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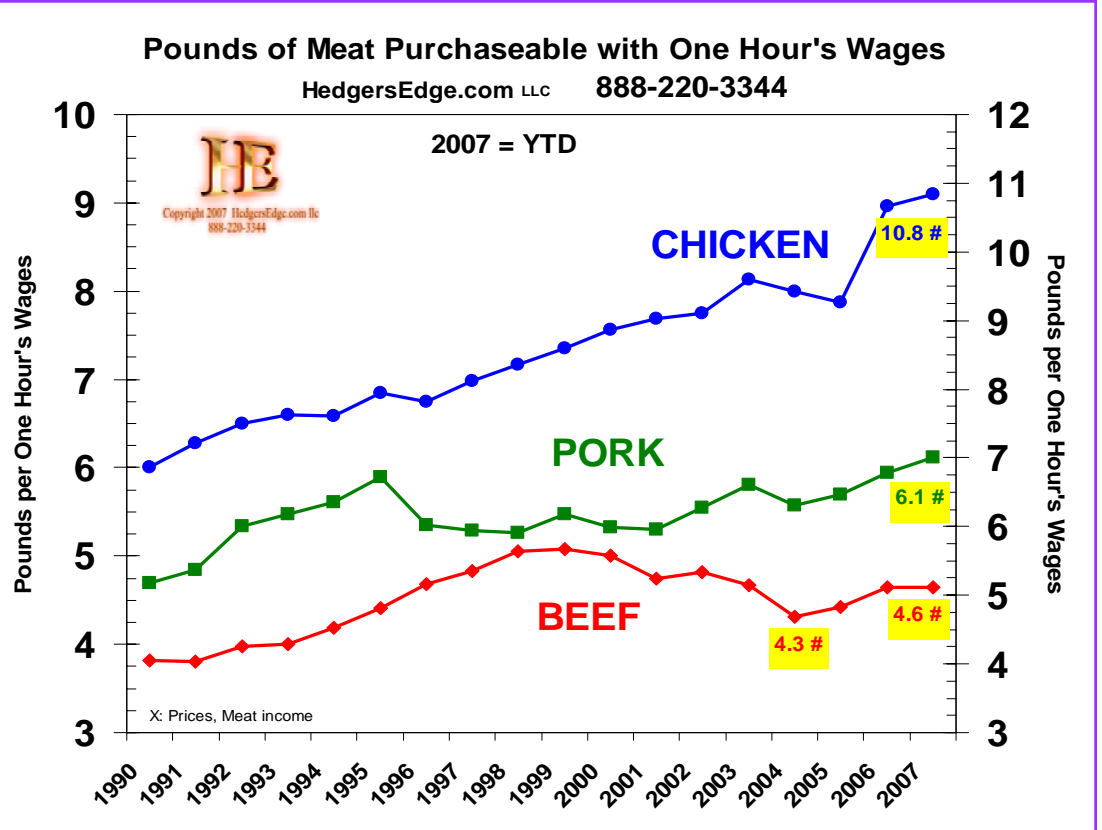
Futures Brokerage, Risk Management & Market Research for the Agri-Business Community

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A critical question as we enter the spring period: "Can consumers support the high retail price of beef, reflective of the gains in cash prices and beef cutout values?"

The accompanying chart depicts the retail price of meats versus the average hourly wage rate. Several observations can be made. First, consumers can purchase 4.6 pounds of beef today with one hour's wage, versus only 4.3 pounds of beef in 2004. While beef prices



have increased, so too have wages, making beef more affordable than in recent years. Second, pork and chicken have increased their value relative to beef. Consumers can purchase 6.1 pounds of pork or 10.8 pounds of chicken for one hour's wage. These current levels for pork and chicken represent record values to the consumer.

With the best demand period for beef immediately ahead of this industry, beef should be able to compete for the consumers' dollar during the mid-April through mid-June period. Beyond this period however, the better relative value of pork and chicken should limit beef demand and enhance chicken and pork demand.

Point: The opportunity for a seasonal demand price rebound for the beef market this spring remains intact. Features from competing meats may detract from the potential gains, especially relative to the success enjoyed last year, but the economic stimulus to support beef demand remains in play.

*Stay informed; always manage your financial risk.*

Thanks, Andy & Bob