

The Red Sheet

February 6, 2012

- ✚ **BUTTER:** This week's Chicago Mercantile Exchange spot-cash Butter market declined \$.0575/Lb. Still seems to be a lot of cream available to keep all the butter churns running full. Mild winter weather in most of the U.S. and a particularly dry winter in the California, the heaviest butter production area of the U.S., have been favorable to increased milk production. Butter prices will probably continue to languish until seasonal Easter/Passover demand starts to pick up in the upcoming weeks.
- ✚ **CHEESE:** This week's Chicago Mercantile Exchange spot-cash Block cheese markets fell \$.0250/Lb. On the domestic demand side, retail cheese sales, which have been soft, appear to be weakening further. Dairy prices are fickle and that especially with cheese markets it's always wise to expect the unexpected. It doesn't appear that prices will go up any time soon and low prices will prevail for awhile longer.
- ✚ **EGGS:** Demand for shell eggs has stabilized in response to a wholesale market that is stable for the moment, although retail interest is limited. Market activity is slow to moderate. The preliminary sample of supermarket features into next week indicates a drop in activity with a small rise in the use of incentives. The average sale price per dozen remains unchanged.
- ✚ **SOYBEAN OIL:** Soybean oil closed up 6 points on the week at 51.65 amid uncertainty about South American crops and commodity-friendly external market influences. LY=\$0.5655/Lb; LW=\$0.5194/Lb; TW=\$0.5165/Lb; YR CHNG= -8.66%
- ✚ **BEEF:** Cutout values weakened on moderate demand and moderate to heavy offerings. With two of lighter kill, packers limped through the week with unimpressive sales. Most of the weakness came from the chuck and rounds. Rib and loin cuts were firm this week, with most of the price increases being the result of tightened supply. Fed and blended cattle grinds were lower on light to moderate demand. Forward activity was moderate, with significant consignments of Choice top butts and cap and wedge meat at prices firmer than the spot market. For the week: ribs steady to higher; chucks lower; rounds lower; loins higher; Beef trimmings steady; Fed cattle grinds barely lower; blended grinds slightly lower.
- ✚ **PORK:** Retail pork cuts were sluggish with more than adequate supplies and limited buyer interest. Some early week strength on bone-in hams slowed movement though offerings were mostly light. Late week inventories stabilized and light weight hams showed a premium. Heavy hams being more plentiful traded lower. Boneless ham experienced moderate offerings and price levels responded lower. Bellies traded sharply higher on just a few loads which lent support to the cutout. Demand from foodservice is the driving force keeping bacon production at full speed. The trim complex also helped to support the cutout as price levels for both forty-two and seventy-two trim advanced though offerings tightened up late in the week. For the week: loins slightly lower; butts generally steady; spareribs barely steady; hams steady to higher; bellies higher; 42% trim higher; 72% trim higher; bnl picnics higher.
- ✚ **CHICKEN:** The steady climb in wing prices the last few months has a direct correlation to the nation's appetite for the ultimate finger food. Having reached all time highs, the question now is when and how fast a correction might occur. The recent slide on boneless breasts and tenders has weighed heavily on the trade. Demand has not been able to adequately clear what's being marketed. Wogs and whole birds have shown life of late. Exposure to fast food and deli business is being mentioned as the reasons behind this resurgence. The back half of the bird is rated fairly steady. Offerings for these items are deemed adequate for most needs.
- ✚ **TURKEY:** : Most trading continued the week at about steady market levels. Whole wings are readily available and offered at good discounts. Drums and necks are settling while hearts and livers are being supported. Whole bird contracts are reported out front at mostly steady levels. Bookings of consumer sized whole breasts were at relatively steady values. The boneless meat lines are about steady to steady. Breast meat trades are mixed but manageable as a whole. Breast trim and scapula are well supported. Thigh meat is a bit unsettled and appears to be searching for a bottom.
- ✚ **RICE:** The futures market has been somewhat up and down over the past few weeks. The average price of 100 Lbs. of bulk #1rice, FOB the mill is currently \$23.25/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$14.75/Cwt LW=\$14.69/Cwt, TW=\$13.875/Cwt, YR CHNG= -5.93%

- ✚ **FLOUR FACTS:** Wheat futures advanced this week as basis levels were mostly unchanged. Rain or snow forecast for much of the U.S. winter wheat growing areas is favorable for crop conditions there. Futures pricing for a bushel of hard, spring wheat are: LY=\$9.55/Bu, LW=\$8.2725/Bu, TW=\$8.385/Bu, YR CHNG = **-12.19%**.
- ✚ **SPICES:** Average Spice and Herb commodity has increased more than 33% in past 12 months and over 60% in past 24 months. Black pepper has increased 256% in pricing since September 2009. Pepper category across all suppliers should see at least an 18% increase in the coming months. Paprika, cloves, ginger, nutmeg and basil are beginning to hold steady at near record highs with little relief in sight.
- ✚ **CANE SUGAR:** Domestic Refiners are still sold for the 11/12 marketing year. While recent sugar sales have shown some sluggishness, sugar sales have been very brisk for 11/12 with three beet refiners saying they are practically sold out. Beet prices are increasing, Mexican Cane and Domestic Cane packer prices are declining slightly. Futures pricing comparison: LY=\$39.75/Cwt, LW=\$34.25/Cwt, TW=\$34.00/Cwt, YR CHNG=**-14.46%**
- ✚ **PEANUT CROP UPDATE:** Peanut crop has been a disaster. Prices for nearby material for all grades continue to set record pricing levels on a weekly basis. No Shellers are offering long term contracts. Prices are going to continue to be extremely high with limited availability. This scenario could carry through to the 2012 crop.
- ✚ **FROZEN POTATOES:** Raw stocks are up, but mostly to recover from last year's shortages. All potato suppliers are currently looking to open markets to insure enough raw product to cover the 2012 production season. Usage is up and raw crop will be tight as we enter the summer months. Be prepared for very little additional raw product to cover increased demands.

✚ **SEAFOOD MARKET REPORT:**

- **Halibut:** On 1/27/11 the North Pacific Halibut Commission announced the opening and closing of the 2012 Halibut season. The season will open on March 17th and run thru November 7th. The quota has once again been cut from 41 million pounds in 2011 to 33.5 million pounds in 2012. This will mean high prices and short supply for this year as well as the demand will be for fresh product.
- **Cod:** Due to strong winter weather, Pacific Cod prices are staying strong and landings have been weak. Expect to see strong prices into the spring.
- **Tuna:** Supplies are still very tight and hardly any product is currently being packed. Prices will remain very strong for early 2012 and product will be very hard to find most of the year.
- **Walleye:** Supplies are available but tightening. The market has moved up in recent days to help slow the demand. Expect product to be tight for the foreseeable future.
- **King Crab:** The market is still very strong and product remains very tight. The upcoming Alaska quota is a lower than last year so expect prices to stay very high.
- **Tilapia:** The market is still very strong on larger 7-9 oz product. 3-5's and 5-7's seem to be in good shape. Expect to see higher prices on larger fillets.
- **Salmon:** The supply of frozen Chilean product is very good. Japan has been buying quite a bit of product. The market is weak right now and expect to see prices coming down thru winter and into spring.