

The Red Sheet

January 23, 2012

- ✚ **BUTTER:** The butter market is well-supplied and in the short term butter prices are likely to remain weak. Retail butter sales, which had enjoyed a late Holiday season upturn have become stagnant and will probably remain slow until we get closer to the Easter/Passover orders in early March.
- ✚ **CHEESE:** This week's Chicago Mercantile Exchange spot-cash Block market plummeted \$.0900/Lb. and the spot-cash Barrel market dropped \$.0475/Lb. The market seems well-supplied and as a result we are seeing CME Block and Barrel cheese pricing at their lowest levels in a year.
- ✚ **EGGS:** Demand for shell eggs has stabilized and is just below average as the recent sharp drop in wholesale prices has rekindled interest at retail. Wholesale shell egg prices are steady for moderate supplies; market activity is moderate. Past history tells us to expect improved demand into early February.
- ✚ **SOYBEAN OIL:** Soybean oil closed up 14 points on the week at 50.43 as weakness in external financial markets and wetter Argentina weather forecasts pressure the market. LY=\$0.5727/Lb; LW=\$0.5020/Lb; TW=\$0.5043/Lb; YR CHNG= -11.94%
- ✚ **BEEF:** Cutout values continued to decline thus far in 2012. The trend is weak for Select and lower for Choice with moderate demand and moderate to heavy offerings. The wholesale market stands in the opposite of January 2011 where gains were made. This week Select middle meats were the only area of the carcass to register positive gains. Choice middle meats, chucks and rounds trended steady to weak. Most of the decline in the cutout value could be traced to the sharp decline in ground beef prices. Beef trimmings were steady to weak on fairly good demand and heavy offerings. Forward sale activity remains slow throughout this month. For the week: Select ribs higher and Choice lower; chucks barely lower; rounds lower; loins slightly higher, trimmings slightly lower; Fed and blended cattle grinds much lower.
- ✚ **PORK:** A slight bump in loins and bellies helped to defuse the downward trend for the cutout. Some interest and demand for bone-in loins caused prices to move higher with good offerings. Butts were mostly flat. Bone-in and boneless ham price levels continued a little weak with demand and offerings in balance. Bellies remain scarce and a few loads traded causing prices to advance. 42% trim had ample offerings at lower prices. Lean trim offerings and demand were light to moderate. With pork trim selling at a discount, sausage manufacturers were reluctant to increase the amount of pork in their formulation. For the week: loins higher; butts steady to slightly lower; spareribs barely higher; hams steady to barely lower; bellies higher; 42% trim lower; 72% trim lower; bnl picnics steady.
- ✚ **CHICKEN:** Market activity is calm with a number of items situated in balance. Most of those trading wings continue to pay premiums. Whole breasts are very well supported with limited offerings in most cases. Cutlets and tenders are adequate overall and about steady. Dark meat is held with confidence. Egg sets continue to be below previous periods.
- ✚ **TURKEY:** The level of business continues to be light and irregular. Breast meat is being offered from several points of sale and buyers are weighing their options. Toms and hens are still somewhat unsettled but with each passing day the undertone is steadier while sales at up money for future ship dates build. Fresh drums are barely steady. Wings seem to be in a fair balance. Institutional sized breasts are possibly lower. Thigh meat is heading into a well supported position.
- ✚ **RICE:** The futures market has been somewhat up and down over the past few weeks. The average price of 100 Lbs. of bulk #1rice, FOB the mill is currently \$23.50/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$15.01/Cwt LW=\$14.385/Cwt, TW=\$14.535/Cwt, YR CHNG= -3.16%
- ✚ **FLOUR FACTS:** Wheat futures prices have fallen sharply over the last few weeks due to bearish USDA reports. Ample wheat supplies have been arriving to market, keeping a check on basis premiums. Futures pricing for a bushel of hard, spring wheat are: LY=\$9.615/Bu, LW=\$8.0125/Bu, TW=\$7.9875/Bu, YR CHNG = -16.93%.

- ✚ **SPICES:** Average Spice and Herb commodity has increased more than 33% in past 12 months and over 60% in past 24 months. Black pepper has increased 256% in pricing since September 2009. Pepper category across all suppliers should see at least an 18% increase in the coming months. Paprika, cloves, ginger, nutmeg and basil are beginning to hold steady at near record highs with little relief in sight.
- ✚ **CANE SUGAR:** Domestic Refiners are still sold for the 11/12 marketing year. While recent sugar sales have shown some sluggishness, sugar sales have been very brisk for 11/12 with three beet refiners saying they are practically sold out. Pricing remains firm. Futures pricing comparison: LY=\$38.50/Cwt, LW=\$34.71/Cwt, TW=\$34.21/Cwt, YR CHNG=-11.14%
- ✚ **PEANUT CROP UPDATE:** Peanut crop has been a disaster. Prices for nearby material for all grades continue to set record pricing levels on a weekly basis. No Shellers are offering long term contracts. Prices are going to continue to be extremely high with limited availability. This scenario could carry through to the 2012 crop.
- ✚ **FROZEN POTATOES:** Raw stocks are up, but mostly to recover from last year's shortages. All potato suppliers are currently looking to open markets to insure enough raw product to cover the 2012 production season. Usage is up and raw crop will be tight as we enter the summer months. Be prepared for very little additional raw product to cover increased demands.

✚ SEAFOOD MARKET REPORT:

- **Lobster:** There is a good supply of Canadian / Maine lobster in the market and prices are staying steady. Western Australian product is still in very short supply with no product due in to the US till after winter. Prices are well over \$40.00 per pound and remain above those levels.
- **Catfish:** Prices have started to come down slightly as production starts to ramp back up. Supplies are looking good through the winter heading into the spring.
- **Tuna:** Prices are very strong on all tuna products especially the frozen sushi style products. Supplies are very tight and hardly any product is being packed for export to the US. Prices are expected to remain very strong for early 2012 and product will be very hard to find most of the year.
- **Mahi Mahi:** The market has stabilized but supplies are still very tight. Do not expect the supply situation to change anytime soon.
- **Scallops:** Due to winter weather and closing of some scallop fishing grounds supply will remain tight and prices strong on Sea Scallops. Processed Sea Scallops and Bay Scallops are moving up in value as domestic product is very short and will remain tight thru the winter.
- **Shrimp:** Market is steady on all sizes of Asian White Shrimp. On smaller sized shrimp, 31/40 and smaller, supplies are tightening and prices may increase slightly in the short term. Overall, due to heavy production expectations from India in 2012, shrimp prices should drift lower.