

FARMER'S REPORT

MARKET TRENDS | 5.22.2015

US.
FOODS
KEEPING KITCHENS COOKING.®

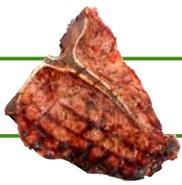


AVIAN INFLUENZA DISRUPTS EGG SUPPLY

Over 30 million egg-laying hens have now been lost to the bird flu. With a large percentage of those birds servicing the further processed egg industry, supplies of these items are running extremely tight. Additionally, shell egg markets are inflating dramatically across the country due to short supply. Unfortunately this is not a short term situation. These supply concerns are long term and are expected to continue for at least 12 to 18 months.

This situation is fluid and changing each day as more hens are lost. Customers should expect to see short supply of further processed and shell eggs, higher prices on the eggs that are available, and increasing costs on any product that uses egg as an ingredient.





BEEF

Strong demand for grilling items like middle meats, briskets for the BBQ season, and retail and processors entering the market on end meats to substitute declining turkey supplies, all impacted the beef market and is reflected in higher pricing this week.

ROUNDS

INSIDES: Inside rounds will again be higher, but they are expected to move lower once we get past Memorial Day. Any lower pricing will be limited.

FLATS: Bottom round flats will be higher again. They are expected to move lower in June before bottoming sometime in early July.

LOINS

STRIPS: Strip loins and short loins are higher once again on demand for Memorial Day. They are expected to stay firm until we move into June.

TOP BUTTS: Top butts are barely steady and they are expected to trend more in a sideways fashion before slowly moving downward in late summer.

BALL TIPS: Ball tips are higher this week and will be again next week. Retail demand for a less expensive sirloin cut compared to top butts enticed the buyers to enter the market, and firmed the cut. They will eventually move lower once all the summer holiday needs for grilling items is met.

TENDERLOINS: Tenders are firm to steady and are expected to remain that way until after Memorial Day. At that point they should drift lower until the end of July.

RIBS

RIBEYES: Ribeyes have found some short term firmness on last minute holiday demand. They are expected to weaken shortly and only modestly move lower into summer before reaching their expected seasonal low in August

CHUCKS

CHUCK ROLLS: Chucks will be lower and most likely again next week. They are expected to trend in a sideways fashion until mid July and then will likely start taking seasonal increases at that time.

THIN MEATS & GRINDS

FLAP MEAT: Flap is weakening and should continue to do so as we move through summer with some price fluctuations on occasions

FLANK: Flank is higher as buyers recover from the Cinco festivities. Flank will be higher next week and only modestly adjust downward into summer.

BRISKETS: Briskets are firm on good demand, and are expected to trend modestly higher into June.

GRINDS: Grinds are starting to move higher in front of the Memorial Day holiday. The market is expected to move more sideways early summer before drifting lower mainly after the 4th of July.

SKIRT MEAT: Skirt is higher on a more than expected inventory recovery from Cinco de Mayo coupled with Memorial Day demand. Pricing will higher again next week, but skirt will eventually move lower from the current lofty levels.





PORK

Base hog prices traded steady to slightly weaker due to ample supplies and weaker demand ahead of the Memorial Day holiday weekend. Most packers have filled their next week schedules and are not actively seeking additional hogs. Hog prices are expected to trade steady to slightly higher through end of May/early June. Packer margins are improving but are expected to remain slightly negative through the balance of May.

Slaughter numbers were running about 6.0% above year ago levels. This week slaughter numbers are expected to come in about 7 % above 2014 levels. Weekly slaughter numbers are expected to remain above 2014 levels through June, however week over week hog slaughter numbers are beginning their seasonal decline which continues through late summer.

Hog weights moved slightly lower week over week. Weights are forecasted to trend sideways to slightly lower this month and are running below year ago levels.

On the demand side, strong retail and foodservice demand continues to support steady to higher prices for bellies and hams, and higher prices for commodity cuts. Pork prices are expected to trend higher through May into June due to increased retail and foodservice promotions.

LOINS

Bone in and boneless pork loins prices were higher supported by tight supplies of fresh product and strong demand for Memorial Day features. Prices for both bone in and boneless are expected to hold steady through late May then gradually move higher as retailers promote both items for grilling season. Boneless and bone in loins are expected to gradually trend higher during June. Increased export demand may support higher price points.

TENDERS

Pork tenders moved higher last week due to strong retail and foodservice demand. Prices are expected to continue trending higher through May and could steady in early June as retailers step out of the market to assess their inventory levels. Prices are expected to gradually move higher mid June through early July.

BUTTS

Pork Butt prices continued higher due to tight supplies and strong retail demand for holiday features. Prices are expected to hold steady early June then gradually move higher during June due to retail and foodservice promotions. Warmer temperatures are expected to support higher prices.

RIBS

Spareribs and St Louis Ribs moved higher supported by tight supplies and increased retail and foodservice demand. Spareribs remain in tight supplies as packers convert them to St Louis ribs. Back Ribs traded higher due to improved retail and foodservice demand. Prices for the entire rib complex are expected to hold steady late May then gradually move higher during June.

BELLIES/BACON

Bacon/Belly prices moved higher in week over week trade supported by increased retail and foodservice promotions. Bellies are expected to continue their gradual increase through early August supported by stronger seasonal demand. Increased retail/foodservice promotions for bacon may support rapidly rising belly prices during June.

HAMS

Ham prices traded higher supported by strong demand (due to the continued concern over the supply of turkey breast meat for the summer sandwich season). Ham suppliers are anticipating consumers and foodservice switching their deli meat needs from turkey breast to ham items as a cost effective alternative. Ham prices are expected to gradually move higher through mid July.

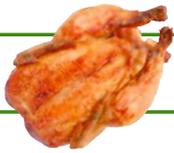
TRIM

The following market dynamics will impact finished goods pricing during the May timeframe. Pork trimmings prices have firmed on strong demand and are expected to make their seasonal move higher. Prices are gradually trending higher which may result in higher prices for the June/July time frame.

PICNICS

Pork Picnics continued higher last week supported by strong domestic and export demand. Picnics are expected to continue their seasonal move higher through late June. This could result in higher prices for dinner sausage items during the June/July timeframe.





TURKEY

WHOLE FROZEN TURKEY

The Whole Turkey Market continues to inflate this week as the bird flu continues to scare a lot of buyers, thus most of the smaller whole birds are being bought and stored to cover their Thanksgiving bookings.



POULTRY

Hatcheries in the United States weekly program set 219 million eggs in incubators during the week ending May 9, 2015, up 3 percent from a year ago. Hatcheries in the 19 State weekly program set 211 million eggs in incubators during the week ending May 9, 2015, up 3 percent from the year earlier. Average hatchability for chicks hatched during the week in the United States was 84 percent. Average hatchability is calculated by dividing chicks hatched during the week by eggs set three weeks earlier.

Broiler growers in the United States weekly program placed 179 million chicks for meat production during the week ending May 9, 2015, up 3 percent from a year ago. Broiler growers in the 19 State weekly program placed 173 million chicks for meat production during the week ending May 9, 2015, up 3 percent from the year earlier. Cumulative placements from the week ending January 10, 2015 through May 9, 2015 for the United States were 3.17 billion. Cumulative placements were up 3 percent from the same period a year earlier.

WHOLE CHICKEN & CUT-UP PARTS:

The Georgia Dock Trended sideways, though spot loads of small birds were traded above quoted prices. The retail segments are running features on deli rotisserie chickens and whole birds headed into the Memorial Day Weekend. This market should remain strong for the next week.

BONELESS SKINLESS BREASTS

As the supply of jumbo birds continues to grow, and the jumbo bird weights continue to rise, the supply is starting to outpace demand. The supply and weight gain are forcing many operations to work weekends to try to keep bird weights down.

The medium breast market received a new customer to support the demand, the further processors. The shortage of small birds dedicated for deboning has forced the industry to use medium birds to cover the increasing demand of sized boneless breasts.

BONELESS SKINLESS TURKEY BREASTS

Supplies of raw boneless turkey breasts are extremely limited, especially for the two companies that were hit by this Bird Flu. The turkeys in the upper Midwest, hit hardest by this virus, represented 2.5 percent of the total turkeys produced in a year. However, most of the turkeys affected with the extremely heavy birds used for producing deli items. Thus, experts are saying that the impact on these raw materials devastated by the Avian Flu is about 15% of the yearly supply of the boneless breasts.

The small bird boneless breast market inflated this week as the tight availability of small birds and the increasing demand being provided by Chick Fil-A and further processors trying to cover the increasing demand for sized breasts.

CHICKEN TENDERLOINS

The chicken tenderloin markets deflated quickly as the further processors demand has slowed. Most of the QSR promotions end after this holiday weekend which means most of their supplies are currently produced and are in the freezers.

WINGS

The small wing market continued its slow inflation as further processors are paying for spot loads at a premium to the market. As soon as the further processors catch up with their depleted cooked wing inventory, this market will start deflating. For now, it should trend sideways. The demand for jumbo wings remains steady, leading the market to trend sideways to slightly up this coming week. As we head into the summer, market will deflate slightly, but rebound before the July 4th holiday.

BONELESS SKINLESS THIGHS

The boneless thigh meat market continues to trend sideways as the constant demand and limited real estate dedicated for deboning thighs has reached a settling point in the market place.





COMMODITY GROCERY

SOYBEAN OIL

SOY COMPLEX SUMMARY:

- Soybeans are about 30% planted this year – ahead of schedule. US weather has been good for planting both corn (75% planted) and soybeans.
- Oil inventory is at a 10 year low, waiting cautiously to see what happens with this year's crop.
- Bird flu talk should subside with the warmer weather. However, they still have not found a way to control the outbreak; the fear is that the flu will start up again in the fall when birds begin migrating.
 - The impact now will be on soy meal, due to lessened demand. (Soy oil is a byproduct of the soy bean crushing process).
- Domestic Crop & Production:
- Traders are anticipating the 5/12 USDA to report a lower inventory number in the 2014/15 due to the more beans being exported than thought.
- A lower than expected oil yield number, an increase in the value of the U.S. dollar (affecting exports) and inventory at an all time low has kept oil prices range bound.
- Record imports of Canadian canola oil since Q3 of last year have helped to supplement tighter U.S. soybean oil supply.

DOMESTIC CROP & PRODUCTION:

- Recent strength in energy markets has made bio-diesel production profitable in the U.S
- Expected that June 1st the courts are going to force the government to make a decision regarding the EPA/Blenders credit to issue a mandate.
- The general perception is that there is little chance that the news will be considered bearish for the soybean oil market especially if the 2014 mandate is set at the actual production level.

BIODIESEL:

- Weather is being watched closely during harvest. The Brazilian soybean harvest is now at approximately 90% complete with Argentina expected to be at 50% complete by week's end.
- The trade is expecting a Brazil soybean crop of 95+ million
- Brazilian trucker strike seems to be a non- threat. Things are starting to get back to normal
- Indian total edible oil imports –soybean oil imports during October 2014 - March of 2015 were up 74% because their oilseed crop production fell short again.



DAIRY

BUTTER

Market continues its strength. Butter manufacturers are battling ice cream makers for cream right now. Domestic demand continues to outpace expectations.

CHEESE

Production is strong and suppliers are building cheese inventories nationally, although we have not yet seen this as it relates to pricing. Prices should remain steady to slightly lower over the next few weeks.

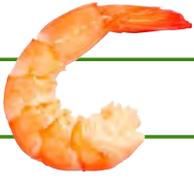
SHELL EGGS

All markets are rising quickly. Supplies are short. See Avian Influenza Disrupts Egg Supply on page 1. Further inflation and tightening supply is expected to continue.

MILK & CREAM

For the month of May pricing was mixed with a decrease to Skim II and increases to all other categories. This translates into slightly lower pricing on cottage cheese and flat to higher pricing on sour cream, creams and half & half. Pricing is expected to remain flat to higher across all items next month. Production across the country is trending higher, while demand is steady to higher across the country.





SEAFOOD

SHRIMP, DOMESTIC (WHITES AND BROWNS)

The Domestic Shrimp market is open and in full swing. Fishing/catch has been good with suppliers very happy to get back to work. Time will tell on pricing but expectation is market will be soft over the next month or so

DOMESTIC PUDS: Pricing is weaker now with lower pricing and plenty of inventories. The new season is coming up in May will tell how far this market will go down.

SHRIMP, IMPORTED (BLACK TIGER AND WHITES)

After many weeks of saying there is still downward pressure on imports some Importers are now thinking pricing is now level and we may be close to the bottom if not at the bottom. The opening on the domestic season on May 18th may put some downward pressure on pricing but time will tell. Mexican Browns, have taken a downward turn.

CATFISH, DOMESTIC & IMPORTED

DOMESTIC: Talk at the Boston Show on Domestic Catfish was positive. Live fish population is good. Once water becomes warmer and fish start to grow we look to see more product in the market place. Pricing is now stable.

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. Prices continue to weaken many think this will be the summer to promote Salmon! The Chilean fresh market saw lower pricing again this week on both filets and whole fish.

NORWEGIAN SALMON: With the current exchange rate Salmon from Norway may be a fish you see promoted this year. Inventories look good and many suppliers are looking to move fish.

MAHI MAHI

Fishing is now over for Central American Mahi. The catch was not as good as hoped but we were able to secure product to get us through until new pack. Look for stronger prices as the summer season gets going

SCALLOPS

SEA: Market took a downward turn this week. We are looking at June as the bottom of the market; time will tell. Catch was good this past week with good weather

BAY: Pricing unchanged this week.

TILAPIA

This could be a good summer for tilapia pricing. A mild winter in China has created more fish for the market. Outlook seems to be steady to lower pricing. Time will tell but we could be in for a good year.

WHITEFISH COMPLEX (COD, POLLOCK, HADDOCK)

COD: The market for Atlantic Cod is on the rise. Pacific Cod is showing signs of lower prices.

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 we will see lower prices in May coming out of the Lenten season. Current outlook for the summer is good, with higher inventory and lower pricing.

TUNA, YELLOWFIN (FROZEN STEAKS & LOINS)

The portion business is seeing a rise in price due to new fishing rules being put in place. Outlook for the next few months is higher prices.

KING CRAB

RED & GOLDEN: Smaller King Crab is starting to tighten up with supply. We can expect higher prices on smaller crab. Large crab seems to be in good supply and pricing is stable.

CRABMEAT

(BLUE & RED, PASTEURIZED)

Imports on Blue Swimming continues to be good and pricing is lower. Red Swimming crab imports have slowed down and movement is strong. Prices are going to rise in the next week. Projections of movement are being down with most packers talking about putting suppliers on allocation.

SNOW CRAB

(CANADA & ALASKA)

Alaskan catch is done for the 2015 season 8ups are very tight. There are some 5-8's still in the market but crab is getting tight and now is time to buy. Canadian this past weekend saw the largest pack out of the season as more zones are getting open. Zone 12 got open this past weekend and fishing was strong. More crab is hitting the US Market. Japan has done buying but pricing is still fluid to them.

LOBSTER TAILS

WARM WATER AND NORTH AMERICAN LOBSTER: Both lobster tail markets were steady for the week. As seasons start to come in to play packers are looking at inventories and trying to get as low as possible for new pack. Lobster meat has stayed firm in pricing.

PRODUCE

VEGETABLES



POTATOES

Russets: Idaho 70's and larger crops are tight again this week as prices continue to rise. Although the market for 80's and 90's crops remain stable, demand for these two sizes has increased. Non-Idaho russets are available through Colorado, Washington and Wisconsin. The market for non-Idaho russets remains stable and quality is reported to be good in all growing regions.

Reds and Golds : Florida reds market is volatile as shippers are starting to transition farther North. Growers are starting to raise prices to slow down demand. California reds are also available, but freight cost continues to steer demand toward Florida crops.

White/Yellow Potatoes: Same as Florida reds, the yellow market has also become very active this week. Growers are cleaning up their storage supplies and are anticipated to be finishing in the next two weeks. California and Colorado crops are also available. All growing regions have similar profiles and quality.



GARLIC

Chinese Peeled Garlic is now available in all markets. The supply has come into the market heavy this week and the market has moved down sharply. Most or all of the lower pricing is due to quality issues with the Chinese Garlic as it is the end of the year for this variety. Peeling of the Argentine Garlic will be done by the end of this week followed by the peeling of the Mexican Garlic. Demand remains high for California Garlic.



CABBAGE

The market on cabbage is steady this week with lighter supply and moderate demand.



LEAF LETTUCE

Supplies continue to remain extremely light on green leaf and butter lettuce. The markets continue to remain strong. Red leaf supplies however are improving and this market has gone down compared to last week. Quality remains good on all 3 varieties but sizing is a bit smaller than normal for green leaf. Green will be 18-20lbs per carton with heads only measuring 8-9" long. Red leaf is weighting in 24-25lbs per carton with 10-11" long heads. Romaine supplies are budgeted this week and look to remain light next week. The romaine market has started to get stronger. There has been some light but occasional fringe burn. The carton will be weighting between 36-37lbs with heads measuring 10-11" long.



ICEBERG LETTUCE

Lettuce supply continues to improve with better volume coming out of Salinas. Prices continue to come off this week as demand remains low. Quality is reported to be variable with growth crack, insect damage, and mildew stain depending on growing region.



ONIONS

The Imperial Valley (CA) crop is wrapping up with some shippers finishing up as early as this weekend. The New Mexico crop is running about 5 days behind which has created a slight gap. Look for Bakersfield's onions to come into play next week to help fill demand. The market will continue to remain active until New Mexico produces meaningful volume.



CHILE PEPPERS

The market is steady this week on Jalapenos with lighter supply and moderate demand.



CUCUMBERS

Prices continues to be at the low levels. Good supplies continue to be produced out of Florida and Georgia. There is also a little volume available out of the South Carolina growing area. Quality is generally good. Look for this market to remain low as more growing regions come into play.



SQUASH

Zucchini and yellow squash markets are down this week. Warmer weather has caused a dramatic increase in supplies which has put a downward pressure on FOB price. East coast supplies are now available out of Georgia and South Carolina and quality is good. Florida has finished up harvesting. Look for the yellow squash market to get stronger in the early part of next week.

PRODUCE



TOMATOES

Rounds: Good supplies continue to be harvested from the Palmetto-Ruskin fields in Central Florida. The weaker demand has caused prices to drop this week. West coast supply continues to be strong and should be stable through mid-June. Baja is the main crossing point for the West market. The market remains stable and quality is good in all growing regions.

Romas: Good supplies continue to be harvested from the Palmetto-Ruskin fields in Central Florida. The weaker demand has caused prices to drop this week. West coast supply continues to be strong and should be stable through mid-June. Baja is the main crossing point for the West market. The market remains stable and quality is good in all growing regions.

Cherry and Grape: The grapes market is down this week due to weaker demand. Quality is good for both Florida crops and Baja crossing. Cherry markets are mixed with the East supply being the more expensive crop. Quality is reported to be good in both regions.



GREEN BEANS

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



EGGPLANT

The East market for both fancy and choice grades is slightly down this week. Quality continues to be improving.



BELL PEPPERS

The green pepper market continues to soften as more volume becomes available out of the Florida and Georgia. South Georgia crop has started with light supply. Look for this market to continue to soften due to warmer weather pushing the crops forward. Quality is generally good although we're seeing some sun damage on the Florida crops.



CARROTS

The carrot market is steady this week with lighter supply and moderate demand. Sizing on Jumbos is better, and demand continues to be steady.



CELERY

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



GREEN ONIONS

The green onion market is steady this week with light supply and moderate demand.



CAULIFLOWER

The green onion market is steady this week with light supply and moderate demand.



ASPARAGUS

The asparagus market is down this week with light supply and light demand. The supply out of California and Peru is steady.



BROCCOLI

The market is up this week on broccoli with light supply and demand that exceeds supply in several regions. Overall quality is good.



PINEAPPLES

Mostly 6/7/8 CTs on the market at the moment, larger 5's are available but in limited quantities. Market volume is back to normal, with pricing stabilizing. Quality and supply is good from Costa Rica.



BANANAS

There is steady movement of fruit this week, and the market is well supplied with plenty of fruit available. Steady supply and demand for tropical's and plantains.



AVOCADOS

In Mexico, Supply still slightly leaning heavier to smaller size. Pricing is mostly steady some slight changes. We should see the market on the smaller sizes start to gain strength over the next couple of weeks. In California, Demand is strong and pricing is steady. As with Mexican fruit, the supply is leaning very heavily towards smaller fruit (60's, 70's, and 84's), very tight supply on larger fruit, especially with rain and less harvesting.



MELONS

CANTALOUPE

The desert crop out of Arizona has started last weekend. There is still decent volume of offshore fruit coming in but sounds like they should be finishing in the next week. The overall quality of the California fruit has excellent color, sugar and fruit strength. The summer is upon us and it is time for some good California fruit.

PRODUCE



HONEYDEWS

We will see more California and Arizona fruit on the market. The overall quality is excellent with good sugar and nice green to cream cast. The market is a bit weak as there is a fair amount of offshore fruit still around as well Mexico and California fruit. The offshore fruit should hopefully clean up by the end of next week and then the market will settle.

BERRIES



BLACKBERRIES

The blackberry market continues to be volatile, and even with production forecasted to be down this week, we are in a supply exceeds demand situation. Currently product is coming from Mexico and California, with a bulk of the production being sourced from Mexico. Quality currently ranges from good to excellent, with some “red cell” being reported due to the rainy weather.



RASPBERRIES

The raspberry market is in a demand exceeds supply situation, and will likely stay in this position for an extended period of time. Central Mexico production has been on a steady decline for the past couple of weeks, while California production has been increasing. Quality is ranging from good to great.



STRAWBERRIES

The strawberry market has dropped this week, and projections this week should be similar to last week. The weather disturbances have slightly affected production, however nothing substantial. Currently a majority of product is coming from Watsonville and Salinas growing region. Oxnard berries are still holding up, but are in smaller sizes. Quality is average to excellent



GRAPES

The last ship of Chilean grapes came in last week. Pricing is moderate, because they are not shipping quality. Coachella and Mexico grapes continue coming in with better volume, which has made prices come off a bit. Volume will be strong by the end of the month.



BLUEBERRIES

Blueberries are tight, as demand has been good. However as we move through the week, this may change. The cooler California weather will delay a strong spring crop, if ever so slightly. Currently product is coming from California and Mexico, with quality ranging from average to excellent.

HANGING FRUIT



APPLES & PEARS

The apple and pear markets for week 21 are pretty much unchanged for the last two reporting periods. You can expect prices on Fuji and Gala apples to increase in price due to supply and demand, but the increase should not be too drastic. A few varieties such as Romes, Cameos, and Grapples have been discontinued and will only be available on a limited basis. Pears virtually remain unchanged with D'anjou, Red D'anjou, and Bosc being the only domestic fruit available at this time. All the varieties such as Comice, Forelle, and Packhams are still being imported and the supplies look good

CITRUS



LEMONS

Remain strong, particularly on 165's and larger, which are very short and have been increasing in price almost daily.



ORANGES

Navels have another 2 months or so left, but quality has not been that good. You may want to consider switching over to Valencia's. Mexican Valencia's are also available.



LIMES

Quality has improved and the limes are looking very nice with good color. The color is not as dark green but it is still very good quality. There is very little scarring, decay, mold, and stilar or defects. The juice content is increasing as well. Pricing on the larger limes continues to come off and the gap between smaller limes and larger limes close will up.