



Gordon Food Service Market Updates for June 14, 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- Up

Dairy | Eggs

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

Last week:

Large - Up

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 -Up

Seafood | Finfish

Cod, Alaskan 1x:

Alaskan cod remains firm in cost with adequate supply as we await the start of the B season

Cod, Atlantic 1x:

The 1x frozen Atl.cod loins came up short for the season this winter, however we were able to supplement with Icelandic product of the same spec and quality to cover demand. The new season for CAN has started but to date supply has not been offered. Note costs have firmed over last season on all offerings and are expected to remain elevated at least through the end of the year. For now Limson has supply on all sizes.

Cod, Atlantic 2x:

2019 Total Allowable Catch is announced at 6.5% lower than 2018. Prices will remain firm.

Cod, Pacific 2x:

Due to lower catch announced from Atlantic cod. Pacific cod raw material price remains high.

Pollock, Atlantic 1x:

New B season Pollock is being processed at this time as we await the first of many shipments out of Alaska. For now expect costs to remain firm for most of the season. Currently supply is adequate for solid demand.

Pollock, Pacific 2x:

Firming of pricing as expectation of drop in pollock biomass. Starting to see substitution demand from cod and haddock users.

Haddock:

15% decrease of Total Allowable Catch announced for haddock. Price is still cheaper than cod. Expectation of cod substitution to continue.

Domestic Lake Fish:

At the end of March the Lake Erie Committee (LEC), set a total allowable catch (TAC) for 2019 of 8.552 million pounds of yellow perch and 8.531 million walleye. Yellow perch are allocated in pounds and walleye are allocated by number of fish. This TAC represents a decrease for yellow perch from 10.498 million pounds of fish over last year, (about a 20% decrease overall) and an increase in walleye from 7.109 million

fish (about a 20 % increase overall). As a result perch prices have risen quickly and product has been short especially on the smaller Mi sizes but specifically the Mi splits. For now product is hand to mouth on this size as we progress into the summer. Expect perch to remain short until next year and the start of the 2020 season overall. Walleye has experienced softening on costs with the increase in quota. Supply is plentiful at this time on all sizes Whitefish currently has ample supply with the new season resuming in June. Smelt for both battered and dressed has started to tighten slightly on supply so expect costs to firm as well. The Canadian blue gill continues to be a struggle as catches and supply have come up short. What is being offered is minimal but firm on cost. The next best option is the same species but produced out of China. Supply is available but another increase will follow as all imports now out of China are impacted by the 10 % tariff.

Euro Lake Fish & Zander:

Supply is ample and costs have softened over time as a better value option compared to the CAN perch and walleye. Supply is plentiful

Mahi Mahi:

Mahi Mahi costs for this season softened close to 2013 and 2014 levels earlier in the year but as we moved through Lent and as the S American season has wrapped up costs have increased slightly. The season for Peru will not reopen until October. The next available resource is Taiwan and that season is underway at slightly firmer costs. Currently we have adequate supply for steady demand.

Frozen Tuna, Swordfish :

Vietnam : The new regulation about health certificates required for all imported frozen raw material has impacted on prices of local fresh raw material, seeing more demand and higher price level since it became effective. Current demand (June) is strong because of Ramadan holidays in Indonesia, where plants are just going back to work after several days out. **Indonesia** : Several importers increased their sourcing in Indonesia on the previous months because of new Vietnam regulation, this impacted on product availability & prices. There are also more strict regulations from the local government towards their MSC certification. This will have a positive impact on the long term sustainability, but has also increased some prices. May &

June production have decreased because of Ramadhan holidays. Theyll go into their peak season soon, so product availability should improve on the incoming months.

Swai:

Tilapia:

The tariffwar has increased costs of product by 10% . The potential foranother 15% increase has now been delayed until thebeginning of March by the Trump administration.

Seafood | Shrimp

Imported Black Tiger:

Indonesian Black Tiger raw material is stable with low quantity. Farmers raised the prices on the larger sizes as main landings are 16/20 thru 26/30. Indias prices are cheaper but the Indo packers willnot lower price to compete with India. Current U.S inventories aremore than adequate for dull demand.

Imported White:

INDIA WHITE SHRIMP Raw material arrivals continue to be slow with firm pricing at least for now until farmers start the new harvest of 2019. Packers have tried to lower the raw material prices to the farmers with no success. Main request for pricing overseas from USA buyer is medium to larger sizes of PTO and EZP which is most likely earmarked for the retail sector. There were no large volume deals made during SENA 2019 as most buyers wait on the sidelines for next harvest. The current market is stable with discounts noted on smaller peeled shrimp. Demand has been steady for 21/25 Headless, shell on Asian Vanamei whites and 16/20 thru 26/30 EZP shrimp. INDONESIA WHITE SHRIMP Raw material is stable with major landing sizes in 31/40 ct. More quantity of bigger sizes become available each week on 26/30 and up. Price of raw material has remained stable as packers are waiting for the next crop in May which will shift down to 41/50-51/60 sizes. U.S. inquiries are slow as many importers have good stock available and only buy on a need be basis. There have been some requests on the larger sizes (13/15-26/30) but packers main focus is on smaller sizes as they have heavy stock with May harvest around the corner. Indonesia packers are more aggressive than India on certain items and accept counters where the gap between offer and acceptance is not too far apart.

Latin White:

Latin White shrimp are firm with replacement prices firming. Supply is good for the time being.

Domestic White & Brown:

Domestic Brown shrimp are steady in price as we roll into the new season for Texas. Larger sizes of white and brown headless shrimp should begin to land over the next few months.

Domestic PUD:

Domestic PUD production has slowed on smaller shrimp. While boats begin to target larger whites and browns where available, we should see better production in larger and middle size peeled shrimp.

Domestic Rock & Pink:

Rock & Pink shrimp are both in good supply.

Seafood | Lobster

North Atlantic:

Landings were initially reported to be down 30-40% in early December out of Nova Scotia. It was assumed a 2 million lb + shortfall of meat, as well as 4 million lb + shortfall of tails. As a result costs remained firm through the spring and have continued to do so going into the summer on tails. We do not expect much relief on availability or cost until the Maine season resumes the latter part of July. Large sizes in the 6/7 and 8/10 oz range are very short with very few cases being offered to keep up with demand and firm costs. Meat costs are more stable and are a better lobster option as they have softened slightly as a good portion of this product is processed in the Canadian spring seasons.

Warm Water:

Supply has been short on warm water tails after a late start to the season last summer. Poor catches, increased demand out of Asia and retailers taking a stronger position on the market have resulted in a firm undertone. This trend continued through the holidays and is expected to remain firm until new season supplies start to arrive in July. Price levels have yet to be determined as well. For now Limson has supply at a competitive cost especially on the larger 10-12 oz size.

Seafood | Crab

Snow Crab:

The 2019 snow crab season had a late start this spring. Due to this, costs started out firm compared to last year as the cupboards were bare. Over time the expectation was that approx 70% of the catch was going to be 5/8 and at best 20% 8 ups and the balance between 5-10% was going to be 10 ups. As a result, once the season fully got under way and more and more zones opened there was a rush of product to be processed and the plants struggled getting this accomplished which impacted cost and availability of quality product. Initially the 5/8 size was a significant value to the larger sizes by as much as \$2.00 per pound so many backed

away from the larger sizes and traded down to the 5/8. This resulted in added pressure for the availability of that size causing an increase in cost and lack of immediate supply. As of late the Fisheries and Ocean Canada announced temporary fishing closures in the Gulf and Quebec regions due to confirmed presence of right whales with one confirmed death for unknown reasons. To date, approx 70 % of the Gulf Quota has been caught, approx 80% of the Newfoundland regions and at best 45 % of Nova Scotia. Note all sizes did bottom out temporarily and have since rebounded slightly for the summer season on cost. There are also reports that Alaska's offering will be plentiful in supply come this fall when they announce the quota. They predominantly harvest the 5/8 oz size, with limited offering on the larger sizes. Limson currently has supply on all sizes.

King Crab:

This market has remained unchanged in regard to supply. Limson currently has inventory on all sizes as costs over time have started to soften as we move into the summer.

Red Swimming Crab:

A new 10% tariff on all seafood items should go into effect in August. The market is still uncertain however, between high market prices, and limited supply, cost might go up. This coupled with the void in the market on red swimming crab only strengthens this possibility. We are still expected to start receiving shipments on red crab in October. The main crab harvest is October-December.

Blue Swimming Crab:

Prices are still high with great inventory. There has been a slight decrease in pricing from Indonesia while Philippines and India move up to be more in line with Indo. For the next 60-90 days prices will stay level to a possible dip however, Q4 is expected to pick back up. With the red swimming still high with limited supply, this too drives the price up. Overall prices will come down a bit.

Seafood | Scallops

The scallop market is softening on most sizes as the season resumed in April. A

waterlevel of new seasoncosts has yet to be determined and might take more time to level out.. As the catches continue we expectmore availability of supply ofall sizes.

Chinese Flounder and Ocean Perch:

10% tariff duty has been applied. The possible added 15% has now been pushed back to the beginning of March when the Trumpadministration will decideon a final ruling.