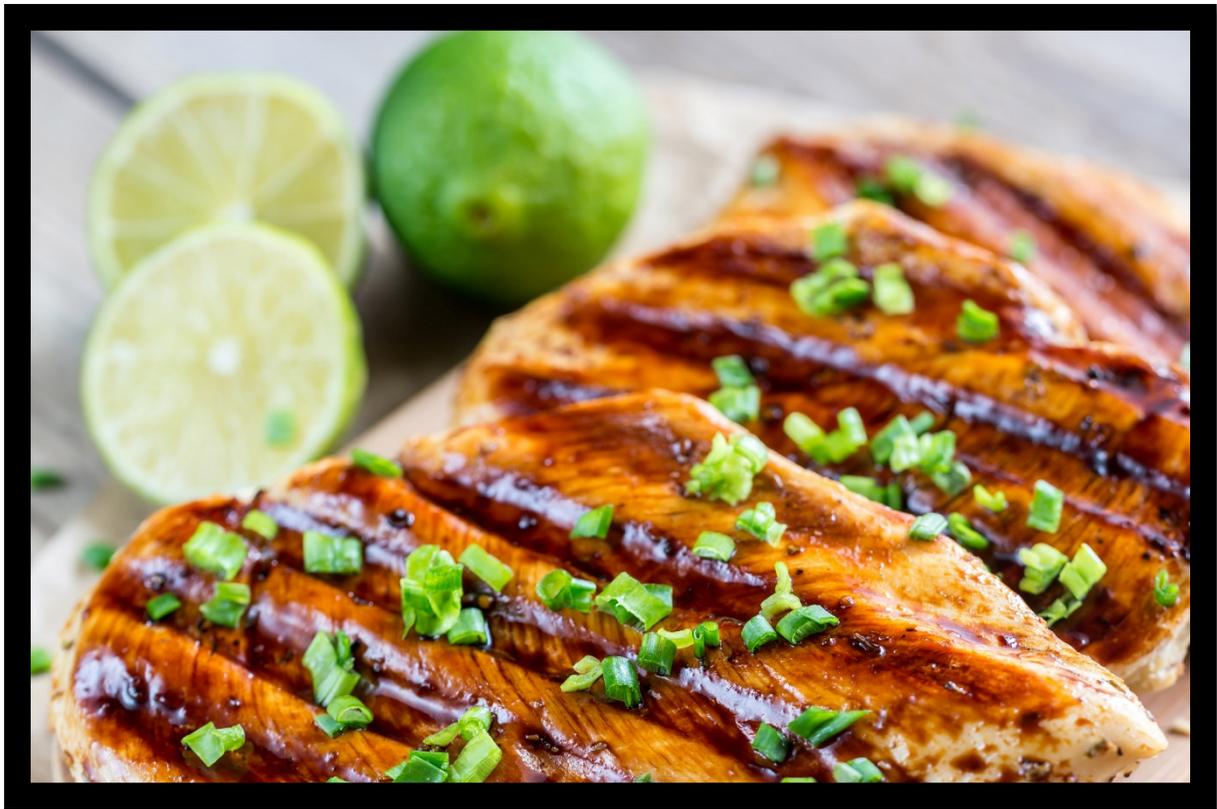




Market Report

Week Ending October 16, 2020

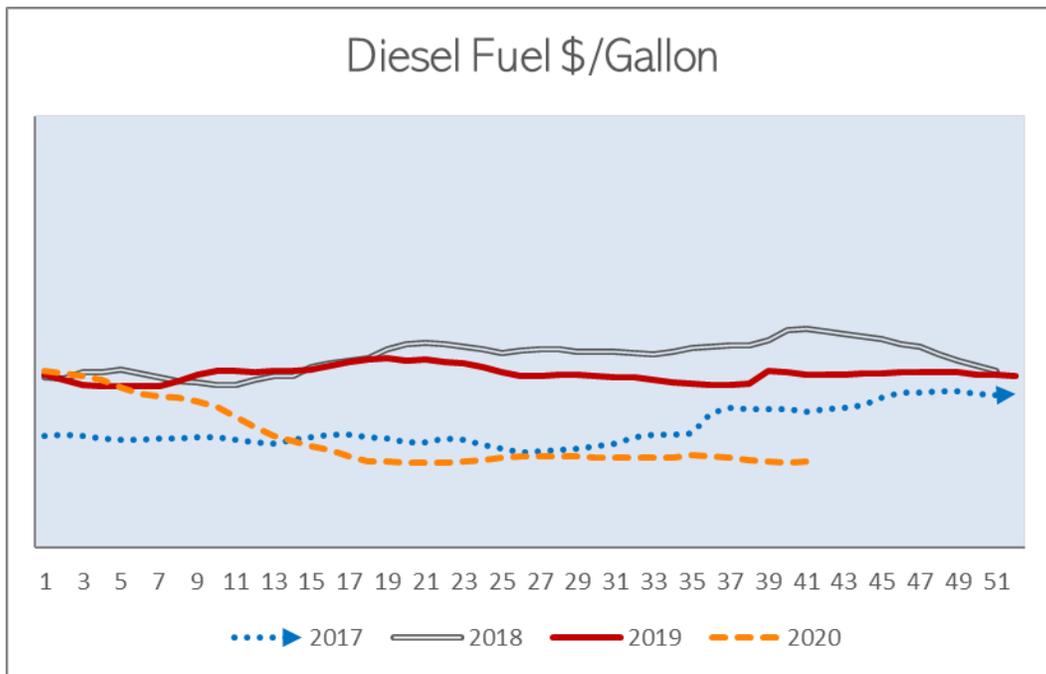


Graphs represent data for the week ending October 9, 2020



LOGISTICS

Transportation capacity hits new lows, 'no relief in sight' for pricing in the short term. From a recent report, Logistics Managers Index (LMI) "The lack of available capacity was also "reflected in the premium firms are paying." The transportation pricing subindex increased 410 basis points in the month to 87.9%, the highest reading since October 2018. "Observing the last two years of transportation prices shows a U-shaped trend, with September's rate of growth representing a return to the heady days of mid-to-late 2018," the report stated. As we head into the fourth quarter, all of this will have an impact on our industry.



- U GRINDS
- ▼ LOINS
- ▼ ROUNDS
- ▲▼ CHUCKS
- ▲ RIBS

BEEF

Market is steady to weaker. Total beef production for last week was down 4.1% versus prior week but was up .4% compared to same time last year. Total headcount for last week was 637,000 as compared to 648,000 for the same week last year. Live weights for last week were up 4 lbs. from prior week and up 21 lbs. versus same time last year. Export demand has been very good for the past few weeks and helping to move additional inventories. Higher cattle weights and a demand that is seasonally fair has helped to take some of the pressure off the market as we moved into this week. Demand typically starts to improve on multiple items over the coming weeks as we move closer to the holiday season.

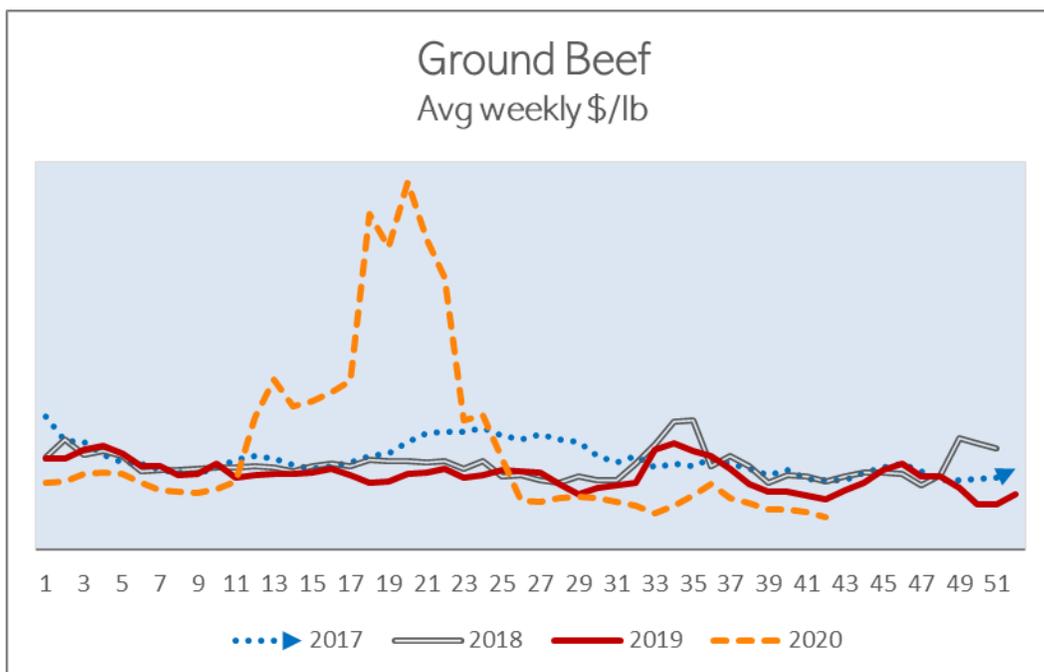
Grinds- Market is unsettled. Buying activity has been more mixed as we moved through the last few weeks. Last week had seen some downward pressure on the market but has held steadier this week. Buying activity typically seasonally improves over the coming weeks.

Loins- Market is weaker. Light demand is helping to put downward pressure on the market.

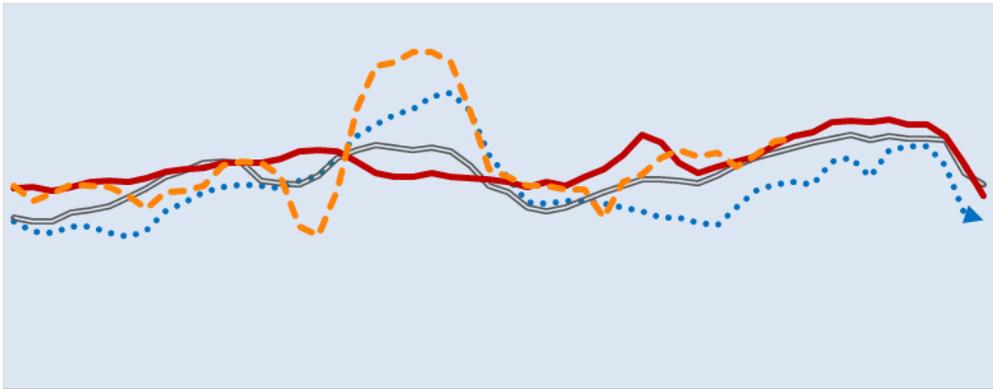
Rounds- Market is steady to weaker. The past few days have seen packers adjusting pricing to try to get inventories more in line with current demand.

Chucks- Market is steady to weaker. Export demand has been very good the past few weeks and helped to keep pressure on the market. This week has seen lighter buying activity and helping to take pressure off the market.

Ribs- Market is steady to firmer. Buying activity is expected to be seasonally stronger as we move through the coming weeks as buyers look to cover their needs for holiday activities.



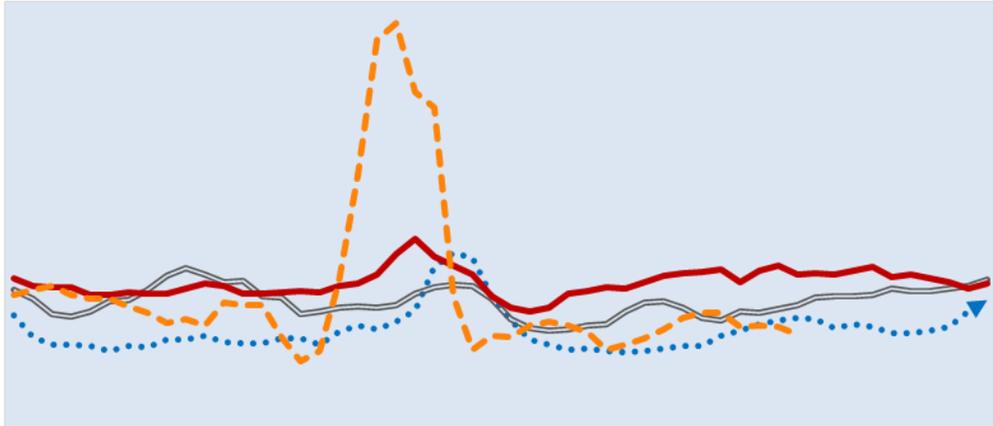
Choice Ribeye Heavy Avg weekly \$/lb



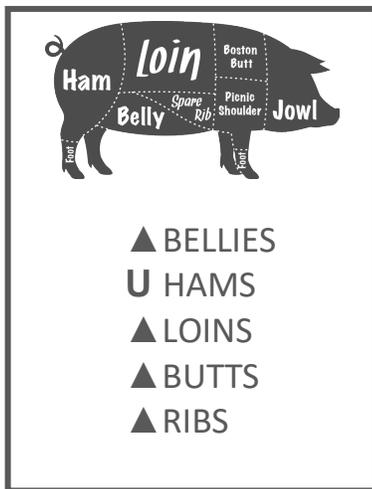
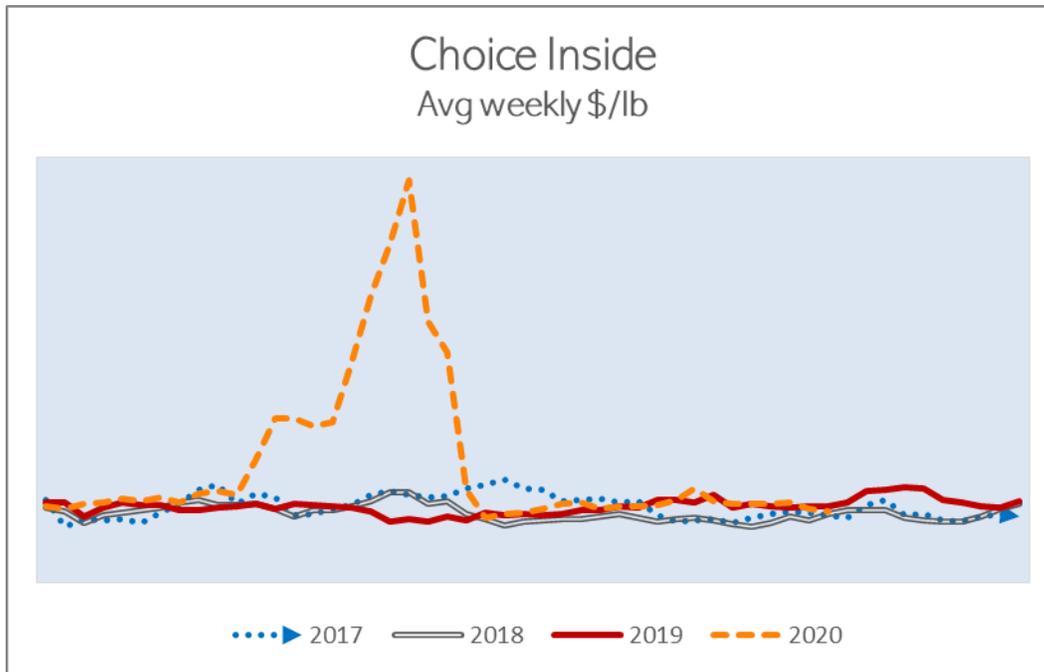
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51

.....▶ 2017 — 2018 — 2019 - - - 2020

Choice Brisket Avg weekly \$/lb



.....▶ 2017 — 2018 — 2019 - - - 2020



PORK

Market is firmer. Total pork production for last week was up 5.4% versus prior week and was up 1.4% compared to same time last year. Total headcount for last week was 2730,000 as compared to 2,697,000 for same week last year. Live weights for last week were up 1 lb. from prior week and with same time last year. Availability of further processed items due to labor issues remains a concern with multiple packers. Export demand has been very good with exports to China being at levels well above prior year for several weeks. Additional cases of African Swine Fever have been reported in Europe causing China to ban exports from Germany. This could put additional pressure on the market as China turns to other markets for their needs. Recent reports show that US pork inventories as of September 1 were at a nine-year

seasonal low and 23% below the 5-year average. This has been contributed in part to ongoing labor concerns related to Covid-19 hampering the ability to put additional pork into storage. October is National Pork Month and advertising is typically very good during the month.

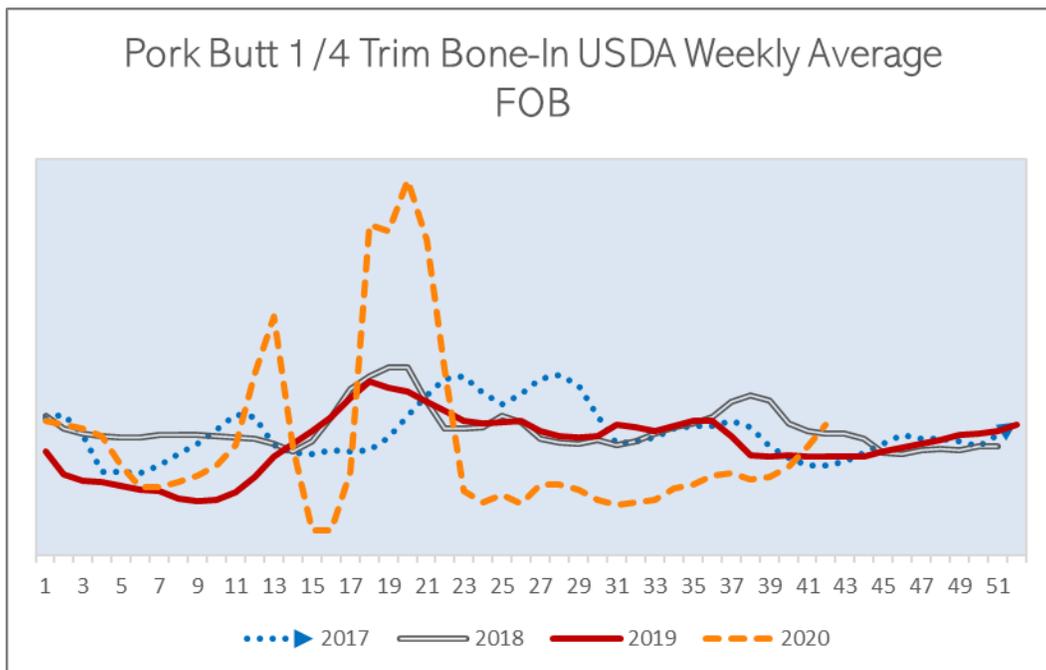
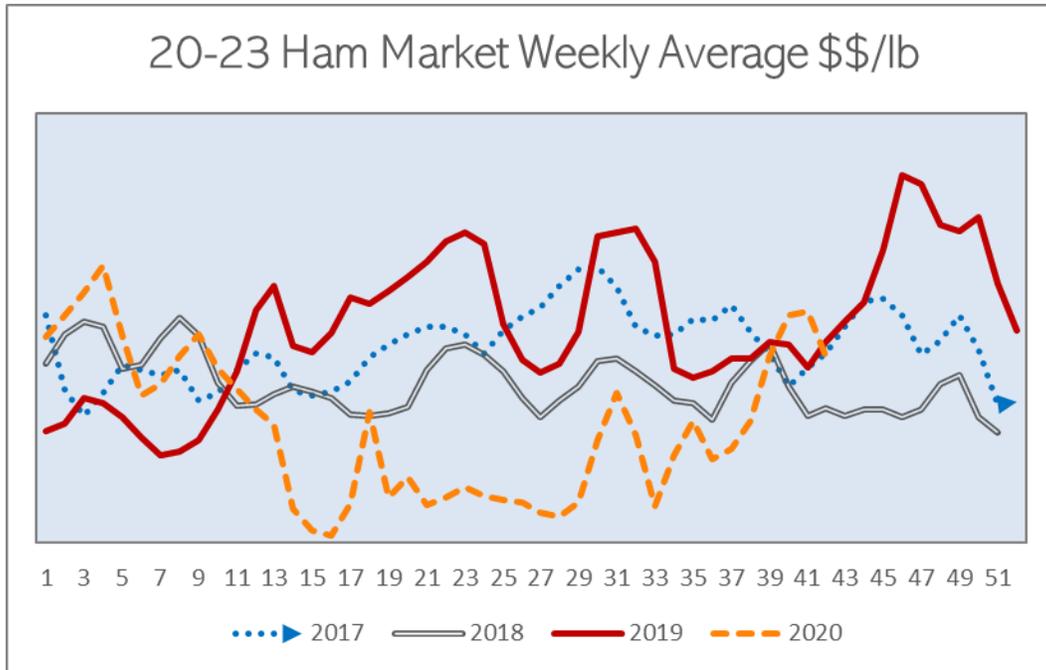
Bellies- Market is firmer. Buying activity remains strong and continues to put upward pressure on the market.

Hams- Market is unsettled. Buying activity has been very good coming into this week but the market actually shifted lower as this week began. Export demand is very good and buying activity for the holidays is expected to keep pressure on this market over the coming weeks.

Loins- Market is firmer. Demand has been very good and has put additional pressure on the market again this week.

Butts- Market is firmer. Export demand is very good and helping to push the market higher.

Ribs- Market is firmer. Buying interest is good and keeping pressure on the market. Rib inventories in storage are much lower than normal and for the month August were down 21% compared to prior year and at the lowest levels in over 6 years.





CHICKEN

Market is steady. Total headcount for last week was 168,293,000 as compared to 174,574,000 for the same week last year. Average weights for last week were 6.48 lbs. as compared to 6.36 lbs. for the same week last year. Based on industry chick placements, fryers for week ending 11/14/20 are estimated at 159.4 million headcount. Placements for previous week were 161.5 million and same week last year was 170.5 million. Demand for WOGS is steady, sales activity on boneless breasts and dark meat is trending steady, and tenders remain weak. Wing demand continues to be strong. Export activity on leg quarters remains sluggish. Production schedules are average to low as suppliers have to manage labor issues on a weekly basis. Supply is available across most categories. Wings continue to be tight.

WOGS- Market is steady to firmer. Retail and foodservice demand for WOGS and 8pc cutups has gotten an uptick in activity. Supply is tight, offerings are scarce, and market is being pressured.

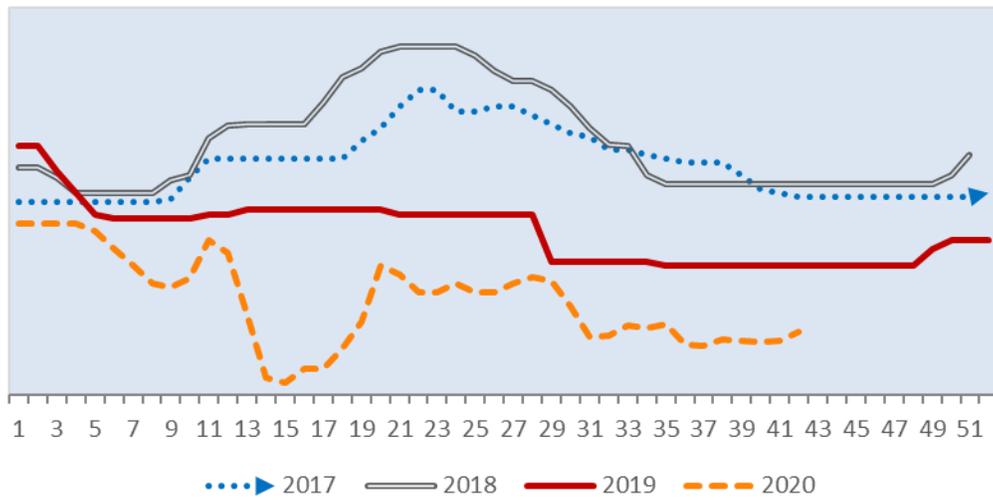
Tenders- Market is weaker. Foodservice and retail demand remains slow and the market is starting to correct itself. Some excess supply is being reported on select and jumbo sizes.

Boneless Breast- Market is steady. Demand patterns appear to have stabilized. Retail and foodservice activity is steady, and the market is trending sideways on all sizes. Supply remains available.

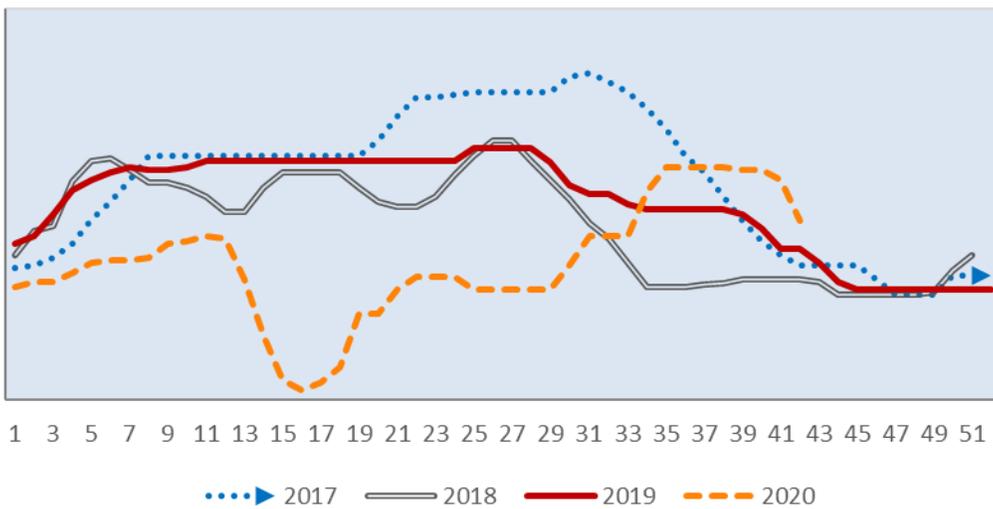
Leg Quarters and Thighs- Market is steady. Activity on dark meat and parts is steady, but still less than industry expectations. Export demand for leg quarters remains consistent, but slow. Supply is in available.

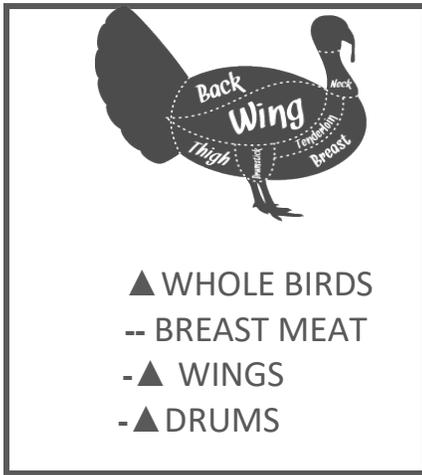
Wings- Market is steady to firmer. Seasonal demand is strong and continues to gain momentum. Foodservice activity is getting a boost with strong carry-out sales. Further processors need to replenish inventory levels and are providing additional market support. Supply is tight on all sizes.

Chicken Plant Grade, 2 1/2 lbs & up Avg Weekly \$/lb



Chicken Tenders Avg Weekly \$/lb





TURKEY

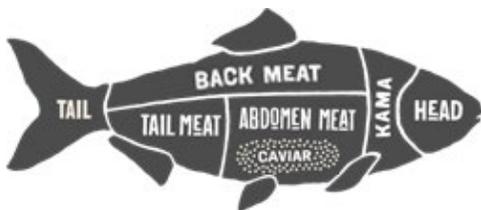
Market is steady to firm. Total headcount for last week was 3,853,000 as compared to 4,329,000 for the same week last year. Average weights for last week were 31.08 lbs. as compared to 31.86 lbs. for the same week last year. Whole body turkeys remain in a sold-out position with spot loads hard to uncover. Volume on breast meat and parts is average while dark meat activity is strong. Export demand for drums and wings is stable. Supply for whole birds remains extremely tight. Supply for breast meat is available while the parts segment is starting to tighten up.

Whole Birds- Market is firm. The seasonal shipping period for holiday orders is in full swing. Manufacturers are still trying to fill prior bookings on orders that should have shipped months ago. Fresh business for November is rated as very good. Supply is in a sold-up position.

Breast Meat- Market is steady. Retail and foodservice demand trends remain fairly consistent as we move into the Fall Season. Supply is reported as available on both fresh and frozen product.

Wings- Market is steady to firm. Domestic and export demand remains steady on tom and hen sizes. Supply is reported as light.

Drums and Thigh Meat- Market is steady to firm. Activity on drums remains steady domestically and abroad. Thigh meat remains well supported and in strong demand. Supply is limited.



SEAFOOD

Gulf Shrimp- Market is unsettled. Lighter catches combined with a demand that has been impacted by Covid-19 has the market in an unsettled tone. The year to date catch numbers are down 10% compared to prior year but are down 25% when compared catches from 2016 to current. Tropical weather has had an impact on the region over the past few weeks with additional concerns this week.

Black Tiger Shrimp- Market is mixed. The market remains in the same trends that have been seen for several weeks. Larger sized product continues to see lighter demand as this product is primarily used in the foodservice market and many restaurants continue to see lighter traffic. Smaller sized product has seen upward pressure with light inventories with a good demand.

White Shrimp- Market is unsettled. Demand across the country has been mixed by region and helping to keep the market in a more unsettled tone. Demand from China for product from Latin America has been strong for the past few weeks and continues to put pressure on that market. Overall shrimp imports were at record numbers for August and are ahead of the previous record by 10%

King Crab- Market is firm. The market continues to see upward pressure due to a strong demand and limited inventories. New season fishing started this week but due to limited inventories and low quotes upward pressure is expected to remain on this market over the coming weeks.

Snow Crab- Market is firm. Demand has been active for several weeks and this is keeping continued pressure on inventories and keeping upward pressure on the market.

Warm Water Lobster Tails- Market is steady. Demand this year has been very unsettled due to issues related to COVID-19. Even though inventories have been much lighter than prior years the market has been holding steadier.

North American Lobster Tails- Market is firm. The market has continued to push higher across most sizes as availability remains very limited and raw material costs continue to push higher as fishing has been below expectations. Live lobster prices have continued to push higher due to lighter catches and the strong demand for live product.

Salmon- Market is steady to weaker. Demand for farmed salmon has been lighter the past few weeks and helping to put downward pressure on product from multiple regions. The issues seen over the past several weeks for product from Chile have eased and that market has also started to move lower. The market for wild salmon is mixed with availability and pricing mixed between suppliers. Catches on multiple species of wild salmon are well below the forecasts for this season with both Chum and Coho at the lowest catch levels since the 1970s. Catches compared to prior year are 50% or more lower on multiple species. This is expected to put upward pressure on the market over the coming weeks.

Cod- Market is steady to weaker. Inventories are good for a fair demand. Demand has been below expectations for the past several weeks due to the restricted dining across the country.

Flounder- Market is steady.

Haddock- Market is mostly steady. Inventories are good for a fair demand. Icelandic Fishing Quotas have been increased 9% for the 20/21 season

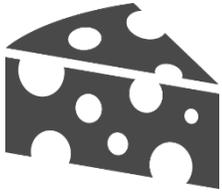
Pollock- Market is mixed. Larger sized product is in lighter supply and keeping pressure on those sizes. Smaller sized product is more available due to fishing catches being more on the smaller sizes.

Domestic Catfish- Market is unsettled. Catfish has been lighter than expectations and keeping pressure on availability. Shorts and allocations to orders have been commonplace. Issues with imports are putting additional pressure on this market as rising costs and more limited inventories are impacting that market.

Tilapia- Market is steady to firmer. This market has been unsettled for the past several weeks due to changes in tariffs and tightening inventories overseas combined with higher production costs. Demand has been very good for the past few months. Larger sized fish are in tighter supply due to farmers harvesting earlier to try to get their product to market ahead of the tariff increases that took place in early August.

Swai- Market is steady. The current market is holding mostly steady but raw material costs overseas have been increasing and this combined with increasing ocean freight costs are putting upward pressure on replacement inventories overseas.

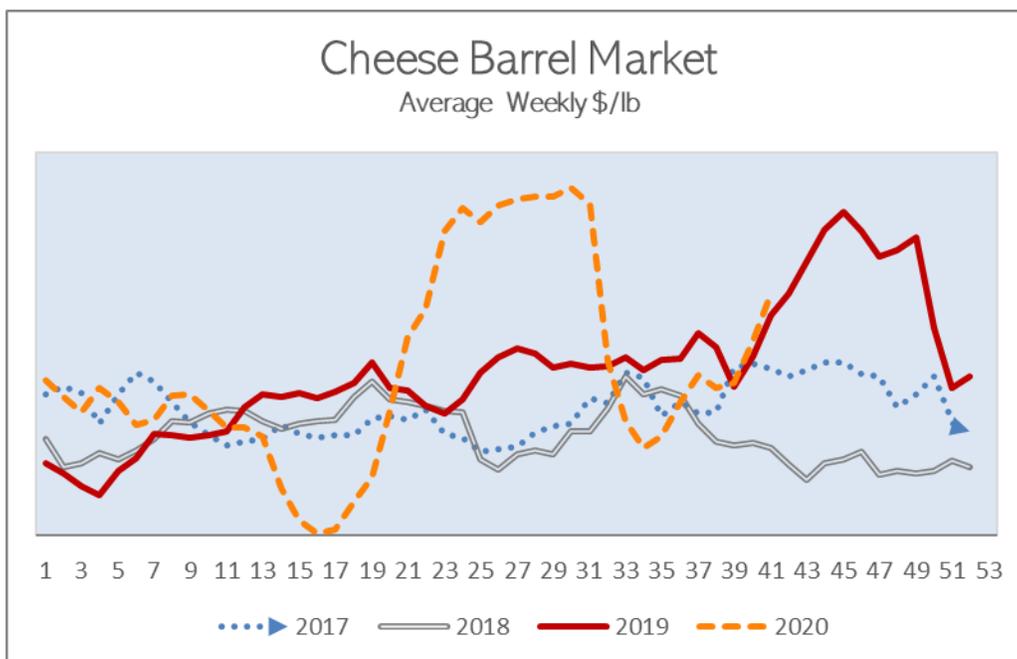
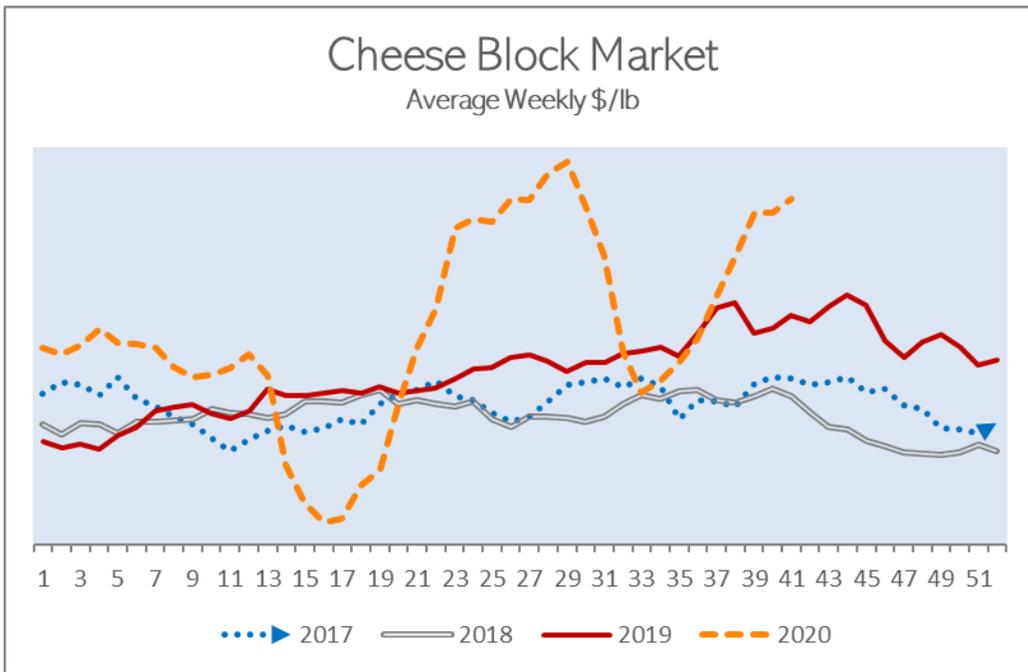
Scallops- Market is steady to firmer. The market for domestic product continues to see upward pressure with light inventories for an active demand. Larger sizes are seeing the most pressure due to more limited inventories on those sizes. The market for imports from China and Japan is steady this week.



DAIRY

Cheese

Market is firmer. The CME block and barrel market moved higher this week. Across the country cheese inventories are tight. In the eastern region production is good and inventory levels are adequate for needs. Retail demand has grown on blocks and shreds. Foodservice demand is mixed. Midwestern producers report mostly good demand. Several cheese varieties are in higher demand. Milk availability in the region is tighter. In the west cheese production is active. Inventories of block cheese are tight. Government purchases is impacting availability.



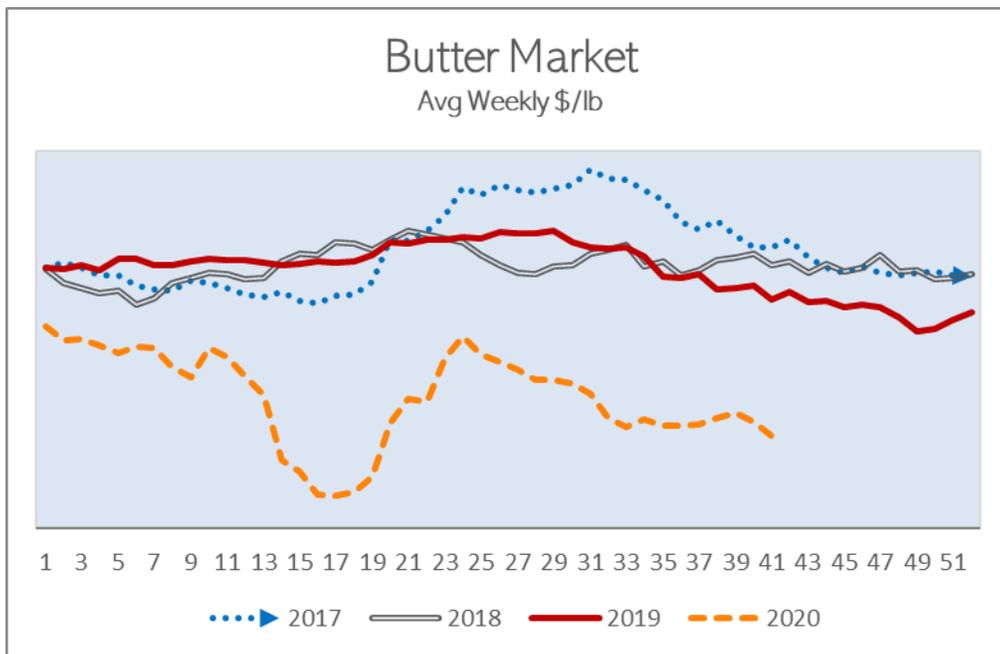


Butter

Market is firmer. The CME butter market moved higher this week. As seasonal ice cream production abates, more cream is available in the market in most areas. The central region is currently seeing tighter cream supply as demand inches upward.

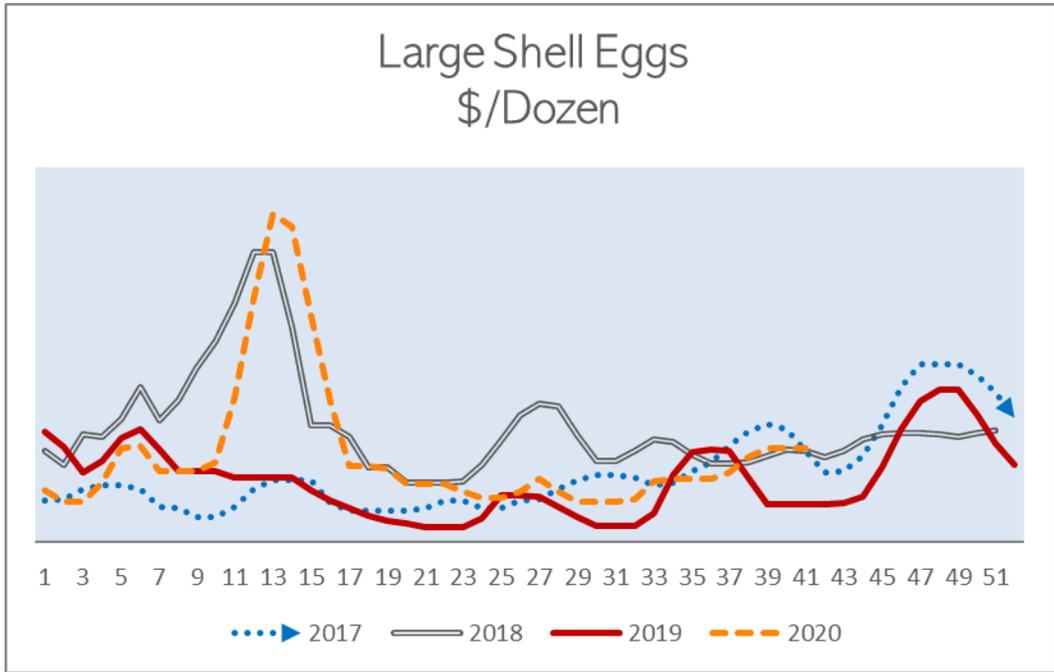
Retail demand is up, Foodservice demand is unchanged from the prior week.

Northeastern producers report active butter production with plenty of cream available. Foodservice orders in the region are steady although still well below prior year levels. Western butter producers report steady retail demand. Inventories are available.



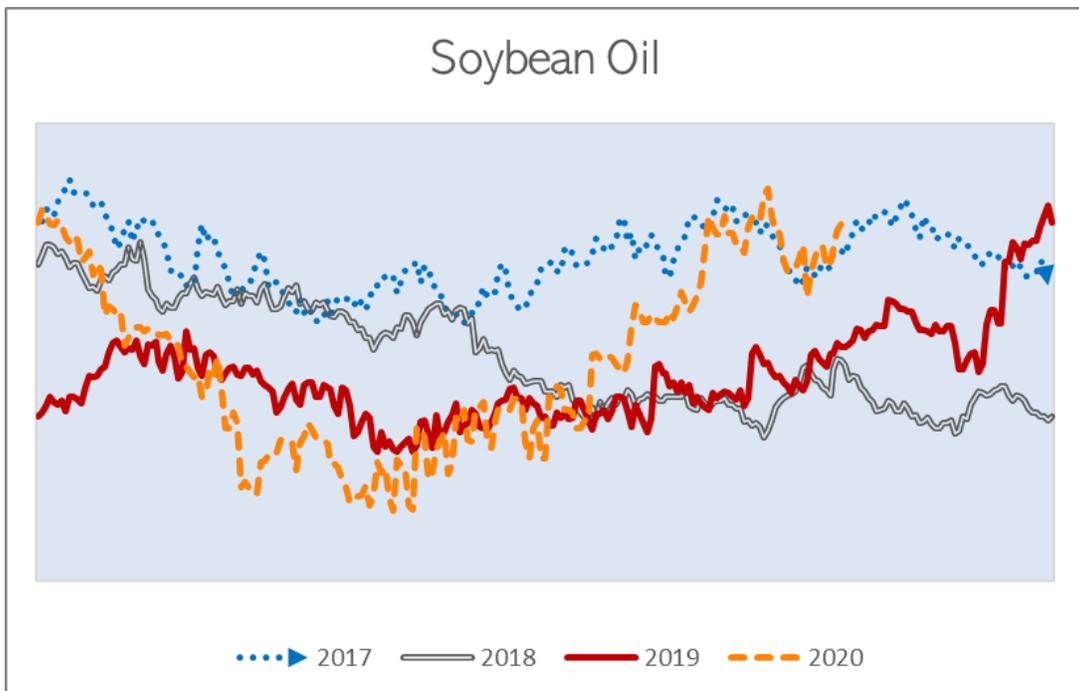
EGGS

Market is steady to firmer. Retail demand remains steady and some regions are showing improved activity. Cooler temperatures across the country are starting to usher in the Fall baking season. Regional promotional activity is being reported and typical for this time of year. Foodservice volume is still slow but showing some moderate improvement. Many fast food QSR's still maintain their all-day breakfast menus. Supply is tight on both medium and large sizes. Market is trending higher on the medium size and flat on large sizes. National weekly shell egg inventory reports shell egg inventory up 3.8% over last week.



SOY OIL

Market is steady to firmer. After a recent dip in the market, the soy market has been showing some strength and correcting over the past week. News that the upcoming crop in South American may be compromised by dry conditions and late planting has led to renewed interest in the domestic soy market. Overseas buyers continue to look to the U.S. to backfill the potential shortfall from Brazil and Argentina. The market has been unstable the last couple of weeks and it is unknown how long this upward trend will continue.



GLOVES

Market is firmer. Medical glove demand has taken a priority position over the glove needs of other industries. The result is a state of significant shortage for nitrile gloves. This imbalance causes new challenges in supply and demand for other glove types. Demand across the globe for nitrile is up to 400% higher than in recent years. Vinyl gloves continue to be affected by government orders taking up available capacity. Quality concerns have begun to surface as fraudulent brands have made their way into the supply chain. Ocean freight challenges are ongoing as warehouses and ports struggle to manage a glut of empty containers.

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

Oil, Wheat, Grains, Canned Products, Imports: Scott MacKaben, Senior VP of Procurement, ext. 5457

Beef, Pork, Seafood: Davy Ard, Director of Category Management, ext. 5431

Poultry, Eggs: Ken Kotecki, Category Manager, ext. 5463

Non-Foods, Spices, Dairy: Angie Rivera, Category Manager, ext. 5427

Beverages, Frozen Vegetables: Crystal Wilkins, Category Specialist, ext. 5451

