



Gordon Food Service Market Updates for June 28, 2019

Dairy | Cheese

The CME Block and Barrel markets have continued an upward trend and are being supportive by the amount of volume being traded. Speculators feel this will continue in the short term, but supply is still available out in the market.

Last week:

Block- Up

Barrel-Up

This Week:

Block- Up

Barrel- Up

Dairy | Eggs

Retail demand fair to at times fairly good. Supplies generally available. Market soft

and adjusting.

Last week:

Large -No change

Medium -No change

Small -No change

This Week:

Large -Down

Medium -Down

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

Grocery & Bakery | Wheat

An extended period of hot/dry weather in Europe and the former Soviet Union have likely shrunk their wheat crop and is pushing prices higher. Prices for most classes of wheat are nearing 2019 highs. Early harvest reports in the southern Great Plains suggest good quality but lower average proteins. Flour prices which have generally

been below last year's levels may start to work higher if the wheat price rally is sustained.

Grocery & Bakery | Soybean Oil

Soybean oil prices have dropped back a little as warmer, drier weather gives the newly-seeded soybean crop just what it needs.

Grocery & Bakery | Sugar

Most of the sugar beet crop is planted and prices have leveled off. Processors still have a big part of next year output available for booking.

Meat | Beef

Cattle prices nose-dived in May as feedlots pushed to market a record level of cattle on that had been on feed for over 120 days. We are now caught up and have about the same level of 120 day cattle as last year. This should allow cattle and beef prices to gently decline into mid-summer lows similar to 2018.

Ground Beef:

Ground beef prices may have hit their pre July 4th highs and should start their usual decline into summer. In last few years prices have dropped by at least \$0.40/lb into late July; but this year will be characterized by somewhat smaller supply which could moderate the decline.

Ribs:

Rib prices have been slipping as fill-in business for July 4th disappoints. Spot prices could adjust downward by 5-10% into summer lows.

Briskets:

Still not seeing forward sales that would indicate upcoming features. Prices are

trending lower.

Rounds:

Forward prices are discounted about 5% in an effort to attract more bookings. So far we have seen a good volume of flats trade but not much for insides. Spot prices continue to slip.

Strips:

Packers are discounting forward sales of short loins 7% and strips 13%; we saw strong bookings of short loins last week as a result. Prices continue to trend lower.

Tenders:

Prices really didn't go anywhere in the past 90 days and they continue to be flat. Occasional deals do show up on forward bookings or aged product sales.

Thin Meats:

After rallying for a month, ball-tip prices appear to have peaked and are heading lower. Flank steaks are more available and discounting is noted. Skirt meat prices are now tracking last year's gradual decline.

Meat | Pork

Pork prices are now down 15% from where they were last year, which is consistent with production running 8% higher over the last six weeks. Until production subsides or exports pick up, prices will remain on the defensive.

Butts:

Despite big output butt prices have held above 2018 levels as export demand remains good.

Hams:

Last week we noted that "ham prices may have peaked for now as prices edge lower". Since that time, prices "edged" off a cliff and are down 25%. Even after this drop prices are still above 2018 levels, so it will take strong Mexican demand to

keep them from going even lower.

Bacon/Bellies:

Belly prices continue to slip versus the usual summer uptrend. Prices may not recover until after we get through current overproduction.

Ribs:

The vast majority of ribs are sold domestically, so when production is up 8% it is almost certain to weigh on prices. Sparerib prices did recover a little for July 4th, but they are likely to remain below 2018 levels until pork production slows.

Loins:

Bone-in and boneless loin prices are holding above last years levels, which is actually good given how much production there is to sell.

Poultry | Chicken

Chicken production is up about 1%, keeping per-capita supply even with last year. Whole and cut-up chicken prices are steady, but have not seen a seasonal uptick which usually accompanies summer weather.

Breast and Tenders:

We did not see any holiday lift for chicken breast prices. In fact, medium and select breast prices slipped. It is a very crowded protein market with all sort of retail feature options. Profit per square foot of retail meat case is often lower for chicken breast than other options. Tenders prices are steady/higher on good pulls by further processors and retail delis.

Wings:

Wing supply/demand is back in balance as holiday travel lifts food service pulls; prices are steady.

Dark Meat:

Export and domestic demand for leg quarters is good; prices have increased 20% in

the last 30 days. Thigh meat and leg meat prices are steady/firm.

Poultry | Turkey

Whole turkeys prices continue to increase a little at a time. Prices are now 9% higher than last year.