

# Gordon Food Service Market Updates

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## Grocery & Bakery | Vegetable Oils

Vegetable oil prices are continuing to surge higher, and have now increased over 30% since the beginning of the year. The reason being that the ending stocks available this year from last fall's crops have been drawn down significantly to historically low levels. In the winter the U.S. sold unprecedented volumes of soybeans to China, and now we are seeing the U.S. biodiesel sector come in as they look to fill new capacity that is coming online. This is limiting the amount available on the spot markets, driving large basis premiums. Demand rationing is beginning to take place, as a result. The market has been running upward hard without any setbacks for weeks. Technically we are due to see some sort of market correction but there's no telling when that will come. Two potential influencers will be the South American crop coming to market and the release of the U.S. planting intentions -- both to come near the end of the month.