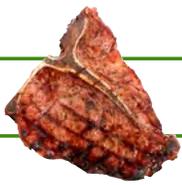




# FARMER'S REPORT

MARKET TRENDS | 3.6.2015

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**FOODS®**  
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# BEEF

Packers procured live cattle at a lower cost while increasing pricing on seasonal demand for middle meats. This is very much a supply driven market, and we still expect middle meats to advance while some of the end meats make their seasonal downward pilgrimage.

## ROUNDS

**INSIDES:** Inside rounds were higher mostly because of reduced production and not demand for the product. They are expected to move lower as we head into the spring.

**FLATS:** Flats followed the rest of the round complex and moved higher. Like the rounds, they are expected to drift slowly lower as we go into the spring.

## LOINS

**STRIPS:** Strip loins are starting their upward climb as we enter grilling season. The strong demand and pricing is anticipated to continue. Select is not as available as choice and may have more fluctuations. Overall, this market will continue to move forward into the summer.

**TOP BUTTS:** Top butts followed along with all middle meats, but they are showing signs of being exhausted. They are still a value relative to the other steak cuts.

**BALL TIPS:** They are in good demand and the shortened production weeks will only help them continue to move higher, but hopefully at a more moderate rate.

**TENDERLOINS:** Tenders are higher like all middle meats, but this is strictly supply driven. Don't let this fool you as there will soon be spring demand as the weather improves.

## RIBS

**RIBEYES:** All of the ribeyes moved much higher than anticipated. There is some downside risk, but for the most part, this market should continue to move upward in anticipation of the grilling season.

## CHUCKS

**CHUCK ROLLS:** Chucks moved higher, but they are almost out of gas. We may have one more week or so of higher prices, but lack of demand and increased supply should put a damper on pricing.

## THIN MEATS & GRINDS

**FLAP MEAT:** Flap meat is rising and should continue to do so into the spring months. They are vulnerable to price fluctuations like all thin meats when you have reduced beef production.

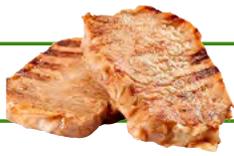
**FLANK:** Flank continues to be the beef "over achiever". They are overvalued when compared to last year, but they just continue to march higher. Flank is expected to move more moderately into spring.

**BRISKETS:** Briskets have seen a slight decrease this week compared to large decreases we have seen over the last few weeks. We project stronger pricing in the coming weeks as buyers step in to buy their needs for the St. Patrick's Day holiday.

**GRINDS:** Grinds are higher, but they are actually moving into a more temperate environment. Look for them to move up and down more moderately into spring.

**SKIRT MEAT:** This needs no adjustment in words!!!! Welcome to the roller coaster. Up, down, up, down. For this week, it is down moderately. We are forecasting a steady to lower market as demand has fallen off, but it should rebound as we approach the end of March..





# PORK

Base hog prices traded steady to slightly lower as packers look to fill next week schedules. Some packers are reducing or eliminating their Saturday schedules in order to keep pressure on hog prices. Expect hog prices to firm and gradually move higher during the late March-April timeframe.

Last week slaughter numbers were reported at approximately 2.23 million head which was 5% above year ago levels. This week slaughter numbers are expected to come in at 2.23 million head, which is almost 8% above 2014 levels. As packer margins decline, expect Saturday slaughter numbers to move lower and overall weekly slaughter numbers to decline.

Hog weights were slightly lighter last week, but remain heavier than last year. Weights are gradually moving lower as producers continue to thin out their larger animals. With hog prices moving lower, producers are expected to sell their hogs sooner and animal weights should gradually move lower. Weights are expected to trend lower through Q1.

On the demand side, weaker domestic and export demand continue to pressure overall pork prices. Prices for commodity cuts and bellies are expected to firm and move higher as retail and foodservice demand improve. Warmer weather, hopefully in the upcoming weeks, is also expected to boost product demand and support higher prices.

## LOINS

The market for bone in and boneless loins are starting to firm due to improved product demand. Prices for both bone in and boneless loins are expected to firm then gradually move higher during March as export demand improves and retail demand kicks in. Loin prices are expected to remain below year ago levels through May.

## TENDERS

Pork tenders moved lower last week due to lackluster demand and excess supplies of fresh product. Tenders are expected to trade steady through March then gradually move higher as retailers feature this item during April.

## BUTTS

Pork Butts continued gradually moving higher on increased domestic and export demand. Prices are expected to gradually move higher through April.

## RIBS

Spareribs moved higher on increased product demand. Prices are expected to gradually move higher through early April then hold steady as buyers pause to assess their additional rib needs for the upcoming season. Back Ribs moved slightly higher due to strong demand from foodservice. Prices for Back Ribs are expected to gradually trend higher in response to retail and foodservice Spring promotions. Lighter St. Louis ribs and Back ribs may be in tight supply through early Q1, however lighter ribs are expected to become available late Q2.

## BELLIES/BACON

Bacon/Belly prices moved lower again last week due to excess supplies of fresh bellies and weaker demand from second stage processors. Prices are expected to firm late March then gradually move higher due to increased retail and foodservice demand. Unanticipated supplies of fresh product could put pressure on belly prices through late March.

## HAMS

Ham prices moved lower last week due to an increase in the amount of Canadian product coming across the border. Prices are expected to trade steady to slightly higher through March. Unanticipated supplies of fresh product could put pressure on ham prices during the March/April timeframe.

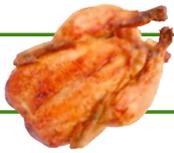
## TRIM

The following market dynamics will impact finished goods pricing during the March timeframe. Pork trimmings have traded lower due to excess supplies of product in the market. The unexpected increase in trimming supplies, during a seasonally weak demand period, resulted in lower prices for hot dogs and breakfast sausage for the March timeframe. Prices are expected to firm and move higher during March which will impact April prices.

## PICNICS

Pork Picnics traded lower last week due to increased supplies and weaker domestic and export demand. Picnics are expected to remain volatile week over week through mid March. This has resulted in lower prices for dinner sausage items during the March timeframe. Prices are expected to firm and move higher through Q2 which will impact April prices.





## TURKEY

### WHOLE FROZEN TURKEY

This market continues to trend sideways as yearly bids are still being accepted. The market will start to move up slowly and steadily from this point forward.

### BONELESS SKINLESS TURKEY BREASTS

The frozen turkey breast market continues to deflate as further processors slow their production due to increasing freezer stock. This market will continue to lose value as we progress into the summer.



## POULTRY

The chicken industry is enduring its third week of winter weather in the southeast. Between plant closures, chicken trucks not able to get to production facilities, and employees stranded in rural area not able to get to work, the supply of chicken is questionable. The unsettled chicken supply has buyers nervous, thus causing the chicken market to stay mostly unchanged in the past week. The only movement in the market was a slight increase of costs of boneless thigh meat due to retail features and chicken tenderloins due to QSR promotions. The rest of the market offerings are well supported as the seasonal demand for chicken begins to rise.

Hatcheries in the United States weekly program set 215 million eggs in incubators during the week ending February 21, 2015, up 3 percent from a year ago. Hatcheries in the 19 State weekly program set 207 million eggs in incubators during the week ending February 21, 2015, up 3 percent from the year earlier. Average hatchability for chicks hatched during the week in the United States was 83 percent. Average hatchability is calculated by dividing chicks hatched during the week by eggs set three weeks earlier.

Broiler growers in the United States weekly program placed 174 million chicks for meat production during the week ending February 21, 2015, up 2 percent from a year ago. Broiler growers in the 19 State weekly program placed 168 million chicks for meat production during the week ending February 21, 2015, up 3 percent from the year earlier. Cumulative placements from the week ending January 10, 2015 through February 21, 2015 for the United States were 1.22 billion. Cumulative placements were up 3 percent from the same period a year earlier.

### BONELESS SKINLESS BREASTS

All boneless breast markets trended sideways this week as Retail and QSR demand are picking up with the onset of March. Despite the winter weather that has hampered the eastern regions of the United States, the demand was balanced with supply for all sizes.

### CHICKEN TENDERLOINS

The supply of tenderloins is very tight due to the demand of further processors. QSR features will start shortly in anticipation of spring break. With McDonald's promoting breaded chicken tenders, this market inflated slightly this week and should trend sideways to up slightly next week.

### WINGS

The medium wing market remained steady, with their high prices, as we move into March. This product is being heavily pursued by further processors and the retail segment. The demand is starting to pick up for jumbo wings as we get closer to March Madness. Spot loads can be found on the market, but the prices of these loads remain consistent with the market. This market stayed flat and should continue on this sideways trend.

### BONELESS SKINLESS THIGHS

As the retail segment steps forward featuring the back half of the chicken, the thigh meat market took a small step forward since bottoming out last month.





# COMMODITY GROCERY

## SOYBEAN OIL

### DOMESTIC CROP & PRODUCTION:

- U.S. soybean exports and sales continue to seasonally decline from their Fall peak as South America's share of the world market increases with the onset of their harvest
- U.S. weekly soybean oil sales of 14,200 MT for 2014/2015 were up 30 percent from the previous week and 8 percent from the prior 4-week average.
- U.S. soybean acreage will be higher this next planting season, but not as much as originally expected.
- Soybean oil basis levels were mostly steady again this week.

### INTERNATIONAL CROP:

- It appears we are tracking towards 95+ MMT crop in Brazil and 55-58+ MMT in Argentina, up from last year.
  - Brazil appears to returning to normal after the truck drivers protesting high fuel prices interrupted supplies of diesel and raw materials across Brazil's farm belt and threatened to hold up grain exports at ports in the midst of a record harvest
  - The USDA said it anticipates lower soybean yields in Brazil that reflect "the impact of limited rainfall in eastern growing areas."
  - "The Argentina soybean crop prospects have improved due to ample moisture and mild temperatures," the USDA said.
- Harvesting continues and is about 29% complete; some analysts are suggesting the Brazilian crop continues to slide lower, but others have cited increasing yield reports.

### BIODIESEL:

- The recent sharp break in crude oil prices has lead to reduced soy bean oil demand for biodiesel production as margins in that industry are low.
- ADM says it has shifted production of biodiesel to other products at its North Dakota plant and will continue to evaluate market conditions and resume production when conditions improve.
- The market is looking at adding anywhere from 250-500mm pounds to U.S. soybean oil inventory which would create a much more comfortable balance sheet and take some upward pressure off futures and basis prices.



## DAIRY

### BUTTER

Markets are again on the rise as there was a lot of activity this week at the CME. Domestic demand is increasing the closer we get to the Easter holiday while export demand continues to be weak.

### CHEESE

As expected, cheese markets have continued to remain stable. Markets have traded within this range for the past five weeks. With domestic and international markets stabilized; milk production strong, and storage levels healthy, we expect markets to continue to trade within the current range through March.

### SHELL EGGS

As expected, the Easter holiday only 4 weeks away is driving shell egg markets up for most of the country while California markets are holding steady. Supplies are starting to tighten up. Overall export demand for both Canada and Mexico are helping to drive the markets up.

### MILK & CREAM

For the month of March, fluid milk prices saw slight declines while creams, half & half, and sour cream all saw increases due to higher butterfat pricing. Pricing may increase next month across all items. Production and demand across the country is steady to slightly higher.



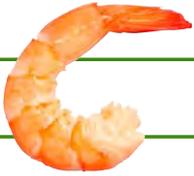
## SEAFOOD

### SHRIMP, DOMESTIC (WHITES AND BROWNS)

Shell on Domestic Brown and White shrimp are still in steady supply and prices have remained stable. Larger shrimp 16/20 and 21/25 are starting to see a small increase as inventory on these two sizes are starting to get low. If movement starts to pick up prices should start to move upward.

**DOMESTIC PUDS:** 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)

The imported shrimp market is still very sloppy! Shell on Tigers continue to fall as do Value Added Whites and Tigers. The outlook is not clear as inventory remains strong and packers continue to look for cash.

## CATFISH, DOMESTIC & IMPORTED

**DOMESTIC:** This market took a turn upward this week as inventories are starting to become tight. 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 is seeing some weakening in price due to a good catch year. The Chilean fresh fillet and whole fish market has moved up this week on brisk sales and lack of inventory and Valentine Day business.

**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. We are starting to see some product from Taiwan in the market at lower prices but quality is not as good as the Central and South American products.

## SCALLOPS

**SEA:** Pricing saw some weakening this week as the new season kicked off on March 1st. Outlook is still unclear but all signs point to a lower year for Scallop pricing.

**BAY:** Pricing unchanged this week.

## TILAPIA

Pricing and supply are now stable and the outlook is stronger prices after the 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 to lower. Inventories are good and the Alaska Seafood Marketing Association is looking to promote heavy in the US. Look for bargains in the near future on Alaskan Pollock filets and imported Pollock filets.

**HADDOCK:** Inventories have rebounded and there is talk of lower prices come the end of April.

## 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. Outlook for the end of 2015 is higher cost and a shortage in the market.

## CRABMEAT

### (BLUE & RED, PASTEURIZED)

Imports on Blue Swimming continues to be good and prices are starting to trend down. Red Swimming crab imports have slowed down and movement is strong. Prices will stay in line with Blue Swimming crab so movement stays good.

## SNOW CRAB

### (CANADA & ALASKA)

Alaskan crab is now starting to get into the lower 48's. Production up to this week has been good; however, fishing was poor last week which is keeping this market unsettled at this time. Canadian Crab still has inventory from the 2014 season, and most producers feel the season will kick off the 1st or 2nd week in April. Pricing on Canadian is still up in the air at this time.

## 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 on 6 and 8oz tails.

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

# PRODUCE

## VEGETABLES



### POTATOES

**Russets:** The Idaho Russet potato market remains unchanged this week with the exception of 40 - 70 sizes up slightly on Burbank variety. Growers continue to report good quality for both Burbanks and Norkotahs. The market and demand for non-Idaho remains steady. At this point, more supplies are available from CO than WI.

**Reds and Gold's :** Currently, the red potato market is steady for both A and B-size potatoes and demand is average to light. Storage crop is currently available from WA, ID, NC, CO and Canada. New crop red potatoes are now available from southern FL. It is reported that the quality is good and yields are above average.

**White/Yellow Potatoes:** The yellow potato market remains steady for product shipping out of CO, ID and WA. Demand for this variety remains steady throughout the country as well. As for white potatoes, new crop is available from FL and CA.



### GARLIC

The market is up this week for all garlic. The West coast is mostly out of the Chinese Peeled until late in the week which is driving the price and demand up for California Peeled. In the meantime, some Argentine Garlic is available to help offset the high demand for California Peeled.



### CABBAGE

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



### LEAF LETTUCE

Growers are reporting that supplies are tighter this week for romaine, as well as green and red leaf lettuce. With the warmer temperatures and increased humidity, there are some quality concerns. Many are reporting mildew as well as seeders and a ribby appearance.



### ICEBERG LETTUCE

At this time, there are plenty of iceberg lettuce supplies. There are some concerns with quality as many growers are reporting issues with mildew. It is expected that there will be a large production gap when the transition from the desert to the northern growing areas takes place. The market is up slightly this week.



### ONIONS

The onion market remains relatively unchanged with supply continuing to exceed demand. There is an exception to this as the higher quality white onions are going for a premium. It is important to note that there are some quality issues coming up in some growing regions.



### CHILE PEPPERS

The market is steady this week on Chile peppers with moderate supply and demand. The warmer weather has brought better production and the quality continues to be good.



### CUCUMBERS

Honduras continues to be the major source of cucumbers for the East coast. The FL spring crop is still a few weeks out. It is a possibility that there might be a gap situation at the end of March or early April. At this time, quality is good but becoming more variable. Nogales continues to be the major sourcing point for the West coast. FOB prices are down this week due to plenty of supplies and slow demand. Quality from this growing region is also variable.



### SQUASH

The markets for both green and yellow squash from the East coast are up again this week, due to the tight supplies. The recent weather has caused scarring and shorter shelf life due to decay. Nogales continues to be the main crossing point for squash supplies on the West coast. Prices are up and the quality is variable. New crop should be available in about three weeks.



# PRODUCE



## TOMATOES

**Rounds:** Demand remains slow across the country for round tomatoes. This is causing a decrease in market prices for all growing regions. The recent weather conditions in FL have not affected the quality yet, but may pose a threat to shelf life down the line. The Mexican growing region is also experiencing rainfall which is causing the quality to remain variable, but there are no major concerns at this time.

**Romas:** Supply and demand on the East coast remain low this week, which is causing a dip in the market for all sizes. At this point the quality is good, but the weather may cause issues in the near future. Additional supplies are coming on board and crossing at Nogales and McAllen. The quality is good to very good and FOB prices are down.

**Cherry and Grape:** East coast growers are reporting good quality for both grape and cherry tomatoes. Supplies are up on both cherry and grapes, this is causing a decrease in FOB prices. Supplies out of Mexico are steady. Quality is variable.



## GREEN BEANS

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



## EGGPLANT

East coast growers are reporting that eggplants are in short supply, while the market remains steady with some upward pressure. Supplies are improving on the West coast which is causing the FOB prices to remain steady with some downward pressure.



## BELL PEPPERS

Additional supplies of green bell peppers from the East have come online in the past week, which is causing the FOB to decrease. Quality is good for now, but it is expected that the recent weather conditions will cause issues with shelf life. FOB prices are also down for the West coast as demand remains low and additional supplies are available. Red bell pepper market is up again this week with short supplies.



## CARROTS

The market is steady this week on carrots. Both supply and demand are steady as well. Most sizing is medium to large as jumbo supply is short. Quality is good.



## CELERY

The market on celery is steady this week with moderate supply and lighter demand. Quality and sizing continue to be good.



## GREEN ONIONS

The green onion market is steady this week. Supplies are lighter with moderate demand. Quality is good.



## CAULIFLOWER

The market on cauliflower is up this week with lighter supply and good demand. The quality continues to be good.



## ASPARAGUS

The market is down this week on asparagus with moderate supply and demand. Quality is good. Mexico is the main growing area right now.



## BROCCOLI

The market is up this week on broccoli with lighter supply due to the yields and quality in the desert and the cooler temperatures in California growing regions. Demand is moderate.



# PRODUCE



## TROPICAL PINEAPPLES

The recent rains in Central America have affected the pineapple crop causing supplies to be even tighter. Market supply will continue to be tight through Easter.



## BANANAS

An agreement has been reached between the PMA and the ILWU. There is a backlog of vessels in the port of LA so will take several weeks to normalize there. Bananas are becoming more readily available with quality issues coming from the fruit that sat on the water for weeks due to the slow downs.



## AVOCADOS

Pricing for the avocado market has somewhat stabilized for now. Avocados sizes 60 and larger are still tight. This current higher market is enticing more California growers to start picking so we will see more volume coming out of California soon.

## MELONS



## CANTALOUPE

The market is strong and tight on both coasts, but will start to ease by the end of next week as more product will be arriving from Guatemala and then Honduras. The quality of Honduras fruit is very good with nice clean net and mostly green to straw cast and excellent internal color and sugar. The market should keep steady until the middle of April and strengthen until California and Arizona start in May



## HONEYDEWS

The market is steady as we are seeing offshore fruit as well as Mexican honeydews on the market. The overall quality is very good with excellent green to cream cast and great internal color and sugar. Expect the market to keep steady over the next few weeks.



## BERRIES

### BLACKBERRIES

The blackberry market has gotten tighter over the past week or so and has left the market in a demand exceeds supply position. The market will likely stay that way for the next couple of weeks. Product coming out of central Mexico is ranging from good to excellent.



### STRAWBERRIES

The strawberry market is in a supply exceeds demand position. While the rain affected production out of Southern California, it has not been enough to offset strong production out of Mexico, and weak demand from the East (due to the weather). Good quality product is expected, the berries range from average to excellent.



### RASPBERRIES

The raspberry market remains steady from last week. Supplies are limited and demand is high. Production will continue to ramp up as we move further into spring, however we are still a ways off from a balanced market. Quality is ranging from good to excellent.



### GRAPES

The market is split on reds as we come to the end of the Chilean flames and we will see more crimsons and other red varieties through April until California and Mexico fruit start in May. The flames that are still on the market have a wide range in quality and prices. The greens are fairly steady other than some amber fruit that will be priced more than the clean green fruit. The overall quality is good with fruit eating very well and sugar content excellent.



### BLUEBERRIES

The blueberry market is in a demand exceeds supply position. The port issues in long beach have disturbed the distribution out of South America, so hopefully things will get back to normal soon. There is a wide variety of product quality, depending on the label and location of the sourced product. Chile, central Mexico, Oxnard, NorCal, Santa Maria and Baja are all distributing blueberries at this time.

# PRODUCE



## HANGING FRUIT

### APPLES

The apple market remains unchanged. Even with the high demand from the export trade, there still remains plenty of product to promote. The red delicious prices are at an all time low on large sizes and remain to be the cheapest deal out there.



### PEARS

The pear market remains basically unchanged. The last of the varieties are dwindling, but the quality remains good. Imported Bartlett pears have good supply and the prices should start to come down.



## CITRUS

### LEMONS

The lemon market is steady as growers are packing district one and district two fruit, which heavier volume coming out of district one. Overall quality looks good with excellent color and very good shape and juice content. District three is finished. Normal crops are anticipated out of both districts for their season.



### ORANGES

The market has steadied as ports have opened back up and Export movement has picked back up, there is good volume left to harvest and growers have started to pick the gibbed (stronger late fruit) fruit. Gibbed fruit has had a few reports of green around the stem and bloom end on some blocks as the gib helps to slow maturity of the fruit in order to have strong mature fruit later in the season. Growers will be harvesting navels though May and possibly longer depending on weather and demand. Valencia's will start around the middle of April which will last through the summer months.



### LIMES

Quality for limes is improving and will continue to improve as we move into spring. Pricing is increasing again this week, though not as much as expected. There are some reports of stilar and decay which is residual from the last round of rain. Supplies are tight on the 200's and 230's; buyers need to place orders early to ensure they get their stock.

