URNER BARRY'S
Reporter

VOLUME 10 / NUMBER 4 / FALL 2015 / QUARTERLY

the newsmagazine for the food industry professional

(Above) President Barack Obama attends a meeting with the Trans-Pacific Partnership at the APEC summit in Honolulu, Hawaii, Saturday, Nov. 12, 2011. *Source: White House.gov*

Pork, poultry and pangasius discussions show breadth of Trans-Pacific trade deal

Canadian poultry, Mexican hogs and Vietnamese seafood are just some sticking points up for negotiation in the Trans-Pacific Trade Partnership (TPP) free trade between the U.S. and 11 other countries.

Six years in the making, the TPP is an attempt to strike a free trade agreement (FTA) among 12 nations in the Asia-Pacific region. In addition to the U.S., participating countries include: Australia, Canada, Brunei, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The deal's roots reach back before 2009 when Singapore, New Zealand and Chile founded the Trans-Pacific Strategic Economic Partnership in 2005. The idea was to forge a multi-country FTA among those nations. By 2008, interest in such a deal stretched to Australia, Peru, Vietnam, Brunei and the United States. In 2009 the Obama Administration declared the U.S.'s intent to move ahead with the negotiations and it was around this time the deal became known as the TPP. It would take another four years for the remaining member countries—Mexico, Canada, Malaysia and Japan—to enter into negotiations.

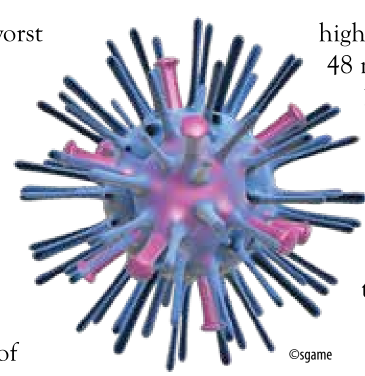
Market access for goods, services, and agriculture is a major crux of FTA negotiations and is an essential element of the TPP. But non-tariff matters such as technical barriers to trade and sanitary

Continued on page 64

DEADLY VIRUS KILLS MILLIONS OF CHICKENS AND TURKEYS

High path AI: yesterday, today & tomorrow

So here we are several months removed from the worst bird flu outbreak in U.S. history and there's still no guarantee it's over. No, we're not predicting a "doom and gloom" scenario for the near future, but it is worth recapping where we've been so that we have an idea as to where we might be going.



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YESTERDAY

Over a six month period, from mid-December 2014 to mid-June 2015, there were 223 detections of highly pathogenic avian influenza (HPAI) reported and 48 million birds affected in the United States. Of the 15 states where poultry findings were confirmed by the U.S. Department of Agriculture (USDA), Minnesota and Iowa had the most with 180 detections and over 40.7 million birds affected.

HPAI not only challenged the staying power of the poultry and egg industries during this year,

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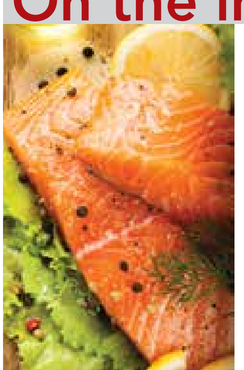
On the inside

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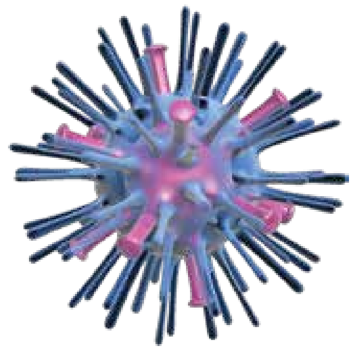
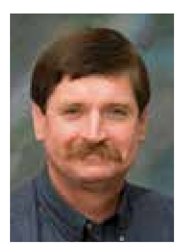
Center of the plate



Main ingredients



News bites

A la carte

National food days

©monkeybusinessimages

Many of our favorite holidays are celebrated with our favorite foods—turkey on Thanksgiving, candy on Halloween, or hamburgers and hot dogs on Memorial Day. Although food is often simply a way of celebrating a holiday, there are also many days, weeks, or even months throughout the year solely dedicated to a certain kind of food. These national food holidays can be declared in many different ways. They can be issued or commemorated by the government. For example, "National Walnut Day" was proclaimed by President Dwight D. Eisenhower to be May 17, 1958, and the USDA observes June as "National Fruit and Vegetable Month." Companies and non-profits are also able to declare a food holiday—whether it is for product promotion or historical significance. During World War II, the Salvation Army announced that the first Friday in June would be "National Doughnut Day" to celebrate the Salvation Army members who handed out donuts to soldiers in France during World War I to lift their spirits; the day has since become a day where donut lovers everywhere can get a free donut from their favorite shop. The average person can even apply to have their choice food commemorated as a holiday in *Chase's Calendar of Events*. *Chase's Calendar of Events* is a book published by McGraw-Hill that has been documenting these food holidays since 1957. Here at Urner Barry, we have made a list of our favorite upcoming "food holidays," compiled from the lists found on the non-profit site, State Symbols USA, and food holiday blog, Foodimentary. We even provided you with a tip, trick, or fun fact to help you celebrate these special days! UB

Article contributed by **Julie Gallagher**
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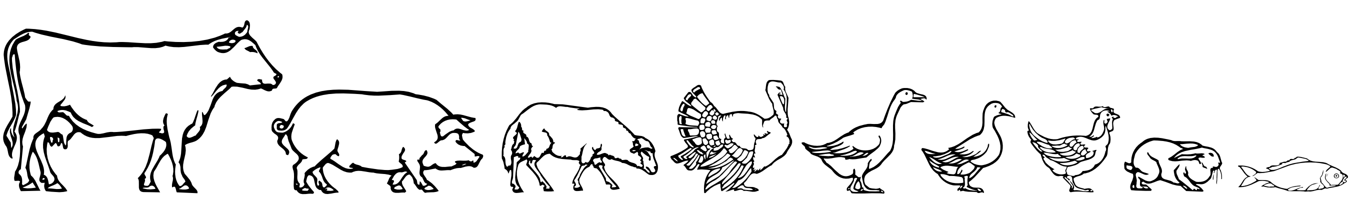
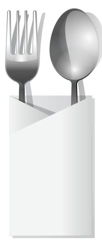


FOOD HOLIDAYS THIS QUARTER

SEPTEMBER

✔ National Chicken Month

Challenge: There are so many ways to cook and enjoy chicken. Try a new recipe every week during the month of September!



1 National Gyros Day

Definition: A gyro is meat that is roasted on a vertical spit, then sliced and put on a sandwich with onions, tomatoes, and sauce with pita bread.

14 National 'Eat a Hoagie' Day

Regional Significance: Hoagies, subs, and heroes—whatever you call them, they are all delicious! It is rumored that the name 'hoagie' originated in Philadelphia, and was first called 'hoggies,' but somewhere along the way it became 'hoagies' (and some credit that to the area's accent).

18 National Cheeseburger Day

World Record: The largest cheeseburger ever made weighed 2,014 lbs and had 40 lbs of American cheese. It was prepared by Black Bear Casino Resort in Carlton, Minnesota.

OCTOBER

✔ National Pork Month

Cooking Tip: If you have a kitchen mixer, use a paddle attachment and low-speed setting to shred your pulled pork!

✔ National Seafood Month

Challenge: Eat a type of seafood you've never tried before! (Octopus, etc…)

The First week of October:

✔ National Chili Week

History: Variations of dishes with meat, beans, peppers, herbs and spices appear in the cuisine of ancient cultures, such as the Incas and Mayans.

4 National Taco Day

World Record: The longest line of tacos made consisted of 2,013 tacos in Eagle, Idaho.

11 National Sausage Pizza Day

Fun Fact: According to a poll organized by Foodler, a food delivery service, sausage is the 4th most popular pizza topping–it is even ahead of 'extra cheese'!

24 National Bologna Day

History: Bologna sausage is derived from Italy's mortadella, and was believed to have been first made in the city of Bologna, Italy.

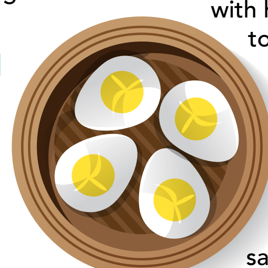
NOVEMBER

1 National Fried Clam Day

Regional Significance: A New York Times reporter and Massachusetts native David Leite once wrote in an article that "fried clams are to New England what Barbecue is to the South."

2 National Deviled Egg Day

Name Origin: The term "deviled" refers to the spicy ingredients used to create the filling with the egg yolk.



3 National Sandwich Day

Fun Fact: Americans eat more than 300 million sandwiches a day.

DECEMBER

5 National Comfort Food Day

Celebrate: Honor this day by cooking up your favorite childhood meal—something that reminds you of Mom's cooking and home!

21 National French Fried Shrimp Day

World Record: The most shrimp eaten in one minute is 5.89 oz by Patrick Bertoletti in East Dundee, Illinois.

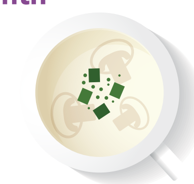
JANUARY

✔ National Slow Cooking Month

Innovation: Slow cookers became popular in the 1970s when women began to work outside of the home.

✔ National Soup Month

Fun Fact: Soup was sold in the streets and markets of ancient cities, such as Pompeii, which makes it one of the original "fast foods".



4th Week in January:

✔ National Meat Week

Follow: 'Meat Week' has its own Twitter and other social media pages devoted to Barbecue-lovers who celebrate all-week long!

4 National Spaghetti Day

Celebrate: Pair this dinner classic with homemade meatballs, tomato sauce, and Parmesan cheese! Bon Appetite!

14 National Hot Pastrami Sandwich Day

History: The first pastrami sandwich was first sold in a deli on DeLancey Street in New York by a Lithuanian immigrant.
(Source: New York Firsts)

21 National New England Clam Chowder Day

Perfect pairing: Don't forget to eat some New England clam chowder (or try making your own) today, and make sure to have some oyster crackers alongside!

©ponsuwan

Record costs driving interest in egg replacers

Everyone knows that you can't make an omelet without breaking a few eggs, but bakers and consumer goods manufacturers are testing ways to reduce egg usage elsewhere. In the wake of the most devastating avian flu outbreak in U.S. history, supply shortages and record prices are motivating egg and egg product users to evaluate all sorts of alternatives to stretch or replace eggs as an ingredient.

THE PROBLEM

The U.S. egg and egg products industries lost more than 11.5% of their laying hen population in just a few months time. Roughly 85% of the layers lost were known to be servicing the egg products sector, which processes about 1/3 of all eggs produced in the U.S. Egg products, or liquid, frozen, and dried eggs, are a key ingredient in baked goods, salad dressings, ice creams, mayonnaise, cake mixes and countless other items. Liquid eggs are used at quick service restaurants and foodservice chains across the country.

RECORD PRICES

Egg product users across the country have lost contractual supply sources, and at times, have seen deliveries allocated to a fraction of their needs. Though most major chains have secured eggs to run normally, other buyers have been at the mercy of the spot market. Competitive buying interest and output limitations have sent egg product prices to unprecedented levels throughout the complex. July 2015 price averages for liquid whole egg and yolk more than doubled those of the same month last year, and were more than 200% higher than the five year monthly average. Prices across the dried complex surged to unprecedented highs on some of the lowest dried inventories reported since the late 90s. Dried whole egg prices averaged nearly $10 per pound in July. Yolk values averaged more than $7.60/lb., while whites traded above $17 per pound on the open market.

REDUCTION AND REPLACEMENT

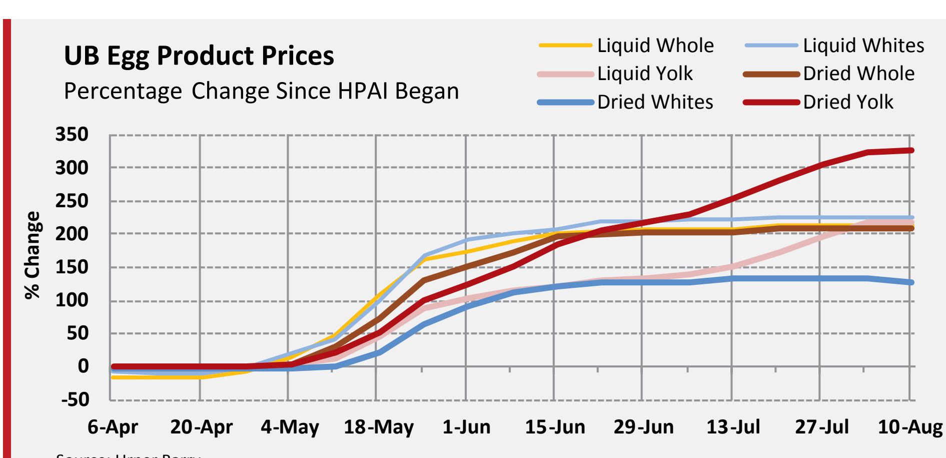
Prices and supply uncertainty have forced egg product users to look for ways to hedge against eggs as an ingredient. Some have been able to simply reduce the amount of egg or egg product in their recipes, cutting back usages anywhere from 15-20%. Others are evaluating ways to mimic the functionality of egg in the products they are manufacturing with different types of replacements currently, or soon to be, marketed. Replacement options come from a number of sources. Base ingredients include whey, wheat, or soy proteins, soy flour, or milled flaxseed. Others range from wheat protein isolate to citrus-derived gelling fibers. Strengthen gums, such as xanthan and guar gum, have also been popular to mimic the structure eggs offer. One company has even begun to collect funding for a manipulated yeast product which they claim is a genetically identical substitute for egg whites.

TOUGH EGG TO CRACK

One of the things replacement companies and the egg industry itself can agree on is that it is very hard to replicate all of the properties eggs have to offer. The American Egg Board highlights that egg ingredients supply more than 20 functional properties to foods, including aeration, binding, coagulation, emulsification, foaming and whipping. It has been a tall task for replacers to mimic all of the functions of an egg, leaving most targeting only specific properties. This has left many replacement options as a tool for reduction rather than a way to totally rid recipes of eggs or egg products.

FIGHTING THE TREND

There is a transformation taking place in dietary trends and regulation. Consumers are pushing for clean, transparent, and healthy options. Corporate giants are scrubbing labels of artificial ingredients,



sugars, and trans fats. Consumer goods manufacturers are having a tough time deciding whether or not they want to rid their labels of one of the cleanest protein ingredients out there, especially one with so many nutritional benefits. To further complicate the issue, products like mayonnaise, dressings, bread, etc. require at least some egg in them in order to comply with their standard of identity set by the FDA.

Record egg and egg product prices are forcing bakeries, QSRs, and consumer goods manufactures to take a close look at their ingredient labels. Industry sources have already seen up to 30% reductions in egg product usage due to reductions or replacements. Products that mimic the egg's functional properties may have a place to help hedge against shortages and cost, but the versatility of the egg itself is likely to limit the longevity of this recent trend.

Article Contributed by Brian A. Moscogiuri
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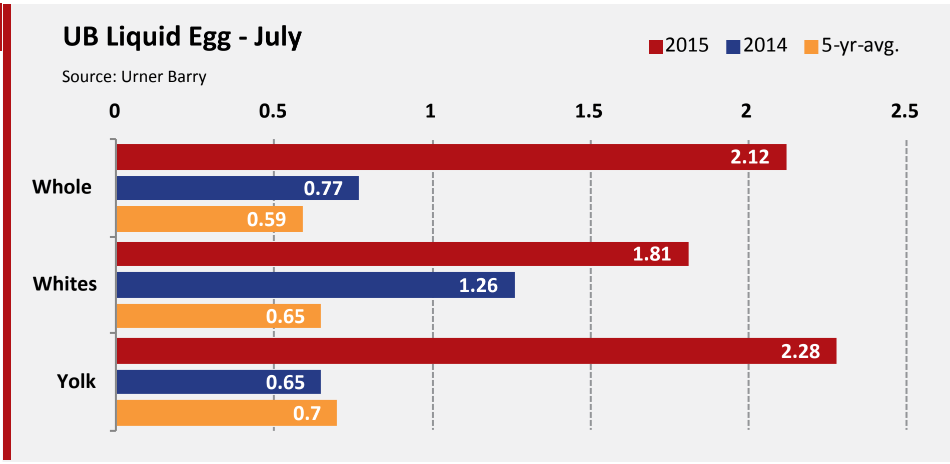

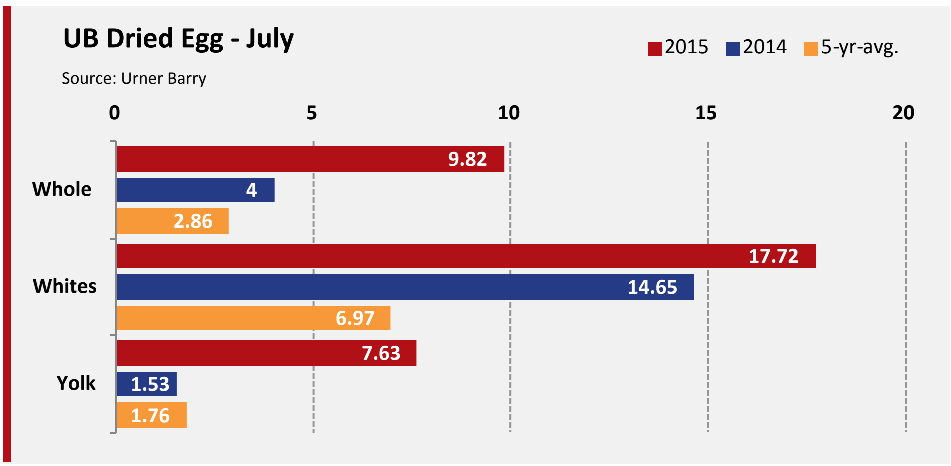

Muscolo Meat Academy

"IT'S MORE THAN JUST BEING GOOD WITH A KNIFE, IT'S ABOUT UNDERSTANDING HOW TO DEVELOP A SUSTAINABLE BUSINESS MODEL."

– Kari Underly, Founder

In January 2016, 15 students from all over North America have the exclusive opportunity to be a part of the inaugural class at Muscolo Meat Academy in Chicago.

The first of its kind, Muscolo Meat Academy offers a certification that ensures a standard of quality education in butchery. The comprehensive, nine month program provides students with the necessary skills in meat cutting, management skills and business principles. The curriculum spans multiple proteins including beef, pork, and poultry—preparing students for a multitude of careers in the industry.

FUN FACT:
MUSCOLO IS ITALIAN FOR
"MUSCLE"

Master butcher and founder, Kari Underly, along with co-founder Megan O'Connor, recognized a pressing need within the meat industry for a standardized education program. Most butchery skills today are learned on-the-job, which can be inefficient and inconsistent. In addition, the role of the traditional specialty butcher has been streamlined and consolidated more and more, with the family owned establishment—where skills are passed down from generation to generation—becoming less and less common. As a result, there is currently a hole within the industry for highly-skilled butchers, and Underly and her associates are committed to filling that hole.

"Butchery is a craft, and there's a need for craft people," says co-founder Megan O'Connor.

O'Connor draws an insightful parallel between the art of the craft butcher to that of craft brewer—both involve a high level of passion and creativity. The goal of the school is to create better meat professionals, while instilling inventiveness and ingenuity.

Muscolo Meat Academy not only teaches students everything there is to know about cutting meat, but about the "business of meat" as well. The business aspect includes instruction on how to merchandise meat, how to run a retail operation, and how to understand the value and economics of meat. General coursework includes the study of anatomy and myology, meat cutting, economics, culinary production, and terminology—along with meat industry and career instruction.

While enrollment is limited to only 15 students for the commencement of the program, the founders of Muscolo Meat Academy anticipate it to grow in the coming years to accommodate the vast interest in the certification process. The instructor to student ratio is kept small by design, to allow for more personalized attention and training.

Muscolo also works to assist graduates of the program in obtaining internship opportunities and jobs. The Chicago-based school has already received inquiries from companies across the country seeking the new, certified artisan butchers.

Kari Underly is a master butcher and an expert in the industry. Her platform within the meat community allows her to elevate the trade and instill passion in those who want to pursuit it—and Muscolo Meat Academy promises to do just that.

"The meat business is evolving and it is time for the next generation of butchers to make their mark."

Article contributed by **Jamie Chadwick**
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Want to help make the dream a reality for the next generation of butchers?

The Cylia Harriet Foundation is raising funds to provide scholarships to students who are passionate about learning the butchery trade. The Foundation is committed to helping provide opportunity in every community for students looking to learn, grow and achieve Muscolo Certification for a career in the meat industry—from cutter to butcher to retail entrepreneur. To learn more about the school and scholarships, or to donate, please visit: www.muscolomeatacademy.com

Brazil and Argentina move closer to exporting fresh beef to USA

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) recently amended its regulations to allow the importation of fresh beef from regions of Brazil and Argentina. The two countries were previously shut out of the U.S. market because of the presence of Foot and Mouth Disease (FMD), a highly contagious disease that affects cattle and other cloven-hoofed animals. FMD can cause lameness and affected animals may suffer weight loss from which it can take months to recover. One way to prevent the spread of FMD is to stop shipment of animals and meat from affected regions.

The U.S. has been FMD-free since its last outbreak occurred in 1929 when hogs were fed meat scraps from a steamship that had stocked meat in Argentina. Brazil and Argentina are now declared free of FMD. In some areas, animals are vaccinated to prevent the recurrence of the disease. Uruguay, a country who currently exports fresh beef to the U.S., also shares that same status.

Brazil is the world's second largest producer of beef and is also the second largest global beef exporter. The United States is the largest importer. So on the surface, the agreement seems to present a great deal of opportunity for trade.

The change to APHIS' regulations is one of the first steps forward to import fresh beef from Brazil and Argentina. Other necessary steps include the establishment of equivalency on inspection and sanitary issues and a developing oversight to ensure that overseas plants comply with regulations.

"ON THE SURFACE, THE AGREEMENT SEEMS TO PRESENT A GREAT DEAL OF OPPORTUNITY FOR TRADE..."


Photo © Jorge Royan

A cattle yard in Argentina.

There may be challenges to overcome before we see fresh beef from Brazil and Argentina. Some U.S. politicians and interest groups have moved to delay the importation of beef until the USDA can further evaluate potential FMD risks to the U.S. cattle industry.

Much of the imported beef that comes to the U.S. is used in the manufacture of ground beef products. Some of the largest potential users of imported beef have HACCP plans in place that allow raw materials only from certain suppliers as individual company requirements can be more stringent than those imposed by the USDA. So Brazilian and Argentinean exporters may need to undergo further inspection and approval to gain access to some of the volume users.

There is also the matter of available U.S. quota for beef and veal. Argentina and Brazil do not currently have individual quotas and would therefore be exporting to the U.S. under the "other" quota which is for 64,805 metric tons per year. Compare this to the 418,214 metric tons of quota that Australia has. Uruguay currently has an individual country quota of 20,000 metric tons. For Brazil and Argentina, anything shipped out of this quota is subject to a 26.4% duty. In the past, global market conditions have been such that countries like Uruguay have shipped significant quantities to the U.S. "out of quota." That said, the duty can make it more attractive for exporters to ship to regions of the world other than the United States.

So how soon might the U.S. see significant quantities of beef from Argentina and Brazil? Much depends on the speed of the approvals and acceptance of our new trading partners. If domestic supplies remain tight as they have been for the past year, having at least the opportunity to utilize beef from these new sources can help us maintain an adequate supply to satisfy U.S. beef demand. UB

Article contributed by **Joe Muldowney**
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TECHNOMIC
Experience • Vision • Impact

THE CHANGING FOOD INDUSTRY LANDSCAPE

SEGMENT	2014 Sales ($B)	2025 Sales ($B)	Annual Growth	RATIONALE
Traditional supermarkets	$363	$502	3.0%	*Greater emphasis on perishables, fresh prepared foods and delivery*
Supercenters/mass merchants	139	155	1.0	*Format is not shopper-friendly*
TOTAL TRADITIONAL RETAIL	**$501**	**$657**	**2.5%**	***Losing share to nontraditional channels***
Convenience stores	$61	$89	3.5%	*Increased focus on fresh prepared foods; new formats will emerge*
Club stores	58	105	5.5	*Continued emphasis on food, especially perishables; will develop smaller-footprint stores and expand online sales*
Dollar stores	8	14	5.0	*More emphasis on food to drive traffic*
Fresh format	17	60	12.0	*Ongoing innovation in all aspects; unit expansion will also drive growth*
Limited assortment	22	45	7.0	*Strong appeal to select shoppers, with significant unit expansion potential*
Small grocery	9	12	3.0	*Ethnic and specialty stores remain viable niche*
Drug stores	15	21	3.0	*Will continue to experiment with broader food offerings*
Online/other	15	60	13.5	*Rapid growth in home delivery and meal kits; farmers markets and CSAs to grow*
TOTAL NONTRADITIONAL RETAIL	**$205**	**$407**	**6.4%**	***Aligns with changing consumer demographics and shopping habits***
TOTAL RETAIL	**$706**	**$1,063**	**3.7%**	***Innovative formats with good economic models will flourish***
Restaurants and bars	$431	$675	4.2%	*Will enjoy experiential advantage relative to most retail formats*
Top 500 chains	249	364	3.5	*Traditional segments like QSR are mature; fast casual is growth engine*
Independents/small chains	182	311	5.0	*Major growth in urban markets; ongoing innovation, adaptation ensure success*
Supermarket fresh prepared foods	23	51	7.5	*Will receive major investment and attention*
Other	186	272	3.5	*Most non-restaurant segments are stable*
TOTAL FOODSERVICE	**$640**	**$997**	**4.1%**	***Foodservice will grow faster than retail by a slim margin***
TOTAL FOOD	**$1,346**	**$2,061**	**3.9%**	***Foodservice and retail share new sales equally***
FOODSERVICE OPERATOR PURCHASES BY SEGMENT				
Top 500 restaurant chains	$80	$117	3.5%	*Slower growth than in prior years*
Other commercial chains	13	23	5.5	*Supermarkets, lodging are strong growth segments*
Group purchasing organizations (GPOs)	32	49	4.0	*Expanding into new segments, broadening services as they reach saturation*
All other segments	115	186	4.4	*Will be very receptive to new distribution models*
TOTAL FOODSERVICE OPERATOR PURCHASES	**$240**	**$375**	**4.1%**	***Market structure undergoes subtle shifts***
FOODSERVICE DISTRIBUTION				
Power distributors	$97	$136	3.2%	*Benefit by size and scale but have vulnerabilities*
Custom distributors	38	56	3.5	*Slower growth of chain market, especially QSRs*
Club stores/cash and carry	24	45	6.0	*Fewer unit openings, rising online competition cause slowdown compared with prior growth rates*
Online	2	16	20.0	*Will offer transparent pricing, convenient ordering; earliest adoption and penetration in shelf-stable foods and supplies*
All other	80	122	4.0	*Specialists and local-market distributors will benefit from market trends*
TOTAL FOODSERVICE DISTRIBUTION	**$240**	**$375**	**4.1%**	***Industry to grow by more than $10 billion annually***

Note: Inflation assumed to be 2-3% per year.

Source: Technomic Inc., government reports

Technomic's food industry transformation: the next decade

Technomic's report, *Food Industry Transformation: The Next Decade* includes projections for the food industry for the next ten years, provides insights how the industry will change and gives ways companies can prepare themselves for the future. It also brings to light how companies must remake their businesses to leverage emerging channels and technology platforms.

The industry is projected to grow on average 3.9 percent annually to $2.061 trillion in annual sales by 2025. While these numbers are staggering, the report focuses on recommendations to better position one's brand to capture the changing trends.

Non-traditional retail outlets are expected to outpace traditional retail outlets by 2.5 times. The leading way to grow in both sectors appears to focus on fresh and prepared foods, as well as the use of technology and the ability to adapt to changing demographics in the United States. UB

Article contributed by **Gary Morrison** | gmorrison@urnerbarry.com

The top five things the report highlights "to get your brand fit for 2025" are:

1. **REIMAGINE, REINVENT, REALLOCATE, REPEAT**
2. **ACT SMALL TO GROW BIG**
3. **EMBRACE DIGITAL AND BIG DATA**
4. **ANTICIPATE AND PREEMPT THE DEMAND FOR A HEALTH-FOCUSED FOOD SUPPLY**
5. **BOOST YOUR CSR QUOTIENT**

Plan will speed up inspections for U.S. food importers

In the summer of 2015, the FDA notified the public of a new program in development under the guise of the Food Safety Modernization Act (FSMA) with intent to expedite food imports into the U.S. market starting in 2018.

The Voluntary Qualified Importer Program (VQIP) would offer U.S. food importers a way to speed up the approval process for their incoming shipments to the U.S. Under the proposed rule, the VQIP would set up an estimated $16,400 user entry fee for eligible importers.

"Participation in the third-party accreditation program will facilitate food safety protections, benefit trade, improve efficiency of FDA oversight of imported foods, and increase efficiency and reduce costs for importers with a high level of control over the safety and security of their supply chains," the FDA said in a July 23 Constituent Update about VQIP.

Source: FDA

Under the FDA's plan, an eligible importer will have to show a minimum of three years of receiving food into the U.S. without issue. Consideration will also only be levied to those with proven track records of maintaining high quality assurance standards; total control over food safety, security of the supply chain, along with compliance to supplier, compliance to Foreign Supplier Verification Program or existing HACCP programs, and facilities certified under the FDA's accredited third party certification program, or for raw produce a farm certification.

"Developing a program like VQIP will allow the FDA to focus more of its resources on food shipments that pose a greater health risk," said Michael Lieberman, Vice President at FOA & Son, among the nation's leading insurance brokers for the seafood industry. "I would tend to believe that any food company that is investing in food safety protocols would welcome such a program."

In short, the FDA's plan is to help reputable food importers with a history of keeping their noses clean of violations get goods to market faster. Frequent flyers might think of it as the TSA's pre-screening program that speeds up the security check at the gate.

"I would imagine that this program will provide importers with certain competitive advantages, from attracting certain customers to obtaining better rates on insurance coverage," Lieberman added.

A couple quality assurance professionals working in the industry told the *Reporter* that VQIP could prove especially beneficial for the seafood industry in the years to come. This is because 90 percent of all consumed seafood in the U.S. is imported; this includes domestically landed seafood that is shipped overseas for processing and eventual re-export back to the States. Any effort to hasten the importing process and remove the potential for unforeseen obstacles during inspection is a welcome move for importers and brokers.

Public comments about the VQIP will be accepted until October 2015. The FDA's ultimate goal is to begin taking applications from eligible importers beginning in January 2018.

Article contributed by **Michael Ramsingh**
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"IN SHORT THE FDA'S PLAN IS TO HELP REPUTABLE FOOD IMPORTERS WITH A HISTORY OF KEEPING THEIR NOSES CLEAN OF VIOLATIONS GET GOODS TO MARKET FASTER."

SGS offers seafood operators a wide range of product testing and auditing services

Those making a living in the seafood industry know just how critical product testing and chain of custody verification has become. It's a rarity now if there isn't a week when a report finds damning evidence of a mislabeled snapper menu item or allegations of unsavory labor practices in the industry's global distribution network.

From the fishermen to the ultimate point-of-sale, there is now little wiggle room for the seafood industry to err in labeling and procurement practices.

Enter SGS, the world's leading inspection, verification, testing, and certification company. The 130-year-old business operates 1,650 labs and offices worldwide with enough staff to fill a football stadium (about 80,000 employees for all you tennis fanatics).

"WE'RE THE BIGGEST COMPANY YOU'VE NEVER HEARD OF; WE'RE BASICALLY THE GUYS BEHIND THE SCENES OF EVERY INDUSTRY..."

In a visit to SGS's testing lab in Fairfield, NJ—one of eight locations the company has in New Jersey alone—the vast world of SGS's consumer product testing industry came to life.

"We're the biggest company you've never heard of; we're basically the guys behind the scenes of every industry," said Laboratory Manager Christina Crimi.

For one, SGS's seafood and food testing and auditing is just a sliver of the services the massive firm boasts. Just a short walk around the lab and you'll see the company's scientists—a stable of chemists, physicists, engineers and other bonafide experts—testing practically anything a consumer might use or ingest and a distributor might need to know more about.

SGS's testing services are almost akin to Apple's famous "There's an App for That" marketing campaign.

How long could a pallet of ice cream safely sit in 100 degree Miami heat before reaching the freezer truck if the forklift needs a 10 minute repair job?

There is a test for that.

How much impact can a crate of chandeliers withstand traveling 65 miles per hour heading south on Interstate 95 between Hoboken and Baltimore?

There is a test for that too.

Science, and the facts these tests show—about the contents, durability or whatever other question or concern that might be pertinent before selling a product—are what SGS is able to offer its clients. In addition to agriculture and food, SGS's tests run the gamut of product testing with services available for a wide range of industries including: automotive, aviation, chemical, construction, consumer goods & retail, energy, finance, industrial manufacturing, life sciences, logistics, mining, oil & gas, and the public sector.

For the seafood industry, SGS has services for fishermen and farmers, processors, freight operators, importers, brokers, and buyers located domestically and in overseas markets. The company has 62 food labs strategically located across 40 countries. SGS's testing and auditing services cover the entire seafood supply chain. Food testing for chemical and microbiological contaminants, nutrition, and species identification are all available.

SGS is also fully capable of auditing any seafood operation for compliance to the most widely-recognized food safety and chain of custody standards most of which comply with the Global Food Safety Initiative. This includes the U.S. Food and Drug Administration's Good Manufacturing Practices and HACCP regulations; Safe Quality Food, GAA Best Aquaculture Practices; Marine Stewardship Council; and the multiple ISO levels of accreditation among others.

There's little debate that seafood operators are under immense pressure to avoid making mainstream media headlines that far too quickly jump at an opportunity to label seafood as the protein commodity with the most deleterious impact to consumers, the environment or very often both.

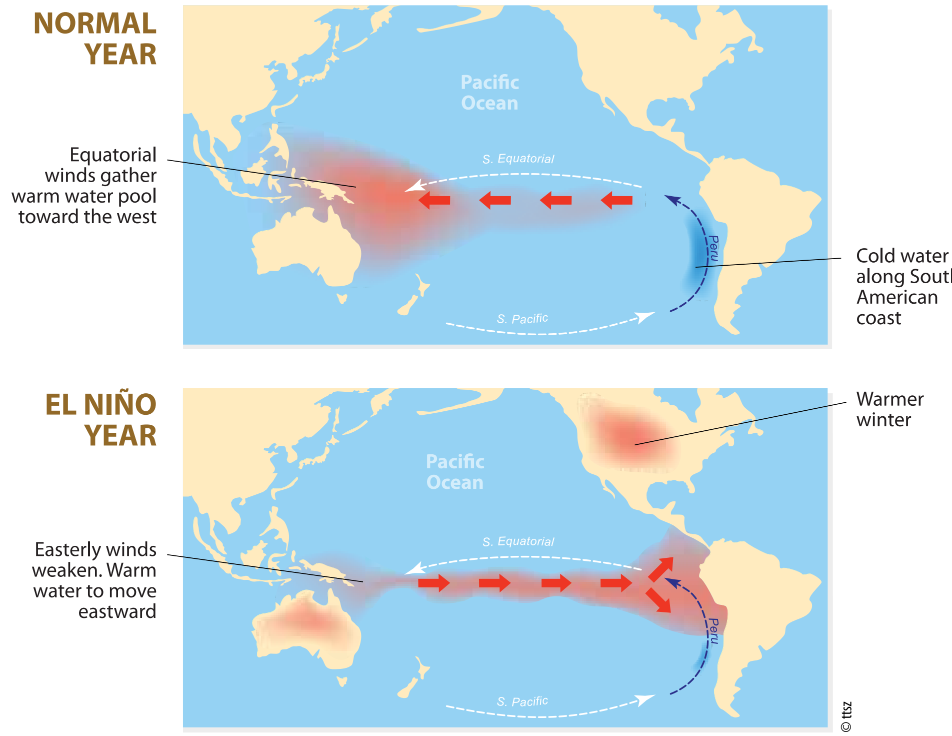
Fortunately for the industry, SGS has a test or two for that.

Article contributed by **Michael Ramsingh** | mramsingh@urnerbarry.com

El Niño and the seafood industry

It was in the 1600s when fishermen off the coast of South America noticed something strange –abnormally warm water temperatures during the Christmas season. This odd occurrence was later nicknamed El Niño or "Christ Child," because of the seeming correlation to the religious holiday. Scientists now know that this phenomenon happens every two to seven years–and it looks like this year may be one of those years. The National Oceanic and Atmospheric Administration (NOAA) released an El Niño advisory this past March, and the U.S. Climate Prediction Center has stated that there is a 90 percent chance an El Niño will continue this winter and possibly even into spring of 2016. Tracking and predicting an El Niño is vital, as it has enormous effects on an array of commodities and their corresponding industries, especially along the coast of the Pacific Ocean where the economy relies heavily on fishing and agriculture.

The El Niño Phenomenon



El Niño is defined by NOAA as a prolonged warming in the equatorial Pacific Ocean when compared to the average water temperatures. In order to be considered an El Niño, there must be a three month average warming of at least 0.5 degrees Celsius. The presence of an El Niño can lead to weather changes all over the globe, including an increased rainfall, and can alter migratory patterns among many fish species.

Many species of fish begin to migrate north towards cooler water, while surface-oriented fish may travel to deeper levels to get to cooler waters. Fish that do not migrate out of these affected regions tend to experience reduced growth rates, as they face challenges when reproducing and simply surviving.

"U.S. Climate Prediction Center has stated that there is a 90 percent chance an El Niño will continue this winter and possibly even into spring of 2016."

NOAA has reported that there have already been multiple migratory changes this year for a variety of species up and down the Pacific West Coast. Equatorial game fish, such as mahi-mahi, have been captured off the coast of San Francisco. Swordfish, striped marlin and blue marlin have been observed off the coasts of California and Washington. There have also been sightings of movement for yellowtail, Pacific bonito, and albacore into more northern waters and more inland—which is interesting because these fish are typically found 100 miles offshore.

Changes in migratory patterns can directly affect the fishes' traditional commercial fisheries. For example, market squid have travelled into cooler waters in the north, away from their normal location in California. Millions of adult sockeye salmon in the Bering Sea died as a result of water temperatures rising nearly 10 degrees Celsius this summer while the sockeye salmon were migrating back to their native streams.

An El Niño presence impacts the fishes' food supply, too. During an El Niño, warm water is pushed up towards the surface, called an upwelling. This water, compared to the normal, cooler water, is less dense in nutrients. Those nutrients are the feed supply for plankton, and when there are no nutrients, plankton cannot thrive. This has negative ripple effects, because plankton play a key role in the food supply for anchovies and other fish.

Fortunately, over the last hundreds of years scientists have studied this phenomenon. As a result, governments can step in and take appropriate action to preserve their economies and aid their fishermen. Peru, for instance, has one of the richest fisheries off its coast. This century's most devastating El Niño was in 1972-1973, in which many fish stocks in Peru took years to recover. However, since then the Peruvian government has stepped in to help control these fisheries and stocks have been able to recover more quickly after more recent El Niño's. UB

Article contributed by **Nicole Bessemer**
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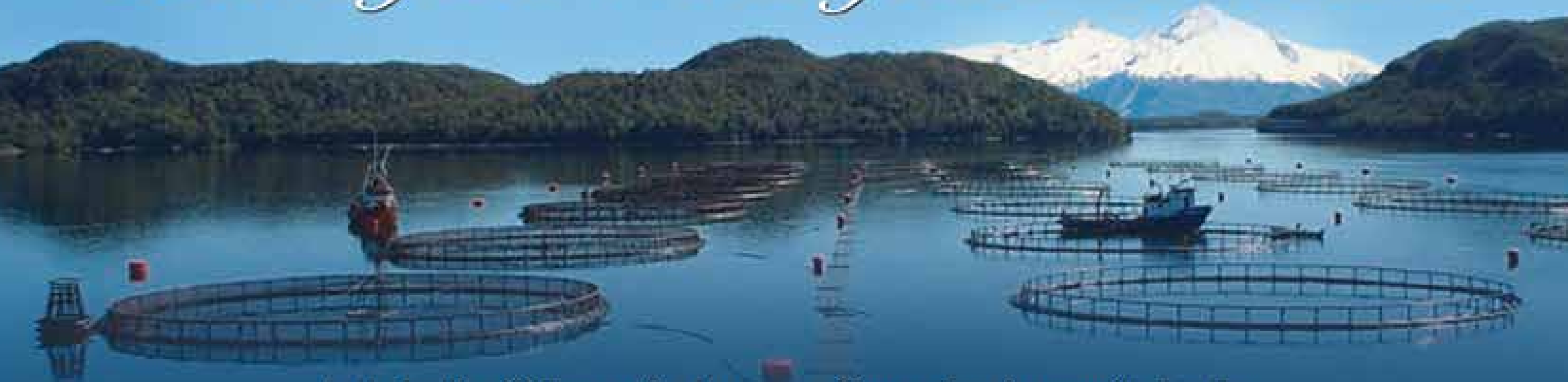

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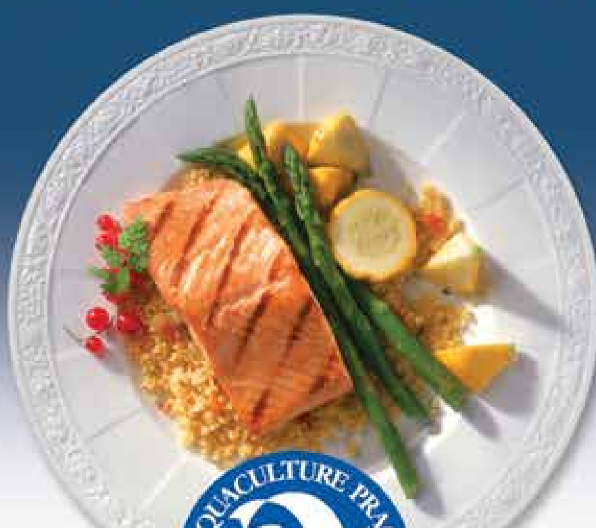

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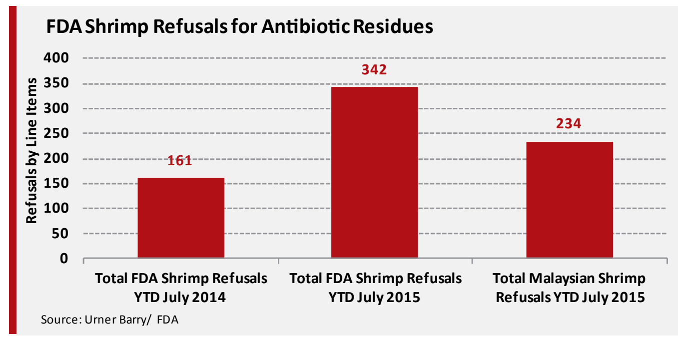
FDA shrimp refusals up big time in 2015, but not from major suppliers

SeafoodNews.com

Adapted from a story that originally published on SeafoodNews.com, August 7, 2015, titled "Malaysian Shrimp Shipments Clearly on FDA's Antibiotic Radar, Accounting for 70% of Refusals in 2015."

The U.S. Food and Drug Administration (FDA) is refusing high numbers of imported shrimp due to banned antibiotics in 2015, but not from major U.S. suppliers, as Malaysian shipments have carried the increase by a large margin.

In July 2015, 58 shrimp line items imported from Malaysia were refused entry for antibiotic residues according to the FDA, over triple the amount of refusals from the same month in 2014. Coincidentally, the bulk of Malaysia's shrimp rejections to date in 2014 also occurred in July; about 70 percent of its refusals up to this point last year happened in that month.



Malaysia's shrimp refusal figures are more striking when added up through July. The FDA rejected 234 line items of shrimp shipped to the U.S. since January, over eight times the amount of shipments it kicked backed in 2014 for illegal antibiotics.

Of the FDA's 342 shrimp rejections in 2015 through July, Malaysia accounts for about 70 percent of them. Last year the country accounted for about 15.5 percent of the FDA's 161 total rejections through the same time in 2014.

Sources have said the FDA is taking a harder look at antibiotic residues in shrimp this year.

"Yes, antibiotic inspections are way up, almost to the levels of the inspections dating back to 2009/2010," said Dean Leaman, business development manager for imports at Certified Laboratories.

However, according to the data, this surge in refusals is not a representation of the overall U.S. shrimp supply. India and Vietnam, two major U.S. shrimp suppliers, have combined for 73 refusals for antibiotic residues since the start of 2015. Last year at this time they accounted for 70. Together, the two countries accounted for about 30 percent of total U.S. shrimp imports according to June import data. Malaysia, meanwhile, represented just 2.5 percent of the imported supply in that time.

In other words, it seems the administration has latched onto to Malaysian shipments bound to the U.S. for reasons not quite clear.

Whatever the reasons, FDA shrimp refusals this year are over double what they were from this time a year ago. Malaysian shipments are squarely responsible for this increase with rejections from major suppliers practically unchanged from 2014. UB

Article contributed by **Michael Ramsingh**
mramsingh@urnerbarry.com

"MALAYSIAN SHIPMENTS ARE SQUARELY RESPONSIBLE FOR THIS INCREASE WITH REJECTIONS FROM MAJOR SUPPLIERS PRACTICALLY UNCHANGED FROM 2014."

Economic conditions in South

With U.S. economic growth plodding along, emerging markets are the talk of the town. While some of them are in chaos, others are thriving, and one hotbed of activity on both sides has been South America. The decline in oil prices has sent nations such as Argentina and Venezuela into a downward spiral, but other petroleum-exporting nations on the continent have not seen the same level of disaster. The effect on a country-by-country basis has varied, and expanded economic cooperation throughout the Americas has created some clear winners and losers in Latin America.

Beginning with the most extreme example, the new Venezuelan bolívar fuerte (or "strong bolívar"), which replaced their previous old hyperinflated bolívar just seven years ago, has reached inflation levels above 800% this year. Though the official exchange rate is pegged to the U.S. dollar and has not moved, the situation on the ground is anything but pegged. Hyperinflation, price ceilings and quotas are causing rampant shortages. Inflation is normal, particularly in emerging economies, but the type of hyperinflation plaguing Venezuela is extremely difficult to reverse. Additionally, many companies are exporting staples such as seafood and agriculture when possible in order to take advantage of the relative value of foreign currencies, which has further aggravated the domestic shortages.

South of Venezuela is the largest country by landmass and population in South America, Brazil. Though its dependence on oil prices is widely believed to have caused it to enter into a recession this year, exports have managed to prop up the overall economy a bit in the face of massive sector decline. In fact, Brazil is one of the top exporters of poultry, frozen beef, sugarcane, coffee and other agricultural products. This year's seafood season has presented an opportunity for many Brazilian companies, as the strong dollar makes their products comparatively cheaper for U.S. consumers. With many seasons just getting underway, it remains to be seen whether this will mean a greater volume of exports to the U.S.

Colombia has emerged as a recent bright spot in Latin America, improving drastically from the instability and malaise of just a few decades ago. Improvements in foreign direct investment, strongly successful efforts to reduce inflation to manageable levels and a new trade agreement with the U.S. have all brought a great deal of economic prosperity to this country. The trade agreement, enacted in 2012, has helped to accelerate economic growth in Colombia, with real GDP having grown 4.6% in 2014 according to an IMF report. Somewhat predictably, exports of seafood and poultry to the U.S. have increased in this environment of decreased barriers and tariffs as well as the stronger dollar. While economic expansion in Colombia has not been limited to agriculture and aquaculture, the fertile Andean land will continue to be instrumental to addressing needs of the nation as its population and economy grow.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The cityscape of Caracas, Venezuela's capital.


©filipefrazao

A stunning view of São Paulo, Brazil from its famous Ibirapuera Park.

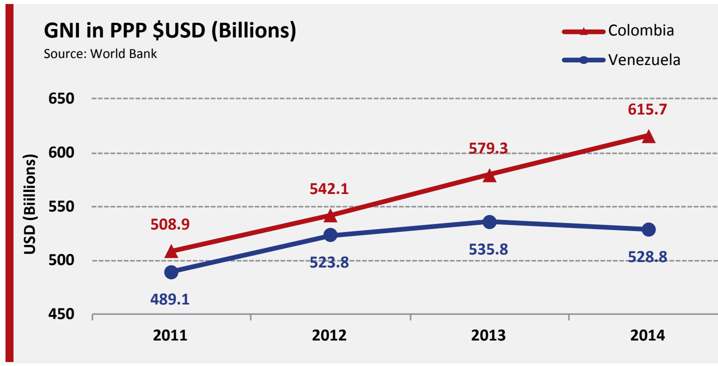

©eduguedes

Santiago de Chile has become one of the most important cities for business in the Americas.

Chile has continued to be a source of growth and optimism in not just South America, but the Americas overall. Its high Human Development Index is a source of national pride; it ranks in the top 50 nations and has a standard of living on par with the UAE, Poland and Portugal. Since a 2004 trade agreement with the U.S., total exports to the U.S. alone have more than quintupled to nearly $17 billion from just shy of $3 billion. It is widely known that Chile is a major supplier

America: are exports the key?

of salmon, and from 2012 to 2014 total seafood imports grew almost 25%. Chile also exports other products to the U.S. in large quantities, such as refined copper, copper ore and wine.



"…EXPANDED ECONOMIC COOPERATION THROUGHOUT THE AMERICAS HAS CREATED SOME CLEAR WINNERS AND LOSERS IN LATIN AMERICA."

Venezuela continues to export commodities like crude oil, refined petroleum and iron ore, a dependency which has damaged the local economy along with the impact of government regulation. Brazil is more diversified, but is still being heavily impacted by the market for oil. The countries that stand most to benefit from a strong dollar are those that are well positioned to take advantage of the export benefits while minimizing the hardship created by a comparatively weak local currency in relation to the U.S. dollar.

The question remains of whether exports are instrumental to economic success in emerging economies. When juxtaposed, the nations analyzed here rather well illustrate that exports, while important, do not necessarily beget economic activity or stability domestically. In order to have a mature and profitable market for exports, it is necessary to invest in the development of a robust and mature domestic economy. In spite of a long history of tailwinds and strife, it stands to reason that global growth will rely on continued investment in South America. UB

Article contributed by Adam Sharkey
Special Thanks to Dolly De Armas for her collaboration and efforts.
asharkey@urnerbarry.com

Livestock gives life lessons and more

Ranching and farming are, in essence, the backbone of our nation. These industries allow for important resources to be produced, which in turn, have a ripple effect into our economy and are a sound source of income for many Americans. However, the benefits of caring for livestock and working in agriculture extend far beyond the working population—they are also extremely rewarding for the future generations of these industries specifically to children and teens.

Schools and extra-curricular organizations are tapping into the present educational opportunities, and are creating platforms for students to engage with livestock and agriculture. There have been multiple studies done about the skills and qualities students gain when they immerse themselves in agriculture-related education and activities.

Programs like 4-H and FFA (formerly known as Future Farmers of America), where children and young adults can compete in livestock shows and other animal-care activities, have been proven to help students develop transferrable life skills to become successful working adults. A study done at Texas Tech University revealed that children who cared for livestock and competed in shows were incredibly capable of building social relationships and had a heightened sense of confidence, responsibility, and sportsmanship. Those students had exposure to different cultures through traveling to different cities and meeting new people. They also spent more time with their families. The University of Maryland Eastern shore conducted a similar study, noting that students who participated in 4-H had more advanced public speaking, teamwork and leadership skills, than non-4-H students. These skills are all highly desired in the job market—agriculture-related or not.

In 2010, the U.S. Secretary of Education said that "agriculture is the biggest employer in the nation." It plays a huge role in the status of our nation's economy with approximately 16.9 million jobs related to agriculture in 2013, about 9.2% of total employment, according to the USDA Economic Research Service. Around the world, about 70% of people depend on agriculture as their means of living.

The average farmer today is nearing retirement age, so educating today's youth about agriculture is important in order to keep the industry alive and prosperous.

One school that has helped pioneer agriculture education for teens is the Chicago High School for Agricultural Sciences (CSAS)—a public magnet school where students learn about the various aspects of animal science, agriculture, livestock care, and the business modules behind these industries. The school is located in an urban setting–making it an unlikely place for an agriculture school—but it is proving to be a success among the minority students that make up much of the student body. Although there are thousands of applications each year, only 170 spots are available to each incoming class. There is an incredibly high graduation rate and roughly 85 percent of graduates advance to college, making it appealing for parents.

The school has a number of farm animals on its campus, including six beef cattle, and a number of hens, horses, and other livestock that the students are responsible for. The school's principle, Bill Hook, has been quoted saying that many of the students have a "shared sense of purpose" and "gain a sense of pride and confidence" through caring for the animals.

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Perhaps the CSAS is on to something—by teaching these students the importance of the livestock industry and how to work in that field, they are creating opportunities for their futures as working adults. Whether or not they stay in an agricultural workforce, they have the knowledge and transferrable skills to create a solid living and be successful in whatever they do.

It is also highly debatable that teaching America's youth about agriculture and livestock could be a way to reduce food deserts and food insecurity. A food desert is defined as there being no access to affordable healthy food like fruits and vegetables, according to the USDA. These places of vapid food resources are often in urban areas or rural, low-income towns. There are very few or no grocery stores and farmers markets, but instead are often home to numerous convenience stores and fast-food restaurant locations.

Students who attend CSAS will be able to bring knowledge about food nutrition, animal and plant care, and business principles to their urban communities and could potentially create a revolution in the food culture in low-income areas.

There are multiple organizations and non-profits that have recognized that agriculture is a tool to lift people out of poverty.

The United Nations has also outlined in studies that an underinvestment in farming resulted in more difficulty to lift people out of poverty. It was also found that a one percent increase in the gross-domestic product (GDP) of agriculture had an impact five times higher than the same one percent increase in GDP of other sectors.

The Bill and Melinda Gates Foundation donated $2 billion in aid to support small farmers and help them succeed.

Bill Gates affirmed this by saying that "if you care about the poorest, you care about agriculture."

Heifer International is an organization that provides livestock to impoverished people as a way for individuals to eat products from the animal, sell products from the animal, and eventually create herds of animals to support themselves. They have done this in over 125 countries and saw that it helped create a food source, as well as an income source. The input prices can be relatively high, though, sometimes creating a challenge for those caring for the livestock.

Although the complicated issue of poverty requires complicated solutions, organizations that promote livestock education and schools like CSAS have found that it is the education, life skills and exposure to a forever-growing industry that have positive influences over an individual and their community. UB

Article contributed by **Julie Gallagher** | julie@urnerbarry.com

King crab demand rebounds in U.S.

SEAFOOD news.COM

Adapted from a story by **John Sackton**
originally published on August 14, 2015
in Seafoodnews.com

King crab demand in the U.S. is back. Strong retail promotions and lower imports from Russia combined to create a changed market environment from a year ago.

The first Alaskan king crab fishery for golden king crab begins in August. Almost none of the six million pounds landed is exported, and it is a mainstay of the domestic king crab market.

Last year the fishery opened into a declining market, fueled by a surge in Russian imports.

This year, the picture is quite different. Urner Barry quotations on king crab pricing on all sizes and types have been on the rise since March. Middle and smaller-sized red king crab have seen the most price movement.

Stronger performance in the foodservice sector—especially increased demand at


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white tablecloth restaurants—has helped push red king crab prices higher.

But for golden king crab and smaller-sized red king crab, retail demand has been key. In the past, under-700 gram golden king crab was almost exclusively a foodservice item. When casual dining sales slipped a few years ago, retailers stepped in to buy this smaller crab.

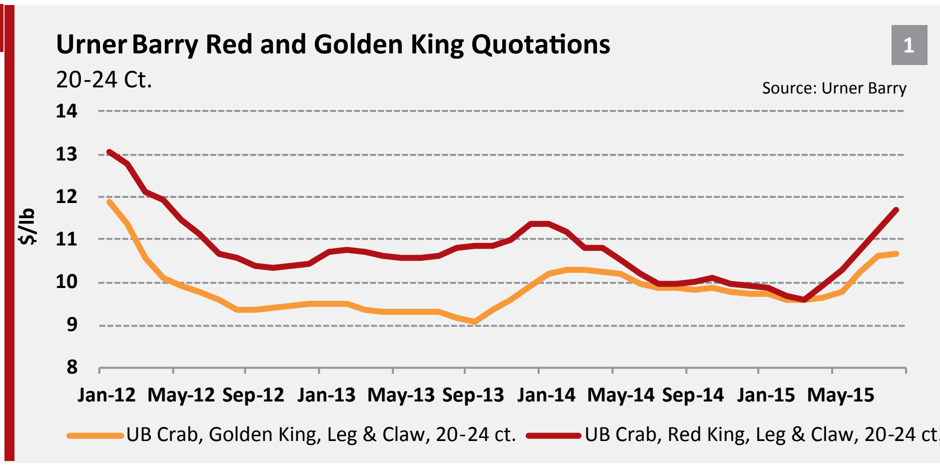
Since then, interest in the sector has continued.

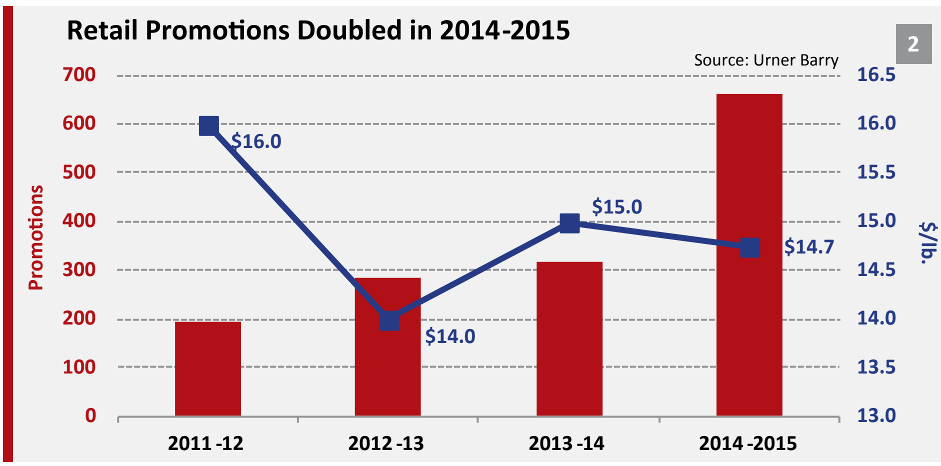
The accompanying chart shows Urner Barry's four year price history of 20-24 ct. red and golden king crab (chart1).

Prices for both types of crab have been rising since March, and are now at their highest level since 2012.

At the same time, the volume of imports from Russia, which accounts for 70 to 90

"Stronger performance in the foodservice sector—especially increased demand at white tablecloth restaurants—has helped push red king crab prices higher."





percent of red king crab volumes in the U.S., and perhaps 50 to 60 percent of overall volume, has fallen this year after a sharp run up in 2014.

Through June 30th, Russian crab imports are down 30 percent from where they were in 2014. Importers say replacement costs for Russian product are now rising as well.

The Japanese market is also a factor in king crab pricing, but as of this writing the strength of the U.S. dollar and the weakness of the Yen has made it hard for Japanese buyers to match prices paid in the U.S. As a result, they are taking smaller volumes, and are price followers this year.

In addition to the recovery in foodservice, it also appears that retailers have come back to king crab in a big way over the past 12 months after several years of falling prices.

Urner Barry's retail data shows that retail promotions on king crab (which includes red, blue and golden king crab) have doubled over the prior period (chart 2).

Meanwhile, the median price point has fallen from $14.99 to $14.79 per pound.

For the past twelve months, king crab has been priced favorably compared to other expensive seafood items such as crabmeat, scallops, and lobster tails.

The National Fisheries Institute has developed a series of price ladders to compare various seafood commodities.

Their shellfish chart shows clearly that from 2012 to 2013, all these products - king crab, scallops, lobster tails and crabmeat, occupied the same trading band. The following year all the items except king crab became more expensive.

In our view, this has helped spark this move to more king crab promotions at retail.

Of course, the big question is, will this continue? Right now there is some market momentum on king crab, and it is not likely that price increases will immediately change this dynamic.

However, with the new Alaska red king crab season opening in October, and the continued currency weakness of the Yen, there is a chance that prices will plateau for a time while the U.S. domestic market adjusts to available supply. But the longer term outlook is for increased demand on king crab—coming from a familiar place: China.

As the Russians have persuaded the Japanese and Koreans to crack down on illegal king crab, China has emerged as the new destination for illegally unloading live king crab. The Chinese market has also started to seek more live king crab.

As with lobsters, the live market leads the way, but opens the door for sales of frozen product as well. As China becomes more of a volume consumer of king crab, prices will likely adjust in the same as North American lobster prices, which have trended higher from increased Chinese demand. UB

Plants + proteins = progress?

by Tia M. Rains, PhD
Senior Director, Nutritional Research & Communications, Egg Nutrition Center

One of the latest buzz words in nutrition seems to be "plant-based diets." A Google search of those terms produces more than 600,000 listings, with almost the same number of descriptions as to what constitutes a *plant-based* diet. In some cases, the term plant-based is used interchangeably with *vegetarian* or *vegan*. But I'm sure we all know self-described "vegetarians" that get through the day on a diet of processed carbohydrates that are a far cry from the native plants from which they were derived.

Other definitions of "plant-based diets" include animal foods, typically favoring dairy, eggs, poultry, and fish over other sources of protein. Where there is agreement across the different interpretations of a plant-based diet is on an emphasis on minimally processed foods including vegetables, fruits, beans, peas, lentils, seeds, nuts, and whole grains.

Numerous studies have linked diets rich in plant foods with positive health outcomes ranging from optimal body weight to chronic disease risk reduction (i.e., cardiovascular disease, type 2 diabetes, cancer). Eating plant foods has also been linked to bone health and cognitive function, although the data is still emerging in these areas. Recent recommendations from the American Heart Association/American College of Cardiology and the Dietary Guidelines Advisory Committee reflect this evidence, encouraging dietary patterns such as the Mediterranean-Style Diet and others that are based on unprocessed or minimally processed sources of fruits, vegetables, whole grains, etc.

In fact, there has definitely been a shift in nutrition guidance in recent years. Dietary patterns are in, single nutrients are out. And it's about time! Nutrition professionals have long been professing that people eat food, not nutrients. However until recently, most dietary guidance was centered around a list of limits with very little emphasis on the specific types of foods that are the foundation of a healthy diet.

What seems to be missing, or at least is considerably less emphasized, is how to effectively include sources of protein within a plant-based diet. Yes, there is an overwhelming amount of evidence (mostly observational in nature) that plants positively influence health and disease. But there is also ample evidence that dietary protein, and specifically high-quality protein, serves a critical role throughout the lifespan. In fact, a recent supplement in *The American Journal of Clinical Nutrition* comprehensively reviewed the evidence on dietary protein and concluded that intakes of 0.8 to 1.6 g/kg/day (but staying within the Acceptable Macronutrient Distribution Range of 10-35% of calories) can contribute to reaching nutrient targets, and may be especially important for select populations, such as middle-aged and older adults as well as those on calorie-restricted diets. Additionally, spreading protein intake evenly throughout the day with an emphasis on 20 to 30 g at breakfast, the meal most likely to be far lower in protein, may optimize protein's benefits.

Independent of the benefits of protein, certain protein-containing foods may also augment other aspects of the diet. For example, research from the laboratory of Dr. Wayne Campbell of Purdue University showed greater absorption of carotenoids when eggs were co-consumed with a vegetable-based salad. The increase was a function of the fat present in eggs (avocado and fat-based salad dressings have shown similar effects on increasing absorption of fat-soluble antioxidants), but also the presence of lutein and zeathanin within the egg yolk. While this was an acute study, it is reasonable to hypothesize that sustaining a dietary pattern that pairs plant foods with sources of healthy fats at the same meal could lead to greater concentrations of circulating antioxidants.

Other articles in the supplement also focused on whole foods, meals, and overall dietary patterns. And for the first time ever, a suggested wine pairing for eggs! Also the ENC is excited to share its latest educational tool, *Protein & Plant Pairings*. Being in the heat of the summer with access to fresh fruits and vegetables across the country, it feels like the perfect time to enjoy as many plants as possible and the ENC hopes their infographic inspires some new and unique combinations. For more information, contact the American Egg Board/Egg Nutrition Center at 847.296.7043 or trains@eggnutritioncenter.org.

"… SUSTAINING A DIETARY PATTERN THAT PAIRS PLANT FOODS WITH SOURCES OF HEALTHY FATS … COULD LEAD TO GREATER CONCENTRATIONS OF CIRCULATING ANTIOXIDANTS."

Highly marbled beef improves the experience …

Better beef: the key to a brighter world?

Article contributed by **Miranda Reiman**, *Certified Angus Beef LLC.*

Kevin Kolman has a simple equation for making the world a better place. It revolves around family, food and grilling.

"When people are traveling more nowadays and they're out of the house, when we can get behind a grill, get in that backyard with our family and friends—that's one good way to reconnect," says Weber's "Grill Master," Kevin Kolman. His mission is to help people do it better.

"It's not always time and temperature—it's also thickness that plays real big into it," Kolman says. Anything that's cut especially thick—say a 2-inch steak—should be "roasted first and then seared."

A good guide is 8 to 10 minutes of cook time for each inch of thickness.

Chef Michael Ollier.

Chef Michael Ollier, of the *Certified Angus Beef®* (CAB®) brand culinary team, says grills provide a versatile cooking space, allowing for direct, high-heat cooking or low and slow techniques like braising or smoking. The latter are usually reserved for end meats, or cuts from the brisket, chuck and round.

"They have more collagen, or that network of webbing around the fibers of the meat," Ollier says. "That webbing needs to be broken down, and the way to really break it down is through long amounts of time at low temperatures."

Starting with highly marbled beef improves the experience, whether it's a quickly grilled steak or a long-smoked brisket.

"Marbling in a piece of meat is less dense than protein, so it's going to be easier to bite through," says Phil Bass, CAB meat scientist. "Juiciness is affected by marbling and also the flavor—you have the beautiful buttery flavor that comes from marbling.

The more you have it, the more that desirable flavor comes out."

However, if you don't get your grill hot enough, you're not letting those middle meats shine, Ollier says.

"If you don't sear the outside, you're missing out on what we instinctively crave--contrast between the crisp outside and the tender inside," he says.

Preheating for 10 to 15 minutes also keeps the meat from sticking to the grates.

"Meat is 75% water, so the longer it's on the grill, the more moisture that's going to be cooked out of it," Kolman says.

When it's done, it needs to rest (5 minutes for steaks and 10 to 15 for larger items).

"When you have such high heat, the water molecules rushing all around are like water balloons blown up almost to capacity," Ollier says. "If you run a knife through that steak when it's in that state—when all the water molecules are running around and so ready to burst—you actually do burst them.

"If you give it a chance to relax, the water will realign itself within the fibers of the meat and they'll be more like a relaxed balloon that's only filled half way," he explains. "Cutting a rested steak will keep juices in each bite."

When it comes to slicing, the best method is always thinly, across the grain, the chef says.

"You're trying to mitigate as many liabilities in that process as you can," Kolman says, noting a consistent source of beef helps. "If I've got the pit, I know how to set that up. If I know how to season it, I've got that portion taken care of...you almost have to go through the whole process."

Perfecting the art and science of a backyard barbecue really comes down to four simple things, he says: Good beef, good grills, good seasoning and good instruction. UB

Weber's "Grill Master," Kevin Kolman.

Spending some time with...

Dr. Ron Prestage

Dr. Ron Prestage.

Dr. Ron Prestage, DVM, a pork producer from Camden, S.C., is the president for the National Pork Producers Council and president of the family-owned Prestage Farms, which includes hogs, turkeys, cattle and cropland for hay. He is primarily responsible for the sows and turkeys on the company's farms in South Carolina and its swine operation in Mississippi.

Prestage has served in leadership positions with a number of organizations, including the National Turkey Federation, U.S. Poultry and Egg Association and the South Carolina Poultry Federation. He is passionate about animal welfare and responsible farming while his commitment to environmental stewardship and community involvement is second to none. *Urner Barry's Reporter* caught up with Dr. Prestage for a quick Q and A on a few hot topics facing not only the pork industry, but which are concerns across all protein groups.

Urner Barry's Reporter: *To the best of my knowledge, NPPC and NPB have not endorsed any particular sow housing system. Could you comment on what science says about sow housing and how does that compare with what the public appears to be demanding in the form of group housing?*

Dr. Ron Prestage: First of all in my opinion the premise that sow housing and the majority of housing practices is important to the public is just plain incorrect. Of all the questions we field, we don't hear this one. It is not something the public wants to know or has the knowledge of to ask the question. From my own experiences and that of my daughter, Kate; we ask the meat managers, the distribution center manager, we ask the people in touch with real customers, "How many times do you get asked about a gestation stall or particular type of housing?" Almost never. HSUS is exerting the pressure, creating an issue, and then telling the corporate suites that it is an issue. They bombard the grocery store with questions; inundate the local retailer. They get frustrated and don't know how to respond because their customers are not demanding it. You know what the most common response is? "What is a gestation stall?" So it is not something of consumer importance. The vegan members of HSUS, they don't care, they're not eating it. The real consumers of meat are not concerned. The science? That might tell us the opposite. We've monitored production stats, the flow from sow barns to gestation crates and group housing and as a veterinarian and a producer who's done this his entire life there is no one "right" housing method. Different sows are best suited for different systems. They pick what's best for them. Where they're most comfortable. Some of the more dominant sows they might plop down in the middle of the barn and no other sow is going to question her. Others like the protection the stall affords. The HSUS is pushing a vegan agenda on meat producers. Production practices have evolved the way they have because they have proven to be efficient, animal friendly and people friendly. Sometimes I wonder when the welfare of the sows takes precedent over the employees on the farms! Maybe the question is at what point to do we forget we have real live people on our farms who's families depend on them, and that their welfare is paramount to that of the sow?

UBR: *What educational tools can the NPPC or any of the food industry associations provide to the public regarding acceptable animal handling procedures at the farm level and during transport to the processing plants? There seems to be a disconnect between what livestock and poultry producers consider customary and humane farm practices and what urbanites view the farm to be.*

RP: Let me say that I don't think we are losing the battle. The pork board, the dairy industry, NTF, NCC, are very engaged in public relations and doing a better job each day of using social media to their advantage. Last year, Prestage Farms in conjunction with Smithfield, intentionally brought 12 "mommy" bloggers to our sow farms, our nurseries, our finishing barns and the processing plant. We brought them to the managers and let them talk to the farm help and our contract growers. We were openly transparent and said to them that we can't control what you say but we are going to show you the truth about what we do and how we do it. Don't you know there wasn't one question or concern. There was plenty of surprise though. One of the more common questions we got asked is why would anyone think there is something wrong with treating and caring for an animal who is sick or needs extra attention. We monitored the blogs for weeks on end and never read a negative comment. As far as the associations, I'm not sure it's possible for these associations to do a good job of educating consumers. They might be guilty of preaching to the choir. But the tide is turning. As NPPC president I need to try and encourage and convince the land grant universities that they have literally been granted the authority to be the leader in farm practices education and to tell the truth about modern agriculture. U.S. agriculture has a great story to tell. We've all been made aware of bovines and agriculture and greenhouse gases. Of the world's greenhouse gases in the U.S., 3.4% are from agriculture, half row crop half animal agriculture. 3.4%! We use less natural resources like land, water and feed. We are more efficient than anyone in the world and we are still getting clobbered in the media despite being the best of the best. Agricultural science allows us to enjoy efficiencies others do not. It takes something like six cows in sub Saharan Africa or India to produce as much milk as one U.S. cow. A domestic cow produces twice as much as one in Mexico. You see, we don't have a captive audience but the media attempts to create one. Executives are misled. Improper information or improperly interpreted information gets in their hands. This whole antibiotic issue, clearly everyone, the industry, family physicians, needs to be more prudent with their use. But to say they are unnecessary in animal health, animal welfare, and as a solid foundation in environmental stewardship is just wrong.

UBR: *Focusing on the export markets, what challenges or opportunities do you see moving forward and for the U.S. pork industry as a whole if the U.S. dollar remains high for an extended period?*

RP: Exports are an uphill challenge and cyclical. Sure the U.S. dollar is very strong. I don't think we should be apologizing for a strong dollar although it has made us less competitive on the global market. It won't be that way forever. The Trans Pacific Partnership is critically important. U.S. agriculture needs to be at the table and be the beneficiary and make U.S. export product available abroad. The political challenges will always be there. It's hard work and well worth the investment. But it did slow us down this year. You never get a second bite of the apple when you get something to slow down like that. Yet, exports will come back and provide an opportunity for growth here in the United States unless we don't use the benefits that technology affords us. Using science- based facts and technology in everything from insulations and feeding systems to artificial insemination to feed and medicines will allow us to grow. We might not have the most success in the TTIP (Transatlantic Trade and Investment Partnership) negotiations because Europe has this unfounded fear that there is something unsafe about GMO. But none of us think the dollar will remain where it is today.

"… AT WHAT POINT TO DO WE FORGET WE HAVE REAL LIVE PEOPLE ON OUR FARMS WHOSE FAMILIES DEPEND ON THEM, AND THAT THEIR WELFARE IS PARAMOUNT TO THAT OF THE SOW?"

UBR: *Any thoughts on another U.S. pork company (Cargill) being bought by a foreign company (JBS) only a couple years after the Smithfield sale to the Chinese?*

RP: I'll just put something in perspective. When Shuanghui bought Smithfield it couldn't have worked the other way because in China, it's illegal. On the other hand, we are a nation of laws. The courts looked at it and said it was ok so time will tell. I will say that I haven't seen a negative consequence yet and I hope I don't. It does bother me a little bit that the Chinese own the largest pork packer in the U.S. and Brazil the biggest poultry producer. If you look at President Eisenhower's last State of the Union, he warned of becoming too dependent on a foreign source of energy or a foreign food supply. Maybe we need to look at that. I hate to see such a large sector of agriculture be in foreign control.

UBR: *As the president of Prestage Farms, raising hogs and turkeys is not only at the core of your business existence but it's fair to say it's in your blood. PEDv and, more recently, HPAI have significantly challenged the industry and your family. What lessons can be taken from both of these devastating diseases and how are your operations stronger for it? As a follow up, are Prestage's turkey production facilities initiating any additional safeguard measures in advance of this fall's annual migration along the Atlantic Flyway?*

RP: We are absolutely stronger for it. Most companies would have said that they had good bio security protocol…until this happened. During PEDv we stayed positive in some of our operations and negative in others. Our isolated swine did much better. In Mississippi I think we stayed negative to both PEDv and PRRS (Porcine Respiratory and Reproductive Syndrome) because we didn't have any neighbors to give it to us. Each operation presents different challenges. I'm not certain with PEDv but I think it is possible that it was initially introduced through some Chinese micro elements or feed additive that got into the system. Once it's in there and it's dispersed you can't control it. With HPAI we know that the primary vector is migratory waterfowl. They fly from Canada to the equator or the tropics and back. I think we are fortunate that it did not get into Atlantic flyway. So we are trying to hyper educate our growers, trying to hyper educate our employees, in case we have an outbreak. We have the appropriate equipment, the tools and the local support. We even have the fire departments involved and we are all trying to get the answers to expected questions along with the proper training and the thought process in place before we have the first outbreak here in the southeast or wherever that state happens to be. In all fairness, the Midwest did not have the time to prepare. It spread very rapidly. In the southeast, we have the luxury of the birds moving north and come back south; shame on us if we are not prepared like our colleagues in the upper Midwest. We have 578 different houses and I would like 578 ways of doing a better job of sanitizing footwear and everything else that goes with it. The threat is well worth the investment. All you need is that first case. With HPAI there is no difference between a little sick or being very sick. UB

Article contributed by Russell W. Whitman
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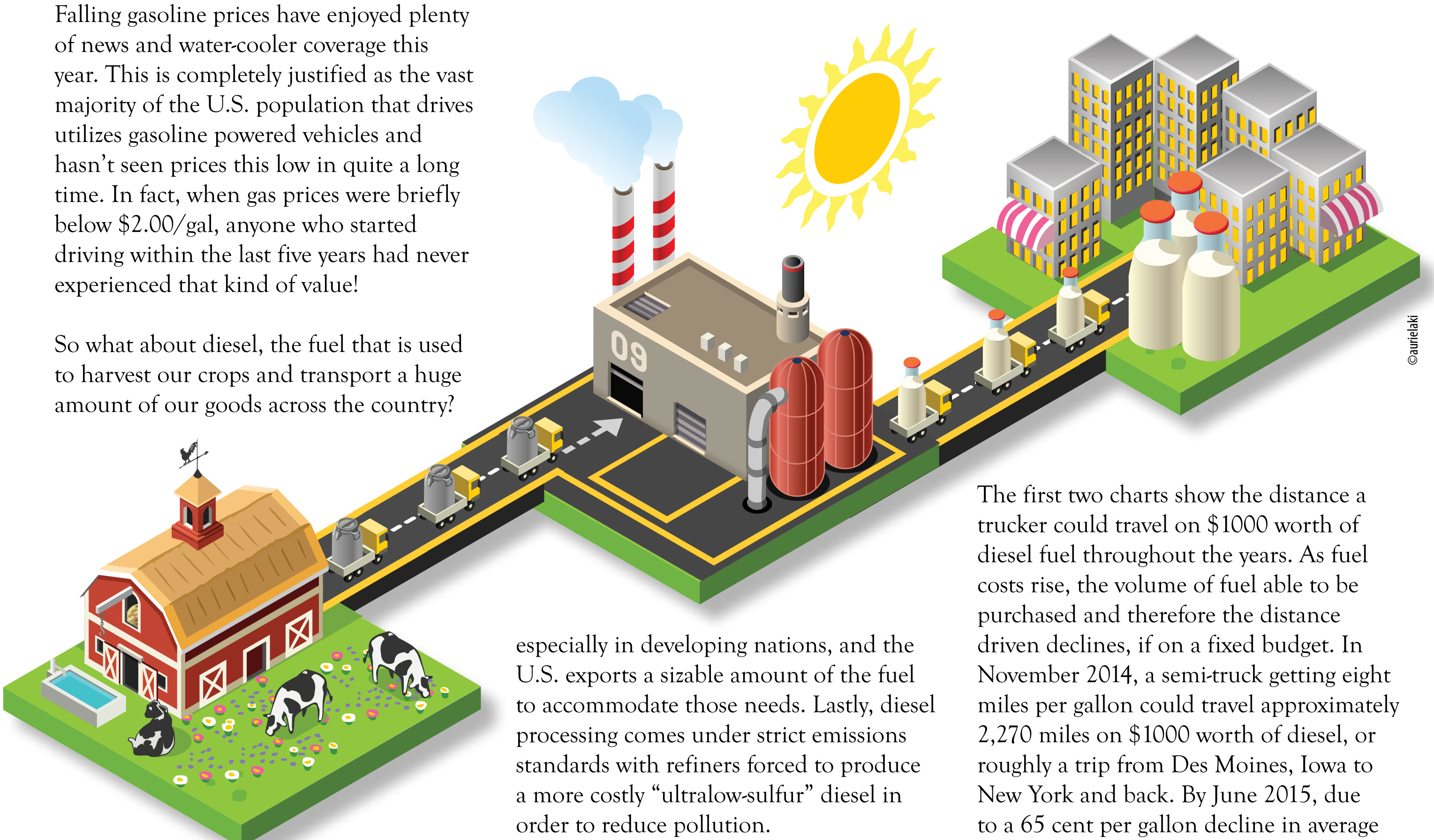
Diesel prices are down – What does that mean for agriculture?

Falling gasoline prices have enjoyed plenty of news and water-cooler coverage this year. This is completely justified as the vast majority of the U.S. population that drives utilizes gasoline powered vehicles and hasn't seen prices this low in quite a long time. In fact, when gas prices were briefly below $2.00/gal, anyone who started driving within the last five years had never experienced that kind of value!

So what about diesel, the fuel that is used to harvest our crops and transport a huge amount of our goods across the country?

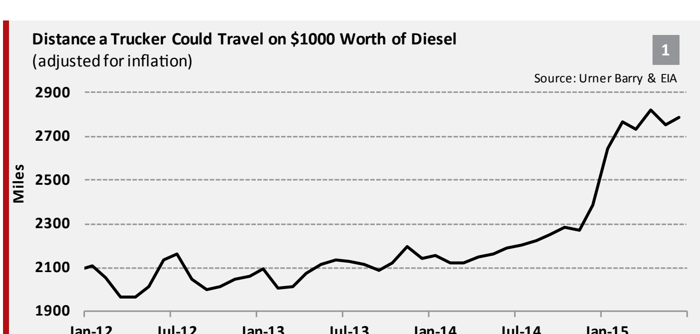


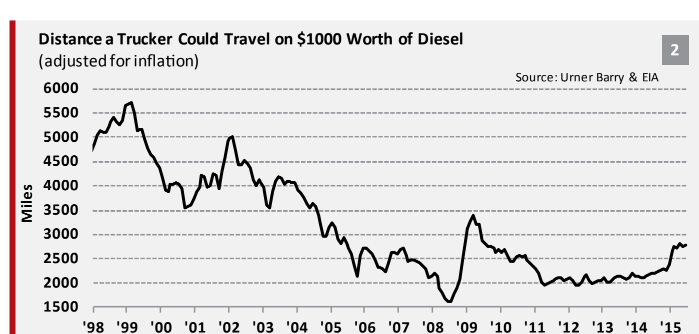
To the casual observer, diesel still looks expensive, especially when on a gas station sign under the gasoline prices. Diesel tends to be more expensive than gasoline for a number of reasons. First, you simply get less diesel fuel per barrel of crude oil; approximately 12 gallons of diesel versus 19 gallons of gasoline from each barrel of oil. Secondly, diesel is diverse and demanded worldwide. The proportion of diesel-burning vehicles is much higher overseas, especially in developing nations, and the U.S. exports a sizable amount of the fuel to accommodate those needs. Lastly, diesel processing comes under strict emissions standards with refiners forced to produce a more costly "ultralow-sulfur" diesel in order to reduce pollution.

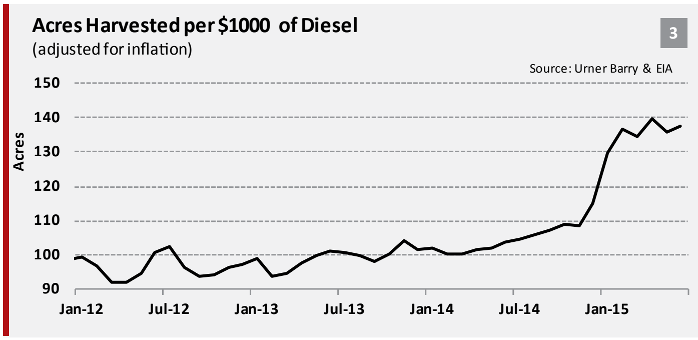
Despite these factors, diesel has in fact dropped in price considerably in recent months. It's easy to say diesel prices are X% lower and therefore you save Y dollars when filling the tank. However, let's take a look at the price declines from a slightly different angle. The following charts show what benefits a trucker and a farmer can expect to get out of the recent price declines, and if those benefits are as significant as some may believe.

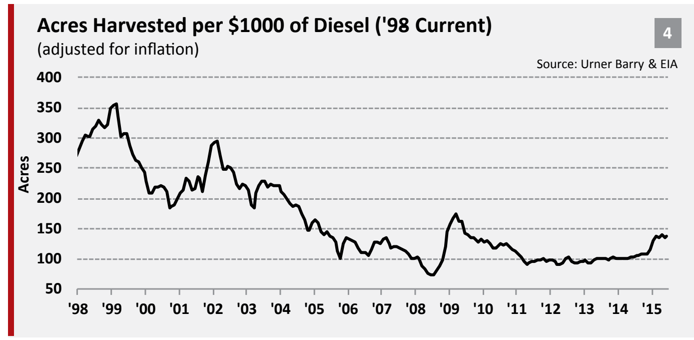
The first two charts show the distance a trucker could travel on $1000 worth of diesel fuel throughout the years. As fuel costs rise, the volume of fuel able to be purchased and therefore the distance driven declines, if on a fixed budget. In November 2014, a semi-truck getting eight miles per gallon could travel approximately 2,270 miles on $1000 worth of diesel, or roughly a trip from Des Moines, Iowa to New York and back. By June 2015, due to a 65 cent per gallon decline in average diesel prices, that same truck could travel approximately an additional 510 miles on the same $1000 budget.

Chart 1 certainly looks impressive... until you zoom out a few more years. Chart 2 shows that while there has been a recent uptick in the mileage possible, it is still nowhere near how far a truck could travel in the late 90s and early 2000s on $1000 worth of fuel. Keep in mind that miles-per-gallon is held constant over the years









at eight mpg and the data is adjusted for inflation to 2015 dollars.

The second practical example of the benefits of lower diesel prices is applicable for a typical grain farmer. Farm equipment uses what is known as farm or “off-road” diesel; essentially diesel without Federal or State taxes applied. On a national average, the lack of those two taxes equates to a 47.58 cent/gallon savings.

Charts 3 and 4 are similar to the trucker example, but are computed for use with farm equipment. More specifically, we calculate an average large combine to use roughly 1.5 gallons of diesel per acre and the truck that coordinates with the combine to use an additional 1.5 gallons of diesel per acre. Assuming the process of harvesting an acre of grain then takes a combined 3 gallons of diesel and incorporating the reduced cost of off-road diesel, we can calculate how many acres can be harvested with that same $1000 budget.

Again, while the immediate improvement is notable, adding roughly 30 harvestable acres on the $1000 budget between November 2014 and June 2015, one look at the zoomed out chart (4) below shows that there is still a long way to go.

So there are really two ways to look at these charts. On one side, we are still far from the potential miles traveled or acres harvested or any other measure that you could draw when compared to a decade or longer ago. On the other hand, a truly tangible improvement has been made in the last few months. Being able to travel an additional 500 miles or harvest an extra 30 acres on the same budget is nothing to shake a stick at. Multiply those savings across a year and the benefits really become apparent. UB

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Retailing in a digital world

In the earliest days of the retail protein industry, consumers didn't really have much of a say in what they ate. Brand differentiation was largely reserved for household goods, automobiles or clothing. The food junkie's best friend at the time was the local butcher who promised a delicious steak or chicken breast cut to spec with a smile. Although shopping malls, specialty and department stores brought consumers convenient access to hundreds of products during the past century, the local butcher remained the protein hub of every neighborhood well into the 1960s and 70s. Remember Alice's heartthrob, "Sam the Butcher" of Brady Bunch fame!?

DELIVERING WHAT THE CONSUMER WANTS

Giving the customer what they demand has always driven change. Frozen dinners (in the wake of television), pre-packaged meats and portioned cuts helped give the increasingly harried housewife what she needed: time. Along with time, what else is near and dear to a growing urban or suburban family? Money. Discount chains and big box merchandisers rose to challenge the malls of the 70s and 80s. These types of stores provided not only manufactured goods, but ventured into the realm of the previously traditional grocery store offerings like fruit, meat, seafood and vegetables in bulk—and at prices never before enjoyed by the average consumer. Now they themselves are faced with stiff competition from e-commerce and search engines that offer never before dreamed of product variety at a low price point.

CONSUMER WANTS IN A DIGITAL WORLD

Jump to the new millennium. The shopping experience is offering unprecedented convenience, choice and value like never before. The selling of merchandise and services to today's consumer is no longer a matter of stocking shelves and freezer cases from the "build it and they will come" era. Meat processors can't expect to market what they are producing and rather must adapt to produce what they can market; and they are doing just that. However, today's super fast paced world leaves little time for the leisurely chore of grocery shopping whether through traditional grocer or big box warehouse. So, where to go next?

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"THEY RECOGNIZE THAT TODAY'S CONSUMERS CAN CONTROL THEIR PURCHASES AND, IN TURN, THE RETAILER'S SUCCESS, SIMPLY AT THE TOUCH OF THEIR FINGERTIPS."

MARKETING AND SHOPPING GONE DIGITAL

Today, mobile and digital technology is the next era of retail innovation. Retailers are giving consumers greater access, convenience and competitive prices than ever before. They recognize that today's consumers can control their purchases and, in turn, the retailer's success—simply at the touch of their fingertips. When everyone is tapped into the web on their mobile devices and can access price comparisons, coupons, and other helpful apps to ease the grocery shopping experience, in-store marketing and coupons no longer suffice. Weekly ads of miscellaneous items don't attract the consumer like they previously did—consumers don't want to waste time filing through the general ads. So now, retailers are using technology to engage consumers and draw them in to buy their products by personalizing their shopping experience. iBeacon, an Apple product, is currently being developed to help retailers do just that. iBeacon, which was just in a piloting stage, is a GPS-like device that opens any unopened apps (say, a grocer's corresponding app) on one's phone and alerts them of any coupons or shopping lists that might be on that app as they move throughout that app's corresponding store. A "welcome" message is even sent to you as you enter the store. Bloomberg news reports that Hillshire Farms was testing the iBeacon technology while it was undergoing its pilot stage, and is en route to being implemented in a number of retail locations. Many companies, for example Walmart, are now also developing more advanced apps for mobile phone users which allow consumers to scan barcodes to create shopping lists, check prices and store hours, and locate items within the store. These apps are becoming so advanced that they can track customer behavior and collect data in order to tailor the app's features to that specific customer Amazon Fresh, Peapod, and Blue Apron are just a few that allow customers to order groceries online and have the groceries shipped to them. These sites will even save your grocery list. Some stores are taking their in-store marketing to a new level with videos or interactive displays. Some displays are motion-censored, which start to play the video when a customer stands near an item or walks by.

DIGITAL COMES AT A PRICE

In 2013, Forbes cited a CEI survey which reported that 86% of consumers would be willing to pay more for a better shopping experience. Technology is the vital ingredient to that. It is proving to be a win-win for both consumers and retailers, as consumers are being given what they want—personalization and ease while shopping—and retailers are still able to profit, despite changing marketing tactics and selling mediums. Companies that are able to utilize technology to interpret their customers' wants and needs will be successful at making the next era of retailer innovation a great one. UB

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Fresh Atlantic salmon fillet and whole fish imports reach record in June

SEAFOOD news.COM

Adapted from a story originally published on July 13, 2015 in Seafoodnews.com

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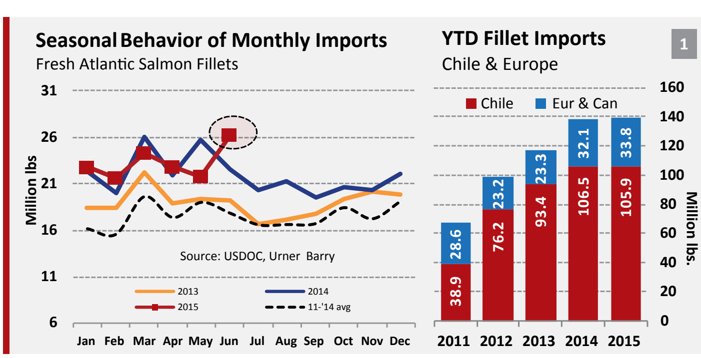
Fresh farmed Atlantic salmon imports to the U.S. are at record levels this year—partially due to the return of Canadian whole fish production and what appears to be heavier buying interest for whole salmon in general. The latter is mainly due to lower price points. Record shipments from Norway, sustained high volumes from Chile, and a large catch for wild salmon from Alaska, have also contributed to what is clearly an oversupplied market.

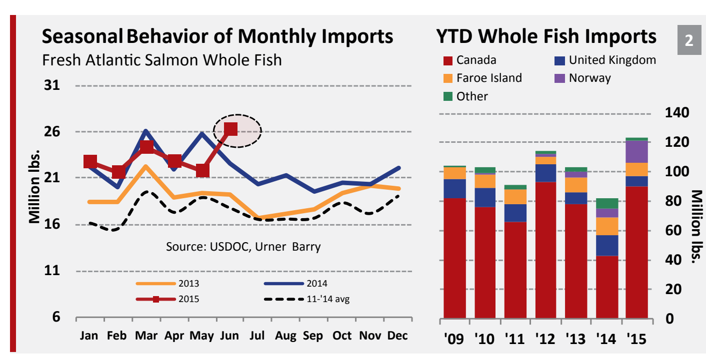
Back in April Seafoodnews.com reported on the various signs that were setting up salmon traders for a rough summer season. At the time, the market was already weak, imports were higher, the dollar was strong and the salmon forecast out of Alaska was among the highest ever.

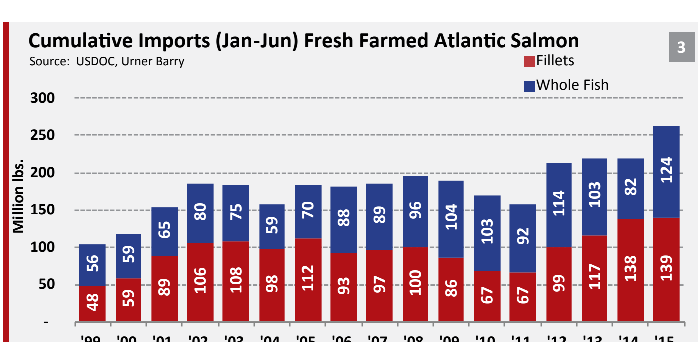
Fresh Atlantic salmon fillet imports to the U.S. market through June 2015 were at their highest volumes ever recorded at 139.1 million pounds. Additionally, salmon shipments for the month of June were the highest ever imported figures at 26.3 million pounds; imports from all sources, excluding Chile, reached multi-year highs.

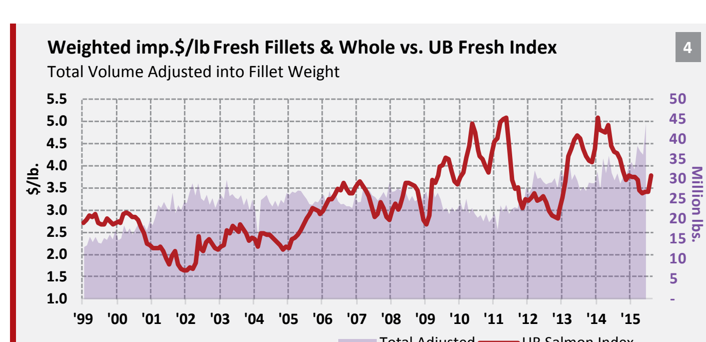
Average monthly imports of fresh farmed Atlantic salmon were 23.29 million pounds, virtually flat from 2014. This was despite a marginal 2.2 percent decline in May imports over 2014 that was mostly driven by a similar 2 percent fall in shipments from top supplier Chile. However, year-to-date imports from Chile were only 0.6 percent lower compared to 2014. (Chart 1)

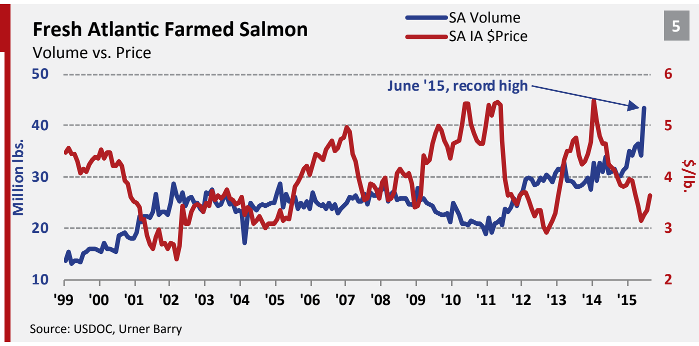
Meanwhile, overall farmed Atlantic whole salmon imports to the U.S. are up 51 percent through June compared to this time last year. This represented a 41 million pound increase over 2014 and a record high. (Chart 2) The increase in whole salmon was led by the return of

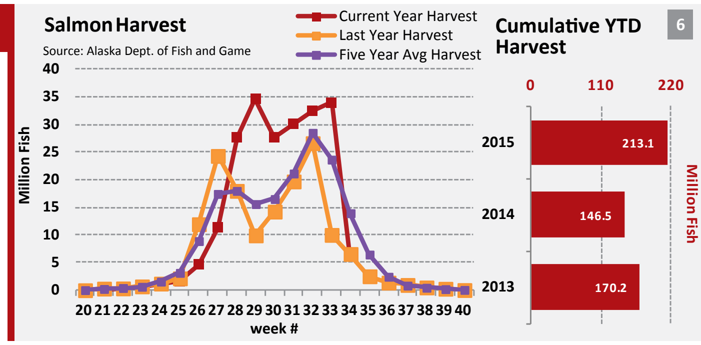












volume out of Canada after imports had fallen to a five-year-low in 2014.

This year, Canada's farmed Atlantic whole salmon imports to the U.S. market grew 108 percent through June to 89.8 million pounds, marking a second-record high. In addition, shipments from Norway increased substantially, also reaching a record high of 14.8 million pounds from January to June. This translates into an increase of 133 percent when compared to the same period last year.

So, all in all, fresh farmed Atlantic salmon imports—including fillets and whole fish—were at year-to-date highs by some distance (Chart 3) and were largely helped by heavy imports in June.

To illustrate this, we bundled all fresh Atlantic salmon imports, including fillets and whole fish, and compared them to Urner Barry's fresh farmed salmon index, which weights Urner Barry quotations with volumes. In order to put things in perspective, we converted whole fish weight into fillets in order to compare these volumes properly using a 67 percent yield. Nominal figures show that prices have adjusted lower as import volumes increase significantly starting in 2015 (Chart 4).

Interestingly, when volumes and prices are adjusted for seasonal behavior and inflation (that is bringing prices to 2015 dollars) the highest volume seen was recorded in June 2015 by a long shot. Far higher volumes would suggest lower prices and when adjusted to inflation, the market reached a multi-year low, but not a record low (Chart 5).

This chart also suggests that over time, demand for salmon in the U.S. has increased as long as prices remain within a certain threshold. Another look at the chart shows how prices fell significantly in 2012 and 2013. This steep market decline coincides with the last time U.S. import volumes reached an all-time high; import levels the industry is currently smashing through in 2015.

The market is also lower from seasonally slow summer demand and more competition from the wild Alaskan salmon season. Historically, these factors contribute to a downturn in the farmed salmon market, just normally not when imports are trending at all-time highs (Chart 6).

The summer will be over by the time this report is published and even then salmon demand usually doesn't pick up until later in the fall towards the holiday season. Meanwhile, there are no signs that overseas production and imports are going to cool off, nor are there indications that consumer demand will stray from its historical summer trend and remain offline until the fourth quarter.

Signs point for record supplies to persist given current demand levels, which are likely to keep market activity at least dull, though the possibility remains for prices to sink down to levels not seen since 2012 and 2013 according to the historical data. UB

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Mexican Beef

A favorable exchange rate supporting exports

The Mexican beef market continues to be "saved" by two factors: 1) export markets, particularly the U.S. market, and 2) a depreciating Mexican peso. That said, advancing Mexican feeder cattle prices have ultimately increased costs and although feed prices had remained relatively low, due to a strong U.S. dollar, import prices of yellow corn, sorghum, and other inputs, have risen significantly since June.

Mexican beef exports through the first six months of 2015 have reached 82.5 thousand metric tons (chart 1). This figure, besides being a year-to-date record high, is 29 percent higher than last year at this time. Of these shipments, 90 percent have ended in the U.S. market. The distant second destination is Japan, with 7.6 percent of the share, while other destinations like Canada, Hong Kong, South Korea, and Vietnam make up the remaining market share. At the moment, a favorable exchange rate, in addition to a tightly-supplied U.S. market, gives Mexican beef exporters strong incentives to keep sending product north. As a result, prices in the domestic Mexican beef market have also rallied and reached record highs in 2015 (chart 2). Yet, this situation has also discouraged imports of beef throughout the first six months of the year. So, when comparing data from January to June, beef imports have fallen 18% in 2015 from 2014. This places Mexico's beef trade balance in positive territory (chart 3).

Yet, although a strong U.S. dollar—or for this matter a weaker Mexican peso relative to the U.S. dollar—would benefit Mexican beef exporters when selling meat to the U.S., cattle feeders appear not to be so cheerful. Since Mexico imports yellow corn, soy meal, sorghum, and other feedstuffs used for feeding cattle, the exchange rate is actually raising the cost when expressed in Mexican pesos (chart 4); of all these inputs; corn, sorghum, and soy meal comprise approximately 45 percent of the diet of cattle in Mexico. Further exacerbating the situation, feeder cattle prices have firmed 41 percent since January 2013, and 9 percent this year (chart 5).

One thing that must be mentioned repeatedly is that despite reaching record high prices for beef, the price of feeder cattle has firmed at a faster pace (chart 6). This means that costs have been firming

"SINCE MEXICO IMPORTS YELLOW CORN, SOY MEAL, SORGHUM, AND OTHER FEEDSTUFFS USED FOR FEEDING CATTLE, THE EXCHANGE RATE IS ACTUALLY RAISING THE COST WHEN EXPRESSED IN MEXICAN PESOS..."

more rapidly than what meat can be sold for. As a result, margins across the board continue to shrink.

So all in all, the baseline story for Mexican beef hasn't changed much, with the exception that a strong U.S. dollar is now having negative impacts on feed yard costs, but has also resulted in a positive trade balance for beef. In the last couple of years of high beef prices, low costs for feed inputs were one of the bright spots for Mexican feeders; now, not so much. Other factors continue along their existing trend lines: feeder cattle prices continue to go up, Mexican beef exports are still growing, and prices in nominal terms continue to flirt with record highs. This situation seems to be a persisting one at least in the short term. UB

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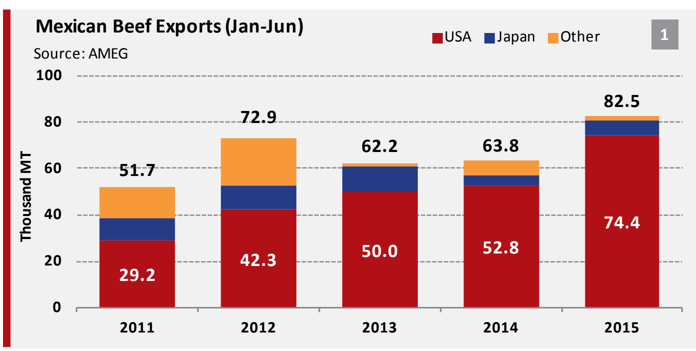
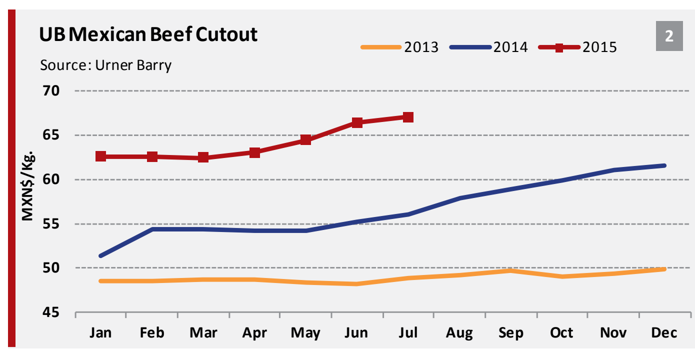
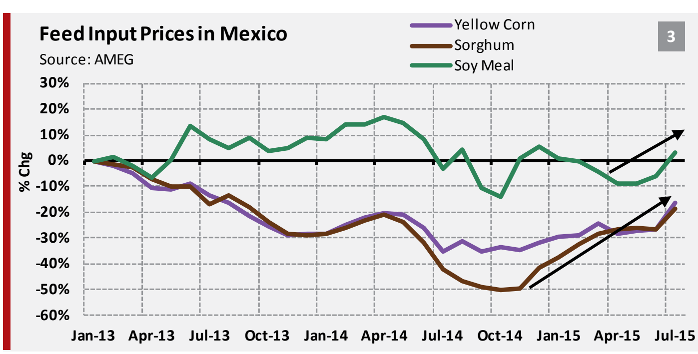
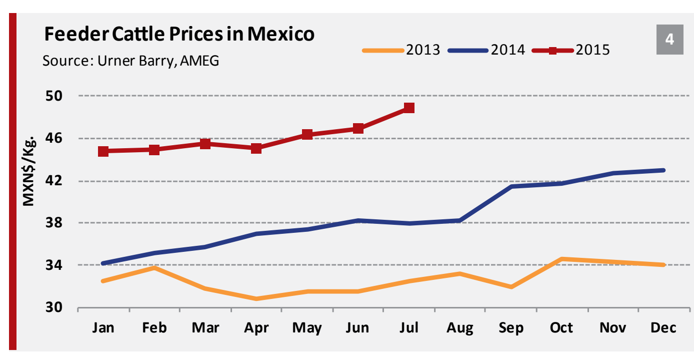
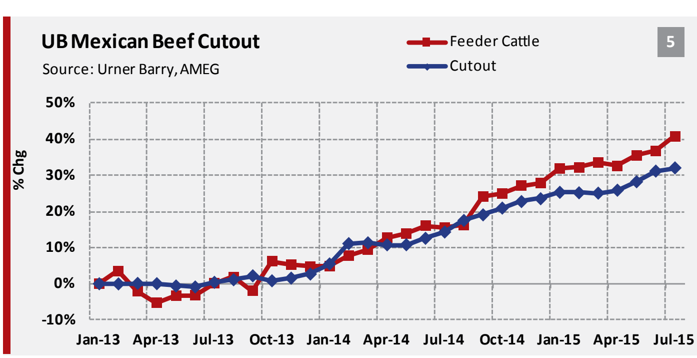
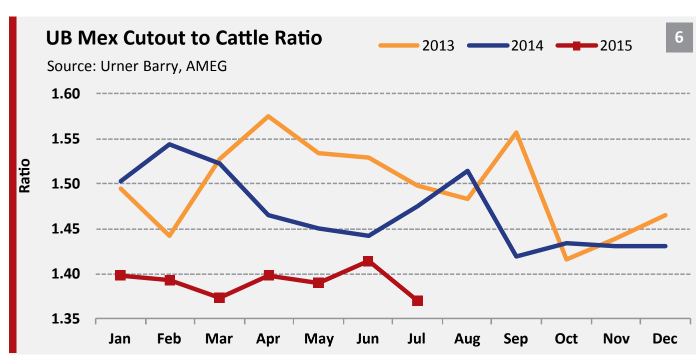












Cost of gain a key component of animal agriculture, profitability

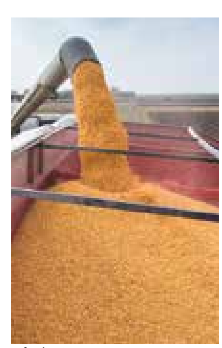
In animal agriculture, producers need to be keenly aware of their cost of gain in order to be profitable and to utilize the price protection tools that are available to help them remain in business for the long term. Not knowing the cost of production or sudden changes in input costs due to volatility, weather, animal disease issues or world events can result in business failure.

The cost of gain can be most simply defined as the production cost per pound of the animal or the meat from that animal. It can also be broken down by segment or phase of production such as the finishing or feeding cost of gain.

While consumers, and even some wholesalers or retailers, may not be too concerned about production costs of livestock, dairy and poultry, perhaps some insight to these costs could help those who sell or consume the products to better anticipate shifts in production, changes in overall supplies and price volatility.

The last two years are prime examples of huge swings in wholesale prices for beef, pork, chicken and turkey. The California drought, the discovery and spread of Porcine Epidemic Diarrhea virus in the spring of 2013 that killed millions of young pigs, followed by the spread of Highly Pathogenic Avian Influenza by migrating wild bird species, rebuilding of the cattle herd following the severe droughts in the Midwest and Southwestern states in recent years and the strength of the dollar are among the several factors that have affected the major animal protein sectors in just the past two years.

For livestock producers, feed is typically the second highest cost factor in producing the animals. Only the young animal itself is a higher input cost. Feed conversion, or the amount of feed that is needed to produce a pound of weight on the animal, and the rate of gain can vary considerably depending in part on the differences in the animals and on the weather.



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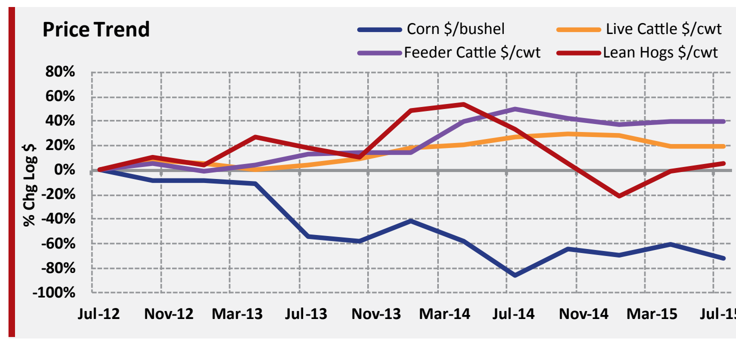
For example, feed conversions and weight gains in cattle can plummet during severe wintry conditions or cold, wet weather which sap energy and calories from the animals. While most years normally have some periods of more severally inclement weather, temperatures overall tend to run near average while precipitation amounts and the form in which the moisture comes can be more variable.



The price of corn, which makes up the majority of the feed ration for hogs and poultry (and is a major energy source for cattle in feedlots), has been quite variable in recent years. Futures prices reached all-time highs in the summer of 2012 at $8.43 3/4 a bushel on front-month continuation charts then slid to $3.18 1/4 in October of last year before recovering modestly this year. Nearby corn contracts have traded in a range of about $3.46 to $4.43 a bushel so far this year. Lower corn and soy meal prices overall in the latest year along with high livestock prices last summer encouraged producers to expand their herds and broiler chicken flocks. Significantly improved pasture conditions this summer in most of the country also have had a role in the quick expansion of the beef cow herd as producers have held back more heifers, or young female cattle, for breeding. While the nation's beef herd is in the midst of rapid expansion, cattle and beef prices through 2016 "will still remain high by historical standards," according to analysts at the Livestock Marketing Information Center in Denver in their mid-year market letter.

Article contributed by **Curt Thacker**
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Bone broth health craze heating up

The latest, and most-trendiest beverage for which hipsters are lining up from Brooklyn to Berlin is something that's been around since at least the Bronze Age—bone broth. Brodo, located in the East Village, New York City's epicenter of cool, is a walk-up take-out window where a cup of the Paleo Diet-friendly elixir can cost anywhere from $4.00 to $9.00. The restaurant has been a success since its opening day, showing how far the neighborhood has evolved from its earlier generation of urban renewal founded upon hippie stores selling wheat grass shots. For the uninitiated, the Paleo Diet is the latest in healthy eating, or at least that's how it's being touted, where legumes, grains, dairy, refined sugar, potatoes, and processed foods are eschewed in favor of grass-fed meats, seafood, nuts, seeds, eggs, healthy oils, and fresh fruits, and vegetables. Bone broth's claims to modern health and well being, with its ties to our ancient past, seem to be the miracle panacea that everyone is talking about.

The terms broth, stock, and bone broth are sometimes used interchangeably. Though there are similarities in preparation—water, bones or meat, veggies, herbs, and spices—there are some key differences. The biggest, and where bone broth gets its bragging rights, is the length of cooking or simmering time. As with stock, bones are first roasted, then are simmered for 24-48 hours to release minerals from within and the gelatin from the joints. Broth and stock are both simmered for much shorter time periods, anywhere between 45 minutes and 3 hours, producing a thinner texture and lighter flavor. Stock made in this way does not have anywhere near the purported benefits of a true bone broth. Despite the labor intensity of bone broth, its ingredients are relatively inexpensive. Marrow bones are becoming a staple item in the butcher case of local grocery stores. As the Paleo Diet maintains popularity, we may all be drinking a cup soon.

"WHILE MOST BONE BROTH RECIPES UTILIZE MEATY RIB OR NECK BONES, BEEF MARROW OR KNUCKLE BONES, IT IS THE MARROW BONES THAT SUPPLY THE DENSEST SOURCE OF FAT-SOLUBLE VITAMINS."

What are the benefits of bone broth? While most bone broth recipes utilize meaty rib or neck bones, beef marrow or knuckle bones, it is the marrow bones that supply the densest source of fat-soluble vitamins. This, combined with the other types of readily available bones, delivers a nourishing liquid packed with protein, vitamins, minerals, collagen, and keratin. The bones being used are by no means limited to beef—poultry and seafood broths are also being touted, as are combinations of several different types of bones. Advocates claim their daily dose of bone broth gives them an energy boost, aids in digestion, and also declare its anti-inflammatory properties.

But like any other fad, bone broth mania does have its detractors. Many nutritionists refute the health and restorative properties of bone broth as being inflated and hyped-up by the media. Most recipes seem to call for grass-fed, organic, or free-range animal bones. Critics of carnivorous intake claim that although bone broth is an excellent provider of amino acids and collagen, and since our bodies produce both, any additional amounts needed can be found in alternative sources that boost the body's own production of them.

The interest and demand for bone broth does not appear to be waning, in fact it is gaining popularity for the time being. The brisk business at places like Brodo and the proliferation of bone broth recipes on the internet indicate it is only going to continue to escalate. Like chicken soup before it, the benefits of bone broth can be debated until the cows come home. Few can argue, however, that if made properly with quality ingredients, the sense of well-being that this low-cost and nutrient-dense concoction imparts might make it the comfort food of a new generation. UB

Article contributed by **James Patterson**
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Stock photo © razmarinka

France's war on food waste

The National Assembly in France recently approved an amendment to an environmental bill that would make it illegal for supermarkets to discard or destroy unsold edible food. This law, if approved by France's Senate, would require supermarkets to donate food to charities, like food banks, or be sent to farms for animal consumption. Food items past their expiration dates would be composted.

The environmental lobbying group that pushed for this bill estimated that 44-66 pounds of food is wasted per person per year in France. In the United States, it is estimated that 40 percent of food goes uneaten, which equates to about $165 billion wasted annually, according to a study reported by the Los Angeles Times.

The U.S. and France are not alone in producing high amounts of food waste. The United Nation's Food and Agriculture Organization says that one third of food produced is lost or wasted globally. This number is calculated by assessing waste created throughout various parts of the food industry chain—from the farm all the way to the consumer.

Ben Simon, the co-founder of Imperfect, a start-up company that aims to sell people "ugly" produce, said that about six billion pounds of produce is thrown away purely because it does not look nice, despite it being completely edible. It has also been found that many consumers throw out food that has reached its sell-by date, even though the food has not yet expired. This is largely due to the public's lack of knowledge or passive attitude regarding food shelf-life.

Simon's initiative to create an attitude change towards disfigured produce is one that has already been launched and supported in Europe. With France's government making such strong headway towards eliminating food waste, companies are also taking steps. A top French supermarket, Intermarche, launched a campaign in 2014 called "Inglorious Fruits and Vegetables" where 'ugly' produce is sold at a cheaper price. Similar campaigns have sprouted in Portugal and the United Kingdom.

Wasting vast amounts of food has economic, environmental, and societal implications across the globe. *The New York Times*

Food recovery network: personal experience

College has been a gateway to innumerable opportunities and experiences for me. Since my freshman year at the University of Maryland, I have been actively involved in community service and one of the organizations that I have worked with is Food Recovery Network.

At the University of Maryland one of the dining halls on campus is called 251 North. Here students can eat an endless buffet of food. There are many different types of foods, always in large quantities...ranging from pasta, pizza, salad, Chinese, Indian, steaks, mashed potatoes, and an array of desserts. It must be impossible to predict how much food will be consumed, because the appetites of college students are wildly unpredictable—so there is usually a lot leftover. Food Recovery Network takes the leftover food from 251 North and brings it to local schools, shelters, or other places in need.

This is how it works: a group of five students head to the dining hall after it is closed for the night at around 8:30 p.m., wash their hands and put on gloves, and get to work. The 251 North staff brings the FRN students trays of food that were on display in the dining hall, and from there, the students put it in glass containers. As a frequent FRN volunteer, I always happily assume the duty of recording the amount of food collected. I weigh and label all of the containers; I can personally attest to the fact that, more often than not, there is over 60 pounds of food collected. Can you imagine all of that food simply being thrown out?!

Once the food is packaged, we pile into the van to bring it all to our donation destination. It is the moment that we arrive to that day's site that I truly recognize the importance of donating this uneaten food. Piling it up into the waiting refrigerator and seeing how full it is, makes me realize how many times I take a full refrigerator (or dining hall) for granted. The people accepting the food are always so gracious and thrilled to see our van pull up.

As a student at the University of Maryland, I have access to a great deal of amenities, resources, and privileges that allow me to thrive as a student and a person. Volunteering for Food Recovery Network puts those privileges in perspective—it makes me realize how much we have in excess, and I feel a great sense of accomplishment when I am able to help those in need. It would be a waste to have all of this food uneaten. Valuable resources would be wasted, especially when there are so many people so close to the university who don't have access to such resources.

Food Recovery Network has taught me to think twice before throwing out perfectly edible food, or buying and making more than I need.

Article contributed by **Julie Gallagher** | julie@urnerbarry.com

reported that large amounts of resources like water, fertilizer and land are used to produce food, but are essentially wasted when that food goes unused. Food dumped in landfills produces methane, a greenhouse gas, which is harmful for the environment. The United Nations recently released a report stating that there are currently 795 million people that suffer from hunger around the globe—all of whom could benefit from the 2.8 trillion pounds of food that goes uneaten annually.


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The U.S. Environmental Protection Agency says that in addition to the foreseeable environmental and societal benefits, business in the food industry could be positively impacted. The EPA outlined that there would be lower purchasing and disposal costs for businesses that purchase only what they can sell, and an increase in staff efficiency because there would be less labor spent on food disposal. Businesses may also receive a tax break or benefits by donating food waste to charity.

Many businesses in the United States have already taken the initiative to reduce waste. The Food Waste Reduction Alliance (FWRA) is a collection of companies, retailers, and service providers in the food industry that work to reduce food waste, donate nutritious foods to those in need, and recycle inedible foods rather than sending it to landfills. There are over 30 members of this alliance, including Tyson Foods, Inc., Wendy's, General Mills, Safeway, Target, and Darden.

Simon, the CEO of Imperfect, has previously made strides to reduce food waste on college campuses in the United States. Simon began Food Recovery Network as a college student at the University of Maryland in 2012 when he realized that much of the leftover food from the university's dining halls sat in landfills. Food Recovery Network calls upon student volunteers to package up uneaten food from the college's dining halls, and bring it to shelters or schools in the area. Now, there are over 140 colleges that are a part of Food Recovery Network—all helping to eliminate food waste.

Although the United States' food industry and consumers have already made strides towards reducing food waste, there is still potential for further improvement, and France's new policy proposal has certainly furthered the conversation on how to make such improvements. UB

Article contributed by **Julie Gallagher** | julie@urnerbarry.com

Lack of water is taking its toll on California and the nation …

©pmphoto

Drought Devastation

California is in the midst of a crippling drought—the worst the Golden State has seen in its recorded history—causing a crisis for all Californians, especially those in the agriculture and livestock industries.

2013 was California's driest year on record, without much improvement since. In 2014, there was six times less snow in the Sierra Nevada snow packs than the year before, which is particularly devastating because those snow packs provide one third of California's total water supply.

The drought is so severe that NASA estimated about 11 trillion gallons of water would be needed to fully recover.

This drought, which is heavily concentrated in the Central Valley, has put a strain on farmers and ranchers.

According to University of California Davis, roughly 564,000 acres of land will be fallowed because of the drought, which will equate to about $856 million of farm revenue lost. In California's livestock and dairy industries alone there will be an estimated $350 million lost in 2015.

Approximately 17,000 jobs have been lost so far, Steve Lyle from the California Department of Food and Agriculture told USA Today. He also predicted that almost 20,000 more jobs will be lost as a result of the drought.

Ranchers have had to make hard decisions regarding their businesses. The LA Times released an article detailing how grass-fed beef is one of the drought's "victims." In order to be labeled as grass-fed to consumers, the cattle must have only grazed on grass and hay for their entire lifetime, while grain-fed beef graze on grass and hay for majority of their life, but are switched to, or "finished" on grain before slaughter. As the LA Times reported in the case of many California ranchers, many grass-fed beef had to recourse their eating habits to grain-fed, due to the lack of grass available.

Some ranchers have had to sell their cattle, as there is not enough water to take care of the animals properly and no income to maintain new animals. Because ranches and farms have closed, some supply stores and processing plants have also shut their doors.

In 2014, Reuters published a story of ranchers packing up their livestock and heading east towards Nevada, Texas, Nebraska, and beyond. The news company estimated that 100,000 California cattle left their home state between November and February 2014.

The drought has created many economic obstacles, and the consequences have already reached all the way to the East Coast. A report in North Carolina stated that vegetable plantings in the state have needed to increase because much of their produce is usually brought in from California.

Nationally, beef prices have surged due to the effects of the drought in California, along with Texas and other areas of the Southwest. Herd liquidation resulted in a tightening of cattle supplies, which saw wholesale beef prices rise about 44% from the 2013 low to the high hit in May of 2015.

Farmers have joined together to create solutions and stand as a unit during this time of crisis—organizations such as the California Farm Water Coalition lobby for proper education about water usage in the agriculture industry.

Many people recognize the importance of agriculture in California, and are urging farmers to become more innovative with how they farm, rather than letting farmers abandon their profession altogether. For example, the University of California has done a study that found that by growing avocado trees 10 feet apart, rather than the normal, 20 feet, grew more avocados while at the same time using less water. Others are attempting to use technology, like mobile-phone apps and advanced irrigation systems, to urge farmers to continue their work. Silicon Valley being located within the drought's path of destruction is proving to be a benefit to those in the agriculture sector, according to Fortune.com.

President Obama's Administration has pledged to give more than $110 million to help California's farmers and rural communities. The USDA also said that they will provide at least $1.2 billion in assistance to those livestock producers facing grazing losses as a result of the drought across the west.

In an unprecedented move to conserve water, California Governor Jerry Brown has declared a mandatory 25 percent cut in water usage across the state by next year and has revoked over 100 senior farmers' water rights (junior farmers' rights have already been revoked). This came after many farmers voluntarily gave up ¼ of their water supply in May of this year, according to the Huffington Post. Many farmers have had these water rights since the Gold Rush.

Some Californians are stepping up to the plate—quite literally—to help reduce the amount of water they use to cook meals.

Two chefs featured on NPR, Nathan Lyon and his girlfriend, Sarah Foreman, have "drought-friendly" recipes that use ingredients with low "water footprints".

Margo True, food editor at Sunset Magazine, told the New York Times that Californian chefs no longer simply wash vegetables in a colander and have the water drain. People are also opting to steam their food, as opposed to boiling it, and

"THE DROUGHT IS SO SEVERE THAT NASA ESTIMATED ABOUT 11 TRILLION GALLONS OF WATER WOULD BE NEEDED TO FULLY RECOVER."

are cooking with less pots and pan—all in an effort to minimize their water usage in the kitchen.

In a state where brown lawns are becoming the newest landscape trend, many citizens are beginning to take extreme measures to conserve water and hold their neighbors accountable. A popular Twitter hashtag has emerged, #droughtshaming, where residents post videos and pictures, sometimes along with addresses, of their neighbors using too much water. Residents and businesses can be fined for violating the water restrictions in their towns.

Although this four-year drought is the worst one on record, California is no stranger to droughts. California has experienced severe droughts in the past, and has even had some mega-droughts (droughts that last more than two decades) in its more ancient past. This particular drought was preceded by a longer dry-period, making conditions that much more challenging.

However, there may be a beacon of hope for California.

El Niño, an irregular period of unusually warm water temperatures in the Pacific Ocean, causes climate changes around the world. The National Oceanic and Atmospheric Administration has said that El Niño is gaining strength this year. They predicted that it could bring water to California as early as spring of next year. This may alleviate some of the stress caused by the drought—and residents are hopeful. UB

Article contributed by Julie Gallagher
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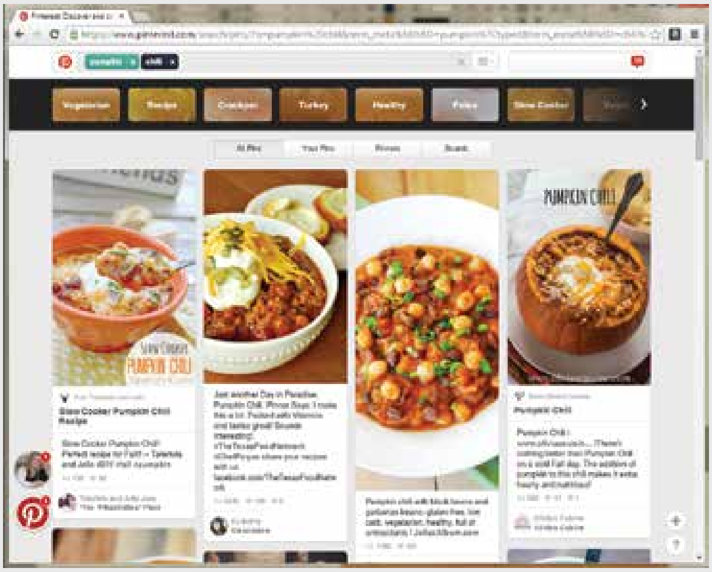
Pinterest: our new cookbook

It is no secret that the internet has influenced many aspects of daily life including how people shop, communicate, work, and even eat. The easy accessibility and magnitude of available content on the web has created shifts in what types of food we eat, how and where we buy it, and how we learn to prepare it.

Rather than calling our grandmothers, we check out our favorite food blog. Instead of opening a cookbook, we "Google" a recipe for exactly what we want to cook. We are watching less afternoon cooking shows to learn how to make a fancy meal, and instead are logging onto our computers to search for a video tutorial on YouTube.

One of the biggest platforms that enabled this shift in food culture is the social media site, Pinterest. The website is designed so users can search for anything that interests them—such as DIY arts and crafts, travel, health and fitness, or fashion. However, "Food and Drinks" is the fourth most searched category on the site, making up 10.7% of the site's total searches. It is common to find food-related articles on the "Popular" page, a collection of the most-"pinned" items on the site.



Pinterest allows users to create virtual pin boards, which are compilations of images that often link to a corresponding article, website, or recipe. "Pinners" can then view others' pin boards, and "like" or add that pin to their own boards. Boards are organized by category. For example, a food page on Pinterest may have multiple pin boards dedicated to food recipes, tips or tricks. "Foodies" (people who have a significant interest in food, who seek new food and related experiences as a hobby) can dedicate entire boards to main dishes with certain meats in them, including beef, chicken, pork, or even seafood. There are recipes for families, party throwers, cooking beginners, health gurus and creative chefs. People are constantly sharing, re-pinning, and saving recipes from Pinterest. This hub of ideas is also incredibly popular for finding seasonal dishes or recipes that fit certain occasions, say a Labor Day barbecue or Halloween.

Pinterest is becoming our personal cookbook and teacher in all things food. A simple search in Pinterest's toolbar can find things such as "Top 50 Healthy Dinners," "The 4 Cuts of Meat You Should Know," "How to Make a Sear-iously Awesome Steak," and "10 Recipes for the Beginner Cook." Even bloggers with their own food websites will upload recipes and blog posts to Pinterest. It's all there. Pinterest has become a one-stop shop for all things food.

Pinterest grabs hold of people because of its use of enticing imagery. Users upload eye-catching charts to display their "top 10 health tricks" or a photo of their delicious casserole in order to attract other users to look at their linked recipe. As a result, imagery or sight is now often the first sense used to analyze food, rather than smell, touch, or taste.

The Hartman Group, a consumer market research firm, conducted a study two years ago that revealed a change in how consumers buy, prepare, and eat food. The study showed that social media sites have a huge role in our food habits, 40 percent of consumers in the study said they learn about food through websites, apps, or blogs and 54 percent of people said that they share food information online, according to NPR.

The shift in how we retrieve food information is also shifting how we view the importance of food in our lives. The study found that people today are more likely to appreciate meal time and the "experience" of food, despite our high-tech, fast-paced lifestyle.

"Today, food to most consumers is about enjoyment, passion, love, taking good care of their families—it just means so much more. And imagery is changing the way we are thinking about food," said Laurie

Demeritt, CEO of The Hartman Group, at the Global Sustainability Summit in 2013.

Companies in the food industry are recognizing this shift and are adjusting their marketing techniques accordingly.

For example, Tyson Foods, Inc. has its very own Pinterest page. The company, one of the world's largest protein providers, has pin boards dedicated to recipes that include its products, recipes from consumers, and health tips and tricks. It's a way for the company to connect with their market, and promote new ways to enjoy their line of products.

Pinterest is widening food lovers' horizons with an indefinite number of new ideas and recipes at their fingertips. As the internet has done with all other aspects of life, social media is now changing food culture for both the industry and the average consumer. UB

Article contributed by **Julie Gallagher**
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SEPTEMBER

Apple Cinnamon Slow Cooker Pork Loin

Ingredients:
3 pounds pork loin
1 apple, sliced
3 tablespoons honey
1 yellow onion, sliced
Mashed potatoes

Instructions:
1) Slice slits into pork loin horizontally about ¾ through meat
2) Fill each slit with an apple slice and drizzle honey over the top, sprinkle with cinnamon.
3) Transfer pork loin to slow cooker. Layer onions over top.
4) Cook on low 3-4 hours. Serve with mashed potatoes.

Source: Rachelschultz.com via Pinterest

OCTOBER

Pumpkin Chili

Ingredients:
2 pounds ground beef (90/10) or ground turkey
1 medium onion, chopped
1 cup canned pumpkin
2 (14.5 oz) cans diced tomatoes
1 can pinto or kidney beans, drained
1 (12 oz) bottle of chili sauce (condiment found in the ketchup aisle)
1 cup beef broth
2 Tablespoons of chili powder
2 teaspoons pumpkin pie spice
2 teaspoons brown sugar
1 1/2 teaspoons salt
1 teaspoon pepper

Instructions:
1) In a large stock pot or dutch oven, brown beef or turkey with the chopped onion. Drain excess grease.
2) Add in all the remaining ingredients and stir well to mix.
3) Bring to a boil, then reduce the heat and simmer for 1 hour.
4) Serve with grated cheese and sour cream.

Source:
Just Another Day in Paradise via Buzzfeed

NOVEMBER

Maple-Glazed Turkey with Bacon and Sage Butter

Ingredients:
1 turkey (12 to 14 pounds, fresh or frozen)
8 strips of bacon
1 optional aromatics to stuff inside turkey
½ lemon
3 tablespoons sage, fresh leaves
3 cups chicken stock/broth
1 cup Maple syrup, pure
¼ cup flour
1 salt and freshly ground black pepper
¾ cups butter
¼ cups water, hot

Instructions:
1) Remove bag of giblets and neck from thawed turkey; put in a roasting pan.
2) Season turkey with salt & pepper, inside & out.
3) Loosen skin and spread sage butter underneath.
5) Glaze entire turkey with maple syrup.
6) Bake for a couple of hours, basting with additional syrup every 30 minutes.
7) Arrange raw strips of bacon on top of turkey; glaze again.
8) Bake for about one more hour or until turkey reaches an internal temperature of 165°F.
9) Remove turkey from oven, tent with foil, allow to rest, carve, and enjoy!

Source: Five Heart Home via Pinterest

PERFECT FOR GAME DAY...

Ranch Chicken Bacon Kabobs

Ingredients:
1/3 cup ranch dressing
2 teaspoons Frank's Red Hot Wing Sauce
2 skinless, boneless chicken breasts (cut into 1 inch pieces)
½ red onion, cut into quarter-sized pieces
12 slices thick cut bacon, cut into 1.5-2" squares
Salt and black pepper to taste
5 bamboo skewers, soaked in water for two hours

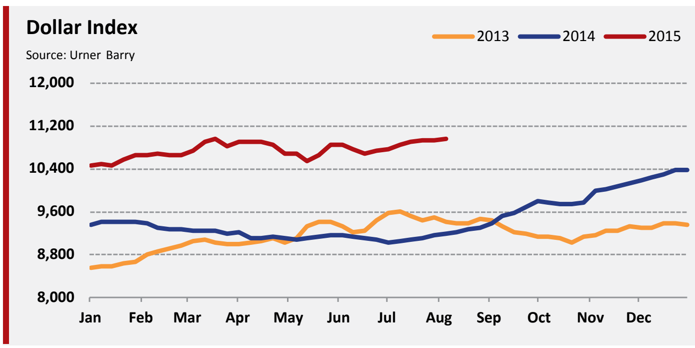
Instructions:
1) Mix ranch dressing and Frank's sauce; pour into a quart-sized Ziploc bag. Add in chicken pieces. Marinate in the fridge for 2+ hours.
2) When ready to grill, microwave the bacon on a plate for about 1.5 minutes.
3) Assemble kabobs, making sure that the bacon and chicken are next to each other.
4)Preheat grill, place kabobs on grill. Cook until chicken is just over 160 degrees F.
5) Enjoy!

Source: www.butterwithasideofbread.com

Banner 2015 for red meat imports ...

A strong USD leads to year-over-year

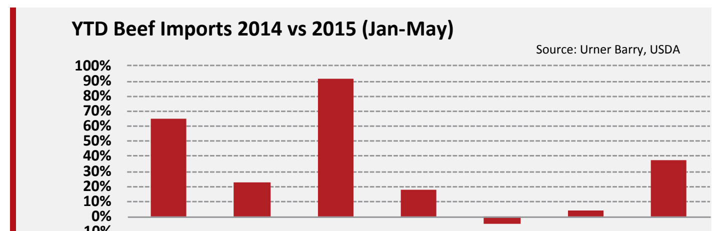
A basic concept in economics is that an elevated domestic currency makes exports more expensive and imports more attractive. The ascent of the U.S. dollar between 2014 and 2015 into multi-year highs has had that exact effect across the protein markets.



In the beef market, buyers in the United States were able to capitalize on the currency strength as well as other developments like price differential to bring in more beef for the increased domestic demand. U.S. beef imports are up 37.4% for the first five months of 2015; through May they totaled 1.53 billion pounds. The leading countries by volume were Australia, New Zealand and Canada. Imports from these countries were up 65%, 23% and 5% respectively. Brazil and Uruguay also saw large increases from 2014.

"...ELEVATED DOMESTIC CURRENCY MAKES EXPORTS MORE EXPENSIVE AND IMPORTS MORE ATTRACTIVE."

It was not only the currency trade that helped imports, but also a declining domestic bull and cow slaughter decreased the supply of lean trimmings. These are used by processors to blend ground beef. Buyers in the United States were further aided in their search for product by the large price differential between domestic and imported trimmings. Most of the product sourced from Australia, New Zealand, South and Central America are lean trimmings.

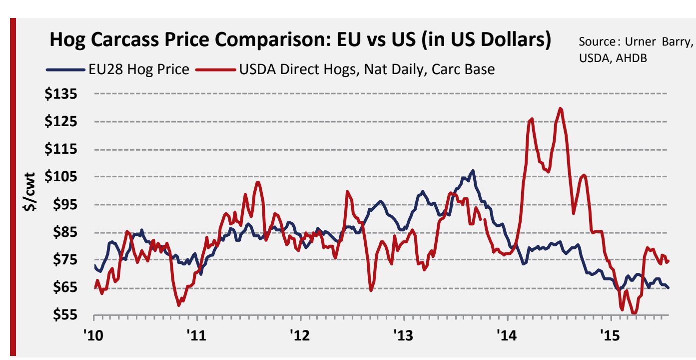


	Australia	New Zealand	Uruguay	Nicaragua	Honduras	Canada	Total
Change (%)	64.78%	22.73%	91.59%	17.51%	-4.73%	4.49%	37.34%
Change (Lb)	210,154,000	67,142,000	29,836,000	8,275,000	(158,000)	11,182,000	415,302,000

The pork market has been particularly burdened by this development as the reduction in exports and expansion in imports has occurred at the same time that the industry is producing record amounts of pork domestically. Take ample domestic supplies, reduce the opportunity to sell them abroad and add an influx of foreign pork and you have the recipe for multi-year low pork prices.

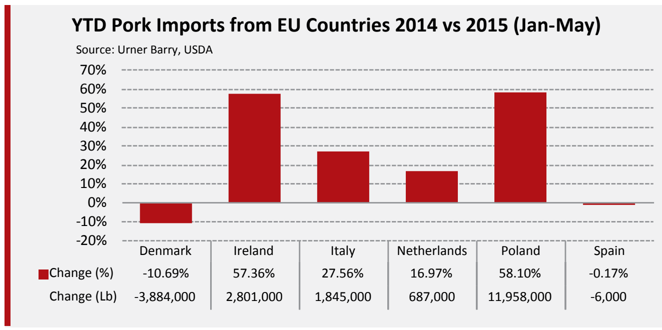
Some U.S. buyers have not only been able to capitalize on competitively-priced product from our traditional import partners like Canada, but have also expanded to accept pork from other, historically smaller partners, namely the countries within the European Union.

The EU has been somewhat uniquely positioned with low hog prices and expanding production, allowing them to fully take advantage of the high U.S. dollar, low Euro situation. The average hog price among the 28 member nations by the end of July was \$64/cwt, or over \$9/cwt cheaper than the national average price of U.S. hogs.



import growth for beef as well as pork

From January to May 2015, we have seen many EU member nations increase their offerings to the U.S. when compared to the same period in 2014. Two of the largest EU beneficiaries of the high dollar, in terms of increased pork sales, have been Ireland and Poland. The U.S. has imported 57.4 percent or 2.8 million more pounds of pork from Ireland during the first five months of 2015 than the same period a year ago. Meanwhile, Poland, which does not use the Euro but has still seen its domestic currency (the Polish Zloty) depreciate against the USD, has had the largest increase in pork exports so far in 2015. Compared to January-May 2014, Poland has shipped an additional 58.1 percent or 11.96 million pounds of pork to the U.S.



	Denmark	Ireland	Italy	Netherlands	Poland	Spain
Change (%)	-10.69%	57.36%	27.56%	16.97%	58.10%	-0.17%
Change (Lb)	-3,884,000	2,801,000	1,845,000	687,000	11,958,000	-6,000

While these figures may not seem large in the grand scheme of things as the United States can produce something around 90 million pounds of pork daily, any amount of pork coming into the country that is offered at prices under the market can have a direct impact on individuals attempting to sell pork domestically.

Through April 2015, some estimates have pork production from the EU up 6% year over year. With Russia and China issuing restrictions against North American meat, and the USD making it expensive for other countries to buy U.S. meat, an opportunity has opened up for those European markets to attempt to take up some of the slack. In doing so, competitively priced offerings from Europe may remain a factor to consider for some time. The group of nations is well positioned to not only expand their presence in those highly restrictive countries, but, with the help of affordable prices and a beneficial exchange rate, to other countries which have previously been well established as destinations for U.S. meat. UB

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U.S. begins imports of shell eggs in the wake of HPAI

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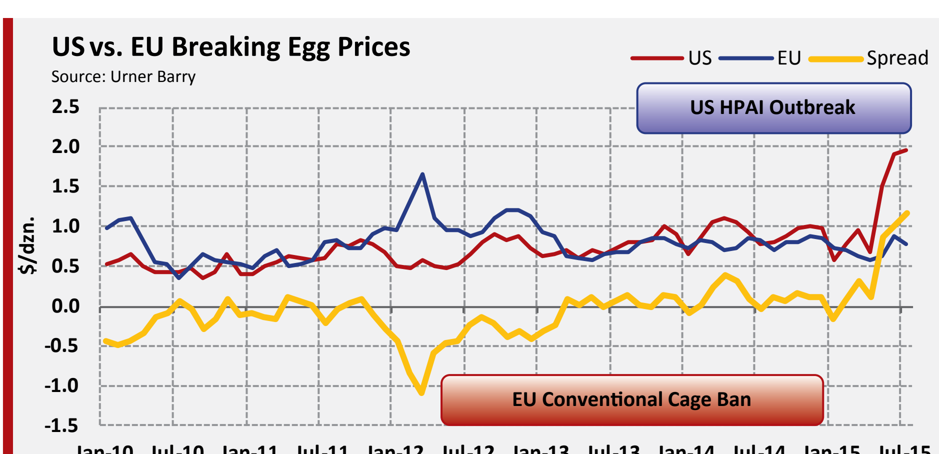
The U.S. positioned itself as one of the largest international players in the shell egg and egg products space in the last few years. In fact, 2013 and 2014 set back-to-back records in terms of export volume leaving the country. U.S. producers and processors have been able to take advantage of international shortages and price leverage in the wake of disease and legislative production changes around the world. Last year, the U.S. shipped out roughly 5% of total production of shell eggs and egg products from about 15 million layers.

Now, in the wake of the worst avian influenza outbreak in the country's history, U.S. buyers have turned to international markets for imports of shell eggs and egg products. 35 million of the country's 304 million table egg laying hens have been culled due to the spread of the virus, creating record prices throughout the cartoned and products markets.

Shell eggs meeting USDA's Food Safety and Inspection Service standards (FSIS, outlined at www.fsis.usda.gov) have begun to cross U.S. borders. The top trading partners thus far have been Spain, France, Germany, and most recently, Mexico. Between our communication with industry sources, and in talking with representatives at the USDA, we estimate that up to 50 loads of shell eggs a week are entering the country. These eggs are destined for processing and will not enter the domestic consumer market in a shell.

Parties involved suggest the number of loads coming into the U.S. is on the rise, estimating anywhere between 75 and 100 loads could come in weekly as we head toward the fourth quarter. These shell eggs will help alleviate potential shortages in the egg product sector and reduce processor pursuit of eggs once destined for the cartoned market. However, these volumes pale in comparison to overall domestic production impacted by the virus. Given rate of lay, we've calculated that the industry has lost 100 loads of production daily.

The Netherlands and Canada are the only two countries currently approved to ship egg products into the U.S.



Market participants in the Netherlands reported that the first egg powders have made their way into the states, traveling by air rather than by sea. Volumes are nowhere near what domestic consumer goods manufacturers had hoped though, as they mull egg reductions and potential replacements in their formulas. Meanwhile, Canada continues to pursue additional shell egg supplies from the U.S., especially as they begin preparations for the fourth quarter. Canadian buyers are hoping to open their doors to EU shell eggs as well, which could present even more competition for the U.S. on the international front. Shortages up north suggest there is limited opportunity for egg product imports into the States, leaving the Netherlands as the lone option at this time.

Producers are scrambling to clean up affected facilities and get them approved for repopulations. Meanwhile plants are looking for ways to increase capacity across the country. Some have turned to international supply sources for a portion of their needs, while others are still competing for any domestic availability.

HPAI has quickly turned one of the biggest exporting nations of shell eggs and egg products into an importer, at least for the short term. UB

Article contributed by **Brian A. Moscogiuri**
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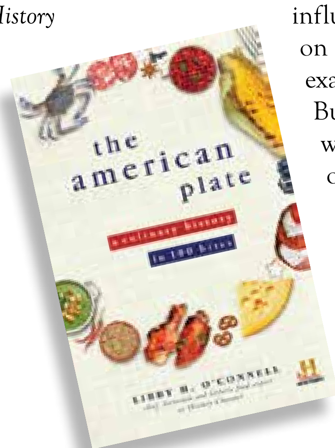
Review: *The American Plate: A Culinary History in 100 Bites*

If you're like me then you relish reading about food as much as preparing and eating it. So, for people like us, *The American Plate: A Culinary History in 100 Bites* by Libby H. O'Connell is a feast for our eyes, hands, and mind. O'Connell, Ph.D., is Chief Historian, Senior Vice President, Corporate Social Responsibility, for History Channel and A&E Networks. She wields tremendous influence in media and culture, serving on the boards of various institutions yet still finding time to win a few EMMYS. Dr. O'Connell is a member of the Kitchen Cabinet, an advisory board formed by the Smithsonian's National Museum of American History to help expand coverage of food and beverages in the formation of our cultural heritage.



The American Plate remixes, in 10 chapters and 100 bites, United States history by reviewing a selection of our most unique culinary contributions from roast beaver's tail (recipe included in the publication!) to TV dinners. This book emphasizes the influence of economics, social movements, and technology on transforming what, as well as the way, we eat. Beginning with a discussion of pre-Colombian Native American foods, O'Connell deconstructs the myths of explorers returning home to Europe loaded with galleys full of gold. More often they brought home lowly new world vegetables, which later through commerce became intrinsically linked to old world cuisines; so much so we forgot their origins—think Italy and the tomato. *American Plate* carries readers right up to the present describing ubiquitous yet controversial molecularly modified foods. The book is peppered with photographs and recipes that reflect our sometimes barbaric yet often idealistic history. O'Connell delivers an exquisite exegesis of a forgotten colonial delicacy, Roast Beaver Tail. Wonder if my local grocer carries that? Can't wait to ask the butcher.

The enduring and fraught influences of Southern culture on our nation are explored by examining the intricacies of Buttermilk Fried Chicken, which I have every intention of trying to compare against my own Mawmaw's family-favorite recipe. Presbyterian minister Sylvester Graham invented his barely leavened eponymous crackers to pair with abstinence and a vegetarian diet to tamp sexual desire. You certainly will not be tempted to try all of these recipes, however, they make for enlightening reading, especially as an sensory illustration of our cultural heritage.

The American Plate traces the history of our country in scaled-down lessons that would be a welcome addition to any American history course. O'Connell's look at everyday life through the decades brings the past to life offering a fresh take on what could have been an academically dull subject. Contrarily, the progression of American eating from colonial days to post-industrial futures becomes exciting. O'Connell wisely highlights trivia and historical tidbits that even non-foodies find compelling. For example, did you know that popcorn, first domesticated 9,000 years ago, is one of our oldest foods still eaten today exactly as it was first prepared? More of a reference book than a cookbook; *American Plate* can be read non-linearly. Each chapter stands alone so readers can skip around, and not feel guilty, while waiting for their pasta water to boil.

This publication time-travels from the halls of Montezuma right up to our questionable gastric future; O'Connell is a deft and able guide, like Sacajawea leading Lewis and Clarke. Each lesson or bite that she gives shows us how that particular food was important in how it was used and what it meant in the grand scheme of understanding American history. Yet, the story is never pedantic nor condescending. The writing is lively and informative. I came away with plethora factoids with which I plan on regaling guests at my next dinner party or to unleash on my much wished for appearance on Jeopardy! For example, "Did you know that eels were once considered so much of a delicacy that lobsters were used as eel-bait?" *The American Plate* takes readers on a reverse manifest destiny culinary road trip that reveals how our food, like our history, is less rugged individualism, more cultural pastiche. UB

Article contributed by **James Patterson**
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Decode your cravings

Food cravings are caused by the brain, not the stomach, and can usually be satisfied by eating a particular food. According to some researchers, cravings are based on our ancestors past need for a higher caloric intake. Still, other nutritionists and health coaches find that cravings are a simple conditioning or the cause of a psychological need or addiction. There are also studies that indicate a strong connection between sleep deprivation and food cravings. Hormones too can play a large part, especially in pregnant women when extreme surges of hormones run through her body.


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Dying to eat some red meat or beans? Cravings for these types of foods can be linked to an iron deficiency in some individuals. Food sources high in iron are red meat, liver, beans, dark greens and whole grain cereals. Some bizarre cravings also linked to iron deficiency are laundry powder, cigarette butts and the desire to chew on ice. On some occasions these types of cravings are also linked to signs of anemia.

Those who have high stress levels tend to crave salty foods such as potato chips or French fries. Chronic stress that is not properly coped with can take a toll on the adrenal glands. The adrenal glands, which are part of the kidneys, release hormones that maintain the body's balance of salt and water. When there is a shift in stress level and the glands are unbalanced, the salt cravings can occur. Sodium increases calcium levels in the blood, which temporarily tricks the body into thinking the problem is solved. To minimize these salty food cravings, try to de-stress by deep breathing or meditating.

Salivating over sweets can be an indication of blood sugar fluctuation. When eating candy or cake, the level of blood sugar spikes and dips potentially leading to more cravings. Choosing a piece of fruit or a high-fiber food is more likely to stabilize your blood sugar. Another common sugar craving is chocolate. Experts find that craving chocolate could be caused by a magnesium deficiency. It is recommended though, to eat dark chocolate which boosts heart health, improves blood flow and can help lower blood pressure due to the high antioxidant content. One dark chocolate square contains 24 percent of the daily value of magnesium.

At times when the body is dehydrated, thirst is often misinterpreted for hunger. Satisfy the body by drinking a large glass of water to quench the system. Eating more frequent, smaller meals throughout the day can help reduce cravings. Additionally, nutritional deficiencies that lead to food cravings can be lessened by taking a daily vitamin supplement. Once in a while though, giving in to a food craving can be pleasurable. UB

Article contributed by **Sandra Bailey**
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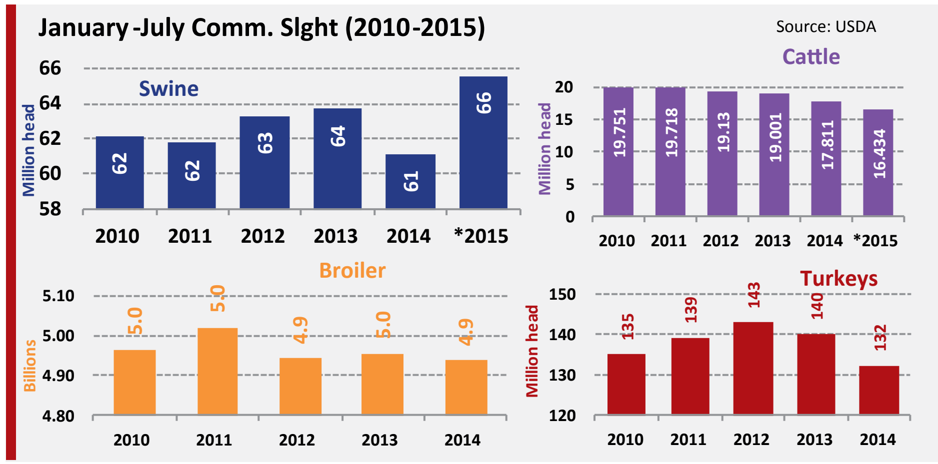
"...CRAVINGS ARE A SIMPLE CONDITIONING OR THE CAUSE OF A PSYCHOLOGICAL NEED OR ADDICTION."

Mixed meat supplies for the rest of the year …

U.S. hog slaughter to remain big through year-end but Y-O-Y increase to ease

The number of hogs available for slaughter during June and July were up by double-digit percentage figures from a year ago and were expected to remain so for August and September before year-on-year increases begin to ease a bit in the final quarter.



According to the USDA's June quarterly hog and pigs report, slaughter supplies for the third quarter were pegged at about 13% over a year ago, said Bob Brown, private analyst in Edmond, Okla. So far, that number is tracking well. Weekly totals for July averaged 13.3% over a year ago, on target with the government's expectations.

Brown looks for a peak in weekly average slaughters for this year to be hit in November at 2.4 million head, up nearly 7% from a year ago. A pullback is expected for the final quarter in the year-on-year increase to around 6% and further declines into early 2016 to 1% below the previous year's figure. If on target, his estimate for Q4 weekly slaughter would be up about 2.2% from the 2013 figure and just slightly below 2012.

The surge in hog supplies came as a result of breeding extra females following the widespread cases of porcine epidemic diarrhea virus, or PEDv, in late 2013 and 2014 that killed millions of young pigs, along with enhanced biosecurity measures and the development of vaccines that increased immunity to the disease. Producers then responded to the weaker markets by trimming some of their farrowing intentions for the summer and fall.

Slaughter-ready cattle supplies, meanwhile, are predicted to remain generally tight throughout the balance of the year. It takes much longer to adjust the size of the cattle herd, compared with hogs. In order to expand the number of cows in the breeding herd, more young females must be held back, therefore further reducing the amount available to enter the feedyards for fattening and slaughter.

"THE SURGE IN HOG SUPPLIES CAME AS A RESULT OF BREEDING EXTRA FEMALES FOLLOWING THE WIDESPREAD CASES OF PORCINE EPIDEMIC DIARRHEA VIRUS, OR PEDV, IN LATE 2013 AND 2014…"

©kadmy

The latest cattle inventory data, as of July 1, showed the nation's herd at 2.2% above a year ago.

Heavier cattle weights and lighter hogs are expected to temper the effects of smaller and larger livestock supplies, respectively, in the two sectors. U.S. beef output for 2015 is projected to be down 1.8% from 2014, even though cattle slaughter through end-July was down 6.9% from a year ago. Pork production for the year is predicted to be 7.6% over 2014, and hog slaughter through the first seven months was up 7.5%.

When adding in broiler output, seen up about 5% for the year, offsetting a decline in turkey production, the nation's total red meat and poultry production for 2015 is projected to be up about 3.3% from the previous year. UB

Article contributed by **Curt Thacker**
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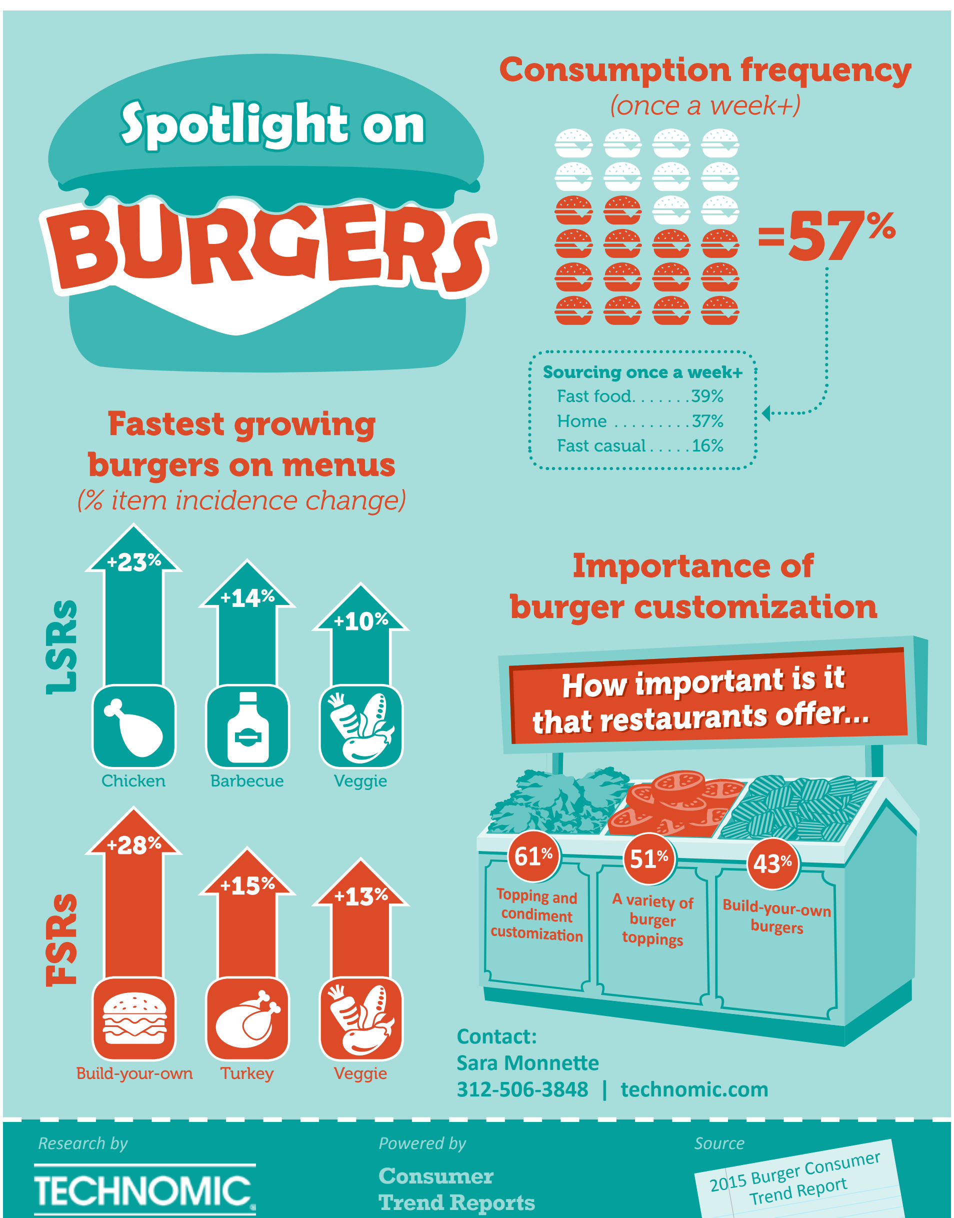
A staple of the American diet ...

Rising beef prices driving burger industry innovation

Adapted from a story that originally appeared on Foodmarket.com on August 14, 2015

With the majority of consumers eating burgers at least weekly (57 percent), the popular entrée remains a staple of the American diet. Amid recent hurdles of rising beef prices and negative health perceptions, Technomic's Burger Consumer Trend Report outlines key areas of opportunity relating to innovations that improve health and quality perceptions while maintaining a strong value proposition.

"Utilizing value beef cuts and incorporating non-beef proteins can help lower costs and broaden the range of needstates burgers can satisfy," explains Sara Monnette, Technomic vice president. "Specialty ingredients like pretzel buns can enhance the value perception, and unique toppings and sauces, stuffed patties and premium sides can add to craveability and brand differentiation."



Compiling findings from more than 1,500 U.S. consumers, as well as Technomic's MenuMonitor and Top 500 Restaurant Chain Report, the Burger Consumer Trend Report also reveals:

On a weekly basis, 39 percent of consumers purchase burgers from fast-food restaurants and 37 percent make them at home.

61 percent of consumers say it's important to be able to customize the toppings/condiments, and 43 percent prioritize build-your-own burgers.

At limited-service restaurants, chicken tops the list of fastest-growing burgers since 2013 with a 23 percent increase in menu-item incidence. Build-your-own burgers win out at full-service restaurants, growing by 28 percent.

The Burger Consumer Trend Report is one of many in Technomic's Consumer Trend Report series, offering the most current analysis, insight and opportunities to help grow your business. Our best-in-class intelligence combines nearly 50 years of foodservice expertise with critical findings from more than 30,000 annual consumer interviews and analysis of more than 7,000 menus. UB

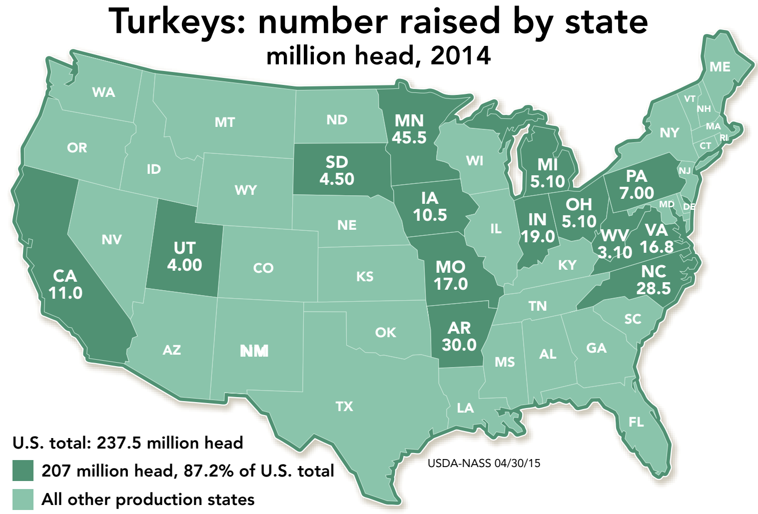
A time of Thanksgiving

Article contributed by the
National Turkey Federation

Gathering to give thanks for a bountiful harvest, the Thanksgiving turkey along with the festive decoration of cornucopia introduce the American holiday season. As this fall arrives, turkey growers are even more watchful over their flocks: Repopulating their barns in August, determined to see their turkeys grow to market, and on guard against highly pathogenic avian influenza. Uncertainty exists as to the extent of the virus returning with the cold wet season on the wings of migrating wild birds and by strong winds on particles of dried mud blown into turkey barns. However, despite the conditions this fall, Thanksgiving turkey will indeed be available in ample supply—that is a certainty.

A return of the virus is already too late to impact the Thanksgiving supply. The consumers' preferred and widely available stock of frozen whole turkey was already produced and flash-frozen for quality by March, before the beginning of the avian influenza outbreaks in the upper Midwest. Distributors and supermarket chains had long-before contracted for frozen whole turkey as promotional incentives to the Thanksgiving shopper. USDA's monthly cold storage report of frozen whole turkey has consistently registered supplies closely matching last year's inventories. Turkeys lost to the virus were just three percent of the 240 million population, concentrated in portions of a handful of states – few among the 14 states that annually produce 87 percent of the turkey supply. Raised in separate barns, turkeys claimed by the virus were mostly larger toms, not the Thanksgiving dinner's preferred-size turkey hens.

Instead, the more significant and deep impact from the virus was individual and personal. The national supply of turkey was able to absorb losses of three percent within its widely dispersed and resilient population. However, in towns and communities, it was the virus, with its deadly swiftness, that absorbed the livelihoods of individual growers; and yet it was the growers with their resilience who returned fresh poults to empty barns—clean, scrubbed and repopulated.



Farming is never easy, but farmers remain optimistic and attune to opportunities afforded by the elements and the markets. In states far from the upper Midwest concentration of avian influenza, turkey production has continued unabated. While the number of available poults and the impact on breeding stock are hard realities, it would not be surprising if enterprising farmers increase the meat and muscle on available turkeys—if they calculate there is value in continuing feed for a short while longer on corn and soybeans before marketing.

Spot shortages in grocers' daily deli meat and tray packs have seemed to owe mostly to the limits in distribution arrangements. For restaurants, the price of accepting delivery occasionally outweighed the business decision that would have increased menu prices. Although ag economists note export bans against the U.S. serve as a degree of counterweight to domestic prices, the National Turkey Federation remains committed to the restoration and continued gain of our profitable export markets by eradication of the virus and vaccination available as one tool for growers most at-risk from the virus.

For Thanksgiving, there will be turkey a-plenty. Fresh whole turkey availability is unknowable nearly three months from November 26th yet there is no need to rush to order. Instead, the cook in the kitchen is more likely to be planning ahead for buying that frozen turkey hen to enjoy turkey for Thanksgiving Dinner and to try turkey breakfast sausage, turkey tenderloin, turkey ground meat and turkey drumsticks for meals anytime. UB

Three years to eliminate trans fats

In June 2015, the Food and Drug Administration announced that partially hydrogenated oils (PHOs), the main dietary source of artificial trans fats in processed foods, are not "generally recognized as safe" (GRAS), for use in human food. The FDA said it plans to ban trans fats in most foods, giving companies until 2018 to reformulate their products or petition the FDA to allow the continued use of trans fats in their foods.


©vitanovski

Partially hydrogenated oil is formed when hydrogen is added to liquid oils to make solid fats, like shortening and margarine. Food manufactures commonly used PHOs to increase the shelf life of food and enhance flavors.

This is not the first step in the battle against PHOs. Manufacturers were required to list trans fat content on their labels starting back in 2006. As the labeling took effect and some consumers looked for alternatives, many companies took it upon themselves and either eliminated or reduced trans fat content from their products. Cities such as New York, Boston and Philadelphia banned the use of trans fats in restaurants within the past decade. In 2013, the FDA made a determination that trans fats were no longer safe, after considering extensive public comments and review of scientific evidence the FDA has decided to move forward with this rule which gives food manufacturers three years to eliminate the trans fats.

Efforts by the FDA and the food industry have resulted in a 78 percent decrease in the amount of artificial trans fat consumed in the United States between 2003 and 2012.

American dietary guidelines recommend Americans keep their trans fat consumption as low as possible. The FDA's Acting Commissioner Stephen Ostroff, M.D. indicated, "This action is expected to reduce coronary heart disease and prevent thousands of fatal heart attacks every year." The FDA believes eliminating artificial trans fat from the food supply will reduce heart disease in the United States.

Article contributed by **Bill Smith** | bsmith@urnerbarry.com

VEAL PRICE FORECAST
JULY 2015

OBSONO LLC

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MARKET INSIGHT
FOR THE MEAT AND POULTRY INDUSTRY

High-priced veal

Veal prices continue to trade at or near record high price levels. Year-over-year price increases are expected to continue throughout the remainder of 2015. Replacement costs of calves continue to trend higher. There is some concern that alternative proteins, like pork and poultry, are seeing year-over-year increases in production, which could pressure veal prices as the year progresses. However, limited availability will most likely be the main driver for veal prices. Veal production is currently down about 18% relative to the same time period last year.

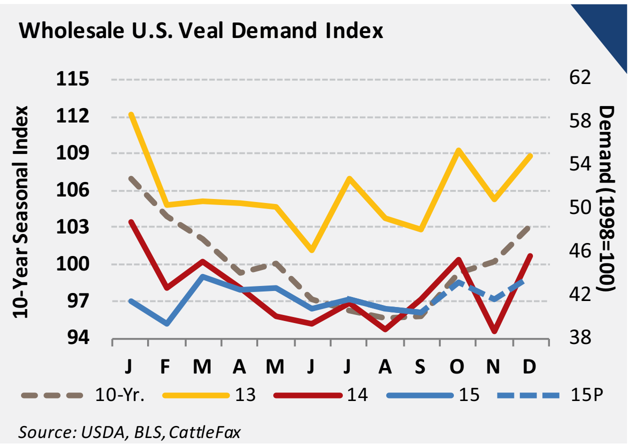
Expect tighter supplies to continue throughout 2015 as demand from other beef industry segments continues to pull calves away from veal producers. That being said, there are some indications that an increase in the beef and dairy cowherds and, ultimately, more calves in fall 2015 would help alleviate some of the tight supplies of calves available to veal producers.

Carcass weights continue to trend higher; expectations are now up 8 to 10 percent this year in order to help maintain production as slaughter numbers for the year are currently down roughly 29%. In years past, producers increased carcass weights in order to meet production goals. This year will likely be no different as calf supplies will continue to be tight. Expect carcass weights to maintain year-over-year increases into the fall. Producers could have economic incentives to increase carcass weights given lower whey prices and cheaper corn. The increase in carcass weight will offset some of the slaughter declines, but production is still expected to end down 9 to 10 percent for the year.

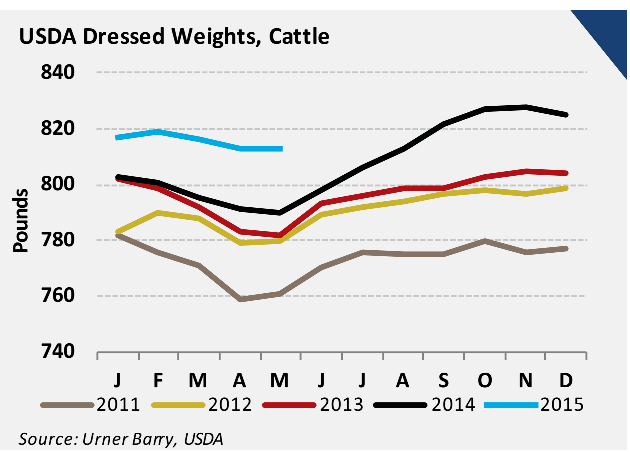
A slowdown in inflation through the first half of the year allowed demand to increase into May. Seasonally, demand weakens through the summer time frame and then increases through the fall. Demand will most likely be moderate at best through summer as prices will be driven mostly by supply moving forward.

Bottom Line: Veal prices continue to trade at or near record high price levels largely due to tighter supplies. Demand should improve going into the fall.

Article contributed by **Bill Smith** | bsmith@urnerbarry.com



Expect demand to remain flat to weak and follow a similar trend line as previous years. Lower production is helping prices for the most part. The industry needs to capture an increased share, combating negative perception seen in recent years as trends could favor veal demand. The percent of people dining out continues to increase which could help veal sales.



Carcass weights continue to climb and are expected to be 8 to 10 percent above last year to help producers hit production goals as slaughter remains tight. Weights are currently running 20 pounds above last year's record and it is likely to continue to year end although we would expect the gap to narrow. Low input costs remain a positive for the industry so look to any changes in whey and corn prices to the upside for a change in expectations. Increased weights will still be outweighed by lower production.

Market Insight for the Meat and Poultry Industry©
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Market Data, Analysis and Forecasts by: CattleFax, Urner Barry
Published by: OBSONO

Heat recovery system may help decrease avian disease; save poultry farmers millions

FOODMARKET.COM News from the Center of the Plate

Adapted from an article that originally appeared on Foodmarket.com on July 23, 2015.

One of the largest variable expenses in poultry production is heating the barns in which chickens and turkeys are housed. Now, a team of researchers and engineers from the University of Missouri have developed a waste-heat recovery system that could lead to significant savings in propane costs for farmers and producers heating their poultry barns. Scientists believe the energy efficient ventilation system also could be critical to maintaining air quality for birds and keeping the birds healthier while reducing the need for antibiotics.

Almost 100,000 poultry barns exist in the U.S., and total farm value of poultry production exceeds $20 billion a year, according to statistics released by the U.S. Department of Agriculture (USDA). Typically, turkey poultry farmers will spend about $30,000 a year in propane costs in one brooder barn to maintain an ideal temperature for raising healthy birds. The waste-heat recovery system designed by Mizzou scientists may help defer some of these costs—even in colder climates.

"Chickens and turkeys need a constant, moderate temperature to thrive—even in warmer spring and summer weather," said Yun-sheng "Shawn" Xu, an associate research professor of civil and environmental engineering in the MU College of Engineering. "Our goal is to reduce propane consumption in poultry farms by 60-70 percent of current levels, so producers can fill their propane tanks only once a year—and if they can get them filled in warmer weather, when propane prices are even lower, there's a considerable savings. If fully implemented nationwide, this could equate to hundreds of millions saved each and every year."

Xu, who also served as a consultant in use of geothermal heating and cooling systems for the 2008 Olympic facilities in Beijing, and Tingsheng Xu, a research associate at the MU College of Engineering, devised the waste-heat recovery system that works with the air ventilated from poultry barns. The warm air that is normally exhausted as waste is pushed through a grid of tubing located in the fresh-air ventilation inlets. As the air exchange is made, the heat from the exhaust warms the fresh air; therefore, heaters located in the barns have to work less to heat the inside of the buildings.

The team licensed the technology from MU and started production in Boonville, Mo. Waste-heat recovery systems have been installed in turkey, broiler and egg layer barns in Missouri and Minnesota. Xu and his colleague Jeff Firman, a professor of animal sciences in the MU College of Agriculture, Food and Natural Resources, have noticed significant improvements to poultry production that could help farmers. Impacts could include lower labor

Continued on page 71

Mandatory menu makeover delayed ...

FDA stalls calorie count requirement on food menus until 2016

©CandyBoxImages

Food industry operators—from fine dining establishments and pizza joints to major grocery chains and street corner bodegas—caught a break in early July, 2015, when the FDA agreed to delay for one year the implementation of mandatory labeling standards on food menus of chain restaurants.

On July 9, the FDA decided to push its original December 2015 deadline to December 2016 for the country's various foodservice operators with 20 or more locations to begin listing calorie counts on their menus.

The implementation of the law did not settle well with all industry participants, specifically grocery stores and pizzerias. Supermarkets claimed that developing calorie counts for their menu-less delis and self-serve food bars would be difficult to implement given the allotted time. The pizza industry, meanwhile, balked at the labeling as a frivolous and ill-devised mandate since a majority of their customers can order a near infinite amount of combinations without a menu of any kind.

"The pizza segment's variables in shape, size, range and toppings made it more difficult for the more than 700,000 locations to conform to a one-size-fits-all approach. This led to a ton of questions," the National Restaurant Association said in a statement.

"WE'RE ENCOURAGED THAT FDA'S COMMITMENT WILL GIVE US MORE TIME TO AT LEAST GARNER SOME CLARITY AND ANSWERS WITHOUT FEELING RUSHED TO MAKE DIFFICULT BUSINESS DECISIONS..."

The postponement came after businesses voiced concerns that "covered establishments do not have adequate time to fully implement the requirements of the rule by the compliance date," the FDA said.

"Since the FDA issued the menu labeling final rule on December 1, 2014, the agency has had extensive dialogue with chain restaurants, covered grocery stores and other covered businesses, and answered numerous questions on how the rule can be implemented in specific situations," Michael R. Taylor, the Administration's Deputy Commissioner for Foods and Veterinary Medicine. "The FDA agrees additional time is necessary for the agency to provide further clarifying guidance to help facilitate efficient compliance across all covered businesses and for covered establishments to come into compliance with the final rule."

Operators will now have an extra year to prepare their menus to comply with the labeling laws, a decision that was fully endorsed by the Food Marketing Institute (FMI) back in July.

"We're encouraged that FDA's commitment will give us more time to at least garner some clarity and answers without feeling rushed to make difficult business decisions in an attempt to comply by December 1, 2015 with regulations that are unclear," said FMI President and CEO Leslie G. Sarasin. "FMI will continue to work with both FDA and Congress to address business challenges with implementing restaurant menu labeling in grocery stores." UB

Article contributed by **Michael Ramsingh**
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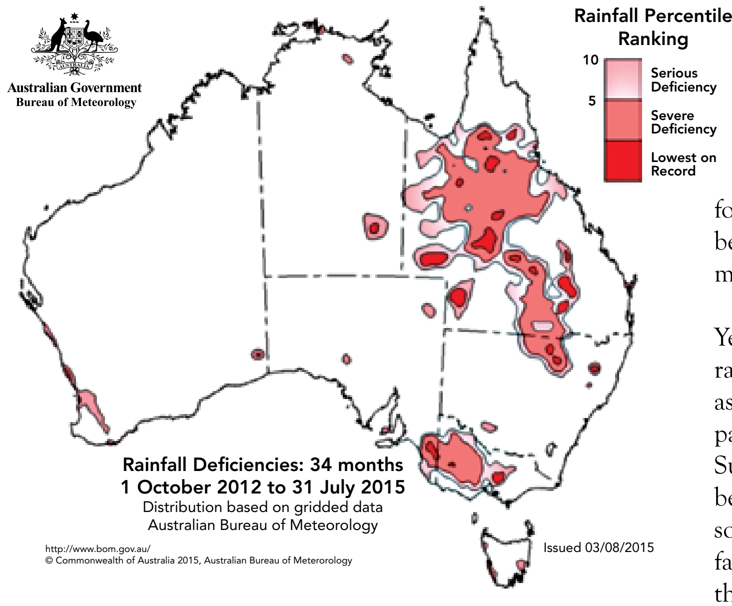
Lack of rain brings volumes of Aussie beef

Australian manufacturing beef is used in the making of hamburger patties and other ground and processed beef products. Aussie beef has a proven track record of food safety. It also provides a steady source of supply to augment U.S. domestic boneless beef stocks.



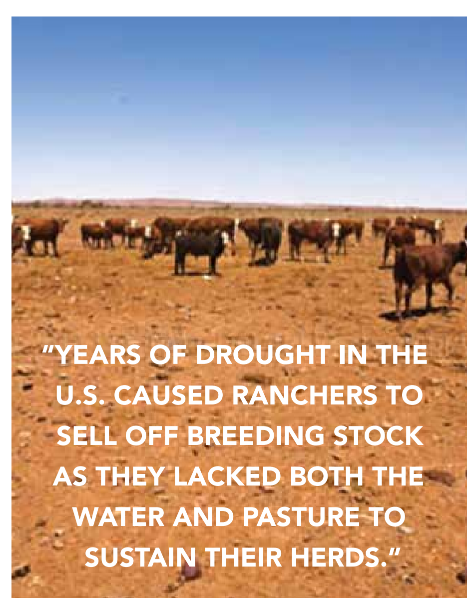
Areas of drought in Australia overlap key livestock marketing regions.

This year, Australian beef and veal totaling 418,214 metric tons can be imported to the U.S. without triggering a tariff. Anything over that volume is subject to a tax of 21%. As a result of the free trade agreement with Australia, the United States is in the process of phasing out tariffs on Australian beef and veal. The quota is gradually being increased and tariff decreased until they are totally phased out in the year 2021. Australia shipped large amounts of beef to the USA in 2001, 2002 and 2003. Last triggering the quota in 2003 when it was 378,214 metric tons. In 2011, it shipped as little as 146,019 metric tons.

There are a number of reasons for this year's surge in Australian beef imports. Rainfall is perhaps the most significant contributing factor.

Years of drought in the U.S. caused ranchers to sell off breeding stock as they lacked both the water and pasture to sustain their herds. Supplies of cows and lean boneless beef were abundant as ranchers sold their animals to slaughter facilities. With the exception of the west coast, the severe drought in the U.S. has subsided and now ranchers are rebuilding their herds. Consequently, less domestic cows and lean boneless beef are being offered into the marketplace.

Over the past couple of years, Australia has also been contending with a lack of rain. For much of this year, Australia has been liquidating animals with ranchers offering copious amounts of livestock to Aussie packinghouses. Market conditions in the U.S. created a vacuum for Australian supply as the strong U.S. dollar and the void in U.S. domestic boneless beef pulled much of the Australian product into the U.S. marketplace.



to the U.S.

In addition to Australia, the United States imports lean boneless beef from origins such as New Zealand, Central America and Uruguay—all of which provide a safe, consistent and reliable source of raw materials that are an important part of providing the U.S. consumer with reasonably priced beef products.

At some point, the drought will break in Australia and it will see market conditions similar to the U.S. where ranchers rebuild their herds and limit supplies of livestock and beef offered into the marketplace. There are already instances where Australian packers are competing with ranchers trying to rebuild. Australian prices are at multi-year highs. Given this, and the increase in available quota in coming years, this could be the last time Australia has to contend with the U.S. beef quota.

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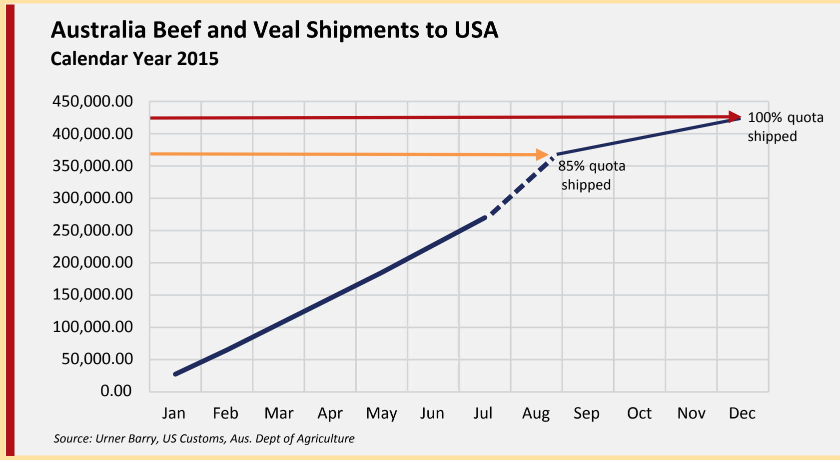

For the first 85% of U.S. quota, the Australian government administers quota on a "first come first serve" policy. However, the remaining 15% of quota is allocated to exporters based on their historical participation in the U.S. marketplace. Prior to reaching 85%, there can be acceleration in shipments as exporters rush to send product to the attractive U.S. market and importers scramble to ensure that they have an adequate supply committed for the end of the year. Australia's July shipment data seems to support this. Depending on how soon quota is being filled, the final 15% of product could come to the U.S. at a slower pace.

Trans-Pacific trade deal

Continued from page 1

and photosanitary standards, while considered rules, also have an impact on market access. Negotiations on these latter issues are designed to ensure that, as tariff barriers are reduced, they are not replaced by other forms of protection and also up for negotiation in the TPP.

According to a report by the Congressional Research Service, the TPP would be the largest FTA for the U.S. by trade flows. As of 2014, it would represent $727 billion in U.S. exports and $882 billion in imports.

As with any major deal, the TPP has had to overcome several obstacles.

From a commodity standpoint, the global protein industry has had much to hash out.

One example of a major issue is Canada's desire to protect its dairy, poultry and egg markets from the U.S.'s own agricultural interests.

Elsewhere, the National Pork Producers Council (NPPC), along with trade organizations representing hog producers in Australia, Chile, and Mexico issued an open letter to TPP negotiators in September 2014 which referenced Japanese restrictions on trade in pork and called for an agreement "in which full tariff elimination is achieved for virtually all products, including pork." The letter cited "reports that Japan has made unacceptable tariff offers in each of the agricultural sectors it considers sensitive, including pork."

In early 2015 Vietnam's seafood exports also turned into a hot button issue during TPP negotiations. Vietnamese trade representatives have threatened to pull out of negotiations with the U.S. if a USDA catfish inspection program—considered by many to be duplicative and cost-prohibitive—is not amended.

Protein commodities aside, there are plenty of industries with gripes of their own, this includes the global auto and textile industries—all of which have representatives seeking a deal that will best benefit them. In total, the TPP consists of 30 chapters that are under discussion; reports indicate that of the 30, only 9 have been completed.

In the U.S., the Obama Administration is pushing hard to sign a deal by the end of 2015. This goal was given a boost in June 2015 when Congress approved a renewed Trade Promotion Authority (TPA) law also known as the "Fast Track" rule. This gives the White House the power to expedite free trade agreements through Congress

TPP negotiators take questions in Maui, Hawaii after another round of meetings in August 2015 failed to produce a final deal.

Source: Office of U.S. Trade Representative

Trans-Pacific Partnership Countries

	U.S. FTA	Population (millions)	GDP ($billions)	U.S. Imports ($billions)	U.S. Exports ($billions)	Trade Balance ($billions)
Australia	✓	23.2	1,505	10.7	26.7	16.0
Brunei		0.4	16	0.0	0.6	0.5
Canada	✓	35.1	1,825	346.1	312.1	-33.9
Chile	✓	17.6	277	9.5	16.6	7.1
Japan		127.3	4,902	133.9	67.0	-67.0
Malaysia		29.6	312	30.4	13.1	-17.3
Mexico	✓	118.4	1,259	294.2	240.3	-53.8
New Zealand		4.5	181	4.0	4.3	0.3
Peru	✓	30.9	207	6.1	10.1	4.0
Singapore	✓	5.4	296	16.5	30.5	14.1
Vietnam		89.7	171	30.6	5.7	-24.9
United States		316.4	16,800	Total U.S. Imports from TPP Countries **$881.9**	Total U.S. Exports to TPP Countries **$727.0**	Total U.S. Trade Balance with TPP Countries **-$154.9**

$U.S. dollars

Source: Analysis by CRS. Population and GDP data from IMF, World Economic Outlook, April 2014. Trade data from the U.S. International Trade Commission (ITC). Total trade includes both imports and exports, but does not include services trade.

Notes: Trade data from 2014, GDP and population data from 2013.

using up and down votes with no chance to enter amendments.

A round of TPP meetings this past July in Hawaii failed to produce a final deal, though trade representatives were optimistic, and said a deal is close.

"We have made significant progress and will continue work on resolving a limited number of remaining issues, paving the way for the conclusion of the Trans-Pacific Partnership negotiations," trade ministers representing each of the TPP countries said in a statement.

As of this writing news reports indicate Japan's desire for TPP ministers to meet by the end of the year, though no such meeting has been scheduled.

Pork, poultry and pangasius might be roadblocks on the way to a TPP deal in 2015, but by no means is the protein commodity market the only issue facing finalization of a free trade deal among some of the world's major economies. UB

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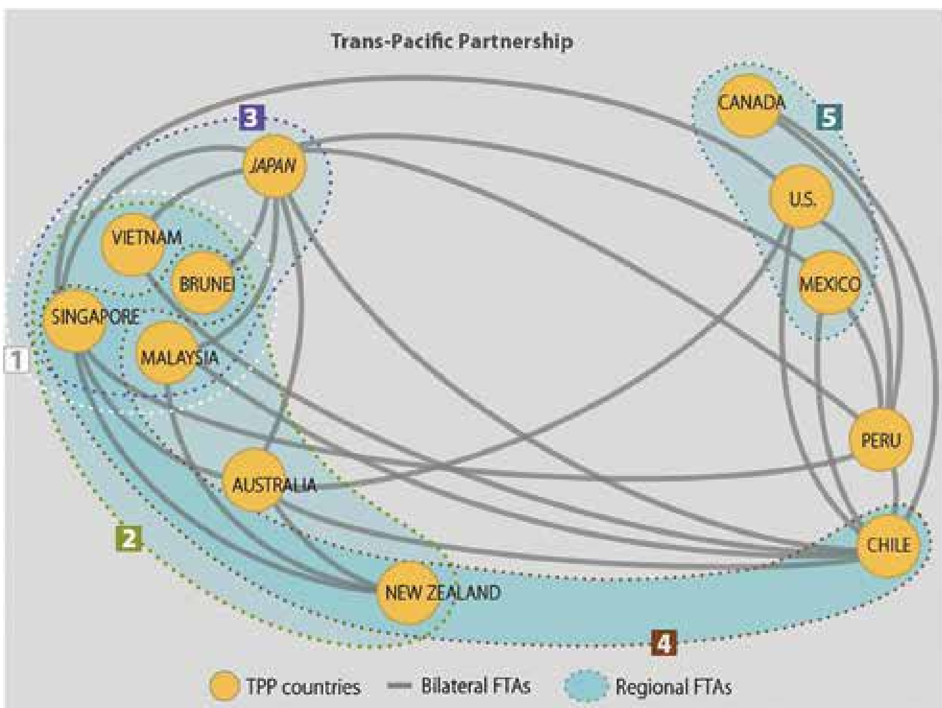
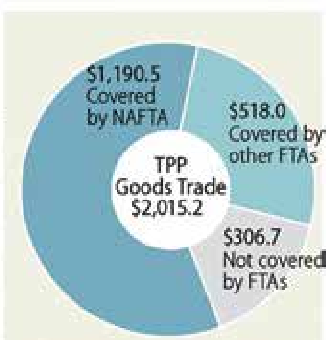


Encompassed Regional Trade Agreements

	1 ASEAN	2 ASEAN-Australia-NZ	3 ASEAN-Japan	4 P-4	5 NAFTA
Australia		●			
Brunei	○	●	●	●	
Canada					●
Chile				●	
Japan			●		
Malaysia	○	●	●		
Mexico					●
New Zealand		●		●	
Peru					
Singapore	○	●	●	●	
United States					●
Vietnam	○	●	●		



($Billions, 2013. "Other FTAs" includes trade between Japan and Australia, though Japan-Australia FTA wasn't in effect until 2015.)

Source: WTO FTA database and websites of TPP countries' trade ministries. Trade data from IMF.

Notes: Aggregate TPP goods trade, both imports and exports, as reported above. ASEAN also includes countries outside the TPP: Burma (Myanmar), Cambodia, Indonesia, Laos, the Philippines, and Thailand. TPP goods trade covered by existing FTAs, as depicted above, reflects all goods trade between FTA partners. This measure slightly overstates trade covered under FTAs, as most FTAs exclude market access for at least some goods.

High path AI

Continued from page 1

but it also posed a great economic threat. Exports, which totaled more than $6 billion last year, were hit hard as more than 40 countries issued either a ban or trade restriction on U.S. supplies following the outbreak. According to data from the USDA's Foreign Agriculture Service (FAS), the combined value of U.S. poultry and egg exports for the first half of 2015 fell by 13.8 percent when compared to the same period from the year prior; a decline of more than $386 million.

However, it is important to note that not everything depreciated as a result of HPAI. Within weeks of losing more than 38 million egg-laying chickens and 7.75 million turkeys to bird flu, market values for many egg, egg product and turkey items actually soared to record levels. On the spot market, the response was frenetic as buyers scrambled to secure product for immediate and future needs. A few of the items that reached record highs were large shell eggs, breaking stock, and liquid whole eggs as well as turkey breast meat and whole birds. Chicken leg quarters, on the other hand, plummeted to their lowest level since 2006.

> **"HPAI WILL "MORE THAN LIKELY" BE IN ALL FOUR FLYWAYS COME THIS FALL..."**

TODAY

Some of the export bans and restrictions that were implemented during the first six months of 2015 have since been lifted, while others are still waiting as the "AI clock" continues to wind down.

U.S. poultry and egg producers affected by HPAI have had to follow a strict protocol with the hope of eventually repopulating their houses. They were told to monitor the regions, disinfect their farms, and then test to confirm the poultry area was AI virus-free. Although a select few have begun the long process of re-establishing their flocks, as of this writing, many of the farms have yet to be repopulated even though it's been months since their last detection. Some are waiting for the go-ahead from the USDA, while others are having a difficult time finding pullets or poults. Meanwhile, the practice of boosting one's biosecurity is at an all-time high.

As far as a remedy for the flu is concerned; in August, the USDA announced that it was preparing to stockpile a vaccine in case the virus returned. They also issued a notice stating their intention to start accepting bids from animal health companies for its development.

The market highs for many items are still very much in play. Large shell eggs are trading near $3.00/dozen. Breaking stock is close to $2.50/dozen and liquid whole egg is valued at more than $2.10/lb. Urner Barry is quoting more than $5.50/lb. for tom breast meat and $1.30/lb. for whole birds, both all-time records.

TOMORROW

Dr. John Clifford, Chief Veterinary Officer for the USDA and the Animal and Plant Health Inspection Service (APHIS) Deputy Administrator for Veterinary Services has strongly suggested that HPAI will "more than likely" be in all four flyways come this fall. This includes the Eastern or Atlantic flyway, where this year HPAI has not yet been present. If Dr. Clifford is correct in his assumption, then things could become much worse than what we saw earlier in the year.

If Dr. Clifford is wrong though and HPAI does not return this fall when the migratory waterfowl fly south, then that would be a best-case scenario. Avian influenza poses a serious risk to poultry and egg flocks, not only in the U.S. and Canada, but also around the world. The intention of this article is not to cause alarm, however we must apply what we've learned from history and remind everyone that AI, no matter how dormant it may seem, still poses a serious threat. UB

Article contributed by **Terence Wells**
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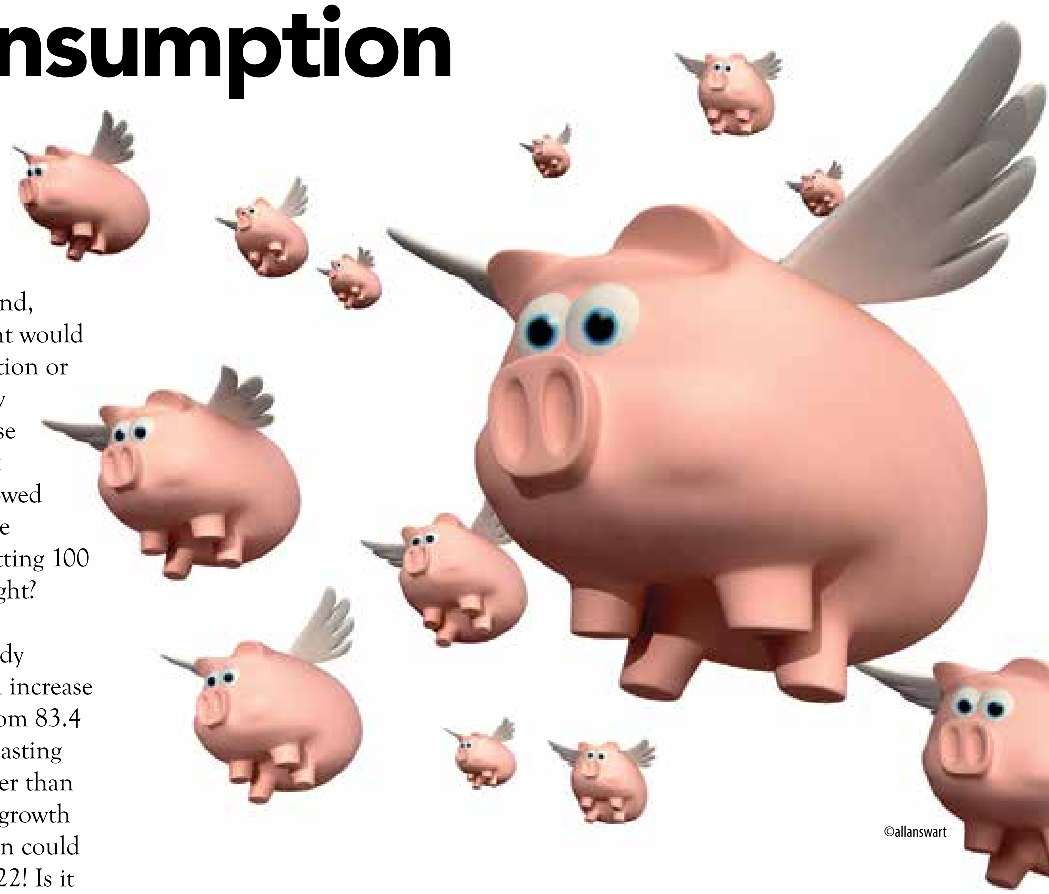
Consumed by consumption ...

One hundred pounds of chicken consumption or pigs fly



This past July, at the National Chicken Council's Marketing Seminar in Amelia Island, FL., attendees were asked which they thought would come first, 100 pounds of chicken consumption or pigs taking flight? Naturally, there were a few chuckles in the audience, but what were these industry executives really laughing at? Was it the playful picture up on the screen that showed pigs flying through mid-air or was it the mere thought of chicken consumption actually hitting 100 pounds per person!? It had to be the pigs, right?

The U.S. Department of Agriculture is already projecting a per capita chicken consumption increase of 5.4 lbs to 88.8 lbs in 2015, which is up from 83.4 lbs last year. Beyond that, the USDA is forecasting that chicken consumption will be even greater than 90 lbs in 2016. And with an average annual growth rate of 1.9%, per capita chicken consumption could reach 100 pounds per person by the year 2022! Is it possible!? Sure it's possible and Bill Roenigk, who was up on stage speaking at the summer meeting, thought so too.

During his presentation Roenigk, of Roenigk Consulting and former NCC Chief Economist, touched on a few of the factors that could accelerate or decelerate the consumption trend line. They included such things as "Price/Cost," the U.S. Economy, and Impact of Competing Meats. It is no surprise that chicken is favorably positioned here. The industry is in an expansionary phase; production is trending higher and costs are down. It's an affordable protein that's both healthy and convenient. Also, according to the research firm Nielsen, consumption of processed protein foods has grown 7% since 2009, which lends even more support to the question at hand.

So, will we ever reach 100 pounds of chicken consumption? The data certainly suggests that there's a chance, but I guess we'll just have to wait and see. By no means though, is this something worth getting all consumed by.

Article contributed by Terence Wells
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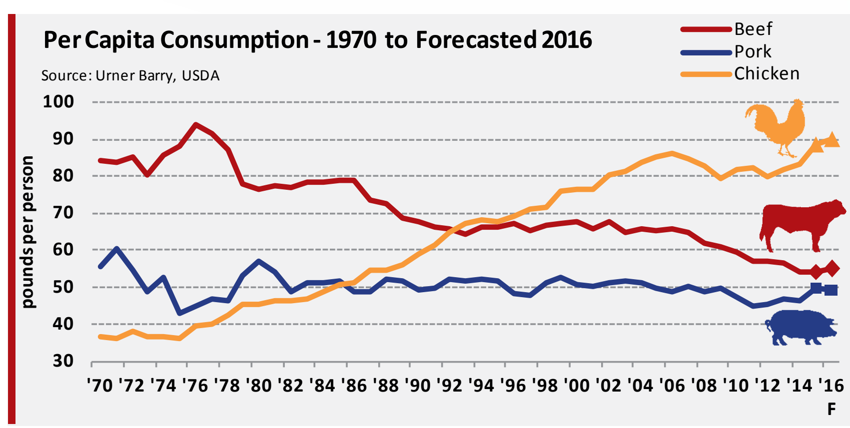
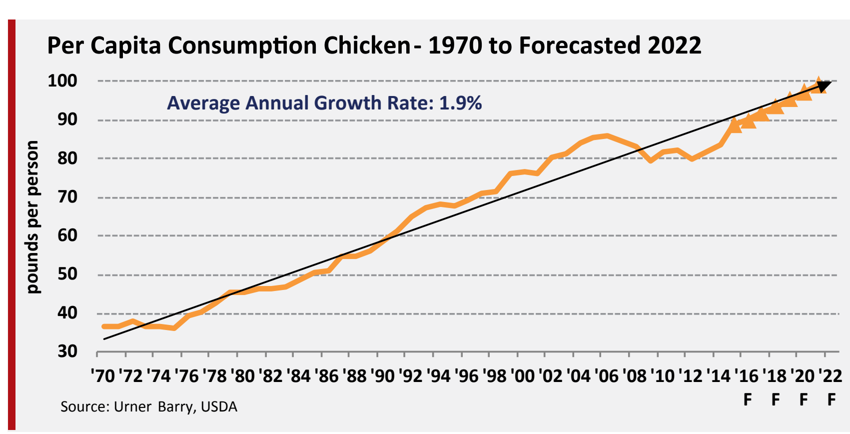


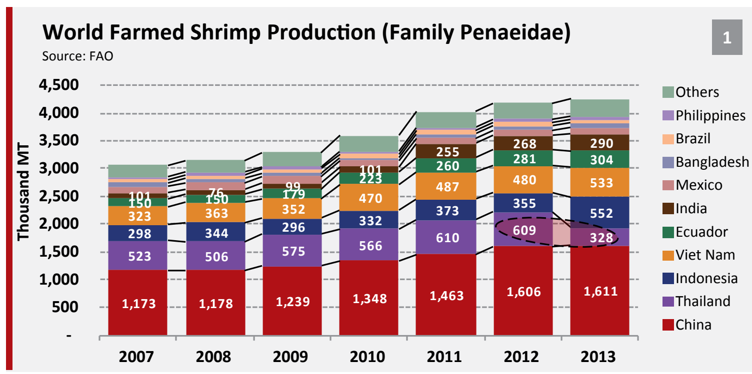


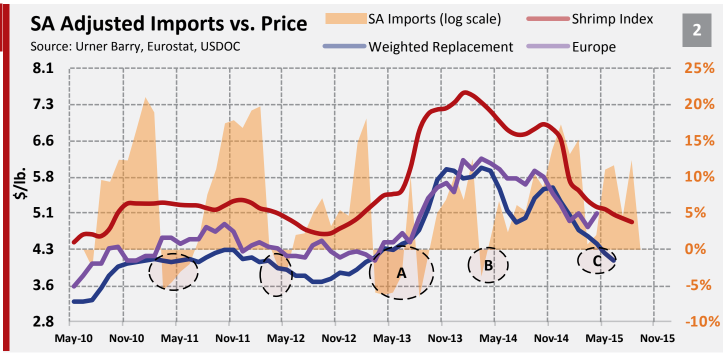
Understanding the shrimp market since EMS struck

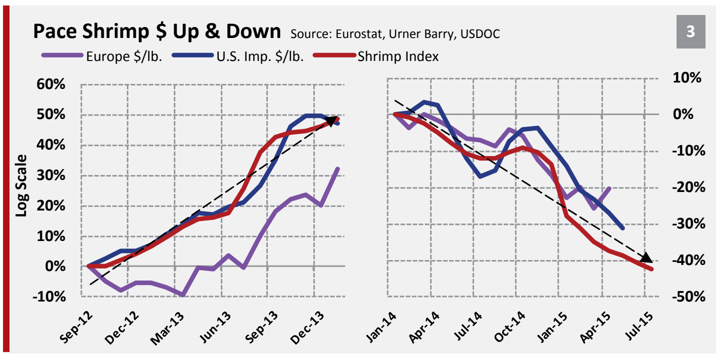
Putting things into perspective is generally not an easy task. However, this article intends to do so in order to understand the boom and bust experienced in the shrimp market over the last few years.

We begin with Thailand. For a long time, this country had been the largest exporter—not producer—of shrimp in the world until 2012. EMS, or Early Mortality Syndrome, had already affected production in other countries, such as Vietnam and China. Around 2012, however, rumors circulated about potential crop failures in Thailand due this disease. So, since Thailand at that moment was the largest exporter/supplier of shrimp to different markets around the world, a supply disruption in Thailand had the potential to cause ripple effects around the world. There was a slight decrease in production from this country in 2012. Recently released data by FAO indicated that production of shrimp of the genus paneus in Thailand declined more than 45% in 2013, causing prices to spike all over the world.

However, contrary to estimates made previous to official data being released which showed global production falling in 2013 and 2014, FAO data showed that production of shrimp, of the genus paneus actually increased in 2013. In addition, very preliminary data along with anecdotal reports indicate 2014 will also show an increase. (Chart 1)







So, what caused prices to spike so suddenly and in such a steep manner—prices reached record highs in nominal dollars—when supply actually increased?

The explanation is very simple. A sudden drop of 47% from the world's top shrimp supplier, regardless of how much world production there is, will undoubtedly impact the market, at least in the immediate term. So, this conversation is more about time than supply. For instance, the time that takes all those buyers of Thai shrimp around the world, particularly the U.S., to find other sources lags. This means that buyers in the U.S. and other markets around the world would have to do some "shopping" around the world and bid for product, say in Ecuador, Indonesia, India, or other countries that export large quantities of this commodity. In addition, China's production stalled, and buyers from that country entered the world market placing strong bids. The result was that the two largest buyers, Europe and the U.S., encountered fierce competition from China as a new buyer in the market and of comparable size. For example, in the last few years, Ecuadorean shrimp exports to Asia increased significantly, exporting more net tons of shrimp to Asia than to Europe and the U.S. in 2015.

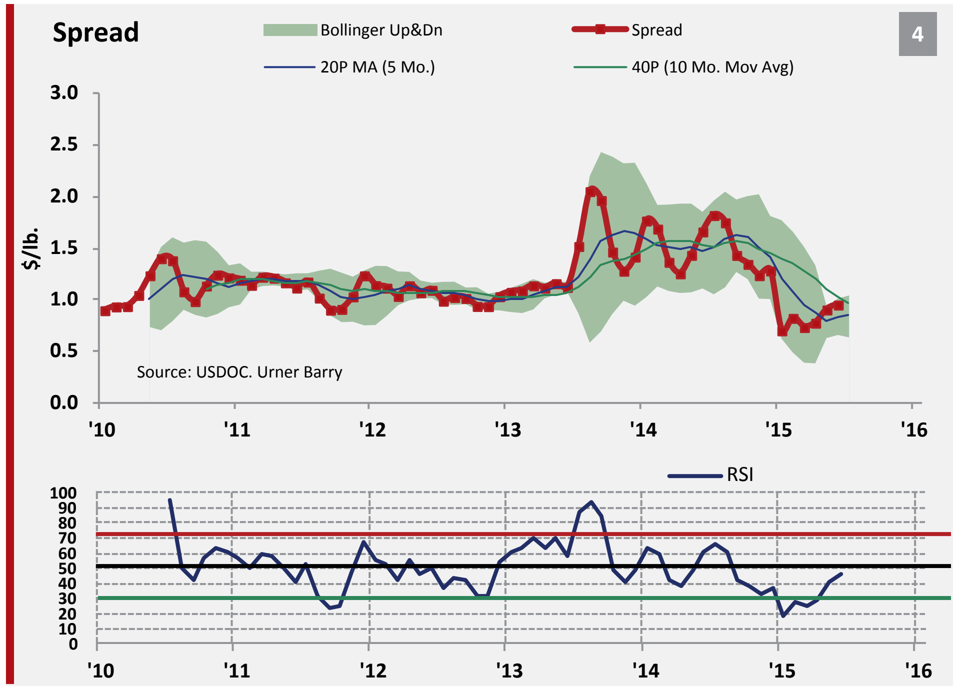
Using Urner Barry's Composite Index, which takes the HSLO white shrimp index and the value added index, we noticed September 2012 to be the lowest price point since 2011. Imports into the U.S. seasonally peak into the fourth quarter as traders in the U.S. try to secure product for the holidays and into Lent of the following year. During the last quarter of 2012, imports were low when compared to previous years and prices began to increase gradually. When looking at the off-season for imports (Chart 2, dotted circles) seasonally adjusted and nominal imports into 2013 (dotted circle A) declined even further and for a longer period of time; by this point, importers knew that Thailand's harvests were going to be short and began to look elsewhere to source product into the 3rd and 4th quarter of 2013. When bidding from European, U.S., and now Chinese buyers took place, prices around the world, including Europe and the U.S. spot market, also spiked. (Chart 2)

As production recovered in 2014 and into 2015, the market entered into correction mode. Supplies from Ecuador, India, Indonesia, and other large world producers grew significantly and prices adjusted lower. In fact, seasonally adjusted and nominal imports during their off-season in 2014 and 2015 have been at record highs, which have helped prices come down since their peak in January 2014 (Chart 2, dotted circles B & C). It must be noted that during the price hike of 2013, Urner Barry's Composite Shrimp Index went up at a faster pace than on their way down—when analyzing October 2012 to January 2014 on the way up, and from January 2014 to July 2015 on their way down. (Chart 3)

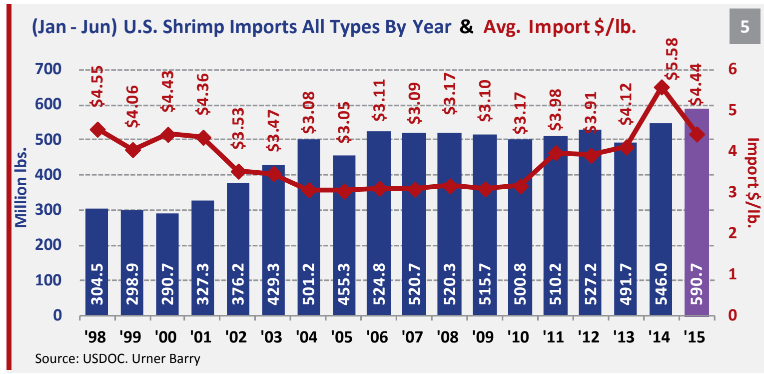
Continued on page 70

Continued from page 69

In theory, commodity markets—and most markets—abide by the fundamental laws of supply and demand. However, traders can be able to identify patterns by analyzing pricing trends and as such, catch odd behaviors in the market. For example, we used a Relative Strength Index (RSI) of the "spread" between Urner Barry's Composite Shrimp Index and a weighted import price per pound. The RSI measures the relative strength of this "spread," in this case relative to previous 5 month rolling period, and in which anything above 70 suggests an overbought position and anything below 30 suggests an oversold position. From 2010 to July 2013, the spread had been steadily oscillating between $1.00 and $1.40 and the RSI remained mostly within normal bounds. From March to June of 2013, the RSI suggested that this market was trending to an overbought position but never surpassing 70. However, from July to September 2013, the spread between the U.S. wholesale market (Urner Barry Index) and the import price per pound (replacement) became too wide compared to historical data and the RSI signaled it clearly. Thereafter, the margin came back down immediately to the $1.30 level. This in very simple terms tells us the market was trading within relatively "normal" bounds until the last quarter of 2014. By this time and well into the first 4 months of 2015, the RSI went below 30 indicating that the spread was getting "squeezed." In fact, the "spread" touched the lowest point in the last 5 years at 0.70 in January 2015. Then, the RSI remained below 30 until May, when the spread hit 0.90 after remaining below 0.83 since January. As of the most recent data, the RSI suggests the spread is now oscillating within "normal bounds." (Chart 4)



Then we enter 2015. Assuming carry-over inventories from 2014 sold in 2015, suggests a selloff of relatively high-cost inventories at declining prices, which pushes buying prices overseas (replacement) downwards based only on supply and demand patterns in the U.S. market. Furthermore, we also must add that consumption during the first quarter of the year is always seasonally the lowest. In 2015, with a particularly bad winter, the data shows that the drop in food expenditures was deeper than in the previous two years. So the combination of lower consumption, carry-over inventories, and continued large imports—which have resulted in record high volume figures for 2015—only makes sense that prices would continue to adjust lower. To take things into perspective during the first six months of the year, not only do we have record nominal imports at 8% above 2014 figures—which were the second highest on



record—but also on a seasonally adjusted basis (Chart 5).

This means there was nothing in the fundamentals that would not suggest that prices would adjust lower at the wholesale level, especially coming from record highs back in January 2014.

What could change the current market?

If imports fall—meaning importers not buying as much volume as they have—values in the U.S. spot market could potentially stabilize at a faster pace; as of August, traders in the U.S. continue to report adequate inventories. Also, if replacement costs abroad go up, for whatever reason (i.e. strong demand from competing markets like Europe or China; another supply shock due to disease or EMS again; etc) we could see prices firm. A stronger demand in the U.S. aided by lower prices to the consumer; in other words, the demand that was destroyed by record high prices (e.g. removal of shrimp in many menus, discontinued buying from retailers, etc.) could lead to a rebound as prices become more attractive along the distribution chain—from the importer, to the distributor, to the restaurant or retailer, to eventually the consumer. A continued growth in the U.S. economy, and strong buying for an expected good holiday season into the fourth quarter, could also lend support for the shrimp market.UB

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Heat recovery system

Continued from page 60

costs, environmental improvements and reduction of disease among chickens.

The system allows for an even distribution of cleaner and warmer air, which has eliminated cold, wet spots in the barn," Xu said. "The system also helps reduce dust and ammonia levels, which helps reduce respiratory problems for the birds making them more resistant to avian diseases."

Xu has produced more than 48 of the units and has 100 more in production. The USDA has granted Xu and his team more than $360,000 to further test and develop the technology with other grants from the USDA pending. Xu recently presented his findings at the Missouri Poultry Federation's annual conference.UB

Shawn Xu developed a waste-heat recovery system to make heating poultry barns like this one more even, efficient and cost-effective.

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