



Gordon Food Service Market Updates for October 1, 2021

Dairy | Eggs

Large -No change

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- Down

Cream inventories are continuing to tighten as ice cream production starts to compete for raw material and hits it's 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 governments 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

This week's harvest is forecast to be 2.5-2.6 million head, if Saturday's harvest is strong the weekly total maybe higher. As we enter the latter half of the week, the pork market is anticipated to be affected by October pork month demand, labor-related conversion issues, transportation shortages, and increased production.

Bone in Butt prices turned higher as retailers took advantage of the prices. Bone in butts will be featured in retail during Pork Month. Boneless pork butt prices are declining but continue to sell at a larger premium to bone in butts than we have seen in the past as labor issues have slowed boning lines. Boneless loin prices continue to decline.

Belly prices leveled off last week and prices have increased to start the week. Shortages are possible.

HOG SUPPLY

The USDA published it's quarterly hogs and pigs report this week

Total swine in inventory down 4% with market hogs showing 4% decrease from prior year. The breeding herd, as of September 1, was down 2.26% from the prior year. The pig crop is down from last year by 6%, continuing the herd tightening as a result of last year's pandemic impacts as well as this year's struggle with disease in the sow.

Meat | Beef

Harvest numbers are slightly higher than previous year's numbers as smaller cattle have dropped the production pounds 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 have been staying pretty flat up until just recently. While we were expecting to see some downward movement it just has not been happening. We are just finally starting to see some signs of weakness in the chicken market. This is seasonally a time when we see less demand and prices falling, but this year it is just starting later and from a much higher level. The production levels are remaining very consistent and at the 167-168 million head levels week to week. We are running in the 57% level for heavier birds which puts more total pounds of supply in the system. These current levels are running just below where we were at a year ago. The labor challenges are still real and while many were hoping to see some relief in the months ahead things are not showing many signs of improvement. The plants running the Jumbo birds are in a little better position as the labor is not as high as the small bird plants that require more employees for further processing and portioning. The Jumbo wingmarket has remained in a very balanced position and not seen much of a decrease, but it does appear that wings are starting to show up a little more and could lead to some further declines. I would not expect to see any thing dramatic, but some softening is looking to become possible. The medium market and small wing markets were also showing some signs of weakness. The tenders have also experienced some softening, but at a very slow pace. While the production plants continue to struggle with labor it does not look like there will be much of an increase in production and output of supply. As we finish up the year and move into next year it is expected to see the markets remain at these higher levels, but some of the seasonality is coming into play.