

MARKET REPORT

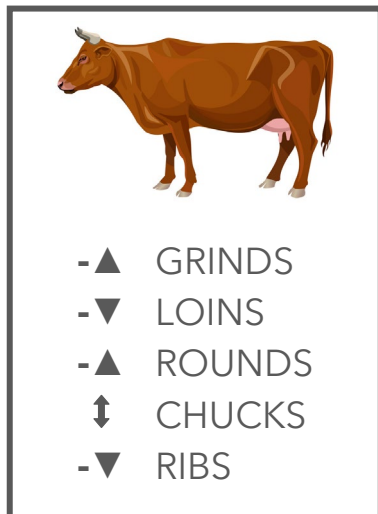
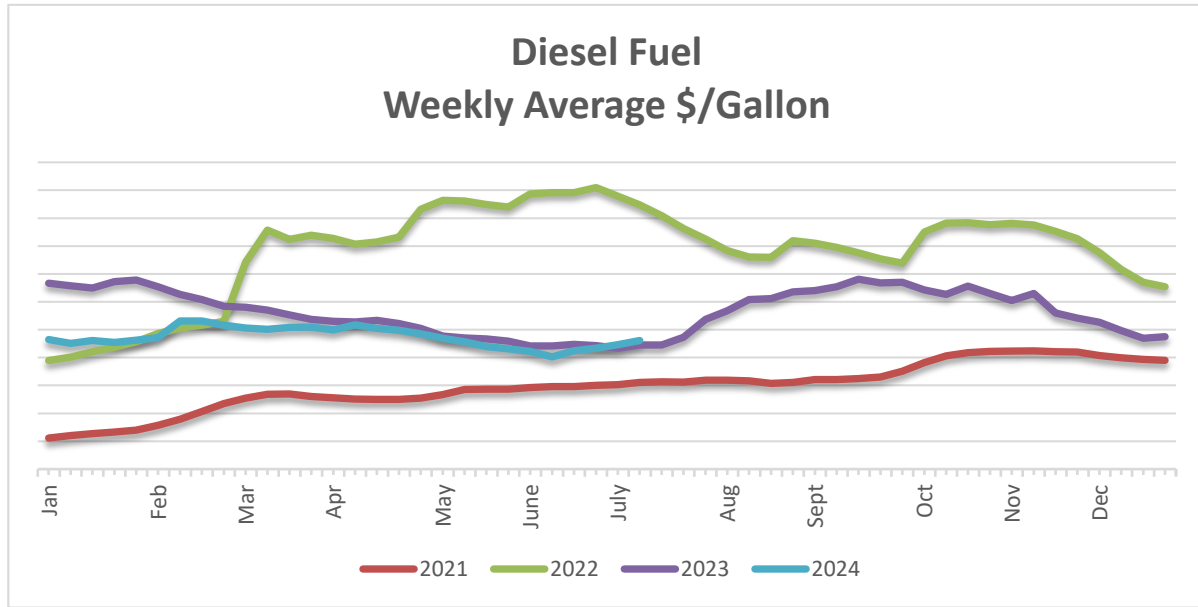


WEEK ENDING | JULY 12, 2024

Graphs represent data for the week ending July 5, 2024



LOGISTICS



BEEF

The market is unsettled. Total beef production for last week was down 15.4% versus the prior week and down 0.3% compared to the same week last year. Year to date, total production is down 1.6% compared to the same period last year. Total headcount for last week was 517,000 as compared to 536,000 for the same week last year. Year to date, the total headcount is 16.09 million head, which is down 4.5% from last year. Live weights for last week were down 5 lbs. versus the prior week and up 39 lbs. from the same week last year. Beef demand is moderate and cutout values are holding stable after the July 4th Holiday. On the supply side, availability is tight due to reduced slaughter levels over the last three months. On the live side of the business, live cattle

futures have moved lower over the last week for the months of August, September, and October. From a production standpoint, dressed carcass weights are about 35 pounds higher than last year and 41 pounds higher than the 5-year average. Future demand is highly active with more activity on the spot market being reported. The beef category remains unpredictable due to higher primal costs, higher retail prices, avian flu news, and tight supply which may take many months to play out.

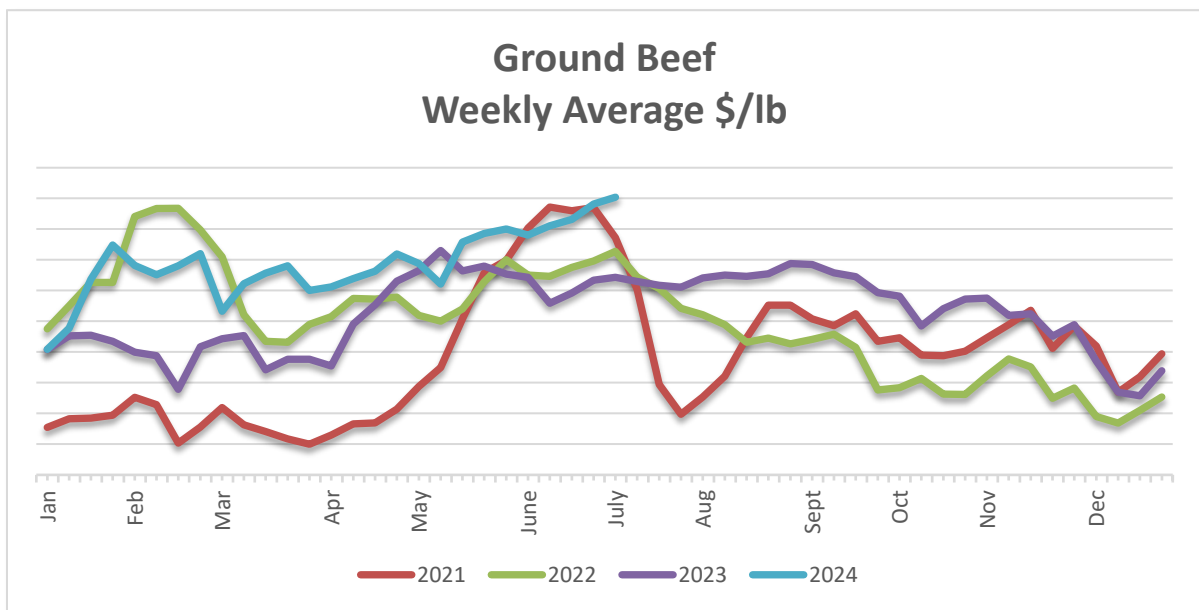
Grinds – The market is steady to firmer. Holiday demand was strong and summer seasonality is keeping the category well supported. Retail prices hit a record high of \$5.236 per pound in April according to the USDA Economic Research Service. Supply remains tight with some shortages being reported. Trade levels on 73% and 81% grinds are being tested higher.

Loins – The market is steady to weaker. Demand is moderate but higher price points and tight supply are hampering the category. With the recent production cutbacks, supply is still tight. Trade levels are being pushed lower on the spot market.

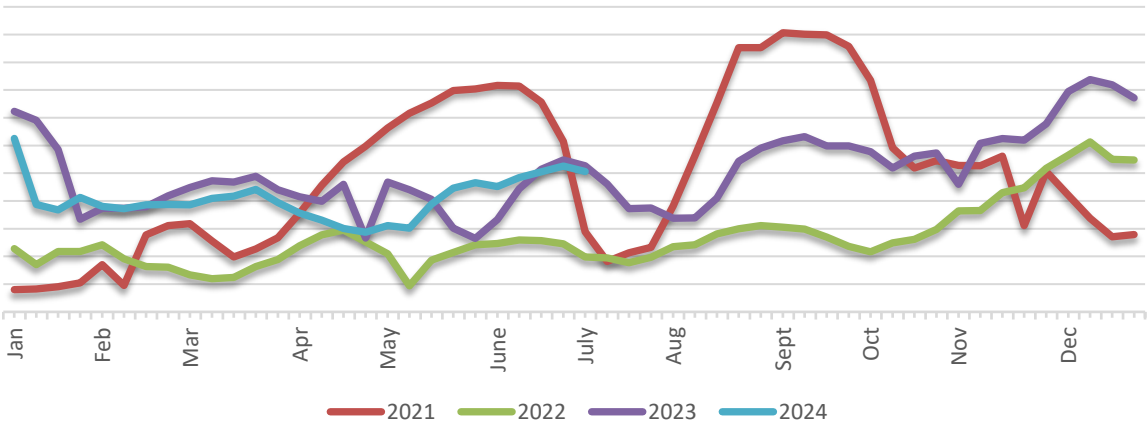
Rounds – The market is steady to firmer. Category demand is strong with consumers looking for cost efficient beef items. Availability is limited and varies by packer. Trade levels have been trending higher over the last few weeks.

Chucks – The market is mixed. Demand is consistent as consumers look for beef items with lower price points. Supply on chucks and clods vary by packer. Trade levels on chucks and clods vary to packer on the open market.

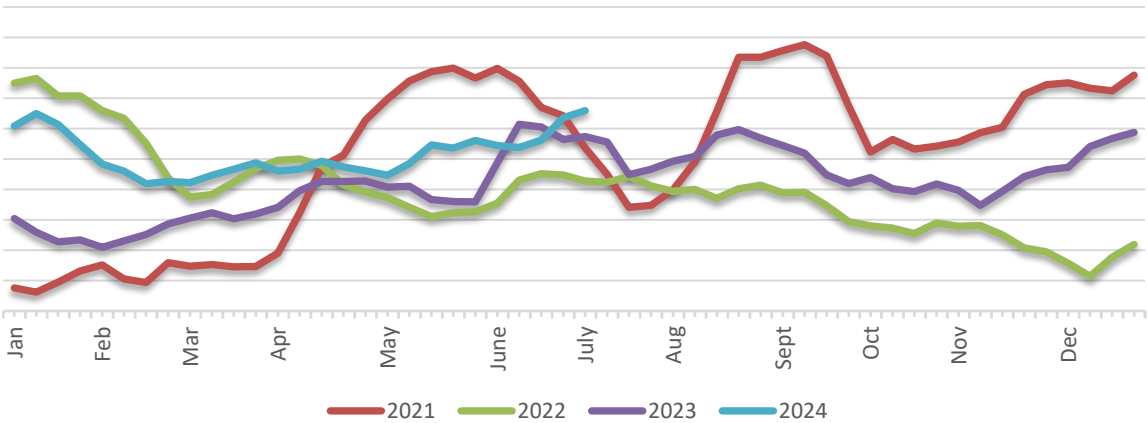
Ribs – The market is steady to weaker. As expected, overall demand is starting to recede a bit after the July 4th Holiday. Supply remains at a premium. Trade levels are stable but have been pressured lower over the last couple of weeks.

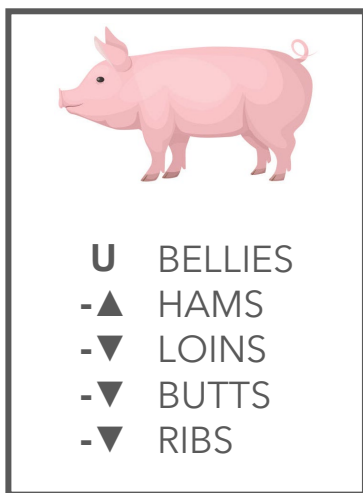
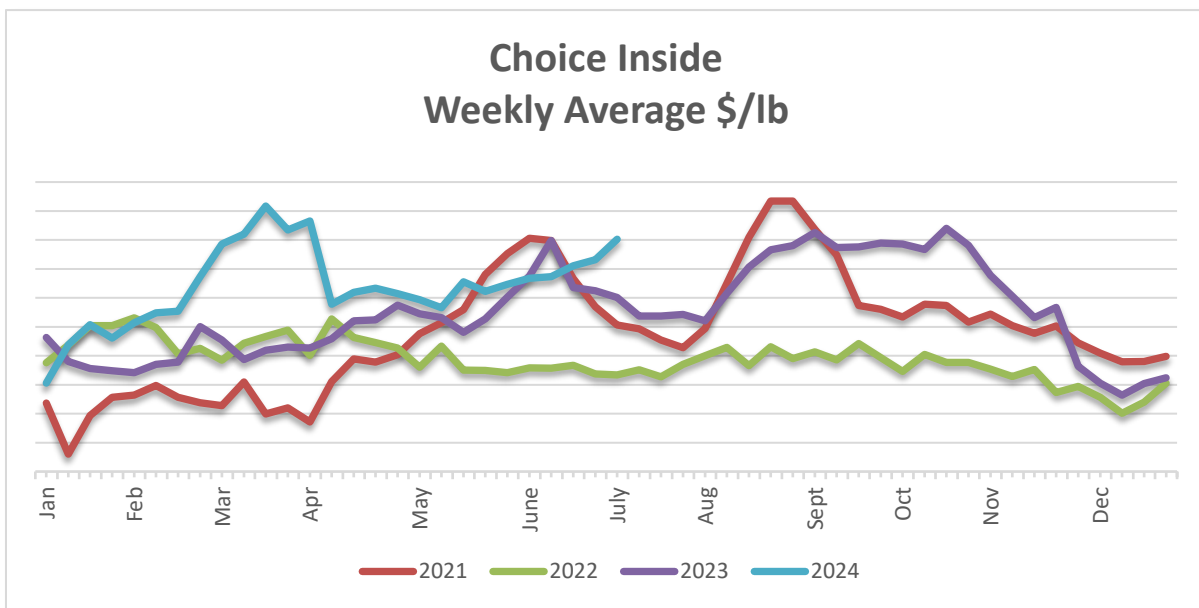


Choice Ribeye Heavy Weekly Average \$/lb



Choice Brisket Weekly Average \$/lb





PORK

The market is steady to weaker. Total pork production for last week was down 16.0% versus the prior week and up 7.0% compared to the same week last year. Total headcount for last week was 2,405,000 as compared to 1,954,000 for the same week last year. Live weights for last week were down 1 lb. compared to the prior week and up 6 lbs. versus the same week last year. With the July 4th Holiday in the rear-view mirror; demand for loins, butts and ribs have been soft this week. Cutout values have been well supported this summer but a slight correction after the holiday is starting to occur. Supply in the United States is expected to remain higher through end of the year as the pig crop numbers continue to outpace last year. On the other hand, global production has been restricted by EU farm policies.

Market values are holding within established ranges, but soft undertones are being reported.

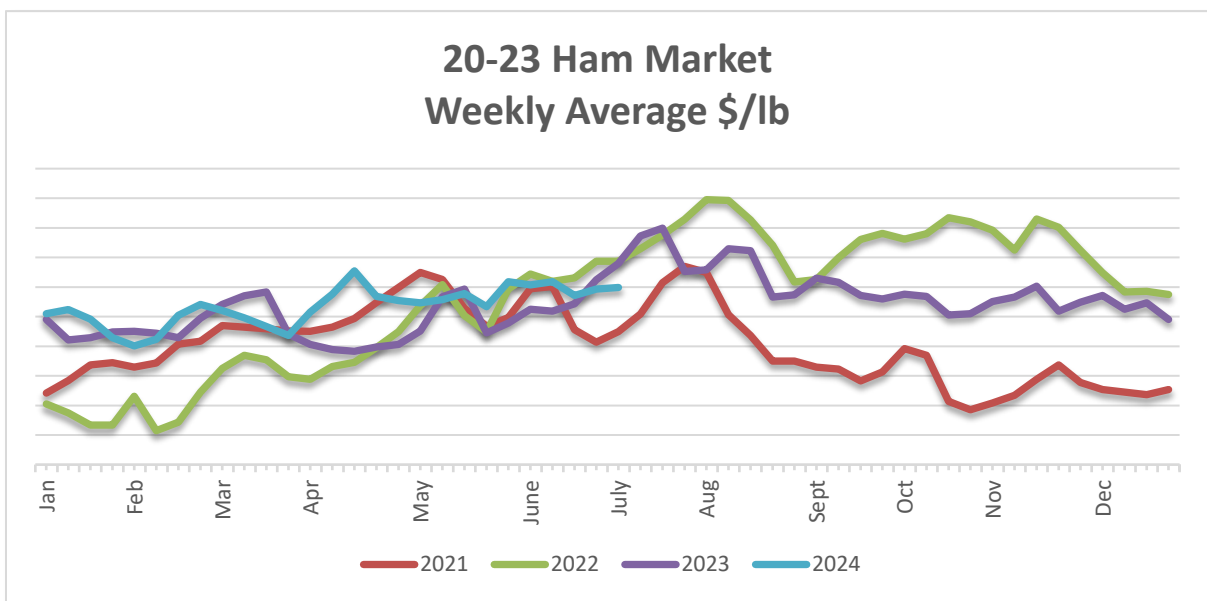
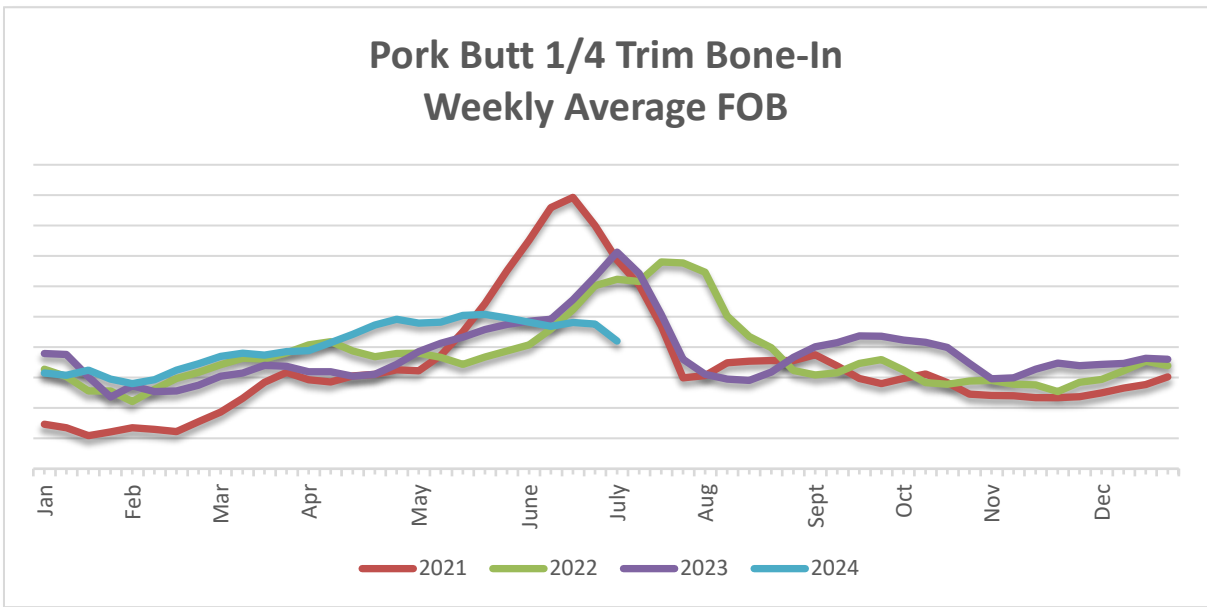
Bellies – The market is unsettled. Retail and food-service demand is moderate, but QSR interest is starting to wane a bit. Supply is available. Limited trade activity is being reported but market values continue to trade in a consistent range.

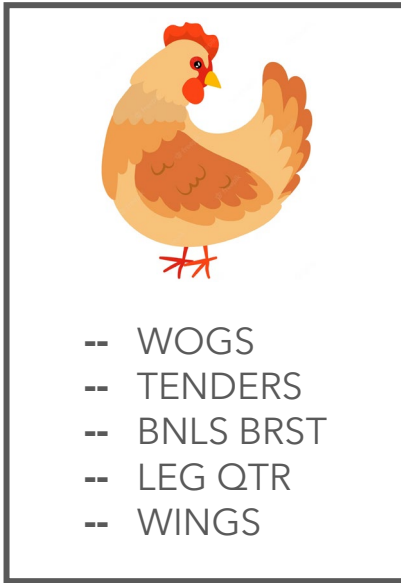
Hams – The market is steady to firmer. Domestic demand for boneless hams is moderate to good with support from retail deli and foodservice QSR’s. Export business to Mexico has picked up recently on bone-in green hams. Supply is available. Spot trading on bone-in product is pressuring values higher.

Loins – The market is steady to weaker. Demand for bone-in loins was strong going into the holiday and has softened over the last week. Volume on boneless loins is inconsistent with some suppliers having to offer product on the spot market. Supply varies by packer especially on boneless product. Market levels on bone-in and boneless have been trending lower.

Butts – The market is steady to weaker. Demand for bone-in and boneless product has dropped a bit after the holiday. Export business to the Pacific Rim continues to be fair at best. Supply is available. Market levels have been pressured lower.

Ribs – The market is steady to weaker. Demand from the food service and retail channels has slowed considerably over the last week. Supply varies by packer with reports of increased inventory. Market on spareribs is moving lower while St. Louis ribs and back ribs are holding even.





CHICKEN

The market is steady. Total headcount for the week ending 7/5/2024 was 142,583,000 as compared to 147,841,000 for the same week last year. The average weight for last week was 6.36 lbs. as compared to 6.29 lbs. for the same week last year. Demand is moderate to good for both white meat and dark meat. As a result of higher beef and pork prices, chicken has gotten added support from the American consumer this summer due to product availability and price points. Tenders and wings continue to maintain the highest demand of all the subcategories. Boneless breast and WOGS continue to get adequate support from retail and foodservice alike. The recent hot temperatures in the South caused some bird weight issues which affected plant operations and yields. Weekly slaughter levels are reduced due to chick hatchability rates that hover around 79%. Market levels are holding within established ranges.

WOGS – The market is steady. Fast-food and retail deli is holding strong following the holiday. Supply is available with spot loads being picked up quickly. Market levels are holding even.

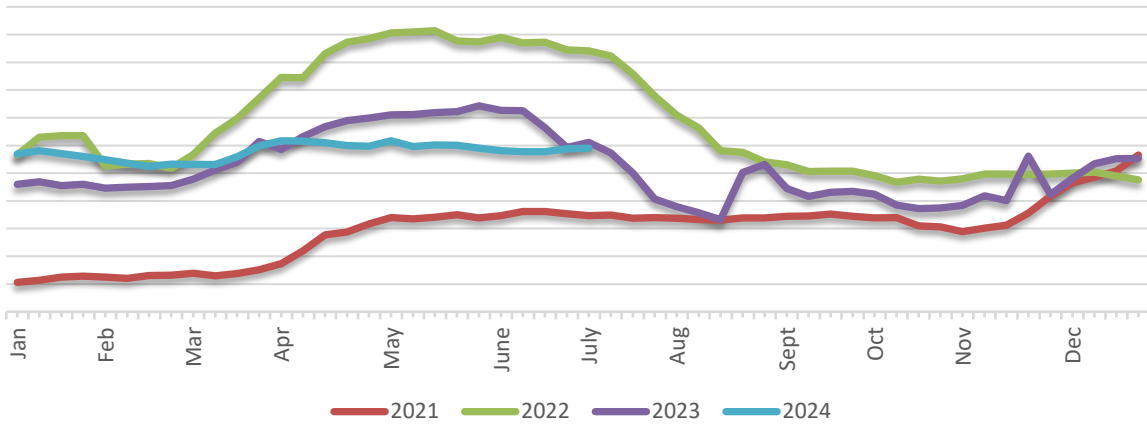
Tenders – The market is steady. Demand from the foodservice and QSR channels continues to be robust. Supply continues to be tight on both select and jumbo sizes. Market levels on select and jumbo tenders are firm.

Boneless Breast – The market is steady. Retail, foodservice, and further processing is vibrant at the current time. Even though market values are higher compared to last year, boneless breast continues to be a good value compared to other proteins. Supply is available but not in excess. The market is holding at established ranges.

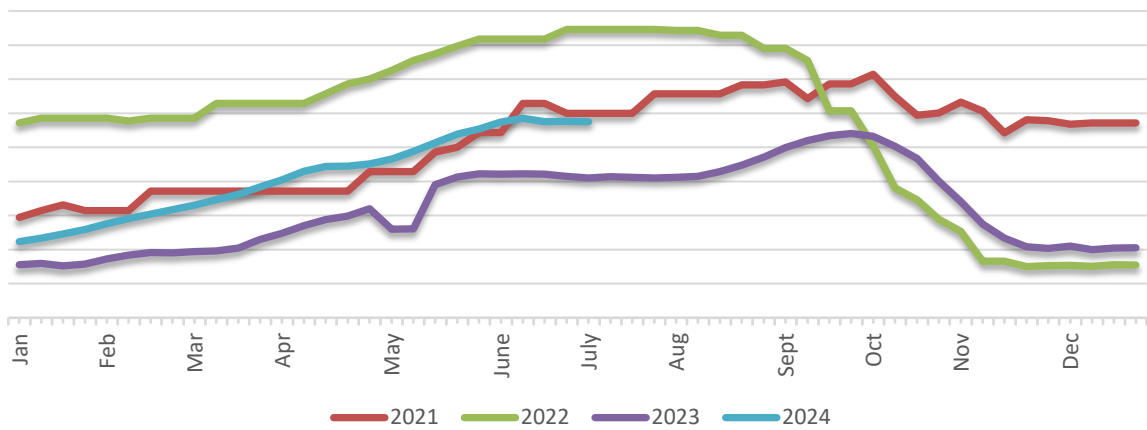
Leg Quarters and Thighs – The market is steady. Domestic business on leg quarters, parts, and thigh meat is trending strong due to summer grilling. Export business on whole legs is reported to be fair. Supply is tight and varies by plant. The market on leg quarters and thigh meat is flat.

Wings – The market is steady. Jumbo wings continue to be well supported by the foodservice channel. Medium and small wings are mostly sold up as further processors replenish inventory. Supply is tight with limited spot market activity. The market on all sizes is moving sideways.

Chicken Plant Grade, 2.5 lbs & Up Weekly Average \$/lb



Chicken Tenders Weekly Average \$/lb





TURKEY

The market is steady. Total headcount for the week ending 7/5/2024 was 2,459,000 as compared to 3,187,000 for the same week last year. The average weight for last week was 33.45 lbs. as compared to 30.29 lbs. for the same week last year. Activity on whole birds, boneless breast, white meat, and parts is fair but continues to underperform industry expectations. Business on breast meat is flat and has not really gotten the normal summer lift that is expected. Imported breast meat coming into the United States has created some excess supply. Even though the supply side is currently adequate, HPAI concerns continue to persist.

Whole Birds – The market is steady. Demand for whole birds continues to be slow. Spot trading is sluggish which is a result of heavy inventory carried over from calendar year 2023 into 2024. Market levels are holding even.

Breast Meat – The market is steady. Retail deli and foodservice business is consistent but very mundane. Higher price points are having an impact on the consumer. Further processors are producing bare minimums on a weekly basis. Supply of fresh and frozen product is available. The Cold Storage Report has noted that frozen inventory is higher year over year. Market levels are mostly flat.

Wings – The market is steady. Whole wings are well supported by the export channel and two joints are easily placed in the domestic foodservice channel. Supply is available and varies by plant. The market on whole wings and two-joint is firm.

Drums and Thigh Meat – The market is steady. Export and domestic business for drums is hitting peak seasonality. Thigh meat is well supported with consumer demand for retail ground turkey. Supply is available but not in excess. Market levels on Tom drums and thigh meat are firm.



SEAFOOD

Gulf Shrimp – The market is unsettled to firmer. Demand for domestic Gulf Shrimp is still unsettled due to competitive pressure from the import market. However, due to a lag in recent landings, current offers have been fulfilled at the higher end of the range.

Black Tiger Shrimp – The market is firmer. Moderate demand, overall tighter supplies, and costly replacements of Black Tiger Shrimp have kept the market firmer.

White Shrimp – The market is steady to firmer. Increased overseas pricing and improved movement have brought some stability back to the market. Supplies are barely adequate with moderate demand.

King Crab – The market is steady to slightly firmer. Supplies of King Crab, regardless of origin, are light with moderate demand.

Snow Crab – The market is steady to unsettled. Supplies of all sizes are steady with moderate demand. Some higher and lower offers have been noted.

Warm Water Lobster Tails – The market is steady to slightly firmer. Supplies are adequate with moderate demand.

North American Lobster Tails – The market is steady to weaker. The supply situation has improved and become more balanced after initial landings exceeded expectations. Some discounts are still being reported.

Salmon – The market is unsettled. The Chilean frozen fillet market is steady to weaker. Supplies are adequate with fair demand. Some offers above and below the range have been reported. The European fillet market is steady to firmer. Supplies are barely adequate with moderate demand.

Cod – The market is steady and mostly unchanged.

Flounder – The market is steady and mostly unchanged.

Haddock – The market is steady and mostly unchanged.

Pollock – The market is steady to firmer. Supplies are adequate with moderate demand.

Domestic Catfish – The market is steady to firmer. Demand for domestic catfish remains down due to competitive pressure from the import market.

Tilapia – The market is firmer. Light supply and increased costs overseas are being met with moderate demand.

Swai – The market is weaker. Supplies are fully adequate, and demand remains lackluster.

Scallops – The market is firmer. Despite recent high-volume landings, summer demand has exceeded supply.



FLUID MILK

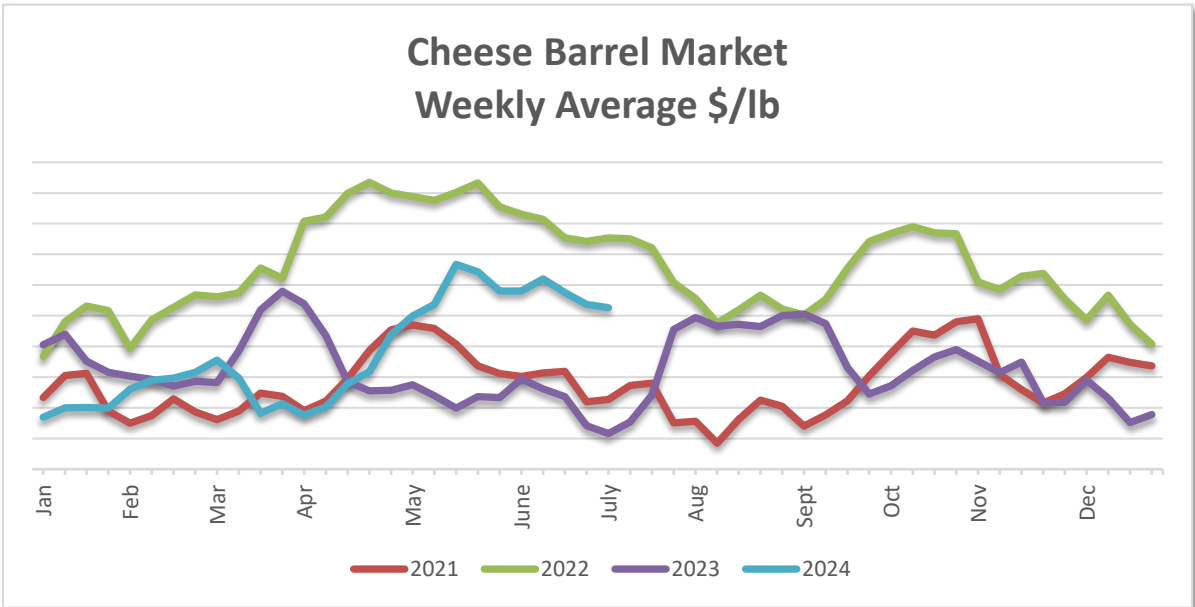
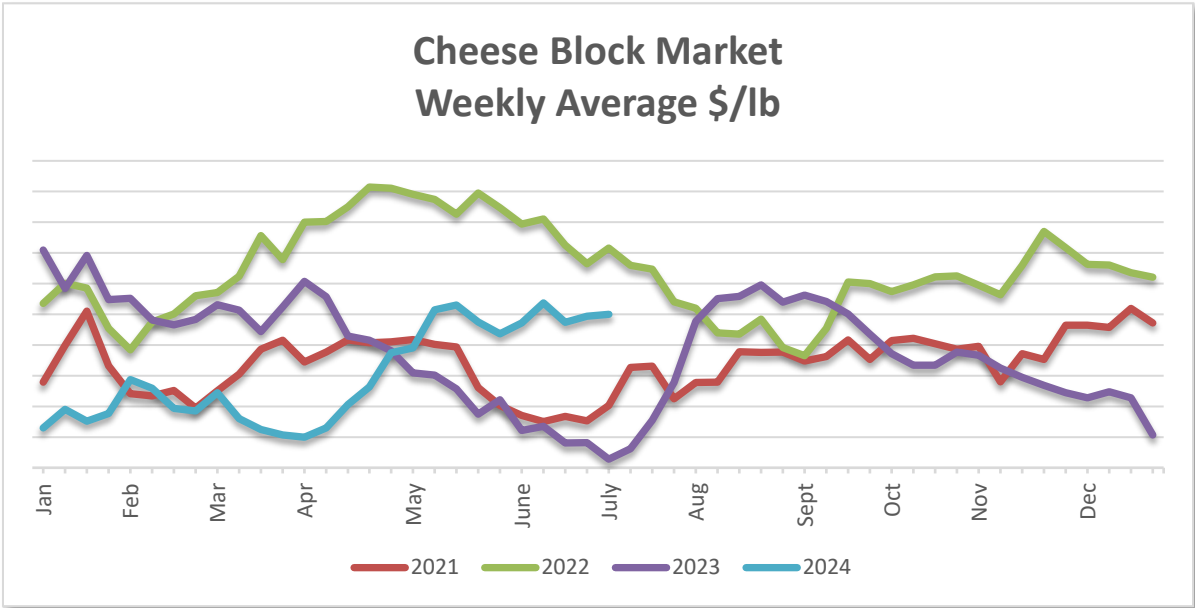
The market is weaker. Fluid milk and cream production continues to decline across nearly every region. The southern half of the US and the West regions are experiencing the heat of the summer. According to the USDA, approximately 12% of the milk cow inventory is within an area experiencing drought. In California, milk production has trended weaker with temperatures reaching 110 degrees with no substantial cooling off occurring in the evenings. Amongst the 24 milk producing states, New Mexico had the largest decrease on a percentage basis when comparing May 2024 to May 2023 milk production. The upper Midwest and Eastern regions continue to deal with almost daily rainfall which has impacted the wet fields to harvest and cut hay. Cow comfort has declined and therefore production has been impacted in many regions. Milk and components are continuing to slide downward with some noting that that this is occurring at more than a seasonal pace. The overall milk and cream market narrative is noticeably different in the start of July 2024 than of this time last year, according to the USDA. Class I bottling orders remain weak to slightly steady depending on the region. Ice cream manufacturing as well as Class III cream usage continues to pull tightening cream supplies away from butter churning. Demand from all other Classes is reported as steady.



CHEESE

The market is mixed. The CME Block market was mixed as we progressed through the week. The CME Barrel market trended weaker as the week progressed. Both markets trended firmer than the prior week. Farm level milk production is weaker across most regions. Cheesemakers have noted the rising temperatures have played a part in component levels. Cheese manufacturers have maintained seasonally steady production schedules as well as maintained cold storage inventories. In the Central region, cheesemakers are working to get ahead of a tightening milkshed in the region. Cheese inventories are reported to be comfortable in most regions. Foodservice and retail demand are both reported as steady to strong. Export demand is reported as steady to lighter. According to the USDA's most recent report, some stakeholders convey thoughts that domestically produced load prices are not competitive with internationally produced load prices.

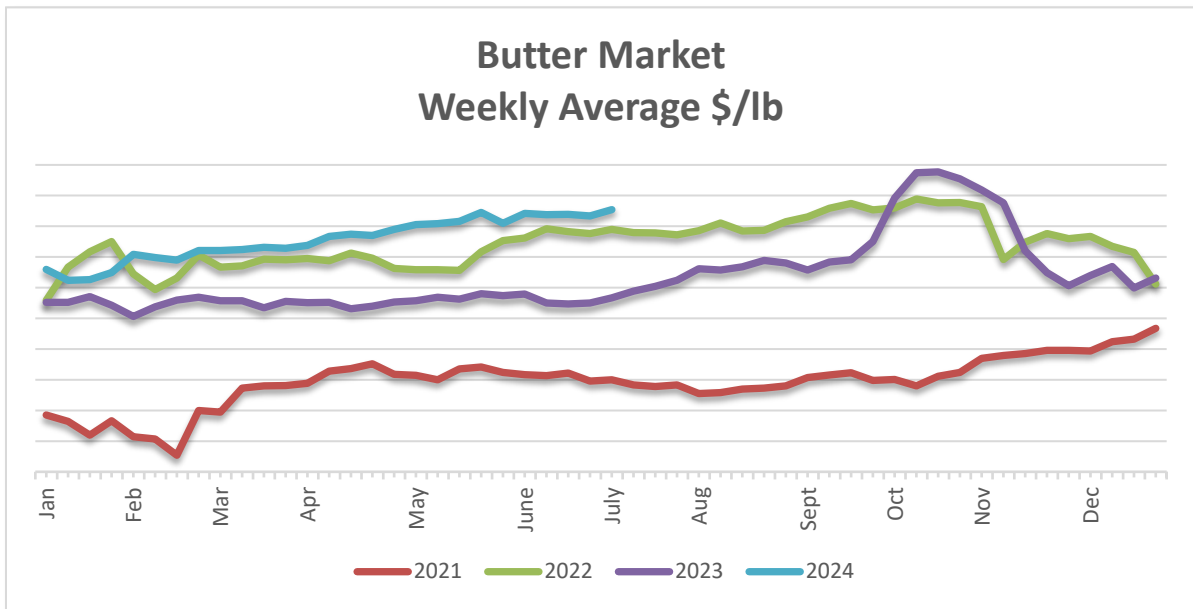
European milk production continues to weaken. Cheese production in Europe is also declining with reports of lighter farm level milk output. That said, supply and demand continue to be reported as balanced with each other. Foodservice demand has been mixed with some noting that demand is below expectations. Contacts suggest that weather conditions have contributed to a varying food service demand. Retail cheese demand in Europe continues to be strong.





BUTTER

The market is mixed. The butter market was mixed as the week progressed and trended weaker than the prior week. Cream continues to tighten across the country. Ice cream production has drawn upon available cream volumes. Butter manufacturers report that steady and lighter churning schedules are in place, with some processors advising churns are expected to go offline for planned maintenance projects. Contacts report salted butter is readily available while unsalted butter continues to be tight. According to the USDA, butter market tones remain bullish. Both retail and food-service demand are reported as slightly weaker. Domestic demand is reported as steady to light.

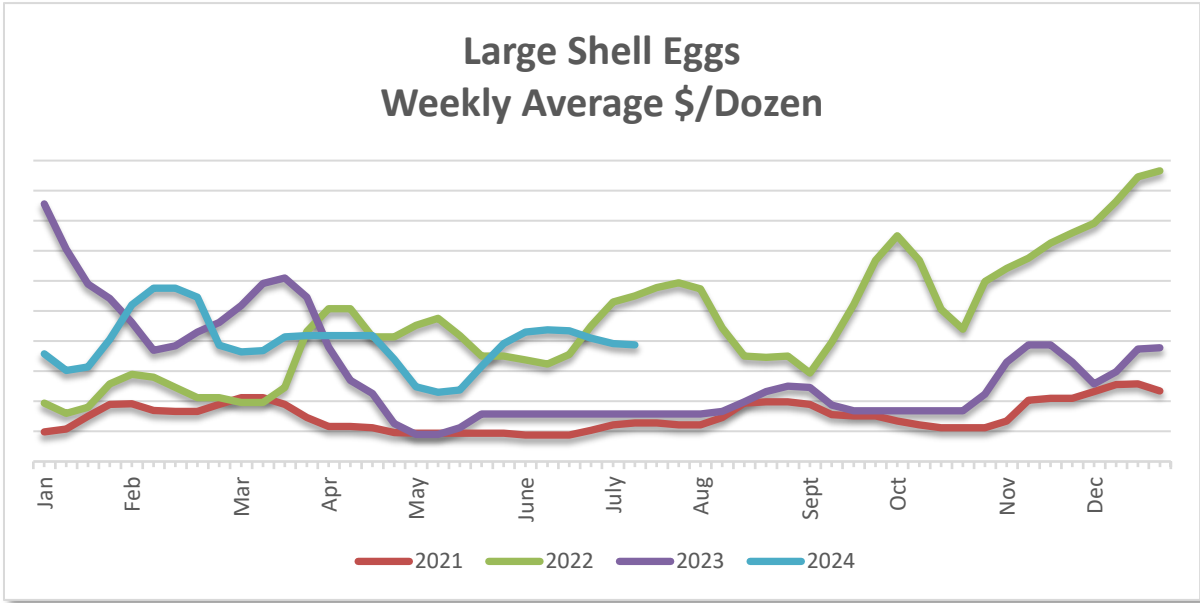


EGGS

The market is steady to weaker. In the retail sector, large national grocers, having featured shell eggs on a consistent basis and making product readily available, have caused demand to become more moderate. Foodservice demand continues to improve in vacation hotspots as the season picks up but is broadly average elsewhere. Regions hit with recent weather systems have seen a need for quicker replenishment due to power outages and supply chain disruptions.

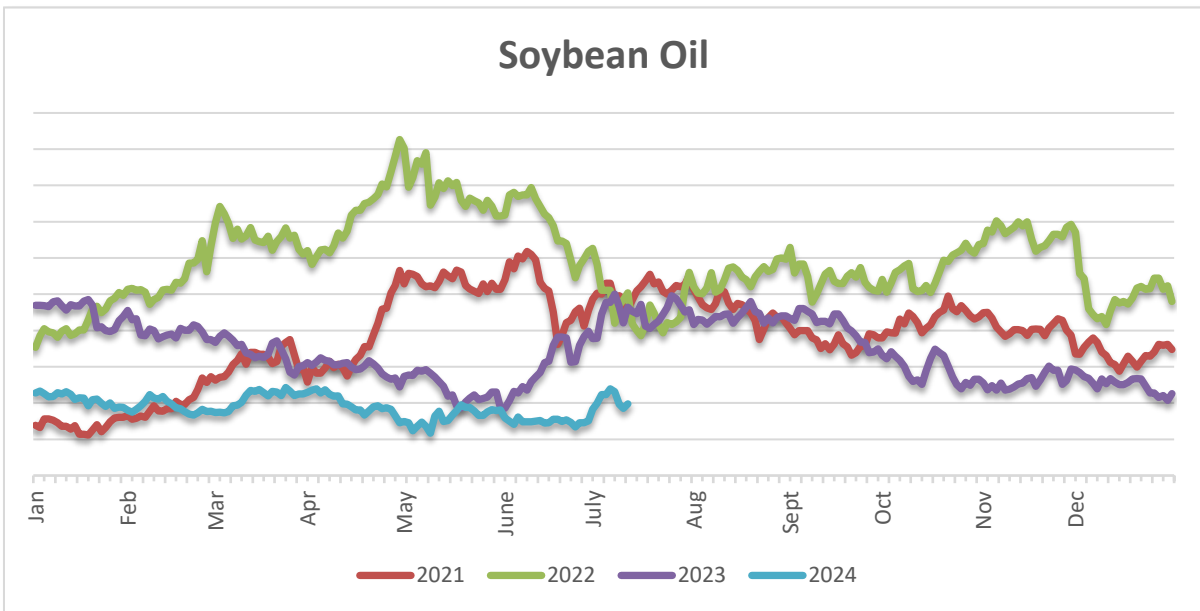
Supply has tightened considerably on medium and large sized shell eggs. Market levels are moving lower on medium sizes and large sizes. National weekly reports show shell egg inventory up 1.5% and breaking stock inventory up 5.5% over last week.

Demand in the egg products category is steady to weaker. Despite buyer interest, demand and orders of liquid whole eggs and whites are being fulfilled at the lower end of the range. The yolks and dried markets remain steady.



SOY OIL

The market is unsettled. With the market showing recent weakness and a heavy sell-off earlier this week, late support has futures up slightly on soybean products. New soy crop conditions are currently above trade expectations and are the best rating since calendar year 2020. Now that South American crop is completed, it's possible that the US might pick up more export business for crush product. Since biodiesel is becoming a bigger demand component of the industry, additional crush supply is being welcomed. At the current time, the United State holds the ranking of the 3rd largest oil producer and processor in the world.



COCOA

The cocoa market is unsettled. Continuing weather, political conditions and crop diseases continue to keep the cost of cocoa at record highs. Price increases and potential allocations are expected as we progress through the year.

FLOUR

The flour market is mixed. In the US, the winter wheat harvest is 27% complete which is 5% higher than expectations, according to the USDA. The harvest was at 12% complete at this time last year. US wheat exports for 2024/2025 are forecasted to be up 25 million bushels based on larger domestic supplies and some reduced competition from key exporters. According to the USDA's wheat exports forecast, Russia's production is forecasted to be down 5 million metric tons in the month of June. Recent freezing temperatures in May and drought has impacted the Russian winter wheat crops. In other areas, unfavorable weather conditions have lowered production. Intensifying drought in the Ukraine as well as excessive moisture in France have contributed to the downturn from European exporters. That said, the long-term decline in the U.S. share of the global wheat market is still apparent as exports are coming in around 20% below 2020/2021. The U.S. remains forecasted to be the fifth leading wheat supplier in the world.

HONEY

The honey market is mixed. According to the National Honey Board, YTD honey imports through April came in at an all-time high up 30% from 2023, led by the India market. Beekeepers in the United States expect a normal season despite some weather-related challenges depending on the region. Some impacts are expected to the honey crop in Mexico due to wet weather. With the implementation of the Minimum Export Pricing (MEP) introduced in March 2024, exporters from India are facing reduced demand in the market.

As honeybees are a critical link in U.S. agricultural production, the health of honeybees continues to be a topic of concern in the industry as a result of parasites and pests, Colony Collapse Disorder, and exposure to pesticides. That said, work is being done by the Agricultural Research Service through the USDA to mitigate the impact of pathogens and pesticides while working to enhance honeybee health and improve management practices. A recent testing found that approximately 3% of honey samples were adulterated which is lower than the last testing done in 2021-2022 that came in around 10% adulterated.

RICE

The situation with parboiled rice has not improved. Lead times are increasing to 10 weeks or more with some suppliers. Some good news is being reported that the most recent harvest was better than last year. Production for parboiled rice is still having difficulties keeping up with demand.

SUGAR

The market is unsettled. Availability remains limited. This year's U.S. sugar crop came in below expectations and this is expected to put additional strain on inventories over the coming months. Allocations and longer lead times should be expected with multiple suppliers not looking to take on new business

For questions regarding the markets, please contact the appropriate Category Manager:

Davy Ard, Sr. Vice President of Category Management, ext. 5431

Beef, Pork, Poultry: Ken Kotecki, Sr. Category Manager, ext. 5463

Dry Pasta, Non-Foods & Chemicals, Redistribution, Spices: Steve Moulthrop, Category Manager, ext. 5451

Canned Goods, Commodities (Sugar, Oil, Rice, Beans), Frozen Fruit & Vegetables, Imports, Pickles: Willie Biddix, Category Manager, ext. 5457

Appetizers, Dry Grocery, Eggs, French Fries, Frozen Pasta, Produce, Seafood: Gabriel Tegenkamp, Category Manager, ext. 5432

Bakery, Beverages, Dairy, I.P.A.P.: Beth Hatter, Associate Category Manager, ext. 5412

