



Gordon Food Service Market Updates for September 10, 2021

Dairy | Eggs

Large -Down

Medium - No change

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- Up

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 - Up

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.

Grocery & Bakery | Frying Oil

The after effects of Hurricane Ida have led to ag-giant, Bunge, to declare force majeure in relation to palm-based products due to the inability to bring the product into port. At a minimum this will create short-term stress on certain oil and margarine products that use palm inputs. Recovery is solely dependent on how quickly power can be restored to the operations in the gulf port. Domestic grains, meanwhile, are showing signs of potentially backing up. Chinese buyers have notably shifted some of their corn purchases from the U.S. to Brazil due to the delays in port. Estimates are for the facilities in port to be back up-and-running by the end of the month so this temporary supply glut could be short lived and may not impact the soybean supply. Early harvest for soybeans will begin any time. The forecast in the upper Midwest is calling for dry weather so farmers should get a good jump on the harvest.

Grocery & Bakery | Flour

Spring wheat prices have remained relatively firm as speculation continues that the new crop will be of poor quality due to drought conditions. Durum wheat will especially be challenged this year, which will have impacts on pasta prices in 2022. A higher US Dollar and an increased forecast for Australian wheat production has pulled prices down slightly. Any harvest pressure on corn and soybeans may present a buy opportunity for flour buyers.

Meat | Pork

This week's harvest is forecast to be 2.23 million head, due to the holiday shortened week.

Bone in butt prices are consistent with last week, with the possibility of slight declines in the next 2 weeks as 5 day production weeks restart. Boneless pork butt prices likely will decline as we get past the holiday, for the foreseeable future labor constraints are limiting product availability. Boneless loin prices continue to decline.

Rib prices are expected to decrease, low inventory in cold storage could mitigate the declines and increased harvest volumes will be necessary to hold prices lower.

Belly prices continue to fall, prices will continue lower as demand declines.

Meat | Beef

Harvest numbers are slightly higher than previous year's numbers as smaller cattle have dropped the production pounders per head slightly. Choice grading is starting to slip and currently running a bit below previous years percentage. Prime has continued to drop percentage-wise making it even more difficult to come by. Expect to see the choice/select spread to increase as we move closer to September. Logistical issues with both container ships and port warehouses have slowed the processing of imports and exports. Late August and into September should show good numbers of exports as ports and warehouses work on catching up on the backlog of orders.

The choice cutout has started to move higher, up \$0.50 bouncing off the dip we had in mid-July. Demand is picking up again as prices became more realistic. Most middle meat items have started to trend higher as retail took interest and took positions in late July. Ribeyes are higher, expect to see these prices for the next few weeks with retailers booking for deep chill programs to support the holidays. Striploin and short loins have captured some retail attention and should keep support under these cuts through most of September. Briskets have been booked up by retail on forward bookings to help cover Labor Day ads with a cheap BBQ beef option, prices have shot back up. End cuts are steady to higher, holding well above historical prices for this time of year. Thinmeats and labor-intensive items are steady to slightly higher across the category as labor is an issue across all beef packers and specialty cutters. Grinds have started moving already, retail has already stepped in on ground beef packages for the upcoming holiday.

Poultry | Chicken

The markets remained flat this week for Breast Meat, Tenders and Wings. With the shortened production from the Holiday the expectation was that product might be hard to find and drive things up some, but that was not the case. The production levels last week experienced a decrease to 161.3 million head from 167.7 the week prior. This week will also be lower number with the Holiday, but there are processors that are planning to run on the weekend that will help with keeping the reduction a little smaller. While we were seeing the split of birds more on the heavier weights the last week we were only getting 52% on the heavier weights. This drop is taking some of the supply of Jumbo breast meat out of the market and helping keep the levels paid elevated. The Jumbo wingmarket has continued to hold at a record high and the talk of the market coming off some has quieted down as we enter the fall and sports seasons taking off. The medium market and small wing markets were also able to maintain their current levels. The tenders also remained flat this week maintaining their all time record highs. The production plants are continuing to struggle with labor, which they just can't seem to find a resolution to. With the talk of the Government stopping the federal support in states the hope was that they would see some employees return to the plants, but that is just not happening. Expectations are that we are going to see these higher prices until there

is a way to increase the supply from production facilities.