

# FARMER'S REPORT

MARKET TRENDS | 1.4.2019

**US.**  
**FOODS®**

# PRODUCE

## KEY

- ↑ - Anticipating an up market
- - Anticipating a steady market
- ↓ - Anticipating a down market

## VEGETABLES



### POTATOES

- ↑ **Russets:** The market on russets is mixed this week. Norkotahs out of Washington/Oregon are steady. Burbanks and Norkotahs out of Idaho are up. 6 oz. minimum size out of Idaho are steady on Norkotahs and Burbanks.
- **Reds:** The red potato market is steady this week, including product out of Minnesota and Wisconsin. Good quality and demand are being reported.
- **Yellows:** The markets out of both Florida and California are steady. Quality is good, with moderate supply and demand.



### CABBAGE ↑

**Round Green:** The cabbage market is up significantly this week with availability of supplies decreasing.



### LEAF LETTUCE

- ↓ **Green Leaf:** Green leaf market is down this week. Supplies will be right around normal.
- ↑ **Romaine:** The romaine market is up this week, with lighter supplies because of the weather conditions out in California.



### ICEBERG LETTUCE ↑

The iceberg market is up this week. Demand has increased. Supplies will be right around normal this week.



### GARLIC →

No changes in the California garlic market, with good supplies and quality.



### ONIONS ↑

The jumbo yellow onion market is up this week. Product out of Washington/Oregon and Idaho is up. Good supplies, demand and sizing are being reported out of both growing regions.



### CILANTRO ↑

The cilantro market is up this week. Product out of Oxnard is up on 30s and on 60s. Product out of Imperial/Coachella Valley California and Arizona is also up on 30s and 60s. There are moderate supplies and demand out of all growing regions. Quality will vary by region.



### CUCUMBERS ↑

Cucumber prices, are mixed this week. The imports from Honduras for the East are flat this week. However, Mexico is showing increased prices due to cooler weather stunting the growth of cucumbers. Quality of the imports is good, while product out of Mexico is mixed due to the weather.



### CELERY ↓

Celery is down this week but supplies continue to be short. Vendors are hoping to fill all orders in full.



### SQUASH AND ZUCCHINI

- ↑ **Yellow Squash:** Yellow squash prices are mixed this week. Florida is reporting up slightly, while Mexico is reporting flat prices. Overall quality has improved.
- ↓ **Zucchini:** For once, zucchini is going the opposite direction of yellow squash. Zucchini prices are dropping in both regions this week. Supplies look to be improving along with quality.



### GREEN BEANS →

The green bean market is mixed this week. Machine-picked product out of Florida is steady, with good demand, lighter supplies and a wide range in quality. Imported haricot verts are up, with moderate supplies and demand. Hand-picked product out of Mexico is steady, with moderate supply and demand.



### BELL PEPPERS

- ↑ **Green:** Green bell peppers are mixed this week. The East is reporting flat numbers, while the West is showing increased prices. Mexico has been battling cooler weather, which is delaying the growth of peppers and the harvesting. Quality is mixed between fair and good.
- **Red:** Red bell peppers continue to be steady in price this week. The cooler weather in Mexico is delaying relief in both greens and reds, due to slower than normal growth cycles. Quality is mixed due to weather issues.



### TOMATOES

- ↓ **Rounds:** Round tomatoes are down in price this week. Volumes are getting better as new farms open in Florida and Mexico. Quality is mixed between old and new fields. Price decreases could vary between sizes.
- **Cherry:** Cherry tomatoes continue to be flat this week. Supply is beginning to improve, along with quality.
- ↓ **Grape:** Grape tomato prices continue to drop, as supplies continue to improve across the country. Good quality is being reported.
- ↓ **Romas:** Roma prices are down this week. Florida is showing a large price drop, as new fields ramp up in southern Florida. Mexico is showing a slight decrease this week. Quality is good on the new fields and fair on older fields.



### CARROTS →

The jumbo carrot market is mixed this week. Product out of California is steady, while product out of Mexico is up. There is moderate supply and demand out of both growing regions. There continues to be a wide range in quality coming out of Mexico.



### GREEN ONIONS ↑

The green onion market is mixed this week. Product out of Mexico is up on medium sizes, with moderate supply and good demand. Quality will vary out of Mexico. Product out of South Carolina is steady, with lighter supplies and moderate demand.



### CAULIFLOWER ↑

The Cauliflower market is up. Supplies will be good this week, with moderate demand. Some spotting has been reported.

# PRODUCE



## ASPARAGUS ↑

The asparagus market is mixed this week. Product out of Mexico is up, with light supplies and moderate demand, while product out of Peru is down, with moderate supplies and a wide range in quality.



## BROCCOLI ↓

The broccoli market is down this week, with volume out of Mexico slightly increasing by mid-week. Supplies out of California will be limited due to the drop in temperatures for the rest of the week. Movement and demand are good.



## MUSHROOMS →

Mushrooms are showing good supplies and quality this week.



## EGGPLANT →

Eggplant pricing is steady this week. Supply remains strong out of both the East and West. Quality is good for both regions.

## TROPICAL



## PINEAPPLES ↑

Pineapple prices are slowly on the rise. Pineapple supply remains stable, and sizing is trending towards the 7/8 sizes.



## BANANAS →

Banana prices continue to be flat. Bananas are showing high quality, and supplies are good. Good supply and quality is expected for the next couple of weeks.



## AVOCADOS ↑

Avocado prices are steady to up this week. Now that the fields are open after closing for the holidays, volumes are expected to level out. Quality is improving over previous weeks.

## MELONS



### CANTALOUPE AND HONEYDEWS

↓ **Cantaloupes:** The Cantaloupe market is down this week. Currently Mexico is showing poor quality as they approach the end of their season. The offshore import season is not off to the greatest start. Industry-wide, imported melons will see a considerable drop in volume for the next two weeks, but should rebound to projected levels in January. Prices will continue to be higher than normal over the next two weeks and into the early part of 2019.



↓ **Honeydews:** The honeydew market is also down this week. Currently Mexico is showing poor quality as they approach the end of their season. The offshore import season is not off to the greatest start. Industry-wide, imported melons will see a considerable drop in volume for the next two weeks, but should rebound to projected levels in January. Prices will continue to be higher than normal over the next two weeks and into the early part of 2019.

## HANGING FRUIT



### APPLES AND PEARS

- **Apples:** All varieties are steady this week. Supply and demand are moderate and quality is good.
- **Pears:** The pear market remains stable. Green and red D'Anjou and Bosc are available. The small end of pears remains tight, while 90 ct. and larger remain constant.

## BERRIES



### STRAWBERRIES ↓

The strawberry market is down this week, as supplies have increased and quality has improved.



### GRAPES →

The grape market is steady this week. Autumn King, Red Seedless and White Seedless from Kern District and San Joaquin Valley California are steady on L-XL. Red Globes and Red Seedless from Peru are steady on Jumbo, Large and XL. Quality will vary by growing region.

## CITRUS



### LEMONS →

Lemon prices continue to be steady this week. Supply remains steady out of all three growing regions in California. The majority of product is coming out of District 3 for the time being. Quality is between fair to good for the week.



### ORANGES →

Orange prices are flat again this week. Navel harvest continues to look good, with sizes peaking at the 88 and 113 range. Cara Caras are in good supply as well, peaking at the 88 size range. Blood oranges are in good supply, with sizing trending towards smaller sizes. Good quality is being reported on all varieties.



### LIMES ↑

Lime prices continue to increase this week. Lime volume is dropping, which is causing the price increase. Mexico continues to battle cool weather and rain. The holidays also called for the harvest to stop. Due to the heavy rainstorms, quality could also be impacted, causing skin issues and oil spotting.



# BEEF

Cash cattle closed the year in strong fashion, trading between \$120-123/cwt., which was \$3-4 higher than the previous week's close, with the bulk of the trades in the higher range. Once again, with the shortened holiday week, asking prices for market-ready cattle have not surfaced as of yet, and nothing is anticipated to happen until late in the week. Analysts are calling for a steady market this week.

Last week's holiday-shortened harvest came in at 438K head, and of that, 341K were of the steer/heifer variety.

The grade for the week ending December 21 came in with 80.2% of all the steers and heifers grading Choice or higher, which is up 0.4% from the week prior. Select product was almost steady at 15.9%, and Ungraded reported down at 2.9%.

## GRINDS

**GROUND BEEF 81/19:** Ground beef reported down modestly last week on lower volume. We do project additional increases through January, as increased retail demand is in place, as represented by the moderate increase we have seen so far this week.

**GROUND CHUCK:** Ground chuck, too, reported a moderate decrease as well last week, and here, too, we look for the ground chuck market to follow the same trends as the ground beef market, with increases ahead.

## ROUNDS

**PEELED KNUCKLES:** Choice product reported a very modest increase again last week, while the Select grade was up moderately. The market projection out front is that the beef knuckles could get a lift in price, as demand will be a factor as the industry moves to roasting items. All grades are up modestly this week at the time of the writing of this report.

**INSIDE ROUNDS:** All grades of inside rounds saw modest to moderate gains last week. With the holiday season now past and winter settling in deeper, these should continue to gain value, as retail features turn to items designed for roasting.

**BOTTOM ROUND FLATS:** Choice bottom round flats reported up modestly last week, while the Select grade of product traded flat. As with the insides and knuckles, we expect to see a firm market going forward on the flats.

**EYES OF ROUND:** All grades of eye of rounds reported modest to moderate increases for a fourth week in a row. The market should continue moving higher, as here, too, the demand in the retail sector could very well lend support.



## LOINS

**STRIPS:** Strips traded up modestly last week across all grades, and for the most part look to stay firm moving forward throughout the winter months. So far this week the Choice grade is continuing to firm up, while the Select product is off modestly.

**TOP BUTTS:** All grades of top sirloins either traded flat or decreased ever so slightly last week. Through early trading this week, Choice product is off modestly, while the Select grade is showing a modest increase.

**TENDERLOINS:** Choice and Select graded tenders continue to move downward in cost, reporting moderate declines. The ungraded tenders continued to show a firm increase, simply from the lack of availability and their value in comparison to the graded products. We look for this pattern to continue through January, as we have seen happen throughout the years; this is supported by what we have seen in the market so far this week.

## RIBS

**RIBEYES:** Choice light and ungraded ribs, came in up modestly last week, while the Select lights and all the heavy ribs saw modest to fairly firm declines. Currently the Select grade is finding some support which may simply be attributed to the reduced harvest levels, along with the decreased availability of lower grading cattle; while the Choice grade continues to fall, but at a slower pace.

## CHUCKS

**CHUCK ROLLS:** All grades of chuck rolls took a modest increase last week, and the Choice grade continues to follow this pattern so far this week, while the Select product is off modestly. The market should continue to move higher as winter demand for roasts increases.

**TERES MAJOR MUSCLE:** We saw the Choice and Select Teres Majors report higher, with modest to significant gains, while the Ungraded Teres Majors reported down modestly. Currently we see all graded product posting black numbers in early-week trading.

**BRISKETS:** Briskets saw modest declines across the board last week; however, both grades currently look to be rebounding modestly so far this week.

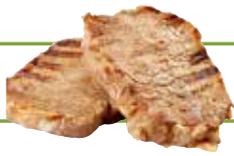
## THIN MEATS

**BALL TIPS:** All grades of ball tips reported modest to slight gains last week, and are continuing the same pattern this week as well.

**FLAP MEAT:** All grades of flap meat reported up moderately last week. We do expect a continued rebound in costs as we go forward.

**FLANK:** Choice flank steaks traded flat last week, while the Select grade took a modest increase. Currently we see the grades trading places this week. With smaller harvests anticipated through Q1 we could see availability issues in the future.

**SKIRT STEAK:** Skirt steak saw a price increase, in spite of declining export sales and lower volume last week domestically. They are anticipated to see increased value as we move into the winter months, and exports could play a big part in that.



# PORK

Packers are managing through two weeks of shortened (holiday) production schedules. Last week the USDA's estimated hog harvest came in at almost 1.88 MM head, about 2% lower than the same week last year. This week's harvest estimates are forecasted at 2.2 MM hogs, about even with year ago. From a seasonal perspective, week-over-week harvest numbers are expected to gradually decline from now through late spring. Also, winter weather may create short-term supply disruptions.

Overall pork demand is expected to firm up during January; however, competition from other proteins (i.e., chicken and beef) may keep a lid on prices. Export buyers are in the market and will look for "deals" to fill their needs.

**African Swine Fever Monitor:** ASF confirmed cases continue to increase, with over 90 cases reported. The disease continues to spread throughout China, and with upcoming holidays, particularly the Lunar New Year in February, pork consumption is expected to be seasonally high. Analysts believe that China is working on covering their needs by aligning with pork suppliers in the EU, Denmark and Brazil.

## LOINS

The loin complex traded lower last week, as packers discounted both bone-in and boneless loins. Prices for both bone-in and boneless loins are trending lower early-week; however, retailers are expected to feature loin items as "value cuts" during January, which should support slightly higher price levels.

## TENDERS

Tenderloins continued their move higher last week, supported by improved retail demand. Prices are trending higher early-week and various demand channels are beginning to accelerate seasonal buying. The forecast is for prices to move higher over the next several months.

## BUTTS

Pork butt prices held steady last week, as packers sold product at current price levels. Prices are holding steady early-week supported by solid demand across all channels. Forward sales are improving, especially for boneless butts, and overall volumes were higher. Pork butt prices are expected to hold steady through mid-January, then turn slightly lower through mid-February.

## RIBS

Both sparerib and backrib prices traded at higher levels last week, supported by strong demand and holiday promotions. Packers will continue putting ribs into the freezer for out-front sales to customers who demand current-year pack dates. As a result, availability of fresh product will be limited, and will likely pressure prices gradually higher. We expect this trend to continue well into springtime.

## BELLIES/BACON

Belly prices traded slightly lower last week, as packers worked to clear fresh bellies and keep supplies current during short production weeks. While prices are trending higher early-week, and the forecast shows higher prices during January, a late Lenten season and a tumultuous export market may create volatile price scenarios during Q1.

## HAMS

As expected, ham prices showed further declines last week, as ample supplies and a lack of demand continue to put downward pressure on prices. Typically, ham prices turn higher starting in early January; however, Easter is late this year, so ham demand will be soft for the next two weeks. Prices are trending lower early-week, and are expected to continue trading steady to lower through mid-January. Export demand may support prices; however, buyers seem to be taking a holiday this week.

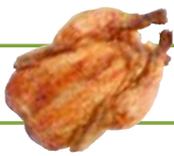
## TRIMMINGS

Trimming prices continued their seasonal move lower, as packers worked to clear product last week. As the new year gets underway, and processors begin their production for summer hot dog needs, trimming prices will firm and gradually move higher through March.

## PICNICS

The picnic complex was mixed last week, with bone-in picnics slightly higher and boneless picnics lower. Holiday demand and exports have really driven the recent picnic market higher, but expect seasonal tendencies to take hold and drag the market lower in January.





## TURKEY

### BONELESS, SKINLESS TURKEY BREASTS

Turkey Boneless, skinless turkey breasts were flat this week. In the near term, we should expect this market to trend flat to downward, as seasonal demand decreases.

### WHOLE FROZEN TURKEYS

Whole turkeys were flat this week. Near-term we expect the market to remain steady to downward, now that seasonal demand decreases.



## CHICKEN

Jumbo and medium wings were up this week, with focus continuing to be on building inventories for Super Bowl. However, small wings were up even more this week, with rumblings that processors have increased demand, due to upcoming wing promotions. Jumbo tenders and boneless breast were up this week, with increased further processor demand, as downside risk to the markets is minimal. The select/small boneless breast and tender markets remain short of supply, and well-supported by the ongoing lack of supply and the YTD headcount deficit in the small bird arena. Short production this week will also help to support the firmer markets in the near term.

Export demand on items such as boneless breast and leg quarters are at better than normal levels. Thigh and leg meat demand is showing an increase, which could move the market slightly upward. Whole birds/WOG demand has increased, and we should expect a flat to upward trend for the near term.

### BROILER-TYPE EGGS SET IN THE UNITED STATES – THERE WAS NO UPDATE TODAY

\*\* Starting in 2018, the 19-State totals have been discontinued. \*\*

### BROILER-TYPE CHICKS PLACED IN THE UNITED STATES – THERE WAS NO UPDATE TODAY

\*\* Starting in 2018, the 19-State totals have been discontinued. \*\*

### WHOLE CHICKEN & CUT-UP PARTS

Small bird demand continues to be strong, and supply is still tight. We can expect this trend to continue through 2019. The demand for whole chicken supports the expectation of increased pricing in the near term.

### BONELESS, SKINLESS BREASTS & CHICKEN TENDERLOINS

The select/small boneless breast market was up this week. This market continues to be supported by the YTD headcount deficit in the small bird category. We can expect the select/small market to trend flat to upward in the near term. The jumbo and medium boneless breast market was up this week. Shortened production weeks and increased further processor demand have put this market in short supply. This situation is expected to be short-lived as supply pipelines should be replenished in the near term. We can expect this market to trend flat to upward, also.

The select/small tenderloin market was up this week. However, with renewed interest from further processors in the small poultry category, we expect this market may trend flat to upward in the near term. The jumbo tenderloin market was up this week. Shortened production weeks and increased further processor demand have put this market in short supply, also. This situation is expected to be short lived as supply pipelines should be replenished in the near term. We can expect this market to trend flat to upward in the near term, too.

### WINGS

The small wing market was up this week. Recently, product has been placed at normal trading levels, and supported by the YTD headcount deficit in the category. Here, too, we are seeing increased interest from retail promotions and further processors. We should expect this market to trend flat to upward in the near term. The jumbo wing market was also up this week, as short production weeks and increased demand have put the market in short supply. As all eyes turn to Super Bowl, we should expect spot offerings to remain minimal. We can expect this market to trend flat to upward in the near term, too.

### BONELESS, SKINLESS THIGHS

The boneless, skinless thigh market was flat this week, with the bone-in market up slightly. We can expect these markets to trend flat to upward in the near term.





# COMMODITY OIL

## SOY, CANOLA & PALM OIL

The soybean complex closed mixed last week in a thin and choppy trade environment, given the lackluster holiday volume. Ag markets were mostly an afterthought for most of the week, as traders were fixated on the massive volatility in the equity markets. Soybean meal gained on the oil, as we have seen a modest pickup in meal demand since late November. Higher soybean oil yield and the impending seasonal January/February drop in biodiesel production were also considerations in the meal/oil spreading. Spot soybean oil share of product value slipped back towards the 30.5% level as of Friday's close.

Reports are circulating that the U.S. is sending a delegation to China the week of January 7 to renew trade war discussions. The market was rather passive towards that news, as the realization is setting in that long-term U.S. soybean demand destruction has taken place, with or without an agreement with China. U.S. soybean ending stocks will be huge for 2018/2019.

The partial shutdown of the U.S. government may possibly delay the January USDA reports, currently slated for release on Friday, January 11. In addition, reporting of new export sales data has been suspended indefinitely until government funding has been re-established.

Domestic soybean board crush margins have rallied approximately \$.20 cents per bushel over the last two weeks, and are now trading back near \$1.00 in the spot position. This will encourage processors to continue to run hard with plenty of new-crop beans available.

Recent dry weather conditions in parts of Brazil have taken the top end off of their 2019 soybean crop. Production estimates as high as 125 to 130 million metric tons a month ago have fallen back towards the sub-120 MMT level. Despite the lower numbers, their harvest is currently underway, and is almost a month ahead of normal in some spots, which will make it that much more difficult for U.S. soybean exporters going forward.

### SOY:

- The March soybean oil futures were under pressure, coming within 15 points of the November lows. The market is currently oversold, with the Relative Strength Index falling back below 30, but the longer-term technicals remain in negative territory. Speculative funds were modest sellers this week, and are currently short approximately 50,000 contracts.
- Soy and canola basis levels were largely unchanged this week, as many cash traders were out of the office for the holiday season. A weaker tone is still in place for Q1, as stocks build seasonally.

### CANOLA

- Statistics Canada estimated this year's canola crop at 20.343 million metric tons. The number was below the average trade estimate of 20.791 MMT, and down from 21.3 million last year. Canola seed futures are still down \$30 per ton from their summer highs.

### PALM OIL

- Palm oil prices were mixed on the week, as that market continues to struggle with burdensome supplies and lackluster exports. Signs of change are on the horizon, however, as Malaysia is currently reviewing their export duty structure, while India is said to be cutting their import taxes on palm oil—both of which could signal better prices ahead for this market.

### US EXPORTS

- The report on soybean oil export sales for 2018/2019 was suspended indefinitely, due to the government shutdown. Expectations ranged from 10,000 to 30,000 tons.



# DAIRY

## MILK & CREAM

Milk production was seen as steady to increasing throughout the country this past week, as the seasonal increases continue. Much of the holiday-related cream production has been wrapped up, pointing towards less demand and lower prices in upcoming weeks.

## CHEESE

Cheese production remains active throughout the U.S., as bottling and other processors are taking on less milk supply, despite strong milk production. This has continued to incentivize cheese manufacturers, given the favorable margins and the discounted spot milk loads they are able to secure. Inventories are seen declining at slower rates than the previous year's during this holiday season, keeping the market well-supplied. This is causing some speculation around 2019 production, but for now the cheap milk supplies are encouraging plenty of production. CME markets are gradually moving higher so far this week.

## BUTTER

Butter output is active, as cream supplies are becoming more available for churning, and are able to meet immediate demand. Butter inventories are shrinking along with seasonal patterns; however, we are seeing some plant managers start to build stock for the upcoming spring holiday demand push in early 2019.

## SHELL EGGS

Retail demand is considered mixed but slowing, following the seasonal demand. Many end users are taking a more wait-and-see approach for additional bookings, expecting the seasonal lull in demand to keep pressure on lowering prices into early Q1. There are scattered promotional campaigns, but nothing of note on a national level. With production rates still at levels above the prior year, supplies remain more than adequate to meet current needs.



# SEAFOOD

## SHRIMP, DOMESTIC

**(WHITES AND BROWNS):** Fishing continues; however, we do expect to see shortages on larger sizes. It is looking like as we enter the winter months and Q1, we could see some prices begin to firm.

**DOMESTIC PUDS:** The market is firming as inventory tightens. This should provide a good amount of smaller shrimp.

## SHRIMP, IMPORTED

**(BLACK TIGERS AND WHITES):** Production of black tigers is still not at the level of the 80s and 90s, but we are seeing product in the country, and some discounting to price due to lack of movement.

Farmed Asian and Latin American white shrimp are unstable, with a lack of movement.

**(MEXICAN BROWNS AND WHITES):** The last shrimping trips are finishing up. There is a concern on browns, as well as large-size shrimp that are in very tight supply.

## CATFISH

**DOMESTIC:** Inventory of frozen fillets is in very good shape, as well as fish in the ponds. Supply is good going into the season with the exception of 5-7 oz. portions.

**IMPORTED:** We are seeing stable pricing on imported catfish. 3-5 oz. fillets are tight, but there is plenty of supply of larger fillets.

## SALMON

**ATLANTIC FARMED SALMON:** We are now seeing the growth of fish in Chile becoming too large for small-size portions. This could have a direct impact on 4 oz. portions. Reports are now starting to come out that we could see record high prices in 2019. In the short term, fresh sides out of Europe are firming. Fresh whole fish have really firmed behind strong demand coming out of China.

## MAHI-MAHI

Pricing continues to trend lower, as inventory levels are in very good shape.

## SCALLOPS

**SEA:** Pricing has turned upward, as is the norm for this time of the year. They have caught about 90% of the quota for the year. We continue to see higher pricing on all three processed sizes.

**BAY:** Pricing is on the rise due to tariffs. Overall demand is steady.

## TILAPIA

Inventory domestically is starting to catch up to the impact of tariffs, as many packers are now having to pass those increases along. Demand continues to be strong, as tilapia is a lower-cost option to other species such as cod, haddock, flounder and Pangasius, all of which continue to move up.

## PANGASIUUS

Pricing remains firm. Inventory is starting to shift to where 3-5's have dried up with inventory, and the shift to more inventory on 5-7's and 7-9's has happened. There could be some slight price relief this month.

## WHITEFISH COMPLEX

**COD:** We expect the overall market to remain very firm, with short inventory and high prices. Q1 will bring firmer prices, due to low supply on raw material in addition to the tariffs. Quota cuts will put additional pressure on supply and pricing.

**POLLOCK:** The fishery for Pacific pollock has produced only smaller fish, just 2-4 oz filets. This could cause an inventory issue for frozen loins if they don't start catching larger fish. Larger filets of 4-6 and 6-8 oz. are very tight.

**HADDOCK:** Pricing on skin-on filets and skinless loins is starting to see increases. Q1 will bring much higher prices, due to low supply on raw material, in addition to the tariffs. Quota cuts will put additional pressure on supply and pricing.

**FLOUNDER:** Inventory domestically is starting to catch up to the impact of tariffs, as many packers are now having to pass those increases along.

## TUNA, YELLOWFIN

**(FROZEN STEAKS & LOINS):** Tuna pricing is starting to firm up, and we anticipate increases in Q1.

## SWORDFISH

Swordfish pricing is very stable. Inventory levels are in very good shape.

## KING CRAB

**(RED & GOLDEN):** Product is very short in the marketplace across all sizes, as the quota was cut again. Gold king crab to this point had been the best alternative, but pricing there is now starting to firm up.

## CRABMEAT

**(BLUE & RED, PASTEURIZED):** Demand is slowing on the larger sizes, and as a result, we are seeing a slight decrease in price. Small pick inventory is firm.

Red swimming crab pricing will be moving up for next week. Inventory is becoming nonexistent, and we expect to see this continue.

Mexico blue crab season is in full production and pricing is starting to weaken as production, is very good.

## SNOW CRAB

**ALASKAN:** All vendors are currently off the market. There will be a 50% increase in the quota in 2019. The outlook for the future also looks good, as the biomass for younger crab looks very positive.

**CANADIAN:** Inventory on 5-8 clusters seems to be plentiful. Pricing is very unstable. However, larger-sized 10-up and 12-up clusters are tight in supply.

## LOBSTER

**NORTH AMERICAN LOBSTER:** Overall, the catch in the North Atlantic was a bust. We are seeing very little production, and we expect to see shortages.

**LOBSTER TAILS WARM WATER:** Supply on warm water tails is in a decent place. Due to high demand, pricing is firming. We now have MSC product in our Harbor Banks® brand.

**LOBSTER MEAT:** We are seeing some poor-quality meat on the market. Markets are still uncertain. Buyer beware on something that seems "too good to be true."

# US TRADE DISPUTE WITH CHINA UPDATE

- President Donald Trump announced early in 2018 he would impose tariffs on imports to shrink the trade deficit.
- 3 rounds of tariffs have been implemented so far:
  1. March 23rd, ~\$3 billion of products: imported Steel (25%) and Aluminum (10%).
  2. The next round of ~\$50 billion in products from China - mostly machinery and parts - was put on in two stages:
    - July 6th, ~\$34 billion of imported products (25%).
    - August 23rd, ~\$16 billion (also 25%).
  3. September 24th, an additional ~\$200 billion in products from China (10%).
    - The administration planned to increase them to 25% on January 1, 2019, if no agreement was met.
    - Trump announced on December 2 that these additional tariffs would be delayed 90 days in order to give the two countries a chance to come to an agreement on trade.
- China has retaliated against the US tariffs, initially matching the first \$50 billion, and now an additional \$60 billion against the latest round (\$200 billion).
- With China's retaliation President Trump announced the possibility of tariffs on an additional \$267 billion of imported products from China.
  - These also have been put on hold for 90 days.
- Price increases on affected products are industry-wide, and vendors will see the impacts of these tariffs on raw materials at different stages, depending on multiple factors.
- There are no changes to any implemented price changes at this time.
  - All increases for 2019 have been delayed.
- As vendors increase their prices due to tariffs, we pass them on to customers.

## Products with Price Increases Through 11/15/18

Tariff Group	USF Product Group Impacted	PIM Categories Impacted
Metals - Iron, Steel, Aluminum	Disposables	Foil Bags, Foil Carryout Containers, Foil Roll, Trays and Pans, Foil Wraps and Sheets, Basket Liners
Metals - Iron, Steel, Aluminum	CES	Heavy Equipment, Smallwares
Metals - Iron, Steel, Aluminum	Grocery	Beverage
Metals - Iron, Steel, Aluminum	Grocery	PC Savory Condiments
Metals - Iron, Steel, Aluminum	Canned Goods	Canned Tomatoes, Dry Pack Beans, EB Canned Fruit, Ketchup, Shelf-Stable Entrées, Canned Pasta, Oil, Dessert Toppings, Cocoa
Metals - Iron, Steel, Aluminum	Value Added Shelf-Stable	Sauces, Shelf-Stable: Gelatin, Pudding & Pie Filling, Shelf-Stable
Metals - Iron, Steel, Aluminum	Canned Goods	Canned Fruit and Veg., Pudding & Custard, Cheese, Sauces, Beans
Straws and Stirrers	Disposables	Straws, Drinking, Plastic/PLA - Straws, Stirrer, Plastic/PLA
Metals - Iron, Steel, Aluminum	Value Added Shelf-Stable	EB Gelatin, Pudding & Pie Filling, Shelf-Stable & EB Sauces, Shelf-Stable
Plastics	Disposables	Bags, Food Storage (PE) and (PP), Bags T-Shirt, Buckets, Can Liners, Cups, Dust Pans, Food Containers, Lids, Pastry Bags, Urinal Deodorizer
Paper	Disposables	Bags, Cups, Drinking Straws, Facial Tissue, Food Containers, Lids, Napkins, Paper Towels, Pizza Boxes & Circles, Toilet Seat Covers, Toilet Tissue
Fibers / Molded Fiber	Disposables	100% Cotton Fabrics, Cups & Bowls, Food Containers, Plates, Platters, Lids
Gloves	Disposables	Latex, Nitrile, PE, Vinyl/Synthetic
Frozen Seafood	Finfish & Shellfish	Catfish, Flounder, Haddock, Tilapia, Pasteurized Crabmeat, Scallops, Squid, Crawfish
Canned Fruit	Canned Fruit & Veg.	Mandarins, Nuts, Other Fruits & Veg.