



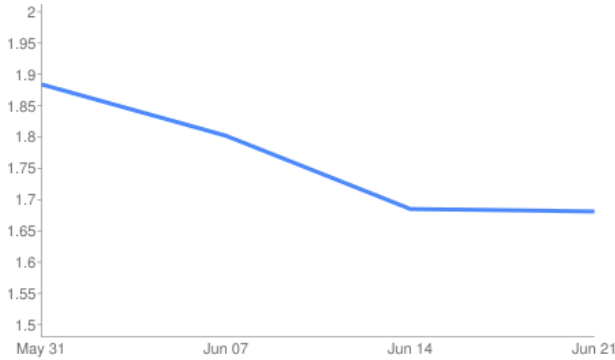
# Bellissimo Foods - Market Update Week Ended June 22, 2018 Summary

“Market Data from Foodservice.com (www.foodservice.com)”



**BEEF** - Beef output last week declined .7% but was 1.9% bigger than the same week in 2017. Per the USDA, domestic beef production this summer is forecasted to be 2.4% better than last year. This factor should contribute to the seasonal price declines that occur for the various beef markets over the next several weeks. May retail ground beef prices were up 3.5% from the previous year but still the second cheapest for the month in five years. Overall beef demand, including exports, has been strong this spring but usually backs off post Father's Day. Ground beef prices typically peak at the end of June. Since 2013, the average move for the 81/19 ground beef market during July was lower by 7.8%.

## Ground Beef

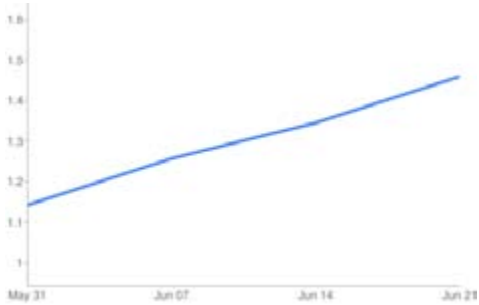


| BEEF                     | Price   | LstWk   | Diff       | Price 17 |
|--------------------------|---------|---------|------------|----------|
| Ground Beef 81/19        | \$1.681 | \$1.685 | (\$0.0040) | \$2.206  |
| Ground Chuck             | \$1.707 | \$1.739 | (\$0.0320) | \$2.294  |
| 116 Chuck (choice)       | \$2.874 | \$2.828 | \$0.0460   | \$2.680  |
| 168 Inside Round (ch.)   | \$1.985 | \$2.123 | (\$0.1380) | \$2.481  |
| 184 Top Butt, bnls (ch.) | \$3.529 | \$3.505 | \$0.0240   | \$3.552  |
| 193 Flank Steak (choice) | \$5.374 | \$5.385 | (\$0.0110) | \$5.279  |
| 50% Trimmings            | \$0.650 | \$0.767 | (\$0.1170) | \$1.258  |
| 75% Trimmings            | \$1.623 | \$1.623 | -          | \$1.827  |
| 90% Trimmings            | \$2.217 | \$2.230 | (\$0.0130) | \$2.320  |



**PORK** - Pork production last week fell 2.7% but was 3.8% larger than the same week last year. Tightening hog supplies are triggering pork output to seasonal fade but production is expected to pick up next month. The USDA is calling Q3 pork output to be 125 million pounds more than Q2 and to be 4.2% larger than a year ago. This is expected to influence the pork markets downward this summer. In May, the average retail bacon price was down 3.8% from a year ago and the lowest for the month since 2015. Wholesale pork belly prices usually remain firm into July.

## Belly (bacon)

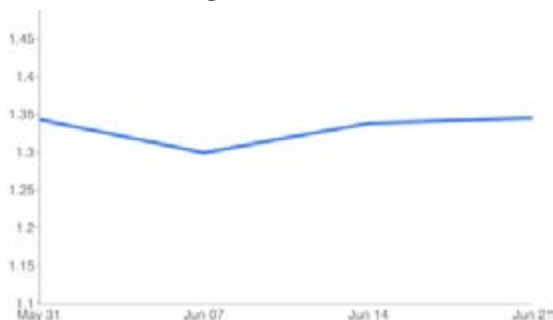


| PORK                  | Price   | LstWk   | Diff       | Price 17 |
|-----------------------|---------|---------|------------|----------|
| Live Hogs             | \$0.609 | \$0.563 | \$0.0460   | \$0.627  |
| Belly (bacon)         | \$1.459 | \$1.345 | \$0.1140   | \$1.806  |
| Ham (23-27 lb.)       | \$0.617 | \$0.622 | (\$0.0050) | \$0.687  |
| Loin (bone-in)        | \$0.831 | \$0.786 | \$0.0450   | \$0.908  |
| Tenderloin (1.25 lb.) | \$2.221 | \$2.159 | \$0.0620   | \$2.301  |
| Picnic, untrmd.       | \$0.537 | \$0.507 | \$0.0300   | \$0.679  |
| 42% Trimmings         | \$0.603 | \$0.430 | \$0.1730   | \$0.687  |
| 72% Trimmings         | \$0.841 | \$0.761 | \$0.0800   | \$1.061  |



**POULTRY** - Chicken production for the week ending June 9th was 2.2% smaller than the same week a year ago. The six-week average for chicken output stands at just .3% more than 2017. The USDA is estimating chicken production this summer to be only 1.9% larger than the prior year. If that occurs, it could limit the seasonal downside for the chicken breast markets and provide support for wing prices. The average retail boneless skinless chicken breast price for May was 4.1% cheaper than last year and the lowest for the month in over 12 years. If retail chicken breast prices don't increase this summer, it may boost demand and support the wholesale chicken breast markets. History suggests the downside risk for large egg prices during this time of year is nominal.

## Wings Jumbo Cut



| POULTRY                    | Price   | LstWk   | Diff       | Price 17 |
|----------------------------|---------|---------|------------|----------|
| Wings (jumbo, cut)         | \$1.345 | \$1.338 | \$0.0070   | \$2.003  |
| Wing Index- (ARA)          | \$1.386 | \$1.373 | \$0.0130   | \$2.060  |
| Breast, Bnless Index (ARA) | \$1.134 | \$1.118 | \$0.0160   | \$1.601  |
| Tenderloin Index- (ARA)    | \$1.736 | \$1.736 | -          | \$1.955  |
| Legs (whole)               | \$0.471 | \$0.509 | (\$0.0380) | \$0.550  |
| Leg Qtr Index (ARA)        | \$0.356 | \$0.364 | (\$0.0080) | \$0.372  |
| Thighs, bone in            | \$0.616 | \$0.480 | \$0.1360   | \$0.749  |



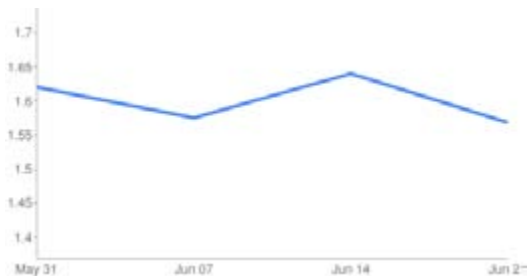
# Bellissimo Foods - Market Update Week Ended June 22, 2018 Summary

“Market Data from Foodservice.com (www.foodservice.com)”



**DAIRY** - Milk production expansion remains lackluster. During May, U.S. milk output was just .8 % bigger than last year due to a slightly larger milk cow herd and a .7 % gain in milk per cow yields. Milk farmers added a net 2,000 head to the herd during the month. Higher milk prices in recent weeks have provided the opportunity for farmers to hedge by selling futures and locking in decent profitability. This could cause year-over-year gains in milk production to improve in the coming months. Mexico recently announced a new tariff on U.S. cheese which could weigh on prices.

## Cheese Blocks



| DAIRY         | Price    | Last Week | Difference |
|---------------|----------|-----------|------------|
| Barrels       | \$1.3215 | \$1.5150  | (\$0.1935) |
| 40 lb. blocks | \$1.5305 | \$1.6200  | (\$0.0895) |
| Butter        | \$2.3000 | \$2.3640  | (\$0.0640) |
| NFDM          | \$0.7625 | \$0.7870  | (\$0.0245) |



**OIL & GRAINS** - Wheat futures prices fell in five straight sessions before firming and closing slightly higher yesterday. Basis premiums were firm to higher. High protein hard red winter wheat basis levels remain very high historically, possibly waiting for a firmer tally of supply from the new crop.

Concerns that tariffs imposed on Chinese products could interfere with U.S. exports lead soybeans to fall to their lowest levels in many years, followed by corn. Wheat was not able to resist the pull lower especially given good growing conditions for spring wheat. Winter wheat harvest is progressing northward. Protein and test weight are better than the past couple of years. Wheat and flour prices overall are attractive following recent declines. It is thought an improvement in the trade situation could lead prices sharply higher.

| GRAINS + OILS          | Price     | LstWk     | Diff        | Price 17 |
|------------------------|-----------|-----------|-------------|----------|
| Soybeans, bushel       | \$8.635   | \$9.226   | (\$0.5910)  | \$9.09   |
| Crude Soybean Oil, lb. | \$0.272   | \$0.284   | (\$0.0120)  | \$0.31   |
| Corn, bushel           | \$3.314   | \$3.503   | (\$0.1890)  | \$3.43   |
| Crude Corn Oil, lb.    | \$0.295   | \$0.301   | (\$0.0060)  | \$0.38   |
| Distillers Grain, Dry  | \$144.396 | \$160.250 | (\$15.8540) | \$104.73 |
| HRW Wheat, bushel      | \$5.130   | \$5.510   | (\$0.3800)  | \$4.37   |
| DNS Wheat 14%, bushel  | \$5.995   | \$6.275   | (\$0.2800)  | \$6.71   |
| Durum Wheat, bushel    | \$5.546   | \$5.674   | (\$0.1280)  | \$6.18   |



**KITCHEN SINK** - The canned tomato markets remain relatively range-bound. The California tomato for processing harvest typically begins in early July. Production in that state this year is

forecasted by the USDA to rise 15% from last year. This could lead to lower canned tomato prices this fall.

| Kitchen                        | Price    | LstWk    | Diff       | Price 17 |
|--------------------------------|----------|----------|------------|----------|
| Whole Peeled, Stand (6/10)     | \$12.650 | \$12.650 | -          | \$12.06  |
| Tomato Paste- Industrial (lb.) | \$0.454  | \$0.454  | -          | \$0.45   |
| Coffee, lb., ICE               | \$1.141  | \$1.174  | (\$0.0330) | \$1.22   |
| Sugar, lb., ICE                | \$0.260  | \$0.257  | \$0.0030   | \$0.28   |



## EURO vs. US Dollar

Current: \$1.1658

Lowest Last 30 Days: \$1.1521

Highest Last 30 Days: \$1.1833



## Energy Commodities

| ENERGY                    | Price    | LstWk    | Diff       | Price 17 |
|---------------------------|----------|----------|------------|----------|
| Crude Oil, barrel- ny-mex | \$65.750 | \$65.920 | (\$0.1700) | \$43.69  |
| Natural Gas, mbtu- ny-mex | \$2.957  | \$2.968  | (\$0.0110) | \$2.96   |
| Diesel Fuel, gal- nymex   | \$2.129  | \$2.154  | (\$0.0250) | \$1.41   |
| Electricity, mwht- ny-mex | \$38.900 | \$39.450 | (\$0.5500) | \$38.00  |
| Gasoline, gal- nymex      | \$2.027  | \$2.086  | (\$0.0590) | \$1.42   |
| Diesel Fuel, gal- eia     | \$3.244  | \$3.266  | (\$0.0220) | \$2.49   |
| Ethanol, gal- usda        | \$1.410  | \$1.402  | \$0.0080   | \$1.52   |