

FARMER'S REPORT

MARKET TRENDS | 9.26.2014

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FOODS
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MARKET HEADLINES

Dairy and Poultry prices are the headlines this week. Cheese and butter prices remain at record highs. In the poultry market, boneless skinless breasts and wings continue to rise each week. If you have not yet set your fall menu, now would be a good time to review your pricing and incorporate these market trends. Have you considered market pricing for some items...an easy to use tool, Menu ProfitBuilder Pro[®], is available from your US Foods[®] representative.



BUTTER

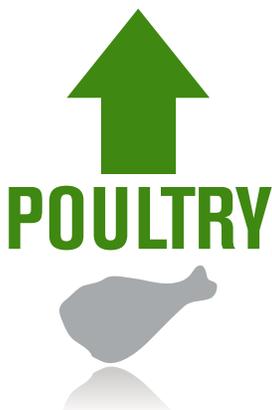
The butter market continues to show strength, shattering the previous record high and setting new record highs. Several factors are driving this market:

- US milk production in 2014 is not keeping up with domestic and international demand. This supply issue has driven prices up for all milk components, especially cream.
- Butter inventories did not build during the first and middle part of the year. Inventories are currently at the lowest point in 13 years and declining each month. July Cold Storage inventory levels were 42% less than last year and 9% less than the previous month.
- 50% of butter sales happen in the fourth quarter of the year as holiday baking season is the peak demand for butter. Butter inventory levels appear to be insufficient for meeting this demand.
- As there is little inventory to sell, the market price is attempting to curb demand. Markets are expected to remain high or potentially increase through the baking season and then retreat to more normal levels by the start of 2015.

CHEESE

Cheese markets are back at record high levels and have hit levels that we have not seen since April. Domestic demand and butter prices are the two factors supporting cheese markets at their current level.

- Cheese markets have hit all time record high levels for the second time this year. This week barrel markets surpassed the all time record high.
- Domestic demand is not decreasing, which continues to put upward pressure on pricing. Until demand curbs and seasonal orders have been placed, no downward movement is expected.
- With record high demand, less cheese is going into cold storage which puts additional pressure on markets.
- Cheese and butter prices typically follow each other, and butter is at all time record high prices putting additional upward pressure on the markets.



BONELESS SKINLESS BREASTS

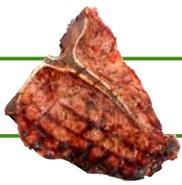
The boneless skinless breast market is experiencing an unusual inflationary period that is expected to continue through the fall.

- The retail segment has booked product through October, meaning that this product will be featured again next month keeping prices high.
- Large poultry supplier continues to buy all of the boneless breasts available at either a surplus or as an extended agreement that would carry over to the first quarter of next year and keep pressure on availability.

CHICKEN WINGS

The wing market continues to inflate at a rapid pace

- There is an extreme shortage of wings available in the market place.
- Wings will be short all football season due to the market conditions
- Tenderloins, traditionally used to make boneless wings, were priced high throughout the summer for QSR promotions, thus creating a higher demand for the less expensive alternative, bone-in-wings.
- Vendors have informed us that many distributors have started allocating wings this fall.



BEEF

Live cattle traded at \$159 last week, \$2 lower than the previous week. Beef production continues to be curtailed as pricing for beef is not keeping up with the cost of live animals. We are seeing more of a seasonal market on many items.

ROUNDS

INSIDES: Choice inside round took a very small price increase last week and selects falling behind. They should slowly move downward into fall.

FLATS: Flat prices had a minor adjustment backwards this week. Pricing is leveling off and should drift slowly lower into the fall months.

LOINS

STRIPS: Choice and select strips loins continue to move downward now that summer is over. They will most likely follow this path into late fall.

TOP BUTTS: Top butts continue to be sporadic. Choice took a slight decrease this week with light demand. We could see some renewed interests, but they should fall slowly into the fall.

BALL TIPS: All grades of ball tips were lower. It looks as if they will continue to weaken throughout early fall.

TENDERLOINS: Tenders were the hot item again last week. Pricing is expected to follow seasonal advances into the Holiday season.

RIBS

RIBEYES: All sizes of choice and select ribeyes were down in price last week, but Selects are more vulnerable to price fluctuations as buyers chase the choice market, and the select buyers have yet to enter the market. All in all, expect pricing to follow seasonal increase moving into the Holiday months.

CHUCKS

CHUCK ROLLS: Chuck rolls were lower last week in less demand from buyers. They are expected to be more steady next week and are showing seasonal price weakness.

THIN MEATS & GRINDS

FLAP MEAT: Choice and Select flap saw reduced costing last week based on less demand as the suppliers continue to discount to keep inventories moving. They will continue to be price sensitive with reduced production, but should move downward into the fall.

BRISKETS: Brisket pricing was flat and they are showing some slight signs on weakening as the majority of the large demand has been seen till this late fall when they are expected to bottom. When they move downward, it is expected to be at a very, very slow pace.

GRINDS: Reported down last week with suppliers discounting to move product. Forward projections shows steady to lower pricing as demand weakens.

SKIRT MEAT: Skirt actually moved lower and are already this week. They remain vulnerable to price fluctuations with reduced slaughter, but are expected to slowly move downward into the fall.





PORK

Base hog prices were steady to slightly higher this week as buyers look to secure hogs for next week. Hog supplies expected to remain limited and below year ago levels with last week's slaughter numbers coming in at 2.05 million head, down 6% from the 2013 harvest. This week numbers are expected to come in slightly higher at 2.090 million head, which is still about 5% below year ago levels. From a seasonal perspective, hog numbers begin to increase this time of year, however any unanticipated reductions in hog supplies could support higher price levels and create increased market volatility during the Q4 timeframe.

It is also worth noting that the PED virus thrives in colder temperatures and infection rates began to increase significantly during late November 2013. As we approach the late fall/early winter season, the pork industry will be "on the lookout" for increasing numbers of new incidents and hog producers will hopefully take corrective measures to protect their herd from widespread infection.

Hog weights came in steady, with animals averaging 4% heavier than year ago. So far we have not experienced the early fall weight gains this year, however animals started from a much heavier point. Hog weights are not expected to increase as much as in prior years, however it should be noted that larger animals may result in larger, heavier pork cuts and tight supplies of smaller sized items.

On the overall demand side last week, pork prices moved higher on most commodity cuts due to increased retail demand and lower than anticipated supplies. Similarly, on the processed meat side, hams and bellies were both higher last week due to tighter supplies. Expect prices for commodity pork items to continue to gradually move higher through mid October as retailers begin promoting items for Pork Month.

On the processed meat side, ham and belly prices are expected to continue moving on tighter supplies and improved export and domestic demand.

LOINS

The market for bone in loins and boneless loins continued moving higher last week as retailers stepped in and added on to existing orders. Prices for bone in loins are expected to move higher in anticipation of retail features for October. Similarly, boneless pork loins are expected to move higher due to increased retail features on bone in product. This leaves less boneless product available and will support higher prices. Prices for both items are expected to trade steady to higher through mid October.

TENDERS

Pork tenders continued their move higher last week due to increased export orders and strong retail demand for October promotions. Prices moved higher this week and are expected to gradually move higher through mid October.

BUTTS

Prices for pork butts continued moving higher last week due to increased domestic and export demand. Prices are expected to move higher this week through mid October on strong retail demand. Expect prices to gradually move lower early November, however prices are expected to remain above year ago levels.

RIBS

Spareribs traded steady to slightly lower last week on weak short term demand. Prices are trading steady this week on improved export demand and tighter than anticipated supplies. Back Ribs traded lower last week due to lackluster demand and buyers depleting their frozen inventories. Prices for both Spare Ribs and Back Ribs are expected to trade steady to lower through early October then firm late October/early November. 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 traded higher last week due to increased export demand and lower than anticipated supplies of light weight bellies. Belly prices are expected to start gradually moving higher over the next few weeks. While foodservice demand has supported this market, the retailers have yet to offer bacon at discounted or (perceived) "value" price points.

HAMS

Ham prices moved higher last week on improved domestic and export demand. Ham prices are expected to continue trading steady to higher this week and gradually move higher as processors ramp up production for the holiday season. Ham prices are expected to remain above year ago levels through late fall.

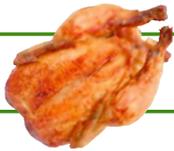
TRIM

The following market dynamics will impact finished goods pricing during October. Pork trimmings started their seasonal move lower during the last week. Further declines are expected during the September timeframe. Thus October prices for processed meat items, like hot dogs and dinner sausage are expected to move lower during the October time frame. Prices expected to remain above 2013 levels.

PICNICS

Pork Picnics moved higher on increased export demand and increased domestic sausage processor needs for Oktoberfest promotions. Prices are expected to trade steady to slightly higher in the upcoming weeks' then move lower during mid October. Increased export demand may support higher prices during the fall timeframe.





TURKEY

WHOLE FROZEN TURKEY

The turkey market inched up slightly again this week as Thanksgiving bids is driving the demand. This trend should continue until the influx of young birds hit the market later this fall.



POULTRY

The boneless breast market continued its improbable inflationary trend. The retail segment has booked product through October, meaning that this product will be featured again next month. Additionally, the poultry giant in Arkansas continues to buy all of the boneless breasts available at either a surplus or as an extended agreement that would carry over to the first quarter of next year. Spot loads are very difficult to find and held for a price well above market quoted prices.

The wing market, also, continued its inflationary trend. Supply is not close to covering demand as most poultry companies are shorting orders. The demand for this product will continue to climb as the football season progresses into the late fall and then the playoff season. Though the industry is expected to grow slightly, the supply will not catch up with this demand this season. Value your wings and your vendors. Finding replacement product will be an extremely difficult task, if not impossible.

Hatcheries in the United States weekly program set 209 million eggs in incubators during the week ending September 13, 2014, up 4 percent from a year ago. Hatcheries in the 19 State weekly program set 201 million eggs in incubators during the week ending September 13, 2014, up 4 percent 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 175 million chicks for meat production during the week ending September 13, 2014, up 1 percent from a year ago. Broiler growers in the 19 State weekly program placed 168 million chicks for meat production during the week ending September 13, 2014, up 1 percent from the year earlier. Cumulative placements from December 29, 2013 through September 13, 2014 for the United States were 6.37 billion. Cumulative placements were up slightly from the same period a year earlier.

Freezer inventories are down, giving producer room to store excess broiler meat in order to help sustain a higher market price. Broiler inventories were 616.0 million pounds at the end of August, 13.1 per cent lower than a year ago and 7.2 per cent lower than the five year average. Current stocks are supportive of the broiler market in the short term. Items like wings should continue to be well supported going into the fall.

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. The release of the turkey frozen inventory report, indicating supplies are falling, this market may be propped up for a little while longer.

End users have been reluctant to build inventories given expectations of increasing broiler supplies in the fall and winter. While lower grain prices should encourage expansion, for now broiler supplies remain well below expectations and lower inventories should continue to underpin prices going into the fall.

BONELESS SKINLESS BREASTS

The boneless breast markets continue its inflationary trend this week. The conditions remain consistent with last week, as further processors and retail continue to help hold this market up.

CHICKEN TENDERLOINS

The demand for tenderloins stepped up this week, stopping this free falling market. The market did slip slightly. This market should continue to deflate, just not at the rate we witnessed for three weeks.

WINGS

The wing demand is out pacing supply by a tremendous amount. Shortages have been reported for all regions of the country. If a poultry company does not have relationship or contract with a customer, orders are not being accepted. This is a trend we will see play out through the Super Bowl.

BONELESS SKINLESS THIGHS

This market made a minor upward movement in the market. Many analysts feel that this market is almost at its floor. With the demand for all part of the chicken growing, especially in retail, this market should remain stable.





COMMODITY GROCERY

SOYBEAN OIL

Good crop conditions and good harvest weather which are ideal conditions and saw almost all fields with leaves dropped or dropping in MN. Harvesting will come fast and hard as farmers go after beans quickly. Soy oil continues to be extremely tight and we need to get into harvest and build pipelines. A slow start to harvest shows soybeans are 3% harvested vs. the average pace of 8% for this date, due to the cold and rain that occurred last week. Current U.S. soybean crop conditions are rated at 72% good to excellent, well above the 5 year average. Delta region coming in with record yields being reported. South American soybean planted acreage is expected to be up nearly 5% this fall as growers had ample opportunity to hedge their crops at higher prices.



DAIRY

BUTTER

The butter market continues to climb, shattering previous record highs and setting new record highs. Current market is 96% higher than this week last year. Cold storage numbers for August came in lower than July numbers, but the decline was not as large as expected. Holiday baking season is here and the concerns continue over insufficient inventory levels to meet this peak demand.

CHEESE

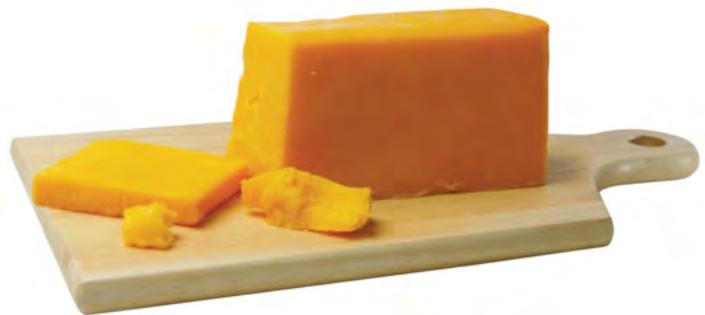
Cheese prices are back at levels that we have not seen since April which were the highest cheese prices on record. Last barrel markets hit the highest level they have ever reached and continued higher this week. Demand is the main factor supporting cheese prices and even at all time record high levels, demand has not decreased. Markets are expected to trade within the current range or higher until the seasonal orders are completed. Expect cheese markets to remain within the current range for most of Q4.

SHELL EGGS

Egg markets have rebounded this week, showing sizable increases. Mediums in particular are showing the largest increases due to spotty availability. California is instituting new shell egg laws effective in 2015 which will impact the entire shell egg industry. Expect inflation on shell eggs as we get closer to 2015.

MILK & CREAM

For the month of October, fluid milk prices are declining and overall production is in line with demand. Unfortunately, butterfat prices are increasing by double digits and overall cream demand continues to outpace availability. Items that have high butterfat content will have increases, specifically, whipping cream, heavy cream and sour cream. It may be November or December before we see cream prices decline. Specifically, heavy cream and sour cream.



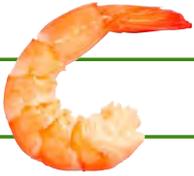
SEAFOOD

SHRIMP, DOMESTIC (WHITES AND BROWNS)

The Brown shell on market is showing signs of weakening as packers are seeing weaker movement and shrimp coming in at a good pace. The White shell on season is starting with good catches and the thought is price will weaken based on lower imports and more inventories on Wild Caught Domestic.

SHRIMP, LATIN – CENTRAL AMERICA (WHITES)

41-50 count and smaller are barely steady at listed levels with some slight discounting noted on the 41-50 and 51-60 due to quiet demand. Although pricing is not changing a lot this week, it has been on the rise the past few weeks as a result of the typhoon in China.



SEAFOOD (CONT'D)

SHRIMP, IMPORTED

(BLACK TIGER AND WHITES)

TIGER: The HLSO market is on the rise as supply remains tight, especially in the very larger sizes. The new economics of growing shrimp has farmers pulling the ponds before the shrimp reach the larger sizes. Beside the fact that leaving the shrimp in the ponds longer has more expense, there is a great risk of crop failure. EMS disease, in Asia, is being managed, but has not been completely conquered. As we've been recommending, conversion to whites remains a sound strategy, as the market will now dictate large gaps in pricing between the Tigers & Whites.

WHITES: The Asian White HLSO is largely unchanged, but conditions are pointing toward upward pressure on pricing. Cooked and P&D markets, in Asia are steady firm. Central/South America steady with 31/35s and 36/40s showing an increase this week.

CATFISH, DOMESTIC & IMPORTED

DOMESTIC: The domestic catfish was steady this week and supplies are adequate for demand.

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. Awaiting fall harvest to set pricing that will take us into December.

SALMON

CHILEAN FARMED SALMON: The Chilean frozen fillet market remains unsettled. Both higher and lower offerings are noted on all sizes. Due to the Russian sanctions, there may be upward pricing pressure on frozen fillets, but to date we have not seen any changes in pricing. The Chilean whole fish is showing signs of weakening as the Russian sanctions have not effected the overall harvest and supply.

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

Another spike in fresh mahi-mahi market prices was noted; a result of increased replacement costs. Watch to see how the frozen markets react. New season is just around the corner but expect a small increase as current inventories are depleted.

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 unchanged this week.

TILAPIA

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 & GOLDEN: Alaska has called for a ban on Russian seafood imports in retaliation for Russia's ban on US food shipments. Despite the justice of this, it may be a case of be careful what you wish for. For King crab, a shutdown of Russian product - which supplies about 90% of the US demand - would destroy the market. After years in which the Deadliest Catch gave a huge boost to crab consumption, nothing would make consumers madder than boosting a product that is unavailable. No retailer or restaurant wants to put themselves in that position of making their customers mad - so there would be a massive migration away from King Crab.

TUNA, YELLOWFIN

(CO TREATED)

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.

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 full steady to firm with a few lower offerings noted on 4 and 5 oz. tails. Production has been related as slow. Caribbean quotations are listed. Most offerings are within the listed range although the market remains unsettled at the beginning of the season.

COLD WATER: Markets firm with some higher offerings.

NORTH AMERICAN LOBSTER: We see another increase in North American Tails on 3-4, 4 & 4-5 oz. tails. Pricing will continue to climb as inventories continue to sell off. Restaurants should buy now to make sure they have product for the Holiday Season. Factors including fishing in Maine that has been slow to ramp up, a good live demand and an active Asian demand have contributed to the stronger undertone. 7-9 and 8-10 oz. tails continue mixed with some lower offerings noted. Lobster meat is also firm.

PRODUCE

VEGETABLES



POTATOES

Russets: The Idaho russet potato market remains steady with the Norkotah variety. Some growers will start shipping Burbanks next week, while others will transition their inventory into storage for the next 3 weeks for the sweat period. Overall, the Idaho russet market is seeing very good quality but limited quantities in the larger sizes. Trucking continues to be an issue out of Idaho; it is recommended to place orders as early as possible due to the limited availability of transportation. Elsewhere, the russet market is struggling with an excess of supplies. Prices on the smaller sizes are extremely low, while the larger sizes are increasing due to limited volume.

Reds: There are no major changes in the red potato market. Shipping continues in several regions, including DE, ID, TX and WA. The market remains steady and the quality is good.

White, Yellow and Fingerling: There continues to be ample supplies of yellow potatoes with very low FOB prices. White potatoes are seeing sluggish movement and most are shipping to the Northeastern region.

Sweet Potatoes: There have been no major changes in the Sweet Potato market this week. Harvesting continues in many areas and volumes on the larger sizes are scarce



GARLIC

There are still extremely limited quantities of garlic from China with limited supplies also out of California as well. Prices are up and do not look to be coming down in the near future.



CABBAGE

Green and red cabbage market is up with good supply and demand. Product quality and supply remains very good across the country. This is expected to continue through October in the Midwest.



LEAF LETTUCE

Romaine market is mixed this week with supplies lighter than expected. The Salinas market is up. Overall quality is okay, but there are still issues with light fringe burn and ribbing. It is also reported that there is a lot of bug pressure, as well as lighter weights and seeders. Both Green and Red leaf have good supplies and quality.



ICEBERG LETTUCE

The Iceberg market saw a slight drop with steady supplies and very good demand. The quality is variable due to the insect pressure and seeders. Recently, the weights are looking good and tip burn is decreasing.



ONIONS

Currently the onion market is steady as all Eastern regions are shipping and there continues to be plenty of supplies from the Pacific Northwest. Quality is somewhat variable, depending on the shipper. The white onion market has an even balance between supply and demand; pricing remains stable. Depending on the region, trucking may also be a possible issue with onions.



CHILE PEPPERS

The market is up because of light supply. The hot weather has increased production in some peppers, but others like Pasillas and Poblanos are short this week, leading to higher pricing. Quality is very good.



CUCUMBERS

There is a mixed market depending on the growing region. Harvesting in MI has come to an end and is underway in GA, NC and SC. Unfortunately, the rainfall in the area is affecting the quality and quantity of cucumbers, causing a stronger FOB. Weather permitting, relief is expected in the next few days. The West Coast is also experiencing supply and quality issues due to the rain.



SQUASH

Nationwide, we are seeing an increase in pricing on both yellow and green squash due to limited supplies. Rain has delayed harvesting and caused quality issues for both the East and West Coast regions. Relief is expected soon, as long as the weather cooperates.

PRODUCE



TOMATOES

Rounds: Shippers from the East coast are still reporting quality concerns with the shelf life as the harvesting comes to an end in certain fields. It is recommended to keep inventory tight for the next few weeks until the issues are resolved. With light supplies and sluggish demand, the market remains stable. It is expected that there will be issues with gaps and shortages through October and November due to recent weather conditions. Product crossing at Otay Mesa, Nogales and McAllen has had variable quality.

Cherry and Grape: On the East Coast, there is a steady supply of both grape and cheery tomatoes, all with good quality. Demand remains weak for both varieties and FOB pricing is steady, although lower than previous years. Product crossing at Baja and McAllen are seeing variable quality. The FOB pricing is stable and is expected to continue to be so for the next 1-2 weeks.

Romas: Supplies on Romas remain tight on the East Coast, although the product quality is good. With the lack of demand, FOB prices are decreasing. The West Coast is also seeing a softer FOB with weak demand. There have been reports of quality issues with Romas crossing at Baja as some product is soft and puffy.

GREEN BEANS

Green bean market is up this week due to critical supply shortage on West coast and good demand. Supply and quality are good on East coast.

EGGPLANT

On the East Coast, harvesting continues in GA, NC and SC. With plenty of supplies and weak demand, FOB pricing is down. The West Coast is experiencing a stable market with product coming from Fresno.



BELL PEPPERS

There is a mixed market depending on the growing region. East Coast harvesting is winding down in MI, NJ and NY and quality has been variable. The southern regions have begun harvesting and overall we're seeing steady to down FOB pricing. The West Coast has plenty of supplies with good quality. Overall the market is soft.



CARROTS

Carrot supplies and markets remain steady. Bakersfield is continuing to produce good quality and sizing. Industry is in good shape overall.



CELERY

The market continues to remain steady with good supply coming out of Santa Maria and Salinas. Demand has improved. Quality is very good.



GREEN ONIONS

Market is down, but average prices are still high. Light supply continues with wide range of quality.



CAULIFLOWER

Market is up as supplies out west are down with good demand this week. Quality is being reported as fair.



ASPARAGUS

Market is steady for asparagus this week. Production out of Peru is expected to increase. Harvesting in Constitution Mexico may begin which could soften the market going into the first week of October. Demand is moderate.



BROCCOLI

Market is steady on crowns and up slightly on bunches this week. Demand for California product has been greater than anticipated this year creating short supplies. Some yield loss being reported due to mildew and brown bead.



PRODUCE

TROPICAL



PINEAPPLES

Pineapple supplies are inching their way back to normal and we are beginning to see some better quality.



BANANAS

The rainy season in the tropics starts in about a month. Product is coming from Ecuador, Guatemala, Costa Rica and Peru. Costa Rican fruit is running tight right now. Organic supplies have become unexpectedly short.



AVOCADOS

The market on Mexico product is a little lower as we are seeing improved supplies. California and Peruvian inventories should be cleaned up this week, possibly a little left over going into next week leaving Mexico as the main supplier for the industry moving forward.

MELONS



CANTALOUPE

The market saw a drop this week with good demand on all sizes. The overall quality is very good with a nice clean net, some checkerboard color. The internal color and sugar is excellent overall. Harvest will continue for the next two weeks and then will transition to the desert for the fall season. The desert has started in a light way and will continue to ramp up volume over the next few weeks.



HONEYDEWS

The market is steady and strengthening as we are slowing down production on the Westside and starting on the desert crop in a light way. Mexico will start to cross as well. We will see the market start to ease up in the next few weeks as volumes start to increase.

BERRIES



BLACKBERRIES

The demand is steady and the market is quality sensitive. In the East, the volumes are declining, the end of the season is approaching, and harvesting is expected to continue for possibly another two weeks, weather permitting. In the west, there is good quality harvest. Expect to see decreased volume this week and slow declines over the next several weeks. In Mexico, last week's harvest began with volumes that were smaller than anticipated. There are concerns the weather impact is forcing the plants to a vegetative state, stalling the flowering process. Peak volumes aren't expected until early to mid November.



STRAWBERRIES

The demand is steady with the market and supplies improving this week. Santa Maria's crop volumes are increasing weekly and finally hitting peaks over the next couple of weeks. The quality is challenging however due to the continued warm weather. The fruit quality is experiencing 20+% bruising and soft/overripe on all fruit from all regions. The Watsonville winter crop continues to decrease weekly and is expected to decline at an accelerated rate. Expect a large decrease in volume in about 3-4 weeks as the crop is 3-4 weeks ahead of the season. There are continued reports of not enough labor in all regions industry wide; overall, the industry is struggling.



RASPBERRIES

Demand is very strong and volumes are quickly declining from the west. Expect harvest to continue through mid October before it comes to a close. In Mexico, minimal volume was harvested last week from the hooped farms as the season gets underway. The Raspberries are looking good and volumes are expected to ramp up quickly. Expect peak production volumes by late October/early November.

PRODUCE



BLUEBERRIES

Overall the demand is moderate with the market strengthening for new fruit. The Michigan harvest is complete with current shipments coming from stored controlled atmosphere fruit. Washington blueberries are continuing to ship from their storage as well with only minimal harvest for process. In Argentina, volumes were less than half of what was anticipated due to the cool weather and the workers port strike which kept the potential for additional shipments limited.



GRAPES

The market is flat as we are harvesting several very nice varieties of reds and greens, the overall quality is excellent with good sugar and eating quality. We will continue to harvest through November barring any major weather issues. Excellent quality is expected.

HANGING FRUIT



APPLES & PEARS

The crop on both apples and pears looks to be large this year. Weather has been good and there seems to be no shortages of product in any growing region. Almost all of the different varieties of new crop apples have started. Pricing is very reasonable and there is plenty of supplies. Pears are plentiful now, and like apples, pricing is very reasonable. The trucking out of Washington continues to be very tight.

CITRUS



LEMONS

Mexico lemons did come off a little this week. The California lemon market still exceeds supply on 140's and larger with better supplies of smaller fruit. The desert crop is starting to ramp up with volume next week and will continue to pack good numbers moving forward. Expect the market to ease off over the next month. The overall crop looks good but larger fruit will continue to remain tight as there is smaller fruit out of the desert until they size up in a month.



ORANGES

The market remains very tight on 88's and smaller and demand exceeds supply of 113's and smaller and we will continue to be in this situation until the California navels start in early November. The overall quality is still very rough as the fruit has gone through a freeze, severe heat and minimal water. The internal condition is very good with high sugar and juice content.



LIMES

McAllen has seen warm temperatures and scattered storms; however harvesting still continues. The quality is good. There is some market movement down on 175 and smaller count limes.

