

Please accept our best wishes for wonderful Easter and Passover celebrations!

These are perhaps the most profound celebrations of the Christian and Jewish faiths — full of deep meaning and lasting consequence. We hope they are especially so this year as you gather with family and friends.

A reminder — CME Group trading venues will be closed tomorrow, Friday April 6 in observance of Good Friday.

- Globex lumber, dairy and livestock trading closes at 1:55 pm CDT today.
- Globex grain futures close at their regular time today.
- No Globex trading on Good Friday.
- Globex trading for CBOT, KCBT and MGEX grain products and CBOT ethanol will re-open at 6:00 pm Sunday.
- Globex livestock and lumber contracts will open at their regularly scheduled time on Monday
- CME Group trading floors for equities, commodities, GSCI, weather and real estate will be closed all day on Good Friday.
- CME Group foreign exchange and interest rate trading floors will close at 10:00 am CDT on Good Friday

Complete holiday schedules for both CME Globex and CME Group trading floors can be found at www.cmegroup.com/tools-information/holiday-calendar/index.html.

The fallout from the “pink slime” episode continued on Tuesday as AFA Foods, one of the nation’s largest beef grinders filed for bankruptcy. The company, based in King of Prussia, PA, cited the continued media coverage of the uproar over lean, finely textured beef (LFTB) as the final straw in its financial demise. It has begun looking for a buyer and told a bankruptcy court that it hoped to close a deal within three months. According to press reports, AFA has about 850 full-time employees.

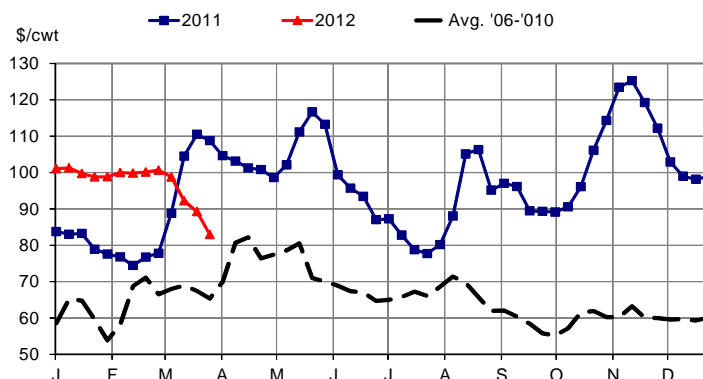
This announcement comes on the heels of last week’s closure of three grinding operations by BPI, Inc. of South Sioux City, NE, impacting about 650 jobs at least temporarily.

What is important about these closures and bankruptcies? They are backing up a lot of 50% lean beef trimmings and beef fat trimmings! Regardless of what you think about LFTB or “pink slime”, the market impacts of this situation are apparent. The chart at right shows that the weekly average price of 50% CL (chemical lean) beef trimmings has dropped from roughly \$1.00/lb. at the end of February to just \$0.83/lb last week.

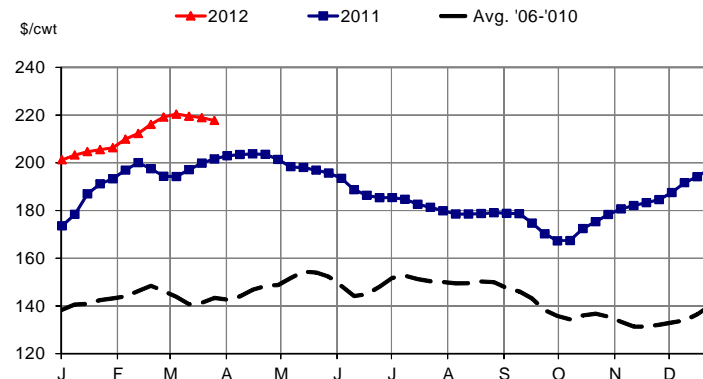
And prices have plunged even further this week with yesterday’s published quote at \$0.59/lb. and some reports that product was being offered at \$0.48 to \$0.52/lb. Our statement that “packers now have to sell a good portion of the fat trim generated from the carcass at much lower prices” in Monday’s DLR has been realized within the week!

The removal of LFTB has also taken several hundred million pounds of product out of the lean beef supply, supporting the

BEEF 50% LEAN TRIMMING



BEEF 90% LEAN TRIMMINGS



price of 90% CL trimmings. As can be seen above, the price of this product is holding steady as lower supplies offset the negative impact of the news stories on ground beef in general.

But the fallout does not end with beef. Lower grinding beef values have likely played a roll in lower pork trimmings prices since some of these products are ready substitutes in processed meats. Pork trim prices are usually steady to slightly stronger as spring and filled ballparks and hot dog sales approach. They have fallen steadily since March 1 this year, though. 42% CL pork trim has fallen from \$0.46 to \$0.34/lb. (26%) since the week of Feb 24. 72% CL pork trim prices have dropped from about \$0.70/lb. to \$0.54/lb. (22%) over the same period.

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