

Gordon Food Service Market Updates

Meat | Pork

This week's harvest is forecast to be 2.4-2.5 million head, if Saturday's harvest is strong the weekly total maybe higher.

Bone in Butt prices continue to decline, retailers will likely feature butts in October which could put a price floor in for October. Boneless pork butt prices continue to sell at a larger premium than we have seen in the past as labor issues have slowed boning lines. Boneless loin prices continue to decline.

Belly prices continue to fall, prices are likely to form a base with the expectations of moving higher in a few weeks. Shortages are possible.

Ribs

HOG SUPPLY

When Covid hit last year, hog producers liquidated their inventory, not knowing what was coming. As a result, there are fewer hogs available this year. Forecasts indicate more availability in mid 2022.

Currently, China is a wild card and a driving factor for producers as they determine their herd size. In 2020 and early 2021, China was eager to buy all the product they could as their herd recovered from African Swine Fever. The herd has recovered and Chinese demand has declined. US producers factor this into their growing intentions and are holding herd numbers steady, believing that more animals will reduce their profits due the decline in demand.

When meat plants closed and everyone rushed to retail for protein, ribs were readily available for retailers. Pushing prices higher and prices have remained at elevated levels since.

BACK RIBS

Current state, ribs are becoming more readily available, suppliers (if they have the labor), are filling the pipeline. Hog weights are the prime factor in the availability of the rib sizes available. As hogs were rushed to market during the prime season of Memorial Day to Labor Day, weights were on the low side and more ribs in the 1.5 and 1.75 lb range were available. As hog weights increase availability is trending toward the 2.5 lb range. Prices today are \$2-3/lb higher than last year for sized ribs.

ST LOUIS RIBS

St Louis ribs are more readily available, but have the same labor constraints as the rest of the pork industry. Prices did decline from May highs which has some customers using St Louis vs Backs.

The market is developing and packers are hesitant to commit to long term deals, if business slows in the next few weeks as expected their tone may change and we could see a willingness to firm up numbers for the longer periods.

Please work with customers to determine needs and I will work to determine prices at this time.

Meat | Beef

Harvest numbers are slightly higher than previous year's numbers as smaller cattle have dropped the production pounders per head slightly. Choice grading is starting to slip and currently running a bit below previous years percentage. Prime has continued to drop percentage-wise making it even more difficult to come by. Expect to see the choice/select spread to increase as we move closer to September. Logistical issues with both container ships and port warehouses have slowed the processing of imports and exports. Late August and into September should show good numbers of exports as ports and warehouses work on catching up on the backlog of orders.

The choice cutout has started to move higher, up \$0.50 bouncing off the dip we had in mid-July. Demand is picking up again as prices became more realistic. Most middle meat items have started to trend higher as retail took interest and took positions in late July. Ribeyes are higher, expect to see these prices for the next few

weeks with retailers booking for deep chill programs to support the holidays. Striploin and short loins have captured some retail attention and should keep support under these cuts through most of September. Briskets have been booked up by retail on forward bookings to help cover Labor Day ads with a cheap BBQ beef option, prices have shot back up. End cuts are steady to higher, holding well above historical prices for this time of year. Thinmeats and labor-intensive items are steady to slightly higher across the category as labor is an issue across all beef packers and specialty cutters. Grinds have started moving already, retail has already stepped in on ground beef packages for the upcoming holiday.