

The Red Sheet

May 14, 2012

BUTTER: This week's Chicago Mercantile Exchange market closed with a net increase of \$.01/lb. the USDA has reported that inventories are 47% higher than last year. Prices are at the lowest level since December of 2009.

CHEESE: This week's spot cash Chicago Mercantile cheese markets continued their back-and-forth trading and at the end of the week the Block market had declined \$.0350/Lb. and the Barrel market dipped \$.0175/Lb. The markets that everyone expected to be in the \$1.30's/Lb. have been hovering around the \$1.50's/Lb. despite heavier-than-normal supply and less-than-desirable demand.

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 141 points on the week at 52.24. A sell-off of fund long positions took place Friday on both World economic concerns and same day news of a large investor trading loss. Futures pricing comparison for soybean oil: LY=\$0.5575Lb; LW=\$0.5330Lb; TW=\$.5190Lb; YR CHNG= -6.90%

BEEF: Cutout values were steady to weak on moderate demand and offerings. With a few exceptions the majority of cuts were able to maintain relatively steady price levels. Ground beef similarly remained steady for all lean percentages. Beef trimmings weakened the cutout, steadily dropping throughout the week. The unusually heavy carcass weights after the record warm winter may be contributing to a disproportional availability of higher fat product despite the overall decrease in beef production. Forward sales were fairly light with the only major consignment being outside rounds priced below current spot market levels. For the week: Select rib cuts significantly lower while Choice ribs mostly steady; chucks barely higher; rounds weak to steady; loins weak to barely lower; Beef trimmings significantly; Fed and blended cattle grinds generally steady.

PORK: Bone-in loin prices moved higher late week as offerings cleared and buyer interest improved. Boneless loins traded at steady dollars. Weak retail movement and adequate packer inventories caused prices for butts and spareribs to remain flat with wide trading ranges. This week saw harvest rates come in about five percent higher which added to the surplus inventories. Price levels for processing cuts advanced throughout the session which lent support to the cutout. The trim complex saw price levels improve in the wake of the sizeable slaughter. However, demand was mostly light. For the week: loins mostly higher; butts mostly steady; light spareribs mostly steady; hams steady; bellies slightly higher; 42% trimmings higher; 72% trim significantly higher; bnl picnics slightly higher from last quote.

CHICKEN: The market tone remains a solid one overall at the end of the week. Limitations in supply continue to push most quotations in a positive direction while business is considered seasonal at best. Wogs and whole birds appear to have leveled off but are still well supported. Boneless meat is tight and sought after in most areas. Tenders are still tight and some resistance is building in relation to the recent price advances. Buyers of whole breasts and breast fronts are forced to pay premiums. Wings are manageable to sometimes better. Dark meat is holding steady.

TURKEY: The market seems somewhat more balanced at the end of the week. Whole wings are adequate and rated barely steady. Fresh and frozen tom breast meat is being shown with mixed pricing. Thigh meat is about steady at best to barely steady. Necks are reported lower into domestic and export channels. Frozen retail packaged birds are likely to be higher going into next week. Limited offerings are held for increased pricing. Hens are steady overall but well supported

RICE: Due to low offshore demand, the market remains in the doldrums. However, futures prices have been strong over the past 4-6 weeks primarily based on a bullish view of the market due to a decrease in planted acreage. The average price of 100 Lbs. of bulk #1rice, FOB the mill is currently \$23.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$13.80/Cwt LW=\$14.955/Cwt, TW=\$15.485/Cwt, YR CHNG = **+12.21%**

FLOUR FACTS: Wheat futures prices are lower this week. Basis premiums have moved higher in an effort to keep some wheat coming to market. Futures pricing for a bushel of hard, spring wheat are: LY=\$9.9975/Bu, LW=\$7.44/Bu, TW=\$7.4125/Bu, YR CHNG = **-25.86%**.

CANE SUGAR: While futures prices continue to soften sugar availability remains tight as Domestic Refiners are well sold for the 2012 marketing year. Beet refiners are claiming to be sold out. Imports from Mexico are expected to be down by 35%. Futures pricing comparison: LY=\$35.58/Cwt, LW=\$30.35/Cwt, TW=\$30.65/Cwt, YR CHNG=**-13.85%**.

RTP CHERRIES: Michigan had a devastating freeze in 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.

APPLE PRODUCTS: The same April Freeze that devastated the Cherry Crop in Michigan has also negatively impacted the Apple Crop in both Michigan and New York. These areas grow approximately 24% of the Apple Crop in the US. There is no indication yet of how much of the crop will be harvested as the growers are more concerned with saving the trees. Cannerys have already started to announce price increases will probably be allocating product as well. This will impact frozen product as well.

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:

- **HALIBUT:** Only 14% of the Alaska quota has been landed so far. This market is like a roller coaster ride. Look for big halibut to be short as 80% of the landings so far have been mostly in the 10/20 lb range.
- **SALMON:** Atlantic salmon production is in full swing- with just about all major countries pushing volumes of fresh whole fish and fillets to the market. Expect pricing to come down once competition from wild salmon starts up later this month.
- **TILAPIA:** Availability of tilapia in all sizes is good. The amount of tilapia exports from China to both the US and Europe have greatly increased. The amount of product being farmed has also increased over the past year. Price seems to be stable.
- **CRAB:** Ice problems are continuing to severely hamper the Alaskan snow crab harvest. In the last week, vessels have only been able to land 2 million lbs, and 18.6 million pounds remains in the quota, and the harvest for this week does not look good. The NOAA forecast remains terrible, with the ice front expected to advance another 50 to 70 nautical miles south. In St. Paul, processors have considerable quota left, but are operating at a reduced level as very few boats can get out and fish due to the excess ice.
- **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.