



Gordon Food Service Market Updates for June 7, 2019

Dairy | Cheese

The Block and Barrel markets have seen untraditional spread between them. The uncertainty of international trade and tariffs has kept the market strong. Traders feel the markets should move closer towards a traditional spread and a bearish Block is being expected due to ample supply in the market.

Last week:

Block- Up

Barrel-Down

This Week:

Block- Up

Barrel- Down

Dairy | Eggs

Retail demand good. Supplies well balanced to at times close. Market full steady.

Last week:

Large - No change

Medium -No change

Small -No change

This Week:

Large -Up

Medium -No change

Small -No change

Dairy | Butter

Butter production continues to be active and inventories continue to grow; expectations are for butter pricing to stay relatively stagnant on the spot market over the next few weeks prior to the butter inventory is reset with current levels and previous inventory is wiped out'.

Last week:

Butter -Down

This Week:

Butter -Down

Grocery & Bakery | Wheat

Spring wheat prices eased back a little when the latest USDA report showed significant planting progress with 93% of the crop now seeded versus 96% average. Prices are still up 10% from recent lows showing the market wants to keep a little

risk premium for a less-than-ideal start to the growing season.

Grocery & Bakery | Soybean Oil

Much like wheat, soybean oil prices have bounced off recent lows to reflect delayed soybean planting -- 39% versus 79% normal.

Grocery & Bakery | Sugar

Most of the sugar beet crop is planted although some of it was "mudded in" under less than ideal circumstances. Prices have moved a little higher to reflect the potential for lower yields.

Meat | Beef

Retailers ran fewer Memorial Day beef ads, probably because elevated prices earlier this spring discouraged bookings. Consumers shifted to other proteins for the grilling holiday and widespread rain limited demand. Beef and cattle prices have been adjusting lower ever since as packers try to stimulate movement.

Ground Beef:

Ground beef prices have started their usual seasonal downtrend.

Ribs:

Retailers forward booked a good quantity of bone-in and boneless ribs for July 4th features. Spot prices are drifting lower.

Briskets:

Now that Memorial Day is past we are seeing pricing slip.

Rounds:

Round prices have steadied as retail features of both round cuts and ground round

stimulate movement.

Strips:

Retailers booked very competitive forward pricing for mid-summer promotions. Spot prices are still adjusting lower as rain dampens grilling demand.

Tenders:

Prices really didn't go anywhere in the past 60 days and they continue to be flat.

Thin Meats:

Ball-tip and flank prices are steady/higher as supplies stay well cleared. Skirt meat prices are now tracking last year's gradual decline.

Meat | Pork

Hog futures have lost 15-20% of the peak value they hit in the May "China's going to buy all of our pork" rally. Reality is that production is 3% larger and exports aren't taking the extra output. One has to wonder how many of the hogs raised by integrated pork packers were hedged on the last rally?

Butts:

Butt prices continue to adjust lower and renewed talk about tariffs on Mexico are not helping.

Hams:

Ham prices are trading at normal summer peaks earlier than usual. Mexico is the biggest importer by far, so tariff threats could abbreviate this rally.

Bacon/Bellies:

Belly prices continue to slip versus the usual summer uptrend. Prices are low enough to attract forward booking for retail features.

Ribs:

After a strong rally into Memorial Day rib prices are back down to 5-year lows. Great

chance for retailers to book July 4th promotions.

Loins:

Bone-in and boneless loin prices are holding above last years levels, which is still low relative to history.

Poultry | Chicken

Larger sized whole chickens require often require discounts to get the order; small-sized chicken are balanced.

Breast and Tenders:

Breast meat is a little slow; prices are steady/lower. Tenders prices are steady/higher on good pulls by further processors and retail.

Wings:

Jumbo wing supply/demand appear balanced; prices are steady.

Dark Meat:

Export demand for leg quarters is good; prices are steady/higher. Thigh and leg meat prices are steady.

Poultry | Turkey

Whole turkeys prices continue to increase by a penny every few weeks.