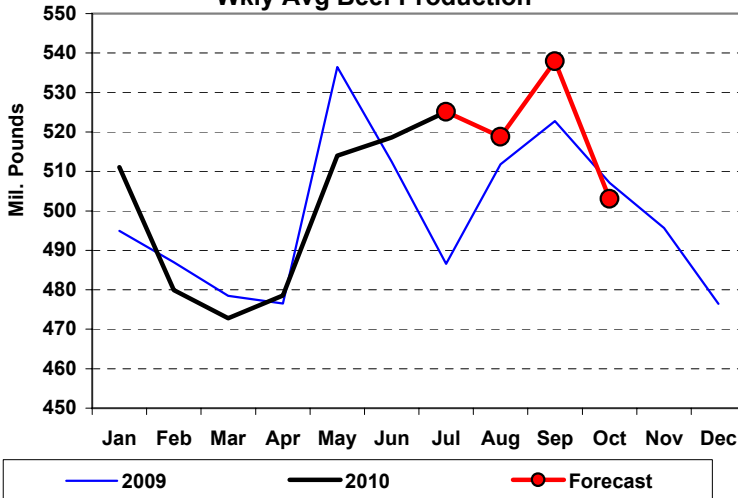


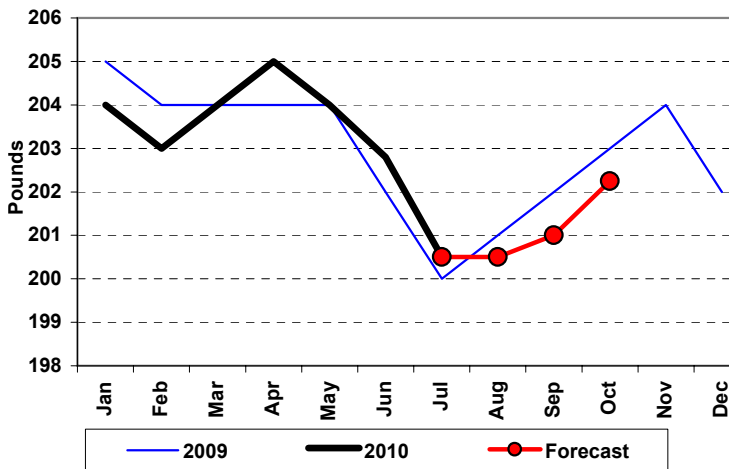
**Wkly Avg Beef Production**



## BEEF NEWS & TRENDS

The blended cutout drifted mostly sideways this week, closing about even with last week, but still nearly \$2 lower than at the beginning of the month. Spot sales volumes have been moderate, at best, and despite this week's more aggressive production schedules, packers likely will be reluctant to offer price concessions amid last week's higher cattle purchase costs and the resulting deterioration in the operating environment. That may set the stage for at least some modest kill cutbacks during the last half of the month. Still, fed beef supplies likely will remain well above last year's levels while registering a larger than usual rise from spring into the summer. The blended cutout may slip to the mid \$140s by mid summer and languish in the mid to upper \$140s into late summer while the cattle market slips into the upper \$80s.

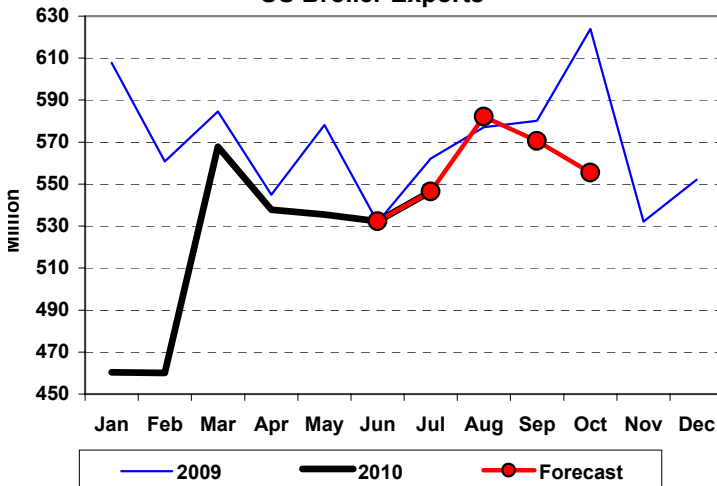
**FI Average Dressed Carcass Weights**



## PORK NEWS & TRENDS

Earlier this year, observers expressed concerns about the relatively light carcass weights and their impact on overall pork production. There is a strong long-run trend toward increasing carcass weights and we typically expect to see weights increase a little over one pound (one-half of a percent) per year. During the first quarter of 2010, weights fell well below last year and didn't show a solid year-on-year gain until the middle of May. Those early-year declines in carcass weights were attributed to cold weather and low quality corn that resulted from the late harvest in 2009. Recent USDA grain reports have suggested that hog producers may have tried to make up for poor corn by feeding more of it. That may have helped to bring weights back in line with the long-run trajectory. Weights should be near a seasonal bottom now and should begin to turn higher near the end of summer.

**US Broiler Exports**



## POULTRY NEWS & TRENDS

May was another lackluster month for US broiler exports. Shipments totaled 535 million pounds for the month, down more than 7% from the same month last year. This brings the year-to-date export total to nearly 2.6 billion pounds, down 11% from last year's pace. Ongoing trade disputes and difficulties in moving product to either Russia or China have plagued the export market in 2010. Shipments to both countries have totaled only 132 million pounds over the first five months of the year, which is down 86% from the same time period last year. Combined, they've accounted for only 5% of total exports so far in 2010. In recent years through 2009, the two countries combined have regularly made up between 30% and 40% of total exports. Shipments to Russia will reportedly resume in earnest in the coming weeks as an agreement with them has been reached on the chlorine issue.

## Cattle and Beef Summary Statistics and Market Comments

**Cattle & Beef:** Cutout values drifted mostly sideways this week, but stood in sharp contrast to the higher cattle purchase costs, with rose to mostly \$93-\$94 up about \$2 from last week and \$3 higher than two weeks ago. Over the same period, the blended cutout has slipped about \$2 lower. The resulting deterioration in the operating environment likely will spur higher asking prices on many beef items, although this week's larger kill will keep marketing channels amply supplied. Reported spot beef sales this week slowed in relation to production but packers likely will be loath to offer price concessions amid the higher cattle acquisition costs and eroding margins. Rather, adjustments in production schedules appear imminent. Weekly steer and heifer slaughter rates has ranged mostly in the 535-540,000 head area in recent weeks and likely will be pared lower, although fed cattle supplies appear sufficient to maintain kills through mid summer before bumping higher in late summer and early fall. The dairy buyout program likely will contribute a few more dairy cows to the slaughter mix in the weeks ahead, but those increases may be largely offset by fewer beef cows, with the total cow kill ranging in the 115-120,000 head range. Fed cattle carcass weights continue to rise seasonally, and at a more rapid pace than last year, but remain well below the record heavy year-ago levels. Cutbacks in slaughter may accelerate the weight increase, although marketings remain current. After posting a 27% year-over-year rise in May, more moderate increases in beef exports are likely in the months ahead. Although the weaker dollar will favor exports, much of that benefit will be offset by higher beef prices. Beef imports have rebounded sharply from the slow start early this year and may exceed year-ago levels during the last half of 2010.

**Rib:** The Choice ribs started showing some weakness this week, while the Select ribs kept trending lower. Further weakness is expected into late summer lows, expected in mid to late Sep. Choice 109E bone-in rib eyes are projected to the very low \$400 area for that time period, similar to the late summer/early fall lows of last year and in contrast to recent prices in the \$490s. The fall rally into late Nov/early Dec could take the Choice export ribs back up to the \$580-590 area.

**Chuck:** The chucks may only have modest downside moves over the next few weeks before a modest rally through Aug. Retailers will be turning their feature activity away from steak items in the late summer and early fall, shifting toward more roasts as we head for the back-to-school program. The school lunch program will also provide some boost to the end meats. The closely trimmed shoulder clods could bottom in the mid \$150s and then turn back above \$160 through Aug.

**Round:** The outside flats and eyes of round have limited downside potential from recent values. From the low \$150s, the outside flats are projected to reach the low \$160s by mid Aug and the low \$170s by mid Sep. The Choice 171C eye of round could reach the low to mid \$180s by late Aug, heading above \$200 in Sep.

Cattle/Beef	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
TX/OK Panhandle Cattle	84	94	91	90	88	88	90
Choice Heavy Cutout	137	154	147	146	147	144	144
Select Heavy Cutout	131	145	139	138	139	136	136

Cattle/Beef	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Slaughter (1000 head/week)	634	666	660	670	666	685	640
Carcass Weights (lbs.)	781	-	-	-	779	785	786
Beef Production (mil lbs./week)	493	509	-	-	519	538	503
Placements (% chg from last yr)	-	-	-	-	-4%	-6%	-2%

Rib	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Ch 109e Ribeye, Bone-in, all-wts	438	489	450	439	440	413	449
Ch 112a Ribeye, Bnls, heavy	503	561	518	507	507	478	509
Ch 112a Ribeye, Bnls, light	501	553	517	530	532	518	550
Se 109e Ribeye, Bone-in, all-wts	408	396	377	365	375	358	385
Se 112a Ribeye, Bnls, heavy	455	447	431	420	434	416	443
Cap-Wedge Meat	160	179	176	176	178	177	176

Chuck	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Ch XT Chuck Roll, neck off	161	178	177	179	183	189	182
Ch XT Clod	140	161	155	157	161	159	155
Ch 115 Chuck, 2 Piece Bnls	139	169	160	157	156	153	150
Ch 120 Brisket	145	154	149	149	151	145	138
Se XT Chuck Roll, neck off	161	178	176	178	181	185	179
Se 114 Shoulder Clod	131	150	145	147	150	146	142

Round	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Ch 167a Knuckle, peeled	161	168	166	168	172	181	185
Ch 168 Inside Round	134	153	151	155	160	163	160
Ch XT Inside Round	144	161	160	165	170	174	171
Ch 171B Outside Round	138	154	152	157	162	167	181
Ch 171C Eye of Round	160	168	169	170	178	205	222
Se XT Inside Round	144	162	160	162	167	169	174
Se 171C Eye of Round	161	170	169	168	175	189	208
Ch 193 Flank Steak	334	437	425	416	406	380	363

**Loin:** Choice closely trimmed top butts have been holding in the \$215-220 area over the last weeks but are expected to ease lower and trade mostly in the \$205-210 area through the remainder of the summer. Select trimmed top butts have rebounded from the \$180 region a few weeks ago, back above \$200. Prices should slip back under \$200 and trade mostly in the mid \$180s through Aug/Sep.

**Trimmings:** With margins being squeezed, packers are getting more vocal about cutting kill levels next week and have upped their asking prices on beef 50s above \$80. Ground beef values are expected to start slipping lower once again through late Jul and into Aug on less aggressive retail featuring and as we move through the "dog days" of summer. A bump back upward in prices is expected in preparation for the Labor Day holiday and then lower prices again going into the fall. Any rebound in beef 50s is likely to be short-lived as fed beef production will continue to run above year ago levels through the remainder of the summer. Look for prices to stay mostly in the \$70s though Aug and then slip into the \$60s in Sep/Oct. Dairy cow slaughter will get a partial boost over the next several weeks from the latest dairy herd retirement program involving a little over 34,000 cows. Beef cow slaughter may slow for a while before picking up on a seasonal basis into the fall. Average weekly cow slaughter will likely remain above year ago levels through the remainder of Jul before slipping a little under last year during Aug. Domestic 90s are expected to slip lower through the summer, but remain above year ago levels.

**Cow Cuts:** Chuck, rib and round cuts were mixed this past week while cuts from the loin were mostly higher. FI cow slaughter for the week ending June 26th totaled 117,500 head, down slightly from the previous week. Cow slaughter for the last three weeks of reported data averaged 118,100 head per week, up 2.4% from year-ago. Weekly US cow slaughter YTD is running 4.3% larger than year-ago, or an additional 131,000 head. Weekly US cow slaughter is expected to range in the 115,000-118,000 head area through July.

**Futures Comments: Cattle:** A buying flurry that spurred cattle futures sharply higher at mid week was underpinned by this week's higher cash trade. Nearby August and October eclipsed key resistance points and the sharp increases in open interest that followed suggest that large speculative accounts have begun to rebuild their net long position after paring their holdings sharply over the past couple of months. However, the advance in futures about matched the rise in cash, with basis remaining historically strong--while the discount to cash still implies lower cash prices this summer, albeit from higher than expected levels in mid July. The surge in near-term prices has narrowed the back-month premiums. However, under a much more compellingly bullish argument, including higher feed costs, those back premiums are likely to be re-asserted and extended, favoring bear spreads.

**Lean Hogs:** Aug lean hog futures have now taken over the spot contract position and rallied this week to close at the \$81.70 level; up \$1.68 on the week. The overall market was mixed this week with Oct and Dec and Feb higher while slight losses occurred in some of the deferred 2011 contracts. The board is consistently priced with Informa's price expectations in the spot position but carrying a premium to our cash expectations for the fall and early winter.

Loin	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Ch XT Strip Loin, 0x1, bnls	456	489	472	462	460	457	444
Ch XT Shortloin, 0x1	390	464	444	434	430	417	405
Ch XT Top butt, bnls	213	218	207	205	210	210	208
Ch 189a Tenderloin, Trmd, 5-Up	764	769	734	731	739	731	745
Se XT Strip Loin, 0x1, bnls	361	400	391	384	378	368	347
Se XT Shortloin, 0x1	360	391	385	374	369	363	350
Se XT Top butt, bnls	203	201	188	181	181	180	180
Se 189a Tenderloin, Trmd, 5-Up	637	679	647	661	668	666	680
Ch 185a Sirloin Flap	390	318	287	279	275	256	244
Ch 185b Sirloin Ball Tip, heavy	208	251	237	223	212	183	171
Ch 185c Sirloin, Tri-Tip	249	239	225	221	215	203	199

Trimmings	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Imported Cow Meat 90% Lean	137	158	157	153	150	146	144
Imported Bull Meat 95% Lean	149	168	169	165	162	158	154
50% Fresh Trimmings	71	77	73	75	75	66	65
50% Frozen Trimmings	70	79	76	77	77	71	69
85% Fresh Trimmings	130	154	146	142	138	130	127
90% Fresh Trimmings	142	165	157	152	148	139	135
90% Frozen Trimmings	140	167	158	153	148	142	138
73% Fresh CGB	113	127	120	122	122	115	114
81% Fresh CGB	127	146	139	137	139	136	130
Ground Chuck	131	150	144	142	144	142	137
Ground Round	141	170	161	159	161	159	151

Cow Cuts	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
B/B 112 Ribeye Roll, 8-10	208	237	235	234	235	229	224
B/B 180 Strip Loin, 9-Up	171	225	214	210	204	185	177
B/B-C/C 190 Tenderloin, 4-5	362	363	347	342	344	341	318
B/B 184 Top Sirloin Butt	146	157	154	152	153	147	141
B/B 168 Top Inside Round, 10-up	152	165	168	171	170	170	168
B/B 171B Outside Round	142	169	163	163	163	163	162
B/B-C/C 167A Rd Knuckle,Pld	157	173	169	168	170	166	163
100% Lean Inside Round	177	220	214	212	213	208	204
100% Lean, Flats & Eyes-Combo	163	208	203	199	198	190	185

Week Ending 7/16/2010				
	Weekly High	Weekly Low	Close	Change
<b>LIVE CATTLE</b>				
Aug-10	92.93	89.85	92.28	2.08
Oct-10	94.00	91.20	93.63	2.22
Dec-10	95.90	93.68	95.65	1.55
Feb-11	97.00	95.20	96.85	1.15
<b>FEEDER CATTLE</b>				
Aug-10	114.73	112.45	113.10	-0.10
Sep-10	115.00	112.75	112.98	-0.70
Oct-10	114.75	112.58	112.80	-0.75
<b>LEAN HOGS</b>				
Aug-10	82.10	79.03	81.70	1.68
Oct-10	76.40	73.90	75.70	0.60
Dec-10	74.20	72.10	73.45	0.80
Feb-11	75.40	73.80	74.73	0.50
<b>PORK BELLIES</b>				
Jul-10	104.40	101.60	104.40	2.20
Aug-10	101.00	96.50	97.50	0.45

## Pork Summary Statistics and Market Comments

Hogs	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
National Lean Hog Price	59	78	80	81	80	74	69
Daily Composite Value, Cutout	62	82	84	84	84	79	74
Hog Slaughter (Weekly Average)	1,962	2,002	2,027	2,020	2,085	2,176	2,348
FI Average Dressed Carcass Weight	200	201	200	200	201	201	202

Hams	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Ham Trmd, Fresh, 17-20#	51	79	79	83	86	81	77
Ham Trmd, Fresh, 20-23#	53	78	79	82	85	79	72
Ham Trmd, Fresh, 23-27#	53	77	79	82	85	79	72

Bellies	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Belly, Skin-on, Trimd, 12-14	79	114	120	117	108	95	92
Belly, Skin-on, Trimd, 14-16	80	114	122	120	112	98	95
Belly, Skin-on, Trimd, 16-18	74	114	120	119	110	96	92

Loins/Butts	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Loins, Bone-In, 1/4 Trm, 21#Dn	102	120	120	118	119	114	111
Loin Bnls CtrCut, 5-11, Strap-On	132	134	142	146	152	148	149
Boston Butt, 5-10#, 1/4 Trim	77	92	94	96	98	91	89

Ribs	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
Sparerib, Fresh, 3 Bag, 4.25# Dn	100	129	125	125	127	121	122
Loin Backrib(boxed), 2# & Up	264	257	263	265	267	259	251

Trimming	Year-ago	Current Week	Weekly		Monthly		
			Jul 28	Aug 04	Aug 2010	Sep 2010	Oct 2010
42% Fresh Combo	30	56	57	58	58	51	42
72% Fresh Combo	52	81	82	80	78	72	65
Bnls Pic Meat Combo 72% Fresh	57	94	91	88	84	77	71
Sow Slaughter, 500-550 lbs	34	58	59	58	56	51	51

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**Hogs & Pork:** The US hog and pork complex trades softer this week as the WCB live price slipped into the \$74-75 range while the lean settlement index dropped to the \$78 level. July hogs went off the board Thursday just under \$78 and about \$10 lower than cash market peaks back in May. Hog slaughter built back up to the 2 million + level this week playing some catch-up from lighter than expected kills in and around the July 4th holiday. Kills may very well have turned the corner this week setting the stage for gradual seasonal increases in weekly slaughter into the fall quarter. If kills are going to be ratcheting higher, it will take some improvement in pork demand to justify renewed strength in the live hog market.

**Hams:** This week's decline in prices was the result of increased supplies compared to last week, and to some extent, transportation issues with product destined to Mexico. 20-23# and 23-27# trimmed hams traded down to \$76 at mid week but both posted a rebound on Friday ending the week at \$78 and \$77 respectively. Look for the ham market to move gradually higher over the next few weeks.

**Bellies:** Despite higher wholesale cost bacon demand remains strong. Foodservice interest is the main driver, as additional bacon is showing on sandwiches. With BLT season upon us, look for additional retail support, as bacon promotions ramp up over the next couple weeks. The bacon market moved up to \$115 this week and the added demand from the retail sector will likely move the market higher over the next few weeks.

**Loins/Ribs:** After dipping to \$118 Tuesday bone-in 1/4" trimmed loins traded mostly at \$120 this week. Boneless strap-on loins, on the other hand, eased lower and by Wednesday prices reached \$133 and finished out the week at the same level. Loin prices are expected to move in opposite directions over the next couple of weeks, as retailers change up their promotions. Spareribs followed about the same price pattern as they did last week, trading in a \$2 range of \$130. With retail promotions likely to wane over the next couple of weeks, sparerib prices are expected trade sideways to slightly lower over the next couple of weeks before moving modestly higher in August.

**Pork Trim:** Pork trimmings were mixed this week, with fat trim holding about steady with last week while lean trim worked lower. As processors continue to rebuild inventories drawn down by the Fourth of July promotions look for the trimmings complex to remain strong compared to last year. Look for fat pork trimmings to move sideways to a little higher through mid/late August before beginning their seasonal decline. Lean trimmings, on the other hand, are expected to move modestly lower during the same period.

## Poultry Summary Statistics and Market Comments

### Broiler Market Comments:

**Whole Broilers:** The Wednesday spot price was unchanged at 88 cents/lb, just a penny shy of the all-time high for this market recorded last year around this time. The market should gradually soften over the next few weeks, but prices aren't likely to move much lower from current levels. Georgia Dock prices could hold up at around 86-87 cents/lb through August but fall off sharply beyond that. Look for the market to retreat to around 79-80 cents/lb this winter.

**White Meat:** Boneless skinless breast meat prices are expected to come under a bit of pressure in the coming weeks, though, as the oppressive heat of July and August and lack of a national holiday slows down travel and makes grilling out less attractive. Informa expects b/s breast meat to pull back to the upper-\$1.40s very soon and holding there until Labor Day when the market should get one last bounce for the year.

**Dark Meat:** Informa believes the upside potential for leg quarters this year is around 45 cents/lb, which should come by mid to late August. The market will likely start pulling back as soon as September, though.

	Year-ago	Current Week	Weekly		Monthly		
			Jul 30	Aug 06	Aug 2010	Sep 2010	Oct 2010
<b>Broilers, USDA Monday</b>							
GA Dock (Wed)	89	88	88	88	87	87	85
12 City	84	88	84	81	82	81	76
Chicago	78	85	80	74	74	73	67
Los Angeles	91	92	89	89	89	87	84
New York	83	88	83	82	82	78	73

	Year-ago	Current Week	Weekly		Monthly		
			Jul 30	Aug 06	Aug 2010	Sep 2010	Oct 2010
<b>NE Plant Grade Parts, USDA</b>							
<b>Weekly Average Price</b>							
Bnls Sknls Breast	145	162	150	148	147	141	123
Breast, Line Run	96	101	88	85	86	84	74
Legs	59	49	54	54	55	54	49
Leg Quarters	46	38	41	42	44	41	37
Drumsticks	64	57	56	56	57	55	52
Thighs	65	50	52	54	55	56	52
Wings	139	123	128	129	132	138	134

	Year-ago	Current Week	Weekly				
			Jul 30	Aug 06	Aug 13	Aug 20	Aug 27
<b>Supply Projections</b>							
Projected Slaughter	161	166	169	165	163	164	165
% Change to Year Prior	-4.2%	3.2%	3.4%	0.0%	0.0%	-0.1%	-0.1%
Live Weight	5.4	5.5	5.6	5.5	5.5	5.5	5.6
% Change to Year Prior	-0.7%	1.2%	0.8%	0.4%	0.3%	0.3%	0.0%
Total Production	650	679	700	677	673	677	690
% Change to Year Prior	-4.9%	4.4%	4.2%	0.4%	0.3%	0.1%	-0.1%

## Feed Industry Ingredients Outlook Symposium

August 23 - 24, 2010

Minneapolis/St. Paul, MN

Contact: John Eustice, 651.925.1051

### Turkey Market Comments:

**Whole Bird:** Spot prices for frozen turkeys should continue to appreciate as more and more birds are booked for the Thanksgiving holiday. Informa is currently projecting a peak in frozen turkey prices at \$1.02/lb, which would match the all-time high set in 2006

**Breast Meat:** Fresh tom breast meat remained at \$2.45/lb this past week and hasn't budged in nearly a month. The supply/demand balance has certainly been favorable to higher breast meat prices, but talk of a \$3 market may have been a bit premature. Informa still believes demand will get a little bit of a boost in the back-to-school time period later this summer. That should send spot prices north of \$2.50/lb and possibly to \$2.75/lb or a little higher.

**Dark Meat:** Demand from the export channel appears to be growing, and May shipments were the largest they've been since late last year. This is helping put a floor of support in dark meat prices, but thighs are still expected to adjust lower over the rest of the summer and into the early fall time period. Spot prices are expected to pull back to around \$1/lb or \$1.05/lb by October before rallying again to close out the year.

	Year-ago	Current Week	Weekly		Monthly		
			Jul 30	Aug 06	Aug 2010	Sep 2010	Oct 2010
<b>Whole Birds</b>							
UB Hens, East Frozen 8 LBS	82	96	97	97	98	100	101
UB Hens, East Frozen 10 LBS	82	96	97	97	98	100	101
UB Hens, East Frozen 12 LBS	82	95	96	96	97	99	101
UB Hens, East Frozen 14 LBS	82	95	96	96	97	99	101
UB Toms, East, Frozen 16-22 LBS	82	95	96	96	97	99	101

	Year-ago	Current Week	Weekly		Monthly		
			Jul 30	Aug 06	Aug 2010	Sep 2010	Oct 2010
<b>Breast / Breast Meat</b>							
UB Turkey Meat - Breast, Tom, Fresh	138	245	250	260	265	272	250
UB Turkey Meat - Breast, Tom, Frozen	132	235	240	245	248	247	225
UB Tky Brst, Retail, 15% Bstd 4-8 LB	107	121	124	126	127	129	133

	Year-ago	Current Week	Weekly		Monthly		
			Jul 30	Aug 06	Aug 2010	Sep 2010	Oct 2010
<b>Thighs / MDT</b>							
UB Turkey Meat - Thigh, Fresh	82	117	113	113	111	107	103
UB Turkey Meat - Thigh, Frozen	80	117	113	113	111	105	101
UB Tky MDT Frsh <20%Fat, Some Skin	32	28	27	27	27	26	27