

FARMER'S REPORT

MARKET TRENDS | 8.10.2018



US.
FOODS®

PRODUCE

KEY

- ↑ - Anticipating an up market
- - Anticipating a steady market
- ↓ - Anticipating a down market

VEGETABLES



POTATOES

- ↓ **Russets:** The market on russets is mixed this week. Product out of Idaho and Washington/Oregon is down. Product out of Colorado is steady. Supplies are steady with moderate demand. Suppliers will be transitioning out of Burbanks and into Norkotahs starting this week.
- **Reds:** The red potato market is steady this week. Product out of California and Eastern Shore Virginia is steady.
- **Yellows:** The markets out of both Florida and California are steady. Quality is good with moderate supply and demand.



CABBAGE →

Round Green: The cabbage market is mixed, based on the growing region. Round Green out of Central Coast California is up. Round Green out of Michigan is flat. Oxnard California is flat also, and Round Green out of Western/Central New York is down.



LEAF LETTUCE

- **Green Leaf:** The green leaf market is flat this week, with good supply and moderate demand.
- ↓ **Romaine:** Romaine lettuce is down this week, with moderate supply and demand. Weather-related issues in other growing regions (East Coast - wet weather, and Mexico - heat) are causing a rise in demand for West Coast product. (Rec. based on Salinas market.)



ICEBERG LETTUCE ↑

The iceberg market is slightly up this week. Supply and demand are moderate. Weather-related issues in other growing regions (East Coast - wet weather, and Mexico - heat) are causing a rise in demand for the West Coast product.



GARLIC →

There are good supplies for California peeled garlic this week. Chinese peeled garlic pricing remains strong in all markets, but more supply is coming, so pricing will most likely be dropping in the coming weeks.



ONIONS →

The jumbo yellow onion market is steady this week, including product out of San Joaquin Valley California, southern New Mexico, Idaho, and Washington/Oregon. Good supplies and quality are being reported.



CILANTRO ↑

The cilantro market is mixed this week. Product out of Oxnard and Central Coast California is steady on 30's and up on 60's. There is good demand and moderate supply out of both growing regions.



CUCUMBERS →

Supply is excellent in the East and West. Quality is good to excellent, with steady pricing.



SQUASH

→ **Yellow Squash:** Eastern squash has plenty of volume, with greatly improved quality. Western squash has great quality and steady pricing.



→ **Zucchini:** Zucchini prices are flat this week. Both the East and West are seeing good harvests. Supplies are good, and quality has improved.



GREEN BEANS ↑

The green bean market is mixed this week. Imported haricot verts are down, while machine-picked product out of Western and Central New York is up. There are moderate supplies and demand on imports, and lighter supplies and good demand out of New York.



BELL PEPPERS

- **Green:** Green peppers have limited supply out East. Quality is fair. Western supplies are abundant with good quality.
- **Red:** Supply is steady and demand is steady. Quality is excellent.



TOMATOES

- **Rounds:** Eastern supply is moderate with steady demand. Quality is excellent. Western supply is plentiful with good quality.
- **Cherry:** Cherry markets are steady out West, with good supplies and moderate demand; however, it is a bit lower out West.
- ↑ **Grape:** Grape markets are higher than last week in the East and West, with adequate supplies and good demand. Western grapes are down slightly with abundant supply.
- ↓ **Romas:** Eastern supply is moderate, with steady demand. Medium and large sizes are down slightly and quality is excellent. Western supply is moderate. Pricing is down on extra-large sizes, and quality is fair.



CARROTS ↓

The jumbo carrot market is mixed this week. Product out of California is up while product out of Mexico is down. There are moderate supplies and demand out of California. Quality continues to vary out of Mexico, but is improving.



CELERY ↓

The celery market is down this week, with good supply and light demand.



GREEN ONIONS ↑

The green onion market is mixed this week. Product out of Mexico is up on medium, while product out of South Carolina is steady. There is moderate supply and demand.



CAULIFLOWER →

The cauliflower market is flat this week, with moderate supply and light demand.



ASPARAGUS →

The asparagus market is mixed this week. Product out of Mexico is steady, while product out of Peru is down. There are moderate supplies and lighter demand out of Mexico. Supplies are lighter out of Peru on larger sizes and there are moderate supplies on the smaller sizes.

PRODUCE



BROCCOLI ↑

The broccoli market is way up this week, with light supply and good demand. Weather-related issues in other growing regions (East Coast - wet weather, and Mexico - heat) are causing a rise in demand for West Coast product. (Rec. based on Salinas market.)



MUSHROOMS →

Mushrooms are in good supply and quality.

TROPICAL



PINEAPPLES →

Light supply is expected for the next few weeks. This is a result of the traditional production curve. Market prices will adjust accordingly, with significant increases expected for the upcoming weeks. Quality is exceptional.



BANANAS →

Banana volumes are expected to be sufficient, with high-quality fruit coming into the market. The growing conditions are good.



AVOCADOS ↑

Large-sized avocados have skyrocketed in price, due to lower availability. The new Loca crop is heavy on smaller fruit. Peru is bringing in fruit for those markets with interest. California is pretty much done for the season.

MELONS



CANTALOUPE ↑

The cantaloupe market is up this week, with moderate supply and fairly good demand.

HONEYDEW ↑

The honeydew market is up this week, with moderate to light supply and moderate demand.

HANGING FRUIT

APPLES & PEARS



→ Apples: Gala and Golden Delicious markets are steady to slightly down this week, depending on the growing region. All other varieties are stable. Demand is moderate and quality is good.

→ Pears: The pear market remains stable. Green and red D'Anjou and Bosc are available. The small end of pears remains tight, while 90 ct. and larger remain constant.

BERRIES



RASPBERRIES →

Raspberry quality and supply are good. Supplies are expected to gradually increase over the next 4 weeks.



STRAWBERRIES ↓

The strawberry market is down this week, with moderate supply and light demand. Supplies are expected to gradually increase over the next 4 weeks.



GRAPES ↓

The grape market is down this week. The amount depends on the variety and size. Flame seedless out of Kern District California is steady on L-XL and Med-L. Sugarones are down on L-XL and on Med.-L. Summer Royal are down on L-XL. Ivory are also down on L-XL. Flame seedless out of San Joaquin Valley California are down on L-XL and on Med.-L. Sugarones and Ivory are down on L-XL. Red seedless supplies are good, but quality will vary.



BLUEBERRIES →

Blueberry quality and supply are good. Supplies are expected to gradually increase over the next 4 weeks.



BLACKBERRIES →

Blackberry quality and supply are good. Supplies are expected to gradually increase over the next 4 weeks.

CITRUS



LEMONS ↑

Lemon growers are still in a force majeure this week. All volume commitments and pricing are voided. Expect delays and a lack of fancy and choice grades.



ORANGES ↑

Demand exceeds supplies on 138's. This will continue through the end of the Valencia season. 113's will get tighter as the season progresses. The best availability is on 88's and larger.



LIMES ↑

The lime market has jumped even more from last week. Bad weather has shortened harvest times, and the quality is poor. The new crop is not expected to be in full run until mid-September, and the market will be tight from now until then.



BEEF

Cash cattle traded higher at \$1.13 to \$1.14/lb., which is a penny higher than the previous week. Cattle feeders currently are asking \$1.15 to \$1.16/lb., with no trades established for the week so far.

Federally Inspected Slaughter totaled 626K head, which is down 10K from the previous week. This week we expect the production levels to be around 640K head, slightly up from last week's production levels.

Overall the market is shaking out to higher costs within the beef complex, based on lower production levels, higher cattle cost, and heavy demand from pre-orders placed for the Labor Day holiday.

GRINDS

GROUND BEEF 81/19: Blended grinds increased, based on good demand from buyers. This week we are seeing the same trend again, with increased costs. The market should see consistent increases in front of Labor Day.

GROUND CHUCK: Ground chuck traded modestly higher than the previous week. The market looks to be firm this week, and is expected to continue to report modest increases, with schools starting up soon and Labor Day in front of us.

ROUNDS

PEELED KNUCKLES: All grades of knuckles reported modestly higher than the previous week. The knuckles are projected to report being steady for August, and then start dipping lower into September.

INSIDE ROUNDS: All grades reported a modest increase, and this week we are seeing the market ease back a little bit, but the market is expected to continue to increase in price until mid-August.

BOTTOM ROUND FLATS: All grades of bottom round flats reported a modest decrease, and so far for this week we are seeing the same trend in place. We do expect the market to be more sideways through August.

EYES OF ROUND: Eyes of round reported a modest decrease on all grades, and we are seeing the same trend this week. We do expect the market to trade sideways through August.

LOINS

STRIPS: It is the same old story, with all grades of striploins declining substantially on adequate supply. Striploins will succumb to declines through most of the summer and early fall.

TOP BUTTS: All grades of top sirloins reported modestly lower again from the previous week. The sirloins will continue to be under pressure, and are vulnerable to declines in late August.

TENDERLOINS: All grades of tenders continue to show modest increases, and this week we are seeing the same trend in place. We do expect the tender market to increase through August.

RIBS

RIBEYES: All grades of light and heavy ribs reported modest to moderate increases, and we expect the trend to continue well into August. We do expect a softer market after Labor Day for a short period, before we start seeing more moderate increases in front of the year-end holidays.

CHUCKS

CHUCK ROLLS: All grades of chuck rolls reported steady money from the previous week. The market remains firm, assisted by export sales. Chuck rolls are still expected to move slightly higher into late August before turning sideways into late summer.

TERES MAJORS: All grades of Teres Majors reported modest increases from the previous lows, and so far for this week we are seeing the same modest increases. The market is expected to firm up thru mid-August, and then will retreat back to lower costs.

BRISKETS: Choice grades reported a modest increase again, while the Select grade took a back seat with a modest decrease. We do expect the market to continue steady increases on all grades in front of Labor Day.

THIN MEATS

BALL TIPS: Choice ball tips reported modestly higher with heavy demand in place, while the Select grade reported a moderate decrease. The market is poised to go lower over the next few weeks, as demand has weakened.

FLAP MEAT: Choice grade flap meat rebounded from last week's lows and reported a moderate increase, while the Select grade went backwards and reported a moderate decline. The market is poised for a stronger performance with modest to moderate increases based on current demand.

FLANK: All grades of flank steak are showing signs of interest with modest increases reported, and we are seeing the same trend this week, where the market is currently reporting a modest increase. Flank is still expected to move lower seasonally into the fall time frame.

SKIRT STEAK: Outside skirt moved modestly higher from the previous week, and is showing the same trend this week. The market is expected to decline as summer progresses, and will remain unstable.





PORK

The USDA-reported hog harvest last week was at 2.32 MM head, 3% higher than last year at this time, and 17% higher than the previous week.

LOINS

Prices on the loin complex were mixed last week. Boneless loin prices moved slightly lower and the bone-ins moved slightly higher. As the major pork cut for retail, pork chops are feeling pressure from competing proteins. Prices may begin to stabilize and move higher for Labor Day promotions.

TENDERS

Pork tenderloin prices moved higher last week. Despite the previous downward movement, demand is reinvigorating the tenderloin market, likely for Labor Day activities. Expect prices to remain steady in the short term, but after the holiday downward pressure is likely.

BUTTS

Pork butt prices moved slightly higher last week, as demand currently seems to be outpacing supply. Historically there is a pricing lull between Independence Day and Labor Day, so prices are expected to see some lift in the back half of August.

RIBS

Pricing on the rib complex was mixed last week. Backrib prices moved slightly lower, as the major channels focus on clearing out remaining frozen inventories, thus holding the packers to additional fresh product. Sparerib prices continued to see some lift, and will likely trend higher into Labor Day.

BELLIES/BACON

Belly prices continued to collapse last week, due to lack of demand and surplus supply. The major retail and foodservice channels have slowed their buying activities over the past few weeks, due to peak pricing. Prices are forecasted lower through September, but given how fast they've already fallen, a bottom may form much sooner.

HAMS

Ham prices continued to see some pricing strength last week, primarily driven by the processor channel. Holiday ham bookings have been released to wholesale, and thus processors are buying for their needs. Despite all the noise with tariffs on the pork category, hams are still being exported, but they remain more volatile than ever.

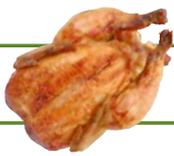
TRIMMINGS

Trimming prices were mixed last week. 42% fat trimmings continued to correct lower from their near-record peaks just a few weeks ago. Lean 72% trimmings found some lift, as processor demand increased for hot dog and sausage production. Prices are forecasted to slide gradually lower.

PICNICS

Picnic prices continue to move lower, due to decreasing demand. With trimming prices moving lower, boneless picnics must move lower as a grind substitute. Bone-in picnics are also seeing softness at the retail channel. Prices are becoming attractive for freezer bookings.





TURKEY

BONELESS, SKINLESS TURKEY BREASTS

Boneless, skinless turkey breasts were up this week. We should expect this market to trend flat to upward for the near term.



CHICKEN

For the near term, it looks as if the majority of processors have made progress increasing their average live weights, but we will just have to wait and see if this holds true through the rest of summer. With this production increase and fluctuating demand, we are seeing oversupply situations in some categories. Jumbo tenders and medium boneless breast are taking the lead with oversupply, with small wings not too far behind. We will continue to see a possibility of declines in the tender and boneless categories for the near term.

Wing markets have been mixed, with small wings struggling to find homes. And more recent medium and jumbo are also showing signs of weakness. Currently, export demand on items such as boneless breast, leg quarters, thigh meat and leg meat remain at normal seasonal levels. Domestic sales of leg quarters have fallen off slightly, but with Labor Day around the corner, we should see an uptick in this market. Whole birds/WOG prices have started to level out; however, with a decline in demand patterns, we should expect a flat to downward trend for the near term.

BROILER-TYPE EGGS SET IN THE UNITED STATES UP 1%

Hatcheries in the United States weekly program set 229 million eggs in incubators during the week ending August 4, 2018, up 1% from a year ago. Average hatchability for chicks hatched during the week in the United States was 83%. Average hatchability is calculated by dividing chicks hatched during the week by eggs set three weeks earlier.

Note: Starting in 2018, the 19-State totals have been discontinued.

BROILER-TYPE CHICKS PLACED IN THE UNITED STATES UP LESS THAN 1%

Broiler growers in the United States weekly program placed 187 million chicks for meat production during the week ending August 4, 2018, up less than 1% from a year ago. Cumulative placements from the weeks ending January 6, 2018 through August 4, 2018 for the United States were 5.7 billion, up 2% from the same period a year earlier.

Note: Starting in 2018, the 19-State totals have been discontinued.

WHOLE FROZEN TURKEYS

Whole turkeys were flat this week, as we move closer to the holiday season. We expect this market to trend flat to upward in the near term.

WHOLE CHICKEN & CUT-UP PARTS

Small bird demand is still strong, and supply continues to be tight. We can expect this trend to continue through 2018.

BONELESS, SKINLESS BREASTS & CHICKEN TENDERLOINS

The select/small boneless breast market was flat this week. This market continues to be well-supported by the YTD headcount deficit in the small bird category. We can expect the select/small market to trend flat to upward in the near term. The jumbo boneless breast market was down this week, as further processors have fulfilled their inventory targets, and jumbo boneless breast supply has increased. We can expect this market to trend flat to downward in the near term. The medium boneless breast market was down this week, and we can expect this market to trend flat to downward in the near term, following the same direction as the jumbo product. As the Labor Day holiday draws closer, the chance of market increases will strengthen.

The select/small tenderloin market was flat this week. This market is receiving a mixed call from further processors, as their value added frozen inventories are being fulfilled. We can expect this market to trend flat to downward in the near term. The jumbo tenderloin market was down this week, due to decreased demand from further processors. We can expect this market to trend flat to downward in the near term also. As with boneless breast, there is a chance that as the Labor Day holiday approaches, we could see market increases in the tenderloin category.

WINGS

The small wing market was down this week, with processors struggling to find homes. We should expect this market to trend flat to downward in the near term. The jumbo wing market was flat this week, with excess product available at prices starting to fall below industry averages. We can expect this market to trend flat to downward in the near term also. As we approach the official beginning of football season in early September, we should see seasonal market increases occur.

BONELESS, SKINLESS THIGHS

The boneless, skinless thigh market was flat this week, and we can expect this market to trend flat to upward in the near term. As seasonal and export demand ramp up, labor shortages will heavily come into play.



COMMODITY OIL

SOY, CANOLA & PALM OIL

Monday's updated crop condition report put the soybean crop at 70% good to excellent – no change from last week, but still well above the five-year average of 66%.

Crop development is ahead of normal at 60% setting pods, vs. 45% last year.

Increased soybean ending stocks for this year's crop are likely.

The soybean complex was all over the place in another week of volatile trade, as the markets remain beholden to the back-and-forth trade war rhetoric between the U.S. and China. Indications that negotiations were back on track gave a lift to the bulls early in the week, only to see those gains quickly erased after President Trump proposed raising the tariffs from 10% to 25% on the next round of \$200 billion, due to take effect on September 5th.

China said that they were prepared to slap additional tariffs ranging from 5% to 25% on \$60 billion worth of U.S. goods in retaliation if the United States follows through with the next round of tariffs.

U.S. soybean prices are currently at a \$60 per ton discount to Brazil. While U.S. export business to non-China destinations such as the European Union has picked up substantially over the last several weeks, it won't be nearly enough to make up for the loss of our biggest customer. Brazil exported a record 10.2 million metric tons of soybeans for the month of July, as they continue to benefit from the U.S./China trade war.

SOY:

- The September soybean oil contract made a new high for the move on Tuesday, but struggled at the initial resistance level of \$.2900. The range-bound trade continues, as the market remains at the mercy of the day-to-day trade war rhetoric. Current support/resistance parameters are at \$.2750 and \$.2900, respectively.
- The USDA reported the June domestic soybean crush at a record 169.9 million bushels, up 14.4% from June of last year. End-of-June domestic soybean oil stocks were estimated at 2.305 billion pounds. That number was slightly above the average trade estimate, but still down from the 2.374 billion reported in May, as domestic soybean oil stocks have peaked for the season.

CANOLA

- Canola oil basis levels continue to move higher, as traders fear that China will be a larger buyer of Canadian canola this year to partially replace and crush what they don't buy in the way of U.S. soybeans, due to the potential tariff situation.
- Agriculture Canada's market analysis branch forecast canola seed ending stocks on July 31st, 2019 at 2.55 million metric tons, up 550,000 from their June forecast.

PALM OIL

- A wire service poll of Indonesian palm oil industry participants estimated that the country's palm oil stocks at the end of June were up to 4.335 million metric tons, up from 3.675 million in May, and more than triple last year's June stocks of 1.3 MMT. Palm oil prices faded a bit more for the week.

US EXPORTS

- Soybean oil export sales were reported at 14,200 tons. The number was near the middle of the range of trade expectations between 10,000 and 20,000 tons.



DAIRY

BUTTER

Cream supplies have been relatively tight, due to milk butterfat levels being near the lowest point of the year. Warm weather continues to limit the production of butter in some areas, due to cream availability. Forecasters expect pricing to remain steady to higher as we enter into the baking season.

CHEESE

Specialty cheese makers have been cutting production, but mozzarella and cheddar production is increasing to meet fall school demand. Cheese makers are receiving enough milk for full production runs. Overall cheese inventories are steady to higher. The cheese market continues to trend higher.

MILK & CREAM

Production across the country is mixed, due to high temperatures in the West. For August: FMO and California markets were slightly down for Class I and II. Lower pricing should come in August.

SHELL EGGS

Retail demand is fair to good, as the lower prices have encouraged additional promotional activity to help drive more foot traffic in stores. Distributor demand has picked up, with most activity around replenishing inventories, given the prices being near recent lows. The increased buying has not caused prices to respond yet; however the shell egg inventory declined again this past week. Expect prices to remain steady for the next month, before seasonal demand kicks in and typically adds some premium to prices.



SEAFOOD

SHRIMP, DOMESTIC

(WHITES AND BROWNS):

Shell-on Browns: Inventories are adequate. The new season began in July.

Shell-on Whites: Markets are steady to down, with shrimping in full swing. High demand with tighter inventory could cause pricing to firm up. The season is here now.

DOMESTIC PUDS: The current landings have been producing mid-size puds; we are starting to see inventory building up on 60/70's -90/110's.

SHRIMP, IMPORTED

(BLACK TIGERS AND WHITES): Production on tigers continues to be very low. Larger sizes are extremely tight.

Farmed Asian White shrimp are showing some signs of getting stronger in pricing.

(MEXICAN BROWNS AND WHITES): We are now about two months away from the 2018 season. As we approach that time, we will see packers start level-setting inventory positions.

CATFISH

DOMESTIC: Inventory of frozen fillets is in very good shape, as well as fish in the ponds. We don't foresee any shortages this summer and early fall.

IMPORTED: We are seeing stable pricing on imported catfish. New-season fish is starting to hit the US. The long-term outlook is still uncertain.

SALMON

ATLANTIC FARMED SALMON: We are now seeing the growth of fish in Chile becoming too large for small-sized portions. This could have a direct impact on 4 oz. portions over the next 6-8 weeks. Reports are now starting to come out that we could see record high prices in 2019. In the short term fresh sides out of Chile are flat to slightly down.

MAHI MAHI

Inventory is in good shape, with lower pricing than we saw in 2016 and 2017. The quality of product from Central and South America is very good. Mahi tacos are still a good trend!

SCALLOPS

SEA: Pricing has turned steady, but we will see some downward pricing on Harbor Banks Dry Scallops through mid-August. Expectations are for a good yield of U-10's and 10-20's—especially on 10-20's. 20-30's catch has been low, and pricing is stable on that size.

BAY: Pricing has turned steady overseas.

TILAPIA

Inventory in the US seems to be good. Demand is increasing with other species struggling. Pricing seems to be stable, and we should not see any price increases for the summer season!

PANGASIUUS

Pricing remains high, and inventory on 5-7's and 7-9's is very tight. Inspection of imported product is a slow process, causing delays on product moving out of cold storage. Pricing continues to increase. Many distributors are out of product. A great alternative is the 7 oz. Alaskan Pollock (APN 9890469) that was recently launched in the Spring Scoop™. Ask your rep about this highly abundant and cost-effective product.

WHITEFISH COMPLEX

COD: We expect the overall market to remain very firm, with short inventory and high prices. We expect this trend to continue, especially as we get into Q4.

POLLOCK: The fishery for Pacific pollock has produced only smaller fish, just 2-4 oz. fillets. This could cause an inventory issue for frozen loins if they don't start catching larger fish. Larger fillets of 4-6 and 6-8 oz. are very tight.

HADDOCK: Pricing on skin-on fillets and skinless loins is starting to see increases. We expect pricing to continue to increase, following high demand, especially as we get into Q4.

FLOUNDER: Product from China remains tight across all sizes. We saw higher pricing in July, and there are challenges with inventory.

TUNA, YELLOWFIN

(FROZEN STEAKS & LOINS): Tuna pricing is starting to firm up, and we anticipate increases in the near future.

SWORDFISH

Swordfish pricing is very stable. Inventory levels are in very good shape.

KING CRAB

(RED & GOLDEN): Product is very short in the marketplace across all sizes. The outlook is for pricing to be higher, with lower inventory. This pipeline will be very empty through the fall.

CRABMEAT

(BLUE & RED, PASTEURIZED): Blue swimming crab pricing remains at very high levels. The extremely high prices we have been living with are definitely starting to cause many operators to remove the products from their menus. Demand is slowing on the large sizes, which is now starting to force packers to review pricing. We could see some slight relief as the summer continues, depending on what demand does.

Red swimming crab pricing will be moving up for next week. Inventory is becoming nonexistent, and we expect to see this continue through the summer season.

Mexico blue crab season is in full production, with stable pricing. Inventory positions are very good at this time, with the exception of claw meat.

SNOW CRAB

ALASKAN: All vendors are currently off the market. Low inventory levels were caused by lower quotas.

CANADIAN: Fishing in Canada is continuing in all zones. Pricing continues to move up, as sales are strong by buyers trying to fill the gap from the 2017 season. Outlook is for pricing to remain at these levels or a bit higher for the next few weeks. Time will tell once we start hitting quota restrictions. More fishing areas have been closed due to whale sightings.

LOBSTER TAILS

NORTH AMERICAN LOBSTER: Maine is now underway; however, fishing is off to a slow start.

LOBSTER TAILS WARM WATER: Supply on warm water tails is in a decent place. The new fishing season is underway, and there is a solid expectation for the fishery to produce this year.

LOBSTER MEAT: We are seeing some poor quality meat on the market. Markets are still uncertain. Buyer beware on something that seems "too good to be true."