
UrnerBarry

MARKET PRICES, NEWS, AND ANALYSIS

PRICE REPORTING METHODOLOGY: **LAMB MARKET**

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INTRODUCTION

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

TIMEFRAMES OF INFORMATION COLLECTION

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

PUBLICATION DATES

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

ESTABLISHMENT OF QUOTATIONS

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

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

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

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

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

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

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

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

MARKET REPORTERS

To ensure that a high quality is maintained in Urner Barry's price assessments and market commentary, market reporters undergo rigorous training before they are eligible to engage with sources to collect information and develop Urner Barry's proprietary price assessments. Rookie market reporters, called "market researchers" work closely under veteran market reporters and editors to become familiar with the methodologies listed here, supply and demand dynamics associated with the markets that they cover, 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 lamb reflects wholesale negotiated trading activity of lamb cuts and carcasses for distribution through US domestic channels.

ACCEPTABLE ORIGINS

<i>Category</i>	<i>Point of Origin</i>
Lamb Carcasses	United States
Boxed Lamb Cuts	United States

QUOTATION PERIOD

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

QUOTATION FORMAT

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

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

Urner Barry lamb quotations series reflects trucklot (truckload) 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 market data can also be used in the price assessment for truckload pricing. Market data for "less than truckload" LTL pricing, where a buyer pays a premium for purchasing smaller quantities will be included in LTL quote series where coverage exists. The minimum transaction volume to be considered in LTL price assessment is .5 tons, or 1,000 pounds.

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.

TERMINOLOGY

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

<i>Term</i>	<i>Significance</i>
A suffix of "ax"	New negotiations have not occurred, but the market is moving lower on the basis of bona fide asking prices.
A suffix of "b"	New negotiations have not occurred, but the market is advancing on bona fide bids.
"Y4" prefix	Indicated the carcasses are yield grade 4 .

DELIVERY BASIS

Lamb carcasses and boxed lamb cuts are quoted on an FOB packer's dock basis.

DELIVERY PERIOD

In order to be considered for inclusion in the final market assessment, delivery on a negotiated trade must be executed within 7 days from date of negotiation to be considered a spot transaction.

PRODUCT SPECIFICATIONS

<i>Product Name</i>	<i>Specifications</i>
Y4+45/55	Yield grade 4 lamb carcass that weighs between 45-55lbs.
Y4+55/65	Yield grade 4 lamb carcass that weighs between 55-65lbs.
Y4+65/75	Yield grade 4 lamb carcass that weighs between 65-75lbs.
Y4+75/85	Yield grade 4 lamb carcass that weighs between 75-85 lbs.
Y4+85 up	Yield grade 4 lamb carcass that weighs between 85lbs and up.
204 Rack, 8-Rib 7/down	The rib rack is the portion remaining after the removal of the shoulder, breast, and loin portions of the carcass, and contains 8 ribs. The loin is removed as in Style A unless Style B is specified. The breast is removed by a straight cut no more than 4 inches (10.0 cm) from the ventral edge of the longissimus dorsi (ribeye) muscle. The diaphragm and fat along the ventral side of the vertebrae shall be removed. Unless otherwise specified, the rack is often packaged split. The unsplit rack is often referred to as a "hotel rack".
204 Rack, 8-Rib 7/up	The rib rack is the portion remaining after the removal of the shoulder, breast, and loin portions of the carcass, and contains 8 ribs. The loin is removed as in Style A unless Style B is specified. The breast is removed by a straight cut no more than 4 inches (10.0 cm) from the ventral edge of the longissimus dorsi (ribeye) muscle. The diaphragm and fat along the ventral side of the vertebrae shall be removed. Unless otherwise specified, the rack is often packaged split. The unsplit rack is often referred to as a "hotel rack".
206 Shoulder, Cross-Cut	All shoulders are available either as Style A: 4 Ribs (ribs 1 to 4) or Style B: 5 Ribs (ribs 1 to 5). Unless otherwise specified, the carcass separation is made according to Style A. The thymus gland (sweetbread) and heart fat shall be closely removed. Purchaser may specify either a single or double shoulder.
207 Chuck, 4-Rib, Sq-cut, Double	In addition to the requirements of Item No. 206, the foreshank and brisket portion of the breast, as well as the neck, shall be removed by a straight cut approximately perpendicular to the rack side. The cut through the foreshank and brisket shall pass through the cartilaginous juncture of the first rib, and the cut removing the neck shall not leave more than 1.0 inch (2.5 cm) of neck on the shoulder. Purchaser may specify either a single or double shoulder.
207 Chuck, 4-Rib, Sq-cut, Split	In addition to the requirements of Item No. 206, the foreshank and brisket portion of the breast, as well as the neck, shall be removed by a straight cut approximately perpendicular to the rack side. The cut through the foreshank and brisket shall pass through the cartilaginous juncture of the first rib, and the cut removing the neck shall not leave more than 1.0 inch (2.5 cm) of neck on the shoulder. Purchaser may specify either a single or double shoulder.
209 Breast	This item is derived from anterior portion of the carcass remaining after 'Separation B'. The rack (Item No. 204) and square-cut shoulder (Item No. 207) shall be removed leaving the ribs and sternum (brisket) portions intact by a straight cut that passes through the cartilaginous juncture of the first rib and sternum and a point that is not more than 4.0 inches (10.0 cm) ventral to the longissimus dorsi on the posterior (rack) end. The foreshank (Item No. 210) shall be removed by cutting through the natural seam and pectoralis superficialis. The diaphragm may be removed. However, if present, the membranous portion of the diaphragm shall be trimmed close to the lean. The heart fat shall be closely removed.

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PRODUCT SPECIFICATIONS CONTINUED

<i>Product Name</i>	<i>Specifications</i>
209A Rib, Denver Style	This item is prepared from Item No. 209 and shall consist of at least 7 ribs, and the intercostal muscles, serratus ventralis, and associated muscles immediately overlying the ribs. The cut shall be not less than 3.0 inches (7.5 cm) in width. The sternum and ventral edges of the costal cartilages shall be removed. The fell, cutaneous trunci, exterior fat cover, latissimus dorsi, and diaphragm shall be removed. This item shall be trimmed practically free of surface fat. This item is sometimes referred to as “Denver Style Ribs.”
210 Foreshank	The foreshank shall be removed from the shoulder by a straight cut exposing the humerus and removed from the brisket by a cut through the natural seam and may contain a portion of the web muscle (pectoralis superficialis). The trotter or lower foreshank shall be removed at or above the knee joint.
232 Loin, Trimmed 4x4	This item is prepared from Item No. 231. The flank is removed by a straight cut that is not more than 4.0 inches (10.0 cm) from the longissimus dorsi, both at the rack end and at a point on the leg side that also is not more than 4.0 inches (10.0 cm) ventral from it. The diaphragm, hanging tender, and kidneys shall be excluded.
233 Leg, Double, Trotter-on	This double item may be derived from the posterior portion of the carcass or hindsaddle. The legs are removed by a straight cut anterior to the hip bone cartilage that forms an approximate right angle to the length of the legs, depicted as separation point “C” on the Cutting Instruction Charts for Styles A and B.
233 Leg, Double, Trotter-off	This double item may be derived from the posterior portion of the carcass or hindsaddle. The legs are removed by a straight cut anterior to the hip bone cartilage that forms an approximate right angle to the length of the legs, depicted as separation point “C” on the Cutting Instruction Charts for Styles A and B.
233A Leg, Single, Trotter-off	This single bone in leg has the trotter (lower hindshank) removed at the break joint. The gambrel cord (Achilles tendon) is also removed. This, as well as the following 233 items, unless described differently in the item description, are derived from a leg made at separation point “C” of Style A or B unless the purchaser specifies it be prepared from a leg made at separation point “D” of Style B. These separation points are depicted on the Cutting Instruction Charts for each style.
234 Leg, Boneless	The rib rack is the portion remaining after the removal of the shoulder, breast, and loin portions. This item is prepared from a leg meeting the Item No. 233A Leg requirements. The leg is separated at point “C” of Styles A and B unless purchaser specifies point “D” of Style B. The femur bone is removed by a cut through the natural seam between the knuckle and the inside portions. All bones, cartilages, sacrosciatic ligament including the lean and fat overlying it, popliteal and exposed lymph glands, gambrel cord (Achilles tendon) if present, flank, and tendinous ends of the shank and knuckle, which expose less than 75 percent lean on the crosssectional cut, shall be excluded. The shank meat from the leg may be folded or placed into the femur cavity. This item shall be netted or tied.

CONTACT US

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