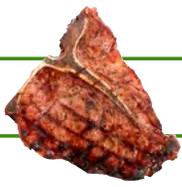


FARMER'S REPORT

MARKET TRENDS | 7.24.2015

US.
FOODS
KEEPING KITCHENS COOKING.®



BEEF

With the dog days of summer upon us, consumers are opting for lighter meals reducing their demand for beef. For the packers to maintain their inventories they are having to discount product and this is evident in prices as many items moved lower with just a few exceptions.

ROUNDS

INSIDES: Inside rounds are lower with large sell offs seen last week as packers right their inventories. That market has now firmed and expected to move modestly higher into late August. We should see a little bit of a retreat then, but they will move higher into late fall.

FLATS: Bottom round flats have firmed up with the packers in better positions now and asking higher money. The summer lows are here and gone. Expect them to move modestly higher into late fall.

LOINS

STRIPS: Strip loins and short loins are lower once again. I would not rule out a slight rebound for Labor Day with seasonal lows expected late fall.

TOP BUTTS: Choice top butts have garnered more interest from chain accounts this week and pricing is expected to be higher on choice, but lower on select grade next week.

BALL TIPS: Ball tips are finally moving lower, but modestly so. They should continue to move that direction into the fall.

TENDERLOINS: Tenderloins are lower again, but now there is very limited downside. The seasonal lows are expected very soon. This is a great time to begin discussing holiday needs with customers.

RIBS

RIBEYES: All grades and weights of ribeyes are lower once again. The downside is now limited with seasonal lows expected in the next week or so. Make sure you are visiting with your customers concerning their Holiday needs.

CHUCKS

CHUCK ROLLS: All grades of chuck rolls are higher with the summer lows already past. They should continue to move modestly higher into the fall.

THIN MEATS & GRINDS

FLAP MEAT: Flap meat prices are much lower lately, however, reduced slaughter levels and packers in better sold positions will likely provide some near term strength with prices being higher in the coming weeks.

FLANK: Choice flank is weak seasonally, but any declines will be slow to develop. Choice has found some strength this week with select moving lower. All in all, flap is expected to move modestly lower next week.

BRISKETS: Briskets moved lower with lack of buyer interest. There are signs they are firming now in anticipation of Labor Day. They are also expected to move seasonally higher into the fall.

GRINDS: Grinds moved lower as the holiday is over. They will be lower next week as well. We may have a slight increase before Labor Day.

SKIRT MEAT: Skirt saw only a slight price decrease from the previous week. However, the market has firmed up on the skirt tails of the reduced slaughter levels. A rebound before Labor Day cannot be ruled out.





PORK

Base hog prices were mixed in the regional markets due to variations in hog availability. Hog prices are expected to trade sideways to slightly higher through mid August. Producer and packer margins remain in the black; however packer margins are trending lower week over week.

Last week slaughter numbers were about 13% above year ago levels while this week's numbers are running about 8% higher than 2014. The forecast indicates that hog supplies will be at their seasonal lows over the next three weeks; however, overall hog numbers remain above year ago levels.

Hog weights continued lower last week. The lighter weights suggest that producers are more "current", or up to date on their hog marketings. Hog weights are forecast to trend slightly lower through August.

On the demand side, retailers and foodservice operators are actively promoting pork items for late July and early August. Demand for commodity cuts, hams, and bellies are expected to remain strong through early August but excess supplies may put pressure on prices.

LOINS

Bone in and boneless pork loin prices continued to move higher supported by improved domestic and export demand. Prices for both bone in and boneless pork loins are expected to trade steady to slightly higher through early August. Increased export demand may support higher price points during July and August.

TENDERS

Pork tenders traded steady to slightly lower as buyers took a break to assess their inventory levels and product movement. Prices are expected to trade steady to slightly lower through mid August then firm in anticipation of Labor Day promotions.



BUTTS

Pork Butt prices moved higher supported by strong retail demand. Prices are expected to gradually move higher through mid August if retailers choose to feature the item for late summer promotions. Increased export demand may support higher price points during the summer timeframe.

RIBS

Spareribs and St Louis Ribs continued their decline due to excess supplies of fresh product and weaker demand. Spareribs and St. Louis Ribs are expected to move lower through mid August, then firming in anticipation of Labor Day promotions. Back Ribs also traded lower and are expected to decline through mid August. Supplies of frozen spareribs, St Louis Ribs, and Back Ribs are in tight supplies as packers work to reduce their frozen inventories.

BELLIES/BACON

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

HAMS

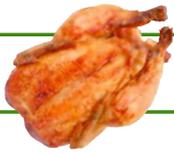
Ham prices traded steady to slightly higher last week with packers starting to clear their fresh inventory positions. Prices are expected to trade steady to slightly higher through mid August then move higher late August and into the holiday months. Increased availability of Canadian Hams may result in lower than anticipated ham prices during the July/August timeframe.

TRIM

The following market dynamics will impact finished goods pricing during the July timeframe. Pork trimmings prices have moved higher during the month of June and continue to gradually move higher during early 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 and August timeframe.

PICNICS

Pork Picnics held steady due to improved processor and export demand. Picnics are expected to trade steady to slightly higher during August. This may result in slightly higher prices for dinner sausage items during the August timeframe.



TURKEY

WHOLE FROZEN TURKEY

The Whole Turkey market followed its slow inflationary trend that has existed since spring. The market is at a record high now, the highest since the market was established in 1989.



POULTRY

One of the first Iowa turkey farms where bird flu was found is getting closer to restocking birds, but most of the 77 farms affected are still weeks away from the introduction of new flocks, according to the Iowa Department of Agriculture this week. In an update on the progress of recovery from the bird flu outbreak that killed 31.5 million chickens and turkeys in the state, officials said all farms have been cleared of birds. Disposal of manure, compost and other waste continued at 18 farms. The last reported case was four weeks ago. All birds that died or were euthanized have been incinerated, buried or taken to landfills.

Once cleaned and disinfected, barns must remain unused for 21 days and routine sampling must confirm no virus remains. Three sites have completed cleaning and disinfection and are in the 21-day follow-up period. The biggest question remains, are there enough poult to restock these farms. All indications have been there are not!

Hatcheries in the United States weekly program set 216 million eggs in incubators during the week ending July 11, 2015, up 1 percent from a year ago. Hatcheries in the 19 State weekly program set 208 million eggs in incubators during the week ending July 11, 2015, up 1 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 July 11, 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 July 11, 2015, up 2 percent from the year earlier. Cumulative placements from the week ending January 10, 2015 through July 11, 2015 for the United States were 4.78 billion. Cumulative placements were up 3 percent from the same period a year earlier.

WHOLE CHICKEN & CUT-UP PARTS:

Demand for whole birds and Wogs remain on the weak side. Spot loads, especially product that weighs more than 3 lbs. are being discounted on the spot market. The industry has backed down their number of small birds in an effort to help support the market.

BONELESS SKINLESS TURKEY BREASTS

The story on boneless, skinless turkey breasts remains unchanged. The market continues to climb to record highs as supplies are non-existent on the open market. This inflationary trend will continue through the back half of this year.

BONELESS SKINLESS BREASTS

The breast market seems to have reached its balanced level, as the price trended sideways. All of the boneless breast offerings show demand has caught up to the supply, mainly due to bird weights being down due to the excessive heat in the southern states. The market is expected to continue to trend sideways.

CHICKEN TENDERLOINS

The tenderloin market continues to be extremely weak, with spot loads being offered far below market prices. The market looks to be adjusting to the level of other white meat offerings and is seeking to find the price bottom. Expect this market to continue trending down.

WINGS

The small and medium wing market deflated again this week as the market is adjusted to reduce the spread between the jumbo and the smaller wing markets. Despite the drop in market, the availability of medium wings remains tight. Most of the market factors are now being created by further processors negotiating medium wing prices and the processors not wanting to let the offering out into the open market.

The single most surprising market action this summer has been the strength of the Jumbo Wing market. In previous years, the market has deflated during this point in the summer, but not this year. The demand has been steady and the excessive heat in poultry growing states has reduced jumbo bird weights.

BONELESS SKINLESS THIGHS

As processors continue deboning as many thighs as possible due to the back log of leg quarters, the market continues to slide. Processors, in spite of the sliding market, are at least getting some return for the back half of the bird. This market should trend sideways to down this week.





COMMODITY GROCERY

SOYBEAN OIL

DOMESTIC CROP & PRODUCTION:

The overall sentiment to close out the week of trading in the soybean complex was a bullish one. Wet conditions across the Midwest have delayed soybean planting, supporting the price of soybeans. Adding to the bullish tone was the release of the USDA's WASDE report last Friday, in which the government lowered ending stocks and production numbers for the new crop year. Despite these bullish sentiments of the soybean complex, soybean oil futures for August delivery did drop almost 100 pts from the open on Monday, finishing at .3242.

- U.S. bean oil stocks remain at 10 year lows despite gaining 137 million lbs. in May
- Soybean oil's share of product value has dropped over 5% in the last six weeks
- The market focus will move on to weather forecasts for the next two weeks as we approach critical few weeks of corn pollination.
- Following this period August weather becomes critical for soybeans pod set and seed fill stages
- 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.
- The market is still waiting for the renewal of the \$1 per gallon blenders credit

ON THE HORIZON:

- Robust worldwide meal demand has kept board crush margins elevated which should result in record soybean oil production

ON THE CANOLA FRONT:

- Weather continues to impact the canola market seed as hot and dry conditions continue to plague the Western Canadian Prairies. Although, some relief may be in sight as forecasts in the coming week are calling for rain. The price of canola seed followed the gains in the soybean complex and closed higher to end the week
- Canadian canola seed production is expected to fall sharply this season on drought

BIODIESEL:

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



DAIRY

BUTTER

Market is slightly declining this week. Inventories appear to be adequate. Prices should stay near current levels before increasing as we get closer to the holiday season's peak demand.

CHEESE

We have seen unexpectedly high markets in the recent weeks with no fundamentals supporting the higher pricing. We are starting to see some downward pressure as markets have started to decline this week.

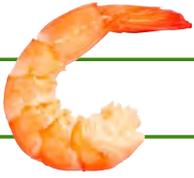
SHELL EGGS

All markets are up considerably this week. Shell egg supplies are considered tight this week with increased demand as well as flock rotations removing birds from service. Additionally, further processed suppliers continue to purchase raw materials on the open market.

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 Domestic shrimp market has turned stable awaiting the opening of Texas. All signs point to a good harvest and lower prices. We don't expect to see pricing as low as the opening of the spring season but time will tell.

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. New season in September may produce a good amount of shrimp.

SHRIMP, IMPORTED

(BLACK TIGER AND WHITES)

The Shell on Tiger market has become steady looks to be a reaction to the Domestic market. The White market has remained steady.

(MEXICAN BROWNS AND WHITES)

Browns and Whites have turned in price following the Domestic market.

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: Fish have become short at the end of the season. Look for higher pricing for the next 30-45 days.

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.

DOMESTIC WILD SALMON: Supplies are good and steady to low prices.

MAHI MAHI

Look for stronger prices as the summer season continues. Be aware of origin of fish.

SCALLOPS

SEA: The catch this year is off from last year. Product from Japan is in short supply; we see a \$.40/lb increase in price this week on fresh product. Our Harbor Banks 10/20 and 20/30 Dry scallops are a great value!

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 45-50 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: Current inventory is good and pricing is stable to weak. Fishery is in good shape and long term outlook is abundant inventory and lower prices.

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: King crab is starting to tighten up with supply outlook is for higher pricing.

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 market has turned flat on 5-8 and 8ups as product is not moving. Inventory is good. Large crab 10up and 12up are in short supply.

LOBSTER TAILS

WARM WATER AND 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 new season is under way in Brazil we expect this market to weaken in the next few weeks.

PRODUCE

VEGETABLES



POTATOES

Russets: Idaho supplies are finishing up the storage potatoes. Prices are down overall with lower prices on 60s and larger. Shippers are cleaning up their inventory for new crop starting in a week or two. Washington russets are also transition to new crop soon. Quality is good overall.

Reds and Golds: We should be able to see some relief next week when more shippers start shipping red potatoes. Virginia and North Carolina continues to be the main sourcing regions. The market is steady with B size still higher than "A" size crop. Quality is good overall.

White/Yellow Potatoes: Product is still short but should improve by next week. Prices should start to fall quickly in the next upcoming weeks once product becomes more available. Main sourcing region is Kansas and New Mexico and will continue to be this way until Wisconsin product becomes available.



GARLIC

Chinese Peeled Garlic prices have moved down again. The expectation is that prices will remain the same for the next 2-3 months. The new crop of California Garlic is being moved into packing and storage facilities.



CABBAGE

Cabbage market is down this week with light supply and light to moderate demand. The quality in Salinas, California is good.



LEAF LETTUCE

All leaf lettuce supplies are good with very light fringe burn. There is still some insect pressure in the fields. Romaine supplies are good with some slight downward pressure on price. Romaine hearts supplies are also steady. Demand and quality is good on all leaf lettuce.



ICEBERG LETTUCE

Supplies is still steady and on schedule. Market remains low. There was a little bit of heat last week with some insect damage but it did not affect the numbers or quality. Demand is on track and the market should be steady all week.



ONIONS

Market is flat this week with a slight decrease in New Mexico pricing. Washington onions just started shipping. Colorado will start on August 10th and Idaho will start on August 24th. Current shippers in New Mexico and California will be looking to move as much product as possible between now and the start of the new regions to avoid competing with them.



CHILE PEPPERS

Chile Pepper market is flat this week with light supply and light demand. The production of jalapeño peppers in Baja is at an incline.



CUCUMBERS

Eastern cucumbers are mostly coming out of Mississippi since New Jersey crop is having weather issues. Pricing should fall even more by this weekend as more supplies become available. Western cucumbers coming from Baja Mexico are good in quality and volume. There has been an increase in the volume of cucumbers which is driving the market down.



SQUASH

Squash is tight in all growing regions. FOB prices are up from last week's high due to the shortage in product. Expect the prices to remain high until we have more supply. Quality is variable.



GREEN BEANS

Bushel green bean market is down this week with very light supply and moderate demand.



EGGPLANT

Hotter temperatures in the East are creating tighter supplies which are driving the market up. The West is having a production gap in Fresno which is causing limited availability. Quality is generally good.



BELL PEPPERS

Bell peppers from the East continue to have issues with supply. FOB prices are variable depending on region and quality. This is the last week of eastern North Carolina crop. Michigan and New Jersey continues to be the major sourcing region. Western bell peppers are steady. Main sourcing region is out of Baja, California and Washington. There is some upward pressure on price from Washington as the growers are having difficulty harvesting their crop due to labor issues.

PRODUCE



TOMATOES

Rounds: Supplies from the East continues to be tight this week. Virginia Eastern Shore, Western South Carolina, North Carolina and Tennessee continue to produce along with New Jersey and Alabama. Tight supplies in the east continue to increase demand on the West. Quality is variable with fair at best in both East and West. Expect the market to remain strong for at least 2 more weeks.

Romas: Supplies are still tight in the East which is keeping the market high. Western romas are steady on supply with good demand. Crossings continue at Otay Mesa and Texas. Quality is variable in all regions.

Cherry and Grape: Eastern cherries are tight with the market up from last week. Eastern grape supplies are steady with some downward pressure prices from last week. Quality is good overall with Virginia the main sourcing region. Western grapes and cherries are slightly up on demand. Prices are variable as with quality. Better quality fruit demands higher prices.



CARROTS

Carrot market is flat this week with light supply and light demand. The jumbo size carrots are light due to early harvest in less than ready fields.



CELERY

Celery market is flat this week out of Michigan with light supply and light demand. The market in Salinas-Watsonville California is down with light supply and light demand. The market in Santa Maria is down with light supply and moderate demand.



GREEN ONIONS

The iced green onion market is down slightly this week with light supply and moderate demand. The market will remain depressed until Mexico growers reduce production. Production in Quebec, Ohio and Michigan are scheduled to start late next week regionally.



CAULIFLOWER

Cauliflower market is down with light supply and light demand from the Salinas-Watsonville California area and good demand from Santa Maria California. Quality is good.



ASPARAGUS

Asparagus market is up significantly this week with light supply and moderate demand.



BROCCOLI

Broccoli market is up this week with light supply and good demand. Supplies are down in Salinas and Santa Maria Valleys.

TROPICAL

PINEAPPLES

Not a great week in the growing regions, around 9 inches of rain come down, which is causing rivers to overflow, road closures, and making vessel departures delayed. **SIGNIFICANT DROP IN VOLUME EXPECTED INDUSTRY WIDE FOR THE NEXT 3 MONTHS!**



BANANAS

The market is well supplied with plenty of fruit available. There is demand for tropicals and plantains now, but expect a slight drop in demand as summer is upon us and the stone fruit season ramping up.



AVOCADOS

In Mexico, avocados have moved into the New Crop. Pricing is coming down on those sizes in largest supply (40/48/60). Everything outside of those sizes is in limited supply. This supply issue is expected to continue for the next few weeks. The new crop fruit is very clean. In California the supply is running light because the season is coming to an end very fast and should be done by the end of July/beginning of August. Pricing is mostly steady but 70's and 84's are up slightly. The supply of #2 is very limited



MELONS

CANTALOUPES

Cantaloupe production is beginning to lean heavily toward the larger sizing so anticipate 12s and smaller to be harder to come by next week. As volume increases we should begin to see the market begin to settle on the larger sizes. Quality has been good overall with brix levels in the 11-14% range with good flavor. A small gap in production is expected to occur over the next few days which will leave melon supplies on the shorter side for weekend loading. Larger fields are expected to begin breaking next week with good supply anticipated to begin over the next 7-10 days.



PRODUCE



HONEYDEWS

Honeydews continue to be on the shorter side with 8s even beginning to strengthen due to limited availability. As with the cantaloupes larger production areas are just around the corner on harvesting.

BERRIES



BLACKBERRIES

Blackberry supply has tightened up with reduced volume. Mexico's labor shortage is due to strikes that have come up and have hampered harvesting efforts. We are still seeing issues with fruit crossing through the MX borders. Tighter suppliers continue to be the norm. Current reports are calling for decreased supplies with quality issues.



RASPBERRIES

Raspberries markets remain low. Quality and supply is good.



STRAWBERRIES

Strawberries appear to be very tight the first half of the week. The quality has been compromised as a result of the warm balmy nights which soften the berries. Demand remains very good with some growers trying to push pricing on better quality fruit. Warm temperatures still around at night is causing berries to mature faster than harvesting can keep up with. Quality is good, bright red color with an occasional white shoulder. Fruit is on the smaller side due to the fruit maturing before it had an opportunity to grow into mature size. Fruit flavor is very sweet but the warm nights do not support long shelf life. Some quality issues to look out for will be soft spots, over-ripeness and bruising.



GRAPES

The market is down with supplies starting to increase out of the central valley and Mexico and Coachella done for the most part. The green grape market is very strong but should start to ease up as we get into better volumes in the next few weeks. The reds are in better supply with very good demand as overall quality is excellent with great sugar and color and crunch. We will have grapes here in the Central valley through November until we see the Chilean start to arrive.



BLUEBERRIES

Blueberry shippers have curtailed packing the big packs (8x18, 12x11) and are focusing on the 6 oz. packs. Some of the larger packs will still be available in lighter quantities.



HANGING FRUIT

APPLES & PEARS

The apple market has definitely strengthened on all varieties. Most of the varieties, such as the Gala and Fuji are winding up and the shippers who have them left are cleaning them up rapidly. For now it is best to stay a little ahead. New crop California Gala apples have started. At first, especially on the early varieties, the fruit has a tendency to be a little starchy. Coupled with the fact the fruit is very expensive at the beginning.



STONE FRUIT

Again little has changed with stone fruit. The sizes of yellow peaches and nectarines are peaking on larger sizes, although volume on nectarines is down slightly. White peaches and nectarines are the best quality and sweetness of the season. Good supplies of Black Plums.

CITRUS



LEMONS

Lemon market remains steady and strong. Peak sizes are 200/235 and 165 followed by 140/115/95. Chilean and Mexican lemons are available. Prices are about the same as California crop.



ORANGES

California navel market is done. Chilean and Australian navels are available. Large sizes are in the low to mid 30's and medium sizes are in the mid to high 20's. Quality is good. California Valencia market will get a bit stronger due to the fact that smaller suppliers are done for the season. Flavor is better but color will start to re-green because of warm temperatures.



LIMES

Suppliers are good and the market has been stable at a low point. There are rumblings of a slightly higher and tighter market in the coming weeks due to fewer excess supplies. All sizes are available with continued peak demand for 175s and 200ct sizes.