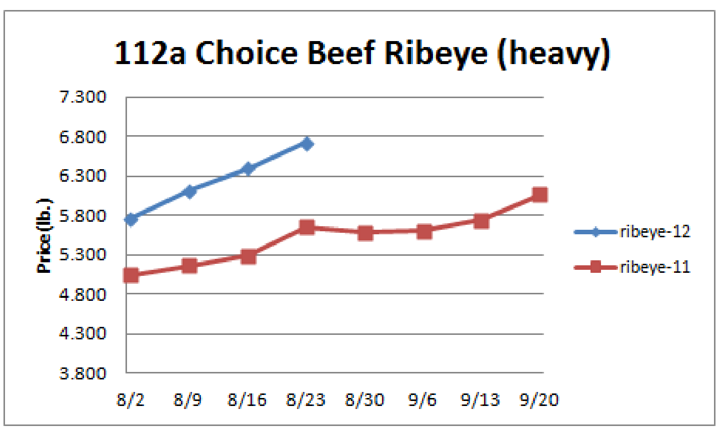
Weekly Market Updates

Volume No. 16 Issue No. 34 Date: August 23, 2012

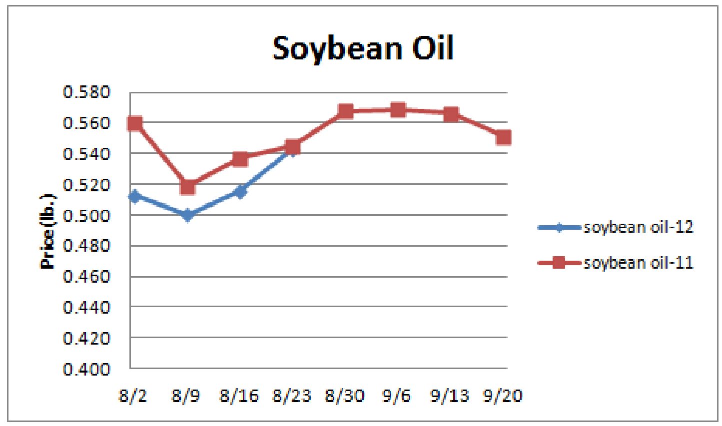
Beef- Beef output last week rose .3% but was 1.9% less than '11. Some herd liquidation is occurring due to poor pasture conditions. This may support beef production in the near term but doesn't bode well for beef output in '13. The August 1st cattle on feed inventory was .7% larger than last year. Cattle placements into feedlots during July were 10% less than July '11 but the 2nd biggest for the month since '06. The beef markets are starting to soften. Further beef price weakness usually occurs in the near term. Look for holiday beef item markets like ribeyes and tenderloins to begin an upward trend in mid September. Price USDA, FOB per pound.

	Price	Last Week	Difference	Price 11
Live Cattle	1.206	1.196	+.010	1.142
Feeder Cattle Index (CME)	1.398	1.381	+.017	1.346
Ground Beef 81/19	2.165	2.070	+.095	1.744
Ground Chuck	1.986	2.075	-.089	1.731
109e Export Rib (choice)	5.855	5.721	+.134	4.821
109e Export Rib (prime)	9.019	8.900	+.119	8.584
112a Ribeye (choice)	6.715	6.394	+.321	5.650
112a Ribeye (prime)	9.599	9.188	+.411	8.534
116 Chuck (select)	2.287	2.294	-.007	2.444
116 Chuck (choice)	2.329	2.290	+.039	2.391
116b Chuck Tdnr (choice)	2.347	2.273	+.074	2.116
120 Brisket (choice)	2.134	2.074	+.060	1.918
121c Outside Skirt (ch/sel)	5.202	5.461	-.259	4.033
121d Inside Skirt (ch/sel)	3.528	3.515	+.013	3.453
167a Knckle, Trm. (ch.)	2.368	2.321	+.047	2.354
168 Inside Round (ch.)	2.117	2.096	+.021	2.257
174 Short Loin (ch. 0x1)	5.259	5.404	-.145	4.882
174 Short Loin (prime)	8.834	8.455	+.379	8.528
180 1x1 Strp (choice)	4.989	4.884	+.105	4.515
180 1x1 Strp (prime)	9.323	8.971	+.352	9.449
180 0x1 Strp (choice)	5.533	5.549	-.016	4.928
184 Top Butt, bnls (ch.)	3.147	3.138	+.009	3.260
184 Top Butt, bnls (prime)	3.864	3.765	+.099	3.556
185a Sirloin Flap (choice)	4.282	4.365	-.083	4.111
185c Loin, Tri-Tip (choice)	3.088	3.236	-.148	2.699
189a Tender (select)	9.110	8.983	+.127	7.916
189a Tender (choice)	10.157	9.784	+.373	8.545
189a Tender (prime)	13.482	13.342	+.140	11.446
193 Flank Steak (choice)	4.930	5.046	-.116	4.995
50% Trimmings	.574	.468	+.106	1.094
65% Trimmings	1.026	1.005	+.021	1.357
75% Trimmings	1.541	1.527	+.014	1.431
85% Trimmings	1.949	1.956	-.007	1.702
90% Trimmings	2.152	2.102	+.020	1.784
90% Imported Beef (frz.)	2.033	2.040	-.007	1.913
95% Imported Beef (frz.)	2.175	2.160	+.015	2.030
Veal Rack (Hotel 7 rib)	7.725	7.725	-	5.950
Veal Top Rnd. (cp. off)	13.950	13.950	-	12.525



Oil, Grains, Misc.- Damage to the US corn and soybean crops are still being assessed. Inflated corn and soybean prices could persist which may translate to record high feed prices this fall. Prices USDA, FOB.

	Price	Last Week	Difference	Price 11
Soybeans, bushel	17.838	16.636	+1.202	13.617
Crude Soybean Oil, lb.	.543	.516	+.027	.545
Soybean Meal, ton	579.600	550.100	+29.500	354.700
Corn, bushel	8.236	7.745	+.491	7.209
Crude Corn Oil, lb.	.575	.575	-	.590
High Fructose Corn Syrup	.221	.211	+.010	.199
Distillers Grain, Dry	293.750	305.000	-11.250	190.500
Crude Palm Oil, lb. BMD	.437	.408	+.029	.476
HRW Wheat, bushel	8.005	8.245	-.240	7.920
DNS Wheat 14%, bushel	9.440	9.020	+.420	9.530
Durum Wheat, bushel	7.588	7.588	-	11.100
Pinto Beans, lb.	.450	.463	-.013	.387
Black Beans, lb.	.420	.420	-	.380
Rice, Long Grain, lb.	.265	.265	-	.273
Coffee, lb. NYBOT	1.588	1.597	-.009	2.681
Sugar, lb. NYBOT	.288	.293	-.005	.406
Honey (Clover), lb.	1.750	1.693	+.057	1.700



Dairy- July US milk production was .8% higher than the prior year due to a .3% larger milk cow herd and a .4% rise in milk per cow yields. Milk farmers reduced the milk cow herd in July from the previous month by a net 12k head. Slowed milk output growth could be supportive of dairy prices in 2013. The CME cheese markets have softened due in part to lackluster exports. The typical move lower for blocks from the Q3 high to the Q4 low is 22%. The CME spot butter market remains firm. Yet, the butter market usually peaks in September and then fades 25% by year end. Prices per pound, except Class I Cream (hundred weight), from USDA.

	Price	Last Week	Difference	Price 11
Cheese Barrels (CME)	1.805	1.813	-.008	1.693
Cheese Blocks (CME)	1.838	1.853	-.015	1.730
American Cheese	2.015	1.980	+.035	2.340
Cheddar Cheese (40 lb.)	2.258	2.210	+.048	2.495
Mozzarella Cheese	2.103	2.055	+.048	2.328
Provolone Cheese	2.453	2.405	+.048	2.485
Parmesan Cheese	3.533	3.485	+.048	3.565
Butter (CME)	1.800	1.778	+.022	2.093
Nonfat Dry Milk	1.387	1.359	+.028	1.615
Whey, Dry	.541	.534	+.007	.574
Class 1 Base	16.550	16.550	-	21.780
Class II Cream, heavy	2.576	2.685	-.109	2.797
Class III Milk (CME)	19.030	19.140	-.110	17.760
Class IV Milk (CME)	18.200	17.680	+.520	19.350

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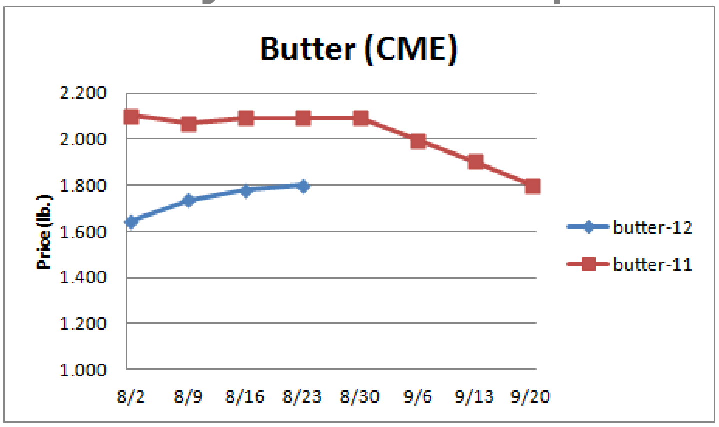
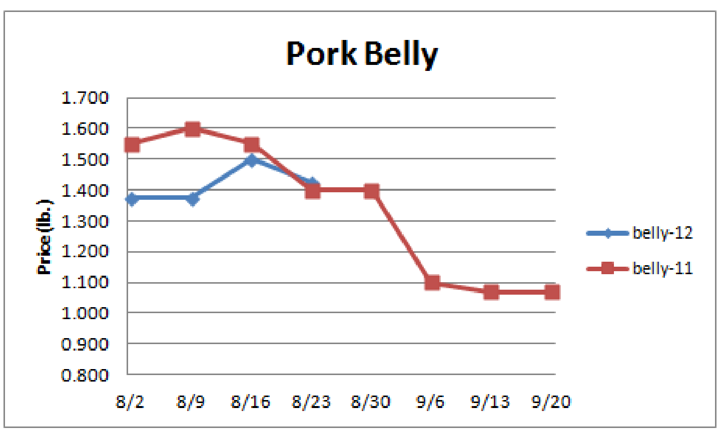


Pork- Pork production last week increased 6.4% and was 6.7% more than the same week in '11. Pork output usually rises in the late summer and influences the pork markets downward. The 5 year average move for the USDA pork cutout is 19% lower during the next 12 weeks. Yet, the baby back rib market is currently 22% below its 3 year price average. History tells us that the downside price risk for baby back ribs from here is likely only modest. In July, US retail pork prices were 1% lower versus '11 but the highest since April. Prices USDA, FOB per pound.

	Price	Last Week	Difference	Price 11
Live Hogs	.617	.641	-.024	.722
Belly (bacon)	1.425	1.500	-.075	1.400
Sparerib (4.25 lb. & down)	1.381	1.288	-.093	1.598
Ham (20-23 lb.)	.740	.800	-.060	.850
Ham (23-27 lb.)	.740	.790	-.050	.850
Loin (bone-in)	.963	1.018	-.055	1.258
Bbybck Rib (1.75 lb. & up)	2.273	2.100	+.173	3.300
Tenderloin (1.25 lb.)	2.380	2.538	-.158	3.300
Boston Butt, untrmd. (4-8 lb.)	.914	.890	+.024	1.072
Picnic, untrmd.	.619	.656	-.037	.869
SS Picnic, smoker trm. bx.	.823	.823	-	1.040
42% Trimmings	.570	.630	-.060	.930
72% Trimmings	.650	.710	-.060	1.130



Tomato Products, Canned- The CA tomato harvest is progressing with 6 million tons expected to be landed by Saturday. Canned tomato prices remain firm. Prices per case (6/10) FOB, unless noted from ARA.

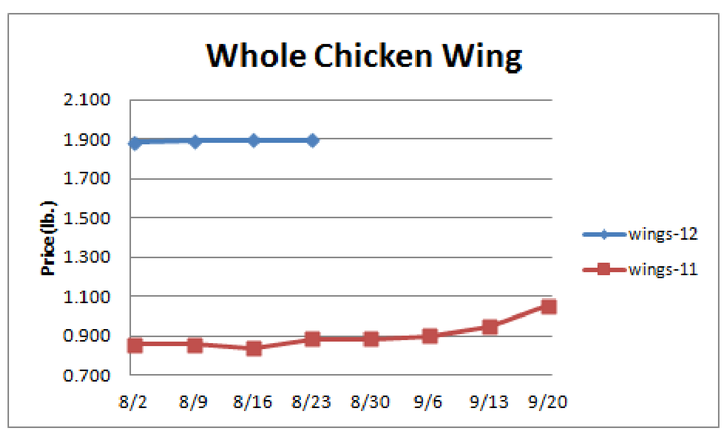
	Price	Last Week	Difference	Price 11
Whole Peeled, Standard	12.250	12.250	-	11.750
Diced, Fancy	12.750	12.750	-	12.250
Ketchup, 33%	13.438	13.438	-	13.000
Tomato Paste- Industrial (lb.)	.398	.398	-	.390

Processed Vegetables- The Midwest vegetable crops have been negatively impacted by the drought. The processed vegetable markets remain steady to firm. Prices FOB per case from ARA.

	Price	Last Week	Difference	Price 11
Corn, Fcy whl kern- can 6/10	19.656	19.656	-	18.406
Green Beans Fcy- can 6/10	19.250	19.250	-	18.000
Green Peas, Fcy- can 6/10	20.750	20.750	-	18.750
Corn, Cob- froz 96 ct.	14.750	14.750	-	14.000
Corn, Kernel- froz 12/2.5#	19.500	19.500	-	14.250
Green Beans Cut- froz 12/2#	15.300	15.300	-	12.900
Green Peas- froz 12/2.5#	26.250	26.250	-	20.250
Potatoes, FF Fncy- froz 6/5#	14.000	14.000	-	13.000

Poultry- The July broiler chick hatch was 1% less than the prior year suggesting that chicken production may continue to trend below '11 levels this September. Pullet placements into the broiler hatchery flock during July were down 6% versus '11. A smaller broiler hatchery flock implies chicken output will remain curbed deep into '13. The chicken breast market has risen 6.7% this month. Still, chicken breast prices usually peak right after Labor Day and then trend 20% lower over the following 10 weeks. Chicken wing prices are firm due in part to building football season demand. Since '07, the average move for the chicken wing market from now through the Super Bowl is up 17%. July retail chicken prices were 12% above '11. Prices USDA, FOB per pound except when noted.

Chicken	Price	Last Week	Difference	Price 11
Whole Birds (2.5-3 lb.-GA)	.953	.950	+.003	.885
Whole Birds (LA)	1.040	1.040	-	.970
Wings (whole)	1.895	1.895	-	.885
Wings (jumbo, cut)	1.843	1.840	+.003	1.050
Breast, Bone In	1.035	1.035	-	.850
Breast, Bnless Skinless	1.755	1.665	+.090	1.555
Tenderloin (random)	1.290	1.290	-	1.180
Tenderloin (sized)	1.920	1.920	-	1.780
Legs (whole)	.721	.672	+.049	.705
Leg Quarters	.520	.510	+.010	.525
Thighs, bone in	.808	.784	+.024	.777
Thighs, boneless	1.284	1.282	+.002	1.298
Eggs and Others				
Large (dozen)	1.530	1.570	-.040	1.273
Medium (dozen)	.922	1.038	-.116	.835
Whole Eggs- Liquid	.691	.691	-	.656
Egg Whites- Liquid	.487	.509	-.022	.472
Egg Yolks- Liquid	1.019	1.004	+.015	.826
Whole Turkeys (8-16 lb.)	1.085	1.080	+.005	1.075
Turkey Breast, Bnls/Sknls	2.034	1.874	+.160	2.544



Seafood- Adequate US salmon supplies are persisting. In June, US salmon fillet and steak imports were 15% above '11 which is better than the 6% average increase for salmon imports during the first 6 months of '12. Assuming the US dollar remains elevated versus '11, solid salmon imports should persevere this fall. Salmon prices are expected to continue to trade below the previous year levels during the next several months. Prices for fresh product, unless noted, per pound from Fisheries Market News.

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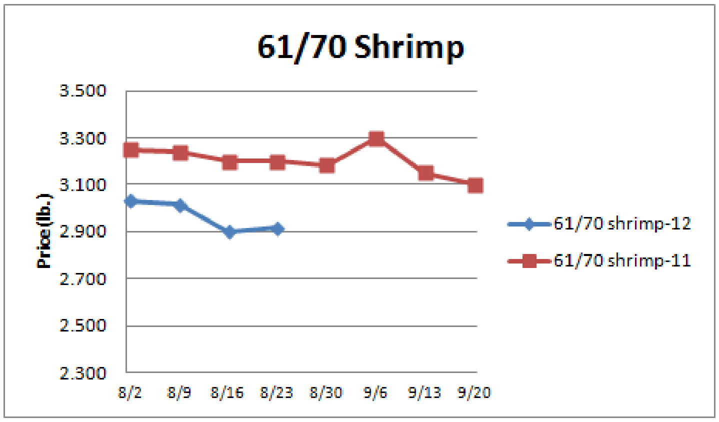
	Price	Last Week	Difference	Price 11
Salmon (wh. Atl., 10-12 lb.)	3.000	3.000	-	3.100
Catfish Filets	4.500	4.500	-	5.250
Trout (drn. 8-14 oz.)	3.700	3.700	-	3.500
Shrimp (16/20), Frz	5.313	5.465	-.152	6.780
Shrimp (61/70), Frz.	2.900	3.017	-.117	3.200
Shrimp, Tiger (26/30), Frz.	4.700	4.725	-.025	4.950
Snow Crab, Legs 5-8 oz, Frz	4.725	4.725	-	5.850
Snow Crab, Legs 8 oz/ up, Fz	5.000	5.000	-	6.475
Cod Tails, 3-7 oz., Frz.	3.475	3.475	-	3.200
Cod Loins, 3-12 oz., Frz	3.425	3.425	-	3.684
Salmon Portions, 4-8 oz, Frz	5.083	5.083	-	6.471
Pollock, Alaska, Deep Skin	1.775	1.775	-	1.800



Energy & Currency-Currency US dollar is worth.

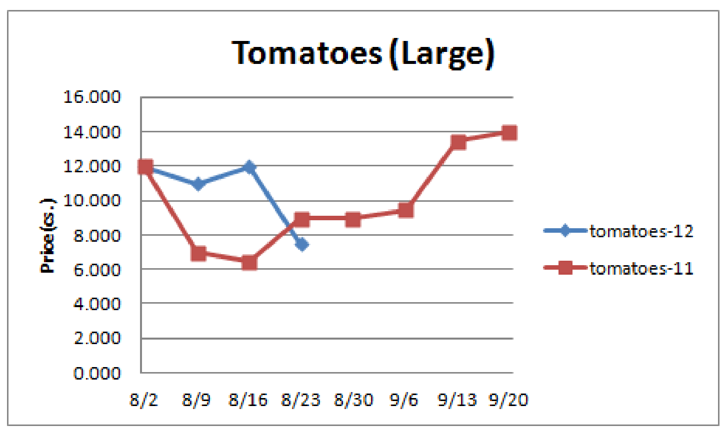
	Price	Last Week	Difference	Price 11
Crude Oil, barrel- nymex	93.430	93.670	-.240	87.880
Natural Gas, mbtu- nymex	2.834	2.964	-.130	4.024
Heating Oil, gal- nymex	3.035	2.998	+.037	2.944
Electricity, mwht- nymex	39.640	46.020	-6.380	49.940
Gasoline, gal- nymex	3.001	2.991	+.010	2.875
Diesel Fuel, gal- eia	3.965	3.850	+.115	3.835
Ethanol, gal- usda	2.510	2.740	-.230	2.940
Canadian $	.991	.997	-.006	.986
Japanese Yen	78.795	78.456	+.336	76.784
Mexican Peso	13.166	13.240	-.074	12.256
Euro	.814	.810	+.004	.699
Brazilian Real	2.024	2.030	-.006	1.606

Paper/Plastic-Provided by; resin- www.plasticsnews.com, pulp- www.paperage.com.

Wood Pulp/ Plastic Resin	Price	Last Week	Difference	Price 11
WP; NBSK (napkin, towel)	851.430	861.390	-9.960	992.750
WP; 42 lb. Linerboard (corr.)	666.260	671.197	-4.937	828.850
Res; PS-CHH (cup, cont.)	1.130-1.170	1.130-1.170	-	1.120-1.160
Res; PP-HIGP (hvy utensil)	.910-.930	.910-.930	-	1.160-1.180
Res; PE-LLD (cn liner, film)	.800-.830	.800-.830	-	.880-.910

Produce- The fall US potato crop is progressing and the harvest will build in the coming weeks. As of last week, 95% of the Idaho potato crop was rated in good to excellent condition. Potato prices have begun to fade and may have peaked for the year. Iceberg lettuce supplies have been tight over the past few weeks due in part to quality problems. The iceberg lettuce market is currently 13% above its 3 year average. Lower iceberg lettuce prices may materialize soon with favorable weather forecasted for the Salinas CA region. The avocado market frequently tops in late August. Prices USDA FOB shipping point unless noted (terminal).

	Price	Last Week	Difference	Price 11
Limes (150 ct.)	11.500	10.000	+1.500	19.000
Lemons (95 ct.)	18.240	18.240	-	25.640
Lemons (200 ct.)	20.740	20.740	-	21.140
Honeydew (6 ct.)	6.250	6.250	-	6.250
Cantaloupe (15 ct.)	5.250	5.500	-.250	2.875
Blueberries (12 count)	15.00	17.750	-2.750	19.250
Strawberries (12 pnts.)	12.500	12.500	-	11.500
Avocados (Hass 48 ct.)	26.500	27.000	-.500	55.250
Bananas (40 lb.)- Term.	15.115	15.096	+.019	15.167
Pineapple (7 ct.)- Term.	14.104	15.354	-1.250	24.021
Idaho Potato (60 ct., 50 lb.)	9.250	10.000	-.750	22.500
Idaho Potato (70 ct., 50 lb.)	9.250	10.000	-.750	21.500
Idaho Potato (70 ct.)-Term.	14.613	14.667	-.054	26.771
Idaho Potato (90 ct., 50 lb.)	7.500	8.250	-.750	18.000
Idaho Pot. # 2 (6 oz., 100 lb.)	7.250	13.000	-5.750	31.000
Processing Potato (cwt.)	7.500	7.500	-	13.000
Yellow Onions (50 lb.)	8.750	9.667	-.917	7.917
Yell Onions (50 lb.)-Term.	16.313	13.596	+2.717	13.079
Red Onions (25 lb.)- Term.	16.708	17.459	-.751	8.928
White Onions (50 lb.)- Term.	17.750	18.167	-.417	16.375
Tomatoes (large- case)	7.450	11.950	-4.500	8.950
Tomatoes (5x6-25 lb.)-Term	11.875	12.469	-.594	11.016
Tomatoes (4x5 vine ripe)	6.450	8.950	-2.500	7.470
Roma Tomatoes (large- case)	9.155	11.555	-2.400	7.792
Roma Tomatoes (xlarge-cs)	9.155	11.555	-2.400	8.650
Green Peppers (large- case)	9.200	8.963	+.237	8.925
Red Peppers (large 15lb. cs.)	11.950	15.950	-4.000	10.950
Iceberg Lettuce (24 count)	9.373	10.400	-1.027	7.085
Iceberg Lettuce (24)-Term.	16.583	18.583	-2.000	14.750
Leaf Lettuce (24 count)	13.253	11.788	+1.465	6.363
Romaine Lettuce (24 cnt.)	18.238	14.638	+3.600	7.016
Mesculin Mix (3 lb.)-Term.	6.990	6.813	+.177	7.000
Broccoli (14 ct.)	7.138	7.035	+.103	8.163
Squash (1/2 bushel)	12.050	10.425	+1.625	10.713
Zucchini (1/2 bushel)	13.175	8.713	+4.462	12.484
Green Beans (bushel)	12.838	15.000	-2.162	25.784
Spinach, Flat 24's	13.750	12.150	+1.600	12.000
Mushrms (10 lb, lg.)-Term.	16.375	14.944	+1.431	11.084
Cucumbers (bushel)	13.640	11.611	+2.029	16.070
Pickles (200-300 ct.)- Term.	24.500	23.104	+1.396	28.250
Asparagus (small)	15.000	17.725	-2.725	17.500
Freight (Truck; CA-Cty Av.)	5570.000	5680.000	-110.000	5931.250



Retail Prices-CPI, Percent compared to prior month from BLS.

	Jul-12	Jun-12	May-12	Apr-12
Beef and Veal	+.590	+.607	+.621	+.300
Dairy	-.487	-.283	-.378	+1.000
Pork	+.403	-.091	-.794	-.600
Chicken	+1.310	+1.736	-2.050	+.800
Fresh Fish and Seafood	-.010	-.168	-.379	+1.400
Fresh Fruits and Veg.	-1.303	+.126	+.532	+1.100