

# The Red Sheet

June 11, 2012

**BUTTER:** The CME spot-cash butter market closed \$.0175/Lb. higher this week. Right now there seems to be good demand for butter. This most likely means that the butter market is rounding the bottom and price movement will continue to be upward.

**CHEESE:** This week's Chicago Mercantile Exchange spot-cash Block Cheese market declined \$.035/Lb. higher. The spot Barrel market dropped \$.0100/Lb. Although there will be attempts to correct the spread between Block and Barrel markets down to a more usual \$.03/lb, trading is predicted to become less volatile.

**EGGS:** Demand for shell eggs remains weak at the moment but is showing signs of improvement. Wholesale Large shell egg prices are steady for moderate to heavy supplies.

**SOYBEAN OIL:** Soybean oil closed up 87 points on the week as economic turmoil in Europe continue to roil the commodities markets. Futures pricing comparison for soybean oil: LY=\$0.5685Lb; LW=\$0.4859Lb; TW=\$.4946Lb; YR CHNG= **-12.99%**

**BEEF:** Cutout values were steady on Choice and lower on Select and both having moderate demand and moderate to heavy offerings. Middle meats showed some strength this week in anticipation of the 4<sup>th</sup> of July. Retail experienced good sales in the meat case over Memorial Day and continued excellent grilling weather. Most of the strength was seen in the Choice ribs, however loin items followed closely behind. Conversely, the chuck and round complexes weakened during the week. Beef trimmings trended lower throughout the week on light to moderate demand and moderate offerings. Fed and blended cattle grinds continued to decline over the course of the week. Forward negotiated sale activity was moderate with notable trades of chuck rolls priced below current spot market levels. For the week: ribs much higher; chucks lower; rounds slightly lower; loins higher; trimmings slightly lower; Fed grinds significantly lower and blended grinds lower.

**PORK:** Price levels for retail cuts were mixed and no clear direction due to mixed packer supplies and buyer demand. As harvest rates scaled back slightly this week sellers had less product on inventory which lead to firmer prices for processing cuts. Bone-in hams and bellies advances with a minimum of trades while interest was no better than light to moderate. The pork trimming market saw price levels firm early in the week then stabilize. For the week: loins steady to slightly higher; butts slightly lower; spareribs uneven but steady; hams slightly higher; bellies much higher; 42% trimmings higher; 72% trim steady slightly lower; bnl picnics higher.

**CHICKEN:** The end of the week sentiment for chicken is a bit more optimistic than early in the week. In particular the undertone for boneless seems to be improving with supplies that appear to be in better balance. Spot demand is reported and offerings aren't especially easy to uncover. Bone-in breasts and tenders are likely lower as fully adequate supplies struggle to get any movement at today's market level. Wogs are decent at week's end and are steady. Frozen leg quarters are moving irregularly at steady to slightly lower prices. Fresh leg quarters, legs and drums are rated as being steady but not under much demand. Thigh and leg meat appear to be well accounted for and holding steady.

**TURKEY:** : Turkey market observers aren't quite sure what to think about the overall market condition at the end of the week. Most sources say that whole birds are steady and consumer breasts are in good shape. Two joint wings are on the firm side and MST is easily holding its own. There are weaker undertones to drums, wings and necks, along with thigh and breast meats. For these products there is minimal interest and what trading is occurring is showing lower trends. Lower bids on institutional sized breasts are being accepted at the packer level.

**RICE:** A price increase has been announced to take place the beginning of July. This is a direct result of farmers committing fewer acres to the production of rice.. The average price of 100 Lbs. of bulk #1 rice, FOB the mill is currently \$23.75/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$14.895/Cwt LW=\$14.04/Cwt, TW=\$14.05/Cwt, YR CHNG = **-5.67%**

**FLOUR FACTS:** Wheat futures were choppy last week while the basis level remained steady. Winter wheat harvest has been good and is reported 20% completed in Kansas. Spring wheat is ahead of average with the condition ratings of 79% of good to excellent. Futures pricing for a bushel of hard, spring wheat are: LY=\$10.00/Bu, LW=\$7.395/Bu, TW=\$7.69225/Bu, YR CHNG = **-23.07%**.

**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=\$35.50/Cwt, LW=\$28.50/Cwt, TW=\$28.75/Cwt, YR CHNG=-23.47%.

**RTP CHERRIES:** To offset the devastating crop shortage that has impacted the Michigan cherry crop, the entire industry will be importing “sour” Cherries from Poland and Turkey. These Cherries are a different variety than the Montmorency variety which is tart and bright red. The imported cherries are a little maroon in color and have a smoother tart flavor. Price increases have already been announced

**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. While details have not been announced on how packers will address any shortfall, suffice it to say pricing is going up significantly. The initial increase on canned apple products is approximately 20%.

**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.

**CANNED TOMATOS:** Crop is planted and all seems to be good. Packers are projecting beginning harvesting approximately July 15<sup>th</sup>. In the meantime, Whole Peeled Tomatoes are tighter than ever with several suppliers announcing that they will be out of inventory prior to harvest.

**PINTO BEANS:** Crop reports indicate that plenty of beans have been planted. It is way too early for a prediction as to how the crop is progressing. Prices have recently declined slightly with more declines predicted if the crop progresses positively.

#### **SEAFOOD MARKET REPORT:**

- **HALIBUT:** Fishing continues to be slow and the prices are staying high. Do not expect to see any great deals or lower prices on fresh or frozen halibut again this year.
- **COD:** Alaska Cod landings are behind last year at this time. The market remains strong and supplies will remain short until the next opening. 8-16 and 16-32 oz shatter pack product is tight and packers are asking higher than usual prices for those sizes.
- **TILAPIA:** Prices are steady and there is a good supply. Look for this market to possibly come down a little moving into summer and fall.
- **DUNGENESS CRAB:** The Canadian season opens later in June. Until then product is very tight and prices are high. Hopefully the Canadian season will be a good one and then we could see prices drop and more product start to be offered.
- **SHRIMP:** Mexican supplies are almost all gone with the exception of some larger sizes. 26-30 and smaller seem to be completely gone from the market now. South American supplies are expected to increase as the new season has started and depending on who you talk to the catches have been fair to good. There seems to be a good amount of product heading to the states and there may be some deals to be found in the next few weeks.
- **SCALLOPS:** Supplies are increasing as the new season continues. Expect some lower prices on the larger sizes once this product lands and is processed.