
UrnerBarry

MARKET PRICES, NEWS, AND ANALYSIS

PRICE REPORTING METHODOLOGY: **PORK MARKET**

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INTRODUCTION

Urner Barry's goal is to provide timely, accurate and unbiased price assessments and market information to clients which are reliable indicators of market values, free from distortion and representative of the market that they relate. This is an explanation of methods used by Urner Barry to gather, evaluate and report market activity. This explanation will include necessary background information to provide a clear understanding of how Urner Barry market quotations are established.

TIMEFRAMES OF INFORMATION COLLECTION

While trading information can be submitted to Urner Barry reporting staff at any time, Urner Barry's market reporting staff is actively soliciting information from approximately 8:45 a.m. to 5:00 p.m. E.S.T. or E.D.T., every business day.

PUBLICATION DATES

Urner Barry publishes price quotations across a variety of commodities. Information on specific publication dates are included on market-specific methodology documents.

ESTABLISHMENT OF QUOTATIONS

Reporters start gathering information for their next report immediately after filing the closing quotations for the reporting period.

Information is collected via numerous channels including phone interviews, face-to-face meetings, email, instant messaging platforms, fax, and online through Urner Barry's website. Submitters of market data are encouraged to provide transactional data from back office functions and to provide all of their market data that falls within Urner Barry's criteria for the markets covered. Reporters contact stakeholders throughout the value chain, including processors, retailers, wholesalers, distributors, exporters, importers, traders, and brokers to keep current on present price levels and market conditions.

Information collected includes when a transaction was initiated, what products have been traded, what levels are being bid on each product, who is bidding or offering at said level, when the product will ship, and how the product is packed. Urner Barry's market sources and information submitted remains confidential.

Urner Barry follows a hierarchy of priority when establishing quotes based on information gathered as follows:

- *bona fide* trades
- offers and bids
- additional market information, including trading relationships to related items
- market participant assessments and indications of prevailing values

If higher bids or lower offerings come into the market after the last recorded trades, the final price assessment may be adjusted accordingly if the reporter finds sufficient justification for such an action. Offering prices cannot be used to move prices upward, nor can bid prices be used to move prices downward.

Urner Barry takes care to be sure transactional data is *bona fide*, which indicates the transaction be either completed or prepared to be completed between two parties not influenced by a conflict of interest. Urner Barry's reporters make it their goal to clearly identify factors and circumstances surrounding reported trade and will use available information and methods in their price assessment. The forthrightness of reports can be tested using other participants as a check and balance system.

Some transactions may receive additional scrutiny from market reporters to ensure that their inclusion in the final price assessment results in a quote that is a reliable indicator of commodity market values. Such transactions that can receive additional scrutiny include packaged transactions where it appears the price of one item is affecting the price of other items in the transaction; trades that occur as a transfer within the same company; transactions comprised of multiple deliveries where the entire delivery period does not fall into the stated guidelines reflected in the market report; conflicting or inconsistent information by the counterparty; transactions where buyers and sellers fail to act in a logical manner; transactional data that is significantly different from other data collected during that time period.

MARKET REPORTERS

To ensure that a high quality is maintained in Urner Barry's price assessments and market commentary, market reporters undergo rigorous training before they are eligible to engage with sources to collect information and develop Urner Barry's proprietary price assessments. Rookie market reporters, called "market researchers" work closely under veteran market reporters and editors to become familiar with the methodologies listed here, supply and demand dynamics associated with the markets that they cover, the parties submitting market information. For each market that Urner Barry covers, there are multiple market reporters who are trained to conduct price assessments and

commentary. Adherence to these reporting methodologies, oversight by senior reporters and editors and continued education across the market reporting staff results in consistency of price assessments across assessors reporting the same market.

Urner Barry's reporters are trained to utilize judgment when gathering and reporting data. Judgment can be exercised during periods including but not limited to those where limited negotiations, low liquidity in the market, or anomalous transactions could otherwise lead to inaccurate or erroneous price reporting.

ACCEPTABLE PRODUCTS AND MARKET CONDITIONS

For a transaction to be considered for assessment, certain criteria must be met. With exceptions noted in market-specific documentation, product must:

- be offered by or on behalf of the original producer
- meet standard specifications for the industry unless otherwise indicated
- be in acceptable condition
- not be distressed, or offered or bought under distressed conditions
- be delivered in a timeframe considered standard for the market

Only trades and trading information from participants who are free to conduct business with a variety of market participants are acceptable. When trade that is or could be construed as a transfer between an individual company's divisions or departments occurs, it falls to a reporter's judgment to determine if the transaction is repeatable on the open market. Based upon this judgment, such transactions may or may not be considered in the final determination of Urner Barry's quotes.

The volume basis for Urner Barry's quotations varies and is generally the standard commercial quantity for a given item. These units are outlined in market-specific methodology documents.

Most of Urner Barry's market quotations reflect spot negotiations and exceptions are indicated in market-specific methodology documents. Contractual or market-related transactions are not used in the final quote determination but rather as indicators of need and ability to sell at a predetermined level.

There is no minimum quota for the volume of transactional data needed to establish a market quotation, but rather a requirement for a preponderance of evidence that the bulk of trade is occurring at the new price. Where a small number of participants represent a significant percentage of the periods transactional data, market reporters will collaborate with senior reporting staff and/or editors to ensure the assessment for that period accurately reflects the market, otherwise the quotation can be paused or unquoted until transactional data from more participants becomes available.

UNQUOTED MARKET LISTINGS

In some markets where trading is in limited volume, stagnant, or infrequent, an item may become unquoted. Unquoted markets in no way reflect prices moving higher or lower, but merely indicate that a closing price could not be determined.

In other cases, such as those markets that are ordinarily active on a seasonal basis, the last recorded trading information will persist in publication until trade resumes and new information becomes available.

Detailed information on situations where markets may become unquoted are available in market-specific methodology documents.

CHANGES TO REPORTING METHODOLOGY

Urner Barry will provide advanced notice of potential changes in reporting methodologies and subscribers will be provided the opportunity to provide feedback during a comment period of at least 14 days. After reviewing client feedback Urner Barry will enact the changes typically within no more than 30 days of the closing of the comment period or take a different action based on customer feedback. Subscribers comments and Urner Barry's response to those comments will be published unless where the commenter has requested confidentiality.

REVIEW OF METHODOLOGIES

Urner Barry's Management, in consultation with clients from affected areas of the value chain and the Urner Barry Advisory Board, will review and evaluate current and proposed market reporting procedures and methodologies with the purpose of making recommendations on the following:

- A) To assess effectiveness, integrity and independence of the Urner Barry methodologies used to establish quotations so that they best communicate the commodity values they are designed to reflect.
- B) To guide quality improvement of Urner Barry market information and give guidance in developing implementation tactics or strategy.
- C) To ensure reporting methodology remains compliant with existing laws.
- D) To assess the effectiveness of suggested changes to quotations and/or other Urner Barry benchmarks.

MARKET SPECIFIC DEFINITIONS, TERMS, AND METHODOLOGIES

Market coverage on pork reflects wholesale negotiated trading activity of whole muscles, trimmings and offals, produced within the United States for distribution to US domestic channels.

ACCEPTABLE ORIGINS

<i>Category</i>	<i>Point of Origin</i>
US Domestic Pork	United States

QUOTATION PERIOD

Pork market quotations are released twice a day; at 12:00 PM Eastern Time and 4:00 PM Eastern Time. The closing report released at 4:00 PM Eastern Time includes trading information collected for both the morning and afternoon. Information collected after the closing report is considered in the following day's market assessment.

QUOTATION FORMAT

Unit(s) of Measure for Quotation: \$/cwt.

The \$/cwt. is the most commonly used unit for price negotiation in this market and is the unit of measurement reflected in the quote series for pork.

Urner Barry's pork quotation series reflects trucklot (truckload) quantities of material which is defined as lots of more than 40,000 lbs. of product. In some instances, buyers and sellers will negotiate a transaction based on a truckload trade but the load will be comprised of multiple items. This transactional data can also be used in the price assessment for truckload pricing. Market data for "less than truckload" LTL pricing, where a buyer pays a premium for purchasing smaller quantities will be included in LTL quote series where coverage exists.

The range of values reflected in a market assessment depends on the variance of market data collected during the reporting period. Where the market trades at a level and is also offered lower or bid higher during the reporting period, Urner Barry will exercise professional judgment to determine how bids and offers may be reflected in the final quotation.

The quotation can continue to be published unchanged while evidence supports a steady market trend. When information suggests that the market has moved from the last quote, but new and/or reliable market data has not surfaced to reflect a new market value, the quotation will be removed from the sheet until a new quote can be established.

DELIVERY BASIS

The Midwest River (Missouri River) area is a major meat production area in the central U.S. and, as such, is used as the basis (basing point) for many price quotes in the red meat report. If shipment is made by a producer located outside the river area, Urner Barry normalizes the trade to an FOB River basis by taking the delivered price and deducting the freight rate back to the river, as though shipment had been made from there. If shipment is from one point in the river area to another, market reporters deduct freight charges to adjust the price from A.A.F. to River basis.

DELIVERY PERIOD

In order to be considered for inclusion market assessment process, fresh production transacted within U.S. borders must be delivered within 7 day from date of negotiation. Frozen production to be delivered within U.S. borders must be delivered within 14 days from the date of negotiation. Frozen production for export must be delivered to port 7-21 days from date of negotiation.

PRODUCT SPECIFICATIONS

<i>Term</i>	<i>Significance</i>
WHOLE MUSCLE CUTS	
17-20# Trmd Selected Ham	Bone-in ham, weighing 17-20 pounds
20-23# Trmd Selected Ham	Bone-in ham, weighing 20-23 pounds
23-27# Trmd Selected Ham	Bone-in ham, weighing 23-27 pounds
4 Muscle Boneless Ham to Blue	Boneless ham package, containing Insides, Outsides, Knuckles, Lite Butts, all trimmed to ¼" fat or less
5 Muscle Boneless Ham to Blue	Boneless ham package, containing Insides, Outsides, Knuckles, Lite Butts, Inside Cap all trimmed to ¼" fat or less
Inside	Boneless Ham Muscles - Inside muscles, trimmed to ¼" fat or less
Outside	Boneless Ham Muscles - Outside muscles, trimmed to ¼" fat or less
Knuckle	Boneless Ham Muscles - Knuckle only (or leg tip), trimmed to ¼" fat or less
Lite Butt	Boneless Ham Muscles - Lite Butt only, trimmed to ¼" fat or less
RS Smoker Trim Picnic VAC	Bone-in pork picnic, RS=Regular Shank, weighing 4-8 pounds, packaged in a vacpak
SS Smoker Trim Picnic VAC	Bone-in pork picnic, SS=Short Shank, weighing 4-8 pounds, packaged in a vacpak
Skin-on Belly 10-12#	Belly with skin left on, weighing 10-12 pounds. Cut rectangularly.
Skin-on Belly 12-14#	Belly with skin left on, weighing 12-14 pounds. Cut rectangularly.
Skin-on Belly 14-16#	Belly with skin left on, weighing 14-16 pounds. Cut rectangularly.
Skin-on Belly 16-18#	Belly with skin left on, weighing 16-18 pounds. Cut rectangularly.
Skin-on Belly 18-20#	Belly with skin left on, weighing 18-20 pounds. Cut rectangularly.
Skin-on Belly 20-25#	Belly with skin left on, weighing 20-25 pounds. Cut rectangularly.
Skinless Belly 7-9#	Skinless belly, weighing 7-9 pounds. Cut rectangularly.
Skinless Belly 9-11#	Skinless belly, weighing 9-11 pounds. Cut rectangularly.
Skinless Belly 11-13#	Skinless belly, weighing 11-13 pounds. Cut rectangularly.
Skinless Belly 15-17#	Skinless belly, weighing 15-17 pounds. Cut rectangularly.

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PRODUCT SPECIFICATIONS CONTINUED

<i>Term</i>	<i>Significance</i>
1/4 Trimmed Loin VAC	Bone-in pork loin, surface fat trimmed to ¼”, weighing 21 pounds or less, packaged in a vacpak
1/8 Trimmed Loin VAC	Bone-in pork loin, surface fat trimmed to 1/8”, weighing 21 pounds or less, packaged in a vacpak
Tender-In False Lean On	Bone-in Center Cut, 10-11 Ribs, 1/4” trim, 8-13 pounds, Fatty muscle still on
Tender-In False Lean Off	Bone-in Center Cut, 10-11 Ribs, 1/4” trim, 8-13 pounds, Fatty muscle removed
Boneless Strap-on	Center Cut, 10-11 Rib, 1/4 " Trim, 5-11 pounds, belly strap is still on
Boneless Strap-off	Center Cut, 10-11 Rib, 1/4 " Trim, 5-11 pounds, belly strap is removed
Whole Boneless Loin	Skin, bones, cartilages, and tenderloin removed. Lean and fat overlying blade bone is removed.
Tenderloin 1.25/dn	Tenderloin trimmed to be practically free of outer fat. 1.25 pounds and under.
Boneless Sirloin	.75-1.5 pounds. Bone removed
Bone-in Sirloin	2.5-3.5 pounds. Bone left in
Butt Tender	Derived from the pork loin, sirloin end
Blade Ends	2-4 pounds. Trimmed free of fat with no more than 2 rib bones.
Boneless Picnic Cushion Fresh	Boxed version of cushion quote. 92% lean, fresh
Boneless Picnic Cushion Frozen	Boxed version of cushion quote. 92% lean, frozen
1/4 Trimmed Butt VAC	Bone-in pork butt, surface fat trimmed to ¼”, weighing 9 pounds or less, packaged in a vacpak.
1/8 Trim Butt VAC	Bone-in pork butt, surface fat trimmed to 1/8" weighing 9 pounds or less, packaged in a vacpak.
1/4 " Tr. Neck-Off Butts 9/dn	1/4" Trim Steak Ready Butt - packaged in vacpak.
1/8 " Tr. Neck-Off Butts 9/dn	1/8" Trim Steak Ready Butt - packaged in vacpak.
Spareribs, Light - Fresh vacpak	3 Bag/3 PC - Contain at least 11 ribs - packaged in vacpak. 4.25 pounds and down.
Spareribs, Medium - Fresh vacpak	2 Bag/3 PC - Contain at least 11 ribs - packaged in vacpak. 4.25 pounds and up.
St. Louis Ribs 2.00 dn	Sparerib except sternum and ventral portion of the costal cartilages removed. Flank portion excluded. 2.00 pounds and down.
St. Louis Ribs 2.25 dn	Sparerib except sternum and ventral portion of the costal cartilages removed. Flank portion excluded. 2.25 pounds and down.
St. Louis Ribs 2.50 dn	Sparerib except sternum and ventral portion of the costal cartilages removed. Flank portion excluded. 2.50 pounds and down.
St. Louis Ribs 2.50 up	Sparerib except sternum and ventral portion of the costal cartilages removed. Flank portion excluded. 2.50 pounds and up.

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PRODUCT SPECIFICATIONS CONTINUED

<i>Term</i>	<i>Significance</i>
Loin Back Ribs 1.50 dn	Consists of at least eight ribs. Also referred to as baby back ribs. 1.5 pounds and down.
Loin Back Ribs 1.75 dn	Consists of at least eight ribs. Also referred to as baby back ribs. 1.75 pounds and down.
Loin Back Ribs 2.00 dn	Consists of at least eight ribs. Also referred to as baby back ribs. 2.00 pounds and down.
Loin Back Ribs 2.00 up	Consists of at least eight ribs. Also referred to as baby back ribs. 2.00 pounds and up.
TRIMMINGS	
42% Trim Combo Fresh	Fresh Boneless pork trimmings, 42% chemical lean, combo bins.
42% Trim Combo Frozen	Frozen Boneless pork trimmings 42% chemical lean, boxed.
72% Trim Combo Fresh	Fresh Boneless pork trimmings 72% chemical lean, combo bins.
72% Trim Combo Frozen	Frozen Boneless pork trimmings 72% chemical lean, boxed.
72% Ham Trim Combo Fresh	Fresh trimmings specifically from the ham component, 72% chemical lean, combo bins.
72% Ham Trim Boxed Frozen	Frozen trimmings specifically from the ham component, 72% chemical lean, boxed.
90% Ham Trim Combo Fresh	Fresh trimmings specifically from the ham component, 90% chemical lean, combo bins.
90% Ham Trim Boxed Frozen	Frozen trimmings specifically from the ham component, 90% chemical lean, boxed.
72% Picnic Meat Combo Cushion Out Fresh	Fresh pork trimmings specifically from the picnic, 72% chemical lean, combo bins.
72% Picnic Meat Combo Cushion Out Frozen	Frozen pork trimmings specifically from the picnic, 72% chemical lean, boxed.
Picnic Meat Boxed Cushion In Fresh	Fresh boneless beef trimmings specifically from the picnic, 92% chemical lean, combo bins.
Picnic Meat Boxed Cushion In Frozen	Frozen boneless beef trimmings specifically from the picnic, 92% chemical lean, boxed.
Skinned Jowls Fresh	Fresh Skinned Jowls, combo bins.
Skinned Jowls Frozen	Frozen Skinned Jowls, boxed.
Trim w/Trace Combo Fresh	Fresh Pork Trimmings, Visual Trace of Lean, 12-16% chemical lean, combo bins.
Trim w/Trace Combo Frozen	Frozen Pork Trimmings, Visual Trace of Lean, 12-16% chemical lean, boxed.
VARIETY MEATS	
Belly Skins	Skin originating from belly portion of the hog, frozen.
Brisket Bones, Full Cut	Sternum, costal cartilage and lean meat left after cutting a St. Louis rib. 30#. AKA Rib tips, frozen.
Bungs	Rectum and large intestine, frozen.
Cheek Meat, Trim	Cut from the cheek of the hog, frozen.

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PRODUCT SPECIFICATIONS CONTINUED

<i>Term</i>	<i>Significance</i>
Chitterlings, 10's	10# bucket of chitterlings or large intestine, frozen.
Ears, Square Trmd.	Ears, cut square, frozen.
Front Feet	Front feet, free of hair/roots, removed at or above knee joint, frozen.
Head Meat	Meat cut from the head, frozen.
Hearts, Slashed	Hog heart, frozen.
Hind Feet	Hind feet, free of hair/roots, removed at or above knee joint, frozen.
Hocks, Picnic	Separated from front feet at/above knee joint, at least 2" long.
Kidneys, Sm. Box	Small box of kidneys, frozen.
Livers	Pork livers, frozen.
Neckbone, Untrimmed	Untrimmed neckbones, frozen.
Neckbone, Trimmed	Trimmed neckbones, frozen.
Salivary Glands	Salivary glands of the hog, frozen.
Snouts	Hog snouts, frozen.
Stomachs Scald, Sm. Box	Scalded stomach in small box, frozen.
Tails	Hog tails, frozen.
Tongues Gn. Sm. Bxs.	Green tongues in small box, frozen.
Tongues S & S	Scalded and scraped tongue, frozen.
Tongues, Green, Tip-Off	Green tongues, tip removed, frozen.
Tongues, Green, Tip-On	Green tongues, tip included, frozen.
Uteri	Hog uteri, frozen.

CONTACT US

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