Urner Barry's
Reporter
the newsmagazine for the food industry professional
VOLUME 16 | NUMBER 4 | FALL 2021 | QUARTERLY

SOARING FARM TO FORK COSTS Trigger Global Price Shocks

FROM FARM TO TABLE

Our operations span from broodstock in Rogaland to our own brands in restaurants across the United States and Western Europe. We maintain strict quality control at every stage of our farming operations to ensure the highest levels of food safety.

Caring for and nurturing our fish is what we do - whether it is sunny, stormy or freezing cold. Fresh out of the cold and pristine ocean, healthy and tasty. That's our salmon.

We aim to increase the value of our products by becoming an innovation partner for our customers. Offering our dedicated customers, a continuous and reliable supply of fresh salmon.

ROOTED IN NATURE

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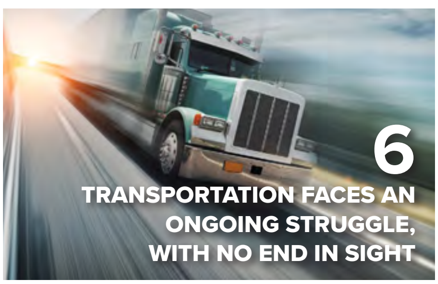

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Main ingredients

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A la carte

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From the Editor's Desk...

As the world returns to normal, or at least what will likely pass for normal, much of our daily lives will seem familiar, as will the challenges faced everyday by the food industry. Live-side trials and tribulations, scheduling issues, raw material supplies, animal and human welfare goals, worker safety initiatives, logistical nightmares, export hurdles and many, many more influences will ring vaguely familiar bells. At the same time, a plethora of new and still changing options for consumers as it relates to what, where, why, how, and when they choose to eat, will usher in exciting new opportunities and new mountains to climb.

Beneath it all, there is an unspoken understanding among us that things will never be the same as they were before COVID-19. But, would we have it any other way? Precious time, resources, and talent have been expensed by the food industry during the past 18 months to reimagine not only our existing understandings of commerce and logistics, but also to comprehend how the food industry can better serve consumers throughout the world.

It is not nearly as difficult to imagine a world where traditional human needs, such as social interaction, are usurped, or at least more frequently replaced, by opportunities which result in increased convenience and timesaving. Remember: Time is money and there is more money in the pockets of consumers these days. Competition with government programs has significantly raised baseline salaries, permanently introduced flex-scheduling into the workforce, and even ushered in a fresh wave of never-before-available sign-on bonuses at every level of the business. Sometimes that available cash is spent on the most precious commodity in the world—the minutes and hours that make up our day. It is difficult to see today's consumer forfeiting valuable time for a sit-down dining occasion. It seems far more likely that a blend of old tradition and new-found convenience will ultimately characterize a reimagined era of food production and delivery.

Speaking of reimagined, I look forward to seeing you all September 26 through the 28th. Those dates will mark the return of Urner Barry's Executive Conference, being held at The Venetian, Las Vegas! Over a year in the making, this event will be featuring the best and the brightest minds to help you conceive, in a fresh, new way, the future of your business. As always, opportunities abound to network, build camaraderie, and stimulate professional business thinking.

As we roll back into life and adjust to the fact that things will never quite be the same, keep in mind the lessons learned and embrace the food industry's future with the passion which has always been part of its DNA.

Stay in touch.

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Urner Barry's **Reporter**

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TRANSPORTATION FACES AN ONGOING STRUGGLE, WITH NO END IN SIGHT

Players have had their fair share of obstacles and sleepless nights when it comes to anything transportation-related this year.

In the early days of the pandemic, all of the attention was on the plants themselves and the struggles happening within their walls—and rightly so. But as time has gone on and adjustments were made, the bigger problem that many were facing came after the plants were done and the product needed to be moved to its final destination. Throughout every protein sector, the problems were the same: not enough drivers, trucks, or containers (and the list goes on). Just like most things these days, if it is not one thing it's another, which causes headaches, frustration, and costs for everyone involved.

Mark Liszt, President, and CEO of Lawrence Wholesale, a West Coast-based protein wholesaler provided his input on the current state of things on the domestic front:

"Domestic rates are on the rise, and truck availability is on the decline. Simply, there is too much cargo needing to move at one time and it is not just the cost of fuel, but every cost, from insurance to competing pay rates for drivers, to more expensive pallets driving the upward trends. I see no relief in sight."

This sentiment mirrors most players' experiences throughout every protein sector as the black and white supply and demand factors many have come to expect are no longer the main part of the equation.

Internationally, things are just as complicated, if not more so. Liszt explained, "Internationally, the system is simply overloaded. We all read about port congestion, but when you see it, you understand better. The boats are lined up for as far as the eye can see. This is not just at the destination port, but at the transfer ports as well when containers move to the mother boats from the feeder boats. Thus, transit time is at least double. If a container line can charge for his container usage less times a year, he raises his prices as his costs are higher. When 100 people call you for the 10 containers you have available, you raise your prices. Welcome to moving goods in 2021."

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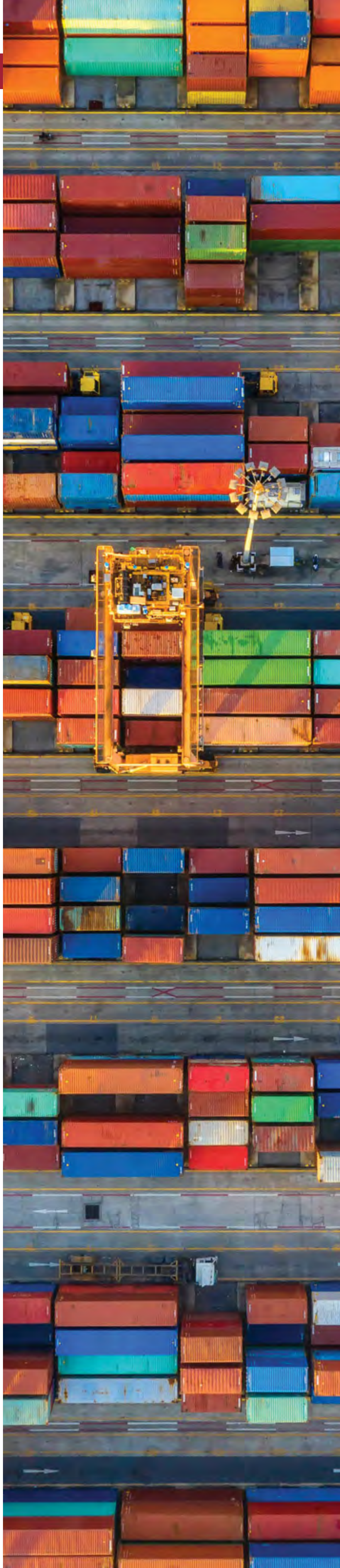

While container availability is certainly top of mind for most, other players have shifted their focus to other pressing issues, where just getting product out of the plants and to the ports is the biggest obstacle at hand. Some processors have even gone as far as shifting production from one plant to another simply because it's closer to a port city and reduces their freight costs and the need to find drivers and trucks.

However, that isn't the only issue at hand as countries around the world continue to struggle with COVID-related obstacles which further dampen potential exploits in the arena going forward. The story nowadays has shifted to Southeast Asia and their country-by-country shutdowns. This isn't just affecting U.S. players in their ability to market and ship product for export, but also players that import seafood who are grappling with these latest setbacks, which puts into question already thin product availability for the year and into 2022. With much of the industry already running on fumes, this news is just another setback in a year full of them.

With all these problems and more at play and no sign of an upcoming reprieve, players are grasping at straws to find any positives to take away from the current status quo. That's not to say the incremental improvements aren't noted, but in the grand scheme of things and from a mile-high view, the issues at play don't appear to be improving all that much. All participants can do at this point, is pinch themselves and hope it wakes them from this nightmare. UB

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Retailers shift focus as they adjust through effects of the pandemic

The retail landscape has changed in the wake of the COVID-19 pandemic. Not only are consumers shopping more online for groceries than ever before, but issues relating to higher costs, labor shortages, and resurgent foodservice demand appear to be impacting the way retailers operate and what they feature. Eggs have long been used as a loss-leader—an item that is promoted close to or below cost in order to get people into a store. Not only do eggs have over a 90% market penetration, but they are typically located in the back corner of the store, a position which chains leverage to drive traffic in other aisles. Retailers use loss-leaders to bring more customers in and drive sales of higher margin items during their visit. I mean, how often do you run in for something like milk, bread, or eggs, and not grab something else while you are weaving through the aisles?

Through the first eight months of 2021, this motivator seems to be lacking. Many in the egg industry have noted a change in the way eggs are being positioned at the shelf, the number of features, and the price levels of these ads. This is due to several factors. First and foremost, much like many businesses, retailers are likely dealing with labor issues relating to the pandemic and government unemployment incentives. Blowing out items that need to be restocked regularly comes with a human cost. Some retailers have switched their strategies to selling less volume at higher prices.

Second, competition at the retail shelf continues to grow. Cage-free production is expanding toward 100 million layers in the U.S. and is already nearly 1/3 of the total flock. The commoditization of the cage-free market has led producers focused on the specialty space to shift toward branded, pasture-raised, or free-range production methods. Sales of these eggs typically slump when commodities are featured at low prices, and we have seen more cage-free and other production types included in promotional schedules. Not to mention, it is branded eggs that are being promoted most frequently through online, music app,

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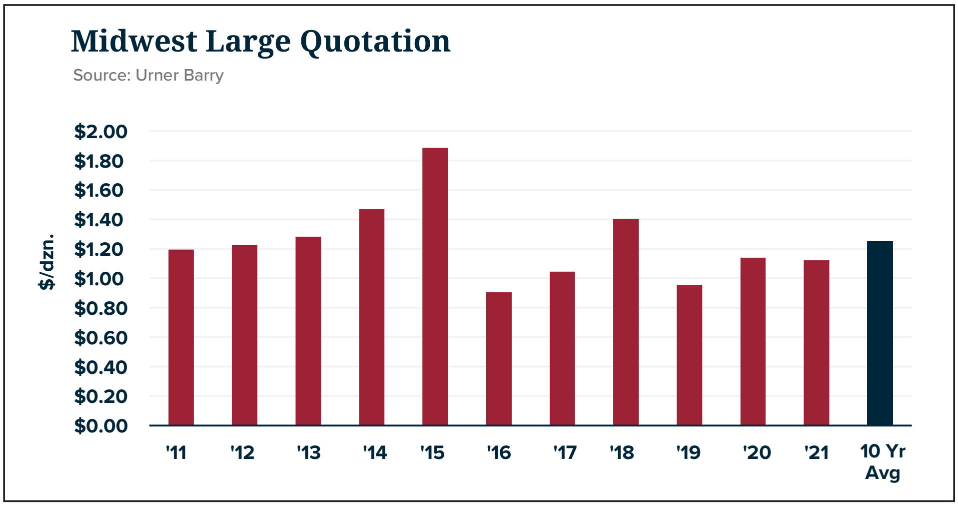
and other digital ads. Research by IRI and others suggests branded products are performing far better than store-labels and private brands in online sales, tilting the scales even further.

Lastly, as the nation recovers from the pandemic, foodservice sales have rebounded. Consumers may be tired of cooking at home and doing things like baking as a pastime. People are traveling and eating out more than they have over the last 18 months, and this has put a dent in the retail-traffic surge seen during the peak lockdown period.



Although the cost of some commodity protein remains well above average, eggs prices have struggled, even with heightened input costs. Year-to-date, Urner Barry's benchmark Midwest Large quotation has averaged just $1.12 per dozen, which is tracking to be the third-lowest in the last decade based on annual value. Retailers seem to have the ability to get more aggressive in their promotional pricing, but this strategy seems to be conflicting with other issues they may be dealing with.

Recent trends have impacted retail-egg sales across the country since March, but perhaps we are seeing things shift once again. Online grocery store sales declined 23% vs. year-ago levels, according to the Brick Meets Click/Mercatus Grocery Shopping Survey fielded June 27-28, 2021.

Does that mean consumers will head back to the stores this fall, or are they simply buying less online because they are cooking less at home and getting out more this summer? UB

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The massive Chinese market attracts plant-based innovators

As Chinese consumers seek more protein in their diets and plant-based foods become readily available, alternatives to meat are gaining acceptance in China. Although plant-based protein currently has a small serving share compared to traditional meat in China, The NPD Group reports that awareness has reached 90%. The retention rate for plant-based proteins is on the rise, increasing from 53% in October 2020 to 68% in January 2021. And with consumer awareness and retention rates for meat alternatives gaining traction in China, plant-based companies are looking to tap into a market that consumes more meat than any other country in the world.

Photo Credit: Beyond Meat

The Livekindly Collective, a collection of plant-based brands, announced its launch in China with two new flagship brands, Giggling Pig and Happy Chicken. Both brands cover a portfolio of seven innovative plant-based products inspired by beloved Chinese dishes, including plant-based dumplings, several mushroom-based dishes, and a seasoned minced dish. These new products launched in June, and Gen Z is the targeted audience.

"China is one of the most exciting and strategic markets for the plant-based revolution, and a key pillar of our growth strategy," said Kees Kruythoff, CEO and Chairman of Livekindly Collective. "We are proud to launch these new flagship brands, which have been developed and manufactured for Chinese consumers, by Chinese experts."

To reach an even wider audience in China, Beyond Meat launched an online store on JD.com's ecommerce platform. Currently, Beyond Meat's products are mainly available in China through partnerships with Starbucks, Yum China Holdings, and Alibaba Group's Freshippo markets. Beyond Meat is also adding Beyond Pork, created for the Chinese market, to its offering on JD.com. The company will sell ingredients that are used in the cooking of local dishes such as stir-fry, dumplings, mapo tofu, zhajiang noodles, and lion's head meatballs to appeal to Chinese consumers. The JD.com store will help expand availability of Beyond Meat's products in four major cities, including Beijing and Shanghai, and will ultimately reach 300 cities across China. Through this online store, JD.com's 18 cold chain warehouses will provide delivery of Beyond Meat products to consumers within 48 hours of orders being placed.

According to consultancy company iiMedia Research, online sales in China of fresh food, into which category Beyond Meat's products fall, are expected to top $46.4 billion this year, an increase of 18% from 2020. Beyond Meat's direct retail foray follows a similar move by Nestle, which launched a range of plant-based burgers, sausages, nuggets, and dishes suited to Chinese cooking.

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"With consumer awareness and retention rates for meat alternatives gaining traction in China, plant-based companies are looking to tap into a market that consumes more meat than any other country in the world."

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Additionally, China adopted its first standard for labeling plant-based meat products, which are defined as food products that use plant-sourced materials or their processed products as sources of protein or fat. This standard, issued by the Chinese Institute of Food Science and Technology, signals the growing acceptance for these meat alternatives in the country.

Independent restaurants have led the growth of plant-based proteins in China at over 70%, while full service reached 52%, followed by 31% in quick service restaurants, and 12% in leisure. The NPD Group also noted that consumers in China were willing to try various plant-based food types, including restaurant dishes, snacks, ingredients for cooking, and prepackaged foods. The trial rate of plant-based restaurant dishes and snacks were the highest at 60%.

The Good Food Institute reports that China's plant-based market reached nearly $1 billion in 2018 and is projected to grow between 20% and 25% annually. This push by global firms comes even as consumers in China are hesitant about consuming plant-based meat. A poll on the Sina Weibo social media platform found only 14% of 400 participants were willing to try plant-based meat, citing concerns over taste and price. However, the promise of a market with 1.4 billion consumers is enticing for companies, and plant-based innovators are willing to take the risk for the potential of substantial growth. UB

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Turkey market is soaring, supply indicators leave little doubt why

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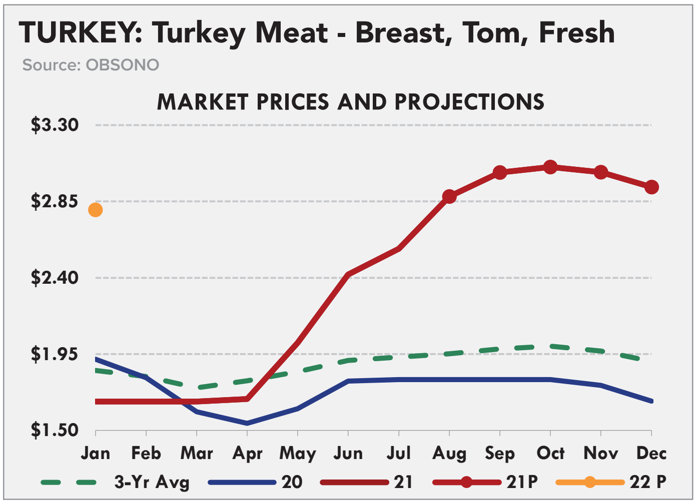
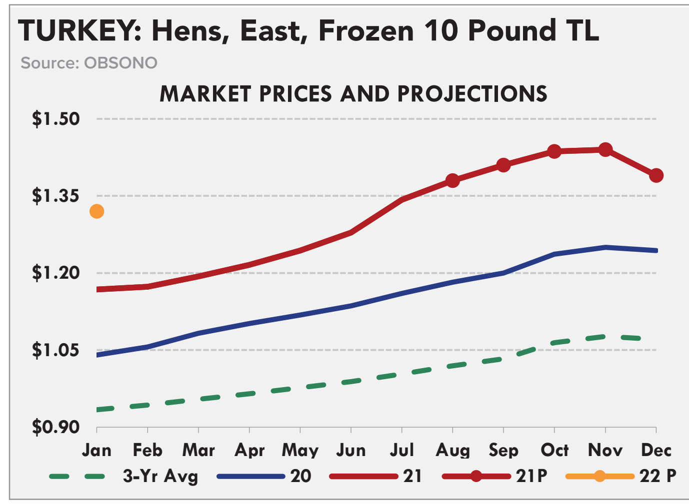
"Following last year's lack of seasonal underpinnings, marketers...are breathing a collective sigh of relief, but not so for buyers who have found the tables turned."

Day-to-day market dialogue, along with the upward appreciation of items such as consumer packed whole birds and breasts, breast meat and parts, continue to underscore this year's strained supply-side scenario within the turkey complex. While ancillary factors such as plant labor complications, some of the steepest seasonal feed costs realized in the past seven years, and robust, pipeline-filling demand patterns, are all playing a contributing role in the current market environment, reductions in headcount cannot be overlooked. With the exception of 2020, which displayed a slight boost in headcount from the year prior, the number of birds crossing the line has maintained a downward trajectory over the past several years. According to the most recent weekly data, year-to-date (YTD) hen slaughter resides at 52.4 million head, which amounts to a 2% reduction from year-ago levels. On the tom side, production has receded by a substantial 10% which, at 65.6 million head, marks the lowest YTD slaughter figure since 2005. Despite 56 and 22-point advancements in YTD tom and hen live weights respectively, headcount cutbacks continue to sway cumulative ready-to-cook (RTC) production tonnage 6% below 2020.

This scenario is having a notable impact on spot valuations. Following last year's lack of seasonal underpinnings, marketers, especially those on the raw material side, are breathing a collective sigh of relief. The same cannot be said for buyers who have found the tables turned. This is thanks in large part to what has so far amounted to stout seasonal performance. Perhaps one of the first indications that this year's market was keeping in line with traditional seasonal tendencies, was the uptick in demand centered around scapula and wing meat in early-Q2. Further processors seemed to read the writing on the wall and began purchasing their way up the raw materials ladder. Spot values responded in an upward fashion; reaching some of the highest seasonal levels achieved since 2015. Following this initial price rally, both lines found themselves comfortably situated 40% and 37% above year-ago levels respectively. While this scenario isn't particularly surprising considering 2020's relatively flat, if not downright uninspiring set of market conditions, a look at the five-year-average lends some interesting perspective. Scapula quotations are currently situated 54% above an average value of $1.12/lb., while wing meat resides 42% above an average of $0.83/lb. By comparison, breast trim was a little slower to the figurative "party" this time around, however it finally snapped to life in mid-Q2. Since that point, spot quotations have rocketed to levels which easily surpass last year's watermark by 79% and the 5-year average by 75%. With all three of these lines closing in on whole muscle white meat values, buyers began to look past the initial sticker shock and ultimately sided with what was the best value. This scenario translated into tenderloin prices climbing upward with early August quotations situated 74% above 2020 and 49% above an average of $1.63/lb. Last, but certainly not least, is fresh tom breast meat which has also enjoyed a notable updraft. When compared to 2020, spot values stand at a 53% premium with current quotations surpassing the 5-year average by 45%.

Although recent market dialogue and trade activity has unquestionably gravitated towards the seasonal bellwethers on the raw material side of the complex, frozen bagged turkey quotations have not deviated one iota from the upward-





trending path they forged at the year's outset. As our chart illustrates, frozen hens continue to leave the 5-year average in the dust as they ascend to new seasonal highs. This scenario is particularly noteworthy when one considers their relatively lofty starting values realized this time around. The combination of sharply reduced "dining out" occasions and smaller family gathering sizes throughout 2020 and early 2021, helped to boost the retail movement of whole birds, especially traditional "hen" sizes. This scenario, supported by the well-established reduction in hen placements beginning in Q4 2018, bolstered sell-side confidence in early Q1. Ultimately a $1.16/lb. price floor was arrived at, from which future frozen and fresh bird negotiations could springboard. Since that point, frozen hen quotations have advanced considerably to $1.40/lb. as of this writing, which is 31% above the 5-year average of $1.07.

Turning towards the road ahead, there are very few supply-side indications which suggest the tide could turn. While demand patterns are notoriously difficult to project on a "normal year", what we do know is that the supply side of the equation continues to paint a "bullish" backdrop. Ongoing labor constrictions, not only internally but in the staffing of affiliated and allied industries, along with significantly reduced inventories and heightened costs of almost everything, have already been playing an active role on spot valuation this market cycle. This scenario has translated demand exceeding the ability of processors to satisfy the call which in turn has allowed for the successful advance of asked prices. A less obvious but still critical component is the hatch where YTD turkey eggs set figures currently stand 4.3% below year-ago levels. Hen poults are slightly below last year while tom poults are experiencing more severe cutbacks at 3.5%. What all this suggests is that there is no expectation of increased head counts anytime soon.

All in all, most supply side indicators leave little doubt over the "why" behind this year's seasonally strong market status. With buy-side requirements still noteworthy, and absent of any major discrepancies on the supply side of the equation, prices continue to move seasonally and sometimes sharply higher, while buyers query whether they will be shown the production needed to capitalize on consumer demand. UB

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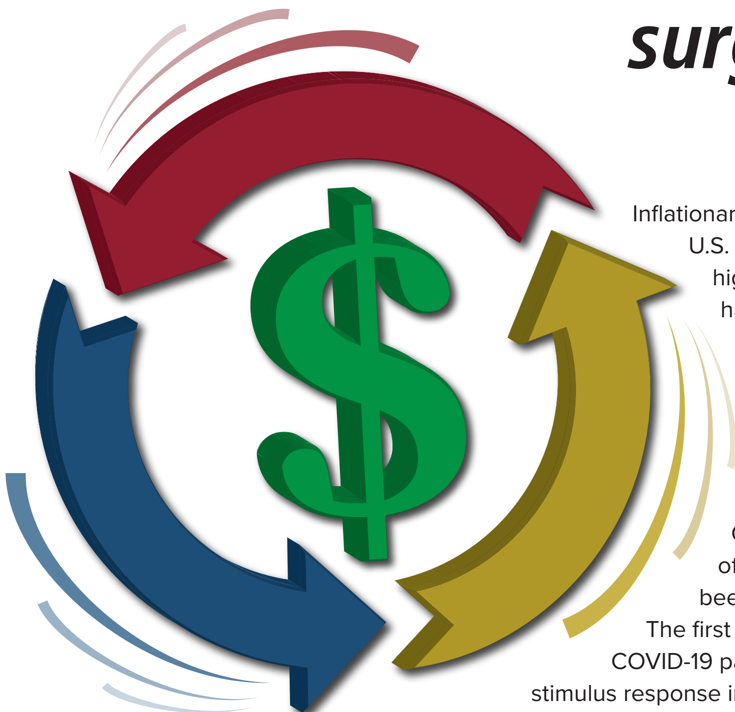
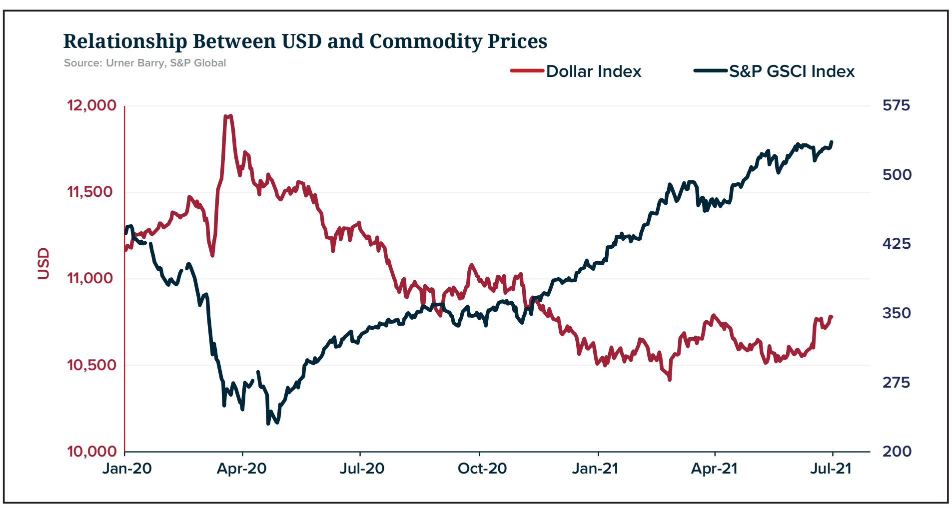
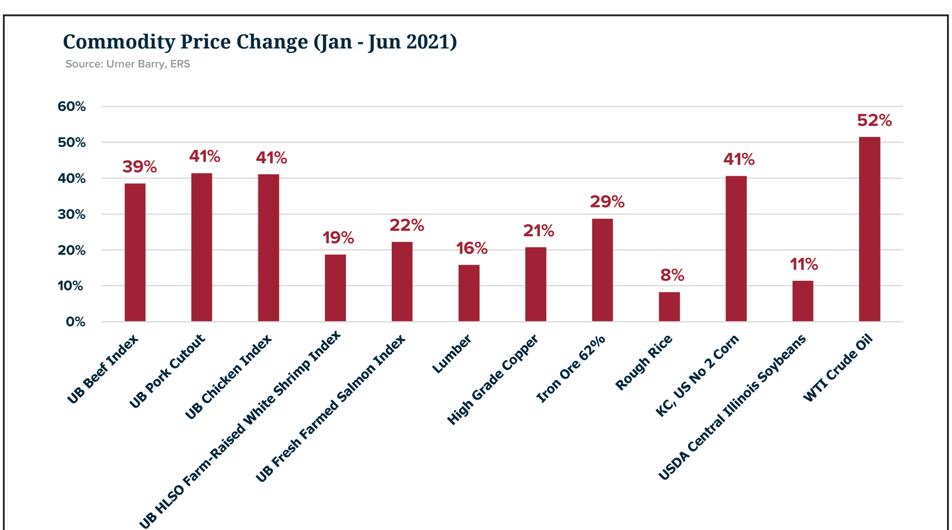
With commodity prices surging higher, is this the next supercycle?



Inflationary pressures have been discussed ad nauseum in 2021 as a reviving U.S. economy and a cash infusion by the government pushed many items higher. But as the effects have spilled over to reach Main Street, there has been growing concern. Many CEOs of the largest companies have discussed the impact inflation has had on their business as it is top of mind for many. Warren Buffet stated in Berkshire Hathaway's annual shareholder meeting, "We are seeing substantial inflation. We are raising prices. People are raising prices on us, and it's being accepted."

Commodity prices have moved higher coming out of the initial phase of the pandemic with the price trough seen in May 2020. There has been an almost perfect storm of factors that have led to the increases. The first is the major supply chain disruptions that occurred during the COVID-19 pandemic that continues to be felt now. Also, there has been a massive stimulus response in the United States and many other countries that has injected capital into the markets. China's economy grew at 18.3% in the first quarter compared to last year, indicating a swift recovery for the world's second largest economy. Finally, a weaker U.S. dollar has also drove prices higher as the inverse relationship between the former and commodity prices held true last year and in the first half of this year.





Gains have been broad based, including food, energy, crops, and metals to name a few. The first half of the year saw increases across the board led by corn and oil. Leadership has changed as lumber was up sharply in the first quarter but has fallen in this recent one.

Some economists believe that these pressures will ease, and while still high, there are some examples of that even in the above data. But there is uncertainty as to how long consumers can continue to have these higher prices passed onto them. Others believe that it is here to stay until changes are made in monetary policy by the Federal Reserve of a combination of raising interest rates or stopping asset purchases. While many experts may disagree on the longer-term effects and response measures, they all can agree that higher prices are here and sticking for the time being. UB

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Growing HOPE among U.S. farmers

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As the pandemic continues into 2021, the economic impact on the U.S. agricultural system has been well documented. News outlets—this one included—have covered everything from demand shocks, to labor shortages, to trade disruptions. But one of the lesser-discussed consequences of COVID-19 is the toll it has taken on the mental well-being of U.S. farmers and farmworkers—a population already prone to heightened levels of depression and suicide.

Due to the nature of their work, which often involves extended periods of isolation and a livelihood that is vulnerable to acts of God, farmers have some of the highest suicide rates of any professional group. Data from the Centers for Disease Control shows that death by suicide among farmers was 43 per 100,000 people in 2017—nearly double that of all other professions. And those rates could be higher yet when accounting for suicides that may have been staged or classified as farm-related accidents.

Bureau Federation (AFBF) revealed that two in three farmers and farmworkers are experiencing more mental health challenges as a result of the pandemic—and 37% of them say by "a lot."

Regrettably, people living in rural areas have less access to professional services to help tackle those challenges. It's estimated that there are only 63 mental health professionals per 100,000 people in rural communities—that compares with 146 per 100,000 in metropolitan areas. But even if farmers did have better access to help, there's also the issue of stigma and bravado, which prevents many from seeking the assistance they so desperately need. The good news is that those working in the farming industry recognize a need for change. According to the AFBF poll, 87% of farmers and farmworkers believe it's important to reduce the stigma about mental health in the agricultural community.

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Mental health professionals point to a loss of self-worth due to financial strain as a major reason why—irrespective of the fact that diminished earnings are often the result of factors beyond a farmer's control.

Adrienne DeSutter, a mental health professional who is also part of a farming family, says: "Your value is more than the markets. It's more than your acres, more than your livestock, and more than your bank account. We are humans, too. We are community members, we're volunteers, we're creative, we're problem-solvers. There's so much to us."

While farmers have long-since grappled with unexpected crises—animal disease, extreme weather, and natural disasters, to name a few—the pandemic has brought about an unprecedented level of stress. A poll released earlier this year by the American Farm

To that end, the bureau has launched Farm State of Mind, a campaign aimed at reducing the stigma and encouraging conversations about the stress and mental health challenges that farmers, ranchers and their families may be experiencing.

"For far too long, farmers and ranchers have been trying to cope with increasing levels of stress on their own," said AFBF President Zippy Duvall. "It is so important to spread the word that no one has to go it alone… Whether you're looking for information about how to recognize and manage stress, trying to find counseling services in your area or are in need of crisis support, you can find help here."

If you or someone you know is struggling with anxiety, depression or another mental health challenge, please visit fb.org/land/fsom, or call 800-273-TALK(8255). UB

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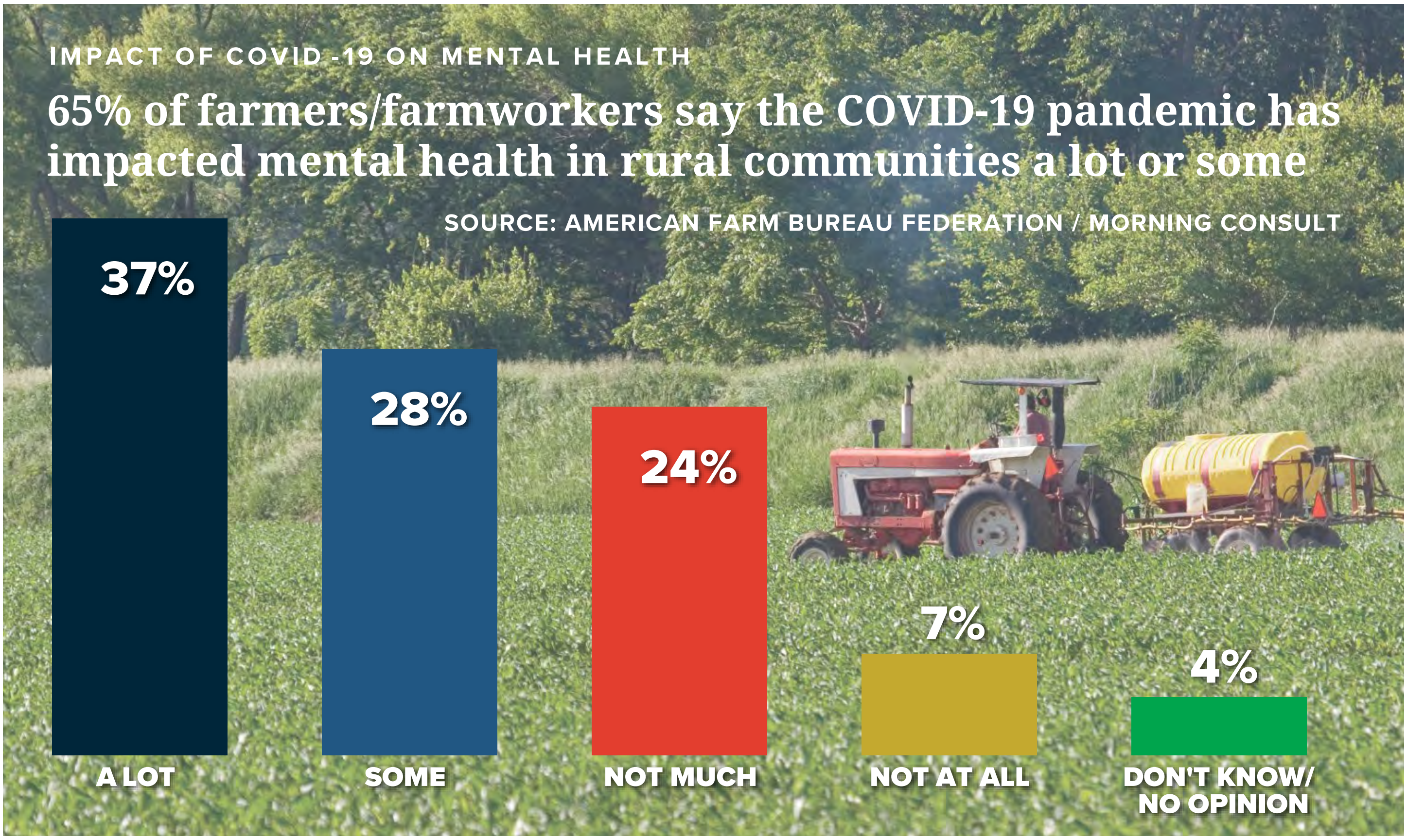

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Grocery prices higher as inflation spills into food costs

If you have filled up your grocery cart at any point during the year, you may have experienced some sticker shock along the way. While retail beef prices are down from 2020 pandemic highs, when the second run on the supermarkets coincided with reduced slaughter from COVID-19 plant shutdowns, the USDA All-Fresh Beef Retail in June was the second highest on record. And the average through the first six months of this year surpasses any year on record. Food prices have continued to rise this year for a variety of factors but accelerated after the first quarter.

SUPPLY/DEMAND IMBALANCE

Cash infused consumers from government stimulus helped propel beef demand in the last year, contrary to most recessions. Retail beef demand remained strong throughout the pandemic as more people got comfortable cooking at home. But the additional driver after the first three months in 2021 was the reopening trade in foodservice at the same time retailers were gearing up for prime grilling season. The onset of spring is when ads are set and buyers are getting ready for the unofficial start of summer on Memorial Day. This period is quickly followed by another prime grilling period in Father's Day.

Restaurant's reopening after a year or more had to completely restock their freezers amid expectations that pent-up demand would generate a lot of business. Now, you had additional competition for the limited supplies.

Availability from both segments became the primary factor, with pricing secondary. This caused a frenzied buying period and bidding wars almost daily. Even when restaurants saw an increase in business, retail didn't slow down.

Export demand has also been robust. Global demand for quality U.S beef has been strong, but additional global opportunities in emerging China has tightened domestic availability even further.

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"Cash infused consumers helped propel beef demand in the last year."

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SUPPLY CHAIN ISSUES

It is not only the supply and demand fundamentals that have worked to drive beef prices higher. Corn and energy prices are also higher along the inflation trend and up significantly. Labor shortages have also contributed to pinching supply of certain items and these costs are also higher. Trucking is also a major issue and has caused pain in moving product around the country. All of these add additional costs along the way.

Together this translates into higher beef prices for retail consumers. The All-Fresh Beef Retail prices ended June at $7.107 per pound, the highest number since June 2020. This is 14.16% above retail prices that ended 2020, and 20% above January 2020.

The broader average through June 2021 is above all previous years. While we saw higher individual months last year, pre-pandemic was much different than post in 2020. When comparing year-to-year numbers, this year far outpaces the levels of last year.

While wholesale prices have moderated recently, this has again caused buying activity to increase. Combine this with all the factors just discussed that remain engrained in the market currently, and prices may have reset to a new level until some of these issues are alleviated. UB

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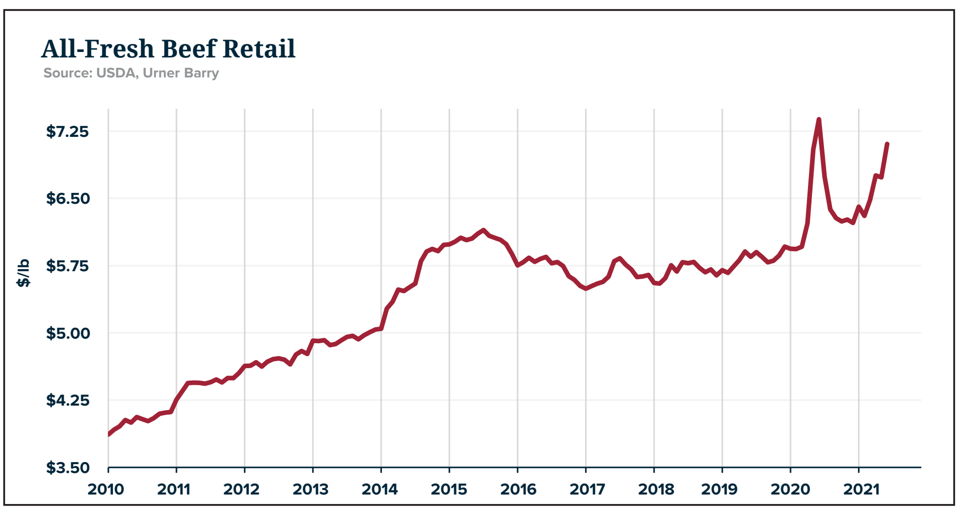

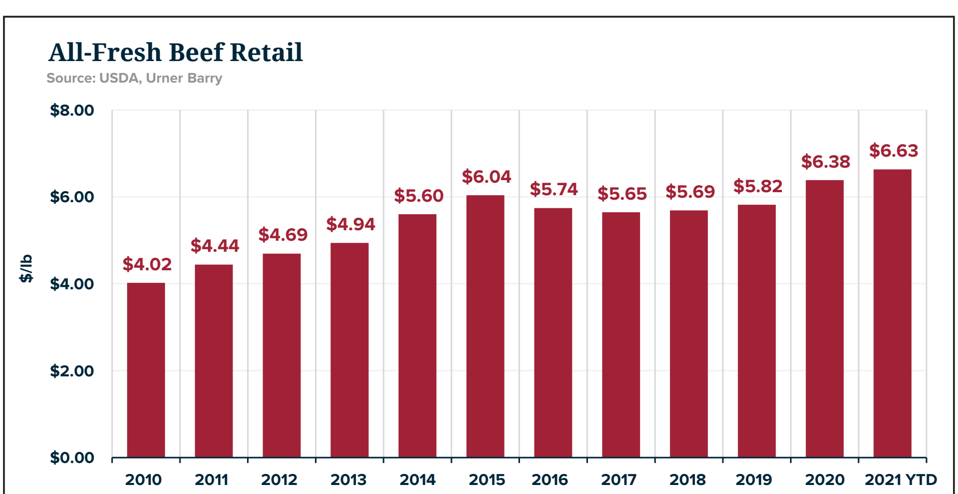

Acute shortage of HGV drivers leads to major supply issues in the UK

Critical supply chains are nearing a breaking point in the United Kingdom with the Road Haulage Association (RHA) reporting a shortage of 100,000 drivers in July.

The shortage of drivers has been a key factor in recent inflationary pressure. Delayed deliveries are mounting, and rising driver wages have led to retailers absorbing higher operating costs.

A leading retailer in the UK is offering a £1,000 bonus for Heavy Goods Vehicle (HGV) drivers that signup before September, while one major haulage firm is offering drivers an additional £200 a day on top of their hourly rate just to show up.

With the situation progressively getting worse, some fear widescale shelf shortages, with one major food manufacturer warning of severe food wastage and protein shortages.

CAUSE

According to a recent survey by the RHA, of the 40 largest hauliers who responded there were 3,654 vacancies, averaging 91 vacancies per haulier.

New Brexit regulations—HGV drivers are not on the approved list of skilled workers eligible for a special visa—combined with pandemic-related lockdowns saw many mainland European drivers return home in 2020 who have since been unable to return to the UK to work. In addition, a large number of drivers were furloughed as a result of the pandemic. The 'pingdemic' has also exacerbated the ongoing labour shortage with thousands of Brits told to isolate by the NHS COVID app because they came in contact with someone who tested positive.

"With the situation progressively getting worse, some fear widescale shelf shortages, with one major food manufacturer warning of severe food wastage and protein shortages..."

Efforts to combat the spread of the virus has left a massive gap in workforce numbers with hauliers across the country cancelling collections and deliveries at an increasing rate. There's also a massive backlog of tests to be taken before drivers can qualify to operate lorries, particularly those capable of transporting large loads of frozen or chilled goods, a consequence of postponed tests during the pandemic. In addition, the rate of HGV driver retirement continues to exceed new licence applications—a result of an aging lorry force.

Prior to the pandemic, the amount of goods lifted by UK-registered HGVs travelling to or from the British mainland was 8.3 million tonnes in 2019. That figure, particularly for frozen and chilled items will be significantly less in 2021, with some analysts speculating as much as 20-30% lower.

SOLUTION

As it stands, recruiting from Europe remains an obstacle and HGV training takes months at a time.

At the time of writing, "ping" guidelines were being relaxed which should help offset the worker shortage with fewer self-isolations expected going forward.

The RHA and other industry bodies have also pressed the goverment to amend the requirements for skilled workers eligible for a special visa, which should aid the return of EU drivers.

As a last resort, should the above efforts not improve the rapidly deteriorating situation, industry experts have suggested that the army be called in to distribute goods to supermarkets. UB

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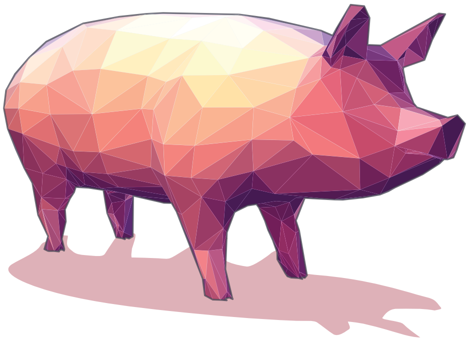

A SUMMER OF EXTREME VOLATILITY FOR PORK

The pork market continues to contend with a confluence of significant variables that have made for price extremes and unparalleled volatility.

The labor shortages that began early on during the COVID-19 outbreak have persisted, and in some areas grown worse as time has gone on. In addition, tight hog supplies, which are partially a result of culling actions taken last year, as well as potentially from more recent PRRS outbreaks, have lifted hog prices to lofty levels and forced slaughter schedules lower. The constrained herd numbers have led to significant losses in hog weights, further tightening pork production. Sprinkle in thin cold storage stocks, plant line-speed slowdowns, lengthy delays at domestic and foreign ports, and softening Chinese hog prices, and you have a full buffet of factors that are pushing and pulling at both hog and pork valuations.

So far this summer we have seen a clear divide between “retail” or “fresh pork” items and those in the “processor’s cuts” or “green meat complex.” While loins, butts, and ribs have all undergone considerable downward price corrections, the green meats, as in hams, bellies, and trimmings, have seen more substantial support due to seasonal interest and limited availability. In fact, in July, bellies and a number of trim items, including 42s and 72s, established new all-time highs.

Looking at demand, foodservice has had a sizeable impact on pork values. Contrary to last year, when most foodservice establishments were either closed or operating at a considerably reduced capacity, most locations are now fully operational. At the onset of the broader reopening period, we were facing a foodservice pipeline that was fairly void of product. The push to refill the supply chain resulted in notable support for a number of key items, including bellies, trimmings, butts, and ribs.

While some of those cuts have since seen sharp corrections, such as butts and spareribs, other foodservice darlings like bellies (bacon) and back ribs have maintained elevated levels into August. Grilling and the anticipated return of tailgating and stadium seating during the baseball and football seasons have helped support other items, such as trimmings, as sausage products are prominent in those arenas.

Moving forward, our focus will likely be centered on four key areas: hog availability, plant staffing, international trade—particularly in the wake of softening Chinese demand—and the uncertainty around another wave of COVID outbreaks. The size of the hog herd and the ability of packers and processors to regain lost labor will be highly influential on the price levels of pork in Q3 and Q4, as will the impact that restrictions or even another round of lockdowns could cause. UB

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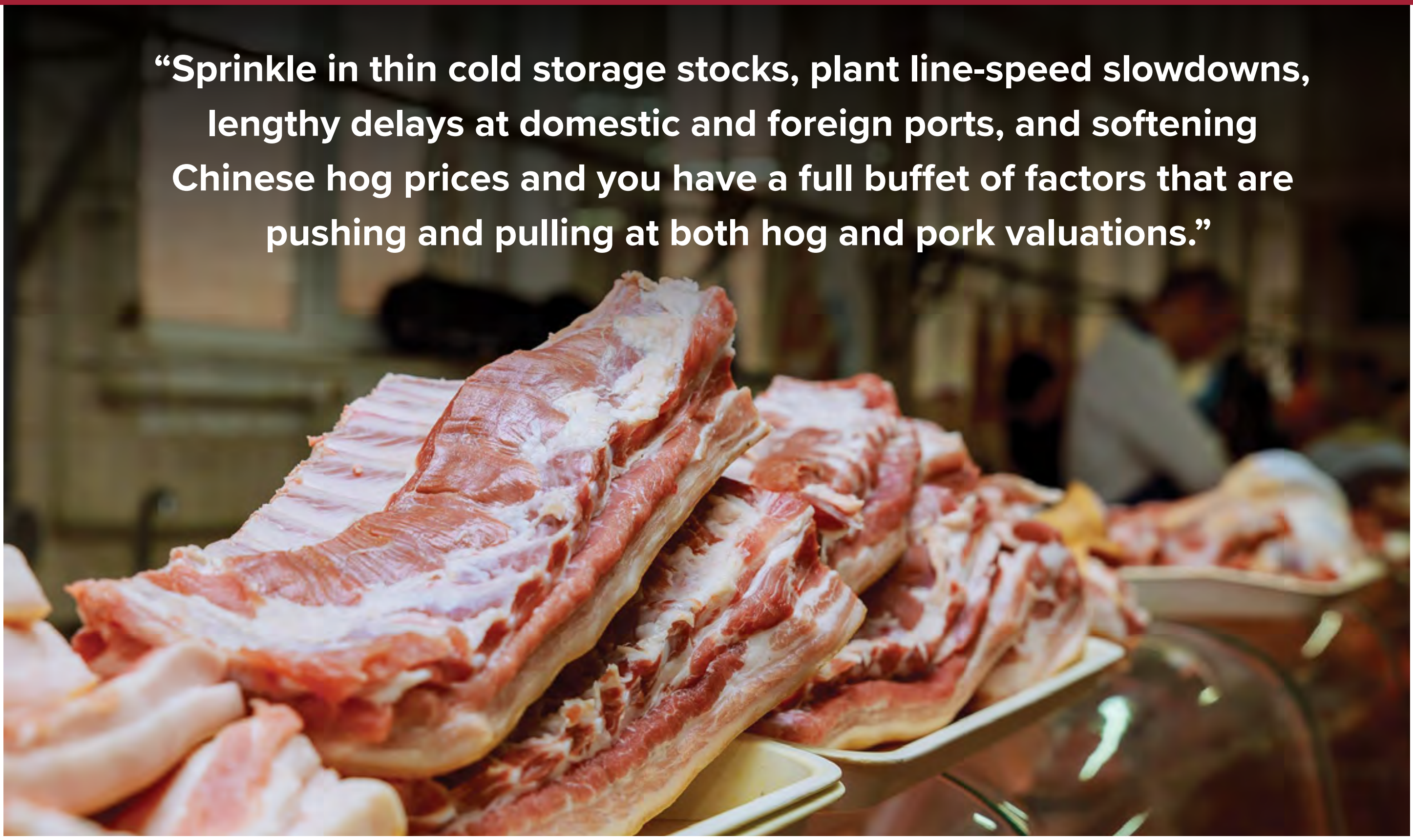
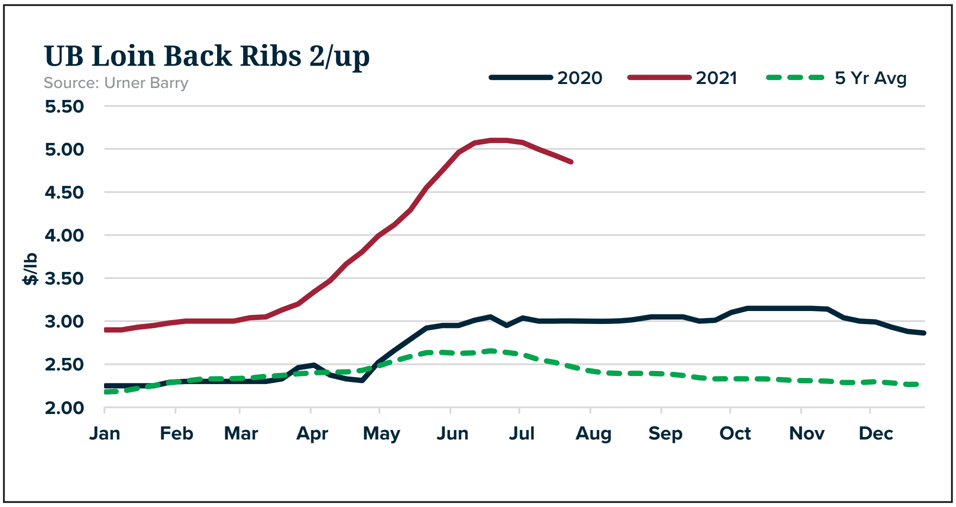
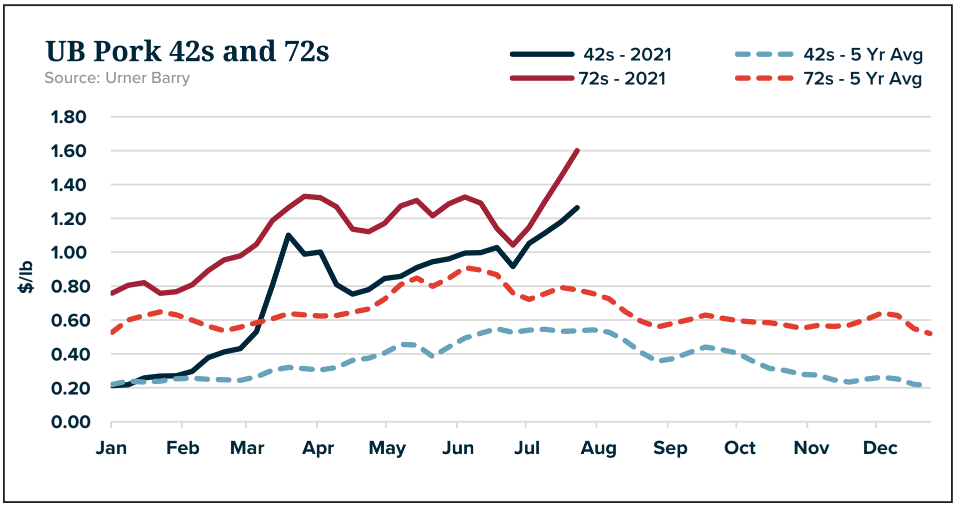
“Sprinkle in thin cold storage stocks, plant line-speed slowdowns, lengthy delays at domestic and foreign ports, and softening Chinese hog prices and you have a full buffet of factors that are pushing and pulling at both hog and pork valuations.”







Robots to the rescue...

Poultry industry labor woes birth automation initiatives

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If there is one resounding and almost universal challenge that poultry processors, deboners, and further processors all have in common, it is the lack of sufficient labor on hand. Although the national unemployment rate continues to descend back down to earth following its COVID-fueled spike to 14.8% experienced back in April 2020, the fact of the matter is that workers are simply not returning to the factory setting. This scenario has not only been exacerbated by the seasonal uptick in outdoor job competition here in Q3, but the latest wave of COVID variant complications has left an otherwise eager workforce watching with bated breath from the sidelines.

While historically robotics has played second fiddle within the poultry industry, the past year and a half has acted as a catalyst towards an accelerated focus on smart innovation.

One company on the cutting edge of the technological shift is Soft Robotics Inc. which recently announced a $10 million Series B extension thanks in part to enthusiastic participation from Tyson Ventures. On top of its existing, “mGrip” modular gripping system which replicates the human hand-finesse required to grip and manipulate delicate and challenging items, Soft Robotics expects to add 3d vision and artificial intelligence technologies to its robotic repertoire. These developments promise to mimic the hand and eye coordination of a traditional line worker. They are also anticipated to bring automation into areas on the line which have been previously inaccessible to conventional robotics, such as bulk picking for fragile and irregularly shaped proteins.

But the robotic revolution isn’t just localized to the processing plants. Poultry Sense Ltd. aims to enhance the ability of poultry farmers to continuously track and analyze the health and performance of their flocks. It does this through the use of multiple battery-powered wireless sensors which, capture in real-time environmental and health performance parameters throughout poultry houses. Metrics include bird weight, air pressure, humidity, temperature, and carbon dioxide. This raw data is then fed into an artificial intelligence computer which interprets and translates it into an easy-to-read format. This technology promises not only to cut down on manual labor and individual decision making on the grow-out side of the business, but it also contributes to enhanced productivity and efficiency, which ultimately leads to enhanced animal well-being and better food safety and security.

> **“While historically robotics has played second fiddle within the poultry industry, the past year and a half has acted as a catalyst towards an accelerated focus on smart innovation”**

All in all, there is little doubt that automation and artificial technology has a bright future within poultry industry. Since the outset of the pandemic, it has been glaringly evident that there are simply some hurdles which cannot be overcome without the intervention of machines. While labor inconsistencies are undoubtedly at the top of that list, animal well-being and educated decision making are of paramount importance as well. UB

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ASF in the Dominican Republic: What does it mean for pork?

On July 29th, the USDA confirmed that African Swine Fever was discovered in samples from pigs in the Dominican Republic. Since the outbreak that began in China during the summer of 2018, this is the first set of cases that have hit the western hemisphere and the closest the virus has been to the United States. The initial reaction to this news was fear, and hog futures tumbled as a result. In this article we'll lay out what we know and what we don't know about this current situation and what kind of impact it may have on the U.S. pork market.

First, as a reminder, ASF is devastating to a hog population as it is both easily transmittable and highly lethal to hogs–it does not, however, affect humans. China incurred massive losses to their herd from 2018 onward, and the virus quickly spread to surrounding Asian countries in addition to significant outbreaks across Eastern Europe and Africa.

For a country, African Swine Fever poses two considerable risks: If left uncontained, the virus can lead to substantial losses in hog supplies, thus tightening pork production and leaving the host country having to cope with high prices and being forced to source supplies from abroad. This is essentially what happened in countries such as China, Vietnam, and the Philippines, among others. The other risk factor is that trade partners will often ban imports from the infected country, both due to the risk of infected product spreading the virus to the recipient country, and because it can be an optics issue if they are importing "infected meat" from a country with the virus–Germany is the most recent country dealing with this angle of the risk.

In the situation with the Dominican Republic, it is more of a concern to the U.S. pork market due to the country's proximity to the United States and one of its territories, Puerto Rico, than the risk of significant Dominican hog losses. Less than 700 miles separate the southern-most point of Florida from the north-western most point in the Dominican Republic and Puerto Rico is less than 80 miles from the eastern most point of the country.

If a case were to occur in the United States, it is unclear what actions our trade partners would take, but the likelihood of it causing significant monetary losses is high. Banning all exports from the U.S. may not be viable for some, as they are highly reliant on our pork supplies, and thus more targeted bans could be on the table.

The distance from Puerto Rico is troubling because there is a chance that a country such as China, which has a track record of using shaky-at-best reasoning to impose significant penalties to the U.S. and Canada, could use an infection within a U.S. territory to ban or in some way restrict imports from the entire United States. This is merely just a thought experiment, but we have seen irrational moves and politically-charged posturing in the international trade community in the past.

What we also don't know at the time of writing this piece is how ASF ended up in a country surrounded by water and a significant distance from the next country with an outbreak. The Dominican Republic,

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> **“In the situation with the Dominican Republic, it is more of a concern to the U.S. pork market due to the country’s proximity to the United States and one of its territories, Puerto Rico, than the risk of significant Dominican hog losses.”**

home to Punta Cana and a number of other Caribbean getaways is a tourist hotspot, bringing in travelers from around the world. While we may never learn of the specific event or individual that brought the virus, testing is likely already underway to identify the region where the virus originated.

What this news ultimately did was reinforce the idea that we, as an international pork market, are not out of the woods yet when it comes to African Swine Fever. The virus poses a significant threat to the industry and the spread is clearly not as contained as we need it to be. Bio-security measures are more important than ever and there should be an even greater emphasis on developing an effective vaccine in order to prevent significant monetary and hog losses. UB

Article contributed by **Russell Barton** | rbarton@urnerbarry.com

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Urner Barry's 2021 Executive Conference is LIVE and in-person

The Executive Conference is BACK and better than ever this year!

Join us!

UB Executive Conference

We are live and in-person this September 26-28th, 2021, for Urner Barry's renowned Executive Conference. Decision makers from the poultry, egg and red meat industry will convene at The Venetian in Las Vegas to network, learn and advance their professional development at the must-attend event of the year.

Over 400 top executives from the most instrumental companies in the protein industry make the annual pilgrimage. Throughout its 40-plus year history, the Executive Conference has featured a diverse crowd of business leaders, analysts, industry celebs, political figures, and subject matter experts to provide attendees unmatched wisdom on the global protein industry.

Urner Barry's 2021 schedule is jam-packed with big names covering big issues.

As most of you have heard (unless you've been living under a rock!) Urner Barry's featured Keynote Speaker this year is the one and only **Bo Jackson**!

Heisman Trophy winner Bo Jackson played in both the NFL for the Los Angeles Raiders AND in Major League Baseball for the Kansas City Royals, Chicago White Sox, and the California Angels. He was inducted into the College Football Hall of Fame in 1996. He also happens to be involved in the food industry through his company, Jackson & Partners, which is a customer-centric, solution-based sales and marketing company created specifically to service the food industry. His company works to provide food companies with a competitive advantage by creating and deploying fully integrated ROI driven sales and marketing programs. He also has his own line of products with Bo Jackson Signature Foods which has been sold successfully in both retail and foodservice.

But that's not all! This year's Executive Conference features a hard-hitting line up of speakers and topics, including:

- **Capt. Florent Groberg**, a Medal of Honor Recipient, addressing how to lead through adversity.
- **Nicole Thomas**, Vice President, Information Services, McKeany-Flavell, helping us understand the wild grain markets in 2021.
- How COVID-19 changed consumers, with **Laurie Demeritt**, Owner and CEO, The Hartman Group.
- Exploring the future of foodservice with **Mike Seidel**, VP of Procurement, Performance Foodservice.
- **Anna Ashton**, Senior Director of Government Affairs, US-China Business Council, looking at what the future holds for the US and China.
- And an Industry Leaders' Panel Discussion, featuring: **Bill Rehm** of Daybreak Foods, **Clint Rivers** of Wayne Farms, and **Daniel Romanoff** of Nebraskaland.
- *And more!*

Plus, no Executive Conference would be complete without hearing from Urner Barry's expert market reporters as they take the stage yet again to discuss markets and what the future holds in poultry and red meat. Meanwhile, the egg reporters will discuss key factors that impacted the U.S. and European egg markets over the past year.

There has been no shortage of disruptions in the food and agriculture industry over the last 18 months. The Executive Conference will explore these influences and more in a multi-layered approach.

Taking place in the heart of Las Vegas, the Executive Conference also leaves time for enjoyment. A welcome reception, cocktail parties, and a golf outing at Bear's Best luxury golf course will make for another unforgettable year.

You won't want to miss this epic return to in-person events. Head over to **urnerbarry.com/executive** for more information and to view the full agenda. UB

Article contributed by **Jamie Chadwick**
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Plant protein manufacturers attempt to get the next generation to jump aboard

Can you remember sitting at the dinner table staring at those vegetables growing up—perhaps hoping they would just disappear?

Well, those vegetables now come in the form of every child's favorite: chicken nuggets or a hamburger patty.

Plant protein continues to make headlines with new product launches and partnerships with major restaurant and retail brands. Among them are products geared towards kids.

Frozen food company Dr. Praeger's shared the success of the company's Our Littles® veggie bites line. These products even come in kid-friendly shapes like dinosaurs.

David Cantor, Vice President of Marketing for Dr. Praeger's, told the *Reporter Magazine* that in the natural channel, the company's Littles rank at the top of frozen kid's items.

"Due to the popularity of our Littles, we're expanding our kids' line into breakfast with three varieties of Oatmeal Littles, and into plant-based nuggets with three varieties of Chick'n Littles which are starting to roll out into stores now, including Whole Foods, Jewel Osco, and Meijer," said Cantor.

> "Plant-based foods may also find their place in school lunches soon, further landing on the plates of the next generation..."

While Dr. Praeger's finds success with products focused on families, Beyond Meat, another plant protein manufacturer has now launched its Beyond Chicken Tenders.

Although the chicken tenders have work to do before they reach the scale of Beyond Meat's other products, the new item is expected to make waves. Chicken is the most consumed protein in America and if plant protein can find footing in the market it could be a significant win for the sector.

Beyond Meat Chicken Nuggets were even featured as a kid-focused menu item. A&W Canada created an A&W Kids' Pack option featuring the plant-based tenders in August.

Even the biggest players in the poultry game are investing in plant-based chicken nuggets. Tyson Foods has its own brand of plant-based Chicken Nuggets with its Raised & Rooted brand.

Plant protein has been able to land partners in the retail and foodservice space but having parents provide options for kids is another battle. However, Cantor has seen a slight culture shift as plant-based eating becomes more recognized.

"Dr. Praeger's has been around since 1994, so we have consumers today who grew up with the brand and are now feeding it to their kids, so we hope to see that cycle continue for generations to come," Cantor said.

Photo credit: Business Wire / Dr. Praeger's

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Plant-based foods may also find their place in school lunches soon, further solidifying their place on the plates of the next generation. In 2019, Sodexo launched a new menu featuring 40 plant-based recipes and announced a partnership with Kellog's brand MorningStar Farms to provide Sodexo with plant-based meat patties in June 2021.

Furthermore, Impossible Foods landed a Child Nutrition Label in May 2021 which should allow for the company to gain footing in the K-12 market.

The CN Labeling program is run by the FDA and allows food manufacturers to voluntarily include a standardized food crediting statement on their product label.

"Making Impossible™ products available everywhere people consume meat, which for kids often includes schools, is key to the mission of the company," said Pat Brown, CEO and Founder of Impossible Foods.

As plant protein manufacturers attempt to introduce products to the next generation, the industry has an opportunity to position themselves for the future of the business.

"The plant-based space is changing so quickly—by the time these kids are making their own purchasing decisions, the landscape is going to look quite different from what we see today," Cantor said. UB

Article contributed by **Ryan Doyle**
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Disease issues, higher feed costs curb hog supplies

While the world continues to strive towards "normalcy," conditions for hog producers in the United States are anything but in 2021.

Starting in April last year, producers were plagued with an overwhelming bottleneck of hog supplies due to pandemic-induced processing slowdowns. Euthanasia of heavy hogs or piglets in addition to herd contraction efforts helped tighten front-end hog supplies heading into 2021.

Thinner slaughter supplies coincided with robust domestic and export demand for U.S. pork during the first two quarters of this year. The Urner Barry pork cutout value peaked at a record-shattering $136.22/cwt on June 9. Cash hog prices rallied in response to higher cutout values and improved packer demand for the available animals.

According to USDA data, negotiated cash hog prices hit a summer peak at $128.04/cwt on June 22; a whopping 346% increase from the year ago figure of $28.71/cwt. Cash hog prices have since taken on a steady to softer undertone but remain wide enough for producers to maintain profitable margins, according to sources. As of late July, hog prices on a national basis are averaging about $105.00/cwt.

While the supply situation has improved dramatically this year, hog farmers must navigate a fresh set of challenges. To boot, higher feed costs are eating into a large portion of estimated livestock returns. Nearby corn futures on the CME soared to multi-year highs at over $7/bushel in late-April. Smaller supplies, ongoing drought conditions in Brazil, and strong global demand for U.S. corn, have contributed to the historic climb in corn prices.

Furthermore, disease complications are impacting hog performance and compounding an already tight hog supply situation. Since October of last year, there have been widespread cases of porcine reproductive and respiratory syndrome (PRRS), and to a lesser extent, Porcine Epidemic Diarrhea Virus (PEDv). PEDv decimated a large portion of the U.S. hog supply in 2014, causing pork prices to spike that year.

PRRS is a viral disease infecting sows and pigs that can result in reproductive failure in breeding animals and respiratory disease in pigs of any age. Hog producers are no strangers to battling PRRS but the current 1-4-4 strain is highly virulent and difficult to treat. Livestock dealers suspect producers could continue to battle the virus over the next six months or so. This will factor into the hog supply outlook going forward.

Adding to the list of obstacles is a new line hog speed ruling that reverts a rule under the previous Administration allowing hog slaughter plants to run without speed limits. In late June, Secretary of Agriculture Tom Vilsack ordered pork processing plants under the New Swine Slaughter Inspection System to prepare for a maximum line speed of 1,106 head per hour.

The National Pork Producers Council asked USDA to appeal the ruling due to concerns that a slowdown in processing capacity could add additional volatility to hog prices. Maintaining adequate slaughter levels is already a challenge since packers are struggling to retain enough employees to staff their operations.

The hog and pork industries are also bracing for the long-awaited State of California's Proposition 12, set to begin on January 1, 2022. Under the new rule, sows are required to have a minimum of 24 square feet of usable space per animal. Less than 4% of U.S. sow housing is estimated to currently meet the new standards under the rule.

The new law could create severe financial burdens on independent producers who will need to make costly changes to their operations if they are to remain competitive in the national marketplace. Farmers have voiced concerns that Prop 12 could disrupt the nation's supply chain by potentially pushing smaller producers out of business.

Meanwhile, traders are closely eyeing global demand for U.S. pork, particularly from China. Chinese hog prices have been declining since the beginning of this year. Some analysts attribute the collapse in Chinese hog prices to ongoing ASF complications, which may be urging producers to market their hogs as soon as possible. Others point to government reports that China's pig herd is rapidly recovering, leading to increased pork production in the world's largest pork consuming country.

The fall and winter lean hog futures contracts are anticipating a seasonal decline in prices. December lean hogs are currently priced in the mid to low $80.00s/cwt, a roughly $20/cwt discount to the current cash market. While higher feed prices will continue to factor into livestock returns going forward, some analysts expect hog prices in the fourth quarter and beyond to be higher than what the board is currently indicating due to a long-term tight supply outlook.

USDA's June 1 quarterly hogs and pigs report was mostly in line with expectations. All hogs and pigs were down 2.2% from the year prior at 75.653 million head. This year-over-year decline disrupted a six-year string of record large inventories in the June report. The breeding figure was pegged at 1.5% under last year at 6.230 million head.

The biggest surprise in the report was the number of pigs per litter for the March-May period, which was reported at 10.95 head, a decrease of 0.5% from a year ago. Analysts had expected the pigs-per-litter figure to be up 0.7% from the previous year.

Farrowing intentions for June through August were less than analysts had anticipated at 4.4% below 2020. Lower intentions, coupled with reduced pigs per litter, suggest that hog supplies along with slaughter levels could remain below seasonal norms the balance of the year. UB

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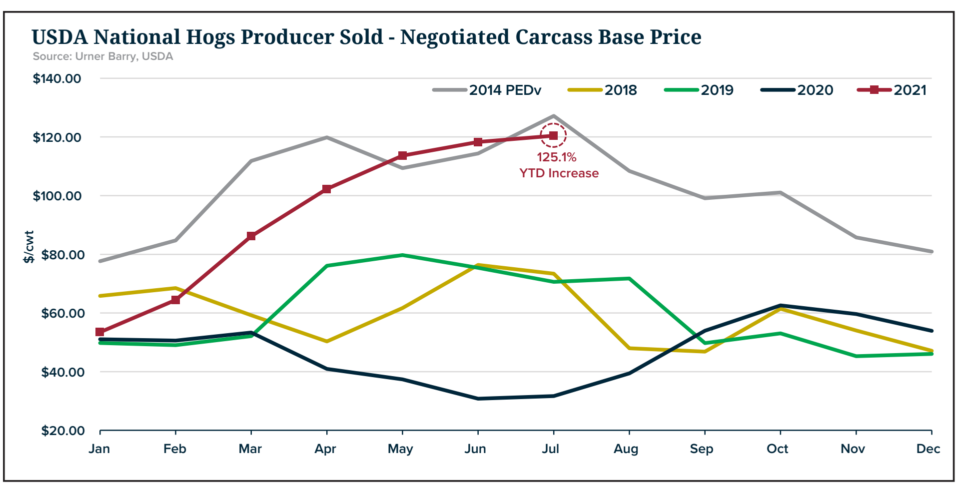
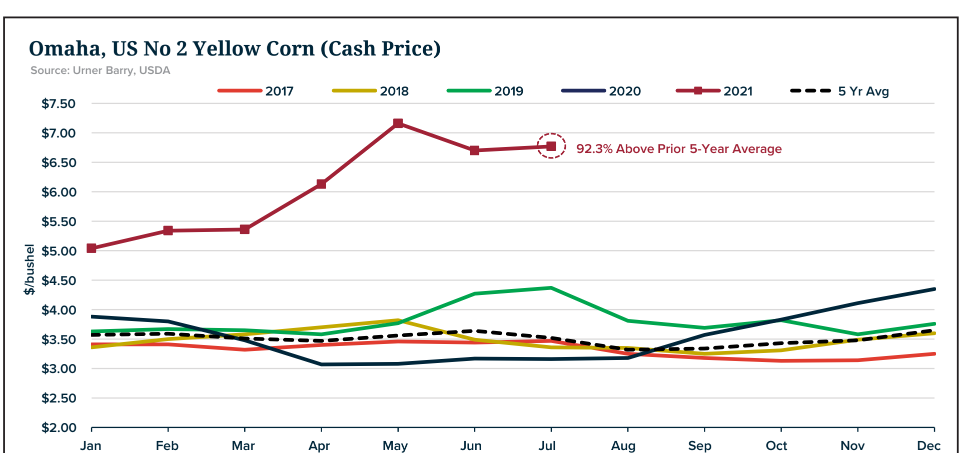
"Disease complications are impacting hog performance and compounding an already tight hog supply situation."





Gulf of Mexico shrimp update...

2021 creates buying frenzy for U.S. shrimp industry

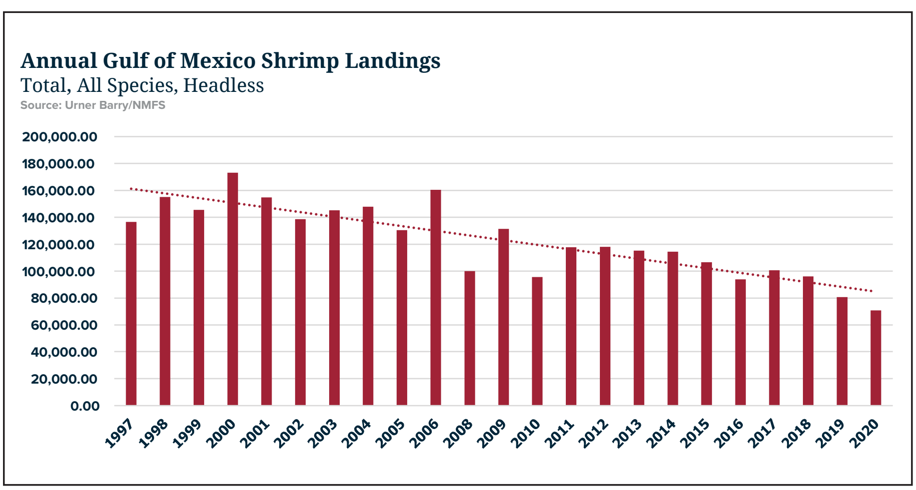
The U.S. shrimp fishery extends from North Carolina south to Florida and throughout the Gulf of Mexico. However, the heaviest production of domestic shrimp, and what we intend to examine, is from the Gulf of Mexico and is primarily landed in the states of Louisiana and Texas.

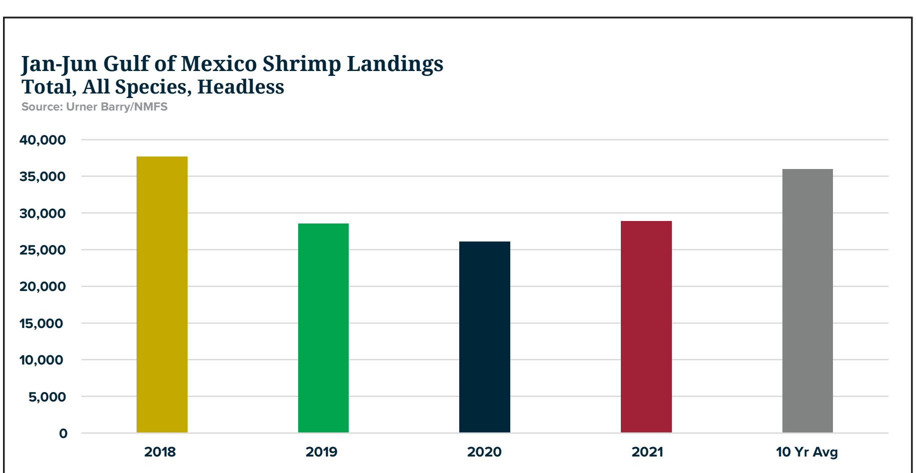
There are two primary species of shrimp landed in the Gulf of Mexico, Penaeus setiferus or White Shrimp, and Penaeus aztecus, which are commonly referred to as Brown Shrimp. There is also a third, somewhat less prevalent variety, Penaeus duorarum or Pink Shrimp.

Of all the Gulf states, Louisiana and Texas are the largest producers, each accounting for roughly 38% of landings in the region. Alabama produces 15%, and Florida and Mississippi each land 5%.

In recent years, Texas landings have been relatively stable, but the catch rate in Louisiana has been in steady decline. There are many factors behind the decline, but the two most often referred to are a lack of effort and freshwater intrusion. The lack of effort typically comes down to simple economics, while the freshwater intrusion is the result of snow melt and/or flood conditions to the north. When these conditions exist, the rivers that flow from the north into the Gulf of Mexico disrupt natural salinity levels forcing shrimp to move out of their natural habitat.

The fishery is seasonal. The Texas season typically begins around July 15 and extends through May 15. Meanwhile, Louisiana, and most of the surrounding states, have a spring season which runs May 1 to July 15, and a fall season which occurs August 1 to January 31. All seasons are subject to change, the determining factors being science-based and led by the state agencies.





The National Marine Fisheries Service is responsible for reporting the catch rate. According to their reports, shrimp landings in the Gulf of Mexico have been in decline for decades. Between 2001 and 2010, landings averaged 133 million pounds, with the largest catch of 160 million pounds occurring in 2006. In the next decade, the average fell to 101 million pounds, a nearly 24% decline. In that time, the largest hauls were in the neighborhood of 118 million pounds, which occurred in both 2011 and 2012.

The NMFS recently reported June 2021 landings (all species, headless) of 9.738 million lbs. compared to 9.460 million in June 2020. This is a 2.94% increase over the prior June. The six-month total of 28.8 million lbs. is 10.6% above the January-June 2020 total of 26.1 million lbs.

Pricing was largely held in-check for the majority of 2020 and there were even some instances of premiums developing summer into fall. The reasons behind the support, despite the pandemic, were that shrimp landings in the Gulf of Mexico had fallen to the lowest recorded level; there were only 70 million pounds landed. That is a 12% decline year-over-year and 32% fewer than the prior 10-year average.

Continued on page 36

Shrimp

Crab Meat

Lobster

Value-Added

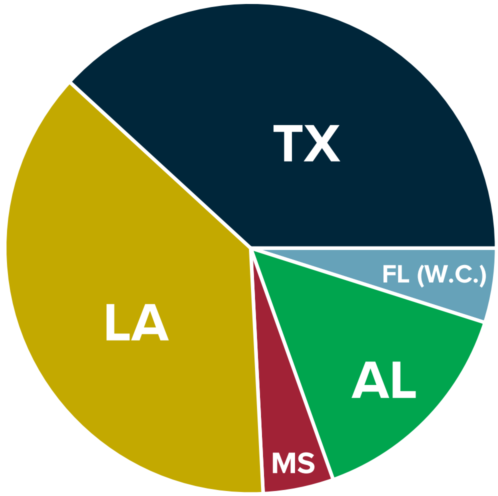
Finfish

Thai Union | Chicken of the Sea®

Continued from page 34

Gulf of Mexico Shrimp Landings by State

Source: Urner Barry/NMFS



In addition, in September, the USDA initiated a purchase of frozen wild shrimp products for the Federal Food and Nutrition Assistance Program totaling 4.3 million pounds. So, in essence, only 66.5 million pounds was made available from the region in 2020. This pales in comparison to the prior 10-year average of 104 million pounds.

The region has been in structural decline throughout the entire decade, but hastened this year due to COVID-19 related concerns. The obvious is the lack of incentive due to the diminished level of demand, but those that wanted to catch-and-process shrimp could not locate the labor needed. The CARES Act, which provided $600 weekly in addition to state benefits, shrunk the labor pool considerably. Also, it's important to consider that 2020 has been the most active year on record for tropical activity; 10 named storms entered the Gulf of Mexico in the year. These storms disrupted trips and altered traditional shrimping patterns.

In 2021, prices have been steadily increasing, but in recent months the price action has been quick and sharp to the upside. The reopening of the restaurant trade, alongside a low supply, has created a buying frenzy unseen before. Frenzied buying has been noted at all levels of the supply chain from raw material to the ultimate consumer.

What can we expect going forward? We know a few things: First off, landings are up 10.6% through June; that's against a low bar and a level that is still considered historically low. Second, the Texas fishery opened July 15 with great anticipation, but it is still too early to tell how it will develop. And lastly, the USDA announced their intentions to purchase shrimp once again from the region, so the supply will likely be reduced 3.5-4 million pounds. UB

Article contributed by **Jim Kenny** and **Gary Morrison**
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What's new and interesting in foodservice

THE VEGAN TREND CONTINUES

Grubhub released their third annual "State of the Plate" report, a mid-year report that analyzes what Grubhub users ordered from the platform between January and June 2021. It should come as no surprise that vegan options continue to be a hot trend for diners. According to the global online food delivery marketplace, so far this year vegan orders have increased by 17%, with plant-based burgers specifically increasing by 28%. The top vegan orders placed in the first half of the year include plant-based sausage wraps (+549%), barbeque cauliflower wings (+302%) and mushroom & tofu broth ramen (+299%).

DOORDASH OPENS SECOND CALIFORNIA GHOST KITCHEN

DoorDash has now opened a second ghost kitchen location following the success of their original ghost kitchen, which opened in the San Francisco Bay Area two years ago. This new kitchen, which is based out of a former California Pizza Kitchen in the Westfield Oakridge mall in San Jose, provides one large kitchen for six different restaurant concepts.

SHORT-TERM SAVINGS, LONG-TERM BENEFITS

The KFC Foundation launched a partnership with non-profit fintech company SaverLife to "equip KFC restaurant employees with valuable financial skills to create lasting savings behavior." Employees who sign up for MyChange with SaverLife program will be able to participate in Savings Match Challenges which are funded by the KFC Foundation. Not only do they receive a $20 sign-up bonus, but by saving at least $10 a month employees can gain a $1 per $1 match of up to $40 per month over a six-month period. This will ultimately help KFC employees create a $500 short-term emergency savings fund.

BTS FOR THE WIN

McDonald's has K-pop group BTS to thank for their latest sales growth. CEO Chris Kempczinski revealed that the collaboration with BTS, which included the addition of Sweet Chili and Cajun dipping sauces for Chicken McNuggets, as well as merch for the K-pop group, broke sales records. Sales at U.S. stores increased 25.9% in the quarter ending June 30. Sales at those stores grew 14.9% compared to the same period in 2019. McDonald's partnership with "Tap In" rapper Saweetie arrived at participating restaurants in early August.

ALRIGHT, ALRIGHT, ALRIGHT

Actor Matthew McConaughey has invested in restaurant business technology company Homebase. Homebase provides a platform that helps restaurants and other small businesses manage their hourly teams, from scheduling, time clocks, payroll, team communication, hiring, onboarding, and even compliance.

"Hard working people who work in and run restaurants and local businesses are important to all of us", said McConaughey. "They play an important role in giving our cities a sense of livelihood, identity, and community. This is why I've invested in Homebase. Homebase brings small business operations into the modern age and helps folks across the country not only continue to work harder, but work smarter.

FISHLESS FISH ON THE MENU

Long John Silver's has become the first seafood chain to feature plant-based seafood on their menu. Through a partnership with Gathered Foods, the makers of Good Catch plant-based seafood products, items like a Breaded Fish-Free Fillet and Breaded Crab-Free Cake are now available at select Long John Silver's locations. Christopher Caudill, the Vice President of Marketing at Long John Silver's, said that he hopes the addition of these plant-based options opens their doors to a "wider customer base who want to experience tasty seafood products in a more sustainable way." UB

U.S. cattle ranchers battle drought, higher feed costs

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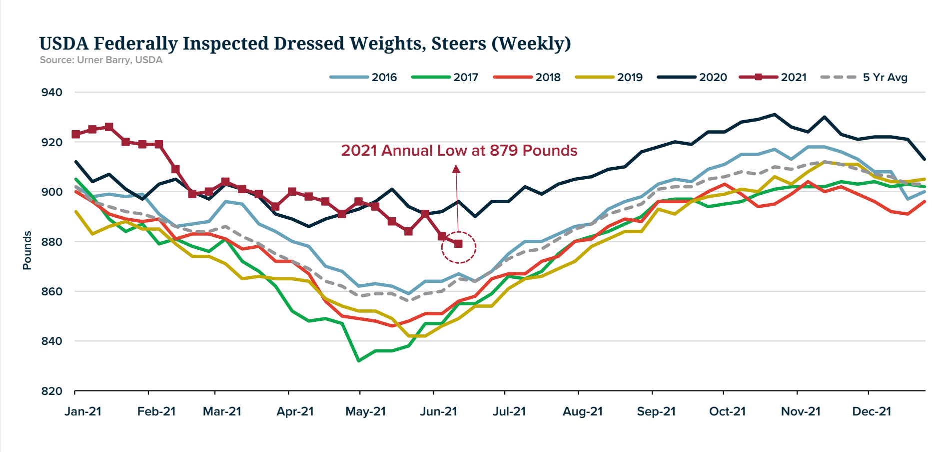
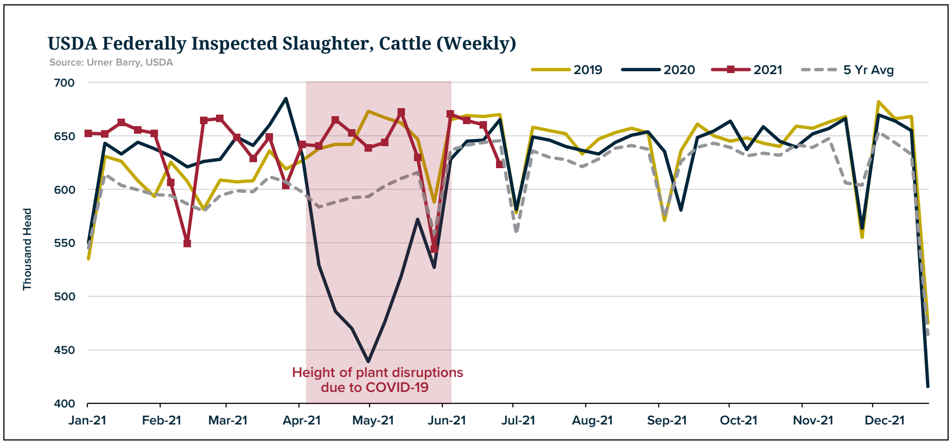
The nation's cattle feeders continue to navigate an uncertain and challenging environment in 2021. Ranchers are grappling with large supplies, persistent drought in the western half of the U.S., higher feed costs, and a sluggish cash cattle market.

Through July 20, USDA's drought monitor reported that about 32% of the nation's cattle inventory was located within an area experiencing drought. Due to poor pasture conditions and limited forage availability in areas of cattle country, some ranchers are reducing their herd sizes, sending their cattle to feedlots, and/or purchasing feed.

Herd liquidation efforts are underway, as evidenced by higher year-over-year cow slaughter levels since early this year. Through the first week of June, cow slaughter was 11% above 2020, the highest year-do-date figure since 2011. An extremely dry spell concentrated in Texas that year forced producers to cull the U.S. herd to the smallest number in over half a century. Texas is the largest cattle-producing state.

In addition to drought, ranchers are contending with sharply higher feed costs. Corn prices have been rapidly increasing since late 2020. In April of this year, May corn futures surged to a multi-year high at over $7/bushel, boosted by supportive fundamentals such as tight supplies and strong export sales. Reduced corn output in competing suppliers due to dry growing conditions, including Brazil and Argentina, is adding fuel to the grain rally.





Steer carcass weights have been trending lower than 2020 since mid-May. In contra-seasonal fashion, carcass weights hit an annual low in mid-June at 879 pounds. However, weights remain at the second-highest levels in history, surpassed only by 2020. Carcass weights are expected to resume a seasonal uptrend heading into the fall, though some industry sources are hopeful that the rate of gain will be slower than normal.

Cattle supplies in early Q3 remain large due to the seasonal increase of fall placements combined with carryover from the pandemic-induced backlog. The disconnect between the cash cattle market and boxed beef prices was especially pronounced throughout the first half of this year.

Driven by stellar domestic and export demand, Urner Barry's Choice quote peaked at a record $331.83/cwt on June 14. Beef packer margins that week averaged nearly $800/head. Meanwhile, USDA's five-area direct feed steer price for the week ending June 20 was $122.84/cwt on a live basis, only about $3/cwt above the week prior. Boxed beef prices have since entered correction mode as of late July but remain at historically wide levels.

In the tail-end of July, live cash cattle prices continue to trend largely sideways. Ongoing labor shortages and worker absenteeism throughout the nation is making it increasingly difficult for beef processors to maintain adequate processing capacity for the current level of supplies.

Through the week ending July 26, year-to-date cattle slaughter is 4.6% above 2020. Federally inspected beef production for the same period is 4.8% over last year. Although cattle offerings are plentiful, packers have struggled to push weekly slaughter levels to 670,000 head. So far this year, packers have killed at or above 670,000 head per week only twice. Beef packer margins remain well in the black but weekly kills are struggling to achieve 650,000 head as of late July.

Recently, the Senate Agriculture Committee held a hearing highlighting producers' concerns about the cattle market. Industry participants, including representatives from the United States Cattlemen's Association, presented arguments for increased processing capacity and improved cattle market transparency. In March of this year, National Beef announced its plans to expand processing capacity at its facility in Tama, Iowa. The following month, JBS stated it planned to increase production at two of its beef processing facilities in Nebraska.

There is optimism for higher cash cattle prices in the months ahead due to expectations for tighter supplies going forward. The biannual USDA Cattle Inventory report released in July pointed to a bullish supply outlook with a 1.3% decrease in the total herd versus 2020. The latest cattle on feed report was also viewed as friendly since June placements came in at 7.1% under a year ago, about 1% below the average of analysts' expectations.

Strong global demand for U.S. beef is also supportive for fed cattle prices in the future. U.S. beef exports in May surged to a record 133,440 metric tons, according to data released by USDA and compiled by the U.S. Meat Export Federation (USMEF). For January through May, exports reached 587,838 metric tons, up 15% from a year ago.

Maintaining robust exports will be a challenge due to logistical hurdles, including container shortages and port congestion. Furthermore, global demand for U.S. beef remains largely unknown since some countries are re-entering lockdown mode or facing political discord.

The path towards tighter cattle supplies and improved feedlot returns will not be a straightforward nor easy one. Many anxiously await a shift in leverage from packers to producers, considered long overdue by some market participants. UB

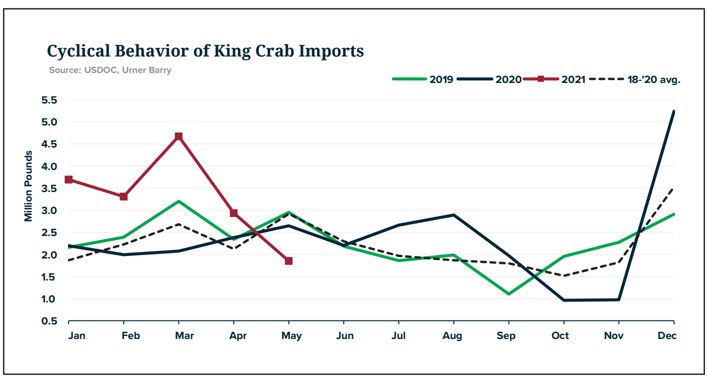
Article contributed by **Courtney Shum** | cshum@urnerbarry.com

CRAB CONTINUES ITS CLIMB

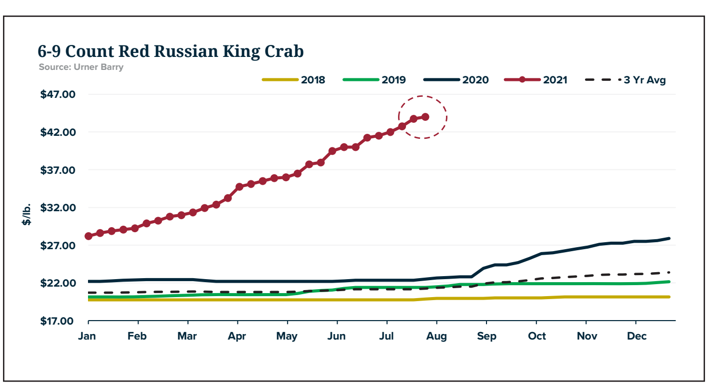
KING CRAB

There continues to be no relief in sight for rising King Crab prices as all sizing remains at all-time highs and keeps climbing. Even with imports 45.8% higher through May 2021 as compared to the same time last year, the market remains tight. Demand is active and continues to fall short of buyers' full needs.

May 2021 is the first month imports have dipped below the 3-year average in five months. Year-to-date imports are still higher, but May did trend below the cyclical behavior for total imports. May imports of king crab are lower than April 2021 by 36.9%. Comparing imports to May of last year, 2021 is 29.9% lower. Russia, the largest producing country by far, is up 53.6% year-to-date compared to 2020.



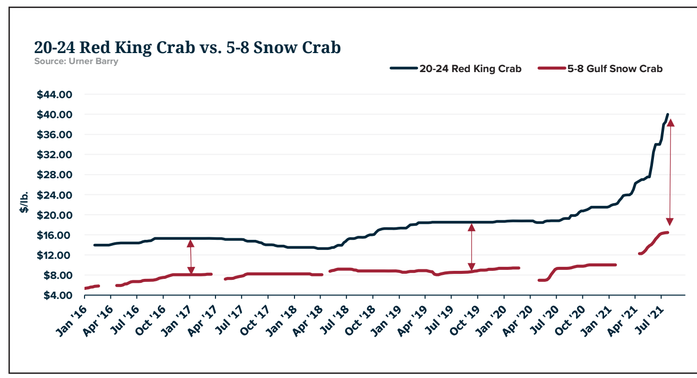
When looking at pricing, all sizes of both red and golden king crab out of Russia are at all-time highs; greatly surpassing anything the industry has ever seen. Specifically, the pricing of 6-9 reds is 107% higher than the 3-year average and 95.6% higher than the same time last year.



Supply remains severely strained due to continued strength of the live market in Asia, no spot king crab availability out of Alaska, and quota limitations in Russia. There does not appear to be enough crab to satisfy the global demand, especially the continued robust demand here in the U.S.

SNOW CRAB

Both Canadian and Russian snow crab prices have also reached all-time highs. In addition to the unprecedented levels, the spread between king crab and snow crab are at all-time highs. As of July, the spread in 2021 is over $23.00, which is 139.6% higher than the same time last year. Removing both 2020 and 2021, the previous average spread between 2016-2019 was around $7.71. In 2020 the average was $10.82 and now in 2021 the average has jumped up to $16.22; that is upwards of 110.4% when comparing to the 2016-2019 average and 50% when compared to 2020.



Overall, looking at both the king and snow crab market in the U.S., demand for these items appears to be inelastic. As Les Hodges wrote in his article at the beginning of May on Seafoodnews.com, these items are proving to be purchased at foodservice and retail regardless of price. Imports are currently higher for both species. Prices are at all-time highs, yet demand remains intact as of this writing. Some market participants report on pockets of pushback, but they are few and far between. With many participants anticipating business travel to resume late in Q3 and throughout Q4, these additional consumers could help to support further active to robust demand for crab at foodservice.

When looking at retail, snow crab continues to be heavily promoted. We see buying opportunities, or the number of times retailers feature snow crab, on par with 2020. In fact, over the past four years, retailers have been extremely consistent with buying opportunities for snow crab. Through the beginning of July the number of promotions is virtually the same dating back to 2018.

With both sectors of the industry actively participating in sourcing crab, upward pricing pressure remains at this stage. UB

Article contributed by **Janice Schreiber**
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SNOW CRAB
KING CRAB
SHRIMP
TEAR HERE TO OPEN
RAW PINK SHRIMP WILD CAUGHT
THE BBQ BAY GRILLING CO.
Ready to Grill Seafood
GRILLING
JUMBO
ICY OCEAN
DIRECT
SOURCE
SEAFOOD
WWW.DIRECTSOURCESEAFOOD.COM
WHOLE KING CRAB
FROZEN PRODUCT
WHOLE KING CRAB

Arthur Treacher's makes a comeback thanks to Nathan's Famous

Arthur Treacher's
FISH & CHIPS
HAND – BATTERED FISH, CHICKEN & SHRIMP

Arthur Treacher's fans have the hot dog gods to thank for the return of the iconic seafood restaurant. James Walker, the SVP of restaurants at Nathan's Famous, made headlines in June when he revealed that the hot dog chain would be relaunching the fish and chips restaurant as a ghost kitchen concept.

For those of you reading this that aren't familiar with Arthur Treacher's, it was a fast food seafood chain that first launched in 1969. Founded in Cleveland, Ohio, the restaurant was named after English actor Arthur Treacher, who was well known for playing a butler in numerous roles, including a handful of Shirley Temple films. The restaurant boasted authentic British-style fish and chips, using cod, and the people loved it. The chain boomed in popularity throughout the 1970s, ultimately resulting in over 800 restaurants across the U.S. But their good fortune couldn't last forever. And according to folklore, it all boiled down to cod… or rather the lack thereof.

Between the 1950s and the 1970s Britain and Iceland became engulfed in "The Cod Wars," a series of disputes over access to rich fishing grounds. The first Cod War, which centered on who could fish in the seas surrounding Iceland, occurred in 1958. The second Cod War occured in 1972 when Iceland extended its Exclusive Economic Zone (EEZ) from 12 to 50 miles. British fishermen refused to recognize this new EEZ, which led to a series of confrontations between British and Icelandic ships. A two-year agreement was eventually made, with British fishermen allowed to fish within certain areas in the 50 mile EEZ as long as they took no more than 130,000 tons of cod per year. But when that agreement ended in 1975, the third and final Cod War began. This time Iceland increased their

Photos provided by Trevelino Keller / Arthur Treacher's

EEZ limit to 200 miles, limiting access to these fishing areas and resulting in even more confrontations.

In the spring of 1976 a final agreement was made, allowing British trawlers to fish within the new EEZ but limiting their catch to 50,000 tons. British fishermen were allowed to do this for six months before losing their right to fish inside the zone, which hurt many fishing communities.

It was during the Cod Wars that the price of cod increased. And when frozen fish company Mrs. Paul's acquired Arthur Treacher's in 1979 they made the decision to replace the restaurant's beloved cod fillets with pollock. That's when things started to go downhill for the chain.

Arthur Treacher's was sold a handful of times after its acquisition by Mrs. Paul's, and today only one sole location remains in Cuyahoga Falls, Ohio. Faithful fans travel far and wide to indulge in a bite of nostalgia, but soon, thanks to Nathan's Famous, authentic fish and chips will be just a click away.

Nathan's has owned the intellectual property of Arthur Treacher's since 2006 when it was sold to NF Treacher's Corp., an affiliate of Nathan's Famous Systems, but the hot dog chain had actually licensed the right to use the Arthur Treacher's trademark and products for a few years prior. It was through this licensing that some Nathan's locations carried Arthur Treacher's products. Walker sees a much bigger picture though, telling QSR magazine in May that the story is the "resurgence or revival of a brand people are really passionate about."

Nathan's is getting some help from Franklin Junction, "the innovative growth platform for restaurants navigating the age of digital ordering and delivery." Franklin Junction matches brands with "Host Kitchens," which are existing restaurants that have the capacity to add a variety of delivery-only menus. This gives brands the opportunity to expand into new markets through a delivery-only presence and low-capital investment. Nathan's Famous and their sister brand, Wings of New York, have already found success using Franklin Junction's Host Kitchen platform, and now they plan on adding Arthur Treacher's into the fold.

"We are thrilled to be a part of this new chapter in Arthur Treacher's brand story," said Rishi Nigam, CEO of Franklin Junction. "Given increased demand for delivery nationwide and a favorable landscape for seafood within the sector, we are excited to help Arthur Treacher's expand through our Host Kitchen partners, bringing exciting new menus to new customers and loyalists alike."

Relaunching as a ghost kitchen concept, Arthur Treacher's fans of old and new will be able to indulge in the same breading that initially made the chain a hit. But with that said, Nathan's also plans on introducing some upgrades, including the quality of the proteins they're serving, as well as new menu items. For example, two items from Louisiana quick-casual dining concept Off the Hook will be featured on the new Arthur Treacher's menu — Seafood Gumbo and Crawfish Etoufee.

With a target of opening 100 new Franklin Junction Host Kitchen locations by the end of the year, it seems like Arthur Treacher's is well on its way to a big comeback. UB

Article contributed by **Amanda Buckle**
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Hey… where’s the fish?

Article contributed by Melaina Lewis, Director of Communications,
National Fisheries Institute

Picture this. You’re strolling through the frozen seafood aisle of your grocery store in search of some delicious, nutritious seafood. You find two products side by side, but there’s a problem. The label tells you nothing. You can’t tell which product is made with the healthiest animal protein on the planet or which contains a mix of plants and vegetables that are shaped to look like seafood. Why is that?

Vegan, plant-based and vegetarian versions of “meat” products have been popular for some time. The veggie burger, “tofurky,” and meatless “chick’n” strips can be found at grocery stores nationally. Now, so called plant-based seafoods parade around as “vegan shrimp,” or “Toona,” seeking footholds in the marketplace–and confusing customers.

Many of these highly processed, plant-based brands market themselves as “seafood alternatives” as well as claim to have the same nutritional benefits as the seafood products they mimic. They don’t. In fact, they often lack key nutrients such as protein and omega-3 fatty acids. Let’s not mince facts. These “alternative” products violate Food and Drug Administration (FDA) labeling requirements. The FDA’s existing requirements state that nutritionally inferior substitutes must be labeled as “imitation.” Mislabeling food is a serious infraction and can harm consumers both by depriving them of expected nutritional benefits and by possibly exposing them to food allergies. The FDA statutes state labels that are misleading in any way are regarded as “misbranded.”

National Fisheries Institute (NFI) members–the nation’s largest seafood producers–properly label and ensure that thousands of commercial seafood products meet FDA’s strict requirements. For instance, blended seafood products made primarily with fish protein are known as–and lawfully labeled–“crab flavored seafood, made with surimi, a fully cooked fish protein” or “imitation crab.”

This is one blunt example of how actual seafood purveyors are required to label a product made with actual fish protein as “imitation.” At the same time, the FDA refuses to enforce such a requirement on highly processed, plant-based alternative products designed and marketed to imitate fish without containing any fish protein. Let’s be honest here, just because you spell tuna as “toona” doesn’t mean it’s fish.

A study by consumer research firm FoodMinds showed that about 40 percent of consumers believed plant-based imitations contain actual seafood. Up to 60 percent thought the products had similar nutritional content as real fish. Still, fake-seafood producers are resisting more accurate labeling, and without any evidence claiming that customers know what they are getting.

To push consumer confusion further, companies offering plant-based seafood imitations continue to double down on the vegan fish nutrition claim. Some are bold enough to claim a highly-processed vegetable mash that attempts to imitate raw tuna is healthier than real tuna. Are vegetables nutritious food? Sure. Do they come close to the complex offering of protein, vitamins, minerals, and fatty acids in tuna? Any reputable doctor or dietitian will tell you the answer is, no.

Americans simply don’t consume nearly enough seafood. About 90% do not meet the U.S. Dietary Guidelines directive to eat seafood twice per week. Any suggestion that consumers should steer clear of seafood for nutrition reasons further exacerbates this problem.

Plant-based products are innovative, and we hope they will contribute to feeding a growing world. They have a place on menus and in stores. However, the nation’s lead food safety regulator for seafood has a fundamental obligation to protect and inform American families about the food they eat. Banners like “Vegan Lobster” appear to tell shoppers what’s not in the package.

The solution is clear: FDA must enforce its existing labeling requirements. Labels must follow existing requirements and meet the same labeling standards imposed on actual seafood products.

If seafood products must meet FDA requirements to distinguish among different fish, then surely a product made of konjac powder, pea starch, and fenugreek should not be allowed to be labeled, “smoked salmon.” American consumers deserve factual and clear labels on the foods they buy, and they deserve this now. Not years from now. UB


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Labor shortages impact ranchers, processors...

Lackluster cattle slaughter and tight supplies help lift boxed beef prices

For those monitoring cattle slaughter levels, there is a common takeaway that processing capacity has not yet recovered to pre-pandemic levels. Production and distribution challenges due to ongoing labor shortages may continue to impact chain speeds for months to come.

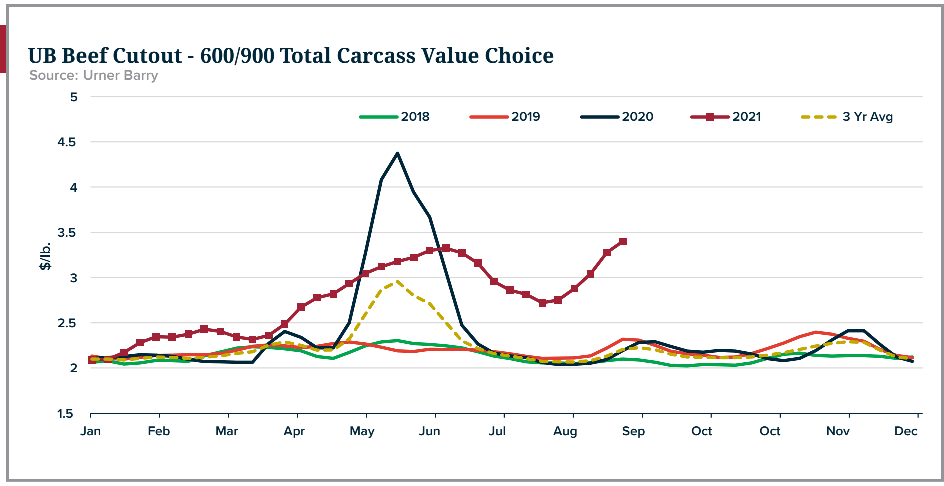
Inadequate slaughter levels for the current level of demand are helping fuel a renewed rally in boxed beef prices. Following a demand-driven rally throughout the first half of this year, wholesale beef prices entered correction mode in early June. From its peak on June 9 at $332.99/cwt, Urner Barry's Choice quote lost nearly 19% of its value over the next six weeks.

This correction mode has rapidly reversed course in recent weeks due to buying interest for the Labor Day holiday coupled with supply constraints and uncertainty regarding the Delta variant. Urner Barry's Choice quote eclipsed $300/cwt in the second week of August. Beef packer margins remain historically wide at over $900 per head, according to the latest estimate provided by HedgersEdge. This is challenging the record high of $1,009.30 per head achieved during the pandemic-induced spike in the second quarter of 2020.

Some analysts are projecting front-end cattle supplies to trend lower heading into 2022. This is leading to expectations of a positive long-term supply outlook. Lower average carcass weights in relation to to 2020 indicate that feedlots are becoming more current. However, inadequate processing capacity coupled with ongoing logistical hurdles including worker absenteeism is making it increasingly difficult for feeders to maintain up to date on their supplies.

Steer carcass weights this year hit their annual low during the week ending June 19 at 879 pounds, 3 pounds below the year prior. Typically, weights reach their annual low in mid to late May. It is important to note that carcass weights remain at the second-highest levels in history, surpassed only by 2020. Weights were historically heavy for the majority of last year, largely due to the pandemic-induced backlog of slaughter-ready cattle supplies.

As of the week ending August 7, steer carcass weights are 13 pounds below a year ago and 2 pounds under the prior five-year average. Going forward, analysts anticipate steer carcass weights to resume a seasonal uptick but are hopeful that the rates of gain will be slower than usual. Sharply higher feed costs may help carcass weights maintain a lower year-over-year trend in the weeks ahead.



In the meantime, ranchers must also contend with ongoing drought. Extremely dry conditions in the western half of the U.S. are prompting herd liquidation efforts. As of August 17, 33% of the cattle inventory is in an area experiencing drought.

Demand for U.S. beef is strong on both the domestic and global fronts. According to data released by USDA and compiled by the U.S. Meat Export Federation (USMEF), beef exports value was the highest on record for the month of June. June beef exports totaled 112,249 metric tons, up 42% from a year ago. Of note, exports in June last year were hampered by production shortfalls relating to COVID-19.

Japan was the leading destination for June beef exports in both volume and value. China notably capitalized on the improved market access that took effect in March of last year under the Phase One Economic and Trade Agreement. First-half beef exports to China ballooned more than 1,000% from 2020 in both volume and value.

For now, renewed COVID-19 mandates in some areas could potentially lead to increased retail demand and help underpin boxed beef values. While there is optimism for improved cash cattle prices heading into the fourth quarter, feeders are largely at the whim of an unpredictable and scarce labor force. This is making it increasingly difficult for producers to share in the astronomical profits seen at the beef packing level. UB

Article contributed by **Courtney Shum** | cshum@urnerbarry.com

Constrained supply and active demand...

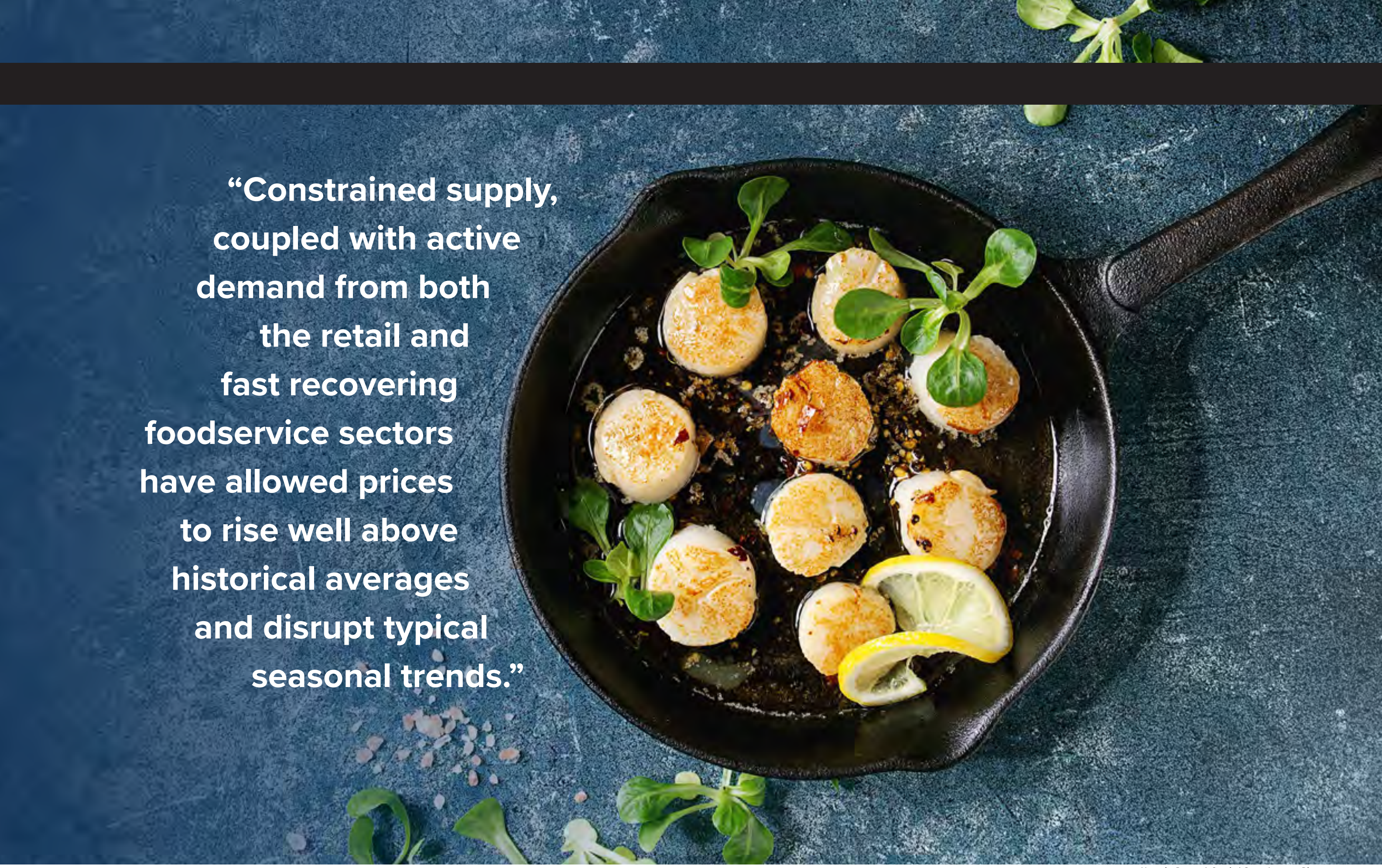
Scallop market demands sky high premiums

The market for Atlantic sea scallops has been boasting record high premiums even before the 2021 season opened on April 1. Back-to-back seasons producing a smaller size mix of landed product has resulted in projected landings for the 2021 fishing year retreating down to about 40 million pounds, compared to 51.6 million pounds projected in 2020 and 60.6 million pounds projected in 2019.

Constrained supply, especially on the largest scallop size counts, coupled with active demand from both the retail and fast recovering foodservice sectors, have allowed prices to rise well above historical averages and disrupt typical seasonal trends. While foodservice sales typically see increased activity in the scallop market throughout the summer months, especially along the coastal regions, demand has not yet seen a slowdown in the wake of the current elevated wholesale prices.

Pricing through the end of July and four full months into the 2021 fishing year, all-natural U/10 sized scallops, which are typically reserved for foodservice and restaurant applications, are demanding an average of $31.00 per pound. This is $17.25 higher in price than the same time last year and well above the previous 5-year average. 10/20 count sized scallops, which is a common retail size but due to supply constraints of larger sizes is lending itself to the foodservice sector, have also demanded a record high premium of $18.00 per pound, about $6.75 per pound higher than a year ago.

Imported scallops on the other hand are seeing increased volumes into the U.S. to help offset the constraints seen on domestic product. On a year-to-date basis imported volume recorded from January



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through May 2021 is reporting 23.2 million pounds for this timeframe. Meanwhile, the previous five-year average for the first five months of the year is 19.2 million pounds, a 21% increase. Countries exporting more scallops into the U.S. compared to last year are China, Canada, Japan, Argentina, Peru, Philippines, and Mexico, to name a few. Despite an increase in volume, imported product is also demanding premiums due to freight costs, labor shortages, and logistical issues.

Looking ahead, there is potential for the industry to see demand subside after the summer buzz has dwindled and back-to-school is well underway. October is typically the slowest sales month for seafood, in addition, an end to government issued stimulus checks could provide some pause to the market as well. If harvests continue to report lackluster landings, supply constraints could factor into somewhat of a firm undertone into Q4 when prices typically strengthen into the end of the season. No matter how the rest of the season unfolds, the 2021 Atlantic sea scallop season is already one for the history books. UB

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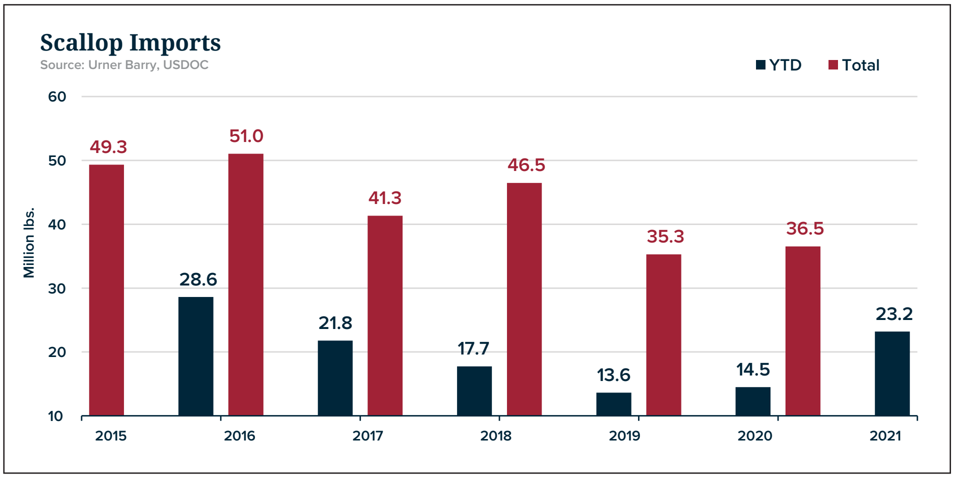
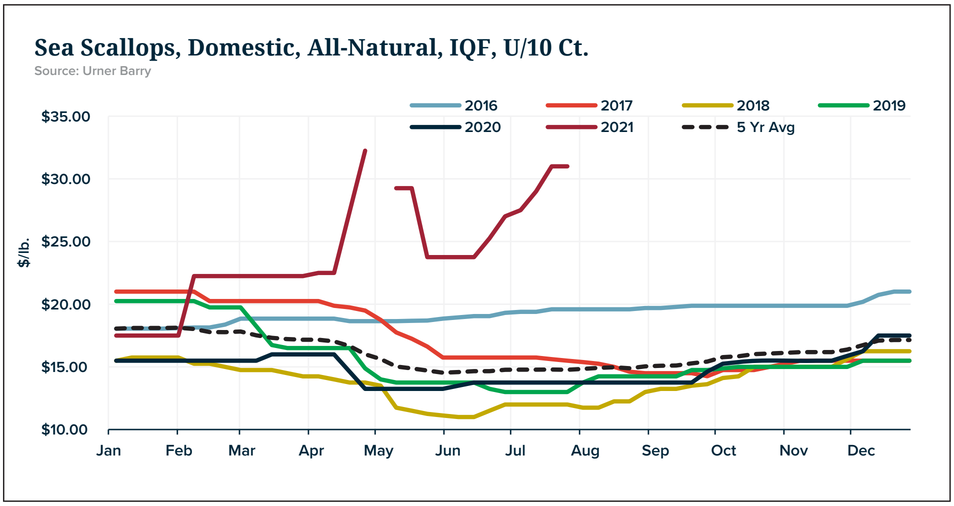




Sugar prices on the rise despite consumption normalizing and no projected demand growth

Article contributed by Kevin Combs, Vice President, Sweeteners Specialist, **McKeany-Flavell**

Historically, sugar consumption has been resilient through economic disasters, and we've seen the same through the COVID-19 global pandemic. While overall consumption levels were maintained, however, we did see changes in consumption patterns: As foodservice, beverage, and even confectionery consumption fell immediately following shelter-in-place policies, increased retail demand offset much of the declines as consumers took up new hobbies such as cooking and baking. With the U.S. economy opening back up in 2021, we have seen consumption trends return to pre-COVID levels, as retail consumption declines and certain industrial categories, such as beverage and bakery, rebound; confectionery use still slightly lags.

USDA shows 2020/21 sugar use down 99,000 short tons raw value (STRV) versus the year prior, but actual use is likely unchanged as supply issues resulted in a 25 percent surge in imports, which lead to a larger carryover into 2021/22. USDA is currently forecasting 2021/22 sugar consumption at 12.230 million STRV, flat year on year. Sugar consumption growth appears to have stalled as nutritionists and healthcare industries target added sugars in diets—a few have gone so far to label sugar a toxin.

Sugar production has certainly seen its challenges over the last two years, and uncertainty of supply is never good for dependent industries. The 2019/20 beet and cane crops were both struck by Mother Nature, with wet weather preventing the harvest of nearly 20 percent of beets planted in the Red River Valley and with Louisiana cane sugar production likely cut by 20 percent because of an early freeze. Despite the increase in imports to offset lower production, stocks were still below average heading into the 2020/21 crop year. While far from perfect, 2020/21 U.S. sugar production rebounded nearly 14 percent to 9.286 million STRV, led by a recovery in beet production in the Red River Valley and record cane production in Louisiana even with five tropical storms inundating the state with rain.

While increased production returned stocks to more usual levels—represented by a 14.5 percent stocks-to-use ratio—sugar prices were up around 5 percent due to lower beginning stocks when contracting took place. Although the beet and cane crops were successful, the industry also faced a few non-COVID disruptions as two cane refineries narrowly avoided disasters caused by fires. Fortunately, in both situations, damage was contained to the raw sugar storage areas, and production was able to resume quickly, at least on a majority of capacity levels. Markets hate uncertainty.

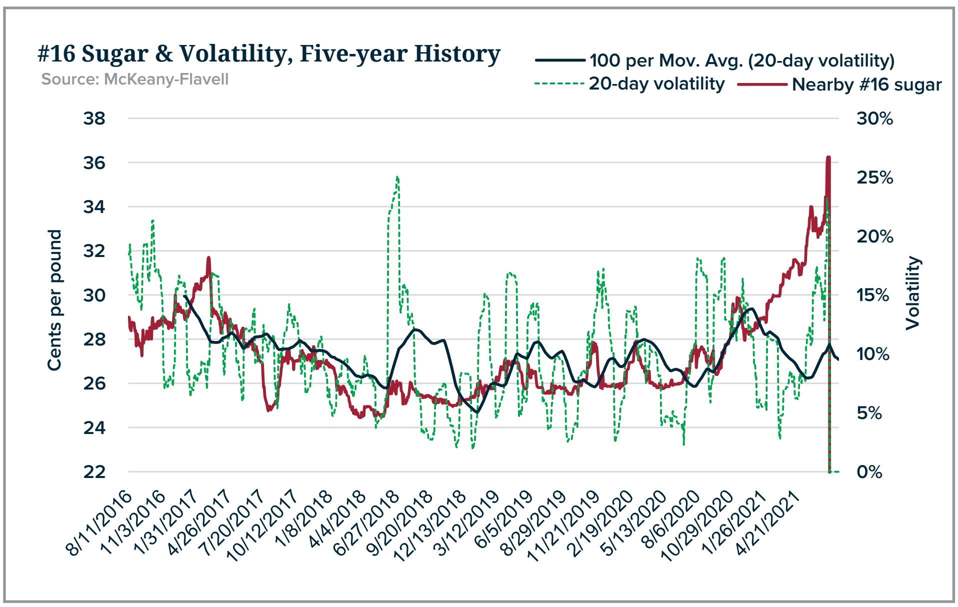
"...sugar was thought possibly to be one of the few commodities that might be a win for buyers seeing huge price increases in so many other areas, but Mother Nature and USDA management of the sugar program seem to have other ideas."

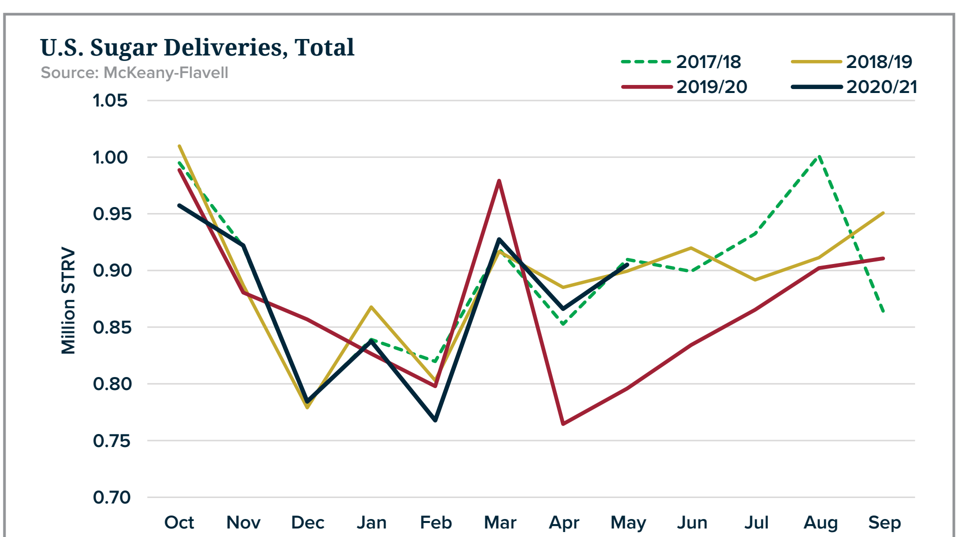
With supplies increasing in 2020/21, and no consumption growth, sugar was thought possibly to be one of the few commodities that might be a win for buyers seeing huge price increases in so many other areas, but Mother Nature and USDA management of the sugar program seem to have other ideas. Hot, dry weather across much of the sugar beet growing regions halted any thoughts of a big crop, particularly in the Red River Valley, which accounts for 56 percent of beets planted. The Red River Valley does not irrigate beets, thus the crop there is more susceptible to dry weather than sugar beets in other regions. Yields for the largest and northernmost cooperative are estimated to be 20 percent below average.

In addition to another disappointing beet crop in the Red River Valley, raw cane sugar prices have spiked over the past year and are supporting refined prices. A slow import pace, intrastate commerce laws in the 1937 Sugar Act that restrict flows of raw cane sugar between states, and arguably USDA management of sugar import levels all provide support to raw sugar prices, which are now trading at high-tier tariff levels for the balance of 2021 and are up $0.05 over year-ago levels for all of 2022.

With USDA controlling imports thought the sugar program and Suspension Agreements with Mexico, it appears prices will remain firm through 2022 as most industrial business has already been contracted—that is, unless the new USDA administration turns over a new leaf and eases a tight raw sugar market.

Don't miss my associate Nicole Thomas, Vice President of Information Services, at Urner Barry's Executive Conference September 26-28th where she will discuss grain and oilseed inflation, what factors have impacted these markets over the last year, and how they might affect the protein industry! UB





Join us in Chicago…

URNER BARRY TO HOST GLOBAL PROTEIN SUMMIT IN-PERSON THIS NOVEMBER

Urner Barry's Global Protein Summit is making its return this November.

Urner Barry's Global Protein Summit will be held in Chicago on November 1-3, 2021. Specifically designed for those in the beef, pork, and poultry industry, this three-day agenda is packed with intel from the foremost experts on economics and agribusiness.

As the last 18 months have proven—over and over, again and again—producers, processors, wholesalers, retailers and the foodservice sector are all at the mercy of constantly changing circumstances within the global supply chain. Food companies are relying more than ever on business intelligence to operate successfully in this complex landscape.

At this year's show, we'll be highlighting challenges in supply and logistics, feed costs, and sustainability. Hear from top speakers and analysts on global trade, African Swine Fever and PRRS, plant-based proteins, labor issues, COVID impacts, changing consumer demands, and what the future might hold for food and agriculture.

Registration for the Global Protein Summit is now open. Join us at The Drake in Chicago November 1st through the 3rd. If you're involved in the beef, pork, or poultry trade, you won't want to miss this. Visit **www.urnerbarry.com/globalproteinsummit** for more information and to sign up!

Article contributed by **Jamie Chadwick**
jchadwick@urnerbarry.com

> **"With fears of imported beef undercutting domestic product, concerns are justified."**

British farmers resist controversial trade agreement

Brexiteers have long argued that negotiating trade deals without the oversight of Brussels was a key advantage to leaving the EU. Even so, opinions remain divided about the advantages of a new agreement with Australia.

Published on June 17, an "agreement in principle" will allow Australia to send a set quota of agricultural goods to the UK without tariffs. According to the agreement, quotas will steadily increase over a 15-year period until which point there will be no limits on agricultural imports from Australia, with the only exception being long-grain rice.

Despite claims of a "cast iron guarantee" that food standards will not be sacrificed, British farmers are concerned that they will not be able to compete with tariff-free Australian imports.

CAST IRON GUARANTEE VS JUSTIFIED CONCERNS

While economic headwinds caused by COVID-19 continue to weigh on markets, some argue the long-term success of the UK farming sector depends on revamped trade deals with third member countries.

However, if not designed in British interests, a tariff-free trade deal on agricultural products could reduce farmers' livelihoods.

While Greg Hands, the UK Trade Minister, has confirmed that hormone injected meat will not be allowed into the UK, local farming communities remain resistant to the deal.

With fears of imported beef undercutting domestic product, concerns are justified. Under the agreement, 35,000 tonnes of beef will be allowed into the UK tariff-free in the first year, increasing to 110,000 tonnes by year 10. Tariffs on sheep meat products will start after the first 25,000 tonnes, and sugar at 80,000 tonnes.

The UK only imported 1,766 tonnes of beef and veal from Australia in 2019. Will that dramatically increase under a tariff-free arrangement? Only time will tell.

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Critics of the removal of tariffs and quotas have come from various walks of life. Local politicians opposing the deal have suggested increased beef imports from Australia would undo the UK's efforts to reduce greenhouse gases. While the carbon emissions claim is somewhat difficult to justify, given Australia's own reduction targets, it's a claim that may obstruct or at least delay the final agreement.

The Australian trade deal was always going to be met with mixed sentiment. While some reports suggest it may harm local farmers, some industry analysts have suggested that prime British beef will be insulated given its premium price point. According to the latter, UK farmers will sell as much beef as before (in a normal year) though the import market will become more competitive. On the import front, volumes from mainland EU and South America would be impacted first, then possibly higher end cuts from Ireland.

ICONIC EXPORTS

While the debate over the importation of agricultural goods will continue, there is less controversy surrounding the benefits for key export industries.

The UK government is adamant that the deal will assist the export of iconic British products such as Bentley and Rolls Royce cars, as well as Scotch whisky, British biscuits and many other household names which will be cheaper to sell into Australia and eventually the wider Asia Pacific region.

In 2019, the UK exported approximately £12bn worth of goods and services to Australia compared to £294bn of goods and services to the EU. With trade across the channel becoming increasingly burdensome, the establishment of post-Brexit trade agreements will be a key factor in economic growth. As such, the agreement with Australia has been earmarked as a means of access to a wider trade agreement with the Asia Pacific region, which would open significant export opportunities for farmers.

Despite these claims, British cattle farmers continue to robustly object the "agreement in principle." UB

Article contributed by **Michael Nesbitt** | mnesbitt@urnerbarry.com

AEB, UEP join forces to develop a unified strategy for the egg industry

Article contributed by Emily Metz, President & CEO, **American Egg Board** and Chad Gregory, President & CEO, **United Egg Producers**

As CEOs of two of the egg industry's leading organizations, we recognize and appreciate the unique value that our respective organizations bring to the table in service to a common constituent—the U.S. commercial egg farmer—and the tremendous potential synergy created between our organizations when we partner toward a common cause. Indeed, it has been our experience that the whole is truly greater than the sum of its parts.

In October 2022, UEP and the AEB will cohost our Executive Conferences and annual board meetings in Charleston, SC. Over the past 12 months, we've vigorously sought opportunities to drive efficiencies and exponential value from collaboration wherever possible and appropriate, and to extend those collaborations to additional partners. For example, we were pleased to announce recently that UEP and the AEB have jointly undertaken an industry-wide Lifecycle Assessment (LCA) study in partnership with the Egg Industry Center located at Iowa State University. This critically important research will provide the data needed to support the egg industry's environmental and sustainability narrative, filling a crucial information gap for our producers, our customers in retail, manufacturing and foodservice and our consumers—to the benefit of all.

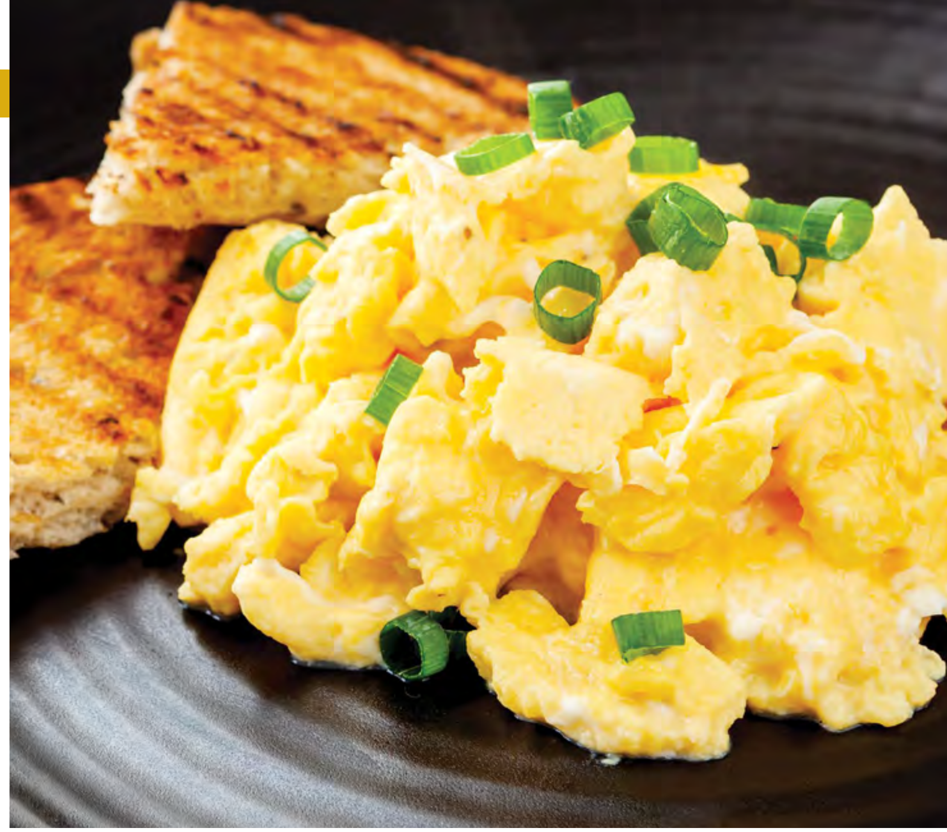
Another important opportunity we've seized upon was inspired by the worrisome outbreaks of highly pathogenic avian influenza (HPAI) in Europe and Asia this year, highlighting the need for a structured, industry-level approach to responding to crisis situations. While it is unknown if or when HPAI will reappear in the United States, it is critical for the egg industry to plan for a coordinated, collaborative response. Our producers vividly recall the devastating 2015 HPAI outbreak, when more than 42 million birds were lost to the disease, and they remain vigilant in biosecurity and on-farm disease prevention practices. The opportunities we see are for better coordination at the national, industry level to engage media, customers and consumers more effectively, and to be better equipped to support our partners at the state and local levels.

AN OUNCE OF PREVENTION...

While we would characterize the egg industry's response to the unprecedented 2015 HPAI outbreak as successful and, frankly, heroic, there were painful lessons learned that we are determined not to repeat. Therefore, earlier this year, the AEB and UEP created a joint crisis communications planning team that has been moving quickly to develop a comprehensive response plan to be deployed in the event of a U.S. HPAI outbreak. It is important to note that HPAI is intended to serve as a model; the end game is to establish a formal, unified strategy for responding to industry crises with one voice.

Our communications objectives are as follows:

- Maintain a high level of consumer trust and confidence in eggs and egg production.
- Minimize disruption in egg sales across all customers—retail, food service, manufacturers and exports.
- Support U.S. egg producers in navigating the challenges of an avian influenza outbreak.
- Mitigate and manage potential negative media coverage related to HPAI occurrences in the United States.
- Reassure and inform consumers of the low risk to human health and the safety of eggs and egg products.
- Demonstrate egg industry transparency and leadership.



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BUILDING AN INDUSTRY COALITION

There are numerous stakeholders beyond egg producers that may be involved with and/or affected by an HPAI outbreak: other poultry commodities, chicken and turkey producers, state egg and poultry associations, backyard flock owners, customers (retail, foodservice, manufacturers), consumers, regulatory agencies, export and trade officials, veterinarians, public health authorities, animal welfare organizations and activists, local communities, media and a variety of third-party experts. Rest assured that each of these diverse stakeholders has been considered and accounted for in our planning.

HPAI is a complex issue, and consideration must also be given to managing related issues of public health, indemnity, euthanasia and egg supply disruption, among others. While the AEB and UEP will share leadership responsibility for the unified HPAI response for the egg industry, these other stakeholders also will be highly engaged and contribute to the overall HPAI conversation.

At the industry level, ours is a big tent. The leadership of key egg industry organizations including UEP, the AEB, the U.S. Poultry & Egg Association, the Egg Industry Center located at Iowa State University, Egg Farmers of Canada, the International Egg Commission and representatives from state-level organizations in several of our largest production states have been regularly meeting, informally, under the loose collective of "Team Egg" to share perspectives and insights and to mine opportunities. We see Team Egg as the effective means to ensure top-to-top alignment and full cooperation across the egg industry as we solidify this plan. We will also engage the U.S.A. Poultry & Egg Export Council (USAPEEC) for support in any potential trade issues that might arise.

PROGRESS TO DATE

We are pleased to report that the team has made excellent progress. We have completed due diligence, scenario planning and consumer research, and we've drafted our strategic plan, tactical framework and rapid response protocol. We are now identifying third-party experts for use in media relations efforts, finalizing messaging for testing with consumers, and initiating stakeholder engagement, which includes connecting with public information officers at key regulatory agencies and NGOs like the CDC. Of final note, we are in the midst of executing an epidemiological and econometric modeling project that we believe will prove extremely useful to our customers in retail, manufacturing, and foodservice.

Our state egg associations have been fully briefed on our work, and our goal is to complete development of all messaging and communications collateral and to roll out the HPAI response plan to the industry between Q3 and Q4 of this year. That said, we have already planned for contingencies and are fully prepared to move quickly and decisively on the industry's behalf at any point.

Lastly, we believe that every crisis is also an opportunity. An effective, industry-level crisis management and communications strategy will not only protect America's egg farmers, our customers and our industry stakeholders, but also strengthen relationships and pave the way for even greater opportunities—beyond crises—to act with singleness of purpose, cooperatively and collaboratively, and to speak with one voice. It is our responsibility and commitment to pursue this path together. We hope you will join us. UB

WILD-CAUGHT fishmeal & fish oil IS ON ITS WAY OUT

FEEDINFO Article contributed by FeedInfo, a sister publication of Urner Barry

An increasing number of industry experts believe we are witnessing the beginning of the end for wild-caught fishmeal and oil as new, sustainable, and novel ingredients are able to offer requisite nutrients without further impacting dwindling fish stocks.

According to IFFO, The Marine Ingredients Organisation, production numbers of fishmeal and fish oil have remained steady over many years of aquaculture and aquafeed growth; global aquaculture production has continued to rise between 5-7% annually since the turn of the century.

For Kevin Fitzsimmons, director of International Initiatives and professor at the University of Arizona, the statistics from the IFFO only highlight what he and many others are growing increasingly sure of: the plateau in the production of fishmeal and oil indicates falling inclusion rates in a growing aquaculture and aquafeed market.

Fitzsimmons believes this has increasingly opened up space for alternative ingredients. As chair of the F3 Challenge, a multi-stage contest to innovate and sell fish-free feed for the aquaculture industry, he is in a position to have seen and supported the growth of such ingredients.

Feedinfo spoke to Mr Fitzsimmons to find out more about the trends behind the reduction of fishmeal and fish oil use and the emergence of novel ingredient categories. His responses below have been edited and condensed.

FEEDINFO: What, do you believe, will be the biggest drivers in the reduction of fishmeal and fish oil use in commercial aquaculture? Do you expect it to reach a point where it is never used, or itself becomes a novel ingredient?

KF: I expect that wild-caught fishmeal and fish oil is on the way out. Meal and oil derived from processed farmed seafood will be with us long into the future. The biggest driver of the rapid reduction of wild-caught fish meal and oil has been, and will continue to be, the increase in costs of the product along with decline in wild catch. The costs to go and harvest continue to rise; fuel, labour, docking fees, insurance, regulatory restrictions, (areas and seasons, gear, allotments, safety) not to mention severity of storms and other climate change issues.

FEEDINFO: There has been increasing coverage of the practicality and benefits of ingredients such as insects, PAPs (processed animal proteins) and algae solutions for fish feed. How do you see the use of those three ingredients evolving? Do they offer all the nutritional benefits required?

KF: Algae solutions, especially for fish oil replacement, are for all intent here now. The technology is proven, easily expandable, and can provide higher levels of omega-3 fatty acids than wild fish oil. In fact, as the results of selective breeding of algae improve, and further economies of scale are realized, the shift out of wild-caught, and even oil from rendering of fish livestock, is likely to be abrupt.

The insect meals are lagging behind the algae oils, but are coming along quickly. The investment funds directed to the insect farming operations are staggering. The aggregate tonnage in 2021 is probably still less than 300,000 MT per year and the producers are going in several different directions including human consumption, pet foods, other livestock, as well as aquaculture feeds.

Processed animal proteins have been critical replacements of fishmeal for many years already. Poultry and pork by-products, hydrolysed feather meal, and meat, bone & blood meals have been widely used in aquaculture. The procedure of feeding ingredients derived from warm blooded ingredients to cold

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blooded animals has been recognized as a significantly less risky process when we consider potential transmission of pathogens.

Virtually all the aquaculture nutrition experts agree that no single ingredient will replace or substitute for fish meal. But they do agree that using an array of ingredients to match the nutrient profile has been achieved multiple times and places for many years now and is progressing every day.

FEEDINFO: Are there any other novel/ alternative ingredients which you believe could have an impact on the global aquaculture market?

KF: Two large groupings of alternative ingredients are showing promise and gathering investors and customers.

First are the single cell proteins, including bacteria, yeast and some people include single cell algae. The bacteria producers are an especially interesting group as several are focused on use of methane or carbon dioxide as their feed sources. These bacteria could conceivably convert vast quantities of these greenhouse gases into feed ingredients for fish (and eventually other livestock). The opportunity to truly make a circular economy has attracted several of the biggest oil companies and banks to invest in these technologies. The ability to direct the amino acid and peptide profiles by adjusting the other compounds fed the bacteria is also attractive for generating the targeted nutrients.

The second grouping of alternative ingredients include fermented and other partially decomposed feedstocks. Both plant and animal by-products can be treated with yeast or other fungi decomposers in bioreactors or fermentation vats. Likewise, using enzymes or acids to decompose plant or animal by-products, in a targeted manner can make complex materials more digestible so the fish or shrimp can more easily assimilate the nutrients.

FEEDINFO: What are the biggest barriers to adoption of new/novel ingredients? Is scalability the biggest enemy to new ingredients becoming commercially viable?

KF: Scalability for several of the more new and exotic ingredients is certainly a constraint. Several, like the algae oils, are already full-scale competitors with wild caught fish oil. Insect meals are overcoming the scale issue virtually while you read this.

After that is the inertia of farmers being conservative with what they feed their aquatic livestock. So, information transfer is a key part of the equation. Finally, price is a key factor, especially for microbial meals. But with rapid expansion of production, this will shrink rapidly.

FEEDINFO: Can we anticipate any legislative changes in regions like the EU when it comes to fishmeal usage? If the product is deemed "non-sustainable" by authorities, will it logically be phased out over time?

KF: I would not be surprised at all to see the EU lead the way with cuts to fishing subsidies, cuts to total allowable catch of forage fish species, and eventually phase out of wild caught fishmeal and oil in favour of rendered fish meal and oil from aquatic livestock processing. In the US regulators have been approving insects and algae and microbial meals for human and animal consumption.

FEEDINFO: Finally, on what timescale do you expect these changes to take place?

KF: Soybeans constituted the single major ingredient in most aquafeeds more than 20 years ago. Various farmed animal meals came on 10-15 years ago. Now we are seeing the fermented and enzyme treated products taking more share. The algae oils and insect meals will be mainstream from today and going forward taking their increasing share. The microbial meals are probably 4-10 years out before constituting significant fractions. UB

Weinstein Wholesale Meats rides the wave of change to a new era in the business

Over the last year we've seen companies that were once thriving struggle to deal with the uncertainty and hardship that the pandemic brought. At the same time, we've seen companies quickly pivot and utilize new opportunities that have made a lasting impact on their business model.

One such company was Chicago-based Weinstein Wholesale Meats, a national purveyor of beef, veal, lamb, chicken, and pork. The company has been family owned since its inception in 1959 and supplies their customers with a full range of services, including boxed beef and further processed meats.

Weinstein's sister company, PDS, is the freight portion of their family of companies and specializes in refrigerated LTL or full truckload freight across all 48 states.

Like many other companies, both Weinstein Wholesale Meats and PDS were impacted by the closure of foodservice and restaurants during the pandemic, but because these companies serve unique parts of the industry, the impacts on each differed.

On the Wholesale Meat side of the business, while foodservice business was basically halted, retail business saw strong growth. By quickly opting to pivot focus to retail demand, the company managed to prevail despite notable headwinds. In addition to that, the company also worked to diversify their customer base through additional protein production and export sales, and in fact were able to create a new growth opportunity in the face of adversity.

"We were trying to fill orders in a market where prices were unlike any other in our lifetime as well as trying to meet the demand in an exploding retail market," noted Ed Chouinard, Principal at Weinstein.

WEINSTEIN
WHOLESALE MEATS

On the freight side, things were a little different. While the challenge of dealing with the loss of foodservice orders was also being felt at PDS, there was the added difficulty of rising transportation costs. At the same time, the solution was unfortunately not as clear as on the WWM side of the business. Instead, the company decided they needed to diversify their services and began to offer more full-truckload business to fill the gap and found this to be a fruitful new avenue to explore.

"We as a company are committed to not putting all our eggs in one basket and to spreading revenue out amongst different segments of the company to offset any disruptions like this in the future."

In what turned out to be a somewhat poetic change, Weinstein had just revamped their company branding as the pandemic took hold in the U.S. Backed by over 60 years of experience, the company charged into this unprecedented environment with a refreshed emblem, ready to take on new challenges—signaling the start of a new era for the business.

Overall, it was the ability to make quick decisions and ultimately diversify revenue streams which helped both Weinstein Wholesale Meats and PDS to not only survive during the pandemic but also create a disaster-proof business strategy that will help protect the businesses against future difficulties.

"Every company, I would hope, is looking back at the last 15 months or so and doing what we have already started; diversifying their business portfolio," added Chouinard.

The pandemic and resulting fallout tested the industry in a way we've never seen before. It forced companies to modify their strategies not once, but at several points throughout the duration of events as resulting impacts evolved.

"No matter what business you are in we all need to look at our business model in the rear-view mirror; understand your real strengths and make the necessary changes to be able to withstand any type of business interruption in the future."

With a mission to, "listen to the customer and deliver what the customer wants," Weinstein Wholesale Meats is a complete protein provider along with being a licensed Certified Angus Beef (CAB) distributor as well as Safe Quality Food (SQF) and Halal food Certified. PDS is an asset-based transportation company with a fleet of tractor-trailers and a network of thousands of third-party carriers providing truckload, LTL, and intermodal services both dry and refrigerated throughout the United States. Give them a call at 1-866-226-5196 or visit their website **www.weinsteinmeats.com**. UB

This is a paid advertorial feature brought to you by Weinstein Wholesale Meats via Urner Barry's Perspectives offering.

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Doing what's right...

Sustainability in FOCUS

Article contributed by Beth Breeding, **National Turkey Federation**

Sustainability within the food supply chain has been one of the biggest themes of 2021. It comes as no surprise given the persistent supply chain challenges presented by the COVID-19 pandemic and growing consumer interest in their food. The term sustainability has popped up everywhere in the past several years and consumers' definition of the term is anything but uniform. However, it's not just a buzzword, and sustainability is certainly not a new concept.

Sustainability is an issue the food and agriculture sector–including the turkey industry–focuses on daily. The National Turkey Federation (NTF) developed its formal sustainability policies a decade ago. Like others in the food and agriculture sector, NTF is constantly reviewing these policies to align with industry standards and practices.

In the simplest of terms, sustainability is doing what's right to produce safe and nutritious food with the smartest and best use of resources possible while continually seeking to improve these practices. Anyone in the business of raising turkeys or other livestock knows that you must be sustainable to keep the lights on. Turkey growers or processors are always looking for new and better ways to improve operations, whether its c packaging solutions or recycling water. This is a focus that will clearly continue to grow in importance as will the need for the industry to adequately measure sustainability efforts and communicate them to stakeholders.

NTF is a member of the U.S. Roundtable for Sustainable Poultry and Eggs (US-RSPE), a group dedicated to improving poultry and egg supply chain sustainability. Recently, US-RSPE released

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a Sustainability Framework for the poultry industry for public comment. This framework is the first-ever, multi-stakeholder sustainability reporting framework for the full U.S. supply chains for chicken, turkey and eggs from producer to final customer. NTF is encouraged by the poultry industry's engagement on this framework, which will serve as a valuable tool to help the industry measure sustainability and communicate with customers and consumers.

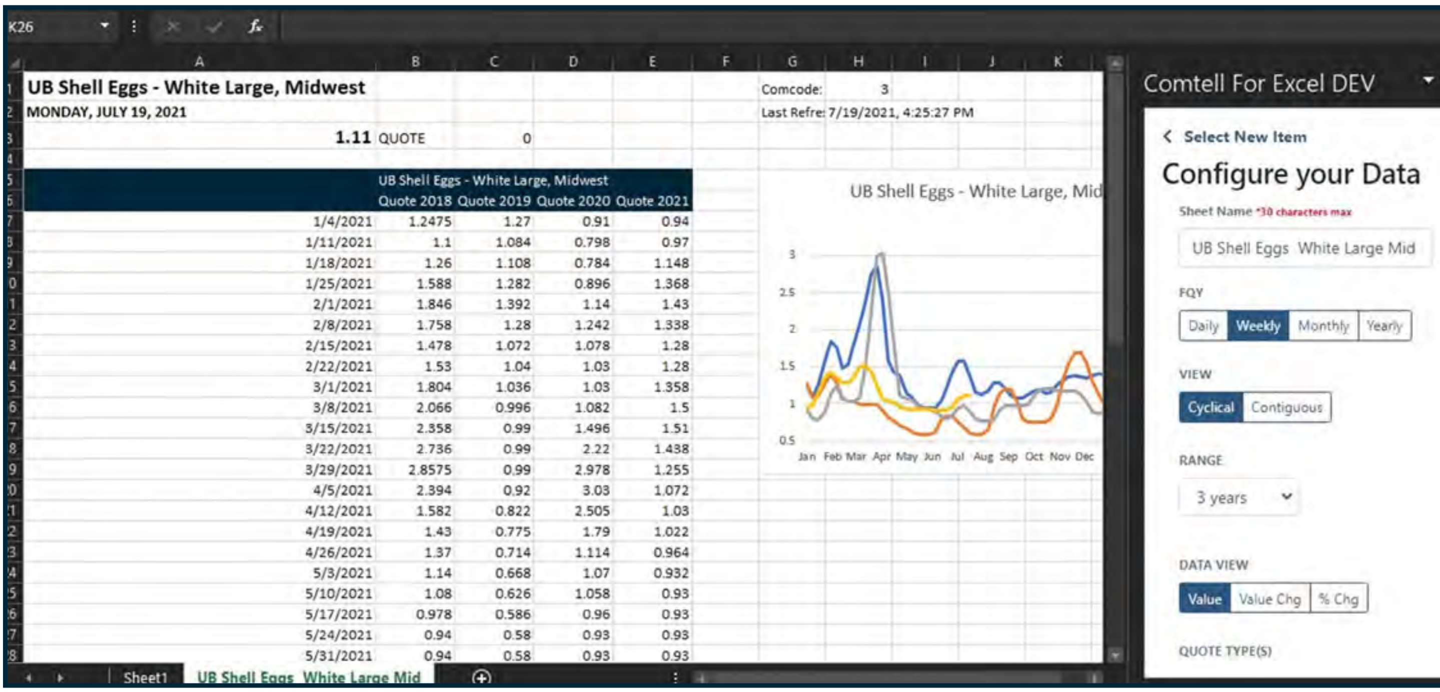
We are also deeply engaged with the United Nations Food System Summit taking place in September. This global debate centered around access to safe and nutritious food has the potential to affect U.S. food policy in the future, especially as it relates to trade. It is important that balance is kept in mind in these conversations with global leaders regarding sustainable nutrition. We know that lean proteins, such as turkey, are an important part of a healthy, sustainable diet. NTF supports a food system that allows countries and producers the flexibility to identify the best way to sustainably produce, attain and maintain a safe, affordable, accessible and healthy food supply. We are working with our government to ensure these messages are delivered in September.

Sustainability will remain an important issue for consumers. That makes it even more important that agriculture and food production are able to highlight our role as part of the solution to challenges our growing world may face. We look forward to engaging with industry and other stakeholders as efforts to better highlight sustainability in agriculture continue. UB

Here's what's happening with Urner Barry's COMTELL

Urner Barry is continually pushing limits and exceeding expectations when it comes to providing the highest quality of service to customers. The team has been making some exciting headway on some powerful new tools coming soon to COMTELL.

As far as progress on the COMTELL product roadmap goes, one of the main focuses throughout the last few months has been the development of an Excel Add-In. The Add-In will allow access to the COMTELL historical database (without having to visit the website) for data retrieval directly into a spreadsheet. The Add-In will feature the ability to pull item history, my items groups, databuilder groups, and create charts. In the image below, you can see that the data will appear in the user's Excel sheet just as they would see on COMTELL.



UB Shell Eggs - White Large, Midwest
MONDAY, JULY 19, 2021
1.11 QUOTE 0

UB Shell Eggs - White Large, Midwest	Quote 2018	Quote 2019	Quote 2020	Quote 2021
1/4/2021	1.2475	1.27	0.91	0.94
1/11/2021	1.1	1.084	0.798	0.97
1/18/2021	1.26	1.108	0.784	1.148
1/25/2021	1.588	1.282	0.896	1.368
2/1/2021	1.846	1.392	1.14	1.43
2/8/2021	1.758	1.28	1.242	1.338
2/15/2021	1.478	1.072	1.078	1.28
2/22/2021	1.53	1.04	1.03	1.28
3/1/2021	1.804	1.036	1.03	1.358
3/8/2021	2.066	0.996	1.082	1.5
3/15/2021	2.358	0.99	1.496	1.51
3/22/2021	2.736	0.99	2.22	1.438
3/29/2021	2.8575	0.99	2.978	1.255
4/5/2021	2.394	0.92	3.03	1.072
4/12/2021	1.582	0.822	2.505	1.03
4/19/2021	1.43	0.775	1.79	1.022
4/26/2021	1.37	0.714	1.114	0.964
5/3/2021	1.14	0.668	1.07	0.932
5/10/2021	1.08	0.626	1.058	0.93
5/17/2021	0.978	0.586	0.96	0.93
5/24/2021	0.94	0.58	0.93	0.93
5/31/2021	0.94	0.58	0.93	0.93

News Alerts are also on the COMTELL product roadmap. By popular request, this upcoming feature will monitor COMTELL's entire news offering and detect articles containing specific topics or keywords selected by the COMTELL user. The filtered results will populate in the Top News widget on the dashboard if desired. Similar to Quote and Report Alerts, COMTELL users will also have the option to receive an email notification when an article containing a specific keyword is published.

Conversations with COMTELL advisory board members have confirmed that freight has unquestionably been a point of contention for quite some time now, and businesses are requesting more transparency when it comes to supply chain logistics. The product roadmap now includes an effort to significantly expand our coverage of this topic within COMTELL. Other topics that have come up in discussions with COMTELL advisory board members include:

- Interest in seeing a drought monitor on the platform.
- More customer support such as how-to videos and tooltips throughout the platform.
- The ability to share content like My Items groups and Databuilder groups with other users within an organization.
- Futures Implied Forecasting.

In addition to the progress made on the Excel Add-In and other new features, COMTELL has seen several improvements over the past few months. Some of these improvements include:

- Increased site speed.
- 127 new history items since April.
- Expanding on Urner Barry's Plant Protein offering with a Tone & Commentary and up-to-date monthly Insiders Reports for Pulse Proteins, Soy & Wheat, and Emerging Proteins.

The team at Urner Barry is looking forward to delivering these exciting developments for COMTELL customers. Please let us know if you have any questions or comments as we are always interested in learning how we can provide the most value in our customer's service. UB

Article contributed by **Sarah Hartig**
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MEET URNER BARRY'S DIRECTOR OF INSTANT PRODUCTS

Russell Barton

Russell Barton just celebrated a decade with Urner Barry, having joined the company as a pork reporter in April 2011.

Russell has continually proven to be reliable and willing to take on a host of responsibilities both core and tangential to his primary role in an effort to benefit the organization. As such, in 2015, Russell was promoted to COMTELL Product Manager, while maintaining his role as pork reporter. COMTELL, a market intelligence service which provides quotations and analysis for all major proteins, is Urner Barry's flagship product. In 2017, Russell was promoted to Director of Instant Products, encompassing both COMTELL and Urner Barry's Foreign Trade Data service, a portal for U.S. Customs and Census Import/Export data.

As Director of Instant Products, Russell's primary role is to organize development and deliver updates to Urner Barry's top two online offerings by utilizing user feedback and coordinating with the teams in IT, account management, instant market news, marketing, and the senior management group.

Russell grew up in Jackson, New Jersey, with his younger sister and parents. Throughout high school, he worked as a mechanic in his father's Toyota repair shop. Russell attributes his work ethic to his parents. His mother was a constantly attentive stay-at-home mom who managed the financials of the family business. His father often worked seven days a week, and even today at 78 years old and "retired," works nearly every day on the property clearing trees and operating his Kubota bucket loader.

When not working, you can find Russell on a mountain bike, listening to audiobooks, playing videogames, setting his fantasy football lineup, or tinkering with some kind of electronic. UB

Taking a look back at the development of the USDA's National School Lunch Program

The USDA's National School Lunch Program (NSLP) is a federally assisted initiative where participating schools provide free or reduced-price nutritious lunches to children in low-income households.

NSLP was created under the Richard B. Russell National School Act. In 1946, it was signed into law under President Harry Truman. This program has become the Nation's second largest food and nutrition assistance program.

The purpose of this program is meant to help the children in America by promoting a healthy, nutritional lifestyle and to address child hunger.

Any school student from kindergarten to 12th grade, in a NSLP participating public or non-profit private school, can receive a free/low-price lunch if they fall into a certain household income category.

Low-price lunches can be provided to children whose household income falls in the 130 and 185 percentage of poverty. Free lunches can be provided to children whose household income is at or below 130 percentage of poverty. Students may also be considered eligible due to their status, such as if they are a foster child or if they are homeless, according to USDA.

In the program's first year, there was about 7.1 million children in it. Fast-forward to 2016 and there was 30.4 million children in the NSLP.

Major changes for the program occurred in the 1990s to the mid-2000s. These changes were centered around children's health and the ways that the program could address those concerns.

In 2010, the Healthy, Hunger-Free Kids Act of 2010 issued an update for nutritional requirements for schools to follow. According to Feeding America, the program must give one-third of the daily protein, calorie, calcium, vitamin A, vitamin E, and iron in the provided lunches. The lunches must meet USDA regulations, and for high school students they must follow the Offer vs. Serve (OVS) requirements.

OVS requires students to take three out of the five food groups given, thus giving them the option to decline certain foods provided.

Jessica Ryan, USDA Public Affairs Specialist, said that as students prepare to head back to school this fall, the USDA is committed to helping schools "build back better."

"We will ensure that schools and childcare providers have the resources and flexibilities they need to safely serve students healthy school meals that support their learning and development," Ryan told *Urner Barry's Reporter.*

Ryan said that the USDA is actively working with all states to offer the students the best meals as possible. She also stated that the Biden Administration is proposing a major investment in ensuring all children in need will have easy access to school meals.

"The American Families Plan proposes an investment of $17 billion to expand Community Eligibility Provision (CEP) to more high poverty schools, with a particular focus on elementary schools to help foster healthier environments and start kids off on the right path from an early age," said Ryan. "We believe this investment will be a powerful down payment on the next generation by helping more eligible schools participate in CEP and, thereby, help more vulnerable children get the nutrition they need to have a fair chance to reach their full potential." UB

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