

The Red Sheet

April 30, 2012

BUTTER: This week's Chicago Mercantile Exchange market plummeted \$.0525/Lb. Make no mistake – there's a LOT of butter around. There isn't much support for butter prices and the overall market conditions are weak.

CHEESE: The CME spot-cash Block market increased \$.0075/Lb. while the spot barrel market dropped \$.0250/Lb. Despite the rampant over-production of milk throughout the country which is resulting in more-than-adequate supplies of cheese, the cheese markets remain stronger than the fundamentals seem to indicate they should be. There are currently no predictions on which direction the cheese market is going next.

EGGS: Wholesale Large shell egg prices continue to suffer downward pressure on moderate to heavy supplies and low to moderately active market.

SOYBEAN OIL: Soybean oil closed down 65 points on the week at 55.18. The combination of export demand, tighter projected world supplies and the need to keep values firm in an effort to increase planted acreage in the U.S. as well as next fall in South America continues to attract investor buying on price breaks. Futures pricing comparison for soybean oil: LY=\$0.5813/Lb; LW=\$0.5583Lb; TW=\$.5518Lb; YR CHNG= **-5.07%**

BEEF: Cutout values were higher on light to moderate demand and offerings. Most of the cutout gains came from Ground beef and trimmings price appreciation as these items continued to rebound. By Wednesday most of the apprehension in the market surrounding BSE appeared to have settled, but that uncertainty did combine with typical late month reduced demand to lower the overall trade volume. During the week both end cuts and middle meats trended firm. Beef trimmings were sharply higher, particularly for mid-May delivery. Fed cattle and blended grinds were mostly firm on lower lean percentages to higher on the relatively leaner items. For the week: rib cuts steady to higher; chucks slightly higher; rounds barely higher; loins higher; Beef trimmings significantly higher; Fed cattle and blended grinds slightly higher to much higher.

PORK: With the calendar approaching May and charts indicating that higher prices are forecast thoughts that trading levels might start creeping higher this week. An increase in harvest rates and additional tonnage from record hog weights for this time of the year softened the upward trend and prices held steady to weak. Many retailers have not lowered their feature prices as they attempt to make up for lost revenue from beef cuts. Bone-in ham price levels firmed slightly on light trading. Belly inventories remain burdensome for sellers as price levels continue their downward trend. Fresh belly prices haven't been this low since January of 2010. Bacon prices at the retail counter remain high in relation to the raw product. Trimmings experienced lighter offerings while demand was light to moderate. This caused price levels to firm as sausage manufacturer's ramp up production for summer grilling items. For the week: loins and butts mostly steady; spareribs mostly weak; hams barely higher; bellies lower; 42% trim steady; 72% trim steady; bnl picnics slightly higher.

CHICKEN: Business has not been especially brisk this week nor has it been all that disappointing but rather routine. At weeks end, items such as boneless breasts and wogs are in better shape. Here it's not so much a result of improved demand but the results of efforts at clearance which have paid off. The undertone to tenders is strong but not so positive as to force higher prices on the market. Thigh meat is also in good shape and there is some improvement noted on whole wings. Smaller and medium sized wings are at least adequate. Sellers of breasts are also up against the challenge of securing buyers to absorb fully adequate offerings. Lower prices have had some success in stimulating the sale. The first of the month is around the corner and the markets are hopeful that there will be some boost in the overall status.

TURKEY: For the most part demand is light and without significance. Offerings of thigh meat, breast meat, and breast trim are adequate for the current level of interest. Sales of consumer breasts at up money forcing slightly higher quotations. Sales and additional offerings of thigh meat moved. Otherwise business was pretty much at a standstill. Whole birds are held in high regard and for premiums. Drums are mixed but the sentiment does seem to be turning the corner just a bit. Whole wings are sufficient while necks are mostly steady.

RICE: As far as the mills are concerned the market is quiet and the undertones are steady to firm. The average price of 100 Lbs. of bulk #1rice, FOB the mill is currently \$22.50/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$14.805/Cwt LW=\$15.505/Cwt, TW=\$14.985/Cwt, YR CHNG = **+1.21%**

FLOUR FACTS: Wheat futures prices are lower this week. Basis levels are holding steady. 57% of the spring wheat crop is planted . The 5 year average is 19%. Futures pricing for a bushel of hard, spring wheat are: LY=\$9.4525/Bu, LW=\$7.91/Bu, TW=\$7.74/Bu, YR CHNG = **-18.11%**.

CANE SUGAR: Futures prices continue to soften as Domino has announced a price decline effective with shipments next week. Sugar availability remains tight as Beet Sugar supplies are sold out and imports are down by 13%. Futures pricing comparison: LY=\$36.50/Cwt, LW=\$30.63/Cwt, TW=\$29.84/Cwt, YR CHNG=**-18.24%**.

RTP Cherries: Michigan had a devastating freeze approximately 3 weeks ago, early April. The industry experts say that this has wiped out over half the upcoming crop in July. Supplies were already low from less abundant crops the last 2 years. And this is just adding insult to injury to the supply of this commodity as 80% of the Red Tart Cherries are produced in Northern Michigan.

Canned Tuna: No good news as Skipjack, Yellowfin and Albacore Tuna prices continue heading higher due to poor catch, low inventories and the upcoming annual 3 month fishing restriction/closure. Product is currently trading at record levels with no end in sight.

SEAFOOD MARKET REPORT:

- **Tuna:** Nothing has changed in the tuna market. Ahi, Yellow Fin Tuna and Saku Blocks have become extremely scarce in the US and we can expect Tuna to be another Fish that we see pulled from Menus as inventories in the US dry up or become too expensive. The FDA has strengthened the guidelines for Mercury testing and stepped up rejection on imports that are not meeting the strict guidelines. Over sea packers are sending their current limited production to other countries that do not require the strict guidelines imposed in the US.
- **Basa/Swai:** There is an abundance of product in the US right now and pricing is weak. Be careful what you are selling against. There as there is a lot of product that is over treated, mixed color fillets and short weighs being offered.
- **Catfish:** The domestic supply is in great shape right now and expects to see prices falling thru the summer.
- **Crab:** The 2012 Canadian / East coast season is in full swing and reports are looking good. Lots of crab being caught and prices are starting to fall. It will take a while before we see any new production on combo or all leg crabmeat. We anticipate some good deals coming in the next couple of months. The Alaskan season started in January but most of the product is going to Japan at very high prices.
- **Scallops:** Supplies are expected to increase as the new season opened on March 1st. Expect some lower prices on the larger sizes once this product lands and is processed.
- **Cod:** The 2012 Asian / Vanemei 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:** The Mahi market has stabilized as supplies are still very tight in the US but high pricing are keeping demand slow. The market is softening now as suppliers are working thru inventory that is more available.