

Gordon Food Service Market Updates

Grocery & Bakery | Frying Oil

Stats Canada released their updated canola oil production estimates this week, indicating the drought conditions in Western Canada have really taken a toll on the rapeseed crop. Last year's crop yielded about 19 million tonnes of oil. This year is projected to be closer to 12.7 million tonnes, a 26% reduction. Canola oil prices surged this year amid a tight supply situation and based on the new crop estimates it doesn't appear to support seeing price relief in 2022.

Grocery & Bakery | Sugar

Stocks-to-use ratios were reduced for both 2021 and 2022 slightly, down to 13.2% and 13.5% respectively, which is historically right where the industry likes to see this statistic. Despite this, prices are relatively firm mainly due to the large book of forward contracts which have been placed. Supply chain challenges and volatile demand has led to an increase in customers wanting to secure their total sugar needs well in advance. Spot market purchases are well above these contracted levels, meaning the pricing structure will stay in place well into 2022.

Grocery & Bakery | Flour

The perceived crop failure in Canada and the far northern U.S. is putting production estimates for total wheat at the lowest level since 2002. World stocks from the eight largest exporting nations are also reporting production levels at the lowest levels since 2008. These statistics are priced into the current markets and the next move will likely come once the North American harvest is completed. High prices may lead to more wheat acreage planted in 2022, but until that time comes the market

will likely hang out around the current range.