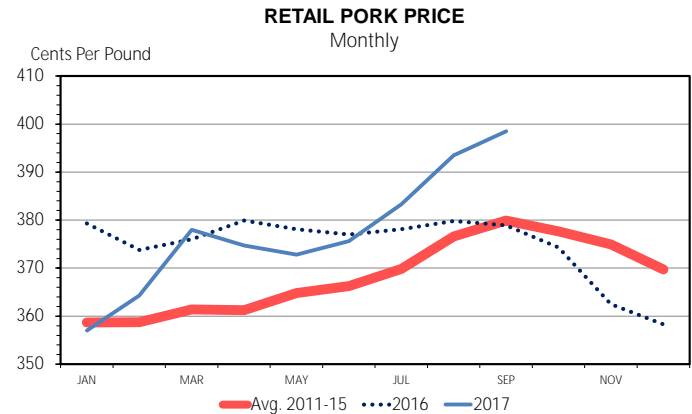


The Department of Labor survey of retail prices across the US economy for September highlighted the rapid escalation of pork prices in recent months. Meanwhile, grocery store beef and chicken prices stayed close to values of prior months. A composite retail pork price is calculated by the USDA-ERS (Economic Research Service) based on a selection of BLS (Bureau of Labor Statistics) data. This measure of pork prices moved up 5 cents per pound from August to September, or 1.3%. A similar calculation focused on beef sold in fresh form declined from August to September by about 4 cents while chicken meat and parts prices slipped a penny lower. Most of the increase in pork prices was tied to a 12 cent increase in bacon prices, which was the highest monthly average price in at least three years. Pork chops, loin and ham product prices did not change significantly from August to September.

Grocery store bacon prices in September were up 16% from a year earlier and up 12% from three months earlier. Retail bacon price trends tend to mirror market conditions in the wholesale market for pork bellies (the raw material used for bacon) in prior months.

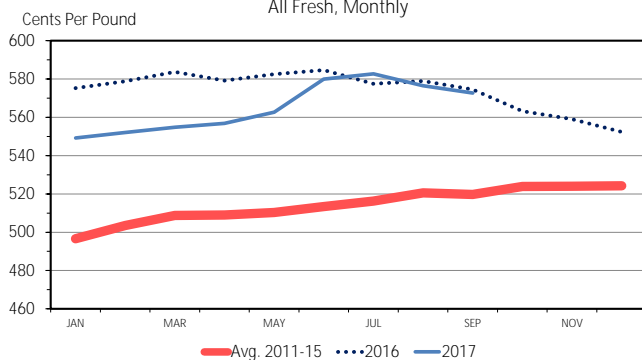
The wholesale value of pork bellies had been under pressure in 2015 and 2016 due to record large pork production and the absence of dominating marketing efforts from the foodservice/restaurant sector or prominent branded pork product marketers. That changed early this year, with several fast food chains featuring bacon as a condiment on sandwiches or burgers, or even putting bellies on the menu as an entrée. Wholesale belly values in the last quarter of 2016 were down 16% from a year earlier, but year-over-year comparisons



for the first quarter of this year showed a 20% increase. The spring quarter comparison was also up 20% from a year earlier and summer quarter belly prices were up 54%. Belly prices have collapsed in the last two months, however, with early October belly prices close to 20% lower than they were 52 weeks earlier. This should set the stage for grocery store pork prices to move parallel to trends during the fall months of recent years.

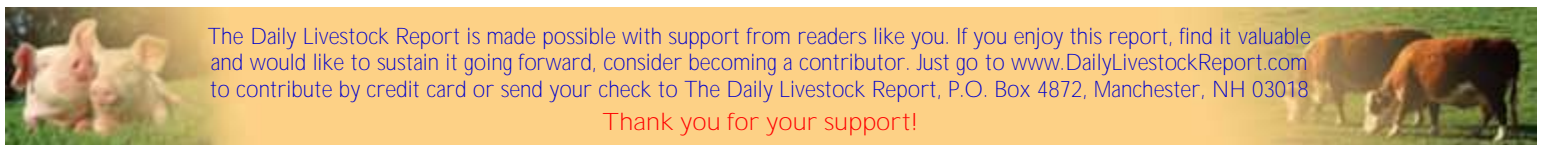
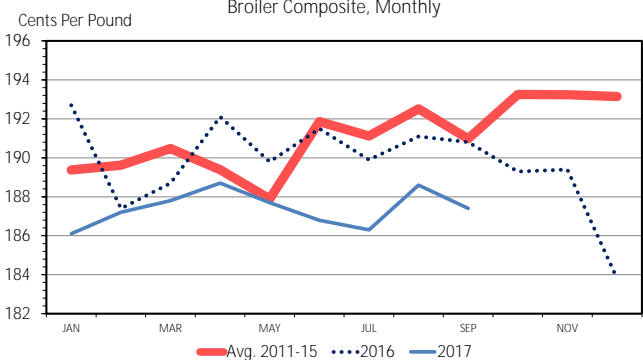
RETAIL BEEF PRICE

All Fresh, Monthly



RETAIL CHICKEN PRICE

Broiler Composite, Monthly



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