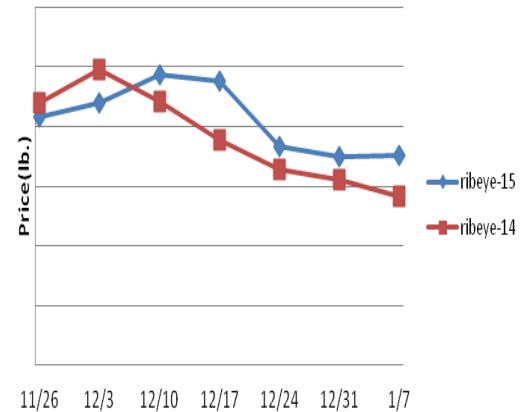


## Beef, Veal and Lamb Report

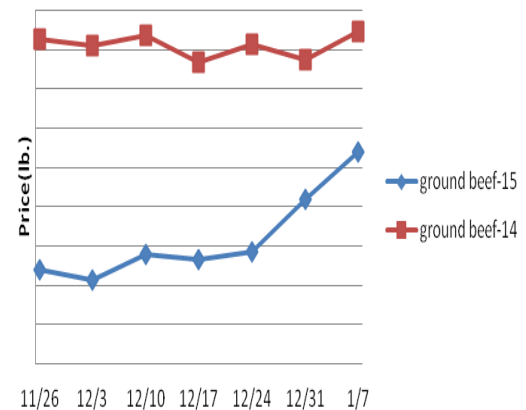
**Beef, Veal & Lamb** -Beef production last week improved from the Christmas shortened prior week but was 2% less than the same week in 2014. Beef production is expected to return to more normal levels in the near term but poor beef packer margins, driven by rising cattle prices, may temper production. Recent adverse weather is causing various challenges in feedlots influencing the cattle markets upward. Beef demand typically shifts to more end cut beef products this month which can bring a lift to the appropriate markets. The five year average move for the choice 116 chuck market during the next three weeks is an increase of 8%. Lean beef trim prices usually firm this month as well. Price USDA, FOB per pound.

| Description                  | Market Trend | Supplies | Price vs. Last Year |
|------------------------------|--------------|----------|---------------------|
| Live Cattle (Steer)          | Increasing   | Short    | Lower               |
| Feeder Cattle Index (CME)    | Increasing   | Short    | Lower               |
| Ground Beef 81/19            | Increasing   | Good     | Lower               |
| Ground Chuck                 | Increasing   | Good     | Lower               |
| 109 Export Rib (ch)          | Decreasing   | Good     | Higher              |
| 109 Export Rib (pr)          | Decreasing   | Good     | Lower               |
| 112a Ribeye (ch)             | Increasing   | Good     | Higher              |
| 112a Ribeye (pr)             | Increasing   | Good     | Lower               |
| 114a Chuck , Shlder Cld(ch)  | Increasing   | Good     | Lower               |
| 116 Chuck (sel)              | Increasing   | Good     | Higher              |
| 116b Chuck Tender (ch)       | Increasing   | Good     | Lower               |
| 116 Chuck (ch)               | Increasing   | Good     | Lower               |
| 120 Brisket (ch)             | Increasing   | Good     | Lower               |
| 120a Brisket (ch)            | Increasing   | Good     | Lower               |
| 121c Outside Skirt (ch/sel)  | Increasing   | Good     | Lower               |
| 121d Inside Skirt (ch/sel)   | Increasing   | Good     | Lower               |
| 121e Cap & Wedge             | Increasing   | Good     | Lower               |
| 167a Knuckle, Trimmed (ch)   | Increasing   | Good     | Lower               |
| 168 Inside Round (ch)        | Increasing   | Good     | Lower               |
| 169 Top Round (ch)           | Increasing   | Good     | Lower               |
| 171b Outside Round (ch)      | Increasing   | Good     | Lower               |
| 174 Short Loin (ch 0x1)      | Increasing   | Good     | Higher              |
| 174 Short Loin (pr 2x3)      | Increasing   | Good     | Lower               |
| 180 1x1 Strip (ch)           | Increasing   | Good     | Lower               |
| 180 1x1 Strip (pr)           | Steady       | Good     | Lower               |
| 180 0x1 Strip (ch)           | Increasing   | Good     | Lower               |
| 184 Top Butt, boneless (ch)  | Increasing   | Good     | Lower               |
| 184 Top Butt, boneless (pr)  | Steady       | Good     | Lower               |
| 185a Sirloin Flap (ch)       | Increasing   | Good     | Higher              |
| 185c Loin, Tri-Tip (ch)      | Increasing   | Good     | Lower               |
| 189a Tender (sel, 5 lb & up) | Increasing   | Good     | Higher              |
| 189a Tender (ch, 5 lb & up)  | Increasing   | Good     | Lower               |
| 189a Tender (pr, heavy)      | Decreasing   | Good     | Higher              |
| 193 Flank Steak (ch)         | Increasing   | Good     | Lower               |
| 50% Trimmings                | Increasing   | Good     | Lower               |
| 65% Trimmings                | Increasing   | Good     | Lower               |
| 75% Trimmings                | Increasing   | Good     | Lower               |
| 85% Trimmings                | Increasing   | Short    | Lower               |
| 90% Trimmings                | Decreasing   | Short    | Lower               |
| 90% Imported Beef (frz)      | Steady       | Good     | Lower               |
| 95% Imported Beef (frz)      | Steady       | Good     | Lower               |
| Veal Rack (Hotel 7 rib)      | Steady       | Good     | Lower               |
| Veal Top Round (cap off)     | Steady       | Good     | Higher              |

### 112a Choice Beef Ribeye (heavy)



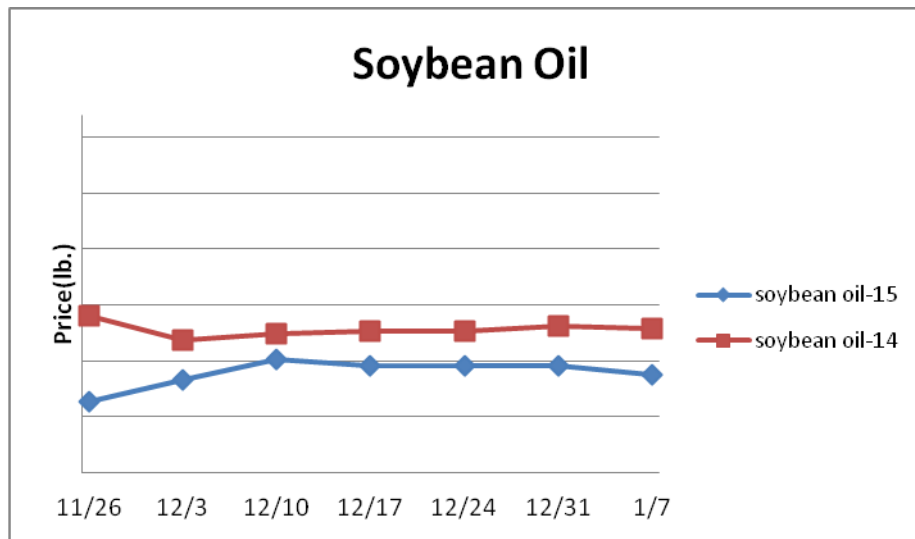
### 81/19 Ground Beef



# Grains

The 2016-17 domestic winter wheat crop entered dormancy with its second best rating in the last five years. Further, the crop is benefiting from recent precipitation and snowfall. Unless the weather turns negative for the wheat crops here or abroad, it may be hard for wheat prices to rally in the coming months. Prices USDA, FOB

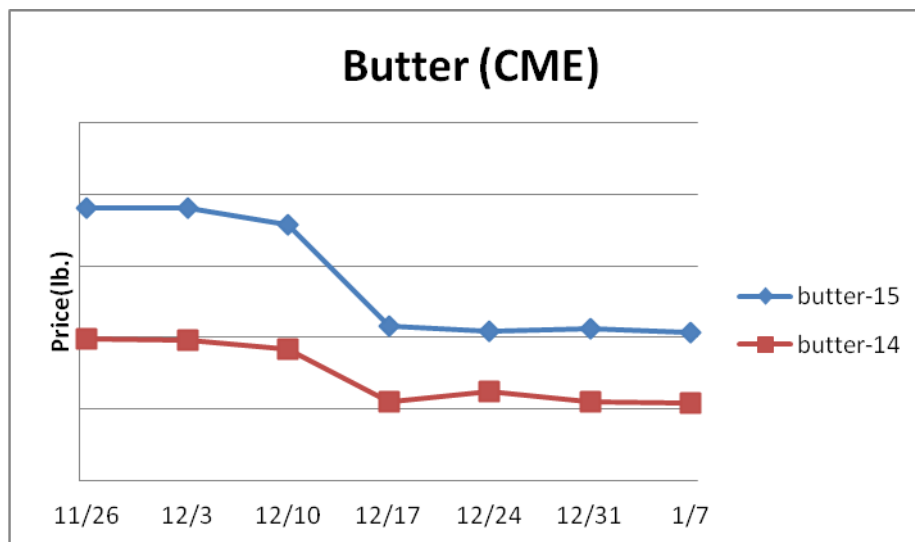
| Description              | Market Trend | Supplies | Price vs. Last Year |
|--------------------------|--------------|----------|---------------------|
| Soybeans, bushel         | Decreasing   | Good     | Lower               |
| Crude Soybean Oil, lb    | Decreasing   | Good     | Lower               |
| Soybean Meal, ton        | Decreasing   | Good     | Lower               |
| Corn, bushel             | Decreasing   | Good     | Lower               |
| Crude Corn Oil, lb       | Increasing   | Good     | Higher              |
| High Fructose Corn Syrup | Decreasing   | Good     | Lower               |
| Distillers Grain, Dry    | Decreasing   | Good     | Lower               |
| Crude Palm Oil, lb BMD   | Steady       | Good     | Lower               |
| HRW Wheat, bushel        | Decreasing   | Good     | Lower               |
| DNS Wheat 14%, bushel    | Decreasing   | Good     | Lower               |
| Durum Wheat, bushel      | Decreasing   | Short    | Lower               |
| Pinto Beans, lb          | Steady       | Good     | Lower               |
| Black Beans, lb          | Steady       | Good     | Lower               |
| Rice, Long Grain, lb     | Steady       | Good     | Lower               |



# Dairy

The cheese markets continue to trade at relatively engaging levels for buyers. Unseasonably warm temperatures this fall have boosted milk production in the Midwest. Consequently, milk continues to trade below government set price levels which should only encourage cheese production. History suggests that the downside price risk in the cheese markets from here may be nominal. But it may be hard for cheese prices to rally substantially in 2016 unless the international dairy and domestic nonfat dry milk markets appreciate. The CME butter markets remain supported. Prices per pound, except Class I Cream (hundred weight), from USDA.

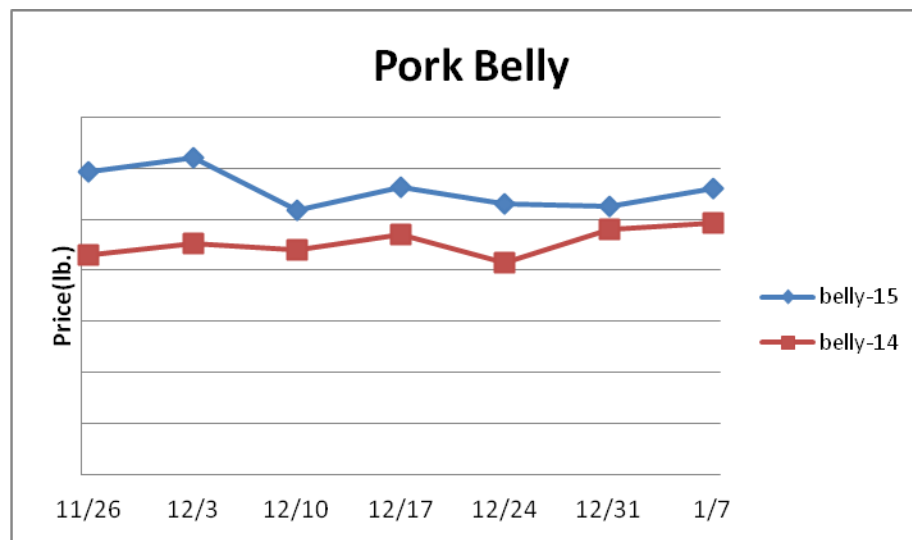
| Description            | Market Trend | Supplies | Price vs. Last Year |
|------------------------|--------------|----------|---------------------|
| Cheese Barrels (CME)   | Steady       | Good     | Lower               |
| Cheese Blocks (CME)    | Increasing   | Good     | Lower               |
| American Cheese        | Increasing   | Good     | Lower               |
| Cheddar Cheese (40 lb) | Increasing   | Good     | Lower               |
| Mozzarella Cheese      | Increasing   | Good     | Lower               |
| Provolone Cheese       | Increasing   | Good     | Lower               |
| Parmesan Cheese        | Increasing   | Good     | Lower               |
| Butter (CME)           | Decreasing   | Good     | Higher              |
| Nonfat Dry Milk        | Decreasing   | Ample    | Lower               |
| Whey, Dry              | Steady       | Good     | Lower               |
| Class 1 Base           | Steady       | Good     | Lower               |
| Class II Cream, heavy  | Increasing   | Good     | Higher              |
| Class III Milk (CME)   | Decreasing   | Good     | Lower               |
| Class IV Milk (CME)    | Decreasing   | Good     | Lower               |



# Pork

Pork output last week rose sharply from the holiday shortened prior week but was just .9% better than the same week last year. The USDA is currently forecasting first quarter 2016 pork production to decline .2% from last year. It's more likely that pork output will be up modestly versus 2015 but smaller expansion than what was experienced for the last several months could bring support to the pork markets. Pork exports could expand during the next few quarters as well as international buyers take advantage of the depressed U.S. prices. Prices USDA, FOB per pound.

| Description                            | Market Trend | Supplies | Price vs. Last Year |
|--|--------------|----------|---------------------|
| <b>Live Hogs</b>                       | Increasing   | Ample    | Lower               |
| <b>Sow</b>                             | Increasing   | Ample    | Lower               |
| <b>Belly (bacon)</b>                   | Increasing   | Good     | Higher              |
| <b>Sparerib(4.25 lb &amp; down)</b>    | Decreasing   | Good     | Lower               |
| <b>Ham (20-23 lb)</b>                  | Decreasing   | Good     | Lower               |
| <b>Ham (23-27 lb)</b>                  | Increasing   | Good     | Lower               |
| <b>Loin (bone in)</b>                  | Decreasing   | Good     | Lower               |
| <b>Babyback Rib (1.75 lb &amp; up)</b> | Increasing   | Good     | Higher              |
| <b>Tenderloin (1.25 lb)</b>            | Increasing   | Good     | Lower               |
| <b>Boston Butt, untrmd (4-8 lb)</b>    | Decreasing   | Good     | Lower               |
| <b>Picnic, untrmd</b>                  | Decreasing   | Good     | Lower               |
| <b>SS Picnic, smoker trm box</b>       | Decreasing   | Good     | Lower               |
| <b>42% Trimmings</b>                   | Increasing   | Good     | Lower               |
| <b>72% Trimmings</b>                   | Increasing   | Good     | Lower               |



# Poultry

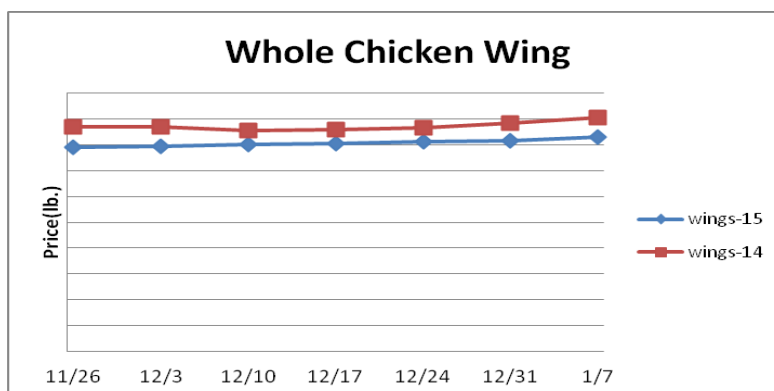
Chicken production for the week ending December 26<sup>th</sup> was 5% less than the same week last year. Chicken output expansion compared to 2015 is expected to be only modest during the next several weeks as chicken producers continue to grapple with decade plus lows in chicken breast and leg quarter prices. The chicken wing markets have started to firm with the NFL playoffs commencing this weekend. Last week, the ARA Chicken Wing Index rose \$.05 marking the biggest rise for the week since 2011. Further, the wing markets are pricing at expensive premiums to the boneless skinless breast markets. The last time this occurred, the ARA Chicken Wing Index declined 39% from the Super Bowl into the first week of May. Prices USDA, FOB per pound except when noted

| Description                 | Market Trend | Supplies | Price vs. Last Year |
|-----------------------------|--------------|----------|---------------------|
| Whole Birds (2.5-3 GA)      | Steady       | Good     | Lower               |
| Wings (whole)               | Increasing   | Good     | Lower               |
| Wings (jumbo cut)           | Increasing   | Good     | Lower               |
| Wing Index (ARA)            | Increasing   | Good     | Lower               |
| Breast, Bone In             | Steady       | Good     | Lower               |
| Breast, Boneless Skinless   | Decreasing   | Good     | Lower               |
| Breast Boneless Index (ARA) | Increasing   | Good     | Lower               |
| Tenderloin (random)         | Increasing   | Good     | Lower               |
| Tenderloin (sized)          | Decreasing   | Good     | Lower               |
| Legs (whole)                | Decreasing   | Good     | Lower               |
| Leg Quarters                | Decreasing   | Good     | Lower               |
| Leg Quarter Index (ARA)     | Steady       | Good     | Lower               |
| Thighs, Bone In             | Increasing   | Good     | Lower               |
| Thighs, Boneless            | Decreasing   | Good     | Lower               |

| Description               | Market Trend | Supplies | Price vs. Last Year |
|---------------------------|--------------|----------|---------------------|
| Whole Turkey (8-16 lb)    | Decreasing   | Short    | Higher              |
| Turkey Breast, Bnls/Sknls | Steady       | Short    | Higher              |

# Eggs

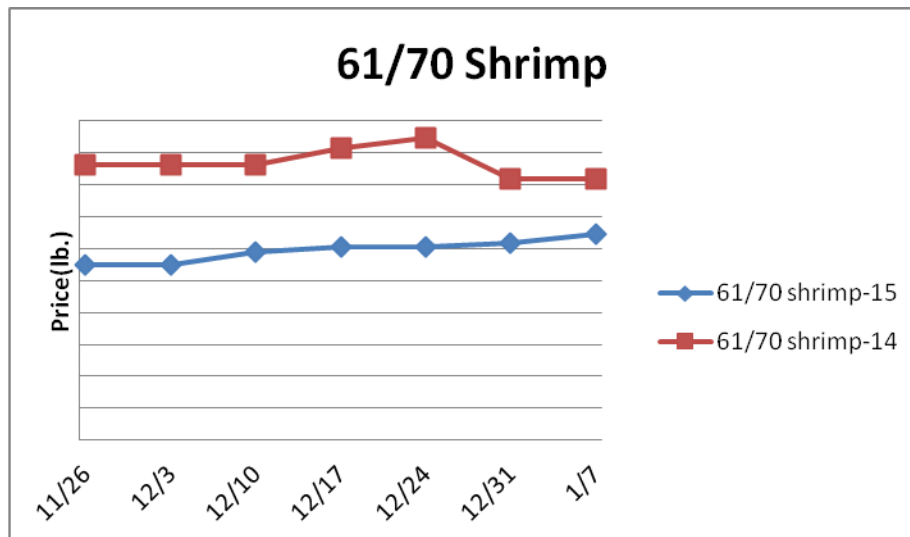
| Description         | Market Trend | Supplies | Price vs. Last Year |
|---------------------|--------------|----------|---------------------|
| Large Eggs (dozen)  | Decreasing   | Short    | Lower               |
| Medium Eggs (dozen) | Decreasing   | Short    | Lower               |
| Liquid Whole Eggs   | Steady       | Short    | Lower               |
| Liquid Egg Whites   | Steady       | Short    | Lower               |
| Liquid Egg Yolks    | Steady       | Short    | Higher              |



# Seafood

The Alaskan Bearing Sea snow crab fishing season limped into the holidays with just 2% of the 2015-16 quota landed but fishing typically expands sharply during January. Still, this season's quota is 40% smaller than the prior year and the least since 2006-07. Thus, Alaskan snow crab dock prices could be expensive this winter bringing support to the markets. Prices for fresh product, unless noted, per pound from Fisheries Market News.

| Description                   | Market Trend | Supplies | Price vs. Last Year |
|-------------------------------|--------------|----------|---------------------|
| Shrimp (16/20 frz)            | Decreasing   | Good     | Lower               |
| Shrimp (61/70 frz)            | Increasing   | Good     | Lower               |
| Shrimp Tiger (26/30 frz)      | Increasing   | Good     | Lower               |
| Snow Crab Legs (5-8 oz frz)   | Steady       | Good     | Lower               |
| Snow Crab Legs (8oz & up frz) | Steady       | Good     | Higher              |
| Cod Tails (3-7 oz frz)        | Steady       | Good     | Lower               |
| Cod Loins (3-12 oz frz)       | Steady       | Good     | Higher              |
| Salmon Portions (4-8 oz frz)  | Steady       | Good     | Lower               |
| Pollock Alaska, Deep Skin     | Steady       | Good     | Higher              |



## Paper and Plastic Product Report

| Description                           | Market Trend | Supplies | Price vs. Last Year |
|---------------------------------------|--------------|----------|---------------------|
| <b>Wood Pulp (paper)</b>              |              |          |                     |
| NBSK- Paper napkin                    | Steady       | Good     | Lower               |
| 42 lb. Linerboard-corrugated box      | Steady       | Good     | Lower               |
| <b>Plastic Resins (plastic, foam)</b> |              |          |                     |
| PS-CHH-utensils, cups, to-go cont.    | Steady       | Good     | Lower               |
| PP-HIGP-heavy grade utensils          | Steady       | Good     | Lower               |
| PE-LLD-can liners, film, bags         | Steady       | Good     | Lower               |

## Retail Price Change from Prior Month

| Description                 | Nov-15     | Oct-15     | Sept-15    |
|-----------------------------|------------|------------|------------|
| Beef and Veal               | Decreasing | Decreasing | Decreasing |
| Dairy                       | Decreasing | Decreasing | Increasing |
| Pork                        | Decreasing | Increasing | Increasing |
| Chicken                     | Increasing | Increasing | Decreasing |
| Fresh Fish and Seafood      | Decreasing | Decreasing | Decreasing |
| Fresh Fruits and Vegetables | Increasing | Increasing | Increasing |

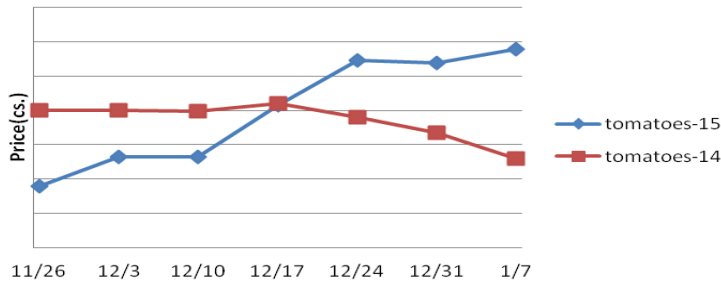
## Various Markets

Cocoa prices have softened during the last week as the historically inflated markets are encouraging output expansion in West Africa. The greater long term risk in cocoa prices from here is to the downside. Price bases noted below.

| Description                         | Market Trend | Supplies | Price vs. Last Year |
|-------------------------------------|--------------|----------|---------------------|
| <b>Whole Peeled, Stand (6/10)</b>   | Steady       | Good     | Lower               |
| <b>Tomato Paste-Industrial (lb)</b> | Steady       | Good     | Lower               |
| <b>Coffee lb ICE</b>                | Decreasing   | Good     | Lower               |
| <b>Sugar lb ICE</b>                 | Increasing   | Ample    | Higher              |
| <b>Cocoa mt ICE</b>                 | Decreasing   | Short    | Lower               |
| <b>Orange Juice lb ICE</b>          | Decreasing   | Good     | Higher              |
| <b>Honey (clover) lb</b>            | Steady       | Good     | Lower               |

# Produce

**Tomatoes (Large)**



Iceberg lettuce prices remain fairly inflated as adverse weather and holiday shortened harvests have supported prices. Precipitation and cold temperatures this week could shorten the lettuce harvest again in the Yuma-Imperial Valley region. Thus, the lettuce markets could remain volatile in the near term and may not fully recover until later this month. This same challenging weather could influence the western tomato harvest this week as well. The tomato markets could remain expensive during the next few weeks. Still, history suggests that in the longer term the greater risk in these markets is to the downside. Price bases noted below.

| Description                   | Market Trend | Supplies | Price vs. Last Year |
|-------------------------------|--------------|----------|---------------------|
| Limes (150 ct)                | Steady       | Good     | Lower               |
| Lemons (95 ct)                | Decreasing   | Good     | Higher              |
| Lemons (200 ct)               | Steady       | Short    | Higher              |
| Honeydew (6 ct)               | Steady       | Good     | Lower               |
| Cantaloupe (15 ct)            | Increasing   | Good     | Higher              |
| Blueberries (12 ct)           | Decreasing   | Good     | Higher              |
| Strawberries (12 pnt)         | Increasing   | Good     | Lower               |
| Avocados (Hass 48 ct)         | Steady       | Good     | Lower               |
| Bananas (40 lb) Term          | Increasing   | Good     | Lower               |
| Pineapple (7 ct) Term         | Increasing   | Good     | Lower               |
| Idaho Potato (60 ct 50 lb)    | Increasing   | Short    | Lower               |
| Idaho Potato (70 ct 50 lb)    | Increasing   | Short    | Lower               |
| Idaho Potato (70 ct ) Term    | Increasing   | Short    | Lower               |
| Idaho Potato (90 ct 50 lb)    | Increasing   | Short    | Higher              |
| Idaho Potato #2 (6 oz 100 lb) | Decreasing   | Short    | Lower               |
| Processing Potato (cwt)       | Steady       | Short    | Same                |
| Yellow Onions (50 lb)         | Increasing   | Good     | Higher              |
| Yellow Onions (50 lb) Term    | Decreasing   | Good     | Higher              |
| Red Onions (25 lb) Term       | Decreasing   | Good     | Higher              |
| White Onions (50 lb) Term     | Decreasing   | Good     | Lower               |
| Tomatoes (lg case)            | Increasing   | Good     | Higher              |
| Tomatoes (5x6 lb) Term        | Increasing   | Good     | Higher              |
| Tomatoes (4x5 vine ripe)      | Decreasing   | Good     | Higher              |
| Roma Tomatoes (lg case)       | Decreasing   | Good     | Higher              |
| Roma Tomatoes (xlg case)      | Decreasing   | Good     | Higher              |
| Green Peppers (lg case)       | Decreasing   | Good     | Higher              |
| Red Peppers (lg 15 lb case)   | Increasing   | Good     | Higher              |
| Iceberg Lettuce (24 ct)       | Increasing   | Good     | Higher              |
| Iceberg Lettuce (24 ct) Term  | Increasing   | Good     | Higher              |
| Leaf Lettuce (24 ct)          | Increasing   | Good     | Higher              |
| Romaine Lettuce (24 ct)       | Increasing   | Good     | Higher              |
| Mesculin Mix (3 lb) Term      | Increasing   | Good     | Lower               |
| Broccoli (14 ct)              | Increasing   | Good     | Higher              |
| Squash (1/2 bushel)           | Increasing   | Good     | Higher              |
| Zucchini (1/2 bushel)         | Increasing   | Good     | Higher              |
| Green Beans (bushel)          | Decreasing   | Good     | Higher              |
| Spinach (flat 24)             | Increasing   | Good     | Higher              |
| Mushrooms (10 lb lg) Term     | Steady       | Good     | Lower               |
| Cucumbers (bushel)            | Decreasing   | Good     | Higher              |
| Pickles (200-300 ct) Term     | Decreasing   | Good     | Lower               |
| Asparagus (sm)                | Steady       | Good     | Higher              |
| Freight (truck CA-Cty Av)     | Increasing   | Good     | Lower               |



