The Red Sheet

November 28, 2011

- **BUTTER:** The Chicago Mercantile Exchange spot cash Butter market dropped another $.0275/lb during last weeks trading. There's a lot more butter around this year than at the same time in 2010, creating more uncertainty in the stability of the longer-term Butter market.
- **CHEESE:** This holiday-shortened week's Chicago Mercantile Exchange spot-cash Cheese markets continued their downward slide with the Block market dropping $.0450/Lb. and the Barrel market falling $.0700/Lb. Now past the demand of the Thanksgiving season we still have the all-important Christmas and Super Bowl cheese consumption periods ahead of us, which may help provide some support for cheese market prices over the upcoming weeks. However, the cheese markets appear to still have considerable downside before hitting any solid footing.
- **EGGS:** Retail demand is reported in a range from good to very good. The majority note that Thanksgiving expectations were met in full, although a bit later than they had originally expected. Even without promotional activity, consumer interest was strong through the weekend. Demand from the institutional and food service sectors is seasonally average as the month closes. Supplies of jumbos are available. Extra large through medium sizes are well balanced in supply and demand. Brown eggs are tight. Suppliers with inventory are confident in their asking prices. Jumbos remain available and are discounted at times. Extra large and large are called steady. Medium demand is mixed but no longer trading at discounts. Further processors are not aggressively pursuing supplies of heavy breaking eggs. Some however, are willing to take on discounted supplies, and look for deals wherever possible. The market is steady.
- **SOYBEAN OIL:** Soybean oil closed down 265 points on the week at 48.23 as a reaction to developments in the lack of progress on budget deficits and the European economic mess. Soybean pricing comparison: LY=$0.4990/Lb; LW=$0.5088/Lb; TW=$0.4823/Lb; YR CHNG= -3.35%
- **BEEF:** cutout values were higher on Choice and weak on Select based on light demand and light offerings. Reduced production due to the Thanksgiving holiday supported appreciating prices. All Choice meat primals experienced higher prices and the rib complex was the largest contributing factor. Select round and loin prices played into the weaker overall Select price, while chuck and rib items were steady to firm. Beef trimmings started to decline, while fed cattle grinds continued to have modest gains, and blended cattle grinds were generally steady. Forward negotiated sales were slow this week, with notable trades in Select briskets and ground chuck. For the week: Select ribs barely higher and Choice significantly higher; chucks steady to 1.00 higher; rounds steady; Select loins barely lower and Choice barely higher; Beef trimmings lower; Fed cattle grinds mostly higher and blended cattle grinds generally steady
- **PORK**: The retail complex saw trading at mostly steady prices throughout the short Holiday week as demand and supplies offset each other. Processing cuts experienced mostly moderate offerings while demand remained light to moderate. Mid weight ham prices firmed slightly, while 42 trim and boneless picnics slid. Bellies did not establish any trading value. The latest cold storage report indicated frozen pork supplies were down slightly from the previous month but up 2 percent from last year. Stocks of pork bellies were down 7 percent from last month and down 63 percent from last year. For the week: Fresh loins generally steady; butts steady to firm; spareribs steady; hams steady to slightly higher; bellies steady; 42% trim lower; 72% trim steady; bnls picnics lower.
- **CHICKEN:** Sentiment reflects a better than anticipated response to chicken not normally associated with Thanksgiving. Production figures and harvest numbers continue to trend lower allowing supply and demand to remain on an even keel. Wings remain the most sought after item par of the bird. Premium sales for whole and cut wings are the rule with demand quite good. Wogs and whole birds are rated steady to full steady. Tenders are in good demand. Breasts are well supported with inquires noted for export. Breast fronts are snug with sellers not eager to part with them as wings and tenders improve. Cutlets are mostly steady and dark meat has held steady. Industry cutbacks and good demand from export markets have enabled price points to hold close to listed quotations.
- **TURKEY:** On this rather quiet week, most of the interest centers on future holiday needs and beyond. At the moment frozen turkey prices are retreating. Surprisingly there were last minute orders are still being written at current levels. Offerings for the following weeks are available in a

range of discounts. The undertone is unsettled. Modest supplies of parts are associated with slightly lower prices. Thigh meat is not feeling any pressure. Breast trim and scapula meat is available and open to lower bids. Breast meat is finding support but there is limited demand.

- **RICE:** There has been no substantive change in our market, as export demand and sales are well behind last year. The futures market has dropped over $4.30 since its high in September. The average price of 100 Lbs. of bulk #1rice, FOB the mill is currently $26.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=$13.405/Cwt LW=$14.68/Cwt, TW=$14.235/Cwt, YR CHNG= +6.19%
- **FLOUR FACTS:** Wheat futures are following corn and soybeans lower. The basis levels have also weakened. Millfeed prices were higher with anticipated flour mill downtime due to the Thanksgiving holiday. Futures pricing for a bushel of hard, spring wheat are: LY=$7.345/Bu, LW=$9.1725/Bu, TW=$8.2725/Bu, YR CHNG= +12.62%.
- **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=$37.72/Cwt, LW=$37.70/Cwt, TW=$37.00/Cwt, YR CHNG=-1.91%
- **TOMATO CROP UPDATE:** Suppliers are announcing a second round of price increases on Whole Peeled and larger sized Diced Tomatoes. This years crop finished 300,000 tons short of forecast and 1,000,000 pounds short of the 2009 pack. Combined with the shortages created by Mother Nature in the Midwest and East Coast Crops, Whole Peeled and larger sized Diced Tomatoes will be short which is reflected in drastically higher prices. Some suppliers are already limiting quantities ordered and they are 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.
- **SEAFOOD MARKET REPORT:**

  - **Tilapia:** It is winter in southern China and as the weather gets colder the fish in ponds are growing more slowly now. Plants are busy packing orders, but sizing has shifted away from 5-7 oz. and 7-9 oz. to higher ratios of 3-5 oz. fillets. Price for the larger sizes will continue to be high through the winter months due to a lack of availability
  - **Calamari:** Asian calamari supplies continue to be short and going into the winter catches will be very light. Prices will stay firm until the spring harvest starts. Domestic Calamari prices are up and should remain firm thru the winter.
  - **Salmon:** There is a slow return of Chilean Atlantic Salmon to the marketplace. Prices are beginning to soften as a result. Inventories in the US and Chile are starting to improve and Chile should be back to its pre-disaster production levels by February. This will lead to even lower pricing in the coming months.
  - **Scallops:** The market for fresh scallops remains strong and the boat prices will stay high thru the winter. Large scallops will remain very expensive into early 2012.
  - **Mahi:** Small amounts of production are currently being seen in Ecuador where landings have been steady, but fish size is very small. Pricing is expected to start out about 25% higher than last year. In Peru, no sizable fish landings are currently being reported. Predictions are that plants in Ecuador will start processing frozen larger fish in the last week of November, with Peru starting up a few weeks after that. Product is coming into the US but no big volumes. There is production is taking place in Asia at this time.
  - **Shrimp:** The shrimp market is showing some signs of growth, after a pretty quiet summer. U.S. cold storage holdings are lower this year because of the high replacement costs. Importers have been buying only immediate needs. With less production expected through the winter we will see a stable market and even more possible that we will see some higher prices by the first of the New Year. Thailand and Vietnam are struggling with flooding issues, making larger size shrimp in all categories very short. Most Asian production areas are past their peak harvest periods so we will probably not see any lowering of prices for the foreseeable future.