



# Bellissimo Foods - Market Update

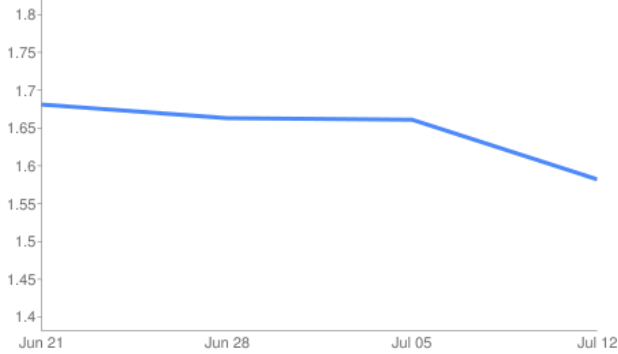
## Week Ended July 13, 2018 Summary

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



**BEEF** - Beef output last week was shortened due to the holiday, falling 12.7% from the previous week, but was up 1.5% versus the same week last year. According to the USDA, Q3 beef production is forecasted to be 2.4% better than 2017 which is expected to influence the various beef markets lower in the coming weeks. However, food service companies are planning heavy beef feature activity in the late summer and early fall. This could cause some supply gaps to occur later this year and provide support for beef prices. In the near term, the beef markets usually come under pressure. Since 2013, the average move for the choice ribeye for the next three weeks, including this week, was down 12.2%.

### Ground Beef

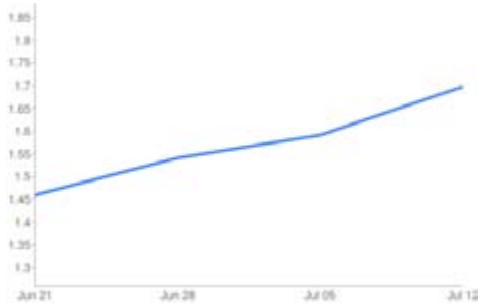


BEEF	Price	LstWk	Diff	Price 17
Ground Beef 81/19	\$1.582	\$1.661	(\$0.0790)	\$1.988
Ground Chuck	\$1.825	\$1.671	\$0.1540	\$2.133
116 Chuck (choice)	\$2.943	\$2.790	\$0.1530	\$2.412
168 Inside Round (ch.)	\$1.981	\$1.955	\$0.0260	\$2.222
184 Top Butt, bnls (ch.)	\$3.398	\$3.512	(\$0.1140)	\$3.671
193 Flank Steak (choice)	\$5.499	\$5.521	(\$0.0220)	\$4.992
50% Trimmings	\$0.670	\$0.601	\$0.0690	\$0.994
75% Trimmings	\$1.659	\$1.659	-	\$1.855
90% Trimmings	\$2.199	\$2.230	(\$0.0310)	\$2.343



**PORK** - Pork production last week declined 11.7% due to the holiday but was 6.7% better than the same week last year. Pork output is projected to track 4.2% above the previous year levels during this summer. Trade tariffs on U.S. pork, especially on hams to Mexico, are expected to temper demand. These two factors should weigh heavy on the pork markets as the fall nears. Still, solid pork exports have occurred so far this year. U.S. pork exports during May were up 2% from last year with trade to Mexico higher by 8.4% and a record high for the month.

### Belly (bacon)

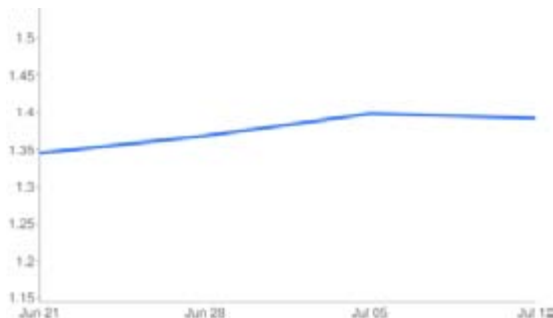


PORK	Price	LstWk	Diff	Price 17
Live Hogs	\$0.566	\$0.574	(\$0.0080)	\$0.642
Belly (bacon)	\$1.698	\$1.591	\$0.1070	\$2.059
Ham (23-27 lb.)	\$0.527	\$0.571	(\$0.0440)	\$0.812
Loin (bone-in)	\$0.803	\$0.833	(\$0.0300)	\$0.970
Tenderloin (1.25 lb.)	\$2.245	\$2.225	\$0.0200	\$2.404
Picnic, untrmd.	\$0.553	\$0.560	(\$0.0070)	\$0.679
42% Trimmings	\$0.697	\$0.796	(\$0.0990)	\$0.618
72% Trimmings	\$0.835	\$0.851	(\$0.0160)	\$0.870



**POULTRY** - For the week ending June 30th, chicken production rose 1.2% from the previous week. Year to date weekly chicken output is tracking only modestly above last year. However, chicken output this summer is forecasted by the USDA to be 1.9% better than last year. Chicken wing prices remain well below year ago levels. But, the weekly ARA Chicken Wing Index has climbed to its highest level in six weeks. Because chicken wing prices are carrying the smallest premium over chicken breasts, history says that the greater risk for wings is to the upside. U.S. chicken exports during May were down 4.3% from the previous year and were the smallest for the month since 2014. Chicken leg quarter prices usually trend lower during the late-summer.

### Wings Jumbo Cut



POULTRY	Price	LstWk	Diff	Price 17
Wings (jumbo, cut)	\$1.392	\$1.398	(\$0.0060)	\$2.075
Wing Index- (ARA)	\$1.415	\$1.427	(\$0.0120)	\$2.083
Breast, Bnless Index (ARA)	\$1.323	\$1.242	\$0.0810	\$1.570
Tenderloin Index- (ARA)	\$1.677	\$1.677	-	\$2.021
Legs (whole)	\$0.419	\$0.459	(\$0.0400)	\$0.501
Leg Qtr Index (ARA)	\$0.332	\$0.333	(\$0.0010)	\$0.402
Thighs, bone in	\$0.630	\$0.639	(\$0.0090)	\$0.787



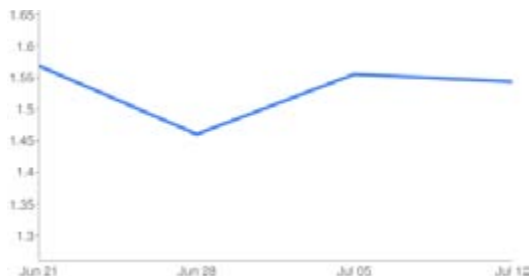
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**DAIRY** - The butter market has weakened during the last week. This, despite strong butter exports in recent months. During May the USDA exported more than double the amount of butter exported the prior year. Still, the U.S. was still a net importer of butter during the month. Further, the international butter markets have appeared to peak. And finally, domestic butter consumption has been disappointing this spring. U.S. butter disappearance was 6.2% less than 2017. These factors could temper any summer butter price increases. The cheese markets may remain erratic.

## Cheese Blocks



DAIRY	Price	Last Week	Difference
Barrels	\$1.3570	\$1.3294	\$0.0276
40 lb. blocks	\$1.5505	\$1.5544	(\$0.0039)
Butter	\$2.2125	\$2.2006	\$0.0119
NFDM	\$0.7640	\$0.7488	\$0.0153



**OIL & GRAINS** - Wheat futures prices are lower since our last report. Futures had been trading lower on speculation around the impact of tariffs on Chinese goods, then traded sharply higher on the fact tariffs had been assessed. In this week's trading sessions, futures were pulled lower along with soybeans and corn. The excellent start to the spring wheat growing season and resulting high crop condition ratings also pressured futures lower as did the idea that China could purchase their hard-red spring wheat elsewhere. Basis premiums are slightly lower. Estimates of the size of the Russian and European wheat crops continue to shrink, which is expected to support U.S. wheat prices. Market watchers will absorb the news from today's USDA reports to help assess the current state. Some participants believe China will have no choice but to continue to purchase large amounts of soybeans from the U.S. Price volatility driven by the uncertainty around the trade situation can be expected to continue.

GRAINS + OILS	Price	LstWk	Diff	Price 17
Soybeans, bushel	\$8.363	\$8.400	(\$0.0370)	\$10.02
Crude Soybean Oil, lb.	\$0.279	\$0.278	\$0.0010	\$0.33
Corn, bushel	\$3.251	\$3.391	(\$0.1400)	\$3.64
Crude Corn Oil, lb.	\$0.290	\$0.290	-	\$0.38
Distillers Grain, Dry	\$123.979	\$130.771	(\$6.7920)	\$107.52
HRW Wheat, bushel	\$5.248	\$5.158	\$0.0900	\$5.19
DNS Wheat 14%, bushel	\$5.775	\$5.768	\$0.0070	\$8.11
Durum Wheat, bushel	\$5.454	\$5.471	(\$0.0170)	\$7.29



**KITCHEN SINK** - The sugar markets continue to trade at relatively engaging levels for buyers. World sugar supplies are sufficient. This and the firmer value of the U.S. dollar are weighing on sugar

prices. History suggests that the downside price risk in the sugar markets from here is likely only modest.

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	\$1.120	\$1.115	\$0.0050	\$1.25
Sugar, lb., ICE	\$0.260	\$0.261	(\$0.0010)	\$0.27

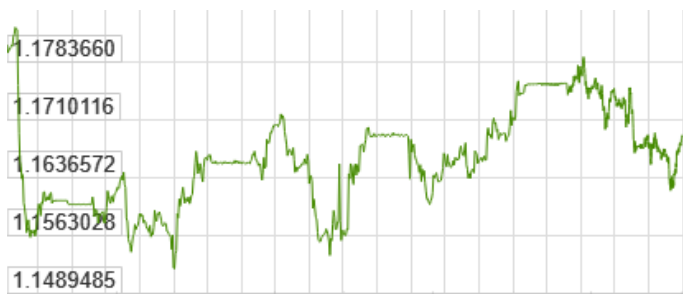


## EURO vs. US Dollar

Current: \$1.1689

Lowest Last 30 Days: \$1.1520

Highest Last 30 Days: \$1.1824



## Energy Commodities

ENERGY	Price	LstWk	Diff	Price 17
Crude Oil, barrel- ny-mex	\$73.440	\$73.530	(\$0.0900)	\$45.87
Natural Gas, mbtu- ny-mex	\$2.810	\$2.862	(\$0.0520)	\$3.00
Diesel Fuel, gal- nymex	\$2.193	\$2.179	\$0.0140	\$1.49
Electricity, mwht- ny-mex	\$37.500	\$37.900	(\$0.4000)	\$36.43
Gasoline, gal- nymex	\$2.138	\$2.116	\$0.0220	\$1.53
Diesel Fuel, gal- eia	\$3.243	\$3.216	\$0.0270	\$2.48
Ethanol, gal- usda	\$1.398	\$1.387	\$0.0110	\$1.45