
UrnerBarry

MARKET PRICES, NEWS, AND ANALYSIS

PRICE REPORTING METHODOLOGY: **VEAL 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 veal reflects wholesale negotiated trading activity of veal cuts and carcasses for distribution through US domestic channels.

ACCEPTABLE ORIGINS

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

QUOTATION PERIOD

Quotations are released weekly on Tuesday 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 veal.

Urner Barry's veal quotation reflects market data for "less than truckload" LTL pricing, where quantities are defined as lots of less than 40,000 lbs. The minimum transaction volume is .5 tons, or 1,000 pounds. In most instances, buyers and sellers will negotiate a transaction based on less than truckload trade but the lot will be comprised of multiple items, which can be acceptable for use in the price assessment.

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.

DELIVERY BASIS

Veal carcasses and boxed veal 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

Product Name	Specifications
Carcass Veal - Hide-off, 255/315	This item is the unsplit carcass with not more than two tail vertebrae remaining attached. The hanging tender and diaphragm may be removed, but if not removed, the membranous portion of the diaphragm shall be trimmed close to the lean. The hide shall be removed (quoted in both Northeast and North Central).
306 Hotel Rack, 7-Rib	This 7 rib item is prepared from Item No. 304A by a straight cut between the 4th and 5th ribs and includes ribs 5 through 11. The plate portion of the breast is separated by a straight cut across the ribs that is no more than 4.0 inches (10.0 cm) from the outer tip of the ribeye muscle (<i>longissimus dorsi</i>). The ribeye muscle shall be approximately equal to or larger than the complexus muscle on the cut surface of the chuck end. Purchaser may request this item be unspilt, and would be prepared from Item No. 304.
306B Veal Rack, Chop-Ready, 7 Ribs	This item is a single rack prepared as described in Item No. 306 (above). In addition, the chine (vertebrae), feather bones, blade bone, related cartilage, and backstrap as well as the lifter muscles (<i>trapezius</i> , <i>infraspinatus</i> , <i>latissimus dorsi</i> , <i>rhomboideus</i> , <i>subscapularis</i>) shall be excluded. Chop-Ready may also be referred to as Ready-To-Slice (RTS).
306C Veal Rack, Chop-Ready, 6 Ribs	This 6 rib item from a single rack, as described in Item No. 306, is further prepared as explained in Item No. 306B. Chop-Ready may also be referred to as Ready-To-Slice (RTS).
307 Rack, Ribeye	This item consists only of the <i>longissimus dorsi</i> , <i>spinalis dorsi</i> , <i>complexus</i> , and <i>multifidus dorsi</i> muscles of a single 7 rib rack meeting the requirements of Item No. 306. In addition, all bones, cartilages, backstrap, and exterior fat covering shall be excluded. The seam surface overlying the <i>spinalis</i> and <i>longissimus dorsi</i> shall be trimmed practically free of fat. If the purchaser desires a ribeye produced from a 6 rib rack, specify Item No. 307A.
309 Chuck, Square Cut	This item is as described in Item No. 308, except the foreshank and brisket portion of the breast are removed by a straight cut perpendicular to the rack side that passes through the cartilaginous juncture of the first rib and the sternum. Purchaser may request this item be unsplit. Purchaser may specify a 5 rib chuck and the item would be called Veal Chuck, Square-Cut, 5 Ribs.
310 Shoulder Clod	This item may be prepared from any veal chuck and shall include the muscles posterior to the humerus (<i>latissimus dorsi</i> , <i>triceps brachii group</i> , and <i>teres major</i>), and both muscles above the blade bone (<i>supraspinatus</i> , <i>infraspinatus</i>) and lateral to the natural seam over the <i>deep pectoral</i> and <i>serratus ventralis</i> . The shoulder rose or <i>cutaneous</i> muscle shall be removed when the underlying fat exceeds the surface fat thickness specified by the purchaser. All sides of the clod shall be trimmed so that the minimum thickness is not less than 0.5 inch (13.0 mm) at any one point. All bones and cartilaginous material shall be excluded and the tendons on the elbow end trimmed even with the lean. If specified, the boneless clod shall be rolled with the blade muscles folded over the thick end and netted or tied. For uniformly thick roasts, the clod can be split lengthwise, the ends reversed, and the boned surfaces placed together and netted or tied. Smaller roasts may be made by slicing the netted or tied clod into desired sized portions. Larger roasts may be produced by reversing the ends of two clods and holding the boned surfaces together by netting or tying.

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PRODUCT SPECIFICATIONS CONTINUED

<i>Product Name</i>	<i>Specifications</i>
313 Breast	The breast shall contain 11 ribs and consists of the intact plate and brisket portion of the forequarter. The diaphragm may be removed, but if present, the membranous portion shall be trimmed close to the lean. The heart fat shall be excluded.
330A Hindquarter	The item in the split half of Item N. 330. It is also produced after Item No. 304A Forequarter, 11 Ribs is separated from Item No. 303.
332 Loin, 4x4 Trimmed	The trimmed loin is as described in item No. 331, except the flank portion shall be excluded by a straight cut that is not more than 4.0 inches (10.0 cm) from the outer tip of the loin eye muscle (<i>longissimus dorsi</i>). The kidney and kidney knob shall also be excluded. The lumbar fat shall be trimmed so that it does not exceed 0.5 inch (13.0 mm) in thickness at the leg end. From the leg end, the fat shall be tapered down to the lean surface at a point not beyond 3/4ths of the length of the loin. Purchaser may request the item be unsplit.
332A Veal Loin, Block-Ready, Trimmed	This item is as described in Item No. 332 except that the flank portions shall be excluded by a straight cut that is not more than 1 inch (2.5 cm) from the <i>longissimus dorsi</i> on the rib and hip ends. The lumbar fat shall be removed entirely unless otherwise specified by the purchaser.
334 Leg, Single	The legs are that portion of the hind saddle remaining after the removal of Item No. 331. If desired, purchaser may request unsplit legs.
337 Veal Hindshank	This item is prepared from Item No. 334. The shank bone with its meat attached shall be separated from the leg by a cut through the stifle joint that follows the natural seam between the shank and the heel. All hock bones and the gambrel cord shall be excluded.
346 Veal Leg, Butt Tenderloin, Trimmed	This item is that portion of the tenderloin separated from any type Item No. 334 leg. It shall consist of the <i>psoas major</i> , <i>psoas minor</i> , and <i>iliacus</i> muscles. The butt tender shall be practically free of all fat.
347 Loin, Short Tenderloin	This item is that portion of the tenderloin removed from Item No. 331 or 332. Practically all fat and the <i>psoas minor</i> shall be excluded. This item may also be referred to as Veal Loin, Tenderloin Tip.
349 Veal Leg, Top Round (Inside), Drop	The untrimmed or "Drop" top round is prepared from any leg item, such as Item Nos. 334 or 336, that meets the end requirements of this item. The item shall consist of the <i>semimembranosus</i> , <i>adductor</i> , <i>gracilis</i> , and the firmly attached <i>pectineus</i> , <i>ilio psoas</i> , and <i>sartorius</i> muscles. The top round is separated from the outside and sirloin tip (knuckle) portions of the leg along the natural seams. This item is sometimes referred to as a "rough" Top Round.
349B Top Round, Trd, Cap-off	The top round is prepared from Item No. 334 and shall consist of the <i>semimembranosus</i> , <i>adductor</i> , <i>gracilis</i> , and firmly attached minor muscles (<i>pectineus</i> , <i>ilio psoas</i> , and <i>sartorius</i>). The top round is separated from the outside and sirloin tip (knuckle) portions along the natural seams and trimmed to be practically free of surface fat. As described in Item No. 349, this item is further prepared by excluding the cap (<i>gracilis</i>) muscle and <i>gracilis</i> membrane.
352A Veal Leg, Hip (Sirloin Butt), Cap Off, Trimmed, Boneless	This item is the hip (sirloin butt) portion of the leg with the tri-tip (<i>tensor fasciae latae</i>) excluded. The hip (<i>gluteus medius</i> , <i>gluteus accessorius</i> , and <i>gluteus profundus</i>) is removed from the boneless leg by cutting through the natural seam, leaving the <i>biceps femoris</i> (cap) attached to the outside leg. All bones, cartilage, exposed lymph glands, tendons associated with the protuberance of the femur, heavy connective tissue overlying the <i>tensor fasciae latae</i> , and <i>sacrosciatic</i> ligament shall be removed. The item should be trimmed to Fat Limitation Option (FLO) 6, Peeled/Denuded, Surface Membrane Removed (90 percent lean exposed).

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PRODUCT SPECIFICATIONS CONTINUED

<i>Product Name</i>	<i>Specifications</i>
363A Leg, TBS 3-Piece	This item shall consist of the top (inside), bottom, and sirloin tip (knuckle) portions of the leg (Item Nos. 349, 350, and 351). Each portion shall be individually packaged and packed into the same container. For items 350 and 351, see items 350A and 351A.
363B Veal Leg, BHS, 3 Parts	This item shall consist of the bottom, hip (sirloin butt), and sirloin tip (knuckle) portions of the leg (Item Nos. 350, 351, and 352). Each portion shall be individually packaged and packed into the same container.
1312 Osso Buco, Foreshank	This item shall be prepared from Item No. 312. The foreshanks shall be cut into the thickness specified by the purchaser. The slices shall be cut approximately perpendicular to the bone length so as to display a cross-section surface at least 75 percent lean on each side.
1336 Leg Slices, Retail	This item is prepared from Item No. 336. The heel (<i>gastrocnemius</i> muscle) shall be removed. Major muscles of the leg shall be separated by cutting through the natural seams. All fat and membranous tissue shall be removed from the muscle surfaces. The muscles may be cut at any angle (across the grain) and also may be split lengthwise to obtain the size specified.
1337 Osso Buco, Hindshank	This item shall be prepared from Item No. 337. The hindshank shall be cut into the thickness specified by the purchaser. The slices shall be cut approximately perpendicular to the bone length so as to display a cross-section surface at least 75 percent lean on each side.

CONTACT US

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