

Gordon Food Service Market Updates

Meat section for Market Update: July 19, 2019

Meat | Beef

Cattle harvest has been running a little ahead of last year, but lighter cattle weights have left beef production steady/slightly lower than 2018. Excellent profits have prompted packers to run hard, which is pulling cattle from feedlots as soon as they are ready. One outcome of early marketings has been a reduced percentage of cattle grading Choice grade. This is why Choice beef prices are 4% above 2018 while Select prices are 3% lower.

Ground Beef:

Cow slaughter - the source of lean meat used in ground beef - was running 6-9% higher last summer due to dry pasture (50% of all beef cows were on pasture affected by drought) and depressed milk prices (20% lower than current). Today 90% of pasture is in good-excellent condition and milk production is profitable. Cow slaughter has been running only 2% higher recently taking pressure off ground beef prices. We are getting some post July 4th weakness, but discounting is not expected to be anything like last summer.

Ribs:

Packers were able to get a big forward of ribs sold leaving relatively light quantities for spot sales. Prices are steady for choice; slightly lower for select.

Briskets:

Here again packers were able to sell considerable quantities forward; cash prices are starting to level out.

Rounds:

Prices seem to have found a level which is keeping product moving; most sales are at steady money.

Strips:

Prices are well below last year and it looks like retailers have noticed. Forward bookings of short loins (T-Bone/Porterhouse) and strips have picked up which could signal a steadier price scenario.

Tenders:

Choice tender prices adjusted lower last week, but fewer cattle grading Choice has limited supply and is keeping the premium to Select grade wider than usual.

Thin Meats:

Thin meat prices remain high, but are acting a little "toppy". We could see a gradual adjustment lower.

Meat | Pork

Pork prices are firming as hog weights start to slip. Hot weather causes hogs to rest more and feed less, limiting weight gains. This often reduces mid-summer production by 6-8% from springtime levels. 2019's seasonal reduction was delayed this year by unusually cool June weather. Now that summer heat is here supply is starting to shrink.

Butts:

While it is probably too early to start a Labor Day price rally, shrinking supplies are providing some support to butt prices.

Hams:

Ham prices got close to 2018 levels last week and, with the 20% tariff ending, Mexican buyers were back in a big way. Now that supply is shrinking, prices are gaining strength.

Bacon/Bellies:

Retail and foodservice features are getting started just as belly supplies shrink seasonally; prices are headed north.

Ribs:

Once prices got cheap, club stores and retailers booked heavy for grilling features. Back ribs and St. Louis ribs were the first to firm up and with supply drying up commodity spareribs should not be too far behind.

Loins:

Bone-in and boneless loin prices are now only a dime apart. Grilling demand for bone-in chops and backribs (from which boneless loins are the "byproduct") have boosted demand for those items while cheap chicken breast is setting a low competitive bar for boneless loin prices. Shrinking supplies are likely to benefit bone-in chop prices much more than boneless.