



Gordon Food Service Market Updates for June 11, 2021

Dairy | Eggs

Large - Down

Medium -Down

Small - No change

Retail demand mixed. Supplies of extra large and large well balanced and held confidently. Market steady to full steady.

Dairy | Butter

Butter- Down

Cream inventories are continuing to tighten as ice cream production starts to compete for raw material and hits its production stride. Retail sales show signs of decline, but overall are still healthy. With restaurants reopening food service distributors are still coming back to the buying table, but orders are still below expectations.

Dairy | Cheese

Barrel -Up

Block -Down

The CME Block market responded to the government's release of another billion dollars in the USDA Box program. Speculators feel this will have an effect on the markets for the short term but will not be sustainable for the long term.

Meat | Pork

The cyber attack last week cut the kill by approximately 600,000 animals. As of last Thursday was back in operation and running at close to capacity. The harvest this week is forecast to 2.2 to 2.3 million hogs. Smithfield's Sioux Falls, SD plant could possibly strike this week, potentially decreasing kills and giving packers a reason to keep prices high.

Cash markets continue to run up as buyers are irrationally buying product trying not to run out. Bone in and boneless butts are up \$.25-\$.30/LB this week. Boneless loins are \$.20/lb higher. Product shortages are decreasing as higher prices are decreasing demand.

Spare ribs are lower this week, while still not cheap based on historical prices. St Louis ribs prices are stable. Back ribs prices up this week. Ribs should hold steady into the higher.

Bellies are higher this week. Price is expected to climb slowly into July fourth as the

travel season continues, customers are exploring and eating more meals out and bacon demand increases. .

Sausage trimmings are steady this week. It is likely that prices will increase in advance of the 4th.

Meat | Beef

Harvest numbers continue to be under pressure. JBS, the world's largest meat producer fell under a cyber-attack over the weekend causing a further slowing of production pounds. Labor is still making full-on production difficult as well. Packers have cut back on labor-intensive items to help keep production pounds up. Grade has slipped slightly by 1-2% and the expectation is another 2-4% drop. Expect the select/choice spread to increase over the next few weeks. Exports to China are strong and news of Argentina shutting down exports for 30 days has put further stress on the overall market.

Middle meats such as ribeyes are at all-time highs and bouncing around at these levels slightly higher than last week. The market continues to stay clean on most middle meats and packers are not showing quantities until July for some cuts. Expect to see high prices for at least a few more weeks. Striploins are continuing to climb and should peak over the next few weeks. Tenderloins are continuing to be strong hitting all-time highs; packers are clean for the next few weeks. Briskets are moving sideways and may have hit the top for the next few weeks. If retailers decide to do a Summer holiday promo on briskets, we can expect another run. Thin meats such as skirts continue to show strength. Imported skirts are tight so expect increased demand on domestic products. Grinds are continuing to move up quickly. Expect to see strong demand for grinds through the 4th of July.

Poultry | Chicken

We have finally started to see some relief on some of the different cuts of chicken this week. The supply was down significantly last week with the Holiday, so there are processors trying to play catch up which put some additional supply on the market this week. This brought with it trading on breast meat well below the quoted

market. We are also at a point where schools are out, so some of the demand for breast meat for further processing has slowed down. The medium and select markets experienced some softening, but not as much as the Jumbo market where there were plenty of offers available. The production levels fell off last week as expected due to the Memorial Day Holiday. The total supply was down to 116.8 million head last week from 165 million the week before. With processors playing catch up this week we should see the numbers back up into the 160 million count for this week. Last week the heavier weight birds accounted for 57% of total production. The wing market found a little softening on the medium and small side. The Jumbo wings remain heavily sought after and maintained the record high level for the week.

Breast and Tenders:

The Jumbo Breast Meat market experienced a little more of a drop this week coming off \$.11/lb to end the week at \$2.09/lb. The medium and select markets remained pretty well balanced. The medium breast market came down \$.07/lb to \$2.21/lb and the select only came off \$.02/lb to end at \$2.84/lb. Line run Breast Tenders continue to increase adding another \$.05/lb to end at \$2.68/lb for the week.

Wings:

Wings could be found this week if you did some shopping around. The Jumbo whole wings remained at the record high of \$3.22/lb, medium whole wings came off \$.05/lb to \$2.98/lb and small wings came off another \$.01/lb to end the week at \$3.16/lb. This was the first week in a long time that I have had some shown that were not mis cuts. Most of the processors are still able to clear production without any challenges.