DSR Market Insights

Week of August 12, 2024

CATEGORY	NEAR-TERM MARKET PRICING TREND	SUPPLY vs. DEMAND	DSR MARKET INSIGHTS COMMENTARY
Beef (Commodity)	Increasing	Available - Mixed	*No change. Packers continue capping harvest levels, short supply, creating product shortages, to promote and support higher selling prices and improve their margins. Improved beef demand is just ahead with warmer weather, the Spring Grilling Season, Cinco De Mayo, and Memorial weekend all coming up fast. Higher prices on seasonal beef items are ahead.*
Butter	Increasing	Available - Steady	*Domestic butter demand varies some region to region. Industry participants convey domestic demand is strong to steady in the West, steady in the Midwest, and steady to lighter in the East. Cream volumes are reported as widely available and at comfortable amounts. Butter manufacturers continue to run busy production schedules overall while cream volumes are seasonally larger. However, whether butter makers indicate churning is focused on immediate retail needs or building bulk butter stocks varies. Planned summer churn maintenance is noted by some butter manufacturers. Stakeholders, in the West region particularly, relay unsalted butter spot load availability is tight.* *East Region Cream demand is steady to stronger in the East. Contacts originally anticipated a lull in cream demand following the Easter holiday weekend but share that is not the case. Butter plant managers relay robust churning schedules. They are still focusing on building frozen bulk inventory for later-in-the-year demands. Retail demand is noted to be steady to lighter. Foodservice demand remains elevated as contacts share continued strong private label demand.* *Central Region Butter makers in the Upper Midwest say demand has held somewhat steady with recent weeks. They relay that year-over-year sales, both prior to and just following the holiday, are a bit lower than last year's. Foodservice demand is following the same pattern. Cream availability for somewhat active churning rates remains widely accessible. Some Central butter makers suggest they have cream deliveries locked in through the rest of April. Bulk butter is available, but manufacturers are not rushed to move*
Cheese	Steady	Available - Steady	*Eastern contacts share milk production continues to trend steady to higher. Cheese plant contacts note steady to lighter production schedules, citing weak block cheese demand as a reason to scale back cheese processing. Block cheese inventories remain comfortable in the region, namely of American-type cheese varieties. Cheesemakers in the Central region share ample milk availability has kept production schedules in line with recent weeks. Contacts note plant downtime and the recent holiday weekend have loosened already abundant milk volumes. Cheese manufacturers in the West share robust cheese production schedules. Contacts share that contracted cheese demand is steady. Spot demand is steady to stronger, as is demand from international purchasers.* *East Region Milk production remains strong in the East. Cheese plant managers share steady to lighter production schedules. Some contacts cite continued weak block cheese demand as reason to produce less cheese than in recent weeks. Barrel cheese prices remain above block cheese prices on the CME. Contacts share block cheese inventories are comfortable, namely of American-type cheeses such as cheddar. Retail demand is noted to be lighter than recent weeks as peak spring holiday demand has passed. Foodservice demand remains quiet. Last week's National Retail Report lists shredded cheese in 6oz.-8oz. packages as the most advertised conventional cheese item.* *Central Region Cheesemakers relay that milk is widely available, which was expected during the early spring season and just after a holiday weekend. Early week reported spot milk prices are not as low, nor as high, as last*
Canned Vegetables - Whole Potatoes & Whole Beets	Increasing	Short - Strong	*While limited inventories are still present of larger whole sizes, inventory of 6/10 Small or Tiny Whole Potatoes and Whole Beets are exhausted until new pack in late August.*
Fluid Dairy	Class I - Decreasing Class II - Steady	Class I Available - Steady Class II Short - Strong	*Small cost increases for April on Milk (Class I) and Cultured/Creams (Class II) are in place.*
Oils/Shortening	Steady	Available - Mixed	*Commodity oil products (Soy, Canola, etc.) have continued to show slightly lower prices this past week in most markets and will likely remain near current levels as we move through the next couple of weeks. Prices on commodity oils do typically increase slightly as we move into later spring months based on typically market conditions. Though this is likely to occur longer term, we do not expect to see anything dramatic in the coming weeks. Margarine prices have decreased slightly in recent days and will likely hold their current pricing range as palm imports remain steady and supply is readily available on bulk products.*
Pork (Commodity)	Mixed	Available - Strong	*Prices for butts and spare ribs should soften through the first week of April, while backrib prices are on the gentle rise for through June.*
Pork (Value-Added)	Increasing	Available – Steady	*With MLB Baseball starting, the 8000 average franks per game will drive demand for pork trim upward, and higher prices for sausage, franks, pizza toppings will follow.*
Poultry (Chicken)	Steady	Short – Steady	*Pricing on most cuts have remained steady this week. Tenderloins have continued to appreciate slightly each day this week. Wings continue to follow traditional supply and demand patterns with some uncertainty on how demand will continue through April. The back half of the bird remains steady and supply is tight.*

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Poultry (Turkey)	**Steady**	**Available – Strong**	*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 - Iceberg, Romaine, Fresh Cut Lettuces Steady - Apples, Bell Peppers, Russet Potatoes, Oranges, Onions Higher - Avocados, Strawberries, Broccoli, Lemons, Grapes, Tomatoes**	**Improving/Steady - Iceberg, Romaine, Onions Good/Steady - Apples, Bell Peppers, Oranges, Russet Potatoes Short/Strong - Strawberries, Broccoli, Tomatoes, Avocados, Lemons, Grapes**	*Apples, Lighter supply of Golds & Pinks. Slim supply of Galas remain. Avocados, MX market higher. Short ripening times. Good quality. Bell Peppers, MX & FL spring crops are sufficient. Quality good. Broccoli, rain reduced Salinas harvest. Market higher, fair quality. Iceberg, AZ&CA producing. Supply improving. Quality improving. Romaine, AZ&CA producing. Supply improving. Quality improving. Grapes, import supply is short. MX starts in late May. Good quality. Tomatoes, low supplies over next few weeks. Good quality Strawberries, supply short due to weekly rains. Average quality. Oranges, CA Navel sizing large. 88/113/138s are Valencia (seeds). Lemons, CA/AZ sizing large. 165/200/235s scarce. Quality is fair. Onions, ID/OR storage in final weeks. New crop TX/MX insufficient. Russet Potatoes, 40-60ct limited with slight increase in cost. Overall abundant supplies, high quality and low cost.*
Bulk Sugar	**Steady**	**Mixed - Steady**	*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.*
Shell Eggs	**Steady**	**Available - Steady**	*Consumer demand for shell eggs declined over the past post-Easter week with little price incentive at retail to change shopper buying habits beyond regular needs. Negotiated prices on the loose egg market are firm to higher with moderate to good interest in keeping supply needs current, particularly with the specter of avian influenza hanging over the marketplace. Offerings and supplies are light to moderate and sufficient for current business. Trading is moderate. Wholesale breaking stock prices are steady on limited demand for light offerings. Supplies are light to moderate and breaking schedules are running full-time. The preliminary survey of retail outlets indicates minimal activity with a continued focus on specialty shell eggs. At this point, the average ad price is lower on the limited test. Source: USDA AMS as of April 10* *Over the past few weeks, there have been 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 pricing despite news of these outbreaks, however it is important to remain vigilant regarding local market conditions that may affect spot purchasing.*
Seafood	**Shrimp Steady**	**Shrimp Available - Steady**	*Shrimp has continued to remain steady and at the 52-week low.*
Wheat (Flour Based Products)	**Steady**	**Available - Weak**	*As we move into spring wheat planting season, things are looking hopeful based on estimated acreage and weather patterns. There is strong supply of winter wheat stock for use in high gluten products. Based on solid domestic and world supply and slow domestic demand, the market has continued to show us lower price levels. We do expect to see some additional softening in bulk flour prices in the coming days in many markets. It is likely that prices will remain near current levels to slightly lower as we move through April.*