



The Red Sheet


March 19, 2012

- BUTTER:** Fueled by seasonal demand the week's spot-cash Chicago Mercantile Exchange butter market had increases of \$.0650/Lb. Over the past couple of week's warmer weather much of this cream has ended up going into ice cream production and more has been headed into other "Class II" products (cream cheese, cottage cheese, etc.) being purchased for Lent/Easter/Passover. As we head into the later part of spring and these holidays are behind us, that cream will again head for the butter churns.
- CHEESE:** This week's CME spot-cash Block cheese market jumped an astounding \$.0900/Lb. The spot-cash Barrel market moved up \$.0800/Lb. It seems unlikely that the cheese markets will head much higher. World dairy products production is still at high levels, the U.S. should be expecting price weakness especially since we are heading into the highest milk production period of the year.
- EGGS:** Shell egg demand for nearby needs improves slightly with some moderate current retail business but the primary focus remains on marketing needs for the coming Easter demand period. Wholesale Large shell egg prices have begun to post daily increases as offerings are light and market activity is moderate. The Easter marketing period is only a couple of weeks away.
- SOYBEAN OIL:** Soybean oil closed up 123 points on the week at 55.50 extending the upward trend amid smaller South American crop forecasts and strong demand. Soybeans are trading as six-month highs, with solid domestic and export demand supporting bullish attitudes in the market.
- LY=\$0.5577/Lb; LW=\$0.5395/Lb; TW=\$.5550/Lb; YR CHNG= -.0027%**
- BEEF:** Cutout values were lower on moderate demand and moderate to heavy offerings. Packers cleaned up some inventory levels during this week's down market, most noticeably in the chuck and round primals. The Choice rib is lower this week with light trading, but overall middle meats held steady to weak for most of the week. The estimated harvest this week shows packers are lightening the kill to help manage their supply levels. Forward negotiated sales were active this week with notable consignments of Choice inside rounds and Choice briskets. Fed cattle grinds

continued to push lower this week and evidence of discounted sales are worth noting. Beef trimmings were lower under moderate demand and moderate to heavy offerings. For the week: ribs steady to lower; chucks lower; rounds lower; loins slightly lower; trimmings lower; Fed cattle grinds lower and blended grinds lower.

 **PORK:** As temperatures warmed demand for pork cuts cooled off this week. The carcass cutout value fell to a new low for the year. Trading levels for bone-in loins were mostly steady while boneless cuts remained under price pressure. The values of butts and spareribs fell throughout the week as packers held excess inventories and buyer interest was ho-hum. Bone-in ham price levels retreated slightly this week. Packers are boning hams at near capacity creating a backlog of inventory. Bellies along with lean trim experienced moderate to heavy offerings as buyers of both balked in their procurement of raw product due to limited demand for finished bacon and sausage. For the week: loins steady to barely lower; butts lower; spareribs lower; hams generally steady; bellies lower; trimmings weak to lower; bnl picnics barely steady.

 **CHICKEN:** The market continues to be influenced BY supply side rather than a showing of activity. Most items are performing in a balanced manner to sometimes better. Wog prices have become a bit spotty and availability of these items remains limited overall. Boneless breast meat is considered steady with supplies being adequate for most spot needs. Whole breasts and breast fronts are well supported. Wings are steady to full steady. Small wings are certainly more limited than the larger sizes. The dark meat complex is manageable.

 **TURKEY:** The tone for the week is mostly mixed. Thigh meat and drums top the list of interest from a buying perspective. Offerings of bone in and boneless product are weak and with limited demand. Frozen thigh meat is more available than the other items. Fresh whole bird shipments for Easter will begin in earnest next week. The range of delivered prices for the near future is trending above current quotes. Frozen turkeys are snug and toms especially tight to short of needs. Whole wings are in decent shape. Necks are being tested.



- RICE:** While futures pricing continues to be soft due to limited export activity, they are still stronger than the same period last year. The average price of 100 Lbs. of bulk #1 rice, FOB the mill is currently \$23.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$13.635/Cwt LW=\$13.93/Cwt, TW=\$14.53/Cwt, YR CHNG = **+6.56%**
- FLOUR FACTS:** Wheat futures rallied Monday but have declined the rest of this week. Premiums on spring wheat are up this week with winter wheat holding steady. The winter wheat crop is in much better shape than a year ago with recent warm temperatures and some rainfall. Futures pricing for a bushel of hard, spring wheat are: LY=\$8.675/Bu, LW=\$8.0175/Bu, TW=\$8.2275/Bu, YR CHNG = **-5.16%**.
- 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=\$39.55/Cwt, LW=\$34.25/Cwt, TW=\$34.70/Cwt, YR CHNG=**-12.26%**
- PINTO BEANS:** Due to the price of beans coming from suppliers we are being forced to once again take pricing up. Pricing is being driven by the fact that inventories are scarce and that farmers will not be announcing their planting intentions for this years harvest for at least a couple more months. The USDA crop report revealed US production for the past year was 57% lower than the previous year. Pinto acreage was the lowest on record since the USDA began keeping records by class in the 1940s. Additional demand from Mexico due to the worst drought in 80 years in the northern pinto production region has moved the pinto market to historically high price levels. Combined, these two factors will continue to exert upward pressure on the pinto market through the remainder of the crop year. There are real concerns of supply shortages until the next harvest at the end of this summer.
- 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 3/4" 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.



SEAFOOD MARKET REPORT:

- **Halibut:** Due to a 20% reduction in this years quota expect prices to remain at record high levels as the 2012 Alaskan Halibut season opens.
- **Cod:** Prices are strong and supplies are tight on Once Frozen Pacific product. New season is just beginning and initial catch is disappointing due to harsh Alaskan weather. This will also cause twice frozen Cod pricing to be stronger. Atlantic Cod Loins and Frozen at Sea product is much stronger as well.
- **Mahi:** Prices are firm but product is available.
- **Ono / Wahoo:** Expect to see slightly higher prices due to increasing popularity.
- **Tuna:** Due to a major shortage of good quality tuna along with strong worldwide demand, suppliers are doing all they can to outbid each other to acquire whatever raw materials they can. This is keeping prices at extremely high levels for whatever quality product is available.