



# FARMER'S REPORT

MARKET TRENDS | 1.9.2015

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# BEEF

Packers bought live cattle between \$1.66 and \$1.69 last week, which was \$5 more than the week before. We continue to see upward asking prices for live as suppliers scramble to increase production levels compared to the low kill holiday weeks.

## ROUNDS

**INSIDES:** All grades of inside rounds were higher based on the previous week of low production levels. We do anticipate a lower downward trend over the next several weeks as we will see more product become available.

**FLATS:** Bottom round flats also reported higher last week with heavy demand as retailers ads are in place. Bottom round flats will take the same direction as the inside rounds with expected downward pressure over the next few weeks.

## LOINS

**STRIPS:** All grades of strips continue to have interest in the market with higher costs from previous week as they are of relative value to other steak cuts. There is some down side potential over the next several weeks, but they are expected to seasonally climb through late winter/early spring.

**TOP BUTTS:** As we projected, the market is showing signs of discounting and we should continue to see this market sideways to down until we hit late January and then the market should turn upward from there.

**BALL TIPS:** Ball tips reported slightly down from prior week as we likely hit the top side of the market; this is about 4 weeks earlier than expected. If so, watch for them to move upward modestly at first before peaking in the spring.

**TENDERLOINS:** Tenderloins continue to show weakness and they should remain that way the next couple of weeks. We may see a Valentine's Day bump in late January before they start moving upward seasonally in the spring.

## RIBS

**RIBEYES:** All grades and weights of ribs dropped in price from previous week. This was primarily due to very low volume on very low demand. Ribs are expected to continue move downward through the good part of January.

## CHUCKS

**CHUCK ROLLS:** Chucks were higher with select being more modest. We are expecting them to continue to rise more so than insides. Beware; some are saying that these could under perform.

## THIN MEATS & GRINDS

**FLAP MEAT:** Flap meat continue to fluctuate as the suppliers try to get more inventories around them. The seasonal low has likely occurred and this cut has more upside potential.

**FLANK:** Flank remains very high and some are calling for an adjustment to the already high prices. If so, it will most likely occur sometime in January.

**BRISKETS:** Brisket remains a hot item and pricing is reflective as demand continues to outpace supply. Expect briskets to remain strong moving into late winter until we get past St. Patrick's Day.

**GRINDS:** Grinds have moved higher on good demand, post holiday features, and low supplies of lean boneless trimmings. We should continue to see grinds move higher for at least the next several weeks before coming off sometime late January/early February.

**SKIRT MEAT:** Skirts continue to be sporadic with pricing up one week and down another. It seems to have settled for the time being, but is still vulnerable to price fluctuations.





# PORK

Base hog prices are predicted to be steady to weaker due to ample overall supplies. However, bitter cold temperatures, brisk winds, and snow are creating some challenges for pork packers trying to secure hogs for this week's production.

Last week's slaughter numbers (it was a holiday week) were reported at approximately 1.74 million head, down almost 6.0% from year ago. This week's slaughter numbers are expected to come in at 2.24 million head, which is about 5% above 2014 levels. Hog supplies are expected to begin increasing as we move into Q2 2015.

Hog weights were heavier last week due to the shortened slaughter week. Carcass weights were running about 2 lbs above year ago levels; however as temperatures dip and we move into the winter months, hog weights are expected to decline. As we move toward Q3 2015 and herd expansion, expect hog weights to move lower again.

Overall pork demand is expected to remain sluggish for the next week; however, an increase in retail promotions is expected to boost product demand mid to late January 2015. On the demand side week over week, commodity cuts are trading steady to slightly lower last week and in early week trade. On the processed meat side prices are mixed with hams trending lower and bellies holding steady.

## LOINS

The market for bone in and boneless loins traded steady to slightly lower last week due to increased product supplies. Prices for both bone in and boneless loins are expected to move higher as retailers feature pork loins as a low cost alternative to higher priced beef items. Prices for loins are expected to remain above year ago levels through January.

## TENDERS

Pork tenders moved higher last week on strong retail demand for January features. Tenders are expected to trade steady to slightly higher through mid January as retailers feature this item as a "value cut". Prices expected to remain above year ago levels through the January time frame.

## BUTTS

Prices for pork butts traded steady to lower as packers found themselves with extra product late last week. Prices are expected to trade steady to slightly higher through late January due to increased domestic and export demand. Prices are expected to remain above 2014 levels through January.

## RIBS

Spareribs traded steady to slightly higher last week due to improved demand. Prices are expected to trade fairly steady through year end then gradually move higher in early 2015. Packers are converting their larger spareribs into value added St. Louis Ribs and this reduces the overall supply of light spareribs and firms up the pricing. Back Ribs were steady to higher as processors lock in product for the 2015 rib season. Prices for Back Ribs are expected to trade steady to slightly higher through early January. Lighter Spareribs, St. Louis ribs, and Back ribs are expected to be in tight supply through early Q1.

## BELLIES/BACON

Bacon/Belly prices moved slightly lower last week due to additional supplies of fresh, sized bellies. Belly prices are expected to remain volatile (week over week) through mid January and then begin to trend higher as retail promotions for bacon "kick in".

## HAMS

Ham prices continued lower last week due to weaker domestic demand and ample supplies of fresh hams. Ham prices are expected to trade steady to lower through mid January. Ham prices are expected to move higher mid January through early March as Easter demand ramps up.

## TRIM

The following market dynamics will impact finished goods pricing during the January time frame. Pork trimmings continue their seasonal downtrend and are expected to continue moving lower through the end of this year. Thus prices for processed meat items, like hot dogs and dinner sausage are expected to be lower during the January time frame.

## PICNICS

Pork Picnics moved lower last week due to increased supplies and weaker domestic and export demand. Picnics are expected to remain volatile week over week through late January. Prices may firm as sausage and hot dog makers begin freezing picnics for use in dinner sausage. Additionally, an increase in export demand may support higher price points.





## TURKEY

### WHOLE FROZEN TURKEY

With the holidays behind us, the whole turkey market continues to deflate as producers attempt to run through last year's inventory.

### BONELESS SKINLESS TURKEY BREASTS

The frozen turkey breast market has continued to tumble. It is slowly becoming a buyer's market as long range contracts are being written at much lower than market price.



## POULTRY

The United States has reported its first outbreak of high-pathogenic H5N8 avian flu in a backyard poultry flock in Oregon, while the H5N2 virus has been detected in wild ducks in the state of Washington, close to the border with Canada. Canada has now reported a total of 11 outbreaks with the high-path H5N2 virus in commercial poultry and one in a backyard flock, all in the same region of the province of British Columbia. This flu has the potential to destroy entire flocks in affected poultry houses.

Supplies of whole birds, WOGs, and wings remain limited. Buyers in need continue to show little resistance to the sharp premiums being asked by sellers. Boneless breast meat and tenders supplies are meeting the demand, however, the prices paid are at market level or slightly above. The back half of the bird remains under varying degrees of pressure. All bone-in and boneless supplies outpace the demand. Product is being moved to the freezer. Exports are down due to the rising value of the US Dollar. There has been a significant amount of discounting of prices to keep the product moving.

Hatcheries in the United States weekly program set 215 million eggs in incubators during the week ending December 27, 2014, up 3 percent from a year ago. Hatcheries in the 19 State weekly program set 207 million eggs in incubators during the week ending December 27, 2014, up 3 percent from the year earlier. Average hatchability for chicks hatched during the week in the United States was 83 percent. Average hatchability is calculated by dividing chicks hatched during the week by eggs set three weeks earlier.

Broiler growers in the United States weekly program placed 175 million chicks for meat production during the week ending December 27, 2014, up 2 percent from a year ago. Broiler growers in the 19 State weekly program placed 168 million chicks for meat production during the week ending December 27, 2014, up 2 percent from the year earlier. Cumulative placements from December 29, 2013 through December 27, 2014 for the United States were 8.94 billion. Cumulative placements were up 1 percent from the same period a year earlier.

### BONELESS SKINLESS BREASTS

The boneless skinless breast market continued to trend sideways. The retail segment is featuring breast meat, since it is the low cost meat protein. As the further processors start producing for the QSR segment, we should see this market move up slightly.

### CHICKEN TENDERLOINS

The demand for medium tenderloins is continuing to gain momentum, though the market trended sideways. The demand for Jumbo tenderloins has remained steady as indicated by the market trending sideways. Look for this market to start trending higher as the further processors usage grows during the next 30 days.

### WINGS

The demand for Jumbo wings by the different QSR segment has made this market very competitive. Though there is product available, buyers have been willing to buy loads at or above market prices. The demand for medium wings by the retail segment has made it extremely difficult to find available loads of this offering. With the football playoffs in full swing, this market will continue to inflate.

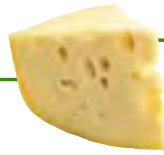
### BONELESS SKINLESS THIGHS

The market for boneless dark meat continues to deflate as the demand is off on all dark meat offerings. The decline in oil prices, thus the strengthening of the US Dollar is making the export business weaker than normal.





# COMMODITY GROCERY



# DAIRY

## SOYBEAN OIL

USDA report due out next Monday:

Traders are looking for a modest reduction in the 2014/2015 soybean ending stocks number based on a combination of slightly lower acreage and higher export projections.

**DOMESTIC CROP & PRODUCTION:** With the U.S. soybean harvest complete, stocks are expected to increase significantly in 2014/15 crop year, increasing from a record low of 92 million bushel in 2013/14 to north of 410 million this year.

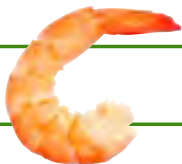
That being said, there are several factors that may prevent any sort of significant oil price declines:

- The soybean oil inventories are sitting (10 year lows) at just above a billion pounds. This means that even as rail cars become more available to move product, reserves will improve but still remain below healthy levels going into 2015
- Most traders believe that the current USDA soybean export projections are still too low and expect an increase
- Thirdly, oil yield from the beans currently being processed is on the low end of the spectrum at around 30% (and substantially below last years levels). This means that crushers aren't getting as much oil out of every bean crushed.
- Lastly, there is a strong seasonal tendency for soybean oil prices to increase from January through June

### INTERNATIONAL CROP:

- South American crops are on pace for another record season. Brazil is expected to have a bumper crop. Weather for SA remains without serious threat, nearly ideal conditions overall. In late January harvesting will begin.
- Argentine planting now nearly complete and adequate rainfall in the forecast.

**BIODIESEL:** The sharp break in crude oil prices could lead to reduced soybean oil demand for biodiesel production as margins in that industry deteriorate. Decisions have been postponed regarding the blenders credit for 2015 and 2016 until "sometime in 2015".



# SEAFOOD

## SHRIMP, DOMESTIC (WHITES AND BROWNS)

The White shrimp freezer boat fleet are starting to unload product. We hope to see a small window of lower shell on while prices. Inventories are still good and lack of movement has made pricing stable on Domestic shrimp. Outlook is once sales pick up we will see a rise in price.

**DOMESTIC PUDS:** Small PUDS are almost done as shrimp have moved to deeper water with the cold weather. Pricing is stable as the production has slowed down. Packers continue to evaluate inventory levels. General thought is pricing will be strong in the months to go as inventory is depleted.

## BUTTER

Markets are stabilizing and are expected to hold steady through the rest of January. Milk and cream supplies are plentiful which is encouraging butter manufacturers to run at full capacity. Butter inventories are beginning to rebuild after the extreme depletion seen last year. Overall market for 2015 is expected to be lower and less volatile than 2014.

## CHEESE

Markets over the past two weeks have been increasing unexpectedly. With ample milk supplies it was forecasted for markets to trade steadily for the first two months of 2015, however, markets have continued to trade up with this week remaining at the higher level but stable.

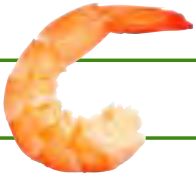
## SHELL EGGS

Volatility continues this week as most regions of the country continue to see declines. California markets are increasing this week as the new state regulations take effect. There's still much uncertainty going into 2015 what the national impact will be on pricing and potential supply shortages.

## MILK & CREAM

For the month of January, fluid milk and cream prices saw significant declines. Pricing is expected to continue to decline in the first quarter of 2015 before leveling off. Production is in line with demand and is seasonally lower.





# SEAFOOD (CONT'D)

## SHRIMP, IMPORTED

### (BLACK TIGER AND WHITES)

**TIGER:** HLSO larger tigers saw some lower prices. Inventory is slowly moving and vendors are looking to move product. Retail commitments are filled. We still feel Tigers overall will be in tight supply as we've been advising, and conversion to whites remains a sound strategy as the market will now dictate large gaps in pricing between the Tigers & Whites.

**WHITES:** The Latin markets are lower in price. This market is very sloppy and we expect lower prices in the near future.

## CATFISH, DOMESTIC & IMPORTED

**DOMESTIC:** This market is now stable and time will tell on price. History tells us as fish growth slows down product will become tight and prices will rise.

**IMPORTED:** the market is starting to see some upward movement this week as product is getting tighter. Inventories in the US are getting tighter, and in some cases not available. This is a result of the spring harvest that was considerably lower than last year. The outcome of the fall harvest will set pricing that will take us into December.

## SALMON

**CHILEAN FARMED SALMON:** The Chilean frozen fillet market remains unsettled. Mostly higher offerings are noted on all sizes. The Chilean fresh fillet and whole fish market has moved up this week on brisk sales and lack of inventory.

**WILD ALASKAN SALMON:** The net king market trended lower and a few still lower offerings are noted. Supplies of net kings are fully adequate for a lackluster demand. The troll king market is unchanged along with the Sockeye, Chum, and Coho markets.

## MAHI MAHI

The overall feeling about the 2015 season was this was going to be a banner year for mahi with the predicted weather pattern. That did not materialize as planned. Inventory is tight and price is stable now but the overtone is we will see higher prices in Spring and Summer. We are hoping for a good catch here at the end of the season. Time will tell

## SCALLOPS

**SEA:** Prices have stabilized themselves as movement has slowed down. There is still a overtone of higher prices in January and February.

**BAY:** Pricing remains unchanged this week.

## TILAPIA

Pricing and supply is now stable and outlook is we will see weaker pricing in January. Inventories are in good shape.

## WHITEFISH COMPLEX

### (COD, POLLOCK, HADDOCK)

**COD:** The market for Atlantic Cod is on the rise, Pacific Cod is showing signs of higher prices with the new season 3-4 months away and Atlantic Cod being high.

**POLLOCK:** The market remains stable on both domestic and imported Pollock fillets.

**HADDOCK:** Pricing is on the rise and inventories are short.

## KING CRAB

**RED & GOLDEN:** The new quota with a 25% increase has caused prices to weaken. Look for lower prices on the smaller sizes of Red and Golden King Crab. Only time will tell as boats and product starts to hit the US Mainland. Cost of money in China and Japan may deter them from buying heavy. This will leave more product for the US and if predictions are correct we should see lower prices.

## TUNA, YELLOWFIN

### (FROZEN STEAKS & LOINS)

The market rallied due to higher replacement costs and thinning inventories in the U.S. The undertone is full steady.

## CRABMEAT

### (BLUE & RED, PASTEURIZED)

Imports on Blue Swimming crabmeat has been good for the last quarter of 2014 and projections for the 1st quarter of 2015 we will see the same pattern. History tells us that as inventory backs up we will see lower prices. Red Swimming crab imports has slowed down, but with lack of movement prices are stable.

## SNOW CRAB

**CANADA:** Pricing remained steady this week. Supplies are adequate to barely adequate for active demand. Larger Canadian clusters 10 and 12ups are starting to get tight on supply. Retail has stepped in on the Canadian Crab market and starting to make purchases for Holiday ads.

**ALASKA:** The market was stable this week with quiet demand. There may be a bit of discounting on the horizon as traders look to convert inventory to cash so they can participate in the King markets.

## LOBSTER TAILS

**WARM WATER:** - Lack of inventory on cold water tails has moved people to switch to warm tails. We have seen an upward tick in price.

**NORTH AMERICAN LOBSTER:** Pricing is now stable at high levels. Inventories are tight on most sizes. Market outlook continues to be expensive until after the New Year. Live lobster market is steady to strong. Lobster meat is also firm.

# PRODUCE

## VEGETABLES



### POTATOES

**Russets:** The Idaho russet potato market remains relatively flat this week as demand decreases after the holiday influx. Cold weather in Idaho is becoming a growing concern as some packing sheds were forced to close for several days, temporarily limiting the availability from this region. Packers continue to report plenty of 90 and 100ct but limited 40 and 50ct. Quality remains good.

**Reds:** The red potato market remains steady for both A and B-sizes. Demand is average, with the exception of ND where it is still strong. The FL crop will be available in late January, which is about two weeks ahead of schedule. So far, growers are reporting good quality and appearance for this year's crop.



### GARLIC

The market on garlic is down this week for the Chinese Peeled. The amount of Chinese Peeled in the market continues to drop the price as there is now more supply than demand. Argentine Garlic is now entering the market and will be coming into the US for the next 9 weeks.



### CABBAGE

The market on cabbage is steady this week with good supply and moderate demand out of California. Quality is good.



### LEAF LETTUCE

The freezing temperatures are also affecting the leaf lettuce items, primarily Romaine. Growers are removing as much of the effected outer layers as possible which is causing the weights to be lighter than usual. Supplies will be limited and markets are up drastically.



### ICEBERG LETTUCE

The Yuma, AZ growing region continues to face major challenges with freezing temperatures. The cold weather is causing blisters which will lead to cell breakdown. Many heads of lettuce are misshapen and rabbi. It is recommended to keep inventory moving to avoid early breakdown. Most growers are running two weeks ahead of schedule so supplies will remain short. FOB prices have increased drastically.



### ONIONS

There has been some movement in the onion markets as FOB prices increased. With decreasing volume of Colossal and Super Colossal sizes in storage, FOB prices have increased slightly this week. We continue to see ample supplies of jumbo onions available, so the pricing remains stable. The situation with trucking has improved as rates have decreased and more trucks are available.



### CHILE PEPPERS

The market is steady this week on Chile peppers with good supply and moderate demand. Quality remains good.



### CUCUMBERS

The FL cucumber crop is now available and prices are up slightly for the East coast. Nogales is the main sourcing areas for the West. The cooler temperatures are affecting supplies and prices, but the quality had been good.



### SQUASH

East coast growers are reporting variable quality for both yellow and green squash. FOB prices are up. Product crossing at Nogales is said to be variable in quality which is causing strong FOB prices this week for all varieties.



### TOMATOES

**Rounds:** We continue to see improvement in volume, quality and sizing from the East coast growers. This is causing pricing to remain steady with some downward pressure. The cooler temperatures have delayed the harvesting for West coast growers but we are still improvement in volume from Nogales. There are reports that the product crossing ranges greatly in quality and condition. It is anticipated that we will see more consistent supplies in a few days. With the increase in supplies, the pricing for West coast crop has decreased slightly.

**Cherry and Grape:** On the East coast, the cherry tomato market is seeing steady FOB prices as supplies are meeting demand and quality is good. Supplies are increasing in the West, but again, the weather is delaying the harvest and causing variable quality. However, there is some downward pressure for FOB. Across all regions, grape tomato supplies are improving and quality is good. With good demand, the FOB pricing remains steady.

# PRODUCE

**Romas:** Throughout the country, we are seeing strong demand for Roma tomatoes, but the supplies are limited. East coast growers are reporting good quality, while the West is variable but good for the most part. FOB prices are up across the board, but relief is expected next week.



## ASPARAGUS

Market is steady this week on asparagus with good demand. Supplies are lighter due to cold temperatures and some quality issues have been reported due to frost.



## GREEN BEANS

The market is slightly down this week on green beans with good supply and moderate demand.



## BROCCOLI

The market is up significantly this week on broccoli. Supplies are light with good demand. Quality is still affected due to recent rain and cold weather. This trend could continue as cold weather is expected through January.



## EGGPLANT

East coast growers are reporting variable quality for both yellow and green squash. FOB prices are up. Product crossing at Nogales is said to be variable in quality which is causing strong FOB prices this week for all varieties.

## TROPICAL



## BELL PEPPERS

Demand from the East coast has decreased, mostly due to the cold weather. Quality and supplies remain good, which is putting downward pressure on FOB prices. The West coast continues to see most of the volume at Nogales. With cooler temperatures at night, the bell pepper harvesting has slowed down a bit. The quality and supplies remain good while the demand is weak. Overall we are seeing lower FOB prices.



## PINEAPPLES

Pineapple supplies are short and will continue to get shorter with the start of winter in Costa Rica. Expect pricing to move upwards as supplies dwindle, especially after the recent bad weather.



## CARROTS

The market is steady this week on carrots. Both supply and demand are steady as well. The cold weather could keep carrots from sizing up.



## BANANAS

Volumes will be a little tighter in Latin America from now until about May. Expect pricing to follow that same trend.



## CELERY

The market on celery is steady this week with good supply and demand. No major quality issues to report.



## AVOCADOS

Prices have firmed up on most sizes, especially 48's. Recent bad weather in Mexico has hit the avocado growing regions effecting product availability.



## GREEN ONIONS

Green onion market is up significantly this week with moderate supply and higher demand. Cold weather in the growing regions of Mexico has altered production with most shippers. Mixed sizing is being reported due to the weather.



## MELONS

### CANTALOUPE

The market is extremely tight and prices are very strong across the board as demand exceeds supply on both coasts. The offshore arrivals have been light and the situation is not expected to get better until the first of February. The overall quality of the fruit has been good, there's just not enough fruit to go around!



## CAULIFLOWER

The market on cauliflower is up significantly this week. Supplies are light in some areas but the quality is good.



### HONEYDEWS

The market is very strong as well with demand exceeding supply on all sizes across the board as the off shore has been very light and the Mexican volumes are light as well. The overall quality is good as well, just very tight supply.



# PRODUCE

## BERRIES



### BLACKBERRIES

Mexico volumes are steady with good quality upon arrival. Expect supplies and pricing to stabilize over the next couple of weeks.



### STRAWBERRIES

Strawberry demand is light, and supplies exceed demand. The berries in California have had no real impact from the cold weather. There was slight frost damage, but not enough to impact volume. Oxnard production is high and is expected to continue to increase. Mexican volumes were down but that was mostly impacted from the holiday schedule. Volumes are expected to increase this week. Florida volumes are ramping up from the warmer temperatures last week and over the weekend.



### RASPBERRIES

Volumes are rapidly falling in California. Mexican production will also start to drop and will continue to fall through January. Expect pricing to continue to increase as supplies decrease through the month of January.



### GRAPES

The market is steady to strong as there are Chilean arrivals on both coasts with a majority of the fruit being on the small side (9-10/16's). Expect some larger fruit and more volume over the next few weeks which will help to ease prices a bit across the board. The overall quality of the fruit is good with eating quality fair. The sugars will start to get better going forward.



### BLUEBERRIES

Supplies have increased as boat arrivals start hitting with regularity on both east and west coasts. The pricing will continue to drop over the next couple of weeks.



## HANGING FRUIT



### APPLES & PEARS

The Red and Golden Delicious markets are flat and pricing has not changed. The Granny Smith market is unchanged for the larger fruit, but 125s and smaller remains in very short supply and is extremely hard to come by. This is affecting the bag granny deal. Galas and Fujis are unchanged for now, however the Gala market is expected to climb in price in the near future. Honeycrisp apples are stronger. All pears remain in short supply. You can expect price increases on all varieties from here on out as the fruit continues to wind down.

## CITRUS



### LEMONS

Lemon market is still steady with strong demand. There is good volume out of both district one and three, and the overall quality has been good and will continue to be barring any major weather. District 3 will continue through February and will go strong out of District 1 through May. Larger fruit is peaking, which is keeping the 165s and smaller very tight. Prices are increasing on the smaller fruit and other sizes will begin to strengthen as district 3 slows down.



### ORANGES

The market is steady and strengthening on 88's and smaller and growers are seeing some fruit growth after the rains. The overall quality is excellent with beautiful color and sugars and juice content. California navels are in the peak of the season and will have good supplies of navels through May. Expect the market to increase on the smaller fruit across the board as Exports start to increase over the next few months



### LIMES

The market is short this week with not many loads crossing. It might ease a bit next week, but a rise for the winter is projected over the next few months. Overall quality is good.