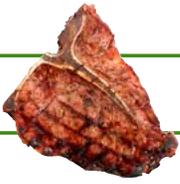




FARMER'S REPORT

MARKET TRENDS | 7.3.2015

US.
FOODS
KEEPING KITCHENS COOKING.®



BEEF

With the 4th of July holiday looming on the horizon and further reduced cattle slaughter, many box beef cuts are higher with a few exceptions.

ROUNDS

INSIDES: Insides moved higher with renewed interests from retailers as well as demand from grind processors. This is short term and we are expecting the market to weaken only modestly the next couple of weeks.

FLATS: Bottom round flats continue to move upward under the same principles as insides. They too are expected to weaken for the next couple of weeks.

LOINS

STRIPS: Strip loins and short loins continue to lose value. We may see a slight rebound before Labor Day, but both cuts are expected to move lower modestly till late fall.

TOP BUTTS: Top butts barely held their own, but are still firm. We could see another week or two of firm to higher pricing before they drift downward following the path of the other middle meats.

BALL TIPS: Ball tips are higher on good demand and lower cattle slaughter. They will be higher next week, but should finally follow the path of the middle meats and move only modestly downward till fall.

TENDERLOINS: Tenderloins moved higher; select more so than choice. They are expected to maintain their value relatively with possibly only modest declines. The market low should follow seasonal patterns and occur sometime late July/early August.

RIBS

RIBEYES: Ribeyes are steady or only slightly higher with last minute demand from the 4th. Now that those demands have concluded, they should move modestly downward till we see seasonal lows sometime late July/early August.

CHUCKS

CHUCK ROLLS: Choice chuck rolls moved higher and select barely steady as demand for the product has declined. We will most likely see very modest declines for the next couple of weeks

THIN MEATS & GRINDS

FLAP MEAT: Choice flap was barely higher and select flat. Flap should move moderately downward the next several weeks with more modest declines after Labor Day.

FLANK: Choice flank is barely higher and select just a bit below last week. Flank is still more aligned with traditional pricing and we should start to see it come off modestly so into summer.

BRISKETS: Briskets moved lower on lack of interests. There is some upside potential in July, but they are expected to move modestly downward for the next several weeks.

GRINDS: Grinds are higher on increased demand and less product available to the market. Grinds are expected to move modestly lower in July and early August.

SKIRT MEAT: Skirt continues to oscillate week to week with lower slaughter numbers. They should move modestly downward into the fall.





PORK

Base hog prices traded steady to slightly lower for the short (holiday) week. Buyers are focused on purchasing hogs for the week ahead. Hog prices are expected to trade steady through mid July and may move higher late month. Both producer and packer margins remain in the black.

Last week slaughter numbers were about 12% above year ago levels while this week's numbers are running about 10% higher than 2014. The June (Quarterly) Hog and Pig Report indicated that the supply of hogs will be plentiful through late Fall 2015. This implies there will be an increased supply of pork in the pipeline which may put additional pressure on prices during the summer timeframe.

Hog weights were reported slightly lower last week. Weights are forecast to trend sideways to slightly lower through the summer months and remain well below year ago levels.

On the demand side, retailers and foodservice operators continue to promote pork items for holiday promotions. Demand for commodity cuts, hams and bellies are expected to remain strong through July, however excess supplies will put pressure on prices.

LOINS

Bone in and boneless pork loin prices continued lower primarily due to ample supplies. Prices for both bone in and boneless pork loins are expected to trade lower next week then firm and move slightly higher as retailers promote both items for grilling season. Prices are expected to remain fairly steady late 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. Prices are expected to trade steady through July. Increased export demand may support higher price points during the summer timeframe. Markets will be volatile during July.

RIBS

Spareribs and St Louis Ribs moved lower due to excess supplies. Spareribs and St. Louis Ribs are expected to begin their seasonal move lower starting mid July through mid August firming in anticipation of Labor Day promotions. Back Ribs traded lower and are expected to decline through mid August. Typically the seasonal decline for the rib complex begins after the July 4 holiday and continues through late August.

BELLIES/BACON

Bacon/Belly prices moved 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 moved higher last week supported by strong demand. Prices are expected to trade steady to lower through mid July then gradually move higher due to strong demand during the summer sandwich season and into the holiday months. Increased availability of Canadian Hams may result in lower than anticipated ham prices during July.

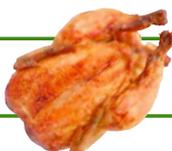
TRIM

The following market dynamics will impact finished goods pricing during the July timeframe. Pork trimmings 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 moved lower due to excess supplies and packers out of position for the holiday week. Picnics are expected to firm and gradually move higher mid July through early August. This could result in higher prices for dinner sausage items during the July timeframe.





TURKEY

WHOLE FROZEN TURKEY

The constant reminder that the bird flu may reappear in the fall plays a part in this rising market. More buyers are concerned of whole turkey shortage possible in the future.



POULTRY

Hatcheries in the 19 State weekly programs set 210 million eggs in incubators during the week ending June 20, 2015, up 2 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 20, 2015, up 3 percent from a year ago. Broiler growers in the 19 State weekly programs placed 174 million chicks for meat production during the week ending June 20, 2015, up 2 percent from the year earlier. Cumulative placements from the week ending January 10, 2015 through June 20, 2015 for the United States were 4.24 billion. Cumulative placements were up 3 percent from the same period a year earlier.

WHOLE CHICKEN & CUT-UP PARTS:

Wings are commanding a premium in the market place as the growing pattern continues to contribute to a shortage of supply. This market should continue to trend sideways to slightly up over the next couple of weeks.

BONELESS SKINLESS BREASTS

Much like last week, the weight loss of the birds has helped the boneless breast market stay flat as the demand, though slightly down, stay even with the supply. This market should continue to trend sideways through the fourth of July.

CHICKEN TENDERLOINS

The demand for tenderloins, driven by QSR and further processors, remains strong. Combine this fact with the declining bird weights due to the hot weather in the southeast; the market stayed flat. This pattern should remain in place over the next week.

BONELESS SKINLESS TURKEY BREASTS

This boneless, skinless market continues along the same inflationary path we have seen for the last 2 months. There is a definite shortage in the market, with further processors will to pay a premium for their raw material needs, if they can find product.

WINGS

The smaller wing market dipped slightly this week due to further processors taking a day off for the holidays. Most small bird slaughter facilities will be running to maintain consistency with their bird sizes. The demand for jumbo wings continues to be strong. With the heat related decrease in bird weights, the market has adjusted up slightly. There are numerous reports that the major wing chains are pushing the market up by signing contracts at a 3-5 cent premium to insure supply. This market will continue to be strong, possibly rising slightly in the next week.

BONELESS SKINLESS THIGHS

The boneless thigh meat market has also been supported by the bird weight situation, as supply has slipped slightly, but the same can be said of a declining demand. The market should remain flat for the next couple of weeks.





COMMODITY GROCERY

SOYBEAN OIL

- Today's stocks report for corn and soybeans added "fuel" to the bullish fire that has been burning the last half of June on concern that excessive rainfall across much of the Corn Belt will reduce corn and soybean acres and yields.
- Missouri has had a very poor start with 2.1 million acres not planted and millions planted in the past few weeks that are rotting in the fields.
- Soybeans are about 94% planted this year – still about 5% behind the 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
- Continued rains in the forecast over the next 14 days across the mid west could delay the finish of planting in coming weeks and consequently cause a rally in the soybean complex may well be led 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 @ around 5B LBs for 2014-2016



DAIRY

BUTTER

Market is relatively steady again this week. Production remains strong, but cream is a little on the tight side. Expect butter prices to remain near current levels through the summer.

CHEESE

Cheese markets have continued to show some downward movement as higher cold storage numbers and decreased demand put some pressure on the market. Expect markets to trade within the current range for the next several weeks unless there are unexpected exports, which will drive markets higher.

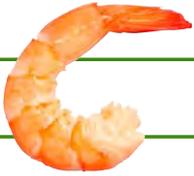
SHELL EGGS

All markets have leveled off or show a slight increase. No new confirmed cases of Avian Influenza have been reported. Whether directly or indirectly, all egg suppliers have been affected by this situation and will continue to be in the months ahead.

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. We are starting to see some weakening in shell on product.

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.

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 remains in good supply and prices are stable.

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: Market is now steady. We are looking at June/July 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 45-50 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.

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: 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 and inventory is tight.

PRODUCE

VEGETABLES



POTATOES

Russets: Supply continues to be good out of Idaho with more volume on the larger size crops. Therefore, FOB prices are slightly down on 80's and larger sizes. Russet supplies and market out of Washington, Oregon and California remains stable.

Reds and Golds: Red potatoes have transitioned to Texas and the quality is excellent. Florida market is finished for the season while California and Texas will be done by the end of next month. Limited supply with good quality will keep the market strong until additional supply is available by the end of July in Minnesota.

White/Yellow Potatoes: Yellow potatoes market is very active with limited supply driving the prices up in California. North Carolina harvest is projected to start up next week. Look for this market to remain active for the next couple of 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 up this week in Central Coast California with light supply and moderate demand. Cabbage in Michigan is up with light supply and moderate demand.



LEAF LETTUCE

Green leaf and Romaine demand has been slowing down which is causing a small drop in the market. Quality is fair due to insect and mildew pressure on Green leaf. Romaine is experiencing occasional wind damage on the outer leaves but overall the quality is good. Hearts supplies will be light due to fringe burn.



ICEBERG LETTUCE

Supplies will be light this week. Quality is between fair to good with some insect and sclerotinia pressure. Depending on shipper, quality can be inconsistent. Prices are down slightly this week.



ONIONS

Yellow onions market is slightly down this week with more supplies are becoming available. California and New Mexico sheds are in full production and supply is good. Red onion market remains active due to strong demand and supplies remain light. Idaho, Oregon and Washington are starting earlier this year with new crop out of Washington harvesting as early as the first week of August.



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 is ending sooner than expected due to the heat. The weather in Mississippi has been cool and wet which is causing a supply shortage out of that region compared to where they normally are at this time of the year. This is causing supplies to be tight and stronger market compared to last week. Western cucumbers are also in the same situation with stronger market than last week. Quality on the other hand is generally good. Expect prices to continue to be high.



SQUASH

Both Eastern and Western squash markets remain active and prices are up in comparison to last week. Supplies continue to be tight in the eastern growing region due to extreme heat in Georgia. FOB prices are mixed with good quality product at higher prices. Squash coming out of California are higher due to heat problems in Fresno.



GREEN BEANS

Green bean market is flat this week with light supply and moderate demand. There are good supplies coming in from Coastal California and Baja California.

PRODUCE



EGGPLANT

Georgia crop is coming to an end with South Carolina starting up this week. Supplies are tight with strong FOB prices.



BELL PEPPERS

Bell peppers will be tight the next 2 weeks with variable quality in all colors due to heat and rain. North Carolina started but is also having quality issues due to heat. The market is expected to remain active until supplies become more available in about two weeks. Western market is also substantially higher than last week due to tight supplies.



TOMATOES

Rounds: Round tomatoes volume are lighter this week. Market is slightly up on 5x6 and 6x6 while 6x7 is steady. Quincy and Florida areas are close to final harvest. South Carolina continues to produce and Alabama is starting this week. Virginia crop is still about two weeks away. Supply out of California continues to be good. Quality is reported to be good to fair.

Romas: Eastern romas are extremely tight with market being up on larger sizes. Western romas are still experiencing a gap between fields which is causing supplies to be tighter this week. Quality is variable between shippers.

Cherry and Grape: Eastern grape tomatoes supplies have tightened up even more from last week. South Carolina continues to be the main sourcing region with FOB prices slightly up from last week. Western grape tomatoes quality is variable with higher FOB prices on quality product. Cherry tomato supplies are good with a steady demand. Market is flat with generally good quality.



CARROTS

Carrot market is mixed this week, California jumbos are down and Mexico up with good supply and moderate demand. The quality continues to be good.



CELERY

The Celery market is steady this week with good supply and light demand. The quality continues to be good; very large and meaty shanks, dark green in color. Sizing is leaning towards the larger size. Harvesting is taking place in Salinas, CA and Santa Maria. Canada and Mexico are expected to begin harvesting soon.



GREEN ONIONS

The Iced Green Onion market remains depressed due to good supplies still crossing daily from Mexico. The market will remain depressed until Mexico growers reduce production. The Iceless Green Onion market has good movement and good supply.



CAULIFLOWER

The Cauliflower market is down this week in California with good supply and light demand. The quality remains strong overall.



ASPARAGUS

The asparagus market is up this week.



BROCCOLI

Broccoli market is steady this week with light supply and light demand. Broccoli volume in Central Mexico is steady and quality is improving. The warmer weather over the past few weeks has improved supply.



TROPICAL

PINEAPPLES

Prices will start to rise significantly over the next few weeks and persist until August. A seasonal production gap throughout all harvesting regions will tighten supplies through August. Fruit is juicy with tropical flavor. Sugar levels are high.



BANANAS

The market is well supplied with plenty of fruit available. There is a consistent supply and demand for tropical's, and plantains. We might see a slight drop in demand as summer is upon us and the tree/stone fruit season is ramping up.



AVOCADOS

The Mexican avocado market increased this week. The combined on hand inventory for both domestic and imported Hass is in the mid 40 million pound range per week. The industry is expecting good consumer demand from holiday promotions which will keep inventories moving. Both California and Mexico will continue to have good supply of smaller size fruit and tight supply of large sizes, this dynamic is not expected to change much over the next 4 weeks.

PRODUCE

MELONS



CANTALOUPE

Market is up and strong on larger fruit 9/12's and softer on the smaller fruit. The Westside is starting up and expect volume to be in full swing by the first of next week, there is also fruit still out of the Arizona desert and will start to finish up by the end of next week. We expect very good volume through the middle part of October here and then will transition to the California desert to get us through until the offshore starts. We expect very good quality going forward barring any major weather issues.



HONEYDEW

Market very strong as demand is very good, and supplies are very light out of Mexico, California and Arizona deserts and will continue to be so as Mexico is finishing up and the desert regions are going to finish in the week. We are starting in a very light way here in the central valley and will continue to increase volume each week but supplies will be tight and the market will continue to be strong except on very small fruit which is what we are seeing as we get started here on the Westside. The overall quality is excellent and we will have good supplies through mid October and then transition back to the desert region.

BERRIES



BLACKBERRIES

The blackberry market is pretty tight right now, but the valley does have a good amount of product on hand. Moving forward this week, we could see the holiday weekend increase demand. We are sourcing product from a variety of locations, but a majority of our product is coming from Northern California. Quality is ranging from average to excellent



RASPBERRIES

The raspberry market is in a demand exceeds supply position. Production has dropped off from our suppliers this past week, and the 4th of July has created a lot of demand. We are currently sourcing from Mexico, Northern and southern California; however Mexico will be done producing later this week. Quality is being reported as average to great.



STRAWBERRIES

The strawberry market is in full swing, with nearly 70 million pounds of fresh strawberries sold last week. Currently the market is in a supply exceeds demand position, although pricing is still relatively firm. The 4th of July weekend always creates strong demand for berries. We are currently sourcing exclusively from Northern California, with good to excellent quality.



GRAPES

The market is steady as we are finishing on grapes out of Nogales and also finishing up out of Coachella. We have also started in the central valley on flames and greens as well. There is some marginal quality fruit left to clean up out of Mexico and Coachella. There is good volume in the central valley and will have good supplies through November on all colors. The overall quality on all the fruit is good and will only continue to get better as we progress through the central valley.



BLUEBERRIES

The blueberry summer season is officially in full swing. There is a lot of good product on the market, especially out of Canada and the Pacific Northwest. Look for some great deals throughout this week. Quality is ranging from good to excellent.

PRODUCE

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. 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.



ORANGES

The market is steady with descent supplies of all sizes on Valencia's, we still have 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.



STONE FRUIT

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.



LIMES

Quality on limes has been and should continue to be very good. They are lighter in color with some shading/blanching but overall very good. There are some smaller limes coming in and less on the larger sizes, but nothing too dramatic. Pricing will continue to hold for the next week or so.

CITRUS



LEMONS

Demand Exceeds Supply on all sizes except 235's and 200's but remain 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 each week going forward and Mexico (starting now but better volume in the next 2-3 weeks 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 probably through August and. The overall quality is fair with some lots showing some weakness due to lack of water and also some high color.

