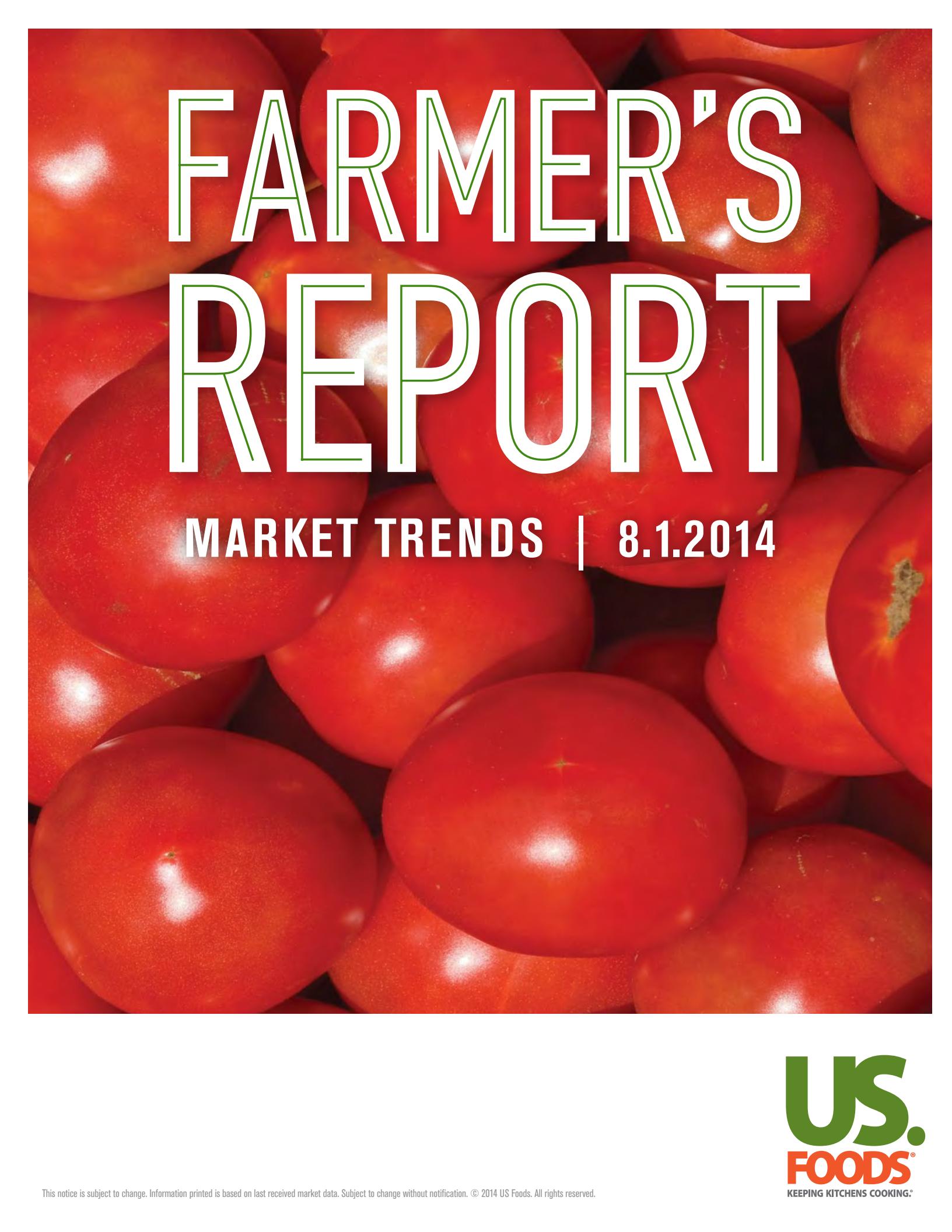
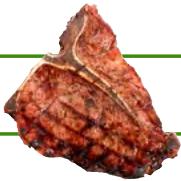


# FARMER'S REPORT

A close-up photograph of many ripe, red tomatoes filling the background of the cover. The tomatoes are shiny and vary slightly in color from deep red to orange-red.

MARKET TRENDS | 8.1.2014





# BEEF

Live cattle traded as much as \$165 last week which was an increase of \$7 dollars from the previous week. Prices were mixed throughout the animal.

## ROUNDS

**INSIDES:** Prices continue to rise with added demand. They will most likely be higher next week but should see them weaken slightly late summer.

**FLATS:** Bottom round flats are following the insides. Pricing will most likely be higher the next week or two before moving downward.

## LOINS

**STRIPS:** Choice strips were down and select up a few cents. They could fluctuate in price a bit longer. The overall trend is for them to move lower with some possible renewed interests in front of Labor Day.

**TOP BUTTS:** Choice top butt prices fell rather hard and the selects again a few cents higher this week. We could see some price fluctuations until we move out of summer.

**BALL TIPS:** Ball tips were higher again. Pricing will eventually move lower late summer.

**TENDERLOINS:** Pricing on all grades of tenders moved lower. We are still expecting them to reach summer lows shortly.

## RIBS

**RIBEYES:** The price on ribeyes moved lower once more except for light selects. We may see some weakness late summer.

## CHUCKS

**CHUCK ROLLS:** Chuck rolls continue to rise and will be firm going into Labor Day before moving lower late summer.

## THIN MEATS & GRINDS

**FLAP MEAT:** Choice flap took a very small price increase and select lower. This will probably be the normal cycle until late summer and they move lower.

**BRISKETS:** Brisket pricing was lower once more. There could be some renewed interests in front of Labor Day.

**GRINDS:** Grind pricing moved higher again, but not as much as last week. They should move lower late summer.

**SKIRT MEAT:** Outside skirt was lower and we will most likely see fluctuations until after Labor Day. They should drift lower going into late summer.





# PORK

Base hog prices are trending steady to lower this week. Packers appear to be full for this week and bidding for next week production. Slaughter numbers ran 7% below year ago levels last week and are currently trending 7% below year ago levels this week. Packers are anticipating more hogs available in the upcoming weeks, however overall projections show lower hog supplies (year over year) through the early fall timeframe.

Hog weights were slightly lower, averaging 8 lbs heavier than year ago. Warmer temperatures typically have a negative effect on weight gain, however the balance of this summer is expected to be cooler than 2013, thus weights may not drop as much as anticipated. This could result in larger weight pork cuts and tight supplies of smaller sized items (like light spare ribs).

On the overall demand side, last week pork prices were steady to lower on the commodity pork items (pork loins, butts and ribs) and lower on the hams and bellies. This week's market outlook shows additional declines in bellies, ribs, loins and pork butts while hams are trending higher.

In the upcoming weeks, expect prices for commodity pork items to gradually move lower as product demand weakens due to lack of retail promotions. It is important to note that commodity pork prices are 20% to 50% higher than 2013 commodity pork prices.

On the processed meat side, hams are expected to trade steady to slightly higher through August due to tight supplies and bellies are expected to trade lower in the near term then move slightly higher as retailers feature bacon in their August ads. It is important to note that supply disruptions could support higher prices and create increased market volatility.

## LOINS

The market for bone in loins traded steady last week on improved demand. Packers continue to convert their bone in product to boneless to fill retail orders for back ribs. Prices for bone in loins are expected to begin moving lower this week then trade steady to lower through mid August. Boneless loins traded steady to slightly lower on excess supplies. Prices for boneless loins are expected to trade steady to slightly lower through mid August. Prices are expected to hold steady mid August on fill in business from last minute retail orders for Labor Day promotions. Prices for the loin complex are expected to move lower after Labor Day.

## TENDERS

Pork tenders traded steady to slightly higher last week on strong demand from retail and foodservice. Prices are expected to trade steady to slightly higher through mid August as retailer's book additional product for Labor Day features. Prices are expected to remain above year ago levels.

## BUTTS

Prices for bone in pork butts traded slightly lower last week and early this week on weaker demand. Prices are expected to trade steady to slightly lower through mid August then gradually move lower through the early fall. Prices are expected to continue trading above

## RIBS

Sparerib and Back rib prices continued their seasonal move lower last week as buyers purchase for fill in business and assess their needs for holiday promotions. Prices for both Spare Ribs and Back Ribs are expected to move lower through early August then trade steady in anticipation of Labor Day promotions. Light Spareribs, St. Louis ribs and Back ribs, are expected to remain in limited supply due to heavier hog weights. Frozen ribs are in tight supplies as packers work to clean out their freezers.

## BELLIES/BACON

Bacon/Belly prices dropped last week as processors continue utilizing their frozen belly inventories, leaving ample supplies of fresh product on the market. Belly prices are expected to move lower through early August, then trade steady to slightly higher. Retail bacon features are expected to begin the first week of August and continue through Labor Day, however, bacon prices will be higher than last year and consumer demand appears to be lackluster.

## HAMS

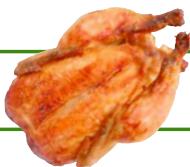
Ham prices traded steady to slightly lower last week on steady demand. Ham prices are expected to trade steady to slightly higher through mid August. Prices are currently trading 60% above year ago levels and prices are expected to remain above year ago levels through late fall.

## TRIM

The following market dynamics will impact finished goods pricing during August. Pork trimmings have maintained their higher price points during July due to strong demand for hot dogs and dinner sausage. Prices are expected to move lower mid August through the late fall timeframe. Expect higher prices for processed meat items during August with gradually declining prices for processed meats during the September timeframe. Prices expected to remain above 2013 levels.

## PICNICS

Pork Picnics prices traded higher last week due to strong demand from processors assessing their needs for Labor Day features. Prices reached record levels in early week trade due to tight supplies. Prices are expected to trade steady to higher through August. While seasonal declines are expected during the fall, prices are currently trading 45% above 2013 levels. Demand for exports could support higher prices.



## TURKEY

The turkey markets continued to trend sideways. As the fall starts to get closer, with more birds on the market, the prices may slip a little.



## POULTRY

USDA reports that poultry certified wholesome during June 2014 (ready-to-cook weight) totaled 3.74 billion pounds, up 6 percent from the amount certified in June 2013. The May 2014 revised certified total at 3.73 billion pounds, was down 3 percent from May 2013. The fact the poultry industry is finally showing signs of bolstering supplies and the traditional post 4th of July slump in chicken demand, the market has been more active the past two weeks. The boneless breast market was the most active the past two weeks, dropping almost 10%. Thigh meat slipped a little and wings were fairly steady. This market condition will be temporary if reports are true about retail going back to featuring chicken in August. The major club stores, also, plan on featuring whole chicken and boneless chicken breasts during the month of August. With the added demand, the market on boneless breasts should flatten out through the first part of September.

Hatcheries in the United States weekly program set 215 million eggs in incubators during the week ending July 19, 2014, up 3 percent from a year ago. Hatcheries in the 19 State weekly program set 206 million eggs in incubators during the week ending July 19, 2014, up 3 percent from the year earlier. Average hatchability for chicks hatched during the week in the United States was 83 percent. Broiler growers in the United States weekly program placed 173 million chicks for meat production during the week ending July 19, 2014, up slightly from a year ago. Broiler growers in the 19 State weekly program placed 167 million chicks for meat production during the week ending July 19, 2014, up slightly from the year earlier. Cumulative placements from December 29, 2013 through July 19, 2014 for the United States were 4.98 billion. Cumulative placements were down slightly from the same period a year earlier.

## BONELESS SKINLESS BREASTS

The market fell at a strong pace as the demand for boneless, as it normally does after the 4th of July, slows. Indications of the retail and club stores planning to promote this item in August should stabilize this market through August.



## COMMODITY GROCERY

### OIL

Recent USDA reports have confirmed that last year's soybean crop was understated and that supplies are adequate to get us to the new crop. New crop sales are at 90.1 million bushels or 5% above last year compared to the USDA forecast of 3%. South American soybean planted acres are expected to be up nearly 5% this fall as growers had ample opportunity to hedge their crops at higher prices. U.S. weather conditions and forecasts remain mostly favorable for the time being and although there is currently very little

## BONELESS SKINLESS TURKEY BREASTS

The record high of \$4.00 per lbs for boneless, skinless Turkey appears to be at or near the ceiling as the market remains steady. Boneless breasts are almost impossible to find on the open market.

## CHICKEN TENDERLOINS

The supply and demand for chicken tenders are in a good balance, even at these record high prices. As QSR continues to promote and roll out new features, it does not appear that this market will do anything but trend sideways.

## WINGS

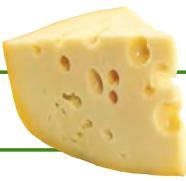
The jumbo wing market edged up slightly as expected. However, the market for medium wings actually slipped slightly this week. The downward movement for medium wings has taken most people by surprise as there is no excess in supply, however, with retail not featuring chicken in July is the driver for the market slippage on medium wings.

## BONELESS SKINLESS THIGHS

Exports continue to lag behind predicted totals thus creating a bit of unsettling market conditions. This market was expected to grow into the mid \$ 1.40's but that condition looks remote as the market actually slipped this week.



risk premium in the markets, traders are likely to continue to price in expectations for a bumper U.S. soybean crop without a major change in the current forecasts. This week's crop rating report put the soybeans at 73% good to excellent, up from 72% last week and still well above the five year average of 58%. Blooming was 60% complete compared to 41% last week and the five year average at 56%. Keep short on inventory (7-10 days), keeping sights set on lower prices ahead, especially as new crop nears.



## DAIRY

### BUTTER

The butter market appears to have peaked again as the roller coaster ride continues. Milk production levels continue to decline seasonally due to summer heat. Butter inventories must be built in the first half of the year to meet peak holiday demand in the fall. Current cold storage numbers are running 42% behind last year. As there has been little to no inventory build this year, butter prices are expected to remain high through the remainder of the year. Current markets are 76% higher than last year.

### CHEESE

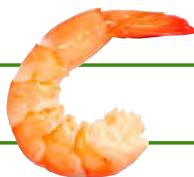
Cheese markets continue to trade within the same range for several weeks in a row. There have not been any drastic moves in the market however the market is still over 12% higher than markets the same time last year. Markets year over year are experiencing extreme inflation across all dairy segments mostly driven by Chinese export demand earlier in the year.

### SHELL EGGS

Egg markets are flat this week. Size availability is more balanced than previous weeks.

## MILK/CULTURED

Milk prices saw a slight increase and demand will increase as we move into August. Cultured Dairy products saw significant increases impacting all segments due to higher butterfat prices.



## SEAFOOD

### SHRIMP, DOMESTIC (WHITES AND BROWNS)

The headless shell on domestic shrimp market is largely unchanged from last week. Slight increases were seen in the domestic brown 51/60 and domestic white 26/30. The Texas season is underway now with the first of the product to hit the market in about two weeks.

### SHRIMP, LATIN – CENTRAL AMERICA (WHITES)

36-40 count and larger Latin HLSO white shrimp remain full to steady to firm with some higher offerings noted on 21/25 and 26/30 count. Supplies of 21's and 26's continue reported tight with limited production expected. 41/50 through 71/90 counts continue to be barely steady to weak with a few offerings noted slightly lower than listed levels.

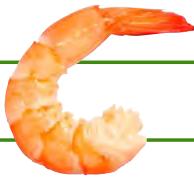
### SHRIMP, IMPORTED (BLACK TIGER AND WHITES)

**TIGER:** TIGER the HLSO market is on the rise as supply begins to grow. Expectation is that as supply continues to grow and demand firms, prices will continue to increase. **WHITES:** The Asian White HLSO market increased this week across the 16/20-31/35 counts; others remained steady.

### CATFISH, DOMESTIC & IMPORTED

**DOMESTIC:** The domestic catfish market was steady this week but supplies remain tight. Harvests are slightly improved but we are still a few weeks away from this product hitting the market.

**IMPORTED:** The market was stable this week; however, the underlying tone for pricing is very firm. 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. Next harvest will be late Summer/early Fall which will yield product into the US market in December.



## SEAFOOD (CONT'D)

### SALMON

**CHILEAN FARMED SALMON:** Fresh fillets are steady this week with fully adequate supply and lackluster demand. The wholefish market is unchanged, with adequate supplies for a moderate demand.

**WILD ALASKAN SALMON:** The sockeye market, net king and troll king markets trended lower; supplies are fully adequate for a fair to moderate demand. Cohos, Chums, and Pinks are unchanged despite the catch being a ways off from the preseason predictions. As the summer wears on, expectation is that the Pink catch will increase.

### MAHI MAHI

The market was stable this week on Mahi portions. 6 & 8 oz portions demand continues strong and supplies are limited.

### SCALLOPS

**SEA:** Prices were steady this week.

**BAY:** The market of all origins was flat this week with no changes. Smaller counts are tight due to most of the catch staying in China.

### TIPIA

Pricing was stable this week on Tilapia, due to this year's supply being better than earlier in the year. However, with China's growing demand for this fish we may see pricing increasing in the fall, especially on larger sizes.

### WHITEFISH COMPLEX

#### (COD, POLLOCK, HADDOCK)

**COD:** The market for Atlantic and Pacific Cod was stable this week.

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

**HADDOCK:** The market was steady this week.

### KING CRAB

**RED:** The market for red crab was steady this week with fully adequate supplies and a dull demand. The overall market is stagnant.

**GOLDEN:** Crab was stable this week. Supplies are adequate to barely adequate for an active demand.

### TUNA, YELLOWFIN (CO TREATED)

Markets remained stable this week.

### CRABMEAT (BLUE & RED, PASTEURIZED)

Both Blue and Red markets are stable this week. Both categories remain tight on supply and pricing has a very firm undertone. This situation will be consistent throughout the Summer as supply will not improve until the Fall. Expect pricing to get firmer.

### SNOW CRAB

**CANADA:** Pricing remained steady this week. Supplies are adequate to barely adequate for active demand.

**ALASKA:** The market was stable this week with quiet demand.

### LOBSTER TAILS

**WARM WATER:** Brazil origin tails market is steady at listed levels. The market was unchanged, however, we continue to see a few lower offerings on 3 though 7 oz. tails.

**COLD WATER:** The market was mostly quiet this week with pricing stable.

**AMERICAN TAILS:** The market is mostly steady at listed levels for a fair demand. Maine production is the next supply factor as the season is starting later this year due to the cold winter.



# PRODUCE

## VEGETABLES



### POTATOES

**Russets:** After a few weeks of the Idaho market decreasing it has now stabilized. We will expect to see the market increase on new crop and old crop drop again slightly. Once old crop is gone the market will be unstable for a few weeks until the market is established. The years new crop is expected to be a large crop with good quality. Non-Idaho russets new crop will begin shipping out of Virginia, South Carolina and Texas.

**Reds:** Product is varying on quality depending on the shipping region. Texas has high quality while Virginia and North Carolina is not as good. The market might transition into a two-tiered market due to the varying quality. New crop is now available from Idaho with great color. It is expected that with the additional supply from Wisconsin and Minnesota, there will be an abundance of A's and B's, causing a decrease in pricing.

**White, Yellow and Fingerling:** White onions are currently shipping from Virginia Beach as the North Carolina crop is coming to an end. Additional supply is available from California, if needed. Virginia and Washington shippers have a limited supply, increasing the costs. It is expected that the market should decrease once Wisconsin and the other Midwestern shippers begin harvesting.

**Sweet Potatoes:** The Sweet Potato market has increased as shippers continue to deplete their old crop inventory. It is expected that the market will continue to increase until the new crop is available in September. Some reports of poor quality have been reported with the old crop.

### GARLIC

Supply and demand for fresh Garlic are steady with prices expected to go up soon due to a possible supply shortage. California has started their Garlic harvesting, and will continue to September. Peeled garlic supply and prices are steady.



### CABBAGE

Markets and demand continue to be steady. Wisconsin, Michigan, New York and Canada are going with good supplies. Quality is good in all growing areas.



### LEAF LETTUCE

Overall the supply is meeting the current demand, although the extreme heat has caused some fringe burn. The pricing remains level.

### ICEBERG LETTUCE

Some shippers have experienced yield loss due to the high temperatures damaging product. Overall the supply and weights are satisfactory enough to fulfill the demand.

### ONIONS

Crop has been harvested from other fields in New Mexico and California, allowing for better variations in sizing. Suppliers will begin moving to the North Western region. As long as weather remains consistent, pricing should gradually decrease, although not as low as previously seen.

### CHILE PEPPERS

The market is stable with strong volume coming out of North and South Baja. Quality is good with steady FOB prices.

### CUCUMBERS

Harvesting continues in Michigan, but quality varies due to the recent rainfall. Baja continues to produce as well. Overall the market is becoming weaker as product is continually harvested without an increase in demand.

### SQUASH

Yellow squash is light on supply as most of the harvesting is only from North and South Carolina. New Jersey and Michigan are no longer contributing as the rain and colder temperatures are negatively affecting the quantity and quality. West Coast shippers have plenty of supply, but the quality is inconsistent. The increase in demand is gradually increasing the pricing. Green squash is available from New Jersey and Michigan, with good quality. The higher demand is driving up the price, but not as high as the yellow squash. West Coast product is varying in quality, which has affected the costs. Fresno's harvesting season is almost complete, but the quality is fair. Better quality product is starting to ship out of the Santa Maria region.

# PRODUCE



## TOMATOES

**Rounds:** Product continues to ship out of North Carolina, South Carolina, Tennessee and Virginia. Currently the quality is very good and supply is ample, and this should continue weather permitting. It is expected that prices will start to increase as harvesting schedules will be sporadic. The West Coast regions have good quality and a decent supply, although there has been a slight increase in pricing due to damage caused by the weather.

**Cherry and Grape:** Product from the East Coast is varying in size, allowing for less expensive but larger product. Smaller sizes are increasing in cost. The market is flat; we may see an increase in the market as demand increases during the summer months. West Coast product is in good supply and good quality.

**Romas:** North Carolina and Virginia shippers have plenty of inventory and good quality, but the demand remains low. This may change as the decrease in supply of Rounds may cause an increase in demand for Romas. Product out of Baja and Central California is good in quality with decent supply, causing the market to remain steady.



## GREEN BEANS

Bean markets are down. Michigan and Tennessee is meeting the demand in the East with good supply. Quality is good in all growing areas.



## EGGPLANT

The eggplant market is slowly decreasing as volume is increasing. Overall, the quality has been good.



## BELL PEPPERS

Product is currently shipping out of North Carolina, New Jersey and Michigan. The increase in available product has caused the price to drop. Currently, product is being harvested in the Fresno area and Oxnard harvesting will begin around 8/11.



## CARROTS

Carrot supplies and markets remain steady. Bakersfield is continuing to produce good quality and sized carrots.



## CELERY

The market is expected to be steady this week with normal supplies coming from the Salinas growing area. Quality is good with good green color. Demand for California celery will come off a bit by the end of this month as Michigan starts.



## GREEN ONIONS

Supply and demand for Green Onions are steady. The market is stable. Quality is excellent with no reported issue.



## CAULIFLOWER

Supplies continue to be good with good quality overall. The market is down with normal seasonal demand.



## ASPARAGUS

Asparagus market is down due to extra supplies coming out of Mexico. Supplies and prices will remain steady for the next two weeks and the best pricing will continue to be with the small size.



## BROCCOLI

California Broccoli supply is near to slightly below normal this week. This market is expected to be more active due to the decrease of supplies causes by high heat. Quality is good to fair with some shippers battling brown head on the products as a result of the warmer weather. Maine Broccoli has started with moderate supply and quality has been good.

# PRODUCE

## TROPICAL



### PINEAPPLES

Supplies of quality fruit have decreased due to a drop in production. August will be the month when there will be critical shortages of good product.

### BANANAS

The rainy season in the tropics is over. Ecuador is experiencing record exports to Europe. Growers are still diverting fruit from Freeport, Texas to the West Coast to meet demand. Fruit is currently being sourced from Ecuador, Guatemala, Costa Rica, and Peru. Supplies from Ecuador are steady, Guatemala remains short on quality fruit, Costa Rican fruit is also short and Peru is the backup supplier for organics. Organics numbers have rebounded, as have Red Bananas and Plantains. Good quality plantains are in ample supply.

### AVOCADOS

Supplies are steady and supplies are good, albeit on a very high priced market. The Peruvian season has started and with decent volume, however, Peruvian fruit has limited shelf life. Same goes for Mexican fruit which breaks more quickly this time of the year. Florida fruit has virtually no shelf life. California grown fruit remains the absolute best quality available. Demand for 84's and 96's has caused the most excitement because they remain the least expensive fruit. We are handling mostly California fruit at this time and the quality is superb. The California crop is projected to be about half of last year's, due to the drought in California, which is expected to play a significant role in the market as the season progresses

## MELONS



### CANTALOUPE

Market is steady to strong on 12's and larger and some better deals on smaller fruit around, as we are getting better volume off the Westside each week and will continue to have good volume going forward through mid October. The overall quality of the fruit is excellent with a very clean even net, full slip and excellent sugar and interior quality. This is an excellent time to promote melons as well.



### HONEYDEWS

Market is very strong as demand exceeds supply and prices are holding firm on all sizes off the Westside. We will start to see better volumes in the next 7-10 days which should help to ease the market a bit. The overall quality is excellent with a very clean exterior with a green to cream color and excellent sugar content. We will have good supplies through mid October here on the Westside and then transition to the desert through November.



### WATERMELON

Currently the supplies are very good with excellent quality. Pricing is expected to remain steady through the next two weeks.

## BERRIES



### BLACKBERRIES

Supplies are actually tighter than anticipated, but good volume available throughout August. Pricing is expected to remain steady with consistent volume and demand.



### STRAWBERRIES

There is currently a very strong supply and demand for strawberries. The hot weather is making it hard for strawberries in regards to quality and production; however the market is expected to hold steady the next few weeks.



### RASPBERRIES

With production increasing, the demand is active right now. Peak production begins this week with big production anticipated through August.



### BLUEBERRIES

Market pricing is going to start to increase slightly. Oregon fruit is being transferred down to California. The quality has been reported as very good from this region.



### GRAPES

Grapes are in full swing in the Central Valley on all colors with some very nice quality on all varieties. The overall size on the flames is down a bit from last year due to our water situation as well as our warmer than normal winter and the lack of chill hours. Expect good supplies and quality through the year as we progress through all our varieties until November and possibly into December depending on the weather.

# PRODUCE

## HANGING FRUIT



### APPLES

There is very stable activity on the apple market. Few shippers are left packing fruit and Northwest Pears are finished. California Galas are more plentiful as more packers get into the game. Heavy to small sizes are available and very few large sizes available.



### CHERRIES

Washington is done with red and rainier cherries. We received the first shot of Oregon high elevation Hood River label cherries. These are extra special because they are all handpicked and packed. Season will go into late August.



### LIMES

Quality of the fruit has been generally pretty good. There are some reports of stylar defects but they are minimal. Stylar generally shows up 2 to 4 days after harvesting, therefore growers have been holding the limes an extra day or two to let it show so they can pick it out and hopefully eliminate any issues at the final end user. We are still seeing lighter colored limes but for the most part quality is good. Smaller limes (250's, 230's and 200's) are tightening up a bit. Most of the demand has been on 200's with 230's and 175's being the next highest demands. Pricing has been so unstable these past few weeks; expect that to continue for the next week.



## CITRUS

### LEMONS

Demand exceeds supply. This is currently a tough market, one that is similar to the one we were in last year from August through October, this is not expected to last three months but it will be very tough through August. The overall quality is fair to good, with some lots not as strong as others and some clear rot showing up as well as some higher maturity fruit. The Mexico production is starting in a very light way and will continue to increase and hopefully the quality will also get better as some of the first fruit was very rough. There are also a few Chilean first arrivals and fruit looks very good but the overall Chilean volume will be down to USA due to this global shortage of lemons and all other countries are clamoring for them as well.



### ORANGES

California navel oranges are about done. Valencia oranges have gotten a bit stronger on 88's and smaller. Demand has picked up and the crops are peaking on 72's and larger. Quality is good.

