

The Red Sheet

April 16, 2012

BUTTER: This week's spot-cash butter market the AA butter market ended down \$.0050/Lb. There's a lot of butter around, but butter is a storable commodity. You can expect some continued volatility in butter market pricing but for the most part it appears that the CME butter market will be relatively stable.

CHEESE: While the Block market remained unchanged all week, the spot-cash Barrel market did slide \$.0525/Lb. There's plenty of cheese around, particularly Mozzarella cheese. There's a lot of Cheddar cheese being produced too. We're at the start of the highest milk production period of the year which runs from early April through early June. We can only wait to see how this impacts cheese prices.

EGGS: Wholesale Large shell egg prices continue to suffer sharp daily declines on moderate to mostly heavy supplies. Shell eggs for Easter did not move as well as expected.

SOYBEAN OIL: Soybean oil closed down 12 points on the week at 56.52 as expectations for tighter supplies and growing demand continue to provide support for soybean prices. Soybeans remain an export driven market as demand for U.S. soybeans by China continue to buoy soy export prices. Futures pricing comparison for soybean oil: LY=\$0.5684/Lb; LW=\$0.5664/Lb; TW=\$.5652Lb; YR CHNG= **-.50%**

BEEF: Cutout values were weak with moderate demand and moderate to heavy offerings. While the impact of the LFTB situation is most pronounced in GB and trimmings, industry fears of suppressed demand across the entire beef complex appear to be legitimate. Most apparent was Choice middle meats with softened demand and ample supplies pushing these item prices lower. End cuts trended steady to firm for the week after reaching price levels that created renewed interest in the retail sector. Forward sale activity was quiet except briskets trading at prices below spot levels. Beef trimmings continue to trend lower on moderate to heavy offerings. Fed cattle grinds were firm for the week, however blended grinds trended steady to weak. The GB market remains very unsettled, although the undertone appears somewhat stronger compared to last week. For the week: Select ribs steady while Choice was lower; chucks higher; rounds barely lower; Select loins slightly higher and Choice lower; Beef trimmings significantly lower; Fed cattle grinds slightly higher, blended grinds slightly lower.

PORK: Prices for retail cuts were mostly flat through the week. With a slightly reduced harvest, sellers anticipated higher markets, but sluggish retail demand did not produce extra load purchases. Bone-in hams had mostly moderate offerings and light to moderate demand and pricing remained fairly steady. Boneless ham continues to be burdensome and prices responded lower. Bellies had no trades, though a weaker undertone is expected. Surplus fat trim cleared the market, which allowed prices to firm slightly with improved demand. Lean trim was had moderate to heavy offerings and suppressed prices. Boneless picnics were more than adequate to meet demand and prices inched higher as export interest increased. For the week: loins mostly steady; butts steady to barely higher; spareribs steady; hams steady; bellies not tested; fat trim higher; lean trim lower; bnl picnics higher.

CHICKEN: Market activity has been considerably sluggish with most of the buying taking place in a hand to mouth manner. There are limitations in supply and that has kept pricing in check. Wogs and whole birds are available but with less significant discounts than last week. Whole breasts and breast fronts are well supported. Boneless is readily available and priced to sell but it is moving at a fairly steady pace. Tenders are limited and held with confidence. Wings are mixed depending on size. Jumbos are discounted regularly while smalls and mediums are in a more stable position. Dark meat is in very good shape. Drumsticks are at a premium in most cases. Leg quarters were reported as manageable as well. The balance of the complex is well maintained.

TURKEY: Demand across the category is sluggish at best. Inquiries are light but seem focused on whole birds and thigh meat. In the case of whole birds, offerings are very limited and tend to be shown irregularly for up money. Most of the recent business has involved light volumes for export with paid premiums. Some processors report that they are unable to show any spot offerings while others show product out front in limited quantities and restricted sizes. Overall prices and the undertone is soft for bone in breasts. Parts are mixed from plant to plant. Overall some

improvement is shown for drums and primarily for export. Two joints fall in the same category. Breast meat is adequate for needs. Looking ahead spring is in the air and the turkey industry is looking for some market strength to emerge.

RICE: Long grain milled values have not really changed in the past few weeks. The milled market in general is soft due to limited demand offshore.

The average price of 100 Lbs. of bulk #1rice, FOB the mill is currently \$22.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice:

LY=\$13.635/Cwt LW=\$15.045 /Cwt, TW=\$15.31/Cwt, YR CHNG = **+12.287%**

FLOUR FACTS: Wheat futures prices are mixed this week. Basis on winter wheat was lower and spring wheat basis posted higher. The winter wheat crop is much better than a year ago. The spring wheat crop is 21% planted in the 6 key growing states, compared to only 3% at this time last year. Farmers are making great planting progress and are expected to continue to do so. Futures pricing for a bushel of hard, spring wheat are: LY=\$8.89/Bu, LW=\$8.46/Bu, TW=\$8.2425/Bu, YR CHNG = **-7.28%**.

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=\$37.70/Cwt, LW=\$34.59/Cwt, TW=\$32.05/Cwt, YR CHNG=**-14.99%**.

PINTO BEANS: Farmers should announce planting intentions by Mid May on product that will be harvested in September. What impact this will have on prices till New Pack remains to be seen.

CANNED TOMATOES: As with all canned fruits and vegetables, the suppliers are assessing their inventory positions versus needs till new pack product is available, compiling bookings from their customers, and meeting with farmers to discuss their needs and planting intentions. How that will effect current pricing will be known soon.

Honey: United States Honey Production Down 16 Percent in 2011 pushing prices up 7 percent to a record high. The world raw honey supply remains tight, demand for honey remains high, and current stable raw honey prices may once again begin to climb.

SEAFOOD MARKET REPORT:

- **Tuna:** I really wish we had better news but there continues to be a major shortage of good quality tuna in Indonesia. Demand remains very strong in US and other countries. . With such a shortage of materials and demand for it being very strong, all companies are vying for the raw materials and trying to outbid each other to get the materials at any cost. Do not look for this issue to improve anytime soon.
- **Lobster:** No new fishing until May 1st. Meat remains in short supply and high priced. Tails still offer a value, with moderate supply available in most sizes.
- **Crab:** The East Coast / Canadian season is under way. We will be seeing more product offered as weather conditions are good and product is being processed with reports of very good quality crab. Alaska is still reporting heavy ice and poor weather. That has kept product away from the market. Expect supplies to get better as the weather improves and catches start to come in.
- **Scallops:** The domestic supply is pretty tight right now with shortage of larger scallops. This will keep the prices high going into summer.
- **Shrimp:** The 2012 Asian / Vanamei harvest is in full swing and production reports are looking good. Business has been poor for processors and we anticipate some good deals coming in the next couple of months.
- **Mahi:** Prices are firm but there is product available. We have a good supply right now and can get more. Go get that business back.