

The Red Sheet

March 5, 2012

- ✚ **BUTTER:** This week's Chicago Mercantile Exchange spot-cash Butter market popped up \$.0375/Lb. It appears that butter has found some support this week as a result of some of the increased demand typically seen during Lent/Easter/Passover. We will continue to see volatility in the butter markets for the near-term, until late April and May as U.S. milk production reaches its seasonal peak.
- ✚ **CHEESE:** This week's Chicago Mercantile Exchange spot-cash Block cheese market increased \$.0125/Lb. and the spot-cash Barrel market moved up \$.010/Lb. Expect the spot-cash cheese markets to continue to chop around their current levels until the milk supply declines.
- ✚ **EGGS:** Demand for shell eggs continues its sideways track, supported by a combination of fairly good food service and moderate retail interest. Wholesale Large shell egg prices remain steady on light to moderate supplies and moderate offerings.
- ✚ **SOYBEAN OIL:** Soybean oil closed down 57 points on the week at 54.08 as investors take profits after recent gains. The recent rally in soybeans was initially fueled by drought concerns in South America which would drive more export demand from the US crop. LY=\$0.5896/Lb; LW=\$0.5429/Lb; TW=\$0.5408/Lb; YR CHNG= **-8.20%**
- ✚ **BEEF:** cutout values were firm on light demand and offerings. The modest appreciation in the cutout was primarily from rib and loin cuts this week with both Choice and Select displaying solid gains. By contrast end meat prices stalled during the week as buyer resistance to high prices intensified. Forward sales were also slow with the one notable exception of Choice top butts trading heavily at prices comparable to the spot market. Beef trimmings remained generally steady on moderate demand and offerings. Fed cattle and blended coarse grinds were firm on light to moderate demand and offerings. Export business remains positive as evidenced by record high prices for outside skirts. Another notable milestone on Monday was the highest recorded LM_XB463 Comprehensive cutout value to date, posted at 194.46. For the week: ribs higher; chucks steady to barely lower; rounds steady lower; loins higher; Beef trimmings steady; Fed cattle and blended grinds slightly higher.
- ✚ **PORK:** With lagging pricing and interest packers decided to reduce offerings of bone-in loin cuts and bolstered boning lines. With renewed interest bone-in loin prices saw a gain. Supplies of butts increased and demand waned which caused prices to move lower every day. Offerings for bone-in ham was mostly light as packers turned to boning lines in an effort to reduce inventories and push prices higher for pre-Easter production. Boneless ham inventories became burdensome and prices were lower through the week. Lean trim inventories grew and sellers took less money. Bellies experienced no trades this week after last week's sharp decline. Offerings for boneless picnics increased substantially due to the reduced demand from the export arena. For the week: loins higher; butts lower; light spareribs steady to lower, hams steady to barely higher; bellies steady; 42% trimmings no trade; 72% trim lower; bnl picnics lower.
- ✚ **CHICKEN:** The market continues to show strong undertones leading into next week. Most offerings are no more than adequate to short. Wogs and whole birds continue to be very limited and priced accordingly. Boneless and tender values are holding at steady to firm quotations. Dark meat is in good standing overall. Leg quarters are being shown some additional interest. Thigh meat and leg meat are sought after under very light levels of availability. Wings are trading at steady levels.
- ✚ **TURKEY:** Sentiment is somewhat mixed but is mostly seasonable in nature. There is light demand for raw materials and is unexciting. Frozen raw materials are about steady at best. Destrapped tenders aren't in bad shape while buyers seeking breeder meat or young hen meat don't always find supply. Retail packaged toms and hens are in a solid position at week's end. Current asking prices are ranging above listed markets. Bookings have been light most of the week. A few drums are being shown while wings are still very easy to secure and open to lower bids. Necks, tails, hearts and livers rate steady to full steady. Thigh meat is mixed and mostly in a fair balance.
- ✚ **RICE:** Prices drift downward ever so slightly due to limited export activity. The average price of 100 Lbs. of bulk #1rice, FOB the mill is currently \$23.00/Cwt. Weekly futures prices were up slightly as farmers have announced intentions of planting fewer acres due to lower prices. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$13.91/Cwt LW=\$14.2005/Cwt, TW=\$14.135/Cwt, YR CHNG = **+2.91%**

- ✚ **FLOUR FACTS:** Wheat futures advanced this week with basis levels remaining steady to a little higher. Winter wheat conditions have improved with the warmer weather and much needed moisture promoting early growth. There is still concern of a late freeze damaging the crop. The USDA estimates an increase of 2.3 million acres of wheat to be planted in 2012. Futures pricing for a bushel of hard, spring wheat are: LY=\$9.53/Bu, LW=\$7.865/Bu, TW=\$8.2775/Bu, YR CHNG = -13.14%.
- ✚ **CANE SUGAR:** Futures prices have softened a slightly over the last several weeks, yet Domestic Beet Refiners are still sold for the 11/12 marketing year. In addition, Mexican Exports of sugar to the US are down by 39% from last year. Futures pricing comparison: LY=\$39.65/Cwt, LW=\$33.94/Cwt, TW=\$34.98/Cwt, YR CHNG=-11.85%
- ✚ **PINTO BEANS:** The combination of the US acreage being the lowest on record since the USDA began keeping records by class and strong demand from Mexico due to the drought in their production region has kept pinto pricing at historically high levels with concerns of supply shortage until the next harvest. Ongoing demand from Mexico has kept the market very firm. Look for further price increases.
- ✚ **CANNED TOMATOES:** As has been stressed since late October, the 2011 canned Tomato Crop was not a good one. The items affected most were the Whole Peeled Tomatoes and the ¾" Diced Tomatoes. The lack of availability of these items has pushed prices to extreme levels and it is likely they will be going higher. The limited number of existing packers are not quoting prices nor accepting orders from distributors that have not previously booked product with them. Once a booking is depleted, there is no additional product shipped. This is an excellent time to be converting to other, further processed, value added products.
- ✚ **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.
- ✚ **SEAFOOD MARKET REPORT:**
 - **Catfish:** Slightly lower prices while supply remains tight. We have some good quantities of product available. 3/5 Fillets are in short supply as farmers are not taking smaller fish out of the ponds right now and most fish that are coming out are large at this time.
 - **Cod:** Prices are strong on Pacific product. Supplies are tight on Once Frozen Cod, with 16/32 oz Shatter pack Cod being particularly tight. Some expected Once Frozen Cod prices to possibly adjust lower once fishing began in the Bering Sea, but word is that prices paid for initial fish is at current levels. New season production is just now starting to hit the docks so we will see how this affects pricing going into March. Product landings so far have been disappointing due to the harsh weather in Alaska. This would indicate we will see stronger prices on Pacific Cod moving into the spring. This will also cause twice frozen Cod to be stronger as well early this year. Atlantic Cod Loins and Frozen at Sea product is much stronger as well.
 - **Tuna:** Extremely short supply of good quality Tuna while demand is extremely high, points to high prices for limited, if any inventory. There is no end in sight for this situation. We have limited supply of 4 oz, 6 oz and 8 oz steaks.