

The Red Sheet

May 31, 2011

- ✦ **BUTTER:** Last week's CME spot-cash butter market jumped \$0.11/Lb. The price increase is the result of an immediate demand for butter driven by export demand and traders trying to force sellers to turn over supply.
- ✦ **CHEESE:** Last week's CME spot-cash block market shot up \$0.1025/Lb. High feed costs are slowing milk production overall and the trend should continue into the summer. The only sure thing is we will continue to see significant market volatility, so hang on for a bumpy ride.
- ✦ **EGGS:** Prices are steady. The undertone is steady to instances fully steady. This week's asking prices are 2 cents higher for extra large and large, 2 cents lower for medium. Retail demand is moderate to at times fairly good with food service demand light to moderate. Offerings are light to moderate. Market activity is moderate.
- ✦ **SOYBEAN OIL:** Soybean oil closed up 115 points on the week at \$0.5861 driven by ongoing risks to yield and acreage potential amid delayed plantings in the eastern Midwest and northern Plains. Soybean prices are being supported by outlooks for soybean acres to not increase as much as previously thought from intended corn plantings shifting to soybeans due to seeding delays. Soybean pricing comparison: LY=\$0.3761/Lb; LW=\$0.5746/Lb; TW=\$0.5861/Lb; YR CHNG= +55.8%
- ✦ **BEEF:** Cutout values were higher on Choice and firm on Select last week. The rib, chuck and round cuts were higher on Choice and firm on Select. The loin prices were generally steady. Forward sales were moderate this week, with notable bookings in briskets and cap and wedge meat. Beef trimmings were higher on moderate demand and light offerings. Fed cattle grinds were generally steady while blended cattle grinds were steady to firm. For the week: Select ribs steady, Choice significantly higher; chucks higher; rounds slightly higher; loins barely higher; trimmings higher; Fed cattle grinds steady; blended grinds generally steady.
- ✦ **PORK:** Supplies were readily available and buyers were reluctant to buy. The cutout value to dropped rapidly. Export business was status quo. Abundant offerings for bone-in hams pressured price levels lower throughout the session. Boneless ham remains plentiful but orders for processors finished products are scarce. Bellies had heavy offerings and price levels held steady most of the week. The trim complex in general had ample offerings while demand was mostly light to moderate. Sausage manufacturers took a wait and see position. For the week: loins lower; butts much lower; spareribs a lot lower; hams steady to lower; bellies steady to slightly lower; trimmings mostly much lower.
- ✦ **CHICKEN:** Whole broiler/fryer prices are steady overall. Offerings are light to moderate for current trade needs. Retail demand is moderate to good. Food service demand is light to moderate. Market activity is slow to moderate. Prices are trending steady to weak for breast items and tenders with product available. Prices are steady for dark meat and wings and in good supply.
- ✦ **RICE:** The focus is on the Mississippi Delta flooding which affects approximately 18-20% of the projected acreage. Milled prices are up ever so slightly over the past couple of weeks in sympathy for strength in other futures markets. 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=\$11.63/Cwt LW=\$15.10/Cwt, TW=\$15.185/Cwt, YR CHNG= +30.56%
- ✦ **FLOUR FACTS:** Flour prices jumped higher this week. The cash/basis price sailed higher along with the futures price. Overall planting progress in the U.S. is improving slowly. Cool, wet weather still remains a factor, delaying completion of planting the spring wheat crop. The less-than-ideal weather forecast for areas that still need to complete planting could mean fewer acres planted for the season. Futures pricing for a bushel of hard spring wheat is: LY=\$5.06/Bu, LW=\$9.9975/Bu, TW=\$10.5625/Bu, YR CHNG= +108.74%.
- ✦ **NON FOODS:** Resin costs continue to rise; expect price increases on foam products, pvc film, and can liners in July.
- ✦ **CANE SUGAR:** Not looking for any significant drop-off in domestic sugar prices as supplies will remain tight for the foreseeable future. Futures pricing comparison: LY=\$33.50/Cwt, LW=\$35.15/Cwt, TW=\$35.05/Cwt, YR CHNG= +4.63%
- ✦ **BEET SUGAR UPDATE:** The lateness of the US beet crop raises the potential for extreme tightness of domestic sugar supplies during the transition from old crop to new crop.



SEAFOOD MARKET REPORT:

- **Snow Crab**: The East Coast season is in full swing. Catches are looking good and the market is slowly coming down. Production is scheduled to begin in Late June for Alaska and Russia.
- **Mahi Mahi**: Mahi Mahi continues to be a major issue. There is almost no inventory in the US and vendors are struggling to find a good substitute item. The season in South America was the worst in many years. Landings were at a record low and this has caused a big void in inventory for 2011. This year's Mahi season in South America is over and landings in Ecuador were almost nothing. The season really didn't even begin in southern parts of Peru, where little to no landings were noted. Our only option now is the Taiwan season that starts at the end of May. We will not see any of that catch here late June or July.
- **Halibut**: Prices remain at almost record highs. Catches are good and demand for fresh has kept the market high. With the quota being down this year do not expect to see much, if any, relief on prices this year.
- **Shrimp**: Inventories remain lower than normal for this time of year. Ecuador has started production but it is too early to see what the impact on price and availability will be. The market is very short of small sizes and will be until new crop comes out in late spring.