# DSR Market Insights

**Week of July 15, 2024**

| CATEGORY | NEAR-TERM MARKET PRICING TREND | SUPPLY vs. DEMAND | DSR MARKET INSIGHTS COMMENTARY |
|---|---|---|---|
| Beef (Commodity) | Increasing | Short - Mixed | *Packers elected to slow harvest levels early last week. Should packers cut kills further, product shortages should be expected coming out of the holiday week, as packers attempt to extend holiday prices to protect margins Sharp, seasonal price corrections within middle meats are ahead. Packer's hope shorting the market will slow price depreciation and prevent middle meat values from falling to projected levels* |
| Butter | Increasing | Available - Strong | *Domestic butter demand is mixed. In the East, demand is slightly weaker. In the Central, demand is ahead of some stakeholder expectations. In the West, retail demand varies from steady to lighter, and food service demand is lighter. Cream availability is generally tightening across the country recently. Amongst butter manufacturers, both steady and lighter churning paces are reported. In some cases, churn maintenance projects are currently taking place or scheduled to take place soon.*<br><br>*East Region Cream supplies continue to tighten in the East, notably in the Southeast, where there is not a lot of spot availability. Contacts have relayed that seasonal ice cream production has drawn upon some available cream volumes, and that has slowed butter manufacturing. Some butter plant managers report they are slowing production in preparation for churn rebuilds and plan to reassess churning schedules once the churns are back online. Other producers took time during the mid-week Independence Day holiday to look at Q3 production schedules.*<br><br>*Central Region Most butter making contacts are running on lighter schedules this week. Cream availability is below typical holiday levels. Cream multiples have inched higher per some contacts, which is somewhat abnormal during a weekday holiday. Some contacts suggest trades may occur over the weekend at lower multiples, but reported multiples from early- to mid-week are in line or elevated from last week's levels. Retail butter demand is, and has been, ahead of some expectations. Despite slower holiday trading this week, contacts' market expectations range from sideways to bullish. That said, seasonal butter demand is only expected to push higher moving forward.*<br><br>*West Region Butter production ranges from steady to lighter in the West. Some butter makers in the region convey reduced churning capacity due to lengthy churn maintenance projects taking place. Amongst butter manufacturers, some indicate being a net buyer of cream, while others* |
| Cheese | Steady | Available - Steady | *Cheese production schedules are seasonally steady throughout the U.S. Contacts in the East share tightening farm level milk outputs have limited the amount of milk available for Class III processing. The Independence Day holiday freed up some milk supplies, though, and cheese production schedules are in line with recent weeks. Cheesemakers in the Central region relay steady five-day production schedules. Cheese demand ranges from steady-to-stronger in the region. Contacts in the West share steady cheese production schedules. Cheese demand is in line with cheese availability at the moment. Contacts note current domestic cheese price points are not competitive with international prices, and export demand is trending steady to lighter.*<br><br>*East Region There are sources of milk for Class III production, but cheesemakers note that the rising temperatures are playing a part in component levels. Available milk volumes have decreased as the summer heat reaches more farms in the Northeast. Cheese plants have kept seasonally steady production schedules and maintained cold storage inventories. Both retail and food service customers have also kept up their steady demands drawing from those inventories.*<br><br>*Central Region Generally, the holiday week has thrown less of a wrench in cheesemakers' gameplans than what a weekday holiday typically brings. Multiple cheese plant managers relay they are running normal five-day workweeks, staying the course while milk availability holds in its current pattern. Cheesemakers are clearly trying to get ahead of a tightening milkshed in the region. Hot temperatures and/or heavy rains are pushing through the entire region. Even before the weather conditions were playing a part, cheesemakers were noting lighter week-over-week component levels. Cheese demand varies from one contact to another, but the variance ranges from steady to strong.*<br><br>*West Region Cheese production is steady in the West. Demand for Class III milk from cheese manufacturers is stronger. However, farm level milk output is generally declining in the region.* |
| Cocoa/Baking Chocolate | Increasing | Available/Strong | *Based on Global weather and crop conditions, the Cocoa Bean crop is limited this pack year. World markets are trading at high prices and that continues to trickle into Foodservice. Expected pricing to remain high on all baking Chocolate and Cocoa products with the potential for more near term increases. This will also impact pricing on finished-goods that contain chocolate as a key ingredient. This situation is expected to prevail through summer months.* |
| Fluid Dairy | Class I - Increasing<br>Class II - Increasing | Class I Available - Steady<br>Class II Short - Strong | *July Milk (Class I) significant increase for July. Cultured/Creams (Class II) minimally higher for July.* |
| Canned Vegetables - Whole Potatoes & Whole Beets | Increasing | Short - Strong | *Inventories of 6/10 Small or Tiny Whole Potatoes and Whole Beets are exhausted until new pack in late August or early September.* |

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| Oils/Shortening | Steady | Available - Mixed | *Most commodity oil products have shown modest price decreases over the past week based on stock market stabilization after a previous week of volatility. Based on ample raw stocks and solid reports regarding the current crop of Soybeans, Corn, etc. prices will likely remain near current levels in the coming days. Margarine prices have also declined slightly in recent days based on Palm Oil shipment increases into the US. Premium and Blended shortening and oil products will like not show any price fluctuations as we move through the month.* |
| Pork (Commodity) | Mixed | Available - Mixed | *Demand for the butt and sparerib is still strong, expect prices to continue to rise in the short term. The boneless loin is out of favor in retail and foodservice so should continue to decline through mid-July.* |
| Pork (Value-Added) | Steady | Available – Steady | *42 Trim has stabilized at the current level for the next couple of weeks, 72 Trim will continue to decrease for roughly the same time frame. Bellies will trend up.* |
| Poultry (Chicken) | Mixed | Mixed - Mixed | *Pricing on jumbo breast meat decreased this week, while all sizes of wings continued to climb. Tenderloins have remained steady. The back half of the bird remains steady and supply is tight.* |
| Poultry (Turkey) | Steady | Available – Steady | *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.* |
| Produce | Lower - Broccoli, Romaine, Iceberg, Yellow Onions<br>Steady -Grapes, Apples, Oranges, Lemons, Tomatoes, Bell Peppers, Russet Potatoes 80s & smaller<br>Higher - Apples [Gala, Pinks, & Golds], Strawberries, Avocados, Potatoes 40s - 70s | Improving/Steady - Grapes & Broccoli Good/Steady - Bell Peppers, Apples, Strawberries, Iceberg, Romaine, Russet Potatoes, Yellow Onions<br>Short/Strong - Tomatoes, Avocados, Oranges, Lemons, Red Onions | *Apples, Red Del, G. Smith & Fuji plentiful. Pink, Gold, Gala are tight.*<br>*Avocados supplies tight as USDA suspended Michoacan, MX harvest.*<br>*Bell Peppers, green supplies improving. Colored supply limited.*<br>*Broccoli, quality and supply improving.*<br>*Iceberg, favorable weather & lower demand increased availability..*<br>*Romaine, excellent availability. Quality above average.*<br>*Grapes, MX crop finishing, CA starting. Aug. is peak season.*<br>*Tomatoes, market elevated. Supplies should improve in a few weeks.*<br>*Strawberries, volume & quality peaked two weeks ago. Market firm.*<br>*Oranges, CA Valencia crop. 88 to 138s will be tight when schools start.*<br>*Lemons, CA 165/200/235s scarce thru summer. Imports arriving.*<br>*Onions, yellows plentiful. Red & White higher due to demand from MX.*<br>*Russet Potatoes, 40 & 50sz limited. 60 & 70s FOBs on the rise. 80s and smaller plus #2's are plentiful, good quality and cheap. Storage crop expected to overlap new crop in Aug.*<br>*Peaches, Plums, Nectarines & Cherries are in good supply from CA.* |
| Bulk Sugar | Steady | Available - Mixed | *The current crops of both beet and cane continue to look promising as there has been no significant weather damage thus far this crop year. There is plenty of product available from the current crop based on weak demand earlier this year. Pricing levels are likely to hold similar levels in the coming weeks. Prices longer term will be highly dependent on weather and it's impact on the new crop.* |
| Shell Eggs | Steady | Available - Steady | *Consumer demand for shell eggs moved slightly higher over the July 4th holiday week as focus shifted from preparation to celebration. Wholesale prices for negotiated trading of loose eggs are firm to higher on limited trading. Demand is moderate for light to moderate supplies and offerings. Trading is slow to moderate. Wholesale breaking stock prices are steady Demand and offerings remain light with light to moderate supplies. Trading is slow to moderate while schedules are full-time following last week's holiday disruption. The preliminary survey of retail outlets currently indicates no measurable feature activity no average ad price yet recorded. Similarly, featuring of specialty shell eggs at retail is down sharply from the active pace of the most recent ad cycle. Source: USDA AMS as of July 10*<br><br>*Avian Influenza News: On 7/8 Eggs America reported an Highly Pathogenic Avian Influenza (HPAI) outbreak at a Colorado farm affecting 2MM cage-free birds. This follows reports from May and prior: 5/29 Michael Foods reported a third-party farm in Iowa expects to depopulate 4.5MM hens, 5/21 Eggs America reported a farm in Minnesota expects to depopulate 1.2MM-1.3MM birds after an HPAI outbreak was confirmed (on 5/29 Michael Foods reported that this same Minnesota farm is a 3rd party supplier of theirs that provides support their primary company-owned supply). These are in addition to previous April reports from 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 is not yet to scale of the late-2023 outbreaks. Urner Barry reports elevated spot prices compared to earlier in 2024, however pricing is a lagging indicator of supply that will likely be affected by a lower population of hens laying eggs in the future. It is important to remain vigilant regarding local market conditions that may affect supply and spot pricing.* |

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| Wheat (Flour Based Products) | Mixed | Available - Mixed | *High gluten flour prices have shown modest increases in recent days based on reports of Lessing availability of high protein flour finished-goods due to increasing demand. There is still plenty of domestic stock to cover demand through this pack season and prices will likely remain at similar levels in the coming days. The price of standard (H & R) flour has decreased slightly as demand is more subdued and supply is more abundant. The pricing levels on these types of products (lower gluten) will remain at similar levels as we move through the month. The current Spring-planted crop is in good shape so far and there is no expectation of tight supply any time in the near future. Concerns over weak crop conditions in the Black Sea area have not impacted domestic prices in any significant way so far this summer.* |
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