

The Red Sheet

March 18, 2013

BUTTER: Butter markets are mostly steady. The CME butter market moved up slightly towards the end of the week to continue the trend of steadily higher prices so far this year. Butter production continues to be good as cream supplies are readily available and inventories are increasing along seasonal patterns, so current pricing strength appear to be more about meeting future rather than current demand.

CHEESE: Cheese markets are unsettled. Spot prices at the CME moved generally higher during the week, but movements were fairly limited. The biggest news in cheese seems to be the worsening conditions in New Zealand. Drought conditions have now officially been declared for the entire north island as rainfall has been very limited. This is expected to take a big toll on the remainder of the country's milk production season, which typically ends around May. This drop in milk production is expected to increase their price, which will make current US prices more competitive and increase US exports.

EGGS: Prices are steady. The undertone is firm. Asking prices for next week's deliveries are trending higher on larger sizes and Mediums. Retail demand is moderate, while foodservice demand is moderate to good.

SOYBEAN OIL: Without a big drawdown in soy oil stocks experts can't predict a strong rally in the short term, long term the bean oil market should be well supported and return to the mid 50's range as a short supply of bean oil is coming. Futures pricing comparison for soybean oil: LY=\$0.5261lb; LW=\$0.504lb; TW=\$.4909lb; YR CHNG = -9.33%

RICE: The market in the South has already "made its mark" ...i.e. the deals have been done, the mills are busy and both the paddy and milled rice markets are strong. The undertone of the markets in the Western Hemisphere continues to be very strong. The average price of 100 Lbs. of bulk #1 rice, FOB the mill is currently \$26.50/Cwt. Futures pricing comparison for 100 Lbs. of rough rice: LY=\$14.32/Cwt LW=\$15.395/Cwt, TW=\$14.54/Cwt, YR CHNG = +1.01%

FLOUR: Wheat futures prices have found some support this week, currently trading twelve to fifteen cents per bushel higher than a week ago. Crop reports from Kansas, Oklahoma and Texas show some improvements to the winter wheat crop. Futures pricing for a bushel of hard, spring wheat are: LY=\$8.2775/Bu, LW=\$8.0275/Bu, TW=\$8.1975/Bu, YR CHNG = -.96%.

SUGAR: Sugar futures continue to hit resistance and are unable to rally. The outlook is for pricing to remain unchanged to weaker. Futures pricing comparison: LY=\$34.98/Cwt, LW=\$20.70Cwt, TW=\$20.43/Cwt, YR CHNG = -41.59%.

BEEF: Cutout values began the week steady to firm before closing out the session weak to lower. Last weeks gain was driven by the loss of production from packers due to the winter storms. This sharp gain lead to buyer resistance seen this week resulting in low volume traded with the overall cutout trend stabilizing. The biggest individual item gains this week were seen in the trim and grinds which partially offset lower prices on some cuts such as Choice ribs. There was a large consignment of fed ground chuck traded on the forward negotiated market at a price lower when compared to the spot market. For the week: select ribs slightly higher and Choice much lower; chucks steady to slightly lower; rounds barely lower; loins steady to barely. Beef trimmings were higher along with fed and blended grinds showing the same.

PORK: Retail items continued to struggle to gain traction with the inflated harvest numbers for the second consecutive week. Light export demand continues to add additional pressure. Bone-in loins were generally steady to weak. Excess loads of boneless loins and butts forced the prices lower throughout this trading period. Spareribs trended steady on good movement early in the week. Hams were lower on light export demand and additional supply available. Bellies held at steady prices and supplies looked in good shape this week. Although other meats continued to see an excess of product, bacon processors have quickly absorbed the available product. Trim prices were steady to lower as processors have yet to begin processing for the summer sausage season. For the week: Loins steady; butts slightly lower; spareribs steady to weak; hams lower; bellies steady; 42% trim steady to slightly lower; 72% trim lower; bnl picnics lower.

CHICKEN: There's some mixed reviews being reported around the market ending the week. The majority of the complex can be considered well supported at the moment. Wog and whole bird offerings have continued to build with prices being tested in most areas. Breasts and breast fronts are snug and sought after. Wings are considered about steady with availabilities adequate for most spot needs. Boneless and tenders are rated steady to full steady at most points of sale. Bone-in dark meat movement is active leaving these items in good standing overall.

TURKEY: The demand for wings, drums, necks and tails is good at the end of the week but with limited availability. All the traditional "trim" lines are well supported with scapula and breast trim exhibiting the most solid undertones. Breast meat is offered but with limited buying interest. Spot offerings of fresh breast meat are not quickly purchased. Thigh meat is about steady overall with interest termed as regular. Export demand for whole birds is paying asked prices which trend higher for future delivery periods. Domestic inquiry for whole birds is mixed. Developments in the processing side of the business lend some uncertainty as to the situation for whole birds out front.

SEAFOOD

SHRIMP: As reported earlier, Early Mortality Syndrome continues to plague shrimp farmers in South East Asia which is creating supply shortages and higher prices. Prices on some sizes are up over \$1.00/Lb. over December '12 levels. We don't expect any major product shortages but markets are expected to remain firm for the next 60 to 90-days.

COD: The Alaska trawl season has closed but a small state fishery has started so we will continue to see good supplies. Most of the catch has been larger product so some smaller fillets are scarce.

SNOW CRAB: There is a shortage of large 8 up and larger clusters and that has demand and pricing very strong. The Canadian / East coast season is due to start in April so most of those supplies have started to dry up and pricing is creeping up a little as supplier need to offset storage costs.

HALIBUT: The 2013 season starts this month. The quota is down about 7.5% from last year. We will continue to see the high Halibut prices as more fish will be sold to the fresh market limiting what producers are willing to freeze.

MAHI: The South American season has ended and frozen supplies are very good at this time. Look for this market to slowly come down.