

The Red Sheet

June 27, 2011

- ✚ **BUTTER:** During this week's CME Butter market trading, the spot-cash market fell \$.08/Lb. Buyers, looking at market prices that have been very high for a long time, have become generally bearish.
- ✚ **CHEESE:** Even though industry consensus is that cheese prices cannot hold at their current levels, during the weeks trading sessions the CME Block and Barrel markets each increased \$.01/Lb. on light bidding and nearly non-existent selling action.
- ✚ **EGGS:** Retail demand ranges fair to fairly good. Supplies of larger sizes well balanced to close. Mediums generally adequate for current needs. Brown eggs are somewhat short of full needs. Breaking eggs trading within our stated ranges. Liquid whites trading as quoted.
- ✚ **SOYBEAN OIL:** Soybean oil closed down 70 points on the week at \$55.22 as traders continue to look beyond the soybean market to the outside markets for guidance, with a higher U.S. dollar index providing price weakness. Soybean pricing comparison: LY=\$0.3907/Lb; LW=\$0.5592/Lb; TW=\$0.5522/Lb; YR CHNG= +41.3%
- ✚ **BEEF:** Cutout values moved higher on moderate demand and light to moderate offerings. The week started with inventories with more spot volume last week and record amounts of forward sales activity. Sellers asked and obtained higher prices on the majority of cuts. Middle meats generally outperformed the end cut with higher interest for the coming holiday. Fed and blended grinds trended steady to firm. Beef trimmings were generally steady with the exception of some bookings priced lower for deferred delivery. For the week: ribs higher to much higher; chucks higher; rounds higher; loins stronger and higher; trimmings barely lower; grinds mostly higher.
- ✚ **PORK:** Hog prices are still near record prices and packers are trying to find help in the product complex to keep margins in check. The carcass cutout value reached an all-time high record on Thursday. The trading volume for fresh loins, butts, and spareribs were lower this week with buyers reluctant to buy at high price levels. Loins and ribs appreciated daily and inventories were depleted. The value of spareribs still hovers at a record level. Lighter harvest and reduced supply caused prices to firm for processing cuts and the trim complex. For the week: loins higher and higher; butts mostly higher; spareribs significantly higher, hams slightly higher bellies higher trimmings steady to firm.
- ✚ **CHICKEN:** The market as a whole is dull at the moment. The stabilization of dark meat has also been a popular topic and the market remains about steady. Wogs continue to be priced to sell. Tenders are in a similar position. Wings remain steady overall. Boneless is rated no better than about steady. However, this is surely attributed to the attractive price points attached to these items.
- ✚ **TURKEY:** Overall market values are changed very little during the week. However, the undertone for drums, necks, tails and thigh meat reflected improvement. The export arena has helped strengthen almost all the parts. Frozen breast meat lost value during the week as did the related white meat muscles. Fresh production held at current values. Whole body turkeys have become difficult to read. Supplies started to become more available at steady prices. Institutional sized breasts are in excellent shape and at full market levels or better.
- ✚ **RICE:** The main focus on the market is the reduction in domestic acreage due to the flooding. The cash market remains in the doldrums, amid very little fresh demand. 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=\$10.21/Cwt LW=\$13.965/Cwt, TW=\$13.45/Cwt, YR CHNG= +31.73%
- ✚ **FLOUR FACTS:** US wheat prices dropped hard this week in reaction to world wheat pricing which is the result of favorable growing conditions in Europe and Russia's return to exporting wheat at low prices. Futures pricing for a bushel of hard, spring wheat are: LY=\$5.2475/Bu, LW=\$8.9725/Bu, TW=\$8.25/Bu, YR CHNG= +55.32%.
- ✚ **CANE SUGAR:** The lateness of the US sugar beet crop raises the potential for extreme tightness of domestic sugar supplies during the transition from old crop to new crop. Price Outlook: Not looking for any significant drop-off in domestic sugar prices...supplies are expected to be extremely tight August into early October. Futures pricing comparison: LY=\$33.99/Cwt, LW=\$36.02/Cwt, TW=\$35.40/Cwt, YR CHNG= +4.15%



SEAFOOD MARKET REPORT:

- **Tilapia:** The Tilapia market remains steady but with recent weather issues in China it might make product short this fall. It is still a too early to see exactly what the damages will be to the farms but if there is any you can bet supplies will tighten up and prices will firm up.
- **Mahi Mahi:** Mahi seems to be the conversation on everybody's mind right now. The fact remains that there is no inventory available and the rest of the summer and fall do not look good. There is still no product coming out of Taiwan and packers are not even guessing when they might have product to ship. We will just have to wait and see what the remainder of the Taiwan season brings.
- **Tuna:** Tuna catches are good and demand for fresh product in Japan has kept the market high. Demand for the CO treated or tasteless smoked red product continues to increase as well and producers are buying more of the fresh catch for their needs as well. Product is available and I do not expect to see any shortages of product or higher than normal prices.
- **Shrimp:** Ecuadorean product is arriving in good quantities. Prices are remaining firm with importers reporting good sales. The recent floods in China are creating issues for some packers and putting more pressure on other S E Asia packers. Demand in Europe and Japan is very high and making it harder to get good supplies of S E Asian whites shipped over here. US inventories remain lower than normal for this time of year especially for the smaller sizes.