



# FARMER'S REPORT

MARKET TRENDS | 3.22.2019



# 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 up, while Norkotahs out of Colorado are steady. Burbanks out of Idaho are steady and Norkotahs are up. 6 oz. minimum size out of Idaho are steady on Norkotahs and Burbanks. Moderate supply and demand is being reported out of Idaho and Washington/Oregon. Suppliers are finishing up the Norkotah crop; or some have already transitioned into only Burbanks until the new crop arrives in August.

↓ **Reds:** The red potato market is down this week. Product out of Minnesota and Florida is down. There is 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. Due to the cold weather, there will be lighter supplies for the next two weeks.



### LEAF LETTUCE

↓ **Green Leaf:** The green leaf market is down this week. Supplies are slightly above normal. The issues in the field are mainly tip burn and some bug pressure. Yields are getting better. Demand has fallen a bit.



↓ **Romaine:** The romaine market is down this week. Supplies are expected to be normal. Prices and demand have decreased. We continue to see blister on the outer leaves, including occasional mildew. Light aphid pressure is present in low percentages.



### ICEBERG LETTUCE ↑

The iceberg market is up this week. Iceberg supplies are expected to be normal this week. The market is currently fluctuating. Clear blister remains a common defect in low percentages. Additional cleaning and heavy peeling of the outer leaves will remain a top priority to improve quality.



### GARLIC →

The domestic garlic market is steady. Domestic quality has improved. Supply is moderate with good demand.



### ONIONS ↑

The jumbo yellow onion market is up this week. Product out of Washington/Oregon, Idaho and Mexico is up. There is lighter supply with good demand. Quality will vary by growing region and size.



### MUSHROOMS →

No issues to report on mushrooms coming off the East Coast, with good supplies, demand, and quality. There continue to be issues on mushrooms coming from the West Coast in regard to supply and quality.



### CILANTRO ↓

The cilantro market is mixed this week. Product out of Oxnard is up on 30's and down on 60's, with moderate supplies, moderate demand and good quality. Product out of Imperial/Coachella Valley California and Arizona is down on 30's and 60's. Product out of Texas is steady on 60's, with moderate supplies and good quality.



### CUCUMBERS ↓

Cucumber prices are mixed this week. Florida has seen some new fields start up, while Honduras is nearing the end of their season. Pricing in the East looks to be steady to down for the week. Mexico has started to see better weather conditions and new farms ready for harvest, allowing the price to decrease for the week. Quality is mixed between fair and good, due to the transition between new and old crop in both regions.



### CELERY ↑

The celery market is up. There is fair to light volume from Mexico this week. The weather has warmed up slightly, but sizing is still a little smaller than expected.



### SQUASH AND ZUCCHINI

↓ **Yellow Squash:** Squash prices are dropping again this week. Demand remains low to moderate in both the East and West, which is allowing supplies to improve. Quality remains a challenge in yellow squash, with reports of heavy discoloration and scarring.



↓ **Zucchini:** Zucchini prices are dropping this week. Demand is down in both regions, which is allowing supplies to increase. Quality is good for zucchini, barring any weather changes.



### GREEN BEANS →

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



### BELL PEPPERS



↓ **Green:** The green bell peppers are mixed this week. Florida prices look to be steady, while Mexico is seeing a price drop. New fields in Mexico have kicked in, helping the tight supply of peppers. Quality is a mix between fair and good.

↓ **Red:** Red bell peppers are dropping this week. Mexico has seen a flush of inventory from the field and from hothouses. Quality is trending up as new fields start up.



### TOMATOES

→ **Rounds:** Round tomatoes are mixed for the week. Florida supply remains light, so prices are steady for the time being. Mexico, however, has seen better weather and new fields coming on for harvest, allowing a price drop for the week. Quality is slowly improving and is trending between fair and good.



↓ **Romas:** Roma prices are dropping this week. Florida is seeing a slight drop, as new fields are expected to be at full force in roughly 2 weeks. Mexico, however, has new fields ramping up fast, causing a faster price decrease. Quality remains between fair and good, but new fields look to be producing more towards the good side.



↑ **Cherry:** Cherry tomatoes are steady to up this week. Supplies remain light, which is causing the slight price increase. Quality is mixed between fair and good in both regions.



↑ **Grape:** Grape tomato prices are up in price this week. The East supply remains tight, and now the West has started to pull from Florida, due to the poor quality out of Mexico. Quality out of Florida is fair for now.



### CARROTS ↓

The jumbo carrot market is mixed this week. Product out of California is down. Product out of south Georgia and Mexico is up. Supplies are moderate with good demand. There continues to be a wide range in quality coming out of Mexico.



### GREEN ONIONS ↓

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

# PRODUCE



## CAULIFLOWER ↑

The cauliflower market is up. Supplies are expected to be short again this week due to the cold, wet weather. Quality out of California is lower but is improving. There is cream color showing up in less than 1%, but no major issues to report.



## ASPARAGUS →

The asparagus market is steady this week. Product out of Mexico is steady. There are moderate supplies and demand with fair quality.



## BROCCOLI ↑

The broccoli market is up, with supplies expected to be normal again this week. The availability of crowns is tight in both California and Mexico. Demand is strong. California product is still experiencing quality issues, but it is starting to dry out. Product in the desert took a huge hit over the weekend, with hot temps damaging a lot of the product.



## EGGPLANT →

Eggplant continues to be steady in price for the time being. Supplies out of Mexico continue to meet demand, and Florida is starting to ramp up some new fields. Quality is fair until some warmer weather hits the growing regions.

## HANGING FRUIT



### APPLES AND PEARS

→ **Apples:** All varieties are steady this week except for Honeycrisp, which is up. Good supply and quality are being reported with moderate demand.

→ **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.



## CITRUS



### LEMONS →

Lemon prices are steady for the week. Lemons are trending toward larger sizes, putting the squeeze on 165 counts and smaller. These smaller sizes could see a slight price increase for the week. There are currently 3 growing regions in California. Quality continues to be good.



### ORANGES ↑

Oranges are steady to up this week. Navels out of California look to be steady in price, while product out of Mexico is on the rise. Navels continue to trend toward the 88/72/113 size ranges. Cara Caras are following the same sizing trend as navels, while blood oranges are trending toward 138/113/163 counts. Quality on all varieties looks to be good.



### LIMES ↑

Lime prices continue to rise as the market gets tighter. Supplies have tightened up, as the field is producing less this time of the year. The holiday in Mexico resulted in less trucks crossing the border. Quality is also mixed due to the weather conditions.

## BERRIES



### STRAWBERRIES ↓

The strawberry market is down this week. Florida continues to slow down, and quality is very erratic. Oxnard, California is slowly picking up and quality has been good, but rain is in the forecast this week. Supplies will be extremely tight on good quality fruit this week.



### BLACKBERRIES →

Blackberry quality is decent, but there is minor thrip damage that field personnel have been monitoring and working diligently to pack clean packs. Expect volume to increase by April-May.



### RASPBERRIES →

Conventional raspberry volume will remain steady, and there doesn't seem to be any major change.



### BLUEBERRIES →

Blueberry quality is good, and volume will remain steady for this crop. Some fields are already pruned and will start delivering in August-September.



### GRAPES ↓

The grape market is steady to down this week. Black Seedless out of Chile are down on XL/Large and Jumbo. Crimson Seedless are down on XL/Large and Medium/Large. Red Seedless are down on Large, down on Med/Large, and steady on XL and Medium. Sugarones are steady on XL, Jumbo and Large. There is moderate supply and demand with fair quality. Supplies are expected to be tight towards the end of April into May.

## TROPICAL



### PINEAPPLES →

Pineapple prices are flat for the week. Costa Rica is seeing some dry growing conditions, which has slowed harvest, but overall supplies remain good. Supplies are expected to stay strong as Easter approaches. Quality is still good on all sizes.



### BANANAS →

Banana prices continue to be flat, as growing conditions have finally improved. Quality looks to remain strong, and is expected to remain that way barring any weather-related issues.



### AVOCADOS ↑

Avocado prices are up this week. Mexico celebrated a holiday last week, which led to less days of production. The lack of production and switching to higher elevated fields has caused supplies to tighten up. #2 fruit prices are on the rise as well, but supply remains available.

## MELONS



### CANTALOUPE AND HONEYDEWS

→ **Cantaloupes:** The cantaloupe market is flat this week. Guatemala production will harvest most of the Harper melons through the end of the season. Costa Rica will resume the Harper melons harvest on week 13 (week 14 arrivals).

↓ **Honeydews:** The honeydew market is down this week. Guatemala production will harvest most of the Harper melons through the end of the season. Costa Rica will resume the Harper melons harvest on week 13 (week 14 arrivals). The honeydews are now solely from Guatemala.





# BEEF

Flooding in the Midwest has brought concerns into the beef industry, with the possibility of live cattle losses. Additionally, road closures could possibly delay orders into the retail and foodservice sector. As more solid information is available, we will be sharing the information in next week's reporting.

Cash cattle traded down a penny, closing at \$1.27/lb. compared to last week, and we could see the live cattle prices report steady to higher over the next few weeks.

Last week's production levels reported down and below the 600,000 head range, closing at 593,000 head. Beef suppliers are actively trying to ramp up production this week to anywhere from 615,000 to 620,000 head.

The grading report for last week came in at 9.9% for Prime, 72.6% for Choice, and 14.0% for Select. The Ungraded product continues to struggle, reporting at 3.3%.

## GRINDS

**GROUND BEEF 81%:** Ground beef reported up modestly, as demand was reported back to normal. We should see continued modest increases for the remainder of March.

**GROUND BEEF 73%:** The same trend as 81% rinds, where ground beef reported up modestly as demand was reported back to normal. We should see continued modest increases for the remainder of March.

**GROUND CHUCK:** Ground chuck reported steady from the previous week, and is expected to stay relatively flat for the next few weeks.

## ROUNDS

**PEELED KNUCKLES:** All graded knuckles reported down modestly last week as demand is slowing. The near-term market projection is that the beef knuckles could advance upward in price at a modest rate through March, and then pull back as we approach April.

**INSIDE ROUNDS:** Inside rounds traded steady at best last week. Insides are continuing to see the same trend so far this week.

**BOTTOM ROUND FLATS:** Choice grade flats reported down modestly last week, while the Select grade continued to show modest increases. Prices appear to be firming so far this week on all grades.

**EYES OF ROUND:** The Choice grade eyes of round reported steady at best, while the Select grade reported down modestly. So far this week all grades are seeing higher prices.

## LOINS

**STRIPS:** Choice strips remain strong for the 6th week in a row, as they posted modest gains last week, while the Select grade had a setback with a moderate decrease. Strips are expected to take a breather from higher prices for the next few weeks, before making a further run-up in price starting in the back half of April.

**TOP BUTTS:** All grades of top butts adjusted downward from the previous week, with modest decreases reported. So far this week we are seeing the Choice grade up modestly, while the Select grade is not reporting any trades.

**TENDERLOINS:** All grades reported declines last week due to lackluster demand. This week we are seeing the market continue to trend lower.

## RIBS

**RIBEYES:** In the rib complex, light Choice and Ungraded ribs continue to trend upward, while the Select grade reported down moderately. With heavy ribs, we saw the Choice grade move upward modestly, while the Select and Ungraded ribs moved lower. Currently we are seeing the rib complex across all grades march higher.

## CHUCKS

**CHUCK ROLLS:** Chuck rolls reported a modest increase last week across all grades. Currently Choice grade rolls are reporting steady this week, while the Select grade is reporting modestly higher. Export business continues to be the driver, with heavier demand than normal.

**TERES MAJOR MUSCLE:** Teres Majors reported up with another increase last week. Currently Choice and Select are reporting a modest increase. Availability has become an issue, as the industry is experiencing shortages on orders to be filled.

**BRISKETS:** All grades of briskets reported up modestly last week, while so far this week we are seeing a setback with St. Patrick's Day behind us. Look for the brisket market to ease downward through April.

## THIN MEATS

**BALL TIPS:** Ball tips traded modestly higher last week on the Choice grade, while the Select grade reported moderate increases. For the current week, Choice ball tips are reporting steady, and the Select grade is reporting some modest decreases. During April we should see the ball tips drift lower.

**FLAP MEAT:** Flap meat reported a surprising decline on Choice product, while the Select grade reported a modest increase. Currently the market is showing a strong recovery on the Choice grade, and a small decrease on the Select grade. This market is poised to take significant gains as Cinco de Mayo draws nearer.

**FLANK:** All grades of flank steaks continue to push higher, with modest increases reported. Currently we see all graded product continuing the trend up modestly so far this week.

**SKIRT STEAK:** Skirt steak took yet another healthy increase last week, and prices continue to push higher this week as well.





# PORK

Last week the USDA-reported hog slaughter was almost 2.45MM hogs, up 1.4% over a year ago, but 3% lower than the week prior. Flooding and adverse weather conditions shut down plants and disrupted slaughter schedules late last week. This week, harvest levels are on pace to come in around 2.5MM head, about 4.2% above a year ago. Expect 2.5MM head weekly harvest levels for the balance of this month.

Pork demand firmed last week, and continues to show strength this week. Domestic and export demand have supported the cutout, and will result in higher pork prices for this week and during March.

The export picture continues to evolve as the USDA plays “catch up” with their reports. The December 2018 export report shows total exports for the month of December were at record numbers. This will support pork prices at current levels, as the US has about 5% more pork in the pipeline for March and April. If China and Mexico come back into the market and purchase US pork, the export picture will improve and pork prices will be supported at higher levels.

Another impact on global pork demand is the African Swine Fever (ASF) outbreak in China. The disease has been reported in China’s major pork producing provinces and has a 90% fatality rate. China has partnered with other countries, like the EU countries and Canada, to backfill their pork needs as they work through this disease. The US will probably have an opportunity to export to other countries, or to reach an agreement with China and export US pork directly. This is seen as supportive of higher than expected pork prices during Q3 and Q4 2019.

## LOINS

The loin complex turned higher last week, supported by strong retail demand for spring promotions. Bone-in loins traded higher last week and continue trending higher in early-week trade. Prices are still trading well below year-ago levels, and retailers are aggressively promoting them as “value cuts” during the month of March. Like bone-in loins, boneless loins traded higher last week and are moving higher in early-week trade, supported by some retail features and packers saving more bone-in loins for promotions. Loin prices are expected to hold steady to slightly higher during April. Weather and export demand may support higher price levels.

## TENDERS

Pork tenderloin prices dropped last week, reaching 5-year lows and trending well below the 5-year average. Prices are trading higher; early-week trade is supported by mid-to-late March retail features. Prices are expected to trade within a narrow range, and find support current price levels through early April.

## BUTTS

Pork butt prices continued to trade higher, as domestic and export demand start to pick up. Prices are higher in early-week trades, and packers are reportedly tight on supplies for the balance of March. Aggressive retail features, along with increased interest from export buyers, is expected to support higher prices through early May.

## RIBS

The rib complex was mixed last week, with spareribs trading slightly lower and back rib prices moving slightly higher. Packers are rotating freezer inventory, and this creates erratic inventory positions and temporary discounting of fresh product. Prices for both back and spareribs are trading higher in early-week trade. Sparerib prices are forecasted marginally higher over the next two months, and back rib prices are forecast to show gradual increases through mid-May. Increased export demand during the spring may result in higher-than-anticipated prices for both back ribs and spareribs.

## BELLIES/BACON

Belly prices continued their move higher for the third week in a row. Prices are moving higher early week, as buyers continue to send bellies to the freezer for use during the summer season. Belly prices are expected to find support at these levels through mid-March, then turn slightly lower in early April, as fresh bellies make their way back into the market. Increased export demand will support higher belly prices during April.

## HAMS

Ham prices continued their move higher for the 4th week in a row. A combination of weather-related disruptions and as strong domestic and export demand are supporting higher prices for hams. Prices are moving higher early-week; however, as Easter demand winds down, and export buyers step out of the market, ham prices will turn lower. Hams are expected to trade lower during April, then firm and gradually move higher during May.

## TRIMMINGS

Fat 42% and lean 72% trimming prices continued their seasonal move higher last week, supported by processor demand for hot dog season “build”. Prices are moving higher in early-week trade, and are expected to continue trending higher through early July. Increased export demand may result in higher-than-expected trimming prices during peak season.

## PICNICS

The picnic complex, both bone-in and boneless, continued their move higher last week. Both are higher in early-week trade, as boneless picnics are sought after by sausage processors, and bone-in picnics are featured at retail. Expect picnic prices to continue their gradual move higher. Increased export demand may support higher prices for bone-in picnics during Q2.





## 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 downward, as seasonal demand continues to be lackluster.



## CHICKEN

Small, medium and jumbo wings were up again this week. Buyers are struggling to find any spot opportunities, and if any offers are shown, they come with a very steep price tag. March Madness demand is in full swing, which will continue to favor the wing markets. Once we move into the mid-April time frame, we can expect seasonal wing market declines as we go through the summer months. Retailers, foodservice and Further Processors are fully supporting the boneless breast markets, lending confidence to processors for increased asking prices. Jumbo tenders were slightly up again this week, as this market is currently in a balanced to tight situation. The select/small boneless breast and tender markets were up this week. These categories remain short of supply, and well-supported by the ongoing lack of supply and the YTD headcount deficit in the small bird arena.

Export demand on boneless breast and dark meat continues to be at better-than-normal levels, trending flat to upward. The thigh meat and leg meat markets saw slight inclines this week. Leg quarters were flat. Whole birds/WOG demand has shown a slight decrease, and we should expect a flat to slightly downward trend for the near term.

### BROILER-TYPE EGGS SET IN THE UNITED STATES UP 2%

Hatcheries in the United States weekly program set 232 million eggs in incubators during the week ending March 16, 2019, up 2% from a year ago. Average hatchability for chicks hatched during the week in the United States was 81.4%. Average hatchability is calculated by dividing chicks hatched during the week by eggs set three weeks earlier.

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

### BROILER-TYPE CHICKS PLACED IN THE UNITED STATES UP 2%

Broiler growers in the United States weekly program placed 186 million chicks for meat production during the week ending March 16, 2019, up 2% from a year ago. Cumulative placements from the week ending January 5, 2019 through March 16, 2019 for the United States were 2.02 billion, up 2% from the same period a year earlier.

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

### WHOLE CHICKEN & CUT-UP PARTS

Small bird supply and demand is still out of balance, pushing pricing higher, as demand is hard to fulfill. We can expect this trend to continue through 2019. The demand for medium and jumbo whole birds and WOG's is steady, without gaining the same attention we have seen in the past few weeks. As we continue into the warmer weather we could see interest pick up, which supports potential slight increases in pricing in the near term.

### WHOLE FROZEN TURKEYS

Whole turkeys were flat this week. Near-term, we expect the market to remain flat to slightly downward, as 2019 holiday buys have been completed.

### BONELESS, SKINLESS BREASTS & CHICKEN TENDERLOINS

The select/small boneless breast markets were 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 markets were up substantially this week, without the showing of any additional spot opportunities. The forward outlook suggests this market will continue to rise, as retailers, Further Processors, and the foodservice segment continue their support going into the spring and summer months.

The select/small tenderloin market was slightly up this week. Further Processors and retailers in the small poultry category continue to support this market, with expectations of a flat to upward movement in the near term. The jumbo tenderloin market was slightly up this week, with demand continuing to outweigh supply. Going forward, we can expect seasonal market increases through the spring and summer. We can expect this market to trend flat to upward in the near term also.

### WINGS

The small wing market was up this week, with expected market increases to be ongoing for the near term. Promotional activity is expected to continue through March Madness on small, medium and jumbo wings. We should expect this market to trend flat to upward in the near term. The jumbo wing market was up this week, with very few spot offers. The one load that was uncovered was shown at a premium price. In the near term, we expect continued inclines in the market, supported by further processed demand, retail promotions and increased foodservice demand. We continue to anticipate peaks in demand during March Madness. We can expect this market to trend flat to upward in the near term, too, then to take its seasonal decline in mid-April.

### BONELESS, SKINLESS & BONE-IN THIGHS

The boneless, skinless thigh meat markets were slightly up this week. Bone-in thighs were flat. Exports to Mexico and the Caribbean, as well as renewed domestic interest, continue to support the back half category. We can expect these markets to trend flat to upward in the near term.



# COMMODITY OIL

## SOY, CANOLA & PALM OIL

After making new lows to start the week, the soybean and soybean meal markets were able to post modest gains, while unwinding of oil/meal spreads weighed on soybean oil prices. Spot oil share of product value has corrected back to just under the 33% level by last Friday.

Continued delays in working out a U.S./China trade agreement have helped to keep a lid on rally attempts in the soybean complex. Trade talks are now expected to extend into April.

CONAB estimated the 2019 Brazilian soybean crop at 113.5 million metric tons, down from 115.3 million in February. With the crop well over 60% harvested, this number should be close on final yield, and with no late weather issues or surprises, this would still be Brazil's third largest soybean crop.

### SOY:

- The May soybean oil futures made a new low last week, edging closer to the long-term support at \$.2925. Trade was thin, revolving mostly around oil/meal spreads. As previously discussed, soybean oil prices will need additional help from the soybeans to reinstate the longer-term uptrend.
- NOPA released their February domestic soybean crush estimate at 154.5 million bushels, at the low end of trade expectations. End-of-February soybean oil stocks were estimated at 1.807 billion pounds, up from 1.549 billion in January, and at the high end of trade estimates. The soybean oil yield was pegged at 11.69 pounds per bushel, up from 11.61 in January.

- Crude oil prices made a new high, supporting biodiesel margins and helping to stem the break in soybean oil prices.
- Soybean oil basis levels were mostly steady, with offers averaging -25 to -50 in the East and at -75 to -100 in the West through March. Offers for Q2 were 25 points higher than Q1 on average.

### CANOLA

- The US Ag Attache sees a 1% rise in Canadian canola acreage for the 2019/2020 season. The crop is expected at 20.5 million metric tons, vs. 20.3 MMT last season.
- Canola basis offers were steady, with current offers posted at +675 for March and +700 for Q2, 2019. Canola seed prices stabilized this week after a sharp break during the month of February, due to China/Canada trade tensions.

### PALM OIL

- Palm oil prices hit three-month lows, as the market continues to struggle with weaker than anticipated demand. Traders have been waiting for India to step back into the market, as their stocks have dwindled. European countries have reduced palm oil use, due to environmental concerns surrounding palm oil production (excessive deforestation).

### US EXPORTS

- Weekly soybean oil export sales were pegged at 14,000 tons, near the middle of the range of trade expectations between 10,000 and 20,000 tons but slightly below the weekly level needed to reach the current USDA projection for the 2018/2019 crop year (18,000 per week).



# DAIRY

## BUTTER

Butter output is active, as cream supplies are abundantly available for churning and able to meet immediate demand. Butter inventories are increasing, as plant managers are recovering from the 2018 baking season and starting to build cold storage stock for spring holidays. CME markets remain very tightly range-bound.

## CHEESE

Some more supportive tones have crept into the market, as demand reports out of the East and West regions were improved this week, primarily on the barrel side. Milk volumes remained at elevated levels and continue to incentivize heavy cheese production schedules. Manufacturers are ramping production up across the U.S. ahead of the seasonal demand increase we typically get heading into April. However, the large cheese inventories are cause for concern, as further rallies may be more difficult to come by.

## SHELL EGGS

Overall demand is still only considered fair to good at best, while offers still far exceed the active bids out there. The availability for large eggs has tightened up some over the past week, but inventories are still plentiful and keeping prices subdued. As the holiday demand period rapidly approaches, we expect activity to pick up, and prices to start finding a little support. However, the historically large table egg laying flock should keep production at very comfortable levels through the first half of the year, and will likely prevent prices from taking out the recent highs. Changes to feed costs could certainly alter this outlook, but for the time being farmer's margins are still comfortable, and continue to incentivize strong production.

## 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.



# SEAFOOD

## SHRIMP, DOMESTIC

**(WHITES AND BROWNS):** The winter season is coming to an end. We will be working off inventory that was packed in the fall and winter. Most producers are closing down until new pack. Currently pricing is stable, but we expect higher pricing as inventory gets lower.

**(DOMESTIC PUDS):** The winter season is coming to an end. We will be working off inventory that was packed in the fall and winter. Most producers are closing down until new pack. Currently pricing is stable, but we expect higher pricing as inventory gets lower.

## SHRIMP, IMPORTED

**(BLACK TIGERS AND WHITES):** Both whites and black tigers are in fair to good supply. Markets are stable and seem to want to stay at these levels for the next few weeks. Overseas pricing is showing some pressure, but with current levels in the US, pricing is stable.

**(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:** Current weather patterns are causing fish not to feed; this will put pressure on growth, and we will see shortages in April and May. Pricing has moved up slightly.

**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:** Pricing is now stable on frozen portions. We are seeing a rise in price on fresh fillets as we are in Lent. 4 oz. portions are forecasted to become tight, as farmers are growing out larger fish for the Asian markets.

## MAHI-MAHI

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

## SCALLOPS

**SEA:** Pricing has turned steady with very little movement. Fresh product is seeing some weakness, as the new season is here!

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

## TILAPIA

Inventory domestically is very good; pricing has been stable now for some time after the tariff lift in late 2018. We don't expect to see much change in this market for the next few weeks. There is talk, however, that pricing could inch up in April.

## PANGASIU

Pricing remains steady on 3-5's, but we have seen discounting on 5-7's and 7-9's as those sizes are plentiful in the marketplace. The outlook is for a steady to lower market.

## WHITEFISH COMPLEX

**COD:** We expect the overall market to stabilize, now that we are into Lent and tariffs have been delayed further. 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 is starting to stabilize, now that we are into Lent and tariffs have been delayed further. Quota cuts will put additional pressure on supply and pricing.

**FLOUNDER:** Inventory levels are in good shape. Pricing is steady and quality is good. Fish from Argentina should start to firm up as the season changes.

## TUNA, YELLOWFIN

**(FROZEN STEAKS & LOINS):** Tuna pricing and inventory is stable.

## 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. Golden King Crab is a good alternative, as the meat is fairly sweet, with good flavor.

## CRABMEAT

**(BLUE & RED, PASTEURIZED):** All in all, this is a very sloppy market. We are seeing deals from certain suppliers to move off inventory. There seems to be an imbalance in movement and pricing. Inventory seems to be in good shape overall.

Mexico Blue Crab season is beginning to slow, as is common this time of year. Pricing is stable and supply is very good.

## SNOW CRAB

**ALASKAN:** All vendors are currently out, as new production has not made it down to the Lower 48. The outlook for the future looks good, as the biomass for younger crab looks very positive. The entire fleet is now out fishing.

**CANADIAN:** Inventory on 5-8 clusters is becoming tighter, as suppliers are trying to sell off inventory getting ready for the new season. Pricing is very unstable. However larger sizes, 8-up, 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. Pricing is steady to firm, as there is not supply to support demand.

**LOBSTER TAILS WARM WATER:** Supply on warm water tails is having pressure because the lack of cold water product. We will see higher pricing, as there is pressure on inventory.

**LOBSTER MEAT:** Compared to cold water lobster tails, meat is in fairly good supply. Pricing and demand are both steady.

# US TRADE DISPUTE WITH CHINA UPDATE

- President Donald Trump announced early in 2018 he would impose tariffs on imports to shrink the trade deficit.
- Three rounds of tariffs have been implemented so far:
  1. March 23rd, 2018 ~\$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, 2018 ~\$34 billion of imported products (25%).
    - August 23rd, 2018 ~\$16 billion (also 25%).
  3. September 24th, 2018 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, 2018 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.
    - Trump has said that talks are progressing, and that the March 1st deadline will be pushed back to the end of this month, to give them time to finalize the deal.
- China retaliated against the US tariffs, initially matching the first \$50 billion, and then an additional \$60 billion against the latest round (\$200 billion).
- 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.
- As vendors increase their prices due to tariffs, we pass them on to customers.

## Products with Price Increases

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, Parts & Supplies
Metals - Iron, Steel, Aluminum	Grocery	Beverages
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, Aprons, Bibs, Headware (Disposable), Trays & Film
Paper	Disposables	Bags, Cups, Drinking Straws, Facial Tissue, Food Containers, Lids, Napkins, Paper Towels, Pizza Boxes & Circles, Toilet Seat Covers, Toilet Tissue, Register Tape (Disposable), Labels, Paper Wraps & Boxes
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, Cauliflower, Other Fruits & Veg.