

# The Red Sheet

March 21, 2011

- ✚ **BUTTER:** During last week's trading the CME spot-cash market gave up \$.05/Lb. Based on current market sentiment, it's expected the market will continue heading down in the nearby weeks, perhaps into the low \$1.80's.
- ✚ **CHEESE:** During last week's trading the CME spot-cash block market plummeted \$.33/Lb. Some traders believe the market is very close to bottoming out at \$1.65/Lb.
- ✚ **EGGS:** Retail demand continues to be reported as fairly good. Supplies are generally well balanced and held confidently. Breaking eggs trading with current ranges. The market is steady.
- ✚ **SOYBEAN OIL:** Soybean oil closed down 13 points on the week at \$.55.77/Lb. with prices continuing to strengthen on a rebound in outside financial markets and supportive supply and demand reports. Soybean pricing comparison: LY=\$0.393/Lb; LW=\$0.559/Lb; TW=\$0.5577/Lb; YR CHNG= +41.9%
- ✚ **BEEF:** Cutout values were higher with good demand and light offerings. This week the Choice cutout reached its highest level since October of 2003. Cutout prices surpassed carcass prices this week as cattle prices dropped in reaction to the disaster in Japan. Concern exists that export demand on beef products may be decreased. Forward sale activity was slow to moderate and focused on Choice chuck rolls and outside rounds. Beef trimmings traded sharply higher again this week. Fed cattle and blended coarse grinds were higher throughout all classes of trim on moderate demand and offerings. For the week: ribs quite higher; chucks higher; rounds higher; loins significantly higher; trimmings a lot higher; fed and blended grinds quite higher.
- ✚ **PORK:** Retail price levels responded lower with an inventory of loins and butts. Initial lower prices enticed buyers to step into the retail market and buy at a steady pace. Hams built up a surplus accumulation due to reduced export interest. Domestic demand was mostly light. Bellies remain scarce and are being sold at a premium. Lean trimmings followed their beef counterparts lead as prices were higher while offerings were light to moderate. Boneless picnics experienced mostly moderate offerings as price levels fell from reduced export demand. For the week: loins steady to slightly lower; butts weak; spareribs unevenly steady; hams barely higher; bellies higher; trimmings higher; boneless picnic lower.
- ✚ **CHICKEN:** This week developed into a fairly clear market. Wogs continue to retreat from the high prices. Tenders remain tight and in demand. Whole breasts are trading with confidence. Boneless is considered about steady with most buyers taking a hand to mouth approach when making commitments on these items. Dark meat is well supported overall. Wings continue to struggle.
- ✚ **TURKEY:** The week was in mostly favorable trade conditions. Buyers are mixed in their ability to get needs covered. Frozen thigh meat is tighter than anticipated. Retail packaged toms and hens trader higher for April and export sales reflecting higher values. Fresh and frozen tom breast meat is fully steady and with firm undertones in place. Drums are in close balance while wings continue to be firm.
- ✚ **RICE:** The US market continues to suffer because of quality issues, poor yields and not being competitive on the world market. As a result, prices continue to fall. The average price of 100 Lbs. of bulk #1 rice, FOB the mill remains steady at \$23.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$12.17, LW=\$12.78/Cwt, TW=\$13.83/Cwt, YR CHNG= +13.64%
- ✚ **FLOUR FACTS:** The wheat markets continue to be choppy but settled somewhat after the initial shock following Japan's disaster. Indications are pointing to the markets moving higher, suggesting they may have found their new low. Futures pricing for a bushel of hard spring wheat are: LY=\$4.965/Bu, LW=\$8.5325/Bu, TW=\$8.547/Bu, YR CHNG= +72.15%.
- ✚ **CANE SUGAR:** Markets volatility is the norm. There is some consensus that the sugar harvest in Thailand, Brazil and India is better than expected and there may be more exportable sugar on the world market in the coming year. Price outlook: World sugar prices look weak but domestic prices continue to look firm on tight supplies. Futures pricing comparison: LY=\$34.99/Cwt, LW=\$40.00/Cwt, TW=\$39.79/Cwt, YR CHNG= +13.71%



## SEAFOOD

- **Snow Crab**: There is little to no inventory anywhere. There have been some small offerings on some large 10 up Alaskan product but at record high prices. New season will start when the ice starts to break up and pots can be placed in the water. Product remains in very high demand as all packers are sold out of last season inventories.
- **King Crab**: The King crab market remains very tight. Short supplies and high demand will keep prices at record highs thru the summer.
- **Catfish**: Catfish will remain very tight and prices continue to climb. Most US packers have cut way back on production and, have laid off personnel. They are running 20-30% less than last year at this time. Expect to see catfish prices continue to rise thru the summer.
- **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.
- **Halibut**: The 2011 Alaskan season has begun. Fishing started on the 12<sup>Th</sup> and product is selling at record high prices, almost 57% higher than last year. The 2011 quota is down 19% from last year. With frozen inventories low expect to see high prices all year. We may see some softening on fresh product as more fish becomes available
- **Shrimp**: We continue to see 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 2-3 months before we see any major increase from traditional Asian and Latin American sources.

