

# Gordon Food Service Market Updates

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## Grocery & Bakery | Flour

Spreads between wheat and corn are suggesting an increase in demand for feed wheat is taking place, due to the high costs of corn. Export data backs this up with shipments from both the EU and US down sharply. The USDA made no changes to its balance sheet in the March WASDE report, so a lack of any fundamental changes within the complex has led to flat trading. Stocks-to-use ratios for the current crop are estimated to be 41%, which is still a very healthy position. We are likely to continue seeing domestic wheat funnel into feed, potentially bringing the carryout lower. Planting intentions released later this month will also give us insights to how many acres wheat may lose to corn or soybeans. Until the Prospective Plantings report is released we anticipate wheat and flour prices to trade sideways.

## Grocery & Bakery | Sugar

The latest USDA WASDE reflected another increase in total sugar supplies for a third consecutive month. This came as a surprise, although when you dig into the demand numbers used by the USDA it becomes evident that purchases over the last quarter were lacking because many buyers had bought heavy last fall and carried supply. With Covid-19 restrictions easing across the country as more people become vaccinated, sugar demand is expected to pop. Pricing is remaining flat for now, as sellers anticipate the demand surge is coming soon and aren't willing to release additional volume at a discount.

## Grocery & Bakery | Soybean Oil

Domestic soy complex prices remain volatile as the US carryout situation remains mostly unaddressed. Export demand has slowed significantly as Chinese buyers are

assessing both the Brazilian supply timeline and monitoring the growing noise regarding the re-emergence of African Swine Fever (ASF) within their hog industry. While a slow down in meal demand for animals does have the ability to weigh soy prices down, it also comes with a bullish effect on oil prices in the short term as less oil is being generated. Broader picture, oil stocks are projected to be tight through the summer. Prices will undoubtedly react to the planting intentions later in the month and we will face swings once it becomes a "weather market". The downside in the market seems to be limited based on today's information.