



# MarketNews Report

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Market Summary

# Egg Markets

## Week of October 22, 2018

**TONE:** Retail demand fair to at times fairly good. Supplies generally available but held with improved confidence. Market adjusting.

The regional egg markets are as follows:

	Northeast	Midwest	Southeast	South Central
Lg	1.18	1.13	1.24	1.24
Md	.83	.81	.83	.82

Source: Esbenshade, Inc.



### Egg Markets Overview

The weekly Egg Markets Overview is now available on our website and may be accessed by clicking on the link or graphic below.



<https://www.ams.usda.gov/sites/default/files/media/Egg%20Markets%20Overview.pdf>



# Egg Markets Overview

A weekly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

October 19, 2018

Wholesale prices for shell eggs moved gradually lower through the week and remains soft as the trading period ended. Demand remains mixed but is mostly light to moderate as buyers focus on regular business. Offerings of shell eggs are moderate and supplies are moderate to fully adequate for current needs. The pace of trading is slow to moderate. Prices for national trading of trucklot quantities of graded, loose, White Large shell eggs decreased 9 percent (from \$0.770 to \$0.702 per dozen). The wholesale price on the bellwether New York market for Large shell eggs delivered to retailers decreased 3 percent (from \$1.18 to \$1.14 per dozen) and the undertone remains weak. The Midwest wholesale price for Large, white, shell eggs delivered to retailers decreased one percent (from \$1.03 to \$1.02 per dozen) while the California benchmark for Large shell eggs declined one percent (from \$1.65 to \$1.64 per dozen), both on the growing weakness noted at the end of the last trading week. Consumer demand for shell eggs softened and has settled into a normal, week-to-week pattern reflecting limited additional buying. Average ad prices continue to fluctuate which adds to consumer reluctance to buy beyond regular need. This is likely to continue over the next few weeks until the onset of the Thanksgiving demand season when it is hoped that consumers will increase their weekly unit purchasing.

Supermarket feature activity for conventional shell eggs retreats from the fairly active pace of the last cycle. The average ad price rises sharply, up 16 percent (from \$1.19 to \$1.38 per dozen). Featuring of specialty shell eggs declines as well and accounts for 69 percent of shell eggs advertised. Cage-free types dominate the specialty egg category. Offerings of [UEP-defined](#) cage-free shell eggs increase from the last cycle and the average ad price declines 12 percent (from \$2.76 to \$2.44 per dozen). The spread between the average ad price for 12-packs of Large conventional shell eggs and those for their cage-free counterparts shrinks by 33 percent (\$0.51).

The overall inventory of shell eggs increased 1.5 percent and the nation-wide inventory of Large eggs rose 4 percent. The inventory of Large eggs in the key Midwest production region declined 8.5 percent as eggs moved into retail channels to support recent feature activity. The inventory share of Large caged eggs increased one percent to 48 percent of all shell egg stocks on inventory at the start of the week. The share of stocks of ungraded eggs drew down 3 percent following last week's uptick in carton business. Breaking stock inventories increased one percent on normal breaking schedules. Total table egg production for the week remains about unchanged from last week and was slightly higher than the level from the same week one year ago (9.2 million dozen).

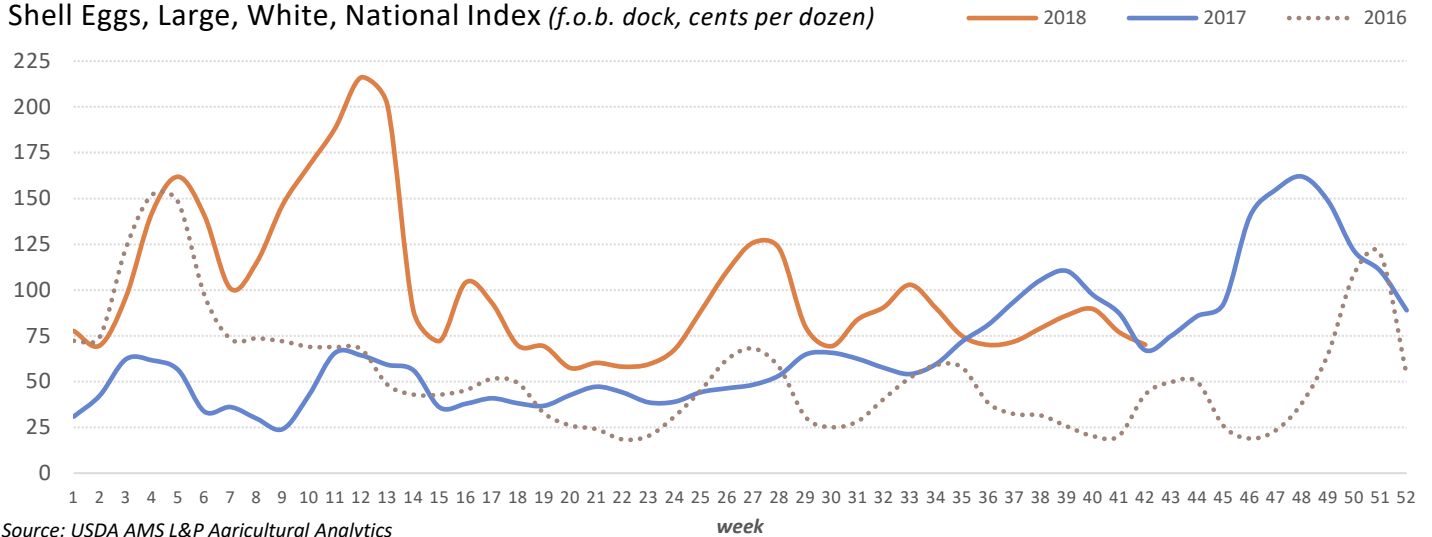
The wholesale price for breaking stock in the Central State was unchanged at \$0.59 per dozen and looks to remain sluggish in the near-term. Demand is light to moderate as breakers are content to draw from their own production. Offerings are light to moderate while supplies are moderate. Breaking schedules continue to run full to over-time with production 9 percent over the same week in 2017. The pace of trading is slow. The volume of eggs processed during the prior week increased one percent representing 33 percent of weekly table egg production. Production of whole egg was up one percent while production of liquid whites rose 3 percent and that for yolks increased 4 percent. To date, the 9 percent increase in production over 2017 is being driven by a 10 percent rise in white production and a 13 percent rise in production of yolk.

Wholesale prices for certified liquid whole eggs saw limited trading with a higher undertone noted. Offerings are moderate for whole egg, light to moderate for other types. Demand is good, trading is moderate. Wholesale prices for frozen whole egg products are steady at \$0.82 per pound as were prices for frozen whites at \$0.80 per pound. Demand is moderate to good for light to moderate supplies and offerings. The pace of trading is moderate to active. Wholesale prices for dried eggs were unchanged with whole dried egg prices at \$3.25 per pound, dried yolks at \$3.25 per pound, and dried albumen at \$5.60 per pound. Demand is moderate to good with whole and albumen seeing the most interest. Offerings are light to moderate while supplies are mixed, mostly light to moderate. Trading is moderate to active.

The monthly inventory of total dried egg products in September declined 4 percent from August, 43 percent below September 2017. Stocks of whole dried eggs decreased 3 percent during the month while stocks of whites declined 8 percent. Stocks of dried yolk were down one percent. Only stocks of dried blends increased, gaining one percent for the month. According to NASS, the August monthly volume of frozen eggs in storage rose 7 percent during the month, 9 percent below August 2017 levels. At 45 percent, stocks of whole frozen egg comprised the largest share, up one percent from July. Frozen yolk stocks declined sharply, down 27 percent but 18 percent over stocks from a year ago. Frozen white volume in storage declined 15 percent while stocks of unclassified eggs rose 13 percent and accounted for 44 percent of inventory.

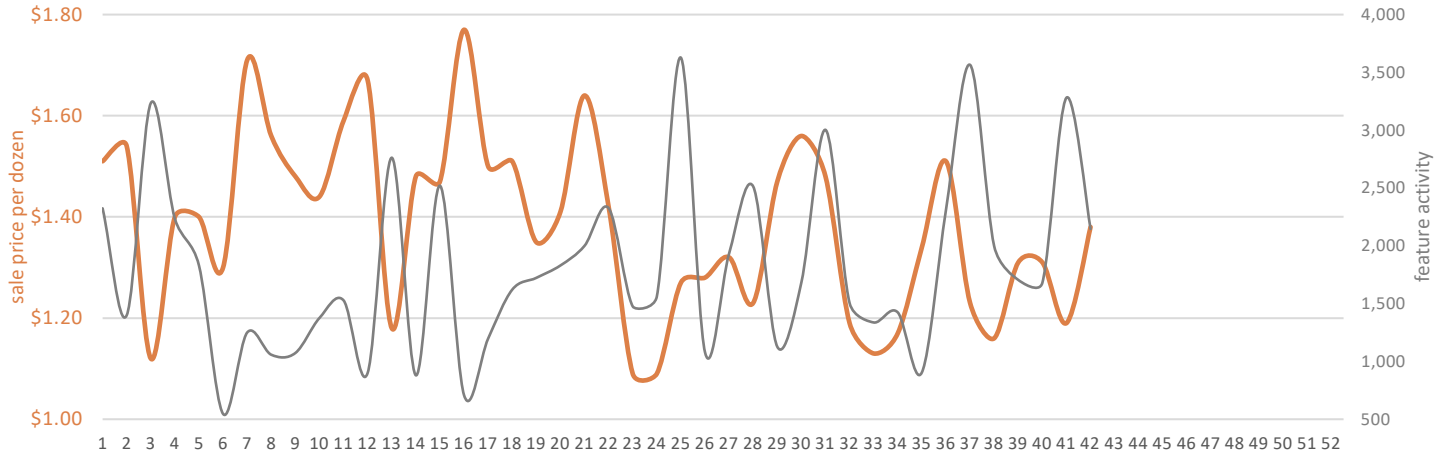
Cage-free commitments stand at 230 companies across 7 egg-consuming sectors. This companies will require 63 billion cage-free eggs per year to fully realize their 100% cage-free commitments, requiring a cage-free flock of over 225 million hens (69% of the U.S. non-organic flock), a shortage of 182 million hens from the current non-organic cage-free flock of 43 million hens.

### Shell Eggs, Large, White, National Index (f.o.b. dock, cents per dozen)



### Supermarket Shell Egg Featuring - LG W Shell Egg Ad Price vs. Feature Rate

Advertised prices to consumers by U.S. supermarkets for conventional shell eggs



as of October 2018

Cage-Free Flock Estimates	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Total U.S. Cage-Free Flock:</b>	18.4%	16.6%	12.3%	8.6%	5.7%	5.9%	6.0%	5.4%	4.4%	3.6%	3.5%	3.2%
Layers (millions)	<b>59.9</b>	<b>52.4</b>	<b>38.4</b>	<b>23.6</b>	<b>17.2</b>	<b>17.1</b>	<b>16.9</b>	<b>15.2</b>	<b>12.2</b>	<b>10.2</b>	<b>9.8</b>	<b>9.1</b>
<b>USDA Organic Cage-Free:</b>	5.2%	5.1%	4.5%	4.2%	2.9%	2.8%	3.0%	2.6%	2.2%	1.8%	1.7%	1.6%
Layers (millions)	<b>17.0</b>	<b>16.0</b>	<b>13.9</b>	<b>11.4</b>	<b>8.7</b>	<b>8.2</b>	<b>8.5</b>	<b>7.4</b>	<b>6.1</b>	<b>5.1</b>	<b>4.9</b>	<b>4.5</b>
<b>Non-Organic Cage-Free:</b>	12.5%	11.5%	7.9%	4.5%	2.8%	3.1%	3.0%	2.8%	2.2%	1.8%	1.7%	1.6%
Layers (millions)	<b>42.9</b>	<b>36.4</b>	<b>24.5</b>	<b>12.2</b>	<b>8.5</b>	<b>8.9</b>	<b>8.3</b>	<b>7.8</b>	<b>6.1</b>	<b>5.1</b>	<b>4.9</b>	<b>4.6</b>
UEP Cage-Free <sup>1</sup>	12.0%	10.4%										
Layers (millions)	39.0	32.9										
Other Cage-Free <sup>2</sup>	1.2%	1.1%										
Layers (millions)	3.9	3.5										

(note: prior year data reflects combined non-organic cage-free production from barn/aviary, free-range, and pasture systems)

Note: percentage of U.S. table egg layer flock; past year annual numbers reflect flock as of the end of each year.

1: UEP Cage-Free - cage-free as defined by the United Egg Producers (barn and aviary systems).

2: free-range and pasture production systems

Source: USDA AMS Agricultural Analytics and Market News



# FLOUR FACTS

Information Provided by General Mills Foodservice  
GeneralMillsCF.com



## Weekly Market Highlights

OCTOBER 18, 2018

- Spring wheat futures prices fell slightly this week. Basis premiums were quiet, reflecting a lack of demand on the spot market.
- Winter wheat futures prices rose slightly; basis premiums were firm. High protein winter wheat basis levels remain stubbornly higher than where we expect them to be historically.
- The U.S. winter wheat crop emergence was reporting on par or ahead of last year. Kansas crop was 44%, and Nebraska was 75% as of October 14<sup>th</sup>.
- The Western Australian wheat crop is projected to be possibly their smallest in more than a decade due to unfavorable weather conditions.
- Reportedly, many commodity markets have moved higher recently. Wheat markets have fallen back when they tried to rally due to the perception that supplies were adequate or better. A change to this perception could quickly move wheat prices from their current range.

## Facts on Flour

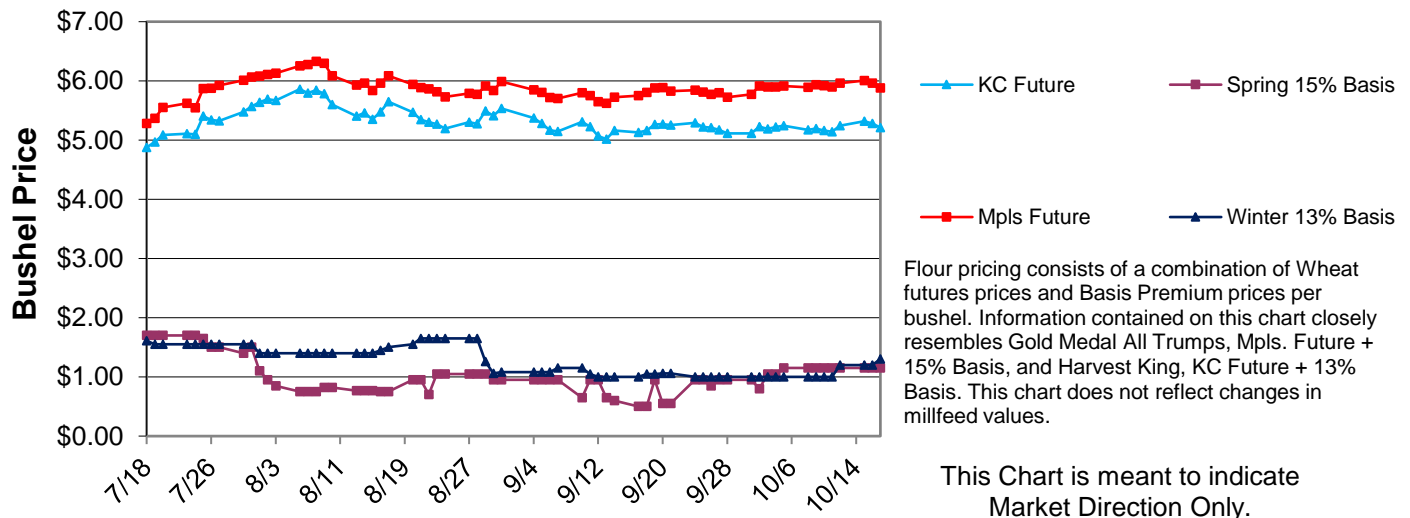
### Bleaching Flour

The term “bleaching” is a traditional baking industry term that refers to both the whitening and maturing (aging) of flour. Bleaching best describes the process of whitening. Technically speaking, the carotenoid (yellow) pigments in the flour are oxidized to produce whiter flour. Oxidization will occur naturally, over time, with the exposure of flour to air. Historically, millers would age flour for several weeks to achieve white flour. This natural oxidation, however, was an irregular process requiring considerable time and space.

Today the bleaching process is accomplished by the use of bleaching agents. The two most common bleaching agents are benzoyl peroxide and chlorine gas. Flours treated with bleaching agents must be labeled as bleached flour. Next week we'll talk about flour maturing.



## Futures & Basis Markets



General Mills Foodservice is your trusted partner in baking – providing quality products, innovative business solutions and technical support to baking professionals. With product solutions for cakes, pizzas, bagels and breads, we're backed by trusted brands and recognized industry experts to offer a holistic approach to build your business.



Experience inspires confidence.





# Weekly Market Update



## Produce Market Update

"Produce from the Ground up"

For the week of: 21-Oct-2018

### Roasted Acorn Squash Recipe with Walnuts and Cranberries

Roast Acorn squash and top with butter, cranberries and crunchy walnuts. It is really good.



#### Ingredients

- 2 medium acorn squash
- 1 tablespoon olive oil
- Salt and fresh ground black pepper
- 3 tablespoons brown sugar, maple syrup or honey
- 3 tablespoons butter
- 1/4 cup roughly chopped walnuts, lightly toasted
- 1/4 cup dried cranberries

#### Instructions

Heat the oven to 400 degrees F.  
Cut squash in half and use a spoon to scoop out all the seeds from the middle. Carefully cut each half into 2 wedges.  
Place the wedges into a large baking dish then brush all sides with the olive oil. Scatter the brown sugar evenly on top then season with salt and pepper. Bake until soft and caramelized around the edges, about 1 hour.  
When the squash has roasted, add the butter, walnuts and cranberries to a small saucepan over medium heat. Cook until the butter begins to bubble around the nuts then spoon over the squash.

*Recipe: [InspiredTaste.net](http://InspiredTaste.net)*

**AVOCADO --** Weather in the Michoacán growing region continues to show rain and thunderstorms this week. Consistent seasonal rain is leading to a high percentage of fruit with lenticel spotting on the surface, standard for this time of year. Lenticel spotting on the surface does not affect the internal quality of the fruit. An avocado with lenticel will ripen as normal, and as the skin darkens, the lenticel will become less apparent. Lenticel is caused when fruit has taken up water prior to harvest. Plenty of fruit available this week on all sizes with good overall quality. Mexican fruit is cutting and eating well. Market price on avocados ranges from \$20-\$30 depending on size. Shippers are seeing more Chilean fruit on the market with reports of good quality. Volume will increase weekly and will be available into the beginning of December.

**ASPARAGUS --** Southern Baja continues to be warm this week, and the weather should start to improve going into next week. Volume is good, quality continues to be fair from this region with a high percentage of seeding, and spreading in the tips due to the heat. The weather in both regions in Peru (Ica/Trujillo) is about the same as last week, and volume continues to increase with more fields opening in the southern region. Growers finally are seeing an increase in the bigger sizes. Markets are lower on the West Coast with more volume from Southern Baja, and East Coast markets are lower with more sea arrivals this week.

**GREEN BEANS -- Act of God:** Markets are active as the North Carolina crop winds down and Georgia is slow to start. Quality is hit and miss right now in the East due to weather-related issues. We are seeing a firmer market in the West as well with cooler and rainy days this week. Quality is just fair in the West.

**BRUSSELL SPROUTS --** No quality issues being reported; however, supply is a little short. Price is still fairly steady.

**BROCCOLI --** The broccoli market continues to adjust higher as the colder nights have slowed the growing process in the Salinas Valley and Santa Maria areas. Quality is fair with slight purpling, some mechanical damage, and occasional yellow cast. Look for supplies to continue to remain tight going into next week.

**CARROTS --** The quality on carrots right now is outstanding, and the price is right! I strongly recommend for consistent quality staying with our California grower.

**CAULIFLOWER --** market has picked up as supplies have become a bit snug. Overall, the quality has been good with minor bruising and some yellow cast with weights in the 25 to 28-pound level. Look for this market to continue to be strong going into next week.

**CABBAGE --**The cabbage market is easing in the Midwest (Wisconsin) as well as the West Coast. Markets are still firm, but barring a mid-west freeze, should come off.

**CELERY --** This week has begun with steady supplies as well as demand. Some suppliers are flexing while others are remaining firm to current pricing. The best supplies continue on large sizing, but all sizing is available to meet demand both north and south. Good quality overall continues. Expect steady production for the entire week. The weights are ranging from 47-54 pounds.

**GREEN ONIONS -- Ugly Alert** Due to the rain coupled with already light supplies and local production winding down in the East, we will see demand exceeding supplies over the next two weeks. **Iceless** - As with iced market, the iceless market is also anticipated to see demand exceeding supplies over the next two weeks.

**LETTUCE --** This market is steady to start the week. The market is very competitive, and multiple shippers are flexing on volume type orders. Some quality issues that have been reported upon arrivals include mechanical, puffy and misshapen heads. The weights on palletized have been reported at 40-44 pounds. Huron is expected to begin this Wednesday, with others beginning the week after. Expect some early lettuce in Yuma the first week to the second week in November

**LEAF & ROMAINE --** This market is firm on romaine. Quality issues include twisting, fringe burn and mechanical. Weights are averaging 30-34 pounds. Green leaf is softer compared to past weeks. Moderate supplies are expected throughout the week on romaine, green and red leaf. Butter supplies will be on the moderate to light side all week. Romaine hearts will be light in availability again this week as supplies have not caught up to demand. The quality on all leaf items has been fair, overall.

### **BEANS/PEPPERS/CUCUMBERS/RADISH/SQUASH --**

**Green Beans:** Markets are improving, harvest estimates are back on target, and quality is good in the East. On the West Coast, the prices are down a few dollars; however, there are still quality issues with West Coast beans due to the heat. We are seeing a lot of product being transferred from the East to West Coast to compensate for the shortfalls.

**Bell Peppers:** Green Bell Peppers – bell peppers, at or very close to harvest, have suffered enough damage to foliage that sunburn will quickly damage the crop; and of course, are a part of the estimated 300 million dollars in Georgia crop damage. US demand for green bell peppers is increasing amid a slightly smaller supply due to rain and humidity taking a toll on Mexico's crop. The Nogales, Ariz., season will start in less than two months, and some growers have cut back on Roma tomato production to grow more bell peppers

**Cucumbers:** Supplies are still available out of Baja, California. Production will slow down this week due to Tropical storm Rosa making landfall in Baja, California. The quality of the fruit is mostly good. Baja cucumber is showing strong demand from both west coast and east coast. Pricing remains steady. Few shippers have started receiving minimal volume of cucumber in Nogales. Volume is expected to increase in the upcoming weeks. Shipping areas are San Diego and Los Angeles. Light supplies of cucumbers are also available to load in McAllen, TX.

**Radish:** Supplies are steady, as we are now sourcing from both Arizona and Florida. Quality continues to be good.

**Squash:** Squash and zucchini crops saw near complete destruction in some areas while others seemed to fare better. And while squash did take a direct hit; Fortunately, squash has a fairly short growth cycle and should rebound quickly. Plant City has just begun in a light way, FOBs are up moderate, and quality is fair to good.



**ONIONS --** Harvest is going well, and we're maybe 90 percent off the ground. We'll be 95 percent by the weekend, and the weather forecast is good through next weekend, which is all in our favor. Pro Mark is shipping all sizes and colors, and sizing is good, with yellows large and better. Demand is decent, and pricing is reasonable. It's staying steady. Now is a good time to promote onions, with quality very good.

**POTATOES --** Harvest is concluding, and it is expected that most growers will be coming out of storage next week. There has been Burbank and Norkotah availability and the exact size profile remains uncertain. While the Norkotah crop has been on the larger side, the Burbank's has been on showing smaller sizes. Demand has increased significantly, and pricing has reflected this. Quality has been excellent.

**SWEET POTATOES --** This market has spiked due to heavy damage in the Carolinas. Growers are currently assessing the damage, so it is still too soon to react. However, supplies are still good out of Mississippi. We are reviewing daily and will continue to keep you posted.

### **TOMATOES --**

**Rounds:** Hurricane Michael completely wiped out the Quincy growing area. It was a total devastation. Most sheds lost power for days and some even had structural damage. With this growing area out of production, the entire nation will be leaning back on California and Mexico. We are still a few weeks out before we start seeing the Palmetto Ruskin growing area crop. Some growers will start to harvest next week, but it will take 6-7 days before this product is ready to ship from time of harvest. California is about 3-4 weeks from being completely done for the season. The higher priced shippers have better quality. You can find deals for lower quality fruit, but you get what you pay for. Mexico has come out strong with prices due to the hurricane as well. We expect to see the markets continue to rise until Florida is back into full production. Quality seems to be pretty good at this time for the Californian and Mexican crop. Demand continues to be fair for this time of the year.

**Grape:** There is a spilt market on grape tomatoes. While northern Florida was knocked out due to Hurricane Michael, most of the higher volume growers in Florida had their crops further south and were not hurt. The market is firm in Florida, but prices are not nearly as high in the West, where the only supply available is left over from last week. They were not picking at the beginning of this week because of the heavy rains from Hurricane Michael. There are also grape tomatoes coming up from Mexico, through McAllen, and their prices are more in line with the Florida market.

**Roma:** US demand for green bell peppers is increasing amid a slightly smaller supply due to rain and humidity taking a toll on Mexico's crop. The Nogales, Ariz., season will start in less than two months, and some growers have cut back on Roma tomato production to grow more bell peppers. Roma tomato supplies are very short. Tennessee has finished for the season, the northern growing region of Florida was taken out by Hurricane Michael, and Hurricane Sergio brought heavy rains into the Baja Mexico growing area, which has prevented them from picking for about five days. They are going to start picking again, but it has left a gap in supplies for loading the beginning of this week. This has put heavy demand on the other loading areas - McAllen, Texas and Central California. Prices are high and will remain that way unless there is a drop-in demand, which has not happened thus far.

**Cherry:** Cherry tomatoes are experiencing the same scenario as grapes; no supplies in the West and firm prices out of Florida.

**APPLES / PEARS --** Pink Lady Apples are finally coming into play, after several weeks of not even being able to get. Growers have really good supplies of all varieties of apples out of Washington, New York, California, Pennsylvania, Michigan, and several other states with their local production. Also, growers have a full range of sizes as well. Although the smaller sizes such as 125ct and 138ct have been difficult as supplier run their bin product. Quality has been excellent with good sugar levels and pressure tests. The storage crop is finished and getting your orders in advance is extremely helpful. The markets have firmed up on the lower grade fruit, but the overall market is steady.

**STRAWBERRIES --** supplies have started to lighten up a bit in all areas. Harvest estimates have been lower than expected. This is due to the loss of fruit from the rain that hit several days ago. Shippers saw market prices jump up if in the front part of this week and remain firm. The weather has cooled down a bit, especially at night and early morning. This cooler weather will help improve quality and produce firmer fruit. Shippers had several reports of soft berries and bruising over the last week, which is to be expected after a rain. Moving forward, expect supplies to remain consistent, and quality will be better. I do not foresee a big jump in market prices, but it will be a slow and gradual incline. Barring any more rain or freeze, expect Salinas and Watsonville to continue with production for the next several weeks. Santa Maria and Oxnard will continue to be in full production and Mexico will slowly ramp up toward the end of the month

## **CITRUS --**

### **Lemons: Alert – Act of God**

The market is steady. Arizona/California desert stocks are increasing. Quality ranges from good to very good.

### **Oranges: Alert – Act of God**

The Valencia orange crop is limping along with limited supplies on all sizes. The market remains firm at higher levels. Quality is fair at best with fruit arriving with decay, soft rot, mold, and scarring. The navel crop can't come soon enough, but initial reports are the week of October 14th. There will be plenty of supplies of navel oranges by the end of October as supplies get deeper into their harvesting schedules.

**Limes:** Demand has been steady this past week, though large fruit remained a little bit tighter. New crop will start to appear in a few weeks. Pricing remains steady and we should see a little drop once new crop is in full swing.

**GRAPES -- (Green)** grapes are plentiful. We are in a “supply exceeds demand” position across the board. Quality is excellent, and markets have been low and flat. Shippers have all sizes available and are willing to get aggressive on prices for opportunity buys. **(Red)** Shippers continue to see the market being flooded with high-quality fruit. As situations like this typically play out, good weather, high yields, and excellent quality during periods of excessive supplies. This is no different, all shippers are loaded with all sizes, and the fruit looks good. Market prices have been low and flat for a long time. Unfortunately, all major markets are being filled with cheap fruit, making it difficult to offer a value at the shipper level. However, that being said, there is plenty of promotional opportunities and shippers are willing to get aggressive for volume.

## **MELONS**

**Honey Dew --** production is almost mirroring the cantaloupe. Mostly smaller sizing out of California and larger fruit out of Arizona. The California deal should be completed within the next ten days or so. Mexican production crossing in Nogales is also picking up momentum with larger-sizing being predominant.

**Cantaloupe** -- Harvesting continues in the Westside district of California but will begin to steadily decline over the next 7-10 days as growers finish their season. Sizing will lean more towards 12/15s with some 9s being available. Anticipate fair to good quality as this deal finishes due to the rain and colder temperatures. Arizona, plagued by rains the past two weeks, has finally been able to get into fields to begin harvesting. Sizing in this area has been leaning mostly to larger melons (including jumbos). It is still too early to know how much effect the rains will have on quality but we anticipate fair to good quality to continue out of this area.

**Watermelon** -- Seedless watermelons are available to load in Nogales, from Sonora, Mexico. Watermelon growers in this region still waiting to asses potential damages to the crop due to the recent rains from Tropical Storm Sergio. Watermelon is currently being harvested in the Hermosillo, Sonora growing area. Demand is steady. Pricing remains steady.



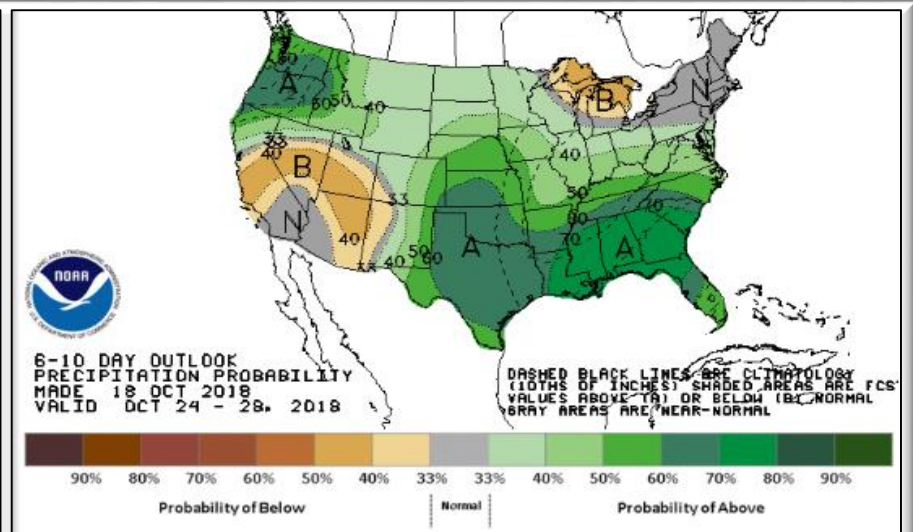
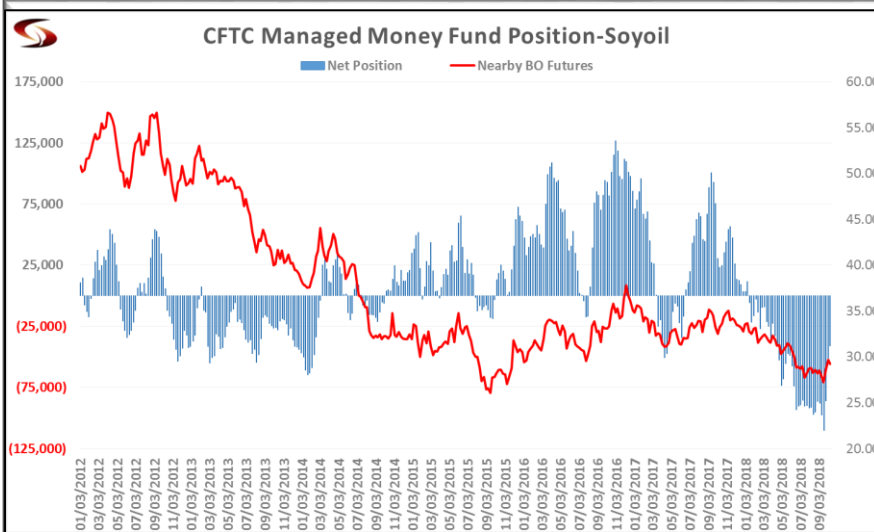
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# Market Watch



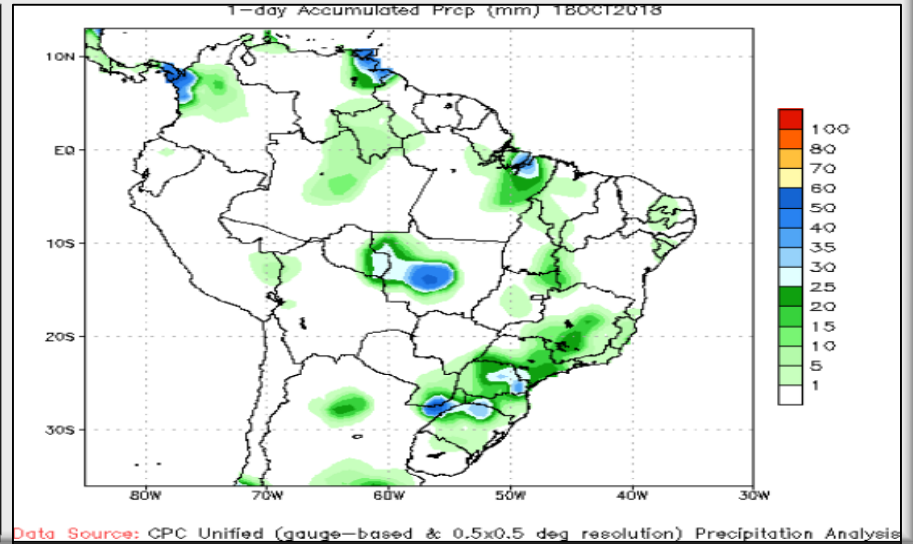


# Soybean Oil Futures



### What to Watch For

- **Fundamentals** – Harvest progress and export sales could both be more important this week than in previous years.
- **Weather** – Current weather maps show an open window for harvest in the Midwest and Canada. South American rains continue to be beneficial.
- **Politics** – US / China trade tiff remains biggest unknown in the markets. US midterm elections nearby could signal a change of course with negotiations should the “Blue Wave” occur.

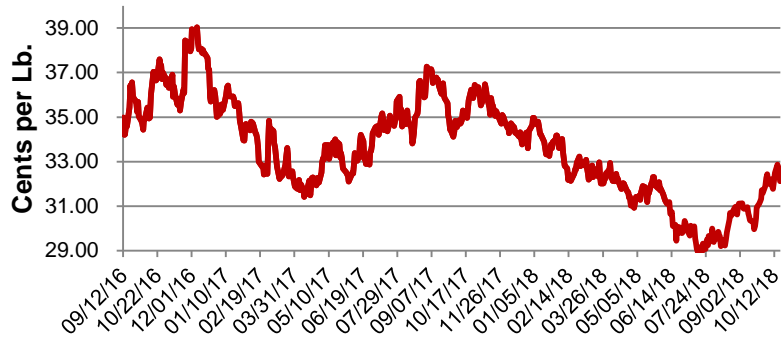


*The information above reflects the current opinion of Stratras Foods but does not represent a guarantee of future market conditions. All final oil booking decisions should be made by the end customer and not Stratras Foods.*



# Soybean Oil

## Soybean Oil Market Pricing Trend



## Moving Averages (Cash)

**10/18/18 – 32.12**

**9 Day – 32.32**

**20 Day – 31.98**

**50 Day – 31.02**

**100 Day – 30.52**

**200 Day – 31.56**

## Crop Updates

- September NOPA crush was another monthly record at 160.8 mbu vs. 158.9 last month.
- Bean harvest is falling behind pace in Western Corn belt due to heavy rains. Yield losses are feared.
- Export sales for October have disappointed and this is the season peak for US bean demand.
- Crushers are running hard to take advantage of cheap beans and good export meal markets, but oil demand continues to stay strong.

## Flash Summary

- September NOPA oil figures show that demand would need record production numbers to satisfy. October figures to set another all-time high...
- Fund managers covered ~70% of their short positions on the 4 week rally, but it is unknown if end user demand will follow the prices higher.
- Soy balance sheets are burdensome and oil prices will likely follow the beans directionally with more support to the downside.

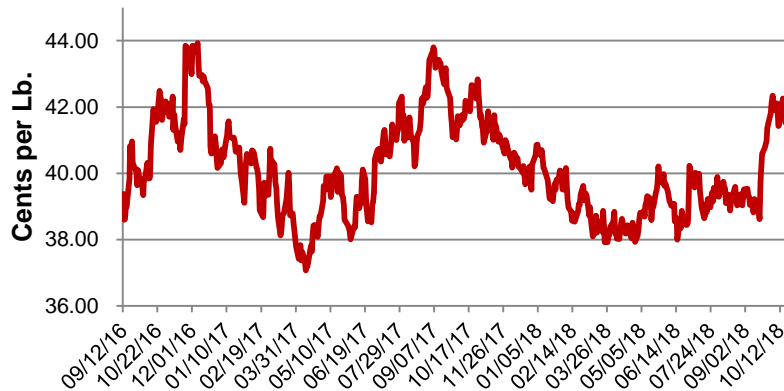
## Value Ranges \*

**Expected CBOT Range 28.50 – 30.50**

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# Canola/Rapeseed Oil

## Canola Oil Market Pricing Trend



## Moving Averages (Cash)

**10/18/18 – 41.52**

**9 Day – 41.86**

**20 Day – 41.65**

**50 Day – 40.21**

**100 Day – 39.70**

**200 Day – 39.35**

## Crop Updates

- Canadian harvest was stalled due to snow last couple weeks.
- Current weather maps show a good window to clean up most of the crop, but pockets of acreage may not be brought in before winter sets in.
- Rapeseed areas in Europe are experiencing dryness that is slowing planting and could cause an acreage shift to wheat.
- Australian drought is severely impacting local rapeseed crop and will likely bring buyers to other origins.

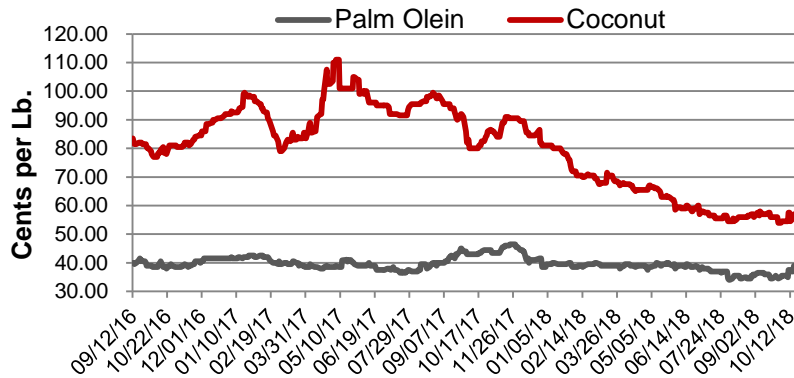
## Flash Summary

- Canola harvest has helped stabilize the market somewhat.
- Crushers are beginning to run hard again as crush margins have improved on lower canola seed costs.
- Chinese demand remains strong for non-US origin meal and oil as well as Canola seed. A trade agreement will likely result in this bid largely disappearing in favor of US Soybeans.
- Variable feedstock crushing plants continue to run soy instead of canola. This will likely continue until South American crushers can supply the global meal markets with new crop soy meal. This is reducing Canola oil production in the meantime.

*The information above reflects the current opinion of Stratas Foods but does not represent a guarantee of future market conditions.  
All final oil booking decisions should be made by the end customer and not Stratas Foods.*

# Tropical Oils

## Palm and Coconut Oil Market Pricing Trend



## Crop Updates

- MPOB numbers show a strong export month for September.
- However, stocks increased as production continues to surpass demand.
- October production is looking bigger while exports are tailing off.

## Moving Averages (Cash)

### Palm Olein

### Coconut

**10/19/18 – 39.00**      **10/19/18 – 57.00**

**9 Day – 37.39**

**9 Day – 56.11**

**20 Day – 36.15**

**20 Day – 55.55**

**50 Day – 35.74**

**50 Day – 56.13**

**100 Day – 36.70**

**100 Day – 56.82**

**200 Day – 37.95**

**200 Day – 63.30**

## Flash Summary

- Palm oil failed to follow the soy much higher on the rally, so it doesn't have much to give up on the break.
- Buyers continue to lurk below the market which has supported the market, but has also limited rallies.
- Biodiesel demand had picked up for the EU during the energy market rally, but the recent break in prices has cooled the trade for the moment.
- October production is expected to continue to rise and stocks are called to peak at month's end by well-respected Palm experts.

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**Hogs and Pork**

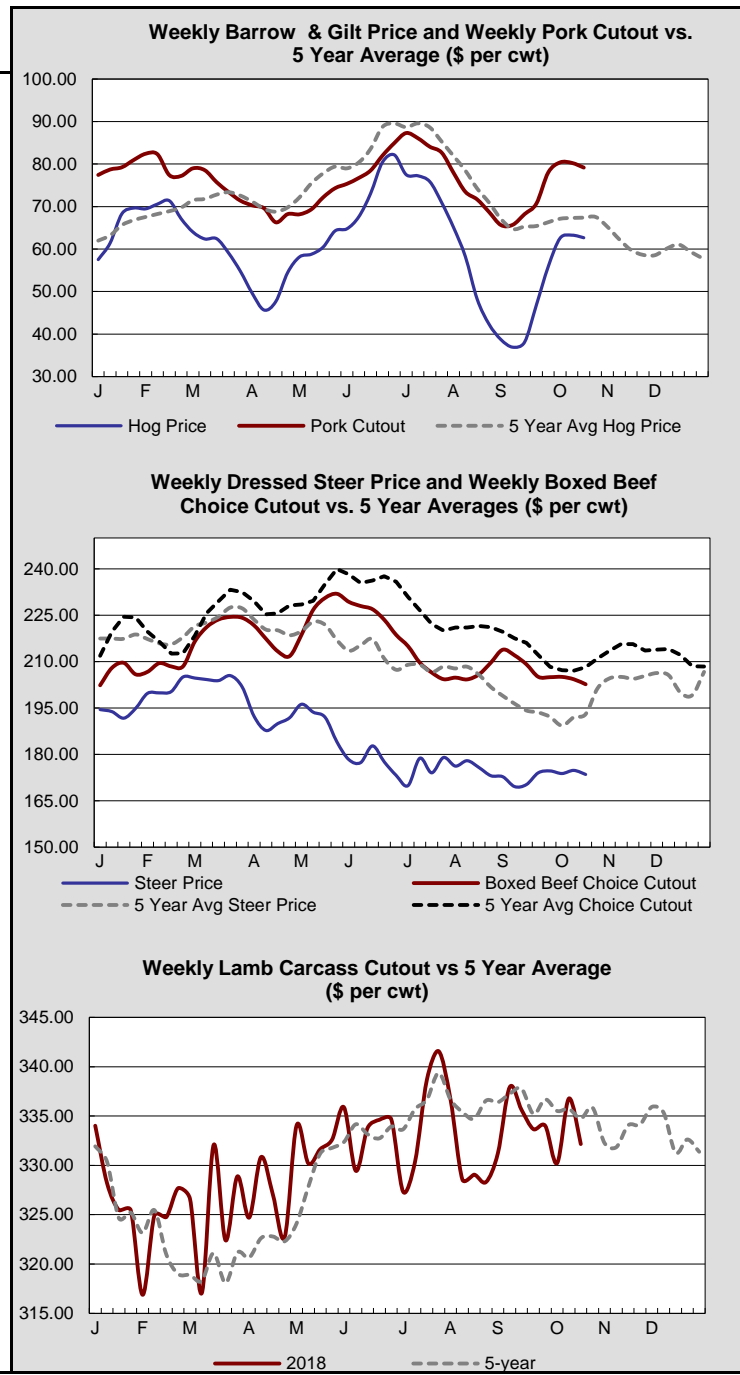
	Current Week	Change From Past Week	Change From Past Year
Nat'l Purchased Carc Wtd Avg Price - Barrows & Gilts (\$/cwt)	62.67	-0.9%	13.1%
Pork Carcass Cutout FOB Plant (\$/cwt)	79.17	-1.4%	7.2%
Segregated Early Weaned (SEW) Feeder Pigs (\$/head)	34.53	-2.0%	6.6%
Iowa/So. Minn Avg Weight Barrows & Gilts (lbs)	280.9	0.3%	-0.4%
Est. Hog Slaughter	2,489,000	-0.6%	-0.9%
YTD Est. Hog Slaughter	95,736,000	N/A	2.2%
Est. Pork Production (mil lbs)	519.4	-0.5%	-1.8%
YTD Est. Pork Production (mil lbs)	20,223.1	N/A	2.5%

**Cattle and Beef**

Live Wtd Avg Steer Price, 5 Area FOB (\$/cwt)	110.52	-0.4%	-0.4%
Dressed Wtd Avg Steer Price, 5 Area Del (\$/cwt)	173.52	-0.7%	-0.8%
Boxed Beef Cutout, Choice (\$/cwt)	202.68	-0.8%	2.6%
Boxed Beef Cutout, Select (\$/cwt)	192.21	-0.4%	1.5%
Boxed Beef, Choice/Select Spread (\$/cwt)	10.47	-0.90	2.36
By-Product Drop Value, Steer (\$/cwt live)	9.09	-0.3%	-11.5%
CME Feeder Cattle Index (\$/cwt)	157.48	-0.4%	1.4%
Texas Avg Live Weight Slaughter Cattle (lbs)	1,327.0	0.7%	0.7%
Texas Percent Slaughter Heifers	44%	2.3%	4.8%
Est. Cattle Slaughter	639,000	-0.6%	2.6%
YTD Est. Cattle Slaughter	25,585,000	N/A	2.6%
Est. Beef Production (mil lbs)	528.6	-0.4%	3.2%
YTD Est. Beef Production (mil lbs)	20,821.4	N/A	2.9%

**Lamb and Veal**

Slaughter Lamb, Comprehensive, Carc. Wtd Avg Price (\$/cwt)	280.71	1.5%	-7.2%
Lamb Carcass Cutout (\$/cwt)	332.16	-1.4%	-4.2%
Est. Sheep Slaughter	39,000	-4.9%	8.3%
YTD Est. Sheep Slaughter	1,552,000	N/A	3.1%
Est. Lamb Production (mil lbs)	2.7	-3.6%	12.5%
YTD Est. Lamb Production (mil lbs)	109.7	N/A	6.9%
Veal Carcass Wtd Avg Non-Packer Owned (\$/cwt)	307.25	0.1%	-7.2%
Veal Carcass Wtd Avg Packer Owned (\$/cwt)	305.37	0.3%	-8.4%



**Grain**

	Current Week	Change From Past Week	Change From Past Year
Central Illinois Avg Corn Price (\$/bu)	3.3150	2.6%	5.1%
Central Illinois Avg Soybean Price (\$/bu)	8.0050	-0.1%	-16.0%
Central Illinois 48% Soybean Meal, Rail (\$/ton)	322.40	-0.6%	-1.0%
Hard Red Winter Wheat Truck to Kansas City (\$/bu)	5.2425	0.0%	42.4%
Dark Northern Spring Wheat, 14%, MN, Rail (\$/bu)	6.8850	1.0%	-6.3%
Soft White Wheat Portland (\$/bu)	6.1000	0.2%	16.2%
Sorghum, Kansas City, Truck (\$/cwt)	5.4400	-0.9%	-1.4%

**Broilers**

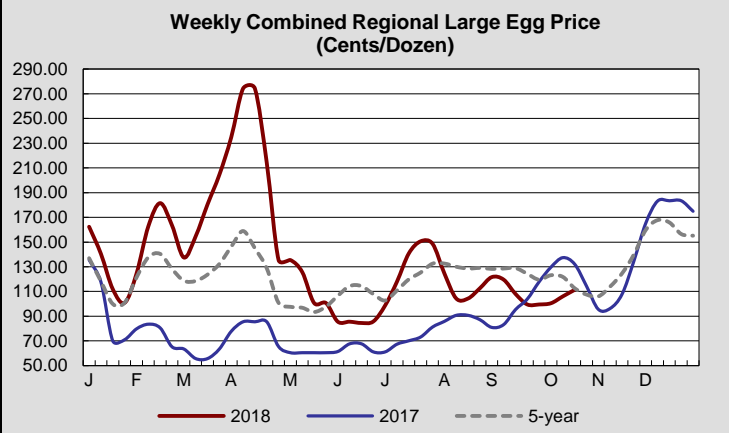
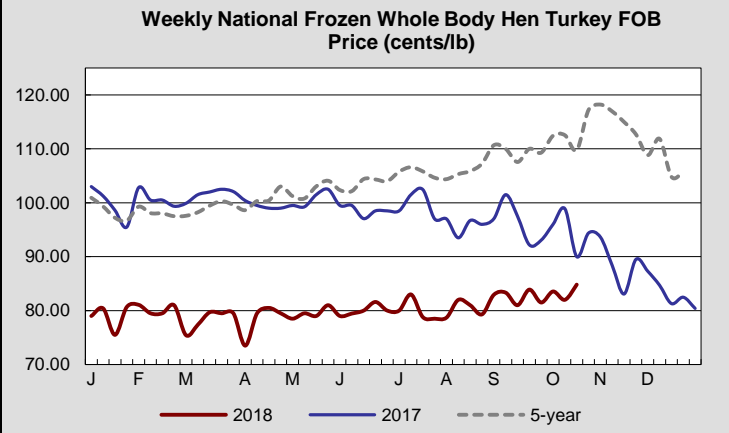
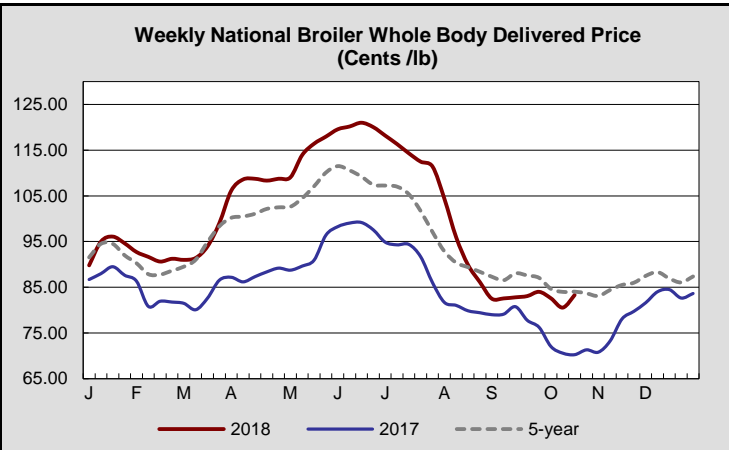
Nat'l Delivered Whole Body Price (cents/lb)	83.32	3.4%	-1.3%
Est. Young Chicken Slaughter - Current Week (000's)	164,149	-0.8%	N/A
Actual Slaughter of Young Chickens (000's)	167,488	-1.2%	1.0%
YTD Actual Slaughter of Young Chickens (000's)	6,456,689	N/A	-0.2%
Actual RTC Pounds of Young Chickens (000's)	810,843	-0.1%	3.9%
YTD RTC Pounds of Young Chickens (000's)	30,341,284	N/A	0.7%

**Turkeys**

Nat'l FOB Frozen Whole Body Price (cents/lb)	84.82	3.4%	-5.8%
Actual Slaughter of Turkeys (000's)	4,301	-4.6%	8.3%
YTD Actual Slaughter of Turkeys (000's)	164,575	N/A	-0.5%
Actual RTC Pounds of Turkeys (000's)	110,372	0.6%	4.8%
YTD RTC Pounds of Turkeys (000's)	4,142,550	N/A	-1.1%

**Eggs**

Combined Regional Large Eggs (cents/dozen)	111.34	5.0%	-15.7%
National Shell Egg Inventory (30 doz. Cases/000,s)	1,412.40	1.6%	N/A
Shell Egg Demand Indicator (SEDI)	2.30	2.30	4.00
Central States Breaking Stock Av. Price (cents/dozen)	57.00	0.0%	-29.6%
National Breaking Stock Inventory (30 doz. Cases/000's)	336.8	0.9%	N/A
Eggs Broken Under Federal Inspection (30 doz cases)	1,609,242	-0.5%	10.6%
YTD Eggs Broken Under Federal Inspection (30 doz cases)	61,379,205	N/A	3.9%





# USDA Lamb Markets Overview

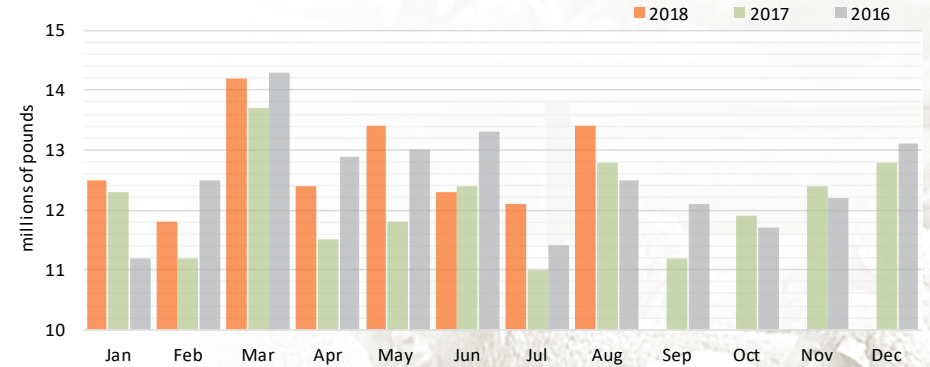
A monthly publication of the USDA AMS Livestock and Poultry Program, Agricultural Analytics Division

October 2018

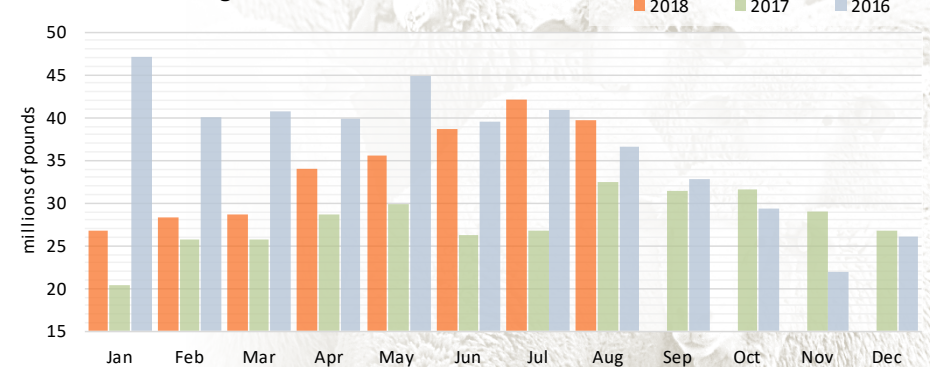
**PRODUCTION:** Commercial lamb and mutton production increased 11 percent in August, to 13.4 million pounds, 5 percent over the August 2017 level. Commercial sheep and lamb slaughter in August totaled 204,500 head, a 14 percent increase for the month and 5 percent over 2017. The average sheep and lamb live weight declined 4 pounds to 131, one pound under August 2017. The average dressed lamb carcass weight, at 68 pounds, was down 2 pounds from July but was one pound over August 2017. Stocks of lamb and mutton in cold storage in August at 39.7 million pounds, was 6 percent below the July level but 23 percent over stocks in August 2017.

**GRADING:** The preliminary volume of lambs graded Choice and Prime by the USDA in September declined 13 percent from August but was up 3 percent over 2017. The share of lambs qualifying for the Choice grade declined one percent to 90 percent, led by a sharp rise in Northwestern lambs grading Prime despite continued prevailing poor to very poor range conditions. Overall, lamb yields in September began to shift slightly to more finished lambs with a 2 percent drop in YG 2 shifting mostly to YG 3. The decline in leaner lambs was most pronounced in the Rocky Mountain region with a 4 percent decline in YG 1 and 2 lambs shifting to YG 3 with an uptick in YG 5. Lambs in the Ohio Valley saw a 6 percent rise in YG 2 and in YG 3 as pasture conditions improve from fair to good. Lambs in the Upper Midwest saw mixed grading with an increase in leaner lambs and a rise in more finished lambs. The number of lambs offered for grading in the Ohio Valley continue to decline.

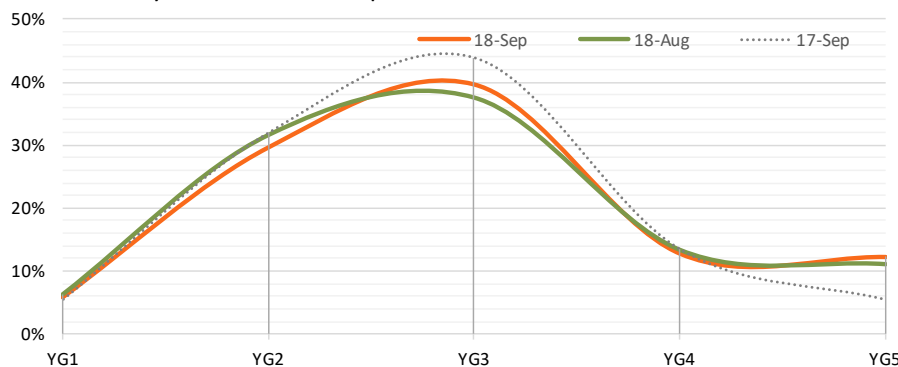
Commercial Lamb/Mutton Production



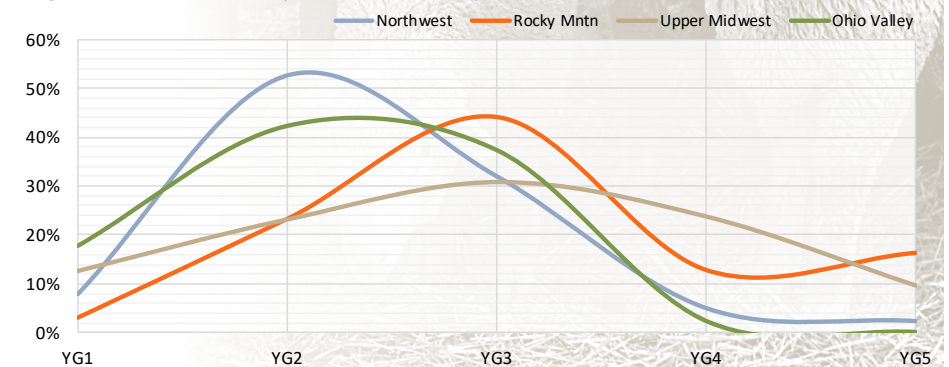
Lamb in Cold Storage



Choice Lamb by Yield Grade % - September 2018



Regional Choice Lamb by Yield Grade - September 2018



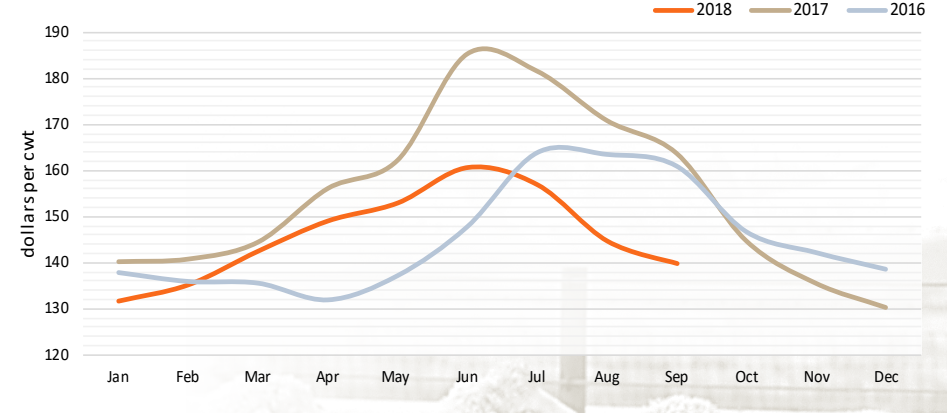
Source: USDA AMS Agricultural Analytics Division ([www.ams.usda.gov/services/market-research/aad](http://www.ams.usda.gov/services/market-research/aad))

**LIVE MARKETS:** The volume of slaughter lambs trading on a direct negotiated basis in September declined 22 percent from August, 43 percent below September 2017. Prices declined through the month and ended down 3 percent (from \$144.69 to \$139.83 per cwt.), 15 percent below the level producers realized in September 2017. In auction trading, the average price for traditional Choice & Prime 2-3, 90-150 lbs. slaughter lambs at Sioux Falls, SD, declined one percent (from \$130.70 to \$128.90 per cwt), 10 percent below 2017. In San Angelo, TX, the average price of Choice and Prime 2-3 woolled and shorn non-traditional slaughter lambs decreased 10 percent (from \$128.32 to \$115.36 per cwt.) for the month, down 14 percent from last year. At the New Holland, PA, sale, the average price for Choice and Prime 2-3 woolled and shorn non-traditional slaughter lambs in September declined 7 percent (from \$161.82 to \$150.79 per cwt.), 9 percent below the September 2017 monthly average.

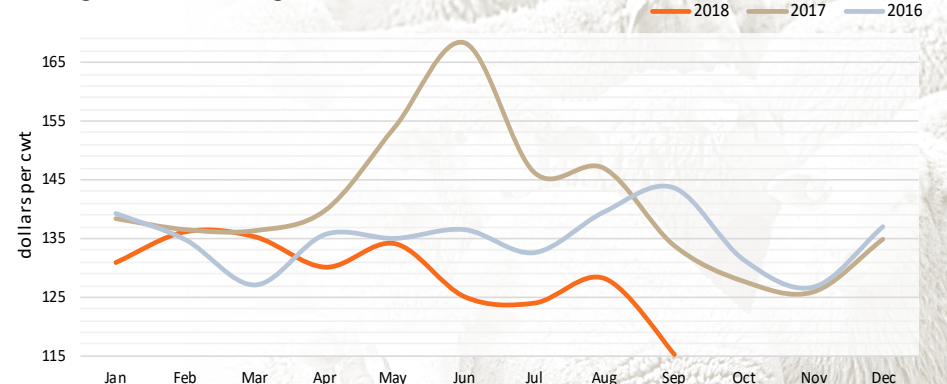
**LAMB IMPORTS:** The overall volume of fresh and frozen imported lamb carcasses and cuts declined as rapidly in August as they had risen in July, down 25 percent on the month and 9 percent under August 2017. Imports of both fresh and of frozen lamb were down with fresh down 17 percent and frozen down 30 percent for the month. The balance between fresh and frozen shifted 4 percentage points in favor of fresh (43/57 percent). Australia led all source nations with 68 percent of lamb imports but down 30 percent from the volume they shipped in July. Imports from Iceland were reported for the first time in 2018, in the form of fresh legs. Chilean imports rose sharply in August, mirroring a similar pattern in 2017, led by shipments of frozen half and whole carcasses with a few frozen legs.

Imports of whole and half lamb carcasses posted the largest percentage gain in August, up 16 percent from July, virtually all in frozen form, and representing a 20 percent decrease from imported volume in 2017. Leg of lamb imports declined from July, dropping by half of July levels and accounting for 4 percent of all lamb imports. Despite the decline, imported leg volumes was 9 percent over 2017. Shoulder cuts, fresh and frozen, imported in August had a one percent increase in import share despite a 20 percent decline in volume for the month, 13 percent below 2017. Import volume of loin cuts fell 19 percent for the month, 12 percent under 2017. The volume of imported boneless lamb meat declined 30 percent, led by a 35 percent decline in frozen product and accounting for 31 percent of imports, the largest category of imported lamb. Imports of other bone-in lamb cuts, not identified, were down 26 percent in August, 4 percent over 2017 and accounting for 30 percent of all lamb cuts imported in August.

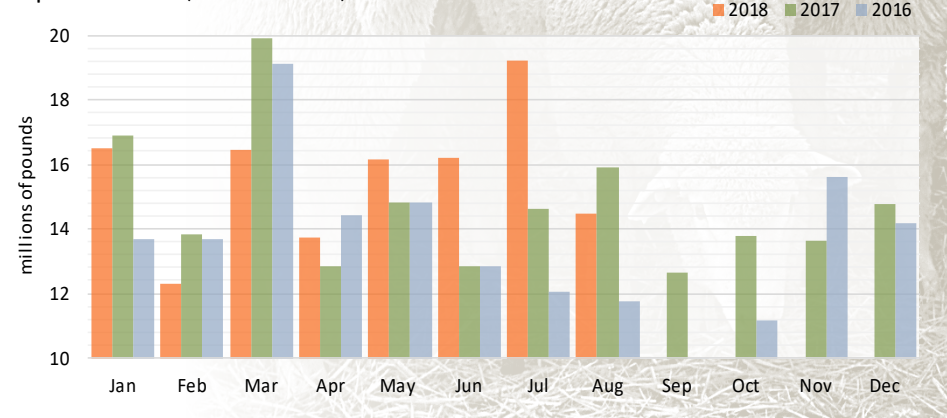
Negotiated Direct Slaughter Lambs (CH/PR woolled/shorn)



San Angelo Auction Slaughter Lambs (CH/PR woolled/shorn)



Imported Lamb (fresh and frozen)





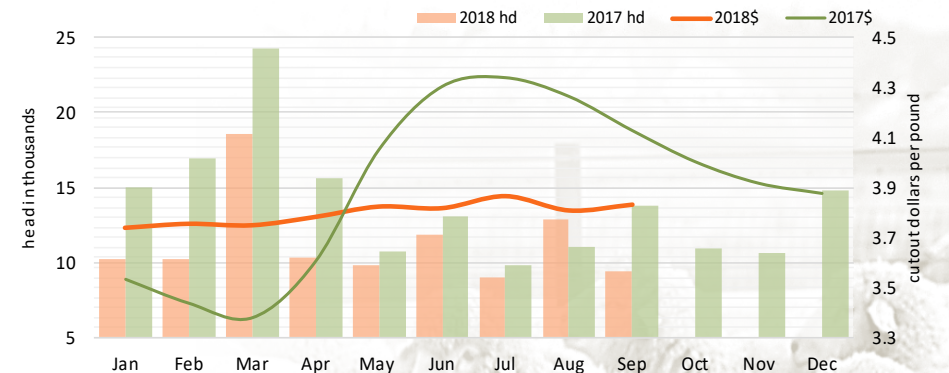
**DOMESTIC MEAT TRADE:** The volume of trading of Choice and Prime, 1-4 lamb carcasses in September declined 26 percent from August and decreasing 32 percent from last year's level. The gross lamb carcass cutout increased one percent (from \$3.76 to \$3.78 per pound), 7 percent below September 2017. The volume of negotiated wholesale trading of fresh and frozen domestic boxed lamb cuts in September declined 27 percent for the month, down 33 percent from last year. Negotiated trading of fresh cuts declined 27 percent in volume and accounted for 85 percent of total sales. The volume of frozen cut trading decreased 33 percent for the month and accounted for 15 percent.

In September, traded volume for most lamb cuts was down sharply when compared to the relatively active August movement. The volume of wholesale sales of fresh trotter-off legs retreated 19 percent with a 2 percent decline in price (from \$3.70 to \$3.64 per pound). This volume was 31 percent below last year's level and the average price was down 6 percent. Sales of medium 8-rib fresh racks declined sharply, down 44 percent for the month and 23 percent below last year. The average price rose 4 percent (from \$8.27 to \$8.60 per pound); 2 percent below last year. The volume of trimmed 4x4 loins trading decreased 26 percent and the average price declined 3 percent (from \$5.54 to \$5.37 per pound), 11 percent under last year. Foreshank prices were down 4 percent (from \$4.15 to \$4.00 per pound), down 6 percent from last year. Trade volume was unchanged for the month but was 30 percent below last year's trading. Square-cut shoulder prices increased 3 percent drop in price (from \$2.79 to \$2.89 per pound) but sales volume dropped 32 percent below the prior month's movement, 52 percent behind 2017. Trading of ground lamb (80/20) declined 26 percent, down 41 percent from 2017, while the average price was unchanged at \$5.69 per pound, one percent below September 2017.

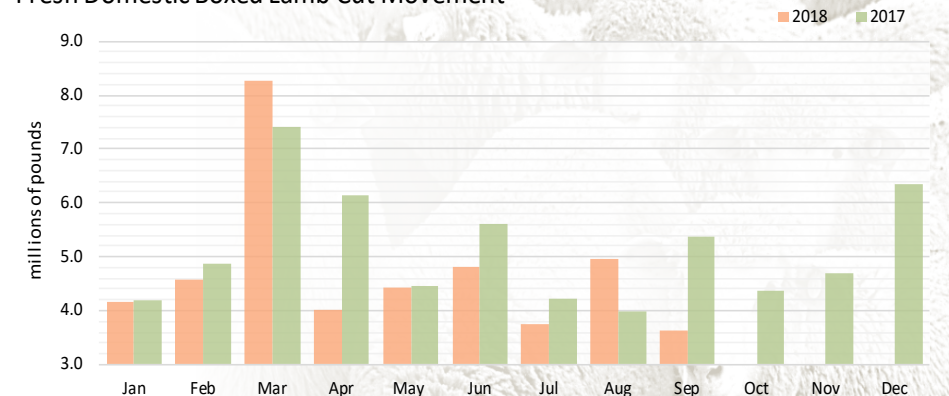
**IMPORTED MEAT TRADE:** The overall volume of negotiated sales imported boxed lamb cuts was unchanged in September but was 6 percent below 2017. Sales of fresh product were down 7 percent for the month while frozen sales saw a 4 percent increase as stocks are being staged for the coming holiday demand period. Imports accounted for 71 percent of all boxed lamb cut sales in September, up 7 percent in share from August.

In September, the overall volume of sales of fresh Australian boxed lamb cuts increased one percent. Fresh leg cuts and foreshanks saw an increase in sales volume of 49 and 41 percent, respectively while loin cut sales were up 2 percent. Sales volume of rack and shoulder cuts each declined 3 percent

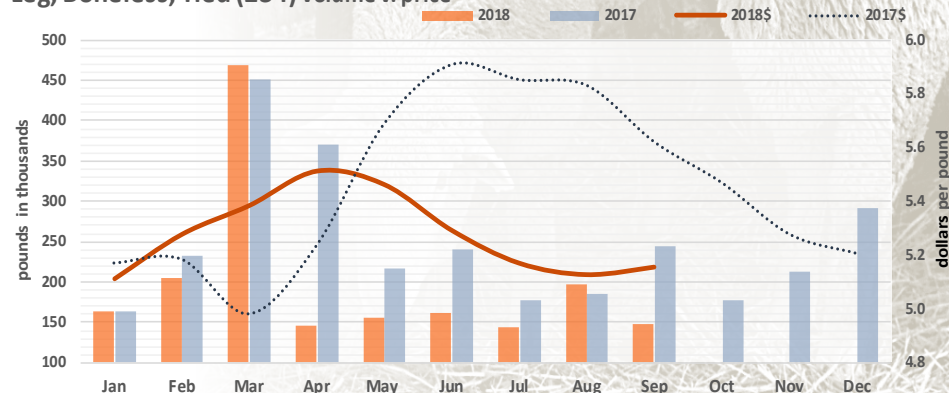
Lamb Carcass Sales vs. Lamb Cutout (CH & PR, 1-4)



Fresh Domestic Boxed Lamb Cut Movement



Leg, Boneless, Tied (234) volume v. price



**Sept. Negotiated Sales of Imported Lamb**  
(change in primal price and sales volume)

Fresh	Australia		New Zealand	
	price	lbs.	price	lbs.
	percent change			
racks	105	97	--	--
loins	103	102	--	--
legs	103	149	--	--
shoulders	103	97	--	--
foreshanks	99	141	--	--
<b>Frozen</b>				
racks	99	89	101	86
legs	101	93	--	--
shoulders	99	132	--	--
foreshanks	97	41	--	--

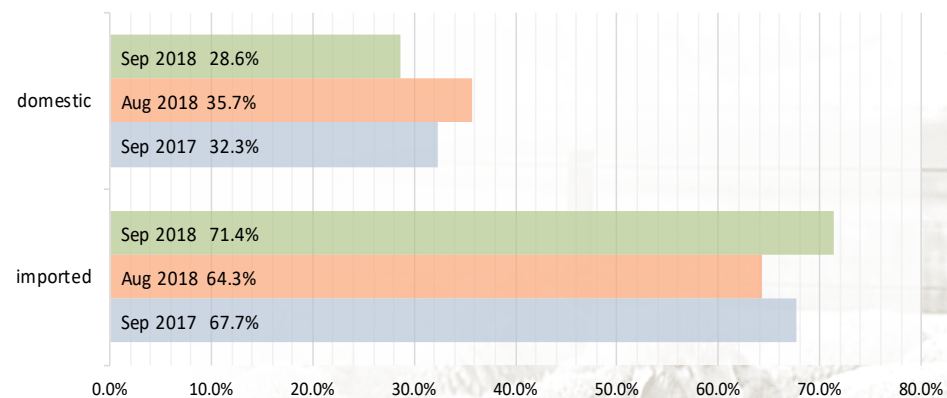
during the month. Average prices for fresh cuts rose between 3 and 5 percent during the month with racks seeing the most advance. Only foreshanks saw a price decline, down one percent.

Sales of frozen Australian cuts in September declined one percent in volume from a very active August pace. Sales volume of should cuts recovered most of last month's decline, rising 32 percent for the month. Sales of all remaining frozen Australian lamb

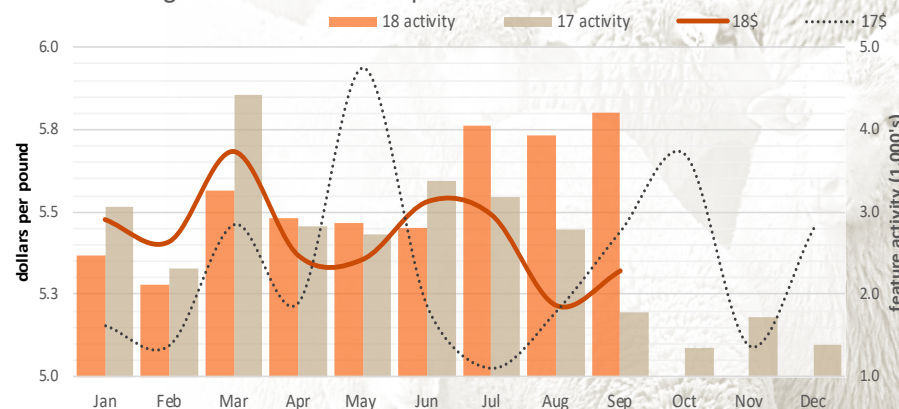
cuts declined during the month with leg volume down 7 percent, racks down 11 percent and foreshanks falling to 59 percent of last month's sales volume. Average monthly prices for frozen imported lamb cuts were mixed with rack and shank price up while leg and should cut prices were mostly lower with leg prices up one percent while prices for all other frozen cuts declined between one and 3 percent. As with fresh, frozen foreshanks saw the most decline in price. The volume of sales of frozen rack cuts from New Zealand in September declined 14 percent while the average price rose one percent for the month.

**RETAIL MARKETING:** Supermarket feature activity for lamb cuts in September, both domestic and imported, fresh and frozen, was down 8 percent from the pace of August featuring but was up 41 percent over the level of retail promotions in September 2017. Featuring of shoulder cuts, particularly blade chops, increased and accounted for 45 percent of total ad share. The average ad price rose 2 percent for blade chops and 12 percent for round bone chops. Loin chops were less actively promoted in September but still claimed the second largest ad share while the average ad price declined 2 percent. Retail feature activity for leg cuts tapered off during the month as they await their turn during the upcoming Nov-Dec holiday season. Boneless legs were most commonly featured. Retail feature activity for ground lamb and stew meat held steady, enough to claim a distant third in ad share. Average ad price rose 7 percent. Featuring of lamb shanks nearly doubled in activity while the average ad price rose 8 percent. Racks remained quiet in supermarket ads but that is expected to change starting in October if past trends are any indication.

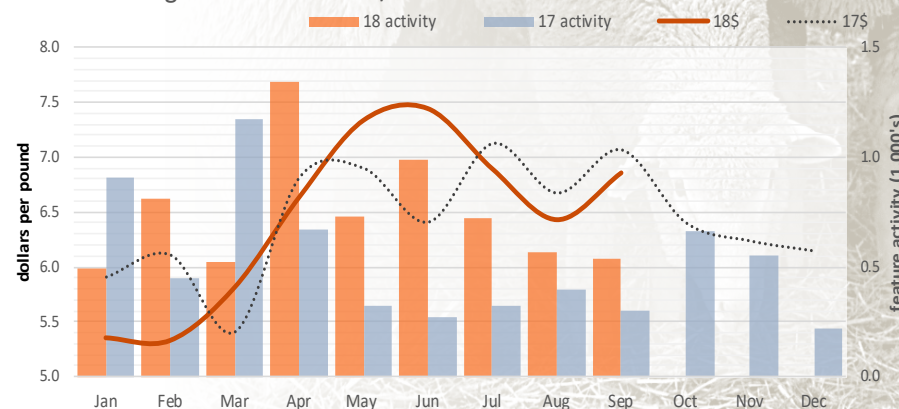
Domestic vs. Imported Boxed Lamb Sales - share of fresh/frozen product sold



Retail Featuring - Shoulder Blade Chops

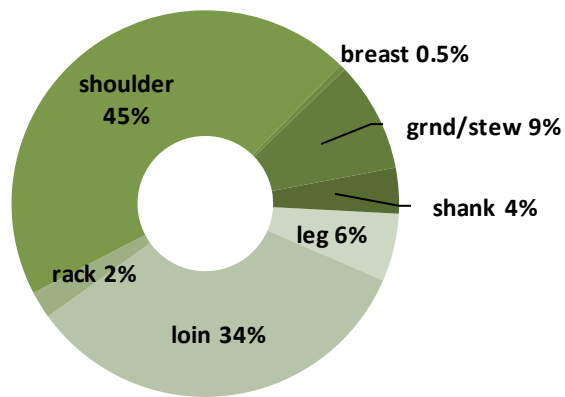


Retail Featuring - Ground Lamb 80/20

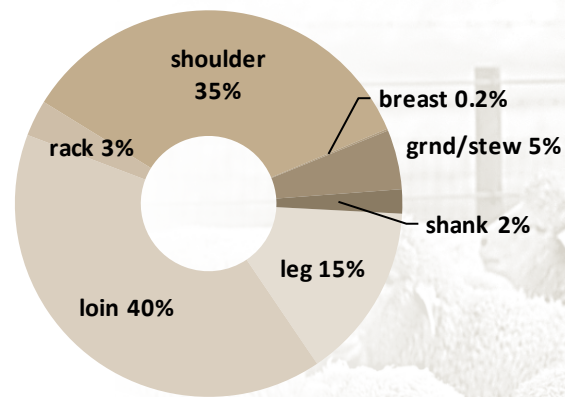




September Retail Feature Share



August Retail Feature Share



Quick Overview

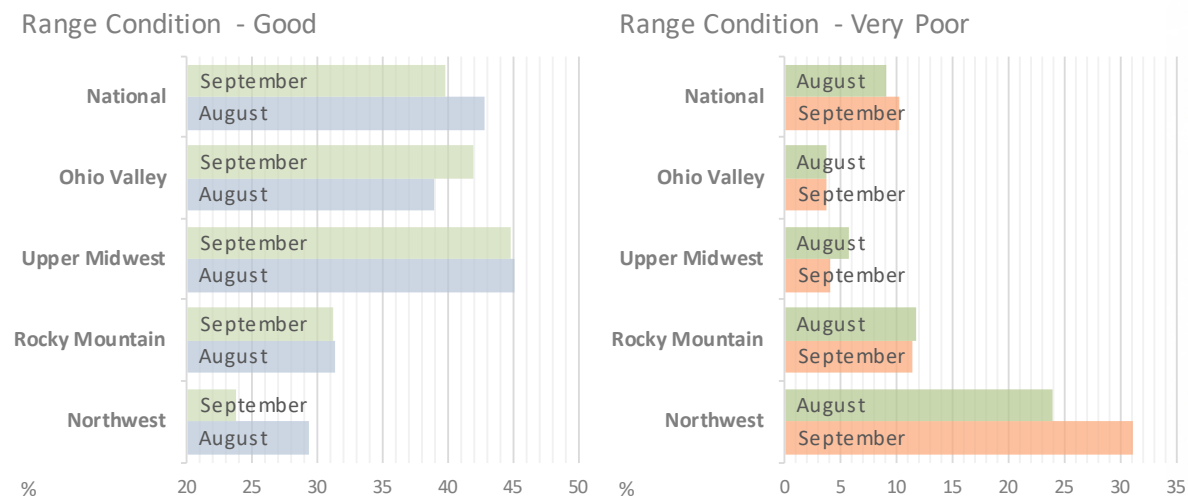
	Aug 18	Jul 18	change		Sep 18	Aug 18	change
<b>PRODUCTION: <sup>1/</sup></b>				<b>DIRECT SLAUGHTER LAMB:</b>			
Sheep Meat Production (lbs.).....	13,400,000	12,100,000	111	CH/PR, woolled/shorn (head) .....	11,400	14,600	78
Commercial Sheep Slaughter (head).....	204,500	178,900	114	price (\$/cwt) .....	139.83	144.69	97
Fed. Insp. Lamb Slaughter (head).....	163,300	148,800	110	<b>AUCTION SLAUGHTER LAMB:</b>			
Live Sheep Weight (lbs.).....	131	135	97	Sioux Falls, CH/PR, 2/3, 90-150 lb. (head) .....	4,248	6,229	68
Dressed Carcass Lamb Weight (lbs.).....	68	70	97	price (\$/cwt) .....	128.90	130.70	99
<b>COLD STORAGE:</b>				New Holland, CH/PR, 2/3, 90-150 lb. (\$/cwt)	150.79	161.82	93
Lamb/Mutton in Storage (lbs.).....	39,709,000	42,129,000	94	San Angelo, CH/PR, 2/3, 90-150 lb.			
<b>IMPORTS:</b>				Shorn price (\$/cwt) .....	115.36	128.32	90
Total Fresh/Chilled (lbs.).....	6,231,579	7,514,227	83	Woolled price (\$/cwt) .....	115.36	128.32	90
Total Frozen (lbs.).....	8,216,178	11,706,532	70	<b>LAMB CARCASS:</b>			
Total (lbs.).....	14,447,757	19,220,759	75	National Lamb Carcass Sales (head).....	9,443	12,823	74
<b>LAMB GRADED:</b>				Lamb Carcass Gross Cutout (\$ per pound).....	3.78	3.76	101
Choice (head).....	72,399	84,174	86	<b>BOXED LAMB CUTS:</b>			
Prime (head).....	7,966	7,997	100	Domestic Fresh Boxed Lamb Sales (lbs.) .....	3,625,687	4,948,460	73
				Imported Fresh Boxed Lamb Sales (lbs.) .....	3,494,395	3,750,823	93
				Imported Frozen Boxed Lamb Sales (lbs.) .....	7,150,649	6,883,601	104

<sup>1/</sup> - meat production, commercial slaughter, and live weight includes sheep and lamb; Fed. Insp' lamb slaughter and dressed weight are young lambs only.

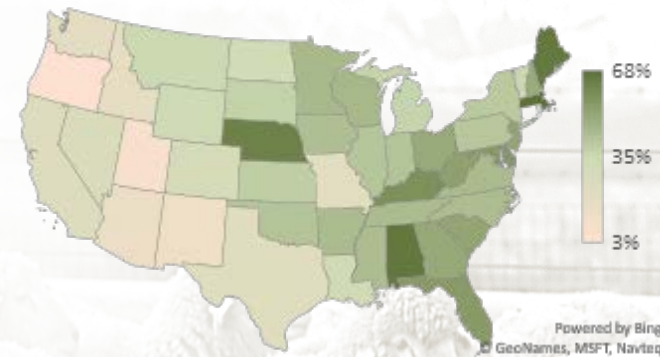


**Pasture and Range Condition:** In September, despite improving pasture and range conditions on average over much of the nation, conditions across the key lamb grazing regions of the country continued to see deterioration moving into October. During the month, pastures rated as “good” accounted for 40 percent of lamb grazing regions, down 3 percent from August, despite improving conditions in the Ohio Valley and Upper Midwest, specifically in Pennsylvania and Wisconsin. Lamb pastures rated as “good” continue describe most conditions with 40 percent. Lamb range conditions described as “poor” increased 20 percent and accounted for 16 percent of pastures. The Northwest saw the largest percentage of pastures rated as “very poor”, led by Oregon and Northern California.

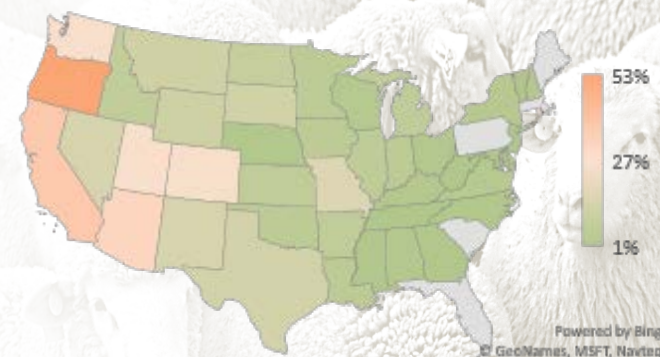
*(derived from the Weekly NASS Crop Progress reports issued April to November)*  
 Regional Consists - Ohio Valley (MI, NY, OH, PA); Upper Midwest (IA, MN, WI); Rocky Mountain (CO, ID, MT, SD, UT, WY); Northwest (CA, OR, WA). Ratings based on percentages described as excellent, good, fair, poor, and very poor.



September Average Range Condition - Good



September Average Range Condition - Very Poor



**Lamb Pelts/Wool:** In September, the average estimated per pelt credit returned to producers declined for most unshorn lamb pelts with damaged pelts unchanged. Credits for shorn pelts were mixed with the average credit for Standard and better pelts lower for the month while lower quality pelts saw an increased average credit price. The average monthly consist in September held at 53/47 percent in favor of unshorn lamb pelts.

	Unshorn		Shorn	
	credit	change	credit	change
Supreme	2.50	-0.35	2.50	-0.63
Premium	0.38	-0.23	0.38	-0.15
Standard	-0.75	-0.75	-1.03	-0.23
Fair	-0.75	-0.60	-1.41	0.22
Mixed	-1.00	-0.60	-2.03	0.34
Damaged	-1.38	0.00	-2.13	0.25
Consist %	53%		47%	

Trading of domestic wool in September, both clean and greasy, went untested as trading is typically very limited as the market moves into the Autumn months.

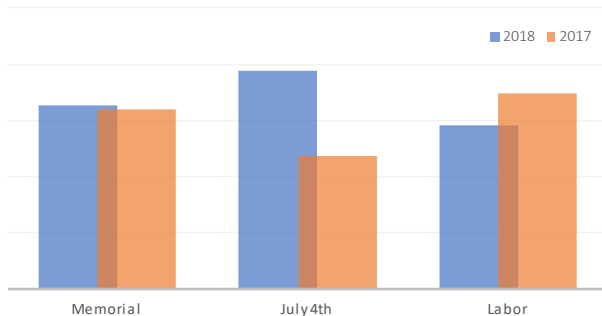
## Summer Lamb Chop Marketing

Summer is an active marketing period for a variety of meat cuts suited for the backyard grill including beef steaks and grinds, pork chops and sausages, chicken cuts, and ground turkey. While lamb chops enjoy less grill space than other types, they still command a loyal following and are seeing increasing popularity among grill masters of all ability. Traditionally, retail marketing of lamb focuses on the Easter and Christmas seasons when consumer demand for lamb is at its peak, particularly in the form of legs and racks. While lamb chops also see increased demand during these holidays, as well as for Valentine's and Mother's Days, they enjoy much broader exposure throughout the marketing year and retailers are seeing increasing consumer interest in lamb chops for summer grilling.

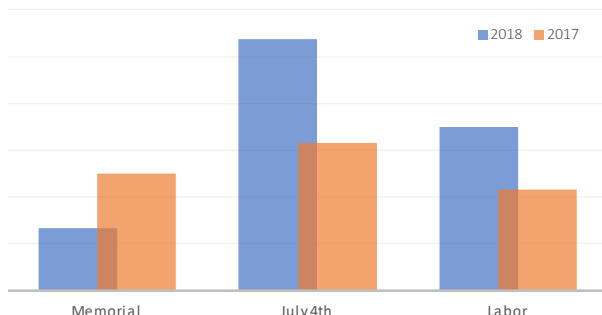
The most common lamb chops sold at retail are loin, shoulder blade, shoulder round bone (arm), and rib. Rib chops offer a smaller portion size and normally are priced more per pound (74% more on average in 2017). Retail featuring of rib chops is less consistent through the year and are popular during the big lamb demand periods. Lamb loin chops, (aka "baby porterhouse"), tend to receive more consistent retail featuring throughout the year than other lamb chops although shoulder blade chops are not far behind. In 2017, featuring of loin chops outpaced that for blade and round bone shoulder chops combined with 56% ad share, up from 54% ad share in 2016. In 2018, through mid-October, loin chops hold 50% of ad share but this is expected to rise as loin ad frequency normally outpaces shoulder chop ad pace by 3 to 1 through the last quarter of the year.

Shoulder chops, particularly blade chops, were favored over their round bone counterparts 85% to 15% in retail circulars during the summer months in 2018 and at an average ad price 13% less than round bone chops and 40% less than the average ad price for loin chops. Blade chops are typically the least expensive lamb chop and are increasing in popularity, up 12% in retail feature activity in Summer 2018 over 2017. Round bone (arm) chops are less commonly featured in retail ads and, in Summer 2018, were featured 18% less than in Summer 2017 as they lose share to their less expensive blade bone counterparts.

Loin Chops - Summer Retail Featuring



Shoulder Chops - Summer Retail Featuring



In 2018, through mid-October, 40% of retail lamb loin chop marketings took place during the summer grilling season (May through Labor Day), up 4% from the same period in 2017. During the same period, 45% of retail lamb shoulder chop marketings occurred, up one percent from 2017. During the big 3 summer holidays, Memorial, Independence, and Labor Days, lamb chops are seeing increased retail promotional activity with 2018 levels up 18% over 2017, led by an 11% increase in loin chop ads and a 30% rise in features for shoulder chops. In 2018, loin and shoulder lamb chops enjoyed their most active retail featuring at July 4<sup>th</sup> with 44% of feature share, followed by Labor Day with 31% and Memorial Day with 25%. This 44% share was the result of a 66% increase from 2017 in combined loin and shoulder chop promotion over the July 4<sup>th</sup> holiday. In 2018, loin chops commanded 62% of ad space during the summer holidays, down 4% in share from the 2017 season as shoulder chops saw increased promotion in 2018. Average ad prices during the summer holidays for both loin and shoulder chops were up 2 percent from 2017.

Information for this report is derived from data reported in the [Feature Advertising by U.S. Supermarkets Meat and Poultry](#) report series and the [National Retail Lamb](#) report.





# ThePlasticsExchange

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The spot resin markets remained active, deal flow was nearly constant during the first part of the week and slowed a bit by Friday. While there was good interest in both Polyethylene and Polypropylene, completed volumes were heavily skewed in favor of PE. Buyers, faced with higher producer asking prices and the growing possibility of another increase finding implementation in Oct, tapped the spot market for relatively good deals. Though there are still mostly ample supplies of material to be had and some nice deals around, the lower end of the price range for available material has been cleaning up. Spot PP demand has waned a bit as prices have been fairly flat and sans a major outage, buyers have little reason to fear a monomer driven price increase. Still, overall PP supplies are categorically tight, only helped to balance by strong imports that fill much of the supply gap.

The major energy markets were mixed this past week with large declines seen in the Oil Complex. WTI Crude Oil had a rough week, pulling back sharply (\$5.56/bbl) from its multi-year highs established just a week ago. The Nov futures contract settled down a clean \$3/bbl to \$71.34/bbl. Brent Oil also took it on the chin, the Dec contract lost \$3.73/bbl to finish at \$80.43/bbl; narrowing the premium to \$9.09/bbl. Nat Gas futures had a strong start, surging as high as \$3.368/mmBtu, but then gave nearly all of it back to end the week at \$3.161/mmBtu, just a scant net gain of \$.018/mmBtu. NGLs have also receded sharply, recording consecutive losses after making multi-year highs two weeks ago. Ethane prices were hammered, and though they recovered substantially on Friday to \$.43/gal (\$.181/lb), the week's losses were still huge, around \$.07/gal. Propane slid under a buck - dropping \$.045/gal to \$.995/gal (\$.282/lb).

Monomer trading was quite lively this past week with good turnover seen for both Ethylene and Propylene. The Ethylene market was mostly pressured with a late week rebound, which pared the losses to only about a penny. Ethylene in TX ended the week around \$.19/lb, while material in LA commanded about a \$.015/lb premium. Propylene was again on the defensive as the market has maintained a slightly negative undertone and PGP for prompt delivery shed about a half-cent to \$.565/lb. The PGP market saw very high volume on Tuesday, and while the backwardation increased a tad, spot saw no price change. In fact, PGP did not see any real type of price movement after Tuesday. Bids and offers were present, but neither strong enough to influence any sort of market movement late in the week. If PGP continues to leak lower over the next two weeks, the possibility of a minor October contract decrease, just a penny or two, would be justified.

The spot Polyethylene market continued its super busy pace as October moved to mid-month and our transacted volumes were well above average. Spot PE prices ranged from down a full penny for LD Injection to up a half-cent for LD and LL film grades, but the overall sentiment is slightly bullish. While the previous week was dominated by trader to trader activity, this past week saw more processors re-join the market to scoop up any remaining resin that was still being priced flat to slightly higher than late Sept values. Producers have nominated an October contract price increase ranging from \$.02-.04/lb, though it's still too early to make a call on the likelihood of timely implementation. We are still in the thick of hurricane season and fortunately the Houston grid has avoided a major weather situation / disruption, but it's certainly worth keeping an eye on as both the Gulf and Atlantic shores have been hit with massive storms these past few weeks.

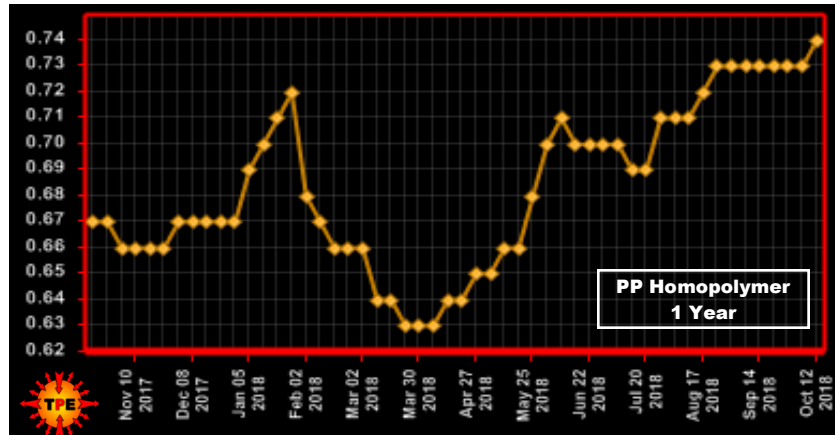
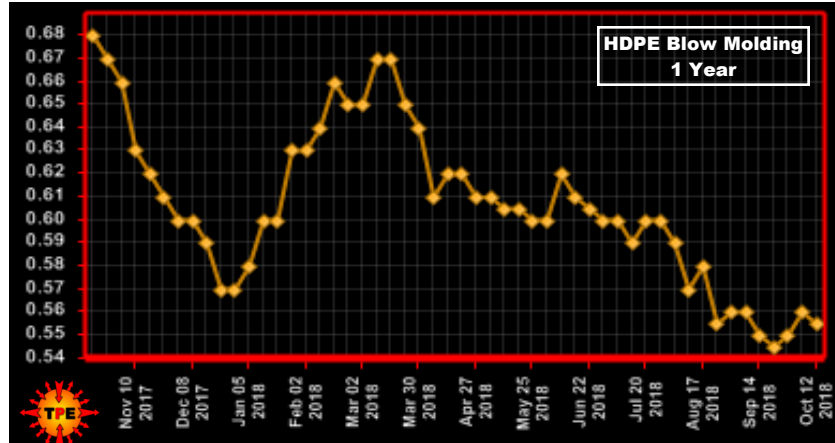
In September, Polyethylene export volumes pulled back for the first time in 7 months, but have still been surprisingly resilient in the face of the Chinese tariffs. Even at Sept's lower export tally of 1.15 billion pounds, which was about 130M lbs below the all-time record just made in August, exports have ratcheted up to a new norm. This new level, which should continue to grow despite trade conflicts, has been planned and heavily relied upon to offset the increases in PE production. However, producers also showed their willingness to throttle back reactors to maintain a position of pricing power. Operating rates were reduced significantly in Sept, leading to a recently rare upstream resin inventory draw of nearly 142 million pounds. Even so, Houston area warehouses are still bulging with material and packaging delays have become commonplace.

Spot Polypropylene trading was somewhat lackluster; spot prices rose a penny while completed volumes slid below average. As we have seen in months past, early Prime railcar offers have been priced on the high side as resellers seek to maximize opportunities given their limited resin availability, better deals have appeared late in the second half of the month. The flow of packaged offgrade HoPP and CoPP in Houston has been fairly constant and well-priced, with good high flow material moving quickly. The impact of current production issues has also surfaced - PP production has dipped below domestic demand for the second month in a row, leading to another upstream inventory draw, now the lowest in a full year. There are also some processors that rely on certain producers with limited current availability, whom have instead successfully engaged the spot market for supply. Some processors seem to be less aggressive with their purchases as PGP monomer prices slowly tick lower, which relieves the fear of another upward spike in prices. Still, if production issues persist and the supply / demand dynamic tightens further, producers might soon seek another outright margin increase.

Disclaimer: The information and data in this report is gathered from exchange observations as well as interactions with producers, distributors, brokers and processors. These are considered reliable. The accuracy and completeness of this information is not guaranteed. Any decision to purchase or sell as a result of the opinions expressed in this report will be the full responsibility of the person authorizing such a transaction. Our market updates

## Market Update — October 12th, 2018

Resin for Sale 11,620,008 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	3,230,256	\$ 0.510	\$ 0.600	\$ 0.475	\$ 0.515
LDPE - Film	1,675,496	\$ 0.560	\$ 0.640	\$ 0.530	\$ 0.570
PP Homo - Inj	1,573,288	\$ 0.660	\$ 0.770	\$ 0.700	\$ 0.740
HDPE - Inj	1,071,840	\$ 0.530	\$ 0.600	\$ 0.505	\$ 0.545
HDPE - Blow	1,060,012	\$ 0.540	\$ 0.600	\$ 0.515	\$ 0.555
HMWPE - Film	895,472	\$ 0.560	\$ 0.600	\$ 0.535	\$ 0.575
PP Copo - Inj	797,276	\$ 0.680	\$ 0.830	\$ 0.740	\$ 0.780
LLDPE - Inj	760,000	\$ 0.570	\$ 0.650	\$ 0.550	\$ 0.590
LDPE - Inj	556,368	\$ 0.550	\$ 0.600	\$ 0.530	\$ 0.570



www.ThePlasticsExchange.com MARKET UPDATE

Michael Greenberg  
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**10/19/2018**
**Dairy Market**

BLOCK: Down .0225 @ \$ 1.4975 8 Sales  
 BARRELS: Up .0025 @ \$ 1.2675 11 Sales  
 BUTTER: Up .0100 @ \$ 2.2600 6 Sales  
 NFDM Grade A: Up .0050 @ \$ .8725 6 Sales

<u>Date</u>	<u>Blocks</u>	<u>Block Change</u>	<u>Block Sales</u>	<u>Barrels</u>	<u>Barrel Change</u>	<u>Barrel Sale</u>	<u>Spread</u>
10/15/2018	1.6100	Unchanged	1	1.3375	Down .0225	9	0.2725
10/16/2018	1.6200	Up .0100	1	1.3325	Down .0050	2	0.2875
10/17/2018	1.5900	Down .0300	3	1.2925	Down .0400	5	0.2975
10/18/2018	1.5200	Down .0700	4	1.2650	Down .0275	7	0.2550
10/19/2018	1.4975	Down .0225	8	1.2675	Up .0025	11	0.2300
<b>Average Market:</b>	<b>1.5675</b>		<b>17</b>	<b>1.2990</b>		<b>34</b>	

<u>Date</u>	<u>Butter</u>	<u>Butter Change</u>	<u>Butter Sales</u>	<u>Grd A</u>	<u>Grd A Change</u>	<u>Grd A Sales</u>
10/15/2018	2.2900	Up .0400	6	0.8725	Up .0050	0
10/16/2018	2.2700	Down .0200	4	0.8725	Unchanged	0
10/17/2018	2.2850	Up .0150	11	0.8675	Down .0050	0
10/18/2018	2.2500	Down .0350	15	0.8675	Unchanged	1
10/19/2018	2.2600	Up .0100	6	0.8725	Up .0050	6
<b>Average Market:</b>	<b>2.2710</b>		<b>42</b>	<b>0.8705</b>		<b>7</b>

**--Year Ago--**

<u>Date</u>	<u>Blocks</u>	<u>Barrels</u>	<u>Butter</u>	<u>NFDM Grade A</u>
10/17/2017	1.7200	1.6850	2.4000	0.7450
10/18/2017	1.7200	1.6800	2.3950	0.7675
10/19/2017	1.7200	1.6475	2.3550	0.7575
10/20/2017	1.6700	1.6400	2.3500	0.7400





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## Monthly Olive Oil Market Update

### September

#### Heading into New Crop

Summer is almost over, although the European industries' holiday break is finished. Now comes the time to weigh the amount of oil in stock - against the possibilities of the new crop estimated production. This will be an individual producer's decision on how to move forward with current stock. It is almost certain that worldwide crop next year will be better or at least equal to the 2018 season production. Spain's forecasted harvest appears as we write this to be greater than last season; Greece looks to higher as well. Tunisia and Turkey are not expected to exceed last year's levels; however, the exportable quantities will be at good levels. An important shortage will occur in Italy. That complicates things in that Italian brands become difficult competitors to purchase oil against on the world market. Italian brands still have a good following. The volumes they purchase outside Italy are significant, in most cases, the purchase is done collectively in third countries and Spain. This process usually pushes the entire market upward and can cause temporary chaos in the market place.

In terms of the current market, pockets of suppliers must balance inventory and the need for cash before new crop starts showing up. Rumors of bad weather in Jaen is making the market nervous. SIAL is October 21-24th. This, as usual, will be a vital time to get new market information collectively. In meeting with a vast array of suppliers from different countries, even different regions, gives us a broad view of issues and forecasts moving into the physical harvest.

**WATCH FOR RAIN IN SPAIN DURING END SEPTEMBER TILL NEW CROP.**



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# REMA FOODS

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## Market Update: October 16th, 2018

### Tuna

After firming substantially early in the year, weakening for a short time in the summer, and then firming up again in the fall, Skipjack tuna costs out of Bangkok appear to be leveling off at the \$1650-1700/metric ton level.



While Yellowfin tuna costs usually track skipjack, a low catch ratio has translated to a widening in Yellow Fin premium. The normal catch ratio for Yellow Fin/Skipjack is 20% but it's currently running at 3-5%. Yellowfin raw material is trading at \$1900-2000/metric ton.

Albacore remains extremely short while raw material costs continue to increase. There are still few signs of improvement over the coming months. Packers are backlogged with orders and shortages are expected overseas, until at least the end of the year. Current cost for Albacore raw material is \$3700/metric ton.

## **Pineapple**



While overall conditions in the Far East have improved significantly this summer season compared to last year, the upcoming Thai winter crop at 450,000 metric tons is projected to fall behind last year's crop. Nevertheless, weak global demand and significant carry-over have softened worldwide pricing.

## **Pear**



China's raw material production is expected to decline due to heavy rainfall and flooding in specific harvesting locations. Canning for pears begins in October. Pricing for Pears should also be confirmed by canneries by end October. The new US tariffs on Chinese products are significantly impacting costs.

## **Tomato**



Around the world, the main producers of tomatoes are expecting to cut back on tomato production, as the current harvest is at a four-year record low. Spain & Italy remain on track with projected production. Northern Italy continues to show strong results. Portugal's tonnage is predicted to decrease from 1.25 to 1.1 million metric tons. Difficulty surrounds Turkey's tomato crop with low production and poor quality. The collapse of the Turkish lira is also contributing to Turkey's problems. Greece has been faced with poor weather condition, yielding lower production than initially projected.

## **Mandarin Orange**



The 2017/18 Chinese crop saw raw material tonnage decline by over 30%. No relief is in sight until the new season begins at the end of this year. Unfortunately, there is no carryover overseas. In addition, the new US tariffs on Chinese products are significantly impacting costs.

## **Ripe Olive Anti-Dumping Duty Update**



With prohibitive antidumping and countervailing duties in effect on Spanish ripe olives, imports from other countries are struggling to make up for the lost Spanish volume. The few high quality non-Spanish overseas plants are sold out and fully committed. Smaller plants and alternate countries are starting to export to the U.S., but quality and FSMA compliance from many are suspect. New crop is around the corner and initial estimates point to a good crop overseas, especially in Spain. Strong demand from the U.S. however is lifting costs in non-Spanish origins.

## Peaches

Greek production of peaches is expected to be 4.5% higher this crop year.

In China, the harvest was affected by frost conditions in April and new crop pricing has opened a few percentages higher than last year. The 10% tariff placed on China by the U.S. will be the true determinant for the direction of the peach market for the rest of 2018. Over half of U.S. imported peaches are brought in from China.



California's cling peach raw material for canning this year is down by 13% from last year's crop and acreage reductions for next year have been already anticipated. There are currently 15,697 peach bearing acres in California. Cling peach raw material production for canning in California this year reached 256,178 short tons (260,276 tons), the California Canning Peach Association (CCPA) confirmed. In the last five years, raw material production has decreased by 21% from 324,458 in 2014 to this year's 256,178 tons, a cut monitored from the CCPA to balance the market. This year, most of the contracted peach acreage due to expire in California, estimated in 1,075 acres, will not be renewed next season "in order to face with declining consumption, increasing import pressure and rising costs," the CCPA and key peach canners PCP and Del Monte recently agreed.



## **Apricots**

Domestic US plants experienced a disastrous crop this season – with some already out of stock until next season. Plants took the extraordinary step of invoking Force Majeure on canned Apricots. Imports are available in limited quantities to make up some of the shortfall.



## **Olive Oil**

Spanish olive oil received a much needed boost from favorable weather conditions and heavy rainfall. If favorable weather continues, projections for olive oil are in the range of 3.4 million tons worldwide. Where Spain is looking to have 1.6 million tons of oil produced, a 25% increase, Italy & Tunisia are forecasted to have lower outputs compared to 2017. Rain remains the key factor in determining the direction of olive oil.



## **Raisin**

After rising considerably last year, California raisins are now facing another big jump in cost as the Raisin Bargaining Association (RBA) has finalized with almost all plants at the \$2150/metric ton level. The global shortages of the Thompson seedless raisin is ongoing as the poor U.S. crop continues to affect worldwide supply & demand. Costs in other countries are following California's lead, but some opportunities are developing with imported raisins at levels below the domestic costs, especially for the east coast market due to freight from California.



# Trade, Government & Food Safety



## Currency

*Euro to USD Exchange Rate as of 10/16/2018 - **\$1.16***

Euro to USD Exchange Rate continues to trade in the 1.15-1.18 range.

## U.S. Tariffs

The U.S./China tariff war continues as the U.S. collects tariffs on Chinese food imports and plans to implement higher tariffs in the near future.



On September 24<sup>th</sup>, the United States started collecting a 10% tariff on \$200 billion worth of Chinese goods. On January 1<sup>st</sup>, 2019, the rate is scheduled to increase to 25%.

This wave of tariffs are in addition to the \$50 billion worth of imports already taxed earlier this year, meaning nearly half of all Chinese imports into the United States will soon face levies. It's also the first wave to significantly include food products.

President Trump said he was prepared to “immediately” place tariffs on another \$267 billion worth of imports “if China takes retaliatory action against our farmers or other industries.

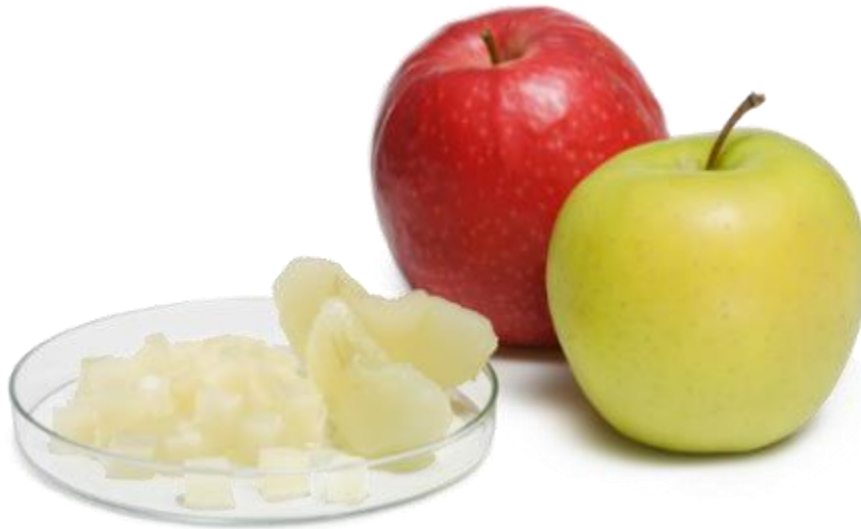
## U.S.-Mexico-Canada Agreement

U.S. and Canadian negotiators secured an agreement late in early October to achieve a tripartite deal to replace NAFTA, which will be known as the US-Mexico-Canada Agreement (USMCA)



- The deal achieves the broad goal of countering China's growing presence in trade/manufacturing by barring any of the three members from entering a trade deal with a "non-market" economy (i.e. China) to promote trade growth beyond the \$1 billion worth that already occurs in the region.
- Achieving the deal clears the most important hurdle and reduces worst case NAFTA breakup risks, though it will be months before we achieve realization of the fully signed and ratified new deal.
- It's expected the deal will be signed by all three parties in November, with Mexican President Peña Nieto still in office, though ratification is expected to be a material hurdle that will go into 1st Quarter 2019 given lawmakers in the three countries still need to agree on the text (which must also go through the International Trade Commission ITC in the US).

# Trend Alert: *Apples*



Fall weather marks the beginning of autumn delicacies that provide a certain taste and comfort. Apples are the most universally known fruit that yields multiple uses while remaining kitchen friendly. Known as a source for rich antioxidants, this powerhouse fruit increases bone density and reduces the risk of diabetes. While flakey pie & warm cider remain traditional options for apples, why not take a modern approach? Keep it light with an Apple and Couscous-Bulgur Salad or add some texture with an apple-glazed pork chop. Apples are a simple option when it comes to making intricate dishes that attract a wide range of customers.

In keeping with our mission of providing the most authentic ingredients and products possible, we import our apples directly from China. Skip the apple orchards this Fall and purchase this classic fruit conveniently.

## **Contact Us**

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