

## *Market News*

### Breakfast key to growth in Chinese fast food

New research from Mintel reveals that breakfast is still the under-penetrated daypart for foreign fast food outlets. Only one in five (21 percent) urban Chinese consumers eat at fast food restaurants in the morning (4am-11am) as opposed to 75 percent during lunchtime. [more]

### Sara Lee introduces six sausages

Sara Lee Foodservice has released six new sausage varieties in advance of Oktoberfest: Hillshire Farm American-Style Bratwurst, Hillshire Farm Andouille Smoked Sausage, Hillshire Farm Chorizo Sausage, Hillshire Farm Spicy Fajita Flavored Smoked Sausage with Monterey Jack Cheese, Hillshire Farm Spicy Italian Style Smoked Sausage with Mozzarella Cheese, and Galileo Rustic Recipe Sweet Italian.

### Burger 21 to grow around Atlanta

Burger 21, a new fast casual concept founded by the owners of The Melting Pot Restaurants, Inc., plans to target several key territories of Atlanta. Since February, the burger franchise has signed agreements to develop a total of six franchised units in the Atlanta, Orlando, Fla., and Voorhees, N.J., markets while developing two new corporate-owned locations in the Tampa Bay area for a total of 10 franchised and company-owned units.

### China Yurun Food Group Limited announces six-month results

China Yurun Food Group Limited, a vertically-integrated meat processor and supplier in China, has announced its interim results for the six months ended June 30. During that period, the group recorded a turnover of HK\$12,529 million. Its gross profit was HK\$268 million with an overall gross profit margin of 2.1 percent. Profit attributable to shareholders was HK\$107 million, and diluted earnings per share was HK\$0.059.

**Maine's Lobster Advisory Council voted on Aug. 16 to increase marketing of lobster to \$3 million after prices for lobster plummeted from almost \$4 a pound last year to just over half that**, according to the *Kennebec Journal*. The group typically spends about \$400,000 a year on the task, but will increase marketing to capitalize on the unexpected bounty this year, reported *Bloomberg Businessweek*. [Full Story](#)

**Conch fishermen in southern New England have been so successful state officials now claim that unless significant conservation measures are implemented soon, the little-known industry will be in danger of collapse.** According to the state Division of Marine Fisheries, last year the state's conch fishery brought in more than \$6 million. For many fishermen, conch has come to replace lobster as the catch of choice, after stocks of the crustacean dropped in southern New England's warming ocean waters, reported *Boston.com*. [Full Story](#)

**Businesses such as grain elevators and equipment dealers are anticipating their "most challenging year ever,"** according to the manager and market analyst at Total Grain Marketing, an Illinois-based grain elevator. This year, Total Grain Marketing is planning for 600,000 bushels of corn and 200,000 of soybeans. for revenue of about \$7 million.

In a normal year, the firm might buy and store 2.5 million bushels of corn and 500,000 bushels of soybeans, producing annual revenue of \$15 million to \$20 million, reported *Crain's Chicago Business*. [Full Story](#) (Free Registration Required)

**Farmers claim they have to pay two to three times last year's rates for hay this year because of drought.** Farmers and ranchers will produce about 120 million tons of hay this year, but that estimate could change as about 63% of the land used to grow hay is in drought-stricken areas. The harvest of alfalfa, generally considered to make the best hay because of its high nutrient levels, is also forecast by USDA to be the worst since 1953, reported *The Wall Street Journal*

**South Korea banned imports of potatoes from Oregon, Washington and Idaho over fears of zebra chip disease.** The ban went into effect Aug. 17, stated the executive director of the Oregon Potato Commission. Oregon growers could be the ones hardest-hit. In 2011, about 16,700 metric tons of fresh-market U.S. potatoes, worth about \$6 million, were shipped to South Korea, reported *The Packer Online*. [Full Story](#)

**Skyrocketing feed costs and weak milk prices are forcing growing numbers of California's dairy farmers to sell their herds or file for bankruptcy.** In the past eight months, 28 San Joaquin Valley dairies filed for bankruptcy in the U.S. Bankruptcy Court's Fresno office, up from 24 in 2011 and 10 in 2010, reported *The Fresno Bee*. [Full Story](#) (Free Registration Required)

**Extreme drought conditions led to a noticeable slowdown in quarter-to-quarter comparisons of the value of farmland** in the upper Midwest. According to the latest survey of agricultural lenders in the Seventh Federal Reserve District, farmland values between April through June were up 15% from the same time last year; and were only 1% higher compared with the previous quarter, reported *Wisconsin Ag Connection*.

**U.S. retail apple prices continue to rise amid concerns about sustaining consumer demand through the fall.** The U.S. city average retail price for red delicious apples was \$1.44 per pound in July, up from \$1.38 per pound in June and up from \$1.37 per pound in July 2011, according to the Commerce Department. The escalation of retail apple prices will likely continue in August, with dwindling supplies of apples from storage and modest expectations of apple output in New York and Michigan contributing to a bullish outlook, reported *The Packer Online*. [Full Story](#)

**The first several weeks of the 2012 grape harvest in California's San Joaquin Valley went well,** with excellent quality, exceptionally good movement and reasonable returns, according to growers and marketers. The season was also running considerably earlier on most varieties than it had for the two previous years, but some growers feel that an extended stretch of hot weather that began around the first of August could delay some of the later varieties, reported *The Produce News*. [Full Story](#)

**The California Wheat Commission has been baking bread in order to test the results of this year's harvest,** and reports the quality of wheat is very high following dry conditions in the growing season. California is the nation's largest flour-milling state, with most of that flour used to make pastas and breads. Farmers grow wheat in many parts of

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**Americans are throwing away 40% of food in the U.S., the equivalent of \$165 billion in uneaten food each year**, according to an analysis by the Natural Resources Defense Council. The average American family of four ends up throwing away an equivalent of up to \$2,275 annually in food, and there has been a 50% jump in U.S. food waste since the 1970s

**The U.S. drought and record feed prices are spurring farmers to shrink cattle herds to the smallest in two generations**. Beef output will slump to a nine-year low in 2013, USDA estimates, and the domestic herd is now the smallest since at least 1973 as retail prices reached a record last month. Feedlots are losing \$300 a head this month fattening cattle for slaughter, and cattle futures may rise 8.5%, to an all-time high of \$1.35/lb. in Chicago in the next 12 months, the chief strategist at Allendale forecasts, reported *Bloomberg.com*. [Full Story](#)

**World corn production will be smaller than estimated a month ago after dry weather damaged crops in the U.S.**, the International Grains Council forecast. Farmers across the world will harvest 838 million metric tons of corn in the 2012-13 crop year, down 3% from 864 million tons forecast on July 26, the London-based council wrote in an e-mailed report, reported *Bloomberg.com*. [Full Story](#)

**Wheat harvests in western Europe's main producers are close to last year's levels as reaping goes on, but that will not be good enough to make up for poor crops in the U.S. and Russia which have caused fears of a global food shortage**. Major European Union harvests are progressing at levels similar to last year, although there may be slightly less wheat that is of high enough quality for making bread. There will also be no bumper crop in France, Germany and Britain to help ease problems from Russia and North America, reported *Reuters*

## **Retail beef prices reflect changing consumer**

**preferences** Although the retail beef supply is expected to grow, along with relaxed prices in the short term, consumer preferences for pricier cuts may change.

Already, sales of bone-in ribeye have been reduced dramatically to 17.5 million pounds in the second quarter 2012 from 21.5 million pounds a year ago – an 18 percent drop. The same goes for the Porterhouse, which dropped to 9.1 million pounds from 11.6 million pounds, a 21-percent drop. This, according to the latest

“Top 10 Cuts Lists” released by the Beef Checkoff.

Updated quarterly, the list reflects the most popular cuts in a variety of categories, from middle meats to lean cuts to pot roasts to steaks.

Boneless ribeye still leads the pack in the overall beef category, with 30 million pounds sold in the second quarter, up from 27.4 million the same time last year.

The list is released in the wake of USDA’s new beef production figures, which were raised for both 2012 and 2013 due to higher expected placements in feedlots and increased dairy cow slaughter in late 2012 and during 2013.

Cattle prices have been reduced from last month with the expectation of larger fed cattle marketings in both 2012 and 2013. However, prices are likely to remain strong in 2013, as total meat supplies are tight. For more regional and national retail sales data on cuts from eight different categories, [click here](#).

**A year after Hurricane Irene swept away topsoil and crops and replaced them with rocks and contaminants, farmers from North Carolina to Vermont are rebounding but still grappling with the aftermath, on top of an early spring followed by cold snaps, a dry summer and an anticipated spike in feed costs caused by the Midwestern drought,** according to *The Associated Press*. USDA paid farmers \$78.6 million for insurance claims covering about 225,000 acres of Irene-damaged farmland in nine Northeastern states through its Risk Management Agency. Not all farmers buy crop insurance, so the figure is not a complete measure of the devastation. [Full Story](#)

**A record number of cherries will ship from Washington this season.** As of Aug. 21, the crop was close to 21 million boxes, according to data from the Yakima Valley Growers-Shippers Association. While a record, it's short of preseason estimates that put the size of this year's crop close to 23 million boxes, reported *The Packer Online*. [Full Story](#)

**The California almond industry looks strong as growers harvest the second 2 billion-lb. crop in a row.** Industry marketers claim they can sell every one of those pounds at profitable prices and that the industry will remain strong for years to come, reported *Western Farm Press*. [Full Story](#)