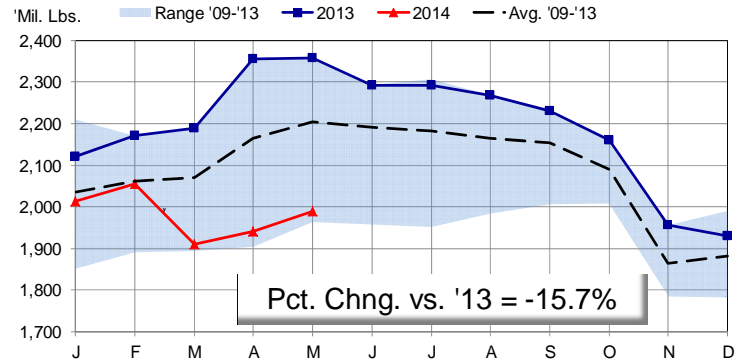


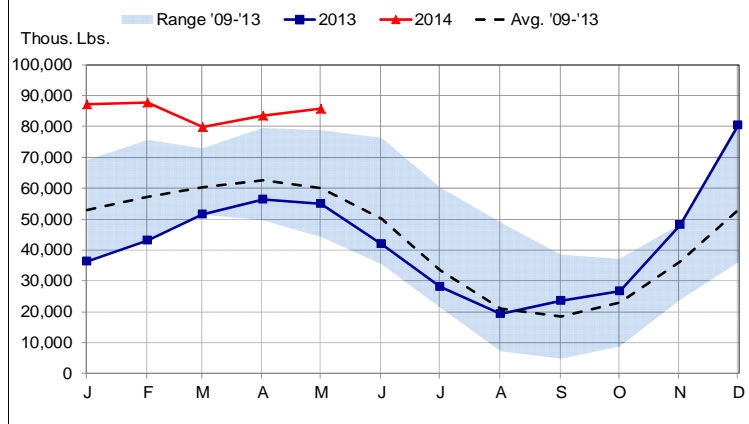
USDA's monthly Cold Storage report indicates a sharp reduction in frozen meat and poultry inventories relative to one year ago and particularly bullish May inventory changes for beef and pork. Cut by cut data from Monday's report appear in the table on page 2. Some highlights are:

- Total beef, pork, chicken and turkey inventories on May 31 are estimated to be 2.018 billion pounds, 2.3% higher than on April 30 but nearly 16% below last year's level 2.384 billion pounds. As can be seen at right, levels of product in cold storage the past three months are very near the lows of the last five years while last year's inventories were the largest seen during that period thus making the year-on-year changes quite large. Still, these total meat and poultry stocks are the lowest since 2007 and are 10% lower than the average level for May 31 over the past 5 years.
- Beef stocks led both the year-on-year and monthly declines in frozen inventories. The 378.9 million pounds of beef in freezers on May 31 was 21.5% lower than one year ago and 5.8% lower than last year. As is always the case because of their large share of total frozen beef stocks, boneless beef was the big driver of the decline, a normal fact whose impact is exacerbated this year by significantly lower domestic cow slaughter.
- Pork inventories — with the notable exception of bellies stocks — were also sharply lower for the month. Total frozen pork stocks were pegged at 575.2 million pounds, 12.7% lower than last year and 1.5% lower than last month. Relative to last year, only bellies (+57%), loins (+3%) and variety meats (+8.5%) stocks were larger. Hams (-28.5%), Other Pork (-22.5%) and Unclassified pork (-38.7%) were the big drivers of the decline in pork stocks relative to last year while ribs were the biggest contributor in terms of both percentage (-22.9%) and tonnage (-26.5 million pounds) to the monthly decline.
- The 85.859 million pounds of bellies in freezers on May 31 continue this year's pattern "better safe than sorry" behavior by processors. We still believe that is a function of both wild popularity for bacon this year and painful memories of one year ago when stocks were tight and processors had to scramble to meet bacon needs, pushing bellies prices to then record highs. Those highs were eclipsed by the panic-driven buying of March but the stocks have served their purpose, keeping bellies prices slightly below year ago even as all other cuts set records and bacon demand marches merrily along. June normally marks the beginning of the seasonal downturn for bellies stocks, a downturn that may occur in spades this year as hog numbers tighten. But remember that inventories are measured in pounds and these 215 pound average hog carcasses are yielding some HUGE bellies.
- Frozen poultry inventories grew sharply during May. Chicken inventories on May 31 amounted to 610.1 million pounds, 5.1% higher

TOTAL BEEF, PORK, CHICKEN & TURKEY

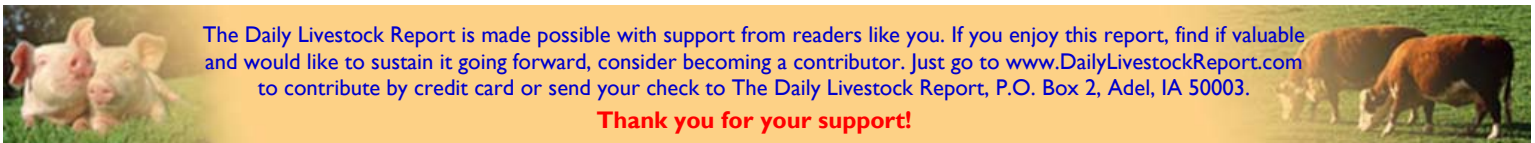


FROZEN BELLIES



than at the end of April. Just over 424 million pounds of turkey were in freezers on May 31, 13.1% more than last month. Both poultry totals were, however, significantly lower than one year ago suggesting that both sectors are far more current.

- The year-on-year decline in chicken stocks was led by leg quarters whose inventory fell by almost 50 million pounds (30%) versus May 2013. Stocks of frozen wings also contributed greatly to the year-on-year change, falling by 22.2 million pounds or 25%. Finally, the amount of Other chicken declined by 32.3 million pounds (13.4%) from one year ago. This category is obviously a catch-all but it would include stocks of processed chicken items such as nuggets. Not surprising given the ubiquitous nature of chicken in foodservice apps, it is consistently the largest category of chicken in cold storage.



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USDA Cold Storage Report

June 23, 2014

Product	Quantity in All Warehouses			Current as pct. of:	
	5/31/13	4/30/14	5/31/14	5/31/13	4/30/14
Chicken	----- Thous. Lbs. -----				
Whole Chickens	13978	8,448	7,119	50.9	84.3
Hens, Mature Chickens	5044	5,472	4,851	96.2	88.7
Breasts & Breast Meat	108360	108,812	117,682	108.6	108.2
Drumsticks	16902	25,127	28,685	169.7	114.2
Leg Quarters	165098	100,723	115,511	70.0	114.7
Legs	10569	13,320	13,957	132.1	104.8
Thigh & Thigh Quarters	7476	8,403	8,118	108.6	96.6
Thigh Meat	14680	17,759	16,129	109.9	90.8
Wings	89108	61,373	66,939	75.1	109.1
Paws and Feet	22876	21,380	22,732	99.4	106.3
Other	240762	209,932	208,401	86.6	99.3
Total Chicken	694,853	580,749	610,124	87.8	105.1
Turkey					
Whole Turkeys	285,232	192,979	237,095	83.1	122.9
Toms (Whole)	153,563	88,096	107,498	70.0	122.0
Hens (Whole)	131,669	104,883	129,597	98.4	123.6
Breasts	78,750	51,436	54,189	68.8	105.4
Legs	13,216	7,471	7,875	59.6	105.4
Mech. Deboned Turkey	10,088	5,079	6,191	61.4	121.9
Other Turkey	37,014	25,924	26,807	72.4	103.4
Unclassified	97,256	92,124	92,139	94.7	100.0
Total Turkey	521,556	375,013	424,296	81.4	113.1
Ducks	1,249	1,793	1,433	114.7	79.9
Total Poultry	1,217,658	957,555	1,035,853	85.1	108.2
Frozen Pork					
Picnics, Bone-in	16,265	13,204	9,391	57.7	71.1
Hams, Total	153,979	81,785	110,057	71.5	134.6
Bone-in	64,148	34,580	44,886	70.0	129.8
Boneless 3/	89,831	47,205	65,171	72.5	138.1
Bellies	54,829	83,579	85,859	156.6	102.7
Loins, Total	38,630	45,950	39,782	103.0	86.6
Bone-in	13,562	16,239	12,719	93.8	78.3
Boneless 4/	25,068	29,711	27,063	108.0	91.1
Ribs 5/	91,153	115,957	89,413	98.1	77.1
Butts	21,804	19,771	21,781	99.9	110.2
Trimming 6/	59,226	42,023	47,578	80.3	113.2
Other 7/	118,339	97,321	91,714	77.5	94.2
Variety Meats 8/	32,808	38,733	35,597	108.5	91.9
Unclassified 9/	71,914	45,568	44,074	61.3	96.7
Total Pork	658,947	583,891	575,246	87.3	98.5
Frozen Beef					
Boneless 1/	437,035	360,079	336,574	77.0	93.5
Beef Cuts 2/	45,533	42,202	42,325	93.0	100.3
Total Beef	482,568	402,281	378,899	78.5	94.2
Other Meat					
Veal	4,996	3,212	2,754	55.1	85.7
Lamb & Mutton	19,793	26,536	25,195	127.3	94.9
Total Other Meat	24,789	29,748	27,949	112.7	94.0
Total Meat	1,166,304	1,015,920	982,094	84.2	96.7
Total Meat & Poultry	2,383,962	1,973,475	2,017,947	84.6	102.3

1/ Includes all boxed boneless beef, such as ground beef, roasts, steaks, loins, strips, rounds, trimmings, etc. Variety meats (edible offal), such as tongues, livers, hearts, kidneys and other organs removed from slaughtered beef are included as miscellaneous freezer stocks.

2/ Includes all boxed primal beef cuts, bone-in. 3/ Includes full ham, bone removed and individual muscles separated. 4/ Includes pork

5/ Includes spareribs and backribs 6/ Includes 42% regular trimmings, boneless picnic meat, jowls, neckbone trimmings, blade, cheek,

head and shank meat, etc. Packaged bacon sausage, and processed items such as hot dogs and luncheon meats are included in

miscellaneous cooler or freezer stocks. 7/ Includes ears, tails, feet, neckbones and snouts. 8/ Includes tongues, kidneys, livers, stomachs,

hearts, chitterlings, salivary glands and other organs. 9/ Includes product unable to be classified elsewhere in this report.