
UrnerBarry

MARKET PRICES, NEWS, AND ANALYSIS

PRICE REPORTING METHODOLOGY:

CERTIFIED ANGUS BEEF® MARKET

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INTRODUCTION

Urner Barry's goal is to provide timely, accurate and unbiased price assessments and market information to clients which are reliable indicators of market values, free from distortion and representative of the market that they relate. This is an explanation of methods used by Urner Barry to gather, evaluate and report market activity. This explanation will include necessary background information to provide a clear understanding of how Urner Barry market quotations are established.

TIMEFRAMES OF INFORMATION COLLECTION

While trading information can be submitted to Urner Barry reporting staff at any time, Urner Barry's market reporting staff is actively soliciting information from approximately 8:45 a.m. to 5:00 p.m. E.S.T. or E.D.T., every business day.

PUBLICATION DATES

Urner Barry publishes price quotations across a variety of commodities. Information on specific publication dates are included on market-specific methodology documents.

ESTABLISHMENT OF QUOTATIONS

Reporters start gathering information for their next report immediately after filing the closing quotations for the reporting period.

Information is collected via numerous channels including phone interviews, face-to-face meetings, email, instant messaging platforms, fax, and online through Urner Barry's website. Submitters of market data are encouraged to provide transactional data from back office functions and to provide all of their market data that falls within Urner Barry's criteria for the markets covered. Reporters contact stakeholders throughout the value chain, including processors, retailers, wholesalers, distributors, exporters, importers, traders, and brokers to keep current on present price levels and market conditions.

Information collected includes when a transaction was initiated, what products have been traded, what levels are being bid on each product, who is bidding or offering at said level, when the product will ship, and how the product is packed. Urner Barry's market sources and information submitted remains confidential.

Urner Barry follows a hierarchy of priority when establishing quotes based on information gathered as follows:

- *bona fide* trades
- offers and bids
- additional market information, including trading relationships to related items
- market participant assessments and indications of prevailing values

If higher bids or lower offerings come into the market after the last recorded trades, the final price assessment may be adjusted accordingly if the reporter finds sufficient justification for such an action. Offering prices cannot be used to move prices upward, nor can bid prices be used to move prices downward.

Urner Barry takes care to be sure transactional data is *bona fide*, which indicates the transaction be either completed or prepared to be completed between two parties not influenced by a conflict of interest. Urner Barry's reporters make it their goal to clearly identify factors and circumstances surrounding reported trade and will use available information and methods in their price assessment. The forthrightness of reports can be tested using other participants as a check and balance system.

Some transactions may receive additional scrutiny from market reporters to ensure that their inclusion in the final price assessment results in a quote that is a reliable indicator of commodity market values. Such transactions that can receive additional scrutiny include packaged transactions where it appears the price of one item is affecting the price of other items in the transaction; trades that occur as a transfer within the same company; transactions comprised of multiple deliveries where the entire delivery period does not fall into the stated guidelines reflected in the market report; conflicting or inconsistent information by the counterparty; transactions where buyers and sellers fail to act in a logical manner; transactional data that is significantly different from other data collected during that time period.

MARKET REPORTERS

To ensure that a high quality is maintained in Urner Barry's price assessments and market commentary, market reporters undergo rigorous training before they are eligible to engage with sources to collect information and develop Urner Barry's proprietary price assessments. Rookie market reporters, called "market researchers" work closely under veteran market reporters and editors to become familiar with the methodologies listed here, supply and demand dynamics associated with the markets that they cover, the parties submitting market information. For each market that Urner Barry covers, there are multiple market reporters who are trained to conduct price assessments and

commentary. Adherence to these reporting methodologies, oversight by senior reporters and editors and continued education across the market reporting staff results in consistency of price assessments across assessors reporting the same market.

Urner Barry's reporters are trained to utilize judgment when gathering and reporting data. Judgment can be exercised during periods including but not limited to those where limited negotiations, low liquidity in the market, or anomalous transactions could otherwise lead to inaccurate or erroneous price reporting.

ACCEPTABLE PRODUCTS AND MARKET CONDITIONS

For a transaction to be considered for assessment, certain criteria must be met. With exceptions noted in market-specific documentation, product must:

- be offered by or on behalf of the original producer
- meet standard specifications for the industry unless otherwise indicated
- be in acceptable condition
- not be distressed, or offered or bought under distressed conditions
- be delivered in a timeframe considered standard for the market

Only trades and trading information from participants who are free to conduct business with a variety of market participants are acceptable. When trade that is or could be construed as a transfer between an individual company's divisions or departments occurs, it falls to a reporter's judgment to determine if the transaction is repeatable on the open market. Based upon this judgment, such transactions may or may not be considered in the final determination of Urner Barry's quotes.

The volume basis for Urner Barry's quotations varies and is generally the standard commercial quantity for a given item. These units are outlined in market-specific methodology documents.

Most of Urner Barry's market quotations reflect spot negotiations and exceptions are indicated in market-specific methodology documents. Contractual or market-related transactions are not used in the final quote determination but rather as indicators of need and ability to sell at a predetermined level.

There is no minimum quota for the volume of transactional data needed to establish a market quotation, but rather a requirement for a preponderance of evidence that the bulk of trade is occurring at the new price. Where a small number of participants represent a significant percentage of the periods transactional data, market reporters will collaborate with senior reporting staff and/or editors to ensure the assessment for that period accurately reflects the market, otherwise the quotation can be paused or unquoted until transactional data from more participants becomes available.

UNQUOTED MARKET LISTINGS

In some markets where trading is in limited volume, stagnant, or infrequent, an item may become unquoted. Unquoted markets in no way reflect prices moving higher or lower, but merely indicate that a closing price could not be determined.

In other cases, such as those markets that are ordinarily active on a seasonal basis, the last recorded trading information will persist in publication until trade resumes and new information becomes available.

Detailed information on situations where markets may become unquoted are available in market-specific methodology documents.

CHANGES TO REPORTING METHODOLOGY

Urner Barry will provide advanced notice of potential changes in reporting methodologies and subscribers will be provided the opportunity to provide feedback during a comment period of at least 14 days. After reviewing client feedback Urner Barry will enact the changes typically within no more than 30 days of the closing of the comment period or take a different action based on customer feedback. Subscribers comments and Urner Barry's response to those comments will be published unless where the commenter has requested confidentiality.

REVIEW OF METHODOLOGIES

Urner Barry's Management, in consultation with clients from affected areas of the value chain and the Urner Barry Advisory Board, will review and evaluate current and proposed market reporting procedures and methodologies with the purpose of making recommendations on the following:

- A) To assess effectiveness, integrity and independence of the Urner Barry methodologies used to establish quotations so that they best communicate the commodity values they are designed to reflect.
- B) To guide quality improvement of Urner Barry market information and give guidance in developing implementation tactics or strategy.
- C) To ensure reporting methodology remains compliant with existing laws.
- D) To assess the effectiveness of suggested changes to quotations and/or other Urner Barry benchmarks.

MARKET SPECIFIC DEFINITIONS, TERMS, AND METHODOLOGIES

Market coverage on Certified Angus Beef® reflects spot negotiated wholesale trading activity on Certified Angus Beef® in vacuum packages and placed into a box for shipping for distribution through US domestic channels. Certified Angus Beef (CAB)® is a USDA Certified Beef Program.

ACCEPTABLE ORIGINS

<i>Category</i>	<i>Points of Origin</i>
Certified Angus Beef®	United States

All beef considered for this program are USDA graded choice or prime, then evaluated again for the brand's 10 additional specifications for marbling, size, and uniformity. Once it earns the Certified Angus Beef® label, transactions must take place where the selling counterparty is a brand licensee.

QUOTATION PERIOD

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

QUOTATION FORMAT

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

The \$/cwt. is the most commonly used unit for price negotiation in this market and is the unit of measurement reflected in the quote series for Fabricated Boxed Beef.

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

The range of values reflected in a market assessment depends on the variance of market data collected during the reporting period. Where the market trades at a level and is also offered lower or bid higher during the reporting period, Urner Barry will exercise professional judgment to determine how bids and offers may be reflected in the final quotation.

The quotation can continue to be published unchanged while evidence supports a steady market trend. When information suggests that the market has moved from the last quote, but new and/or reliable market data has not surfaced to reflect a new market value, the quotation will be removed from the sheet until a new quote can be established.

DELIVERY BASIS

The Midwest River (Missouri River) area is a major meat production area in the central U.S. and, as such, is used as the basis (basing point) for many price quotes in the red meat report (exceptions are indicated in individual methodology documents). If shipment is made by a producer located outside the river area, the Urner Barry normalizes the trade to an FOB River basis by taking the delivered price and deducting the freight rate back to the river, as though shipment had been made from there. If shipment is from one point in the river area to another, market reporters deduct freight charges to adjust the price from C.A.F. to River basis.

DELIVERY PERIOD

Urner Barry publishes spot quotations for CAB®. In order to be considered for inclusion market assessment process, product must be delivered within 10 days from date of sale, or within a reasonable period to be considered a spot transaction.

PRODUCT SPECIFICATIONS

The beef industry closely adheres to the Institutional Meat Purchase Specifications established by the USDA's Agricultural Marketing Service and the North American Meat Association, which can be found at https://www.urnerbarry.com/Methodology/IMPS_100_Fresh_Beef.pdf. These specifications, in conjunction with the fat limitation levels, and relative weight ranges of individual cuts and the specifications listed for the program "Certified Angus Beef®" in the USDA's Certified Beef Comparison document at this link <https://www.ams.usda.gov/sites/default/files/media/G1CertifiedAngusBeef.pdf> define the items listed in the Certified Angus Beef® table.

Some items in the fabricated boxed beef report will not be associated with an Institutional Meat Purchase Specification. Below are individual specifications for those items:

Cap and Wedge Meat: Trim pieces from any primal section other than Shanks or Heels that are at least 8 square inches on one side and no less than 1.5 inches thick at any point. Bones and fat surface should be removed. Most often used for further processing into ingredient beef.

Pectoral Meat: Section of the pectoral muscle that remains in the Square-Cut Chuck primal after removal of the Brisket. Most often used for further processing

Bottom Round Flat and Eye Combinations: This combination includes the bottom round flat and eye of round packaged together into one box for distribution. Both items are from the leg section of the round primal. Before being placed into a box, they are separated.

CONTACT US

UrnerBarry
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For more information on Urner Barry's market quotations,
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