FARMER'S REPORT

MARKET TRENDS | 12.06.2013

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BEEF

Packers paid $1.00 more for cattle last week. Production levels came in at 555,000, with one day less of production.

ROUNDS

INSIDES: The expectation is for stronger markets going forward for most of December.

FLATS: Prices are starting to stabilize with the trend towards a slight downturn now that we are past the Thanksgiving holiday.

EYES: Steady to up will be the trend for the next week or two. This is a demand item this time of the year.

PEELED KNUCKLES: A steady market, to up slightly for the next few weeks, is expected.

LOINS

STRIPS: The market appears to have reached a bottom, and are continuing to move up each week. This cut is still an excellent alternative item to roast in place of a rib.

TOP BUTTS: Overall, the projections are for a steady market on the choice cut. Traditionally this is the lowest point in the market and it has a tendency to move up in late December and the New Year.

BALL TIPS: The market appears to have stabilized, at least for the short term. A lot depends on the production levels for how this performs. This cut, as well as many of the thin cuts, are quickly affected and vulnerable to price increases as the production numbers move up and down.

TENDERLOINS: Choice as well as select /ungraded tenders are continuing to show significant increases that are typical for the start of the holiday season. These cuts will remain strong for the remainder of the year.

RIBS

RIBEYES: The market has moved up on both choice and select rib cuts as we move into the heavy holiday demand time period.

CHUCKS

CHUCK ROLLS: The reported trades on chucks last week was significant. Large packages were completed with retail for forward sales and post Thanksgiving sales. We do expect this to move the market up as we move through December.

CLODS: The market is consistent with chuck rolls.

THIN MEATS & GRINDS

FLAP MEAT: The market is showing some signs of upward movement, which is typical for this time of year. The lower production numbers can affect this cut, as well as most thin cuts, simply due to the number of cattle it takes to make one box. It takes around 22 head of cattle to make one box. With production levels down, it keeps supplies tighter and is more vulnerable to market shifts.

BRISKETS: The market will hold fairly steady at current levels, with normal slight up or downs on any given week. As we move into next month we could see some increases as corned beef processors start to take product in for Saint Patty's day.

GRINDS: Following a few weeks of seasonal adjustments we are seeing a little more stability in the market for the next few weeks.

SKIRT MEAT: Outside skirts are starting to show less downside as we move through December when the seasonal lows are behind us.

PORK

Base hog prices are running steady this week and slaughter numbers are beginning to trend at or above year ago levels. Slaughter numbers are expected to begin trending lower into January.

Hog weights continue to increase, reaching record levels. Hogs are running about 7 to 8 lbs heavier than last year. Packers expect this trend to continue through the next week, however lighter weight hogs are expected to come to market before year end.

Overall pork prices are trading slightly lower this week with some weakness in the loin and belly complex. Prices for pork items are expected to begin gradually moving higher due to promotions for the December Holiday Season.

LOINS

The markets for bone in and boneless loins traded steady but are expected to move higher through late December due to increased holiday demand. Both bone-in loin and boneless loin prices are expected to move higher through late December then trend slightly lower early January.

TENDERS

Pork tenders traded slightly higher last week and early this week on improved demand. Prices are expected to trade steady to slightly higher through late December then move slightly lower early January. Retailers are planning to feature tenders in December/early January promotions.

BUTTS

Prices for bone in and boneless pork butts were steady to higher last week on strong product demand for exports and December retail features. Pork butt prices are expected to gradually move higher during December on stronger demand. January prices are expected to trade steady.

RIBS

SPARE RIBS: Spare rib prices traded steady last week. Prices are expected to trade steady then gradually move higher as we approach the new year and buyers begin moving product to the freezer for the 2014 rib season.

BACK RIBS: Back ribs traded steady to slightly higher on improved demand. Prices are expected to continue to begin trending higher as food service interest supports slightly higher price levels.

BELLIES/BACON

Bacon/belly prices traded steady to slightly lower last week on increased supplies of fresh product due to a lack of freezer space. Belly prices are expected to gradually move higher during December as processors begin to freeze bellies for use during the Spring/Summer bacon season.

HAMS

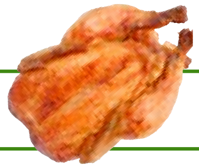
Ham prices were steady last week and moving higher due to strong seasonal demand. Prices are expected to trade steady then gradually trend lower starting mid/late December through the end of 2013.

TRIM

The following market dynamics will impact finished goods pricing in January. Pork trimmings are trading steady to lower on increased supplies and weaker demand. Trimmings prices are expected to trade steady through December and begin moving higher into January.

PICNICS

Pork picnics traded steady last week on weaker demand. Picnics are expected to trade steady through late December then gradually move lower during January. Demand for exports could support higher prices.



TURKEY

The recurring market theme this week is how free the market is of any pain or side effects associated with the season. Whole body tom and hen turkeys are well balanced with inventory and will clear out for the Christmas rush. Breast meat continues to show demand with limited availability and steady to stronger price quotes. Overall the complex is on seasonally solid ground.

WHOLE TURKEYS: Well balanced inventories are in place for the Christmas rush with the markets reporting steady to slightly down as we approach the holiday.

BONELESS RAW TURKEY BREASTS: Heavy demand continues as buyers gear up for the Christmas rush. Projections are that we will see a steady price thru the end of the year with upward pressure as we go into January.

POULTRY

With the "Thanksgiving" holiday behind us, the fresh chicken complex settles back in. Business patterns, thus far, appear to be decent at most points of sale as buyers evaluate their positions of buy for the week. Many conversations have taken place this week in preparation for the Christmas and New Year holidays. Hot topics were around chicken tenderloins and breast meat with expectations of higher prices moving forward. Chicken wings are being reported in a guarded position with possible downside to price before prices kick in before the football playoffs and super bowl.

WHOLE/CUT UP CHICKEN

Market reported steady from the previous week, markets will continue to report steady money over the next few weeks.

BONELESS BREAST MEAT

The market is reporting steady, December markets are showing strength as demand will pickup in preparation for the Christmas and New Year holiday.

CHICKEN TENDERLOINS

Market was reported sideways as inventory levels are becoming more manageable. This week reported a steady market the market will turn upward in December, as strong demand is expected.

MEDIUM WINGS

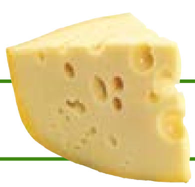
Inventories are finally balanced with poultry suppliers reporting steady money from the previous week. Look out for the mid part of December, as the demand will increase along with price as the football playoffs start.

JUMBO WINGS

The market is in good shape as the extra inventories have dried up and the market reported steady from previous week. Increased demand in December will drive the price upward with manageable inventories.

BONELESS SKINLESS THIGH MEAT

Market reported sideways this week. There are signs of a small downward adjustment to price in December, as consumer interest will be more to the chicken breast and chicken tenderloin.



DAIRY

BUTTER

Markets are steady this week. Demand remains strong domestically and internationally.

CHEESE

Markets are rising which is atypical for this time of year. Exports remain strong and domestic pricing is competitive globally.

SHELL EGGS

Markets have stabilized at near record high levels. Supplies are beginning to balance with demand.

COMMODITY GROCERY

OIL

Coming off a holiday week, market had limited data available. Recently, we've seen a correction in the beans and meal however the oil is still at the lower end. In the world markets, Brazil production was raised, and Argentine production was unchanged. We are expecting a very large crop from South America in 2014. Based on this large crop and the final figure of the Renewable Fuel Standard we could see further softening of the soy oil.

SEAFOOD

SHRIMP, DOMESTIC
(WHITES AND BROWNS)

The Domestic Brown Headless shell on market was stable this week with little to no changes. Conditions remain the same in regard to supply of brown shrimp. Whites continue to be short and will continue to demand premium price moving forward.

PUD Markets continue to be very strong with another round of increases on all sizes. Supply concerns are increasing as anticipated replacement is falling well short of expectations. Suppliers are hand to mouth on key sizes like 71/90 and allocating when they do get some product.

SHRIMP, IMPORTED
(BLACK TIGER AND WHITES)

The tiger market remains strong with limited inventories, especially on larger sizes. Where possible, conversions to Asian white shrimp are strongly recommended. Asian White shrimp is steady to for a fair demand.

SHRIMP, LATIN – CENTRAL AMERICA
(WHITES)

The Latin American headless shell-on white shrimp market was steady this week in a quiet market. Demand has improved and projected continue to improve over the next few weeks. Many of these sizes are price advantageous versus Asian white headless shrimp.

SHRIMP, MEXICAN
(WHITES & BROWNS)

Mexican WILD shrimp market is full steady this week with no changes in the market. Catches/production seems to be lagging versus projected landings.

SCALLOPS

SEA: Remain at all time record highs with no alleviation in sight. Supplies are limited and raw material prices are fully supported. Product of Canada continues to trade at record levels as well.

BAY: No changes this week – market is steady.

TILAPIA

As the harvesting season starts to wind down, 3/5 is the only size fish readily available for shipment at this time. As inventory levels become better known in the beginning of the 1st quarter in the build up to Lent, expect to see price increases, especially on 5/7 and 7/9. With the expected shortages, we strongly suggest converting to the 3/5 size.

CATFISH, DOMESTIC & IMPORTED

The domestic market is flat this week. The imported catfish market rose this week. Word out of China is that replacement costs are up as more of the product is either staying in the country or going to other countries like Brazil. Pricing will continue to rise for 1st quarter 2014. This is still a great alternative versus Domestic frozen fillets.

STRIPED PANGASIUS
(ALSO CALLED SWAI OR BASA)

Prices remain flat this week but this is in direct contradiction to overseas replacement costs. Expect price increases on pangasius as we enter into the first quarter and Lent. The future supply situation continues to remain an issue as farmers face high interest rates, higher feed costs and less than break even prices. There have been fewer ponds reseeded this fall which will mean less supply 2nd quarter 2014.

SALMON

CHILEAN FARMED SALMON: the market continues to move higher. Supplies are adequate to barely adequate for a moderate to active demand. Pricing for farm raised salmon continue to move closer to its wild caught cousin. With Chile's 2014 salmon production set to remain at 2013's levels or possibly below, there could be a shortage of salmon forcing pricing to continue its upward path.

TUNA, YELLOWFIN
(CO TREATED)

After a year of declining prices, tuna may be the next species where price may be a factor. It has been a difficult year for tuna importers as higher than normal pricing and erratic imports forced many restaurants to remove tuna from their menus Now, when the market seems to be recovering, we are running into another issue as there may be a cut in the harvest of 30% out of the Western Pacific. The market appears to be settling with firming prices noted.

SEAFOOD (CONT'D)

WHITEFISH COMPLEX
(COD, POLLOCK, HADDOCK)

COD: Raw material price has risen again as a result of less than ideal catches in the North Atlantic but this is not yet reflected in market prices. The will be reflected in pricing for the first quarter 2014. Another issue pushing cod pricing is the lack of haddock supply and some larger accounts switching to cod.

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

HADDOCK: The haddock market moved up sharply this week on both skinless and skin on fillets. It appears we have yet to hit the magic price where end users turn away due to price. No alleviation in sight with the B season done, quota's set for 2014 at same or slightly less levels and the coolers pretty much empty in China of raw material.

MAHI MAHI

The market remains steady this week but inventories vary widely depending on size.

HALIBUT

The 2013 halibut closed over the weekend leaving over 1million pounds of uncaught quota in the water. The fishing season will open again in March. The market remains steady at this time for frozen portions and fletch.

PASTEURIZED CRAB MEAT

The market is firm with some increases seen on certain forms out of Asia. Importers are reporting increased cost for replacement product as the reason for the strengthening prices.

SNOW CRAB

CANADA & ALASKA: The market is flat this week.

KING CRAB

The new agreements between Korea and Russia to stop undocumented crab from flowing through Korea is going to put a major dent in almost all illegal crab fishing in Russia. This is going to SHRINK the world supply of crab dramatically as now both Japan and China will have to buy only legal crab and we will be competing directly with them for the same legal quota crab that the US has been buying for years. With this knowledge Japan has gone wild and has bought up a much, much larger portion of the Alaskan Red King Crab harvest leaving very little for the US market. Large Red King Crab will be in very short supply for most of the coming year and prices will rise quickly. The Golden market has also been affected as producers see that product being more valuable with less red available to sell.

OYSTERS

Virginia's oyster harvest has wildly exceeded expectations, hitting 406,000 bushels. To put this in perspective this is 60% more than last year's harvest, it is 30% more than what was expected, and it is 18 times the landings in 2001. The success is due to management changes, strong oyster restoration efforts, and a rotation system that gives beds a chance to build. This is welcome news when other oyster production areas are struggling.

PRODUCE

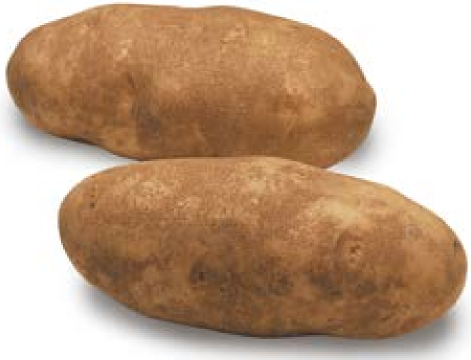
POTATOES

The potato market has remained stable through the Thanksgiving holiday. You should not see any major market shifts as we quickly approach Christmas. Red potato shippers are trying to push the red market to control inventories. North Dakota is shipping red potatoes; however tonnage is down compared to last season. Hollow heart quality issues continue to be an issue coming out of some growing regions in the East.

RUSSETS: The flow of raw product moving from the Idaho potato storage cellars to the packing sheds may slow this week due to extremely cold weather. The general rule is the outside temperature must reach 17 degrees before product can be moved. This shortens the window to haul product and means production will drop temporarily. The high for the next few days will be 17 with warmer weather predicted beginning on Friday. Small bale prices have increased over the last week in Idaho. Growers initially reported a small crop; however that projection seems to be changing. Small pack retail bags will continue to get stronger. Quality out of Michigan is very good; however size and yield are down. Small pack retail bags are starting to get stronger. Increased demand is the biggest factor pushing this market. Carton prices have remained stable over the past four weeks.

REDS: Reds from North Dakota have good color and quality. The yields are down from last year so growers are trying to increase prices to slow demand and stretch out their supply. The red market is getting stronger and will continue through the holidays.

WHITES: New crop white potatoes are shipping from Pennsylvania, New York, Maine and Michigan. Quality round whites will start to drive a premium as smaller growers begin to finish up their shipments. Several storage growing areas are experiencing hollow heart defects, which will drive a stronger round white market. Quality round whites are starting to get tighter and driving a premium in the market. Anticipate a strong white market through the Thanksgiving and Christmas season.



PRODUCE

VEGETABLES

LEAF LETTUCE

There is a freeze warning issued for the Yuma and Imperial Valley for this weekend and the potential for heavy rain. Depending on the impact, there could be morning ice which may cause quality issues, and therefore prices, to increase. Our inspectors are in the field to ensure the product packed in Cross Valley Farms brand meets our specifications. For the current week, the romaine market dropped due to low demand. Supplies and quality have been good over the past week. The green and red leaf markets are steady with supplies and quality good. The butter lettuce market is also steady with good supplies and quality for this week.

ICEBERG LETTUCE

The same impact of weather described above would impact iceberg lettuce. We will keep you updated on the impact to both leaf and iceberg lettuce over the next few days. For the current week, market prices are lower due to light demand and excess supplies. Most shippers are storing their product in the cooler due to heavy supply.

ONIONS

Weather is a large factor this week with onions. Expect markets to be up a bit for the next 2 weeks as demand is already very strong and with the temps in the single digits for 7 to 10 days there may be days where onions can't transport from storage to packing facilities creating a demand exceeds supplies situation. The northwest and Colorado areas have put all the storage crop onions under cover and did not fill their sheds to capacity, this is expected to make a noticeable impact in supplies come January and February of next year. Please keep in mind that all trailers, vans, reefers and flat beds are expected to tighten up as Christmas trees have started to ship.

CUCUMBERS

In the West, the market is settling. Supplies passing through Nogales are increasing. Quality is good. Baja California supply is decreasing as production wraps up. In the East, the market continues to be stable. Reports on supply and quality are good. Cucumbers are being harvested out of Florida.

TOMATOES

Rounds: The round tomato market remains stable in Florida while being more active due to transition in Mexico. There are only a handful of growers in Mexico packing vine ripe tomatoes and that is pushing their market up as they aim to meet western and Mexico demand. Florida shippers are keeping their markets the same for now, but any increase in demand this week and they will take them up again. Quality is good and demand is good, supplies are still a little tight.

Grapes and Cherries: The grape market has finally declined this week as the holiday ads have finished. Cherry tomatoes are softer as there is stronger production and less demand. However this downward trend is expected to be short lived before the next set of holiday ads. Grape tomatoes are in ample supply in Mexico this week with few cherry tomatoes showing up in Nogales as well. The sizing of the grape tomatoes vary greatly from grower to grower.

Romas: The roma market has surprised us all this week by taking a sharp increase. The tropical storm that went through Mexico earlier this year was followed by continuous rain and disrupted plantings by 7-10 days. The cool temperatures are also effecting the roma production. The temperature is holding back the maturity of the fruit so the product can't be picked yet. This market is expected to remain high and supplies short for the next few weeks. Most growers are aiming to be in full harvest the week of the 22nd.

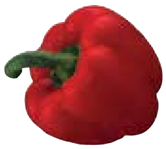
EGGPLANT

The market is steady. After the freeze last week in Georgia, most eastern supplies are coming out of Florida. As anticipated last week, demand has weakened. Quality is good. As more Florida suppliers begin picking, it's anticipated that prices will drop.

CHILE PEPPERS

This week the market is steady. The market continues to be flooded with product from both Baja and the South Mexican region. Prices continue to be depressed. The market is active on pasillas, red fresno's and habaneros. Overall, quality is fair.

PRODUCE



BELL PEPPERS

The Western green bell market is steady, particularly on large size bells shipping out of Southern California, Nogales, and Baja. Mexico suppliers are harvesting more med size fruits. Pricing on red bells are easing as a result of Coachella harvesting product. There are no reports of quality issues, and demand is good. On the East, the market is a little stronger this week. Peppers are coming out of Florida. Georgia is also producing in a small way. Quality is suspect due to rains. It's anticipated for markets to return to normal next week.

SQUASH

The market is showing signs of strengthening on both Italian and Yellow S/N squash. The adverse weather has slowed down production. South Florida is ramping up production this week. Reports on quality are fair, particularly on yellow squash.

CABBAGE

The market remains steady on both green and red cabbage. Georgia is still light on green and reds. Florida is anticipated to start this week. Also, product is available out of Texas. Overall, quality is good and demand on both green and reds is moderate.

BROCCOLI

The broccoli market continued to come down this week and will continue to stay low until the mid part of next week. Demand is expected to increase next week due to Christmas pulls. Expect the market to be tight starting next week.

CAULIFLOWER

Quality is being reported as good. Most shippers are finishing up in Salinas this week so look for the market to be tight as all volume shifts to Yuma.

CARROTS

The market remains steady. Supply is steady and availability on jumbos is good. Quality remains average.

CELERY

This market is steady. Supplies are expected to be moderate throughout the week. Quality is good. Demand is good.

GREEN ONIONS

The market is flat. Supplies out of Mexico and California are steady. This will remain so throughout the week. There are no reports of quality issues.

ASPARAGUS

The market is stable. Mexico's supplies continue to be moderate. Supplies out of Peru are better. Again, availability on Large and Standard is good. Overall quality is good.

GREEN BEANS

There are no significant changes here. The West market continues to be soft. Supplies are steady. Demand remains depressed. In the East, the market is still up and may strengthen over the next week. Supplies continue to be limited. Supplies are being harvested out of Florida. Reports on quality are good.

GARLIC

Prices continue to be elevated in this market, particularly on Chinese peeled garlic. There are small amounts of supply in the market as a result of containers continuously being held at ports. There are still uncertainties around when containers will be released. Currently, there are no reports of quality issues.

PRODUCE

BERRIES

STRAWBERRIES

The strawberry markets are up. The market for Santa Maria and Oxnard, California is steady, and the markets for Mexico and Florida product vary depending on the shipper. A potential freeze forecasted for Southern California may adversely affect this season's strawberry crop. Santa Maria and Oxnard fruit is fairly firm with bruising, white shoulder, erratic sizing, and occasional powdery mildew. Texas and Florida are both reporting good availability on crossing Mexican berries.

BLACKBERRIES

Most of the blackberry supply is coming out of Mexico, and the quality of such berries is reportedly above average. Current levels of supply and demand are balanced, but anticipated weather issues may adversely affect supplies. Otherwise, quality and harvest numbers are expected to remain strong and potentially improve. The blackberry markets are lower.

GRAPES

California grape season is finishing up for the year, and as a result the remaining grapes are struggling to achieve full color. There is still good availability on all varieties, however harvesting has completed for some varieties. Pricing is anticipated to climb in the near future as supplies continue to diminish. Otherwise, size and quality of grapes being picked is considered excellent for this late in the season. Some Peruvian grapes have already entered the market, and Chilean product is not anticipated for another week or so. The September Chilean freeze has clearly affected their product negatively, and early volumes next year are looking "complicated". The grape markets are flat.

RASPBERRIES

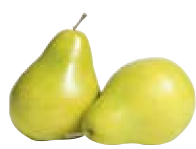
As the year draws to a close raspberry volume is anticipated to continue dwindling. Peak harvesting has come and gone, and the market is expected to tighten up as a result. The raspberry markets are flat.

BLUEBERRIES

Blueberry imports are transitioning from Argentina to Chile, and most growers are finishing up their Argentinean fields. Demand is anticipated to remain firm, with supplies expected to stay constant as country of origin shifts from Argentina to Chile. Peak Chilean harvest is not expected for another week or two, and the blueberry markets are flat.

APPLES

Orders for Washington apples have spiked recently to coincide with the upcoming holidays. Red delicious apples continue to be the best value, specifically on the 48 to 72 count sizes. Washington honeycrisp and gala apple prices have stabilized, and the apple markets are flat.



PEARS

Anjou and Bartlett pears are still snug on small fruit, peak sizes being 70 and 80 counts. Other varieties of pears remain available. The pear markets are steady.

STONE FRUIT

The first container of imported peaches is expected to dock in Southern California late next week, with a large shipment arriving by the end of the month. Keep in mind, reports suggest that up to 55% of all stone fruit acreage may have been adversely affected by the freeze that hit Chile in September. Particularly hard hit were apricots, as nearly 80% of the crop may have been negatively affected. Plums were also hit hard, with 60% of that acreage seeing issues. Other items affected by the freeze include blueberries, pears, avocados, grapes, cherries, kiwis, and almonds. The stone fruit market remains dormant.

PRODUCE

TROPICAL

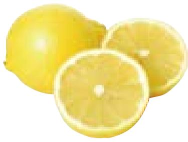
PINEAPPLES
Recent colder temperatures have adversely affected the crop of Costa Rican pineapples, and growers are reporting lower sugar concentrations and immature fruit during harvest. Quality of Mexican pineapples, however, is reportedly excellent with higher sugar concentration than their Costa Rican counterparts. Supplies are ramping up in anticipation of the upcoming holidays, but as the demand for pines goes up this winter prices are expected to do so as well. The pineapple markets are flat.

BANANAS
Banana supply is good, demand is strong with schools not yet on holiday break, and quality is reportedly very good. The banana markets are level.

AVOCADOS
Stateside demand for imported avocados has begun to taper off, but when combined with Mexican harvest slowing down, the market has not seen a drop in pricing. Quality is reportedly good with an excellent flavor profile. Demand is not anticipated to pick back up until the NFL playoff season is underway. The avocado markets are flat.

CITRUS

ORANGES
California navel season is in full swing, and crop yield volumes are expected to be comparable to years prior. A higher percentage of wind scar is being seen throughout the valley which may result in lower than normal volumes of fancy grade. This crop's fruit sizing is anticipated to be larger than average, peaking on the 88 and 72 count sizes (with smaller sizes being more scarce). The orange markets are barely lower.



LEMONS
Volumes of lemons continue to increase, and current production levels are lighter than in years past. Lemon sizing is trending small, peaking on the 165 to 115 counts. Grading is heavy on fancy, and Mexican imported lemons remain tight due to recent flooding in and around the growing and packing regions. Larger lemons are expected to increase in availability moving forward. The lemon markets are flat.

LIMES
Limes are currently being imported from Eastern Mexico with good quality and good green color. Current supplies are very good with excellent availability on all sizes. Demand should continue to be strong for the Christmas and New Year holidays. Weather conditions have been favorable in the growing regions, and upcoming cooler weather is expected to only improve the color and quality of limes. Despite this, strong winter and holiday demand has pushed the lime markets up.

GRAPEFRUIT
The grapefruit markets remain relatively unchanged from last week. There is a good supply of domestic fruit, and the quality is reportedly good. The grapefruit markets remain steady.

PRODUCE

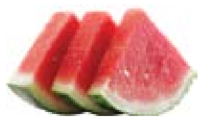
MELONS

CANTALOUPES

Demand on cantaloupes continues to be light, but with fewer players there is better inquiry, and seemingly better demand is anticipated for the near future. Most domestic supplies in Arizona have finished up, and only light supplies remain in California's Imperial Valley. A few cantaloupes are also crossing in Nogales, Arizona but that is just about done as well. Offshore Guatemalan supplies are available to load in Florida and also a few in Texas. At this point, very little if any offshore can be loaded on the west coast. Overall melon quality has improved, but as is typical for this time of year cantaloupes are showing a green cast. Expect sizing to be heavier on jumbo six counts, jumbo nines, and nines. The shelf life is reportedly shorter than average as well. The cantaloupe markets are flat.

HONEYDEWS

Recent demand on honeydew melons has been noticeably light, and shippers are looking to unload product at promotable pricing. Demand is anticipated to remain low for the near future, and supplies are thought to be dwindling as well. The honeydew markets are anticipated to slowly regain some strength moving forward, but for the time being the honeydew markets are flat.



WATERMELON

Demand remains low on watermelons, while supplies are still very good. Production out of Nogales is expected to wind down over the next couple of weeks as Hermosillo, Mexico finishes up. Central Mexico is expected to start up with limited volume in a couple of weeks, and Edinburg, Texas is also crossing fruit from Mexico. Seeded melons remain tight, and the seedless sizing is trending heavier towards five and six counts. Florida is growing and shipping their own small crop, and offshore melons have come stateside as well. The watermelon markets are flat.