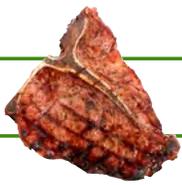




# FARMER'S REPORT

MARKET TRENDS | 12.12.2014

**US.**  
**FOODS**  
KEEPING KITCHENS COOKING.®



# BEEF

Live prices fell 4 cents from the previous week to \$1.64 as production levels remain lower than previous weeks as beef suppliers are trying to manage to demand.

## ROUNDS

**INSIDES:** Rounds reversed back this week and we saw lower pricing compared to the prior week. The round market remains unstable for the next few weeks before rebounding for out front retail adds after the holidays.

**FLATS:** Same as inside rounds; costs were down this week and we should see lower numbers over the next few weeks before the market rebounds.

## LOINS

**STRIPS:** Choice strips saw minor increases from the previous week which was based on heavy demand. Select grade prices drop from the previous week. Strips are considered vulnerable to price fluctuations, but there is limited downside for the remainder of the year.

**TOP BUTTS:** Top butts rebounded from last week with minor price adjustments upward while Select grade remained flat. We still may see some modest declines, but prices are expected to be firm in the winter as demand is relatively strong.

**BALL TIPS:** Ball tips were lower as they should be this time of year. We may see some near term price increases due to the Holiday reduced kill week, but there is more downside risk rather than upside moving into the winter.

**TENDERLOINS:** Tenderloin market is now reversing backwards in price as the majority of all shipments have been made which has reduced demand and lowered prices. We should continue to see a downward trend over the next several weeks.

## RIBS

**RIBEYES:** Ribeyes recorded up again this week, but we are now at the edge of lower pricing going forward. However, there is still vulnerability in pricing over the next couple of weeks especially for sized product.

## CHUCKS

**CHUCK ROLLS:** Market was reported slightly down this week, but we should be hitting the low shortly and then see increased costs with heavy demand after the holidays.

## THIN MEATS & GRINDS

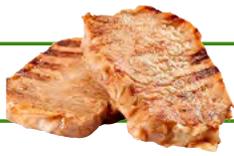
**FLAP MEAT:** Flap meat continues to oscillate up and down. You may see some higher prices the next couple of weeks due to higher live costs, but there is still risk to the downside.

**BRISKETS:** Briskets will remain strong even moving into the winter. Demand is outpacing supply at this time and with higher live costs we don't foresee much relief anytime soon.

**GRINDS:** Grinds reported up from the previous week. We should see prices steady to possibly lower through December and then rebound as we go into January.

**SKIRT MEAT:** Outside skirt steaks slid in price based on less demand and more supply. Inside Skirts remain in balance with minor adjustments upward in price.





# PORK

Base hog prices reported steady to lower early this week as most buyers have secured their needs for the week. Some packers are in need of a few loads for late in the week/weekend fill but hogs appear to be available at current price levels. Last week slaughter numbers were reported at 2.23 million head, down almost 4.0% from year ago. This week slaughter numbers are expected to come in at 2.24 million head, almost 4% lower than year ago. Hog supplies are expected to remain about 3% below year ago levels.

Hog weights remained steady with overall carcass weights running about 2 lbs above year ago levels. As we move into the winter months the colder temperatures could narrow that gap. Hog weights are expected to trend lower during the winter season and lighter carcasses may improve the availability of lighter or smaller “sized” items (like ribs), which are expected to be in tight supply through early 2015.

On the demand side week over week, commodity cuts continued moving higher in early week trade. Prices are expected to gradually move higher through late December due to increased retail pork promotions for the holiday season and record high beef prices as pork will be a low cost alternative to expensive beef items. On the processed meat side, bellies moved higher but remain volatile through year end and hams moved lower last week due to weak export demand.

## LOINS

The market for bone in loins and boneless loins moved higher last week due to increased retail promotions. As the holiday season approaches, prices for both bone in and boneless loins are expected to continue moving higher as retailers feature pork loins (in their December features) as a low cost alternative to higher priced beef items. Prices for loins are expected to remain above year ago levels through 2014.

## TENDERS

Pork tenders moved higher last week due to strong retail demand. Tenders are expected to trade steady to higher through late December as retailers feature this item as a “value” for holiday promotions. Prices are expected to remain above year ago levels through the December timeframe.

## BUTTS

Prices for pork butts traded steady to slightly lower last week due to weaker retail demand. Prices are expected to trade steady through late December then move higher early 2015 as retailers feature these items in their monthly ads. Prices are expected to remain above year ago levels through this year.

## RIBS

Spareribs traded steady to slightly lower last week due to lackluster 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 slightly lower as packers struggled to move their existing inventories. 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 (unless we continue to see declining hog weights)

## BELLIES/BACON

Bacon/Belly prices moved higher last week and the market continues to remain volatile (week over week). Packers and processors are adjusting their inventories, and the availability of smaller sized bellies varies on a weekly basis. In addition, retail demand (for bacon) is expected to increase late month and this is expected to support higher prices.

## HAMS

Ham prices continued lower last week and into early this week due to weak export demand and ample supplies of fresh hams. Ham prices are expected to trade steady to lower through year end. Ham prices are expected to remain above year ago levels through year end.

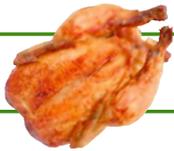
## TRIM

The following market dynamics will impact finished goods pricing during the December timeframe. 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 December time frame.

## PICNICS

Pork Picnics moved lower last week due to increased supplies and weaker demand. Picnics are expected to remain volatile week over week through early January 2015. 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 Turkey market continues to adjust downward as the supply of turkey's left after Thanksgiving is more than expected.

### BONELESS SKINLESS TURKEY BREASTS

The frozen boneless Turkey Breast Market held steady due to the further processor's demand. This market will continue to deflate as we move into the New Year.



## POULTRY

With the cost of feed advantageous for the poultry manufacturers this entire year, the industry was faced with multiple hurdles, including weather, heating fuel, and genetic opportunities. Consequently, instead of the industry growing throughout 2014, the actual growth is finally being seen in the last half of the year. The major indicators are:

There were 52.78 million hens in the broiler breeder flock as of October 1st, 2 percent more than year ago levels. October marks the fourth straight month of 2 percent or greater year on year growth after three months of very low growth levels. The flock is still much smaller than its February 2008 peak of 58.768 million birds, but it is 7.5 percent larger than in November 2012 when it bottomed out at 49.106 million.

Broiler egg output grew by 2.5 percent versus one year ago in September to 991 million. That is the largest year on year increase for monthly broiler egg production since November of last year. That total output figure pushed egg production per breeding layer to its highest level in just over a year. The 62.6 eggs per hen in inventory on October 1st was higher than the year ago level for the first time this year and represents the fourth highest such number on record. It appears that the productivity challenges are indeed being met!

The steady increase in the breeder flock and its productivity is already showing up in weekly egg set and placement data. Last week's 195.0 million eggs placed in incubators were 3.8 percent larger than last year and follows weeks of 4.8 percent and 4.0 percent increases. Egg sets were up only 1 percent year to date as recently as the end of August. The year on year increase has averaged 3.4 percent since then. Year to date placements of chicks into growing barns was actually lower than one year ago as of the week of September 19th, but has exceeded year ago levels, on average, by 2.6 percent since then.

### BONELESS SKINLESS BREASTS

As we discussed last week, the market looks to have almost hit its floor before recovering prior to the holidays. The supply for boneless breasts continues to grow, with the demand staying fluid. Holiday travel and festivities should pull this market up as the month continues.

### CHICKEN TENDERLOINS

The tenderloin markets dropped slightly as the supply outpaced even the strong demand of both QSR and further processors. As with breast market, the tenderloin price should stabilize as we move into December.

### WINGS

The wing market dropping is one of the surprises of December. The holiday demand for QSR has not offset the growing supply. However, this market will change. As we get toward the end of the month holidays, there will be plant closures, tightening the wing supply more as the demand starts ramping up for college football bowl season and the NFL playoffs.

### BONELESS SKINLESS THIGHS

The boneless thigh market remained unchanged as demand is being generated from retail features. Additionally, further processors and export continue to hold this market steady.





# COMMODITY GROCERY

## SOYBEAN OIL

**CROP:** With the U.S. soybean harvest 97% 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 425 million this year.

There are several factors that may prevent any sort of significant oil price declines:

- Soybean crushers have not been able to ramp up making meal and oil as quickly as desired due to rail logistics for the soybean meal. If producers can't get transportation for the meal, the oil doesn't get produced either.
- We are coming into this excess harvest with historically low soybean oil reserves, currently sitting just under a billion pounds. This means that even as rail cars become more available to move product, reserves will improve but still remain below generally considered healthy levels for 2015.
- Thirdly, oil yield from the beans currently being processed is on the low end of the spectrum at around 30%. This means that crushers aren't getting as much oil out of every bean crushed.

- When all these factors are added up the expectation is that prices will be very range bound for the foreseeable future
- Although some downward relief did come this past Friday as crude oil prices sharply declined to under \$70 per barrel.

### INTERNATIONAL CROP:

- South American soybean planting pace has made significant strides after a late start under favorable conditions. Forecasts, if true, should improve crop conditions for both the Brazilian and Argentine row crops. January will be the month to watch in SA.
- Brazil soybean planting continues to surge ahead and was reported 74% complete versus 81% on average. Brazil is expected to have a bumper crop.

**BIODIESEL:** The EPA disappointed the trade by announcing that they will not have an update on biodiesel mandates. They have decided to postpone a decision for 2014, 2015 and 2016 until "sometime in 2015".



## DAIRY

### BUTTER

The butter market is flat. Butter production for October was up 1.5% over last year. Butter production is increasing seasonally and as inventories build, deflation is expected in this market.

### CHEESE

After holiday orders were filled we saw the normal declines in the market. It looks as though we have found the new normal level for the remainder of 2014. We do not expect much movement from the current trading range. Markets should stay within the current trading range into January of next year and then start to move back up.

### SHELL EGGS

Markets are mixed. In regions where inventories are available, prices are showing weakness. In regions where inventories are tight, prices are increasing. In general, markets are expected to show deflation by the beginning of January. California's new state regulations begin January 1, 2015 and further inflation is expected there.

### MILK & CREAM

For the month of November, Class II butterfat prices decreased by double digits. Just in time for the holiday season, items that have high butterfat content may have decreases, specifically, whipping cream, half and half, and heavy cream. Butterfat pricing may continue to decline in December.



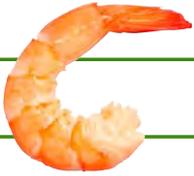
## SEAFOOD

### SHRIMP, DOMESTIC (WHITES AND BROWNS)

2/3's of the Gulf shrimp boats have tied up their boats for the holidays and lack of production. 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 pack product and are evaluating 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:** The HLSO market is stable with signs of lower pricing. 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 and Latin markets have shown their first signs of weakening. This market is very sloppy and we expect lower prices in the near future. Cooked whites are showing the largest price drop.

## 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 LY. 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 lower offerings are noted on all sizes. There does not seem to be a issue with inventory and all sizes of filets are in good supply.

The Chilean fresh filet and whole fish market has moved up this week. Upcoming holidays has created a push in sales.

**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 catch has been good with mostly smaller fish being caught (1-3# loins). The thought is there is still a lot of fish to come out of the water and pricing could go lower in December. This is a wait and see market at this time.

## SCALLOPS

**SEA:** Prices are starting to rise. We feel as fishermen use up their quota, prices will continue to rise as product becomes short in the market.

**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:** Alaska has called for a ban on Russian seafood imports in retaliation for Russia's ban on US food shipments. Despite the justice of this, it may be a case of be careful for what you wish for. For King crab, a shutdown of Russian product - which supplies about 90% of the US demand - would destroy the market. After years in which the Deadliest Catch gave a huge boost to crab consumption, nothing would make consumers madder than boosting a product that is unavailable. No retailer or restaurant wants to put themselves in that position of making their customers mad - so there would be a massive migration away from King Crab.

## 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)

Both Blue and Red markets are stable this week. Blue Swimming crab meat seems to be in better shape as the pipe line is filling up. Red Crab production has started and we feel as product hits the US in 60 days we may see some weakening in price.

## 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:** Brazil is steady to firm with a few lower offerings noted on 4 and 5 oz. tails. Production has been relatively slow. As North American Lobster prices and inventories become tight look at Warm Water Lobster Tails as a great item to move to with lower costs.

**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:** We continue to see strong demand for Idaho russet potatoes this week, even after the Thanksgiving holiday. It is expected that demand will increase again as we get closer to Christmas. Pricing remains steady on the smaller sizes but increasing slightly on the larger sizes due to limited supply. Most shippers are currently packing Norkotahs, with very few packing Burbanks. The quality is still good across the board. Transportation has improved slightly out of Idaho as more trucks are available, but freight rates are still extremely high.

**Reds:** The red potato market remains steady this week with very little change in prices for A and B-sized potatoes. The demand is still average for this time of year. Product is still available from WA, ID, WI, ND, CO and Canada. As with Russets, freight costs are still high for these regions.



### GARLIC

The market on garlic is down again this week for the Chinese Peeled. The good supply of Chinese Peeled in the market right now is dropping the price to get product moving.



### CABBAGE

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



### LEAF LETTUCE

Similar to iceberg, we are seeing ample supplies and good quality for romaine, green leaf and red leaf. We should have plenty of supplies for the next couple of weeks, until the cold weather comes through.



### ICEBERG LETTUCE

Market is down this week again. Growers are seeing excellent quality iceberg in Yuma. They are currently running about 10 days ahead of schedule. This means there will be plenty of supplies for the next two weeks but will be a little lighter for the last week of the year. It is expected that a cold front will pass through the area which could cause a gap in supplies during the first week of January.



### ONIONS

The onion market remains low due to current supplies exceeding demand. There is a surplus in every growing region. This should remain the case through the New Year and beyond.



### CHILE PEPPERS

The market is steady this week on Chile peppers with good supply and light demand. Good supply and quality is expected to continue in the coming weeks.



### CUCUMBERS

The East coast continues to struggle with limited supplies of cucumbers and increasing FOB prices. The quality remains variable. The West coast has seen steady supplies and FOB prices this week. It is anticipated that additional supplies will be available around Christmas.



### SQUASH

With the recent high winds causing pollination issues for the East coast growers, supplies remain extremely tight for both yellow and green squash driving the market up. The quality across the board has been fair but relief is expected in the next two weeks. The West coast is seeing some slight improvement as the amount of supplies crossing are increasing. Again, improvement is expected in the next week or two.



# PRODUCE



## TOMATOES

**Rounds:** Supplies are still tight for round tomatoes across the country. The East coast growers are still a few weeks away from seeing normal volumes but overall FOB prices are down. The new crop is running on the smaller side, so it is anticipated that the FOB prices on these sizes will decrease quicker than the larges. The West coast continues pulling supplies from the East to meet demand. We are still a few weeks out from seeing normal volume and improved quality from Mexico.

**Cherry and Grape:** Cherry tomato supplies remain tight on the East coast, but the situation is improving, causing downward pressure on FOB. Due to the almost nonexistent supply of good quality cherries on the West coast, the East coast shippers are currently meeting demand from across the country. We continue to see improvement from all harvesting regions for grape tomatoes this week. Supplies are improving and quality has been good. FOB prices started dropping and will continue trend down.

**Romas:** The Roma market is seeing some improvement this week as additional supplies are coming available. It is expected that both coasts should see gradual improvement in quality and volume in the next few weeks. FOB prices are down slightly across the board this week.



## GREEN BEANS

The market is down this week on bushel green beans with better supplies and good demand. Steady supplies are now expected through December.

## EGGPLANT

Additional supplies of good quality eggplant are now available from the East coast which is causing a slight decrease in FOB prices.



## BELL PEPPERS

We continue to see a strong demand for green bell peppers at this time. Supplies are increasing gradually, after the rain caused a delay in harvesting on the East coast. Overall the quality has been good from all growing regions. FOB prices are steady with upward pressure across the country for all grades and sizes. Red bell pepper continues to suffer from tight supplies driving the market up.



## CARROTS

The market is steady this week on carrots. Quality and supply are good on Jumbo, while other varieties are moderate. Supplies are expected to be lighter as the season comes to an end.



## CELERY

Market on celery is up this week with moderate supply and demand improving. Most are reporting good quality with some reports of black heart out of Oxnard.



## GREEN ONIONS

Green onion market is down this week with steady demand and supply. Smaller sizing is being reported.



## CAULIFLOWER

The market on cauliflower is slightly down this week with supplies still light and demand exceeding supply. Quality from both areas is good. Supplies should start to get back to normal in the next couple of weeks.



## ASPARAGUS

Asparagus market is up significantly this week with strong demand and light supplies out of Mexico.



## BROCCOLI

The market is steady this week on crowns and bunches. Good supplies and good quality coupled with moderate demand.



# PRODUCE

## TROPICAL



### PINEAPPLES

Pineapple market saw more volume this week over last week and pricing was a bit softer. The gold volume has increased and the crownless volume is catching up. The overall demand for pineapple was very low, however it is expected to improve and next week is expected to increase.



### BANANAS

The banana market remains on the low side and has not changed in the past few weeks. You should be cautious with your inventories as we head towards the holidays.



### AVOCADOS

The avocado market remains stable for the most part. There seems to be a little weakness on 48's and larger. 70 ct. and smaller have remained fairly stable.

## MELONS



### CANTALOUPE

Desert crop is just about finished up. The overall quality is fair to good with mostly a green cast and good internal color, there are some ground scars and rough netting but good sugar. The offshore fruit has started to arrive.



### HONEYDEWS

Market is steady with good supplies of 6 and 8's all out of Mexico the larger fruit is very tight and we will see the overall market start to strengthen up over the next 2-3 weeks as some of the Mexico regions are winding down and volumes will start to decrease over the next 2 weeks and will start to see some offshore fruit start to arrive in the next few weeks but volumes overall will be down. The overall quality is very good with good internal color and sugar.

## BERRIES



### BLACKBERRIES

The Mexican production continues to come in with plenty of availability and volume. Expect the pricing to stabilize at current pricing levels, no change is anticipated for the next two weeks.



### STRAWBERRIES

Strawberry market is up again this week. Oxnard is seeing light volumes and harvests, and is expecting a huge rainstorm to hit late this week which will undoubtedly affect production. Mexican production is expected to pick up more next week. The Florida market is very dependent on weather right now, which has been experiencing cooler temperatures so they are still off to a slower start. Expect pricing to begin to decrease as supplies increase from Mexico and Florida.



### RASPBERRIES

Supplies continue to decline as California winds down. Expect this trend to continue through December. Expect pricing to increase the next couple of weeks.



### GRAPES

Market is strong as growers are starting to finish up harvest and pulling from our storage fruit, the overall quality is good with a range in color, but overall condition is good and sugar is excellent. We will continue shipping California fruit through December as long as fruit quality holds up. There will be the first of the Chilean arrivals around the second week of December but will keep you in California fruit as price and size will be better.



### BLUEBERRIES

We are starting to see more availability, and are still having most fruit come in by air. Expect the pricing to stabilize at current pricing levels. NO change is expected for the next week until boats start coming in for end of December/ beginning of January.

## HANGING FRUIT

### APPLES & PEARS

The Honeycrisp market is showing strength as supplies are dwindling down in Michigan and the Northeast with more business now being directed towards Washington. Both Bartlett and Anjou markets are steady at this point.



## CITRUS

### LEMONS

Lemon market is steady and strong. 165's and smaller are especially stronger. Demand good, supplies are good and quality is good. Market has steadied and seems to be firming up on 165's and smaller as we are peaking on 140's and larger out of the desert (dist. 3) and also starting to pack some in the central valley (dist. 1) there is also some Mexican and Chilean fruit around but within the next 2 weeks that should be all cleaned up and we will see the market strengthen on the smaller fruit. The overall quality is good with some spotting and some discoloration due to gassing showing up on some lots primarily in the choice and standards. Expect the quality to continually get better as shippers decrease gas hours on the product in the next few weeks.



### ORANGES

Navel oranges are peaking on 72s, 88s and 113s. There is good sugar at 10.5-11. Fancy to choice spread is still 80/20. Nice color is reported and full color terms are anticipated in 2-3 weeks. Cara oranges are kicking off this week and Clementine's are finishing up in 2 weeks.



### LIMES

Quality on limes has been okay. The rain that has been falling has caused decay and styalr, growers are trying to use only dry limes for packing but that does not always happen. The price increase that was expected has not happened yet, but growers anticipate it will still come over the next two months.

