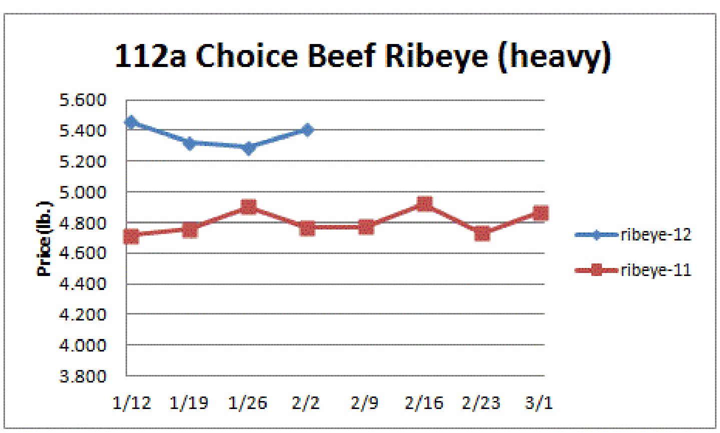
Weekly Market Updates

Volume No. 5 Issue No. 5 Date: February 2, 2012

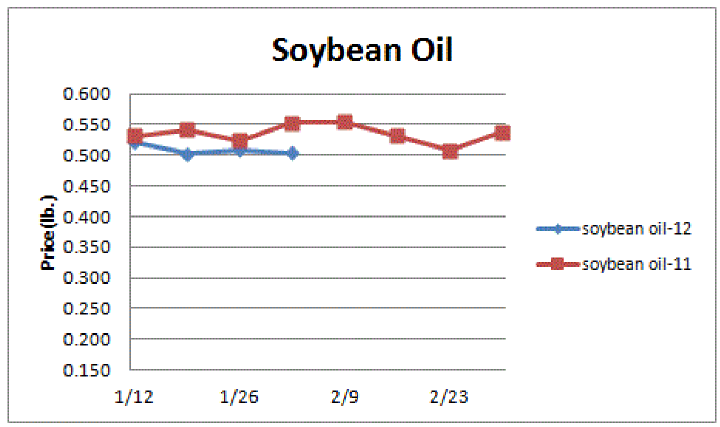
Beef- Beef output last week fell 3.1% and was 6.7% less than a year ago. Recent USDA cattle inventory data suggests that cattle supplies could be tight for the balance of '12. The Jan 1st cattle (2%), heifer (1%), beef cow (3%) and calf (1%) herd sizes were all less than the prior year and historically small. The beef markets are mixed. Record high retail beef prices may be taking their toll on domestic beef demand. Forward beef sales in Jan were 27% less than the 5 year average for the month. The upside risk in many beef markets may be limited even though the seasonal trend is higher during this time of year. Price USDA, FOB per pound.

	Price	Last Week	Difference	Price 11
Live Cattle	1.249	1.262	-.013	1.052
Feeder Cattle Index (CME)	1.539	1.516	+.023	1.256
Ground Beef 81/19	1.901	1.948	-.047	2.078
Ground Chuck	1.878	1.995	-.117	2.073
109e Export Rib (choice)	4.860	4.730	+.130	4.386
109e Export Rib (prime)	11.100	11.028	+.072	8.433
112a Ribeye (choice)	5.406	5.291	+.115	4.768
112a Ribeye (prime)	11.303	10.511	+.792	9.121
116 Chuck (select)	2.229	2.336	-.107	2.225
116 Chuck (choice)	2.272	2.341	-.069	2.265
116b Chuck Tdnr (choice)	2.171	2.170	+.001	2.203
120 Brisket (choice)	2.106	2.066	+.040	1.912
121c Outside Skirt (ch/sel)	4.434	4.448	-.014	3.775
121d Inside Skirt (ch/sel)	3.343	3.255	+.088	2.847
167a Knckle, Trm. (ch.)	2.298	2.287	+.011	2.200
168 Inside Round (ch.)	2.089	2.112	-.023	1.973
174 Short Loin (ch. 0x1)	4.556	4.631	-.075	3.936
174 Short Loin (prime)	9.031	9.085	-.054	7.542
180 1x1 Strp (choice)	4.365	4.353	+.012	3.738
180 1x1 Strp (prime)	9.592	9.157	+.435	7.685
180 0x1 Strp (choice)	4.917	4.868	+.049	4.221
184 Top Butt, bnls (ch.)	2.808	2.780	+.028	2.538
184 Top Butt, bnls (prime)	3.190	3.133	+.057	2.547
185a Sirloin Flap (choice)	3.553	3.495	+.058	3.256
185c Loin, Tri-Tip (choice)	2.865	2.756	+.109	2.524
189a Tender (select)	8.286	8.105	+.181	7.742
189a Tender (choice)	8.281	8.327	-.046	7.561
189a Tender (prime)	14.279	13.779	+.500	11.271
193 Flank Steak (choice)	3.977	3.942	+.035	3.809
50% Trimmings	.994	.996	-.002	.799
65% Trimmings	1.376	1.358	+.018	1.027
75% Trimmings	1.572	1.550	+.022	1.352
85% Trimmings	1.946	1.928	+.018	1.838
90% Trimmings	2.062	2.044	+.018	1.926
90% Imported Beef (frz.)	1.945	2.085	-.140	2.020
95% Imported Beef (frz.)	2.195	2.190	+.005	2.125
Veal Rack (Hotel 7 rib)	7.425	7.425	-	5.125
Veal Top Rnd. (cp. off)	13.575	13.575	-	12.525



Oil, Grains, Misc.- The decline of the Brazilin Real versus the US dollar has contributed to lower US coffee prices. This may temper any near term upside move for the coffee market. Prices USDA, FOB.

	Price	Last Week	Difference	Price 11
Soybeans, bushel	11.910	12.178	-.268	14.055
Crude Soybean Oil, lb.	.504	.509	-.005	.553
Soybean Meal, ton	317.800	318.000	-.200	374.500
Corn, bushel	6.451	6.361	+.090	6.448
Crude Corn Oil, lb.	.550	.546	+.004	.590
High Fructose Corn Syrup	.184	.182	+.002	.182
Distillers Grain, Dry	185.750	182.375	+3.375	183.250
Crude Palm Oil, lb. BMD	.459	.466	-.007	.569
HRW Wheat, bushel	6.910	6.610	+.300	8.515
DNS Wheat 14%, bushel	8.920	8.680	+.240	10.110
Durum Wheat, bushel	6.975	7.663	-.688	9.940
Pinto Beans, lb.	.480	.472	+.008	.239
Black Beans, lb.	.450	.450	-	.284
Rice, Long Grain, lb.	.271	.271	-	.286
Coffee, lb. NYBOT	2.140	2.172	-.032	2.448
Sugar, lb. NYBOT	.345	.340	+.005	.386



Dairy- The Jan 1st US milk replacement heifer (future milk cow) inventory was down 1% compared to the prior year. Still, the US milk replacement cow herd remains historically high which is bullish for US milk output this year. The CME spot butter market has fallen 5.6% in Jan and is trading at price levels not seen since Apr '10. This could be a bearish sign for butter and for the dairy complex as well. Butter has acted as a leading price indicator for both cheese and milk this past year. The US cheese markets are soft but a bottom is still likely to occur soon. Prices per pound, except Class I Cream (hundred weight), from USDA.

	Price	Last Week	Difference	Price 11
Cheese Barrels (CME)	1.490	1.485	+.005	1.725
Cheese Blocks (CME)	1.493	1.505	-.012	1.783
American Cheese	1.848	1.880	-.032	1.920
Cheddar Cheese (40 lb.)	2.013	2.058	-.045	1.900
Mozzarella Cheese	1.858	1.903	-.045	1.980
Provolone Cheese	2.093	2.138	-.045	2.173
Parmesan Cheese	3.173	3.218	-.045	3.470
Butter (CME)	1.495	1.560	-.065	2.100
Nonfat Dry Milk	1.443	1.447	-.004	1.415
Whey, Dry	.733	.728	+.005	.406
Class 1 Base	17.030	17.030	-	15.890
Class II Cream, heavy	1.792	1.833	-.041	2.651
Class III Milk (CME)	16.230	16.580	-.350	17.970
Class IV Milk (CME)	16.350	16.440	-.090	19.600

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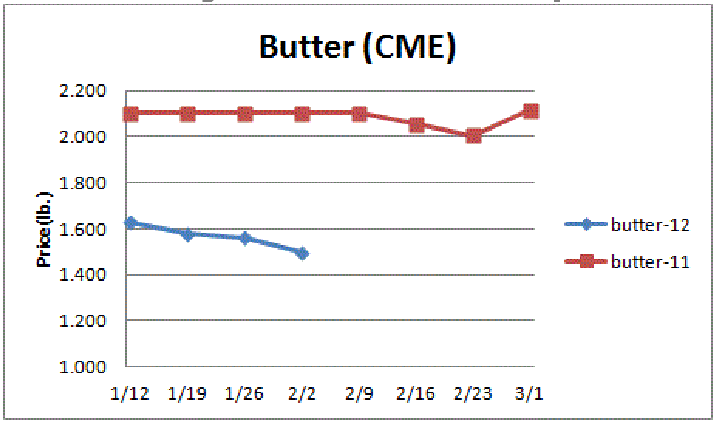
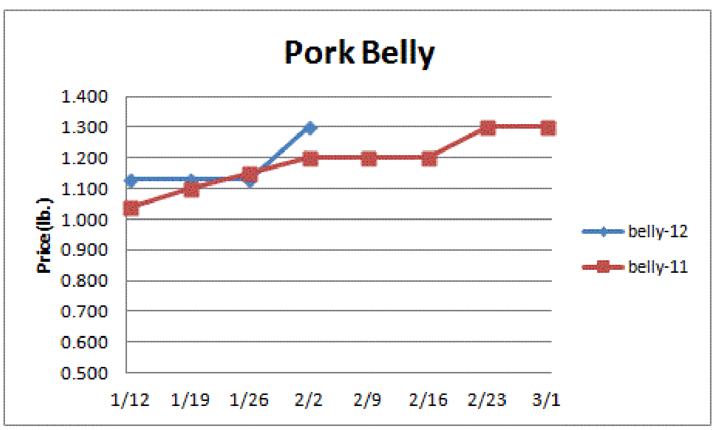


Pork- Pork output last week fell 2.1% and was .2% less than the prior year. Pork production tends to seasonally fade this time of year and it's not unusual for the pork markets to firm. The pork belly market has risen 13% this year and ham prices have begun to rise as well. Pork may soon get some retail featuring attention due in part to elevated beef prices. This could support pork prices in the coming weeks. Pork output is projected to be up 1.9% through Q2 versus '11. Prices USDA, FOB per pound.

	Price	Last Week	Difference	Price 11
Live Hogs	.609	.627	-.018	.181
Belly (bacon)	1.300	1.200	+.100	.596
Sparerib (4.25 lb. & down)	1.595	1.597	-.002	1.200
Ham (20-23 lb.)	.760	.730	+.030	1.590
Ham (23-27 lb.)	.740	.710	+.030	.750
Loin (bone-in)	.936	.949	-.013	.780
Bbybck Rib (1.75 lb. & up)	2.655	2.647	+.008	.970
Tenderloin (1.25 lb.)	2.546	2.517	+.029	2.494
Boston Butt, untrmd. (4-8 lb.)	.937	.940	-.003	2.453
Picnic, untrmd.	.593	.614	-.021	1.015
SS Picnic, smoker trm. bx.	.860	.860	-	.696
42% Trimmings	.393	.393	-	.860
72% Trimmings	.645	.640	+.005	.450



Tomato Products, Canned- Tomato processors intend to contract the 2nd largest tomato tonnage on record in '12. Canned tomato prices are steady to firm. Prices per case (6/10) FOB, unless noted from ARA.

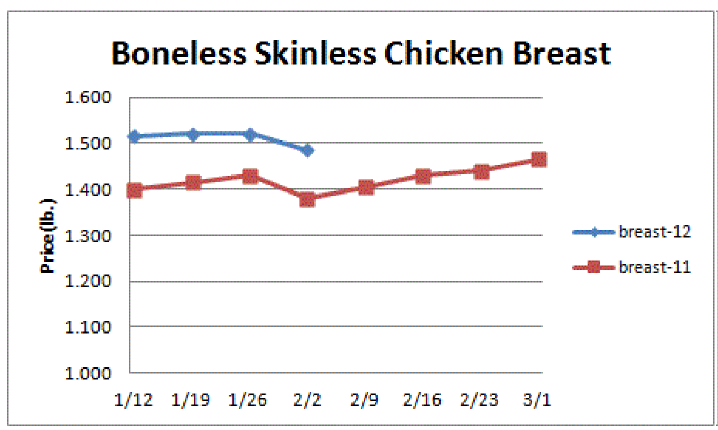
	Price	Last Week	Difference	Price 11
Whole Peeled, Standard	12.250	12.250	-	11.750
Diced, Fancy	12.750	12.750	-	12.250
Ketchup, 33%	13.438	13.438	-	13.000
Tomato Paste- Industrial (lb.)	.398	.398	-	.370

Processed Vegetables- Processors are negotiating acreage and raw product costs for the '12 harvest season. Processed vegetable prices could be modestly higher next fall. Prices FOB per case from ARA.

	Price	Last Week	Difference	Price 11
Corn, Fcy whl kern- can 6/10	18.651	18.651	-	16.906
Green Beans Fcy- can 6/10	18.250	18.250	-	16.563
Green Peas, Fcy- can 6/10	18.750	18.750	-	17.750
Corn, Cob- froz 96 ct.	14.500	14.500	-	14.000
Corn, Kernel- froz 12/2.5#	14.250	14.250	-	14.250
Green Beans Cut- froz 12/2#	12.900	12.900	-	12.900
Green Peas- froz 12/2.5#	20.250	20.250	-	20.250
Potatoes, FF Fncy- froz 6/5#	14.000	14.000	-	13.000

Poultry- US chicken output continues to be reduced compared to prior years. Broiler-type egg set reductions have intensified and are now trending 5.2% lower than last year. Pullet placements (the future chicken breeding flock) have been curtailed in recent months. These factors may be signs of further chicken production cutbacks which could bring more support to the chicken markets. Chicken wing prices remain near record levels but history suggests that some price relief for wings could take place later this month. Chicken breast market gains have stalled as of late but expect the breast markets to firm in the coming months. Chicken may become a retail and food service featuring favorite due in large part to record high beef prices. Prices USDA, FOB per pound except when noted.

Chicken	Price	Last Week	Difference	Price 11
Whole Birds (2.5-3 lb.-GA)	.908	.908	-	.850
Whole Birds (LA)	1.000	1.000	-	.940
Wings (whole)	1.845	1.895	-.050	1.085
Wings (jumbo, cut)	1.910	1.910	-	1.250
Breast, Bone In	.885	.890	-.005	.780
Breast, Bnless Skinless	1.485	1.520	-.035	1.380
Tenderloin (random)	1.430	1.430	-	1.000
Tenderloin (sized)	2.030	2.030	-	1.850
Legs (whole)	.704	.759	-.055	.499
Leg Quarters	.535	.535	-	.385
Thighs, bone in	.754	.784	-.030	.529
Thighs, boneless	1.252	1.247	+.005	.999
Eggs and Others				
Large (dozen)	.977	.977	-	1.017
Medium (dozen)	.812	.812	-	.888
Whole Eggs- Liquid	.384	.348	+.036	.379
Egg Whites- Liquid	.414	.409	+.005	.394
Egg Yolks- Liquid	.655	.655	-	.641
Whole Turkeys (8-16 lb.)	1.000	1.010	-.010	.900
Turkey Breast, Bnls/Sknls	2.178	2.430	-.252	2.279



Seafood- The US International Trade Commission recently removed a US salmon import tariff against Norway. This may equate to better US salmon supplies from Norway who is the largest salmon exporting country in the world. However, transportation costs for Norwegian salmon to the US may mitigate the market impact on salmon prices. Since 2009, the average price move for salmon in Feb is 27% higher. Prices for fresh product, unless noted, per pound from Fisheries Market News.

	Price	Last Week	Difference	Price 11
Salmon (wh. Atl., 10-12 lb.)	3.000	3.000	-	3.550

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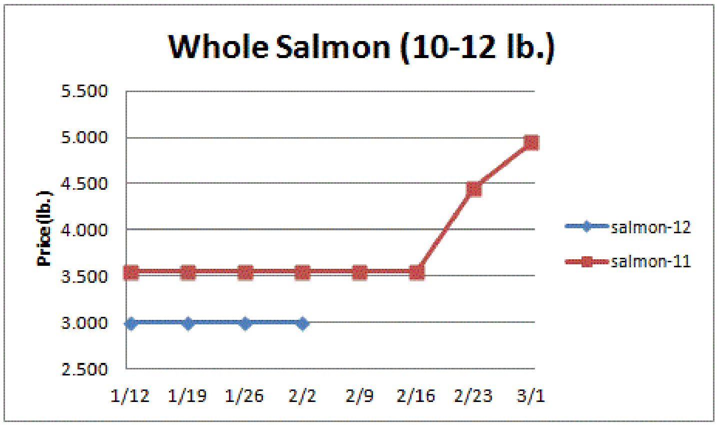
Catfish Filets	5.400	5.400	-	3.500
Trout (drn. 8-14 oz.)	3.500	3.500	-	3.100
Shrimp (16/20), Frz	6.386	6.386	-	7.307
Shrimp (61/70), Frz.	3.208	3.208	-	3.220
Shrimp, Tiger (26/30), Frz.	4.983	4.983	-	4.563
Snow Crab, Legs 5-8 oz, Frz	5.138	5.000	+.138	5.800
Snow Crab, Legs 8 oz/ up, Frz	5.825	5.725	+.100	5.875
Cod Tails, 3-7 oz., Frz.	3.475	3.475	-	3.088
Cod Loins, 3-12 oz., Frz	3.600	3.600	-	3.794
Salmon Portions, 4-8 oz, Frz	6.067	6.000	+.067	6.113
Pollock, Alaska, Deep Skin	1.800	1.800	-	2.075



Energy & Currency-Currency US dollar is worth.

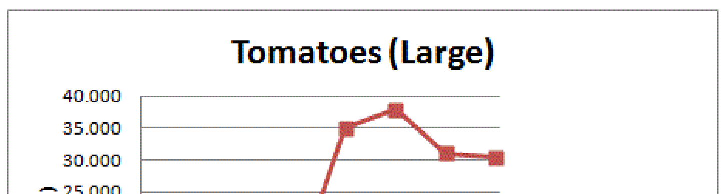
	Price	Last Week	Difference	Price 11
Crude Oil, barrel- nymex	98.480	98.950	-.470	90.770
Natural Gas, mbtu- nymex	2.503	2.554	-.051	4.347
Heating Oil, gal- nymex	3.063	3.024	+.039	2.757
Electricity, mwht- nymex	27.050	35.440	-8.390	48.140
Gasoline, gal- nymex	2.887	2.805	+.082	2.519
Diesel Fuel, gal- eia	3.850	3.848	+.002	3.438
Ethanol, gal- usda	2.105	2.120	-.015	2.205
Canadian $	.997	1.012	-.015	.992
Japanese Yen	76.374	77.590	-1.216	81.461
Mexican Peso	12.920	13.225	-.305	12.008
Euro	.759	.769	-.010	.725
Brazilian Real	1.737	1.763	-.026	1.662
Chinese Yuan	6.308	6.311	-.003	6.597

Paper/Plastic-Provided by; resin- www.plasticsnews.com, pulp- www.paperage.com.

Wood Pulp/ Plastic Resin	Price	Last Week	Difference	Price 11
WP; NBSK (napkin, towel)	871.860	871.860	-	959.510
WP; 42 lb. Linerboard (corr.)	682.346	686.337	-3.991	832.254
Res; PS-CHH (cup, cont.)	1.100-1.140	1.070-1.110	+.030	.950-.990
Res; PP-HIGP (hvy utensil)	.940-.960	.960-.980	-.020	1.1501.170
Res; PE-LLD (cn liner, film)	.880-.910	.880-.910	-	.830-.860

Produce- Tomato supplies from Mexico are in good shape due in part to favorable weather enhancing their tomato crops. Yet, tomato supplies from Florida are reported to be down from prior weeks' levels which is typical in late Jan. Still, US demand for tomatoes is weak and may be one reason why tomato shipments in the US were down 23% last week. Produce prices are historically low with yellow onions (32%), potatoes (21%), lettuce (47%) and tomatoes (67%) all below their 3 year averages. The downside risk for these produce vegetables is probably minimal from current price levels. Prices USDA FOB shipping point unless noted (terminal).

	Price	Last Week	Difference	Price 11
Limes (150 ct.)	12.000	14.000	-2.000	55.000
Lemons (95 ct.)	18.740	18.740	-	11.640
Lemons (200 ct.)	19.240	19.240	-	12.140
Honeydew (6 ct.)	13.450	13.450	-	9.069
Cantaloupe (15 ct.)	14.950	15.450	-.500	10.283
Blueberries (12 count)	12.333	10.750	+1.583	14.000
Strawberries (12 pnts.)	16.000	17.000	-1.000	21.000
Avocados (Hass 48 ct.)	26.750	27.250	-.500	33.750
Bananas (40 lb.)- Term.	16.625	16.031	+.594	19.396
Pineapple (7 ct.)- Term.	14.703	13.135	+1.568	12.750
Idaho Potato (60 ct., 50 lb.)	8.687	8.750	-.063	18.000
Idaho Potato (70 ct., 50 lb.)	8.687	8.687	-	16.500
Idaho Potato (70 ct.)-Term.	10.884	15.156	-4.272	20.208
Idaho Potato (90 ct., 50 lb.)	8.625	8.812	-.187	10.625
Idaho Pot. # 2 (6 oz., 100 lb.)	13.125	13.250	-.125	14.750
Processing Potato (cwt.)	7.500	7.500	-	7.750
Yellow Onions (50 lb.)	4.900	4.800	+.100	9.458
Yell Onions (50 lb.)-Term.	10.729	9.406	+1.323	14.938
Red Onions (25 lb.)- Term.	7.640	7.723	-.083	10.146
White Onions (50 lb.)- Term.	16.651	18.802	-2.151	17.656
Tomatoes (large- case)	5.880	5.950	-.070	12.450
Tomatoes (5x6-25 lb.)-Term	9.472	9.125	+.347	16.467
Tomatoes (4x5 vine ripe)	5.225	5.560	-.335	7.450
Roma Tomatoes (large- case)	6.203	6.046	+.157	7.625
Roma Tomatoes (xlarge-cs)	6.536	6.266	+.270	7.792
Green Peppers (large- case)	6.333	7.166	-.833	8.775
Red Peppers (large 15lb. cs.)	10.950	9.950	+1.000	13.950
Iceberg Lettuce (24 count)	6.165	7.862	-1.697	12.020
Iceberg Lettuce (24)-Term.	12.500	17.666	-5.166	20.167
Leaf Lettuce (24 count)	11.291	15.015	-3.724	8.052
Romaine Lettuce (24 cnt.)	8.016	10.308	-2.292	18.053
Mesculin Mix (3 lb.)-Term.	7.062	7.062	-	6.854
Broccoli (14 ct.)	5.881	6.958	-1.077	8.956
Squash (1/2 bushel)	8.600	22.350	-13.750	16.600
Zucchini (1/2 bushel)	8.600	24.100	-15.500	8.850
Green Beans (bushel)	20.300	18.383	+1.917	27.150
Spinach, Flat 24's	11.100	11.975	-.875	16.600
Mushrms (10 lb, lg.)-Term.	15.145	14.270	+.875	13.313
Cucumbers (bushel)	8.470	10.891	-2.421	5.694
Pickles (200-300 ct.)- Term.	27.625	25.166	+2.459	21.125
Asparagus (small)	12.500	14.500	-2.000	14.500
Freight (Truck; CA-Cty Av.)	4806.250	4925.000	-118.750	4300.000



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Retail Prices-CPI, Percent compared to prior month from BLS.

	Dec-11	Nov-11	Oct-11	Sep-11
Beef and Veal	+.885	+.353	+.514	+.025
Dairy	-.141	-.331	+.051	+1.228
Pork	-1.030	-.906	-.421	+1.478
Chicken	+.897	-.038	+.994	+.341
Fresh Fish and Seafood	+.449	+.356	-1.107	+.512
Fresh Fruits and Veg.	+.252	-.399	-1.473	+1.592