

URNER BARRY'S Reporter

SPECIAL ISSUE
ANNUAL OUTLOOK EDITION

Coverage starts on page 18

VOLUME 7 • NUMBER 3
SUMMER 2012

THE NEWSMAGAZINE FOR THE FOOD INDUSTRY PROFESSIONAL

The "Reporter" outlook...

Looking at the protein horizon

For the past four years, the *Reporter's* Outlook issue has served as a navigational tool, helping to point the food industry in the direction center-of-the-plate proteins are heading. This year's interpretation of recent market behaviors and influences, and how they might affect what will take place for the balance of 2012, is closely tied to the state of the domestic and international economies. During this year's Urner Barry Executive Conference and Marketing Seminar, when referencing the underlying mindset of consumers and businesses alike, *The Wall Street Journal's* senior economics writer Stephen Moore commented that "...people are so risk adverse that they aren't spending it... [money]." Few industries are currently as risk adverse as the food business. In this day of fiscal restraint, where lending institutions are preaching fiduciary responsibility, tying up money in uncertain



market times is highly frowned upon. Speculative trading in proteins is a shadow of its former self and product is not exchanging hands with the frequency previously experienced. In another telling statement, Joel Naroff, president Naroff Economic Advisors, was quoted as saying that no sector of the economy has more growth potential than the Ag sector. With a growing middle class, especially in countries such as India and China, demand for high quality proteins is higher than ever. But sector growth spurred on by increased demand traditionally ushers in rising prices. Advancing food prices can stifle exports and reduce domestic spending on food leading to contraction rather than augmentation. In this issue of *Urner Barry's Reporter*, experts in their respective fields take a look at the protein markets, where they've been, and potentially, where they're headed. **U**

EU cage ban sends shock through egg products market

Heading into 2012, many in the egg market had questions as to what exactly the EU council directive of 1999, which called for the banning of battery hen cages across Europe, would mean to the marketplace. There were plenty of theories. Some thought that the January first deadline would create an oversupply, with both conventional and

"In just over a month and a half, the cost of breaking eggs went from \$0.93/lbs to \$1.93/lbs..."

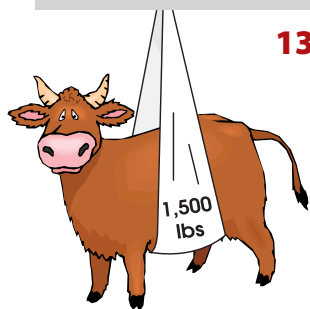
newly compliant cages in production, while others thought there would be postponements and that little change

would occur. Most though were surprised at the events that transpired and how they did or did not affect the market.

As the January first deadline approached, many awaited some type of direction. A fairly large percentage of production was

Continued on page 64

On the inside...



13 How many cows or hogs can you buy with that ounce of gold?

The dollar may have experienced some decline, but gold and oil are still experiencing their days in the sun.



35 Full-color Tuna book a "Go-to" resource.

New book from Urner Barry gives the seafood industry an essential tuna grading guide.



58 Quirch Foods maintains one of the highest levels of personalized service in the industry.

Read how this family outfit developed into a major wholesale distributor in North America.



"Home of the Hand Shucked Clam"



**Ask About Our IQF And
Frozen Chopped Clams**

www.lamonicafinefoods.com

1-800-922-1141

URNER BARRY'S Reporter

THE NEWSMAGAZINE FOR THE
FOOD INDUSTRY PROFESSIONAL

PUBLISHER
Paul Brown Jr.

SENIOR EDITOR
Russ Whitman

MANAGING EDITOR
Joe Muldowney

CONTRIBUTORS
Russell Barton
Janice Brown
Jamie Chadwick
Rusty Dean
James Kenny
Bruce Longo
Brian Moscogiuri
AJ Munger
Michael Ramsingh
Angel Rubio
James Serpico
Bill Smith
Terence Wells
MaryAnn Zicarelli

COPY EDITOR
Linda Lindner

ART DIRECTOR
Glenn F. Juszczak

PRODUCTION MANAGER
Chris Ashley

ASSOCIATE DESIGNER
Maria Morales

ADVERTISING
Janice Brown
Terence Wells

SUBSCRIPTION INFORMATION
800-932-0617



An Urner Barry Publication
Published Quarterly
Printed in the U.S.A. Copyright © 2012

Editorial and Publishing Offices
Tel. 732-240-5330 • Fax 732-341-0891
182 Queens Boulevard, Bayville, NJ 08721
www.urnerbarry.com • mail@urnerbarry.com

Nothing may be reproduced in whole or part
without written permission from the publisher.

URNER BARRY'S REPORTER • VOL. 7, NO. 3 • SUMMER 2012

Center of the plate

Page 1
Looking at the
protein horizon

Page 1
EU cage ban
sends shock
through egg
products
market



Main ingredients

SPECIAL SECTION: MARKET OUTLOOK

- 18** Egg: Lessons from the past and overseas
- 21** Production cutbacks keeping chicken prices in check
- 22** Testing times for turkey
- 26** Mahi: Difficult to forecast market position
- 28** Salmon: Chilean fillets return to the market
- 32** Catfish and Pangasius a future unknown
- 34** Tuna: Lack of product leads to historic highs
- 38** Tilapia: Demand remains strong
- 39** 2011 Record-high prices for tallow and greases. What's ahead?
- 40** Groundfish maintains steady trend
- 41** Ample shrimp supply expected in 2012
- 42** Not the same old story, crab market has changed from a year ago
- 46** 2012 North American Lobster season gets underway... Warm water Lobster follows in June
- 48** Scallops, a global demand
- 50** Boxed Beef: Settling the dust and coming out on top
- 52** Boneless Beef: Currency, campaign create caution
- 54** Demand for lamb remains high
- 56** Pork: Record breaking year for hogs and wholesale values
- 8** Retailers giving restaurants a run
- 9** USDA proposes rule to revamp poultry slaughter inspection system
- 10** AEB: Delivering on, and exceeding strategic results
- 13** Hogs and cattle in terms of gold and oil
- 14** New opportunities and markets for Halal Goat industry
- 16** CAB: Rebuilding the beef herd, better
- 35** 'Bobby Tuna' and Urner Barry create first English guide to the tuna grading process
- 58** Quirch Foods: Convenience, quality and safe food from around the world



A la carte

- 6** Meeting in the Canal City
- 12** The other side of lite
- 60** Making the rounds with UB's Reporter
- 63** Savory Stowe, Vermont
- 66** Strategies for the Future 2012
- 66** Urner Barry's 'Person of the Year' awards

News bites

- 4** The swapping of swine and chicken
- 5** NFI: Climate change

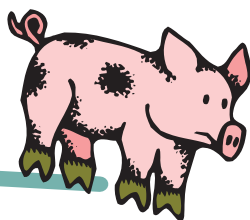


The swapping of swine and chicken

“Seeking an alternative to pork, the market turned to chicken... leading to the transposition of indices.”



In less than half a year, 2012 has already proven to test what is perceived as “normal” in the protein industry. Between production and export fluctuations, high fuel costs, disappointing economic data and damaging red meat headlines, some of the trends commonly seen in the protein industry have been thrown aside and replaced by counter-seasonal movement and statistically rare interactions between the various meat complexes. One such occurrence, which has persisted since mid March, is that of the cross-over between the pork cutout and the chicken index. This phenomenon is rare and has broad reaching repercussions throughout the protein market.



The pork cutout, which is a composite of pork cuts, trimmings, and variety meats, has taken a steady beating throughout 2012.

Large production figures, expensive hogs, lackluster domestic sales and a slowing export market combined to steadily discount wholesale values until reaching multi-year lows in April. These declines follow 2011 which broke a multitude of record highs on both livestock and individual cuts. Without the same exceptional demand experienced both domestically and abroad, prices have fallen since last summer at an unrelenting pace.

Directly converse to the pork market, chicken prices have seen nearly linear gains since establishing multi-year lows in

2011. As pork producers were ramping up production in anticipation of stout export demand, chicken producers were reducing their egg sets in response to lackluster 2011 foodservice and, to a lesser degree, retail demand. Their efforts effectively cut cold storage inventories as well. Fast forward several months to a market reeling from expensive red meat items and looking for a cheaper alternative, and you have a recipe for a chicken index poised to overtake that of pork.

In the nine years since Urner Barry began tracking a cutout of wholesale pork, the chicken index has only surpassed pork 27% of the time, or 616 out of 2,264 days. Before this year, the most recent cross came in 2009, following the pork fallout sparked by the moniker given to the H1N1 outbreak. Seeking an alternative to pork, the market turned to chicken as well as other proteins, leading to the transposition of indices.

This time around, instead of an extreme event on one side of the equation, both proteins are exhibiting vastly different production philosophies. Taken alone, the pork industry is poised to reduce harvest levels and resume what can still be recovered in seasonal trends. Similarly, given the recent record prices in wogs and whole birds, along with individual cuts such as wings, the poultry market will be looking to increase production and inventories, and return to its place as the cheaper alternative to its red meat brethren. **UB**

Article contributed by Russell Barton
rbarton@urnerbarry.com



MARYLAND OFFICE

Billy Savage
Ginger Trader
Fred Cline
Phone: 866-2SAVAGE
Fax: 410-543-8919

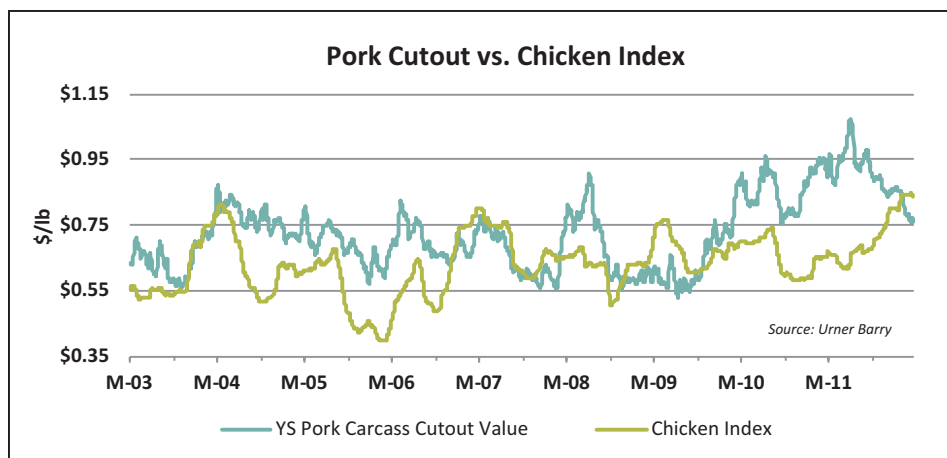
ALABAMA OFFICE

Lewis Wood
Chris Fly
Phone: 866-3SAVAGE
Fax: 251-970-5273

TENNESSEE OFFICE

Dan Henderson
Phone: 800-869-3854
Fax: 901-756-2510

www.savagepoultry.com



Climate change

very same publication where Squires had attempted to report fact over fiction, *Washington Post* writer Tamar Haspel wrote an article entitled “Eat more fish; risks overstated.” In most ways, Haspel’s article parallels Squires’ report. Both articles highlight the dangers of not eating enough fish and point out that the benefits of eating fish far outweigh the possible risks. Both cite scientific studies and interview credible experts. And both agree confusion has caused consumers to eat less seafood, not more.

people from eating fish. And unlike Sally Squires, six years later Tamar Haspel’s story is not met with overwhelming criticism. In fact, the only pushback seen is a letter to the editor, which can hardly be considered criticism since the letter never actually refutes Haspel’s findings, only notes that the public has the right to know all the information on seafood consumption. A notion we couldn’t agree with more.

For the seafood community, “Eat more fish” serves as a huge milestone after years of having to defend a product that does not pose a threat to the general public and is vital in maintaining our optimum health. This latest *Washington Post* piece paves the way for reporting that lets the science speak for itself rather than relying on misguided activist opinion. We are finally beginning to see a shift in attitude about seafood advice in mainstream media, one that follows the advice of peer-reviewed science, federal policy and simply put, the facts.^{UB}

Contributed by John Connelly,
President National Fisheries Institute

For years, mainstream media has gotten the story wrong on seafood. Fueled by misinterpretation of federal advisories, overly cautious medical advice and misdirected campaigns from activists, Americans were repeatedly served the notion that seafood was somewhat healthy with the potential to be very harmful. Unfortunately, in order to avoid the phantom risk, many chose to go without. Meanwhile, health professionals were not always communicating the value of a seafood diet, and the public was constantly hearing about the threat mercury could have on their health, despite countless studies that proved the vast nutritional value of a seafood-rich diet.

Six years ago, a *Washington Post* reporter tried to set the record straight on seafood in a piece called “Good Fish, Bad Fish.” Sally Squires’ article, which still consisted of some cautionary hints, focused on the science for the first time and reported study after study and expert after expert, affirming the same fact: The benefits of seafood and fish far exceed the risks, and Americans need to eat more. Despite her clear sourcing and accurate facts, Squires’ article was immediately met with harsh pushback from some in the campaigning community. Some were outraged that Squires dared to go against the standard activist-crafted sound bite science of seafood messaging.

But after years of getting it wrong, the media seems to finally be getting the message that seafood and fish are both healthy and safe. Earlier this year, in the



SIGMA IS...

CRABABILITY

www.seafoodbysigma.com

Sigma International, Inc.
10901 Roosevelt Blvd. N. Suite 100-B
St. Petersburg, FL 33716
727-822-1288

Meeting in the Canal City

In March of 2012 the International Egg Commission held their biannual meeting in Venice, Italy. The three day gathering of over 360 egg industry professionals and aligning business members from over 30 countries took place at the beautiful Hilton Molino Stuckey Hotel. The conference agenda was packed with informative and interesting speakers, covering the egg consumer, bird health and housing, economics, and the development of emerging markets and global trade. All of

these were particularly interesting as each presentation catered to the international audience with translations available in Spanish, Japanese, Italian, and French.

The opening sessions focused mainly on the egg consumer and their expectations. Giampaolo Cavallaro of Findus/Birdseye discussed the importance of eggs in frozen food. He discussed the assumptions that consumers must make when choosing what they eat and the importance of providing

the peace of mind that the food they are eating is safe. He pointed out that many supermarkets rebrand popular items, giving the consumer additional choices, and further emphasizing the importance of branding.

Charlie Arnot reiterated this point, in his talk about building sustainable public trust in today's egg industry. He stressed the obligation to keep the industries' "social license," or the trust

needed to operate freely in society. James Kellaway of the Australian Egg Corporation Ltd presented the results of Australia's strategy to build long term egg consumption. From 2003 to 2011, the country was able to grow consumption from 165 eggs per year to 215 eggs per year. The country used legislation to generate advertising dollars for each chicken placed.

The second half of the first day focused on bird health, new cage systems, and what it meant for the EU market. Peter Vanhorne spoke on the economics of housing systems for laying hens, describing the differences between enriched, aviary, and barn production. He touched on the market bonus that these types of production achieved on the spot market over traditional cages. Herman Versteijlen then reviewed the EU market situation. As of his report, 12 countries were still non compliant with the January 2012 cage ban. He implied that the government would not impose further tariffs to stop imports of third country eggs and product, but rather look to reduce them. He suggested rather, that compliant eggs were value added because "they were what the consumer voted in," and that end users should highlight their use of compliant eggs in their products. In regard to the price volatility cause by the transition, he suggested that prices should normalize by the summer.

"...each presentation catered to the international audience with translations available in Spanish, Japanese, Italian, and French."

MOARK }

OUR BUSINESS IS EGGS...

AND WE DELIVER

PHONE: (866) 757-EGGS
WWW.MOARKLLC.COM

A COMPANY OF OUTSTANDING PEOPLE...
MAKING EGGS GREAT.

Moark is a premier producer and marketer of fresh shell eggs. We deliver a full spectrum of top quality shell eggs to retail, industrial and foodservice customers coast-to-coast. More so, our expert knowledge of the egg industry and national scope enables us to offer innovative, value-added services that help our customers achieve better bottom lines.

Our slogan "We Deliver... More Than You'd Expect" signifies our "can do" attitude and approach. In turn, our growing customer list powers MOARK's sector-leading growth and status as a major marketer of fresh eggs in the U.S.



In the second day of meetings, Leonardo Mirone, purchasing director of Barilla, opened with a discussion on market volatility and agricultural sustainability. Mr. Mirone spoke on some of the international challenges global supply and demand will present moving forward, highlighting the fact that we will need 2.8 times the planet's annual food by the year 2050. Nan-Dirk Mulder of Rabobank went over a world economic outlook which was mostly optimistic. He stated that chicken and eggs were resistant to economic downturns, and that the economy seemed to be improving with central bank support and emerging market growth, especially from India and China. He also stressed that global egg producers should weigh the positives and negatives of the recent EU cage bans, particularly the U.S. producers who are working toward a similar agreement.

Roberto Colavitti shared where he believed the egg processing business is headed, highlighted by a video of a futuristic grading and cold storage facility. He noted that the facilities of the future would be largely automated with high traceability, to meet the precise specifications of particular clients. He also pointed to the conservation of energy and the minimization of waste. Mr. Colavitti stated that inline pasteurization and drying could save 30-40% on energy costs and that extended shelf life products would be a

key component of the products business moving forward.

The meetings came to a close with a multicultural look at how eggs were being used in developing countries, for both financial gains and betterment of their society. Olaf Thieme of the FAO discussed the production and consumption in developing countries, while Patrice Gautier of Asvelis spoke on the need for strategic planning exercises to upgrade quantity and quality of egg production in Africa and Asia. Janine Maxwell of Heart for Africa presented an inspiring look about the power of eggs to help Swaziland and Africa, showing the audience how egg production was not only providing a means to feed people, but a way for the less fortunate to develop business locally.

Overall, the IEC Conference in Venice was an incredible and informative experience. The insight of global practices and trade was invaluable, but seeing how eggs were being used to empower and provide for the world was inspiring. Everyone came away from the canal city of Venice with ideas for the future and fulfillment that they were involved in the production, distribution, or trade of a product that is vital for the development of the globe. **UB**

Article contributed by Brian Moscogiuri
brianm@urnerbarry.com

J ason's F oods I nc.

BEEF

VEAL • PORK

POULTRY • OFFAL

**THOMAS
LUCACCIONI
PRESIDENT**

**208 E. HELEN ROAD
PALATINE, IL 60067**

**(8 4 7)
3 5 8 - 9 9 0 1**

**CELL: (847) 431-8444
TOM@JASONSFOODS.COM**

Retailers giving restaurants a run

It's not a restaurant. It's the grocery store. In a recent interview, Phil Lempert, the Supermarket Guru, said that more grocers across the country are serving up delicious restaurant quality food—right in the store. It seems that since the recession hit, less people are eating out, creating a new opportunity for supermarkets to really compete with restaurants. You can sink your teeth into everything from seafood to vegan to barbeque and even fancy desserts. Lempert says, "It's a whole different experience, which is much more community oriented, much more in the open, and much more fun."

This is a trend that continues to grow. Recent consumer research by food industry consultants Technomic indicates that retailers' prepared food offerings have evolved to the point that they are viable alternatives to all types of restaurants. Forty percent of consumers surveyed in

"Retailers' prepared food offerings...are viable alternatives to all types of restaurants."



stressed global economy are requiring the international consumer to stretch his disposable income ever further. Cost efficient and delicious food from the local supermarket has spurred consumers to not only reduce dining out occasions at dinner time, but also cutting back on away-from-home lunch purchases. In a separate Technomic report, more than a third of respondents said they've cut back on foodservice spending at lunch over the past year, and 31 percent admitted they are eating lunch at home more often. A large part of this transitional dining experience has to do with the quality, as well as price, of the alternatives consumers have to the traditional "brown bag" lunch.

"Consumers are cutting back on away-from-home lunches primarily to save money," says Technomic Director of Consumer Research, Sara Monnette. "Consumers across all age groups consider cost, value and specials when purchasing lunch at a restaurant." If indeed restaurants are now competing with retailers for the consumers' dining dollar, they will have to appeal to these consumers through higher quality and added convenience while keeping it affordable. No easy task for seasoned restaurants which are unaccustomed to competition from this sector.

Adding to the total food experience are offers like in-store tours filled with money saving tips or pointers on how to eat healthy. Like with higher quality foods, supermarkets are increasingly offering these features to broadening consumer appeal. As Save Mart Supermarkets president and COO, Steven A. Junqueiro stated during the 2012 FMI Midwinter Conference, these different formats are necessary and enable his company to be "relevant to our customers."

Whether it's the unique in-store tours or the high quality food being offered that was traditionally reserved for those special dining occasions, retailers are certainly giving restaurants a run for the money. **UB**

Article contributed by Russell W. Whitman
rwhitman@urnerbarry.com

**American
EGG
Products
LLC**



**SERVING THE
SOUTHEASTERN
U.S. WITH
LIQUID &
FROZEN
EGG PRODUCTS**

**5 POUND
CARTON
TO TANKER
LOAD
QUANTITIES**

P.O. Box 408
375 Pierce Industrial Blvd.
Blackshear, GA 31516
Office (912) 449-5700
Fax (912) 449-2438
E-mail:
jhull@cmfoods.com

Southern California agreed that 'prepared foods from retailers are restaurant-quality foods at better prices.' Nearly two-thirds say they've seen significant improvements in the quality and variety of retailer prepared foods over the past five years.

"Retailers' prepared foods programs have evolved to the point that they are considered viable alternatives to restaurants of all types and service styles, from full- and quick-service to upscale and more affordable concepts,' says Jenny Anderson, who directs Technomic's RMS Monitor service. 'The appeal goes well beyond convenience and value. Consumers clearly recognize enhancements that are based on restaurant influences."

As good as restaurant quality foods have been to retailers and consumers, they've been a detriment to foodservice traffic. Low consumer confidence and the

USDA proposes rule to revamp poultry slaughter inspection system

Contributed by the
National Turkey Federation

Earlier this year when USDA's Food Safety and Inspection Service (FSIS) released its long-awaited Poultry Slaughter Rule, it marked a vital new step in the 16-year-old process of modernizing and enhancing the nation's meat and poultry inspection system. In fact, one could argue that the entire modernization process—begun in the Clinton administration and continued through the succeeding Bush and Obama administrations—is a model for how government should operate in the public interest. This truly is a case where sound science and public health considerations have triumphed over partisan politics and undue pressure from those who would put their own interests ahead of the public's.

The turkey industry's support for the rule is firmly rooted in the proven success of the pilot system upon which the proposed rule is based.

This rule would build on the HACCP-based Inspection Models Project (HIMP), where plant personnel in 20 chicken and five turkey plants have been allowed for several years now to conduct some visual inspection and sorting duties. Since 2008, when USDA began ranking plants by category based on *Salmonella* Performance Standard results, the plants in the HIMP program have consistently been in the best-performing category—exceeding the standard by a wide margin. This validates USDA's confidence that the poultry industry can work successfully with the government to ensure a science-based food inspection system that enhances food safety.

As noted at the outset, this proposal is a natural evolution of the HACCP process, where the turkey industry has made tremendous progress in reducing naturally occurring pathogens in raw products. As many in the industry are already aware, the 1996 HACCP rule began transforming USDA inspection to a more modern program by requiring meat and poultry



A Michigan Turkey plant sorter performs online inspection of each carcass. Michigan Turkey Producers has successfully been operating under the HIMP Inspection Program since January, 2002.

plants to conduct a thorough analysis of where the greatest risks to food safety existed and to identify the critical points to control those risks.

Numerous studies have concluded that HACCP programs in poultry processing plants are working and significantly reducing the incidence of pathogens. In fact, USDA measuring of plants' process control for the prevalence of *Salmonella* has seen a tremendous decrease against the baseline set at the outset of the HACCP program. USDA testing found that prevalence in turkey plants was down to 3.1 percent during the first six months of 2011 from a baseline prevalence of 19.6 percent.

As suspected, critics of the rule have been looking closely at plants currently operating under HIMP to make sure there are no public health concerns. Consumer groups and the inspectors unions have also been trying to claim that the existing HIMP program has food safety flaws. Sen. Kirsten Gillibrand, D-N.Y., in late 2011 asked the Government Accountability Office to review the HIMP program.

Regardless of the government's inspection system, the turkey industry will continue to place the highest priority on food safety and has numerous best management practices (BMPs) to ensure the production of the highest quality, safest product possible. Such BMPs include *Food Safety Best Practices for the Production of Turkeys*, *Best Management Practices for the*

Production of Ground Turkey and Chiller Best Management Strategies. As an industry, we will continue to research emerging technologies to reduce naturally occurring pathogens in turkey products.

This commitment to food safety transcends competitive issues. The turkey industry has been committed for more than two decades to ensuring food safety information is shared among all companies and that food safety never is used as an issue used to compete for the end consumer.

USDA announced an extension for submitting comments on the proposed rule to May 29 at the request of a broad array of constituents. NTF commends USDA for releasing this proposed rule and looks forward to the opportunity to provide comment. **U**

TURKEY VALLEY FARMS



**The BIGGEST Little Company
in the Turkey Industry**

**Specializing in
Whole Turkeys, Breasts,
Turkey Parts, Ground Turkey,
Sausage Products, & Roasts**

**Retail & Foodservice • Tray Pack
Private Label Packing**

112 S. 6th Street • P.O. Box 200
Marshall, MN 56258

Phone: 507-337-3100

www.turkeyvalleyfarms.com

Delivering on, and exceeding strategic

Contributed by the American Egg Board

Since 2005, the American Egg Board (AEB) has used its Strategic Plan as a means for program measurement through metrics of accountability and evaluation ensuring that producers' investment was well spent. In fact, a recent independent study conducted by University of Florida shows egg producers received an \$8.11 return on investment for each \$1 paid into AEB during the last five years.

By using the metrics outlined in the 2011 Strategic Plan, AEB achieved 86 percent of its objectives. Of those that fell short, more than 50 percent barely did so. These metrics support AEB's mission to increase demand for egg and egg products on behalf of United States egg producers. Discussed here are a few 2011 key objectives met or exceeded by AEB.

The Egg Nutrition Center (ENC) achieved an 80 percent submission rate of its funded research grants to leading publications within one year of the researchers' filing their final report. A new online tracking document enabled easy status monitoring of numerous research documents. ENC also increased its awareness among health professionals by increasing readership of the *Nutrition CloseUp* newsletter and *Nutrition Unscrambled* blog as well as website visitors and webinar attendees. The Egg News Bureau generated a total of 94MM media impressions targeted at egg nutrition-related articles, almost doubling the 50MM goal.

Within Consumer Marketing, AEB increased the share of at-home breakfasts including eggs to 12.8 percent from 11.9 percent in 2010. This is the highest share of eggs in 23 years. The Egg News Bureau

earned 456 million media impressions. Lower Cholesterol-related information earned 332 million media impressions—more than six times the original goal. This result provided the guiding idea behind AEB's 2012 Wake Up to Eggs Campaign: *consumers and the media love the latest news about eggs*. The campaign built on this insight and leveraged news through the year.

AEB targets Quick-Service Restaurants (QSRs) to increase the use of eggs and egg products with major national changes through the Foodservice department. Work was completed with McDonald's, Jack in the Box and Panera. AEB fell short of increasing the number of QSR units serving breakfast by 5%; however, Taco Bell's expansion to 800 more units in January was not included in year-end figures. The national roll out of breakfast at Taco Bell is expected by 2013.

With regard to reaching food manufacturers, Egg Product Marketing increased visits to AEB.org/food-manufacturers by 30 percent and assisted 58 manufacturers with user-specific egg product information to help solve formulation, technical and marketing challenges. Print and online media impressions focused toward food manufacturers also increased by 7.6 percent for a total of 5.4MM impressions.

Good Egg Project (GEP) messages are reaching consumers, and the 2011 Russell Research Tracking Survey shows positive shifts on key measures when compared to the benchmarks set in 2009. For example, 40 percent of those surveyed now agree that America's egg farmers are committed

to caring for animals, and 57 percent agree that America's egg farmers provide safe, affordable and nutritious eggs. AEB earned 275 million impressions through Sesame Street, 23 million impressions through other media, and 240,000+ pledges since the program's start. In 2011, 28+ million eggs were donated.



AEB also coordinated a strong shopper marketing program. Two free-standing inserts in Sunday newspapers reached more than 95 million households with egg-related coupon offers through promotional partnerships for minimal investment. AEB's promotion with Redbox and Walgreens increased egg sales by 400 percent during the promotional period. More than 900 Shop to Cook kiosks featured AEB's recipes and commercials, earning 6.5 million views and appearing on 45 retail websites.

AEB also launched the *Demand Dashboard* to provide meaningful metrics to measure egg demand in the marketplace—beyond USDA's per capita consumption figures. The *Dashboard* showed egg category sales at retail were up in 2011. Also, egg servings in foodservice operations, particularly Quick Serve Restaurants, showed strong growth. Consumer attitude measurements toward eggs and the egg industry are also included.

This year, AEB is working toward meeting all its 2012 objectives and is actively incorporating lessons learned throughout the year to do so. For example, this year's Easter coverage focused more on the holiday's origins, traditions and egg decorating. AEB will incorporate this type of messaging in 2013 outreach as AEB continues to bring eggs back into the Easter spotlight and drive sales.

Again, AEB enjoyed a strong presence at the White House Easter Egg Roll and presented First Lady Michelle Obama with the 35th Commemorative Egg. AEB also donated more than 14,000 hard-cooked and dyed eggs and provided the volunteers



During the Easter coupon offer, the Incredible Edible Egg Facebook page gained more than 67,000 fans, bringing the total up to more than 317,000.

results

with hats and aprons with the official White House Easter Egg Roll logo.

Themed “Let’s Go, Let’s Play, Let’s Move,” the day’s activities helped educate families on smart ways to incorporate healthy eating and exercise choices into their daily routines. To kick off the event, thousands of people stopped by both the Big Egg, a 16-foot inflatable egg, and the Incredible Egg Chair to take their pictures before heading to the South Lawn for the egg roll, cooking demonstrations, musical performances and more.

The Easter coupon offer on the Incredible Edible Egg Facebook page was the most successful coupon effort for AEB so far. Throughout the promotion, 117,705 coupons for \$.55 off two dozen eggs were downloaded, and the page gained more than 67,000 fans, bringing the total up to more than 317,000 fans, which is more than any other agricultural commodity!

In total, AEB secured 376 media placements, generating more than 32 million media impressions and exceeding last year’s coverage by two million. In addition to a number of outlets covering eggs through Easter, National Egg Salad Week stories earned incredible coverage.

These incredible results will drive AEB’s efforts to bring consumers back to coloring Easter eggs and including more eggs in their Easter baking. This effort is one of dozens illustrating how AEB will use past results to create momentum throughout 2012 and into 2013.

AEB’s programs are more integrated and stronger than ever. AEB’s continued success depends on the support from the producer community. AEB helped maximize demand by educating consumers, health professionals, foodservice operators, food manufacturers, retailers, and others about the benefits of The Incredible Edible Egg™.

To receive a complete list of AEB’s 2011 Strategic Plan Results, Demand Dashboard, ROI study or any other results mentioned, please contact Joanne Ivy at jivy@aeb.org. **UB**

Consumers and the media love the latest news about eggs. AEB's 2012 Wake Up to Eggs campaign reaches consumers who are actively seeking information about eggs or healthy breakfast options.

WIN TRANSPORT INC.

WE CAN HANDLE ALL YOUR TRANSPORTATION NEEDS!

Arrange for pickups and deliveries

Drivers are independent and professional

Work with any frozen products

Provide service in all 48 continental states

Specialize in LTL and full truckloads

Call Toll Free for our California and Florida Division (888) 345-7441

4810 Williamsburg • P.O. Box 189 • Federalsburg, MD 21632

Toll-Free: (800) 984-9524 • Phone: (410) 943-0200

Fax: (410) 943-0206 • E-mail: wcole@wintransportinc.net

www.wintransportinc.com

The other side of lite

Brats, sausages, burgers, hams, all traditional Americana fare complete with plenty of calories, right? Not necessarily. In today's consumer, health-conscious atmosphere some of the fat-laden, cholesterol-containing red meat products have assumed a new persona.

Turkey is becoming more popular as a replacement, and it's not white meat turkey as you might expect, but the other side of lite... dark meat.

Turkey drums and thigh meat have been an increasingly common ingredient in further processing operations since the 80s. In recent years however, ground turkey, turkey burgers and turkey bratwursts and sausages have carved out a larger portion of this traditional red meat arena. This is true for not only stay at home dining, but also for dining out occasions which had been more traditionally reserved for beef or pork.

For instance, the promotion of turkey burgers helped drive transactions for Carl's Jr. and Hardees during their fiscal 2012 year prompting Andrew Puzder, CKE's chief executive to state the he would "... challenge anybody in the industry to come up with a menu as healthy as ours..." and while some will credit the company's sexy beauty queen Miss Turkey in her turkey-print bikini for positive sales, it can't be denied that it's the health appeal of dark turkey that is at the root of the industry-



Photo courtesy of Cooper Farms

wide success turkey burgers are realizing.

Turkey thigh meat and drums have proven to be versatile base ingredients for the development of tasty red meat "alternative" food products. Easily blended and highly palatable, turkey dark

meat is one of the largest factors in

propelling Mexico to the top of the industry's export partners. The lean nature of turkey drums or thigh meat and their increasing popularity in turkey hams, often because it's the preferred base ingredient, has helped push drum prices steadily upward in recent years. As the chart depicts, it wasn't all that long ago that the relationship between traditional pork hams and turkey drumsticks, while definitely correlated with the season, didn't share the same market behaviors and values. For the past several years, the market price of hams and drums has been impacting each other with regularity to the point where the worth of the commodity product has converged. Now buyers tradeoff between drums and hams with routine, especially in the export markets, and that's visibly reflected in the close



correlation of prices depicted. Turkey thigh meat, which at one time traded within a close range to hams, now routinely fetches more money than "the other white meat."

But this dark meat phenomenon is not just being experienced in the turkey industry. Many of the same drivers that have pushed turkey drums and thigh meat to center stage have similarly thrown the spotlight on chicken dark meat cuts such as leg quarters and drums along with drum and thigh meats. Tyson Foods, Inc., is developing

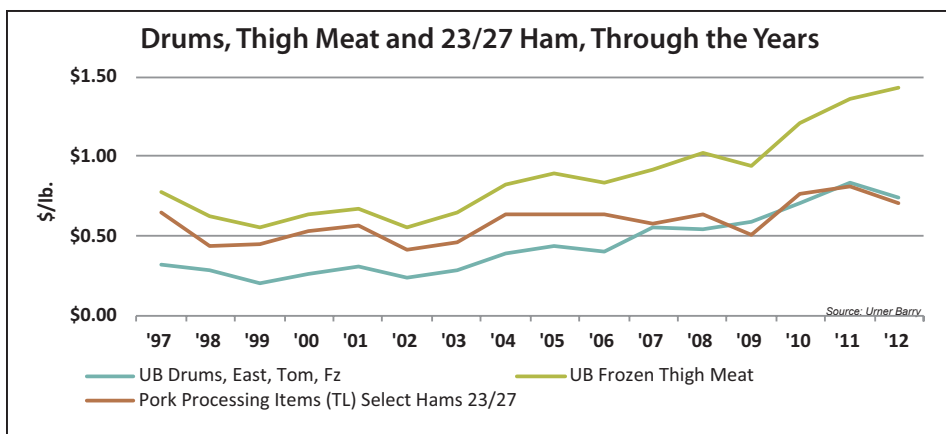
more products made from dark meat than ever before. In a recent conference call with investors, Tyson Chief Executive Officer Donnie Smith stated that "Our percent of dark meat sold domestically has improved dramatically..." Market values have as well. Urner Barry's chicken thigh meat

quotations are currently at their all time high and product has been trading at or close to record levels for the past year.

Sometimes the popularity of a particular cut of poultry can be to the industry's disadvantage. As Urner Barry Senior Vice President Michael O'Shaughnessy commented, "A few years ago in '09 and early 2010, wings [buffalo] were as popular as ever and wholesale values responded. But then record-high wing prices stifled HRI demand and in many cases it shifted to more economical cuts such as, believe it or not, boneless breasts. That's about the time the big push for "boneless" wings caught traction. Now, a similar scenario is developing for dark meat."

So despite decades of breeding efforts focused on increased white meat production, the other side of lite, poultry dark meat, is without doubt getting a leg up and standing tall all on its own. **UB**

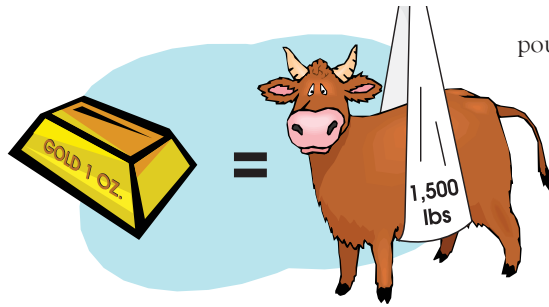
Article contributed by Russell W. Whitman
rwhitman@urnerbarry.com



Hogs and cattle in terms of gold and oil

For the most part, if you intend on buying an animal at a livestock auction, you had better bring some cold hard cash to back up your bid. However, in an environment where central banks can print money at will and inflation is always just a step away, what if you wanted to pay with something more dependable, more tangible, more...heavy? What if for the last decade or so you showed up to the auction with an ounce of gold or a barrel of oil and exchanged it for an equivalent amount of cattle or hogs?

“What if for the last decade or so you showed up to the auction with an ounce of gold or a barrel of oil and exchanged it for an equivalent amount of cattle or hogs?”



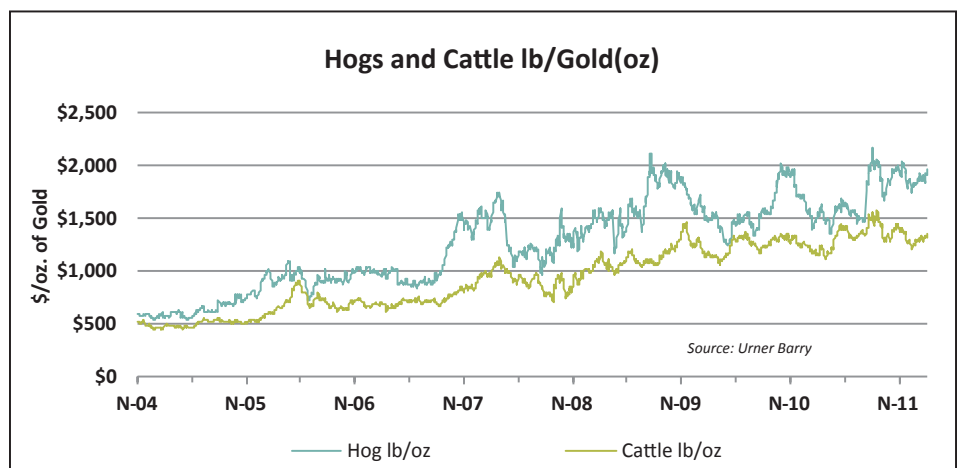
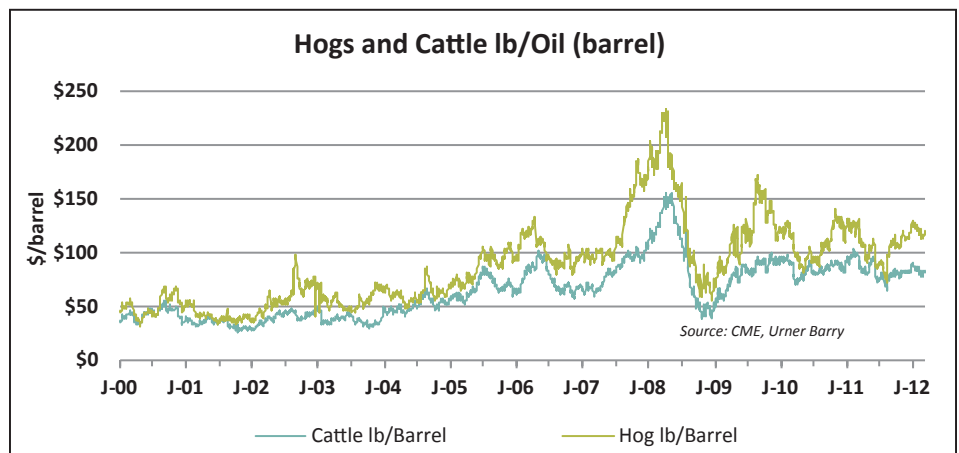
pounds of cattle for that 300 pound barrel of oil on your back.

Clearly, few livestock producers smelt gold or refine oil in their spare time, and would therefore most likely be reluctant to accept your offerings. In addition, if your intentions were to swap one commodity for another as an investment and hold the hogs or cattle as a store of value, you may realize a slightly higher rate of diminishing returns over time than you would with oil and gold (unless you intend on visiting a taxidermist). Therefore, in the real world where currency rules over commodity bartering, you had better bring your checkbook to the auction or you may leave with no livestock and the inevitable need for some overpriced refined oil on the way home. **UB**

Article contributed by Russell Barton
rbarton@urnerbarry.com

Let's first turn to that shiny metal that has enjoyed a multitude of headlines for the past few years. As the economy tumbled, people moved from the uncertain future of the green-back to a commodity that has held value in most civilizations for millennia. Gaining almost 300 percent since 2004, gold has by far been the hottest alternative to the dollar on the block, hardly retracing at all on a near linearly rise to the current year. By using historical gold values along with the front-month futures of hogs and cattle, we can determine just how many pounds of livestock can be bought with a nugget of gold over time. As you can see, in November of 2004, it was possible to buy just over 500lbs worth of hogs or cattle for a single ounce of gold. By that same day in 2011, one could hypothetically walk out of the auction with over 1,500lbs of cattle and 2,000lbs worth of hogs!

Now, strap the back brace on because you're walking into the auction with a 55 gallon drum full of black gold! Oil has appreciated by far less than gold, although volatility is often greater given economic, seasonal and geopolitical influences. As such, even with large fluctuations, the



New opportunities and markets for Halal Goat industry

Contributed by Haider Khattak,
M.Sc. Food Science
Director, IFANCA Canada
h.khattak@ifanca.org

Halal means 'lawful' or 'permissible.' Halal foods are those that are allowed for human consumption. In Islam, all foods—unless specifically prohibited—are considered to be Halal. Prohibited foods include: pork, alcohol, intoxicants, blood and their derivatives; meat of dead animals. Additionally, meat of animals not slaughtered properly is also not considered as Halal.

All animals that are Halal must be slaughtered by an approved Muslim in

an acceptable manner. This involves invoking *Tasmiyyah* and *Takbir* (*Bismillah Allahu Akbar*) i.e., God's name at the time of slaughtering, humane treatment, swift slaughter and full, rapid bleeding. No further processing can take place until the animal is dead. The term *Zabiha* Halal is sometimes used to describe the meat produced in this manner. Ingredients derived from prohibited sources are also not permitted for consumption.

PROFITABLE ENTERPRISE

Over the past few years the ethnic and religious foods market has been one of the brighter areas of opportunity within the food industry as a whole. Sales of ethnic food products, for example, have increased tremendously during this period. While ethnic food fads shift as new tastes catch on and older ones go out of fashion, religious food markets will not fade away. The Halal market is gaining momentum and attention rapidly.

Muslims now number 1.6 billion throughout the world. While most live in the predominantly Muslim countries like Indonesia, Malaysia, Pakistan, Bangladesh and the Middle East, the Muslim population is rapidly increasing in Europe, North America, South America, India and Australia. Food producers have observed that it is a highly lucrative enterprise.

The demand for Halal goat meat is not only increasing in North America but also could be catered in foreign markets. Halal goat by-products include dairy products like goat cheese, yogurt etc. Personal care products including goat milk soaps could also be produced for Halal markets. Even though goat milk is considered naturally halal but other ingredients used in or during processing could make it non-halal.

Halal Goat meat consumption rises substantially during *Ramadan* (fasting

month) due to rounds of parties. Secondly, every person who is able financially, sacrifices an animal, in the month of *Zulhijjah* (last month of lunar calendar).

Survey Research shows that the Muslim communities of North America are the largest proportion of faith groups that eat goat meat (University of Illinois Extension). Average consumption varies from 10-20 lbs every couple of weeks depending on family size. Although preferred goat meat cuts include legs, chops, shoulder and breast; however, liver, heart, kidneys, brain and feet are also consumed by Muslims. Normally, fresh meat is preferred to be consumed rather than frozen.

MARKETING HALAL GOAT PRODUCTS

To achieve successful marketing of Halal goat products, one should make a commitment to do it right way. This involves striking up a partnership with a reputable Halal certifying body that can help businesses grow. Producing Halal requires that manufacturers obtain a Halal certification—from a Halal-certifying body—that is acceptable to the consumer. In general, the Halal certification procedure requires proper slaughtering, approval of ingredients, processing methods, production equipment, sanitation procedures and packaging. One such organization is Islamic Food and Nutrition Council of America (IFANCA). IFANCA is world-famous, not-for-profit organization dedicated to supervise and certify Halal food products. IFANCA's certification is recognized worldwide.

Some companies have started producing Halal certified goat cheeses. For complete list of Halal certified products, please visit www.ifanca.org.

It is the job of the Halal certifying body to examine ingredients and recipe

GET CONNECTED!!

Join NPFDA Today!

NATIONAL POULTRY & FOOD
DISTRIBUTORS ASSOCIATION

Your Full Circle Connection To The Industry since 1967!



**PROCESSORS
DISTRIBUTORS
BROKERS
TRADERS**

**RETAIL BUYERS
TRANSPORTATION
COMPANIES
SUPPLY COMPANIES**

2014 Osborne Road
Saint Marys, GA 31558

Phone: 770-535-9901

Fax: 770-535-7385

E-mail: info@npfda.org
www.npfda.org

sheets, inspect the production plant, review the processing equipment and review the sanitation procedures. They also suggest sources for Halal ingredients and supervise the production of Halal products. Finally, they allow the producer to print their Halal symbol on the product. For example, IFANCA uses the Crescent M symbol, which signifies "good for Muslims."

A recognized certifying agency's Halal symbol is what consumers look for to confirm the acceptability of the product. For exports, the agency also provides producers with a Halal certificate that is acceptable to the importer. Overall, it is crucial to select the right certifying agency as your partner. **UB**



Haider Khattak, Director IFANCA Canada, gave a very informative speech on Halal certification at the Ontario Goat, Ontario Veal and Ontario Rabbit Joint Annual General Meeting & Producer Education Day. During the expo, IFANCA also participated as an exhibitor and educated the attendees about Halal by answering their questions and by distributing IFANCA's publications i.e., Halal Consumer magazines and Halal Highlights newsletters.

"The demand for Halal goat meat is not only increasing in North America but also could be catered in foreign markets."



Wabash Valley Produce

Brown Produce Co.

Ballas Egg Products Corp.

Producers & Processors of **SHELL EGGS**

Including
Carton, Loose Pack & Nest Run

EGG PRODUCTS

Including
Frozen, Liquid & Dried

Wabash Valley Produce

Dubois,
Indiana 47527
Scott Seger
Tel. (812) 678-3131
Fax (812) 678-5931

Brown Produce Co.

Farina,
Illinois 62838
Josh Jahraus
Tel. (618) 245-3301
Fax (618) 245-3552

Ballas Egg Products Corp.

Zanesville,
Ohio 43701
Craig Ballas
Tel. (740) 453-0386
Fax (740) 453-0491

Rebuilding the beef herd, better

Contributed by
Certified Angus Beef Staff

Beef quality grade is the key to consumer demand for U.S. beef domestically and abroad. It's not just by chance that America has a reputation for grain-fed, well-marbled, tasty and tender beef—the industry has worked to build that reputation, the result of cattle genetics, management and innovative processing.

Those quality grades have generally increased since 2007, but continued improvement is no sure thing, says Larry Corah, vice president for Certified Angus Beef® (CAB®) brand. With the price of calves and feed both relatively high, many producers just try to maximize total pounds of beef with less regard for quality.

However, the nation's cowherd inventory is the smallest in 60 years, after a drought



Cows in the University of Missouri herd.

forced liquidation in the Southern Plains. With significant rains, the promise of better prices may encourage expansion.

That provides a unique opportunity to add more marbling potential, says Daryl Tatum, Colorado State University meat

scientist. But it will take looking beyond bull selection to recognize the cow's role in quality beef.

"It will be key for us to rebuild and restructure our female base to incorporate both marbling and maternal genetic traits," he says.

There are many decision aids available to predict genetic improvement, based on data and DNA technology.

Some producers, like those in the Missouri Beef Project, are banding together to work on common goals and share information, Corah says.

"In its earliest stages, this program has already achieved quality results three of four times better than average, with 80% to 90% of the beef qualifying for the brand and CAB Prime," he adds.

That's impressive, and Corah says it's constructive for growing consumer demand. With higher beef prices, producers simply must exceed customer expectations, and keep them wanting more.

"There are alternative proteins, but if we continually give consumers a great eating experience and the highest quality, we can keep beef front-and-center because the public will know it is worth the cost," he says. **U**



TAURUS FOOD PRODUCTS, INC.

All types of raw materials for
**Food Processors, Meat Patty Makers,
Meat Distributors, Sausage and
Canned Meat Manufacturing**

**Importers of Australian and
New Zealand Boneless Beef**

**Purveyors of all
Beef & Pork Sausage Materials**

CONTACT US FOR A FREE QUOTE

Mike Berman
800.828.7877
taurusmike@aol.com

Bill Berman
888.520.5600
bill@taurusfoods.com

Kevin Miller
316.744.9000
kevin@taurusfoods.com

Pat Bouey
480.661.0607
patrickbouey@cox.net

**La puerta de
entrada a
latinoamerica**

**The
gateway to
latin america**

XXIX

**Exposición y convención
internacional de la**

**industria
cárnica**



Un evento de: / An event of:

**Consejo
Mexicano
de la Carne**

Consejo Mexicano de la Carne

@ConsejoMexCarne

www.comecarne.org

www.expocarnes.com



**expo carnes
2013**

**Meat
industry**
international
exhibition &
convention

**Febrero February
13•14•15
Monterrey, N.L. México**



Organizado por: / Organized by:



Informes: / Information:

Ave. Parque Fundidora # 501 Loc. 49, P.N.
Col. Obrera, Monterrey N.L., México C.P. 64010
 (81) 83 69 66 60, 64 y 65 Fax: (81) 83 69 67 32

Del extranjero: / Outside México:

+52 (81) 83 69 66 60, 64 y 65
Fax: +52 (81) 83 69 67 32

mmachuca@apex.org.mx • info@expocarnes.com

Lessons from the past and



By Brian Moscogiuri

Developing an outlook for any item which is traded on the spot market can be very difficult. A commodity like eggs however needs a special kind



©iStockphoto.com/Akam

of attention due to the growing complexity of an environment which was once so simple. Changes in regulations, input costs, and development of the global economy have all affected this market over the past year, and will continue to do so as we head forward through the rest of 2012 and beyond. Decisions on the future of the industry will not come easy though, as there is a battle between the desire to be profitable and the growing concern of feeding the ever-growing population with affordable, high-quality protein. No one product has the ability to do so like the egg, making these types of decisions that much more important.

Before going ahead any further, it is important to take a step back and review 2011 to identify potential driving factors for the future. We will use the Midwest large market as a benchmark due to the vicinity to feed supplies, essentially creating the closest price representation to that of the naked egg. The first quarter of 2011 began with an adjustment period, with prices retreating from the \$1.40 average cost per dozen recorded in December of '10. This situation has become somewhat typical with high prices, resulting in late flock rotations. Producers hesitate to bring bird numbers down, attempting to take advantage of high prices for as long as possible. That would explain why January's layer numbers were the highest

For more information on EU conditions read EU cage ban sends shock through egg products market on the front cover

of the year in three of the last four years. This decline was short lived though, as harsh winter weather blanketed heavily populated areas with tremendous amounts of snow. There was a brief downtrend as weather patterns calmed, but the Easter market began shortly thereafter and prices rebounded.

The market hit a high of \$1.25 before the holiday, and then retreated back near the dollar mark. Here, attractively priced features were possible and many adjusted their flock size. In the mean time, we experienced a very wet spring, which delayed plantings, followed by an extremely hot and dry summer, a nightmare situation for farmers and their crops. These conditions resulted in corn prices which averaged over \$7 a bushel and hit highs over \$8 during that summer. Producers held asking prices high in an attempt to recoup their investments in feed and removed any production on the fringe of necessity. This resulted in the highest monthly August average price in history.

The market dipped slightly before schools returned and weather began to cool. Corn prices finally stabilized as a result of better than expected crop yields and the market stayed flat through most of October and November, albeit at a relatively high value. Most thought there would be further increases before Thanksgiving, but that was not the case. It wasn't until the week of the holiday, due to last minute consumer interest and a public news story which forced the supply of one major producer out of several retail chains, that the market finally began to appreciate. The trend upward continued through December, which averaged the second highest over the past 10 years.

Similar to the beginning of 2011, we began this year coming off a very high holiday market, and once again producers were slow to modify their production levels. Unlike last year, however, there were no major winter storms to boost demand

PACKERS OF LIQUID, FROZEN, DRIED & SHELL EGGS

**ESTHERVILLE
FOODS, INC.**
Estherville, IA
712-362-3527

**SIUXPREME
EGG PRODUCTS, INC.**
Sioux Center, IA
712-722-4787

**SONSTEGARD
FOODS, INC.**
Sioux Falls, SD
605-338-4642

**SONSTEGARD
FOODS, INC.**
Springdale, AR
479-872-0700

**SONSTEGARD
of GEORGIA**
Gainesville, GA
770-534-5644

**SUN RISE
FARMS**
Harris, IA
712-735-6010

**SOUTHGATE
FOODS, INC.**
South Gate, CA
562-622-6076

**Country Charm Egg
Distributors, Inc.**

Quality Eggs in the Southeast
* Since 1975 *

**Producers of Carton
Graded Loose, Nest Run Eggs**

Contact Brent Booker • (706) 652-2164
PO Box 370, Gillsville, GA 30543

overseas

and price levels remained low. Easter came three weeks earlier this year than in '11, and finally the market rallied in the beginning of March. It reached a high of \$1.39, 9% over that of last year, with inventory levels up over 15% from the same week in relationship to Easter. These statistics are somewhat surprising, but more a result of supply shifts than demand. Sales disappointed throughout the nation, as many reports described it as only slightly better than an average week. Those holding supplies confidently, were forced to discount their offerings and the market began an extensive correction which lasted more than four weeks.

Having now visited the past year, we can see how outside factors and seasonal cycles have influenced the market. Whether input costs, cyclical demand periods, weather conditions, or supply side adjustments, these factors will continue to play a

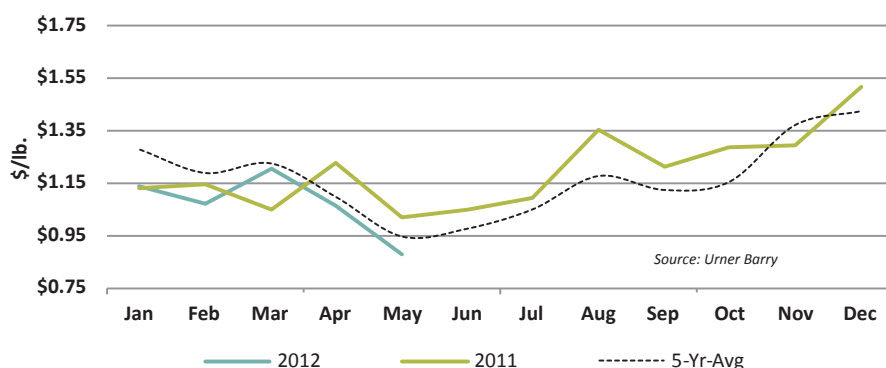
tremendous role in values moving forward. However, there are other dynamics which have yet to make an impact, but will need to be monitored. In 2011 an agreement between the Humane Society of the United States and the United Egg Producers was reached on the cage specifications of egg type layers. The bill is still moving through legislation, but if passed, will create unprecedented changes in the marketplace.

Looking for some type of insight on what may transpire, we can reference the current conditions in Europe, where a similar type

of legislation went into effect in January of 2012. Many producers hesitated until the last minute to make the necessary modifications to comply with the new regulations believing there would be some type of extension to the deadline. This was not the case however, as all traditional cage production was banned from the consumer shell egg market and designated for further processing. This created extreme volatility in the market place, as production levels plummeted while adjustments to layer

Continued on page 20

UB Midwest Large vs. 5 Year Average



Source: Urner Barry



*Serving the Food Industry
for Four Generations with
High Quality Egg Products*



2 Papetti Plaza, Elizabeth, NJ 07206

Tel. (908) 351-0330

www.debelfoods.com

Fax (908) 351-0334

Elliot P. Gibber, President

Sauder's Eggs



**Bringing Fresh, Quality Eggs
To Our Customers**

R.W. Sauder, Inc.

570 Furnace Hills Pike • Lititz, PA 17543

(717) 626-2074 * www.saudereggs.com

Continued from page 19

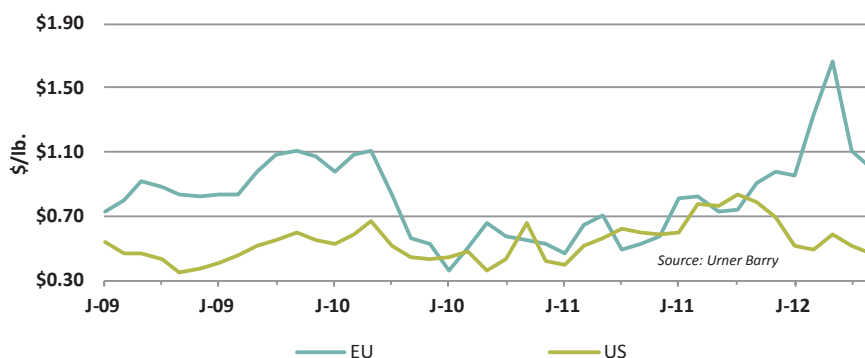
houses were made. Shortages in the supply chain occurred and price levels for breaking eggs and products hit record highs, more than doubling traditional price levels in many categories and even forcing some bakeries out of business.

Prices in Europe more than doubled that of domestic markets creating opportunity for product to move abroad, particularly in the dried yolk category. Trade duties, tariffs, and regulations made this difficult, but with such a variance in value and genuine need present, a fair amount of product crossed the Atlantic. American product not only moved into the EU, but also to surrounding countries which were previously supplied with EU production. Moving forward, these channels should remain open. Even though EU price levels have receded, levels are still relatively high and over 10% of production remains in noncompliant cages as of this writing. If domestic markets continue to lag, export

movement will become more and more important.

Export interest in shell eggs and egg products should proceed throughout 2012, with uncertainty in the EU supply chain, but also now that U.S. traders have begun to build relationships with partners they had historically done minimal business with, particularly in Asia. These channels have the potential to provide varying levels of demand moving forward, but any increases here should only benefit domestic markets.

US vs. EU Breaking Eggs, Standard



Shell eggs remain a staple product in people's lives around the globe, especially in the U.S. where they have over 90% market penetration. Conditions moving forward are expected to be volatile for a variety of reasons, but those who plan ahead and look for opportunities should find ways to adapt and prosper. Not only is there promising potential domestically, if production is managed correctly and outside factors stabilize, but global demand for high quality, affordable protein should present unforeseen prospects in the not so distant future. **UB**



RF
RADLO FOODS, LLC
SINCE 1916
Innovative Supplier of
Shell and Processed Eggs for the
Domestic and International Markets

Contact:

David Radlo
dradlo@radlo.com

Dan Rogers
drogers@radlo.com

Jim Corbin

Tel: 800-370-1439 Fax: 617-923-6440

www.radlo.com

Production cutbacks keeping chicken prices in check



By James Serpico

"If input costs remain at their current levels,

managing production will continue to be a key factor." This quote from last year's outlook describes the main focus of the 2011 chicken complex very precisely and after examining what's taken place over the last 12 months; the accuracy of this comment could not have been more on point. Since that time corn prices have diminished a bit, but are still lofty at around \$6/bushel, and fuel prices have actually increased. In an effort to quell the distress of these costs, along with relatively sluggish demand patterns, the industry acted in a rather significant manner.

As is shown in the accompanying chart, the number of eggs set, which represents future production, ranged from four to eight percent below the previous year's levels. Not only is the magnitude of these cutbacks significant, but their consistency is also very meaningful, as these declines spanned an entire year from May 2011 to May 2012. Worth noting is the fact that the total

number of eggs set was below 200 million eggs per week for the majority of this time period. This occurrence is significant as sources in the industry consider this level of sets to be a benchmark where, in the past, slaughter has proven to be manageable and in balance with the industry's ability to place production.

Similarly, the USDA's weekly slaughter report revealed consistently diminished totals in the number of head available to market. These figures averaged between 9 and 10 percent below those tracked from the previous year. Alongside the cutbacks in production, the declines in head count certainly helped to provide stability to the overall stance of the market. In the case of certain items, these cutbacks contributed to record high price points.

Wing prices have been soaring as compared to the lulls experienced during 2011. Previous record highs were challenged toward the end of 2011 as inventories remained in decline from previous years and foodservice needs fell below anticipated volumes. Prices remained high

for months to come, defying the expectations of many in the industry. In fact, come mid-March, the price of wings actually increased to the current all-time high of \$1.88/lb. The movement surrounding WOG prices was particularly noteworthy as well. Aggressive promotional activity combined with poorer than desired bird performance played critical roles in this scenario.

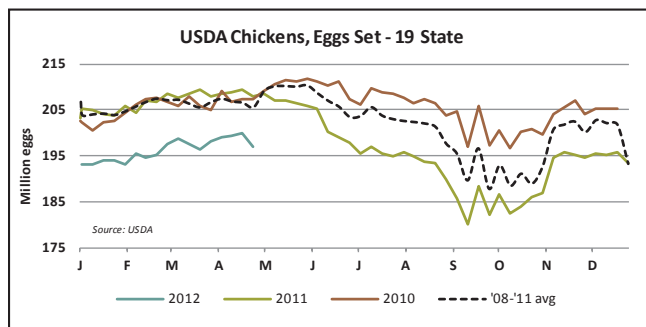
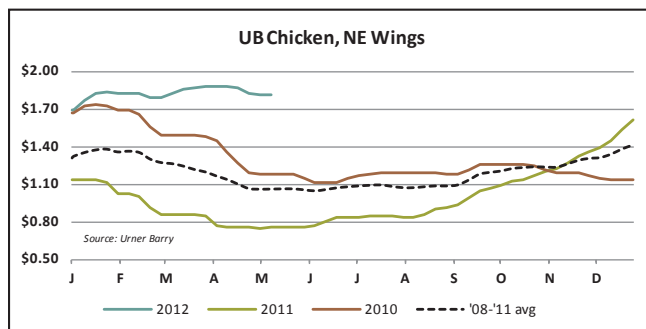
Urner Barry's quotations for WOGS were fairly seasonal during the last two quarters of

2011 but with the advent of 2012, these markets skyrocketed. Early in 2012, WOGS were listed at \$0.75/lb. From that point forward, they advanced by \$0.22/lb. and held that spot for the next nine days. These lofty levels did retreat as promotional activity waned but that was not unexpected as high prices are not typically long-lasting. As of May 4th, the value of wogs actually advanced yet again to rest at \$0.81/lb.

Much like wings, tenders were sought after in a more aggressive manner and prices responded upward. Being one of the smaller parts of the bird, these items were considerably limited. Boneless stayed relatively flat under less than active business patterns. More recently, availability has diminished and asked prices have adjusted accordingly.

Regarding dark meat, Urner Barry quotations remained relatively flat from for the bulk of the year but it is also worth noting that most of the back half items entered the month of May at higher values than usual given the time of year. More active export demand has certainly been a contributing factor here. Total exports through February 2012 realized a 17 percent year-over-year increase largely propelled by the relatively deflated value of the U.S. dollar. Important to state here is the fact

Continued on page 65



PSI **POULTRY SPECIALTIES INC.**

ALL CATEGORIES POULTRY
Retail • Food Service • Industrial • Export
Professional Sales and Procurement Services

P.O. 2061 • Russellville, Arkansas 72811
POULTRYTRADERS@hotmail.com

Call Jim, Tommy, Jason or Steven

479-968-1777

(Fax) 479-967-1111

EVERYTHING POULTRY SINCE 1979

Testing times for turkey



By Russell W. Whitman

At this time last year the turkey industry was benefitting from the elimination of over production and the reduction of the high storage stocks that resulted. The lack of burdensome supply presence on the street was unmistakable when it came to market values. Sometime over the last year a few of the more pronounced turkey lines approached or exceeded their previous market highs. Drums, wings and whole birds are most noteworthy. 2011 was, in fact, a year of expansion. The expansion however, surfaced in the wake of back-to-back contraction in 2009 and 2010. Therefore the two to three percent growth experienced last year did not amount to much when considering it against the 10 to, as much as, 14 percent year-over-year decreases noted during the prior 24 months. So, the fact that

2011 reflected increased slaughter and moderately advancing freezer stocks did not play a major role in negatively influencing market conditions. Thus far in 2012 increased production due to both head count and bird weight is impacting supplies while the domestic and international economic climate continues to stifle movement.

The market predictability that emerged in 2010 and continued into 2011 has faded. With an isolated exception, first quarter 2012 has proven to be anything but as anticipated. Although early year prognostications hinted at seasonable patterns and strong prices, hindsight has not necessarily proven this to be the case.

In early 2012, storage holdings immediately took a departure from the established trend of 2011. Most of the advancing tonnage was in whole birds

rather than in the parts and meats. That course changed direction by the end of February and through the quarter's end where most of the year-over-year increase was in the parts and "other" categories. As far as market conditions go, they were stout. Processors, having already cleared the initial "input cost hurdle" in 2010 and fine tuning it in 2011, were not afraid to ask strong prices. Mirroring early 2011, values settled or, seemed to settle, early. By mid-January whole birds bottomed at \$1.03/lb., \$.12/lb above 2011's record high. Spot offerings of whole birds were limited and confidently held. Pricing for the fall months began to take shape in a three to five cents range above the same time frame in 2011. The market performance of toms and hens has, so far this year, been exceptional. Not only are values exceeding last year's record levels, but they are about the only turkey line that has kept pace with industry expectations.



1100 Hall St SW
Grand Rapids, MI 49503
www.miturkey.com
616.245.2221



Strutting Our Stuff. Taste the Michigan Turkey Producers Difference.

Breast meat has behaved in a contrarian manner. Although beginning pretty much as expected, seeming to bottom in early February at \$2.09/lb., it has since continued sliding. Absent buyer demand in the wake of less than seasonable finished goods movement is frequently cited. A warm winter contributed to excellent feed conversion. This led to heavier toms being slaughtered in a business environment which has failed to meet expectations. Thigh meat's stout position was abruptly halted and prices deflated because of diminished export needs. Despite benefitting by growth in ground turkey and turkey sausage, thigh meat prices proved too high in the face of plentiful and cheap pork.

During the first quarter, tonnage and market activity in the export arena continued to flourish but without the fanfare noted 12 months earlier. The relatively weak dollar of 2011 has gained some ground against foreign currencies but United States export partners seem not to have noticed. So far in 2012,

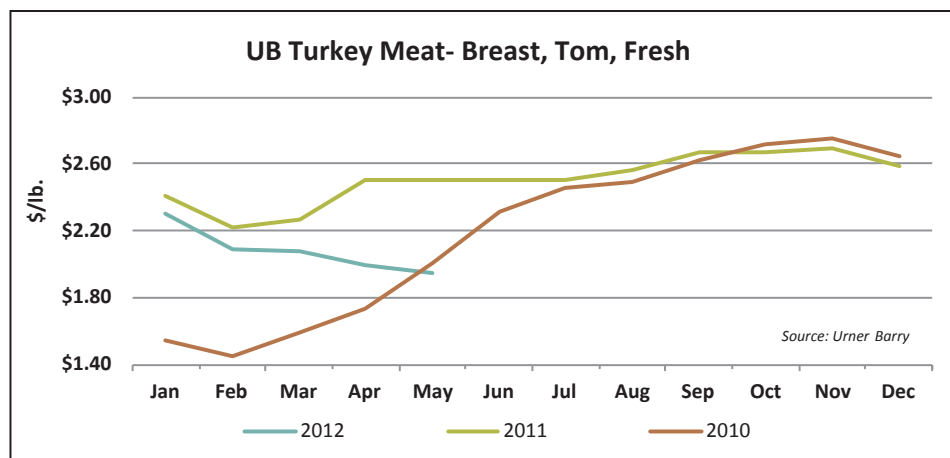
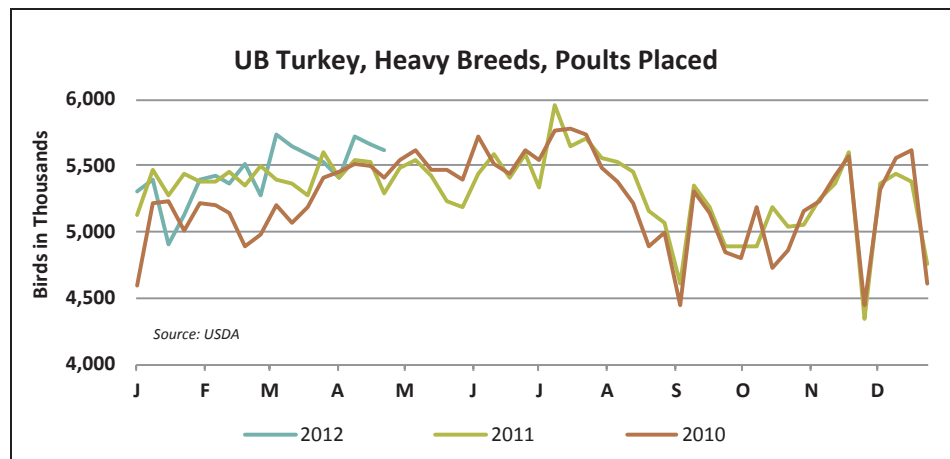
“The market predictability that emerged in 2010 and continued into 2011 has faded.”

the export figures are nothing short of excellent. Despite less than active day-to-day conditions, when looking back at exports in February, the consistency and growth of regular contractually-oriented demand resulted in yet another monthly record. The February figures reached more than 28,000 metric tons valued at \$53.8 million. Of the top five destinations, China was down 43%. However, increased shipments to the other four top destinations—Mexico, Canada, Philippines, and Hong Kong, helped to boost tonnage. Although record breaking tonnages and

values have become the norm recently, declining pork values and ample supplies have put pressure on turkey exports. Items such as drums and thigh meat have been hurt by low priced pork hams along with less than inspiring consumer demand. China was showing some gumption in late March and in April, but by early May that had subsided to a less aggressive stance.

Looking ahead to the fall months, one is reminded of last year when it comes to the status of whole birds. In 2011, forward negotiations for fall deliveries were running incredibly strong at \$1.10-\$1.15. This year those price levels are being mimicked but tend towards the stronger side by several cents a pound. However, in a departure from the market behavior of 2011, and in the face of strong initial expectations, breast meat is moving through the year under adequate supplies and less than seasonable inquiries. Last year, demand for finished goods seemed easily defined given the economic climate

Continued on page 24



MANNING

Poultry Sales



Trading in All Turkey Products Both Domestic & Export

Contact John, Mike, or Merri
910-875-6500

TalkTurkey@aol.com
 P.O. Box 950, Raeford, NC 28376

Continued from page 23

that required consumers to stretch their dollar as far as possible. In trying to analyze the next several months, that crystal vision of market behavior has become foggy. Neither whole muscle nor the white meat "trim" lines are turning in much of a track record and forward looking demand patterns are average. January's expectations of breast meat stabilizing early and then rebounding with the season were no more than half realized. Now the summer and fall months appear as if they could be subject to influences such as heavy birds, higher inventories and increased slaughter. These influences were more or less non-issues last year. Going forward, observers are still anticipating seasonable or better breast meat values based on what they expect will be imminent improvement over existing demand patterns and freezer stocks which are still termed as "manageable." Oddly enough, inventory buildup and selling pressure have yet to be a part of the de-strapped tender story and conventional wisdom for the summer

months is that stronger market levels will take shape. Consumer spending forecasts do not portray much changing on the economic front and that is expected to boost demand and prices of items such as breast trim, which has been suffering during 2012. Like with breast meat, parts have been unduly influenced in the recent past and, potentially for the foreseeable future, by situations that were not part of the picture last year. Salmonella in ground turkey and a glut of pork were introduced into the equation. The summer months will no doubt reveal a more complete scenario but most industry insiders anticipate parts returning to a loftier stature. China's heavy hand was undeniable in catapulting market values higher last year and depending on their presence this year, a repeat of that situation has the potential to develop. What the future holds for supply side fundamental seems fairly clear. Holdings through March were running 15% ahead of last year with the breast category up 12%, legs up 73% and mechanically deboned meat up 34%. Whole birds were

higher by eight million pounds or 6%. Advancing first quarter sets have produced placements that when projected forward should start to show up in slaughter by mid-year. Based on prior year experiences, the projected two to three percent higher slaughter will still keep 2012 totals below the levels experienced in 2007 and 2008 which ultimately led to a glut of product and dismal market performance. Like in 2011, high costs of feed and fuel will stifle most expansionary aspirations. Pressures associated with the economy aren't lost on turkey industry players. But at the same time their ability to do much about it is limited. Here, time is best spent managing production and inventory.

For the foreseeable future mixed market prices look to be on the horizon. The present lackluster state of raw materials demand will influence the industry mindset. Domestic and export parts needs should produce solid fundamentals while whole birds seem poised to experience slowly but surely upward trending values for the balance of the year. **LB**

QUALITY, RELIABILITY, SERVICE.



FARBEST



FOODS, INC.

"A Tradition of Being the Best"

4689 South 400 West • P.O. Box 480 • Huntingburg, IN 47542-0480 • Ryan Downes (812) 683-6627

Member of
THE NATIONAL TURKEY FEDERATION

www.FarbestFoods.com



Treasures from the Sea[®] by Odyssey

A Fresh Approach to Industry Standards

Offering creative seafood solutions for over 30 years, we operate our primary processing facility in Seattle and maintain close relationships with plants in countries worldwide. Combining the benefits of global procurement and local production, Odyssey provides numerous solutions for your custom needs.

Visit us online at www.treasuresbyodyssey.com for more information.

Toll Free: 877.577.7445 Email: custserv@ody.bz

Difficult to forecast market position



By Angel Rubio

The mahi mahi market has been hard to decipher this year. After seeing volumes of frozen imports drop in 2011, and in fact being the topic of discussion in the last market outlook issue, 2012 saw prices jump even further albeit reaching record highs by the end of last year's season. To sum last season's events, and thus in order to understand the current situation: last year's market reached record high prices due to low production and reduced imports into the United States. In other words, those who took buying positions in order to import product into the U.S. were happy as prices increased. By the time the new season started in October 2011 going into February of 2012, inventories were reported scarce to nil. This situation kept demand high throughout the distribution chain; from the beach or dock, to the processing

plants, to the U.S. importer and so forth. As a result, prices remained high with U.S. importers seeing margins squeezed.

Import data available for mahi only includes "mahi frozen fillets" and "fresh whole fish." Therefore, for mahi frozen fillets, product specifications can include fletches, portions, skin-on fillets natural and CO treated, among others. Hence, it is difficult to assess which percentage of those imports represents each category that Urner Barry quotes, such as portions or fillets. However, we can clearly notice how in 2011 prices increased dramatically when supply declined in the same manner (figure 1). It is clear to see that in 2009 and 2010 prices remained relatively stable until in 2011, when a decline of more than 40% in imports caused prices to spike. However, imports in January 2012 reached a record monthly high surpassing the 9 million pound mark and on a YTD basis above

2010, when imports reached a record high. For prices, an average of 8 oz. portions and 3-5 lb. was calculated and a high statistical correlation was found with the price to replace product, which is simply calculated by dividing the value by volume reported by the Department of Commerce; this simply shows that increased demand in the U.S. trickled down.

The story does not end there. By looking at the figures for fresh whole fish, which are very seasonal and cyclical (figure 2), prices also rose dramatically from the previous year as demand for mahi remained strong; imports rose 47% from 6.8 million pounds in 2010 to 10.1 million in 2011. Also, Urner Barry quotations show how supply and demand go in opposite ways as price reacts to low demand periods and vice-versa, with a very high statistical negative correlation between the two until June

Continued on page 70



*Mahi Mahi • Peruvian Smelt
Flying Fish Roe • Giant Squid
Peruvian Whelk • Seafood Medley
Rock Crab Meat*



EXPERIENCESEAFOOD

**8300 N.W. 53rd Street Suite
350 Doral, FL 33166**

(305) 742-2290

Fax: (305) 742-2291

info@experienceseafood.net



figure 1

Frozen Mahi Price vs. Volume

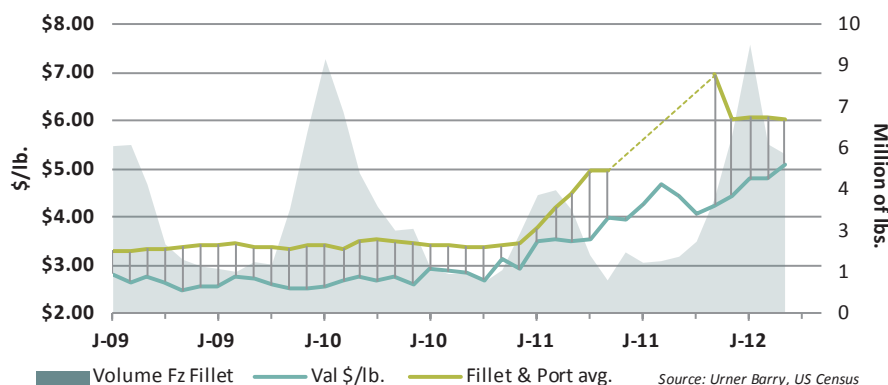
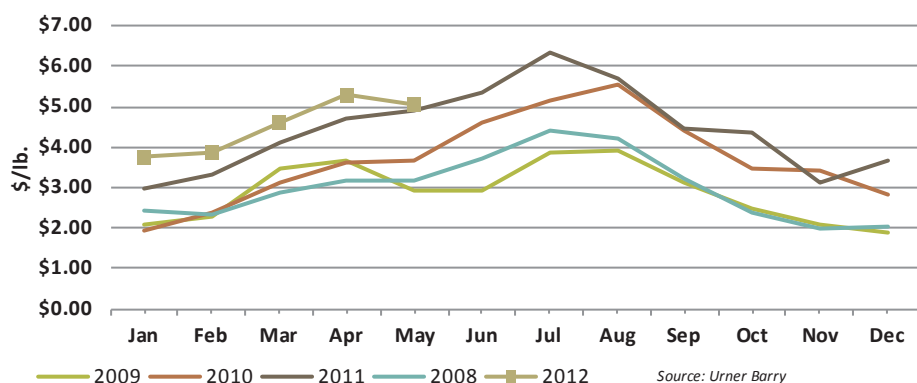


figure 2

Cyclical Price Fresh Mahi 10-15 lb. H&G, FOB Miami





954.845.9690

Fax: 954.845.9691

info@altamarfoods.com

FROM PERU TO YOU!

The finest quality seafood
from the unspoiled, cold waters of Peru



MAHI -MAHI

Portions
Pieces & Buffet
Fillets Skin-On
Burgers



YELLOWFIN TUNA (CO Treated)

Steaks
Center Cut Loins
Saku Blocks AAA

SCALLOPS

Roe On/Off
Half Shell



SEA SMELT

Whole Round
H & G



GIANT SQUID

Rings
Steaks
Imitation Octopus

*The Best &
Smartest Way
to Mahi-Mahi!*

www.altamarfoods.com

AND MUCH MORE!

Chilean fillets return to the market



By Janice Brown

Chilean fillets have returned! March 2012, the most recent published import figures at the time of this writing, reveal YTD salmon imports are up 56.4% versus the same time a year ago as Chile surges to regain its market share and solidify its title as the U.S.'s top importer of farmed Atlantic fresh fillets.

Monthly data shows that in March of 2012 a total of 17.8 million pounds of fresh salmon fillets were exported, 15.6% over February 2012.

YTD fresh fillet exports from Chile are up 114.5% with the U.S. seeing 35.5 million pounds of fresh fillets through March 2012.

Other countries of origin cannot hold a candle to the amount of fresh fillets Chile is sending into the U.S. market. Norway, who did absorb the demand and deliver product while there was a lack of fresh



Oncorhynchus nerka

fillets during 2010 and 2011, only exported 2.7 million pounds through March 2012. Compare this to 6.2 million pounds in 2011 and 15.0 million pounds in 2012.

Overall farmed salmon imports ended 2011 2.6% higher than 2010. Fresh fillets finished 2011 19.7% higher while fresh wholefish were 5.5% lower. The increase in fresh fillets can be entirely attributed to Chile's 97.9% increase in imports. In 2010, Chile exported 47.1 million pounds; 2011 saw 93.4 million pounds enter the U.S. market.

In fact, total YTD 2012 imports of fresh farmed Atlantic salmon fillets are rebounding from 2010 and 2011 and sit 18% behind 2008's 43.8 million pounds at 35.5 million pounds; and only 1.9% lower than the 36.2 million pounds imported in 2009.

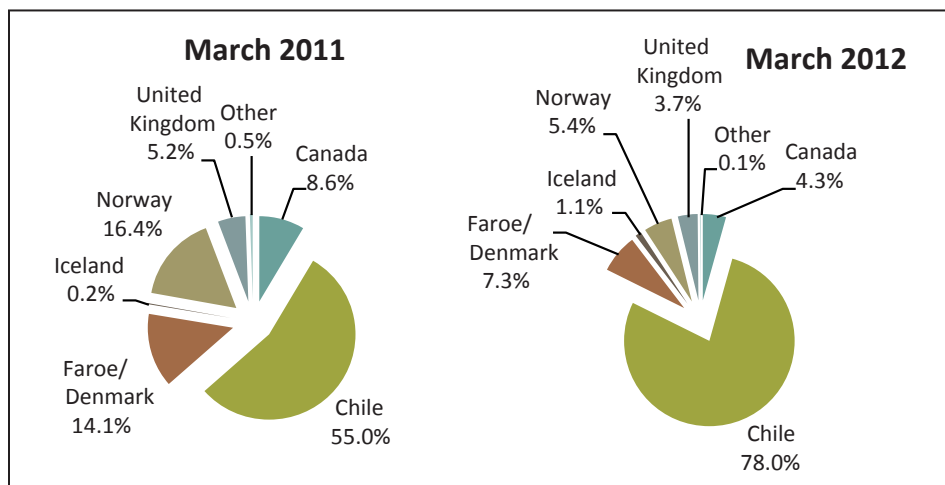
Pricing has fallen in line with the laws of economics. As more product is being delivered to the U.S., pricing of fresh salmon fillets has continued to trend downward and currently sits near 2008 levels. 2-3 lb farmed, fresh Chilean Atlantic C-Trim fillets are currently quoted at \$3.40 per pound, which is close to 2008's \$3.52 per pound low. Current levels for Urner Barry's low in 2012, when looking at the overall average is almost identical to 2008, \$3.51 in 2012 compared to \$3.50 in 2008.

| | 2010 Projections | 2010 Actual | 2011 Projections | 2011 Actual | 2012 Projections |
|----------------|------------------|-------------|------------------|-------------|------------------|
| King | 143 | 365 | 122 | 468 | 120 |
| Sockeye | 45,762 | 40,679 | 44,734 | 40,024 | 38,371 |
| Coho | 4,358 | 3,948 | 4,612 | 3,444 | 4,327 |
| Pink | 69,098 | 105,420 | 134,544 | 116,133 | 70,191 |
| Chum | 17,970 | 18,165 | 19,478 | 17,004 | 19,044 |
| TOTAL | 137,330 | 168,576 | 203,490 | 177,074 | 132,053 |

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|--------|--------|--------|--------|--------|
| C-trim low \$/lb. (as of 1st week of May) | \$3.40 | \$5.70 | \$5.50 | \$3.90 | \$3.52 |

Going forward, the higher supplies look to be here to stay. In an article written on May 9th, 2012, Seafoodnews.com posted stated:

"The Chilean salmon farming industry is expected to produce 700,000 metric tons of salmon, a 20% increase over 2011's 600,000 metric tons ...Chilean production is expected to increase, as investors were told that the country has a 70% production growth potential that could boost production to over one million tons, second only to Norway. In 2011 Norway produced 1,050,000 tons with a reported potential production growth rate of 10%, which would boost the country's production total to 1,150,000 tons, solidifying it as the world's top farmed salmon producer."



Continued on page 30

Camanchaca



Feeding the World from the Ocean

As the leading Chilean seafood company, Camanchaca is committed to the vision of “Feeding the World through responsible Fishery and Aquaculture”. With uncompromisingly high standards in all aspects of its operations, Camanchaca nurtures, processes and markets its superior quality products globally, under the Brand Names “Camanchaca Gourmet” and “Pier 33 Gourmet”.



ABALONES



LANGOSTINO
LOBSTER TAILS



MUSSELS



SCALLOPS



SALMON

Camanchaca Inc. • 7200 N.W. 19th Street • Suite 410 • Miami, FL USA 33126 • 800.335.7553 • www.camanchacainc.com
Pesquera Camanchaca S.A. • El Golf 99-Piso 11 • Las Condes, Santiago, Chile • www.camanchaca.cl

Continued from page 28

But the real question will be whether or not the market can absorb the vast influx of salmon fillets. Supply currently looks to be outstripping demand. However, the market does have outside factors that continue to influence the current supply situation. Two fairly consistent ones are the lack of available Styrofoam boxes to pack the fish in from Chile, the second being a lack of well boats to pump the fish from the pens onto a boat to send off for processing. Due to the ISA outbreak from several years ago, Chile is continues to run into issues with the flow of salmon.

WILD SALMON

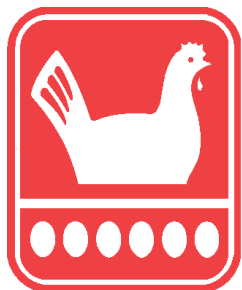
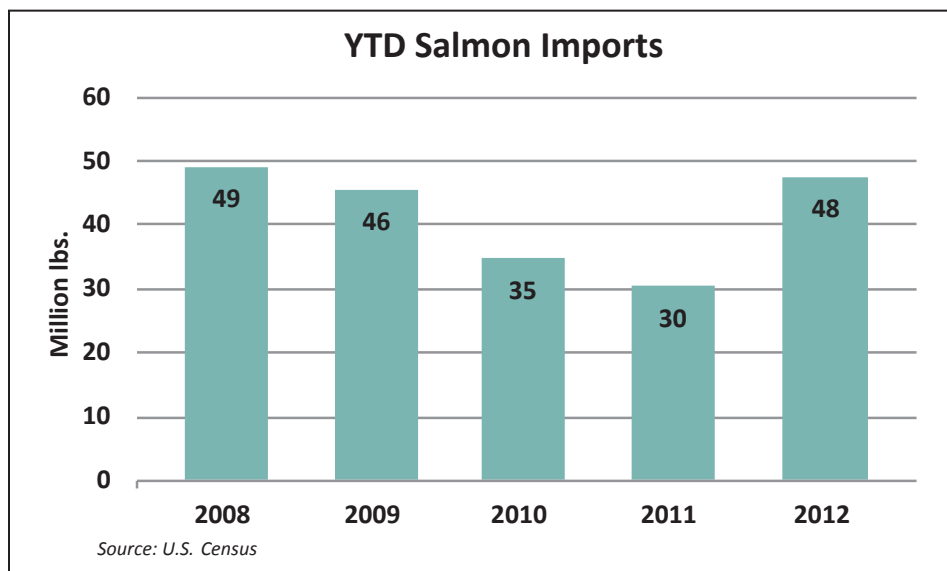
The 2012 wild season opens at the beginning of May with California returning to the mix of the troll king salmon scene. California, which has seen closures and shortened seasons to their rivers for the past four years, is finally proclaiming that king salmon is back. It's expected to be the biggest season the state has seen since 2005. The 2011 Alaskan salmon season saw

many species fall under projections, but vessels prices again saw a fantastic year and totaled \$603 million according to Alaska Department of Fish and Game.

CONSUMPTION

With Chilean pricing approximately down over \$2.00 a pound from where pricing was

in 2011, many assume consumption will rise. Promotions in both restaurants and especially retail are increasing. A concern in the wild salmon market is the falling farmed salmon pricing. Many market participants argue they are two completely different markets, but it will still be a trend to watch for in 2012. **UB**

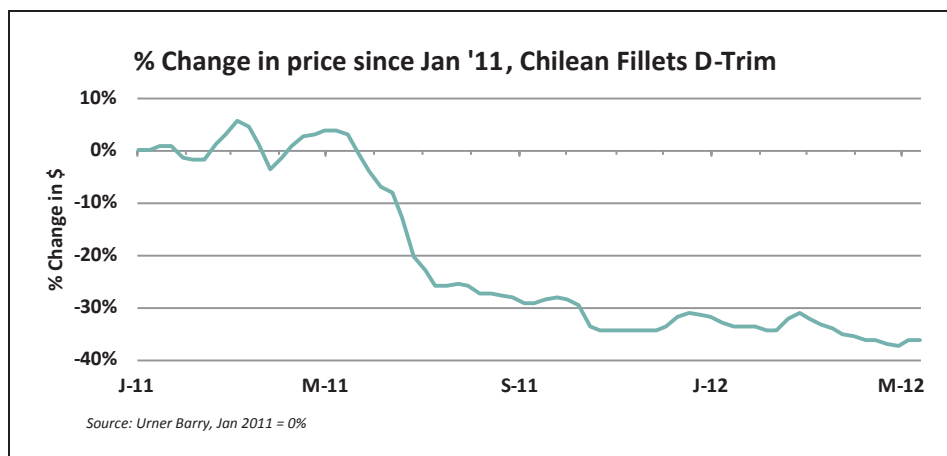
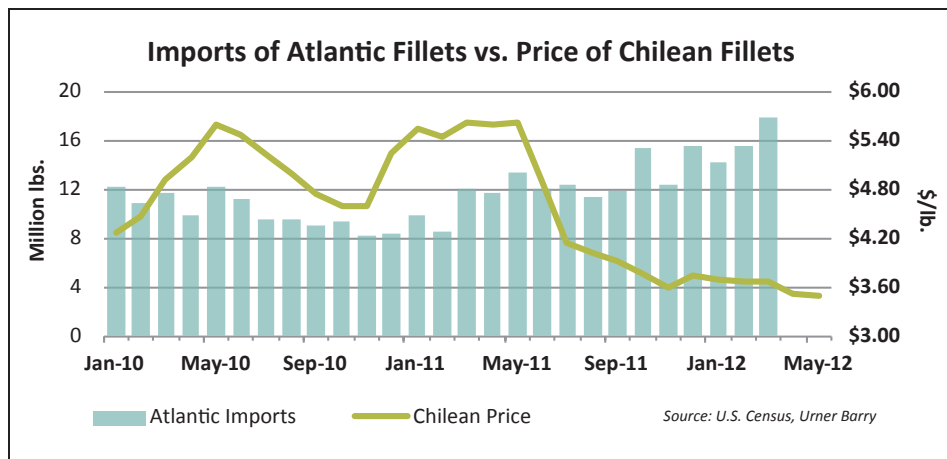


MIDWEST POULTRY SERVICES

Three generations of
experience in fresh eggs.

*Midwest Poultry Services, L.P.
is an industry leader
with a reputation built on
outstanding service.
Call us to experience the difference.*

Midwest Poultry Services, L.P.
P.O. Box 307, Mentone, IN 46539
Phone: (574) 353-7651 • Fax: (574) 353-7223





WHERE ARE YOU ON THE FOOD CHAIN?



We'll keep you from getting eaten alive.

No matter where you are in the industry - hatchery, grower, processor, further processing or distribution - you need Frost as your business advisor. Our team is savvy about the financial challenges and unique attributes of animal agriculture and food processing - from accounting for live production to little known industry-specific income tax provisions.

Whether you're a local company or international conglomerate, give us a chance to help you manage your wealth - you may wind up higher in the pecking order.



FROST, PLLC
Certified Public Accountants

Relationships backed by performance.

Visit frostpllc.com

Little Rock and Fayetteville, AR | Raleigh, NC

Catfish and Pangasius a future unknown



By Angel Rubio

Imports in 2011 reached their lowest level since 2005 despite a slight monthly spike in December of the same year. Monthly imports began declining heavily during the second quarter of 2010 until they finally recorded zero volume imported in June and July of 2011 according to the Department of Commerce. This situation caused Urner Barry's quotations to be removed until more offers became apparent on the spot market, and these were reinstated in February 2012. However, adding to rising prices of domestically-produced channel catfish, in addition to rising replacement costs, newly listed quotations began at a dramatically higher price point; from averaging \$2.29 in 2010 for LTL spot trades in the U.S., to an initial average of \$3.85 the first week of February.

Urner Barry's quotations have adjusted lower since February as a discouraged U.S. market was unable to absorb the highly "prohibitive" offering levels; that obviously caused importers to pressure packers

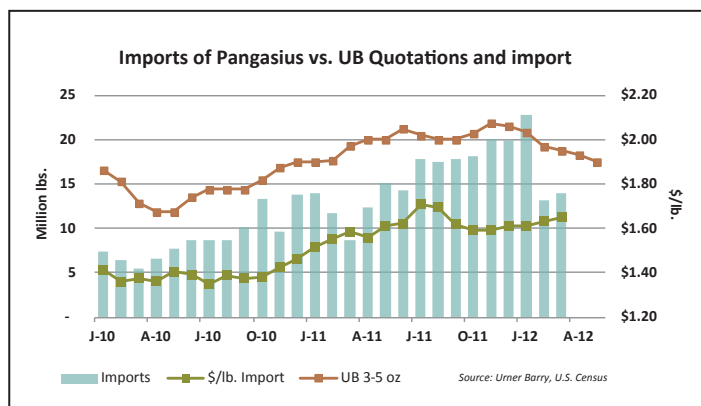
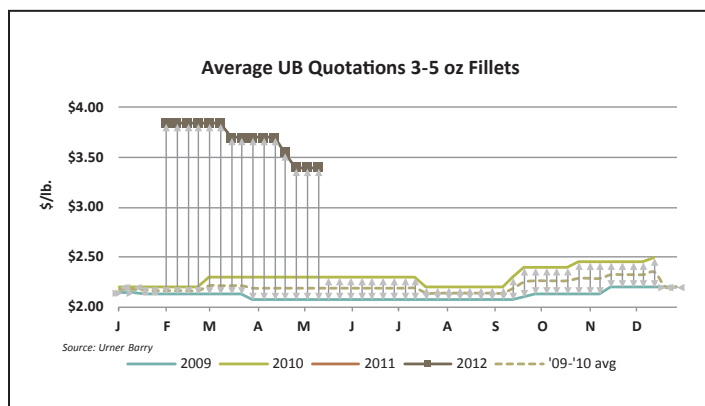
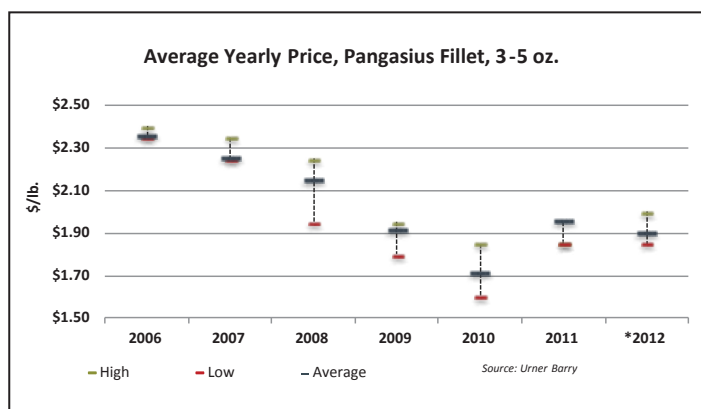
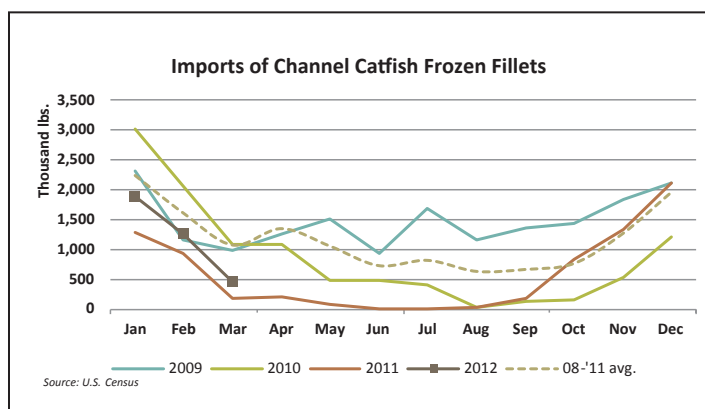
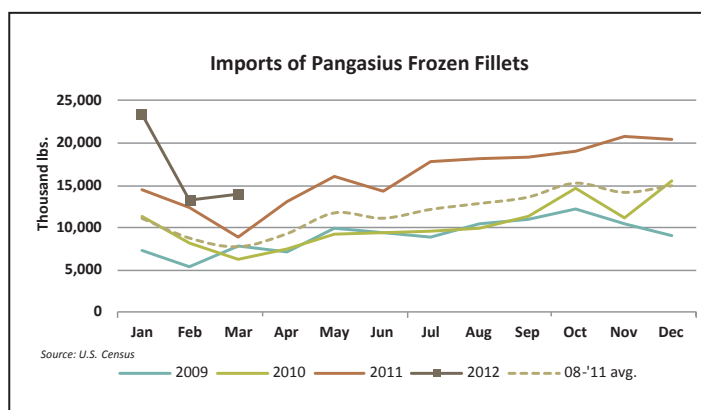
overseas to lower their offering levels. This has materialized in lower replacement costs from importers and lower prices in the U.S. spot market. At the moment, going into the summer months, demand has been rated steady.

PANGASIOUS

The Pangasius market, on the other hand, has experienced very different conditions. Imports in 2011 reached straight consecutive monthly imports from May to November with a negligible drop of 1.6% in December. Then in January of 2012, imports reached 23 million pounds, surpassing the previous record of 20.7 million pounds in November 2011. Imports have surged dramatically mainly due to a strong demand for this fish in the

domestic market, in addition to being a relatively good value protein. In terms of pricing, however, one would suspect that given such a large increase in supply, while holding everything else constant, the result would be a decrease in price; however, the average price in 2011 was over 20 cents higher than 2010.

Moreover, since reaching the record volume levels in November, significant downward pressure in pricing has been noted and Urner Barry's quotations have been gradually adjusting lower.

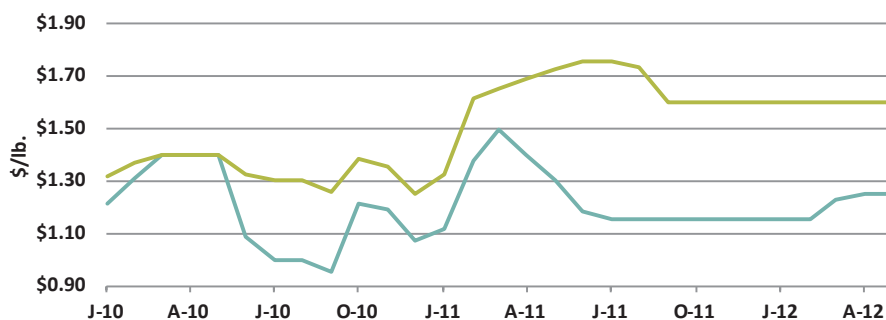


Nevertheless, anecdotal evidence and reports from VASEP in Vietnam suggest a potential shortage of raw materials may occur due to credit and cash flow problems from a number of fish farms and processing plants. The impact on the market is yet to be assessed.

DOMESTIC CATFISH

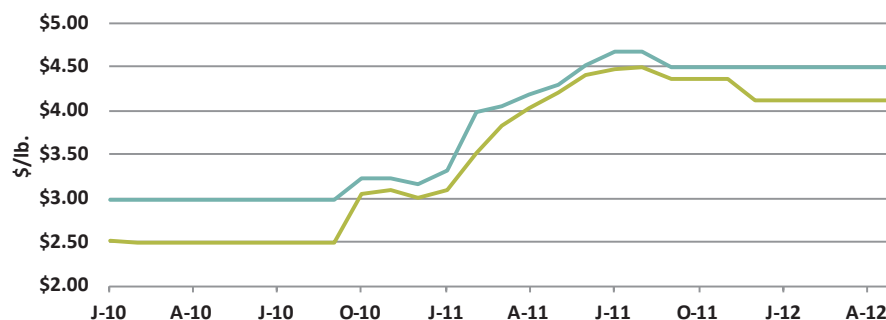
YTD totals that farmers of domestic catfish processed was 12.7 million pounds less as compared to YTD totals recorded in March 2011. In addition, sales volumes decreased YTD by more than three million pounds. Furthermore, inventory has nearly doubled for this same timeframe. Demand has been dull to fair at best and what is typically the height of selling season, the first quarter leading up to Lent, proved to fall short of many sellers' expectations. Despite the decreased buying interest and ample supply, sellers did not discount prices. Producers did lower their prices at the pond, yet market prices remained steady. Market price offerings for frozen nuggets actually increased in March 2012 as processors began to move some inventory. **UB**

Fresh and Frozen Domestic Catfish Nuggets



Source: Urner Barry

Fresh and Frozen Domestic Catfish Fillets



Source: Urner Barry

POULTRY • BEEF • PORK • SEAFOOD

We're Known For Chicken, But There Is More Inside.

Your Trusted Domestic and
International Wholesaler

Eastern
Poultry and Food Distributors

The Protein People Since 1954 | www.epoultry.com

Lack of product leads to historic highs



By Angel Rubio

One of the most spoken about topics at the International Boston Seafood Show (IBSS) in 2012 was the lack of availability of tuna, particularly frozen loins, steaks, and saku blocks. Urner Barry has been covering these two markets consistently and, similarly to many frozen and fresh markets, the former tends to have a lower historical volatility while the latter a high one (charts 1 and 2). However, in 2011 and 2012, prices have skyrocketed and reached record highs for both commodities for a number of reasons.

First, as we take a look at imports and their monthly average for the past few years, we see that, for frozen fillets, the monthly average for 2009, 2010 were 3.5 and 4.1 million respectively. In 2011, this figure dropped 26% to 3.02 million pounds per month; in 2012, the monthly average in the first two months of the year was 1.4 million pounds, with January of 2012 only being 75 thousand pounds. The latter figure put so much pressure on supplies that prices spiked dramatically in that month amid a gradually rising price level and decreasing imports throughout 2011 (See chart 3).

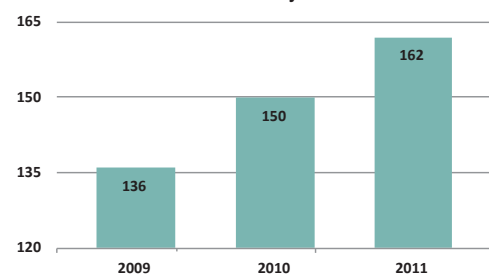
Such a decline in imports has mainly been fueled by a strong demand for this product in other countries like Japan, in addition to an increasingly number

of container refusals from the FDA. The latter was allegedly one of the most important reasons why imports declined so much in 2011. In the first six months of 2011, import rejections of tuna increased by 56% when compared to 2010 and 2009 (chart 4). During that time, importers began reporting some difficulty replacing product; however, they were still able to source enough to cover their immediate needs albeit at a higher price. By the end of the year, importers found it harder and harder to source product from overseas due to exporter's fears of getting red listed by the FDA, in addition to rising insurance premiums. So, in 2011, tuna

rejections totaled 162 compared to 150 and 136 in 2010 and 2009 respectively (chart 5). Rejections from Indonesia surged to 95 in 2011, up from 67 and 63 in 2010

Continued on page 36

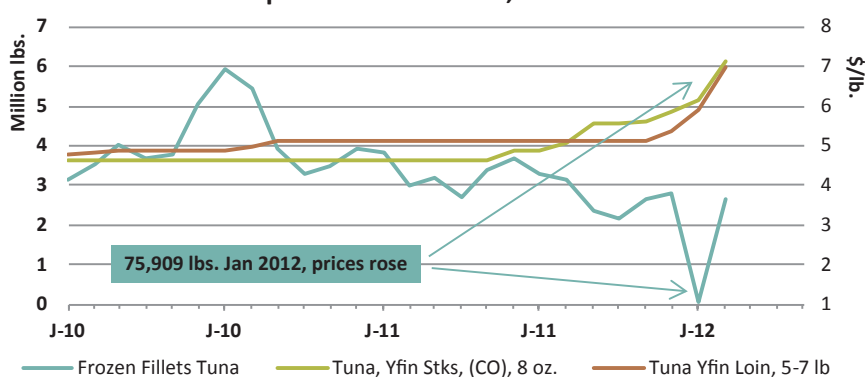
chart 4
Total Tuna Rejections



Source: USDOC, FDA

chart 3

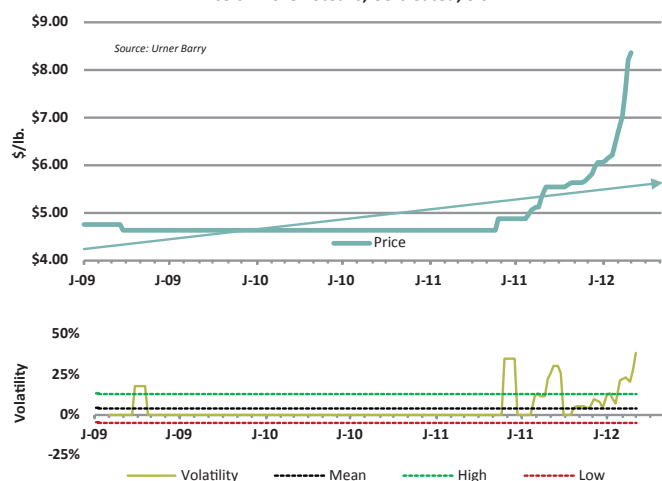
Imports of frozen tuna, fillets



Source: Urner Barry, U.S. Census

chart 1

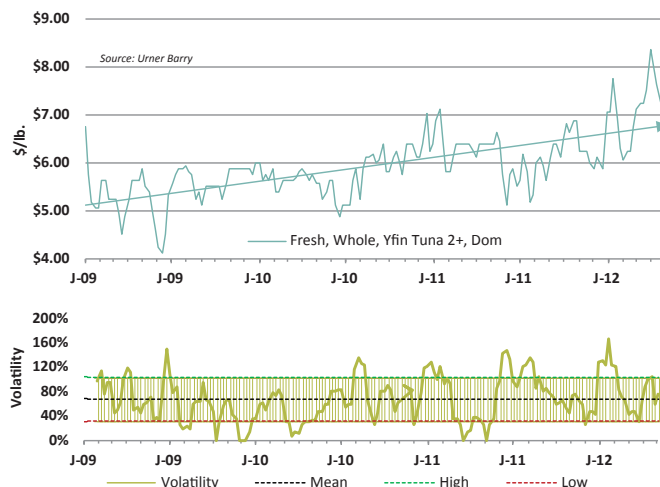
Price of Frozen Steaks, CO treated, 8 oz.



Source: Urner Barry

chart 2

Price of Fresh Whole Fish Tuna



Source: Urner Barry

'Bobby Tuna' and Urner Barry create first English guide to the tuna grading process

From the can to the sushi roll, tuna is a global seafood staple in household and commercial kitchens around the world. A key commodity for the entire industry, values of the prized catch depend on expert graders to determine the true market value of any given tuna landed. From mere appearance and size to core samples and fat content, graders, like Robert DiGregorio, study every detail of a tuna before categorizing it for the market.

In fact, the grading process is so rigorous, and at times subjective, DiGregorio was shocked to learn a published guideline on tuna grading was never developed. Therefore, he, with the help of Urner Barry, created the first comprehensive guide to tuna grading, *Tuna Grading and Evaluation: The Complete Tuna Buyer's Handbook*.

Known colloquially as "Bobby Tuna," DiGregorio is a 40-year veteran in the industry where he currently sells tuna at New York City's Fulton Fish Market. DiGregorio has dedicated his life's work to understanding the ins and outs of tuna grading, traveling to fishing ports around the globe from Japan to the Caribbean to study the tuna trade.

With this new guide, DiGregorio said the industry—from tuna fishermen and buyers to processors and chefs—now has a universal reference point on what expert graders look for to determine if a tuna is a #1, #2+, #2 or #3 grade specimen.

"There was really a need to set the record straight, the more educated people are about tuna grading the better," said DiGregorio.

The guide is divided into two main sections: Tuna Grading & Evaluation, and Species Guide, Specifications and Regulations.

Using full color photographs, DiGregorio breaks down every detail expert graders look for to classify a tuna. Freshness, size and shape, fat, meat color and texture

are all carefully explained and pictured. Comparisons of tail cuts and core samples for each tuna grade are included as well as a color gradient chart. Brief descriptions of the most commonly seen tuna diseases, parasites and natural defects are also included and accompanied by full color photographs.

The guide features detailed FAO descriptions of each tuna species, as well as HACCP handling guidelines, NMFS regulations and a comprehensive world catch, supply and stock regulation section complete with fully colored graphs and charts.

"I know of no other book in America that shares this valuable information with readers," said CP Lee a Fish Importer/exporter for Maguro-Kami, Inc a seafood company based in New York City.

Urner Barry Seafood Market Reporter MaryAnn Zicarelli served as Senior

Managing Editor of the book and is proud of the finished product. She said it will help educate the industry about what goes into determining the quality and value of tuna products, as well as provide plenty of must-know information that all tuna traders should know.

According to industry sources the book has been highly regarded since it made its official debut at the 2012 International Boston Seafood Show. It currently holds a five out of five star rating on Amazon.com with overwhelmingly positive reviews.

To order your copy of *Tuna Grading and Evaluation: The Complete Tuna Buyer's Handbook* visit shop.urnerbarry.com or amazon.com or call Urner Barry at 1-800-932-0617. **UB**

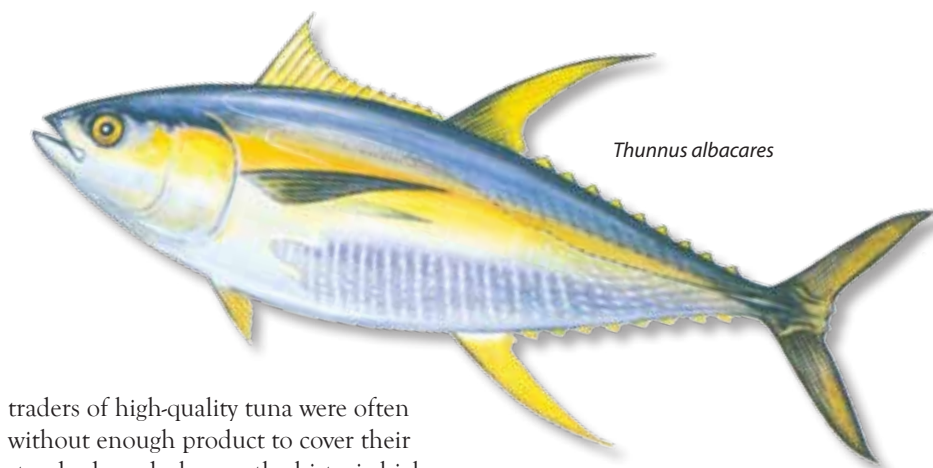
Article contributed by Michael Ramsingh
mramsingh@urnerbarry.com



Continued from page 34

and 2009. By January 2012, inventories had run out and imports declined to their lowest level in years. So, while holding everything else constant, prices spiked.

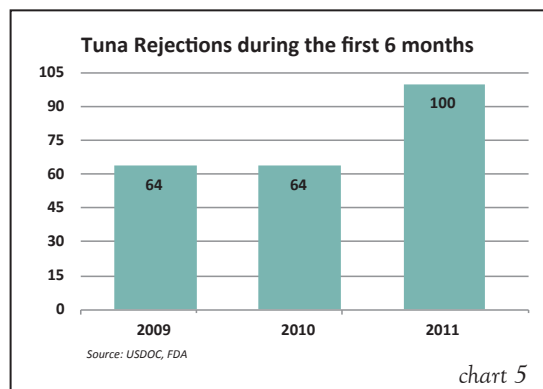
The fresh market can also be analyzed similarly, but the fact of the matter is that given the gradual decline in supplies of frozen product, plus to the huge drop in imports in January 2012, the pressure to source product had to shift to fresh fish in one way or another. This is relevant because imports of fresh whole fish tuna have declined only modestly, and figures for domestic landings of tuna are not available. However, through Urner Barry's daily survey and canvass of the markets, anecdotal evidence suggests the statements previously mentioned, in addition to the imported and price data available, are relatively accurate. Reports from fresh fish traders indicate supply of fresh tuna has been sporadic throughout the year, and (more times than not) it was barely adequate or short to meet demand. Market prices traded at all-time highs and many



Thunnus albacares

traders of high-quality tuna were often without enough product to cover their standard needs; hence, the historic high prices for #1 and #2+ tuna (chart 6).

The situation is currently dire for many buyers in the U.S. as many domestic sellers, whether these are importers or domestic traders, cannot source enough product to cover the existing levels of demand. That being said, the demand curve could shift or change entirely if buyers become overwhelmingly discouraged by such historically high prices (Chart 7). **UB**



KEYPORT™

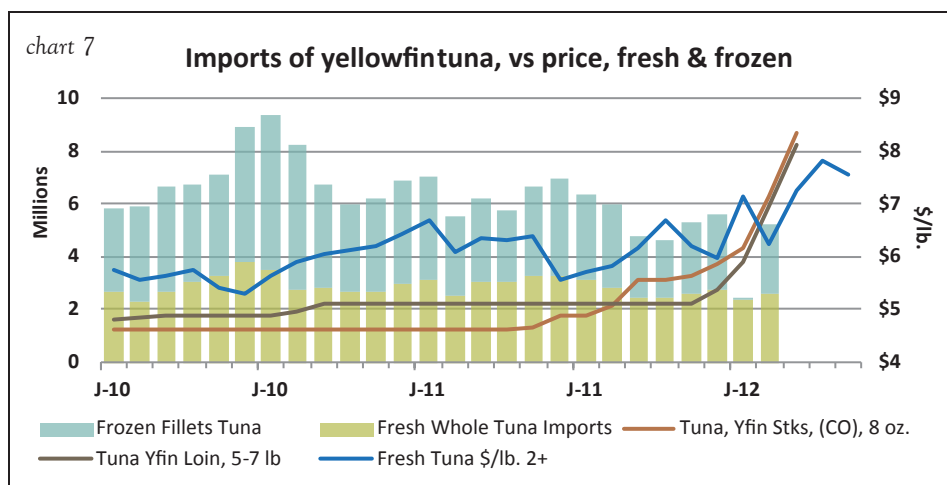
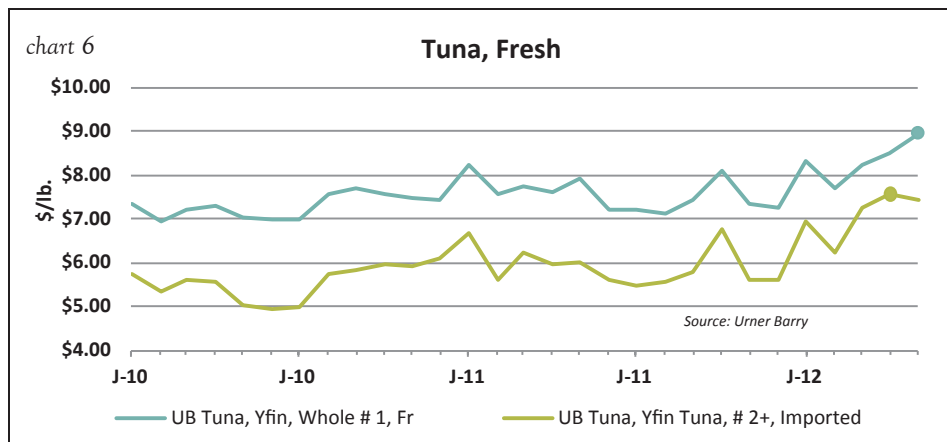
Your Direct Source

PREMIUM RED KING CRAB

Traceable • Sustainable

**RED KING CRAB • SNOW CRAB
DUNGENESS CRAB • ALASKA COD**

Phone: **206.284.1947**
E-mail: mark@keyportllc.com
Web: www.keyportfoods.com



Direct from the source.



Shrimp • Crab Meat • Shellfish • Finfish • Value Added

The direct connection that meets all your needs.

When you buy from Chicken of the Sea Frozen Foods, you're buying directly from the source. We're one of the largest vertically integrated seafood producers in the world providing traceability, control, and efficiency—right from the source to you. It's the most direct route to a consistent, dependable supply of high quality, competitively priced seafood every time.

chickenofthesea.com 310-469-7030



THAI UNION GROUP

PREMIUM QUALITY • AGGRESSIVE PRICING • EXCELLENT SERVICE

© 2012 Chicken of the Sea Frozen Foods

Demand remains strong



By Angel Rubio

The tilapia market has experienced significant ups and downs both in terms of volume and price in the last few years. On the frozen fillet market, 2011 imports declined for the first time since 2000, retreating 12% from the previous year and advancing prices. However, imports in 2011 were greater than in 2009 or any other year prior. One of the factors contributing to lower imports in 2011 was the ample availability of product in the U.S. after imports reached a record high—at that time—in January of 2011 with more than 42 million pounds imported. In the consequent months, import volume declined steeply when compared to previous years as importers tried to take new buying positions; however, high replacement offerings discouraged many importers until these levels came down in June and July—for product delivered in August—and then volumes began rising.



©iStockphoto.com/Robert Linton

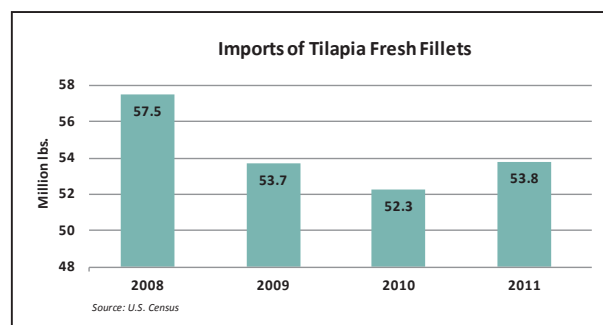
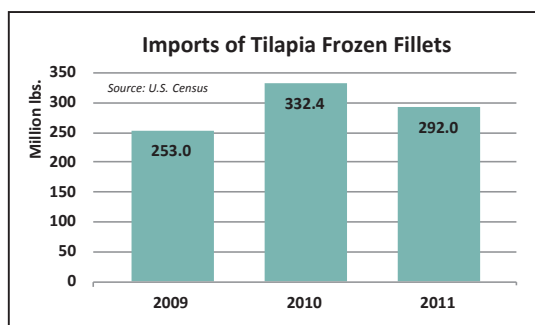
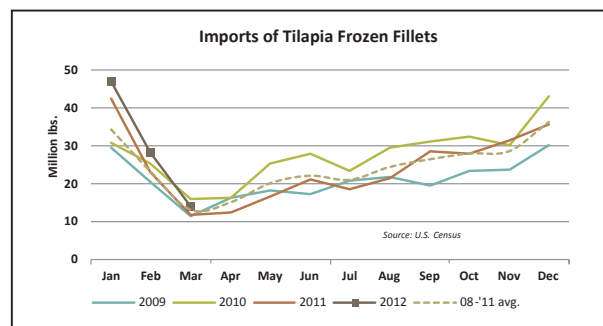
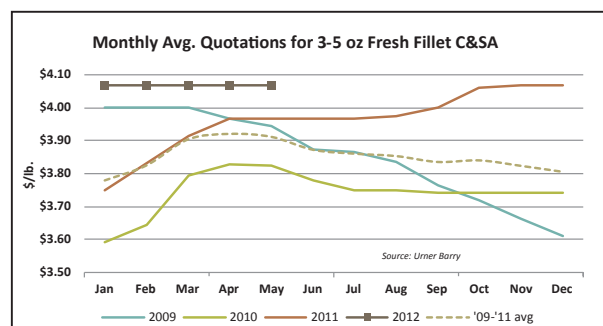
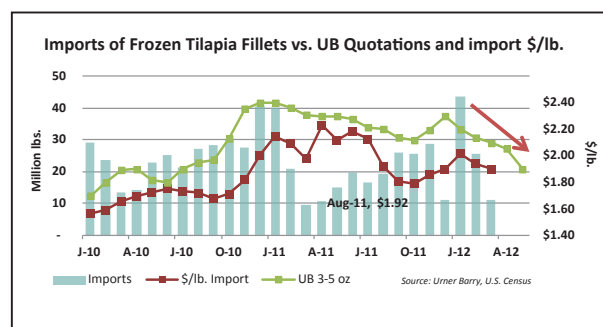
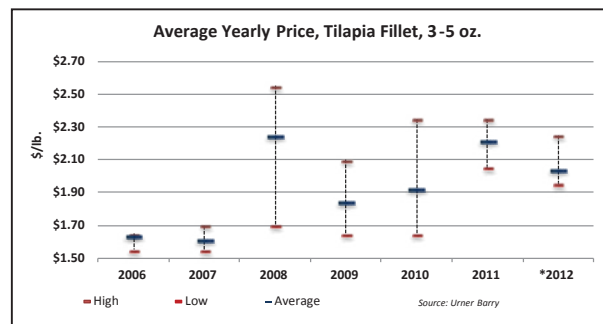
In January 2012, imports reached another monthly record surpassing the 46 million pound mark. This caused inventories to be well positioned for Lent, but a lackluster demand drove prices in the U.S. down and the undertone continues to be soft.

In terms of monthly imports, seasonal behavior continues to prevail.

FRESH TILAPIA

The fresh tilapia market, in terms of pricing, only saw the market head in one direction—up. According to many sellers in the U.S., most of this was largely fueled by consistently high feed costs and lower margins. In addition, there were certain supply holes from some countries during the year, which resulted in some buyers in the U.S. to source product from other sources, keeping demand strong throughout the year. Nevertheless, it is imperative to mention that there was an alleged error when registering imports of fresh fillets from Costa Rica since figures from this country were clearly understated while another category, under the name “Marine Fish NSPF Fresh Fillet” were overstated. After calculating the error in house, total imports of fresh tilapia fillets ended only 0.26% above 2010.

In 2012, pricing has remained steady at listed levels, with isolated and sporadic discounts noted after Lent but not enough to have an impact on our quotations. **UB**



2011 Record-high prices for tallow and greases. What's ahead?



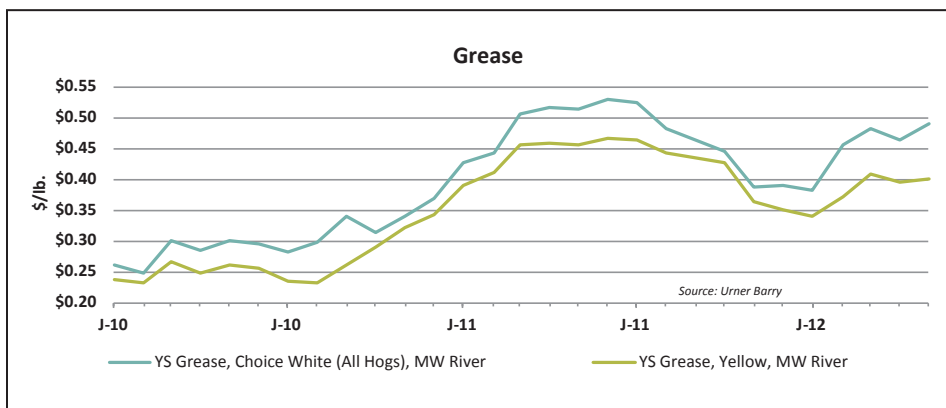
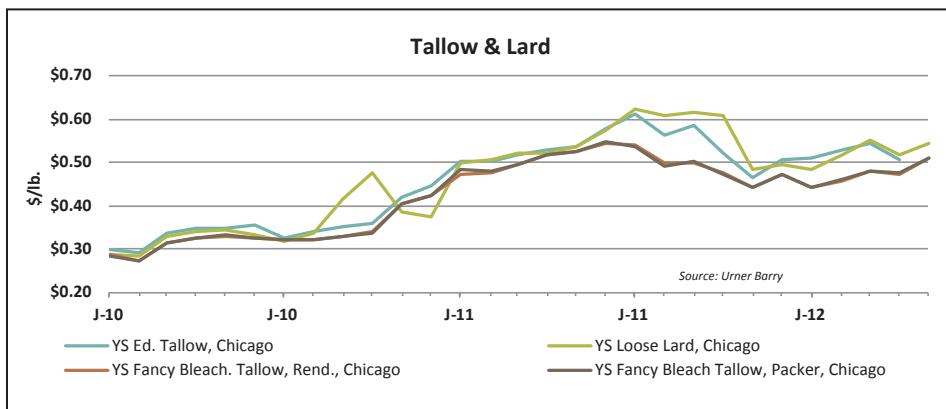
By Bill Smith

On the edible side of the business both edible tallow and loose lard traded at historically high price levels in 2011. Edible tallow started the first quarter of 2012 off with mostly steady price levels when compared to 2011; but compared to the four-year average they were up about 42% on average. Loose lard, similarly, experienced price levels relatively close to 2011, but relative to the four-year average, price levels were at a premium of roughly 47%. Strength in both of these markets was attributed to tight supplies and active demand. Some factors to keep an eye on going forward are production levels, feed demand, biodiesel production, and government regulations, to name a few.

Inedible tallow and grease price levels were down slightly in comparison to 2011 prices.

Q1 2012 monthly average prices for both the renderer and packer tallow were down slightly each month of the first quarter of 2012. When looking at the four-year average, prices are still up significantly (roughly 38%). Choice white and yellow grease followed a similar pattern compared to 2011 where prices were down, however, relative to the four-year average, prices were up considerably.

So as we enter the month of May there are still several issues lingering around both the edible and inedible beef markets causing a lot of uncertainty. Many of the issues have not changed in recent years as concerns still linger with the availability of product, demand from the biodiesel sector, government regulation, etc. Only time will tell what affect, if any, these types of issues will have on the market as time progresses. **UB**



Now Available
on the Web!

The Meat Buyer's Guide[®] Online

The entire *Meat Buyer's Guide* comes alive through this fully interactive *All-New Web Site* featuring:

- **Cutting Demonstration Videos!**
- Toggle buttons that allow quick switching between Spanish and English text
- Photo enlargements with greater detail
- Full search capabilities



800-932-0617
namp@urnerbarry.com
shop.namp.com

Groundfish maintains steady trend



By Paul Brown, Jr.

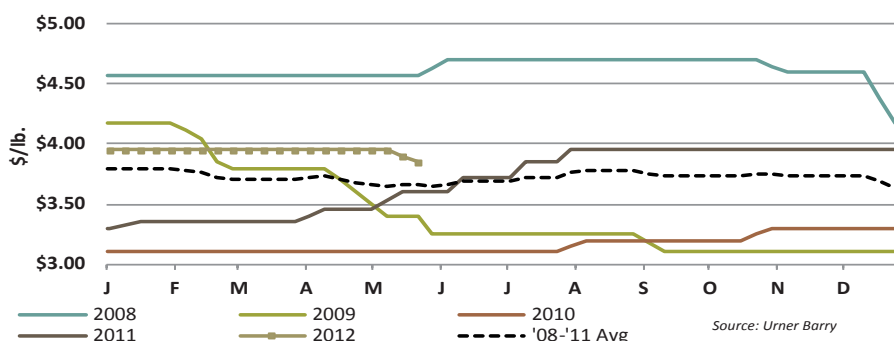
Over the last several years world Cod and Haddock quotas and production have increased and are projected to continue that growth into 2012 and 2013. The U.S. produces both Atlantic and Pacific Cod and Haddock and also imports those products. With the

supply of Cod and Haddock increasing it was thought that after Lent market pricing for Cod and Haddock would soften. There has been some slight softening in the market for twice frozen Chinese Cod imports, but mostly, Cod and Haddock prices have remained steady. The reason for this seems to be that despite a limited decline in European demand; demand

from other countries including Brazil, Russia, and China have been able to balance the increasing supply. There has also been a surge in the availability and demand for single frozen Cod and Haddock from Russia and Norway production in the U.S.

Pollock production in both Alaska and Russia moved higher in 2011 and production is expected to be similar in 2012. The U.S. market has generally held a steady tone throughout and that trend is expected by many to continue. European demand for Alaska Pollock has remained strong, despite some weakening of the Euro to the Dollar. One factor is that many buyers are locked in to U.S. production as certified by the Marine Stewardship Council, and won't have alternative supplies until and unless Russian Pollock becomes certified, as is due to happen later this year or early 2013. **UB**

UB Cod, Sknls/Bnls, Loins, Double Frozen, Atlantic 5 oz.



BIRD-IN-HAND® farms, inc.

Traders of Meat & Poultry

PENNSYLVANIA

Fred Bloom • Bill Buehler
Brett Linder • Ted Bloom
Bob Willoughby
(717) 291-5855

NORTH CAROLINA

Wayne Reynolds
Gayla MacMillan
(910) 328-1288
Selena Jackson
(910) 875-5757
David Wilson
(910) 695-0661

SOUTH CAROLINA

Bob Rike
Alec Herring
(803) 932-4361

MISSOURI

Randy Witt
Tom Drewianka
(417) 235-5700

MISSISSIPPI

David Cole
Donnie Pepper
(601) 932-5997

ARKANSAS

Bill Lewis
(479) 968-3332

TEXAS

Jackie Cates
(936) 564-0539

GEORGIA - International Sales

Allen Ligon (404) 380-1450

www.bihfarms.com

Ample shrimp supply expected in 2012



By Paul Brown, Jr.

By the end of 2010 most components of the shrimp complex had moved significantly higher than in the several previous years. The relative trend of high-priced shrimp continued for all of 2011. In 2011, shrimp imports increased about 3%, but the value of those imports increased 20%. Now in 2012 the market appears to have taken a downward trend; although through March, figures indicate a stable trend with imports up about 6% and the value of those imports up about 7%.

The higher price shrimp in 2011 combined with a sluggish economy may have been the conditions which led to a significant carry-over inventory into 2012. As said, shrimp imports in the first quarter are up almost 6% although anecdotal reports indicate that inventories are slowly coming into better balance. Now, as we move into increased seasonal production throughout Asia and Central America, overseas replacement offerings are beginning to move lower to attract business. In addition, many countries are expecting a banner year in white shrimp production. White shrimp production has gained converts in many previously heavy black tiger producing areas and white shrimp production has been much more prolific.

A LOOK AT SOME OF THE MAJOR PRODUCING COUNTRIES

Thailand imports were down for 2011 due to severe flooding in production and processing areas. That trend has continued in the first quarter of 2012 where imports are down over 20%, however, seasonally

heavy production is not represented in the first quarter. Thailand is the United States' number one supplier of shrimp, supplying a third of imported shrimp, and some predictions indicate that barring inclement weather conditions, shrimp production is expected to increase. In fact, shrimp prices in Thailand have already begun to decline ahead of seasonal production that began in May, in order to be more competitive with other shrimp supplying areas.

The next largest supplier of shrimp to the United States is Ecuador. Much of the Thailand production is destined for retail, although foodservice is also important; Ecuador shrimp is the opposite, with much of their production headed for foodservice. Ecuador shrimp imports have been growing for the last several years and in the first quarter are up almost 27%. Prices for headless, shell-on shrimp (HLSO), dominated by Ecuador, spiked in 2010 after the Gulf of Mexico oil spill interrupted shrimp production there. Since then prices have stayed generally higher than in recent years. Currently, the market has begun to move lower following the overall trend in the market.

Indonesia is another top supplier of shrimp to the United States. After a few disappointing production years, 2011 saw an increase in Indonesian exports of shrimp to the U.S. That trend has

continued thus far in the first quarter of 2012 and an increase in production over last year has been predicted.

India has probably been the most dramatic recent story in the shrimp market. Historically, India has been a black tiger producing country. Recently, white shrimp production has taken hold in India; the result has been that in 2011 India exported 106 million pounds of shrimp to the U.S. versus 66 million pounds in 2010, a 60% increase in just one year. Thus far in 2012, Indian imports are up another 42%. Indian shrimp production has been concentrated in sizes 16/20 to 26/30 count per pound and has been a significant contributor to downward price pressure on those count sized of HLSO and raw peeled shrimp.

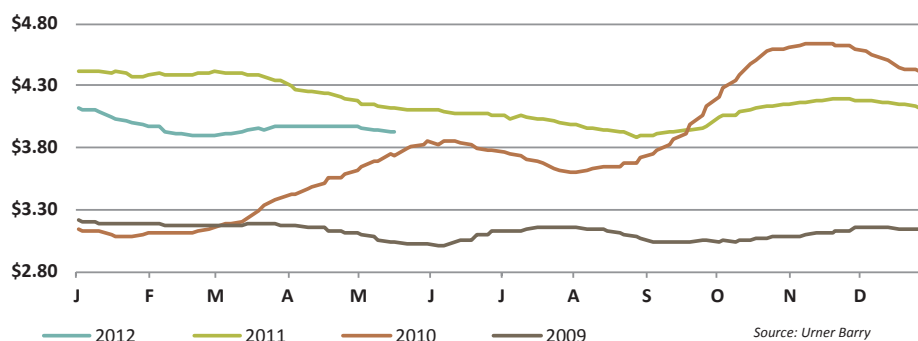
Vietnam is another significant supplier to the U.S. market that is predicting an increase in shrimp production in 2012. An important supplier of premium large black tiger shrimp; Vietnam has also made an increasing commitment to heartier white shrimp. The result is that despite some problems with inclement weather and disease affecting shrimp farming, imports have been mostly stable and are up for the first quarter of 2012. However, recently there have been some renewed reports of production issues including credit and investment issues in the Vietnamese aquaculture industry.

Mexico is an important supplier of both farmed and wild shrimp to the U.S. market. Mexico supplies HLSO shrimp mostly in count sizes 31/40 per pound and larger. Their production begins in September for farmed shrimp and generally in October for wild shrimp. Seasonal production varies, but was higher in 2011 than 2010.

The U.S. has imposed a tariff against Chinese shrimp although many companies are now exempt and imports from that country are significant. But of greater significance is China's role as a buyer of shrimp on the world market together with some other Asian countries.

"In 2011, shrimp imports increased about 3%, but the value of those imports increased 20%."

HLSO Urner Barry Farm-Raised White Shrimp Index



Continued on page 46

Not the same old story, **crab** market has changed from a year ago



KING CRAB

By Janice Brown

In general, although the imports are still low in comparison to past years, king crab imports currently are 54.3% higher when compared to the same time period last year. A combination of an increase in imported product and a decrease in usage has resulted in a softening trend since the beginning of 2012 for both red and golden king crab.



to all time highs. 12-14s, for example, reached \$21.50 on December 29, 2011.

However, as imports are rising, the king crab market has begun to soften. The same size that reached an all-time high at the end of 2011 has dropped \$2.20, which is a 10.7% change since the beginning of the year.

With the exception of 6-9 reds, which have remained steady to strong throughout the beginning of 2012, the balance of the red king crab market has trended lower. 20-24s for example trended down \$1.40 from the start of 2012.

This could be due to a combination of a lackluster demand and an increase in imports. (figure 3)

Brown/golden king crab market has followed a similar trend to the red king crab market. 12-14 golden crab has trended down \$0.85. 20-24s have seen a \$1.75 decrease from the beginning of the year. (figure 4)

SNOW CRAB

Like last year, the Canadian Snow Crab market quotations have been reinstated at the writing of this article. The market continues to be highly unsettled though, as new crab flows down from Canada into the U.S. market. Market participants report

Continued on page 44

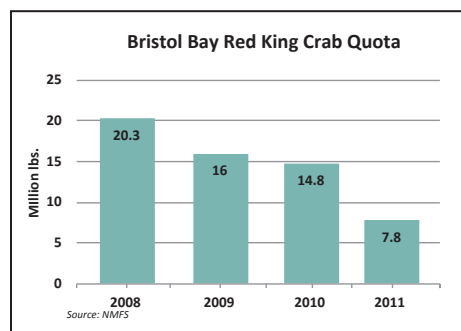


figure 1

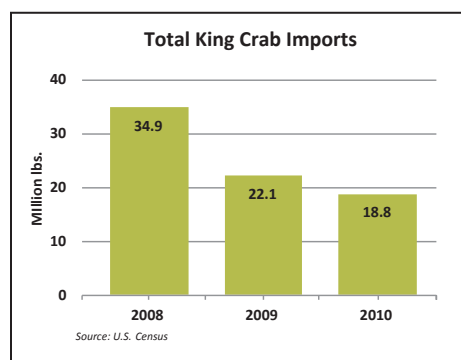


figure 2

While imports have been improving, domestic production from Alaska has continued to decline. A 47% quota reduction was issued for this past winter's season. Since 2008, the fishery has seen an overall decline of 62%. (figure 1)

Much of the red king crab consumed in the U.S. is imported from Russia. Due to Russia's reigning in of illegal crab harvest in their waters, the U.S. saw decreases in imports for 2009 and 2010. 2010 imports decreased 36.6% when compared to 2009. (figure 2)

Currently, however, YTD imports are increasing. January imports rose 19.8% versus YTD, February imports were 22.4% higher than YTD and March imports are even higher at 54.3%

Pricing, in-turn, has followed the laws of economics, soaring during 2010 and 2011

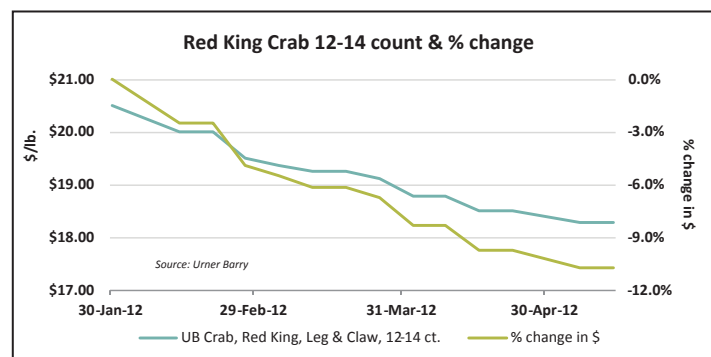


figure 3

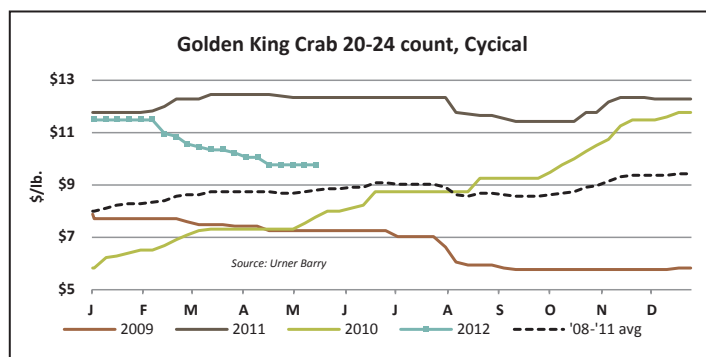


figure 4

No mixing. No blending. No kidding.



Introducing Harbor Seafood's six new best-of-the-best Pasteurized Crabmeat selections, exclusively from Indonesia, Philippines, and Thailand. Just pure, 100% live-cooked *Portunus pelagicus* (Blue Swimming Crab) and no surprises!

For more information, please call:
1-877-HSF-1975 (1-877-473-1975) or visit us
online at harborseafood.com

Harbor SeafoodTM
Since 1975
Not all Seafood is created equal...
Who you buy from does matter.



Crab outlook continued...

Continued from page 42

that many buyers are being cautious and only some significant buying activity is reported to have developed.

Even though the opening quotations of the 2012 season are \$1.25 less than 2011 for 5-8 Newfoundland clusters, the market does not appear as active as one might expect. In comparison to previous years, 2012 pricing is still quite high. (figure 5)

Currently, the market is full steady to firm. Many Canadian plants are presently packing for Japanese needs and most likely will be for the next several weeks. Many market participants expect the market is going to remain steady until the Japanese needs are met. During this time, U.S. buyers appear to be purchasing only for immediate needs.

The Canadian snow crab market will remain a fluid situation, however, with many outside factors including Japanese interest in Canadian crab.

Another factor that may play a role this year is a considerable increase in the Gulf of St. Lawrence. The southern Gulf quota this year has doubled. All areas of the Gulf have a quota over 24,000 tons. The Newfoundland quota is down about 500 tons to 52,502. (figures 6)

The Alaskan opilio market during 2012, although lower than

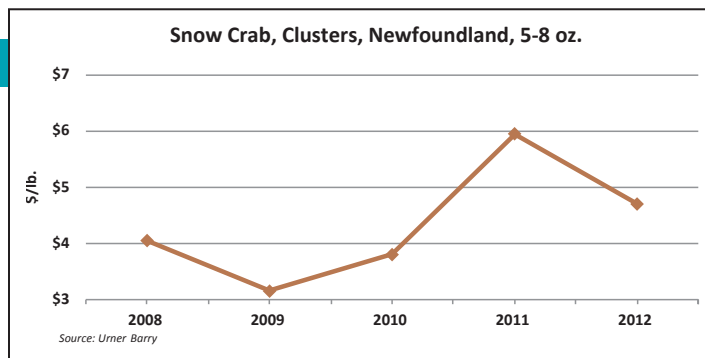


figure 5

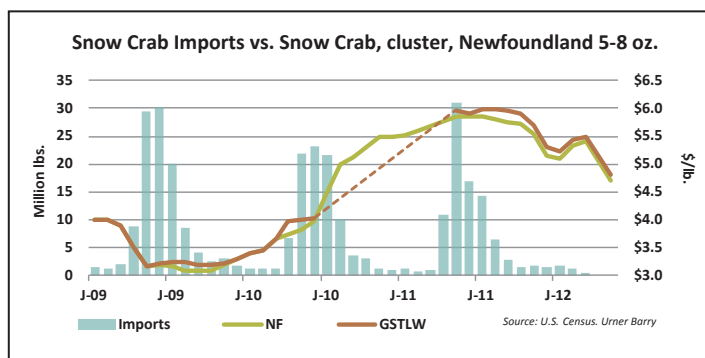


figure 6

2011, is still extremely firm when compared to the past five years. Right now the weekly low on 5-8 clusters is \$5.20 which is \$0.95 lower from where the market was the same time last year. On the other hand, when comparing this to 2010, 2009 or

Maloney Seafood Corporation



Specializing in program business catering to food service and retail companies

- Snow Crab
- IQF Sole
- IQF Flounder
- Cold Water Shrimp
- Cod
- Haddock
- Shrimp
- Sustainable Premium Quality Asian Shrimp



Call us for all of your seafood needs
Maloney Seafood Corporation
 ph. (617) 472-1004 • fax. (617) 472-7722
www.maloneyseafood.com



2008, present levels are anywhere from \$0.95 to \$1.60 higher than those past years.

Throughout 2012, the Alaskan opilio market has been plagued by ice issues. Ice has impeded crabbing in the Bering Sea and currently the quota is only 78% landed. For the first time ever, the Alaska Department of Fish and Game has extended the opilio season. The season was scheduled to close on May 15th and now has been extended to June 15th. With the largest opilio quota seen in years, many market participants were anxiously waiting for a swift influx of crab to hit the market which never seemed to materialize due to the ice. Another aspect of the opilio market this year is the increased presence of larger 8-up crab rather than the 5-8 ounce crab which the market historically has seen. Demand for opilio, however, has continued to be moderate to active throughout the season.

The crab market in 2012 is in a different situation than it was a year ago. Both the red and golden king crab prices are softening. Although pricing continues to be higher than in 2011, the trend thus far in 2012 is a weakening market from historic highs. Canadian snow crab and Alaska opilio pricing is down when compared to 2011. However, pricing in both markets remains much higher than the previous five years.

CRAB MEAT

By MaryAnn Zicarelli

Available supplies yet buyers' uncertainty creates caution

2012 imports have increased which has contributed to sellers fully adequate inventories for most grades. Coupled with the increased production, demand has been flat for most of the year and sellers keep waiting for buying activity to improve. Buyers have taken the position of purchasing with caution and holding only what they need. In addition, buying interest for the higher-priced grades of meat has shifted to lower-priced grades. Some importers have struggled with maintaining a balance on their inventory which has at times resulted with deep discounts on certain grades by select importers. These pockets of discounting may not be indicative of the market as a whole; however, they certainly contribute to the overall climate.

Taking a closer look, YTD crab meat import totals as of March 2012 equaled 9,883,972, an increase of 4.9% from the same time period in 2011. Imports from Indonesia and China both show a 22% YTD increase. These significant increases in overseas production have come at a time when many U.S. importers have

fully adequate to ample inventory on hand. In addition, many importers have reported that they are battling higher replacement costs and in many cases, they have resisted knowing that the U.S. market conditions would not warrant the higher prices. Market prices have been about steady with pockets of discounts depending on importers inventory positions. (figure 7)

Production of domestic crab meat has been on the rise and the 2012 season began earlier than usual. This added meat further suppressed demand for imports.

Importers anticipate the uncertainty in the crab meat market to continue. Typical increased buying interest that begins in May and continues through the summer months has not been evident to many importers. **UB**

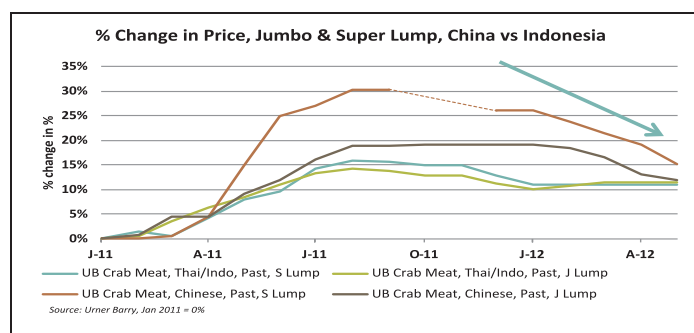


figure 7

Protein Alliance, Inc.





From the Farm to Deli, we are your Source for Turkey!

**Buyers & Sellers
Domestic & International**

"Alliance Builders" of:
Whole Birds, Bone in Breasts, Raw Meats,
Tray Pack Parts, Further Processed Products,
Turkey Hatching Eggs,
Turkey Poults, Live Contracts

Jeff Stauffenecker • Carl Wittenburg
Sara Almich

605 Crow Lake Street
Brooklyn, MN 56316

Phone: 320-346-4033
Fax: 320-346-4038
Toll Free: 1-877-BUY-TURK





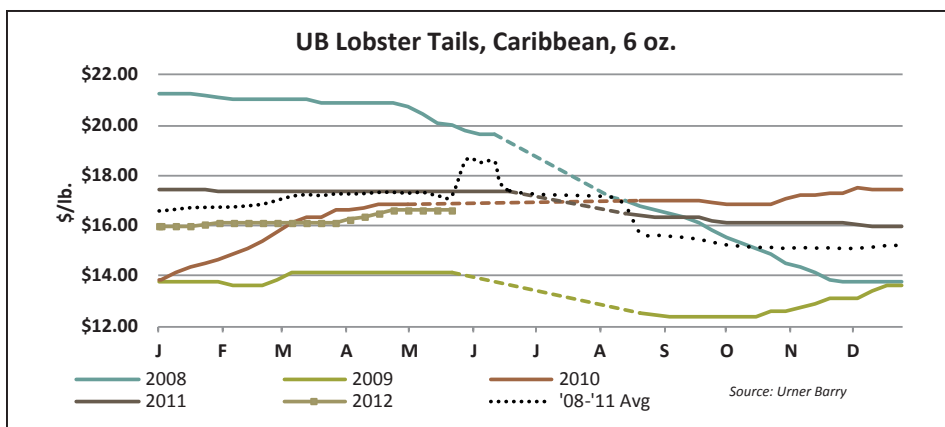
www.PROTEINALLIANCE.com

2012 North American Lobster season gets underway...Warm water Lobster follows in June



By Paul Brown, Jr.

The U.S. lobster market is made up of two distinct lobsters. Rock lobster or Spiny lobsters are sold in the U.S. market as lobster tails. These lobsters have no claws and have long antennas. The whole animal is rarely sold in the market. North American or Maine lobsters are the familiar lobster with the two large claws. Products in the market from these lobsters include; live lobster, lobster tails, and lobster meat.



COLD WATER LOBSTER TAILS

Imports of cold water lobster tails continue to slide. Imports in 2011 were down 18% compared to 2010 and that trend continues into the first quarter of 2012 where imports are down almost 40%. Previously, Australia had been a significant supplier of lobster tails to the U.S.; however, as quotas adjusted lower and production was curtailed much of the lobster was exported to Asia live, a much more lucrative business than lobster tails. South Africa is another significant supplier of cold water tails to the U.S. Here again,

however, 2011 imports were down 18% compared to a year ago and imports in the first quarter are down 25%. The market for South African tails was steady in 2011 and has moved somewhat higher in the first quarter of 2012.

WARM WATER LOBSTER TAILS

U.S. imports of warm water lobster tails were down 5% in 2011 compared to 2010 and are down another 8% for the first quarter of 2012. The fishing season for warm water lobster tails generally begins in June with Brazil production followed

in July and August by the Caribbean countries. Market quotations from July 2011, the beginning of seasonal offerings, generally moved slightly lower from initial sales and were then steady throughout the last quarter of 2011 and the first quarter of 2012. So it appears that less supply balanced the market and enabled quotations to mostly hold their ground during a difficult U.S. economy. Currently 10 oz. and larger tails appear to be amply supplied while smaller-sized or "prime sized" tails may be offered at premiums due to a limited off season inventory.

Shrimp Outlook

Continued from page 41

The development of these countries as consumers of shrimp will be an increasingly important piece of world shrimp demand.

There are many other suppliers of shrimp to the U.S. but most follow the regional descriptions of the countries listed above.

There are a variety of factors that will affect the shrimp market in the upcoming season. Demand from Europe may be suspect but Asian demand appears to be on the rise. Costs, whether labor, feed or fuel, are increasing and will impact markets. Additionally, the value of the U.S. dollar, although improved from a year ago against most major supplying countries' currencies,

continues to challenge shrimp buyers. Finally, weather and disease can affect shrimp farming very quickly and are always an unknown. At least for now the overall trend in the shrimp complex has been lower and additional supply is expected from most areas. **UB**

NORTH AMERICAN LOBSTER TAILS AND MEAT

The Canadian lobster season opened May 1. At the start of the season demand is generally active in the live market for Mother's Day. There is also a push for whole cooked lobster destined for Europe. The lobster tail market looks to open near or slightly higher than previous season levels although initial indications are that demand is only fair. Lobster meat, on the other hand, is short in the market. Initial offerings of lobster meat indicate a firm market ahead of the busiest summer demand season for lobster rolls. As the Maine season gets under way later in the year it will generally put some pressure on the market with additional product.

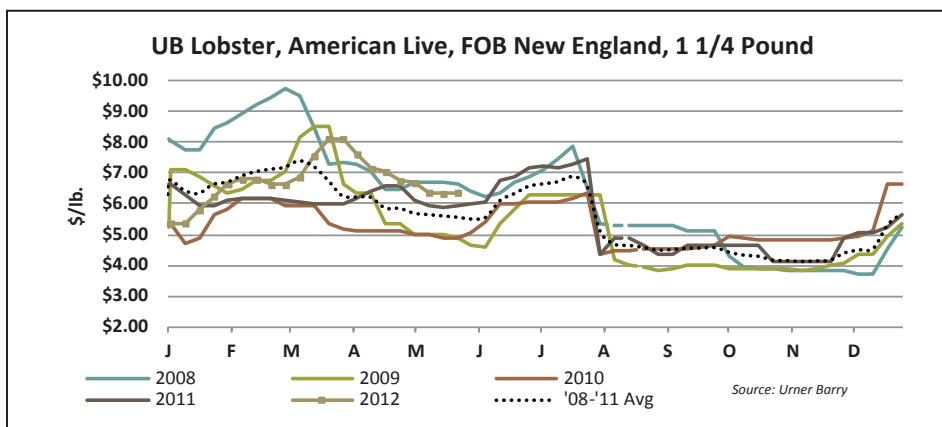
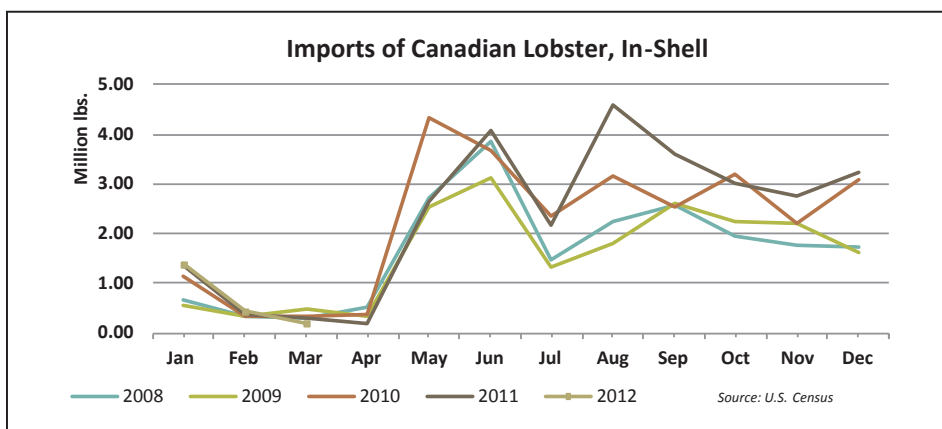
NORTH AMERICAN LIVE LOBSTER OUTLOOK

Production during the winter months was limited which caused market prices

In the Gulf of Mexico, 2011 production increased 23 percent from 2010, a year in which production was severely hampered due to the BP oil spill. The 117.6 million pounds landed was within four percent of the previous 5-year average. This year, anecdotal evidence suggests a robust crop, adding to the forecast for an increase in shrimp imports from overseas.

to escalate. Minimal inventory during the off season was held primarily by Canada. This limited supply was either in pounds or tubes traded at premium price levels. As production in both Canada and Maine began, with many areas in Canada opening by the end of April and most opened by May, supply became more readily available and market price offerings began to show a decline. Large lobsters seem to have dominated landings in April of 2012 causing premium-sized lobsters to trade at equal or lower prices than smaller lobsters.

Landings of live lobsters were reported as 255 million lbs. in 2010 with 140 million lbs. being product of Canada and the other 115 million lbs. being from the U.S. Although 2011 landing totals are yet to be published, speculation is that Maine had record landings exceeding their 2010 total of 94.7 million lbs. with a total of 103.9 million lbs. in 2011, according to the Department of Marine Resources in February 2012. **UB**



TRI-STATE AREA'S LARGEST INDEPENDENT SUPPLIER

Hunts Point Co-op Market, Building #E, Bronx, New York 10474

Telephone (718) 842-8500



Scallops, a global demand



By Jim Kenny

Every discussion about the Atlantic sea scallop must begin with a note on sustainability and the success of a sound management plan. In the early 1990s, the U.S. fishery for Atlantic sea scallops in the northeastern U.S. was not sustainable – the population was near record lows and fishing was at a record high. Today, overfishing is not occurring. Scallops are managed by the New England Fishery Management Council in cooperation with the Mid-Atlantic Fishery Management Council under the Atlantic Sea Scallop Fisheries management Plan. They use a combined approach of effort limitation and rotating harvest areas, which maximizes

**“...exports
were up 30.5
percent to
32.1 million
pounds in
2011.”**



©Stockphoto.com/Basil2

scallop yields while protecting beds of young scallops. In 2009, scientists estimated scallop abundance, or biomass, to be 129,700 metric tons meats, above the target biomass level of 125,000 metric tons meats.

The U.S. sea scallop fishery is extremely important to our economy and is the largest wild scallop fishery in the world. In 2010, U.S. fishermen harvested 57 million pounds of sea scallop meats worth over

\$449 million to the fishermen. Scallop vessels from Massachusetts, Virginia, and New Jersey are responsible for the majority of the U.S. harvest.

Taking a look at the market, record pricing was captured in every category of scallops we track in either 2011 or the first quarter of 2012. For example, Dry U10s averaged \$12.53 in 2011, compared to \$12.04 in 2010 and \$9.95 over the last three years;

THUNDERBIRD

GERMAN TECHNOLOGY BRAND OF U.S.A. Since 1978



High Quality Spiral & Planetary Mixers, Bread Slicers, Dough Sheeters, Meat Grinders, Dough Dividers/Rounders & MORE!



Professional Meat Tenderizer
Also cuts meat into strips

Table Top Band Saw
Cuts through Meat & Bones
ALL STAINLESS STEEL!



Visit Our Website & Call Today!

Heavy Duty Meat Grinders
Sizes: #12, #22, & #32

BEST CHOICE
Among Brand Name Machines
In the Market

HIGH QUALITY at a
REASONABLE PRICE

Only THUNDERBIRD Can
Offer Up to 7 Years
EXTENDED WARRANTY!

THUNDERBIRD FOOD MACHINERY, INC.

FINANCING AVAILABLE

4602 Brass Way, Dallas, TX 75236
214-331-3000 (8 lines); 866-7-MIXERS
866-875-6868; 866-451-1668
FAX: 214-331-3581; 972-274-5053

PO Box 4079, Blaine, WA 98231
360-366-0997
800-7-MIXERS; 800-626-5168
FAX: 360-366-0998; 604-576-8527

Web: www.thunderbirdfm.com
www.thunderbirdfm.net
Email: tbfm@tbfm.com
tbfmdallas@hotmail.com

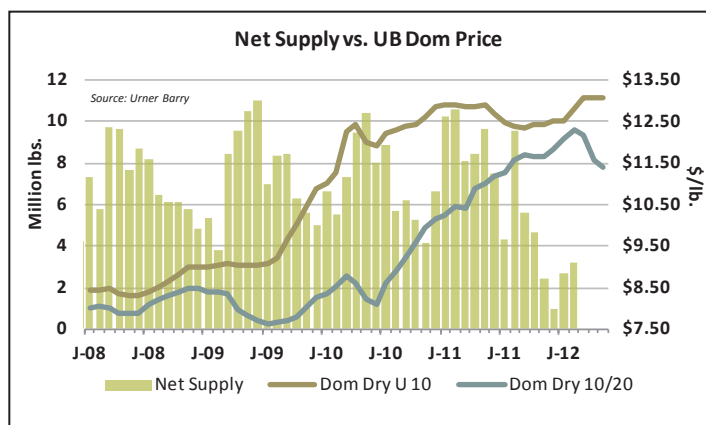
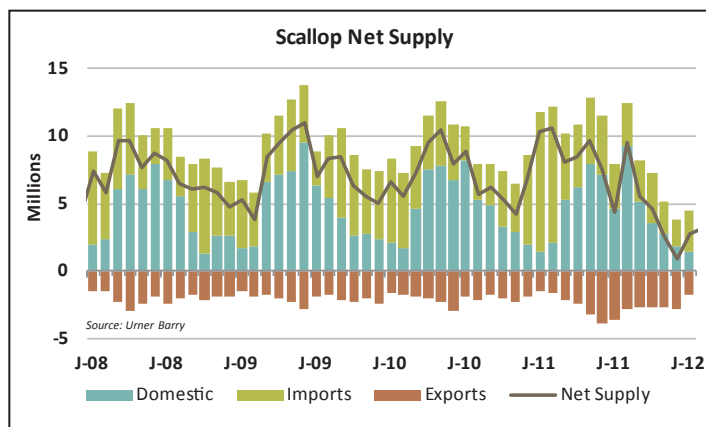
and Dry 10/20s surged 25 percent to an average \$11.06 in 2011, compared to \$8.82 in 2010 and an \$8.25 three-year average.

Relatively flat production and imports were easily offset by record exports. The FY2011 scallop harvest totaled 58.6 million pounds. Calendar year imports, at 56.8 million pounds, were just slightly higher than the average of the last four years; but exports were up 30.5 percent to 32.1 million pounds in 2011.

The largest destinations for U.S. scallops are Canada and Europe. In 2011, Canada took in roughly eight million pounds; and France, Belgium and United Kingdom, the three largest destinations in Europe, combined for 13.6 million pounds.

Looking at imports, China was largest supplier by far, accounting for 49 percent of the total. Canada, Peru, Japan, Mexico round out the top five. It's worth noting here that imports from Japan continue to decline. Japan's volume to the U.S. has fallen from 13.3 million pounds in 2009 to 7.4 in 2010, and only 5 million pounds last year.

Looking forward to the 2012 season, sea scallop landings are forecast at 60 million pounds due to an increase from 32 to 34 days at sea. Market prices have begun to moderate since the March 1 opening, but just slightly. Anecdotal evidence suggests record-high prices have done little to quiet demand for the product, and that frozen inventories appear to be limited. **UB**



32 YEARS OF NATIONAL SERVICE WITH PRIDE



**TRADERS OF A
FULL LINE OF
FRESH & FROZEN
POULTRY
PRODUCTS**

Alan Singer

25 West Union Street
Ashland, MA 01721
Tel. 508-231-1426
Fax 508-231-5256

Hector Perez

320 Miracle Mile, Suite 202
Coral Gables, FL 33134
Tel. 305-620-0700
Fax 305-620-0366

Egil J. Brull Jr.
Puerto Rico
Tel. 787-277-3000
Fax 787-277-3002

Settling the dust and coming



By AJ Munger

2012 is only half over, but it's already shaping up to be one of the most memorable in recent history. Unfortunately, the first half of 2012 won't be remembered for the record-high prices across the beef industry, or the expanding export markets and new opportunities to ship U.S. beef abroad. Instead, when thinking back on this year, these headlines might come to mind:

'Pink Slime' – Combo of Connective Tissue, Scraps Hidden in Your Kids' Lunch

Want Fries with your Mad Cow, Pink Slime Special?

Is Your Prime Steak Held Together with 'Meat Glue'?

After a number of weeks of irresponsible and relentless attacks from social media and major media outlets, the beef industry seems to have emerged on the other side. That's not to say that some misaligned blogger won't hashtag another buzzword and we'll be off to battle misinformation again, but it seems that at least for now, the dust is beginning to settle.

U.S. Beef Packers Back in the Black as Grilling Season Starts

Now isn't that a much better headline? After a roller coaster ride and enormous uncertainty, the beef markets seem to be finding some stability even at elevated price levels. Packers have struggled to keep a volatile revenue environment in line with input costs so far this year, which has also left buyers feeling the pinch due to the added uncertainty and uneven supply.

Production cuts have been the norm this year, which has resulted in a couple of interesting things. As packers cut kills, cattle feeders sent fewer cattle to the load out chute, leaving more cattle behind to stay at the feed bunk longer. This has resulted in an increase of almost 2% in steer and heifer carcass weights marketed so far this year. So even with fed slaughter currently running about 375,000 (-4% y/y) head behind last year's pace, total beef production has only decreased by just over 3% year to date.

Looking ahead, analysts estimate because of the cuts in production so far this year that supplies should be adequate in the immediate term. Taking into account the monthly Cattle on Feed reports, supplies are expected to remain adequate through the summer months and early fall. Analysts expect that beginning in September or October, fed cattle supplies are expected to decline significantly based on currently available information. If supplies tighten as much as expected, analysts believe that prices for fed cattle could reach all-time highs by the end of the year.

Consumer demand has been a bit more erratic than the industry is typically used to in the wake of the media stories surrounding LFTB. In addition to this, retail prices continue to remain high as retailers have been proactive in their retail pricing in anticipation of wholesale prices at or near all-time highs. Most retailers report lower sales volume overall, citing high prices and a lack of features for the decline. Foodservice prices are more difficult to track, but reports are that menu prices have also adjusted higher to compensate for the rise in wholesale prices.

Weekly export reports show beef shipments running about 8% over last year's record pace. When compared to the monthly data, which is considered to be the more accurate data set, beef exports are trailing 2011 through March. The discrepancies between the two reports remains unclear, but export demand remains intact despite the discovery of BSE in a California dairy cow in late April. Analysts expect that



Distributors of the finest protein products:
**Beef, Pork, Poultry, Seafood, Veal & Lamb,
Processed Meats, Natural Products, Cheese & Dairy**



San Diego: 619-477-0185
Los Angeles (JSS): 323-584-3160
Sacramento: 916-399-8982
Seattle (WBX): 253-604-4755
Portland (WBX): 503-284-3314
Phoenix: 623-936-0020

**Since 1989.
From Our Door
to Yours.**

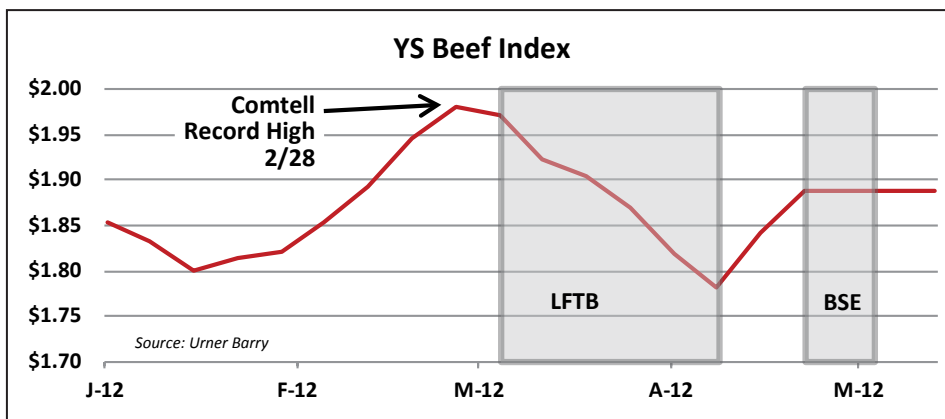
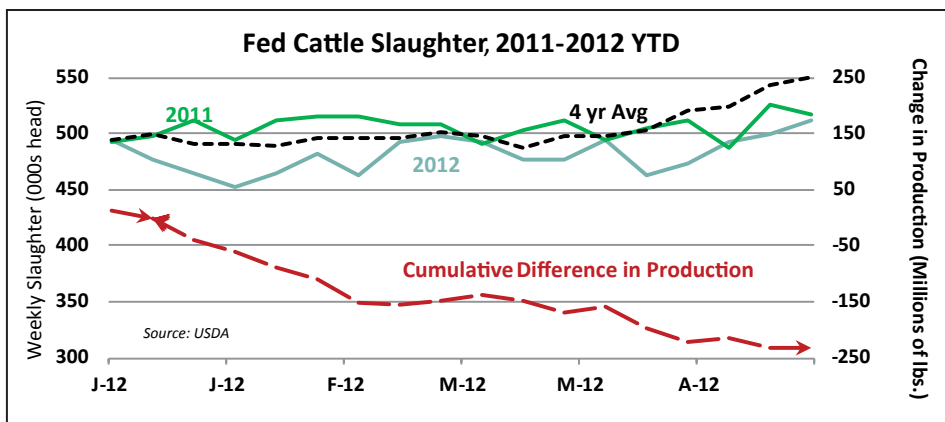
Dallas: 623-936-0020
Denver: 303-333-8225
Kansas City: 913-371-2333
Sioux City: 605-232-6151
Orlando: 407-296-0818

out on top

the free trade agreement that went into effect in March between the U.S. and South Korea should support the beef trade between the two countries later this year. Additional developments on the export front this year include Japan's announcement that they will raise the age restriction on imports to 30 months, up from 21 months. The announcement was made in 2011, and many expect Japan will take action later this year.

Looking at the boxed beef market for the balance of 2012, a degree of uncertainty remains, but the fog is starting to clear. The unexpected selloff in both the futures and product during the LFTB uproar in late March and early April provided a buying opportunity that is generally not available during that timeframe. This is likely supporting product and cash cattle

Continued on page 70



Beef • Pork • Poultry • Offals • Export

La Ventaja!

NBI

La mejor en carnes

SIEMPRE!

**719 S. Shoreline
Corpus Christi, TX 78401
Tel: (361) 654-6180
Fax: (361) 654-6190
www.northernbeef.com**

Currency, campaign create caution



By Bill Smith and
Joe Muldowney

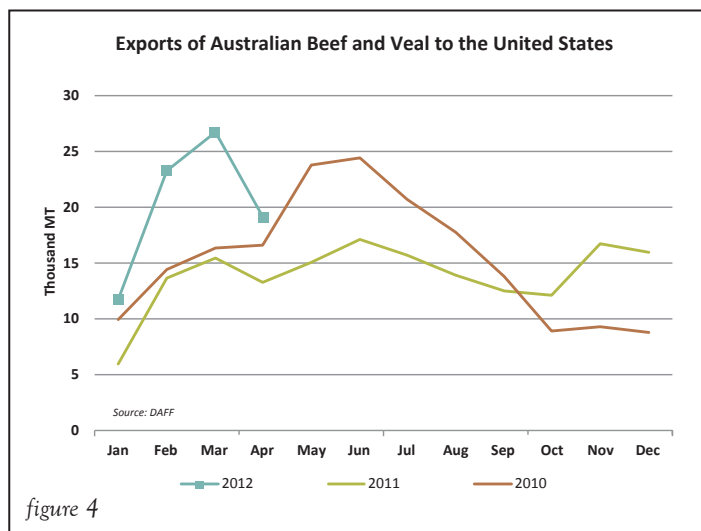
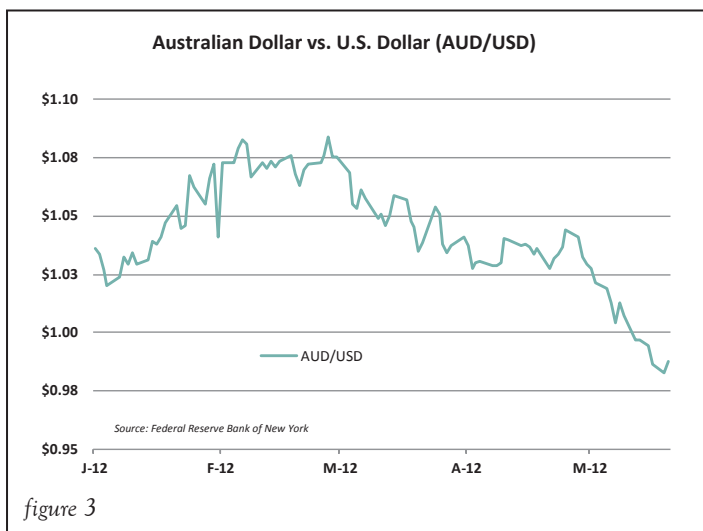
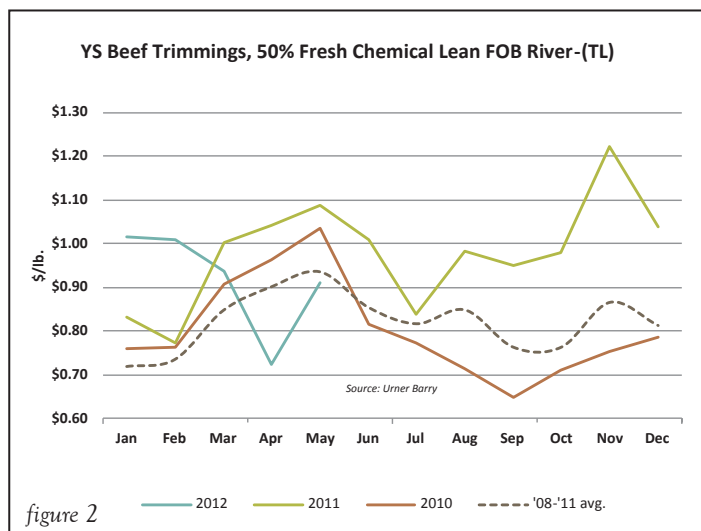
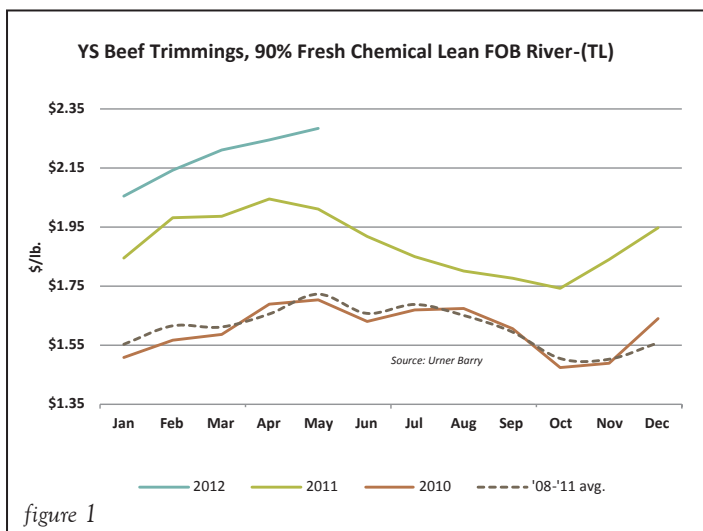
“Because the adverse media negatively affected consumer demand, that market for imported lean beef failed to see any immediate strength...”

Domestic fresh 90s opened Q1 of 2012 at significantly higher price levels when compared to previous years. The strength in that market was largely attributed to tighter supplies of cows. The average price for the month of January 2012 was roughly \$205.5/cwt; \$21/cwt higher than January 2011. Cow and bull slaughter levels were also higher in January and February 2012 than in 2011 as well as higher than the four-year average. February, March and April of 2012 also saw the monthly average prices remain significantly higher than 2011 levels. Monthly average price for 2012 averaged roughly 10% higher each month when compared to the equivalent

month for 2011. Looking forward, most participants seem to want to take a more cautious approach as so many outside factors (imported beef prices, currency exchange rates and more) are impacting this market now (figure 1).

The first quarter of 2012 saw prices of fresh 50s trending slightly lower at a significant premium compared to previous years. The average price in January 2012

was \$101.48/cwt – roughly 22% higher than 2011 and up 41.36% over the four-year average; the large increase can be attributed to strong demand. While prices did decline in February and March, those discounts were minimal when compared to the large discounting that occurred in April. The average price for the month of April was \$72.45/cwt; likely a result of a major processor of lean finely textured beef closing three plants at the end of March due to a negative media campaign. In addition, a large beef processor entered chapter 11 bankruptcy at the beginning of April; the industry reports that uncertainty still lingers in the lean beef market. Meanwhile, participants continue to keep a close eye on the fed market and buyers continue to take a cautious



approach to the market as prices typically peak in the spring (figure 2).

The imported beef market was affected by several factors early this year. Included among them are: currency valuation; production and availability of raw materials from Oceania; U.S. domestic lean beef price and production; retail ground beef demand; and the removal of lean finely textured beef from grinding formulations.

2012 has been a whirlwind year for oceanic currencies as broader market risk trends dominated price direction for both the New Zealand and the Australian Dollars. With interest rates at 2.5 and 3.75 percent respectively as of May, and economies centered on commodity exports, both exchanges are highly sensitive to news from major trade partners and general market sentiment. January kicked off with positive news out of the previously beleaguered European Union and positive growth expectations for China as well as the United States. As a result, the New Zealand Kiwi gained over 9.8 percent by March, while the Aussie appreciated by nearly 6.5 percent. By the end of the first quarter, however, news out of Europe concerning Greek, Spanish and Italian debt, along with a slowdown in China's growth and the reluctance of the Federal Reserve to extend stimulus efforts, set a deep tone of caution throughout the equity markets. In less than three months, the Kiwi gave up 7.62 percent from the March high, while the Aussie, following a series of interest rate cuts, completely retraced the gains made in the first quarter with a drop of 7.6 percent and eyed parity for the first time since 2011 (figure 3).

New Zealand got off to a slow start this year in part due to favorable grazing conditions in the country and ranchers' ability to keep animals on pasture. Offerings of bull 95% out of New Zealand were light and for much of Q1 were under most industry expectations. This helped buoy the bull 95% prices. Rainy weather and logistical issues associated with moving livestock in Australia in the first quarter were said to be factors that made for a slow start to the year.

Eventually higher domestic markets made the U.S. one of the more attractive

worldwide selling destinations and the U.S. was taking a larger share of shipments from down under. Worldwide demand for beef was sporadic throughout the first half of 2012 which resulted in sporadic offerings of fatter trim being shown to the USA (figure 4).

In March, negative media campaign aimed at lean finely textured beef and the subsequent consumer reaction to this crusade had many retailers quickly removing this as a ground beef component. The market for domestic fat trim crashed as packers scrambled to find new outlets for the fat raw materials that were being used to make LFTB.

Because the adverse media negatively affected consumer demand, that market for imported lean beef failed to see any immediate strength even though on a yearly basis hundreds of millions of pounds of lean raw material were removed from the market.

Consumer demand started to rebound in April, and while many participants remain concerned regarding the supply of both domestic and imported lean grinding materials going forward, they are also cautious because trading levels of lean beef have represented all-time highs. High value of raw materials has also affected traders' ability to carry and build inventory. **UB**



interstate warehousing
a Tippmann Group Company
NEWPORT NEWS, VA

QFR ZONE

COLD STORAGE WAREHOUSING AND QUICK FREEZE CAPABILITY.
TIPPMANN HAS IT ALL!

Check out Interstate Warehousing in Newport News, Virginia, equipped with our new QFR Zone® to handle your quick freezing needs.

Immediate Availability

- 355,000 square foot multi-temperature facility
- USDA Inspection Room
- Capacity to quick freeze 21 loads per day
- 15 divisible rooms
- Public storage space AND lease options available

Get in the Zone!

- QFR Zone® technology uses improved airflow for more efficient freezing
- Available for your freezer, too! (new construction and/or existing building)

TIPPMANN HAS THE SPACE YOU NEED AND THE INCREDIBLE QFR ZONE® TO FREEZE ANY PALLETIZED PRODUCT. FAST.

TIPPMANN GROUP
9009 Coldwater Rd.
Fort Wayne, IN 46825
(260) 490-3000
qfrzone@tippmanngroup.com
www.tippmanngroup.com

Demand for **lamb** remains high



By Bill Smith

Demand for the lamb complex is highly seasonal with peak usage at holidays like Easter, Thanksgiving, and Christmas. According to the American Lamb Board, nearly 20% of U.S. lamb consumption occurs during the spring holidays. The American Lamb Board also reported that the average American consumes only one pound of lamb each year. The lamb industry continues to struggle with the fact that lamb is not normally seen on the nightly dinner table of the average American family, rather more commonly considered a menu item for fine dining.

Carcass prices have come off the record high prices that occurred in 2011. Using the 65/75 weight selection as a benchmark, the average monthly price was up 25% for the month of January and up 60%



©iStockphoto.com/adiffmarketing

compared to the four-year average. On average for the first quarter of 2012, prices were up 17% compared to 2011 and up 52% compared to the four-year average. Price ranges between the different weight selections grew as supplies of the heavier selection were more readily available than the lighter ones.

The boxed cuts were mixed as packers struggled to deal with limited demand and high-priced carcasses. January and February prices were generally steady to up as much as 29%.

Foreshanks experienced the largest price increase so far this year. In fact, Q1 2012 depicted an average monthly price increase of 27% over Q1 2011. Tight domestic supplies and limited imports are apparently the main contributing factors for the higher price levels this year. Sources indicate they believe supplies will remain tight for the near future.

Shoulders did open 2012 with prices for January at a premium relative to January 2011, but prices were down for the rest of the quarter compared to 2011. The average price for shoulders in April 2010 was \$2.31/lb, April 2011 \$3.13/lb; April 2012 \$2.45/lb; April four-year average was \$2.25/lb. With prices trending lower throughout the first quarter, participants questioned when this trend would change.

Racks started Q1 2012 with prices at a premium when compared to both last year and the four-year average. February price levels were on par with 2011. March saw prices dip below the equivalent time period for the previous year. Several sources attributed the decline to a cutback in demand.

Leg prices varied throughout the first quarter of 2012. Percent changes, when comparing monthly price levels of 2012

G&C FOODS

One Supplier
to order all your needs

One Minimum
to meet

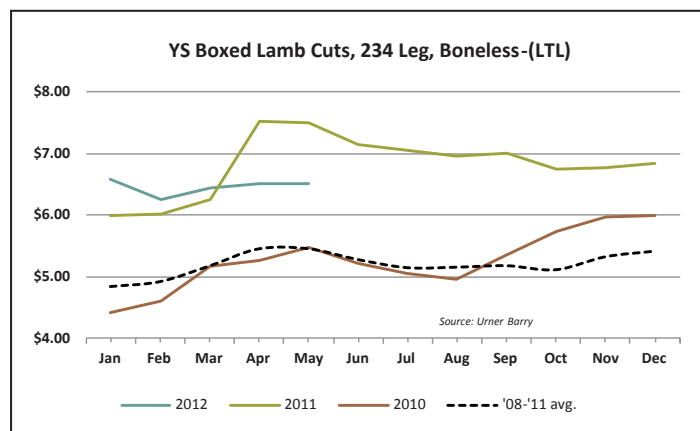
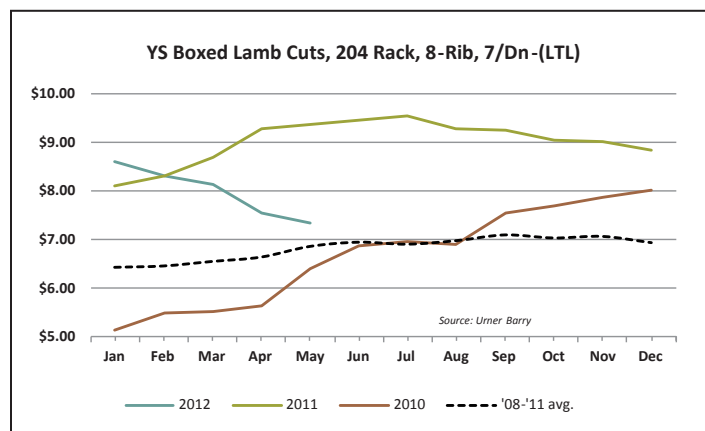
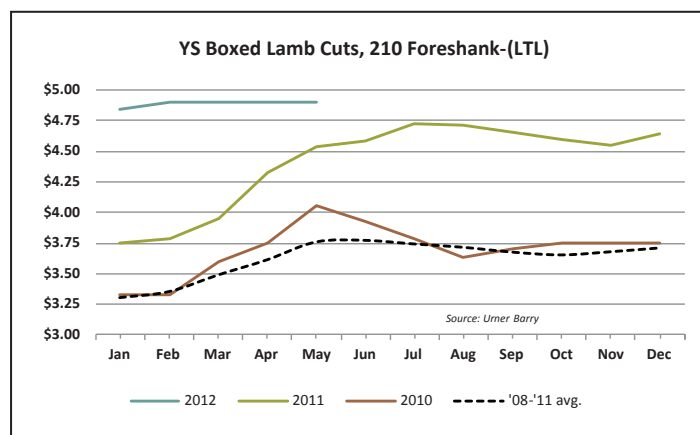
One Invoice
to track your order

Contact G&C at: 800.333.0949 or Visit: gcfoods.com

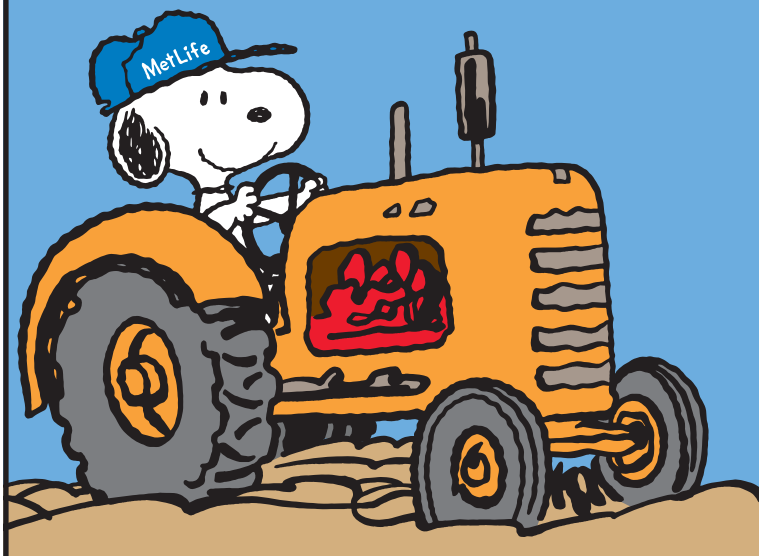
Corporate Headquarters Located in: Syracuse, NY - Satellite offices located in: Rochester, NY, and Pennsylvania

to the respective 2011 month, decreased as the quarter progressed (going from up 10% in January to down 13% in April). That trend was largely attributable to the Easter holiday falling earlier in April this year.

Going forward in 2012, sources are anticipating that both lamb carcass and boxed cut values will be steady to lower than 2011 levels but higher than the four-year seasonal averages. Demand seems to be a major concern moving forward as some feel consumers will look to lower-priced proteins. Tight supplies of domestic lamb, availability of imports and economic conditions are several of the key issues the lamb industry will need to keep an eye on moving forward. **UB**



YOUR LENDER OF CHOICE FOR FOOD AND AGRIBUSINESS CAPITAL



Whether you're looking to expand your operation, refinance an existing mortgage or recapitalize your balance sheet, MetLife can tailor a loan to fit your needs.

- Food and agribusiness lender for over 90 years
- Fixed and adjustable rate mortgage financing
- Competitive interest rates
- Flexible terms and structuring

Rates are attractive—contact your MetLife food & agribusiness representative today.

Jake Espenmiller
Office: 515-224-3458
Cell: 515-210-8696
Email: jespenmiller@metlife.com

Brad Vissering
Office: 309-662-1343 ext. 19
Cell: 309-530-8731
Email: bvissering@metlife.com

www.metlife.com/ag

Food & Agribusiness Finance

MetLife

© 2012 METLIFE, INC. PEANUTS © 2012 Peanuts Worldwide

Record breaking year for hogs and wholesale values

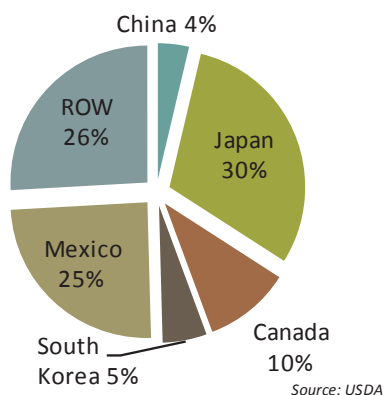


By Russell Barton and
Jim Kenny

RECORD BREAKING HOG VALUES

With exports as their primary driver, live hogs hit new record levels on a day over day basis for the entirety of 2011. Helped in part by equally impressive wholesale demand and high input costs, the bellwether Iowa-Southern Minnesota live hog market area saw livestock trade in a range of \$53.18/cwt to \$78.35/cwt and average \$65.64/cwt. This average is 27.7 percent over the five-year average and nearly 20 percent greater than that of 2010, a year which resulted in a range for live hogs between \$44.09/cwt and \$64.44/cwt.

2010 Pork Export Breakdown



The U.S. inventory of all hogs and pigs on December 1, 2011 was 65.9 million head; up 2 percent from December 1, 2010. The breeding inventory on December 1, 2011 was 5.80 million head which was up less than 1 percent from last year. Market hog inventory, at 60.1 million head, was up 2 percent from last year.

The total number of hogs under contract-owned by operations with over 5,000 head, though raised by contractors, accounted for 45 percent of the total U.S. hog inventory, unchanged from last year.

PORK PRODUCTION INCREASES

The 2011 federally inspected hog slaughter, at approximately 111,885,586 head, represents a 2.6 percent increase from the year prior. Sows comprised 2.75 percent of the slaughter, similar to the 2.72 percent figure of 2010. The average dressed weight of a hog gained nearly 2 pounds between 2010 and 2011, with averages weighing in at 203.8 and 205.7 pounds respectively. Even with heavier hogs and an increase in production, the U.S. struggled to control prices under the strong influence of record exports.

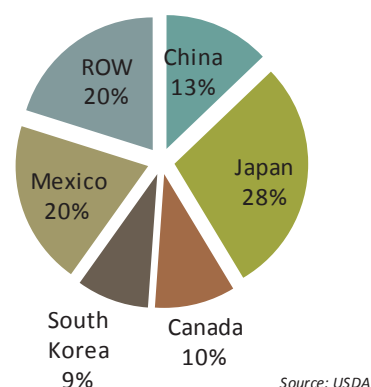
EXPORTS FAR EXCEED PAST LEVELS

A weak domestic dollar and food inflation in one of the fastest growing world economies led to record levels in pork exports for the entirety of 2011. Total

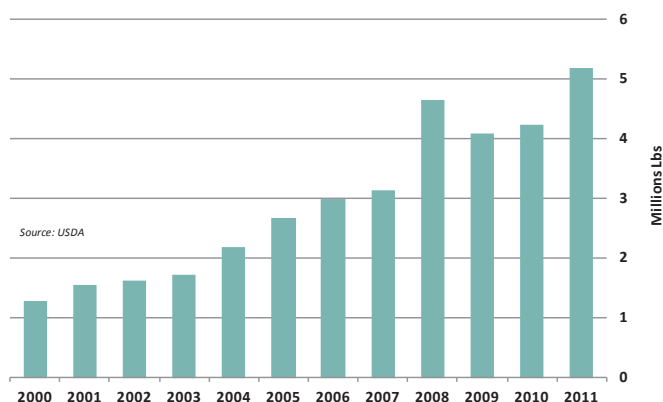
pork exports surged nearly 23 percent between 2010 and 2011 as an estimated 5,193,327,000 pounds left the country compared to 4,224,044,000 pounds in 2010. In 2011, China surpassed South Korea in the top four export destinations, with shipments to Japan, Mexico, China, and Canada comprising nearly 16.34% of production, compared to 13.36% by the top four in 2010. All export destinations together, exports counted for nearly 23 percent of production in 2011, compared to 19 percent the year prior.

Contrary to exports, pork imports fell over 6.5 percent in 2011; contributing yet another factor to record pork values throughout the year. Imports from Canada fell nearly 8 percent or 55.3 million

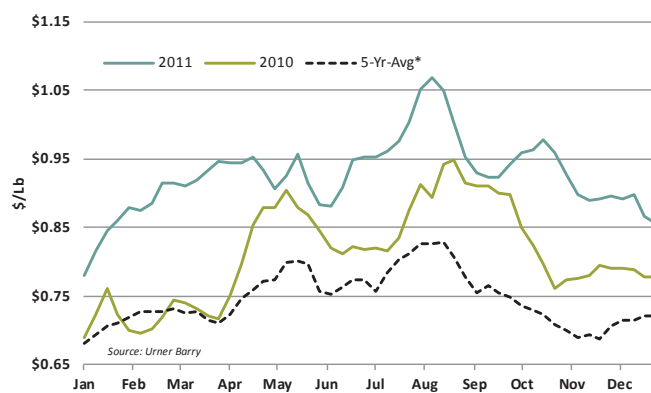
2011 Pork Export Breakdown



Total Pork Exports



YS Pork Cutout



pounds in 2011, while Denmark only contributed a modest 2 percent, or 1.5 million pounds over 2010 levels. When considering the increase in exports along with the drop in imports, net supply, or disappearance of, U.S. pork fell 3.7 percent or 701 million pounds from 2010.

The number of hogs sent to the U.S. from Canada rebounded from 2010; gaining a modest .53 percent in 2011. Feeder hogs made up the largest portion, comprising over 81 percent of the total. The number of slaughter ready hogs imported from Canada represented 17.3 percent of the total, down from 17.6 percent the year prior.

WHOLESALE PRICES SKYROCKET

The pork cutout—which is a composite of pork cuts, trimmings and variety meats — far surpassed the record-breaking gains of 2010. High hog prices, stable production levels and the emergence of impressive Mexican interest and Chinese demand for three-piece carcasses resulted in tight supplies for most items. The cutout ranged between \$77.79/cwt and \$107.50/cwt, averaging \$92.65/cwt in 2011—a 14.22 percent increase from the already astounding 2010 levels and 25.3 percent above the five-year average.

Following the general trend of the bull market and further supported by the consistent demand from Mexico, hams pushed to new highs in 2011. All sizes averaged over 5 percent higher than in 2010; notable following the 50 percent gains between 2009 and 2010.

Belly prices appreciated hard and fast, bolstered by both export demand and thin cold storage levels. 14/16 bellies surpassed their previous high by \$4/cwt, which was preceded by a run up of 38 percent between June and August. Bellies averaged \$123.25/cwt in 2011—14.38 percent over the year prior.

In some instances, sausage materials led the green meat complex as grilling item demand and short supplies due to Chinese exports of three-piece carcasses resulted in a volatile market that spiked to new highs in mid to late August. Fresh 50s averaged nearly 25 percent over 2010, while fresh 80s garnered 12.6 percent gains. Boneless picnics were also supported by exports,

averaging \$99.97/cwt—a 16.44 percent increase from a year ago.

In looking at retail pork products, double digit percent gains were recorded in all bellwether items when compared to both the year prior and 5-year average. Here as well, the nearly four percent decline in net pork supply has been suggested as the catalyst for such strong price performance. Additionally, spareribs continued to flourish given robust demand for rib items, especially St. Louis Ribs into some non-traditional channels.

With the exception of June, packers were profitable for nearly all of 2011. According to the Dow Jones Estimated U.S. Pork Packer Margin Index, standard operating margins fluctuated between -\$14.16/head to \$21.00/head, and averaged \$8.079/head.

A GLIMPSE AT 2012

According to the USDA, pork production is expected to increase 2.2 percent in 2012, to roughly 23.265

billion pounds. At the same time, U.S. pork exports are forecast by the USDA to increase to 5.3 billion pounds; up 2.06 percent. If these estimates hold, exports will account for 22.8 percent of all U.S. pork production.

Taking a look at livestock, live equivalent prices of 51-52 percent lean hogs are forecast by the USDA to be \$62-\$65 per cwt this year, 3.3 percent below 2011 levels. **UB**

BAKER COMMODITIES INC.

**Vicky
Armstrong**
Marketing
Proteins, Fats & Oils



134 Rear Billerica Ave. • P.O. Box 132
N. Billerica, MA 01862
978-454-8811 • Fax: 978-654-7747



Vista

Food Exchange Inc.

Importers / Exporters
Wholesale / Trading

Domestic and International
Suppliers of Perishable
Food Products
Specializing in:



CHICKEN
BEEF
FISH

•

TURKEY
PORK

•

CONSISTENT
QUALITY,
DEPENDABLE
SERVICE

For Domestic Inquiries,
Please Contact Vincent Louis at

Tel. # 718-542-4401
or Fax # 718-542-0042

Website: <http://www.vistafood.com>
E-mail: sales@vistafood.com • export@vistafood.com

SERVICE CENTERS

Bronx, NY • Blue Springs, MO • Hope Mills, NC • Forest, MS
 San Antonio, TX • Colleyville, TX • Manchester, NH • Oceanside, CA

A powerhouse player in the foodservice industry...

Convenience, quality and safe food from around the world

Forced into exile by the Cuban revolution of 1959, Guillermo Quirch Sr., a man already with experience in the distribution and meat packing business in his native city of Havana, Cuba, managed to restart his business in Puerto Rico and then Miami; a business that 44 years later would become the fifth largest Hispanic-owned company as catalogued by the Hispanic Business magazine in the U.S. in terms of revenue.

Quirch Foods Co. was established in 1967 and has grown to become one of the largest fresh and frozen perishable food distributors in the Southeast continental U.S., as well as in Puerto Rico.

The company is ranked as one of the largest exporters among the top 50 exporters in the U.S., and its destinations cover all the Caribbean and Central and South America.

Now, the business is managed by Guillermo Jr.'s three sons, Guillermo II, Ignacio and Mauricio—together the three continue to take pride in placing the company's customers' needs, wants and desires first—adhering to a motto of “convenience, quality and safe food from around the world.”

The company's clients vary from independent grocers and chain supermarkets to foodservice distributors, cruise lines, restaurants, processors and manufacturers. With more than 8,000 items on their menu, the company's clients enjoy the freedom to pick and choose their products regardless of their operating nature. The company carries products from all the major animal proteins including poultry, red meat and seafood; additionally they also offer frozen vegetables, sides and snacks, deli meats and cheeses, retail packaged products like yogurts, and last but not least, a category-leading assortment



of frozen Hispanic foods for the freezer aisle. Among all these products, Quirch Foods has managed to brand some of their products under private labels, such as Quirch Foods, Panamei Seafood, Mambo Brand and El Platanero.



The growth of the company has been unprecedented starting with just five employees when the business was in its infancy; Quirch Foods has expanded to over 400 workers with facilities not only in Puerto Rico and Miami, but also in

Atlanta and Orlando. Given its size and well managed logistics department, the company can handle cargo from any of its distribution centers and can also go directly through their suppliers and important advantage for a perishable food business.



In addition to the company's stellar logistics team, Quirch also boasts unrivaled quality control standards. Quirch Foods' Quality Assurance management team is certified in several domestic and international food safety standards and currently performs quality and safety inspections on all seafood, including: organoleptic evaluation, net weight verification, sample collection for DNA testing, labeling compliance and

traceability compliance for the USDA and FDA. The certifications include HACCP plans at all four distribution centers, SQF (Sage Quality Food) II in their Miami Distribution Center, on-site inspections by the USDA and USDC as required. Furthermore, the Quality Assurance team has protocols in place to abide by the FDA's importers Verification Program under the new Food Safety Modernization Act, or FSMA. Finally, Quirch Foods is also a tier-2 validated-partner with Customs Trade Partner Against Terrorism.

Finally, for any successful business, products have to ultimately end up with clients or potential clients; Quirch Foods' in-house Marketing Department eschews the passion and creative drive to develop brands and strategies to support the sales team with valuable and targeted programs aiming to allocate the company's products.

So after 44 years, Quirch Foods has established itself as a powerhouse player in the foodservice industry where the company continues to offer their customers unmatched service while still adhering to the company's longstanding motto of “convenience, quality and safe food from around the world.” **UB**

Article contributed by Angel Rubio
arubio@urnerbarry.com

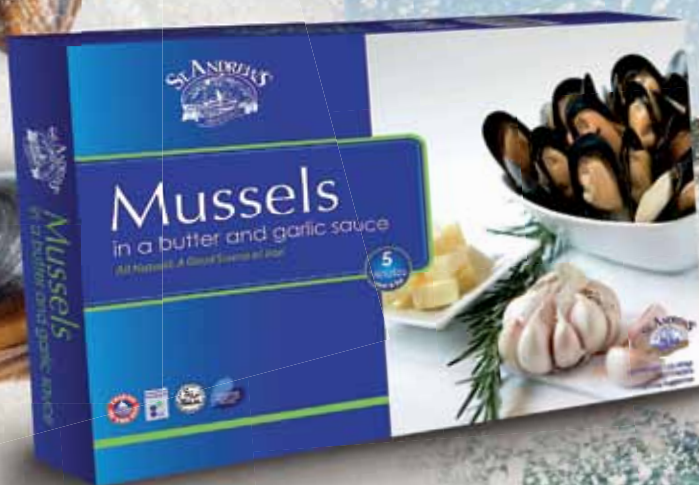


Introducing

ST. ANDREWS MUSSELS

from Ocean Beauty.

Brought to you directly from the source.



St. Andrews: The latest addition to the Ocean Beauty brand.

- ▶ Line-hung Chilean blue mussels.
- ▶ Processed at the source.
- ▶ Sustainable, low cost, pre-cooked & delicious.
- ▶ Whole shell, half shell, meat, sauced, and breaded varieties.
- ▶ All natural, no artificial colors or preservatives.

Ocean Beauty Seafoods LLC
800-365-8950 | OceanBeauty.com

Making the rounds with *UB's Reporter*

NATIONAL MEAT ASSOCIATION

Urner Barry's Reporter was in attendance for The National Meat Association's 66th Annual Convention, which took place at the Hilton Tucson El Conquistador Golf & Tennis Resort in February, 2012. Attendees



not only received value from the NMA

round tables, forums, sessions and always favorite sausage fest, but also this unique networking experience. Topics discussed at the roundtable seminars were STECs, Exports, Salmonella, FTAs, Marketing Meat Imports, Industry Structure and Competition. This year's Sausage Fest participants included AgriBeef Co., Cattaneo Bros., Evergood Fine Foods, Independent Meat Co., Montibella, Papa Cantella's Inc., Saag's Products Inc., and Wimmer's. The luncheon keynote speaker was Hugh Whaley, General Manager of the US Farmers & Ranchers Alliance (USFRA).

NATIONAL TURKEY FEDERATION ANNUAL CONVENTION

February 15-18, 2012—What better place for a winter getaway than warm, sunny Florida! That's exactly what *Urner Barry's Reporter* was thinking when, briefcase and sunscreen in hand, the trek to the Sunshine State was undertaken to attend The National Turkey Federation's Annual Convention. Held in mid-February at the Tampa Marriott Waterside Hotel & Marina, attendees were greeted with all they expected and more from the city situated on Florida's largest open-water estuary. Despite a little rain which dampened the spirits of golf enthusiasts, all was taken in stride during the business sessions where highlights included Vance Larson, S& K Turkeys being presented with the NTF Lifetime Achievement Award. Pete Hermanson, a past NTF chairman and past Lifetime Achievement recipient, presented Larson with the award. In presenting the award, Hermanson said,

"It was at NTF that Vance created his most lasting legacy in the industry...he had a passion for making NTF and the turkey industry the best organization possible." During the event the National Turkey Federation's (NTF) Board of Directors elected Steve Willardsen to serve as the Federation's 2012 chairman. Willardsen is president of Cargill Value Added Meats Retail in Wichita, Kan. "It makes me proud to be part of an industry that pulls together and works in unison to manage challenges," Willardsen said during his acceptance speech. "It will be an honor to lead an organization that is so effective in successfully resolving challenges by turning them into opportunities." Next year's event is scheduled for February 13-16 in San Diego, California. The *Reporter* hopes to see you there!

ANNUAL MEAT CONFERENCE

The Annual Meat Conference held February 19-21, at the Rosen Shingle Creek



This past May, the New Jersey Metro Chapter of the National Multiple Sclerosis Society challenged bike riders to join the 21st Annual Bike MS "Coast the Coast" ride, and experience the ride of a lifetime. As one of New Jersey's premier cycling events, Bike MS "Coast the Coast" invites participants to pedal through coastal towns, while enjoying all of the sights and sounds of the Jersey Shore. Urner Barry's Cycling Team came together with hundreds of participants in a weekend of enjoyment and fitness.

in Orlando, Florida, and once again proved to be a successful event for *Urnner Barry's Reporter*. The conference, which is hosted jointly by the American Meat Institute (AMI) and Food Market Institute (FMI), as always, was well attended. Participants from every segment of the meat industry presided; producers, processors, further processors, retailers, foodservice, as well as allied professionals.

The opening general session keynote speech was delivered by Doug Flutie, retired professional quarterback, who was considered undersized for a professional football player. His message to the audience was "You can inspire anyone to be a winner."

The highlight for the *Reporter* was the Innovative Technology Solutions Exhibit, held during the lunch break on day two of the conference, where Urner Barry also unveiled its latest product offering, NAMP's Electronic Meat Buyer's Guide.

Kudos should be given to both AMI and FMI, and the exhibitors at the conference,

as they arranged for 7,335 pounds of meat from the luncheon and the Product Tasting Reception to be donated to the Second Harvest Food Bank of Central Florida.

2012 INTERNATIONAL BOSTON SEAFOOD SHOW

March 11-13, 2012—The seafood world descended upon the Boston Convention



Urnner Barry's Seafood Market Reporter, MaryAnn Zicarelli, happily offering "the Reporter" some face time at the 2012 IBSS.

and Exhibition Center for the 2012 International Boston Seafood Show that was held from March 11- 13. This year's event was considered by many in the industry as one of the best IBSS's in recent memory and *Urnner Barry's Reporter* was there to catch all the action at the bustling, three-day event.

For the first time in show history, over 1,000 companies were in attendance with roughly 100 new exhibitor booths, where seafood companies showcased new products, innovations and services for the industry. The theme of the show catered to a buyer's market as seafood supplies were plentiful; moreover an influx of international seafood companies showed a piqued interest in the US market as an attractive place to sell seafood versus European and Asian markets.

At Urner Barry's booth, traffic was heavy as attendees flocked to check out new products and services that were rolled for

Continued on page 62



Cal-Maine Foods, Inc.

Sustainable!

**America's Largest
Producer/Marketer of Fresh Eggs**

Contact: Alan Andrews

3320 Woodrow Wilson Ave. • Jackson, MS 39209

601-948-6813 • www.calmainefoods.com

Conventions and conferences...

Continued from page 61

the show. The *Tuna Grading and Evaluation* guide and the *What Every Seafood Buyer Should Know About* series of books were hot sellers at this year's show as was the new set of five fully lamented seafood posters.

The *Reporter* made its rounds to various exhibitor booths throughout the show and anxiously waits to see what the 2013 IBSS has to offer the seafood industry.

MIDWEST POULTRY FEDERATION CONVENTION

March 14-15, 2012—The Midwest Poultry Federation (MPF) Convention is the largest regional poultry show in the U.S. This year nearly 2,100 participants, along with *Urnner Barry's Reporter*, once again



"While making the rounds during the MWPF 2012 Convention, the Reporter stopped by the Aviagen booth to talk a little turkey with the company's Regional Sales Manager Christy Puffenbarger."

converged on St. Paul, Minnesota. 2012 marked the 41st year for the event and what a year it was! Not only was attendance higher than it has been in more than two decades, but the show also featured, for the first time ever, an exciting expansion into two exhibit halls with over 380 booths. "The mood was upbeat and both exhibitors and attendees commented on the excellent traffic on the show floor as well as in the educational workshops this year. It truly was a stellar year for us and we're so proud of the milestones we have reached," said 2012 MPF President Randy Olsen, Willmar, Minn. "As an organization, we couldn't be more pleased with the turnout and we can't wait to build on this momentum for next year." All this positive sentiment must have also

reached Mother Nature as, for what was probably the first time ever...record-setting temperatures approaching the 80 degree mark basked locals and attendees in weather resembling summer!

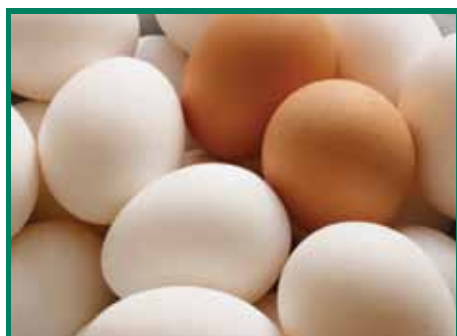
The 42nd annual Midwest Poultry Federation (MPF) Convention will be held March 12-14 at Saint Paul RiverCentre in downtown Saint Paul, Minn. See you at "The Midwest" next year!

NAMP MANAGEMENT CONFERENCE AND NATIONAL RESTAURANT ASSOCIATION

Other shows *Urnner Barry's Reporter* visited so far in 2012 were the National Restaurant Association Show "The International Foodservice Marketplace" and the North American Meat Processors Association Management Conference.

The *Reporter* was being distributed in at the Drake Hotel in Chicago, this year's NAMP Management Conference on March 16-18. In addition to being distributed at the Suppliers' Showcase, the *Reporter* was hand-delivered to the hotel rooms of all of this year's Management Conference attendees.

The *Reporter* was once again on hand from *Urnner Barry's* booth at this year's National Restaurant Association show in Chicago on May 5-8. The show drew tens of thousands attendees ranging from food distributors, processors, small single unit restaurants and the world's largest chains. **U**



Eggs can't get any fresher!

Our family farms dedication to excellence, integrity and quality ensures that NuCal Foods and Rocky Mountain Eggs are your best source for premium quality conventional and specialty eggs.

Serving the Western United States...

NuCal Foods



Eggs can't get any fresher.

Rocky Mountain



800-377-3447
www.nucalfoods.com



Above: The potato truck on display at the 2012 NRA show which gathered celebrity chefs and restaurateurs, commercial feeders and lodging companies, as well as executives from some of the most successful independent restaurants and top-performing chains. Right: This year's NAMP Management Conference was held at Chicago's famous Drake Hotel. Photo courtesy of The Drake Hotel Chicago, www.thedrakehotel.com.



Photo courtesy of The Drake Hotel Chicago, www.thedrakehotel.com



Eye on dining...

Savory Stowe, Vermont

This July, the National Chicken Council (NCC) and the National Food and Poultry Distributors Association (NPFDA) are hosting their annual Chicken Marketing Seminar in beautiful Stowe, Vermont. Almost any ski buff or Sound of Music aficionado will immediately be familiar with this classic New England town. Stowe is the location where the von Trapp family settled in the early 1940s after having fled the Nazi regime in Europe. Their story was the inspiration behind the Rodgers and Hammerstein musical *The Sound of Music* and, in fact, the Trapp Family Lodge continues to operate today. Stowe is also home to the Stowe Mountain Resort and Mount Mansfield, which is the tallest mountain in Vermont. Stowe is considered a premier eastern ski destination and is often referenced as being the “Ski Capitol of the East.”

Stowe is a true New England four-season resort. As any good food junkie knows, most resorts, particularly ski resorts, are alive in culinary cuisine. Stowe claims that in New England, only Boston and Providence boast more award-winning restaurants. Dining in Stowe brings together tastes from all over the world—from eclectic bistros utilizing local Vermont fare to Italian trattorias, bustling microbrew pubs and most anything in between.

The options for great dining are numerous and with the breadth of opportunities available those attending the Chicken Marketing Seminar will not likely have the chance to sample them all. In an effort to pass on some of the local gastronomical knowledge, Urner Barry's Reporter assembled a short collection of eating establishments that are sure to satisfy the most discerning palate.

Norma's at the Top Notch Resort and Spa is a favorite gathering spot of visitors and locals alike. Talk about a room with a view! This wonderful eatery offers the welcome of a warm, friendly bistro with an open kitchen providing imaginative dining experiences and magnificent views of the



“As any good food junkie knows, most resorts, particularly ski resorts, are alive in culinary cuisine.”

Dining in Stowe brings together tastes from all over the world - from eclectic bistros featuring local Vermont fare to Italian trattorias to bustling microbrew pubs all framed in a majestic mountain setting.

mountains. Fusing contemporary fare and a casual atmosphere, Norma's pays homage to Vermont-fresh ingredients, seasonal inspirations and service paced to please. All you have to do at Norma's is open your menu and anticipate greatness.

Another frequently recommended dining option is the Kneale family's Harrison's Restaurant & Bar. Located in the heart of historic Stowe village, Harrison's is steps away from shopping, theater and

concerts as well as the famous Green Mountain Inn Resort. Over 35 years of experience creating the freshest dishes for year round residents and tourists alike go into every plate. Offering a diverse menu including seafood, pasta, steaks and vegetarian options, Harrison's is sure to accommodate just about any taste. After a long day of clucking at the chicken meeting, Harrison's also has Vermont microbrews on tap, bottled beers, Martinis, and an extensive wine list.

If a leisurely stroll around Stowe village isn't on your agenda, the Solstice at the Stowe Mountain Lodge might be just the place for you. This intriguing artisan-inspired restaurant is a place where the food is both refined and casual. The ingredients come from the surrounding area and therefore are exceptionally fresh, natural, and in many cases, organic. The resort's signature restaurant, Solstice, offers rustic, contemporary American cuisine with an on-going commitment to sustainability that is enhanced by the hard work and dedication of their Vermont fresh network partners.

No gastronomical tour of a resort town would be complete without a stop at the local pizza parlor. When in Stowe look no further than Picasso's. The restaurant's owner, Eduardo Rovetto, learned the pizza business at a young age from his parents, Quinto and Rosa, both originally from Sicily. Ed grew up working at his parents' and uncles' shops in upstate New York. He decided to bring traditional, hand-tossed, great tasting pizza to Stowe, Vermont in December of 2000 and an expansion in 2006 turned the now legendary pizza joint into a full restaurant, bar, and lounge. Picasso is famous for its local following, friendly atmosphere, and great music. Look for Ed, Patrick, or Anna spinning pies behind the counter in the open-kitchen and tell them the Reporter sent you! **UB**

Article contributed by Russell W. Whitman
rwhitman@urnerbarry.com

European egg products

Continued from page 1

still noncompliant with the new directive, forcing regulators to make an important decision. They agreed to allow traditional production to be broken, rather than removed from the market completely, but forbade those eggs from entering the carton market. Breaking egg prices remained consistent with traditional norms in the first week or so of January, but that would quickly change. Traders began to report price discrepancies between eggs from compliant and

noncompliant production, as producers began to ask a premium for barn, aviary, or free range production.

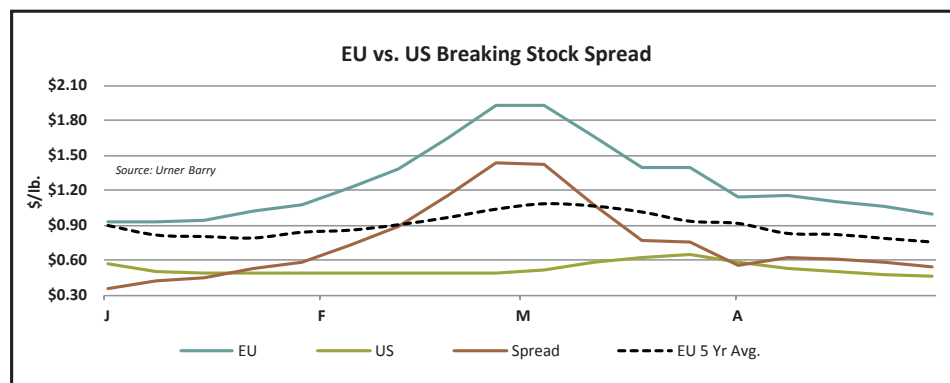
Many of those who had hesitated to make the necessary changes to their facility quickly began to depopulate their old cages to make upgrades. This situation almost immediately affected the overall supply of breaking eggs available on the market. Prices began to rise rapidly with most describing shortages of supply. In just over a month and a half, the cost of breaking eggs went from \$0.93/

lbs to \$1.93/lbs, an increase of almost 110%. Some processors actually had to shut down their facilities, unable to keep a steady flow of eggs feeding into their machines. Overall need virtually eliminated any premium associated with compliant production, as buyers took anything they could get their hands on.

This spike in input cost led to higher prices of both liquid and dried product. Liquid whole egg advanced 99%, yolk 98%, while whites climbed only 34%. Our participants attributed the lack of movement in whites mainly to seasonal demand for yellow product, and the need to keep white prices down to remain a competitive exporter to Asia. Peaking raw costs were also evident in the dried complex. From the beginning of January to the peak, dried whole egg appreciated 62%, yolk 73%, and whites 29%. These levels were not only very high, but they spiked right before the heightened demand period associated with Easter. End users struggled to source their needs within their budget, forcing some bakeries out of business.

This situation wasn't all that terrible for traders however, as they saw an opportunity to bring in cheaper product from countries outside EU borders, one of them being the United States. Price differentials between the two countries grew tremendously. Values between US and EU breaking eggs reached a difference of over 1.40 per dozen. Eggs were seldom traded however, due to transportation difficulties, tariffs, and resistance from producers who wanted to protect their investments in new cage systems. Liquid was also tough to trade, and there were even reports of some orders being held up at ports due to strict regulations which required a meticulous paper trail.

Shelf life, price structure, and demand for dried product, especially in the yellow category, promoted cross Atlantic movement though. Prices between dried yolk in the US and EU reached a differential of over \$3 per pound, while whole egg reached spreads near the \$2.30 mark. These were profitable levels even after transportation and duties were paid. Traders were able to



PRESTAGE FOODS

P *Family Owned*

PREMIUM YOUNG TURKEY

- Foodservice • Retail • Export •
- Fresh & Frozen • Whole birds •
- Bone-in breast • Tray pack •
- Map grind • Ground chubs •
- Boneless roast •
- Private label is available •

CONTACT:
Kent Puffenbarger, Patrick Fowler or Katie Prestage
www.PrestageFoods.com
St. Pauls, NC 28384 • 1-800-679-7198

source product in these categories easily, as interest lagged domestically in the states and inventory levels were recorded above traditional levels. Several traders developed relationships with partners in the states and a fair number of deals were completed.

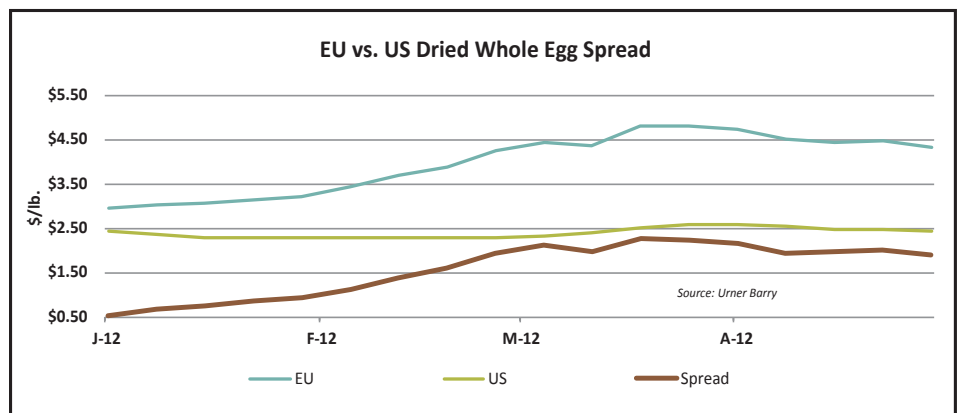
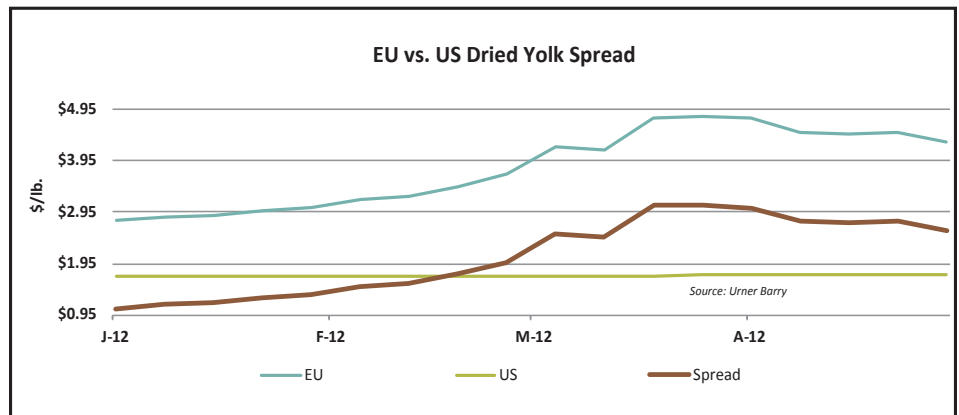
This activity slowed following the Easter holiday, as consumer interest dwindled. Our participants describe a balanced supply and demand situation as of this writing, but note that inventory levels are thin. Prices have receded, sharply in some cases from their peaks. Breaking eggs have declined nearly 50%. Sellers of finished product are holding their asking prices wherever they can though, expecting further adjustments before the new July 31st deadline. At last estimate, reports stated that nearly 70 million birds were still in non compliant cages. These facilities will need to go through renovations similar to the ones seen earlier this year, leaving many to predict price volatility will return.

It will be interesting to see how the rest of the year plays out and how much trade will take place between the Euro zone and the US. The high prices have not only opened doors with EU trading partner, but surrounding countries as well. This is expected to continue as long as American price levels remain more

attractively priced. The US is also taking note of the affects of the cage ban, with similar legislation working its way through congress. It will be important to learn from the opportunities and the mistake made since the 2012 deadline in Europe

in order to make a smooth transition if and when these changes take place here in the states. **UB**

Article contributed by Brian Moscogiuri
brianm@urnerbarry.com



Chicken Outlook

Continued from page 21

that the industry's typical dependence on Russian trade subsided as many plants located alternative shipping avenues to counter the retreating Russian quota. It's also worth mentioning that, at the time of this writing, the Mexican and Chinese anti-dumping cases were yet to be resolved. In addition to solid export performance, domestic pull has been a bright spot in the retail case helping to keep prices in check for the better part of 2012.

With the edict of export advancements, it is also important to discuss the situation surrounding the amount of product in cold storage, or the lack thereof. As of March 2012, total freezer stocks of chicken showed

“The big unknown is how the consumer will respond in the wake of uncertain economic conditions.”

a decline of about 17 percent year-over-year. Exports were advanced so this should not be a very surprising statement.

The rise in exports however is not the only culprit in this scenario. Production cutbacks limited the overall amount of frozen product as well, and the industry simply had less to put in the freezers. The most significant swing from last year to this year involved wings. Wing holdings declined by 52 percent as compared to last year! As was

the case with most items, the lack of frozen wings assisted the fresh markets.

As of now, the historically active summer months are looming and, assuming production remains culled, the majority of the chicken complex is poised to portray solid undertones. Beef and pork prices continue to be relatively high as compared to chicken and this truth only adds to the sturdy prospect surrounding the complex. Looking ahead there's cautious optimism being sensed throughout the industry most of which is rooted in expectations of supplies keeping in check. The big unknown is how the consumer will respond in the wake of uncertain economic conditions. **UB**

Strategies for the Future 2012

Urner Barry hosted its 36th annual Executive Conference and Marketing Seminar this year at Caesars Palace, Las Vegas. Held April 29-May 1 and attended by nearly 400 guests from the egg, poultry and red meat industries, the 2012 event was an Executive Conference unsurpassed by any other. Excitement filled the air during this three-day affair and many new faces, along with conference veterans, were in attendance—all eager to become inspired by forums and discussions focusing on *Strategies for the Future*.

Motivational speaker, Rick Rigsby was one of this year's featured speakers. Mr. Rigsby is known for encouraging and empowering audience members to become great people who do great things. He spoke on making an impact rather than an impression—and



he certainly made an impact. Engaging and thought provoking, Mr. Rigsby was inspiring. Another presenter equally motivating was *The Wall Street Journal's* Stephen Moore, who looked at the global economic issues facing our industries. He spoke heavily in regard to the United States' energy developments and outlined why he believes the U.S. is ready to regain its prosperity with an incredible energy revolution; one that with the proper use of

natural resources will launch the U.S. to the forefront of global energy production and allow the nation to compete internationally.

The event's second day of speakers included The NPD Group's Harry Balzer. Mr. Balzer has been following the actual eating patterns of Americans for 35 years and is a national expert on food and diet trends in the United States. Attendees were given some "food for thought" as Mr. Balzer provided information on actual consumer eating habits and shared findings about how the nation eats, cooks and thinks about food. He also spoke regarding the different foods of the year/foods of the decade, and in particular

Continued on page 68

Urner Barry's 'Person of the Year' awards



In a selfless act befitting a recipient of the esteemed Urner Barry award, upon being named the 2012 Poultry Person of the Year Vinnie Pacifico, president Vista Food Exchange, paid homage to former Urner Barry president Bud O'Shaughnessy in a touching tribute. Vinnie is seen here with Urner Barry's poultry reporters (L to R) James Serpico, Russ Whitman and Michael O'Shaughnessy.

An annual custom, the prestigious 'Person of the Year' awards ceremony was held during the conference. Dating back to 1986, this award honors individuals who have made outstanding contributions to the poultry, egg or red meat industries. Always a highlight, the 2012 awards were presented to individuals from within the poultry and egg industries that have contributed to the betterment of each industry. Recipients have time and again proven themselves to be honorable in their business practices and trusted friends to the industry with a universal respect they have earned from their colleagues.



UEP president Gene Gregory was named Urner Barry's 2012 Egg Person of the Year. Here, award in hand, he is flanked (L to R) by Urner Barry's Brian Moscogiuri, Randy Pesciotta and Rick Brown.

The 2012 Poultry Person of the Year was Vista Food Exchange's Vincent Pacifico. Mr. Pacifico started out in the poultry business in 1976, as a sales rep for Showell Farms, perhaps known best by their brand name Cooking Good. It was there that he met his future partners and formed a thriving business as well as the glue that held it all together. Vista Food Exchange was launched with a phone, a desk, and a truck. The rest all fell together with hard work and determination. Today, in addition to Vista's primary location,

Continued on page 68



Through the decades the Executive Conference has hosted attendees from multiple generations of families. The Tapicks of Martin Preferred Foods are one such family who honored Urner Barry over the years with their presence. Enjoying the conference's lavish opening reception are Jeff and Rebecca along with Betty and Mike.



Support from the members of the National Poultry & Food Distributors Association is unmistakable during the Executive Conference. Here NPFDA's own Kristin McWhorter enjoys the evening with Westside Foods' Seymour Adelson and Tom Ryan along with Eastern Poultry's Jon Poole.



(L to R) Chad Gregory, United Egg Producers; Frank Schimpf, S & R Egg Farms; Sean Delano, S & R Egg Farms; and Bill Rehms, Daybreak Foods, spend some quality time at Sunday evening's opening reception.



Featured speaker and NPD Group vice president Harry Balzer, makes a point during his very well received presentation "How Americans are Feeding Themselves."



Father and son team Kevin and Jack Phillips, Case Farms (far left and far right), stand by fellow industry men Jimmy Carpenter of Amick Farms and Mirasco's Eduardo Gonzales.

Here's what attendees said about the 2012 Executive Conference

"Thank you for your fantastic hospitality, and absolutely spectacular couple of days!"

—Randy Friesen, Manager, Production and Research, BC Egg Marketing Board

"I had an exquisite time."

—Tim Pepkowski, Vista Food Exchange

"Thanks so much—We enjoyed seeing everyone and the fellowship as well."

—Jerry Russell, Director of Commodity Sales, House of Raeford Farms, Inc.

"Thanks again for the event organized in Vegas. I think it was a very good event, with very good speakers and presentations."

—Martin Toscano, Evonik Industries



Even on the greens it's all business for Vista Foods' Ruth and Tom Lugar (L) and poker faced Bob Tomlinson of Mountaire Farms and Vista's Phil Stephens.



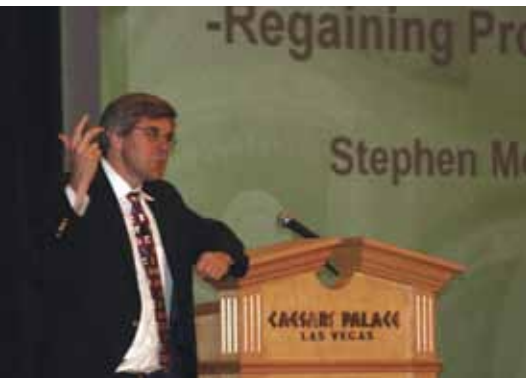
Seen here talking turkey and taking it easy are (L to R) Michigan Turkey's Brian Boerigter, Blake Corbell of Boar's Head, Mark Barrett of Lamex Foods and Michigan Turkey's Chad Van Kley.

Executive Conference

Continued from page 66

cited oatmeal and eggs as recapturing some of the in-home share of breakfast meals. Moreover, he stated that sales of breakfast sandwiches have been on the increase over the past couple of years.

Also presenting was Joel Naroff, President and founder of Naroff Economic Advisors,



During his presentation "Regaining Prosperity", featured speaker Stephen Moore told conference attendees that with the proper use of natural resources the U.S. could be launched to the forefront of global energy production.

who discussed the risks and opportunities that current fiscal developments such as high gas prices, Chinese slowdown and labor market problems and their effects may have on your company's bottom line. Naroff also stressed that the upcoming election lends to uncertainty. People want to know they can get another job to be secure. If people can't get another job they don't spend, which lends to poor growth and lower job prospects. He continued on with this by stating that lately people are thinking they can get another job which gives them more confidence, and in turn shows they are willing to begin spending.

Other presentations that took place included Steve Meyer, PhD, President, Paragon Economics, Inc with a grain outlook as well as a poultry outlook, and Mr. Gary Blumenthal, President and CEO, World Perspectives, Inc with an interactive look at the international export climate.

Egg and poultry sessions were also held where experts shared in analyzing and deciphering the challenges that lie ahead for

the poultry and egg industries. Egg sessions not only included a Reporters' Roundtable discussion, but presentations by Joann Ivy, President and CEO of the American Egg Board and Steve Manton with Manton's European Egg Market Update.

Urner Barry is proud to have had the privilege to host this wonderful occasion and looks forward to hosting another successful event next year. **UB**

Awards

Continued from page 66

the company has 10 strategically located North American branch offices to facilitate one-stop connections to meat, poultry, and seafood, nationally and internationally.

Senior Vice President, Michael O'Shaughnessy presented "Vinnie" with the 2012 Poultry Man of the Year award offering several personal comments from his associates that demonstrate the love and admiration felt for this year's honoree. It is said that Mr. Pacifico is generous to a fault. He is actually happiest when he is doing something for someone else and treats his friends like family—nothing is more important to him than his family. Additionally, Mr. Pacifico's greatest attribute is said to be his honesty and integrity within the business, and the mutual reciprocation of that respect that he expects from all his employees.

Meanwhile, Urner Barry's Executive Vice President, Rick Brown presented this year's Egg Person of the Year Award to United Egg Producer's President, Gene Gregory. Mr. Gregory is also responsible for the management of other organizations managed by UEP which include, UEA Further Processors, UEA Allied Division, UEA Producer Packers Egg Nutrition Center and United States Egg Marketers. In presenting the award, Rick stated that after having worked with Mr. Gregory for over 20 years no one has exhibited more passion for what he does, and that if he were cut, he would probably bleed yolk. Congratulations to Urner Barry's Men of the Year. **UB**



ROYAL HARVEST FOODS

Trading a Complete Line of Batter & Breaded Items:
Chicken Tenderloins • Breast Fillets • Patties & Nuggets
Specialty Boneless Items on Skewer
Gourmet Hand Shaped Stuffed Breasts

Also:
Boneless Thigh • I.Q.F. Chicken Wings • M.D.P.
Marinated Breast Fillets

TRADERS WANTED
For further info e-mail sales@royalharv.com

Call (413) 737-8392
90 Avocado Street, Springfield, MA 01104

2012 EXECUTIVE CONFERENCE SPONSORS

Urner Barry would like to acknowledge our generous sponsors who help make the Executive Conference possible. These companies have recognized sponsorship as an opportunity to show their support for this event and you, the industry. These unselfish contributions enable Urner Barry to host the highest quality and informative conference possible. We would hope that you support them in their efforts. Once again, thanks for helping make this year's conference a success!



Advertiser index...

| | | | |
|--|----|--|----|
| Altamar Foods | 27 | Michigan Turkey Producers | 22 |
| American Egg Products..... | 8 | Midwest Poultry Services Inc. | 30 |
| Baker Commodities | 57 | Moark LLC..... | 6 |
| Bird-In-Hand..... | 40 | National Poultry & Food Distributors Association (NPFDA) | 14 |
| Cal-Maine Foods | 61 | North American Meat Processors (NAMP) - Meat Buyers Guide | 39 |
| Camanchaca Inc..... | 29 | Northern Beef Industries | 51 |
| Chicken of the Sea Frozen Foods..... | 37 | Nucal Foods..... | 62 |
| CoMeCarne | 17 | Ocean Beauty..... | 59 |
| Country Charm Distributors Inc..... | 18 | Odyssey Enterprises | 25 |
| Deb El Food Products..... | 19 | Poultry Specialties Inc..... | 21 |
| Eastern Poultry Distributors Inc. | 33 | Prestage Foods..... | 64 |
| Empacadora Celaya S.A. de C.V. | 71 | Protein Alliance, Inc. | 45 |
| Estherville Foods..... | 18 | Radlo Foods..... | 20 |
| Experience Seafood..... | 26 | Royal Harvest Foods | 68 |
| Farbest Foods..... | 24 | R.W. Sauder, Inc. | 19 |
| Frost PLLC..... | 31 | Savage Poultry Inc..... | 4 |
| G & C Food | 54 | Sigma Seafood International | 5 |
| Harbor Seafood..... | 43 | South American Beef | 72 |
| Harvest Meat Company | 50 | Taurus Food Products | 16 |
| Jason's Foods Incorporated | 7 | Thunderbird Machinery..... | 48 |
| Keyport LLC | 36 | Tippmann Group/Interstate Warehousing..... | 53 |
| LaMonica Fine Foods | 2 | Turkey Valley Farms | 9 |
| L & S Foods..... | 49 | Vista Food Exchange..... | 57 |
| Maloney Seafood | 44 | Wabash Valley Produce | 15 |
| Manning Poultry..... | 23 | Westside Foods | 47 |
| MetLife Financial..... | 55 | Win Transport Company | 11 |

Boxed Beef

Continued from page 51

prices in the immediate term, which would typically be trending lower in the weeks and months following the spring high. It has yet to be seen if prices will succumb to seasonal pressure and increasing supplies, or whether prices can hold their elevated levels.

There will also be less lean beef available due the drawdown in LFTB production and a historically small domestic cowherd. Packers have been able to move some end cut production into grind formulations, temporarily supporting prices for the time being. Imported boneless beef will be more competitive and leaner blends of ground beef will have to ration demand with higher prices to account for the reduction in supply.

Consumers now have to pay more than they ever have for beef, and the industry is still adjusting to the new seasonal price trends and relationships that these high prices are creating. Price volatility is likely to persist near term, and it will be increasingly important to stay on top of the market as the end of the year approaches. **UB**

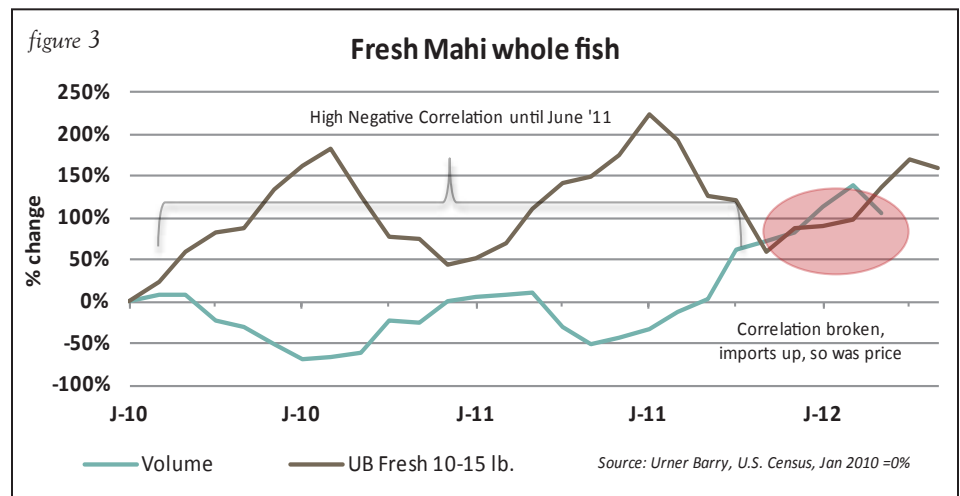
Mahi

Continued from page 26

of 2011. Thereafter, volume imported increased and so did price, leading us to conclude that demand for mahi was even stronger (figure 3).

So, the million dollar question about what is going to happen is still unanswered. On the frozen side, importers holding product have little to no room to adjust market prices lower given the cost incurred.

However, prices have reached a price that would seem unimaginable a couple years ago. Prices have been steady to about steady as some product holders make an effort to move product. Yet, it is important to mention that current inventories are to last until the new season opens in October, with minimal imports from Taiwan and Vietnam in June potentially affecting supplies is the U.S. On the fresh side market prices have reached high levels, but the interesting part is that volume has also increased. **UB**





*In Capistrano we are proud to introduce
our new product lines structure:*



*Products made with turkey and pork
meat 100% select, ensuring the satisfaction
of the most demanding palates.*



*Products with an exquisite taste
and consistency for your family.*



*Products made with turkey meat
that help us have a healthy lifestyle.*



*Products with functional benefits
for health, made with
turkey meat, to help you stay fit.*



www.capistrano.com.mx



LONGER SHELF LIFE • HIGH YIELDS & CONSISTENT QUALITY • ADDED VALUE
PROGRAMS AVAILABLE FOR WHOLESALE, FOODSERVICE AND RETAIL WITH P.O.S. MATERIALS

25 years of experience

SOUTH AMERICAN BEEF INC.
25 years of experience

Urbandale, IA 50322 | Ph: 1-866-71-MEATS | 515-243-6350 | avidal-soler@sabeef.com | www.sabeef.com

H A B L A M O S E S P A Ñ O L