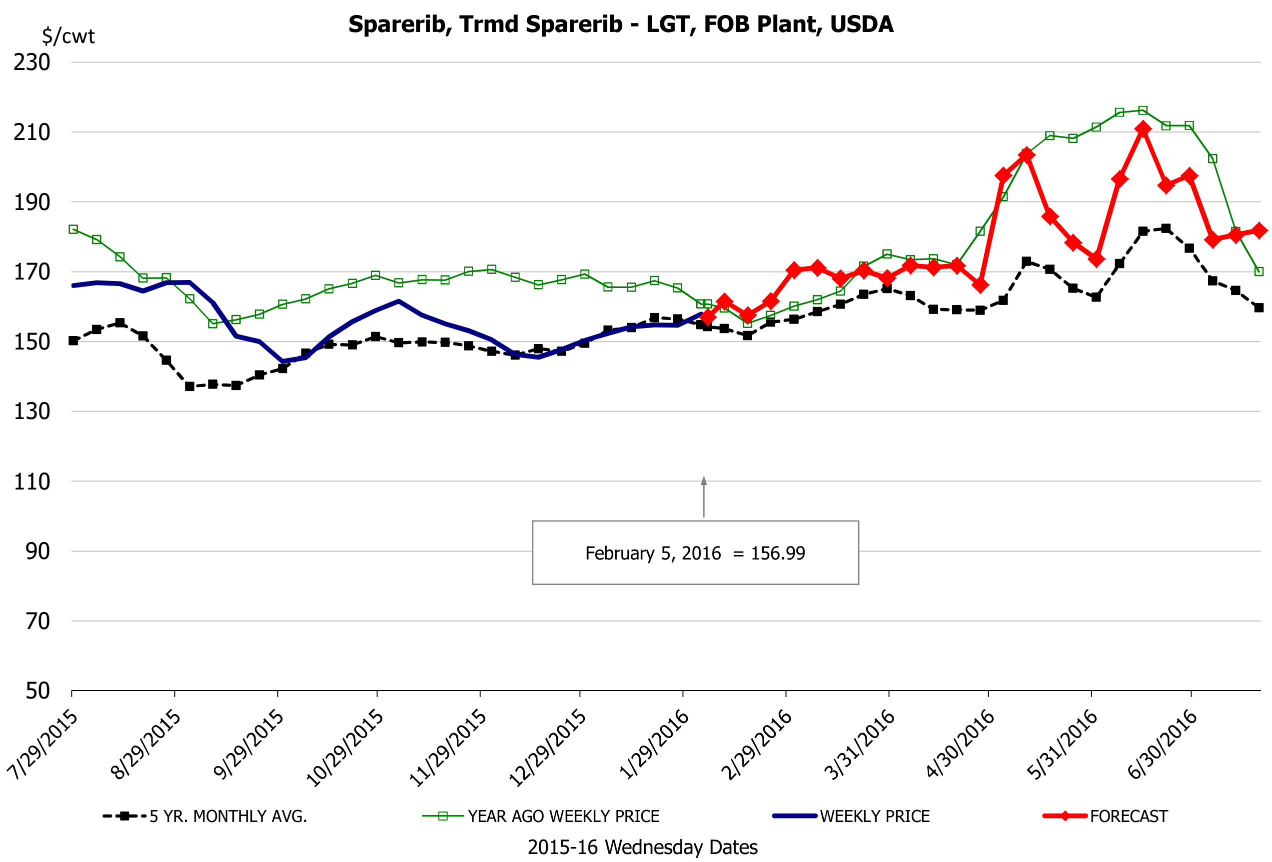
50 CL Beef Trim prices finished last week at $0.5053, down about 5 cent since Wed. January 27 and down 46 compared to the year ago level.

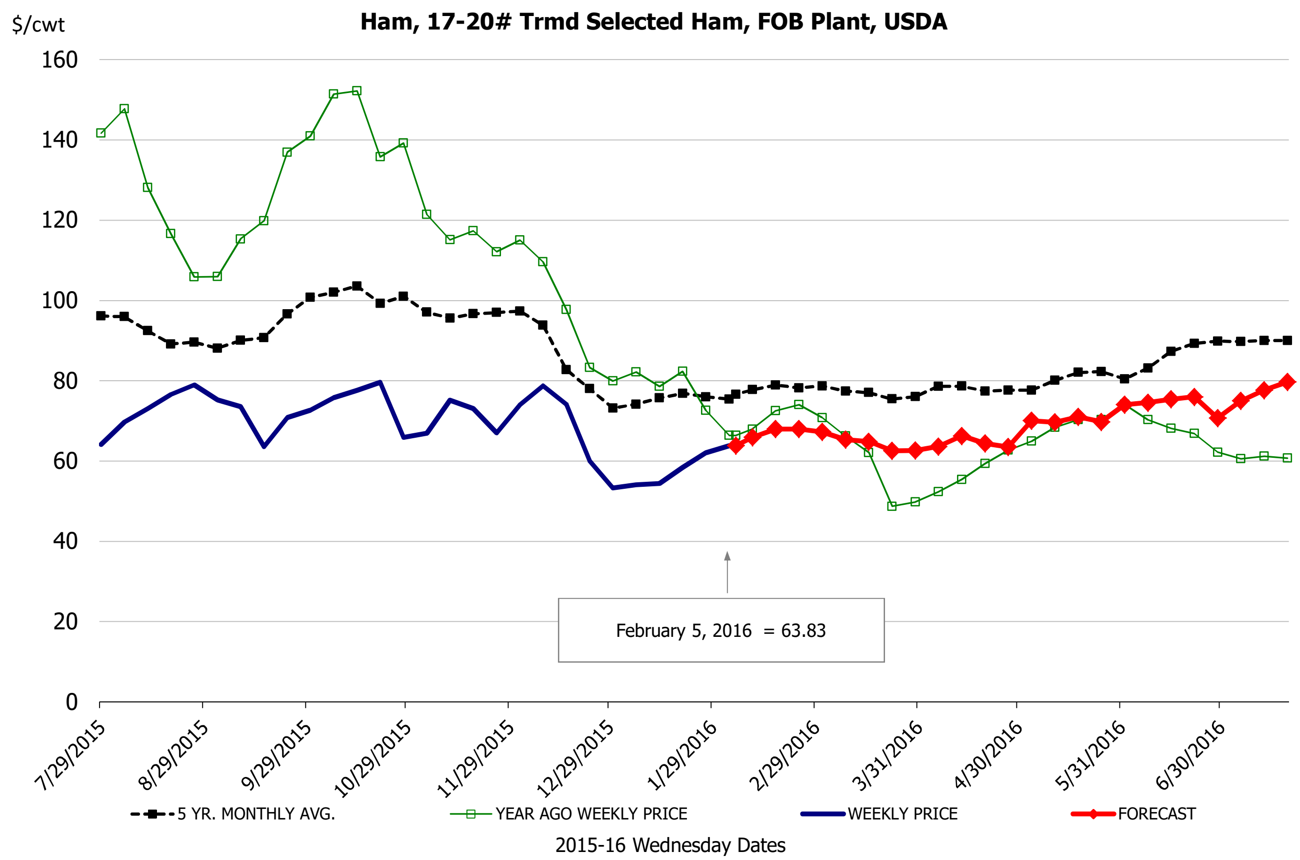
Food Service Summary Table - WT. AVE

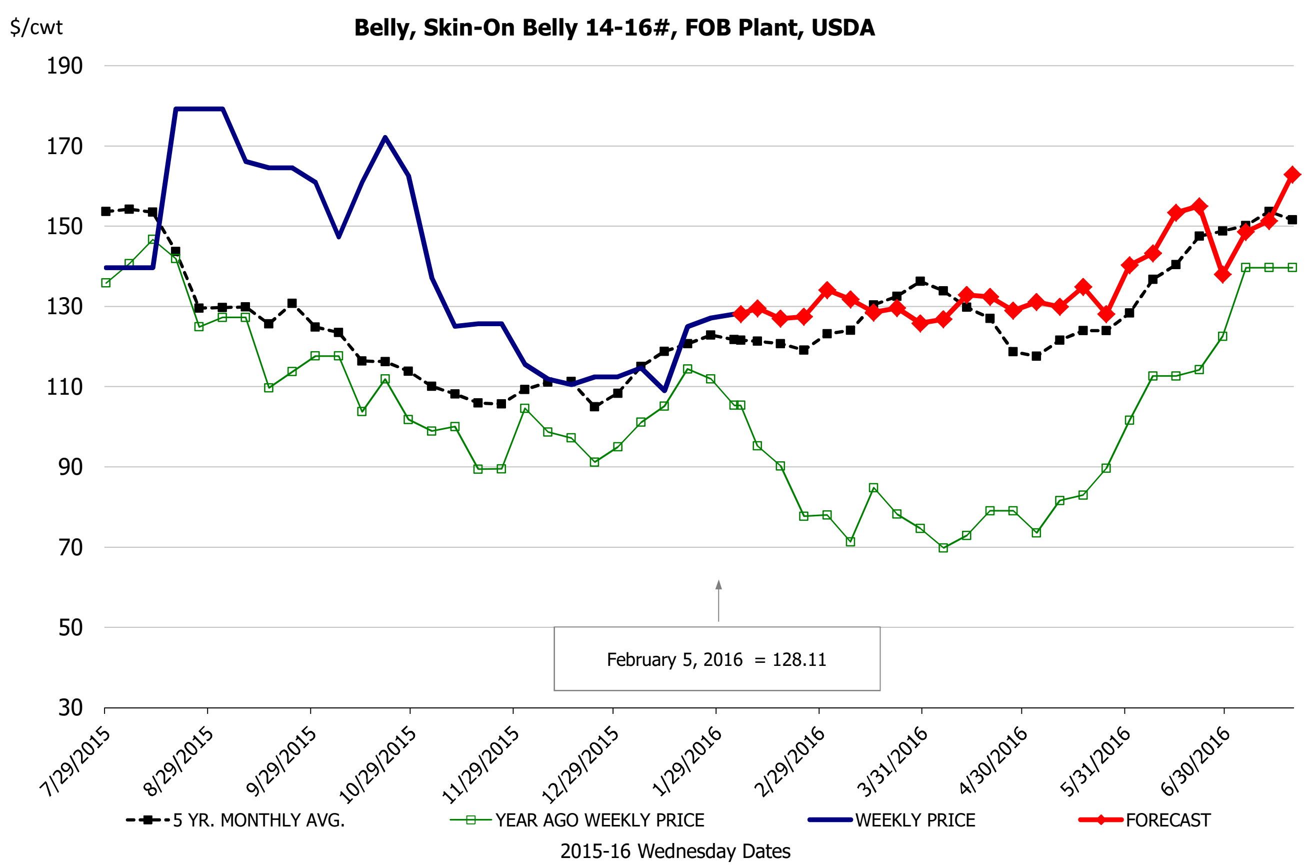
	2015-16 History								2016 FORECAST						
	Aug	Sep	Oct	Nov	Dec	Jan	1/27/2016	2/5/2016	2/17/2016	Feb	Mar	Apr	May	Jun	Jul
PORK															
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA	1.07	1.02	1.04	0.89	0.86	0.97	1.09	0.96	1.03	1.02	1.12	1.07	1.22	1.27	1.23
Loin, 1/8 Trimmed Loin VAC, FOB Plant, USDA	1.14	1.07	1.08	0.96	0.92	1.01	1.09	1.07	1.09	1.08	1.18	1.13	1.29	1.34	1.30
Loin, Bnls CC Strap-off, FOB Plant, USDA	1.58	1.52	1.70	1.46	1.42	1.49	1.48	1.53	1.52	1.53	1.64	1.57	1.71	1.75	1.71
Loin, Tenderloin, FOB Plant, USDA	2.42	2.19	2.11	1.95	1.83	2.12	2.28	2.41	2.41	2.42	2.46	2.41	2.69	2.79	2.78
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA	0.85	0.84	0.78	0.73	0.80	0.80	0.81	0.73	0.81	0.82	0.91	0.92	1.06	1.10	1.01
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA	1.64	1.52	1.51	1.55	1.48	1.54	1.55	1.57	1.58	1.61	1.70	1.71	1.90	1.94	1.80
Sparerib, St Louis Spareribs, POLY, FZN, FOB Plant, USDA	2.58	2.52	2.43	2.47	2.48	2.49	2.62	2.61	2.50	2.56	2.55	2.54	2.70	2.76	2.66
Sparerib, Trmd Sparerib - MED, FOB Plant, USDA	1.65	1.49	1.50	1.50	1.39	1.41	1.48	1.52	1.54	1.54	1.61	1.61	1.80	1.86	1.76
Loin, Backribs 2.0#/up, FOB Plant, USDA	2.43	2.26	2.23	2.37	2.43	2.49	2.52	2.55	2.60	2.58	2.76	2.78	3.15	3.11	2.90
Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA	0.73	0.70	0.75	0.68	0.68	0.58	0.62	0.64	0.68	0.66	0.65	0.64	0.70	0.75	0.77
Ham, 20-23# Trmd Selected Ham, FOB Plant, USDA	0.72	0.67	0.72	0.66	0.64	0.58	0.61	0.63	0.63	0.63	0.64	0.62	0.70	0.72	0.77
Ham, 23-27# Trmd Selected Ham, FOB Plant, USDA	0.72	0.62	0.66	0.61	0.59	0.56	0.60	0.59	0.59	0.59	0.59	0.58	0.67	0.69	0.74
Ham, 5 Muscle Ham to Blue, FOB Plant, USDA	0.96	0.96	0.96	0.96			1.03	1.03	1.07	1.09	1.03	1.02	1.08	1.11	1.19
Belly, Skin-on Belly 14-16#, FOB Plant, USDA	1.79	1.57	1.61	1.36	1.11	1.20	1.27	1.28	1.27	1.28	1.31	1.29	1.31	1.48	1.55
Belly, Derind Belly 9-13#, FOB Plant, USDA	2.08	1.92	1.97	1.41	1.34	1.42	1.55	1.62	1.64	1.62	1.65	1.62	1.65	1.87	1.95
Belly, Derind Belly 13-17#, FOB Plant, USDA	2.05	1.94	1.95	1.44	1.29	1.44	1.55	1.58	1.62	1.60	1.63	1.60	1.63	1.85	1.93
Trim, 42% Trim Combo, FOB Plant, USDA	0.29	0.32	0.30	0.24	0.18	0.20	0.20	0.20	0.25	0.24	0.31	0.30	0.35	0.39	0.42
Trim, 72% Trim Combo, FOB Plant, USDA	0.49	0.52	0.60	0.50	0.37	0.46	0.54	0.60	0.60	0.60	0.59	0.57	0.66	0.76	0.76
HOG CARCASS															
IA/MN, Base Market Hog 185 lb Carcass Basis, Plant Dlv.	0.75	0.69	0.69	0.53	0.51	0.55	0.60	0.62	0.63	0.64	0.67	0.70	0.76	0.81	0.81
BROILERS															
BROILER, NATIONAL WHOLE BIRD PRICE, USDA	0.83	0.77	0.74	0.75	0.82	0.88	0.86	0.81	0.84	0.83	0.85	0.87	0.90	0.89	0.86
N.E. BROILER BREAST BONELESS-SKINLESS, USDA	1.40	1.29	1.11	1.06	1.02	1.08	1.12	1.10	1.13	1.14	1.14	1.23	1.33	1.32	1.33
N.E. BROILER BREAST LINE RUN, USDA	0.91	0.83	0.77	0.77	0.77	0.83	0.86	0.86	0.88	0.88	0.89	0.91	0.96	0.96	0.96
N.E. BROILER LEG QUARTERS, USDA	0.24	0.24	0.23	0.23	0.24	0.25	0.27	0.26	0.28	0.28	0.28	0.29	0.29	0.28	0.28
N.E. BROILER WINGS, USDA, WT.AVG.	1.77	1.67	1.71	1.63	1.63	1.90	1.96	1.98	1.77	1.83	1.64	1.55	1.52	1.62	1.71
TURKEYS															
UB HEN TURKEYS, EAST, FROZEN 10-12LBS	1.30	1.37	1.40	1.39	1.27	1.18	1.18	1.18	1.17	1.16	1.13	1.09	1.07	1.07	1.08
UB BONELESS-SKINLESS TURKEY BREAST, TOM, FRESH	5.64	5.72	5.81	5.85	5.73	5.26	4.90	4.15	3.58	3.60	3.15	3.30	3.45	3.65	3.90
LIVE STEERS															
FIVE AREA DIRECT AVERAGE LIVE STEER, USDA	1.49	1.37	1.28	1.29	1.22	1.33	1.34	1.36	1.35	1.34	1.38	1.39	1.33	1.27	1.23
BEEF															
CHOICE, 112A, 3 RIBEYE, BONELESS, HEAVY, USDA	7.64	6.96	6.98	8.11	7.91	7.17	6.93	7.37	7.33	7.36	7.67	7.94	8.12	8.18	7.29
CHOICE, 168, 3 TOP INSIDE ROUND, 1/4" MAX, USDA	2.99	2.51	2.25	2.13	2.00	2.54	2.40	2.70	2.64	2.62	2.62	2.53	2.43	2.34	2.37
CHOICE, 170, 1 BOTTOM GOOSENECK ROUND, USDA	2.45	2.38	2.17	2.05	2.13	2.47	2.56	2.59	2.47	2.46	2.34	2.20	2.13	2.10	2.10
CHOICE, 180, 3 STRIP LOIN, BONELESS, 0x1, USDA	6.39	5.85	5.50	5.49	5.23	5.67	5.56	5.47	6.08	6.00	6.79	7.36	7.86	7.59	6.37
CHOICE, 184, 3 TOP BUTT, BONELESS, USDA	4.45	4.35	3.37	3.07	3.01	3.33	3.16	3.15	3.53	3.58	3.83	3.93	3.90	3.76	3.67
CHOICE, 185A, 4 BOTTOM SIRLOIN, FLAP, USDA	4.99	4.67	4.30	4.09	4.11	5.17	5.49	5.50	5.65	5.50	5.64	6.15	6.46	6.08	5.46
COARSE GROUND 73%, USDA	1.97	1.80	1.62	1.46	1.33	2.18	2.24	1.76	1.78	1.81	1.85	1.82	1.79	1.66	1.61
COARSE GROUND 81%, USDA	2.35	2.04	1.91	1.71	1.54	2.27	2.37	1.73	1.91	1.92	2.03	2.05	2.06	1.91	1.89
90% BONELESS BEEF, CENTRAL, FRESH, USDA	2.82	2.72	2.33	2.13	1.97	2.01	2.04	2.09	2.18	2.17	2.35	2.44	2.35	2.27	2.24
50CL BEEF TRIM, FRESH, NATIONAL, USDA	0.68	0.49	0.48	0.51	0.38	0.64	0.55	0.51	0.54	0.52	0.61	0.64	0.61	0.55	0.52

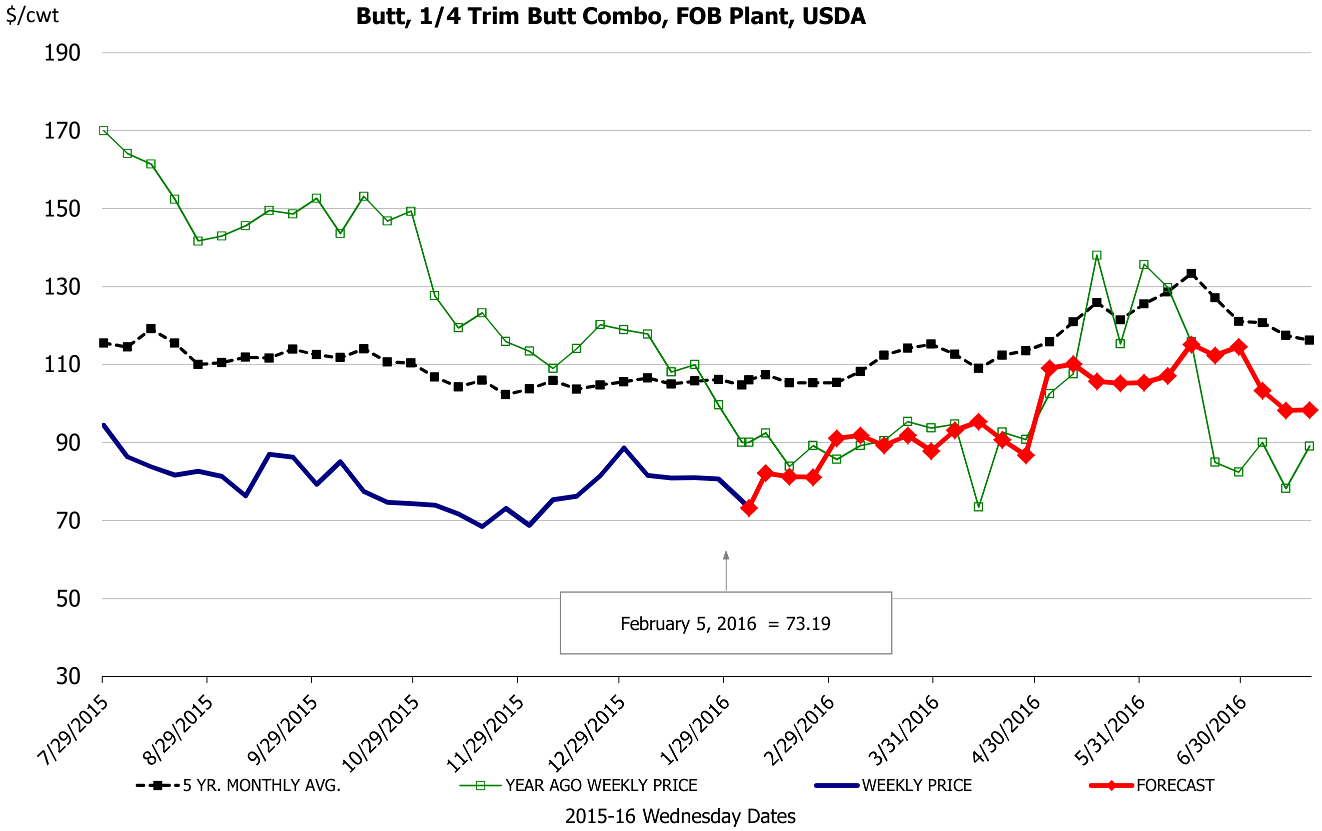
*St. Louis 2 1/4 dn rib prices are estimated at 3 1/2 dn plus $1.10

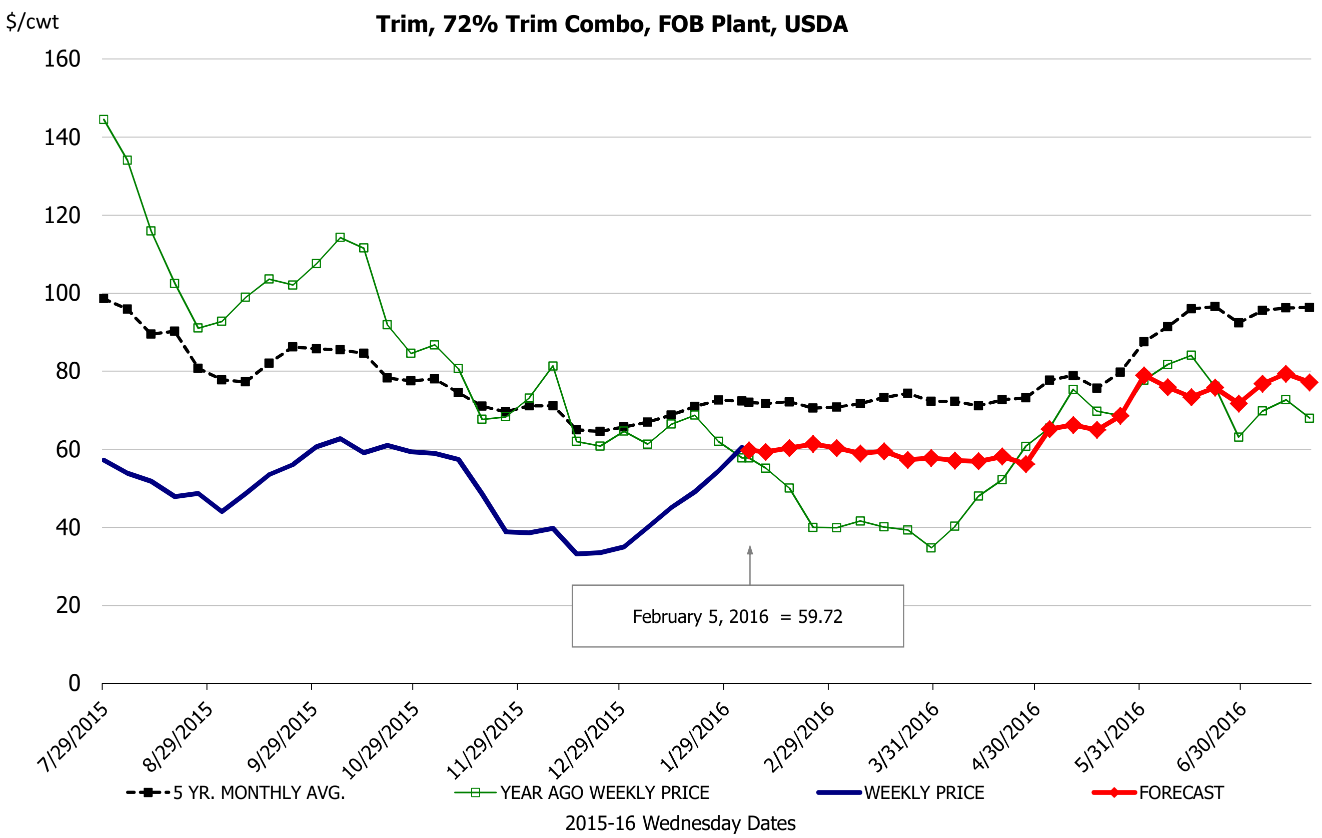

$/cwt
Loin, 1/4 Trimmed Loin VAC, FOB Plant, USDA
190
170
150
130
110
90
70
50
February 5, 2016 = 96.45
7/29/2015
8/29/2015
9/29/2015
10/29/2015
11/29/2015
12/29/2015
1/29/2016
2/29/2016
3/31/2016
4/30/2016
5/31/2016
6/30/2016
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2015-16 Wednesday Dates

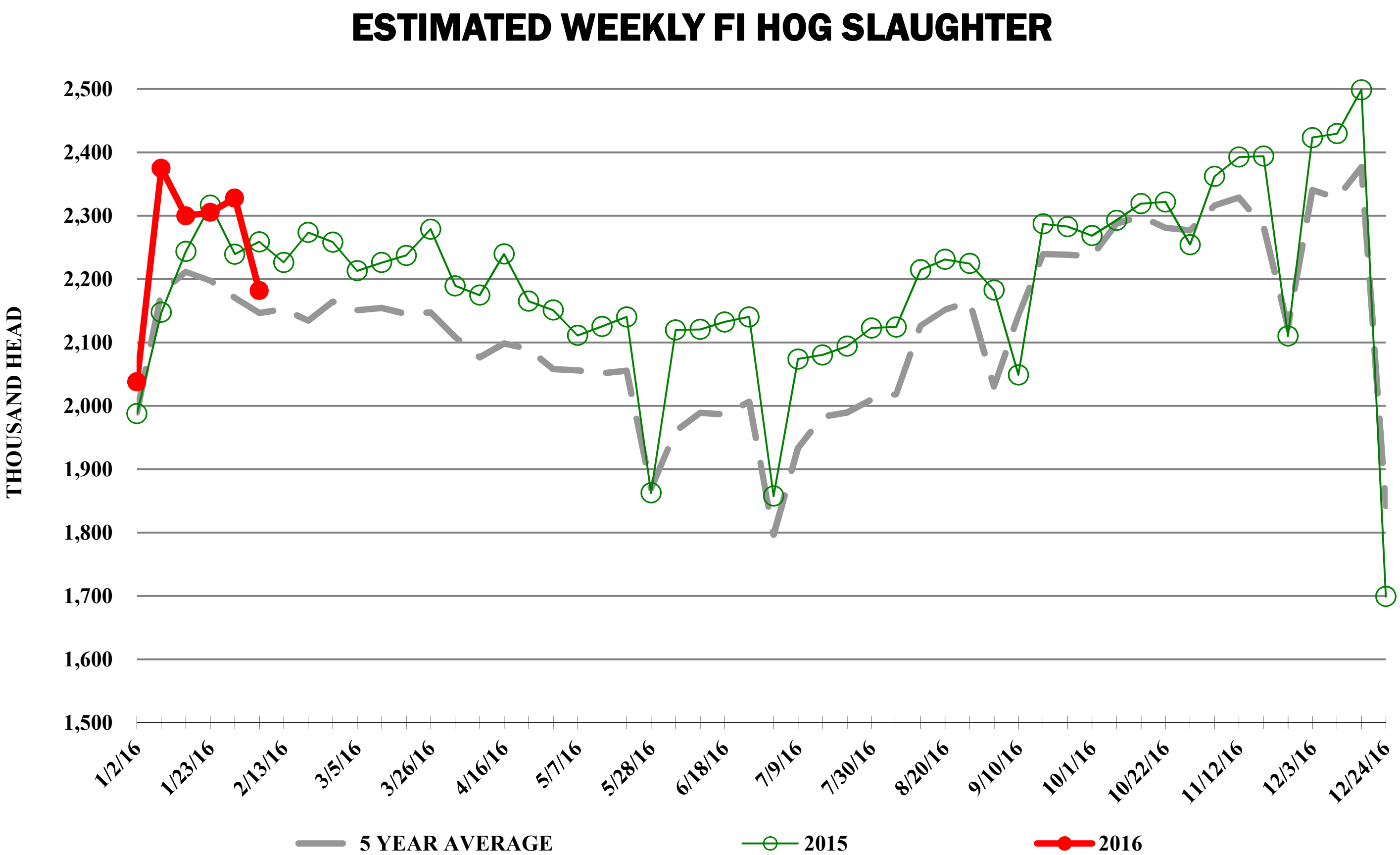

$/cwt
Sparerib, Trmd Sparerib - LGT, FOB Plant, USDA
230
210
190
170
150
130
110
90
70
50
February 5, 2016 = 156.99
7/29/2015
8/29/2015
9/29/2015
10/29/2015
11/29/2015
12/29/2015
1/29/2016
2/29/2016
3/31/2016
4/30/2016
5/31/2016
6/30/2016
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2015-16 Wednesday Dates

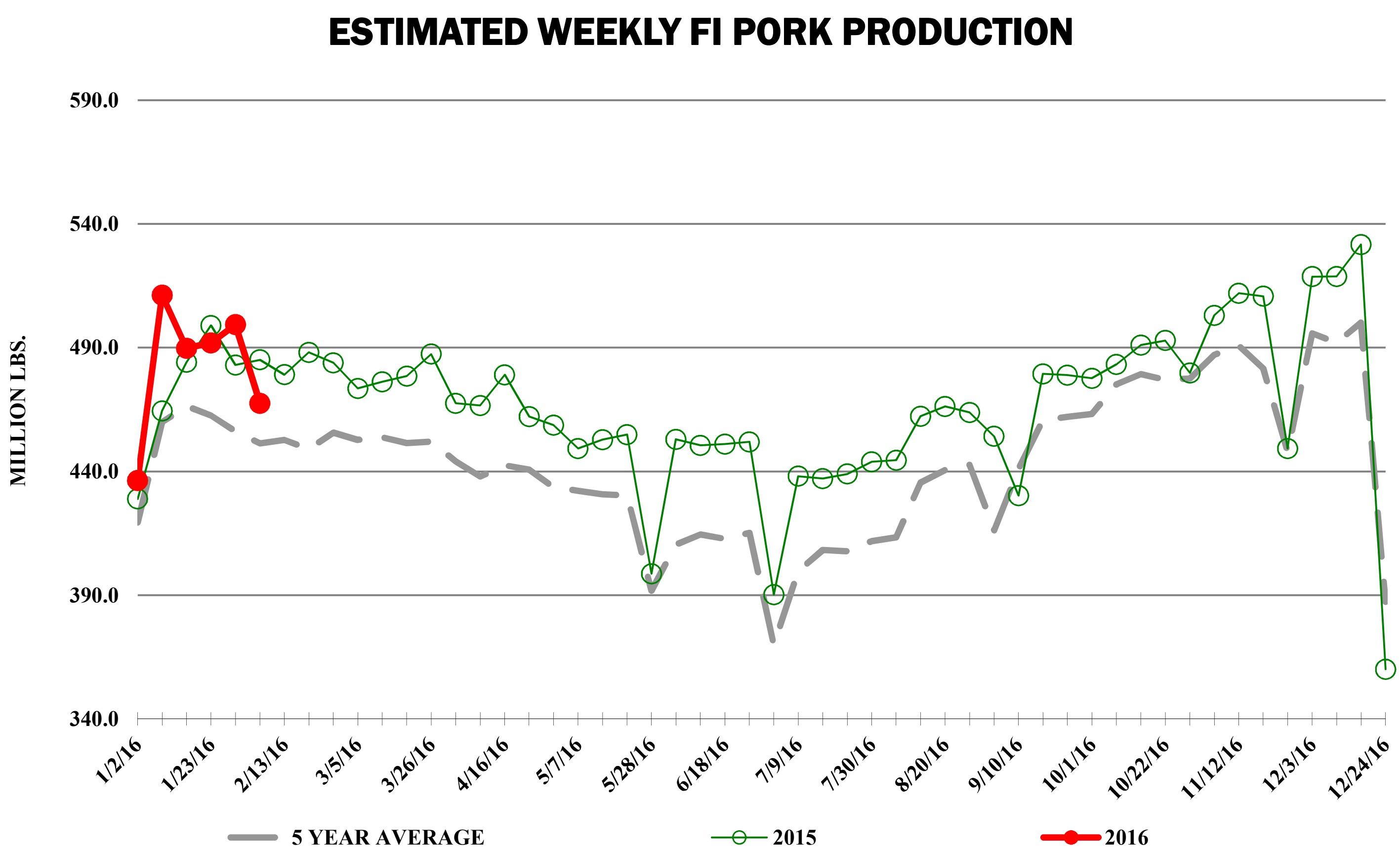

Ham, 17-20# Trmd Selected Ham, FOB Plant, USDA
$/cwt
160
140
120
100
80
60
40
20
0
February 5, 2016 = 63.83
7/29/2015
8/29/2015
9/29/2015
10/29/2015
11/29/2015
12/29/2015
1/29/2016
2/29/2016
3/31/2016
4/30/2016
5/31/2016
6/30/2016
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2015-16 Wednesday Dates


Belly, Skin-On Belly 14-16#, FOB Plant, USDA
$/cwt
190
170
150
130
110
90
70
50
30
February 5, 2016 = 128.11
7/29/2015
8/29/2015
9/29/2015
10/29/2015
11/29/2015
12/29/2015
1/29/2016
2/29/2016
3/31/2016
4/30/2016
5/31/2016
6/30/2016
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2015-16 Wednesday Dates


$/cwt
Butt, 1/4 Trim Butt Combo, FOB Plant, USDA
190
170
150
130
110
90
70
50
30
February 5, 2016 = 73.19
7/29/2015
8/29/2015
9/29/2015
10/29/2015
11/29/2015
12/29/2015
1/29/2016
2/29/2016
3/31/2016
4/30/2016
5/31/2016
6/30/2016
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2015-16 Wednesday Dates


$/cwt
Trim, 72% Trim Combo, FOB Plant, USDA
160
140
120
100
80
60
40
20
0
February 5, 2016 = 59.72
7/29/2015
8/29/2015
9/29/2015
10/29/2015
11/29/2015
12/29/2015
1/29/2016
2/29/2016
3/31/2016
4/30/2016
5/31/2016
6/30/2016
5 YR. MONTHLY AVG.
YEAR AGO WEEKLY PRICE
WEEKLY PRICE
FORECAST
2015-16 Wednesday Dates


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
1/2/16
1/23/16
2/13/16
3/5/16
3/26/16
4/16/16
5/7/16
5/28/16
6/18/16
7/9/16
7/30/16
8/20/16
9/10/16
10/1/16
10/22/16
11/12/16
12/3/16
12/24/16
5 YEAR AVERAGE
2015
2016


ESTIMATED WEEKLY FI PORK PRODUCTION
MILLION LBS.
590.0
540.0
490.0
440.0
390.0
340.0
1/2/16
1/23/16
2/13/16
3/5/16
3/26/16
4/16/16
5/7/16
5/28/16
6/18/16
7/9/16
7/30/16
8/20/16
9/10/16
10/1/16
10/22/16
11/12/16
12/3/16
12/24/16
5 YEAR AVERAGE
2015
2016