



FARMER'S REPORT

MARKET TRENDS | 12.26.2014

US.
FOODS
KEEPING KITCHENS COOKING.®



BEEF

Live cattle again changed hands lower at \$157. This is \$7 under last week. We are starting to see seasonality in the market moving into winter with the Holiday's season coming to a close and reduced harvest levels from shorten kill weeks.

ROUNDS

INSIDES: Rounds steady to firm. They are expected to gain strength moving past the Holidays as they are heavily featured in retail ads, and are expected to reach their peak sometime middle January.

FLATS: Bottom round flats followed suit with rounds. They are mostly firm. They are expected to peak the end of January and as with insides, cuts from the bottom round flats will be featured heavily by retailers.

LOINS

STRIPS: Strips continue to be firm and there is limited downside for the remainder of the year.

TOP BUTTS: All grades of top butts are higher, and there is very limited downside risk for the remainder of the year.

BALL TIPS: Ball tips were barely lower, typical as we approach Christmas. We are anticipating a steady to firm market this week with the expected low with the end of December.

TENDERLOINS: Tenderloins continue to drop the farther we go into December and they should continue to do so.

RIBS

RIBEYES: The market drop has begun. All grades down and the market is considered weak at best. Watch out for the select grade. The bottom on that grade is expected the end of December.

CHUCKS

CHUCK ROLLS: Chucks moved down more on packer sell offs than demand. This is seen as short lived and we do expect to see increases as we approach the end of December as this item is heavily featured in post Holiday retail ads.

THIN MEATS & GRINDS

FLAP MEAT: All thin meats will be vulnerable with the reduced slaughter schedules the next two weeks. Flap is close too, if not at, the seasonal lows, but sporadic pricing is not out of the question.

BRISKETS: The brisket market is brisk on demand. Demand is outpacing supply at this time and with higher live costs we don't foresee much relief anytime soon.

GRINDS: Grind is out pacing last year's demand by 15%, and pricing is expected to increase in the next week with the higher demand, on top of short kills, which will affect the market.

SKIRT MEAT: Skirts continue to be sporadic with pricing up one week and down another. It seems to have settled for the time being, but is still vulnerable to price fluctuations.





PORK

Base hog prices are expected to range steady to lower early week as buyers remain cautious going into the holiday week. Some buyers may need additional loads for Friday and Saturday schedules while others are working on next weeks' schedules which also contain some dark days. Last week slaughter numbers were reported at 2.29 million head, down almost 3.0% from year ago. This week is a short slaughter week and numbers are expected to come in at 1.8 million head, almost 3% lower than year ago. January 2015 hog slaughter numbers are expected to be at or slightly below January 2014 numbers

Hog weights remained steady to slightly higher with overall carcass weights are running about 1 lbs above year ago levels. As we move into the winter months the colder temperatures could narrow that gap. Hog weights are expected to trend lower during the winter season and lighter carcasses may improve the availability of lighter or smaller "sized" items (like ribs), which are expected to be in tight supply through early 2015.

Overall pork demand is expected to remain sluggish for the last two weeks of the year; however, an increase in retail promotions is expected to boost product demand during January. On the demand side week over week, commodity cuts are trading steady to higher last week and in early week trade. On the processed meat side prices are trending lower due to lack of demand.

LOINS

The market for bone in loins traded steady to slightly lower last week as buyers stepped out of the market and waited for their inventories to deplete. Boneless loin prices moved higher on improved retail demand. Prices for both bone in and boneless loins are expected to continue moving higher as retailers feature pork loins as a low cost alternative to higher priced beef items. Prices for loins are expected to remain above year ago levels through 2014.

TENDERS

Pork tenders traded lower last week as buyers review their current inventory levels. Tenders are expected to hold steady through late December as retailers feature this item as a "value" for holiday promotions. Prices expected to remain above year ago levels through the December and into early January timeframe.

BUTTS

Prices for pork butts moved higher last week on improved retail and export demand. Prices are expected to trade steady to slightly higher through mid January increased domestic and export demand. Prices expected to remain above 2014 levels through January.

RIBS

Spareribs traded steady to slightly higher last week due to improved demand. Prices are expected to trade fairly steady through year end then gradually move higher early 2015. Packers are converting their larger spareribs into value added St Louis Ribs and this reduces the overall supply of light spareribs and firms up the pricing. Back Ribs were steady to slightly lower as packers struggled to move their existing inventories. Prices for Back Ribs are expected to trade steady to slightly higher through early January. Lighter Spareribs, St. Louis ribs and Back ribs are expected to be in tight supply (unless we continue to see declining hog weights).

BELLIES/BACON

Bacon/Belly prices moved lower last week as packers found themselves with extra inventories while processors were reducing their scheduled hours. The market is expected to remain volatile (week over week) as packers and processors adjust their inventories. This week and next week's reduced slaughter may result in varying belly supplies by location. This is expected to increase market volatility and may result in "seesaw" pricing. In addition, retail demand (for bacon) is expected to increase during January. This is expected to support higher prices.

HAMS

Ham prices continued lower last week due to weak export and domestic demand and ample supplies of fresh hams. Ham prices are expected to trade steady to lower through year end. Ham prices are expected to move higher mid January.

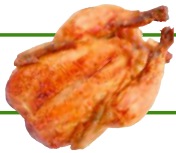
TRIM

The following market dynamics will impact finished goods pricing during the January timeframe. Pork trimmings continue their seasonal downtrend and are expected to continue moving lower through the end of this year. Thus prices for processed meat items, like hot dogs and dinner sausage are expected to be lower during the January time frame.

PICNICS

Pork Picnics moved lower last week due to increased supplies and weaker demand. Picnics are expected to remain volatile week over week through early January. Prices may firm as sausage and hot dog makers begin freezing picnics for use in dinner sausage. Additionally, an increase in export demand may support higher price points.





TURKEY

WHOLE FROZEN TURKEY

The Turkey market continues to adjust downward as the supply of turkey's left after Thanksgiving is more than expected.

BONELESS SKINLESS TURKEY BREASTS

The frozen boneless Turkey Breast Market deflated heavily this week. This market will continue to deflate as we move into the New Year.



POULTRY

It's the Holiday Season, thus we are headed to a supply and demand situation, as all of the processors will be taking two days of slaughter down this week and next. Additionally, transportation issues are becoming a major factor for all players that are looking to move last minute loads. With the holidays, the demand for wings have kicked in, meaning there are shortages at most points of sales. The supply of tenderloins and breasts seem adequate to meet the customer's needs, though the price point is gaining strength. As the industry gets their bird weights in line, QSR is promoting fried chicken parts, thus creating a tighter market for WOGS and cut up parts. The dark meat lines are showing demand weakness, though the market has not adjusted.

Hatcheries in the United States weekly program set 214 million eggs in incubators during the week ending December 13, 2014, up 2 percent from a year ago. Hatcheries in the 19 State weekly program set 206 million eggs in incubators during the week ending December 13, 2014, up 2 percent from the year earlier. Average hatchability for chicks hatched during the week in the United States was 83 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 177 million chicks for meat production during the week ending December 13, 2014, up 3 percent from a year ago. Broiler growers in the 19 State weekly program placed 171 million chicks for meat production during the week ending December 13, 2014, up 3 percent from the year earlier. Cumulative placements from December 29, 2013 through December 13, 2014 for the United States were 8.58 billion. Cumulative placements were up 1 percent from the same period a year earlier.

BONELESS SKINLESS BREASTS

The boneless skinless breast market continued to trend sideways as we head into the holidays. The QSR promotional product is in the freezers, however the retail segment is continuing to feature chicken. This market may climb as supply gets tighter due the two week holiday season.

CHICKEN TENDERLOINS

Though the trading has been crisp for tenderloin, the market remains unchanged. The holiday demand should keep this market trending sideways to up slightly through the end of this month, depending on the demand as further processors will be taking down days as well.

WINGS

The demand for chicken wings took off yesterday, as shortages were reported in many regions. With this increasing demand, and the fact that supply will be tight due to poultry plants taking days off for the holiday, this market will inflate.

BONELESS SKINLESS THIGHS

The boneless thigh market remained unchanged as demand is being generated from retail features. Overall, the demand is showing signs of weakening. Exports continue to hold this market steady.





COMMODITY GROCERY

SOYBEAN OIL

DOMESTIC CROP & PRODUCTION: With the U.S. soybean harvest complete, stocks are expected to increase significantly in 2014/15 crop year, increasing from a record low of 92 million bushel in 2013/14 to north of 410 million this year.

That being said, there are several factors that may prevent any sort of significant oil price declines:

- Soybean crushers have not been able to ramp up making meal and oil as quickly as desired due to rail logistics for the soybean meal. If producers can't get transportation for the meal, the oil doesn't get produced.
- The soybean oil inventories are sitting (10 year lows) at just above a billion pounds. This means that even as rail cars become more available to move product, reserves will improve but still remain below healthy levels going into 2015.
- Thirdly, oil yield from the beans currently being processed is on the low end of the spectrum at around 30%. This means that crushers aren't getting as much oil out of every bean crushed.
- Lastly, there is the potential for increased U.S. soyoil export business.

When all these factors are added up the expectation is that prices will be very range bound in the near term

- There is some downward relief do to the crude oil prices declining to under \$60 per barrel.
- There is a sense that the tight supply in the U.S. of soybean meal may ease.

INTERNATIONAL CROP:

- South American soybean planting has caught up with the five year averages and those crops are on pace for another record season. Brazil is expected to have a bumper crop. January will be the month to watch in SA.

BIODIESEL: The expectation of the EPA is that they will soon sign the extenders package, which should include the 2014 subsidy. They have decided to postpone decisions for 2015 and 2016 until "sometime in 2015".



DAIRY

BUTTER

The butter market is beginning to show weakness this week. Butter exports for October were down 82% from last year as domestic prices were much higher than global alternatives. Butter production is increasing seasonally as cream becomes more readily available. As inventories build, deflation is expected in this market.

CHEESE

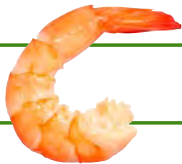
Markets are attempting to stabilize at the current range. These are the lowest prices seen all year for cheese. Milk flowing to cheese production is heavy in some regions while tight in other regions.

SHELL EGGS

Markets are again mixed. Most regions of the country are seeing deflation on the larger sizes. California is holding steady at record high levels. California's new state regulations begin January 1, 2015 and will mean higher prices that we are already seeing and possible product shortages due to supply constraints.

MILK & CREAM

For the month of January, fluid milk and cream prices saw significant declines. Pricing is expected to continue to decline in the first quarter of 2015 before leveling off. Production is in line with demand and is seasonally lower.



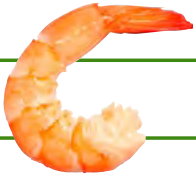
SEAFOOD

SHRIMP, DOMESTIC (WHITES AND BROWNS)

2/3's of the Gulf shrimp boats have tied up their boats for the holidays and lack of production. Inventories are still good and lack of movement has made pricing stable on Domestic shrimp. Outlook is once sales pick up we will see a rise in price.

DOMESTIC PUDS: Small PUDS are almost done as shrimp have moved to deeper water with the cold weather. Pricing is stable as the production has slowed down. Packers continue to pack product and are evaluating inventory levels. General thought is pricing will be strong in the months to go as inventory is depleted.





SEAFOOD (CONT'D)

SHRIMP, IMPORTED

(BLACK TIGER AND WHITES)

TIGER: The HLSO market is stable with signs of lower pricing. Inventory is slowly moving and vendors are looking to move product. Retail commitments are filled. We still feel Tigers overall will be in tight supply as we've been advising, and conversion to whites remains a sound strategy as the market will now dictate large gaps in pricing between the Tigers & Whites.

WHITES: The Asian and Latin markets are lower in price. This market is very sloppy and we expect lower prices in the near future. Cooked whites are showing the largest price drop.

CATFISH, DOMESTIC & IMPORTED

DOMESTIC: This market is now stable and time will tell on price. History tells us as fish growth slows down product will become tight and prices will rise.

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. This is a result of the spring harvest that was considerably lower than LY. The outcome of the fall harvest will set pricing that will take us into December.

SALMON

CHILEAN FARMED SALMON: The Chilean frozen fillet market remains unsettled. Mostly higher offerings are noted on all sizes. The Chilean fresh fillet and whole fish market has moved up this week on brisk sales and lack of inventory.

WILD ALASKAN SALMON: The net king market trended lower and a few still lower offerings are noted. Supplies of net kings are fully adequate for a lackluster demand. The troll king market is unchanged along with the Sockeye, Chum, and Coho markets.

MAHI MAHI

The catch that started out good made a change in the last few weeks with less fish being caught than everyone expected. Pricing is flat compared to last year on portions. There is concern that larger portions 8oz and 10oz could be hard to come by in the later summer months.

SCALLOPS

SEA: Prices are starting to rise. We feel as fishermen use up their quota, prices will continue to rise as product becomes short in the market.

BAY: Pricing remains unchanged this week.

TILAPIA

Pricing and supply is now stable and outlook is we will see weaker pricing in January. Inventories are in good shape.

WHITEFISH COMPLEX

(COD, POLLOCK, HADDOCK)

COD: The market for Atlantic Cod is on the rise, Pacific Cod is showing signs of higher prices with the new season 3-4 months away and Atlantic Cod being high.

POLLOCK: The market remains stable on both domestic and imported Pollock fillets.

HADDOCK: Pricing is on the rise and inventories are short.

KING CRAB

RED & GOLDEN: The new quota with a 25% increase has caused prices to weaken. Look for lower prices on the smaller sizes of Red and Golden King Crab. Only time will tell as boats and product starts to hit the US Mainland. Cost of money in China and Japan may deter them from buying heavy. This will leave more product for the US and if predictions are correct we should see lower prices.

TUNA, YELLOWFIN

(FROZEN STEAKS & LOINS)

The market rallied due to higher replacement costs and thinning inventories in the U.S. The undertone is full steady.

CRABMEAT

(BLUE & RED, PASTEURIZED)

Both Blue and Red markets are stable this week. Blue Swimming crab meat seems to be in better shape as the pipe line is filling up. Red Crab production has started and we feel as product hits the US in 60 days we may see some weakening in price.

SNOW CRAB

CANADA: Pricing remained steady this week. Supplies are adequate to barely adequate for active demand. Larger Canadian clusters 10 and 12ups are starting to get tight on supply. Retail has stepped in on the Canadian Crab market and starting to make purchases for Holiday ads.

ALASKA: The market was stable this week with quiet demand. There may be a bit of discounting on the horizon as traders look to convert inventory to cash so they can participate in the King markets.

LOBSTER TAILS

WARM WATER: Brazil is steady to firm with a few lower offerings noted on 4 and 5 oz. tails. Production has been relatively slow. As North American Lobster prices and inventories become tight look at Warm Water Lobster Tails as a great item to move to with lower costs.

NORTH AMERICAN LOBSTER: Pricing is now stable at high levels. Inventories are tight on most sizes. Market outlook continues to be expensive until after the New Year. Live lobster market is steady to strong. Lobster meat is also firm.

HAPPY HOLIDAYS FROM THE US FOODS PRODUCE TEAM

VEGETABLES



POTATOES

Russets: The Idaho Russet market remains steady compared to the weeks prior. While growers did report a large influx in demand during Thanksgiving, the same cannot be said for the Christmas holiday. Demand remains steady. Smaller sizes are still in abundance, while larger sizes are still limited and commanding a premium. Quality is still looking good and it is expected that it will remain this way. Freight is still an issue due to limited availability and high freight rates, but it is expected that relief will come in mid-January.

Reds: The red potato market remains flat as supply and demand remain unchanged.



GARLIC

The market on garlic is slightly down this week for the Chinese Peeled. The amount of Chinese Peeled in the market continues to drop the price as there is now more supply than demand.



CABBAGE

The market on cabbage is steady this week with good supply and moderate demand out of California. Quality is good.



LEAF LETTUCE

All of the leaf lettuce varieties are also looking good in regards to quality. Supply is exceeding demand and it is still expected that there will be a gap situation next month.



ICEBERG LETTUCE

Growers are still reporting that quality is great. Supply continues to outpace demand, which means only the best heads are being packed. With the excess of supplies now, we are still anticipating a gap situation in January, depending on demand.



ONIONS

We continue to see steady markets for all varieties of onions. Supplies are still exceeding demand and quality is good. Similar to potatoes, freight from OR, ID and WA will continue to be a concern until January.



CHILE PEPPERS

The market is steady this week on Chile peppers with good supply and moderate demand out of Baha, Santa Maria, and Florida. Quality remains good.



CUCUMBERS

Harvesting of cucumbers is coming to an end in FL with lighter volume and a softer market. West coast growers are seeing steady production but with some quality issues. Overall, supplies are expected to improve, as long as there are no major changes in the weather over the next few weeks.



SQUASH

The squash supplies from the East coast are increasing while demand remains very low. This is currently causing a weak market, which is expected to continue to drop. The West coast is experiencing the opposite situation as demand is exceeding the current supply for yellow squash. Improvement is expected as more growers are coming online in the next few weeks.



PRODUCE



TOMATOES

Rounds: We continue to see improvement in quality and supply out of the Immokalee growing area. It is reported that the crop is yielding smaller sizes and the larger round tomatoes are tight. Volumes crossing from Eastern Mexico are limited and the quality is variable. Western Mexico production is ramping up and more product should be available in the next few weeks.

Cherry and Grape: FL growers are reporting good volumes and quality, now that they have made it past the previous weather related issues. Additional volume is coming online for the West coast as more growers come on board from mainland Mexico. With this, the quality is improving overall. It is expected that we will see good quality and volume for the next few weeks from this growing region. Harvesting in older fields in Baja is coming to an end. With this, many shippers are reporting questionable quality.

Romas: Volume continues to increase for growers in the Immokalee region, but demand is weak. With this, we are seeing a decrease in FOB prices, varying by size. The West coast is seeing improvement as harvesting is in full swing and volumes crossing into Nogales are increasing.

GREEN BEANS

The market is steady this week on green beans with good supply and demand. Steady supplies are expected through the rest of December.

EGGPLANT

We continue to see increased volume of eggplant coming out of FL which is causing a stable market. On the West coast, demand continues to exceed supply. The Mexican crop is leaning towards the 24ct while limited on the preferred 18ct.

BELL PEPPERS

Volume continues to increase for FL growers but demand is declining. West coast growers are seeing improvement in supplies for green and colored bell peppers. Currently the supplies are not meeting the demand. It is expected that demand will continue to decrease slightly over the next few weeks, which will cause the market to remain steady.



CARROTS

The market is steady this week on carrots. Light supplies on jumbo and medium size. Quality is up and down.



CELERY

Market on celery is steady this week with moderate supply and demand. No major quality issues to report, even with the recent rain.



GREEN ONIONS

Green onion market is steady this week with moderate supply and demand. Smaller sizing continues to be reported.



CAULIFLOWER

The market on cauliflower is slightly down this week with an increase in supply and lower demand. Although supplies are a little better, they are still below normal for this time of year. Quality is up and down.



ASPARAGUS

Market is slightly higher this week on asparagus with good demand and light supply on Peruvian and Mexican, especially jumbo size. There are a few more shippers out of Mexico harvesting right now. It's not big volume but the quality is good.



BROCCOLI

The market is steady this week on broccoli. Good supplies and quality with moderate demand.



PRODUCE

TROPICAL



PINEAPPLES

The pineapple market is steady. Supplies are increasing weekly and the quality is very good.



BANANAS

The banana market remains on the low side and has not changed in the past few weeks. Continue to be cautious with you inventories as we head towards the holidays.



AVOCADOS

Supplies going in to the holiday weeks are good, but they will get a little tight by the time we come to the end, this is due to Mexico's holiday work schedules that will limit harvest. The demand for all sizes of fruit is good and market remains stable. Maturity of fruit is good and still improving weekly, but will still have a tendency to remain green when ripe and ready to eat, and also have a thicker skin making it difficult to detect the degree of ripeness.

MELONS



CANTALOUPE

The desert crop is finished. Offshore melons are arriving very slowly in Florida and the west coast. Lower than normal temperatures in the growing areas have slowed down production. The sizing continues to peak on 9's and 12's with few 15's and 18's. The market is climbing due to these short supplies



HONEYDEWS

The desert is finished. Mexican supplies have decreased. Offshore dews are arriving with 5's and 6's being the main sizes. The market is higher on all sizes. Quality is good.

BERRIES



BLACKBERRIES

With good weather in Mexico, crews have been able to get in and clean up crops after recent rain. Expect increasing volume and quality in the next weeks.



STRAWBERRIES

Increased volumes are starting to come out of both McAllen and Florida this week which has helped to soften the market in all areas.



RASPBERRIES

Market continues to firm up and fruit is lighter availability as we move throughout December and into early January.



GRAPES

Green and red seedless markets are steady with light demand. Supplies on green grapes continue to be light in volume but the light demand makes this a steady market. The red seedless continue to be at adequately supplies with good quality grapes. These markets are at a level that will be steady until the Chilean shipments hit port in volume; the last week of December to the first week of January.



BLUEBERRIES

Chilean fruit supplies have increased and are reported with good quality. Mexican volumes are tightening also.

HANGING FRUIT

APPLES & PEARS



Overall the apple and pears markets remain steady. The Honeycrisp market is strong as supplies are dwindling down in Michigan and the Northeast with more business now being directed towards Washington.

CITRUS

LEMONS



The lemon market is steady. Desert fruit size is now much larger and is peaking on 115's and 140's and smaller fruit is beginning to tighten in supplies.

ORANGES



Navel production continues to increase. Internal maturity on the Navels is ahead of normal. Size is currently peaking on 88's, 113's, 72's, 138's, and 56's.

LIMES



The market is holding steady on all sizes. Demand is matching supplies. The overall quality continues to be acceptable with some yellowing and some minor defects showing.

