



FARMER'S REPORT

MARKET TRENDS | 12.07.2018

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. Product out of Washington/Oregon and Colorado is steady. Norkotahs and Burbanks out of Idaho are up. 6 oz. minimum size out of Idaho is steady on Norkotahs and up on Burbanks.
- **Reds:** The red potato market is steady this week. Product out of Minnesota and Wisconsin is steady, with moderate supply and demand.
- **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 down this week, with decent volume expected out of Mexico. Demand is fluctuating.



LEAF LETTUCE

- ↑ **Green Leaf:** The green leaf market is up this week, with supplies light. Supplies this week are at or are below budgeted volumes, due to the cold weather.
- ↓ **Romaine:** The romaine lettuce market is down. Romaine and Romaine Heart supplies will vary by vendor. Demand is expected to continue to fluctuate.



ICEBERG LETTUCE ↑

The iceberg lettuce market is up, and supplies will be light again this week. Supplies are at or below budgeted volumes, due to the cold weather.



GARLIC →

No changes in the California garlic market, as there are good supplies and vendors can take on additional business.



ONIONS →

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



CILANTRO ↓

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



CUCUMBERS ↑

Cucumber prices are up this week. Florida harvests have begun their seasonal decline, which will push the East to rely on imports from Honduras. The West has been battling some weather issues, causing some issues with growth cycles. Baja is wrapping up their harvest as Mexico production ramps up, which is causing the tighter-than-expected supply. Quality is mixed due to the poor weather and seasonal ends.



SQUASH AND ZUCCHINI

- ↑ **Yellow Squash:** Yellow squash is up this week as supplies tighten up. Supplies in both markets remain good, but good-quality product is demanding a higher price. Wind scarring is the biggest quality issue seen across yellow squash.
- ↑ **Zucchini:** Zucchini prices look to be up this week. Good-quality product is driving a higher price than poor to fair quality. Zucchini quality is doing better than yellow squash.



GREEN BEANS ↑

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



BELL PEPPERS

- ↓ **Green:** Green bell peppers are dropping on all sizes and grades. South Florida harvest is gradually increasing as they keep seeing good weather. California crop is wrapping up, and Mexico harvests are ramping up. There has been some poor weather in both regions, causing some quality issues. Quality will vary between harvest fields and region.
- ↑ **Red:** Red bell peppers are steady to up this week. Due to the lack of green bell peppers, farmers have started pulling the red bells before they mature. This has caused the red bell market to become tight. Quality is trending between fair and good for the week.



TOMATOES

- **Rounds:** Round tomatoes are mixed this week. Overall demand on tomatoes is sluggish following Thanksgiving. Product out of Florida is seeing a slight increase as they transition to Immokalee/Naples fields. Supply remains light, with expected relief in the next two weeks. The West is battling some rough weather, with heavy rains and freezing temperatures. The light demand is allowing a slight price drop for the week. Quality overall is trending toward fair, due to transition and weather-related issues.
- **Cherry:** Cherry tomato prices are mixed this week. The East is reporting a slight drop in price this week, due to weak demand. The West is steady to up, due to lack of supply. Quality is trending between fair to good for the week.
- ↓ **Grape:** Grape tomato prices continue to drop this week. The East has transitioned to the Immokalee/Naples region as Palmetto/Ruskin wrap up their harvest. The West is seeing a slight increase in production, which is meeting demand. Quality is mixed, as product is transitioning from old crop to new crop.
- ↓ **Romas:** Roma tomatoes continue to fall in price this week. The East is seeing light demand, which is helping supplies and allowing a price drop. Harvests in the East remain light in all fields. The West demand is also low, which is causing their price to drop this week. Mexico continues to battle poor weather, which is keeping their harvest light. Even with the bad weather and transition, quality remains good for now.



CARROTS →

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

PRODUCE



CELERY ↑

The celery market is up this week. Supplies out of Mexico and California will be low this week while quality improves. Overall, the market is trending much higher.



GREEN ONIONS ↓

The green onion market is down this week. Product out of Mexico is down on medium size, with moderate supply and demand. Quality will vary out of Mexico. Product out of South Carolina is down, with lighter supplies and moderate demand.



CAULIFLOWER ↓

The cauliflower market is down this week, with supplies expected to be normal and quality good.



ASPARAGUS ↑

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



BROCCOLI ↓

The broccoli market is down, with supplies expected to be light again this week. Short supply is expected to last the next 1-2 weeks.



MUSHROOMS →

Mushrooms are showing good supplies and quality this week.

TROPICAL



PINEAPPLES →

Pineapple prices continue to be steady. Supply is meeting current demand across the country. Pineapple sizes are still trending toward the 5 and 6 size range.



BANANAS →

Banana supplies are meeting current demand. Banana quality has improved, after some previous issues due to weather. This is expected to stay the same for the rest of the year, barring any other weather issues.



AVOCADOS ↓

Avocado prices have started to fall, as the pipeline has been refilled. Supply on #2 product increased, which caused a price difference. Avocados are also being harvested out of Florida and the Caribbean. Most fruit is trending to 48s/ smaller sizes.

MELONS



CANTALOUPE →

The cantaloupe market is flat this week. Overall, imported cantaloupes will be up next week. Week 50 product will start slowly creeping back to expected volumes each week as the new year approaches.



HONEYDEW ↑

The honeydew market is up this week. Overall, imported honeydews will be up next week. Week 50 product will start slowly creeping back to expected volumes each week as the new year approaches.

HANGING FRUIT

APPLES & PEARS

→ Apples: Gala and Golden Delicious markets are steady to slightly down this week, depending on the growing region. All other varieties are stable. Demand is 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

RASPBERRIES →

Raspberries in general are looking good.

STRAWBERRIES ↑

The strawberry market is up this week. Santa Maria is on the rebound, with fruit looking good after all the rain. Oxnard strawberries look good, with nice size and color, and Mexico commodities are improving. Florida quality is fair.



GRAPES ↑

The grape market is up this week. Autumn King out of Kern District California is up on L-XL and on Med.-Large. Autumn Royal, Crimson Seedless and Red Seedless are up on L-XL. Autumn King out of San Joaquin Valley California is steady on L-XL. Red Seedless are up on L-XL. Red Globes out of Peru are up on XL/Jumbo/Large. Quality will vary by growing region, especially imported product.



BLUEBERRIES →

Oxnard blueberries kick off tomorrow, with a slow and steady start to the 2019 harvest season.



BLACKBERRIES ↓

Blackberries look great, despite a few rough days last week during the rain event.

CITRUS

LEMONS ↓

Lemon prices are flat to down for this week. Supply remains steady out of all 3 growing regions in California. The majority of product is coming out of District 3 for the time being. There is some product still coming out of Mexico. Quality is mixed between all the growing regions, trending between fair to good.



ORANGES →

Navel fields have been hit with rain, which will help with growth but will cause some harvest delays. Main sizes are 88/113/72 range, and quality is trending up. Quality could change with the onset of rain. Organic navels and Cara Caras have hit the market as well. Blood oranges will start to have some availability in the next week.



LIMES ↓

Lime prices are continuing to see a slight drop in price this week. Supplies remain good out of Mexico, which is allowing the price drop. Quality continues to battle the colder-than-normal weather in Mexico. Quality is in the fair range.





BEEF

Live cattle prices added another two cents, closing at \$1.18/lb., compared to \$1.16/lb. last week. Live cattle are projected to be up another two cents this week.

We saw an expected rebound in production levels compared to Thanksgiving week. The rebound in production reported 643,000 head, and is expected to be steady this week before moving lower. Over the Christmas and New Year's holidays, we will see a dramatic drop in production levels. For the Christmas week, we are expecting around 435,000 head in production, and for the week of New Year's we are expecting around 540,000 head.

GRINDS

GROUND BEEF 81/19: Grinds reported a modest decrease, based on a slowdown in demand. So far for the week, we are seeing interest in the market, and the market is showing signs of rebounding.

GROUND CHUCK: Ground chuck reported a modest decrease, and so far for the week, just like the regular grinds, we are seeing signs of interest with a modest increase in place. Look for the ground chuck market to follow the same trends as the regular ground beef market, with positive increases ahead.

ROUNDS

PEELED KNUCKLES: All grades reported modestly lower with the same trend as last week. Currently for this week we are seeing another modest decrease, based on skittish demand driving prices lower. Looking forward, beef knuckles are projected to get a lift in price, as demand will be a factor as the industry moves to roasting items.

INSIDE ROUNDS: Choice and Ungraded insides saw another setback, with modest decreases reported, while the Select grade reported a minor increase. An unstable market is in place for inside rounds through the middle to end of December, and then we do expect the insides to start to move upward with increased demand in place.

BOTTOM ROUND FLATS: All grades of bottom round flats continue to show discounting with lack of demand. Same as with the insides and knuckles, we will continue to see an unstable market, and project a rebound to start around the middle to end of December, as the focus will be on the roasting items with winter approaching.

EYES OF ROUND: All grades of eyes of round ended the week modestly lower. The market remains on the defensive, and is expected to be so until seasonally rebounding in the back half of December.

LOINS

STRIPS: Choice grade strips reported a modest decline compared to the previous week, while the Select grade reported modest increases based on heavy demand. There is still some slight risk of retracement for lower costs for both grades, but we should see a rebound soon to higher costs and increased seasonal demand.

TOP BUTTS: Choice grade sirloins reported flat, while the Select grade rebounded with a moderate increase. Modest seasonal advances are expected toward the middle to end of December.

TENDERLOINS: Choice and Select graded tenders saw a decline in cost, while the Choice grade took a larger discount than Select. The Ungraded tenders did rebound from previous lows and reported up modestly. The tenderloin market is losing interest from buyers and is starting its seasonal move downward.

RIBS

RIBEYES: Choice and Select graded light ribs continued to report increased costs, with the Select grade light rib reporting a moderate increase while the Ungraded light ribeyes reported down moderately. For the Choice and Ungraded heavy ribs we saw a reversal to lower costs, while the Select heavy ribs saw some minor adjustments upward. The market will continue to be unstable, and we do expect that we will see more intense downside in costs on both light and heavy ribeyes with all grades as we go further into December.

CHUCKS

CHUCK ROLLS: All grades took a back seat, with modest declines based on lack of demand. The market will continue to be soft, and is expected to retreat slightly into early December before seasonally rebounding in mid-December.

TERES MAJOR MUSCLE: We saw the Choice grade of Teres Majors continue to move higher, while the Select and Ungraded fell hard with healthy declines. So far for the week, we are seeing the Choice grade report lower, while the Select grade is on a significant rebound from last week. The market should continue rebounding, as slaughter levels decline and demand for raw material seasonally increases.

BRISKETS: The Choice grade of briskets lost steam last week, with minor adjustments downward, while the Select grade remained firm with a moderate increase. There is a small risk of retracement as we move into the first part of December, as demand is expected to slow down before it is off to the races with increased demand and costs in preparation for St. Patrick's Day.

THIN MEATS

BALL TIPS: All grades of ball tips continue to report a retracement, with modest declines based on lack of demand. There is still risk to retracement moving into mid-December before seasonally rebounding.

FLAP MEAT: All grades of flap meat edged lower last week, where the Choice grade took the brunt of the decrease. We do expect a rebound as we go further into the holiday timeframe with lower production levels.

FLANK: All grades of flank steaks reported down slightly last week. The market is expected to bottom in the next couple of weeks, with modest seasonal advances starting in late December.

SKIRT STEAK: Skirt steak continues to show signs of counter-seasonal increases, as indications report export business is moving in to lock down large beef skirt packages. The market will remain unstable, with pricing being dictated by week-to-week demand.





PORK

The USDA estimated hog harvest was over 2.5 MM head last week, but did not come in as high as forecasted, given the winter storm that hampered some operations earlier in the week of November 26. Moving forward, harvest levels are projected larger through December—and likely record-setting, on a seasonal basis.

Hog futures jumped last week on a reported very large pork export purchase from China, the largest pork tonnage purchased since February 2018. Details are still being gathered, but speculation is leading many to believe that the purchase may have something to do with African Swine Fever.

The pork industry was delighted to see some very favorable news out of the export front last week. The US and China have agreed to a 90-day reduced-rate tariff situation to advance resolve in the current trade dispute. Furthermore, President Trump signed a new trade agreement with Mexico and Canada to replace the former NAFTA agreement.

LOINS

The loin complex continued to weaken last week. Loin demand is seasonally very weak through early December, as retailers shift promotional focus away from pork chops. In addition, the increased harvest levels are creating a supply surplus situation that is pressuring price. Prices are considered near bottom, and are forecasted to begin moving higher any day now.

TENDERS

Pork tenderloin prices remain unsettled but are trending stronger, as overall value is encouraging demand. Both cold storage and retail demand is expected to support tenderloin prices in the coming weeks.

BUTTS

Pork butt prices began to reverse course and trade slightly higher last week. Export and cold storage buyers are stepping back into the market for out-front needs. Additionally, with boneless loin prices at higher levels, the market may see retailers shift demand to pork butt promotions. Prices are forecasted higher throughout December.

RIBS

Pricing on the rib complex was well-supported, and moved higher last week. Packers are busy allocating a majority of their production to large frozen rib packages for next spring and summer, which is limiting availability on fresh product. Backribs are likely at their seasonal lows, while spareribs are still somewhat volatile despite being forecasted slightly lower.

BELLIES/BACON

The belly market continued to show downward momentum last week as large supplies were traded on the open market. Despite the downward movement, thus far it has been gradual, indicating that the demand is still relatively supportive. The forecast is calling for lower belly prices through December; but, as a key commodity, various factors could create volatility, as proactive buyers try to get ahead of the curve, especially as recent draw-downs on cold storage and aggressive retail bacon promotions may be requiring replenishment.

HAMS

Ham prices continued to show subtle signs of a stronger market last week. Increasing harvest levels and slightly weaker exports have pressured ham prices until recently. Nonetheless, last-minute holiday ham demand will likely push prices higher.

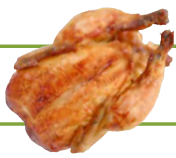
TRIMMINGS

Trimming prices continued to show strength last week. With the shorter production weeks during the holidays, short shelf-life items like trimmings are generally one of the main items impacted by tighter supply. While trimming prices are near their annual lows, expect prices to remain unsettled until they pick up some firmer traction after January.

PICNICS

The picnic complex was mixed last week, with trades on the bone-in product moving lower and trades on the boneless moving up. Bone-in picnics are expected to see increasing prices, due to roast season and exports. Boneless picnics have fallen significantly over the past 6 weeks, and represent a tremendous value, so upward movement is expected to continue.





TURKEY

BONELESS, SKINLESS TURKEY BREASTS

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



CHICKEN

Jumbo wings were flat this week. With focus moving to inventories for the Super Bowl, jumbo wing supply has tightened, with spot pricing trending upward. We expect this to be a short-lived scenario going into next week. The small and medium wing pricing remained unchanged for this week. Jumbo tender and boneless breast supplies are steady, with processors still entertaining slightly lower bids to keep product moving. The select/small boneless breast and tender markets remain short of supply, and are well-supported by the ongoing lack of supply and the YTD headcount deficit in the small bird arena.

Export demand on items such as boneless breast and leg quarters are at better-than-normal levels. High meat demand is showing an increase, which could move the market slightly upward. Leg meat is in a balanced position. Domestic sales of leg quarters are showing signs of slowing, as retail focus changes due to the holiday season. Whole birds/WOG demand has increased, we should expect a flat to upward trend for the near term.

BROILER-TYPE EGGS SET IN THE UNITED STATES UP 1%

Due to the National Day of Mourning for President George H.W. Bush on Wednesday, December 5, the release of the broiler hatchery report was delayed until Thursday, December 6 at 3 p.m. The information below is from last week's release.

Hatcheries in the United States weekly program set 228 million eggs in incubators during the week ending November 24, 2018, up 1% from a year ago. Average hatchability for chicks hatched during the week in the United States was 82.2%. Average hatchability is calculated by dividing chicks hatched during the week by eggs set three weeks earlier.

Note: Starting in 2018, the 19-State totals have been discontinued.

BROILER-TYPE CHICKS PLACED IN THE UNITED STATES DOWN 1%

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Broiler growers in the United States weekly program placed 173 million chicks for meat production during the week ending November 24, 2018, down 1% from a year ago. Cumulative placements from the weeks ending January 6, 2018 through November 24, 2018 for the United States were 8.55 billion, up 1% from the same period a year earlier.

Note: Starting in 2018, the 19-State totals have been discontinued.

WHOLE FROZEN TURKEYS

Near-term, we expect the market to remain steady to upward, with regular seasonal demand.

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 2018 and into 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 flat 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 boneless breast market was flat this week. In the near term, we can expect this market to trend flat to downward, as it is very close to the bottom. The medium boneless breast market was flat this week, and we can expect this market to trend flat to downward in the near term also, following the same direction as the jumbo product. Long-term expectations are still calling for an oversupply situation in the jumbo and medium boneless breast category through the end of 2018 and into 2019.

The select/small tenderloin market was flat 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 flat this week. As competing proteins take market share and further processors have satisfied their immediate inventory requirements, we expect spot offerings to increase. We can expect this market to trend flat to downward in the near term.

WINGS

The small wing market was flat this week. Recently product has been placed at normal trading levels and supported by the YTD headcount deficit in the category. As we are in full swing of the holidays, we could see the small wing demand loosen up. We should expect this market to trend flat to downward in the near term. The jumbo wing market was flat this week, with processors trying to move spot pricing upward for the near term. Given rising live weights and headcounts, we expect this market to continue to be in an oversupply situation. We can expect this market to trend flat to downward in the near term, too.

BONELESS, SKINLESS THIGHS

The boneless, skinless thigh market was flat this week, and we can expect this market to trend flat to upward in the near term. As seasonal and export demand ramp up, labor shortages will heavily come into play.



COMMODITY OIL

SOY, CANOLA & PALM OIL

The U.S. soybean harvest was reported at 94% complete as of last Sunday, up from 91% the prior week, but still below the five-year average of 98%. The Brazilian soybean planting progress was reported at 89% complete, up from 80% last week, and it remained well ahead of the five-year average of 79%. Argentine soybeans are 41% planted, versus 30% last week.

The soybean complex closed slightly higher last week, as the markets were preparing for the meeting between President Trump and Chinese President Xi Jinping on Saturday, December 1 at the G-20 summit in Argentina. The early sessions this week jumped when they announced a “cease fire” on new tariffs, and a 90-day waiting period on the ones currently in place. Trump’s tweets since shook up the stock market, where he implied that the tariffs could just as easily be put back into place. We will see if it affects the commodities in the same way.

No matter what the outcome of the U.S./China trade discussions, the window for the U.S. to capture any additional Chinese soybean business is closing quickly, as the Brazilian crop is well ahead of average, with another record crop expected there. The world remains awash in soybeans, and farmers would likely take any “post summit” rally as an opportunity to sell crops.

SOY:

- The January soybean oil futures were able to hold above the \$.2700 level last week. Prices recovered into the end of the week, and have now come up to close in the mid-to-high \$.2800 range, which could turn the short-term technical indicators higher.

- Crude oil prices fell below \$50 per barrel last week, and have now dropped 36% from the high of \$76.90 posted in early October. This continues to compress biodiesel margins, which are now back near break-even levels.
- Though still a very long way from reality, a proposed Tax Extenders Bill would include the revival and extension for four years of the \$1.00 per gallon biodiesel blender’s credit. This would be followed by a phase-out of the credit at reduced levels over the following three years. The credit system would disappear after 2024.

CANOLA

- Canola basis offers were finally a bit softer, with offers now at +950 through Q4 and +925 for Q1, 2019.

PALM OIL

- Malaysian palm oil futures fell to a 39-month low, after Indonesia said that it would temporarily remove an export levy that was designed to reduce the impact of lower prices on the country’s farmers and protect their biodiesel. This will put more palm oil on the open market to compete directly with Malaysia. Malaysia’s palm oil exports fell 11% in November. The palm oil production cycle has peaked for the season, and both Indonesia and Malaysia continue to talk about ramping up their biodiesel programs.

US EXPORTS

- Weekly soybean oil export sales for 2018/2019 were reported at a marketing year low of 9,200 tons. The number came in slightly below the lower end of the range of trade expectations between 10,000 and 30,000 tons.



DAIRY

MILK & CREAM

Milk production remains steady, as supply is plentiful with the decrease in exports. Prices are decreasing slightly for December.

CHEESE

The spread between the block and barrel markets is getting tighter. The main drivers of this correction were driven by the signing of the USMCA agreement (although the 25% tariff remains in place for the time being), as well as the low prices starting to reduce the amount of barrel production from manufacturers. The overall cheese market remains extremely well-supplied for both products, as cheap milk continues to flow into processing plants. However, we are starting to see some increased buying, and as prices struggle to push any lower, we feel that seasonal lows are very close.

BUTTER

Cream supplies are still considered tight in the East and Midwest, but butter production rates have remained strong enough to meet demand. Expectations for less seasonal cream demand should limit price rallies into the end of the year. We are seeing the CME butter market relatively flat this week.

SHELL EGGS

Overall inventory levels are in good shape for large sizes, and considered ample to long for medium sizes, as production across all sizes remains firm. Replenishment is being seen around the industry, but is still well below record levels that many were expecting to see earlier in the year. Into the end of the year, we do still expect another round of promotional activity, as retailers ramp up low price egg offerings to generate more store traffic. This should keep downside opportunity limited into the first part of 2019.



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 2019, 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 80's and 90's, 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 lack of movement.

(MEXICAN BROWNS AND WHITES): Production is getting underway. So far, fishing has been decent, with good catches on large sizes. There is still a concern on browns.

CATFISH

DOMESTIC: Inventory of frozen fillets is in very good shape, as well as fish in the ponds. Supply is good going into the fall 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 through the end of the year. Reports are now starting to come out that we could see record-high prices in 2019. In the short term, fresh sides out of Chile are flat to slightly down. 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 75% of the quota for the year. We continue to see higher pricing on all natural non-processed product.

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.

PANGASIU

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.

WHITEFISH COMPLEX

COD: We expect the overall market to remain very firm, with short inventory and high prices. Q1 2019 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.

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

HADDOCK: Pricing on skin-on fillets and skinless loins are starting to see increases. Q1 2019 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 of 2019.

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 as we approach the holiday season.

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 for the rest of the year.

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. The 2018/2019 quota was announced recently. There will be a 50% increase in the quota. 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 sizes, 10-up and 12-up clusters are tight in supply.

LOBSTER TAILS

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

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 WAR WITH CHINA UPDATE

- President Donald Trump announced early this year he would impose tariffs on imports to shrink the trade deficit.
- Three rounds of tariffs on Chinese products have been implemented so far:
 1. March 23, ~\$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 6, ~\$34 billion of imported products (25%).
 - August 23, ~\$16 billion (also 25%).
 3. September 24, an additional ~\$200 billion in products from China (10%).
- The administration plans to increase the tariffs to 25% on January 1, 2019 if no agreement is met.
- 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.
- 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.
- As vendors increase their prices due to tariffs, we pass them on to customers. Below is the up-to-date list of products experiencing price increases by category.

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.