



# Bellissimo Foods - Market Update

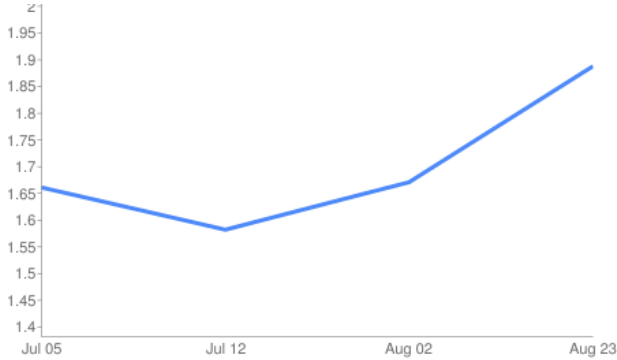
## Week Ended August 24, 2018 Summary

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



**BEEF** - Beef production last week rose 2.8% and was 3% larger than the same week last year. Cattle slaughter was a 10-week high. Beef packer margins are in good shape for this time of the year which should encourage output in the near term. There may be a brief supply gap next month however due in part to some erratic cattle placements earlier this year. This could temper seasonal price declines for beef. Beef demand has been solid. The choice ribeye market has risen 13.1% over the last five weeks. Still, look for the beef markets to seasonally decline after Labor Day. Since 2013, the average move for the choice ribeye market during the first three weeks in September was down 6%.

### Ground Beef

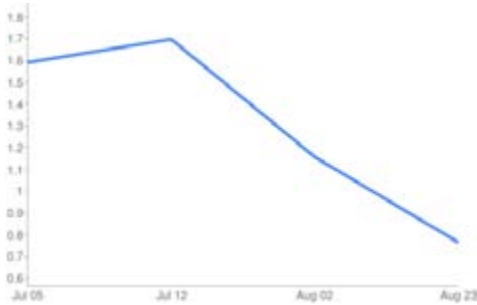


BEEF	Price	LstWk	Diff	Price 17
Ground Beef 81/19	\$1.888	\$1.835	\$0.0530	\$1.815
Ground Chuck	\$1.967	\$1.862	\$0.1050	\$1.922
116 Chuck (choice)	\$2.908	\$2.979	(\$0.0710)	\$2.524
168 Inside Round (ch.)	\$1.969	\$2.013	(\$0.0440)	\$1.996
184-3 Top Butt, bnls (choice)	\$3.078	\$3.217	(\$0.1390)	\$3.264
193 Flank Steak (choice)	\$5.749	\$5.735	\$0.0140	\$4.222
50% Trimmings	\$0.953	\$0.914	\$0.0390	\$0.633
75% Trimmings	\$1.563	\$1.563	-	\$1.936
90% Trimmings	\$2.146	\$2.104	\$0.0420	\$2.336



**PORK** - Pork production last week was up 5.5% and was 5.1% better than the same week a year ago. Hog slaughter was the largest for any week since December. Abundant hogs are likely to translate to big year-over-year gains in pork output this fall. Expect pork prices to seasonally weaken in the coming months. The African swine fever has emerged in China in three different areas. China is the world's largest pork producer and consumer. If this problem persists, it may boost U.S. pork demand and support prices. Belly prices are the lowest since May 2015.

### Belly (bacon)

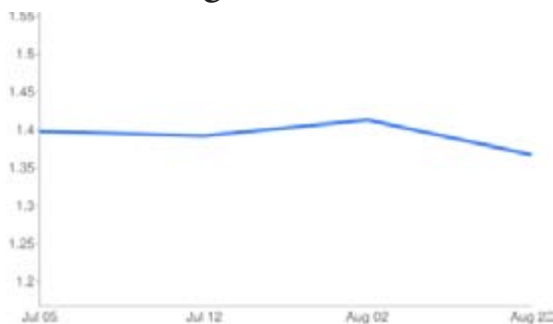


PORK	Price	LstWk	Diff	Price 17
Live Hogs	\$0.302	\$0.334	(\$0.0320)	\$0.546
Belly (bacon)	\$0.765	\$0.876	(\$0.1110)	\$1.583
Ham (23-27 lb.)	\$0.561	\$0.605	(\$0.0440)	\$0.686
Loin (bone-in)	\$0.741	\$0.758	(\$0.0170)	\$0.824
Tenderloin (1.25 lb.)	\$2.125	\$2.140	(\$0.0150)	\$2.464
Picnic, untrmd.	\$0.406	\$0.430	(\$0.0240)	\$0.580
42% Trimmings	\$0.317	\$0.368	(\$0.0510)	\$0.448
72% Trimmings	\$0.444	\$0.536	(\$0.0920)	\$0.599



**POULTRY** - Chicken output for the six-week period ending August 11th grew 1.7% from 2017. Expectations are for solid chicken output growth versus 2017 this fall. The USDA is projecting Q4 chicken production to be 2.2% better than 2017. Last week, chicken producer margins were the lowest for the week since 2012. Chicken demand is in question. Last week, the ARA chicken breast index and ARA Chicken Tender Index were both the lowest since January. The ARA leg quarter index was the cheapest since February 2017. Finally, the ARA chicken wing index is the lowest for this time of year since 2011. But, the football season begins next week which will fuel wing demand. Since 2013, the average move for the ARA Wing Index in September was up 5.8%.

### Wings Jumbo Cut



POULTRY	Price	LstWk	Diff	Price 17
Wings (jumbo, cut)	\$1.367	\$1.410	(\$0.0430)	\$2.088
Wing Index- (ARA)	\$1.429	\$1.426	\$0.0030	\$2.123
Breast, Bnless Index (ARA)	\$1.105	\$1.088	\$0.0170	\$1.404
Tenderloin Index- (ARA)	\$1.804	\$1.804	-	\$1.991
Legs (whole)	\$0.473	\$0.511	(\$0.0380)	\$0.499
Leg Qtr Index (ARA)	\$0.297	\$0.303	(\$0.0060)	\$0.399
Thighs, bone in	\$0.614	\$0.587	\$0.0270	\$0.790



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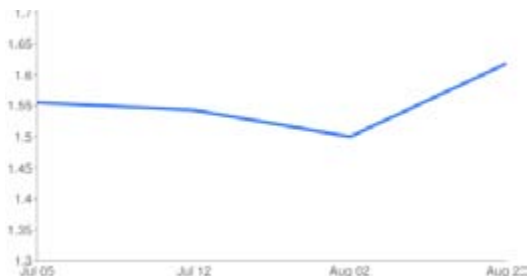
## Week Ended August 24, 2018 Summary

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



**DAIRY** - Milk production growth slowed during July. For the U.S., milk output during the month was just .4% larger than last year due to a .5% gain in milk per cow yields and a .1% smaller milk cow herd. Milk farmers reduced the herd by a net 8,000 head in July marking the biggest one-month reduction since the winter of 2016. The herd is now the smallest since the spring of 2017 but is still historically large. Earlier this year, the U.S. milk cow herd was the biggest since 1996. Slowed milk output growth could be somewhat supportive of the cheese and butter markets during the next few months.

### Cheese Blocks



DAIRY	Price	Last Week	Difference
Barrels	\$1.5905	\$1.6675	(\$0.0770)
40 lb. blocks	\$1.6370	\$1.6570	(\$0.0200)
Butter	\$2.2490	\$2.3480	(\$0.0990)
NFDM	\$0.8715	\$0.8325	\$0.0390



**OIL & GRAINS** - Wheat futures prices traded sharply higher late last week over speculation the Russian agriculture ministry could put in place limits on exports. As it became clear this would not happen any time soon, futures fell back to near the same levels where they traded mid last week.

Reports of improved wheat export sales provided another supportive input. For the week of 8/9, large sales to the Philippines, Nigeria and Mexico were reported. Many market participants believe the U.S. will eventually pick up increased export sales from competitive nations harvesting smaller crops. Timing and size of this opportunity are the unknowns, and the wait could extend into calendar 2019. Basis premium prices for spring wheat are soft on good harvest reports. Winter wheat basis is very strong as mills are forced to bid higher to source their short-term needs. Flour prices are still near recent lows; we expect competing inputs like those we are seeing this week to keep prices chopping higher and lower for some time.

GRAINS + OILS	Price	LstWk	Diff	Price 17
Soybeans, bushel	\$8.299	\$8.283	\$0.0160	\$9.21
Crude Soybean Oil, lb.	\$0.281	\$0.272	\$0.0090	\$0.33
Corn, bushel	\$3.333	\$3.337	(\$0.0040)	\$3.19
Crude Corn Oil, lb.	\$0.270	\$0.271	(\$0.0010)	\$0.37
Distillers Grain, Dry	\$136.375	\$136.354	\$0.0210	\$110.79
HRW Wheat, bushel	\$5.645	\$5.758	(\$0.1130)	\$3.49
DNS Wheat 14%, bushel	\$5.788	\$5.863	(\$0.0750)	\$6.46
Durum Wheat, bushel	\$4.965	\$5.023	(\$0.0580)	\$7.06



**KITCHEN SINK** - The coffee markets continue to soften. This week the nearby Arabica coffee futures market declined to its lowest level in over 11 years. A weak value of the Brazilian

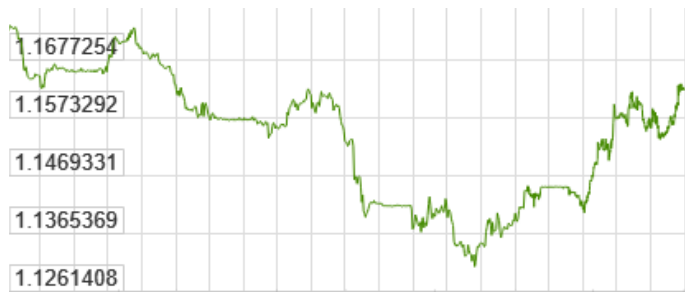
real continues to put a negative bias over coffee prices. The downside risk in coffee from here may be nominal, however.

Kitchen	Price	LstWk	Diff	Price 17
Whole Peeled, Stand (6/10)	\$12.617	\$12.617	-	\$12.13
Tomato Paste- Industrial (lb.)	\$0.453	\$0.453	-	\$0.45
Coffee, lb., ICE	\$0.980	\$1.051	(\$0.0710)	\$1.26
Sugar, lb., ICE	\$0.255	\$0.257	(\$0.0020)	\$0.25



**EURO vs. US Dollar**

Current: \$1.1625  
 Lowest Last 30 Days: \$1.1304  
 Highest Last 30 Days: \$1.1734



### Energy Commodities

ENERGY	Price	LstWk	Diff	Price 17
Crude Oil, barrel- ny-mex	\$67.730	\$65.270	\$2.4600	\$47.72
Natural Gas, mbtu- ny-mex	\$2.952	\$2.951	\$0.0010	\$2.94
Diesel Fuel, gal- nymex	\$2.174	\$2.087	\$0.0870	\$1.60
Electricity, mwht- ny-mex	\$38.950	\$37.200	\$1.7500	\$32.05
Gasoline, gal- nymex	\$1.957	\$1.894	\$0.0630	\$1.50
Diesel Fuel, gal- eia	\$3.207	\$3.217	(\$0.0100)	\$2.60
Ethanol, gal- usda	\$1.315	\$1.337	(\$0.0220)	\$1.49