

The Red Sheet

October 31, 2011

- ✚ **BUTTER:** The Chicago Mercantile Exchange spot-cash Butter market continued its upward climb this week, with the major manufacturers pushing it higher. This is the heaviest demand period of the year for butter and higher prices are not unexpected.
- ✚ **CHEESE:** CME spot cheese markets moved higher this week sending milk and cheese futures to their highest values in over a month. Holiday buying continues to be the likely culprit for the support.
- ✚ **EGGS:** Retail demand is reported only fair. Typically October is one of the slower months for retail egg movement on the calendar. Egg prices remain generally high, averaging the highest October on record. Institutional and food service continue at expected levels, although some note that Thanksgiving is typically not a strong foodservice holiday. All sizes are adequate for current needs. Although inventories are building for many, confidence remains high that buying interest will return in the weeks to come.
- ✚ **SOYBEAN OIL:** Soybean oil closed up 52 points on the week at \$51.77 as weakness in the dollar and strength in crude oil supports prices. Soybean pricing comparison: LY=\$0.4930/Lb; LW=\$0.5125/Lb; TW=\$0.5177/Lb; YR CHNG= +5.01%
- ✚ **BEEF:** cutout values ended the week higher with moderate demand and light to moderate offerings. Live cattle futures declined this week and packers were able to trade most products at steady to higher price levels. The strongest markets were seen in the ribs and loins while end meats appreciated slightly. Beef trimmings advanced again this week; fed cattle grinds ended the week higher. Forward negotiated sales were moderate this session. Briskets, inside skirts and beef trimmings were among the most highly traded items. Skirt prices reflected current market levels and briskets and trimmings traded at lower prices.
For the week: ribs higher; chucks higher; rounds slightly higher; loins higher; Beef trimmings significantly higher; Fed cattle grinds higher; blended cattle grinds steady.
- ✚ **PORK:** Retail cuts continued down this week. Ample supplies and limited demand put pressure on the markets. Processing cuts experienced mostly moderate to heavy offerings for the domestic market this week, which pressured price levels lower. Offerings from Canada pressured hams and belly prices domestically. Buyers procured product in an effort to replenish frozen inventories. Lean trim offerings were more than adequate to meet demand. Other trim items experienced mostly moderate offerings.
For the week: loins much lower; butts lower; spareribs uneven to steady; hams lower; bellies lower; trimmings steady to lower.
- ✚ **CHICKEN:** Business is seasonal at most points of sale. Wings continue to be limited under steady levels of activity. Dark meat pricing is a little mixed depending on the item. The boneless variety tends to be more heavily discounted than bone-in items. Tenders are about steady. Boneless breasts are considered adequate by most though some first of the month business is reportedly building for next week. Wogs and whole birds are fair to balanced.
- ✚ **TURKEY:** The complex continues to roll along with no cracks showing in the armor. Whole birds are the primary focus with buyers often chasing their tails in getting enough products to meet their commitments. Parts are very good and experiencing some additional demand. Two joint wings, necks, and drums are held for full market or better. Thigh meat is tight and buyers are paying full market value. Wings meat inched upward with stronger frozen scapula pricing. Frozen breast meat and related items are well maintained.
- ✚ **RICE:** Aside from continued weakness in the futures market, the cash market conditions are basically unchanged. Milled rice prices are up slightly per cwt. The average price of 100 Lbs. of bulk #1rice, FOB the mill is currently \$27.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$12.73/Cwt LW=\$16.405/Cwt, TW=\$16.74/Cwt, YR CHNG= +31.50%
- ✚ **FLOUR FACTS:** Wheat futures prices dropped slightly this week, but basis levels move higher each day producers fail to increase the amount of wheat they bring to market. Futures pricing for a bushel of hard, spring wheat are: LY=\$7.7675/Bu, LW=\$9.1925/Bu, TW=\$9.2050/Bu, YR CHNG= +18.50%.

- ✚ **CANE SUGAR:** No major changes from the previous newsletter. Domestic Refiners are still sold for the 11/12 marketing year. Sugar sales have been very brisk for 11/12 with three beet refiners saying they are practically sold out. Futures pricing comparison: LY=\$39.30/Cwt, LW=\$38.55/Cwt, TW=\$39.75/Cwt, YR CHNG=+1.14%
- ✚ **TOMATO CROP UPDATE:** Canned Tomato harvest in California is officially completed. These years pack is approximately 300,000 tons short of forecast and 1,000,000 pounds short of the 2009 pack. Due to October rains, the quality of the final product had deteriorated to unacceptable levels. Combined with the shortages created by mother Nature in both the Midwest and East Coast Crops, Whole Peeled and larger Diced Varieties will be short and will be reflected in higher prices.
- ✚ **DRY BEAN MARKET UPDATE:** Pricing on key items is up dramatically due to short crops. Pinto Beans were hit the worst with acreage being reduced by 55%. As the year progresses, shortages among various suppliers will occur and pricing will continue to increase.
- ✚ **POTATO CROP UPDATE:** Weather this spring slowed planting and plant development. Extremely low 2010 crop inventory forced some suppliers to pull early varieties (Norkota, Shepode) too early and this compromised size and yield. Crop has increased by 7%, but this counteracts the severe shortages from 2010.
- ✚ **SEAFOOD MARKET REPORT:**
 - **Tilapia:** Prices are starting to firm on Tilapia. This is especially true on 5/7 and 7/9 fillets as supplies are very tight on these sizes. 3/5 fillets seem to be plentiful. There is word of a possible disease issue in the ponds in China. If this is the case we may continue to see prices move up due to long term supply concerns. Expect much stronger pricing on the 5/7 fillets and especially the 7/9 fillets.
 - **Shrimp:** Mexican supply is good and prices remain stable. The wild bay season is up and running with steady landings of U-10's and smaller. Production looks good and expect to see stable prices and good inventory for a while. Farmed production is in full swing with good supplies coming into the US.