



Bellissimo Foods - Market Update

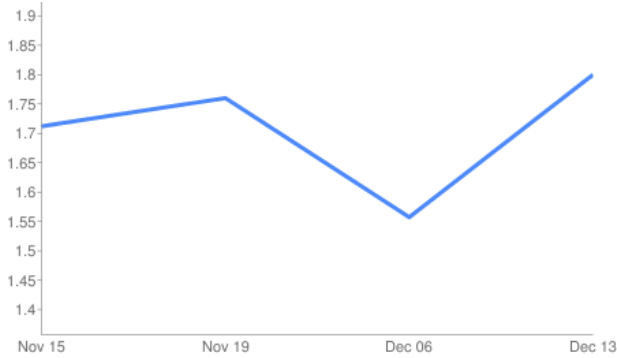
Week Ended December 14, 2018 Summary

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



BEEF -Last week's cattle harvest came in at a whopping 667k head, the largest kill of this year, boosting beef production 3.7% vs. the year prior. While production of this magnitude was relatively unexpected (especially for early December), it has become abundantly clear that favorable packer margins and aggressive beef demand will continue to push production schedules higher. From a global perspective, exports remain brisk, up 5.2% in October (yoy) which accounted for 13% of domestic output. Key Asian export partners, South Korea and Japan, continue to lead the pack, showing no signs of slowing. If global demand holds strong, expect beef market values to exceed expectations into early Q1.

Ground Beef

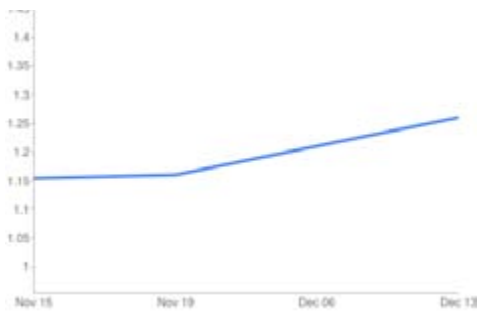


BEEF	Price	LstWk	Diff	Price 17
Ground Beef 81/19	\$1.800	\$1.557	\$0.2430	\$1.538
Ground Chuck	\$1.854	\$1.788	\$0.0660	\$1.703
116 Chuck (choice)	\$2.927	\$2.814	\$0.1130	\$2.689
168 Inside Round (ch.)	\$1.983	\$1.973	\$0.0100	\$2.012
184 Top Butt, bnls (ch.)	\$3.318	\$3.247	\$0.0710	\$2.855
193 Flank Steak (choice)	\$4.325	\$4.468	(\$0.1430)	\$4.294
50% Trimmings	\$0.685	\$0.711	(\$0.0260)	\$0.507
75% Trimmings	\$1.385	\$1.385	-	\$1.575
90% Trimmings	\$1.948	\$1.929	\$0.0190	\$2.093



PORK -Despite a modestly larger slaughter schedule, pork production eased last week, down .4% from last year. Aggressive forward sales, plus stellar exports continue to lend support to the USDA pork cutout value. Wholesale ham prices were up 8% and bellies were up 10% from the previous week. In spite of those weekly price gains, the pork cutout was down 14% vs 2017. Despite ongoing trade woes, October pork exports were up 2.7% (yoy) and expectations are for further growth in 2019. And lastly, African swine fever remains a key concern for China.

Belly (bacon)

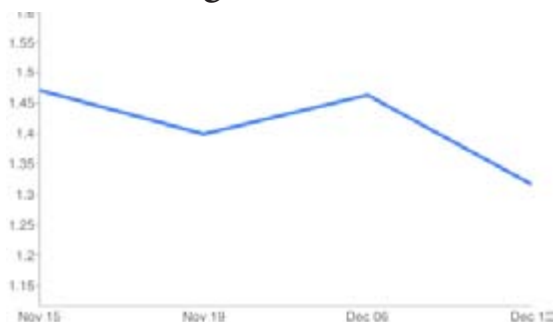


PORK	Price	LstWk	Diff	Price 17
Live Hogs	\$0.350	\$0.365	(\$0.0150)	\$0.435
Belly (bacon)	\$1.260	\$1.210	\$0.0500	\$1.236
Ham (23-27 lb.)	\$0.589	\$0.553	\$0.0360	\$0.668
Loin (bone-in)	\$0.672	\$0.648	\$0.0240	\$0.726
Tenderloin (1.25 lb.)	\$1.663	\$1.568	\$0.0950	\$2.084
Picnic, untrmd.	\$0.503	\$0.458	\$0.0450	\$0.696
42% Trimmings	\$0.292	\$0.266	\$0.0260	\$0.257
72% Trimmings	\$0.513	\$0.495	\$0.0180	\$0.677



POULTRY - Chicken production for the week ending December 1st was up 35% from the previous holiday shortened week but was flat compared to last year. On a six-week rolling average basis, chicken production was up just .2%, but the six-week rolling average of chicks placed was down 0.9% from last year (the sharpest decline since November 2015). This suggests that chicken output gains could ease heading into early 2019. Languishing U.S. chicken prices appear to have bought some international interest. October chicken exports were up 4.2% (yoy), notching the largest export total for the month since 2013, and the third best for any month on record. Strong exports are likely to persist which could support wholesale chicken prices next year.

Wings Jumbo Cut



POULTRY	Price	LstWk	Diff	Price 17
Wings (jumbo, cut)	\$1.316	\$1.463	(\$0.1470)	\$1.528
Wing Index- (ARA)	\$1.351	\$1.487	(\$0.1360)	\$1.635
Breast, Bnless Index (ARA)	\$0.857	\$0.841	\$0.0160	\$1.026
Tenderloin Index- (ARA)	\$1.357	\$1.362	(\$0.0050)	\$1.326
Legs (whole)	\$0.452	\$0.441	\$0.0110	\$0.474
Leg Qtr Index (ARA)	\$0.260	\$0.259	\$0.0010	\$0.340
Thighs, bone in	\$0.561	\$0.540	\$0.0210	\$0.513



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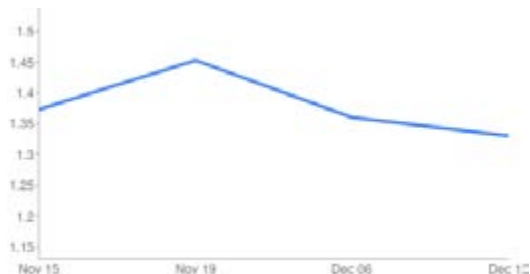
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DAIRY - Higher domestic butter prices are supporting U.S. imports. During October, U.S. butter imports were up 81.9% compared to the prior year and were the largest for any month since June 2014. In October, butter exports were 75% more than the prior year and best since June 2015. Still, the U.S. was a net importer by 1.9 million pounds during the month. History hints that lower butter markets will materialize for the remainder of the year. The cheese markets remain weak due in part to high stocks. But, the downside price risk from here for cheese is likely limited due in part to export demand.

Cheese Blocks



DAIRY	Price	Last Week	Difference
Barrels	\$1.2685	\$1.1265	\$0.1420
40 lb. blocks	\$1.3620	\$1.3540	\$0.0080
Butter	\$2.1895	\$2.2320	(\$0.0425)
NFDM	\$0.9225	\$0.9035	\$0.0190



OIL & GRAINS - Wheat futures prices are higher this week; basis premium prices are under some pressure with futures on the rise. Acres in the U.S. planted in hard red winter wheat decreased again this year. According to the Kansas Wheat commission, record precipitation in October and below average temperatures in November kept farmers from getting the job done. Reported Wednesday were large U.S. export sales to China, the first large purchase of U.S. soybeans since the start of the U.S. China trade war. U.S. wheat was passed over for export sale by Egypt in favor of lower priced wheat sourced from the Black Sea region. Market direction is directly tied to the resolution of the U.S. trade situation with China. Soybean prices can be expected to find strong support, pulling wheat futures along with them. Basis premium prices are likely to fall along with rising futures if the ultimate resolution does come to pass.

GRAINS + OILS	Price	LstWk	Diff	Price 17
Soybeans, bushel	\$8.730	\$8.739	(\$0.0090)	\$9.46
Crude Soybean Oil, lb.	\$0.287	\$0.286	\$0.0010	\$0.33
Corn, bushel	\$3.632	\$3.642	(\$0.0100)	\$3.22
Crude Corn Oil, lb.	\$0.260	\$0.260	-	\$0.34
Distillers Grain, Dry	\$155.875	\$146.000	\$9.8750	\$133.44
HRW Wheat, bushel	\$5.148	\$4.983	\$0.1650	\$3.94
DNS Wheat 14%, bushel	\$5.953	\$5.998	(\$0.0450)	\$6.11
Durum Wheat, bushel	\$4.580	\$4.583	(\$0.0030)	\$6.31



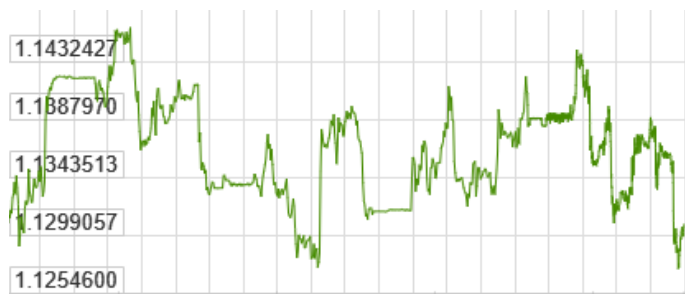
KITCHEN SINK - After making a nine-month high in October, nearby Arabica coffee futures have fallen 22.2% (from that high). For the 12-month period ending in October, world coffee exports were up 4.2% year-over-year. Arabica coffee futures may revisit the multi-year low of \$.935 set during September.

Kitchen	Price	LstWk	Diff	Price 17
Whole Peeled, Stand (6/10)	\$12.741	\$12.741	-	\$12.25
Tomato Paste- Industrial (lb.)	\$0.458	\$0.458	-	\$0.45
Coffee, lb., ICE	\$0.977	\$1.019	(\$0.0420)	\$1.19
Sugar, lb., ICE	\$0.252	\$0.251	\$0.0010	\$0.27



EURO vs. US Dollar

Current: \$1.1307
 Lowest Last 30 Days: \$1.1286
 Highest Last 30 Days: \$1.1458



Energy Commodities

ENERGY	Price	LstWk	Diff	Price 17
Crude Oil, barrel- nymex	\$52.060	\$53.490	(\$1.4300)	\$57.43
Natural Gas, mbtu- nymex	\$4.244	\$4.507	(\$0.2630)	\$2.71
Diesel Fuel, gal- nymex	\$1.863	\$1.908	(\$0.0450)	\$1.93
Electricity, mwht- nymex	\$70.100	\$67.350	\$2.7500	\$40.00
Gasoline, gal- nymex	\$1.452	\$1.459	(\$0.0070)	\$1.70
Diesel Fuel, gal- eia	\$3.161	\$3.207	(\$0.0460)	\$2.91
Ethanol, gal- usda	\$1.175	\$1.143	\$0.0320	\$1.28