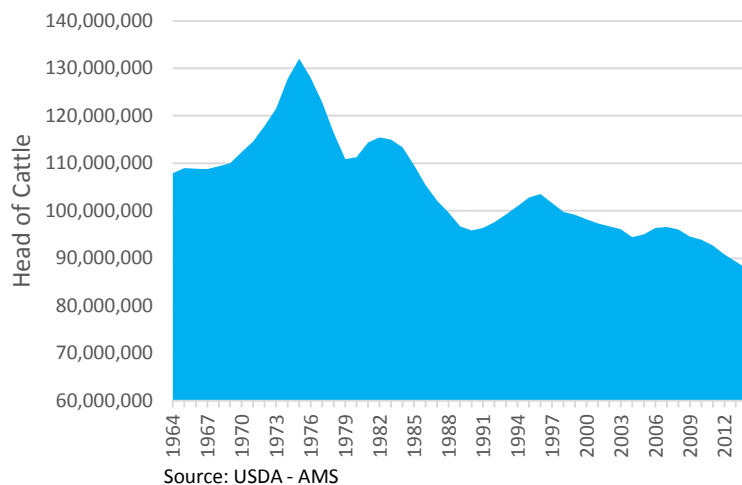


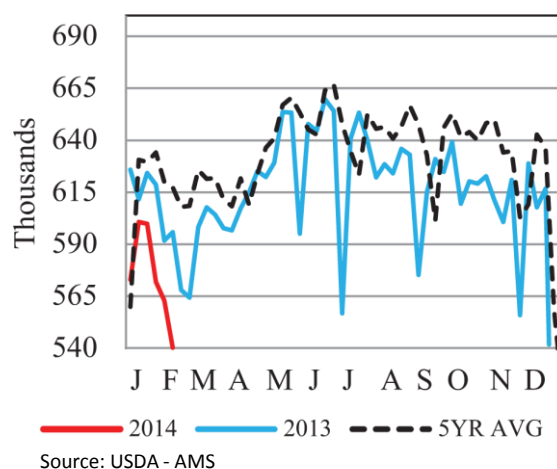
WHAT'S THE CAUSE OF THESE BEEF PRICES?

1. US Cattle Inventory (yearly as of Jan 1)



On January 1, 2014 total US cattle herd declined for the sixth consecutive year to its lowest level in 62 years.

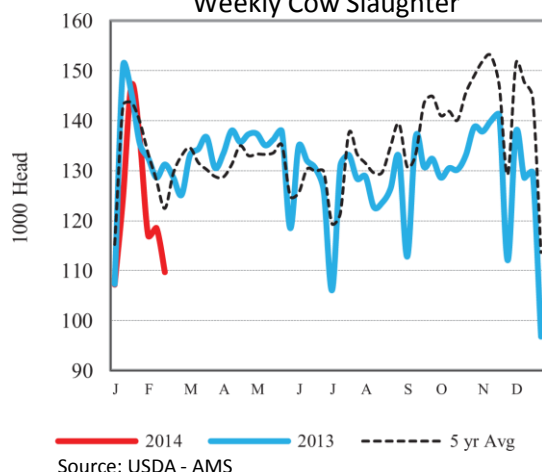
2. Weekly Cattle Slaughter



Overall slaughter rate is down more than expected, tightening supplies and causing packers to close plants.

3. Unexpected: Cow Kills Down + Retailer Ground Beef Promotion

Weekly Cow Slaughter



Usually, this time of year:

- Ranchers take their cows to market.
- Grinders start to build up their inventory of trim to prepare for the grilling season.
- Retailers feature an assortment of middle meats (white table cloth cuts).

Unexpectedly, this year:

- Cow kills are down – ranchers not taking them to market
- The supply of cow trim available to grinders is decreased causing them to look towards further processor cuts – further driving up the carcass cutout value.
- Retailers, faced with all time high prices for middle cuts, are featuring ground beef.

Weekly 90% Lean - National

