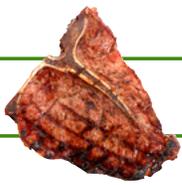


FARMER'S REPORT

MARKET TRENDS | 4.18.2014

US.
FOODS
KEEPING KITCHENS COOKING.®



BEEF

Live cattle traded at \$147, down \$1.00. Supply and demand are finding a better balance as product availability improves. Slaughter continues to be under both year-ago levels as well as week prior levels, however we will be trending much closer to year-ago levels soon.

ROUNDS

INSIDES: Slower demand continues to put pressure on prices. This could continue for a few weeks until retail starts the late spring ads for London broil, which typically will move this cut upward again.

FLATS: Bottom round flats have returned to a level that is starting to get attention. We may have seen the bottom at least for the short term with prices now more stable at current levels.

LOINS

STRIPS: Strips have worked their way down to a level that will jump-start buying interest for the early spring grilling season. Levels will start to show signs of upward price movement as we get into late April and early May.

TOP BUTTS: Week over week the market is holding steady on the choice – up slightly one week and down slightly the next. We don't see that changing in the near term. The select has started to indicate some signs of downside.

BALL TIPS: As we see production levels increase, we are seeing a moderate decline. This trend should continue at least for the short term.

TENDERLOINS: All grades of tenderloins have seen some sporadic price fluctuations, up one week and down the next. We do expect all grades to have some downside over the next two or three weeks.

RIBS

RIBEYES: Rib meat should show some continued strength, especially as we see signs of spring and warmer weather.

CHUCKS

CHUCK ROLLS: The market has been declining and may be at the point of finding stability at or close to current levels.

THIN MEATS & GRINDS

FLAP MEAT: The market should have little downside moving forward well into the spring time period.

BRISKETS: Briskets are at all time highs, but are in better supply. We could see another week or two of high prices, but the expectation is for a declining market starting to show up later this month, though still ahead of year-ago levels.

GRINDS: Grinds should show a more stable market for the short term before a push upward as we move into May.

SKIRT MEAT: Outside skirts are starting to show some stability after a strong early rise.





PORK

Base hog prices are trending lower across all major markets on decreased weekly demand for hogs. Over the next two weeks, packers are adjusting their slaughter levels to accommodate the Easter holidays. Currently, weekly slaughter estimates are running about 3% below year-ago levels. As we move into the late spring/early summer time frame, packers remain concerned about animal availability during the peak demand season. Additionally, the PED virus may cause supply concerns during the fall season.

Hog weights continue to reach record highs with packers allowing for heavier animals to maintain product supplies. Live hogs are averaging 9 lbs heavier than year ago, and producers continue to hold hogs on feed longer as their supply pipeline has been altered by the PED virus. We expect hog weights to trend lower, but remain well above year-ago levels through summer.

Overall pork prices traded lower last week. Bellies and hams showed softness along with back ribs and spare ribs. Additionally, pork butts and the loin complex continued to show weakness. This scenario is expected to continue through the end of April, then prices for commodity pork cuts are expected to firm and begin moving higher.

LOINS

The markets for bone-in and boneless loins continued lower last week on weaker product demand. Retailers are focusing on fish and Lenten items. Both bone-in loins and boneless loins are expected to trade steady to slightly lower through April. Demand for boneless and bone-in loins is expected to move higher during May as retailers feature items for Memorial Day as a cost effective alternative to beef.

TENDERS

Pork tenders traded steady to slightly lower due to weak demand. Prices are expected to trade steady through late April (matching the move in the loin complex) then gradually move higher during May on improved demand due to increased retail features.

BUTTS

Prices for bone-in and boneless pork butts traded lower on weaker retail and foodservice demand. Prices are expected to trade steady through April, then begin trending higher starting early May into June.

RIBS

SPARE RIBS: Spare Rib prices moved lower on weaker demand. Retail focus on Easter ham features have temporarily reduced the need for spare ribs through April. As May approaches, prices are expected to begin gradually moving higher as buyers add to their summer needs. Lighter ribs, Spareribs, St. Louis ribs and Back ribs, are expected to remain in limited supply through late June due to heavier hog weights.

BACK RIBS: Back Ribs traded steady to slightly lower on lackluster retail demand. Prices are expected to begin moving higher during May reaching their seasonal peak during late June.

BELLIES/BACON

Bacon/Belly prices have started moving lower on weaker retail demand. Belly prices are expected to trade steady to slightly higher through May as retailers reduce the number of bacon features during late spring. Supply constraints may create increased volatility and support higher prices.

HAMS

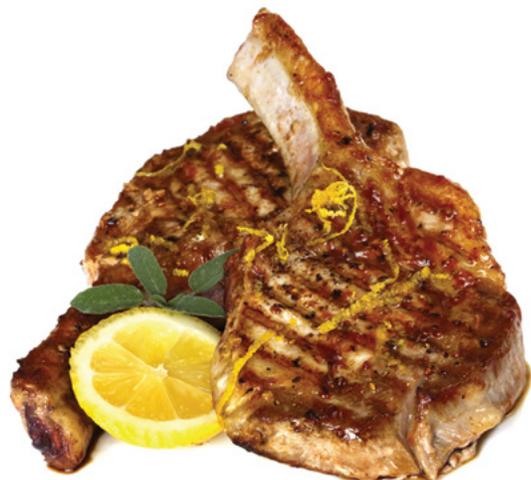
Ham prices moved lower last week as buyers step out of the market and work through their Easter inventories. Ham prices are expected to move lower through April then gradually move higher during May.

TRIM

The following market dynamics will impact finished goods pricing during May. Pork trimmings continue trending higher, reaching record levels due to increased product demand from processors. Heavier hog weights will pressure fat trim markets while limited availability of sows will support higher prices for lean pork trim. Trimmings prices are expected to trend higher through Q2.

PICNICS

Pork Picnics continued higher last week on limited supplies and strong demand from sausage processors. Picnics are expected to trade higher through April and into early May. Demand for exports and unanticipated supply constraints could support higher prices.





TURKEY

The boneless breast market is at an all-time high, but the market leveled off as further processors and the QSR segment have sought ways to reformulate their offering to remain competitive. The holiday rush for bone-in turkeys has been satisfied, thus stabilizing the market for the near future.



COMMODITY GROCERY

OIL

We have continued to see strength and a steady climb of the market this week. National Oilseed Processors Association released a record monthly crush of 153.84 million bushels. This was a surprise to the market, however this did not stop or slow down the oil from going higher. Oil continues to be a follower of the beans and the meal, yet all 3 legs closed higher. We still have some unresolved issues in the complex. The balance sheet for beans remains tight, and until this gets resolved we expect to see volatility in the oil.



POULTRY

Chicken has become the most affordable protein and the item promoted by both QSR and Retail. The poultry industry, however, continues to face underperforming birds and irregular production figures, so the supplies of most offerings are struggling to meet demand. The Whole bird and WOG market remains very tight. Spot load demand is supported heavily by fast food and retail deli businesses. Tenderloins continue to command over the market prices. This market remains extremely tight as most available product is being used by the further processors. The volume of boneless breast activity was quieter this week. Even though product was readily available at select plants, all loads command market value or above. Wings appear to have balanced themselves out around mid-week. By Thursday, sellers were left with limited product to move, which meant they weren't being forced to entertain discounted rates. Jumbo wings however, are still rated no better than steady as we head into next week. The dark bone-in lines continued to trade at levels above their listed quotations. Export demand remained brisk. Leg meat and thigh meat inventories are in closer balance.

BONELESS SKINLESS BREASTS

The retail sector has been the primary driver for the supply of boneless, skinless breast. With the bird weights down, and the hatch productivity as low as 80% with some major players, this market continues to push upward and should continue this trend well into May. Most of the QSR activity has been produced and put into the freezer, though Chic-Fil-A's new unbreaded line of products will draw consumer attention.

CHICKEN TENDERLOINS

The tenderloin market continues upward, once again posting a 52-week market-high on the Urner Barry market. The main issue is that lack of bird size is not enabling the small bird tenderloins to meet the select specification used by further processors, and the big bird tender cannot always be split to yield two select tenderloins.

With QSR promoting tenders heavily, the supply is lagging far behind the demand. This availability issue will continue to push the market to record highs through April. This trend will continue into May.

WINGS

The wing market remained flat all week, and should continue in a sideways trend until the grilling season is upon us. Medium wings are still hard to find due to the above-mentioned bird size issue. Supply seems to have met demand on a level plane; not even jumbo wings have been abundant enough to be marketed for lower than market value.

BONELESS SKINLESS THIGHS

The boneless thigh market continues to rise as the bird size problem has limited supplies. The export demands have been brisk, however, this demand has been supplied by product in cold storage, thus enabling the market to remain level. Retail features on thigh meat will increase after this weekend's holiday, causing this market to rise as we move into May.



DAIRY

BUTTER

The butter market is beginning to show weakness. Although butter inventories are still considered tight, domestic sales are declining after holiday order fulfillment. Global prices are declining which is driving export sales down as well.

CHEESE

International prices continue to head lower which could alleviate some of the increased export demand that was supporting record high cheese prices. While cheese prices hit the all time record high, we did see a week of rapid decline only to jump back up above normal levels again this week. There is nothing supporting the current run up so future softness in the market is expected however this market continues to be unpredictable.

MILK

April dairy pricing is up and continues to see pressures from the market. The market is still experiencing unprecedented high prices due to the increased demand and decrease in China's supply of milk due to disease affecting their herds. This is resulting in an increase in exports and no change in supply here in the US. Forecasts are predicting some relief in the next few months, but overall prices are predicted to stay flat for the near future.

SHELL EGGS

Historically, egg markets fall the week of Easter and this year is no exception. Supplies are readily available.



SEAFOOD

SHRIMP, DOMESTIC (WHITES AND BROWNS)

The Domestic brown and white shell on shrimp complex saw upward adjustments this week. Domestic shrimp – brown or white – has rapidly dwindling supplies and very little prospect of meaningful replacement in the near term. The Domestic P&D market also saw upward adjustments on most sizes. The Domestic PUD Market continued to see increases on the top and middle portions of the size range this week. Supplies are limited and this will continue to drive price until the new season opening.

SHRIMP, LATIN – CENTRAL AMERICA (WHITES)

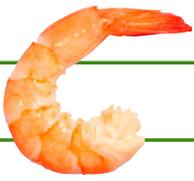
HLSO white Latin shrimp complex continues to show weakness for the 36/40 and larger count sizes. Smaller sizes, 61/70 ct and smaller, are tight in supply and pricing is firm on these sizes.

SHRIMP, IMPORTED (BLACK TIGER AND WHITES)

TIGER – The HLSO Asian Tiger market saw a slight downward adjustment this week. It will be July/August before any large volume of tigers is harvested. The HLSO Asian White market continues to weaken on most sizes. The value added Asian White shrimp complex for cooked shrimp saw weakening on the mid to lower sizes this week. The Asian White P&D tail on and tail off complex saw sporadic declines on a few sizes. Some of this is attributed to importer inventory levels – as they try to move product for cash flow purposes pricing is drifting down. In addition, the importers are anticipating offerings from overseas will be lower with the seasonal increase in supply come May.

CATFISH, DOMESTIC & IMPORTED

Domestic Catfish – The domestic market saw another upward adjustment this week. Raw material is in very short reply, with processors hand to mouth on product and in some cases allocating what they do have so everyone gets something. The industry is stating that supply will continue to be a problem at minimum until mid- to late June. **Imported Catfish** – The market continues to rise based on little to no new product coming from China and dwindling inventories in the US.



SEAFOOD (CONT'D)

SCALLOPS

SEA: The Domestic Sea scallop market was unchanged this week. On-hand supplies continue to be tight. Quota has been set at last year's levels, which mean it will be another tight year for scallops. This will have a bigger impact on U10 than other sizes. In addition to the quota cut the areas that will be open for fishing will further impact the amount of U10 available in 2014. The underlying tone to the market is full-steady to firm.

BAY: The market was unchanged this week.

TILAPIA

Many of the Chinese harvesters are looking to expand their domestic business versus export. As seafood becomes more and more affordable with in China, this will continue to have an adverse impact on pricing to the US and the rest of the world. We will not see increased harvest in China until July, which means that product will not be in the US until late August.

FLOUNDER

Large-size fillets continue to be an issue across most flounder species. With 10% or less of the catch coming in with 5 oz or larger fillets, supplies are tight and the price is rising accordingly. Think about using 2 smaller-size fillets (two 3 oz fillets for example) for plate coverage and great eating experience.

SALMON

CHILEAN FARMED SALMON: Frozen salmon prices are firm. Frozen portions supplies remain light for a moderate to active demand. The fresh fillet Chilean market is about steady for a moderate to active demand, with all sizes of fillets adjusting upward.

MAHI MAHI

The market has a strong to very firm undertone as sellers get a handle on their inventories and spot trading has started. Supplies remain tight on South American product.

WHITEFISH COMPLEX

(COD, POLLOCK, HADDOCK)

COD: Both Atlantic and Pacific Cod fillet markets were quiet this week.

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

HADDOCK: The market was steady this week.

TUNA, YELLOWFIN

(CO TREATED)

Tuna is another species which is starting to see prices firming. While not as bad as 2 years ago, fishing has been poor, prompting prices to move upward after a long downward slide. Moreover, saku in any form remains short and is moving up faster than steaks, minced or other forms of tuna. The question that remains is will this push tuna further down the list when it comes to foodservice buyers, who had taken it off their lists due to the high pricing experienced nearly 2 years ago.

SNOW CRAB

CANADA & ALASKA: Canada – First loads arrived down to Boston this week, but don't expect a large volume for a few more weeks. Ice is still hampering the catch in the Gulf region and in Northern Newfoundland. Initial pricing is high – especially on 5/8 – based on the fact that there is little to none in the pipeline right now. The market has softened on 8+ and 10+ Canadians as importers and traders look to get rid of any 2013 product they may still hold in anticipation of lower prices with the 214 catch. Alaska – The market on 5/8 has firmed slightly as supplies are light for a moderate to active demand. 8+ remain unchanged.

KING CRAB

The market for red and golden crab was unchanged this week. The market place is unsettled, with demand moderate to active depending on sizes and inventory scattered – again depending on size.

LOBSTER TAILS

WARM & COLD WATER: The market is stable this week with few changes.

AMERICAN TAILS: The market continues very firm with a tight supply situation. Canada Season will open within the next few weeks, ice permitting.

OYSTERS

The Gulf has been picked clean and will officially close the end of May, reopening in October. Galveston Bay has been closed for red tide for the last 6-8 weeks and will officially close at the end of April. If/when the red tide clears, those with leases within Galveston Bay can harvest again, but that will be a limited supply. Fresh oysters will be tight though out the summer as a result.



VEGETABLES



POTATOES

Russets: Idaho prices are showing signs of getting stronger. Some quality issues have been reported such as pressure bruise and decay. Storage inventory levels appear to be sufficient to meet demand for the remainder of the storage season. Regional russets have average to above average quality. Over the next several weeks quality russet supply will start to drive up markets, so expect to see a stronger russet market in the remaining weeks of storage shipping season. The remaining supply may not be as plentiful as earlier reported.

Reds: Red potatoes will continue to ship from Idaho through April, however, the quality is waning. North Dakota looks to finish running through June, and growers in Colorado will continue to have supplies until May. Arizona and California are shipping small amounts of new crop red potatoes. The market in Florida has firmed up and growers expect the market to remain strong through April due to Easter demand and limited supplies.

White, Yellow and Fingerling: Storage crop yellow potatoes are winding down in Colo. and Idaho and their quality remains nice. New crop yellow potatoes are now available out of Calif., Fla. and Ariz. with great quality and a higher cost. White potatoes have steady pricing and both their supply and demand remain centered around the Southeast. As storage crop fingerling potatoes finish shipping from Colo., Idaho and Wis., the new crop of fingerling potatoes are now ready to ship in Calif. and Fla.



LEAF LETTUCE

All leaf lettuces are being harvest in Huron and Salinas's growing areas. Romaine supply continues to be budgeted this week. Quality is good to fair with 37-38lbs per case. There will be some light occasional fringe burn. Supplies are steady on red & green leaf with carton weights between 25-26lbs per case. Overall quality is good on all varieties.



GARLIC

Garlic demand continues to be steady. California supplies are stable with no reported issues. Chinese garlic markets on the other hand are getting stronger. Look for the garlic market to be more active if Chinese garlic prices continue to move upward.



CABBAGE

Cabbage market continues to be steady. Florida has moderate supply as production starting to wind down. Georgia is expected to start next week. Quality is good on all variety.



ICEBERG LETTUCE

Iceberg market continues to be strong with shippers selling out daily. With Huron production finishing up, Salinas and Santa Maria will be the main source for Iceberg lettuce. Quality is good with carton weights between 43-44 lbs.



ONIONS

Mexico and Texas are now the main sources of onions in the U.S. Onion quality has been mostly good up to this point. Most of Texas' crop is a smaller size profile and they will be generating a lot of pre-pack and medium-sized onions. The California growing region will be getting started in the next week as well. Eastern onion shippers are finishing what is left of their crop and will be all but wrapped up by the end of April. Vidalia sweet onions will also begin shipping around May 1.



CHILE PEPPERS

Chile market continues to be steady with high production. Pasilla and Poblano market on the other hand is still strong due to low supply. Quality is good.



SQUASH

Squash supply is improving and demand continues to be steady. This market remains steady and quality varies between growers to growers with prices reflect on quality.



GREEN BEANS

The green bean market is steady with good supply and quality coming out of Florida. Coachella production is set to start this week.

PRODUCE



TOMATOES

Rounds: In Florida, rounds experienced another dip in pricing on all sizes. Growing conditions continue to be optimal for tomatoes and the spring crop is yielding hearty fruit in large volume. The abundant supply is met with steady demand. In Mexico the supplies have increased as well. Quality of the mature greens is very good as the quality of the vine ripens is variable.

Cherry and Grape: Grape supplies continue to be strong in Florida and their quality remains very good. Pricing has remained steady for both items. Supplies have also improved for cherries. In Mexico, cherries and grapes are struggling to be harvested in major volume. The quality is fair at best with variable pricing.

Romas: In Florida, the quality is strong and the harvests are bountiful, but the high prices are keeping the demands down. Nogales continues to drive the roma market downward. In Mexico, the bountiful harvest remains, keeping pricing on this fruit down. The season for romas in Mexico has begun to wind down, and this will keep pricing steady for another couple weeks until the volume drops off out of this region. Quality remains variable from shipper to shipper due to puffiness from the excessive heat.

CUCUMBERS

Cucumber supplies out of Florida continue to improve. Price continues to trend downward. Quality is mixed with some potential scarring from the rain. The western market is steady with new crop available out of San Diego and Baja.

EGGPLANT

Eggplant market is stable with steady supply being harvested in Florida. Quality is still improving.

BELL PEPPERS

Green bell pepper supplies and demands are steady. Quality remains fair. There are reports of side wall decay caused by the rain. The red bell market is higher, and some growers are experiencing a minor gap in supply for the next couple of weeks.



CARROTS

Jumbo carrot supply continues to be steady due to good growing conditions in Bakersfield. Market is steady and quality is good. Georgia Cello carrots are still available with good supply and good quality.



CELERY

Celery markets are stronger this week. Prices had started to trend upward. Oxnard are showing some seeder* in the fields, which is normal for this time of the year.

*Seeder occurs when the middle of the plant grows faster than the outside causing fewer stalks to grow per plant.



GREEN ONIONS

Growing conditions continue to be excellent and supplies are steady. Expect this market to remain steady through the month of April.



CAULIFLOWER

Similar to broccoli, cauliflower fields are about two weeks ahead of harvesting schedule, which causes a gap in supply this week. This market is up significantly this week and will remain strong for the next couple weeks.



ASPARAGUS

Asparagus market continues to be strong. Mexico is set to be finishing up this week. There are signs of dehydration present on Mexican products. California asparagus sizing is still peaking on large with a few standards available. Quality is reported to be good. Washington asparagus has started with nice quality.



BROCCOLI

Broccoli market is starting to get stronger as demand started to pick up. Quality is good with no major concerns. With broccoli fields about 2 weeks ahead of harvesting schedule, some shippers are anticipating a gap in supplies for the upcoming weeks.



PRODUCE

TROPICAL



PINEAPPLES

The pineapple industry saw an increase in demand due to Easter, but with steady supplies available the markets have returned to stable. Pineapple quality is good.



BANANAS

The banana industry remains stable in both supply and demand. Organic banana supplies have been limited, but the market is slowly recovering with more supplies.



AVOCADOS

The avocado industry is slightly stronger this week. We expect prices to increase through the beginning of May due to the demand increase for Cinco de Mayo. Mexico continues to be the main supplier, but there is California product on the market, too. The California crop is about 40% smaller than last year, and this could lead to the market increasing in May as the Mexican and California crops finish. Chilean product could help fill this demand. It is estimated that they will have 120 million pounds of product, but the quality has yet to be determined.

BERRIES



BLACKBERRIES

The blackberry industry is mainly being supported through Mexican imports, which have increased in supplies and quality. We will see pricing to continue to slowly decrease for the next few weeks as we moves into a peak production period.



STRAWBERRIES

The strawberry industry is struggling to keep up with the demand, but this should subside once the Easter demand is over. We expect the markets to remain at the current levels for a few weeks. Strawberry quality is reportedly good, and the strawberry markets are up.



RASPBERRIES

The raspberry industry is mirroring the blackberry industry with an increase in quality and quantity from Mexico. Pricing is expected to remain relatively stable for the near future.



BLUEBERRIES

Blueberry imports from Chile are done, and the domestic crop is not producing the volumes it was expected due to rain in Florida. This is leaving the market very short of product. We are expecting the domestic crop to recover in the next few weeks, especially once Georgia starts.



GRAPES

The grape industry remains strong and steady as very few imports are arriving. Mexico and California grapes are expected to on the market the first week of May. Both regions are expected to have excellent volumes and quality.

MELONS



CANTALOUPE

The cantaloupe industry is steady with imports on both coasts. We are seeing excellent quality with good color and sugar levels. We expect the market to remain steady as domestic product from California and Arizona becomes available on early May.



HONEYDEWS

The honeydew industry remains steady with fruit on both coasts from Mexican and offshore product. We are expecting California and Arizona to have product on the markets in the beginning of May. Quality is very good and we expect the market to soften with the domestic crop starting.



WATERMELON

The watermelon markets remain weak with low demand and poor quality with a low Brix count. Product is crossing the boarder in Texas and Arizona. Florida production continues to improve weekly.

HANGING FRUIT

APPLES



The apple industry is the same as last week, steady, with fruit peaking on larger sizes. We continue to see popularity growth with the Gala and Fuji apple varieties. Some growers fear that many varieties may wrap up before the new crop is harvested come fall. The apple markets are flat.

PEARS



The pear industry remains the same as last week with the markets remaining flat. Movement has been slow on Green Anjou, Red Anjou, and Boscs, and there should be at least one more arrival of Argentinean Bartletts this season.

STONE FRUIT



The stone fruit industry import season is ending. Domestic stone fruit should be available before June, with apricots, peaches, and nectarines coming along first.

CITRUS

LEMONS



The lemon industry continues to climb as we are finishing up District 1 and most of the demand is being fulfilled from District 2. We expect this trend to continue until product from Chile is imported around the middle of June. The quality and sizes coming out of district 2 are good.

GRAPEFRUIT



The grapefruit industry continues to lag as demand is depressed while supplies are good. Discounting has been prevalent to help growers rotate their inventories, and the Floridian season is expected to finish up within the next few weeks. The grapefruit markets are flat this week.

ORANGES



The orange industry remains strong with smaller-sized fruit being limited. Quality on the navels is excellent with good color and sugar levels. Valencias will be in the market in the next week or two. Although they do not eat as well as navels, they will also have great quality.

LIMES



The lime industry remains very limited in supplies, but we have seen some demand drop off due to the market prices. The week of Easter, little to no fruit is picked, so this will result in less fruit being packed and will let the fruit on the tree "size up" to a larger size. Due to the fact that we are only a few weeks away from Cinco de Mayo, we are expecting demand to remain high and supplies to remain limited. The limes that are on the market are running very small in size and quality is poor.

