

Gordon Food Service Market Updates

Meat section for Market Update: July 12, 2019

Meat | Beef

Cattle prices leveled out at the same price levels as last year. Beef prices are higher than 2018, however, due to higher packer margins. Beef prices could work a little lower as packer margins decline.

Ground Beef:

Discounting is become more widespread on both ground beef and trim. In last few years ground beef 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:

Spot rib prices have been slipping but are still 8-10% above forward sales. Packers are getting a lot sold forward, which helps them avoid discounting negotiated spot prices.

Briskets:

We are seeing forward bookings pick up now that prices have adjusted lower. Things could level out for a while.

Rounds:

Prices continue to slip, but are still somewhat higher than 2018. Given that production and exports are running about even with last year, it would not be surprising to see prices slide a little lower.

Strips:

Using forward sales as a proxy for retail feature activity, retail promotions are off almost 50% from last year. Prices are below 2018 levels and continue to trend lower.

Tenders:

Choice tender prices usually adjust down toward Select grade tender prices this month. The choice premium was \$1.35/lb in early July, so there is plenty of room for them to go down.

Thin Meats:

Thin meat prices are higher than last year, especially ball tips. Prices could drift lower for most items.

Meat | Pork

Pork prices are now down 16% from where they were last year -- 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 are just below 2018 levels as export demand remains good.

Hams:

Ham prices are still above 2018 levels. Mexican buyers, who ran ham prices up in May as they bought extra product as protection against another Trump-initiated tariff exchange, stopped buying in June to work off extra inventories. They are starting to come back into the market now.

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 now below last years levels. Boneless loins are still relatively high versus super-cheap chicken breast, so there may be a little more downside.