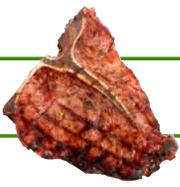




FARMER'S REPORT

MARKET TRENDS | 6.26.2015

US.
FOODS
KEEPING KITCHENS COOKING.®



BEEF

With the 4th of July in front of us, we are seeing the market reporting up in costs on the majority of the beef complex. Middle cuts in some cases are seeing discounting while the end cuts continue to march upward.

ROUNDS

INSIDES: Renewed interest from retail drove pricing upward and we are projecting another up market this week. We do expect this market to report steady with minor increases thru June.

FLATS: Bottom round flats continue to move upward with renewed interests. Further processors are still in the market trying to buy product to make into roast beef rather than turkey. They may move a little lower for a few weeks, but probably not much.

LOINS

STRIPS: Strip loins and short loins are finally seeing huge price declines. More declines are expected in the coming weeks.

TOP BUTTS: Choice Top sirloins saw moderate increases based on heavy demand from retail. However, Select grade reported down with less demand. Out front the top sirloins will fall under the same pressures as the other middle meats, but at a much more moderate pace.

BALL TIPS: Ball tips are higher and are expected to report higher over the next few weeks. Retail demand for a less expensive sirloin cut compared to top butts enticed the buyers to enter the market and firmed the cut.

TENDERLOINS: Tenders reversed backwards as holiday needs were met. Out front we do expect somewhat of a sloppy market with a possible modest decline.

RIBS

RIBEYES: Ribeyes continue to fall and should continue to do so moving into summer. There may be some added interest before the 4th, but for the most part, they should gradually move lower with the expected seasonal low in late July or early August.

CHUCKS

CHUCK ROLLS: Chucks are higher with increased demand in exports. They will most likely see modest inflation for the next several weeks.

THIN MEATS & GRINDS

FLAP MEAT: Flap meat rebounded from last week with renewed interest from buyers. We are seeing more upside in the weeks ahead, and then we should see more of a steady market as we approach August.

FLANK: Flank moved slightly higher and should continue this market trend for next week. Longer term flank is projected to modestly adjust downward into summer.

BRISKETS: Briskets moved higher with out-front purchases from buyers. We do expect modest increases up to the 4th of July.

GRINDS: Grinds are seeing moderate increases in front of the 4th of July with demand driving up costs. We do project more upside over the next few weeks and then we project a calmer market forward.

SKIRT MEAT: Skirt moved lower, but is expected to change course over the next few weeks and then is expected to start its downward trend only moderately into summer.





PORK

Base hog prices traded steady to slightly lower this week, and buyers are purchasing hogs for the short week ahead. Hog prices are expected to trade steady through early July. Both producer and packer margins are in the black.

Slaughter numbers were running about 13% above year ago levels. This week slaughter numbers are expected to come in about 13.0% above 2014 levels, which continues to be higher than anticipated. In addition, there has been a counter seasonal increase in the amount of hogs coming to market each week. Typically, slaughter numbers begin their seasonal decline starting in late May/early June. This year slaughter numbers have not posted week over week declines and are holding steady to slightly higher. This increases the supply of pork in the pipeline and puts pressures on prices.

Hog weights were reported slightly lower last week. Weights are forecasted to trend sideways to slightly lower through the summer months.

On the demand side, buyers continue to hold off taking positions due to the declining market. Prices for commodity cuts are moving lower due to light demand and excess supplies. Ham demand remains steady while demand for pork bellies/bacon remains strong.

LOINS

Bone in and boneless pork loin prices continued lower primarily due to ample supplies but also due to light demand. Prices for both bone in and boneless pork loins are expected to hold steady through next week as retailers promote both items for grilling season. Prices are expected to firm mid July through early August. Increased export demand may support higher price points during the month of July.

TENDERS

Pork tenders continue to move higher supported by strong retail and foodservice demand. Prices are expected to continue increasing through mid July as retailers are expected to feature the item for holiday promotions. Strong demand from foodservice may support higher price points through late July

BUTTS

Pork Butt prices moved lower, pressured by excess supplies and lack of demand. Prices are expected to firm next week then gradually move lower starting mid July through early August. Increased export demand may support higher price levels.

RIBS

Spareribs and St Louis Ribs traded steady as current demand met supply levels. Spareribs are expected to begin moving lower mid July through early August. Back Ribs traded lower as buyers pause to assess their inventory levels before bringing in additional product. Seasonal decline for the rib complex typically begins after the July 4 holiday.

BELLIES/BACON

Bacon/Belly prices continued higher in week over week trade supported by strong retail and foodservice demand. Bellies are expected to continue their gradual increase through mid August supported by retail and foodservice promotions.

HAMS

Ham prices firmed and moved higher supported by improved demand despite an influx of Canadian hams. Ham prices are expected to trade steady through mid July then gradually move higher due to anticipated strong demand during the summer sandwich season. Increased availability of Canadian Hams may result in lower than anticipated ham prices during July.

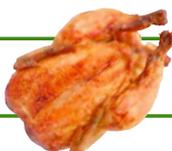
TRIM

The following market dynamics will impact finished goods pricing during the July timeframe. Pork trimming prices have moved higher during the month of June. Prices are expected to continue their seasonal move higher through July. Thus, prices for all meat hot dogs July/August time frame are expected to be higher. Conversely ample supplies of beef trimmings may result in lower prices for beef hot dogs during the July timeframe.

PICNICS

Pork Picnics traded steady to slightly higher last week supported by strong demand from further processors. Picnics are expected to continue their seasonal move higher through late June. This could result in higher prices for dinner sausage items during the July timeframe.





TURKEY

WHOLE FROZEN TURKEY

Even as the bird flu slows down, the demand remains brisk for the smaller roasting sized Turkeys. Everyone wants to be assured that there will be a turkey on every table at Thanksgiving.



POULTRY

Hatcheries in the United States weekly program set 218 million eggs in incubators during the week ending June 13, 2015, up 3 percent from a year ago. Hatcheries in the 19 State weekly program set 209 million eggs in incubators during the week ending June 13, 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 180 million chicks for meat production during the week ending June 13, 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 June 13, 2015, up 3 percent from the year earlier. Cumulative placements from the week ending January 10, 2015 through June 13, 2015 for the United States were 4.06 billion. Cumulative placements were up 3 percent from the same period a year earlier.

WHOLE CHICKEN & CUT-UP PARTS:

With the high temperatures throughout the south, the growth rate of the birds has slowed significantly and DOA's are on the rise. The supply of small birds is short at most points of sale. This trend will continue as long as the heat persists.

BONELESS SKINLESS BREASTS

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CHICKEN TENDERLOINS

As the weather continues to be hot in the poultry growing southern states, the bird weights continue to go down. Thus the downward supply adjustment has caused this market to inflate as demand remains constant. This market should continue to trend sideways to slightly up as we head into July.

BONELESS SKINLESS TURKEY BREASTS

The Bird Flu seems to have slowed to a stop, but as stated before, the damage has been done. The availability of boneless breast remains far short of the further processors needs. This will be the theme for this market for many months to come.

WINGS

As we have witnessed this year, the demand for wings of all sizes has remained a constant, with supply barely able to keep up. This market was flat this week and should trend sideways to slightly up as we head into July. The demand for jumbo wings continues to be strong. With the heat related decrease in bird weights, the market has adjusted up slightly. This market will continue this same sideways trend with market adjustments that will correspond to bird weights.

BONELESS SKINLESS THIGHS

The demand for boneless thigh meat continues to be constant. This market stays flat with the help of the bird weights coming down. As discussed before, this market's supply has more to do with production time for de-boning than actual supply of dark meat.





COMMODITY GROCERY

SOYBEAN OIL

DOMESTIC CROP & PRODUCTION:

- The month of June has been an interesting one for the soybean oil futures market as prices reached a new 2015 high several weeks back after the release of the new biodiesel mandates from the EPA
- The market has since then retracted somewhat driven by the June 15th NOPA oil stocks for the end of May were reported at 1.578 billion pounds, well above the average trade estimate of 1.401 billion
- Soybeans are about 87% planted this year – still shy of 5yr avg. (MO and Kansas are WAY behind due to all the rain we've had and the clock is ticking) which = about 5M acres and market is taking notice
- Weather conditions in Canada have been far less than ideal for the early canola crop. Persistent dryness and a freeze in Manitoba have forced some replanting—they have re-seeded about 1m acres
- If we see any weather issues develop through the growing season, a rally in the soybean complex may well be lead by the soybean oil market due to the tight stocks levels
- A bullish bias should be maintained in the soybean oil market through at least Q3, 2015, especially considering that we still have the entire soybean growing season ahead of us and have run into some soybean planting problems in Missouri and Kansas due to wet conditions.

INTERNATIONAL CROP:

- The Brazilian and Argentina soybean harvest is now complete.
- Part of weakness is Chinese over supply due to poor crush margins and the fact that they have a bunch of soybeans sitting in port.

BIODIESEL:

- Recent strength in energy markets has made bio-diesel production profitable in the U.S
- 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 production numbers came in as expected at around 5B LBs for 2014-2016



DAIRY

BUTTER

Market is relatively steady this week. Production remains strong. Expect butter prices to remain near current levels through the summer.

CHEESE

Cheese markets continue to be unsteady. Milk supplies and production remains strong. As demand decreases, we should expect slightly lower pricing.

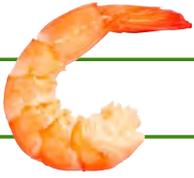
SHELL EGGS

All markets continue to show some weakness, but may be leveling off. An additional farm tested positive for Avian Influenza late last week.

MILK & CREAM

For the month of July pricing is mixed with an increase to Class I and a slight decrease to Class II. This translates into flat to higher pricing on most items. Pricing is expected to remain flat to higher across most items next month.





SEAFOOD

SHRIMP, DOMESTIC

(WHITES AND BROWNS)

The Louisiana Inshore fishery is now closed. This is the earliest closure in years. Offshore fishing is still going on and with small shrimp moving off shore time will tell on large shell on shrimp as it pertains to inventory and price. Brown season should start up July 15th. Prices on Shell on Browns and Whites did see a small drop this week.

DOMESTIC PUDS: Inshore shrimp closing will cause a rise in price. 31 days of fishing may not have been long enough to fill all the inventory needs. We are looking for higher prices if inventory becomes short.

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. Mexican Browns have turned steady

CATFISH, DOMESTIC & IMPORTED

DOMESTIC: We are starting to see some good harvest on Domestic Catfish. As inventory builds we hope to see some lower pricing.

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: One strike is over and another one is likely to start up again this week. Fish is in good supply we just need to get it to the US.

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 is now steady. 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. Pricing has become steady as processors are looking at inventory around the country. We think we could see some upward pressure in the next 45-60 days.

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 fillets.

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 and 8ups are very tight. There are some 5-8's still in the market but crab is getting tight and now is the time to buy. Canadian The price of 5-8's had an increase this week as Japan and retail stepped in to buy more product. Now is a good time to make some commitments. Looks like there will be about 10 million pounds left in the water. This could cause an increase in price as supply gets short.

LOBSTER TAILS

WARM WATER AND NORTH AMERICAN LOBSTER: North American Lobster – Cold water tails both Maine and Canadian are in short supply with higher prices. Once we get past the shed prices could drop- time will tell. Warm water tails are steady in price waiting the new season. Lobster meat has stayed firm in pricing.

PRODUCE

VEGETABLES



POTATOES

Russets: Idaho market has been steady this past week. New crop is projected to start in September. Look for this market to remain at current levels with a possibility of a little drop in the 70's-90's sizes. Quality is good. Non-Idaho market remains stable. Availability on 40's and 50's counts have not improved and we do not expect it to improve for the remainder of the season.

Reds and Golds: Florida reds market is finished for the season while California is finishing up. Supply options have become limited. Texas has started but they only have larger sizes available, which means B's have become short. North Carolina and Virginia have started but they have rain issues. Shortages will continue until Wisconsin and Minnesota deal begins mid-July. There may be a bit of relief if Texas, North Carolina, and Virginia supplies improve. Washington should start sometime early July but the market is expected to remain active until new crop in the Midwest start.

White/Yellow Potatoes: Yellows market continues to be tight. California is the main growing region but is expected to finish up by mid-end of July. New crop is expected to start in a couple of weeks. Look for this market to remain active for the next 2 weeks.



GARLIC

Chinese Peeled Garlic prices are down and the quality has improved due to new crop harvest coming into the market. The California crop will be ready for peeling in the middle of July.



CABBAGE

Cabbage market is down this week in Central Coast California with light supply and moderate demand.



LEAF LETTUCE

Leaf lettuce supplies continue to improve. Demand for west coast products has been light due to local leaves program. Red and green leaf weight will be lighter than normal but the heads are generally clean with very little fringe burn and mildew. Romaine and romaine hearts supply continues to be very light. We still see some quality issues with fringe burn and insect pressure. Butter leaf is steady but will get lighter towards the end of the week. Product is clean overall.



ICEBERG LETTUCE

Supplies have been fair this week. Demand is a little higher than supply but we do not anticipate any shortages. Quality has been getting better but we continue to see insect damage with medium weight. Look for this market to remain steady for the next 2 weeks.



ONIONS

Yellow onions market is slightly down this week but it appears only to be temporary. California and New Mexico sheds are in full production and supply is good. The size profile for next week is going to be heavy on medium with Jumbos supply expecting to be light next week. There will be some New Mexico sheds that are expecting a short gap in about two weeks. Look for this market to remain active for the remainder of the summer months.



CHILE PEPPERS

Chile Pepper market is down this week on Jalapenos out of Mexico crossing through Texas with light supply and light demand. Peppers out of Georgia are flat with light supply and moderate demand.



CUCUMBERS

North Carolina season has been shortened due to the heat. New Jersey and Michigan have begun harvesting. Supplies are increasing with market slightly down from last week. Western cucumber supplies continue to be tight due to the cool weather with stronger market pricing. Quality is reported to be good in all growing regions.



SQUASH

Yellow squash - Supplies are tight in the eastern growing region due to extreme heat in Georgia. FOB prices are mixed with good quality product at higher prices. Expect a slight gap for the next 10-14 days due to Georgia finishing up early. Western quality has improved out of Oxnard region.



GREEN BEANS

TGreen bean market is flat this week with light supply and moderate demand.



EGGPLANT

Eggplant supply continues to be good out of Georgia. South Carolina will start within 1-2 weeks. FOB prices are weaker on fancy and choice. Quality continues to be good.

PRODUCE



BELL PEPPERS

Georgia is having quality issues due to rain and heat and will cause the season to end early. North Carolina fields started this week but the heat is also affecting the crops in these fields. Prices are up drastically from last week as suppliers look for good quality. Look for this market to remain active for the next 10-14 days. Western growing region continues to have good supply out of Bakersfield, Fresno and Washington. Market is up from last week but not as strong as it is in the east.



TOMATOES

Rounds: Quincy, Coastal South Carolina and Florida are the main growing regions for the east market. Supplies continue to be strong and have been able to keep up with demand. South Carolina is expected to start harvesting next week. The Market is down on all sizes. California has started harvest and supply is good. As for vine-ripes, good supplies continue to cross at Otay Mesa and McAllen.

Romas: East: Currently being harvested out of Quincy and South Carolina growing region. Market is stable with good quality. West: Mature greens are harvested out of CA and crossings continue at Otay Mesa and McAllen. Quality continues to be variable with good quality crops going at a premium price. A gap between fields is putting a slight upward pressure on the market but look for pricing to remain stable.

Cherry and Grape: Eastern grape tomato supplies have tightened since last week. Look for this market to trend upwards by next week. Quality continues to be good with South Carolina being the major sourcing region. Cherries market remains steady with good quality. Western cherry and grape market continues to be good. Quality is variable on grapes.



CARROTS

The carrot market is steady this week with good supply and light demand. Quality on Jumbo carrots is good.



CELERY

Celery market is down this week with light supply and light demand. Quality is good.



GREEN ONIONS

Green Onion market is up this week with light supply and light demand.



CAULIFLOWER

Cauliflower market is down this week in California with moderate supply and light demand. Quality is good.



ASPARAGUS

The asparagus market is down this week with better supply and moderate demand.



BROCCOLI

Broccoli market is down this week with light supply and light demand.



TROPICAL

PINEAPPLES

Gold and Mexican pineapples are steady. Prices are level. Volume is high in all regions although a gap is expected in late June. Fruit is juicy with good sugar levels of tropical reminiscence.



BANANAS

The banana market continues to remain steady. The market is well supplied with plenty of fruit available. Consistent supply and demand for tropical's remaining right now.



AVOCADOS

In Mexico, prices are up as the Mexican supply is tight due to the higher field prices and supply through the crop transition. The Flora Loca will be available in the first week of July. There will be less #2's available as old crop ends and the new crop will have mostly #1's at its start. The price gap is closing between #1's and #2's.



MELONS

CANTALOUPE

Market is strong due to very good demand and light supplies out of California desert with heavier supplies out of the Arizona desert. The overall quality is very good and will continue to be so barring any major weather issues.



HONEYDEWS

Market is very strong as demand is very good, and supplies are very light out of Mexico, California and Arizona deserts will continue to be strong as Mexico is finishing up and the desert regions are going to finish in the next 2 weeks. We are starting in a very light way here in the central valley and will continue to increase volume over the next 2 weeks but supplies will be tight and the market will continue to be strong. The overall quality is excellent.

PRODUCE

BERRIES



BLACKBERRIES

The blackberry market is currently in a supply exceeds demand position, and will likely remain so over the next couple weeks as we are estimating that production will continue to increase. The majority of the product is coming out of Northern California; however product is also coming out of Baja and Southern California. Quality is ranging from average to great.



RASPBERRIES

The raspberry market is also at equilibrium, with supply equaling demand. We are currently sourcing product from Baja, Southern California and Northern California. Over the next couple week's production will slowly shift from Mexico and Southern California to Northern California, however, production will remain relatively steady over the transition period. Quality is ranging from good to excellent.



STRAWBERRIES

The strawberry market is up right now, with supply equaling demand. We are currently sourcing from Northern California, where the weather is forecasted to be ideal for berry growing throughout the week. Quality is ranging from good to excellent.



GRAPES

Domestic crop red, green, and black Seedless grapes as well as Mexican red & green seedless grapes (Sugarone variety) are all now available. Muscatel Grapes are available from Chile while supplies last.



BLUEBERRIES

The blueberry market is currently in a supply exceeds demand position. Summer production has begun trickling in, but at minimal volume. Quality is ranging from average to good/excellent (depending location). Summer production will start increasing soon.



HANGING FRUIT

APPLES & PEARS

The apple market is finally showing signs of strengthening including the Red Delicious. This by no way means that the apple market is going to go "crazy". New crop pears are right around the corner. In fact you will see Sunsprites (Early Bartletts) by June 23rd. A short synopsis of the California Bartlett crop is that it is going to be a very "healthy" crop with an even size distribution. The crop is clean and will have a bright finish, with a projected shipping date of July 8th.



STONE FRUIT

Peaches and nectarines continue to peak on the larger tray pack sizes with excellent quality and supplies. Demand is fair; keeping prices steady. Plums and Pluots are available now in a range of sizes and varieties. Quality overall is excellent with good demand. The apricot market has moderated somewhat but continues to be good with good quality and sizing peaking on the 80 to 88, 2 layer packs.

CITRUS

LEMONS

Demand exceeds supply on all sizes except 235's and 200's but these remains very tight. The overall quality of the fruit is good to fair with some blocks showing a little higher maturity that we like to see, we are picking in (dist 2) in the southern Coastal region of California which along with Chilean (starting to arrive now but better volume by the end of June) and Mexico (starting now but better volume end of June) fruit will hopefully carry us until we start Dist. 3 the California Arizona desert region around the first of September. We will be battling the demand exceeds supply situation through August.



ORANGES

The orange market steady with descent supplies of all sizes on Valencia's. There are some navels available but primarily all Valencia's as the navels are showing some weakness. The overall quality of the Valencia's is good with excellent sugar, juice and internal color, the exterior color is showing a tinge of green on the bloom and stem end. We will have Valencia's through October and since the crop is about 20% lighter than normal we will probably see things get very tight around the end of August.



LIMES

There is a slight increase in pricing on limes, however it's very minimal. There is very good quality with little defects to cause concern. The biggest issue in quality is some shading/ blanching of the limes and the lighter skin color. Pricing on larger sizes is expected to increase in the upcoming weeks due to the supply increase on the smaller sizes and decrease on the larger in the new crop.

