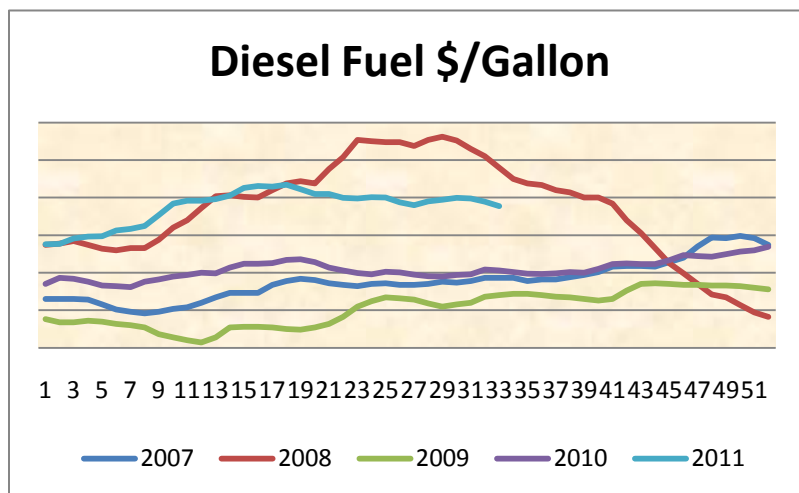




F.A.B.
I N C.

Market Report

August 19, 2011



Sharon Bosley, Sr. Category Manager, ext. 5457

TUNA – LIGHT CHUNK

The three month long fishing ban on Fish Aggregate Devices (FAD's) in the Western and Central Pacific Oceans began in July and will continue until the end of September. Packers in Thailand had taken a wait and see attitude, and had decided not to add additional raw material to their inventories until receiving catch reports from the purse seiner fleets. Early indications showed a sharp decline in the daily catch rates. This was born out as the month of July elapsed. The first week of July showed a catch rate of 34 metric tons per vessel, while the catch rate by the last week of July fell to 11 metric tons per vessel. Demand for finished goods remains weak as buyers continue to remain on the sidelines, waiting for the market to decline. As a result, the price of Skipjack raw material fell in early July. Raw material prices for both Yellowfin and Albacore remained strong.

APPLES AND APPLESAUCE

The next pack season for canned apple products is not expected to begin until the end of October. There are no remaining stocks or offers of solid pack apples or applesauce available from canners in China. Stocks in the United States have begun to dwindle, as demand remains relatively strong. Although the volume and the quality of the next crop of fresh fruit is uncertain at this time, strong inflation in China as well as increases in tins and labor, point to higher pricing at the opening of the pack for finished goods.

FRUITS

The production of canned peaches began in the second half of July. The main areas of canning in China are Shandong, Dangshan and Lianyungang, with small production in Hebei province. All of these growing areas are reporting curtailed production, relative to the last few years. Packers there are, at present, mainly packing for the Japanese market based on firm orders. In addition, there is increased demand for fresh product from the local economy, as well as competition for raw material from fruit jelly packers. As a result, farmers have increased the price of the raw material. Unless buyers in the USA are willing to place firm orders before the packing season ends, there will be little production available for shipment to the United States this year.

MANDARIN ORANGES

For all intents and purposes, canners in China are completely sold out of their production which ended in February. There is little doubt that demands for canned mandarins will outstrip existing supplies. Small quantities of retail size tins are still afloat, but these are expected to be spoken for very quickly. Canners saw a very significant shortfall in available raw material, as well as sharp increases in sugar costs and transportation costs. As a result, pricing for the finished goods will remain very strong through the end of 2011. Total output of mandarin oranges from the last packing season was reduced by 30 to 40 percent from that traditionally seen. Although premature, early indications from the field report that there has been some damage to the flowers on the trees in the orchards from adverse weather conditions. This could hamper any attempts to increase production from the next crop.

PINEAPPLE

Canners in Thailand have announced that due to favorable weather conditions since the beginning of the year, the total tonnage of raw material of pineapple from January through July reached 1.4 million metric tons, which is an increase of 37% over that harvested in 2010. Virtually all of the canneries have halted their production as a result of the current low season of available raw material. The cost of raw material remained fairly stable throughout the summer crop. This enabled the canners to fulfill their outstanding orders on a timely basis prior to the end of the canning season. It is still too early to accurately predict the market from the winter crop which is now expected to begin at the end of October. While the fruit costs may remain stable, other costs will be increased. Tins increased in July by 11%, sugar rose by 30cents per pound and high oil prices are another threatening factor.

Laura Kelly, Category Manager, ext. 5438

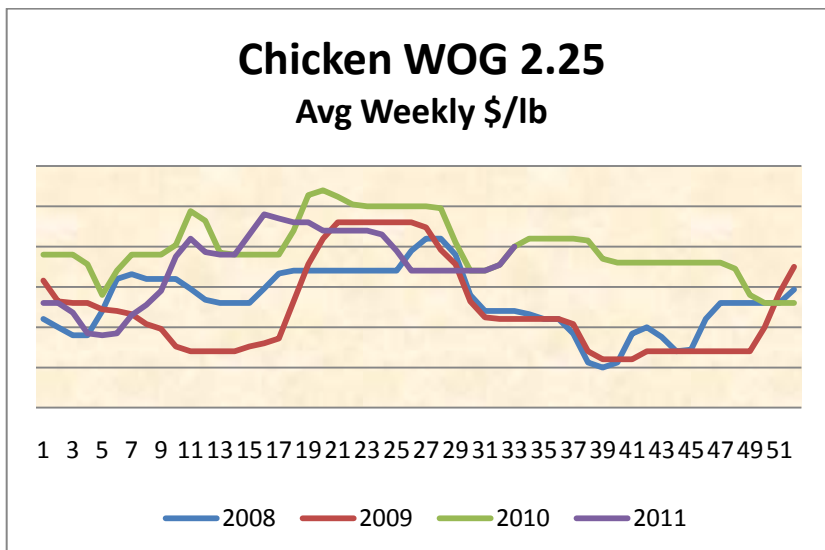
Chicken

Chicken markets are full steady to firm. Business is just basic but supply is limited on many items. Production cut backs along with bird loss and lower weights still plague producers.

WOGs and whole birds are steady this week with larger sizes heavier on availability. Whole breast and breast fronts are limited in supply. Boneless and tenders are tight with markets moving higher this week. Any negotiations have been reported at market or higher.

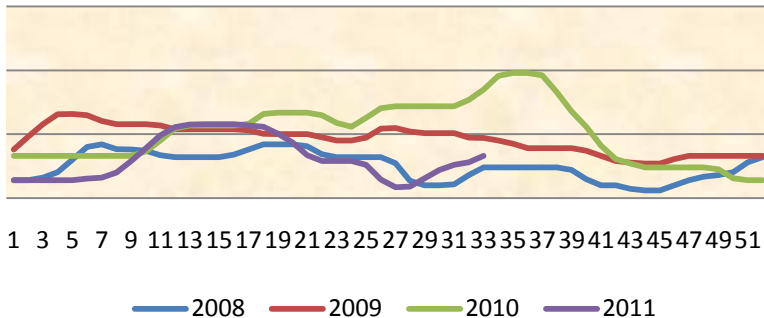
Dark meat is steady. Legs and leg quarters are wanted in both domestic and export markets and trade at current or higher levels. Thigh meat and leg eat rated as steady to full steady.

Wings have seen an increase this week, as seasonal demand up.



Chicken Tenders

Avg Weekly \$/lb



Turkey

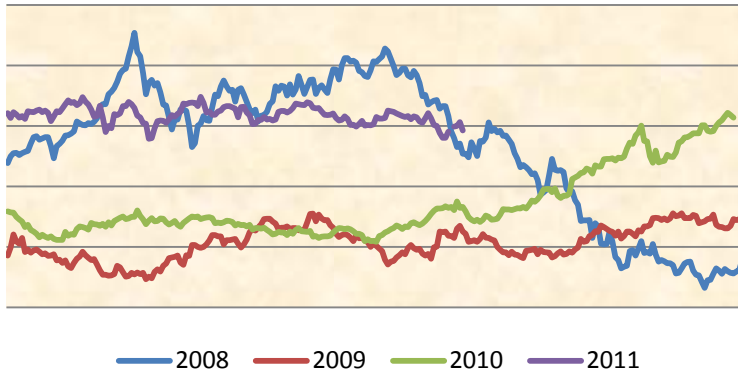
Markets continue to be strong with most items steady to full steady. Reduced kills and lighter weights remain a challenge for both the sell and the buy side. Frozen whole birds are steady to full steady. Fresh turkey markets have started to see some increases as negotiations take place for ship dates into the next few months. Bone in breasts hold at current levels. Drums receive good interest as both domestic and export market demand has increased. Both fresh and frozen tom breast meat is receiving increased interest with supply side is short on full needs. Thigh meat is solid with markets remaining at current levels.

Duffie Watson, Category Manager, ext. 5446

Soy:

Another roller coaster week in commodities. Since last week's fall the soy complex started the week regaining momentum but fell off as the week progressed. Thursday saw more pull back as European banking issues took center stage and pulled trading dollars away. While outside markets have been a game changer, weather is still a factor and one not to be taken lightly at this stage of crop development. Rain is not in the forecast for those areas already troubled with drought. Favorable weather conditions are key factors in strong crop yields that support demand.

Soybean Oil

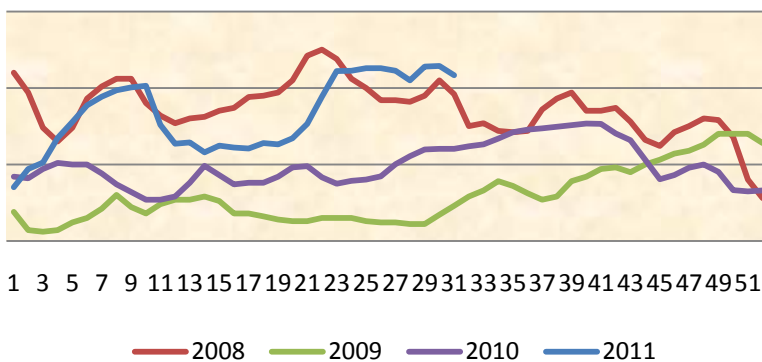


Michael Gillingham, Category Manager, ext. 5472

CHEESE --- Market is Softening. Domestic demand is very soft. Export of cheese is 5% of total cheese produced. Increases in milk production in Oceania and weakening international demand will impact exports. This is the number one reason for the re-adjustment. The initial school orders have been met and the inventories are now slightly ahead of current demand. The weather also has helped in milk production and yields in the last 2 weeks.

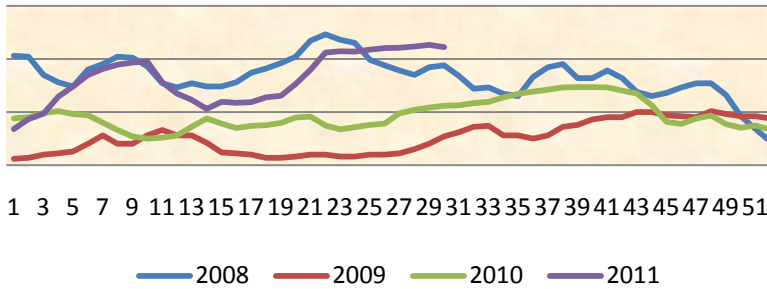
Cheese Block Market

Average Weekly \$/lb



Cheese Barrel Market

Average Weekly \$/lb

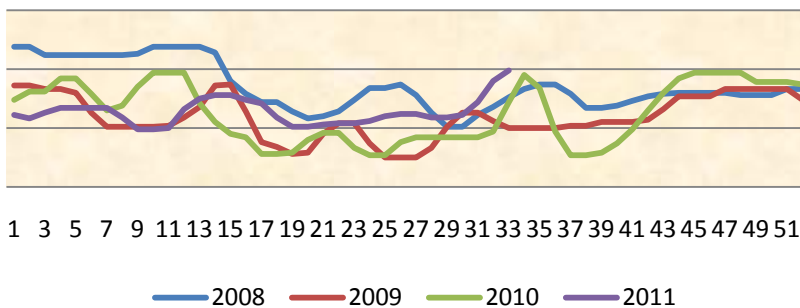


EGGS

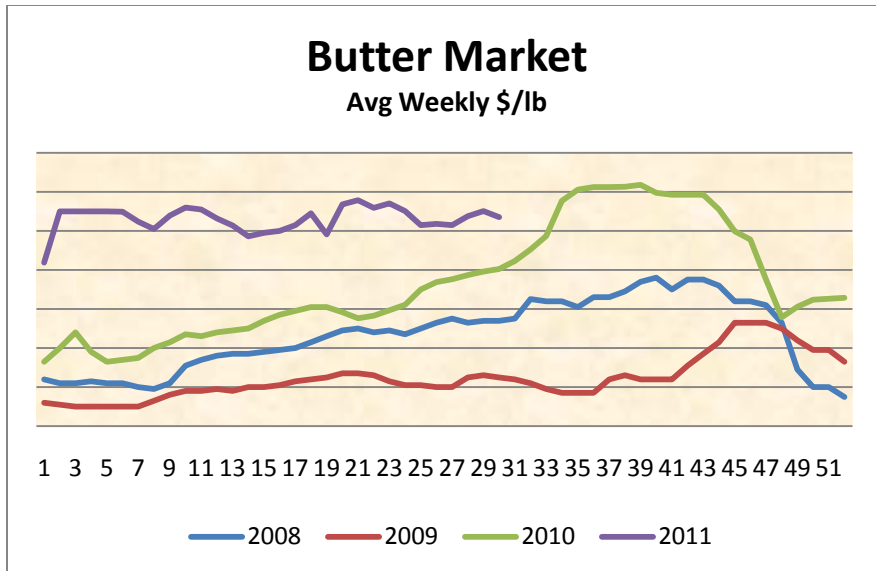
Shell Eggs – Full Steady to Firm. Retail demand ranges fairly good to good. Large are very tight. Mediums Improving. Jumbos are close. Extra Large are becoming available as cooler temperatures allow birds to produce heavier eggs.

Egg Products – Inquiry for liquid egg has resurfaced as buyers have purchased product above current ranges. Liquid whole egg demand and increased cost have remained steady. Frozen and Dried egg product inventories remain under normal demands.

Large Shell Eggs \$/Dozen



BUTTER - Market remain Steady – Butter demand has remained steady as inventories are starting to balance. Some relief in the temperatures may help farmers use cream yields for churning which will help increase the supply issues.



Davy Ard, Sr. Category Manager, ext. 5431

Seafood

Gulf Shrimp- Market is mixed. Whites and PUDS are holding fairly steady but HLISO browns continue to soften in price. Inventories on browns are seasonally building and putting pressure on the market.

Black Tiger Shrimp- Market is steady but firm. Inventories remain limited.

White Shrimp- Market is steady.

Salmon- Market is steady. Inventories are good for a demand that is rated as dull.

King Crab- Market is mixed. Smaller sizes are slightly softer in price due to a dull demand and inventories listed as slightly better. Larger sizes remain steady.

Snow Crab- Market is steady.

Scallops- Market is steady. Recent openings of closed harvesting areas have helped to put additional product into inventories. Larger sizes seem to be the most abundant coming out of those areas and thus are expected to put some pressure on pricing on those larger sizes.

Domestic Catfish- Market remains firm. Production concerns continue and production is expected to lag behind for the near future. Allocations are still in place. Inventories are limited.

Cod- Market is firm. Inventories are light for a good demand.

Flounder- Market is firm. Inventories are listed as short for a good demand.

Haddock- Market is steady.

Pollock- Market is steady.

Whiting- Market is steady. Demand is reported as light.

Beef

Market is firm. Live pricing moved upwards again this week and remains well above same time last year. Live weights were down slightly this week and trail same time last year. Several suppliers had either very few or no special priced items this week. Inventories are tightening and demand is listed as good. All indications are that the market will continue to firm thru the holiday.

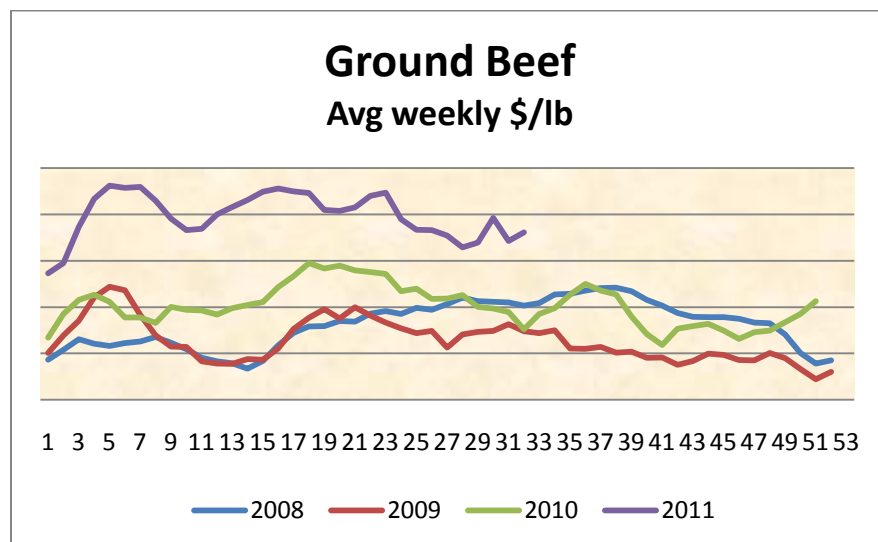
Grinds- Market is firm. Pricing moved higher again this week based on good demand.

Rounds- Market is firm. Export demand is rated as good and demand for the upcoming holiday continues to put additional pressure on the market.

Chucks- Market is firm.

Loins- Market is steady. Demand in this category is rates slightly softer versus the other cuts. Inventories are listed as good.

Ribs- Market is firm. Inventories are reported as slightly tighter and helping push pricing higher.



Pork

Market is steady. Live weights inched upward this week due in part to the slightly cooler weather that is a welcome relief to many parts of the country. Weights are trailing same time last year but at a smaller gap than the past few weeks. Live prices inched downward this week and remain well above same time last year. Exports remain very good and continue to put pressure on the market.

Bellies- Market is steady. This market is expected to begin to weaken in the near future. The recent highs have helped to stall demand and without heavy advertising, demand is expected to continue to fall.

Hams- Market is steady to slightly weaker. Higher hog weights are helping to make additional product available. This in turn has helped pushed pressure to move pricing downward.

Butts- Market is steady. Demand has been very good leading up to the holiday but expectations are that demand is going to move downward and pull pricing with it.

Loins- Market is slightly softer. Demand is listed as softer and is expected to continue to move downward. Short term outlook calls for a softer market.

Ribs- Market is slightly firmer. Holiday demand has helped the market to continue to firm. Expectations are for the market to level off thru the holiday and then begin a downward momentum.

****Graphs represent data for the week ending August 12, 2011.****