

MARKET UPDATES

Insights and Trends for the Meat, Seafood, and Produce Industries

Federal Action Plan for Meat & Poultry Processors



Rising prices of meat have become the norm over the last two years, especially for those working in the industry. Inflation for meat hit nearly a four-decade high this past November when prices rose 20.9% from the year prior. On top of this, there seems to be a growing disparity between smaller regional meat processors and the four largest national beef and poultry processors. According to the White House administration, these four processors account for 85% of beef production and 54% of poultry production. With these current issues, pressure has mounted to find out how to stabilize the U.S. meat industry.

Last Monday, the Biden administration outlined a plan to combat the growing concerns of inflation and competitive imbalance among meat processors. This action plan, which includes an array of financial grants and loans for independent meat processors, focuses on curbing the competition gap. In addition, funds will be available for workforce training and the reduction of overtime inspection costs. The plan totals over \$1 billion in aid mainly geared for the smaller meat processors.

Along with this funding, the plan also looks to create more “clarity and strengthen” labeling rules centered around the Packers and Stockyards Act. The USDA will be announcing the details of this change at a later date that looks to add more traceability to meat being processed in the U.S. These efforts look to focus on helping U.S. farmers and ranchers by reporting law violations more effectively and to better define “Product of USA” labeling requirements.

This administration plan has been met with mixed reactions. Organizations like the U.S. Cattlemen’s Association and American Farm Bureau have applauded the efforts to create more transparency and the commitment to smaller U.S. processors. These organizations see these actions helping get to the bottom line of why consumers continue to see higher meat prices along with giving farmers a fair shake. Others like the North American Meat Institute and the U.S. Chamber of Commerce are disappointed in the approach of this plan. The Meat Institute believes these actions have come too late and that the market has already started to right itself. They believe more attention should be given to the real problems at this time which are labor shortages and supply chain issues. The U.S. Chamber sees the plan as government intervention that is interrupting years of bipartisan antitrust laws. They warn that the plan could make matters worse by creating more supply challenges and continuing the upward trend of prices.

The impact of this plan remains to be seen. The coming weeks and months will show what the true impact is. The only certain thing is that many eyes will be watching to see what happens next.

Sources:

Lucey, C. & Thomas, P. (2022, Jan. 3). Biden promotes plan aimed at tackling meat prices. Retrieved from <https://www.wsj.com/articles/biden-promotes-plan-aimed-at-tackling-meat-prices-11641242596>



Meat Market Updates



BEEF:

Market is mixed. Production saw an uptick over the last week with a 9.9% increase and a 4% bump compared to the same time last year. 2021 total production was up 2.6% over 2020. Labor continues to be a concern heading into the beginning of 2022. Prices for live cattle are much higher than the five-year average and are trending higher heading into the new year. The extreme weather that much of the nation has seen over the last week is expected to impact the supply chain. Overall, production is seeing the normal seasonal dip after that holidays.

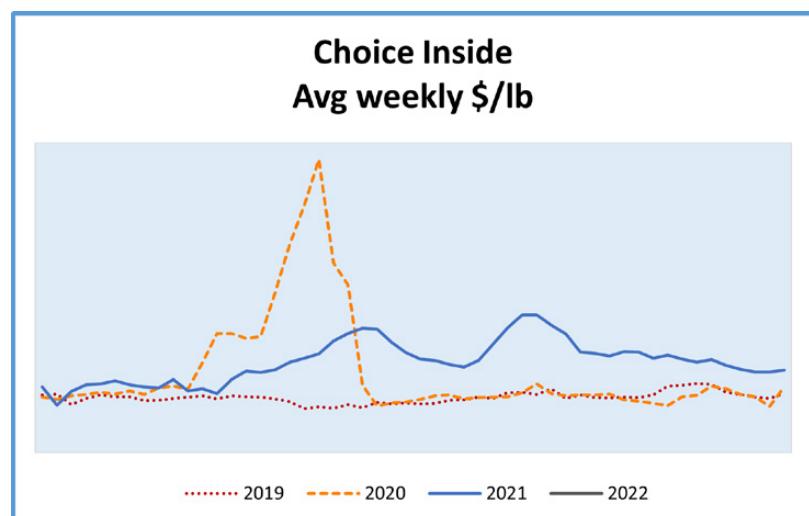
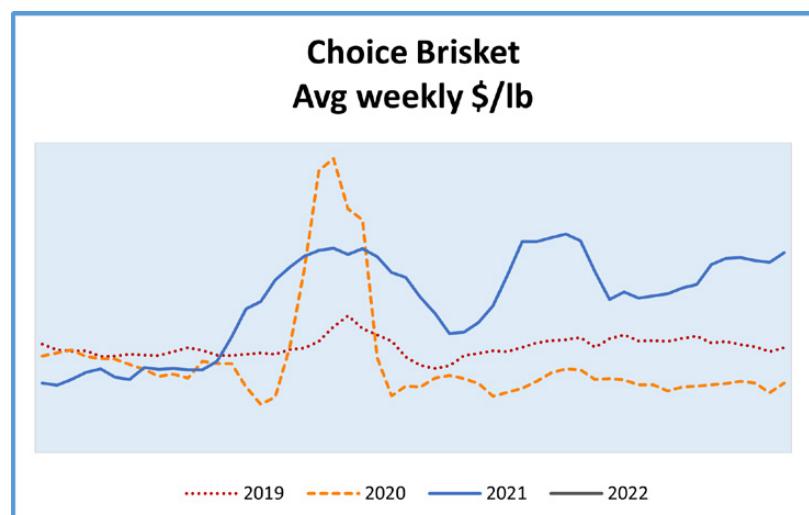
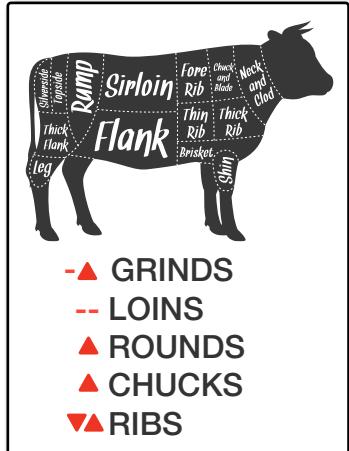
Grinds- Market is steady to firmer. Production has slowed during the holidays and into the beginning of the year. Upward pressure is typical as we head through January with the increase in demand and slower production during the holidays.

Loins- Market is mostly steady. Lighter buying as we head into January is the norm with demand shifting to other cuts.

Rounds- Market is firmer. Production is slow during the holidays but demand seasonally increases over the next few weeks.

Chucks- Market is firmer. Demand has increased as retail expectations look good over the coming weeks.

Ribs- Market is mixed. Demand will lighten as we head into the new year. This has allowed packers to get inventories in line with demand. Market is unsettled in some instances as price fluctuation is being seen based on supplier availability.



Meat Market Updates



PORK:

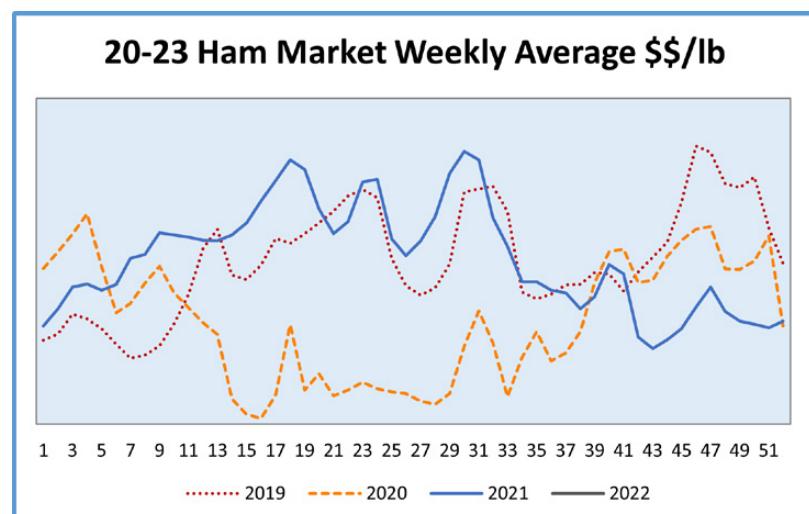
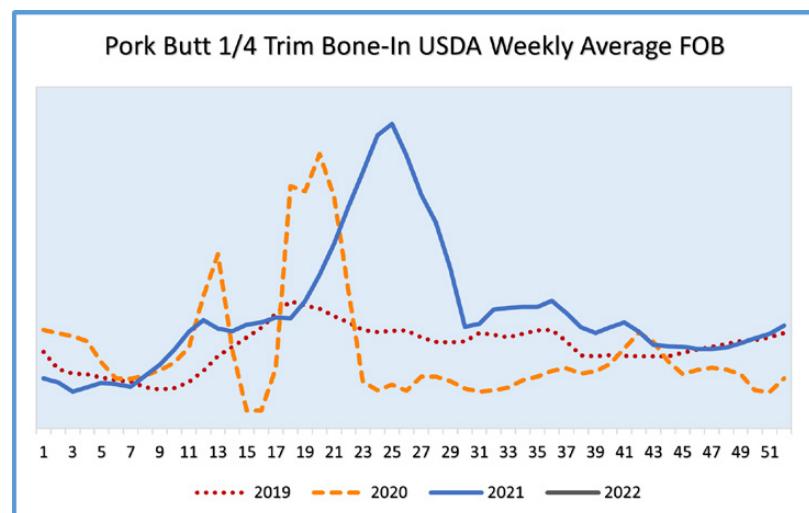
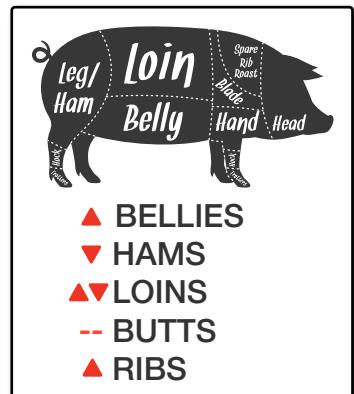
Market is mixed. The total pork production rose 13.8% over the week prior and .3% over the same time last year. Last year's production totals were down 2.3% over 2020. Transportation and labor issues are still hampering multiple plants. The impact of this is being felt with allocations and shortages. Reduced production through the holidays and fewer hogs have caused inventories to continue not to meet demand levels. Concerns with Prop 12 legislation in California has created speculation that is limiting availability for certain items.

Bellies- Market is firmer. Demand from December has not reduced which continues to put pressure on the already low inventories. Labor shortages have kept production low on higher labor items such as bacon.

Hams- Market is weaker. Demand has fluctuated over the last few weeks which has kept the pressure on the market. With Easter buying right around the corner, there will be little time to catch up. As with other products, labor has made for limited availability in some instances.

Butts- Market is steady. Demand is trending upward over the last few weeks. Boneless butt availability is being impacted by labor issues.

Ribs- Market is firmer. Market is unsettled due to labor shortages and inventory issues.



Meat Market Updates



CHICKEN:

Market is steady to firmer. Retail and foodservice business is becoming more steady as we get back into more normal buying patterns. Demand is good for both whole birds and WOGS. Increased demand is being seen with tenders, boneless breasts, and dark meat. Covid related labor issues are being reported which is affecting processing schedules. This has created lower than average processing per week which is helping put upward pressure on items like WOGS.

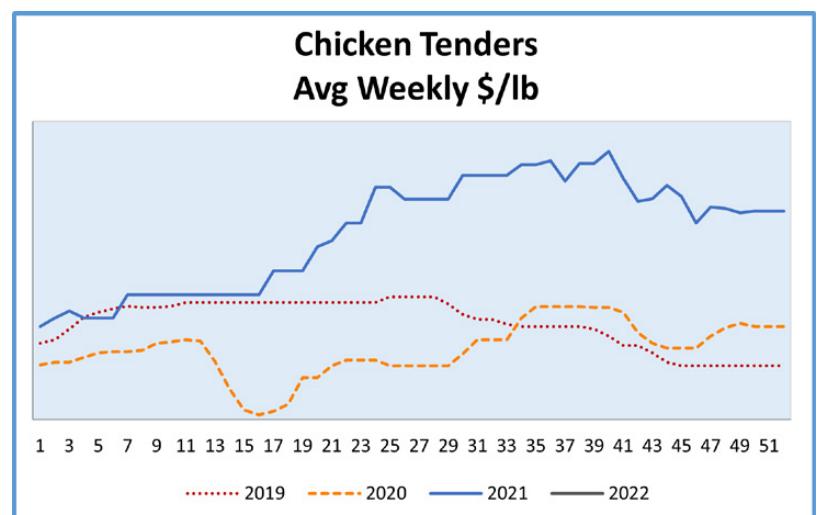
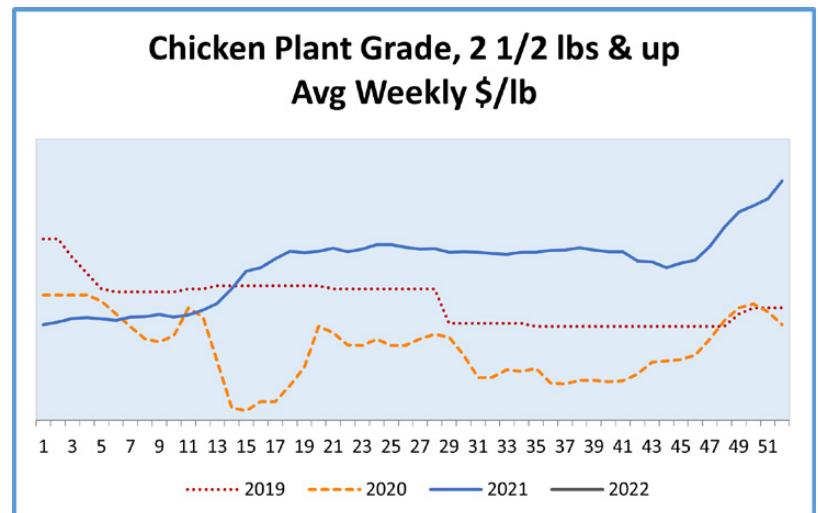
WOGS- Market is firm. Retail and fast food are trending upward with rotisserie chickens and 8pc cutups continuing to have high demand. Market is moving higher.

Tenders- Market is steady to firm. Foodservice and QSR demand are on the rise. Inventory is tight because of the limited weekly supply.

Boneless Breast- Market is firmer. Activity for both Retail and foodservice is strong. Supply is tight which is keeping pressure on the market.

Leg Quarters and Thighs- Market is steady. The global supply chain continues to create issues. Production for boneless thighs is getting better. Supply continues to be low.

Wings- Market is steady. Foodservice demand is picking back up after the holidays. The market is looking better than it has in recent months.



Seafood Market Updates



LOBSTER TAILS:

Warm Water Lobster Tails- Market is firm. The market has continued to push higher over the past several weeks as the active demand is keeping pressure on limited inventories. Allocations to orders are common due to the limited inventories. New season product is making its way into the market, but the brisk demand has helped to prevent inventories from building. The market is becoming more unsettled due to the record high prices. September imports are down over 34% from the same month last year.

North American Lobster Tails- Market is firm. Demand has been strong for several weeks and is putting pressure on very limited inventories. Seasonal plant closures combined with poor fishing conditions have caused more limited availability. Shorts and allocations to orders should be expected. The market is at record high levels.



KING CRAB:

Market is steady but firm. Inventories are limited for an active demand. Global demand is strong and putting pressure on the market. This market has been firm for several months due to the limited availability and strong demand.



SNOW CRAB:

Market is firm. The quota for the upcoming Alaskan season has been announced and there is an 88% reduction compared to the prior year. This is putting upward pressure on the market and suppliers are managing their current inventories closely. This market is at very high levels and well above normal for this time of the year.



SCALLOPS:

Market is steady to firmer. Global demand is strong with demand from Europe being very strong and putting additional pressure on the market. The domestic market has seen upward pressure on all sizes over the past several weeks with light inventories for strong demand. The market for imports is steady to firmer with product from Canada seeing upward pressure due to limited availability and product from China continues to see shipping delays. Product from Japan is seeing upward pressure due in part to the strong demand from Europe.



WHITE SHRIMP:

Market is unsettled. The market has seen downward pressure over the past few weeks even though inventories remain rather limited, and demand remains strong. Availability of product from Ecuador is improved and helps to push the overall market lower. The market for the product from Asia has also moved lower even though it continues to see logistical delays. Covid concerns in Asia are putting additional pressure on that market as production in that region is seeing an additional impact from the spread of the virus.

Seafood Market Updates



SALMON:

Market is firmer. The market for farmed products has seen upward pressure over the past several weeks. Reports of logistical delays combined with an active demand are putting pressure on the market. The market for wild salmon is mixed between species with limited availability. The Wild Alaskan season is over for the year and there are concerns on multiple salmon types. The Coho catch came in 50% below the 5-year average. The Sockeye catch looked good when you look at fish count, but the fish were very small in size this year and in pounds is the lowest catch since 2014. Supplies may run short of demand as we move through the first quarter of 2022.



COD:

Market is firm. Product out of the Pacific is seeing inventories concerns with a strong demand that has been keeping pressure on inventories for several months. Foodservice demand is very good. There are also delays with production coming back out of China putting additional pressure on the market.



POLLOCK:

Market is firm. Larger sized product is in limited supply due to recent catches being more on smaller-sized fish. Production delays in China are putting additional pressure on the market with reports of port delays backing up shipping lanes. The Wild Alaskan season catch numbers have been announced and will be 25% below the prior year. These are the lowest numbers seen in over a decade. Current inventories are already limited, and upward pressure is expected on the market as we move closer to Lent.



TILOIAPIA:

Market is firmer. Higher production and logistical costs are putting pressure on the market. Shipment delays on products coming out of China are expected to continue over the coming months. Buying activity has been very good and keeping pressure on already light inventories. Larger-sized fish are in lighter supply due to drought conditions and farmers having to empty their ponds sooner than normal. Recent reports show that the availability of smaller-sized fish are going to be very limited over the coming weeks as farmers try to restock their ponds.



FRESHWATER FISH:

Poor weather and high winds diminished the landings throughout the Great Lakes region. The forecast for this week is much of the same with wind gusts and widespread winter weather.

Product Availability (this week):

Whitefish: Poor
Yellow Perch: Poor
Walleye: Poor
Lake Trout: Poor

White Bass: Poor
White Perch: Poor
Rainbow Trout: Good
Sunfish/Bluegill: Poor

Produce Market Updates



BROCCOLI:

Cooler temperatures across the Yuma growing region have caused slower than normal growth which is resulting in less supply. These conditions are expected to continue through the next few weeks. Quality has been good.



CAULIFLOWER:

Demand has been active and is expected to continue to increase. Colder weather is impacting the growth and yields. Quality is average.



CELERY:

Rainy weather in the Oxnard growing regions has caused quality issues and damaging of product. Supply is expected to improve over the next couple of weeks. Demand remains high.



GREEN ONIONS:

Good demand has pushed the market higher this week. Labor shortages and cold weather have limited supplies.

LIMES:

Quality is an issue as the colder weather has caused scarring and skin breakdown. Smaller sizes are in the best supply. Key lime supplies are the tightest.



MUSHROOMS:

Supply chain and labor issues persist and are impacting supplies. The lightest supply is being seen with baby bellas, oysters, portabellas, and shiitakes. There are expectations that supply issues will begin to wind down as we head further into 2022.

STRAWBERRIES:

Rain in the Oxnard and Santa Maria regions has affected supply. Overall, most regions are reporting good quality.



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