

# WEEKLY Market Report

**NAMI**  
NORTH AMERICAN  
MEAT INSTITUTE

Friday, June 17, 2016

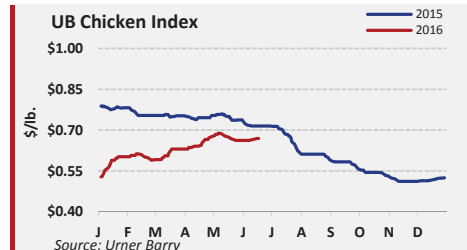
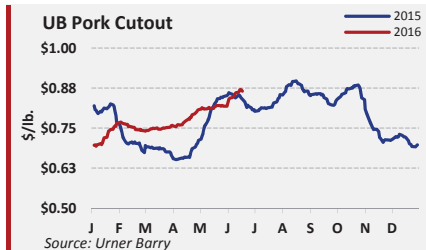
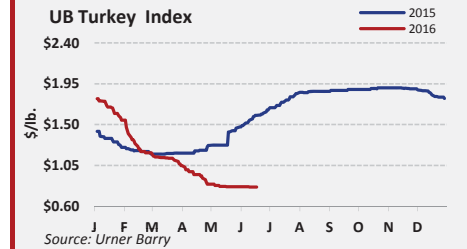
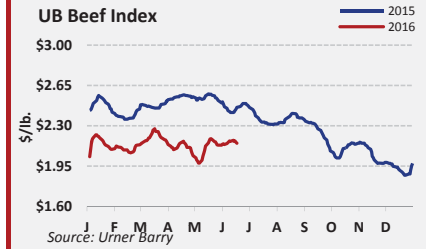
POWERED BY URNER BARRY'S COMTELL®

Number 25- Volume 09

## WEEKLY COMMODITY AT A GLANCE

	This Week	Last Week	Last Year
Omaha, US No 2 Yellow Corn	3.96	3.95	3.56
CBOT Soybean	1,159.50	1,178.25	971.50
NYMEX Light Crude Oil	47.98	49.07	59.61
Loose Lard, Chicago Basis	0.33	0.33	UNQ
Edible Tallow, Chicago Basis	UNQ	UNQ	0.32
Beef Trimmings, 90% Fresh	218.00	220.00	294.00
Beef Trimmings, 50% Fresh	90.00	91.00	80.00
Aust/NZ Blend Cow 90% EC Spot	210.00	206.00	228.00
USDA Drop Credit	0.12	0.12	0.13
112A 3 Ribeye Roll, Lip-On CH	870.00	870.00	785.00
116A 3 Chuck Roll, Neck-Off CH	250.00	250.00	320.00
168 3 Round, Top (Inside) CH	215.00	220.00	313.00
180 3 Strip Loin, Bnls, 0x1 CH	950.00	990.00	725.00
136 Coarse Ground 81%	190.00	200.00	245.00
189A 4 Loin, Tenderloin, PSMO CH	1,070.00	1,080.00	1,090.00
Cattle-Fax, 6-State Fed Steer Price	128.26	129.14	155.16
Select Hams 20/23	73.00	71.00	63.00
Sq Cut Bellies 14/16	125.00	120.00	109.00
1/4 Trmd. Loins 21/dn	107.00	121.00	109.00
1/4 Tr Boston Butts 9/dn	119.00	119.00	98.00
Spareribs, Light, Fresh	159.00	159.00	214.00
Fresh Pork Trim (42%)	36.00	42.00	48.00
Fresh Pork Trim (72%)	75.00	76.00	83.00
Carcass Lamb Y4+55/65	335.00	330.00	350.00
Lamb Cuts, 204 Rack, 8-Rib, 7/Up	755.00	755.00	790.00
Lamb Cuts, 206 Shoulder, Cross Cut	285.00	285.00	280.00
Lamb Cuts, 232 Loin Trmd 4x4	550.00	550.00	530.00
Lamb Cuts, 234 Leg, Boneless	535.00	535.00	550.00
Carcass Veal, Hide-off, 255/315, NC	360.00	360.00	465.00
Veal Cuts, 306 Hotel Rack, 7-Rib 14/20	885.00	885.00	1,110.00
Veal Cuts, 310 Shoulder Clod 14/20	840.00	840.00	840.00
Veal Cuts, 332 Loin, 4x4 Trim 12/18	670.00	670.00	810.00
Veal Cuts, 348A Leg, TBS 3-Pc 24/32	1,240.00	1,240.00	1,275.00

Quotes represent the high side of Friday's trading range



### EST. DAILY CATTLE SLAUGHTER

	M	T	W	TH	F	S	Total
TW	110	113	112	109	113	46	603
LW	110	113	112	114	110	32	591
*LY	110	113	94	113	111	8	549

### EST. DAILY HOG SLAUGHTER

	M	T	W	TH	F	S	Total
TW	427	428	427	427	422	29	2,160
LW	410	432	430	397	394	23	2,086
*LY	419	423	426	420	402	43	2,132

### EST. DAILY SHEEP SLAUGHTER

	M	T	W	TH	F	S	Total
TW	8	8	6	8	7	0	37
LW	8	8	8	8	6	0	38
*LY	9	8	8	8	7	0	40

### EST. DAILY CALVES SLAUGHTER

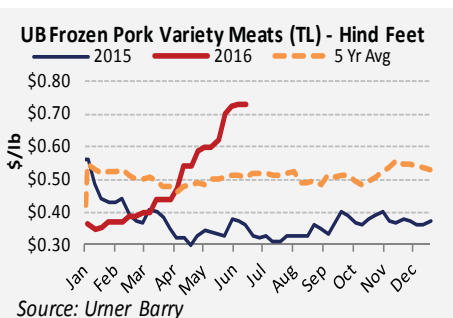
	M	T	W	TH	F	S	Total
TW	2	2	2	1	1	0	8
LW	2	2	2	1	1	0	8
*LY	2	2	1	1	2	0	8

### EST. DAILY COW & BULL SLAUGHTER

	F	S	M	T	W	TH	Total
LW	6/3	6/4	6/6	6/7	6/8	6/9	
	21	10	20	22	22	22	117
TW	6/10	6/11	6/13	6/14	6/15	6/16	
	19	4	20	22	21	21	107
*LY	21	1	18	20	20	20	100

\*Last Year's numbers are rounded

Pork variety meats, or offals, have seen a resurgence in interest in recent months after an extended period of soft values in the wake of Chinese restrictions and a high U.S. dollar. Hind feet, kidneys and stomachs in small boxes are currently trading at all-time highs on Urner Barry quotations. Exports to Mexico and Asian nations such as South Korea, Hong Kong and Mainland China have been supportive of variety values.



### FOREIGN EXCHANGE RATES

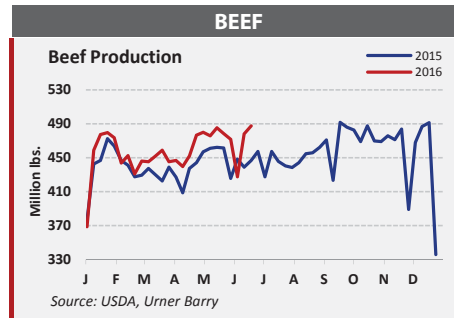
	This Week	Last Week	Last Year
Australia, Dollar	0.739	0.738	0.777
Mexico, Peso	18.817	18.646	15.329
Canada, Dollar	1.288	1.277	1.226
Japan, Yen	104.205	106.749	122.621
China, Yuan (RMB)	6.589	6.559	6.209
Brazil, Real	3.423	3.430	3.095
South Korea, Won	1,172.500	1,170.000	1,102.000
Taiwan, Dollar	32.383	32.260	30.775
European Union, Euro	1.127	1.126	1.135

### COLD STORAGE STOCKS

(Pounds in Thousands)	4/30/15	3/31/16	4/30/16
Beef in Freezer, Bnls	444,422	430,293	417,340
Cuts	39,872	36,968	35,007
<b>Total Beef</b>	<b>484,294</b>	<b>467,261</b>	<b>452,347</b>
<b>PORK &amp; OTHER</b>	<b>3/31/15</b>	<b>2/29/16</b>	<b>3/31/16</b>
Pork in Freezer, Picnics	19,582	11,142	10,439
Hams	98,031	115,780	96,516
Bellies	68,297	61,433	65,028
Loins	42,498	42,735	48,006
Spareribs	115,372	143,396	146,453
Butts	33,656	25,586	21,933
Trimmings	69,262	39,653	44,827
Other Pork in Freezer	102,269	94,218	84,898
Total	672,431	628,948	614,148
Veal in Freezer	8,159	7,315	6,666
Lamb & Mutton in Freezer	34,250	40,051	40,412
<b>Total</b>	<b>42,409</b>	<b>47,366</b>	<b>47,078</b>

Data Updated: May 23, 2016

UB BEEF CUTOUT Jun-17 v. Jun-10				
	CHOICE	SELECT	NO-ROLL	CAB
Rib	0.29%	-0.06%	-0.96%	0.56%
Chuck	-0.87%	-0.92%	0.21%	-0.39%
Round	-3.28%	-3.43%	-3.43%	-2.85%
Loin	-1.73%	-1.80%	1.21%	-1.83%
Brisket	10.43%	8.76%	10.61%	9.93%
Plate	2.05%	2.06%	2.06%	1.64%
Flank	-3.44%	-4.78%	-4.78%	-3.39%
<b>Total</b>	<b>-0.83%</b>	<b>-1.00%</b>	<b>0.03%</b>	<b>-0.71%</b>



**BEEF COMMENTARY**

The boxed beef market came into the week with a softer undertone as Father's Day buying was clearly in the rear view mirror and limited last minute bookings for July 4th were evident. At the midpoint of the week, even middle meats which had been carrying the cutout started seeing some pushback on prices. End cuts continued to struggle even as some muscle cuts were trading at attractive prices to domestic boneless beef – which really showed the struggles of ground beef. The one item that seemed to really buck the trend was briskets. Smokers started entering the market for summer usage.

**LIVE CATTLE:** Live cattle trade surfaced throughout the week in light fashion. Despite the significantly lower sales, there seemed to be some holdout on Friday for additional trades to complete the week. Despite the futures market reversing to end lower the last trading session, contracts were higher early which stalled some negotiations. The trading range on was between \$121.00/cwt and \$125.00/cwt on a live basis; and \$195.00/cwt to \$198.00/cwt on a dressed basis. This compares to \$127.00/cwt to \$128.00/cwt and the range of \$206.00/cwt to \$210.00/cwt, respectively last week.

**SLAUGHTER & BEEF PRODUCTION:** The weekly F.I. Slaughter tallied a somewhat shocking 603,000 head. If this holds, this will be the first plus 600,000 head weekly slaughter since June 2014. Cattle weights weekly report: live cattle dropped remained at 1334 pounds--dressed cattle weights also even with last week at 810 pounds.

**RIBS:** The rib complex ended the week in-and-around steady levels. Choice was slightly higher while select was slightly lower. While price levels were maintained better than other areas, weakness started to set in towards the end of the week.

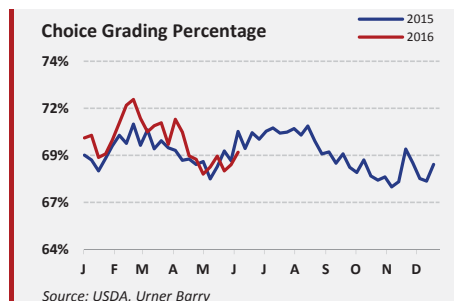
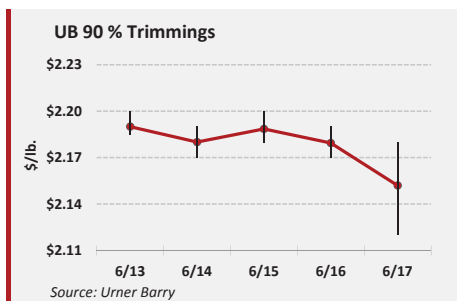
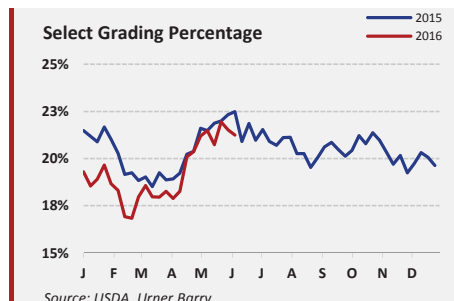
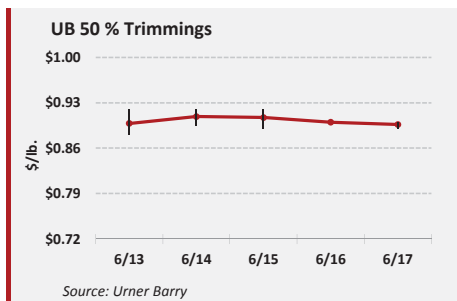
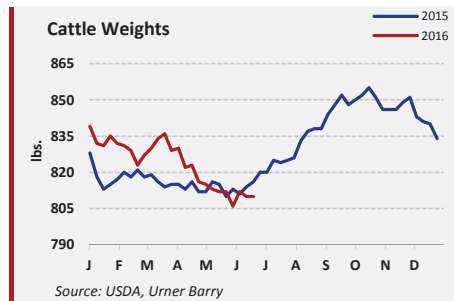
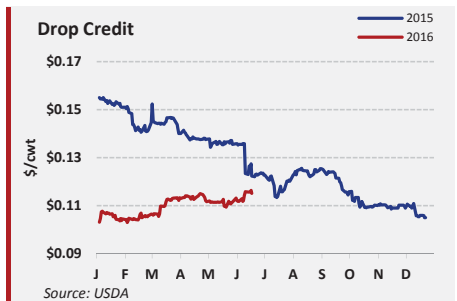
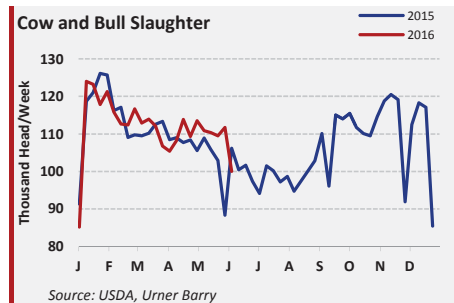
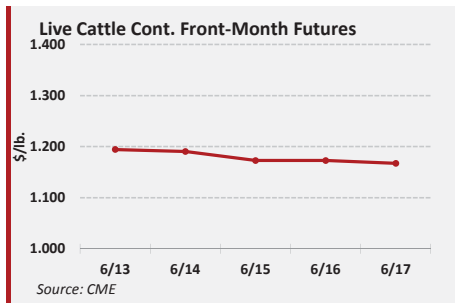
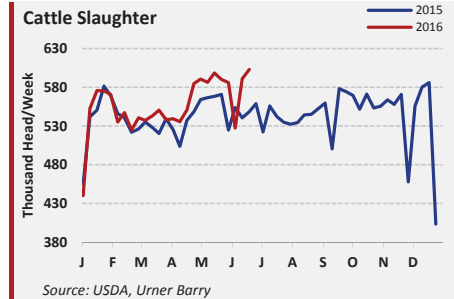
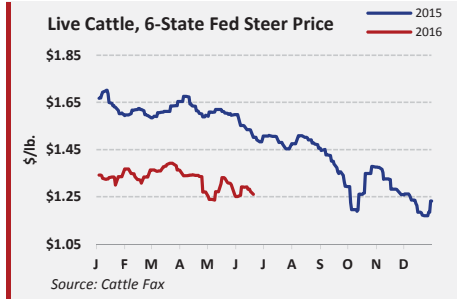
**CHUCKS:** Chucks were down nearly 1 percent across the board. The market tends to trade sideways to a softer bias until late summer/early fall. So far action is following that trend.

**ROUNDS:** This was by far the worst performer in the beef sector. Prices fell over three percent on both choice and select product. These discounts helped generate interest but it is still low overall. Even as grinders were able to find such things as peeled knuckles at a more attractive price on a point per lean basis than lean trimmings, there was still product available.

**LOINS:** Loins after rounds were the next largest decliner. They have been carrying the cutout for some time with their outperformance to other primal areas. But with Father's Day and generally July 4th behind us, demand waned.

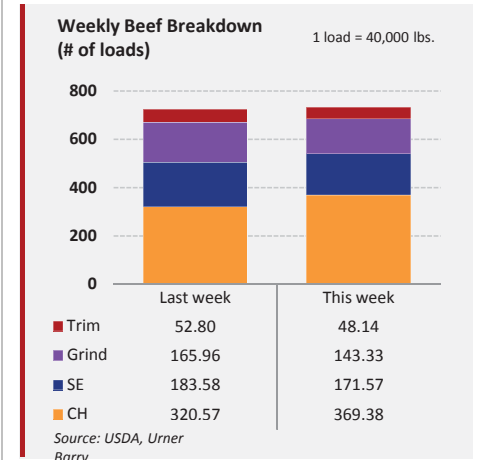
**GROUND BEEF:** Ground beef prices held steady as long as they could but the lack of retail features (comparatively) has prices slipping at the end of the week. Moderate offerings were met with limited demand.

**BONELESS BEEF:** Market values for fatter trim were fully supported this week on moderate offerings and seasonally active demand as processors ramp up for July 4th business. Throughout the week, sellers would offer additional material which was quickly absorbed into the marketplace. Prices for fresh 50s were up about 6% on the week. The market for 90s labored to fend off increasing competition which came mainly from the boxed beef complex. Processors in need of additional lean beef to meet upcoming business turned to choice and select chuck and round items which in many instances, were priced more competitively than lean beef from the cow sector. Fresh 90s were down slightly on the week.



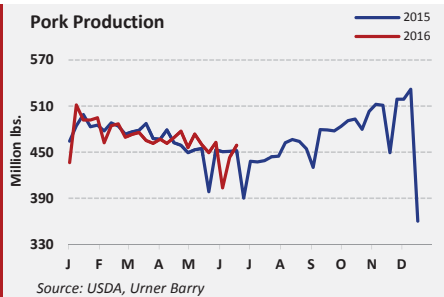
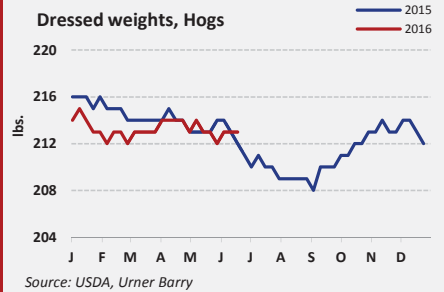
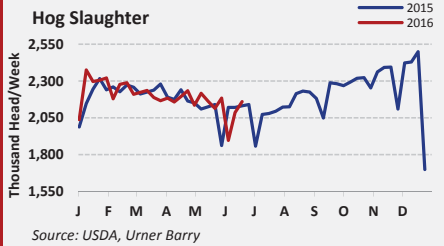
UB BEEF CUTOUT-CH/SE SPREAD (\$/cwt)					
	M	T	W	TH	F
TW	23.83	23.03	22.95	22.88	22.67
*LW	21.47	22.96	22.82	22.93	22.53

\*Last Week's numbers are rounded



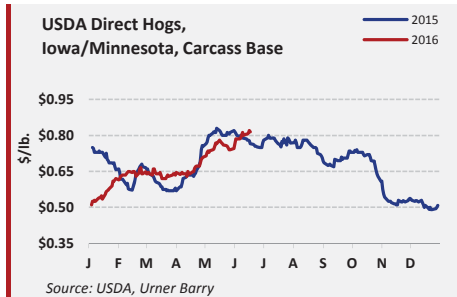
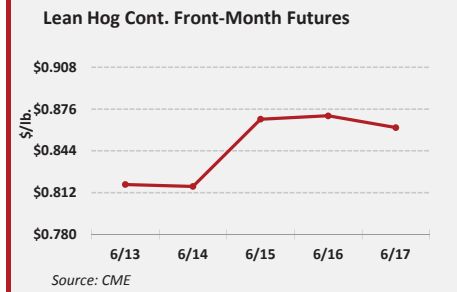
Friday, June 17, 2016

**PORK PRODUCTION**



**LIVE HOGS & CUTOUT**

PORK CUTOUT	Jun-10	Jun-17	Change
Loin	26.085	24.480	-1.605
Butt	10.561	10.512	-0.049
Picnic	5.831	6.003	0.172
Sparerib	7.219	7.287	0.068
Ham	15.611	16.73	1.119
Belly	18.222	18.997	0.775
<b>Cutout Value</b>	<b>86.108</b>	<b>86.584</b>	<b>0.476</b>



**PORK COMMENTARY**

The Urner Barry pork carcass cutout moved from \$86.28/cwt last Friday to \$86.58/cwt to close this week. At the same time, Iowa-Minnesota hogs gained just short of 3 percent since last Friday on a carcass pricing, weighted average basis. Due to hogs outpacing wholesale pork values, the Urner Barry Pork Packer Margin Index for outside purchasers moved from \$10.30/head Monday to \$6.84/head Friday.

**PORK PRODUCTION:** Total pork production for the week ending June 17, 2016 was estimated at 458.7 million lbs. This was 3.6 percent over the previous week and 1.7 percent over the same week a year ago. Average live weights, at 283 pounds, were even with last week and two pounds over a year ago.

**GREEN MEATS:** In the green meat complex, hams and bellies continued to enjoy support from thin availability and seasonal demand. Exports of hams have helped buoy that market domestically, especially for boneless hams. Trimmings grew increasingly unsettled this week as processors began to conclude their preparations for the 4th of July.

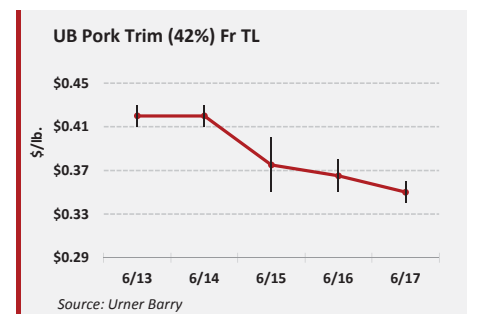
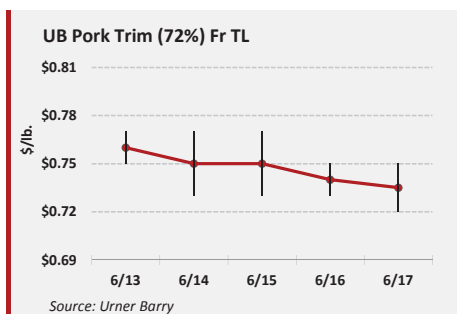
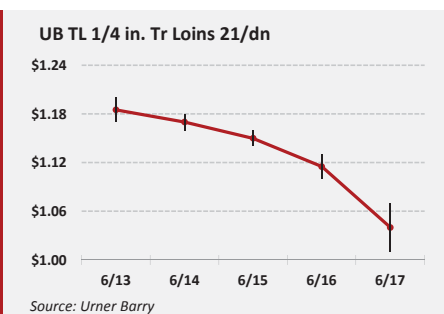
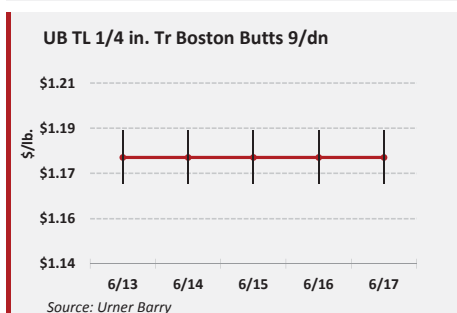
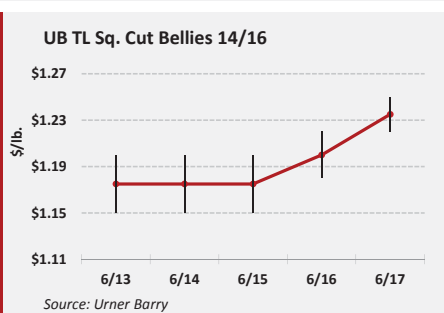
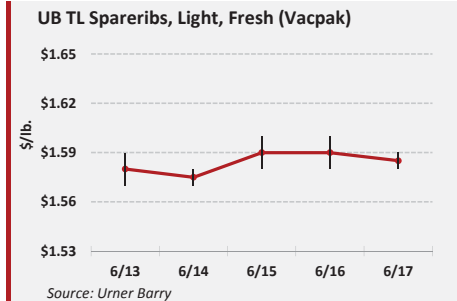
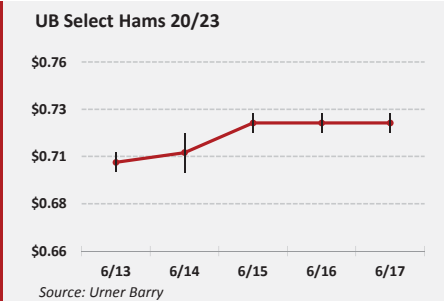
**HAMS:** 17 to 27lb hams gained \$2.00 to \$3.00/cwt this week. Boneless hams were \$15.00/cwt higher.

**BELLIES:** Square-cut and skinless bellies closed the week \$5.00 to \$6.00/cwt higher.

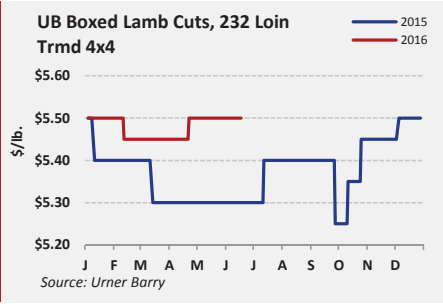
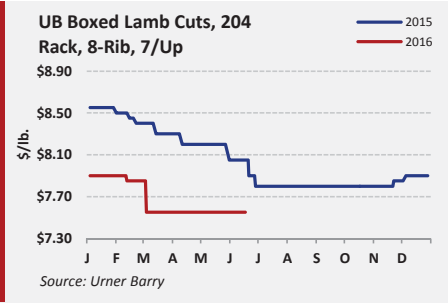
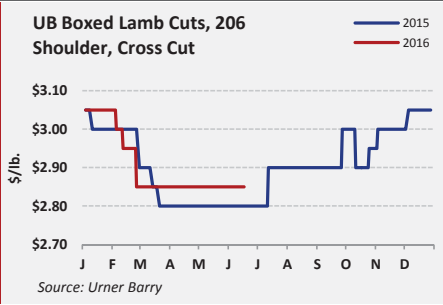
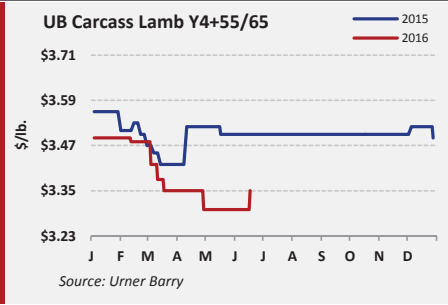
**TRIMMINGS:** Fresh 42s were \$6.00/cwt lower while 72s lost \$1.00/cwt on the week. Boneless picnics were \$2.00/cwt higher.

**RETAIL:** There was a swift and sharp deterioration of the bone-in loin market this week. The cause appears to be multifold; availability has grown due to a diminished call, larger scheduled kills this and next week, and an apparent shift away from boning operations. Sellers reported largely no issues with their regular business, but that any excess availability was extremely difficult to move and warranted the steep discounts. The net effect was a \$16.50 to \$18.50/cwt decline in the market for bone-in loins this week. Meanwhile, the balance of the complex, including loin back ribs, fared much better; most of these items ranged steady to higher on the week. Picnics and cushion meat firmed, in-line with the trend in lean sausage materials. Butts flashed some modest weakness, but were basically unchanged on the week. Sparerib trade was quite erratic during the week, but managed to eke a small gain. Spareribs are currently being directed by the fresh trade.

**PORK PROCESSING ITEMS & RETAIL CUTS**

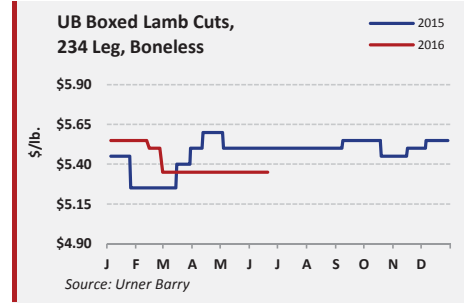


**LAMB**

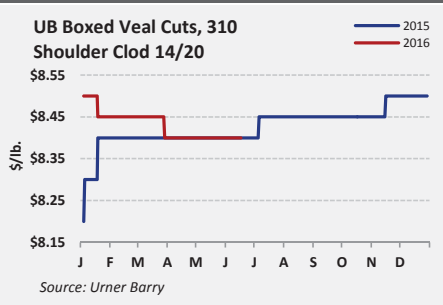
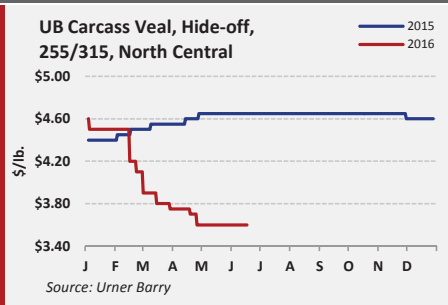


**LAMB COMMENTARY**

Lamb carcasses were fully steady to slightly firmer this week. Supplies were limited in some areas. Undertones for the boxed cuts were generally steady.

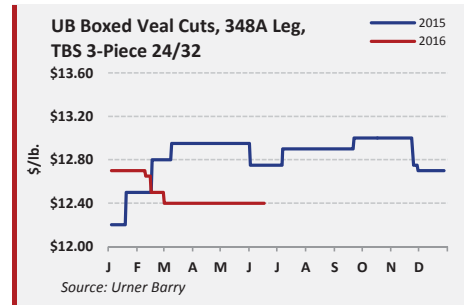
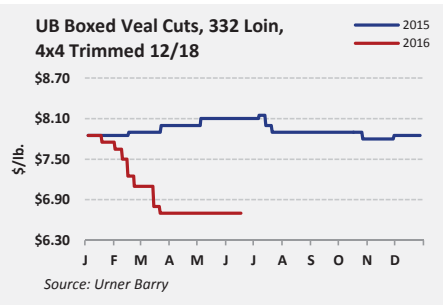
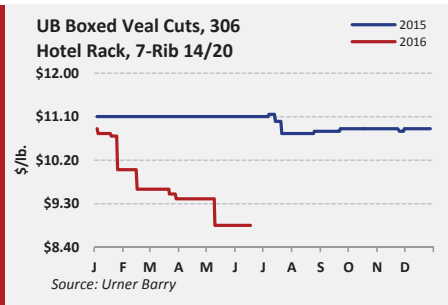


**VEAL**

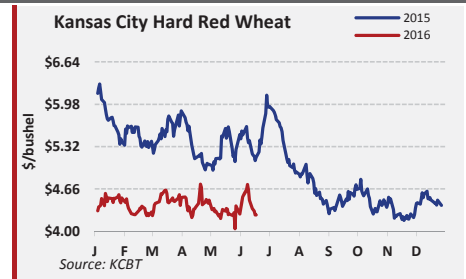
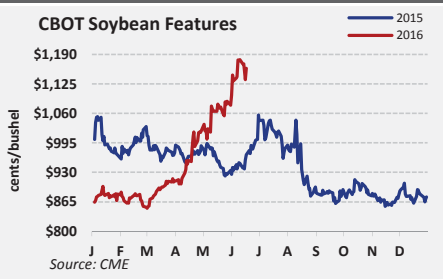
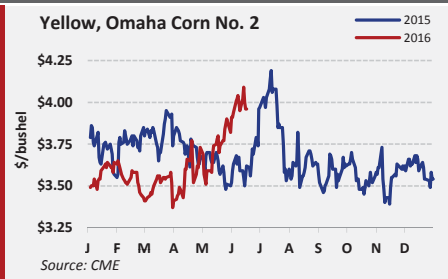


**VEAL COMMENTARY**

Undertones for veal carcasses were generally steady this week. Sentiments for the boxed veal cuts were mixed. Trading activity was limited.



**FEEDS: CORN, SOY BEAN, RED WHEAT**

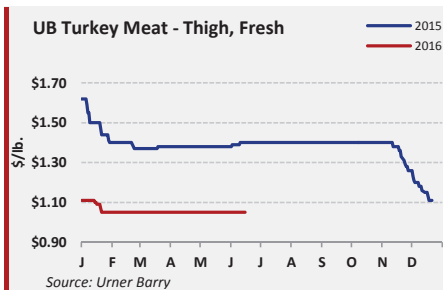
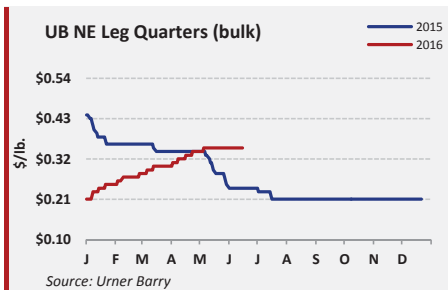
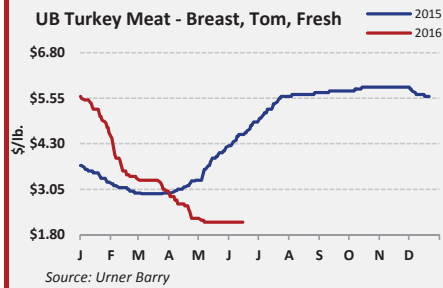
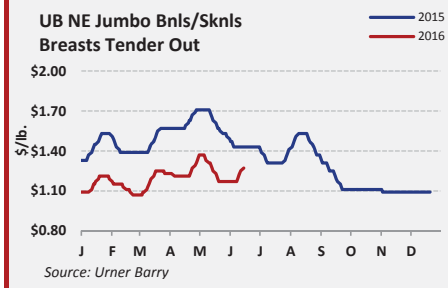
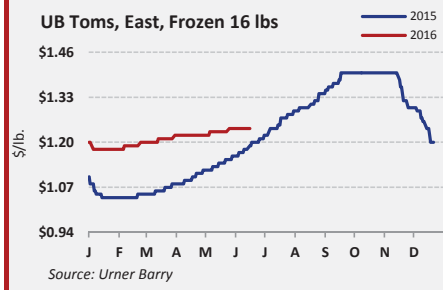
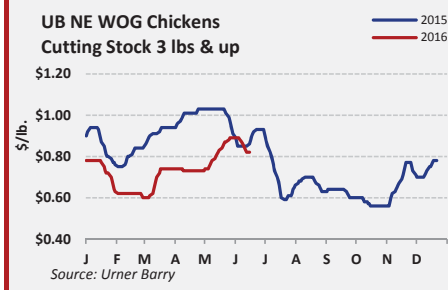


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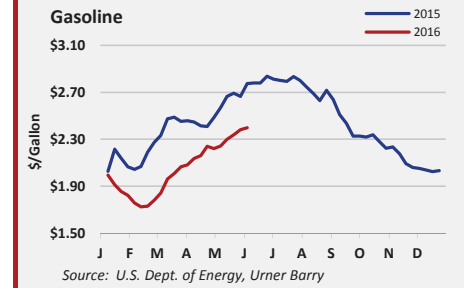
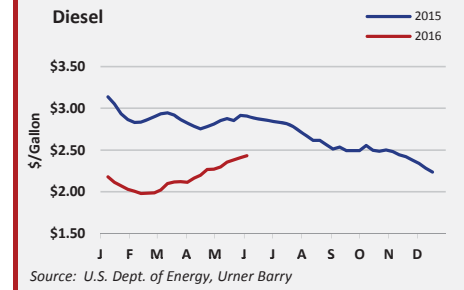
Includes all USDA revisions to the IMPS  
 40 updated cuts • 50 new photos

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**ENERGY**



**POULTRY COMMENTARY**

There's no doubt that the heat down south has impacted the chicken market in the last two to three weeks. Average live weights have come off considerably, which has resulted in fewer ready-to-cook pounds. Demand has been active, but industry observers still question whether or not it's sustainable, especially if the weather improves. As for the market, we confirmed sales of boneless breast meat and tenders at up money all week. Offerings were limited and held with confidence. Buyers, who were in need of product, were forced to pay stronger values in order to get covered. Wings were tight earlier in the week, but finished Friday rated no better than steady. Whole birds and WOGs are fair and prices are likely still testing. Exports have slowed down, not considerably, but enough to notice. Market values are now reacting accordingly all week. On the flip side, domestic prices appear to be on the verge of doing the same. We started picking up reports of offerings at slight discount earlier this week, particularly for fresh leg quarters. Thigh meat and leg meat are still rated

steady to full steady.

Overall, the turkey market stands pretty much as it has. In terms of trading, volume remains light however, values are generally finding support. Whole body turkeys are still the best performing item on the sheet. Rated steady to full steady, asked and paid prices for near-term ship dates are full market or better. Fresh breast meat is receiving a better call, but paid prices are no better than full market. According to sources, deli business improved some this week. Frozen meat is rated about steady to steady. Reports suggest that prices appear to have leveled out. Breast trim, scapula and wing meat are unchanged from their previous positions. Thigh meat is well balanced and supported. In the parts complex, supplies are deemed fully adequate and demand is below average, if not non-existent. Here, we continue to confirm sales at no better than full market, if not at slight discount. Consumer packaged and institutional bone-in breasts are about steady and seeking interest. Fresh MST sales are mostly market related, whereas frozen MST remains under pressure.

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