



DSR Market Insights

Week of
June 28, 2024

CATEGORY	NEAR-TERM MARKET PRICING TREND	SUPPLY vs. DEMAND	DSR MARKET INSIGHTS COMMENTARY
Beef (Commodity)	Increasing	Available - Mixed	<p>Voluntarily harvest level reductions sponsored by the nation's Beef packers will continue. Reducing or shorting product availability is a tool favored by packer to manage and improve margins. Retail volume will carry the Beef industry into July 4th week. Packers are well sold for arrivals June 24th and July 1st. Caution - Middle Meat values will decline quickly following July 4th. Anticipate revised/resetting prices at lower values for inbound product arrivals July 22nd.</p>
Butter	Increasing	Available - Strong	<p>Domestic butter demand is steady in the Central and West regions. In the East region, retail demand is steady as well. However, food service demand is weak. Although cream availability is tightening to various degrees throughout the country, butter producers indicate cream volumes are generally able to meet processing needs. Butter production schedules are mixed. A few manufacturers report churning as strongly as possible due to upcoming equipment maintenance projects. Unsalted bulk butter loads continue to be somewhat tight.</p> <p>East Region Cream demand remains strong in the East. Contacts share cream availability remains steady despite reductions in milk production at the farm level. Some butter processors relay seven-day butter production schedules. Contacts continue to share they are freezing butter for fall and winter holiday demands. Foodservice butter demand remains weak. Retail butter demand is in line with recent weeks.</p> <p>Central Region Butter plant contacts say cream availability has begun its seasonal shift lower, and reported multiples are further evidence of this trend. The cream markets have been noticeably consistent throughout early and middle spring according to butter contacts, but as summer-like temperatures rise, so go cream multiples. Some butter plant managers relayed receiving as many as a dozen cream loads fewer than during previous weeks. Churning is still ongoing at lighter intervals, but it is expected to quiet further in the near-term. Butter demand is seasonally holding steady. Bulk butter, particularly salted loads, is available, but 82% unsalted loads are relayed as being tight.</p> <p>Butter market tones are achieving what other domestic dairy commodities. Contacts relay mixed cheese production schedules throughout the US. In the East, cheese production schedules are steady as processors are trying to make use of readily available milk supplies. Federal Milk Marketing Order 1 authorized temporary discarding of milk due to various handling obstacles. Cheesemakers in the Central region relay strong production schedules. Processors share they are manufacturing seasonally in-demand cheese varieties which has limited their capacity to process barrels. Cheese production is steady to lighter in the West. Milk volumes are noted to be tighter than in recent weeks as temperatures rise. Cheesemakers in the region note steady demand.</p> <p>East Region Milk farms carry on with steady production in the East. This stable production paired with processors pausing for scheduled maintenance is adding to a market that has sufficient milk already. Cheesemakers' production schedules remain steady as they make use of the available milk supply. Retail and food service demand is weakening slightly, but sources are expecting demand to increase in the coming months.</p> <p>Central Region Cheese market tones continue to garner bullish tailwinds. Barrel processors in the region expect more bulls to come. They have relayed in recent weeks that customers of other varietal categories, particularly seasonal staples, have limited barrel processing output. When spot barrel loads are available, they are not available for long. More cheesemakers are opting for extra milk in recent weeks. They expect further tightening supplies and continued hearty demand. Production schedules are, naturally, very busy in the region.</p>
Cheese	Increasing	Available - Steady	<p>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.</p>
Cocoa/Baking Chocolate	Increasing	Available/Strong	<p>June Milk (Class I) costs increased significantly. Cultured/Creams (Class II) saw a modest increase.</p>
Fluid Dairy	Class I - Increasing Class II - Increasing	Class I Available - Steady Class II Short - Strong	<p>Inventories of 6/10 Small or Tiny Whole Potatoes and Whole Beets are exhausted until new pack in late August or early September.</p>
Canned Vegetables - Whole Potatoes & Whole Beets	Increasing	Short - Strong	



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Oils/Shortening	Steady	Available - Mixed	Pricing on commodity oils remains at similar levels to those we have seen in recent days. There is ample domestic oil due to strong soybean crush and slow US demand. The South American soybean crop healthy and is harvesting at a good rate which will likely promote strong world supply. We do not expect to see the strong summer price increases this year that typically follow the crude oil markets. Pricing will likely remain at relatively steady levels as we close out the month.
Pork (Commodity)	Mixed	Available - Mixed	Demand for the butt and sparerib is still strong through the end of June, 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	Pork bellies should continue at roughly the same price for the next couple weeks, 42 Trim has been on a downward trajectory recently but should stabilize. 72 Trim is headed higher for the near future.
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 - Iceberg, Romaine, Tomatoes, Onions Steady - Grapes, Apples, Strawberries, Bell Peppers, Oranges, Russet Potatoes, Value-Added Lettuces Higher - Apples [Gala, Pinks, & Golds], Avocados, Broccoli, Lemons	Improving/Steady - Grapes & Tomatoes Good/Steady - Apples, Strawberries, Iceberg, Romaine, Russet Potatoes, Bell Peppers, Yellow Onions Short/Strong - Avocados, Oranges, Broccoli, Lemons, Red Onions	Apples, strong supply except Gala, Pink, Gold, which will finish early. Avocados, MX & CA supplies short. Peru and Columbian fruit available. Bell Peppers, MX, NC & GA adequate supplies. Quality good. Broccoli, west coast shortages worsened by quality issues. Iceberg, market softening but escalated. Quality improving. Value-Added/Fresh Cut Lettuce costs remain escalated. Romaine, supplies improved, costs easing. Quality good. Grapes, MX & Domestic Grapes are shipping. Berry sizing is smaller. Tomatoes, production higher. Costs are declining. Avg. quality. Strawberries, production nearing peak. Excellent quality. Oranges, CA Valencias very large. 88/113/138s scarce thru summer. Lemons, CA 165/200/235s scarce thru summer. Imports arriving. Onions, yellow supplier improving. Reds still expensive but are easing. Melons, Dews and Lopes, West Coast deal getting underway. Russet Potatoes, 40-60sz are limited. 70-120sz and #2s, plentiful, good quality and cheap. Storage crop expected to overlap new crop in Aug. Peaches, Plums, Nectarines & Cherries are in good supply from CA.
Bulk Sugar	Steady	Available - Mixed	Sugar availability has improved in recent weeks in some markets and has remained steadily available in others. Prices have maintained similar levels over the past few months and will likely continue this trend as we move into summer months. Supply should be steady in most markets as we move through summer into fall harvest season.
Shell Eggs	Increasing	Available - Steady	Consumer demand for shell eggs declined over the past week in typical fashion as the calendar moves into summer. Wholesale prices for negotiated trading of loose eggs are firm. Offerings remain light with light to moderate supplies. Demand remains moderate to good but trading has slowed on the limited spot market availability. Wholesale breaking stock prices are firm. Offerings remain light to very light with moderate to good demand. Supplies are light to moderate, schedules full to reduced on moderate trading. The preliminary survey of retail outlets indicates very limited activity on conventional caged shell eggs with increased activity on specialty types. The average ad price is about unchanged at this point. Source: USDA AMS as of June 19 Avian Influenza News: On 5/29 Michael Foods reported a third-party farm in Iowa expects to depopulate 4.5MM hens based on a Highly Pathogenic Avian Influenza (HPAI) outbreak. This follows a report Eggs America on 5/21 that a farm in Minnesota expects to depopulate 1.2MM-1.3MM birds after an HPAI outbreak was confirmed; Michael Foods noted on 5/29 that this same Minnesota farm is a 3rd party supplier of theirs. Michael Foods' 3rd party suppliers support their primary company-owned supply. These reports are in addition to three other recent reports of 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 is not yet to scale of the late-2023 outbreaks. Urner Barry reports increasing spot prices, 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



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Wheat (Flour Based Products)	Steady	Available - Mixed	<i>Bulk flour prices will likely show slight declines over the next couple of weeks based on ample domestic supply and less-than-desired foodservice demand. Flour Mills are steadily running with no major issues with output. The Winter Wheat crop is harvesting nicely and the spring planted crop is growing as expected. Unless there is a major weather issue in the coming days, pricing should not see any major upsets over the next few weeks.</i>