

The Red Sheet

November 12, 2012

BUTTER: At the end of the week's Chicago Mercantile Exchange Butter market trading the spot-cash Butter market was up \$.0025/Lb. Like cheese, there is a ready supply of product available, but we are in the midst of the Holiday butter demand season and the large butter manufacturers are vigorously supporting the market price by buying up all the butter being offered during spot-cash trading sessions. Potentially the butter market could hold at around its current level until that first week of December. However, keep in mind that in some years we've seen a Butter market adjustment occur sometime in Mid-November.

CHEESE: Cheese markets are weak. During this week's Chicago Mercantile Exchange spot-cash trading the Block market plunged \$.1900/Lb. and the Barrel market plummeted \$.3150/Lb. November 7 was the first time since September 19, 2012 that both markets ended below \$2.00 and that day's \$.1200/Lb. drop in Blocks and \$.1650/Lb. decline in the Barrel price were the largest day-over-day changes since March 23, 2012. Holiday demand for wholesale cheese for Thanksgiving is mostly done and it is not uncommon for this slowdown in demand to result in price weakness in November and December.

EGGS: Demand for shell eggs in the near term remains below average as the focus is on the upcoming business for the Thanksgiving Holiday. Wholesale shell egg prices are higher on moderate offerings and moderate activity. Supply chain disruptions continue to plague the Northeast dampening product movement as recovery continues slowly in affected areas.

SOYBEAN OIL: Soybean oil closed down 149 points on the week at \$47.77 after the U.S. Department of Agriculture forecast a larger-than-expected national soybean harvest. The USDA, in its monthly crop report, boosted its estimate of soybean output by 3.9% because rains late in the growing season benefitted crops in various states. The soybean crop is estimated at 2.971 billion bushels, up from last month's estimate of 2.860 billion. Futures pricing comparison for soybean oil:

LY=\$0.5098lb; LW=\$0.4926Lb; TW=\$.4777Lb; YR CHNG -6.29%

BEEF: Boxed beef cutout values were mostly steady on moderate to fairly good demand and moderate to heavy offerings. This week's increased overall volume combined with relatively steady prices lends some evidence of improved demand compared to last week. Middle meats continued the trend up as the holiday season approaches, with Choice product enjoying most of the gains. End meats had another week softer prices. Beef trimmings had slow trade activity during the

week and prices trending sharply higher as a result of light offerings. Ground beef prices were mostly steady but some weakness was evident on higher lean percentages. For the week: ribs higher and supported; chucks steady to barely lower; rounds lower; loins steady and higher; Beef trimmings much higher; Fed cattle grinds steady and blended grinds mostly steady. PORK: With Thanksgiving nearing buyers of loin meat concentrated on traditional Thanksgiving items and tried to ignore this cut. Abundant supplies, caused bone-in loin prices to lower. Export interest and domestic demand, helped to clear the b/i butt inventory and allowed trading levels to advance slightly. Price levels for bone-in hams continued to lose ground with light buyer interest and increasing supplies.

In spite of good demand belly trading for the spot market was nil, as most trades were market base. Trim items readily traded during the week with price levels were mostly lower. Boneless picnics experienced light trading and at steady prices. For the week: Loins much lower; butts higher; spareribs generally steady; skinned hams lower; bellies steady; 42% trim steady to lower; 72% trim steady and weaker undertones; bnls picnics steady.

CHICKEN: At the end of the week its obvious what items performed the best when it comes to the complex. Whole birds and wogs experienced the most positive movement throughout the week as supplies were extremely short of needs. Buyers paid premiums in all cases where product was found. Boneless meat and tenders performed in a generally stable manner all week. At the end of the week offerings became more limited. Wings also improved a bit with the progression of the week. Other dark meats can be called steady overall. Chunk and trim meat were very limited and in demand.

TURKEY : The east coast seem to still be pre-occupied and business as a rule is very irregular. Offerings of breast meat and tenders are still readily available and open to lower bids. ade that attempt. Drums and whole wings are adequate as opposed to where they had been. Price support is very evident for thigh meat even though demand is a bit more irregular. The demand for whole birds from a fill-in perspective is negligible. Offerings of re-sales from various distributorships are available. Sizes and prices are mixed. Processors are in good shape. In general toms and hens as generally adequate for the light demand current quotes are supported.

RICE: Prices continue to be firm. Second crop harvesting has begun. The mills are booked through the end of the calendar year due to exports to Columbia. The average price of 100 Lbs. of bulk #1 rice, FOB the mill is currently \$25.00/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$15.005/Cwt LW=\$14.71/Cwt, TW=\$14.94/Cwt, YR CHNG = -.004%

FLOUR: Wheat futures prices are moving higher this week. Basis levels are steady, as demand closely matches supplies moving to market. Futures pricing for a bushel of hard, spring wheat are: LY=\$9.3425/Bu, LW=\$9.4025/Bu, TW=\$9.505/Bu, YR CHNG = +1.73%.

SUGAR: A massive U.S. beet crop is being harvested which is going to keep domestic prices soft for the foreseeable future. Reports out of Mexico have their cane sugar crop will be larger than originally expected. The outlook is that domestic sugar supplies are plentiful and prices will remain on the defensive. Futures pricing comparison: LY=\$38.57/Cwt, LW=\$22.42/Cwt, TW=\$22.45/Cwt, YR CHNG = -41.79%.

SEAFOOD MARKET REPORT:

ALASKAN COD: With the B season well under way product is now starting to make its way down to the lower 48 states. Initial pricing for 16-32 shatter pack product is over \$4.00 we expect to see this marketing coming down under \$4.00 soon. There is still very strong demand for whole product in China and Europe and the catch is still yielding mostly smaller fish.

MAHI: Mahi supplies in the US are very good right now. It looks like the shortages we saw last year are well behind us. The market is slowly coming down but it will not reach the low prices we saw 2 years ago.

SHRIMP: Most oversea packers are trying to get higher prices for their product going into the US holiday season. South America is reporting strong sales and not much production so that product is firming up in price as well. The Mexico wild season is in full swing and we are starting to see more of the product making its way up here as well. Pricing is firm and will remain that way thru the holidays. The Mexican farmed season has produced mostly 16-20 and 21-25's. The smaller product is all staying in Mexico for that market.

CRAB: There seems to be good supplies of Alaska and Canadian snow crab out there and the markets are steady but are showing signs of strengthen for the holiday season. Most Pacific packers are reporting strong demand for larger 8 and up crab clusters but there are not many of that size to be found. Most of what is out there is 5-8.

Plastics resins continue to hold firm on the previously announced increases. Shamrock's increases will take effect 3/1 on most plastics and aluminum products.

Prepared by Shamrock Foods