



Gordon Food Service Market Updates for December 2, 2022

Dairy | Eggs

Large - Up

Medium - No change

Small - No change

Retail demand fairly good to very good. Larger sizes close to tight. Market full steady

Dairy | Butter

Butter- Up

Tight Cream is slowing butter production in some markets across the county, as ice cream makers continue to pull strong to meet demands; butter sales are relatively stable but pricing remains elevated at this time.

Dairy | Cheese

Barrel - Down

Block - Down

The Block and Barrel Markets have shown some bearish moves these past weeks. Supply is currently plentiful and demand is not overcoming supply at this time. Speculators feel this is due to the rise in inflation pressuring consumers wallets and minimizing sales.

Grocery & Bakery | Sugar

The spot market is limited as supply is relatively spoken for at the moment as we wait for the US to confirm import quotas in early 2023. No beet sugar is available on the market at this time due to a Western US sugar manufacturer calling force majeure shorting 12% of their contracts for the 22/23 season. Pricing continues to be elevated up nearly 50% from last year while cane is only up about 11% in price though availability is still tight. Louisiana is expecting a record cane sugar crop beyond what they can process so they will have to barge product north to refineries on the East coast barring no issues with harvest or transportation through the Mississippi River. This combined with potential imported sugar could increase the availability in 2023 of cane sugar though the tightness of beet sugar will keep cane sugar pricing elevated.

Grocery & Bakery | Flour

Wheat futures have calmed some stabilizing prices slightly lower than they had been the previous 2-3 weeks as the Black Sea Corridor trade route expansion through early March has at least calmed some of the volatility. The impending rail strike in the US has also caused some uncertainty as Congress is stepping in to help avoid what could be a huge supply chain disruption. Winter wheat crops continue to be dry, especially in the southern Plains, pointing to the potential for higher prices

due to a smaller crop when harvested in the spring though there is time for moisture to set in yet.

Grocery & Bakery | Frying Oil

Everyone is waiting for the much anticipated EPA plan for Renewable Fuel Standard (RFS) going forward. It is a chance for the Biden administration to demonstrate its commitment to renewable fuels in the future, so many expect to see increases in the volume mandates. The announcement, originally scheduled for release Nov. 12, was pushed back to this week. Rumors of inclusions for canola oil to be added as well as new credits to be made for electric vehicles have created a buzz within the industry. The addition of electric vehicles to the RFS would provide more incentive for growth in that industry and could provide further tax credits for end users. It could also lend some easing to the ongoing debate of whether or not burning our food for ethanol drives food costs higher.

Bulls:

- Dry weather in South America is adding a premium to soy oil futures.
- Increases in the RFS for gallons to be blended would pull vegetable oil away from an already tight supply pool.

Bears:

- Slow US Exports.
- A declining Argentine Peso promotes forward sales of their upcoming crop, taking away from potential US sales
- Recession potential.

Seafood | Imported Seafood - High Level Summary

Ocean freight and port congestion have continued to improved. This has as much to do with improvement of inbound product as it has with the reduction of demand in the US due to consumers spending less. Coastal Warehouse space (frozen) in the US

is very tight as inventories back up as demand shrinks due to inflation. Higher priced items like crab and lobster have stalled as customer demand has died off. US trucking and rail logistics service levels have improved but freight cost remains elevated due to high cost of fuel.

Seafood | Fin Fish

Cod, 2x Frozen Atlantic and Pacific::

Supplies remain tight with wild caught raw material projected to drop around 9% from last harvest. Pricing elevated for the foreseeable future but with some small amount of product coming from China there is spotty cheap product popping up in markets. Pay special attention to the Country of Origin. Limson is working to have a product of the US available for the Lent period.

Cod, Atlantic 1x:

Decent supply meeting demand. New inventories from Canada are excellent quality. Fishing continues for 1x Frozen Pacific Cod from Alaska but the harvest has been poor. Smaller sizes are tight. 8-16oz and larger are available. Prices remain elevated with little relief in the foreseen future. GFS/Limson is attempting to pre stock for lent early.

Pollock:

Good supply meeting demand of IQF fillets and pricing is stable. 2X frozen imported supplies remain unavailable.

Haddock:

Decent supply meeting demand and prices remain stable but elevated. The Canadian Government has reduced the Total Allowable Catch (TAC) 39% due to the pollock stocks being extremely low.

Hake:

Supply is meeting demand and pricing is stable. Product is available and in warehouses but note there will be item code changes as we receive changing case pack sizes.

Salmon:

Norwegian; Demand continues to grow and is starting to stress supply with new imports from Europe being tight. GFS and Limson have ample supply since we locked in 7 loads early and have an option of some extra loads. Pricing has started to increase for new imports.

Chilean; Currently supply is good with increased demand pricing if slightly elevated.

Salmon continues to witness solid growth as consumers move to salmon from more expensive seafood species.

Swai:

Supply is flowing and improved / pricing is stable with some available options on large buys. USDA inspection remains to be a roadblock as the US government has not inputted new inspectors into the system to speed up this hurdle in the supply chain.

Tilapia:

Tilapia frozen fillets supplies are meeting demand but expect prices to remain stable due to logistical issues, freight, costs, **tariffs** and a strong U.S. demand. Please note, the price of Tilapia includes a 25% tariff on imports from China. If you remove the tariff, prices historically very low.

Mahi Mahi:

Supply is meeting current demand and GFS should be in a good position well into the new year. Most product is out of Asia currently but product is beginning to be offered from South America and the projection for the harvest has changed as the water temps have shifted with the Atlantic tropical storms. Prices are currently stable but we believe there will be some softening as new harvest progresses.

Tuna:

Portioned Tuna steak supply and pricing is stable but Poke supply is very tight due to extremely high demand.

Lake Fish:

Lake Fish- As fall progresses the catch will improve slightly but will not improve enough to fill warehouse freezers. Expect pricing to remain high.

Yellow Perch -Heavy demand continues to challenge supply. Michigan Sized Butterflied are hard to come by and the Ohio sizes is non existent. Overall category is extremely short.

Walleye -Supply meeting demand is good for all sizes with pricing stable.

Whitefish -Catch remains very short. We have spotty inventory but replacement supply is difficult to source for Frozen fillets. Most of the current catch is going to the fresh market. We do expect relief as fall fishing progresses.

Zander and Euro Lake Perch - Struggle to source with most of the supply coming from Poland and Kazakhstan is now compounded by the ban on Russian raw material. Zander sizes 20-40 and 40-60 are still a challenge. There is availability of the larger sizes of Pike/Perch available as an option for walleye. Pricing remains elevated.

Ocean Perch:

Skinless product continues to be non existent. Skin On product is available.

Sea Bass:

Light inventories equaling demand is keeping prices elevated.

Flounder:

Asia imports remain tight but new imported supply arriving sporadically.

Seafood | Shrimp

Imported White Shrimp:

Ample supply meeting demand for almost all sizes and prices are trickling lower. Larger 4-6, 6-8 are hard to come by. Most Asian countries continue to improve production.

Imported Tiger Shrimp:

Supply is getting tighter as farmers slow production. Expectation is that Tigers will continue to be a premium species requested and pricing will be elevated to the traditional commodity pricing.

Domestic White & Brown Shrimp:

New season wild brown shrimp catches are in the warehouses and supplies are meeting demand. Harvest for white shrimp has been slow and stored inventory is tight. Larger U-15 and above are hard to come by and pricing is elevated. Rock shrimp season started in October but offers have been slow!

PUD Shrimp:

Supply is tight and producers are reporting higher pricing, as the demand is higher and product is getting bid up at the docks.

Seafood | Lobster & Crab

North Atlantic Lobster:

Some zones are closing due to storms. Other zones are opening. Product is flowing and supply is meeting demand. Pricing is stable but there are some buy options for sizes. Lobster meats supply is in good shape and pricing has firmed.

Warm Water Lobster:

In good supply currently and Limson has supply of warm water Lobster and prices have remained firm.

South African:

Supplies are good and currently all skus are available.

Snow Crab:

Canadian supply for all sizes is meeting light demand and pricing has softened to stimulate sales. Typically, holiday demand increases and suppliers are offering value loads to stimulate sales. Limson had good inventory to meet demand and additional opportunities.

The Alaskan season has been canceled. The effect on demand for the Canadian supplies remains to be seen as consumers demand not adjusted for the elevated high cost of Snow Crab.

King Crab:

As customers have removed King Crab from menus due to the ultra high prices, the limited supply is covering demand but inventories are starting to dry up as we approach the Holiday Season. Prices remain high but have there are deals from some suppliers as they attempt try to stimulate sales and move off excess inventory which is accruing storage and interest costs monthly.

Note; GFS stocks from 50th street a South American Red King Crab which is a substantial value to the Russian and US products. The species is Santolla and the quality is fantastic. GFS item numbers include; #312579, #312578, #312583.

Seafood | Specialty Seafood

Scallops:

Supply is meeting light demand currently and prices are stable through the end of October. Expect additional quota cuts to affect future harvests.

Squid:

Demand continues to be very strong. Liligo is in good supply but Todarodes is witnessing supply issues as demand outweighs available supply.

IQF Oysters:

Supplies are tight but meeting demand. New season starts Nov 1st in the Gulf. Current PEI items will run out as new harvest becomes available.

Mussels and Clams:

Great inventory across the board.

Alligator Meat:

Farmed meats are light in availability. Wild harvest is improving so there is wild

supply being offered.