

# Bellissimo Foods - Market Update

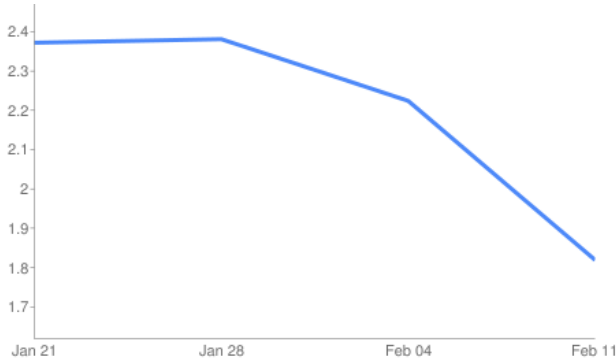
## Week of February 26, 2016 Summary

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



**BEEF** - Beef output last week declined 4.5% but was 1.3% better than the same week last year. 2016 to date beef production is only .1% more than the prior year. Beef packer margins have deteriorated in recent weeks which is typical for this time of the year. This may cause beef packers to slow beef output in the near term which could be the impetus for a seasonal bottom in the beef markets. Still, recent cattle on feed data suggests that beef production should trend close or above 2015 levels in the coming months. The February 1st cattle on feed inventory was even with a year ago while January placements into feedlots were down .6%. Cattle placements weights were up .9% from 2015. Price USDA, FOB per pound.

### Ground Chuck

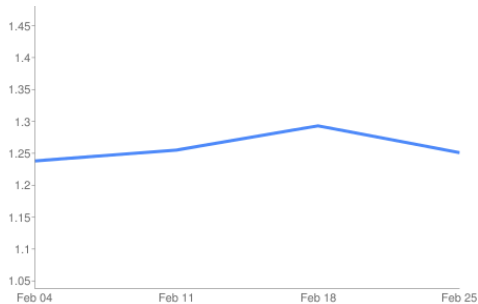


BEEF	Price	LstWk	Diff	Price 15
Ground Beef 81/19	\$1.730	\$1.823	(\$0.0930)	\$2.507
Ground Chuck	\$1.901	\$1.896	\$0.0050	\$2.575
116 Chuck (select)	\$2.988	\$2.845	\$0.1430	\$3.164
168 Inside Round (ch.)	\$2.370	\$2.457	(\$0.0870)	\$2.888
184 Top Butt, bnls (ch.)	\$3.543	\$3.340	\$0.2030	\$4.287
193 Flank Steak (choice)	\$5.636	\$5.467	\$0.1690	\$5.432
50% Trimmings	\$0.544	\$0.507	\$0.0370	\$0.898
75% Trimmings	\$1.352	\$1.366	(\$0.0140)	\$2.288
90% Trimmings	\$2.126	\$2.099	\$0.0270	\$2.920



**PORK** - Pork production last week rose .3% but was flat with the same week a year ago. Year to date pork output is estimated by the USDA to be down 1% from 2015. Pork production will seasonally decline in the coming months which is usually supportive of the pork markets. The USDA is forecasting Q2 pork output to decline from Q1 by the largest amount in five years. Per capita pork belly disappearance in 2015 set a new record high. Lower ground beef prices in 2016 may only encourage pork belly consumption further. Prices USDA, FOB per pound.

### Belly (bacon)

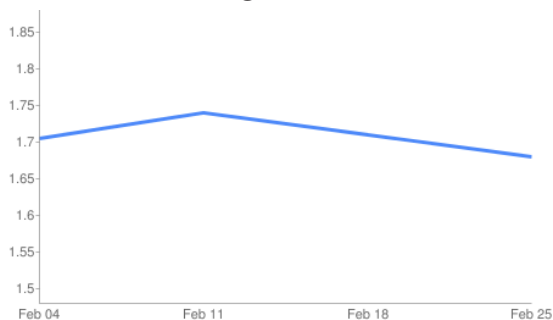


PORK	Price	LstWk	Diff	Price 15
Live Hogs	\$0.463	\$0.463	-	\$0.469
Belly (bacon)	\$1.251	\$1.293	(\$0.0420)	\$0.824
Ham (23-27 lb.)	\$0.569	\$0.580	(\$0.0110)	\$0.568
Loin (bone-in)	\$0.790	\$0.734	\$0.0560	\$0.820
Tenderloin (1.25 lb.)	\$2.492	\$2.517	(\$0.0250)	\$2.527
Picnic, untrmd.	\$0.438	\$0.419	\$0.0190	\$0.431
42% Trimmings	\$0.165	\$0.180	(\$0.0150)	\$0.257
72% Trimmings	\$0.574	\$0.593	(\$0.0190)	\$0.436



**POULTRY** - Chicken production for the week ending February 13th declined 1% from the previous week but was up 3.3% from the same week last year. 2016 to date chicken output is tracking 2.1% above the prior year due to a .4% rise in broiler slaughter and a 1.7% gain in broiler weights. Various chicken producers suggested late last year that bird weight growth would be nominal in 2016 due to product quality challenges. If the solid weight gains continue, it would likely temper any pending seasonal price appreciation in the chicken breast markets. Typically, boneless skinless chicken breast prices rise 28% from now until forming their annual top in mid-May. The wing markets are starting to soften with additional price weakness likely to occur. Prices USDA, FOB per pound except when noted.

### Wings Whole

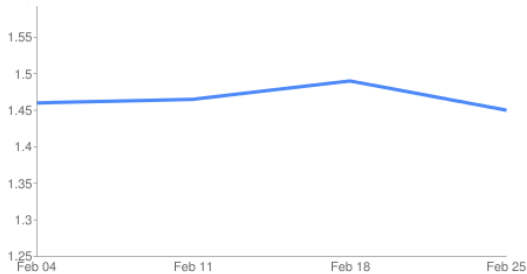


POULTRY	Price	LstWk	Diff	Price 15
Wings (whole)	\$1.680	\$1.710	(\$0.0300)	\$1.730
Wings (jumbo, cut)	\$1.792	\$1.808	(\$0.0160)	\$1.772
Breast, Bone In	\$0.940	\$0.955	(\$0.0150)	\$1.255
Breast, Bnless Skinless	\$1.370	\$1.390	(\$0.0200)	\$1.880
Tenderloin (random)	\$1.650	\$1.660	(\$0.0100)	\$1.780
Tenderloin (sized)	\$1.850	\$1.850	-	\$2.040
Legs (whole)	\$0.413	\$0.429	(\$0.0160)	\$0.442
Leg Quarters	\$0.325	\$0.330	(\$0.0050)	\$0.500



**DAIRY** - U.S. milk producers continue to slow production growth. During January, domestic milk output was just .3% better than the previous year. The milk cow herd was .1% larger than 2015 while milk per cow yields were up .2%. The U.S. milk cow herd declined by 10,000 head in January from the previous month due in a large part to winter storm that hit Texas and New Mexico in late December. Lackluster milk output growth is expected to persist which may underpin dairy prices. The butter market may remain above \$2.00 this winter while cheese prices could remain engaging. Prices per pound, except Class I Cream (hundred weight), from USDA.

### Cheese Blocks



DAIRY	Price	Last Week	Difference
Barrels	\$1.4345	\$1.4706	(\$0.0361)
40 lb. blocks	\$1.4620	\$1.4894	(\$0.0274)
Butter	\$2.0260	\$2.0506	(\$0.0246)
NFDM-Grade A	\$0.7716	\$0.7444	\$0.0272



**OIL & GRAINS** - Wheat futures prices are lower this week in the U.S. European wheat markets experienced more substantial price breaks, more evidence that world wheat stocks are plentiful and so far there are few real concerns

around this year's wheat harvests. Rail transportation continues to run smoothly as winter weather has not materialized in a big way, and less oil movement has meant more equipment is available. Farmer selling is very light and could be expected to continue to be sluggish as prices are too low to incentivize them to sell. Prices remain attractive, and could stay that way in the near term.

GRAINS + OILS	Price	LstWk	Diff	Price 15
Soybeans, bushel	\$8.697	\$8.800	(\$0.1030)	\$10.05
Crude Soybean Oil, lb.	\$0.293	\$0.302	(\$0.0090)	\$0.31
Corn, bushel	\$3.555	\$3.574	(\$0.0190)	\$3.68
Crude Corn Oil, lb.	\$0.403	\$0.403	-	\$0.37
Distillers Grain, Dry	\$131.542	\$130.208	\$1.3340	\$179.31
HRW Wheat, bushel	\$4.280	\$4.320	(\$0.0400)	\$5.40
DNS Wheat 14%, bushel	\$5.000	\$5.060	(\$0.0600)	\$5.83
Durum Wheat, bushel	\$5.670	\$5.583	\$0.0870	\$8.57



**KITCHEN SINK** - Orange juice futures have softened as of late recently declining to a three week low. The historically deflated Brazilian real and favorable conditions there may

keep a lid on orange juice prices in the near term. Price bases noted below.

Kitchen	Price	LstWk	Diff	Price 15
Whole Peeled, Stand (6/10)	\$11.993	\$11.993	-	\$12.76
Tomato Paste- Industrial (lb.)	\$0.444	\$0.444	-	\$0.47
Coffee, lb., ICE	\$1.193	\$1.146	\$0.0470	\$1.42
Sugar, lb., ICE	\$0.257	\$0.259	(\$0.0020)	\$0.25



### EURO vs. US Dollar

Current: \$0.915

Lowest Last 30 Days: \$0.8823

Highest Last 30 Days: \$0.9233



### Energy Commodities

ENERGY	Price	LstWk	Diff	Price 15
Crude Oil, barrel- ny-mex	\$30.900	\$29.870	\$1.0300	\$49.31
Natural Gas, mbtu- ny-mex	\$1.809	\$1.996	(\$0.1870)	\$2.89
Diesel Fuel, gal- nymex	\$1.028	\$1.051	(\$0.0230)	\$1.87
Electricity, mwht- ny-mex	\$30.950	\$33.550	(\$2.6000)	\$52.05
Gasoline, gal- nymex	\$1.214	\$1.210	\$0.0040	\$1.82
Diesel Fuel, gal- eia	\$1.730	\$1.980	(\$0.2500)	\$2.90
Ethanol, gal- usda	\$1.322	\$1.332	(\$0.0100)	\$1.33