

The Red Sheet

August 8, 2011

- ✚ **BUTTER:** It's not unusual to see butter prices climb this time of the year. The out-of-the-ordinary thing this year is the price level with the current level \$0.60/Lb. higher than the five year average.
- ✚ **CHEESE:** Last week's CME Block market ended with a net decrease of \$.0225/Lb. The only thing that the recent high prices have accomplished is to choke demand resulting in reduced demand. Similarly food service demand turned choppy.
- ✚ **EGGS:** Retail need remains steady this week. Institutional/food service business continues to be described as good and exceeding seasonal expectations. Supplies of all large sizes remain in a tight balance throughout the country. Many attribute the present standing to a combination of warm weather and steady demand. Trading at the wholesale level is active. Jumbos and extra large are generally unavailable. Bidding for large continues to push prices higher. Medium values have edged higher. Further processors have had to settle for lighter weights in order to cover their liquid needs. The entire market is firm.
- ✚ **SOYBEAN OIL:** Soybean oil closed down 71 points on the week at 55.80 pressured by widespread concerns about the slow progress of talks to raise the U.S debt limit and concerns about effect that searing heat of a few weeks ago will have on plant development. Soybean pricing comparison: LY=\$0.3983/Lb; LW=\$0.5651/Lb; TW=\$0.5580/Lb; YR CHNG= +40.1%
- ✚ **BEEF:** Boxed beef values were steady to weak with moderate demand and offerings. The start of a new month and higher undertones on live cattle, futures and other meat protein has helped prices outperform expectations. Volume traded this session increased modestly from the prior week, somewhat due to the break in heat in parts of the country. Primal values were mixed this week, with end meats trading firm. Ribs were generally steady. Loins showed some weakness mostly due to heavy trades of boneless lip-ons and strip loins. Beef trimmings saw a firmer market this week, while fed and blended cattle grinds finished lower. The forward negotiated market ended the session mostly steady in volume, with movement seen in chuck rolls and flats at higher price levels. For the week: Select ribs lower, Choice ribs slightly; Chucks about steady; rounds barely higher; Select loins steady to lower; Beef trimmings slightly higher; Fed cattle grinds mostly lower .
- ✚ **PORK:** "Records are made to be broken." Such was the case for the pork carcass cutout value this week. The calculation figured higher all week with support from almost every primal. The decreases in live hog weights caused tonnage to drop throughout the week. The bone in loin market was steady, and boneless loins higher. Trading levels for butts were weak early in the week followed by a stronger late week market. Summer heat again was a huge player in this week's trading period. The weight of hog carcasses has dropped significantly. Limited supplies of bone-in hams allowed prices to increase throughout the week. Minimal offerings of bellies, along with the start of the BLT season, led to drastically higher trading levels. Fat trim continued to be tight because of the lighter hog weights. Lean trim was slightly weaker because of a surplus of product. For the week: loins mostly higher; butts steady to slightly higher; spareribs generally steady to firm; hams higher; bellies MUCH higher.
- ✚ **CHICKEN:** The majority of the complex is well situated. Legs and leg quarters are being sought after for both export and domestic needs. This has led most sellers to advance their asking prices for these items. Thigh and leg meat are in a similar position Wogs are full steady under less than adequate levels of supply. The recent high heats in the south have certainly played their part here. Whole birds are rated steady. Wings have balanced out coming into the end of the week. Boneless is in better shape overall but not yet offered at a premium. Tenders are very well supported along with chunk and trim meat.
- ✚ **TURKEY:** Without doubt the biggest news involves the ground turkey recall which is having its repercussions felt by those directly and indirectly involved. At this juncture the commodity parts market has not come under any noted pressure because of it. In the meantime the market undertone is a solid one. Drums, necks, tails and two joints are each very well cleared and required top dollar. Fresh breast meat is at market related values for ship dates throughout the month. Frozen destrapped tenders are adequate. Whole body turkeys are rated steady to firm with birds above 22-24 lbs. especially tight. Institutional breasts are varied in their availability. Consumer breasts continue to be well supported but on the dull side in the spot market.

- ✚ **RICE:** There is no change in the rice market, as the futures continue to drive prices, amid the reduction in long grain rice planted acres. The average price of 100 Lbs. of bulk #1 rice, FOB the mill is currently \$25.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$11.00/Cwt, LW=\$16.115/Cwt, TW=\$16.295/Cwt, YR CHNG= **+48.13%**
- ✚ **FLOUR FACTS:** Wheat futures prices traded higher in the beginning of the week and dropped back to near last week's levels. Basis levels on spring wheat jumped. Quality problems in the South Dakota Spring Wheat crop have surfaced, due to the late plantings and slow crop development. Spring Wheat is 2–5 weeks from harvest in North Dakota and Montana. Futures pricing for a bushel of hard, spring wheat are: LY=\$7.1475Bu, LW=\$8.3075/Bu, TW=\$8.275/Bu, YR CHNG= **+15.77%**
- ✚ **CANE SUGAR:** The domestic sugar market is becoming increasingly concerned about the tight supplies at the end of this crop year. Price Outlook: Domestic prices are firming on tight supplies. Futures pricing comparison: LY=\$35.33/Cwt, LW=\$40.00/Cwt, TW=\$39.18/Cwt, YR CHNG= **+10.89%**
- ✚ **SEAFOOD MARKET REPORT:**
 - **Catfish:** The extreme heat in the mid west has caused even more issues with catfish production. When the water gets warm the fish do not eat and stay down in the water as deep as possible. When they do eat they tend to take on an off or muddy flavor. Catfish supplies will not see any increased pond production for another month or 2.
 - **Mahi Mahi:** It was a tragic year for Mahi Mahi landings in South America. The catch was down more than half of last year and all importers suffered great shortages and high prices. The South American new season will start in October/November. Catch levels are very low in Taiwan. There has been a small amount of small (1-2 lb) fillets arriving in the states but prices are over \$6.00 for these. Good quality large Mahi portions or loins are all but impossible to find right now. It is going to be extremely difficult to find supply of adequate quality Mahi until the season starts up again in South America at the end of the year.
 - **Shrimp:** April shrimp imports are down at about 3 million pounds or 3.6% less vs. same month last year. Due to seasonality, US shrimp import levels are at the lowest from February through beginning of May. 2011 imports are up by 2.4% vs. 2010. Top 6 exporting countries to the US year-to-date are Thailand, Ecuador, Indonesia, China, Mexico, and Vietnam – of which, Ecuador, Indonesia, Vietnam and India are up YTD.