FARMER'S REPORT

MARKET TRENDS | 7.31.2015

US. FOODS®
KEEPING KITCHENS COOKING.®

This notice is subject to change. Information printed is based on last received market data. Subject to change without notification. © 2015 US Foods. All rights reserved.

BEEF

Beef prices are mixed this week with discounting on some cuts and higher asking prices for other cuts. All in all, demand for beef is very week, so the packers have limited their production schedules to keep their inventories under control. Even with that, there is evidence of lower pricing on some items this week as well.

ROUNDS

INSIDES: As expected, insides are higher both seasonally and with packers in better inventory positions. They are expected to move modestly higher for the next couple of weeks before a late August retreat. Afterwards, they are expected to modestly rise seasonally into the fall.

FLATS: Bottom round flats are steady and poised to move higher. They are expected to move modestly higher into late fall.

LOINS

STRIPS: Strip loins and short loins are lower once again, but at a much reduced rate. I would not rule out a slight rebound for Labor Day with seasonal lows expected late fall.

TOP BUTTS: Top butts are now the hot item as casual dining and retailers have moved into the market increasing the demand. They are very firm and will most likely be higher next week, as well as going into Labor Day.

BALL TIPS: Ball tips are quickly moving lower. They are expected to move moderately lower late summer with more modest declines into the fall.

TENDERLOINS: Tenderloins are higher this week. Next week choice will most likely be lower with select higher on limited availability. The bottom of this market is very near. Tenders will move up modestly into fall with the largest gains expected in November for Holiday orders

RIBS

RIBEYES: Choice ribeyes are higher with select dropping on less demand. Choice moved higher mostly on better inventory positions at the packer level. They are near their seasonal summer bottom. Once the market turns higher, they are expected to continue modestly higher into the fall with more moderate gains in November for Holiday orders.

CHUCKS

CHUCK ROLLS: All grades of chuck rolls are higher with the summer lows already past. They should continue to move modestly higher into the fall.

THIN MEATS & GRINDS

FLAP MEAT: Flap meat did move higher as suspected with the reduced slaughter. The lack of demand is taking its toll on the market this week. The strength is just near term and flap is expected to move modestly downward till late fall. Do not rule out a rebound in pricing for Labor Day.

FLANK: Choice flank is weak and modestly declining. All in all, flap is expected to move modestly lower into fall with a rebound before Labor Day not out of the question.

BRISKETS: Brisket have not been able to gain traction and moved lower. They are expected to move more sideways before modest increases in front of Labor Day. More moderate increases are expected moving into fall at this time.

GRINDS: Grinds continued to move lower as consumers are opting for competing meats at a lower cost than ground beef. They seem to be firming this week and prices are expected to modestly rebound ahead of Labor Day demand.

SKIRT MEAT: Skirt took a slight increase, but it is losing steam. Pricing in the next couple of weeks looks like it will be lower, but a modest rebound before Labor Day may be in the works.

PORK

Base hog prices were quoted steady to slightly higher due to variations in hog availability. Hog prices are expected to gradually move higher during August. Producer and packer margins remain positive and are expected to remain in the black during August/early September.

Last week slaughter numbers were about 13% above year ago levels while this week's numbers are running about 15% higher than 2014. The forecast indicates that hog supplies will be at their seasonal lows over the next two weeks however overall hog numbers remain above year ago levels.

Hog weights are holding steady this week but are forecasted to trend sideways to lower through August. The lighter weights suggest that producers are getting more "current", or up to date, on their hog marketings.

On the demand side, retailers and foodservice operators are expected to continue actively promoting pork through August. Demand for butts, loins, hams and bellies are expected to remain strong through August; however, excess supplies may put pressure on prices.

LOINS

Bone in and boneless pork loin prices moved higher supported by improved domestic and export demand. Prices for both bone in and boneless pork loins are expected to trade steady to slightly higher through early August. Increased export demand may support higher price points during August.

TENDERS

Pork tenders traded lower due to weaker demand. Prices are expected to firm then hold steady through August in anticipation of Labor Day promotions.

BUTTS

Pork Butt prices traded higher supported by strong retail demand. Prices are expected to gradually move higher through mid August then could trade steady to slightly higher late August (if retailers feature the item for Labor Day promotions). Increased export demand may support higher price points during the summer timeframe.

RIBS

Spareribs and St Louis Ribs continued their decline due to excess supplies of fresh product and weaker demand. Spareribs and St. Louis Ribs are expected to move lower through mid August then firm in anticipation of Labor Day promotions. Back Ribs also traded lower and are expected to decline through mid August. Supplies of frozen spareribs, St Louis Ribs, and Back Ribs are tight as packers work to reduce their frozen inventories.

BELLIES/BACON

Bacon/ Belly prices traded higher last week supported by strong retail and foodservice demand. Bellies are expected to continue their gradual increase through mid August supported by retail and foodservice promotions.

HAMS

Ham prices moved slightly higher last week supported by improved processor demand. Prices are expected to trade steady to slightly higher through mid August then move higher late August and into the holiday months. Increased availability of Canadian Hams may result in lower than anticipated ham prices.

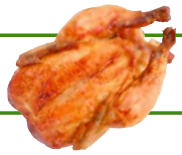
TRIM

The following market dynamics will impact finished goods pricing during the August timeframe. Pork trimmings prices started their seasonal decline mid July and are trending lower late month. Similarly, beef trimming prices have declined throughout the month of July. Thus, prices for beef and all meat hot dogs are projected lower for August timeframe.

PICNICS

Pork Picnics traded steady to slightly lower due to excess supplies and lackluster demand. Picnics are expected to trade steady through mid August the gradually move higher late month. This may result in lower prices for dinner sausage items during the August timeframe.

FOR INFORMATION ON THE BIRD FLU, PLEASE REFER TO US FOODS "YOU NEED TO KNOW"- AVIAN INFLUENZA UPDATES.



TURKEY

WHOLE FROZEN TURKEY

The Whole Turkey market followed its slow inflationary trend that has existed since spring. The market is at a record high now, the highest since the market was established in 1989.

BONELESS SKINLESS TURKEY BREASTS

As the Upper Midwest struggles to get farms released by the USDA due to AI, the breast meat shortage is very much present. The market continues to inflate to record highs.

POULTRY

Hatcheries in the United States weekly program set 216 million eggs in incubators during the week ending July 18, 2015, up slightly from a year ago. Hatcheries in the 19 State weekly program set 208 million eggs in incubators during the week ending July 18, 2015, up slightly from the year earlier. Average hatchability for chicks hatched during the week in the United States was 84 percent. Average hatchability is calculated by dividing chicks hatched during the week by eggs set three weeks earlier.

Broiler growers in the United States weekly program placed 179 million chicks for meat production during the week ending July 18, 2015, up 3 percent from a year ago. Broiler growers in the 19 State weekly program placed 172 million chicks for meat production during the week ending July 18, 2015, up 3 percent from the year earlier. Cumulative placements from the week ending January 10, 2015 through July 18, 2015 for the United States were 4.96 billion. Cumulative placements were up 3 percent from the same period a year earlier.

WHOLE CHICKEN & CUT-UP PARTS:

The demand for whole birds and wogs picked up this week. The QSR segment is supporting this demand as vacationers fill the roadways and restaurants. Spot loads have not been seen at a discount this week.

BONELESS SKINLESS BREASTS

For the second week in a row, and after a period of heavy deflation, the boneless breast market seems to have settled at a market price that has allowed for demand to keep up with supply. This sideways trend in market prices should continue through next week.

CHICKEN TENDERLOINS

As has been the trend for the last few weeks, the demand for tenderloin of all sizes has been week. The market continues to deflate at a very aggressive pace. Further processors have not generated the demand as anticipated. This market will continue to trend sideways to down.

WINGS

The entire wing complex has shown demand levels fluctuating, thus leaving the market searching for a level price. As the pricing week concludes, the market has shown a slight deflationary trend. The wing market should show similar trends of fluctuating demand for the next month until football season arrives.

BONELESS SKINLESS THIGHS

With the retailers running side features on boneless, skinless thighs, this market finally settled. The demand has increased to a point where availability has been tight to short this week. Expect this market to maintain enough strength to trend sideways in market prices for the next week.

COMMODITY GROCERY

SOYBEAN OIL

DOMESTIC CROP & PRODUCTION:

Weather conditions have improved in the Midwest as warm and dry conditions have replaced the constant rain, easing concerns about the new crop production. A hot topic this week for edible oils was the Senate Finance Committee's approval of a biodiesel tax credit amendment which would give a $1/gallon credit for biodiesel producers starting January 1st, 2016. Overall, the tone for the soybean complex for the week was bearish as soybean oil traded over a penny lower for the week.

- These upcoming weeks are the next critical for soybean growth. They begin a cycle of pod setting in Mid August
- Weather will be the biggest factor.
- While the latest NOPA report had a slight change in ending stocks, U.S. bean oil stocks remain at 10 year lows
- Lower crude oil and palm oil prices have contributed to the continued decline in soy oil prices.
- The market will be expecting some downward adjustments in both acreage and yield on the upcoming USDA's Aug 12th report, due to excessive rains in the Midwest.

CANOLA:

- The western crop conditions have stabilized.
- The Saskatchewan crop report says 64% of oilseeds are at their normal stages of development this time of year. Crops are ripening quickly, although the majority remains in poor-to-good condition.
- Lack of moisture and insects such as grasshoppers and aphids have caused the most crop damage this week.

BIODIESEL:

- The market is still waiting for the renewal of the $1 per gallon blenders
- The US Senate committee has passed a bill to reinstate the blender's credit. The Bill has yet to pass the House and Senate.
- Recent strength in energy markets has made bio-diesel production profitable in the U.S
- Biodiesel production numbers came in as expected @ around 5B Lbs. for 2014-2016

DAIRY

BUTTER

Markets continue their see-saw up and down each week with this week being up slightly. Butter production numbers for May came in at a 5 year high and cold storage numbers are following historical trends. Expect butter prices to stay near current levels.

CHEESE

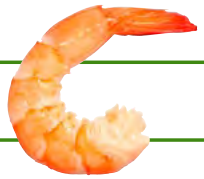
We have seen unexpectedly high markets in the recent weeks with no fundamentals supporting the higher pricing. Markets continued to march higher this week.

SHELL EGGS

After last week's substantial run-up in markets, this week continues with further increases. Overall supplies are still considered extremely tight and the processed egg industry continues to buy up every available shell egg they can find.

MILK & CREAM

For the month of August production is in line with demand and is expected to ramp up in the next few weeks with the start of school. Pricing is flat to lower across most commodities. This translates into flat to lower pricing on most milk and cream items. Pricing is expected to remain relatively flat across most items next month.



SEAFOOD

SHRIMP, DOMESTIC
(WHITES AND BROWNS)

The Domestic shrimp market has turned stable awaiting the opening of Texas. All signs point to a good harvest and lower prices. We don't expect to see pricing as low as the opening of the spring season but time will tell.

DOMESTIC PUDS: Inshore shrimp closing will cause a rise in price. 31 days of fishing may not have been long enough to fill all the inventory needs. We are looking for higher prices if inventory becomes short. New season in September may produce a good amount of shrimp.

SHRIMP, IMPORTED
(BLACK TIGER AND WHITES)

The Shell on Tiger market has become steady looks to be a reaction to the Domestic market. The White market has remained steady.

(MEXICAN BROWNS AND WHITES)

have turned in price following the Domestic market.

CATFISH, DOMESTIC & IMPORTED

DOMESTIC: we are starting to see some good harvest on Domestic Catfish. As inventory builds we hope to see some lower pricing.

IMPORTED: The market is higher and inventories are getting tight. One of the largest producers is in financial trouble and this could cause an issue in the short term.

SALMON

CHILEAN FARMED SALMON: Fish have become short at the end of the season. Look for higher pricing for the next 30-45 days

NORWEGIAN SALMON: With the current exchange rate Salmon from Norway may be a fish you see promoted this year. Inventories look good and many suppliers are looking to move fish.

DOMESTIC WILD SALMON: Supplies are good and steady to low prices.

MAHI MAHI

Look for stronger prices as the summer season continues. Be aware of the origin of fish.

SCALLOPS

SEA: The catch this year is off from last year. Product from Japan is in short supply; we see a $.50/lb increase in price this week on fresh product. Our Harbor Banks 10/20 and 20/30 Dry scallops are a great value!

BAY: Pricing unchanged this week.

TILAPIA

This could be a good summer for tilapia pricing. Pricing has become steady as processors are looking at inventory around the country. We think we could see some upward pressure in the next 45-50 days.

WHITEFISH COMPLEX
(COD, POLLOCK, HADDOCK)

COD: The market for Atlantic Cod is on the rise. Pacific Cod is showing signs of lower prices.

POLLOCK: The market remains stable to lower. Inventories are good and the Alaska Seafood Marketing Association is looking to promote heavy in the US. Look for bargains in the near future on Alaskan Pollock filets and imported Pollock fillets.

HADDOCK: Current inventory is good and pricing is stable to weak. Fishery is in good shape and long term outlook is abundant inventory and lower prices.

TUNA, YELLOWFIN
(FROZEN STEAKS & LOINS)

The portion business is seeing a rise in price due to new fishing rules being put in place. Outlook for the next few months is higher prices.

KING CRAB

RED & GOLDEN: King crab is starting to tighten up with supply outlook is for higher pricing.

CRABMEAT
(BLUE & RED, PASTEURIZED)

Imports on Blue Swimming continues to be good and pricing is lower. Red Swimming crab imports have slowed down and movement is strong. Prices are going to rise in the next week. Projections of movement are being down with most packers talking about putting suppliers on allocation.

SNOW CRAB
(CANADA & ALASKA)

Alaskan catch is done for the 2015 season and 8ups are very tight. There are some 5-8's still in the market but crab is getting tight and now is the time to buy. Canadian The market has turned flat on 5-8.There is good inventory levels and the overall outlook is after the East Coast summer season we could see lower pricing, time will tell. 8ups and larger are getting tight on inventory.

LOBSTER TAILS

WARM WATER AND NORTH AMERICAN LOBSTER: Cold water tails both Maine and Canadian are in short supply with higher prices. Once we get past the shed prices could drop- time will tell. Warm water tails are steady in price waiting new season is under way in Brazil we expect this market to weaken in the next few weeks. Lobster meat has stayed firm in pricing and inventory is tight.

PRODUCE

VEGETABLES

POTATOES

Russets: Idaho russets have steady FOB prices with a minor decline on #2. New crops are starting slowly next week but will not be in full production until storage crop is done, which should finish up by August 10th. Quality on new crop is excellent. Washington russets will start next week.

Reds and Golds: Market has softened a little with mixed products out of Texas, Washington, Minnesota, and Wisconsin. Quality is good. Majority of the new supply is coming out of Texas and Washington.

White/Yellow Potatoes: Market has come off from last week with new crop shipping this week but still remains strong. Supply is coming out of North Carolina with a few California yellows. Supply continues to be limited with variable quality.

GARLIC

Chinese Peeled Garlic prices have moved down slightly. The expectation is that prices will remain the same for the next 2-3 months. The 2014 California Garlic crop has been depleted.

CABBAGE

Cabbage market is down slightly this week on Round Green Type out of Michigan and Oxnard with lighter supply and moderate demand.

LEAF LETTUCE

Romaine supplies will be above average this week. There is some issue with fringe burn on a lot of the crop but good quality can still be found. Romaine hearts are average with some fringe burn but overall quality is good. Butter supplies are average this week while green and red leaf supplies are below average. Market is flat and quality is good overall.

ICEBERG LETTUCE

Supplies continue to be steady this week with an average amount of 30's. Quality is generally good with some insect and Sclerotinia pressure. Market should remain low this week.

ONIONS

There are good supplies coming out of California and New Mexico. Washington is also starting up this week which is pushing down FOB prices. Washington does not have Supper Colossal or Colossal yellows but expect some to ship out by the end of next week. Idaho onions are starting up soon and should be available around the third week of August.

CHILE PEPPERS

Chile Pepper market is down slightly this week with light supply and demand. Production is available from North Baja, Selma, Bakersfield and Santa Maria.

CUCUMBERS

Downward pressure on FOB prices in the West and East due to increased supplies and soft demand. Supplies from the East are still coming out of Mississippi but fragmented due to many local growers harvesting. Quality is variable but good quality can be found.

SQUASH

Eastern yellow squash continues to be extremely tight with FOB prices up again from last week's high. Quality is variable. Western yellow squash is having more supplies coming into the market which is putting downward pressure on FOB prices. Eastern green squash is still steady on last week's high but increased supplies will start to put downward pressure on FOB prices. Prices should go down by next week. The Western green squash FOB price is down on mediums but steady on fancy. Quality is variable.

GREEN BEANS

Green Bean market is up this week with very light supply and moderate demand.

EGGPLANT

Hotter temperatures in the East are creating tighter supplies which are driving the market up. The West is having a production gap in Fresno which is causing limited availability. FOB market is up again as the production gap increases. Expect higher market price for the next 7-10 days. Quality is generally good.

PRODUCE

BELL PEPPERS

The weather has been getting better in the East which is increasing the amount of supplies coming out of Mississippi growing region. The weather in the West has been improving which is also increasing the amount of supplies coming out of Baja, California, and Washington. FOB prices are down in all sizes in the East while the West is still experiencing tight supplies on larger size bells.

TOMATOES

Rounds: Both Eastern and Western growing regions are still experiencing tight supplies but FOB prices remain steady on all sizes as the demand and supply are at equilibrium. Main sourcing regions from the east are Virginia Eastern shore, Western South Carolina, North Carolina, Tennessee, New Jersey, and Alabama. We should be able to see some relief in about two weeks based off previous years. Quality in the East is generally good but the West is variable. The hot weather in the West is shortening the shelf life.

Romas: Supplies in the East are increasing which is causing a downward pressure on FOB prices. Larger sizes are down on FOB price while good quality mediums are steady. Poorer quality mediums are cheaper. Western supplies continue out of California and crossings at Otay Mesa. Quality is variable and fair at best.

Cherry and Grape: Eastern grapes and cherries are up this week in FOB prices due to tight supplies. Quality is generally good. Western grapes are down this week in FOB prices as more supplies come into the market. Quality is variable.

CARROTS

Carrot market is flat this week with light supply and moderate to light demand. The jumbo size carrots continue to be light due to early harvest in less than ready fields. This is issue is expected to last for the next 6-8 weeks.

CELERY

Celery market out of Michigan is down this week with lighter supply and demand. Celery market out of Salinas and Santa Maria is up this week with light supply and good demand.

GREEN ONIONS

Green Onion market is down slightly this week with lighter supply and moderate demand. The iced market remains depressed as supplies are still crossing daily from Mexico. Production in Quebec, Ohio and Michigan are scheduled to start late next week. The iceless market is seeing steady to lighter demand.

CAULIFLOWER

Cauliflower market is down slightly this week out of Salinas with light supply and demand. Cauliflower out of Santa Maria is flat this week with light supply and moderate demand.

ASPARAGUS

Asparagus market is up this week again on jumbos with light supply and demand. The market for large, standard and small asparagus continues to be steady.

BROCCOLI

Broccoli market is up this week with light supply and good demand. Warmer weather has caused quality issues to arise and a lot of product has been lost at the field level as a result. Supplies are expected to return to normal next week.

TROPICAL

PINEAPPLES

Not a great week in the growing regions as around 9 inches of rain came down, which is causing rivers to overflow, close roads, and making vessel departures delayed. SIGNIFICANT DROP IN VOLUME EXPECTED INDUSTRY WIDE FOR THE NEXT 3 MONTHS!.

BANANAS

A steady movement of fruit this week continues, and the market is well supplied with plenty of fruit available. There is a consistent supply and demand for tropicals, and plantains. Product of Guatemala. Dole Plantain, Red & Baby Bananas are all in stock. We might see a slight drop in demand as Summer is upon us and the tree/stone fruit season is ramping up. Prices are competitive.

PRODUCE

AVOCADOS

Mexican avocado volume is now on an uptrend, due to new crop availability. Flor Loca is here and it is peaking on 48/60 than larger fruit and finally less of small fruit. Very high oil content, however shelf life is less than the new crop. Flor loca fruit has less dry matter and it will take a little longer to ripen or condition this fruit. Mexico is supplying a good portion of the U.S. markets' needs. Jalisco's fruit is expected to be allowed into the country at select certified farms starting in October of this year, and we will keep everyone updated. California fruit volumes continue to decrease, although fruit has good quality. Many sizes are scarce, Southern districts are ending harvest and we moving further North. Profiling of the fruit is really good. Most of the production is being used for established programs mainly on the west side of the US. Also available are green skin varieties in small volumes. Peruvian fruit continues to increase in volume; it is entering on both coasts East/West. They typically have larger sizes, but this season is expected to be mixed and size may change due to weather conditions. Most of the inbound fruit is already allocated to pre-established programs and a small portion is available for the spot market.

MELONS

CANTALOUPES

Market is good and volumes have started to increase over the last week. The market is expected to slow a bit as we anticipate we are going to see temperatures around 104-108 for the next 3 days which will slow down production and then get back to the high 90's and low 100's which is ideal for melons by the weekend. The overall quality is very good with excellent sugars and good internal color. We should have good volumes through mid October here on the Westside and then transition to the desert regions that will carry us through until off shore fruit arrives around the end of November.

HONEYDEWS

Market is strong and will probably stay that way due to less acreage in the ground than last year on the Westside and very good demand across the board. The overall quality is excellent with a nice green to cream exterior color and internal color and sugar are excellent.

BERRIES

BLACKBERRIES

Blackberries continue to be in short supply and oversold daily. We are currently sourcing about 70% of our production from Northern California and the quality is ranging from good to great.

RASPBERRIES

Raspberries are in good supply & the best are selling for $24.00. The market is currently balanced, with production being sourced from Santa Maria, Oxnard and Northern California. Projecting forward, we should have a steady supply until the end of August. Quality is ranging from good to excellent.

STRAWBERRIES

The strawberry market has rebounded from a supply exceeds demand situation and we are now in a demand exceeds supply situation. Moving forward the market should be relatively stable with production slowly decreasing out of Northern California. The hot nights have continued to cause bruising issues, however forecasts are showing the lows to drop below the 60s. Quality is average to good.

GRAPES

Market is steady with good demand on all colors. There were some rains in the Southern district about 10 days ago which caused some quality issues. Some ranches are just not going to get picked due to the rain damage. Good volume is expected going forward through November in the Central valley and anticipate good quality barring any major weather issues. The sugar is very good and will only get better each week going forward.

BLUEBERRIES

The blueberry market is currently oversupplied, with supply exceeding demand. We are currently sourcing a majority of our product from the Pacific Northwest, Canada, and California. Look for some good deals over the next couple weeks.

HANGING FRUIT

APPLES & PEARS

The apple market has definitely strengthened on all varieties. Most of the varietals, such as the Gala and Fuji are winding up and the shippers who have them left are cleaning them up rapidly. For now it is best to stay a little ahead. New crop California Gala apples have started. At first, especially on the early varieties, the fruit has a tendency to be a little starchy. Coupled with the fact the fruit is very expensive at the beginning. Chilean product is suggested if you want to switch from Washington. The fruit is very clean in appearance and has that sweet flavor and "crunch". The pear market is strong out of California. New crop Bartletts are arriving in 40 lb. wrap. Growers are also carrying the 36# tight filled cartons for value minded customers after the Chilean Packham pear deal cleans up. For now, Packhams are the green pears to promote.

STONE FRUIT

Little has changed with Tree Fruit. With variables like the heat and the volume there continues to be excellent buying opportunities to promote tree fruit at the BEST delivered prices of the year. The sizes of Yellow Peaches and Yellow Nectarines are peaking on larger sizes as well, although volume on Nectarines is down slightly. White Peaches and White Nectarines are the best quality and sweetness of the season. Good supplies of Black Plums.

CITRUS

LEMONS

Market is good with prices starting to ease off a bit as there are more Chilean arrivals than last year. Additionally the industry will start to see more Mexican fruit crossing by next week which will also help with the supply situation. Growers are also packing California dist. 2 fruit, and do not anticipate the supply issue that have been experienced over the last 2 years in August and with the Chilean and Mexico volumes growers should have good supplies going forward. The overall quality is fair to good with some of the fruit on the weaker side and showing some clear rot a few days after packing. We expect to start dist. 3 (California Desert) around the first of September.

ORANGES

Market is steady and strong across the board keeping all sizes very tight as demand has been excellent. Expect the market to stay strong going forward as we are about 20% lighter on volume than last year. You will see some green tinge on the stem end and the bloom end as we are seeing some re-greening and we are gassing the fruit if it is to green but expect some green exterior color. The internal color, juice and sugar are excellent. Valencia's will be packing through October and then Navels will start.

LIMES

Lime market is steady while volume and prices are fair. Weather has been ok and good quality is expected.