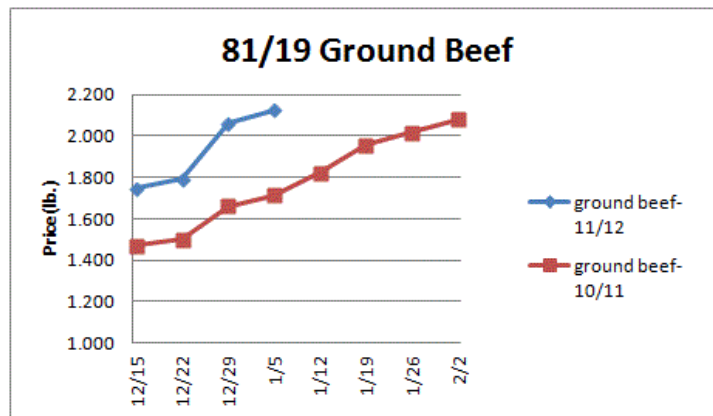


Weekly Market Updates

Volume No. 5 Issue No. 1 Date: January 5, 2012

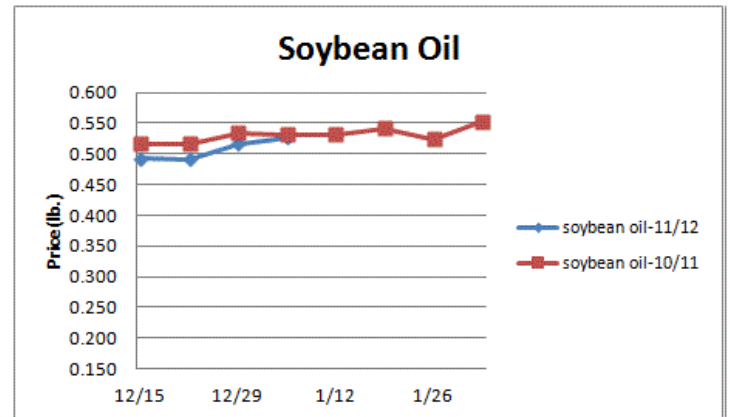
Beef - Beef production last week was 6.5% smaller than the prior year. Beef packer margins have modestly improved during the holidays. Further, models are suggesting that near slaughter ready cattle supplies should be adequate into Feb. These factors could be supportive of near term beef production. Still, the USDA is forecasting beef output in Q1 to be down 3.3% compared to '11. Beef end cut products such as briskets, chucks and rounds tend to move up in Jan but this year's gains could be less intense than last winter. History suggests these markets could peak next month. Price USDA, FOB per pound.

	Price	Last Week	Difference	Price 11
Live Cattle	1.241	1.270	-.029	1.064
Feeder Cattle Index (CME)	1.459	1.436	+.023	1.235
Ground Beef 81/19	2.123	2.061	+.062	1.714
Ground Chuck	2.083	2.085	-.002	1.725
109e Export Rib (choice)	5.259	5.920	-.661	4.512
109e Export Rib (prime)	10.868	10.343	+.525	8.356
112a Ribeye (choice)	6.115	6.348	-.233	4.859
112a Ribeye (prime)	10.885	10.524	+.361	8.700
116 Chuck (select)	2.428	2.488	-.060	2.081
116 Chuck (choice)	2.557	2.512	+.045	2.140
116b Chuck Tdnr (choice)	2.228	2.169	+.059	2.050
120 Brisket (choice)	2.206	2.222	-.016	1.946
121c Outside Skirt (ch/sel)	4.158	4.124	+.034	3.237
121d Inside Skirt (ch/sel)	3.079	3.145	-.066	2.831
167a Knuckle, Trm. (ch.)	2.407	2.400	+.007	2.084
168 Inside Round (ch.)	2.419	2.473	-.054	2.044
174 Short Loin (ch. 0x1)	4.713	4.720	-.007	3.946
174 Short Loin (prime)	8.889	9.090	+.201	7.234
180 1x1 Strp (choice)	4.415	4.203	+.212	3.520
180 1x1 Strp (prime)	9.284	9.640	-.356	8.245
180 0x1 Strp (choice)	4.960	4.873	+.087	4.016
184 Top Butt, bnls (ch.)	2.865	2.900	-.035	2.480
184 Top Butt, bnls (prime)	3.121	3.296	-.175	2.442
185a Sirloin Flap (choice)	3.247	3.352	-.105	2.921
185c Loin, Tri-Tip (choice)	2.825	2.851	-.026	2.392
189a Tender (select)	7.723	7.706	+.017	7.243
189a Tender (choice)	9.322	9.370	-.048	7.981
189a Tender (prime)	14.060	13.802	+.258	11.062
193 Flank Steak (choice)	3.604	3.710	-.106	3.162
50% Trimmings	1.000	.986	+.014	.844
65% Trimmings	1.392	1.369	+.023	1.082
75% Trimmings	1.521	1.519	+.002	1.228
85% Trimmings	1.874	1.842	+.032	1.601
90% Trimmings	1.994	1.974	+.020	1.735
90% Imported Beef (frz.)	2.070	2.050	+.020	1.880
95% Imported Beef (frz.)	2.153	2.160	-.007	1.959
Veal Rack (Hotel 7 rib)	6.675	6.675	-	5.125
Veal Top Rnd. (cp. off)	13.450	13.450	-	12.525



Oil, Grains, Misc.- Dry conditions in South America are impacting their corn crop. Brazil and Argentina account for about 25% of world corn exports. The grain markets are firm. Prices USDA, FOB.

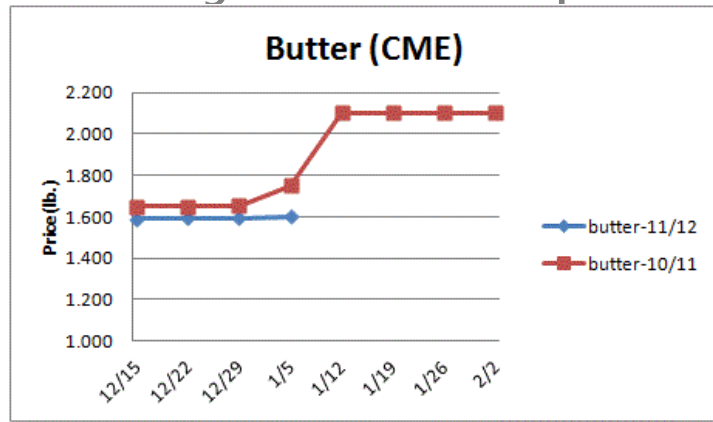
	Price	Last Week	Difference	Price 11
Soybeans, bushel	12.066	11.878	+.188	13.428
Crude Soybean Oil, lb.	.527	.517	+.010	.532
Soybean Meal, ton	305.200	302.600	+2.600	367.300
Corn, bushel	6.541	6.401	+.140	5.867
Crude Corn Oil, lb.	.530	.545	-.015	.570
High Fructose Corn Syrup	.185	.182	+.003	.171
Distillers Grain, Dry	184.500	184.500	-	175.000
Crude Palm Oil, lb. BMD	.465	.430	+.035	.577
HRW Wheat, bushel	6.880	6.740	+.140	7.740
DNS Wheat 14%, bushel	8.990	9.130	-.140	9.060
Durum Wheat, bushel	8.063	7.975	+.088	7.740
Pinto Beans, lb.	.443	.443	-	.200
Black Beans, lb.	.470	.470	-	.260
Rice, Long Grain, lb.	.287	.287	-	.295
Coffee, lb. NYBOT	2.282	2.229	+.053	2.405
Sugar, lb. NYBOT	.360	.363	-.003	.390
Honey (Clover), lb.	1.675	1.675	-	1.563



Dairy- Nov 30th American cheese stocks were down 6.2% versus '11 marking the 2nd largest monthly drawdown for Nov since '88. US butter inventories in Nov were up 36% compared to last year but were the 2nd smallest for any Nov since '05. History suggests that the US cheese and US butter markets may be forming a bottom. But, if major dairy exporters' currencies depreciate versus the US dollar further downside price risk could develop for the US dairy product markets. The USDA is estimating US milk output to be up 1.2% in '12 compared to last year. Prices per pound, except Class I Cream (hundred weight), from USDA.

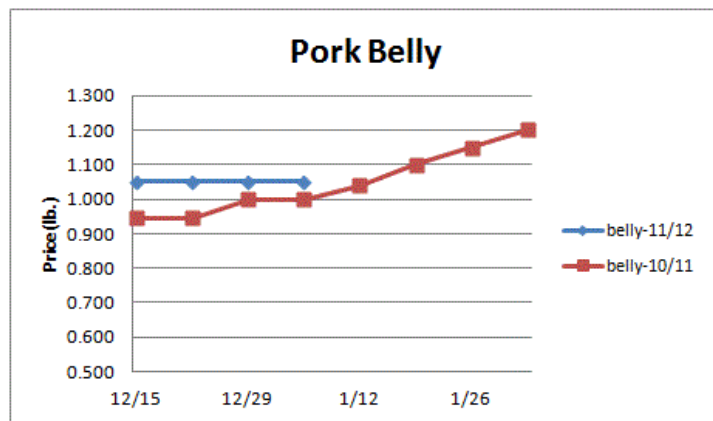
	Price	Last Week	Difference	Price 11
Cheese Barrels (CME)	1.578	1.560	+.018	1.340
Cheese Blocks (CME)	1.580	1.563	+.017	1.345
American Cheese	1.930	1.910	+.020	1.695
Cheddar Cheese (40 lb.)	2.070	2.070	-	1.855
Mozzarella Cheese	1.915	1.915	-	1.670
Provolone Cheese	2.060	2.060	-	1.830
Parmesan Cheese	3.140	3.140	-	3.128
Butter (CME)	1.600	1.595	+.005	1.750
Nonfat Dry Milk	1.471	1.484	-.013	1.292
Whey, Dry	.667	.660	+.007	.385
Class I Base	18.800	18.800	-	15.200
Class II Cream, heavy	1.850	1.772	+.078	1.931
Class III Milk (CME)	17.400	17.050	+.350	13.780
Class IV Milk (CME)	16.820	16.910	-.090	15.800

Weekly Market Updates



Pork- The Dec 1st US hog and pig inventory was 1.6% larger than the prior year. The swine breeding herd decreased by 3,000 head from Sep 1st to Dec 1st. This was only the 2nd time in 11 years that a reduction of the breeding herd was recorded in that time frame. This may signal tempered pork output gains in '12. The USDA is forecasting pork production in Q1 to be 1.1% greater than '11. Pork belly prices moved up an average of 7% in 4 of the last 5 Januarys. Prices USDA, FOB per pound.

	Price	Last Week	Difference	Price 11
Live Hogs	.587	.575	+.012	.514
Belly (bacon)	1.050	1.050	-	1.000
Sparerib (4.25 lb. & down)	1.625	1.556	+.069	1.399
Ham (20-23 lb.)	.740	.855	-.115	.700
Ham (23-27 lb.)	.740	.740	-	.686
Loin (bone-in)	.943	.952	-.009	.867
Babyback Rib (1.75 lb. & up)	2.550	2.578	-.028	2.416
Tenderloin (1.25 lb.)	2.400	2.415	-.015	2.126
Boston Butt, untrmd. (4-8 lb.)	.991	.985	+.006	.814
Picnic, untrmd.	.648	.685	-.037	.610
SS Picnic, smoker trm. bx.	.920	.970	-.050	.780
42% Trimmings	.440	.390	+.050	.320
72% Trimmings	.720	.720	-	.710



Tomato Products, Canned- Tomato canners are negotiating their raw product needs for the '12 harvest with costs comparable to '11. Canned tomato prices are steady. 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	-	.370

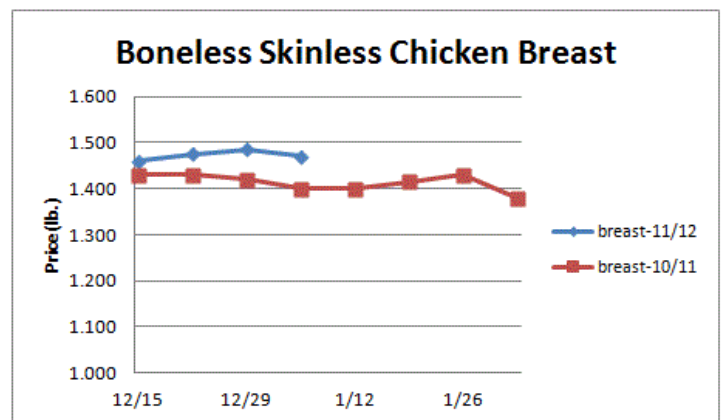
Processed Vegetables- Nov 1st frozen cut corn (18%) and green pea (11%) stocks were less than '11. Processed vegetable prices may move modestly higher this year. Prices FOB per case from ARA.

	Price	Last Week	Difference	Price 11
Corn, Fcy whl kern- can 6/10	18.651	18.651	-	16.906
Green Beans Fcy- can 6/10	18.250	18.250	-	16.563
Green Peas, Fcy- can 6/10	18.750	18.750	-	17.750
Corn, Cob- froz 96 ct.	14.500	14.500	-	14.000
Corn, Kernel- froz 12/2.5#	14.250	14.250	-	14.250
Green Beans Cut- froz 12/2#	12.900	12.900	-	12.900
Green Peas- froz 12/2.5#	20.250	20.250	-	20.250
Potatoes, FF Fncy- froz 6/5#	14.000	14.000	-	13.000

Poultry- The broiler type chick hatch in Nov was 5% lower than last year suggesting that chicken production may continue to trend below '11 levels this month. Pullet placements during Nov were down 9% versus '11. This could translate to the breeding flock falling below year ago levels this spring and possibly dropping by 3% this summer. This is a sign that chicken output declines may persist this year. Last week, the ARA weekly chicken index closed 17% above its 5 year average for the date. Wing prices are currently trending 28% above their 5 year average for this time of the year. Chicken leg quarter and breast prices are elevated compared to prior winters as well. Higher chicken breast prices are likely in Feb. Prices USDA, FOB per pound except when noted.

	Price	Last Week	Difference	Price 11
Chicken				
Whole Birds (2.5-3 lb.-GA)	.900	.900	-	.850
Whole Birds (LA)	.990	.990	-	.940
Wings (whole)	1.690	1.590	+.100	1.175
Wings (jumbo, cut)	1.624	1.556	+.068	1.287
Breast, Bone In	.835	.825	+.010	.755
Breast, Bnless Skinless	1.470	1.485	-.015	1.400
Tenderloin (random)	1.280	1.280	-	1.500
Tenderloin (sized)	1.880	1.880	-	1.700
Legs (whole)	.711	.698	+.013	.484
Leg Quarters	.530	.535	-.005	.390
Thighs, bone in	.767	.727	+.040	.561
Thighs, boneless	1.282	1.265	+.017	.997

	Price	Last Week	Difference	Price 11
Eggs and Others				
Large (dozen)	1.550	1.550	-	1.283
Medium (dozen)	1.082	1.082	-	.875
Whole Eggs- Liquid	.404	.428	-.024	.293
Egg Whites- Liquid	.520	.545	-.025	.371
Egg Yolks- Liquid	.732	.732	-	.597
Whole Turkeys (8-16 lb.)	1.010	1.030	-.020	.885
Turkey Breast, Bnls/Sknls	2.536	2.536	-	2.520

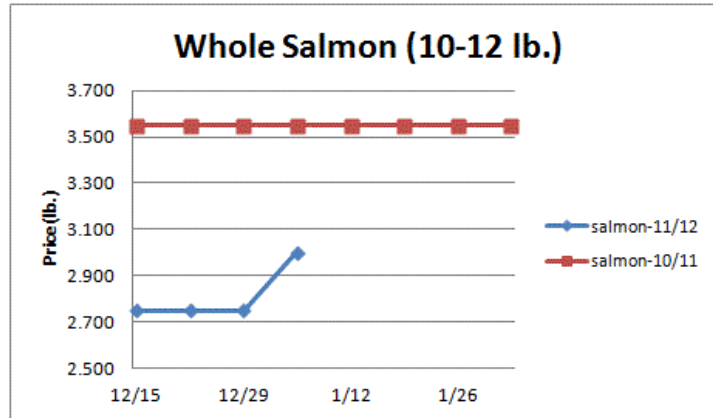


Seafood- Chile, a major salmon exporter, has grown their salmon production from reduced rates caused by disease issues in '09. Chilean output is due to build modestly in '12. If this is accompanied with a higher US dollar valuation, lower salmon prices could develop this year. The snow crab markets are relatively steady. The Alaskan Bering Sea snow crab harvest is anticipated to expand notably in the coming weeks. Prices for fresh product, unless noted, per pound from Fisheries Market News.

	Price	Last Week	Difference	Price 11
Salmon (wh. Atl., 10-12 lb.)	3.000	2.750	+.250	3.550

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Catfish Filets	5.400	5.400	-	3.500
Trout (drn. 8-14 oz.)	3.500	3.500	-	3.100
Shrimp (16/20), Frz	6.347	6.325	+.022	7.478
Shrimp (61/70), Frz.	3.208	3.170	+.038	3.150
Shrimp, Tiger (26/30), Frz.	4.900	4.880	+.020	4.563
Snow Crab, Legs 5-8 oz, Frz	4.975	4.975	-	5.600
Snow Crab, Legs 8 oz/ up, Fz	5.850	5.850	-	5.725
Cod Tails, 3-7 oz., Frz.	3.280	3.280	-	3.088
Cod Loins, 3-12 oz., Frz	3.680	3.680	-	3.794
Salmon Portions, 4-8 oz, Frz	6.357	6.354	+.003	6.092
Pollock, Alaska, Deep Skin	1.800	1.800	-	2.075



Energy & Currency-Currency US dollar is worth.

	<u>Price</u>	<u>Last Week</u>	<u>Difference</u>	<u>Price 11</u>
Crude Oil, barrel- nymex	102.960	99.360	+3.600	89.380
Natural Gas, mbtu- nymex	2.993	3.084	-.091	4.669
Heating Oil, gal- nymex	3.038	2.893	+.145	2.507
Electricity, mwht- nymex	28.840	39.060	-10.220	66.060
Gasoline, gal- nymex	2.749	2.651	+.098	2.414
Diesel Fuel, gal- eia	3.783	3.791	-.008	3.331
Ethanol, gal- usda	2.150	2.150	-	2.275
Canadian \$	1.012	1.015	-.003	0.997
Japanese Yen	76.733	77.643	-.941	81.987
Mexican Peso	13.802	13.986	-.184	12.256
Euro	.769	0.765	+.004	.752
Brazilian Real	1.849	1.861	-.012	1.669
Chinese Yuan	6.296	6.318	-.022	6.609

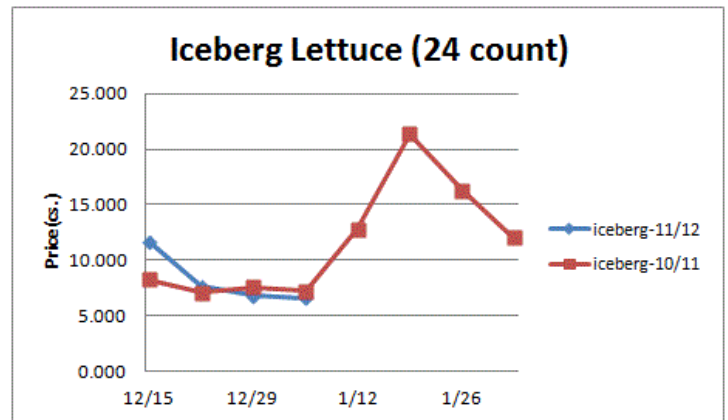
Paper/Plastic-Provided by; resin- www.plasticsnews.com, pulp- www.paperage.com.

<u>Wood Pulp/ Plastic Resin</u>	<u>Price</u>	<u>Last Week</u>	<u>Difference</u>	<u>Price 11</u>
WP; NBSK (napkin, towel)	890.000	890.000	-	967.110
WP; 42 lb. Linerboard (corr.)	696.340	705.198	-8.858	803.109
Res; PS-CHH (cup, cont.)	1.070-1.110	1.070-1.110	-	.950-.990
Res; PP-HIGP (hvy utensil)	.960-.980	.960-.980	-	.950-.970
Res; PE-LLD (cn liner, film)	.830-.860	.830-.860	-	.830-.860

Produce- Cold temperatures during the past week in the main lettuce growing area in the Southwest has caused some frost damage to occur on lettuce plants. But, demand for lettuce is reported to be weak which has kept lettuce prices at bay. Warm and dry weather is expected this week in AZ and CA which should improve the lettuce harvest. Cold temperatures are anticipated this week in Florida but are expected to be brief which should limit any damage to tomato crops. Tomato shipments were down 4% last week compared to '11. Tomato prices usually remain steady in Jan. Prices USDA FOB shipping point unless noted (terminal).

	<u>Price</u>	<u>Last Week</u>	<u>Difference</u>	<u>Price 11</u>
Limes (150 ct.)	11.000	11.000	-	40.000
Lemons (95 ct.)	17.240	16.740	+.500	13.640
Lemons (200 ct.)	19.240	18.740	+.500	11.640
Honeydew (6 ct.)	9.581	6.750	+2.831	10.017
Cantaloupe (15 ct.)	12.450	11.450	+1.000	11.450
Blueberries (12 count)	22.750	23.333	-.583	13.333

Strawberries (12 pnts.)	17.000	23.000	-6.000	25.900
Avocados (Hass 48 ct.)	26.750	25.750	+1.000	29.750
Bananas (40 lb.)- Term.	14.812	14.796	+.016	16.447
Pineapple (7 ct.)- Term.	14.781	11.333	+3.448	13.603
Idaho Potato (60 ct., 50 lb.)	8.250	8.250	-	15.000
Idaho Potato (70 ct., 50 lb.)	8.250	8.250	-	13.875
Idaho Potato (70 ct.)-Term.	14.781	14.924	-.143	18.242
Idaho Potato (90 ct., 50 lb.)	8.625	8.625	-	9.375
Idaho Pot. # 2 (6 oz., 100 lb.)	13.750	12.500	+1.25	15.750
Processing Potato (cwt.)	7.500	7.500	-	7.750
Yellow Onions (50 lb.)	6.208	6.150	+.058	10.521
Yell Onions (50 lb.)-Term.	11.843	11.109	+.734	12.583
Red Onions (25 lb.)- Term.	8.750	7.947	+.803	9.979
White Onions (50 lb.)- Term.	18.500	19.125	-.625	17.904
Tomatoes (large- case)	8.950	8.950	-	8.450
Tomatoes (5x6-25 lb.)-Term	11.031	11.145	-.114	12.667
Tomatoes (4x5 vine ripe)	10.950	11.950	-1.000	8.960
Roma Tomatoes (large- case)	10.505	12.700	-2.195	11.958
Roma Tomatoes (xlarge-cs)	11.605	11.450	+.155	11.958
Green Peppers (large- case)	8.450	7.166	+1.284	7.650
Red Peppers (large 15lb. cs.)	19.950	18.950	+1.000	18.950
Iceberg Lettuce (24 count)	6.612	6.837	-.225	7.213
Iceberg Lettuce (24)-Term.	13.500	13.666	-.166	13.083
Leaf Lettuce (24 count)	7.793	7.800	-.007	7.863
Romaine Lettuce (24 cnt.)	7.441	7.475	-.034	7.723
Mesculin Mix (3 lb.)-Term.	7.250	7.125	+.125	6.969
Broccoli (14 ct.)	9.365	9.748	-.383	8.208
Squash (1/2 bushel)	6.600	5.350	+1.250	10.350
Zucchini (1/2 bushel)	13.600	8.850	+4.750	6.850
Green Beans (bushel)	13.833	15.200	-1.367	41.850
Spinach, Flat 24's	11.850	12.325	-.475	9.975
Mushrms (10 lb, lg.)-Term.	15.145	15.611	-.466	13.120
Cucumbers (bushel)	14.642	9.210	+5.432	13.600
Pickles (200-300 ct.)- Term.	23.287	25.000	-1.713	21.375
Asparagus (small)	22.375	22.375	-	23.000
Freight (Truck; CA-Cty Av.)	5187.500	5193.750	-6.250	4668.750



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

	<u>Nov-11</u>	<u>Oct-11</u>	<u>Sep-11</u>	<u>Aug-11</u>
Beef and Veal	+.353	+.514	+.025	+.405
Dairy	-.331	+.051	+1.228	+.903
Pork	-.906	-.421	+1.478	+.674
Chicken	-.038	+.994	+.341	-.251
Fresh Fish and Seafood	+.356	-1.107	+.512	-.072
Fresh Fruits and Veg.	-.399	-1.473	+1.592	+.394