

Gordon Food Service Market Updates

Grocery & Bakery | Soybean Oil

A logistics bottleneck has added to an already tight supply situation. Limited availability of trucks, appointments and a backlog of packaging materials are creating delays in shipping. This comes amid a robust demand period with customers reopening and restocking their bare pantries. A piece of good news - the Brazilian crop has come to market and export orders have shifted from the U.S. to South America. This at least provides our supply chain a much needed break. With planting underway, we need to see good weather to help with yields for the next crop. Prices should remain firm given processors have placed most customers on allocation. Our current supply of beans to crush is established, and the inventory is tight. This won't change until the fall so the market costs will have a firm floor. As we get into the later spring and summer months, the fresh inputs into the market will be weather-based.

Grocery & Bakery | Sugar

Trade has been quiet and the supply picture hasn't changed much in several months. Both beet and cane production projections for the next crop are higher than the 19/20 campaign, leading to a stocks-to-use ratio just over 15% - this is a healthy carry level. Near term, transportation struggles and the surge in demand associated with reopening will tighten the supply chain for immediate shipments. Forward offerings for the new crop year are being shown at flat levels compared to today. Barring any inclement weather scenarios, offerings will likely remain steady until we get closer to harvest.

Grocery & Bakery | Flour

Planting projections for corn falling short of the trade's expectations has lifted corn and wheat prices, keeping animal feed ratios balanced. Wheat acreage was down compared to last year, but this was to be expected given the ample supply and better value proposition encouraging farmers to switch to corn or soybeans. Flour prices have moved about 8% since the planting report was released and are back up near annual highs. Planting is now underway, which will bring focus to the weather and adjustments we may see in future USDA reports.