



**BEEF** - Beef output last week rose 1.7% and was a whopping 6.4% larger than last year. Year to date production is up 1.3% compared to 2015. Beef packer margins are positive which should encourage output in the near term. Further, demand is starting to soften with the recent rise in prices. Spot beef shipments last week were the smallest for any non-holiday week in 15 months. These factors could put modest downward pressure on several of the beef markets in the near term. The five year average move for the USDA choice boxed beef cutout during the next three weeks is a decline of 1.8%. Still, price appreciation in some grill item markets like strips may continue.



**PORK** - Pork production last week declined 2.3% and was 2.8% less than the same week last year. Hog slaughter was the smallest for any non-holiday week since September. Pork output will seasonally decline in the coming months which should be accompanied with support for the pork markets. The ham markets continue to trade at relatively depressed levels due in part to the early Easter. Typically ham prices soften in April but the last two times Easter occurred during March the 23-27 ham market rose at least 27% during the month.



**POULTRY** - Chicken production for the week ending March 12th declined .6% from the prior week but was 2.8% larger than the same week last year. Turkey output for the same week was down .6% from 2015. Most of the chicken markets have found support in recent weeks, including wings. After declining roughly 8% since the Super Bowl the wing markets have stabilized due in part to better demand for the March Madness college basketball tournament. However, history suggests that the firmness in wing prices may be short-lived. The five year average move the ARA Chicken Wing Index during the month of April is a decline of 9%. Conversely, the chicken breast and leg quarter markets are likely to move upward next month.



**DAIRY** - U.S. milk production growth remains tepid due to challenged margins for farmers. After the leap year adjustment, milk output during February was just 1% better than 2015 due to a .1% larger milk cow herd and a .9% gain in milk per cow yields. Milk farmers added a net 2,000 head to the herd during the month. However, the running four month change in the herd is a reduction of 8,000 head marking the biggest decline in two years. Despite this, milk supplies are reported to be ample for cheese producers which could lead to modest cheese market declines in the coming weeks.



**OIL & GRAIN** - Wheat futures prices are lower this week, following their recent highs we reported one week ago. After declining steadily over several sessions last week futures traded higher Monday reacting to news that the hard red winter wheat crop particularly in Kansas and Oklahoma had experienced a cold snap that could potentially have damaged the crop. It is too soon to predict the extent of the damage or the effect it will have on yields, but subsequent markets seem little concerned as futures resumed their slow decline. Basis premium price changes were mixed. High protein spring wheat basis moves were higher, while the winter wheat basis values declined slightly. Most market participants seem convinced that with ample world and U.S. wheat stocks we may see some higher prices but not extreme volatility. That is unless weather or crop quality concerns increase substantially.



**KITCHEN SINK** - A firming Brazilian real along with historically small supplies have brought support to coffee prices as of late. Still, it will be very hard for coffee prices to move notably higher from here without any major crop shortfall.



**PRODUCE** - The lettuce markets have firmed during the last week. The Yuma-Imperial Valley region winter lettuce harvest is winding down and with that harvest volumes. Iceberg lettuce shipments last week declined 5% from the area but were still 2% better than the same week in 2015. The chief harvest area will shift to Central California shortly. It is hoped that the better water resources will aid production in the coming weeks. Iceberg lettuce prices have averaged higher in April than the previous month in three of the last four years. The tomato markets could remain relatively elevated in the near term.



**SEAFOOD** - The Alaskan Bering Sea snow crab fishing season is entering its final stages. As of mid-March, 85% of the 2015-16 Alaskan quota had been landed. Due to the abnormally small Alaskan quota this year and the recent weakness in the U.S. dollar, the snow crab leg markets may find support this spring especially without notable growth in the Canadian harvest.