



Gordon Food Service Market Updates for November 23, 2018

Dairy | Cheese

The CME Block and Barrel continues to be bearish due to the ample supply to demand ratio. Speculators feel this will continue as cheese stocks stay stronger even as demand has increased. The international market is also soft not allowing additional avenues to move product.

Last week:

Block- Down

Barrel-Up

This Week:

Block- Up

Barrel-Down

Dairy | Eggs

Retail demand fairly good to good. Supplies balanced. Market steady.

Last week:

Large - Up

Medium - Up

Small - Up

This Week:

Large - No Change

Medium - No Change

Small - No Change

Dairy | Butter

Butter production has increased over the past few weeks to meet current needs and fulfill Holiday needs while maintaining inventory levels. Overall spot pricing is flat and futures are steady with expectations that pricing is going to decrease for remainder of the year.

Last week:

Butter - Down

This Week:

Butter - Up

Grocery & Bakery | Wheat

Abundant supply of high quality wheat has pressured cash prices lower. Until exports pick up cash wheat prices will remain soft.

Grocery & Bakery | Soybean Oil

Soybean oil prices are at the low end of the USDA's \$0.28-\$0.32/lb range. Falling crude oil prices have pressured bio-diesel and soybean oil values.

Grocery & Bakery | Sugar

Harvest is virtually complete. Pricing has been flat for both beet and cane sugar.

Meat | Beef

The latest USDA Cattle on Feed report came in 1% below expectations as, once again, we placed fewer calves in feedlots. It is starting to look like dry pastures may have forced early placements this summer and there are now fewer calves left outside of feedlots.

Ground Beef:

Ground beef prices have stalled amid competition from other cheap protein alternatives.

Ribs:

Ribeye prices have topped out with select ribeyes already adjusting 12% lower. Choice ribeyes usually have a few more weeks before big price adjustments kick in.

Briskets:

Brisket forward sales have picked up at small discounts to current cash prices. This could hold the market steady for the next few weeks.

Rounds:

Retailers are actively booking rounds for post-holiday features. Retailers like to promote beef roasts after January 1 as an affordable comfort food option for

consumers as they pay off holiday bills.

Strips:

Packers are keeping strips and short loins on their "push list" this week. Prices often make their seasonal low in November.

Tenders:

Tender prices keep ratcheting higher. We are starting to see cheaper product coming in from Canada.

Thin Meats:

Prices for most thin meats are weaker as we enter a slow demand time of the year. Skirt meat prices remain higher than in previous years.

Meat | Pork

Pork production has been running 5% higher for the last month pushing pork prices back to their low for 2018.

Butts:

Butt prices are below previous 2018 lows. Extra production should move into freezer programs or exports,

Hams:

Ham prices have are also at 2018 lows, another good candidate for freezer programs.

Bacon/Bellies:

Belly prices are approaching levels that make putting them into the freezer attractive.

Ribs:

Rib prices are below where they were last year. Demand for freezer programs is good.

Loins:

Loin prices are at a 5-year low as packers struggle to keep product moving during Thanksgiving.

Poultry | Chicken

WOG sales are hot as smaller households substitute a chicken roaster for a turkey.

Breast and Tenders:

Most breast meat items are steady with the usual level of discounting. Food service demand for tenders used in boneless wings is good.

Wings:

Jumbo wing prices are discounted to keep extra production moving,

Dark Meat:

Export demand for leg quarters has improved with fresh sales to Mexico especially brisk. Thighsmeat is in balance and seems to be finding good demand.

Poultry | Turkey

Frozen whole turkey prices are flat. October 1 frozen turkey inventories were on par with last year.