

# Gordon Food Service Market Updates

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## Grocery & Bakery | Soybean Oil

Total June soybean shipments from Brazil to China were up an astonishing 100% from June 2019. Meanwhile, export shipments from the US to China were down 50% from June 2019. This demonstrates that even despite the commitment China has made to import US ag products, they will most likely continue to secure product from other, more competitive countries of origin. That being said, the export pace out of Brazil will likely lead to supplies running out sooner than normal. This bodes well for the prospect of seeing improved exports to China later in the year. In the near term, we may see weakness in the market prices heading into the harvest. Budget buyers may have already covered their needs through the balance of the year. Distributors will be looking to buy the dips as they come up.

## Grocery & Bakery | Flour

Projections for the new Russian crop were improved upon news of better weather than anticipated. Continued ample global supplies and another strong Russian crop will keep a lid on US prices. Winter wheat harvests have wound down and weather has improved in the major spring wheat areas. Futures have declined and appear to be heading toward our 12-month low. Protein premiums are firm as producers are slow to sell at the lower trade. Testing our annual low should present a good buy opportunity.

## Grocery & Bakery | Sugar

Beet and cane sugar offerings for the 20-21 campaign are at discounts to current price levels. This comes without much of a surprise as we saw two major supply disruptions with the 2020 crop that led to a surge in prices. Early harvesting will

begin in two or three weeks so we will have our first glimpses of yields by the end of August. The weather in the Red River valley has been wet so dryer conditions are likely needed to bring up the sugar content in the beets. Many processors and distributors are waiting until closer to harvest before making future commitments, citing unknown demand due to Covid-19 as a major reason to sit on the sideline. Early indications are prices dropping around 10% heading into 2021.