

The Red Sheet

November 14, 2011

- ✦ **BUTTER:** Last week's Chicago Mercantile Exchange spot-cash Butter market plummeted \$.1025/Lb. and the butter price is likely to continue to fall. Continuing declines of another \$.10/lb are likely.
- ✦ **CHEESE:** The Chicago Mercantile Exchange spot-cash Block Market moved up \$.0700/Lb. and the spot Barrel market jumped \$.0600/Lb. Lighter cheese production for the April through September time period leading to short term product tightness was one reason for this late year surge in cheese prices.
- ✦ **EGGS:** Retail demand is generally reported as good. Supplies of extra large through mediums are adequate for current needs. Jumbos are readily available and trending lower. Brown eggs are adequate. Liquid whole egg is under pressure.
- ✦ **SOYBEAN OIL:** Soybean oil closed down 89 points on the week at 50.98 as a lack of fundamental news will keep traders eyeing outside markets for guidance. Soybean pricing comparison: LY=\$0.5253/Lb; LW=\$0.5187/Lb; TW=\$0.5098/Lb; YR CHNG= **-2.9%**
- ✦ **BEEF:** Cutout values continue higher on moderate to fairly good demand and moderate offerings. Middle meats are benefiting from seasonal price increases with more and more buyers preparing for the upcoming holiday. Purchases with delayed delivery are demonstrating a slight premium. Beef trimmings reached record levels the past several days. Ground beef demand is on the rise both for seasonal and economical reasons; buyers are forced to pay the higher trimming prices to meet their blending needs. Late in the week price pressure eased a little. Fed and blended grinds were higher with good demand and moderate offerings. Forward negotiated sales were light with only a notable consignment of Select briskets at prices similar to spot market levels. For the week: ribs higher; chucks slightly higher; rounds steady; loins stronger and higher; trimmings much higher; Fed cattle grinds higher and blended cattle grinds higher.
- ✦ **PORK:** Ample supplies of loins and butts existed early in the week and little buyer interest. Asking and market prices were soft early in the week. Mid-week most of excess bone-in butt inventory had been cleared and prices rebounded. Loins however did not with minimal demand. Moderate to heavy offerings set the tone for the week. Boneless hams were abundant and prices waivered before settling lower for the week. Price levels for lean trim held steady. Fat trim price levels improved late week as increased demand coupled with light offerings forced the advance. Boneless picnics dropped in response to a few extra loads being offered for the spot market. For the week: loins lower; butts barely steady; spareribs higher; skinned hams lower; bellies lower; 42% trimmings higher; 72% trim steady; boneless picnics much lower when compared to previous quote.
- ✦ **CHICKEN:** : Late in the week inventories are well cleared and demand has grown plentiful. Wogs are very tight and demand is firm. Whole breasts are hard to find. Offered prices for boneless breasts and tenders continue to advance. Wings are now short of needs in most areas. This is true for all sizes of both whole and cut. Dark meat has improved coming into the end of the week. Leg quarter values are slightly better.
- ✦ **TURKEY:** With Thanksgiving now just two weeks away, the industry is somewhat anxiously waiting on consumers. Offerings are mixed from plant to plant and generally very limited. Some operations have caught up with fresh packs and have offered a few frozen birds and ask steady prices. Elsewhere fairly sharp premiums are paid for limited supplies of frozen toms. That said there are some distributors and regional processors that are able to show a few loads here and there. Drums are mostly steady. Whole wings are short supply. Two joints are very well cleared and activity is limited. Spot sales of necks are slightly higher. Wing meat is steady to higher. Thigh meat is steady to firm. Fresh tom breast is very irregular. Frozen offerings are very scarce.
- ✦ **RICE:** There has been no substantive change in our market, as export demand and sales are well behind last year, quieting the bulls that have been focusing more on the flooding in Southeast Asia. The average price of 100 Lbs. of bulk #1 rice, FOB the mill is currently \$26.0/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$13.765/Cwt LW=\$16.125/Cwt, TW=\$15.005/Cwt, YR CHNG= **+9.22%**
- ✦ **FLOUR FACTS:** Wheat futures are mixed this week. Basis levels on spring wheat were up and basis levels on winter wheat stayed steady. Futures pricing for a bushel of hard, spring wheat are: LY=\$7.4425/Bu, LW=\$9.2375/Bu, TW=\$9.3425/Bu, YR CHNG= **+25.52%**.
- ✦ **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. Pricing remains firm. Futures pricing comparison: LY=\$37.99/Cwt, LW=\$38.52/Cwt, TW=\$38.57/Cwt, YR CHNG= **+1.52%**

- ✚ **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 the Midwest and East Coast Crops, Whole Peeled and larger Diced Varieties will be short and will be reflected in drastically higher prices. Packers are already limiting quantities ordered and not accepting new customers.
- ✚ **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.
 - **Halibut:** With winter approaching production will dwindle and the 2011 fresh season ends on the 15 Th. Market prices remain high but stable.
 - **Alaskan Cod:** The market for large fillets will remain very strong for the rest of the year and into early 2012. The new quotas will be set in December but the fish are expected to remain on the smaller side.
 - **Yellowfin Tuna:** Supply remains very tight. Almost all areas of the Pacific are reporting low landings. There is a void in the US domestic supply and the outlook is for continued challenges. Expect higher prices thru the rest of the year based on current market conditions and catch levels.
 - **King Crab:** The Bristol Bay quota was cut almost in half for this years catch. Japan is expected to take about 70% of the catch this year and will be paying very high prices for it. That will leave the supply very tight and high priced all winter.