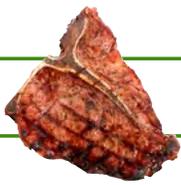


A close-up photograph of a white ceramic bowl filled with fresh, ripe blueberries. The berries are dark blue with a natural white bloom. The bowl sits on a rustic, light-colored wooden surface. A few blueberries are scattered on the wood in the foreground.

FARMER'S REPORT

MARKET TRENDS | 1.23.2015



BEEF

The packers finally got cattle purchased at lower money, but that is not reflected in most of the pricing as the pipeline was pretty empty. However, we are seeing signs of the market weakening especially for end meats. Thin meats continue to be vulnerable to greater price swings.

ROUNDS

INSIDES: All grades of inside rounds were higher, but they are weakening and are expected to move lower till mid February.

FLATS: Bottom round flats are higher, but are also expected to follow the round complex and are weakening this week. We are expecting pricing to move lower into mid February.

LOINS

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

TOP BUTTS: Top butts are following the overall loin complex and will be higher next week. There is some weakness noted in the market, but any discount will be very slight.

BALL TIPS: Ball tips are in early, good seasonal demand and higher prices will be reflective of that market. At this time, we cannot determine if the market has already seen its seasonal low, but prices will most likely be higher the following week.

TENDERLOINS: Tenderloins are barely holding their own with the exception of select and that is only because cattle are grading unseasonably well and select is in a shorter supply situation.

RIBS

RIBEYES: Ribeyes have firmed again this week, but pricing for the choice heavies will be more moderate. Lights will remain a premium to heavies. Select heavies will be higher and vulnerable to price fluctuations more so than choice as cattle continue to grade richly.

CHUCKS

CHUCK ROLLS: Chuck rolls are higher but it looks as if this is coming to an end and product is readily available. They should moderately decline into mid February.

THIN MEATS & GRINDS

FLAP MEAT: Flap meat is up rather substantially this week, and will most likely be higher next week as well. Thin meats continue to be vulnerable to price exceptions with reduction in kills. We may have already seen the seasonal low.

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 this month.

BRISKETS: Brisket remains a hot item and pricing is reflective as demand continues to outpace supply. However, there is an inkling of weakness in the market.

GRINDS: Grinds have moved higher on good demand, post holiday features, and low supplies of lean boneless trimmings, but they are starting to weaken and we will hopefully have some relief in the coming week or so.

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 continue to trade steady to weaker due to increases in overall hog supplies. Packers are well supplied with animals this week and most are bidding for next week's delivery.

Last week slaughter numbers were reported at approximately 2.26 million head which is approximately even with year ago levels. This week slaughter numbers are expected to come in at 2.3 million head, which is almost 4% above 2014 levels. Hog supplies are expected to remain at or above the 2.2 million head mark through early February.

Hog weights were higher last week as mild winter temperatures contribute to already large animals. Carcass weights were running about 2 lbs above year ago level. Weights are forecast to trend sideways to modestly lower through late February.

Overall pork demand is expected to improve in the upcoming weeks, however lack of export demand may continue to put pressure on prices and result in volatile markets for the balance of January. On the demand side week over week, the majority of the commodity cuts are trending slightly higher and the processed meats are trading steady to slightly higher.

LOINS

The market for bone in and boneless loins traded steady to slightly higher last week on improved demand due to increased retail features. Prices for both bone in and boneless loins are expected to trade steady to higher late January through mid February due to increased retail features on pork loins.

TENDERS

Pork tenders moved higher last week fueled by strong demand for retail features. Tenders are expected to trade steady to higher through mid February as retailers continue to feature this item as a "value cut".

BUTTS

Pork Butts traded lower due on weaker than expected export and domestic demand and excess supplies of fresh product. Prices are expected to trade steady through late January/early February then move higher due to increased domestic demand. Prices are not expected to reach year ago levels during the February/March timeframe.

RIBS

Spareribs traded steady to slightly higher last week as supply levels met current demand. Prices are expected to trade fairly steady through late January then gradually move higher in anticipation of rib season. Packers continue 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 higher due to improved foodservice demand. Prices for Back Ribs are expected to gradually move higher as packers/processors put ribs in the freezer for the 2015 season. Lighter Spareribs, St. Louis ribs and Back ribs may be in tight supply through early Q1, however lighter ribs may become available mid Q2.

BELLIES/BACON

Bacon/Belly prices moved higher last week on improved demand from processors buying bellies for their freezer programs. Belly prices are expected to move higher through mid February as retail and foodservice promotions for bacon "kick in".

HAMS

Ham prices moved higher due to stronger domestic and export demand. Processors are making hams for the Easter Season and Mexico is back in the market purchasing U.S. Hams. Ham prices are expected to gradually move higher through early March.

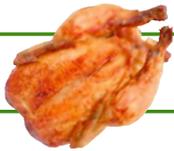
TRIM

The following market dynamics will impact finished goods pricing during the February timeframe. Pork trimmings have started their seasonal move higher as processors establish their freezer programs. Prices are expected to trade steady to higher through mid May. Thus prices for processed meat items, like hot dogs and dinner sausage are expected to begin moving higher 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

The Whole Turkey complex slid a little this week as demand is off for the small size bird. This trend should continue until all of the bids for this year's holiday have been established.



POULTRY

The chicken market remains very much a tale of two halves; the front half versus the back half. Wings, boneless breast meat and tenders are the hottest items in the market. All week, offerings were tight and held for sharp premiums. Now, chunk and trim meat are found to be in a similar position. Further processing and plant to plant needs remain brisk and although observers question how long this movement will last, as a rule, trading levels continue to trend higher. Whole birds and WOGs demand is slowing down due to bird weights and low QSR demand, thus prompting discounting at many point of sale. Whole legs, leg quarters, and thigh meat are the worst offenders on the back half of the bird, where supply is out distancing the demand. The lack of export movement continues to drive the dark meat complex's values lower.

Hatcheries in the United States weekly program set 214 million eggs in incubators during the week ending January 10, 2015, up 2 percent from a year ago. Hatcheries in the 19 State weekly programs set 206 million eggs in incubators during the week ending January 10, 2015, up 2 percent from the year earlier. Average hatchability for chicks hatched during the week in the United States was 84 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 177 million chicks for meat production during the week ending January 10, 2015, up 3 percent from a year ago. Broiler growers in the 19 State weekly programs placed 170 million chicks for meat production during the week ending January 10, 2015, up 3 percent from the year earlier.



BONELESS SKINLESS TURKEY BREASTS

The frozen turkey breast market has continued to tumble. With the ban of poultry, due to the bird flu, to China and 30 other countries, this market will continue to deflate at a rapid pace.

BONELESS SKINLESS BREASTS

The Jumbo and Medium Boneless Skinless Markets continue to inflate at a rapid pace as demand is being generated by all segments, including the further processors. This market will continue to slowly inflate over the coming months. The small bird boneless skinless market should start to inflate in line with the jumbo and medium boneless breast markets. As for the present, the small bird industry is still juggling with slightly heavy weights, which makes the product too heavy for the QSR bone in needs. As a result of the heavy weights, processors are boning this product and freezing the surpluses.

CHICKEN TENDERLOINS

Further processors demands continue to drive this market up. The availability of tenders is tight, but when trades are made, it is at a premium to the market. This market should continue to inflate over the next month or two, though at a slower pace than we have witnessed over the last couple of weeks.

WINGS

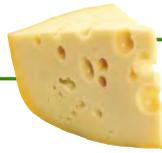
Wings demand has created a massive shortage of supply for the industry. As is the case every year when the NFL playoff are in full swing, the demand for wings far exceeds the supply, the wing markets inflate rapidly. This year is no different. This market will continue to inflate until the Super Bowl is played.

BONELESS SKINLESS THIGHS

The deflationary trend continues for the boneless thigh market, as well as the entire dark meat offering. Exports are down due to the value of the US dollar and now the export ban to over 30 countries due to the avian flu in the far northwest states (Washington, Oregon, Idaho, and California). To date, none of the bird flu cases have involved commercial poultry.



COMMODITY GROCERY



DAIRY

SOYBEAN OIL

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.
- Soybean oil inventories are sitting (10 year lows) at just above a billion pounds. (1.068B), an increase of 63 million pounds over the November total, but 55 million pounds below trade expectations. Reserves will improve but still remain below healthy levels into 2015.
- While soybeans are plentiful and South American weather is productive, the soy oil balance sheet in the U.S. has the opportunity to be quite snug, certainly over the summer. Oil share of crush should improve and the soybean market will be under pressure.

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.
- Weather continues to cooperate in South America. It appears we are tracking towards 93+ MMT crop in Brazil and 55+ MMT in Argentina.

BIODIESEL:

- Bio-fuel demand is in question. The EPA continues to drag a decision regarding mandate levels. We are being told that something may be released in March.
- In the meantime, bio-fuel production appears to be slowing as margins are negative and there is no blender's tax credit.
- With prices at the pump taking it on the chin, many analysts are expecting the demand from food use to creep higher with increased consumer spending

EXPORT SALES:

- U.S. soybean export sales for the 2014/2015 crop year are already at 90% of the USDA's last forecast. Demand will be shifting to South America very soon.

BUTTER

Markets have stabilized and are expected to hold steady through the rest of January. Milk and cream supplies are plentiful, so manufacturers are running at full capacity. Export interest is again picking up as domestic pricing is coming back in line with global prices. Overall market for 2015 is expected to be lower and less volatile than 2014.

CHEESE

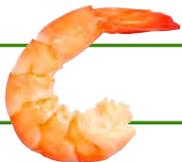
Markets are starting to cycle through the lower milk prices that were recorded in December. Cheese prices have started to trend downward however it is expected that markets have found their new norm for a few weeks but then we may see a jump up in the markets due to buyer interest before we settle through spring.

SHELL EGGS

Markets are rising in all regions of the country, but California is showing the largest increases. California markets are setting new record highs each day and are over 2.5 times the market price of any other region. These increases are due to the new state regulations that took effect on January 1st and are expected to continue.

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.



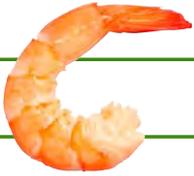
SEAFOOD

SHRIMP, DOMESTIC (WHITES AND BROWNS)

We hope to see a small window of lower shell on white 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.





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 Asian White market continues to fall. We expect to see lower prices through February.

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.

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 stronger prices after Chinese New Year as producers and growers have said they will slow down production to get the price up. Inventories are currently 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. Look for bargains in the near future on Alaskan Pollock filets and imported Pollock filets.

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.

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 are assuming 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. Imports on Blue Swimming crabmeat has been good for the last quarter of 2014 and projections for the 1st quarter of 2015 are assuming 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 & ALASKA)

Projections with the new quota point to lower prices on Alaskan and Canadian Snow Crab. New Alaskan production has not hit the lower 48 yet, but with the increase in quota and lack of interest in Japan, we are looking at prices that are much lower than 2014. The Canadian 5-8 market has started to back off as producers look to move inventory.

LOBSTER TAILS

WARM WATER: - Lack of inventory on coldwater 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 markets have begun to settle for Russet potatoes out of Idaho. Supplies for larger sizes remain tight, but the prices have stabilized over the past week. Some growers are dropping their prices for 90 and 100ct potatoes in order to help move through inventory. Other growing regions, such as WI and CO are seeing an increase in pricing on the larger sizes as they also have a smaller inventory of this size.

Reds: A majority of the red potato supplies are shipping from North Dakota. We continue to see plenty of volume, good quality and little change in the market prices.

Yellow Potatoes: The white and yellow potato markets remain unchanged. For yellow potatoes, good supplies and quality are coming out CO and ID.



GARLIC

The market on garlic is steady this week for Chinese Peeled. Good supply and quality.



CABBAGE

The market on cabbage is steady this week with lighter supply and moderate demand. Quality continues to be good.



LEAF LETTUCE

Romaine market is flat this week. Supplies remain tight this week as romaine and red leaf were affected by the recent cold weather. The freezing temperatures have caused quality issues, such as blistering and ribby texture, to almost all products. It is expected that we will start to see improvement over the next few weeks.



ICEBERG LETTUCE

With the weather starting to warm up in Yuma and a decrease in demand, additional iceberg supplies are now available. This has the market dropping this week. We are continuing to see quality issues with misshapen heads and a ribby texture. Most heads are medium to medium plus.



ONIONS

There is very little change in the onion markets as supply continues to far exceed demand. New crop will start shipping from Mexico very soon. White onion prices have strengthened slightly as supplies are less readily available.



CHILE PEPPERS

The market is slightly down this week on Chile peppers which are available in high volume. Demand is moderate. The quality continues to be good.



CUCUMBERS

Growers on the East coast have reported that the quality of cucumbers continues to improve. Pricing is down slightly as demand remains weak. A volumes crossing at Nogales continue to increase, causing FOB prices to decrease. Quality from this region is still variable, but improving.



SQUASH

East coast growers are reporting quality concerns for green and yellow squash, but they are starting to see improvement. Overall, Yellow squash is up with tight supplies. Zucchini demand remains weak and FOB is steady. Supplies continue to cross at Nogales but due to the recent cold weather, volumes are low. It is anticipated that relief is near and volumes should pick up.



TOMATOES

Rounds: Production is in full swing in South Florida. So far we are seeing ample supplies and excellent quality. With weak demand, there is decrease in FOB on all sizes. It is anticipated that prices will remain low for the time being. Decent volume is crossing at Nogales and quality is good. Again, demand is weak and FOB prices are very low.

Cherry and Grape: East coast growers are reporting excellent quality and ample supplies for grape tomatoes. Demand remains stable and FOB pricing remains at steady low prices. Cherry tomatoes are also plentiful with good quality and a drop in FOB. There are steady supplies of grape tomatoes on the West coast, matched with good quality, good demand and a decrease in FOB prices. Supplies continue to increase on cherry tomatoes but the quality is variable

Romas: We are seeing plenty of supplies and good quality across the board. With weak demand across the country, FOB prices are down on all sizes.

PRODUCE



GREEN BEANS

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



EGGPLANT

Supplies and quality remain good for eggplants across all growing regions. Demand has been good and FOB is down this week.



BELL PEPPERS

All growing regions are seeing an increase in supplies and good to very good quality. With weak demand across the board and plenty of supplies, FOB is down for the East and West coast.



CARROTS

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



CELERY

The market on celery is steady this week with lighter supplies and good demand. Quality is good.



GREEN ONIONS

Green onion market is down this week. Supplies are still tight with high demand. Supply is still being affected by the cold weather in the growing regions of Mexico.



CAULIFLOWER

The market on cauliflower is down this week. Supplies are still light but getting better. Demand and quality continues to be good.



ASPARAGUS

Market is steady this week on asparagus but supplies are still tight with good demand. Supplies continue to be light due to cold temperatures.



BROCCOLI

The market has come down this week on broccoli. Supplies are still tight but improving. Demand continues to be strong. Quality is still affected by the cold weather but the situation is looking better.



TROPICAL

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 recent bad weather.



BANANAS

Banana demand has remained steady across the board with Western Canada being the only region experiencing a slow week for this time of year. Due to the weather in the North as temperatures are forecasted to drop again but demand is still expected to improve.



AVOCADOS

Market on #2 avocados has increased a bit. #1 fruit has remained fairly steady even with strong demand for the Super Bowl. Mexico is producing a ton of fruit but with demand increasing, the market has stabilized a bit.



MELONS

CANTALOUPE

The market continues to be strong but is getting steadier as better supplies of fruit on the East Coast are coming in. There are still minimal supplies on the west coast. The overall quality of the fruit is very good with a nice straw to green cast and excellent internal color, and sugar. Expect the market to ease a bit in about two weeks as better volumes are expected to arrive on both coasts.



HONEYDEWS

The market is very strong as well with demand exceeding supply on the west coast as light volumes have been arriving. Prices will remain strong for the time being, growers are expecting this market to ease up in the next two weeks as we see better volumes arriving on both coasts.

BERRIES



BLACKBERRIES

The blackberry market has been changing almost on a daily basis. Right now, the market is tight due to high winds in Central Mexico; however production numbers are forecasted to increase over the next couple weeks. Quality will vary from good to great.



STRAWBERRIES

The strawberry market is tight right now and will continue to be for the next week or so. Production out of Mexico and California will gradually be increasing; however it will not meet market demands. Quality is good to excellent.



RASPBERRIES

The raspberry market is in a demand exceeds supply position, and will be tight or the next month or so. Raspberries are being sourced from California and Mexico, and generally the quality is good to great.



GRAPES

The grape market is steady to strong with gaps on several sizes. The overall quality is good to fair with some splits showing up, but overall condition is good and the fruit is eating very well this time of year. The market will start to ease off in the coming weeks as volumes increase. Growers expect good volumes of Chilean fruit through April and possibly early May.



BLUEBERRIES

More and more production is coming in from Mexico and Chile. There was no freezing in Chile, and the weather has been ideal, so Chile is likely to have a very strong season. With that said, the market is still in a demand exceeds supply position. Quality is average to excellent, depending on the supplier and sourcing location.

HANGING FRUIT



APPLES & PEARS

The US has more apples than last year by 16% so the market is slowing down a bit. The most aggressive priced variety is still the Red Delicious, especially on the larger sized fruit. The Gala market has gone up. All pear varieties are winding down and are in short supply; this is expected at this time of year.



CITRUS

LEMONS

The market is steady with good demand, demand exceeds supply on 165's and smaller as 95's, 115's and 140's are peaking. This trend is expected to continue as we are still a month out from finishing up the desert fruit, and most of the desert crop is on the large side. The overall quality is fair to good with some blocks showing soft fruit as well as some clear rot due to the moisture in the ground from the rains.



ORANGES

The market is steady with very good demand as fruit is eating excellent, and cool temperatures is helping the fruit stay firm and strong. Growers are peaking on 72's and 88's, followed by 56's due to the rains, the fruit is sizing up. And the juice content is excellent. The market is holding due to strong demand and will hopefully continue to stay steady. Expect navels to go through May barring any major weather conditions.



LIMES

After a severe period of shortage, there is a temporary respite. More arrivals have made the market relax some. Fruit is available and the quality is good. Quality is improving with a darker green color and the stylar and decay has started to subside. Rain has let up significantly in the past week.