

The Red Sheet

May 16, 2011

- ✚ **BUTTER:** Last week's CME spot-cash butter market plummeted a whopping \$.145/Lb as previously unaccounted for inventory was found. At this point in time, it appears unlikely there will be more downside to the butter market prices in the near future.
- ✚ **CHEESE:** Last week's spot-cash block market declined \$.025/Lb and the barrel market dropped \$.0175/Lb. There is a fairly good indication the cheese markets will remain mostly steady (what is called light chop) for the next few weeks to perhaps a bit softer depending on weather.
- ✚ **EGGS:** Supplies of large are available and holding firm. Jumbos are in good position as older birds are increasingly rotated out of production. Supplies of mediums and smalls are in fairly good balance. Wholesale trading volume stays relatively quiet as pricing looks to hold steady at current levels. Retail inquiry remains thin.
- ✚ **SOYBEAN OIL:** Soybean oil closed up 45 points on the week at \$0.5614/Lb. Futures remain locked in a trading range between \$.56 and \$.61 and is currently trading near the bottom of this range. Soybean pricing comparison: LY=\$0.3715/Lb; LW=\$0.5569/Lb; TW=\$0.5614/Lb; YR CHNG= **+49.7%**
- ✚ **BEEF:** Cutout values declined for Choice and were steady for Select based on moderate demand and heavier offerings. Early in the week distressed sales were prevalent as packers cleaned up their inventory levels. The majority of the cutout decline was in the rib and loin cuts. End meat prices remained relatively steady. Forward business increased this week, with significant movement in rounds as well as Select inside and outside rounds. Fed cattle grinds were higher while blended cattle grinds traded lower. Beef trimmings were higher. For the week: Choice ribs much lower and Select much higher; chucks steady; rounds mixed; loins significantly lower; Beef trimmings slightly higher; Fed cattle grinds higher; blended cattle grinds lower.
- ✚ **PORK:** Reduced harvest rates carried over this week and limited availability of most products. The lighter supplies of retail cuts and good retail business allowed sellers to ask and receive significantly higher dollar values. Lighter weight hams remain scarce. Heavy hams were more plentiful though demand was light as processors struggle to move a backlog of boneless hams. Belly offerings were moderate to heavy while prices stabilized from the previous weeks decline. Slicers continue to slice for foodservice demand while retail orders remain light. Lean trimmings were mixed through the week while fat trimmings experienced light offerings and light demand. For the week: loins significantly higher; butts much higher; spareribs much higher; skinned hams slightly higher; bellies now steady; 42% trimmings slightly higher; 72% trim slightly higher.
- ✚ **CHICKEN:** Activity in the market was early in the week and quiet at the end of the week. Dark meat is rated steady to full steady. White meat is no better than about steady. Wogs and chickens are trying to find a level playing field. Wings are better supported at the end of the week.
- ✚ **TURKEY:** Most actively discussed items are whole birds and consumer breasts, each of which are limited in supply and held with high confidence. For the most part there are no spot offerings and if they are made they are limited to a load or two here and there. Asking prices for breasts, toms and hens trend sharply higher for spot interest and for the fall months. The level of interest in white meats and the related trims has become uneventful. Thigh meat is mixed when it comes to trade sentiment. Drums are adequate as are necks. Tails exhibit a full steady undertone while wings and two joints are full steady to firm.
- ✚ **RICE:** The Southern market remains very quiet as most of the focus is on the horrendous flooding in the heartland of America - it's estimated that over \$500 million worth of damage has already been done to Arkansas agriculture alone. The average price of 100 Lbs. of bulk #1 rice, FOB the mill is currently \$21.50/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$12.20/Cwt LW=\$14.095/Cwt, TW=\$13.80/Cwt, YR CHNG= **+13.11%**
- ✚ **FLOUR FACTS:** The wheat market is about weather: winter wheat areas remain extremely dry and cold wet weather in Canada, northern US plains and Ohio River valley is delaying spring wheat planting. Markets are trading in a broad sideways pattern and are currently trading near the bottom of the range. Futures pricing for a bushel of hard spring wheat are: LY=\$5.145/Bu, LW=\$9.9.1075/Bu, TW=\$9.1175/Bu, YR CHNG= **+77.20%.**
- ✚ **NON FOODS:** Plastics continue to rise due to escalating resin costs. Numerous increases are to go into effect in June including cutlery, can liners, and possibly foam. Paper products are also experiencing price increase in June due to the rising costs of recycled paper used to manufacture most products today.

✚ **CANE SUGAR:** Domestic supplies remain tight so prices are expected to remain steady for the foreseeable future. Futures pricing comparison:

LY=\$33.50/Cwt, LW=\$35.10/Cwt, TW=\$35.58/Cwt, YR CHNG=+6.2%

✚ **POTATOE MARKET UPDATE:** Stock of current crop potatoes is tight with inventory being approximately 18% less than last year. New crop (2011) costs are expected to be higher due to alternative crop competition (corn, wheat, soybeans) and new crop plantings being behind do to cool, wet weather.

✚ **SEAFOOD MARKET REPORT:**

- **Snow Crab:** The East Coast season is in full swing. Catches are; looking good and the market is slowly coming down. With no production coming out of Alaska or Russia do not expect to see prices near last year's levels as demand will remain high most of the year.
- **Mahi Mahi:** The season in South America this year was worse than any recent year. Landings were at a record low and there will be an enormous void in inventory for 2011. Some believe the reason is due to the area being hit by "La Niña" which is the opposite effect of the "El Niño current". The water is seasonally colder as compared to historical data for this time of the year and that has affected the migratory pattern of the fish. Ecuador and Peru get hit by this weather anomaly once every 7 years. This year's Mahi Mahi season in South America is over and landings in Ecuador dwindled down to almost nothing. The season didn't even begin in southern parts of Peru, where little to no landings were noted. All importers are scrambling to fill their yearly needs and will wait for Mahi out of Taiwan in hopes they have a normal season. The Taiwan Mahi Mahi season starts at the end of May and we will not see product state side until late June – if fish show!
- **Halibut:** Prices remain at almost record highs. Demand for fresh has kept the market high as most frozen producers are forced to pay higher prices to get product With the quota being down do not expect to see much, if any, relief on prices this year.
- **Shrimp:** Overall white shrimp inventories are reported as low and prices are firm to rising. Most all small white shrimp (31 and smaller) are in high demand with retailers and foodservice operators. New Black Tiger shrimp offerings are reported as high. Current US inventories on black tigers are reported as low. Next possible opportunity with white shrimp will be in late June/early July.