
UrnerBarry

MARKET PRICES, NEWS, AND ANALYSIS

PRICE REPORTING METHODOLOGY: IMPORTED BEEF MARKET

Revised 11.12.2020

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, and 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 imported beef reflects wholesale negotiated trading activity on grinding material and cuts imported to the United States.

ACCEPTABLE ORIGINS

<i>Category</i>	<i>Point of Origin</i>
Australian and New Zealand Imported Beef	Australia, New Zealand
South American Imported Beef	Argentina, Uruguay
Brazilian Imported Beef	Brazil
Central American Imported Beef	Nicaragua, Costa Rica, Honduras

QUOTATION PERIOD

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 unit is the most commonly used unit for price negotiation in this market and is the unit of measurement reflected in the quote series for Imported Beef.

Urner Barry's imported beef quotation series reflects trucklot (truckload) quantities of material which is defined as lots of 40,000 lbs. or more of product. In some instances, buyer and sellers will negotiate a transaction based on a truckload trade but the load will be comprised of multiple items. This data can also be used in the price assessment for truckload pricing.

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.

Transactions included in this report are commonly offered and sold by US importers, traders and overseas sellers on an FOB port of entry basis. In addition to processors, also known as "users", traders and importers will commonly source material on an FOB port of entry basis. To the extent that these trades are repeatable by others in the marketplace, this data can be considered in the assessment of the market.

TERMINOLOGY

Certain quotations may be appended by suffixes or other marks. These are as follows:

<i>Term</i>	<i>Significance</i>
A suffix of "ax"	New negotiations have not occurred, but the market is moving lower on the basis of bona fide asking prices.
A suffix of "b"	New negotiations have not occurred, but the market is advancing on bona fide bids.
"r"	The quotation was previously unquoted and has been re-instated.

DELIVERY BASIS

Product of Australian, New Zealand, and South American and Central American origin are quoted on an FOB port of entry basis for East and West Coast ports. Material delivered to southern ports such as Houston or New Orleans will not necessarily impact the quotation.

\$1/cwt. Will be deducted on trades collected at the port of Seattle to normalize those transactions with the rest of the West Coast market. In the East, Philadelphia is the major port of call and normally has significant influence on the East Coast quotation.

The assessment regarding how trades at other ports impact the quotation will consider the volume of trade reported and the underlying fundamentals of the market. Standard freight rates on material reported on a delivered basis will be deducted to calculate an FOB port of entry value.

DELIVERY PERIOD

Urner Barry publishes two delivery periods for imported manufacturing beef, a quotation series for the spot market and a quotation series that reflects product that will deliver 7 to 45 calendar days from the date of negotiation.

For imported beef market coverage, the term “spot” has no specific number of days assigned to the delivery period, but always includes market data for material that will deliver up to 7 days from the date of negotiation. Depending on availability, spot may mean product that can deliver up to two weeks from the day of negotiation. The assessment regarding trading information that is considered in the spot quote is influenced by the fundamentals of supply and demand and the arrival date of the next incoming boat. When specific delivery periods and brands have yet to be nominated on a negotiated transaction, Urner Barry will endeavor to collect additional market information to ensure that “short sales” are not having undue influence on the spot and 7-45 day quotation series. Due to the forward nature of 46-90 day market coverage, short sales are not be required to be filtered out from market data appearing in that quote series.

The 7-45 day delivery period will reflect the product to be delivered within 7-45 days from the date of negotiation.

The 46-90 day delivery period will reflect the product to be delivered within 46-90 days from the date of negotiation.

PRODUCT SPECIFICATIONS

Lean point tolerances: For product transacted as guaranteed 80% chemically lean and higher, the tolerance is 1%. For product purchased as guaranteed 79% chemically lean and below, the tolerance is 2%.

<i>Term</i>	<i>Significance</i>
AUSTRALIA/NEW ZEALAND/SOUTH AMERICAN ORIGIN	
Sirbutt 95%	Boneless beef fabricated from sirbutt subprimal area of carcass, 95% chemical lean
Sirloin Trim 95%	Boneless beef fabricated from the sirloin subprimal area of the carcass, 95% chemical lean
Bull 95%	Boneless beef fabricated from bulls, 95% chemical lean
Cow 95%	Boneless beef fabricated from cows, 95% chemical lean
Bull 93%	Boneless beef fabricated from bulls, 93% chemical lean
Cow 93%	Boneless beef fabricated from cows, 93% chemical lean
Bull 90%	Boneless beef fabricated from bulls, 90% chemical lean
Blend Cow 90%	Boneless beef fabricated from cows, 90% chemical lean
Shank 90%	Boneless beef fabricated from the shank portion of the carcass, 90% chemical lean
Chuck 85%	Boneless beef fabricated from the chuck primal, 85% chemical lean
Cow Fores 85%	Boneless beef fabricated from the forequarter area of the carcass, 85% chemical lean
Mixed Trimmings 85%	Boneless beef trimmings 85% chemical lean
Mixed Trimmings 80%	Boneless beef trimmings 80% chemical lean
Mixed Trimmings 75%	Boneless beef trimmings 75% chemical lean
Mixed Trimmings 70%	Boneless beef trimmings 70% chemical lean
Mixed Trimmings 65%	Boneless beef trimmings 65% chemical lean
Steer/Cow Cap-off Insides 10/16	Cap off inside rounds, 10-16 pounds per cut, can come from cows or steers
Steer/Cow Knuckles	Knuckles, can be fabricated from cows or steers
100% Lean Insides	100% visual lean inside rounds
100% Lean Flats/Eyes	100% visual lean bottom round flats and 100% visual lean eye rounds
100% Lean SPB	100% visual lean beef small pieces and bits.
CENTRAL AMERICAN ORIGIN	
Chucks	Boneless beef derived from the chuck primal 85%-90% chemical lean
95% Boneless Beef	Boneless beef, 95% chemical lean
BRAZIL ORIGIN	
95% Boneless Beef	Boneless beef, 95% chemical lean
90% Boneless Beef	Boneless beef, 90% chemical lean
85% Boneless Beef	Boneless beef, 85% chemical lean

CONTACT US

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