

Gordon Food Service Market Updates

Meat section for Market Update: June 28, 2019

Meat | Beef

Cattle prices nose-dived in May as feedlots pushed to market a record level of cattle on that had been on feed for over 120 days. We are now caught up and have about the same level of 120 day cattle as last year. This should allow cattle and beef prices to gently decline into mid-summer lows similar to 2018.

Ground Beef:

Ground beef prices may have hit their pre July 4th highs and should start their usual decline into summer. In last few years prices have dropped by at least \$0.40/lb into late July; but this year will be characterized by somewhat smaller supply which could moderate the decline.

Ribs:

Rib prices have been slipping as fill-in business for July 4th disappoints. Spot prices could adjust downward by 5-10% into summer lows.

Briskets:

Still not seeing forward sales that would indicate upcoming features. Prices are trending lower.

Rounds:

Forward prices are discounted about 5% in an effort to attract more bookings. So far we have seen a good volume of flats trade but not much for insides. Spot prices continue to slip.

Strips:

Packers are discounting forward sales of short loins 7% and strips 13%; we saw strong bookings of short loins last week as a result. Prices continue to trend lower.

Tenders:

Prices really didn't go anywhere in the past 90 days and they continue to be flat. Occasional deals do show up on forward bookings or aged product sales.

Thin Meats:

After rallying for a month, ball-tip prices appear to have peaked and are heading lower. Flank steaks are more available and discounting is noted. Skirt meat prices are now tracking last year's gradual decline.

Meat | Pork

Pork prices are now down 15% from where they were last year, which is consistent with production running 8% higher over the last six weeks. Until production subsides or exports pick up, prices will remain on the defensive.

Butts:

Despite big output butt prices have held above 2018 levels as export demand remains good.

Hams:

Last week we noted that "ham prices may have peaked for now as prices edge lower". Since that time, prices "edged" off a cliff and are down 25%. Even after this drop prices are still above 2018 levels, so it will take strong Mexican demand to keep them from going even lower.

Bacon/Bellies:

Belly prices continue to slip versus the usual summer uptrend. Prices may not recover until after we get through current overproduction.

Ribs:

The vast majority of ribs are sold domestically, so when production is up 8% it is almost certain to weigh on prices. Sparerib prices did recover a little for July 4th, but they are likely to remain below 2018 levels until pork production slows.

Loins:

Bone-in and boneless loin prices are holding above last years levels, which is actually good given how much production there is to sell.