The market on russets is mixed this week. Norkotahs out of Washington/Oregon and Colorado are up. Burbanks and Norkotahs out of Idaho are steady. 6 oz. minimum size out of Idaho are also steady on Norkotahs and on Burbanks. Lighter supplies are being reported on 50-80 cts. out of Washington/Oregon. Moderate supply and good demand are being reported out of Idaho.

Reds: The red potato market is steady this week, including product out of Minnesota and Wisconsin.

Yellows: The markets out of both Florida and California are steady. Quality is good, with moderate supply and demand.

Round Green: The cabbage market is up this week. Due to the cold weather, there will be lighter supplies for the next two weeks.

LEAF LETTUCE

Green Leaf: The green leaf market is up this week. Supplies are expected to be around normal this week. The rain this weekend will continue to take a toll on the crop. Vendors are having issues with slight yellowing and lighter weights.

Romaine: The romaine market is up this week. Supplies are expected to be good this week. The market is stable, and demand has dropped off. Product is still recovering from epidermal peel and blistering, but quality is expected to improve in the next week or two.

ICEBERG LETTUCE

The iceberg market is up this week. Lettuce supplies continue to be steady. Quality is starting to improve daily, with frost damage decreasing and improving daily. The market, has been very steady, and we are expecting a slight increase by the weekend, due to Valentine’s Day promotions.

GARLIC

No changes in the California garlic market with good supplies and quality.

ONIONS

The jumbo yellow onion market is down this week. Product out of Washington/Oregon and Idaho is down. There is moderate supply and demand out of both growing regions. Good quality is being reported.

MUSHROOMS

Mushroom supply and quality continue to be an issue on the West Coast. No issues to report on the East Coast.

CILANTRO

The cilantro market is mixed this week. Product out of Oxnard is up on 30’s. Product out of Imperial/Coachella Valley California and Arizona is down on 30’s and 60’s. Product out of Texas is steady on 60’s. There is moderate supply and demand out of all growing regions. Quality will vary by growing region.

CUCUMBERS

Cucumber prices are flat for the week. Honduras continues to supply the East Coast until Florida gets ramped back up in the spring. The West supply is starting to improve as warmer weather hits Mexico.

CELERY

Celery is up this week. Celery supplies are expected to be short again. Mexico product this week is still light. The weather has been warmer, so sizing is a little better. We are expecting colder weather this week, which won’t help. Volumes are still below average.

SQUASH AND ZUCCHINI

Yellow Squash: Yellow squash looks to be steady to down in pricing this week. Mexico is reporting lower pricing while Florida is flat. Quality continues to be between fair and poor, with heavy wind scarring being reported.

Zucchini: Zucchini prices continue to drop this week. Both Mexico and Florida are reporting improved supplies and lower prices. Quality remains mixed, with wind scarring and bruising still seen in the fields.

GREEN BEANS

The green bean market is mixed this week. Imported haricot verts are down, with moderate supplies and demand. Machine-picked and hand-picked product out of Florida is down. Domestic supply and demand are moderate. Hand-picked product out of Mexico is up.

BELL PEPPERS

Green: Green bell peppers have started to drop. Supplies have started to improve as the weather improves. Mexico has seen a larger price drop this week, as their supplies are improving. Quality remains mixed in both regions.

Red: Red bell pepper pricing continues to drop. The improved green bell market and better weather has helped improve red pepper supply. Hothouses are also harvesting a good amount of product. Quality is between fair and good.

TOMATOES

Round: Round tomatoes are mixed this week. Florida is reporting a price decrease as their supplies start to rebound. Mexico prices remain steady for the time being. Quality is trending up.

Roma: Roma prices look to be steady this week. Florida and Mexico supplies remain steady. Quality is trending up.

Cherry: Cherry tomatoes continue to be flat this week. Supply and quality continue to improve slowly.

Grape: Grape tomato prices are mixed this week. Florida is reporting flat prices this week, while Mexico is seeing a slight price drop due to increased volume. Quality for the most part is good for, now but there have been some reports of fair product out in the fields.

CARROTS

The jumbo carrot market is mixed this week. Product out of California is steady while product out of Mexico is down. There is moderate supply and good demand out of both growing regions. There continues to be a wide range in quality coming out of Mexico.

GREEN ONIONS

The green onion market is down this week. Product out of Mexico is down on medium size. Green onion supplies are improving but still light, with good demand. Most suppliers are prorating. Quality will vary out of Mexico.
CAULIFLOWER
The cauliflower market is up. Cauliflower supplies are expected to be around normal this week. On quality, not much of a change this week, except for some slight discoloration and/ or cream color in low percentages. Quality will vary by vendor. Demand is fair.

ASPARAGUS
The asparagus market is down this week. Product out of Peru is down with moderate supply and demand. Product out of Mexico is down with lighter supplies and demand. Quality will vary out of both regions.

BROCCOLI
The broccoli market is up this week, with supplies expected to be around normal. Volume out of Mexico is light; however, it is expected to increase towards the end of the week, as there will be warmer temperatures. Quality is good and demand has improved.

EGGPLANT
Eggplant continues to go up in price due, lack of supply. Florida had to end their season early, due to poor weather. Mexico supply will improve as the warm weather hits the growing fields. Eggplant thrives in warm weather and struggles with cooler weather. Quality is fair to good for the time being.

HANGING FRUIT

APPLES AND PEARS
Apples: Golden Delicious variety is up this week while all other varieties are steady. There is moderate supply and demand.

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.

CITRUS

LEMONS
Lemon prices are flat for the week. There are currently three growing regions in California producing, along with some product out of Arizona. Quality continues to be good.

ORANGES
Orange prices continue to be steady. Navel harvest continue to trend toward the 88/113/72 size range. Navel harvest continue to come from Central California and Riverside. Cara Caras are following the navel trend of sizing. Cara Caras are coming from Central California and Fillmore. Blood orange supplies continue to be good. Blood oranges are trending toward the 138/113/163 counts.

LIMES
Lime prices are on the rise this week. Mexico was shut down due to a holiday, which delayed harvest plans. Quality still remains between poor and fair, due to cooler-than-normal weather.

BERRIES

STRAWBERRIES
The strawberry market is up this week. Mexico is pretty much the only region supplying berries. Florida and California were hit with rain last week.

BLACKBERRIES
Blackberries have minimal defects and good quality currently.

RASPBERRIES
Raspberries from Mexico are currently downsizing due to the rise in temperatures.

BLUEBERRIES
Blueberries in Oxnard are coming in good, and the quality and flavor are good. Chilean blueberries remain good in quality, firmness, and flavor.

GRAPES
The grape market is steady this week. Crimson Seedless and Red Globes out of Peru are steady on XL, Jumbo and Medium/Large. Red Seedless out of Peru and Chile are steady on XL, Large and Medium. Supply and quality will vary this early into the import season, especially on the West Coast, due to limited supplies.

TROPICAL

PINEAPPLES
Pineapple supply continues to be good and is expected to remain healthy through the end of the month. Pineapples are trending toward smaller sizes, but this should not cause shortages on larger sizes.

BANANAS
Banana prices are steady to up, due to a tightened supply. This is expected to last roughly 3 to 4 weeks, due to the difficult growing conditions in the fields. The bananas are also taking longer to ripen, which is causing some issues. Vendors have started to open ports for Sunday delivery to help with the supply issues.

AVOCADOS
Avocado prices are steady to up this week. Mexico has slowed down their harvest, and recently shut down to celebrate a national holiday. Demand has dropped off, but due to the slower harvest, supplies remain steady. There is still good volume on #2 product.

MELONS

CANTALOUPES AND HONEYDEWS
Cantaloupes: The cantaloupe market is up this week. Cantaloupe production will be trending towards the LARGER sizes, as conditions have turned almost all production to 9's. Cantaloupe-wise, it looks like vendors will be covering orders with the larger sizing of provided ranges.

Honeydews: The honeydew market is up this week. Honeydew volumes out of both Guatemala and Costa Rica will be increasing, with good volumes reporting, especially in the 5/6 ct. range.
Fed cattle are expected to trade between $124-$128/cwt. for the remainder of February, with the higher prices later in the month. Federally inspected slaughter came in at 593K head. 17K head lower than the previous week, and 20K head lower than last year at this time. Steer/Heifer slaughter made up 478K head, 3K head higher than last week, but 14K head lower than a year ago. Cold weather conditions affected not only animal movement, but people as well, with either shifts cancelled or lower chain speeds in the production facilities. Slaughter levels are expected to recover back into the 595-600K head range this week. Beef production was down 2.9%, and has now fallen to 2.8% below the previous year.

Steer carcass weights were reported at 891 lbs. on average, which is 11 lbs. lower than a year ago and 13 lbs. under the fall peak. Heifers dropped by three pounds from the previous week, and are now running 20 lbs. lighter than last year.

For the week ending January 25, Prime/Choice grade reported at 83.02% with prime up slightly to 9.26%. Do not be surprised if grading suffers slightly due to animal performance from inclement weather these past two weeks.

Last week’s boxed beef sales showed larger increases in forward sales, while spot market and formula sales declined from the previous week. The Choice cutout declined as the week progressed, with the ribs showing the largest decline. Chucks, briskets and loins aided in the decline as well, as the Select cutout firmed on tightening supplies with the Choice/Select spread now at the lowest level since August 2017.

GRINDS
GROUND BEEF 81/19: Blended grinds ended the week steady on ample supplies. Grinds are weak and expected to retrace into mid-February.
GROUND CHUCK: Ground chuck declined slightly on fully adequate supplies. The market remains soft to weak, and is expected to retrace as well into mid-February.

ROUNDS
PEELED KNUCKLES: Knuckles advanced slightly, with packer’s inventories aligned with demand. There is a risk to retracement the next couple of weeks before a slight rebound in late February.
INSIDE ROUNDS: Inside rounds continued to advance. Good clearance the previous two weeks put packers in better inventory positions, laying the foundation to ask higher prices. Very slight downside risk exists the next couple of weeks before a slight seasonal rebound late February.
BOTTOM ROUND FLATS: Bottom flats advanced on many of the same fundamentals as insides. There is risk to retracement before the market is expected to trade sideways into March.
EYES OF ROUND: Not quite the “Eyes of March” yet. Eyes followed the rest of the round complex. They, too, have risk declining into March and are already exhibiting signs of weakening.

LOINS
STRIPS: Striploins gained in value last week, but on slightly smaller volumes than the week before. The market is soft and showing signs of weakness, especially for Choice. There remains downside risk the next couple of weeks before rebounding seasonally into late winter.

TOP BUTTS: It was surprising that Choice top butts remained flat, with volume as low as it was. Select declined significantly on little to no demand. The market is at risk of decline, with the possibility of a modest rebound mid/late February. Keep in mind that the comparison to the value on ball tips makes this item look favorable for dealing.
TENDERLOINS: Choice tenders fell rather substantially and will most likely be lower again this week, based off an early-week sell-off. Select/Ungraded ended the week higher on tighter supply, but the volume was insignificant. This sets another stage for decline risk. The winter lows are at hand for Choice with Select expected to move lower as buyers chase the Choice market.

RIBS
RIBEYES: Graded light ribs were flat last week, with limited box volume sold on Select. Ungraded ribs were discounted to move supplies, as carcass weights decline and we move into the slowest demand period of the year. The market remains soft, with downside risk noted the next week or so. Heavy ribs advanced on much lesser volumes than the previous week, which is concerning and lends to risk of retracement. Ungraded moved lower with lack of interest. This market remains soft and subject to downside risk, but limited the next week or two.

CHUCKS
CHUCK ROLLS: Chuck rolls weakened as expected, and they remain soft even with more activity in the export market. Limited downside risk is not out of the question before a slight rebound that could occur in late February.
TERES MAJOR MUSCLE: Teres Majors ended the week moderately higher on steady demand and reduced harvest levels. The market has limited downside risk moving into March.
BRISKETS: Briskets were discounted to move supplies, and this occurred this week as well. There remains downside risk as we move through the remainder of February before modestly rebounding ahead of St. Patrick’s Day.

THIN MEATS
BALL TIPS: Buyers are more interested in Choice which has given the market resolve, while Select shows signs of weakness. Some risk to the downside is forecasted, but the risk is considered limited the next two weeks before we see any kind of substantial relief in pricing. Watch the value of top butts, and it will tell you how the ball tip market is going to move.
FLAP MEAT: Flap ended last week essentially steady. Choice has firm tones, while Select postures weak tones. However, the market has downside risk moving into the slowest demand period of the year. Seasonal increases are expected to start in earnest in mid-March.
FLANK: Flank garnered better pricing on manageable supplies. There is a slight downside risk the next couple of weeks, before the slow end of seasonal increases begins.
SKIRT STEAK: Outside skirt rose modestly on manageable supplies. Downside risk remains between now and mid-March, before seasonal advances start to take hold. The key will be if the exports jump back into the market, as they normally do every third week or so.
Last week, due to several days of weather-related disruptions, the USDA estimated hog harvest numbers came in close to 2.4MM head, which was 1.6% below one year ago. This week’s harvest started strong, and is on pace to approach the 2.5MM head level, which is 4% over one year ago. Hog supplies remain ample during February; however, from a seasonal perspective, harvest level numbers should gradually decline week-over-week. Be aware that during the winter season, adverse weather conditions may create short-term supply disruptions.

Overall pork demand is starting to pick up, as low prices have spurred some demand interest from both domestic and export buyers. Pork demand is expected to improve during February, as retailers continue to feature pork items as value cuts. There are several competing proteins in the retail arena, but the risk is for pork demand to under-consume projected supply levels. This may lead to volatile prices for pork items during February.

African Swine Fever Monitor: Confirmed ASF cases continue to take a toll on Chinese pork production. The disease continues to spread throughout China and China has secured some of their needs by aligning with pork suppliers in the EU, Denmark and Brazil. The consensus is that China will require additional pork supplies, from exports, by Q4 2019. This could support higher prices at that time.

**LOINS**
The loin complex found support and posted gains last week for both bone-in and boneless loins. Boneless loins are higher for the third week in a row, supported by retail features, improved export demand, and supply disruptions due to winter storms. Boneless loins are expected to trade steady to slightly lower through late February. Similarly, bone-in loins moved higher for the fourth week in a row, coming off record-low price points. Retailers will continue to heavily promote bone-in pork chops as a “value cut” during February. Bone-in loin prices are expected to trade steady to higher for the next three to four weeks.

**TENDERS**
Pork tenderloin held steady last week, and it is moving higher in early-week trade. Retailers are also featuring tender as a “value cut” and are expected to promote this throughout the month of February. The forecast is for tenderloin prices to trade within a narrow range during February, then move lower early March as the Lenten season begins.

**BUTTS**
Pork butt prices continued their slow decline, moving lower for the fifth week in a row, pressured by ample supplies and steady to weaker demand. Low price points are peaking the interest of domestic and export buyers, and this is expected to firm up current price levels. Prices are holding fairly steady early-week and are expected to trend higher through late in the month. Export buyers for Korea are expected to refill their pipelines and step back into the market late in the month and this could support prices during late February and March.

**RIBS**
Back rib prices continued their seasonal move higher, supported by strong retail demand for ready-to-serve back ribs for Super Bowl promotions. Packers continue to put up frozen back ribs for the summer season. Back rib prices are expected to continue their move higher through mid-May. Sparerib prices held steady last week, as supplies are meeting current demand levels. Prices are trading steady to slightly higher early-week and are expected to gradually increase through mid-May.

**BELLIES/BACON**
Belly prices traded steady last week, as packers worked to get product out during winter weather schedule disruptions. Prices are moving lower early-week as ample supplies prompted packers to offer bellies at discounted prices. The majority of bacon promotions for spring and summer have been negotiated, and the Lenten season begins in March. Thus, demand is expected to ease, and prices are projected lower through early April.

**HAMS**
Ham prices continued their decline last week, pressured by ample supplies and a lack of domestic and export demand. Processors have secured their hams for the Easter season, and export buyers have stepped out of the market, waiting for prices to move lower. At present, prices are trading about 20% lower than a year ago, and export buyers are expected to build their inventories for the Easter season. Prices are forecast steady to slightly higher during February.

**TRIMMINGS**
Lean trimmings continued their steady seasonal move higher last week, as processors put product into cold storage. Larger-than-expected slaughter numbers created ample supplies of fat trimmings, which may put some pressure on the market in the short term; however, trimming prices are forecast to gradually increase week-over-week through April.

**PICNICS**
The picnic complex was mixed last week, with bone-in picnics trading at record lows due to ample supplies, and boneless picnics continuing their seasonal move higher. Typically, boneless picnics begin their seasonal move higher starting in January. Similarly, bone-in picnics are still trading at a 10-year low, due to lack of export demand. Once export buyers step in and begin to purchase, prices will firm up and move higher during February.
**TURKEY**

**BONELESS, SKINLESS TURKEY BREASTS**
Boneless, skinless turkey breasts were flat this week. In the near term, we should expect this market to trend flat to downward, as seasonal demand is over.

**WHOLE FROZEN TURKEYS**
Whole turkeys were up slightly this week. Near-term, we expect the market to remain steady to upward, as negotiations for fall bookings get underway.

**CHICKEN**

Small, medium and jumbo wings were up again this week, with market increases starting to slow. With the big game behind us, decreased demand has put these markets in a more balanced situation. We expect wing demand to continue through March Madness, and then start its downward trend into the summer months. Retailers have stepped in to the boneless breast market, driving the pricing in the category higher, as well as further processors buying heavy in the medium boneless breast category. Jumbo tenders were up slightly, again this week, but like wings, demand has decreased slightly putting this market in a balanced situation. The select/small boneless breast and tender markets remain short of supply, and are well-supported by the ongoing lack of supply and the YTD headcount deficit in the small bird arena. Export demand on items such as boneless breast and leg quarters is at better-than-normal levels. Thigh and leg meat is trending flat in the near term. Whole birds/wog demand has decreased, and we should expect a flat to downward trend for the near term.

**BROILER-TYPE EGGS SET IN THE UNITED STATES – NO REPORT THIS WEEK DUE TO DELAYED GOVERNMENT REPORTING**

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

**BROILER-TYPE CHICKS PLACED IN THE UNITED STATES – NO REPORT THIS WEEK DUE TO DELAYED GOVERNMENT REPORTING**

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

**WHOLE CHICKEN & CUT-UP PARTS**
Small bird demand continues to be strong, and supply is still tight. We can expect this trend to continue through 2019. The demand for whole birds and WOG’s has weakened, which supports the expectation of decreased pricing in the near term.

**BONELESS, SKINLESS BREASTS & CHICKEN TENDERLOINS**
The select/small boneless breast market was flat this week. This market continues to be 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 and medium boneless breast markets were up this week. Near-term outlook suggests this market will continue to rise, as retailers and the foodservice segment continue their support going into the spring and summer months. The million-dollar question will be, “Does supply outweigh demand and mirror last year’s performance, stagnating the typically higher summer boneless breast markets?”

The select/small tenderloin market was up slightly this week. Further processors and retailers in the small poultry category continue to support this market, with expectations of a flat to upward movement in the near term. The jumbo tenderloin market was up slightly this week, as supply and demand appear to be balanced. Going forward, we can expect seasonal market increases through the spring and summer. We can expect this market to trend flat to upward in the near term also.

**WINGS**
The small wing market was up slightly this week, with market increases slowing. Now that we are past the Super Bowl, demand has slowed, giving some much-needed relief to the wing markets. Promotional activity is expected to continue through March Madness on both small and jumbo wings. We should expect this market to trend flat to upward in the near term. The jumbo wing market was also up slightly this week, with excess fresh product slowly starting to show in the marketplace. However, we do expect supply and demand to remain relatively balanced through March Madness. We can expect this market to trend flat to upward in the near term, too.

**BONELESS, SKINLESS THIGHS**
The boneless, skinless and bone-in thigh markets were flat this week. We can expect these markets to trend flat to upward in the near term.
SOY, CANOLA & PALM OIL

The soybean complex closed slightly lower last week, after another round of trade war talks between the U.S. and China wrapped up on Thursday. President Trump’s press conference after the meetings suggested that the Chinese would buy another 5 million metric tons of U.S. soybeans in addition to what has already been booked. Traders thought, “So what?” The two sides are scheduled to meet again in mid-February in China.

USDA data reporting started up again as government employees returned to work, but the reports are coming out on a delayed basis and have not really been much help to the trade at this point. All eyes will be on the series of major reports scheduled for release today (Friday, Feb. 8) at 11 a.m. CST.

The Brazilian soybean harvest is underway, with total production estimates starting to stabilize between 112 and 116 million metric tons, compared to the record 119.3 MMT harvested last year. Argentine planting is now complete, and things are starting to dry out down there. Weather forecasts for both countries showed some slight improvement this week.

SOY:

- The March soybean oil contract made another new high, hitting some long-standing buy stops while penetrating the October 2018 high at $.3050. Month-end profit taking on oil/meal spreads took the market off of those highs late Thursday and into Friday—not really surprising, given the short-term overbought position that the oil market was in. Current long-term technicals continue to point higher, but a few solid closes over the $.3050 level will be required to put the next upside objective at the May 2018 high of $.3338. Soybean oil’s share of product value gained 2% during January, and is currently trading near 32.2% in the spot position, while domestic soybean crush margins remain steady near the $1 per bushel level.

- Crude oil prices made a new high for the move again, trading back above the $55 per barrel level. This helped to stabilize biodiesel margins, and offered some underlying support for the soybean oil market. Overall domestic soybean oil demand remains solid.

- Soybean oil basis levels were unchanged this week, with offers averaging +0 to -25 in the East and at -25 to -50 in the West through Q1, 2019. Offers for Q2 were 25 points higher than Q1, on average.

CANOLA

- Canola basis offers were lowered, with current offers now posted at +750 for Q1 and +775 for Q2, 2019. Weaker canola seed prices and prospects for higher canola acreage and stocks have pressured the canola oil basis in recent weeks.

PALM OIL

- Palm oil prices continued to move higher, despite ample global supplies. Traders are more focused on the seasonal downturn in production, better export prospects and several global initiatives aimed at promoting the use of palm for biodiesel production. Malaysian palm oil exports were up 8.5% in January.

US EXPORTS

- Weekly soybean oil export sales for 2018/2019 were still unavailable due to the government shutdown. Expectations were between 10,000 to 30,000 tons.

DAIRY

BUTTER

Butter output is active, as cream supplies are abundantly available for churning and able to meet immediate demand. Butter inventories are increasing, as plant managers are recovering from the 2018 baking season and starting to build cold storage stock for the spring holidays.

CHEESE

After trading at some of the lowest levels in recent history, and starting to stagnate at these levels, end users came back to the market for some additional volume. The uptick in demand likely won’t dent the large inventories, but it did support the price rally back to more seasonally normal levels. Pizza cheese demand has been solid into the early parts of 2019, as is seasonally expected. However, readily available milk supplies have kept spot loads working into production facilities at below class levels. This should keep output strong, and will help to limit further upside through Q1.

SHELL EGGS

Overall demand this week was scaled back substantially, following a couple weeks of heavy buying from both retailers and wholesalers. This, in combination with reports confirming shell egg supplies are readily available in the market, caused prices to stagnate. The market is using this as a chance to reevaluate current inventories, and upcoming promotional campaigns before jumping back in to the market at the current higher price level.

MILK & CREAM

Milk production was seen as steady to increasing throughout the country this past week, as the seasonal increases continue. Much of the holiday-related cream production has been wrapped up, pointing towards less demand and lower prices in upcoming weeks.
**SHRIMP, DOMESTIC**  
(BlEAdE ANd BRowN$): Fishing is very slow, with very little production. Inventory is starting to tighten up, thus causing higher pricing. We can expect higher pricing through the new spring pack.  
**DOMESTIC PUDS**: The market is firming as inventory tightens. We can expect higher pricing until new pack begins in the Spring.

**SHRIMP, IMPORTED**  
(BlAcK TiGiErS ANd WhiTEs): Production of black tigers is still not at the level of the 80's and 90's, but we are seeing product in the country, and some discounting to price due to lack of movement. Farmed Asian and Latin American whites are stable to slightly lower, due to good inventory in the US.  
(MExicAn BrowNs ANd WhiTEs): The last shrimping trips are finishing up. There is a concern on browns, as well as large size shrimp that are in very tight supply.

**CATFISH**  
DOMESTIC: Inventory of frozen fillets is in very good shape, as well as fish in the ponds. Supply is fair on most sizes of fillets; 2-5 oz. whole fish are very tight.  
IMPORTED: We are seeing stable pricing on imported catfish. 3-5 oz. fillets are tight, but there is plenty of supply of larger fillets.

**SALMON**  
ATLANTIC FARMED SALMON: Reports are now starting to come out that we could see record high prices in 2019. Pricing on fresh fillets is stable to lower, due to an abundance of inventory in the country because of last week’s cold wave.

**MAHI-MAHI**  
Pricing continues to trend lower, as inventory levels are in very good shape.

**SCALLOPS**  
SEA: Pricing has turned steady to slightly lower. U-10 dry scallops are seeing pressure on inventory and pricing. New season will begin on or about March 1.  
BAY: Pricing is on the rise due to tariffs. Overall demand is steady.

**TILAPIA**  
Inventory domestically is starting to catch up to the impact of tariffs, as many packers are now having to pass these increases along. Demand continues to be strong, as tilapia is a lower-cost option to other species such as cod, haddock, flounder and Pangasius, all of which continue to move up.

**PANGASIUS**  
Pricing remains firm. Inventory is starting to shift to where 3-5’s have dried up with inventory and the shift to more inventory on 5-7 and 7-9 has happened. We are starting to see discounting of larger sizes. Buyer beware of moisture content.

**WHITEFISH COMPLEX**

COD: We expect the overall market to remain very firm, with short inventory and high prices. Q1 is seeing firmer prices due to low supply on raw material, in addition to the tariffs. Quota cuts will put additional pressure on supply and pricing.  
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. Q1 will bring much higher prices due to low supply on raw material, in addition to the tariffs. Quota cuts will put additional pressure on supply and pricing.  
FLOUNDER: Inventory domestically is starting to catch up to the impact of tariffs, as many packers are now having to pass those increases along.

**TUNA, YELLOWFIN**  
(FROZEN STEAKS & LOINS): Tuna pricing and inventory is stable.

**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, as the quota was cut again. Golden king crab to this point had been the best alternative, but pricing there is now starting to firm up.

**CRABMEAT**  
(Blue & Red, Pasteurized): Demand is slowing on the larger sizes, and as a result we are seeing a slight decrease in price. Small pick inventory is firm. Claw meat is stable to higher.  
Inventory is becoming nonexistent, and we expect to see this continue for the rest of the year.

**SNOW CRAB**  
ALASKAN: All vendors are currently out, as new production has not made it down to the Lower 48. The outlook for the future also looks good, as the biomass for younger crab looks very positive. The entire fleet is now out fishing.  
CANADIAN: Inventory on 5-8 clusters seems to be plentiful. Pricing was very unstable. However, larger sizes — 8-up, 10-up and 12-up clusters — are tight in supply.

**LOBSTER**  
NORTH AMERICAN LOBSTER: Overall the catch in the North Atlantic was a bust. We are seeing very little production. The Valentine’s Day holiday could add some pressure.  
LOBSTER TAILS WARM WATER: Supply on warm water tails is in a decent place. Due to high demand, pricing is firming. We now have MSC product in our Harbor Banks® brand.  
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.”
US TRADE DISPUTE WITH CHINA UPDATE

President Donald Trump announced early in 2018 he would impose tariffs on imports to shrink the trade deficit.

Three rounds of tariffs have been implemented so far:

1. March 23rd, ~$3 billion of products: imported Steel (25%) and Aluminum (10%).
2. The next round of ~$50 billion in products from China - mostly machinery and parts - was put on in two stages:
   • July 6th, ~$34 billion of imported products (25%).
   • August 23rd, ~$16 billion (also 25%).
3. September 24th, an additional ~$200 billion in products from China (10%).
   • The administration planned to increase them to 25% on January 1, 2019, if no agreement was met.
   • Trump announced on December 2 that these additional tariffs would be delayed 90 days in order to give the two countries a chance to come to an agreement on trade.
   • Talks have continued with the Chinese, but no agreement has been made.
   • Trump has said that if a deal is not made, the additional tariffs will go into effect March 1.

China has retaliated against the US tariffs, initially matching the first $50 billion, and then an additional $50 billion against the latest round ($200 billion).

With China’s retaliation, President Trump announced the possibility of tariffs on an additional $267 billion of imported products from China.

Price increases on affected products are industry-wide, and vendors will see the impacts of these tariffs on raw materials at different stages, depending on multiple factors.

There are no changes to any implemented price changes at this time.

As vendors increase their prices due to tariffs, we pass them on to customers.

Products with Price Increases Through 11/15/18

<table>
<thead>
<tr>
<th>Tariff Group</th>
<th>USF Product Group Impacted</th>
<th>PIM Categories Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metals - Iron, Steel, Aluminum</td>
<td>Disposables</td>
<td>Foil Bags, Food Carryout Containers, Foil Roll, Trays and Pans, Foil Wraps and Sheets, Basket Liners</td>
</tr>
<tr>
<td>Metals - Iron, Steel, Aluminum</td>
<td>CES</td>
<td>Heavy Equipment, Smallwares</td>
</tr>
<tr>
<td>Metals - Iron, Steel, Aluminum</td>
<td>Grocery</td>
<td>Beverages</td>
</tr>
<tr>
<td>Metals - Iron, Steel, Aluminum</td>
<td>Grocery</td>
<td>PC Savory Condiments</td>
</tr>
<tr>
<td>Metals - Iron, Steel, Aluminum</td>
<td>Canned Goods</td>
<td>Canned Tomatoes, Dry Pack Beans, EB Canned Fruit, Ketchup, Shelf-Stable Entrées, Canned Pasta, Oil, Dessert Toppings, Cocoa</td>
</tr>
<tr>
<td>Metals - Iron, Steel, Aluminum</td>
<td>Value Added Shelf-Stable</td>
<td>Sauces, Shelf-Stable: Gelatin, Pudding &amp; Pie Filling, Shelf-Stable</td>
</tr>
<tr>
<td>Metals - Iron, Steel, Aluminum</td>
<td>Canned Goods</td>
<td>Canned Fruit and Veg., Pudding &amp; Custard, Cheese, Sauces, Beans</td>
</tr>
<tr>
<td>Straws and Stirrers</td>
<td>Disposables</td>
<td>Straws, Drinking, Plastic/PLA - Straws, Stirrer, Plastic/PLA</td>
</tr>
<tr>
<td>Metals - Iron, Steel, Aluminum</td>
<td>Value Added Shelf-Stable</td>
<td>EB Gelatin, Pudding &amp; Pie Filling, Shelf-Stable &amp; EB Sauces, Shelf-Stable</td>
</tr>
<tr>
<td>Plastics</td>
<td>Disposables</td>
<td>Bags, Food Storage (PE) and (PP), Bags T-Shirt, Buckets, Can Liners, Cups, Dust Pans, Food Containers, Lids, Pastry Bags, Urinal Deodorizer</td>
</tr>
<tr>
<td>Fibers / Molded Fiber</td>
<td>Disposables</td>
<td>100% Cotton Fabrics, Cups &amp; Bowls, Food Containers, Plates, Platters, Lids</td>
</tr>
<tr>
<td>Gloves</td>
<td>Disposables</td>
<td>Latex, Nitrile, PE, Vinyl/Synthetic</td>
</tr>
<tr>
<td>Frozen Seafood</td>
<td>Canned Fruit &amp; Veg.</td>
<td>Catfish, Flounder, Haddock, Tilapia, Pasteurized Crabmeat, Scallops, Squid, Crawfish</td>
</tr>
<tr>
<td>Canned Fruit</td>
<td>Canned Fruit &amp; Veg.</td>
<td>Mandarin, Nuts, Other Fruits &amp; Veg.</td>
</tr>
</tbody>
</table>