



Bellissimo Foods - Market Update

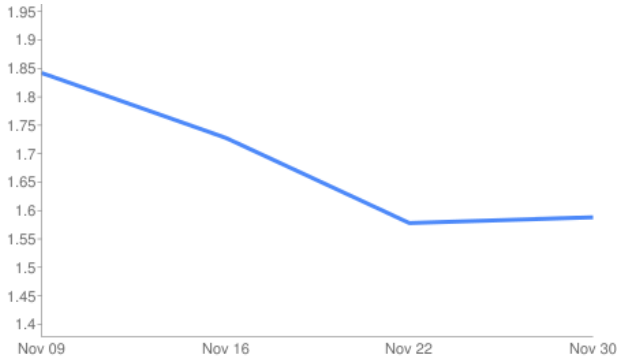
Week Ended December 1, 2017 Summary

“Market Data from Foodservice.com (www.foodservice.com)”



BEEF - Beef production fell 10.3% last week due to the holiday but was 2.2% better than the same week last year. Feedlots are trying to delay cattle growth and sales due to the higher cattle futures in February. This could temper the cattle supply and beef output during the next few weeks. October 31st boneless beef stocks were down 7% from a year ago but the biggest since February. The build in supplies during October was the smallest for the month in three years. Strong needs for domestic fresh lean beef trim due to building demand for fresh hamburger meat could underpin domestic lean beef trim prices this winter. Ribeye and tenderloin prices could peak soon.

Ground Beef

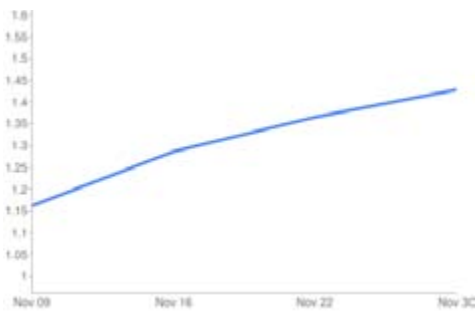


| BEEF | Price | LstWk | Diff | Price 16 |
|--------------------------|---------|---------|------------|----------|
| Ground Beef 81/19 | \$1.588 | \$1.578 | \$0.0100 | \$1.538 |
| Ground Chuck | \$1.805 | \$1.823 | (\$0.0180) | \$1.569 |
| 116 Chuck (choice) | \$2.826 | \$2.773 | \$0.0530 | \$2.537 |
| 168 Inside Round (ch.) | \$2.054 | \$2.188 | (\$0.1340) | \$1.817 |
| 184 Top Butt, bnls (ch.) | \$2.928 | \$2.863 | \$0.0650 | \$2.044 |
| 193 Flank Steak (choice) | \$4.066 | \$4.412 | (\$0.3460) | \$3.746 |
| 50% Trimmings | \$0.647 | \$0.685 | (\$0.0380) | \$0.461 |
| 75% Trimmings | \$1.596 | \$1.596 | - | \$1.361 |
| 90% Trimmings | \$2.110 | \$2.115 | (\$0.0050) | \$1.896 |



PORK -Pork output last week declined 11.9% due to the Thanksgiving break but was 1% larger than last year. Hog weights have been trending above the prior year which suggests that hog supplies are at least adequate. The USDA is forecasting Q1 2018 pork production to be 4.7% larger than the previous year - the biggest annual gain for any quarter since the fall of 2015. This should temper the seasonal upside trend in pork prices. October 31st pork stocks were essentially flat with 2016 but belly (58%), ham (2%), and trim (5%) holdings were all larger.

Belly (bacon)

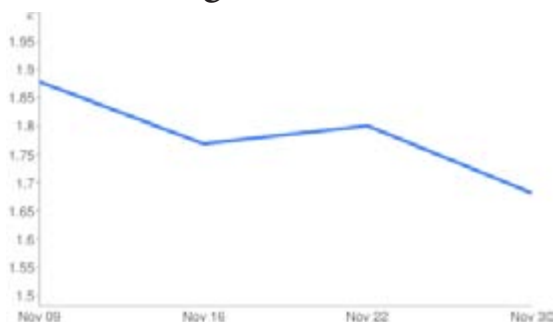


| PORK | Price | LstWk | Diff | Price 16 |
|-----------------------|---------|---------|------------|----------|
| Live Hogs | \$0.428 | \$0.426 | \$0.0020 | \$0.312 |
| Belly (bacon) | \$1.428 | \$1.365 | \$0.0630 | \$0.980 |
| Ham (23-27 lb.) | \$0.621 | \$0.600 | \$0.0210 | \$0.717 |
| Loin (bone-in) | \$0.715 | \$0.734 | (\$0.0190) | \$0.670 |
| Tenderloin (1.25 lb.) | \$2.093 | \$2.143 | (\$0.0500) | \$1.974 |
| Picnic, untrmd. | \$0.608 | \$0.625 | (\$0.0170) | \$0.589 |
| 42% Trimmings | \$0.286 | \$0.269 | \$0.0170 | \$0.233 |



POULTRY - For the week ending November 18th, chicken production declined .1% from the prior week but was 1.2% bigger than last year. The six-week total of chicken output is 2.3% above 2016. Broiler slaughter has been trending 2.8% above last year while weights have been .5% lighter. The broiler type chick hatch in October was 2% bigger than a year ago which suggests similar annual chicken production gains are likely to occur in the coming weeks. The number of broiler layers declined .8% during October but were still 5.9% larger than last year. A tightening broiler layer supply is expected to temper chicken output gains this winter which could support prices.

Wings Jumbo Cut



| POULTRY | Price | LstWk | Diff | Price 16 |
|----------------------------|---------|---------|------------|----------|
| Wings (jumbo, cut) | \$1.682 | \$1.801 | (\$0.1190) | \$1.849 |
| Wing Index- (ARA) | \$1.739 | \$1.810 | (\$0.0710) | \$1.871 |
| Breast, Bnless Index (ARA) | \$0.996 | \$1.031 | (\$0.0350) | \$0.972 |
| Tenderloin Index- (ARA) | \$1.365 | \$1.407 | (\$0.0420) | \$1.393 |
| Legs (whole) | \$0.519 | \$0.456 | \$0.0630 | \$0.376 |
| Leg Qtr Index (ARA) | \$0.375 | \$0.373 | \$0.0020 | \$0.330 |
| Thighs, bone in | \$0.530 | \$0.530 | - | \$0.574 |



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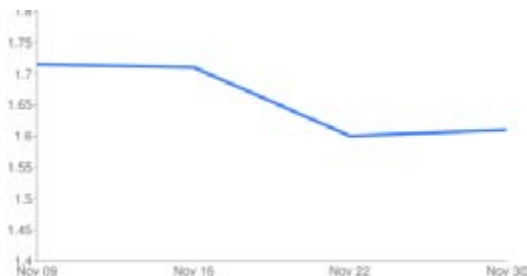
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DAIRY - The CME cheese markets are seasonally softening falling to their least expensive levels since September. End of October cheese stocks were 3.7% more than last year and a record for the month. The net drawdown in cheese supplies during the month, however, was the largest since 2013. History suggests there may be more downside for cheese prices in the near term. The five-year average price move for CME cheese blocks during December is a decline of 7%. October butter holdings were down 3.7% from the prior year but the second biggest for the date in the last 24 years.

Cheese Blocks



| Dairy | Price | Last Week | Difference |
|---------------|----------|-----------|------------|
| Barrels | \$1.5370 | \$1.6633 | (\$0.1263) |
| 40 lb. blocks | \$1.5845 | \$1.6050 | (\$0.0205) |
| Butter | \$2.2050 | \$2.2150 | (\$0.0100) |
| NFDM-Grade A | \$0.7180 | \$0.7108 | \$0.0072 |



OIL & GRAINS - Hard red spring wheat futures and high protein spring wheat basis premiums have fallen since our last communication two weeks ago. Hard red winter wheat futures and basis premiums are higher, reflecting strong demand for protein and quality that is in short supply.

Hard red winter wheat basis continues to trade at the highest levels since 2008. Protein is expensive, 13% protein milling wheat commands an astounding \$1.41 per bushel premium over 11% protein milling wheat. The U.S. winter wheat crop is in good condition but could use some rain. Area planted to this year's crop is the smallest in records back to 1919. Reduced acres equate to low or negative return on planting costs for growers which could lead to even tighter and more expensive supplies in coming crop years. We expect prices to remain in a narrow range until wheat markets find a new compelling story to lead them to trade higher.

| GRAINS + OILS | Price | LstWk | Diff | Price 16 |
|------------------------|-----------|-----------|------------|----------|
| Soybeans, bushel | \$9.680 | \$9.608 | \$0.0720 | \$10.12 |
| Crude Soybean Oil, lb. | \$0.330 | \$0.331 | (\$0.0010) | \$0.36 |
| Corn, bushel | \$3.201 | \$3.252 | (\$0.0510) | \$3.19 |
| Crude Corn Oil, lb. | \$0.338 | \$0.349 | (\$0.0110) | \$0.38 |
| Distillers Grain, Dry | \$128.000 | \$124.667 | \$3.3330 | \$107.44 |
| HRW Wheat, bushel | \$3.743 | \$3.785 | (\$0.0420) | \$3.33 |
| DNS Wheat 14%, bushel | \$6.270 | \$6.363 | (\$0.0930) | \$5.33 |
| Durum Wheat, bushel | \$6.297 | \$6.297 | - | \$6.17 |



KITCHEN SINK - The International Coffee Organization sees favorable conditions for the 2018 Brazilian and Vietnamese coffee harvests. This, and a deflated value of the Brazilian real

could keep a lid on coffee prices in the coming months. But the downside price risk is likely limited.

| Kitchen | Price | LstWk | Diff | Price 16 |
|--------------------------------|----------|----------|----------|----------|
| Whole Peeled, Stand (6/10) | \$12.321 | \$12.321 | - | \$12.03 |
| Tomato Paste- Industrial (lb.) | \$0.456 | \$0.456 | - | \$0.45 |
| Coffee, lb., ICE | \$1.275 | \$1.229 | \$0.0460 | \$1.50 |
| Sugar, lb., ICE | \$0.277 | \$0.270 | \$0.0070 | \$0.29 |

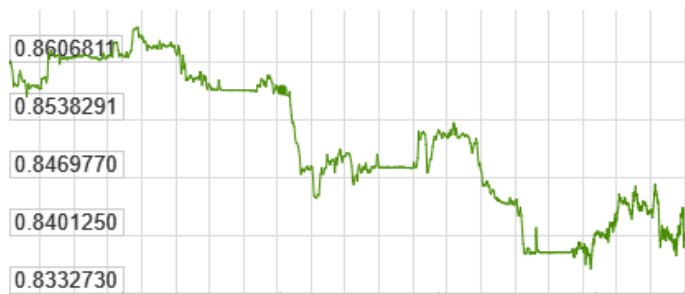


EURO vs. US Dollar

Current: \$0.8409

Lowest Last 30 Days: \$0.8369

Highest Last 30 Days: \$0.8646



Energy Commodities

| ENERGY | Price | LstWk | Diff | Price 16 |
|--------------------------|----------|----------|------------|----------|
| Crude Oil, barrel- nymex | \$57.860 | \$56.420 | \$1.4400 | \$48.36 |
| Natural Gas, mbtu- nymex | \$3.053 | \$3.123 | (\$0.0700) | \$3.35 |
| Diesel Fuel, gal- nymex | \$1.923 | \$1.931 | (\$0.0080) | \$1.56 |
| Electricity, mwht- nymex | \$32.270 | \$34.870 | (\$2.6000) | \$37.84 |
| Gasoline, gal- nymex | \$1.736 | \$1.745 | (\$0.0090) | \$1.45 |
| Diesel Fuel, gal- eia | \$2.926 | \$2.912 | \$0.0140 | \$2.42 |
| Ethanol, gal- usda | \$1.324 | \$1.337 | (\$0.0130) | \$1.58 |