

The Red Sheet

March 7, 2011

- ✚ **BUTTER:** There was a lot of weakness in the butter market leading up to this week, but on Wednesday a large butter manufacturer pushed the market up \$.0925/Lb. The week ended with the spot market prices up \$.0975/Lb. and there's lots of speculation that this market could continue to climb even higher. There's even talk of \$2.50/Lb. butter later in the year.
- ✚ **CHEESE:** This week's CME spot-cash block cheese market gained \$.0325/Lb. and the Barrel market moved up another \$.0200/Lb. on light trading. Cheese prices are rising because of increasing world values for milk products which is evidenced by rising world prices. And lastly, it appears that cheese prices may continue to be supported at even high levels by feed and livestock prices which continue to move higher and higher.
- ✚ **EGGS:** Prices are steady. Next week's asking prices are 11 cents lower for extra large, 10 cents lower for large, and 6 cents lower for medium. The undertone is steady to barely steady. Retail and food service demand continues light to moderate. Offerings are mostly moderate. Supplies are moderate to heavy. Market activity is slow to moderate.
- ✚ **SOYBEAN OIL:** Soybean oil closed up 190 points on the week at 59.48 rising on renewed China demand and concerns about supply disruptions in Argentina. After a recent break in prices, China has shown renewed interest in securing U.S. soybeans, particularly with rains delaying harvests in Brazil. Soybean pricing comparison: LY=\$0.4005/Lb; LW=\$0.5758/Lb; TW=\$0.5948/Lb; YR CHNG= +48.5%
- ✚ **BEEF:** Cutout values moved higher on moderate demand and light to moderate offerings. Packers continue to attempt forcing prices higher in hopes of preserving margins threatened by rising fed cattle prices. Modest increases on most cut items materialized through the week, with middle meats generally showing the bigger gains. Forward sale activity increased modestly this week with both Choice bone-in and boneless lip-ons trading significantly higher. Beef trimmings were generally steady while fed and blended coarse grinds continued their downward trend. For the week: ribs higher; chucks steady to slightly higher; rounds higher; loins higher; trimmings higher; Fed and blended grinds mostly lower.
- ✚ **PORK:** Retail pork sales remained slow and many sellers began to reduce prices to spur interest for long inventories. This trend continued throughout the week. A slightly larger harvest for an ample amount of bone-in hams to be available for trading. Sellers lowered prices in an effort to move surplus inventories while buyers took advantage of these lower prices. Bellies remain scarce. Lean trimmings experienced mostly moderate offerings early. For the week: loins were weak to lower; butts much lower; spareribs steady to slightly lower; hams just slightly lower; bellies unquoted but firm; trimmings much higher.
- ✚ **CHICKEN:** Broiler prices are fully steady to firm. Midwest prices are very strong. Offerings of all sizes are light to moderate with buyer interest moderate. Retail and food service demand is light to good. Floor stocks are available. Prices continue to trend firm to higher for breast items, steady to firm for dark meat cuts and steady for wings. Offerings are light for breast meat, moderate for dark meat items and moderate for wings.
- TURKEY:** The market on whole birds is steady to firm with limited demand. Offerings are not readily available current deliveries and limited availability for deferred shipments. The white meat market is steady to firm, The market on thigh meat is steady. Corn and fuel prices are having an impact on all poultry supplies.
- ✚ **RICE:** Rice futures have absolutely collapsed, down over \$2.00 in less than three weeks, which is amazing after a bull run driven primarily by funds for the past several months. Fact is, there was no fundamental support for the dramatic upward movement, and now spec money is much more interested in the volatile crude oil futures. The average price of 100 Lbs. of bulk #1 rice, FOB the mill remains steady at \$25.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$13.43 LW=\$3.995/Cwt; TW=\$13.91/Cwt; YR CHNG= +3.57%
- ✚ **FLOUR FACTS:** Wheat futures have recovered half of their February losses in the early days of March. The focus this week was mainly on crop concerns in the U.S. and other parts of the world. Here at home our winter wheat crop is dismally dry, ratings are extremely poor, and spring wheat planting is becoming increasingly likely to be delayed by spring flooding. Futures pricing for a bushel of hard spring wheat are: LY=\$5.1675/Bu; LW=\$9.10.1775/Bu; TW=\$9.55/Bu; YR CHNG= +84.9%.

- ✚ **NON-FOODS UPDATE:** Plastics resins seem to have stabilized. March increases are due to the raw material costs the past couple of months. With oil continuing to rise, there is some talk of another wave of increases in the next 2-3 months.
- ✚ **CANE SUGAR:** Sugar markets are consolidating as harvesting begins in central-west Brazil. An expected global sugar surplus and has now turned into the third consecutive year of stocks declining. Price Outlook: World and domestic sugar balance sheets are tight so look for domestic prices to remain firm. Futures pricing comparison: LY=\$39.17/Cwt, LW=\$39.65/Cwt, TW=\$39.65/Cwt, YR CHNG=+1.23%
- ✚ **SEAFOOD**
 - **Snow Crab:** Current US inventories are very scarce. New season resumes when the ice starts to break up and pots can be placed in the water. Product is in very high demand as most packers are sold out of last season inventories.
 - **Catfish:** Catfish remains very tight and prices continue to climb. Most US packers have cut back on production, have laid off personnel and are running 20-30% less than last year at this time. Expect to see catfish prices continue to rise thru the summer. Many farms have converted over to growing Soy beans or rice and many have just shut down. Higher fuel and feed prices as well as competition from imported catfish has really hurt the industry and caused a shortage of good domestic product in the market.
 - **Pollock:** The new Alaskan season has begun and the quota is over 500 metric tons. Expect to see some deals on Pollock in the next month or two.
 - **Pacific Cod:** Quotas are anticipated to be up significantly and should eventually put downward pressure on the market. Today the market is firm due to strong demand and limited supply.
 - **Shrimp:** We are witnessing a strong market with prices on medium and small product moving up. Importers are finding it harder to replace inventories. Asian and Latin America packers are pushing prices up for several reasons. Seasonal low inventories, rising production and fuel costs and a weak US dollar are just a few reasons. There is also a strong demand for product in Asia and Europe. It will be 3-4 months before we see any major increase from traditional Asian and Latin American sources.
 - **Tilapia:** Prices are firming. New season in China resumes late spring, but initial prices will remain close to the current selling prices. There continues to be talk of ongoing disease issues in some areas and a colder than anticipated Chinese winter will keep the market strong.