



DSR Market Insights

Week of
May 6, 2024

CATEGORY	NEAR-TERM MARKET PRICING TREND	SUPPLY vs. DEMAND	DSR MARKET INSIGHTS COMMENTARY
Beef (Commodity)	Increasing	Available - Mixed	<i>The national Foodservice market tone is steady. Business is generally good. Retail is showing greater interest in beef with warmer weather, Mother's Day, and Memorial weekend ahead. The market appreciation we have been waiting for should be just ahead. Expect higher prices on middle meats driven by seasonal demand.</i>
Butter	Increasing	Available - Steady	<p><i>In the West region, domestic butter demand ranges from slightly higher to slightly lighter compared to the week prior. However, domestic butter demand is unchanged for the Central region. In the East region, foodservice demand is unchanged, and retail demand is following seasonal expectations. Cream is widely available throughout the country, and some butter manufacturers convey securing additional cream volumes. Butter makers are running busy production schedules and continue to build bulk butter inventory for late summer and fall needs. Some stakeholders note unsalted butter loads are tight.</i></p> <p><i>East Region Cream demand is steady in the East. Butter plant contacts continue to share robust churning schedules. The All Class multiples range increased one cent at the top of the range over last week. Contacts have also shared that inventories of bulk frozen salted and unsalted varieties are comfortable. Foodservice demand is unchanged from recent weeks, with private label demand holding steady. Retail demand is in line with seasonal expectations.</i></p> <p><i>Central Region Despite regularly reported concerns about mid- to longer-term cream availability with summer just months away, current stocks are widely available. Some butter makers say May deals have yet to be brokered, but with current levels of availability, they expect pricing to hold somewhat comparable to this month's. Production is on or ahead of schedule, according to processors, as they continue to put away bulk butter for late summer and fall needs.</i></p>
Cheese	Increasing	Available - Steady	<p><i>Cheese production schedules are trending steady to stronger throughout the U.S. Some Eastern cheese plant contacts share that seasonally strong milk availability has enabled steady cheese production. Cheese inventories in the area are comfortable, but demand has increased in recent weeks, as have prices for both blocks and barrels on the CME. Foodservice demand is light. Retail demands in the region are steady to higher. Central area cheese manufacturers share, too, notable increases in cheese demand. Curd, cheddar, and Italian-style cheese demands are all stronger than in recent weeks. Cheese manufacturers in the West note strong cheese production. Milk handlers share milk availability is adequate to meet processing needs. Contacts share cheese inventories are available for spot purchasers. Western contacts say demand from domestic buyers is steady to moderate, while international interests are quiet.</i></p> <p><i>East Region Milk production continues to grow in the East. Cheese plant contacts share seasonally steady production schedules. Cheese inventories remain ample despite there being some upticks in demand. Contacts continue to relay light foodservice demand. Retail demand is noted to be steady to stronger, with contacts citing grilling season as a possible reason for increased demand.</i></p> <p><i>Central Region As cheese market tones show further signals of life, the same is being said among contacts regarding demand. According to contacts, these bullish factors are not mutually exclusive. Customers are trying to get ahead of increasing market price points. Curd demand, according to processors, is not where it was two and three years ago, but it has improved when compared to</i></p>
Fluid Dairy	Class I - Decreasing Class II - Steady	Class I Available - Steady Class II Short - Strong	<i>For May, expect a decrease on Milk (Class I) and an increase on Cultured/Creams (Class II).</i>



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Oils/Shortening	Steady	Available - Mixed	<i>We have seen slight declines in commodity oil prices again this past week as the trading markets again soften. The price of commodity oil is highly impacted by supply and demand of the Biofuels sector. Right now those prices have continued to soften which has caused the longer term overall decline in all domestic oilseed markets. The current pricing levels are expected to prevail in the near term. This does impact the cost of most oilseed products sold in Foodservice. Imports of Palm Oil have increased based on increased World production. This has caused the price of margarine to decline in recent days. We do expect margarine prices to remain at similar levels in the near term.</i>
Pork (Commodity)	Increasing	Available - Strong	<i>Demand for the butt and spare rib on increasing as Memorial Day approaches, resulting in increased prices.</i>
Pork (Value-Added)	Steady	Available - Steady	<i>The belly value is relatively flat for the next month or so, expect bacon pricing to remain stable.</i>
Poultry (Chicken)	Steady	Short - Steady	<i>Pricing on most cuts have remained steady this week. Tenderloins have continued to appreciate slightly each day this week. Wings remain in tight supply, but not directly correlated to demand. The back half of the bird remains steady and supply is tight.</i>
Poultry (Turkey)	Steady	Available - Strong	<i>Frozen whole bird pricing remains steady and well below pricing we saw a year ago. Breast meat also remains steady with plentiful availability. Expectation is this will remain the pattern near term.</i>
Produce	Lower - Broccoli, Romaine, Strawberries, Onions (yellow) Steady - Apples, Bell Peppers, Broccoli, Russet Potatoes Higher - Avocados, Oranges, Iceberg, Value-Added Lettuces, Lemons, Grapes, Tomatoes, Onions (Red)	Improving/Steady - Strawberries, Broccoli, Onions Good/Steady - Apples, Bell Peppers, Oranges, Russet Potatoes Short/Strong - Iceberg, Romaine, Value-Added Lettuces, Tomatoes, Avocados, Lemons, Grapes	<i>Apples, Galas, Golds & Pinks supply low, market up on those varieties. Avocados, MX volume lower, costs up, ripens quickly. Good quality. Bell Peppers, MX & FL spring crops are sufficient. Quality good. Broccoli, Salinas has good supplies. Market steady. Better quality. Iceberg, Salinas struggling with quality issue for next few weeks. Value-Added/Fresh Cut Lettuce costs are escalated. Romaine, Salinas supply low, market increasing. Quality fair. Grapes, import supply is short. MX starts in late May. Good quality. Tomatoes, demand exceeds supply. Costs elevated. Average quality. Strawberries, supply to increase over next few weeks. Avg. quality. Oranges, rains sized up the CA Val crop. 88/113/138s are scarce. Lemons, rains sized up the CA/AZ crop. 165/200/235s are scarce. Onions, new crop Yellow good supply, cost lower. Reds tight & higher. Russet Potatoes, 40-60ct somewhat limited supply, higher costs. 70-120ct and #2 supplies are abundant. High quality and low cost.</i>
Bulk Sugar	Steady	Mixed - Steady	<i>Demand for sugar typically starts increasing in the spring. This will put more pressure on producers to maintain supply. Product is available from most facilities to cover such demand. Price levels will likely stay at similar levels in the coming weeks.</i>
Shell Eggs	Decreasing	Available - Steady	<i>Consumer demand for shell eggs remains soft in the near term as shoppers are finding little incentive to purchase beyond an as-needed basis as retailers avoid incentivizing beyond their ability to maintain a consistent offering. Negotiated prices on the loose egg market are lower on light to moderate interest, moderate offerings and varied supply levels. Trading is slow to moderate. Wholesale breaking stock prices are lower mostly light demand. Offerings are light with mostly moderate supplies. Breaking schedules are full to reduced and trading is slow. The preliminary survey of retail outlets indicates a sharp drop in activity for conventional caged shell eggs this ad cycle with a sharp rise in the average ad price on the reduced test. Source: USDA AMS as of May 1</i> <i>Avian Influenza: at the beginning of April there were three reports of Highly Pathogenic Avian Influenza (HPAI) in Michigan (4/2 and 4/9) and in Texas (4/2). Though these are the same type of outbreaks that led to widespread flock depopulations in 2022 and subsequent increases in market prices for eggs in 2022 and early 2023, the current scale of these late-2023 outbreaks is much smaller than that which were experienced last year. Urner Barry reports steady spot market pricing despite news of these outbreaks, however it is important to remain vigilant regarding local market conditions that may affect supply and spot pricing.</i>



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Wheat (Flour Based Products)	Steady	Available - Weak	<i>Bulk Flour prices have shown small declines recent days due to ample supply and solid domestic crop out look. World news is currently looking promising for wheat availability. That should keep the markets pretty steady in the near term. That will likely result in flour and flour based products maintaining steady pricing levels in most markets.</i>