
UrnerBarry

MARKET PRICES, NEWS, AND ANALYSIS

PRICE REPORTING METHODOLOGY: IMPORTED LAMB 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, 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 lamb reflects wholesale negotiated trading activity on cuts imported to the United States.

ACCEPTABLE ORIGINS

<i>Category</i>	<i>Point of Origin</i>
Australian and New Zealand Imported Lamb Chilled	Australia, New Zealand
Australian and New Zealand Imported Lamb Frozen	Australia, New Zealand

QUOTATION PERIOD

Quotations are released weekly on Thursday at 4:00 PM Eastern Time. Information collected after the closing report is considered in the following week's market assessment.

QUOTATION FORMAT

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

The US dollar per 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 Imported Lamb.

Urner Barry's imported lamb quotation series reflects "less than truckload" LTL quantities of material which is defined as lots that represent a sale with at least 5,000 pounds or where industry norms dictate otherwise. In some instances, buyers and sellers will negotiate a transaction based on an LTL trade but the lot will be comprised of multiple items or multiple sizes of product. This transactional data can also be used in the price assessment for LTL pricing.

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

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.

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 and New Zealand origin is quoted on an Ex-warehouse basis throughout the domestic market.

DELIVERY PERIOD

Urner Barry publishes one delivery period for imported manufacturing lamb, a quotation series for up to 10 calendar days from the date of negotiation.

PRODUCT SPECIFICATIONS

<i>Product Name</i>	<i>Specifications</i>
Australia and New Zealand Fresh and Frozen	
Frenched racks 16-20 oz	This item is prepared from Item No. 204B PSO 6, which has the cap fully removed. In addition, the intercostal meat and lean and fat over the rib bones is removed, making the item Frenched. Neither the exposed rib bones nor remaining intercostal meat, lean, and fat over the rib bones shall be removed.
Frenched racks 20-24 oz	This item is prepared from Item No. 204B PSO 6, which has the cap fully removed. In addition, the intercostal meat and lean and fat over the rib bones is removed, making the item Frenched. Neither the exposed rib bones nor remaining intercostal meat, lean, and fat over the rib bones shall be removed.
Frenched racks 24-28 oz	This item is prepared from Item No. 204B PSO 6, which has the cap fully removed. In addition, the intercostal meat and lean and fat over the rib bones is removed, making the item Frenched. Neither the exposed rib bones nor remaining intercostal meat, lean, and fat over the rib bones shall be removed.
Frenched racks 28 oz and up	This item is prepared from Item No. 204B PSO 6, which has the cap fully removed. In addition, the intercostal meat and lean and fat over the rib bones is removed, making the item Frenched. Neither the exposed rib bones nor remaining intercostal meat, lean, and fat over the rib bones shall be removed.
Shoulders Sq-cut	In addition to the requirements of Item No. 206, the foreshank and brisket portion of the breast, as well as the neck, shall be removed by a straight cut approximately perpendicular to the rack side. The cut through the foreshank and brisket shall pass through the cartilaginous juncture of the first rib, and the cut removing the neck shall not leave more than 1.0 inch (2.5 cm) of neck on the shoulder. Purchaser may specify either a single or double shoulder.
Foreshanks (VP)	The foreshank shall be removed from the shoulder by a straight cut exposing the humerus and removed from the brisket by a cut through the natural seam and may contain a portion of the web muscle (pectoralis superficialis). The trotter or lower foreshank shall be removed at or above the knee joint.
Boneless shoulders Sq-cut	This item is further prepared from a single Item No. 207 Shoulder by excluding all bones, cartilages, backstrap, fell, prescapular lymph gland, and heart fat. The brisket side shall expose the pectoralis profundus extending posterior to the 3rd rib mark and form an approximate right angle with the rib end. The purchaser may request that the shoulder be rolled with the ribeye lengthwise to the roll and netted or tied.

Continued on next page

PRODUCT SPECIFICATIONS CONTINUED

<i>Product Name</i>	<i>Specifications</i>
Australia and New Zealand Fresh and Frozen	
Leg semi-Bnls shank off	This item is as described in Item No. 233C, except the hindshank is removed by a straight cut through the stifle joint and then follows the natural seam between the shank and the heel.
Semi-Bnls legs	This item is as described in Item No. 233C, except the sirloin is removed from the leg by a straight cut at separation point "D" of Style B. This item can be referred to as Lamb Leg, Short Cut.
Boneless legs	This item is prepared from a leg meeting the Item No. 233A Leg requirements. The leg is separated at point "C" of Styles A and B unless purchaser specifies point "D" of Style B. The femur bone is removed by a cut through the natural seam between the knuckle and the inside portions. All bones, cartilages, Sacro sciatic ligament including the lean and fat overlying it, popliteal and exposed lymph glands, gambrel cord (Achilles tendon) if present, flank, and tendinous ends of the shank and knuckle, which expose less than 75 percent lean on the cross-sectional cut, shall be excluded. The shank meat from the leg may be folded or placed into the femur cavity. This item shall be netted or tied.
Hindshank (VP)	This item is removed from any shank-on leg by a straight cut through to the stifle joint at an approximate right angle to the shank bone leaving the heel or any portion of the heel attached to the shank. The trotter (lower hindshank) is removed at the break joint and the gambrel cord is removed.

CONTACT US

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For more information on Urner Barry's market quotations,
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