



# Gordon Food Service Market Updates for January 18, 2019

## Dairy | Cheese

The CME Block and Barrel markets have been bearish as of late. Speculators have not seen the Barrel this low in a very long time and the Block Market is trading weak. Short term forecast is a bearish market being continued.

### Last week:

Block- Down

Barrel-Down

### This Week:

Block- Up

Barrel-Down

## Dairy | Eggs

Retail demand fairly good to good. Supplies well balanced to close. Market full

steady.

**Last week:**

Large - Down

Medium - Down

Small - Down

**This Week:**

Large - Up

Medium - Up

Small - Up

## **Dairy | Butter**

Butter production remains seasonally high as manufacturers continue to drive inventory higher to meet springtime needs. Pricing remains a bit static due to fears of higher prices more than anything.

**Last week:**

Butter - Up

**This Week:**

Butter - Up

## **Grocery & Bakery | Wheat**

Wheat futures are near one-year lows as export business appears to be pedestrian and US weather conditions remain favorable.

## **Grocery & Bakery | Soybean Oil**

Soybean oil prices dipped below the low end of the USDA's \$0.28-\$0.32/lb range for the second time last week. Recent reports suggesting that hot dry weather is shrinking the South American soybean crop triggered some price recovery.

## **Grocery & Bakery | Sugar**

Beet sugar prices are inching higher as available supplies tighten.

## **Meat | Beef**

Cattle slaughter normally declines from pre-holiday peaks by as much as 8% in the late winter. Smaller supplies will likely support beef prices.

Ground Beef:

Fewer retail features have resulted in disappointing demand for ground beef; prices are easing.

Ribs:

Rib prices are at the upper end of where they usually trade this time of year. Packers are discounting forward sales to keep spot supplies tight.

Briskets:

Prices often drift lower in January and this year appears to be no exception.

Rounds:

Round prices dipped last week, but supplies have since cleaned up and prices are firming.

Strips:

Prices have been trading sideways and forward sales are being made at steady money/

Tenders:

Tender prices are holding at the high end of their historical range for this time of year. Similar to ribeyes, packers are discounting forward sales to keep spot supplies tight.

Thin Meats:

Seasonally-declining beef production is usually price supportive for thin meats in January.

## **Meat | Pork**

Packers have been cranking out 5% more pork in the last few weeks as strong bacon prices support margins. Winter storms and deteriorating margins is starting to trigger more downtime. Supplies should start to shrink.

Butts:

Butt prices are at 5 year lows as the latest production surge swamped the market. Prices should lift as output is cut back.

Hams:

Ham prices have recovered as Mexican buyers load up at cheap prices.

Bacon/Bellies:

Belly prices have been lifted by QSR promotions which have tightened supply considerably.

Ribs:

Rib prices have been mostly sideways as big production puts a lid on prices. Reduced output should allow the seasonal uptrend to resume in coming weeks.

Loins:

Bone-in loin prices are steady; boneless loin prices tanked at the end of the year and could start to recover when production shrinks.

## **Poultry | Chicken**

Demand for whole chickens has faded, prices are easing.

Breast and Tenders:

Both jumbo and medium breast meat is well cleared. Jumbo sized chicken slaughter has been running 8% lower as chickens are harvested early to keep sizing smaller. This has helped balance supply/demand for all sizes. Strong demand for tenders by boneless wing processors have kept prices in an uptrend.

Wings:

Jumbo wing prices may be peaking with extra product showing up for prompt ship.

Dark Meat:

Strong export demand has yet to lift leg quarter prices back to where they were last year -- probably the result of Mexico's tariffs. Leg meat and thigh meat prices are firm.

## **Poultry | Turkey**

Hens and smaller sized toms are in great shape; larger toms are still a little pushy. Bone-in breast prices are at least steady.