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the newsmagazine for the food industry professional

VOLUME 18 | NUMBER 4 | FALL 2023 | QUARTERLY



AI ON THE PLATE

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From the Editor's Desk...

It isn't often in our professional lives that an opportunity comes along which effectively allows us to wipe the slate clean and start a new journey. By "new," I don't mean that we erase everything that we have been taught or which we have been teaching, but rather to look at our approach with a fresh set of eyes and a livelier step.

Arguably since the 2020 introduction of COVID-19 into our lives, the food industry has had just such an opportunity. This is true whether focused on the processing and production side of the business, or in grassroots movements designed to bring about a greater awareness of easily overlooked matters. For instance, the crucial role played by the traditional family farm in meeting global nutritional requirements, and the dire need to attract the greatest minds of our time into the business of agriculture, are equally impactful to the current and future health of the food industry. It requires a great deal of subject matter understanding, creative thinking, compassion, and even a dose of traditionalism to "fight the good fight." It is only through this componential mix of knowledge and character that we can work to build a stronger, more resilient industry, rather than be lured away by more superficial endeavors which fall far short of those beholden to agribusiness.

Urner Barry is proud of the role which we are privileged to play in providing the data that helps feed the world; a role in which we have been immersed in since 1858. And yet, after 165 years, we are standing at the doorstep of what is perhaps the greatest opportunity ever made available to our customers. Like most opportunities, it won't come without a few challenges, but the end goal of providing the critical data and insights to help participants make the most informed business decisions possible will not change. What will be different is our ability to expand our reach to over 20,000 commodities, provide a broader, more inclusive range of forecasting services and develop a reworked toolbox designed with the ultimate goal of mitigating exposure to risk.

Speaking of forecasting, one's toolbox, and mitigating risk, in October, Chicago will once again be the host town for **Urner Barry's 2023 Global Protein Summit at the InterContinental Miracle Mile**. I hope to have the opportunity to meet many of you throughout the exceptional networking receptions on the agenda at this fantastic event. Please plan on attending.

In the meantime, I look forward to receiving your feedback on this issue. We have an expanded platform of ideas and insights to share, brought to you by the team of contributors you have come to rely upon, along with a few new names you'll quickly come to recognize and look forward to reading their probing content.

Stay in touch...



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Urner Barry's Reporter

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Entering the digital age...

MAJOR RETAILERS DROPPING PRINT CIRCULARS

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The digital age of grocery ads has begun.

Gone are the days when weekly grocery store ads and specials appeared with the Sunday edition of the newspaper—at least for some consumers across the country. Now, retailers are targeting shoppers digitally.

In May 2023, Kroger dropped weekly grocery ads in newspapers.

The company said on Twitter that the decision was made due to the declining circulation of newspapers and news outlets deciding to axe their print editions. The brand said that physical weekly ads would be available to pick up at stores. The move, according to CNN, would impact its subsidiaries as well, including Ralphs, Fred Meyer and King Soopers.

Fellow retailer Giant Eagle made the same change, however, the firm reverted to printed circulars again but in a more succinct two-page edition with QR codes that direct customers to its website for even more deals.

Albertsons Companies, another grocery mainstay, announced a partnership in July with advertising firm Kargo and Meta, the parent company of Facebook and Instagram, to evolve its own digital circulars, marking yet another major player in the space looking towards the future.

The company believed the new partnership would meet consumers where they are. Now, shoppers can add products to their carts right from ads seen on Meta's social platforms.

Albertsons said future plans include a rollout display and connected TV, along with dynamic localization and personalization to improve engagement and sales.

In the backdrop of the circular digital revolution, the landscape of in-store ads has also entered a new age. While there will likely be traditional grocery endcaps for a long time coming, interactive displays like the one's Freeosk provides signal a more modern grocery shopping experience.



Photo provided by Freeosk

Freeosk is a retail media firm that operates a multisensory kiosk display that brings free samples into the 21st century. Retailer-owned cooperative Wakefern signed a deal to bring Freeosk's to 95 grocery stores. The company said its campaigns generate average sales lifts of over 50%.

Grocery TV is another company looking to provide a new way to market to shoppers while they are walking up and down aisles. The company currently operates 19,000 displays that reach over 43 million shoppers in brick-and-mortar locations.

As companies drop printed ads and introduce modern technology to their stores, the industry is shifting more and more towards a modern and digitally reliant experience, potentially leaving some of the older population behind.

For decades, shoppers have relied on ads appearing in their newspapers that display the new deals on produce, packaged food and of course, protein options. That's had an impact on the elderly population in some cities.

Media reports from local outlets in Pittsburgh and South Carolina both cited the impact the lack of weekly newspaper ads will have on the elderly population. Many shoppers don't have access to cell phone apps or are not tech savvy to navigate to grocery store apps to find weekly deals that would have previously arrived at their doorstep or in their mailbox.

Kroger had this to say after a customer complained about not having the physical circular appear in their mailbox every week:

"We appreciate you reaching out to us. As a result of declining newspaper circulation and many of our partners reducing or eliminating physical distribution of their newspapers, we're changing the way we get our circular to our customers to ensure they're receiving it in the way they prefer." [UB](#)

Article contributed by **Ryan Doyle**
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FoodStory Brands adding color to the 'whitespace' of food

Fans of the hit television show “Yellowstone” can transport right onto the Dutton Ranch when they sit down for a meal, or make an early cup of coffee, thanks to a recent partnership between FoodStory Brands and Paramount Consumer Products. Shoppers can find branded breakfast meats, meat snacks, chili, coffee and other eats at grocers across the U.S.

For Phoenix-based FoodStory Brands, the partnership is just the latest food story the firm has developed. Jordan Jedeikin, Senior Vice President of Business Development, described FoodStory Brands as an incubator for innovation and food. The company specializes in developing national brands and then creating new products via licensing.

FoodStory Brands also features its own Fresh Cravings line of salsas and other dips, as well as plenty of other products featuring some of the most well-known franchises on the planet, including “Teenage Mutant Ninja Turtles,” “Jurassic World” and hit YouTube show “Hot Ones.”

Jedeikin explained that a large part of his role is finding what he described as “white space” in the food sector.

“We get really excited about finding opportunities for white space, to fulfill any unmet customer needs,” Jedeikin said. “We ask ourselves, what is not there on the shelves of food today that deserves to be, and what brands are not on the shelves.”

Much of the credit goes to the company’s data insights team that has guided FoodStory’s work through flavor profile trends, brand relevancy and what consumers are leaning into.

In the case of the “Yellowstone” products, Jedeikin cited the idea of “cowboy cuisine,” of John Dutton, the lead character portrayed by Kevin Costner, sitting at a table with his family eating a meal.

“The idea of the cowboy lifestyle that people want to aspire to, whether it’s through apparel or merchandise or in our case, it’s consumers thinking about coffee, meat snacks, smoking meats and breakfast sausages,” Jedeikin added.

“We believe that consumers are really, eagerly looking forward to trying new foods and flavors,” Jedeikin explained. “We can bring products to life that give consumers another touchpoint with a brand.”

The same opportunity was found through the brand’s other collaborations, including the “Jurassic World” chicken nuggets, for example. Dinosaur-shaped chicken nuggets have been on children’s dinner plates for generations. It’s nothing new. However, FoodStory was able to bring what it described as the “authority dinosaur brand” into the fold and innovating a product that has been a freezer staple for decades.

FoodStory’s “Hot Ones” is another case of finding the “white space” and having consumers land another touchpoint with a highly popular brand. For those that may not be familiar, “Hot Ones” is a YouTube show where celebrities answer questions while eating progressively spicier chicken wings (it’s worth watching for the viral clips alone).

Jedeikin said that “Hot Ones” was a perfect brand to tell the story of flavor and spice innovation. The firm noted the spicy chicken trend, and with it the never-ending chicken sandwich war. Plus, the digital community surrounding the show and the interest they have in spice and new flavor profiles.

Although the story is an important part of getting consumers attention, it is the product quality that will bring them back.

“Our suppliers we align with bring world-class credibility and exceptional quality,” said Jedeikin. “We can talk about innovation but at the end of the day, [our product] has to have exceptional levels of quality.”



Product images provided by FoodStory Brands

FoodStory Brands boasts decades-long relationships with some protein suppliers. And when they are looking for partners to help create new products, they are eyeing producers with similar passions for innovation.

“Almost every single week we will be in a new plant, looking at what’s new, what’s innovating,” Jedeikin said. “We are just trying to be a hand-in-hand partner with these suppliers who have incredible capabilities.”

Jedeikin noted Oberto Snacks, a company working on meat snacks for the “Yellowstone” line and John Soules Foods who produces many of the chicken products, as an example of partners the company is looking to collaborate with.

“They have a strong passion around innovation related to product development and they’re willing to kind of ideate alongside us and that’s where the magic is. It is pairing our ability to create great stories alongside our supplier partners’ ability to create best in class products.” [UB](#)

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Definitive pricing trends coming into view

To begin 2023, Urner Barry instituted an all-new NAE (No Antibiotics Ever) Chicken Pricing Table. This new undertaking came about with our reporting office continuously soliciting feedback from stakeholders to ensure that our current market coverage reflects the timeliest, and most accurate conditions and practices. As we move into the final stages of the year, we felt that it was important to review the current market performance of some key lines and how they compare to their conventional counterparts, as well as delve into the current happenings regarding the industry itself.

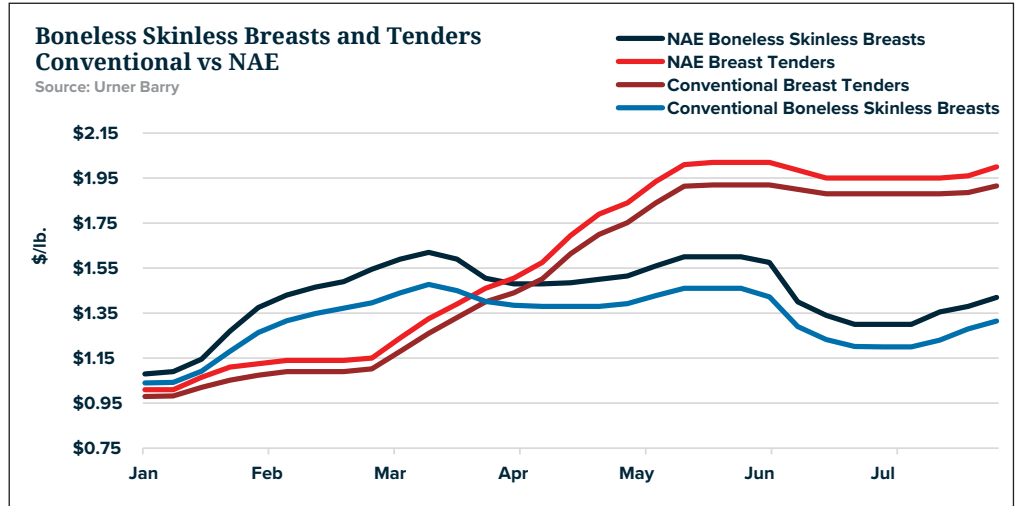
In our initial canvass to determine which segments garnered enough spot movement to fit into our reporting methodologies, boneless breasts and tenders fit the bill. Both lines are heavily featured in the conventional and NAE space, which made them an easy addition to our new initiative. It should come as no surprise that due to the higher upfront costs associated with production of NAE chicken, the ask prices and values associated with the

final product usually represent a modest premium to conventional offerings. But one of the more apparent market dynamics that was discovered throughout this year when comparing both lines, is just how closely they track, as well as their expanding and contracting movements during times of volatility. For instance, during early March of this year, both lines of boneless breasts were shifting higher in response to tight supplies and robust demand. Due to this, the spread between conventional and NAE grew to a nearly 10.5% premium as sellers took advantage of the minimal available supplies and lack of recourse for buyers. A similar scenario played out for tenders at the end of May with the average weekly premium growing to nearly 5% for NAE compared to conventional. The opposite was shown for both lines during a correcting market as well. With plentiful offerings of both boneless and tenders in mid-July, buyers were able to pick and choose what product they took home, which kept pressure on sellers to make their supplies as attractively priced as possible. The average weekly premium for NAE boneless shrunk to just over 8%, while



the overage for tenders fell to 3.5%. Breaking down and analyzing these types of historical tendencies should allow players to be nimbler with their decision making moving forward and shed some light on an otherwise unexplored market.

As far as the evolving landscape is concerned, ongoing issues with hatchability and livability, as well as the aforementioned higher production price tag, have some players pulling back from their production levels. Meanwhile, others are doubling down. One thing that is for certain is that consumers continue to express a desire for NAE offerings. And retailers on a national scale are responding. According to USDA retail data for the end of July, feature activity grew almost 5.5% compared to the same time period last year. This signals a growing trend for items in the space which doesn't appear to be going away any time soon.



Moving forward, our reporting office is committed to maintaining the rigorous standards mandated by Urner Barry's Reporting Methodology, as well as refining and growing the initiative to better align with our stakeholders' needs. Initiated on January 2, 2023, Urner Barry's NAE Chicken Table is quoted twice a week on Tuesday and Thursday and includes whole chickens, tenders, boneless breast, leg quarters, drumsticks, and thigh meat. [UB](#)

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Swimming upstream: The fishy business of salmon farms and political maneuvers

Salmon farming, although challenging in its own right, faces significant political hurdles across most major origins. These snags extend beyond specific regions and involve a variety of contentious issues. Indigenous rights, competing interests, and international trade often are a large part of these political challenges. However, the most prominent and widely discussed issue surrounding salmon farming is the environmental concerns it raises. The environmental impacts of salmon farming have become a focal point of the discourse surrounding the industry.

One of the primary concerns is the potential for water pollution. Waste generated by salmon farms, including excess feed and fish feces, can accumulate in the water and negatively impact local ecosystems. Some studies show that excess nutrients in the water can lead to algal blooms and the spread of disease. Escapement can also be a significant concern. There is a risk of fish escaping from net pen systems and interbreeding with wild populations, which can result in genetic pollution and the reduction of genetic diversity in wild salmon stocks.

While the vast majority of salmon farms and companies closely follow all government rules and regulations, the difficulty may lie in the ever-changing rulings that are a common concern among all of the top salmon farming regions, including but not exclusively, Norway, Chile and Scotland. Moving the proverbial goalpost for farms can be difficult to navigate but should also be expected to some degree. Further difficulty can also lie in the science as to what data is taken and how it can or may be skewed one way or another. These issues are prevalent across the globe and in all areas that currently sustain farming.

In Chile, an amendment to the general fisheries law was recently proposed—the Biodiversity and Protected Areas Service Act (SBAP). The aim is to implement stricter regulations and environmental standards and prohibit new or renewed farmed salmon operations. That proposal could see upwards of 60% of existing farms closed. Some estimates have the loss of jobs as high as 70,000. In June, the city of Puerto Montt, as well as many surrounding Southern Chilean cities, saw a number of protests which resulted in the rejection of the bill. While this provides

temporary relief for salmon farmers and workers, the task of striking a delicate balance between environmental preservation and sustaining a crucial industry for the people of Chile remains a complex and multifaceted challenge.

Scotland has experienced similar obstacles. The Scottish Environmental Protection Agency (SEPA) has plans for new regulations and restrictions. Whereas Chile was looking to deny new licenses outright, SEPA is specifically addressing sea lice and the allowable level within the pens. These parasitic pests can multiply rapidly within the pens, which are an abundant food source. The sea lice infest fish populations, leading to decreased growth, increased mortality, and compromised welfare. SEPA and those in favor of the restrictions also cite that not only does it impact the health and welfare of the farmed salmon, but also the surrounding marine ecosystem. In this case, finding an effective and environmentally friendly solution remains a priority for the industry.

Another hot spot for enviro-political salmon farming concerns is Canada with the focus currently in British Columbia. A mandate letter from the Prime Minister to transition out of open-net salmon farming by 2025 is currently in place and has already begun with the closure of 15 farms in the Discovery Island area. Even with the mandate and early closures the battle rages on with some of the latest contention over the scientific basis for the Discovery Islands shutdown and plans to continue with further closures in BC. Those arguing in favor of the farms say the decision was based solely on political pressure by activists and even after rigorous tests were performed during a science evaluation process by the Department of Fisheries and Oceans the decision to continue was still made.

These examples are just some of the enviro-political challenges faced around the globe. Net pen salmon farming faces significant challenges related to environmental and political issues. Water pollution, escapement, opposition from environmental groups, and conflicts over resource allocation are all concerns that need to be addressed. Adopting sustainable practices and exploring alternative farming methods can help mitigate these challenges and ensure a more environmentally and socially responsible approach to salmon farming. [UB](#)

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AI ON THE PLATE

Artificial intelligence (AI) is in no way a “new” field. The term was actually coined in the 1950s. But it’s certainly made headlines in recent months thanks to the launch of AI chatbot ChatGPT and even the strike in Hollywood, in which actors and writers expressed concerns with how production companies are using AI technology.

There are different uses for AI throughout all fields. And there are no doubt mixed thoughts on the topic as well. But when it comes to the food industry, it seems like the pros might outweigh the cons.

In this issue of *Uner Barry's Reporter* we're highlighting how different companies in the food space are using artificial intelligence to reduce waste, increase profit and change how we operate for the better.

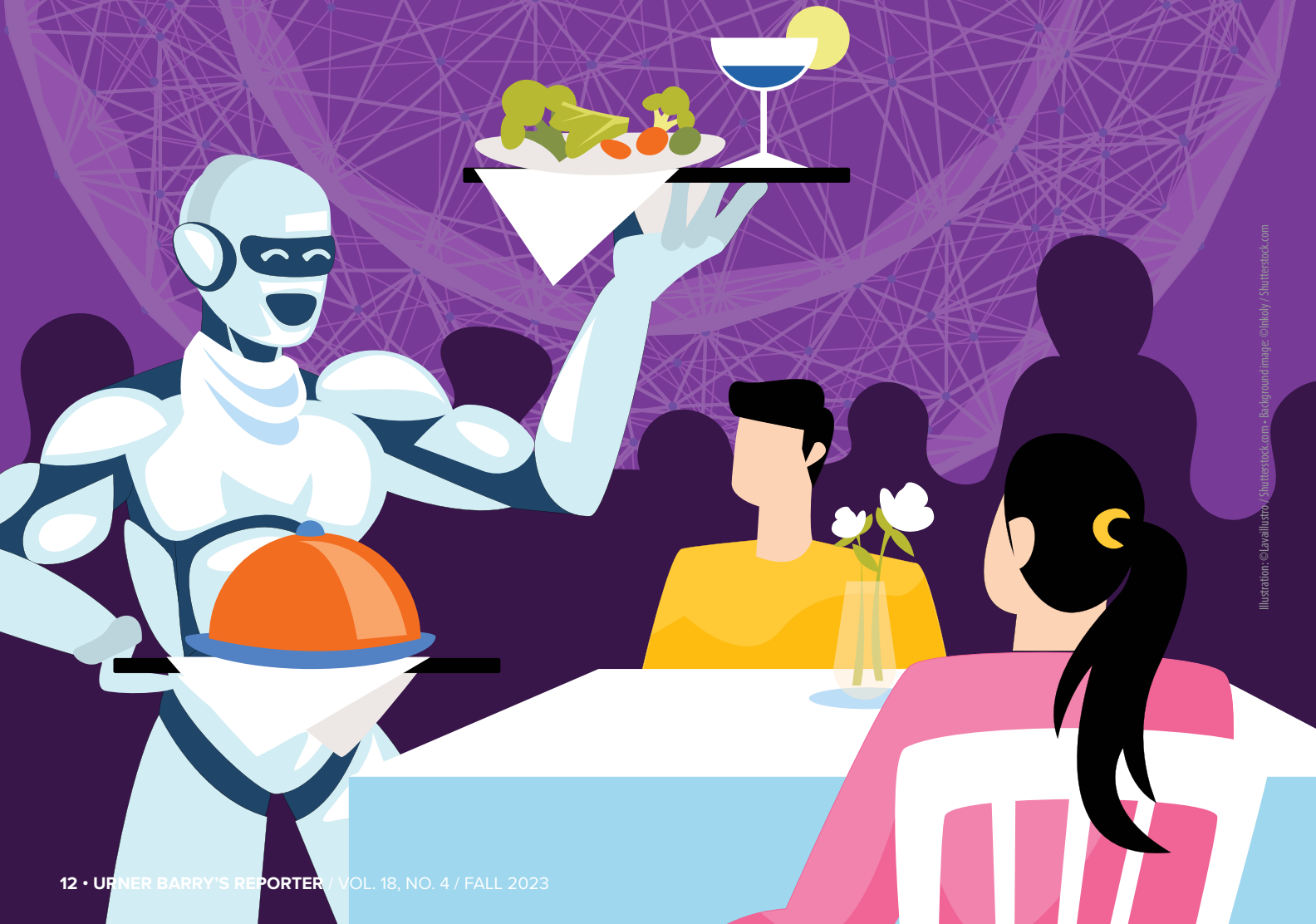


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907,372 TONS

\$13 BILLION



How much food retailers spent on average on technology investments in 2022

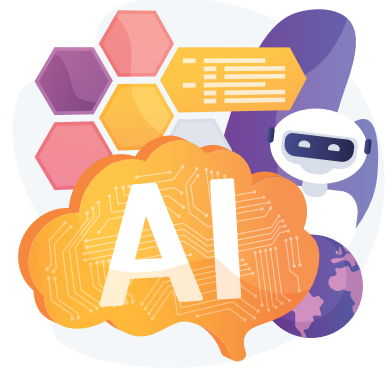
Source: FMI



The estimated amount of food waste that could be prevented if the entire grocery sector were to implement AI solutions

Source: Pacific Coast Food Waste Commitment

\$1.59 TRILLION

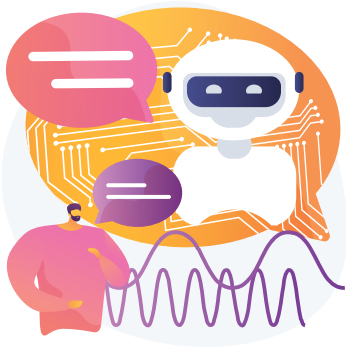


Estimate amount that the global AI market will grow to by 2030

Source: Precedence Research

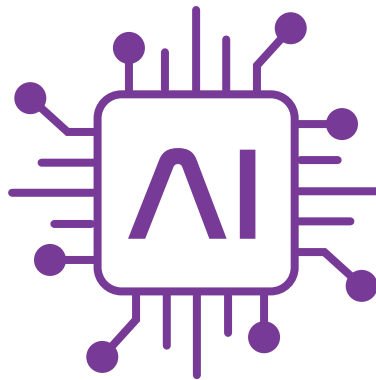
AI SNAPSHOT

Data compiled by Amanda Buckle | abuckle@urnerbarry.com



Voice-enabled AI can drive sales by as much as **15%** through suggestive selling

Source: TD Cowen



AI can save grocers **\$13.8 billion** in store operation costs and **\$2.1 billion** in customer service

Source: FMI / Grocery Doppio

AI in supermarkets is expected to grow by **400%** before the end of next year, potentially eliminating **18%** of store associate positions and **73%** of store tasks

Source: FMI / Grocery Doppio



Artificial intelligence's transformative touch in the hog industry

The integration of artificial intelligence has revolutionized numerous industries such as transportation, marketing, healthcare, and education by enhancing their efficiency and productivity. The agricultural sector, particularly hog processing plants, has emerged as a notable beneficiary of AI. By harnessing AI, some plants have optimized their operations, elevating animal care standards and strengthening food safety protocols. AI-driven quality control mechanisms empower these facilities with unmatched precision and consistency, surpassing what was achievable with human oversight alone. This shift has transitioned operations from a reactive approach to a proactive one, enabling data-driven decisions and machinery fine-tuning.

A standout benefit of AI in hog processing is its impact on precision. AI-powered systems, with their fundamental accuracy, often outperform traditional human methods. For instance, AI-enabled vision systems efficiently categorize hogs based on weight, size, and health, ensuring each animal undergoes the most suitable processing. This not only boosts production, but also reduces errors, which promotes a more streamlined and efficient workflow.

Additionally, AI's cautious surveillance, assisted by sensors and cameras, proves invaluable for monitoring hog health and behavior. This technology uses infrared thermal imaging to take the temperature of each hog, while also monitoring their standing and resting durations to detect any deviations



from the norm. Any early signs of distress or outliers trigger immediate interventions, guaranteeing smooth operations and humane treatment. This consistent monitoring creates an optimal environment for the animals, which translates to higher meat quality for the consumers.

Furthermore, AI plays a key role in upholding food safety. Early detection of diseases ensures that only the healthiest animals make it through the production line, significantly reducing the risk of disease spreading and substandard meat entering the market. With AI-powered imaging systems, each carcass undergoes thorough inspection, ensuring the highest product quality. Such detailed examinations exceed what humans can achieve alone, paving the way for a more improved and efficient quality assurance process.

From an equipment perspective, AI sensors provide instrumental insights through real-time machinery monitoring. By anticipating potential malfunctions, they enable timely maintenance interventions, reducing downtime and ensuring cost-effective operations.

Despite the transformative impact of AI on hog processing facilities, it's critical to strike a balance between technology

“While AI continues to make leaps in the industry, the final say and overarching oversight must reside with humans.”

and human touch. As the meat processing landscape evolves, a corresponding combination of AI's capabilities and the ethical constraints of animal care is essential. While AI continues to make leaps in the industry, the final say, and overarching oversight must reside with humans. This delicate balance ensures the industry benefits from both cutting-edge innovation and the irreplaceable human touch. By embracing AI's benefits and combining them with human judgment, the industry is expected to see continued advancements, indicating enhanced animal welfare, superior product quality, and efficient operations. [UB](#)

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Leveraging AI and robotics for more efficient food production

In the intricate world of meat processing, attention to detail and finesse are paramount. Historically, it has been a job demanding heavy human intervention and skill. But as recent events—particularly during the COVID-19 pandemic—showcased, the system upon which we rely so heavily for our food production is incredibly delicate and susceptible to disruptions in the labor force. Factors like stringent social distancing rules, decreased chain speeds due to safety precautions, high employee turnover rates, and the persistent challenge of acquiring and training skilled employees have put a significant strain on the industry. This left many contemplating the future of food production and the role technology might play in safeguarding it.

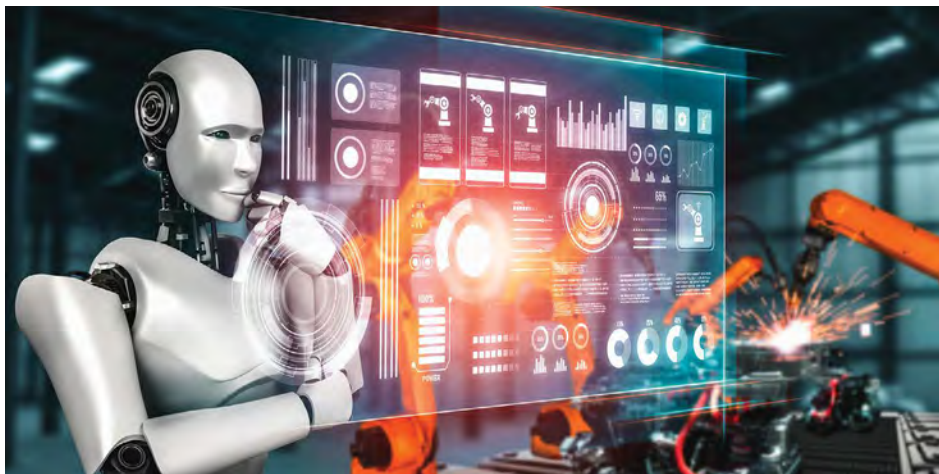
Enter the USDA's National Institute of Food and Agriculture. Recognizing the looming crisis, they took a proactive step, envisioning a future where the union of robotics and artificial intelligence could revolutionize meat cutting. Their aim? To enhance efficiency, make the process safer for workers, and maintain consistent production rates regardless of external disruptions.

Esteemed institutions like the University of Arkansas and Georgia Tech have joined this mission, researching ways to harness the latest in technological advancements to change how poultry is processed. At the heart of this project is an attempt to integrate robotics for precise cutting and processing, while relying on artificial intelligence to tackle one of the most challenging aspects of automation—yield

loss. The traditional automated deboning processes have often resulted in significant meat loss, something that human butchers, with their honed skills and experience, could minimize. However, with AI, there's hope to close this gap, allowing machines to emulate, and potentially surpass, the precision of human hands.

The world of meat processing isn't entirely unfamiliar with robots. Companies have been dabbling in automation with the goal to enhance certain elements of the butchering

procedure. Tasks such as boning beef aitchbones, knuckles, loins, and ribs have seen a transition from manual to automated processes. Yet, the true potential lies in integrating the systematic accuracy of robotics with the adaptive learning capabilities of AI. This collaboration can allow machines



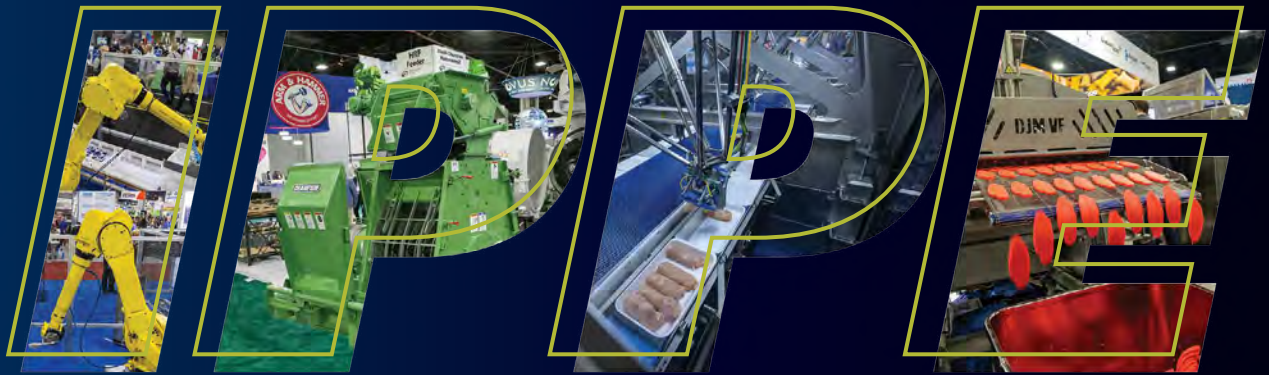
“...the persistent challenge of acquiring and training skilled employees have put a significant strain on the industry.”

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to evolve, constantly refining their techniques by observing and learning from human meat cutters.

The initial stages of this transition could see a symbiotic relationship between man and machine. Expert meat cutters, perhaps stationed miles away, might remotely guide and instruct these robots. As these machines mimic the actions of their human counterparts, they not only replicate their movements but also internalize and learn from them. The promise of such a partnership is a future where our food production chain becomes more resilient, efficient, and forward-thinking. [UB](#)

Article contributed by Joe Muldowney | joemo@urnerbarry.com



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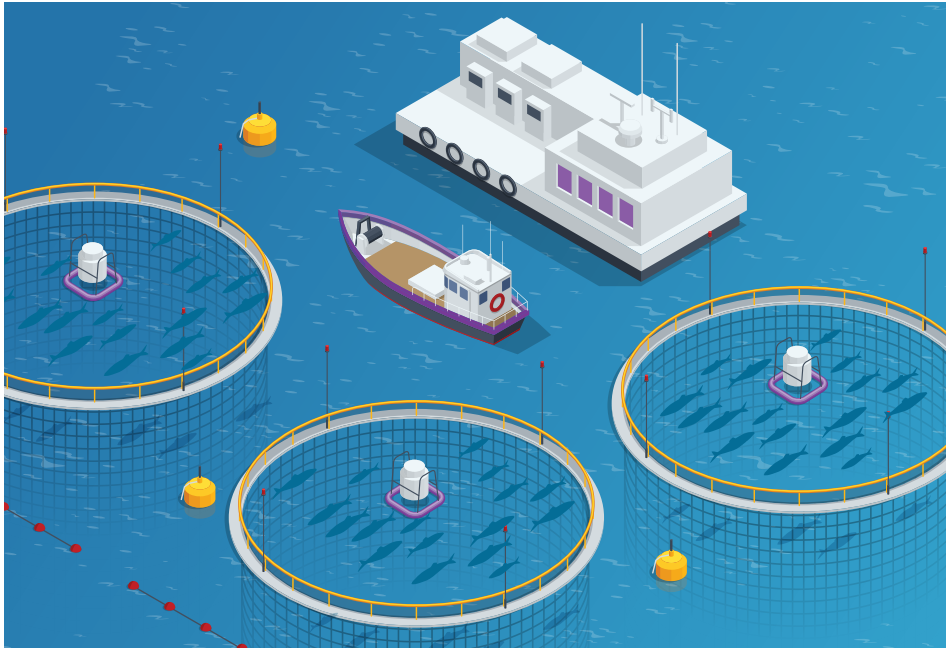
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The impact of AI technology in fish farming and processing



“AI is revolutionizing the salmon industry by optimizing product processes, helping with disease management, improving environmental sustainability and reducing costs.”

the fish receive the right nutrients for healthy growth.

AI is also playing a crucial role in disease detection and prevention. Disease can result in significant economic loss and disruptions in daily business, as well as impact local wild fish populations. AI sensors can track water quality, pH, and temperature, which can impact survival and health of the fish. They can also analyze fish behavior and physiological data to identify early signs of illness. By detecting disease early on, farmers can take the appropriate measures by either isolating fish or adjusting water conditions to prevent outbreaks and minimize the need for antibiotics.

Risk mitigation, in the general sense, is an area where AI can shine. Forecasting models that can predict water changes, weather trends, and potential disease outbreaks can help farmers become increasingly more proactive and adjust practices to become more productive and mitigate risk.

The benefits and applications of artificial intelligence continue throughout the process making their

Artificial intelligence is rapidly transforming various industries and the salmon industry is no exception. As global demand for seafood continues to rise, the aquaculture sector faces many challenges, including environmental concerns, disease management, and production efficiency. However, AI technologies offer innovative solutions that can change salmon farming for the better and pave the way for a more sustainable and profitable future.

One of the first places that AI can assist with salmon aquaculture is at the open water pen itself. Salmon farms generate large quantities of information including water quality, feeding patterns, water temperature, behavior and overall health of the fish.

By using cameras and machine learning algorithms, AI can streamline fish counting and size estimation, a job that when done manually can be very labor-intensive and leave room for human error. With AI, fish can be continuously monitored, allowing

farmers to make much more informed decisions about feeding, harvesting and overall management, which can help to improve efficiency. Another area AI is helping with efficiency is in feed management. A large portion of operating costs are associated with feeding and AI algorithms can monitor growth rates, as well as feeding patterns, to develop personalized feeding schedules for each fish. This feeding schedule makes adjustments that effectively maximize biomass while limiting waste and ensuring that

way from the pens to the plant. Both wild as well as farmed operations can benefit from the technology that is beginning to come into play within the plant. AI-driven vision technology enables accurate and precise sorting and grading of salmon by assessing their size, weight, and quality. Advanced high resolution cameras capture real-time images of the fish as they progress through the line. AI algorithms then analyze these visuals, classifying salmon into distinct grades to make sure they meet the required standards for their various market segments.

This process also helps detect and remove defective or low quality salmon from the production line. Examples include imperfections such as bruises, discolorations, and deformities. This ensures only salmon

that is the highest-quality reach consumers, thus, improving customer satisfaction. AI is also used to track salmon throughout the processing plant. By integrating data from different stages of the production process, systems can provide real-time quality assurance and compliance with food safety standards. This also increases traceability, allowing for quick identification and recall of products if necessary.

However, implementation of AI systems is not without its challenges. One significant concern is data privacy and security. As fish farms become more connected with technology, the risk for cyberattacks that can compromise sensitive data becomes greater. Ensuring robust cybersecurity is a crucial step in the implementation of AI into the operation. Additionally,

the high upfront costs of implementing AI technology may pose as a barrier, especially to smaller sized operations.

AI is revolutionizing the salmon industry by optimizing product processes, helping with disease management, improving environmental sustainability, and reducing costs. The integration of AI-driven solutions not only benefits salmon farmers and processors by increasing efficiency and profitability, but also contributes to the sustainability of aquaculture supporting global demand and safeguarding resources. As AI advances, its applications are expected to expand even further, contributing to a more innovative and efficient sector of the industry. [UB](#)

Article contributed by **Joshua Bickert**
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No waste here...

Leveraging AI technology for maximizing the benefits of seafood by-products

In recent years, artificial intelligence (AI) has emerged as a transformative force across various industries, revolutionizing the way we approach problem-solving and decision-making. The seafood industry, which plays a crucial role in providing sustenance and economic opportunities for millions around the world, is no exception to this technological revolution. However, it also generates substantial by-products that have historically been underutilized, resulting in environmental and economic challenges. By harnessing AI's capabilities in data analysis,

process optimization, and product development, the seafood by-products sector can unlock its full potential, contributing to a more sustainable and prosperous future.

A significant amount of the seafood caught worldwide ends up as unused by-products. These seafood by-products, also known as seafood waste, refer to the parts of the catch that are not used for direct human consumption. They can include fish heads, tails, bones, shells and other parts that are often discarded during processing. In the fish processing industry, only 30-40% of the raw fish

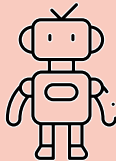
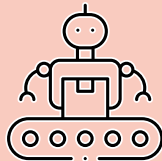
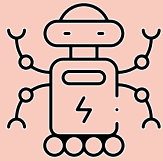
material is processed into high-value products like fish steaks or fillets for human consumption. This means a substantial portion of the fish—from 25% to 70%—including fins, heads, skin and viscera, are discarded or utilized for low-value applications like fish meal, fish oil and animal feed. These by-products are nutrient rich but are often ground and discarded without any effort for nutrient recovery. The amount of seafood by-products is sizeable, representing lost potential value and improperly managed waste.



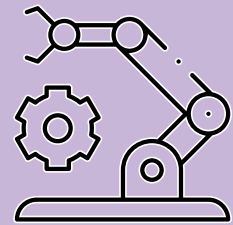
The application of AI in seafood processing for by-products holds significant potential to transform waste into valuable resources. Here are several key uses of AI in maximizing the utilization of seafood by-products:



AI-driven optimization models can suggest the most efficient ways to process by-products, minimizing waste and reducing environmental impact. By analyzing patterns in waste generation and disposal, AI can suggest more efficient ways to handle by-products, including recycling, composting, or converting waste into biogas for energy production. This aligns with sustainability goals by utilizing more of the harvested seafood.

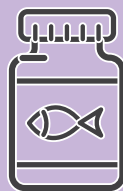


AI-powered robotic systems can automate tasks like de-shelling, de-boning, and extracting meat from by-products. Automation improves processing efficiency, reduces labor costs, and enhances consistency. AI sensors and monitoring systems can track the condition of seafood by-products in real time, ensuring they are handled and stored under optimal conditions to maintain quality and prevent spoilage.



AI can help identify valuable components within seafood by-products that can be repurposed for other applications. For instance, AI-powered sensors and computer vision systems can analyze compounds with potential value for pharmaceuticals, nutraceutical, or other industries. AI algorithms can analyze the nutritional content and properties of seafood by-products to develop new value-added products. This could include creating nutritional supplements, pet food, pharmaceutical ingredients, or cosmetics from previously discarded materials. By turning by-products into valuable resources, the seafood industry can reduce waste and create new revenue streams.

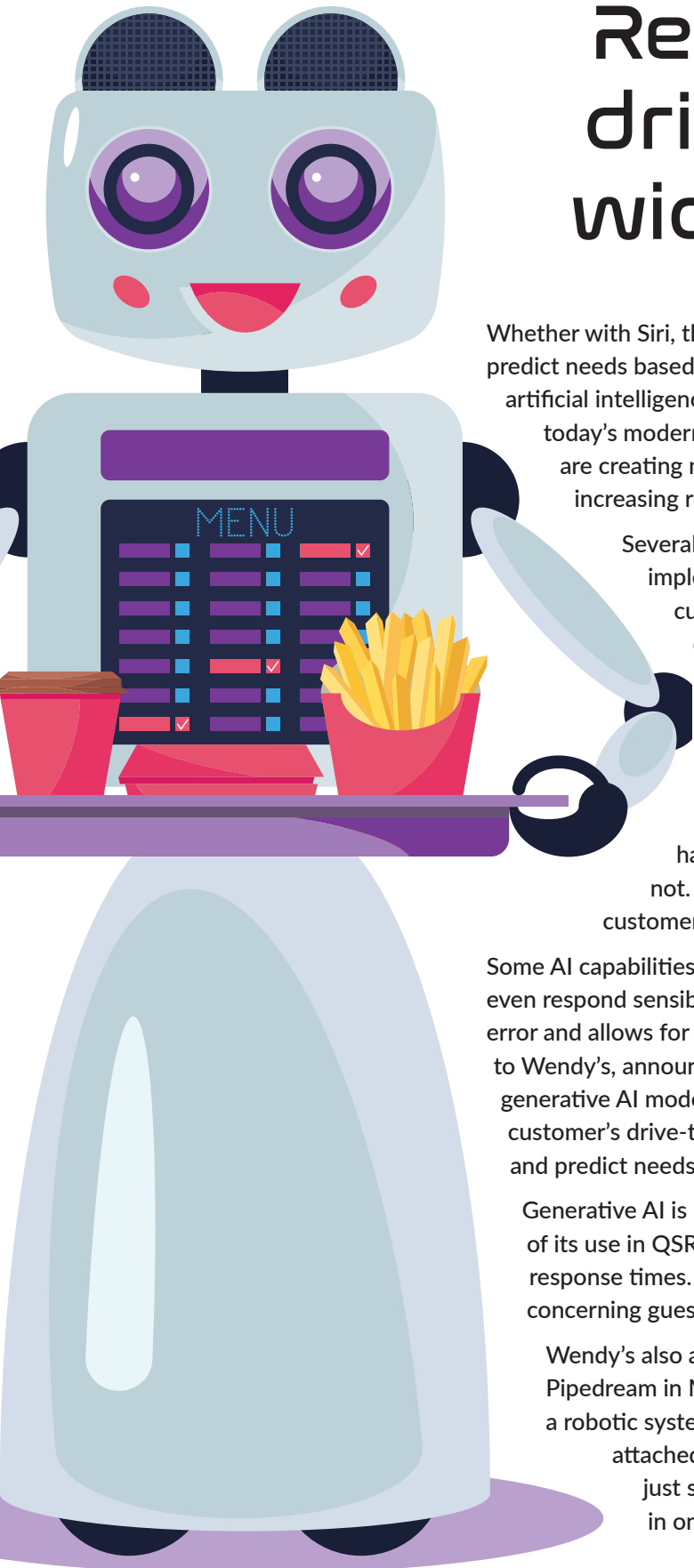
AI driven bioprocessing techniques can be applied to convert seafood by-products into high value bioactive compounds, such as antioxidants, proteins and lipids. AI can guide extraction processes to obtain valuable compounds, such as omega-3 fatty acids, collagen, and enzymes.



Another usage of AI algorithms is formulating sustainable aquafeeds by analyzing the nutritional content of seafood by-products. By determining the ideal combinations and proportions of by-products, AI can help design nutritious feeds for farmed fish and shrimp, reducing the need for conventional fishmeal derived from wild fish stocks.



AI has already been making significant strides in the seafood industry, revolutionizing various aspects of the sector. These applications will likely continue to evolve and expand over time. The integration of AI in seafood by-product processing not only adds value to what was previously considered waste, but also contributes to a more sustainable and efficient seafood industry. It opens doors to innovation, promotes responsible resource management, and creates new avenues for economic growth. [UB](#)



Revolutionizing drive-thrus and widening profits

Whether with Siri, the self-driving, tech loaded Tesla or even chat boxes who predict needs based on answers to prompted questions, human reliance on artificial intelligence has succeeded to a more practical and useful source for today's modern age. Taking heed are quick service restaurants (QSRs), who are creating more use for AI while building a more efficient operation and increasing revenue.

Several QSRs, including McDonald's and Starbucks, have implemented AI voice assistants in its drive-thrus to greet customers and ask if they're using their mobile app while efficiently preparing the associate to take the order. This process helps to build a sense of priority since the guest has been greeted right away and helps the associate offer the best service.

Classic "intro to service" law states that guests who are acknowledged within 30 seconds of their arrival are likely to have a better experience and feel more welcomed than when not. Prioritizing the guest before taking the order is optimal in customer service.

Some AI capabilities have advanced to taking full orders in drive-thrus and can even respond sensibly to questions and basic conversation. Using it limits human error and allows for simple, concise ordering. CKE Restaurants, parent company to Wendy's, announced that it will make investments with Google Cloud using generative AI models in its drive-thrus. The company aims to elevate the customer's drive-thru experience with technology that can personalize service and predict needs based on the content of your shopping cart.

Generative AI is unique for its capabilities in creating new data. The advantages of its use in QSRs and drive-thrus include more accurate orders and improved response times. Other benefits of generative AI is its ability to gather data concerning guest behavior and preferences while building its loyalty base.

Wendy's also announced a partnership with hyperlogistics company Pipedream in May to develop its underground food delivery project using a robotic system. Instant pickup portals are assigned to parking spots and attached to the kitchen where food delivery to customers can take just seconds. Pipedream and Wendy's aim to implement the change in one existing location later this year.

Meanwhile, White Castle recently expanded their partnership with SoundHound, a tech firm that specializes in AI and voice-recognition technology solutions. The first phase of the partnership introduced SoundHound's technology powered voice AI ordering at select White Castle drive-thru locations. And now a new agreement will extend that technology to over 100 of White Castle's U.S. drive-thru lanes by the end of 2024.

"White Castle is committed to investing in the best available technology to create welcoming and enjoyable drive-thru experiences for our customers," commented Mike Guinan, Vice President, Operations Services for White Castle. "Our partnership with SoundHound has allowed us to be first movers in this space and we're excited to do even

more to satisfy cravers everywhere. Working together, we'll be able to deliver the drive-thru experience of tomorrow today."

That "drive-thru experience of tomorrow" includes orders taken and processed in just over 60 seconds, plus constant and reliable performance, and even a 90% order completion rate that exceeds previous staff-based benchmarks.

Other than greeting customers and taking orders, some AI has even been put to work—literally. The "Autocado," a collaborative robot prototype, has been tested in a Chipotle in Irvine, California. Up to 25 pounds of avocados are inserted vertically, and the robot peels, pits and chops the fruit. It then drops it into a large metal canister where final ingredients are added before being mashed by human


hands. This practice aids in cultivating a more accurate inventory calculation and more effective ordering.

Comparatively, about half the time is saved using the Autocado, minimizing the time it takes to prepare the store's number one add on item, guacamole. It maximizes all hands-on deck to service more daunting, complicated tasks.

AI has been effective in detecting patterns that have aided in the preparation of menus and can even generate responses to abundant social media posts and reviews. It will in fact become more ubiquitous in foodservice as these few examples show how investments made in this technology helped boost profitability and progress customer service for many businesses. [UB](#)

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Women in Food and Agriculture roadshow headed to Global Protein Summit

The annual Urner Barry Global Protein Summit is once again returning to Chicago, Illinois, October 9-11 at the Intercontinental Magnificent Mile Hotel. This event is catered to the buyers and sellers in the red meat, poultry and seafood space. The conference is known for its highly educational market intel and high-quality network sessions. As part of the agenda this year we are joined by our sister company, the Women in Food and Agriculture (WFA) initiative, which will bring their roadshow to the Windy City. These additional sessions will focus on their overall goal: building a diverse and inclusive workforce to help an innovative and creative food industry. Some of these topics include innovative leadership, navigating majority-dominated workplaces and encouraging an attractive workplace.

To highlight how to be an attractive employer in the food and agriculture space, we sat down with Lynn Ducharme, Vice President of Talent Strategy at Curtis Food Recruiters, a hiring agency that specializes in the sector. Ducharme is presenting at this year's Global Protein Summit as part of the WFA roadshow.

Urner Barry's Reporter: Thank you for joining me. Can you tell me a little bit about yourself and Curtis Food Recruiters?

Lynn Ducharme: I am the Vice President of Talent Strategy for Curtis Food Recruiters. We are an executive talent firm founded 17 years ago with the knowledge that food businesses need food people. After starting my career in human resources management, I shifted into executive recruitment, and today I run our executive search practice as well as sales & marketing for the Firm.

UBR: You're speaking about being an attractive employer at this year's Global Protein Summit? Can you give us a sneak peek on the topic and what you will be discussing?

LD: This is a topic I am extremely passionate about, as I see it being a major differentiator for success within our clients. Today's labor market is extremely competitive, with unemployment being at historic lows. GenX through GenZ have a very different perception of manufacturing than earlier generations. 58% believe that manufacturing allows for limited career growth, and 32% said that a lack of diversity would cause them to avoid applying to a company. This will have serious repercussions for the industry long-term, as 48% of the workforce is 48 and older, and businesses need to act now to avoid a massive talent gap. I'll be focused on what is driving talent to certain organizations over others, and on the financial benefits to the business when they invest in attracting and retaining a diverse workforce. I'll also call out the impact it will have on business, both short and long-term if they do not.



UBR: Partly, as a result of the COVID pandemic, the food industry has struggled with labor for years now. Why do you think this is?

LD: With the shift to remote work and the value that is placed on work/life balance within younger generations, the food industry has to do more to attract and retain labor. Because these are not typically roles that can be done remotely, we need to focus on other benefits like career growth, tie to a bigger mission or vision, and other health, medical, and financial benefits. Even within manufacturing, food manufacturing, in particular, has challenges like temperature, smell, and other working conditions that make them less desirable—how will your business stand out as an employer? Not enough are asking themselves this question or are willing to make the investment when they do.

Urner Barry's GLOBAL PROTEIN SUMMIT

Oct. 9-11, 2023 • CHICAGO • urnerbarry.com/GlobalProteinSummit

UBR: Can you talk a little about talent trends specifically in the protein industry?

LD: In protein, you cannot automate processes as much as you can within other sectors in food and beverage. Meat cutters and butchers are a declining workforce, requiring protein organizations to create and implement a robust internal training program to bridge this skill gap because finding more organic talent in the marketplace isn't available like it used to be. Also, with the increase in wages the last several years and the inability to attract talent, we are seeing our protein clients rely more heavily on temporary labor, which is having repercussions within cost, safety, compliance, and gaps in front-line supervisory skills. There is a huge need in the industry to educate the public on why this is not only a viable, but an attractive career path.

UBR: Overall, the sentiment is that this generation of young professionals are more demanding of their employers, what kind of qualities and characteristics are they looking for in their organization?

LD: This generation is looking for mission, purpose, growth, and flexibility in an organization. Because flexible work schedules are admittedly challenging for manufacturing to adopt, it is critical that they are able to see how their role has an impact on the business and, when possible, on society. Also, having robust training and development and benefits like paternity/maternity leave, 401K, healthcare, bonus and profit sharing will help augment the lack of schedule flexibility.

UBR: This year at the Global Protein Summit we are collaborating with Women in Food and Agriculture. Working in recruitment, how in your opinion can the industry attract and retain diverse professionals? Why is this valuable to organizations?

LD: The best way to attract and retain diverse professionals is to have a diverse leadership team. When candidates see representation at the top, they are more likely to believe there is a long-term career path for them. If this isn't immediately possible, having the leadership team vocalize their support for diversity and acting on that in their hiring practices is a great first step. Why does this matter? Companies with diverse leadership teams have, on average, 33% better EBIDTA performance. If there were any other levers an organization could pull to access those results, it would be a top priority, but this can be a controversial topic, particularly within certain sectors. In addition to EBIDTA, in food and beverage, innovation is

one of the key pillars for success and lack of innovation is the number one reason legacy CPG businesses fail. Research shows that companies with above-average diversity generated 45% of their total revenue from innovation, compared to 26% for companies with below-average diversity. This 19% innovation-related advantage translates into overall better financial performance. Simply put, it pays to invest in diversity. Literally, [UB](#)

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To hear Lynn Ducharme present and secure tickets for this year's Global Protein Summit please visit urnerbarry.com/globalproteinsummit. Single day tickets are available for those interested in the WFA roadshow.



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U.S. beef cow herd declines for a fifth straight year

Tight market-ready cattle supplies continue to provide underlying support to cash cattle prices, with new highs becoming the norm in 2023.

The cattle industry is in the contraction phase of the current cattle cycle, which began in 2014. The cattle cycle reflects the increases and decreases over time of the nation's cattle herd and is influenced by a variety of factors including cattle prices and climate conditions.

According to USDA's semi-annual Cattle Inventory Report released in July, the nation's beef cow inventory declined for a fifth straight year to 29.4 million head—the smallest July 1 beef herd in the government's data series.

Beef cows held back for replacement were estimated at 4.050 million, 2% lower than last year. Drought is a significant driver of the recent declines in the U.S. beef cow inventory as dry conditions persist in portions of the nation's major cattle-producing regions. A lack of forage availability, combined with high input costs, have encouraged some ranchers to cull animals from their herds.



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Overall, the smaller beef cow inventory and reduction in beef cow replacements suggest that farmers have not yet begun rebuilding their cow herds on a large scale, meaning cattle supplies will likely remain tight throughout 2024.

Some analysts look for heifer retention to increase later this year while others expect rebuilding efforts to be delayed until late 2024 or even 2025, depending in part on rangeland conditions.

With the long-term supply outlook remaining tight, many are eyeing how consumers will respond to high retail beef prices. Annual beef production is projected to drop again for a second consecutive year in 2024 following what was a record-large volume in 2022. USDA forecasts next year's beef production at 24.7 billion pounds, an 8% decline from 2023.

U.S. beef exports so far this year are trending below year-ago levels but remain above the 5-year average. Notably, year-to-date beef exports to Japan have dropped off significantly from last year. The exchange rate between the United States and Japan has risen more than 8% since January, making it more expensive for Japan to import U.S. beef.

With fewer supplies on hand, the U.S. is also exporting significantly fewer cattle to Canada and Mexico, with total cattle exports to the two countries down by about 28% year-to-date as of this publication. Meanwhile, year-to-date cattle imports from Mexico and Canada are up by roughly 12%, driven by the gaps in supplies stateside.

AI'S INFLUENCE ON THE LIVESTOCK INDUSTRY

Increasingly, artificial intelligence (AI) is being utilized by industries spanning the medical, manufacturing, and agricultural fields, just to name a few. With production costs and animal health remaining top of mind for producers, some ranchers and dairy farmers are utilizing artificial intelligence to optimize their production.

One such tool is provided by agriculture technology startup MyAnIML™, which uses its AI-enabled predictive health platform to detect cattle diseases early. Founded in 2021 and commercially available in the U.S. since 2022, MyAnIML™ invented its trailblazing platform for early disease prediction in cattle by using recognition technology on an animal's muzzle.

Cameras take multiple images of the cattle's muzzle daily to monitor for changes, which are then analyzed against MyAnIML™'s health indicators to detect any sick animals. When a sick animal is detected, the animal's ID is sent to the producer.

Other companies specializing in artificial intelligence within the livestock industry include Quantified AG™, a data and analytics company that monitors cattle body temperature and movement for early disease detection. Quantified AG™ was acquired by Merck Animal Health in 2020. [UB](#)

Article contributed by **Courtney Shum**
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Prop-12: A comprehensive account from the view of a pork market analyst

Proposition-12 in California has created what can be considered one of the largest shakeups that the pork industry has ever witnessed. From small-time traders to the major packers of the U.S., everyone has felt some effect of this new law whether they transact directly with California or not since mid-June. For non-pork parties reading this, Proposition-12 regulates that any whole meat pork sold in California must be from a sow that had 24 square feet to live and give birth in, with the previous housing standard between 14 to 20 square feet. Ready to eat pork can be sold into and within California even if not compliant, this law refers directly to whole meat that is either fresh or frozen. With California consuming between 12-13% of all pork produced in the U.S. but only producing 3-4%, this has resulted in producers in other states feeling “handcuffed” if they sell into California, which a large majority of companies have some business either directly or indirectly, within the state.

The law was initially passed in 2018 but wasn’t implemented until January 2022.

Proposition-12 regulates that any whole meat pork sold in California must be from a sow that had 24 square feet to live and give birth in, with the previous housing having averaged roughly 12 square feet.










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At that time, the law was put into effect but only for a month until it was paused due to a significant amount of uncertainty on how to handle the logistics. Fast forward to June 2023, and this is where the fun began. The California Department of Food and Agriculture (CDFA) announced they would hold multiple seminars throughout the month explaining, in waves, how this new law would be handled.

The initial understanding of the law was that as of July 1 any whole meat pork being sold in California was to be “prop-12 compliant.” It is important to note that compliant pork pricing in early June

2023, which was generally two to three multiples above commodity pork cuts, was extremely difficult to obtain due to the lack of compliant hog housing around the U.S. Sellers that did have product available largely reserved it for their already established contractual obligations. In other words, spot market availability was genuinely as short as you can imagine.

Around the time of the first seminar, it became widespread information that any pork brought into California prior to July 1, compliant or not, could be sold until the calendar struck 2024. As you may expect, this resulted in significant pork demand

2018	November	Proposition-12 is initially passed into law in California.	2022	January	Proposition-12 is implemented.	2023	January - June	Pork demand is dismal. Items such as skinless pork bellies trend at nearly all-time lows in addition to product at a 52-week high in the freezer.	May 11	US Supreme Court backs California's Proposition 12 in a 5-4 decision.	June	The CDFA announces they will hold multiple seminars throughout the month to explain how this new law will be handled.
												

from anyone who could get product into California, which was a welcomed sight for many market participants. Through the first half of 2023 pork demand was dismal to put it nicely. Items such as skinless pork bellies trended at nearly all-time lows in addition to product at a 52-week high in the freezer. This gave participants an obvious out of that situation, hence the \$144.70/cwt rise in 13/17 bellies over the five weeks succeeding June 1. After not breaking \$85/cwt for the first five months of the year, the UB pork cutout skyrocketed to \$110.8/cwt from June 1 through July 7. Participants freely mentioned that it seemed if there was a truck available in the U.S., it was going to California with pork!

This was all true, until California announced in mid-to-late June that the interpretation of the law has changed and that now any pork in the U.S. from a hog slaughtered prior to July 1, with proper paperwork and regardless of location, could be sold in California throughout the end of the year. On June 16 a flurry of news headlines leading with “Prop-12 has been postponed” hit newswires across the country. This of course was inaccurate, and anyone that read the legal briefing would have known otherwise.

At Urner Barry we made it a point to notify the industry over the following few days that the law was not postponed, but that the stipulation on the location of the pork to be sold in California post July 1 had been nullified.

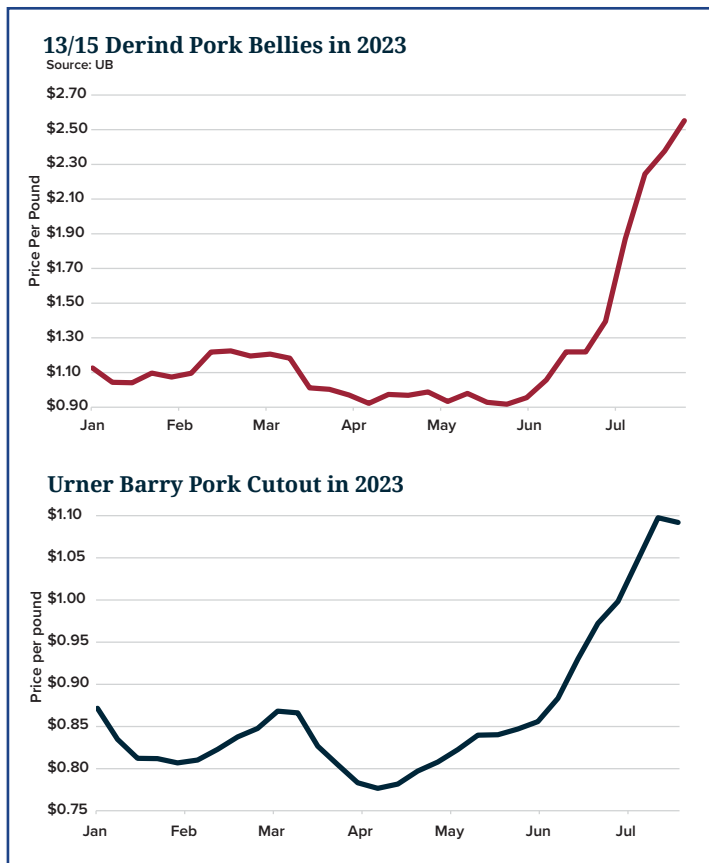
It is important to note that at this point in late June many participants in California were committing to working solely with prop-12 compliant pork, regardless of pricing, right from July 1. The operations that have done this have felt the squeeze in terms of margins. Features from retailers in California have been down significantly for pork items versus what we have seen in recent years during the summer. As of the writing of this article, there are shelves stocked with bacon at \$13.99/lb. in California. The question that begs to be answered is, can consumers really afford that in this current economic climate? For reference, the weekly average bacon price in mid-August around the U.S. for non-discounted product is \$6.05/lb., according to data from Circana.






As we rolled into July 1, the purchasing of commodity pork from California slowed but the typical uptick in seasonal demand throughout the rest of the U.S. showed itself. In addition to this, the cyclical tightening of production occurred as well, giving the entire pork market a healthy layer of support. At this point it became clear that the pork market as a whole was firm, and that from a data perspective classifying prop-12 specific sales was easier said than done. The USDA LM_PK650 Specialty Pork Report is the report that will have all prop-12 compliant pork trade that is labeled mandatory reporting. However, since July 1, we have only seen a slight uptick in overall volume on the weekly report and considering that it also includes cuts that are from antibiotic free, no antibiotic ever, pre-priced and labeled, color graded, breed specific, quality graded, and organic we can not say for certain what has been mandatory reported for prop-12 specific pork.

As we currently sit in mid-August, participants are reporting varying opinions on the new law. Some are saying that they are complying fully and that the prices are what people expected; expensive. Some are in the opposite camp and still working through product that was grandfathered in. It is still very early on in the process, we are one and a half months into the implementation of prop-12, so this article will have an update around this time next year to see what worked, what didn't, and how other states such as Massachusetts compare and contrast. [UB](#)

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June 1 - July 7	June 6	Mid-to-late June	June 16	July 1
<p>Cutouts skyrocket to \$110.8/cwt. In addition there is a \$144.70/cwt rise in 13/17 bellies.</p> 	<p>Any pork brought into California prior to July 1, compliant or not, can be sold until 2024.</p> 	<p>The interpretation of the law changes and any pork in the U.S. from a hog slaughtered prior to July 1, with proper paperwork and regardless of location, can be sold in California throughout the end of the year.</p> 	<p>A flurry of inaccurate news headlines leading with “Prop-12 has been postponed” hits newswires across the country. Urner Barry notifies the industry that the law was not postponed, but that the stipulation on the location of the pork to be sold in California post July 1 has been nullified.</p> 	<p>Any whole meat pork being sold in California must be “prop-12 compliant”.</p> 

How are the hog and pork industries adjusting to Proposition 12?

Following several years of legal challenges, the U.S. Supreme Court backed California's Proposition 12 on May 11, 2023 in a 5-4 decision.

The National Pork Producers Council (NPPC) and the American Farm Bureau Federation (AFBF) had argued that Proposition 12 is unconstitutional because the law violates the Constitution's Commerce Clause, which restricts states from regulating commerce outside their borders.

NPPC president and Missouri pork producer Scott Hays issued the following statement after the Supreme Court's ruling: "We are very disappointed with the Supreme Court's opinion. Allowing state overreach will increase prices for

consumers and drive small farms out of business, leading to more consolidation.

We are still evaluating the Court's full opinion to understand all the implications. NPPC will continue to fight for our nation's pork farmers and American families against misguided regulations."

Proposition 12 originated as a 2018 ballot initiative and requires veal calves, breeding pigs, and egg-laying hens to be housed in systems that comply with specific standards. Breeding pigs are required to have a minimum of 24 square feet per animal, up from the industry standard of 14 to 20 square feet.

Prop 12 prohibits the sale in California of whole meat and eggs not raised in compliance with the law's regulations,

whether the product was raised in the state or outside its borders.

In June 2023, the Superior Court for the County of Sacramento signed an order that provided an extension for the continued sale of non-compliant whole pork meat in California that was already in the supply chain by July 1, 2023. Anything harvested after July 1 must be Prop 12 compliant to be sold in California.

California represents roughly 12% to 13% of U.S. pork demand, but has less than 1% of the nation's breeding herd. As much as 90% of the pork consumed in California is imported from the Midwest.

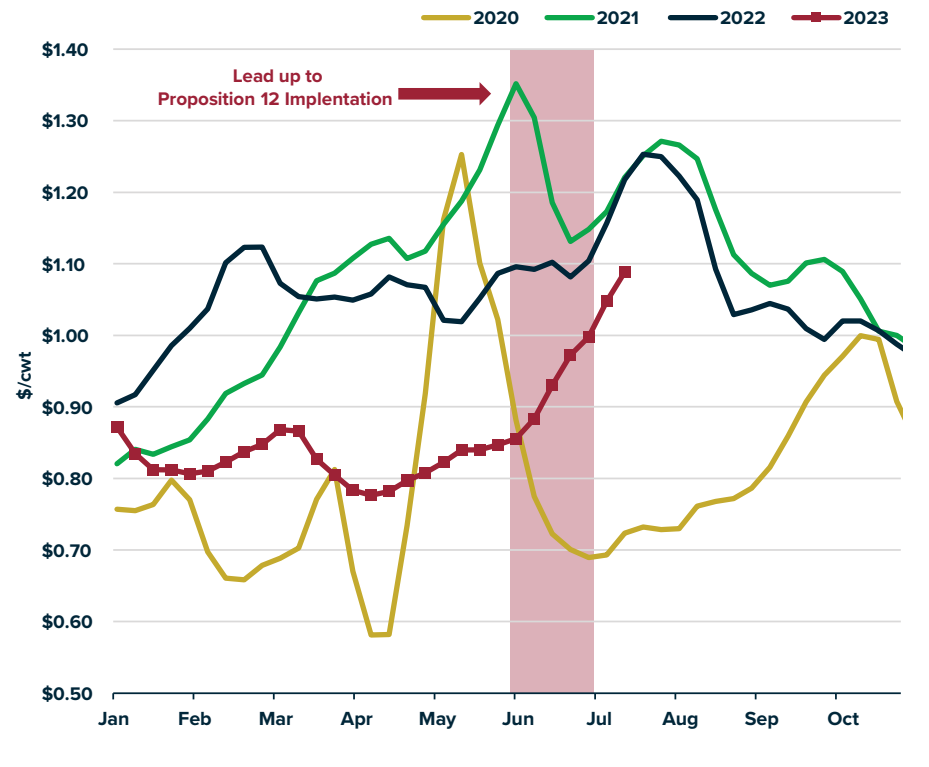
Estimates suggest that just 4% of the nation's sow housing meets the law's



"Under Prop 12, breeding pigs are required to have a minimum of 24 square feet per animal, up from the industry standard of 14 to 20 square feet."

Urner Barry Pork Carcass Cutout Value

Source: Urner Barry



usable floorspace requirements, meaning that the Golden State could face a shortage of Prop 12 compliant pork in the long term.

Prior to the Supreme Court's ruling in May, some companies already retrofitted their operations, with Hormel Foods noting that its Applegate portfolio of products complies with Proposition 12 and Massachusetts Question 3 (Q3).

Like Prop 12, Q3 prohibits any farm owner from knowingly confining any breeding pig, calf raised for veal, or egg-laying hen in a way that prevents the animal from lying down, standing up, fully extending its limbs, or turning around freely. Q3 prohibits the transshipment of whole pork through Massachusetts.

Urner Barry's pork carcass cutout value gained over 16% month-to-date in June, boosted by a sharp rally in belly prices and increased buying from California head of Prop 12's July 1 implementation date.

Moreover, a seasonal reduction in hog supplies and improved pork demand

during grilling season lifted wholesale pork prices in June and July, which are typically the peak demand periods of the year.

The California Department of Agriculture's (CDFA) Animal Care Program is responsible for implementing Proposition 12. According to the Animal Care Program, pork producers are required to obtain a certificate of compliance by January 1, 2024.

To do so, producers must apply for certification, which may be obtained from an accredited certifying agent, CDFA, or another government entity, and pass an on-site inspection.

A pork producer must submit renewal information annually to a certifying agent to continue certification and Prop 12 compliance. An annual on-site inspection conducted by the certifying agent is also required. [UB](#)

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Despite lower imports and minimal volatility, shrimp prices continue to go down

U.S. shrimp imports have declined for 11 straight months through the latest release in May 2023. For the first five months this year, total imports are down 17.6% from 2022. In the trailing 12-months, shrimp imports were nearly 17%, or 343 million pounds less than the previous 12.

Despite the continued decline in supply, in the same 11 month decline in imports, the white shrimp index fell 8%, and the value-added index 12%. Along with lessened consumer demand, higher freezer charges, increased cost of capital, and escalating wages and energy costs, all add to the cost basis, and dissuade importers from holding excess inventory.

Even with declining supplies, in-country inventory outweighed demand and many areas were oversupplied by the end of July. This led many shrimp items to continually hit record, or near-record lows on a weekly basis.

Price doesn't exist in a vacuum, so one can look at volatility as well. Volatility is a measure of price uncertainty in commodity markets and measures the degree of variation of price levels. Since price reflects supply and demand, high levels of volatility usually mean different supply and/or demand factors

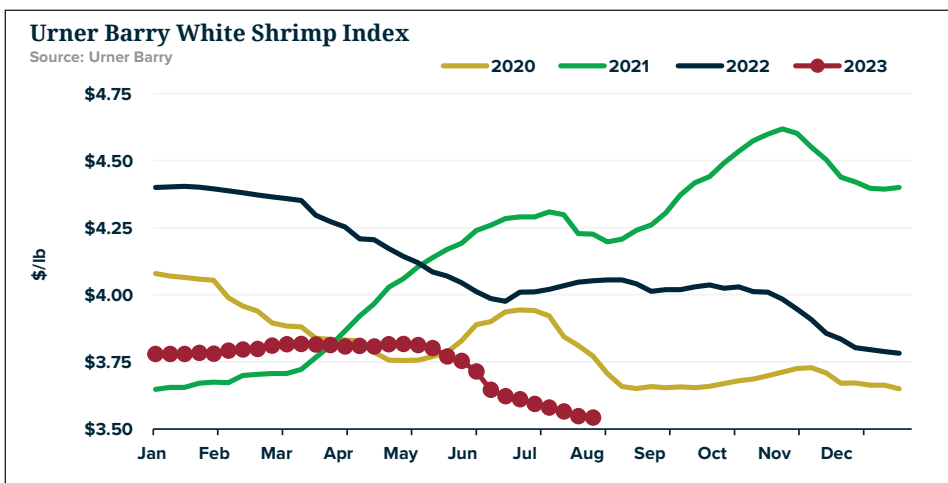
are influencing movements. These sharp fluctuations can create challenges to run any business.

While traders may welcome this, typical retail and foodservice buyers usually like a more stable pricing environment—mainly because it mitigates swings in consumer inflation and costs less for risk management.

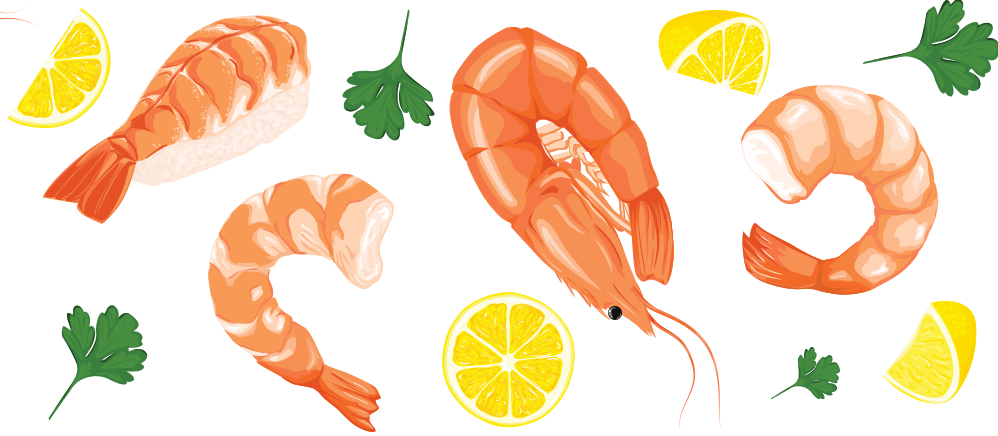
Looking at some common items over the past five years, shrimp prices have been one of the least volatile of all. Shell eggs have been extremely volatile, with wild swings in both the beef and pork cutouts as well. While there are several reasons for the former,

supply-side issues caused by avian influenza led to the shock in available product and was the largest the driving factor.

It seems counterintuitive that protracted declines in imports, market softness, and low volatility coexist for such a prolonged period of time.



However, looking over a longer horizon, it's easy to assert that the market has simply been oversupplied. While the 658 million pounds imported through May is 17.6% below last year, the total is still 16% above the last two non-pandemic years which averaged 568 million pounds.

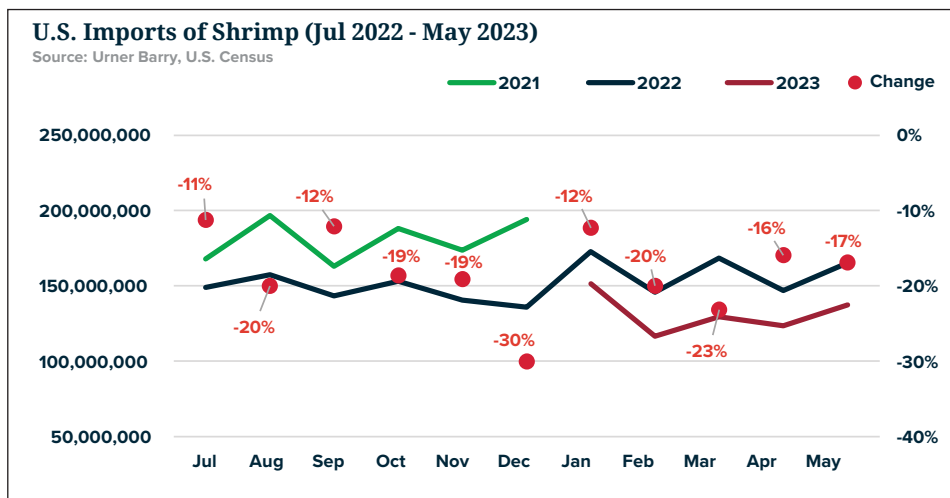
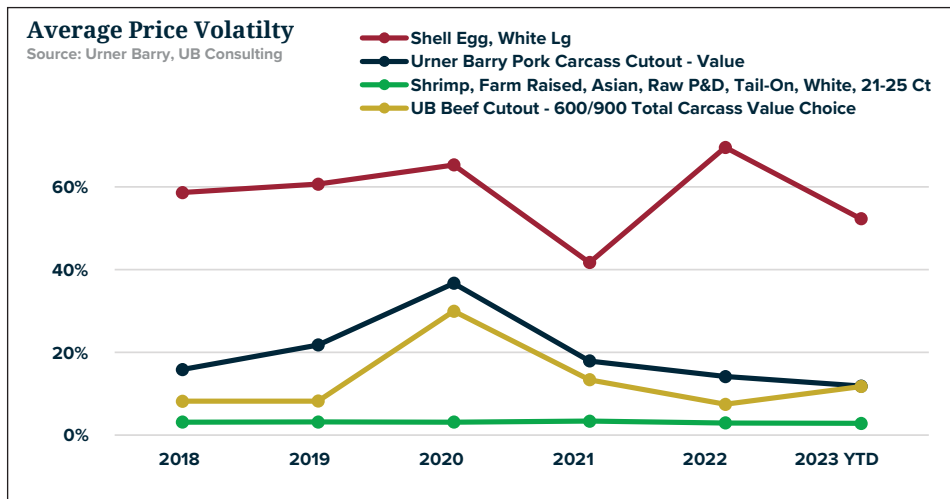


SHRIMP SUPPLY SOLUTIONS FROM THE SOURCE

More recently, the market for imported farm-raised white and black tiger shrimp is steadier. The burdensome oversupply appears to have dissipated and there are even supply gaps in certain types and sizes. While most tend to agree that demand is better, the market is seeking an answer to how much consumption has improved to further pare inventories and influence price trends.

It is going to be interesting moving forward to see how this plays out given the price trend over the last two years provided a competitively priced protein with low volatility risk, and seemingly little perceived availability risk. [UB](#)

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Flashfood: Aiding the world and stretching wallets

Grocers throw away between \$5-\$10,000 worth of perfectly good food daily; about a \$37 billion loss yearly. But Josh Domingues is working on a way to change that. In March 2016 Domingues founded Flashfood, a company that is helping thousands of people feed their families more affordably while also cutting down on food waste.

Flashfood has partnered with more than 2,000 grocery stores to reduce the amount of food that they throw away. According to the USDA, most shelf-stable foods are indefinitely good and frozen meats are safe to eat for over a year past their “best by” dates, which are suggested dates indicated by the manufacturer, and stamped on food items to highlight peak freshness and quality. But hundreds of pounds of fresh meat, chicken and produce are thrown away as they approach those dates. Sometimes, up to two weeks before.

Shoppers simply need to download the free Flashfood app to access heavily discounted foods that are still good, but nearing their expiration date. As items approach their best by dates—meat, poultry, fish, produce, dairy and more—grocers catalog them to the Flashfood application. Consumers then shop on

the app for said items and receive a competitive discount of upwards of 50%. Boxes of up to 10 pounds of fresh fruit and produce are sold for \$5 each. The purchase is made through the app and then the order is picked up from a zone designated for Flashfood shoppers at stores they already shop in.

“The company’s mission is to eliminate retail food waste by offering retailers and shoppers a simple and affordable way to feed families, not landfills,” a spokesperson for the company told *Urner Barry’s Reporter*. “Everyone benefits from a food system without waste. Flashfood offers affordable groceries to everyday shoppers, helps retailers recover lost profits and achieve their sustainability goals, and benefits the planet by reducing harmful emissions at landfills and conserving the natural resources pouring into food production.”

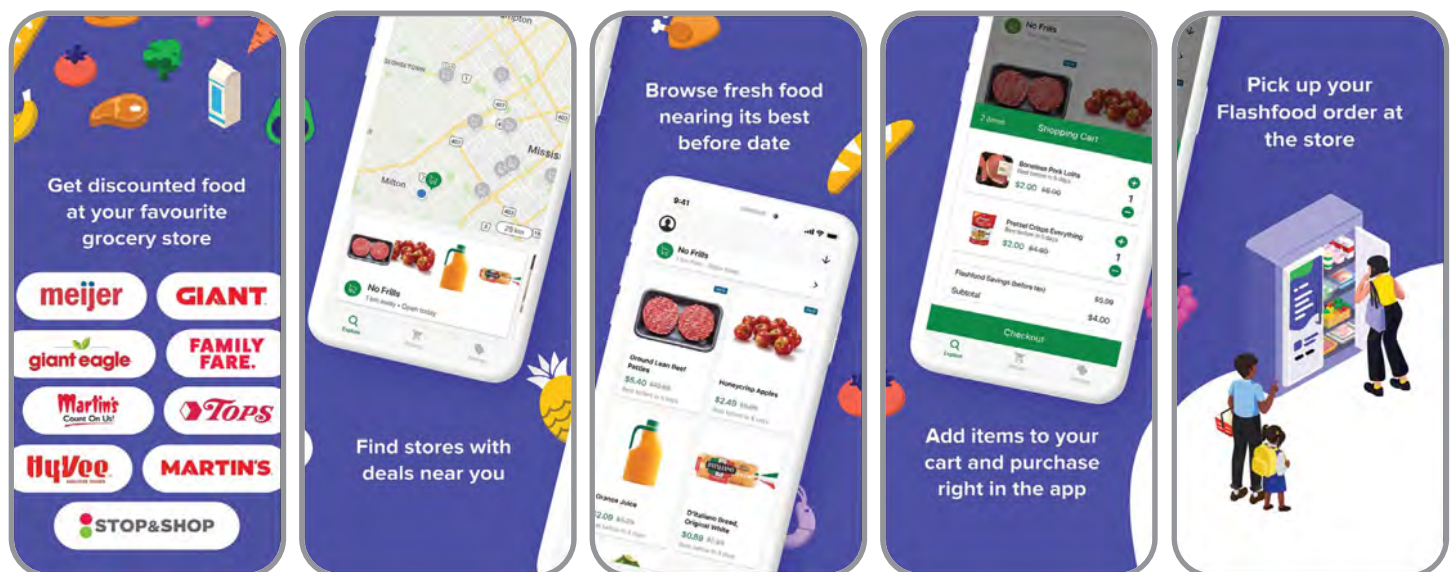
While rotting food decomposes in landfills, nutrients of that food never return to the soil and thus produce methane, a greenhouse gas far more potent than CO2 that has the strength to pierce through the ozone layer. Flashfood has single-handedly kept 70 million pounds of food from landfills.

“The company’s mission is to eliminate retail food waste by offering retailers and shoppers a simple and affordable way to feed families, not landfills.”

Then there is the post-pandemic inflation issue, which has brought immense uncertainty to consumers budgets and lifestyle. Grocery prices rose more than 10% over the last year and continue to fluctuate. Customers have had to opt for cheaper cuts of meat and more processed foods that can extend shelf life and a dollar. Flashfood has saved their shoppers almost \$200 million in the last two years.

Flashfood is in its own lane. The company is exclusively and simultaneously offering dense discounts to customers while eliminating food waste and giving back to the community. [UB](#)

Article contributed by **Natasha Estremera**
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Screenshots taken from the App Store for the Flashfood app.





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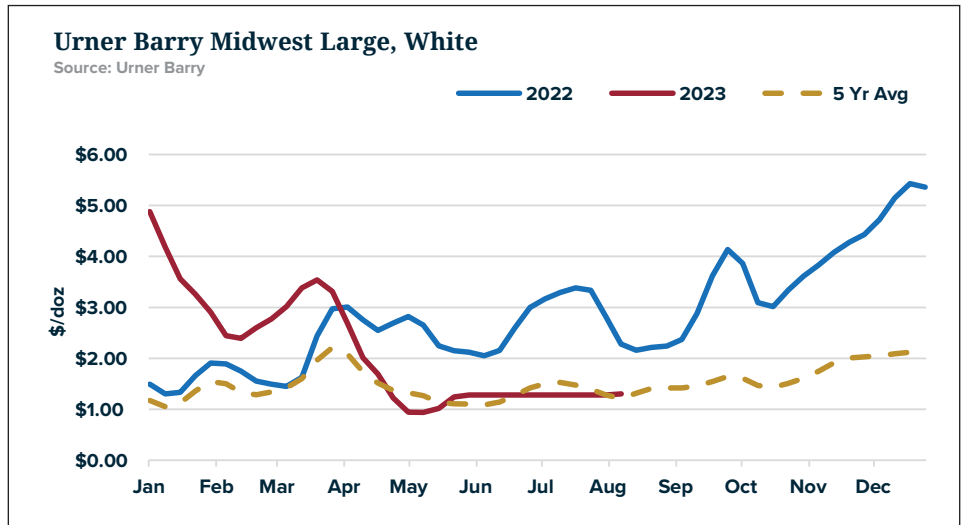


# The U.S. egg market stabilizes as farmers recover from bird flu

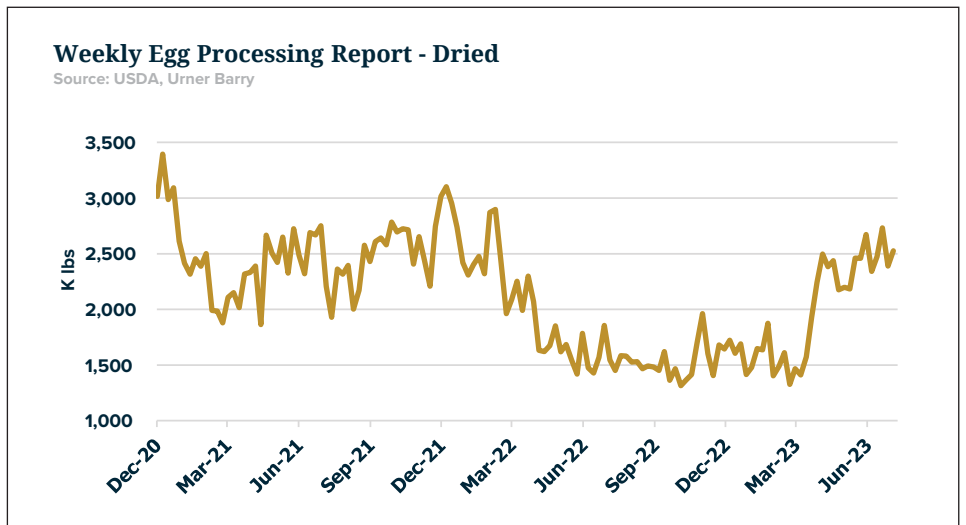
While history will undoubtedly recount fiscal year 2023 as the highest and most volatile on record for the U.S. egg market, a lesser known fact is that this year will also go down in history as one of the most stable ever witnessed. From national news headlines to late-night talk shows to a seemingly endless stream of memes, it was almost difficult to avoid the topic of “eggflation” in the early part of the year. Heck, it even earned a mention at this year’s Grammy awards, when the show’s host, Trevor Noah, asked Taylor Swift if she could get her fans—who he surmised are capable of just about anything—to “handle the price of eggs.”

Little did Noah know, the egg market was already underdoing a sharp correction—one that would continue in near-perpetuity for the next several months—as U.S. farmers recovered from the deadliest bird flu in history. To recap for those who may have been living off the grid for the past year or so, highly pathogenic avian influenza (HPAI) swept across the nation in 2022, leading to the depopulation of more than 44 million egg-laying hens. The severe supply shortage that ensued caused Midwest Large—Uerner Barry’s benchmark shell egg quotation—to spike to an all-time high of \$5.46/dozen in late December.

But as is often the case after we move past the holiday baking period, demand simmered and so did prices. With the exception of a comparatively short-lived rebound in the lead-up to Easter, the market remained under pressure through the start of May, eventually bottoming out at an almost two-year low of \$0.94/dozen. A dead-cat bounce lifted prices back to \$1.28/dozen by May 25—and that’s where things get interesting, or decidedly uninteresting, as the case may be.



**“...consumers, after months of paying exorbitant prices for eggs, were extremely receptive to the new lower pricing...”**



After two years of intense volatility, Midwest Large managed to remain unchanged at that level for the next 10 and a half weeks—a stretch of stability not witnessed since 1990! The last time the market was even remotely that stable was in 2012, when prices held for 46 days. So, what led to this nearly unprecedented level of steadiness in the marketplace? Foremost, the unexpected end of the bird flu. Given the tenacity of this particular strain of HPAI, which continued to spread throughout the fourth quarter, most industry stakeholders predicted the bird flu would be an ongoing issue this year. As it turns out, the absence of the bird flu had more of an influence on the market than its presence.

Not only did it give farmers the opportunity to repopulate the birds that were lost, but it also prompted some to put in added production to compensate for the future outbreaks they were all-but-certain were coming. But the outbreaks never came. December 20, 2022 marked the last known detection among layer farms, leaving the market with a supply overhang. Once shell egg prices reached a bottom, that overhang started to apply pressure to the egg products market. Much in the same way that water seeks its own level, eggs tend to spill over into whatever channels provide the most profitability until the “playing field” has been leveled—and in this instance, it was further processing channels.

Breaking stock values saw a meteoric crash over a five-week stretch that ended May 1, plunging 86% to a two-year low of just \$0.42/dozen. As with table-grade eggs, egg products prices had also soared to record-high prices amid the bird flu outbreak. But once cheaper raw material started flowing through the system, those values also collapsed. And with that, surplus-removal avenues that had long been shut were once again reopened—namely, dried processing and exports.

The supply-side is just part of the equation. Demand, of course, is the other. And there’s no question that demand played a significant part in helping to keep the market stable for such a long period of time. The sharp decline in wholesale

values eventually filtered down to the retail level—some of which dropped to less than \$1.00/dozen—and consumers, after months of paying exorbitant prices for eggs, were extremely receptive to the new lower pricing, even throughout the summer.

The summer is typically one of the year’s weakest demand periods when consumers turn their attention to more seasonal breakfast options, like cold cereal and fruit. But faced with escalating grocery bills, consumers this year appeared to be less concerned with what’s in season and more concerned with what’s affordable. The Consumer Price Index from the Bureau of Labor Statistics shows the cost of breakfast cereal rose 5.1% in the year through July, while egg prices declined by 13.7% in that same period.

That kept product moving and values steady. And that stability bred even more stability. Buyers in foodservice and distribution channels often “play the market,” loading up on inventory in front

of a rally and running their coolers low in a declining market, waiting for the lowest possible price. But with market values unchanged for such an extended period of time, buyers were simply buying what they needed, as they needed it.

The streak eventually came to an end in the second week of August, however, just one day shy of a new record. After months homogeneity, back-to-school preparations and heavy seasonal flock rotations brought supplies into close balance—and buyers back into the marketplace. After 75 days of no change, prices increased \$0.04 to \$1.34/dozen in the week ended August 11. But for all the flogging that eggs took in the early part of the year for being so high-priced, there’s been very little mention in the media of just how affordable they’ve become once again. It’s clear that while low egg prices may sell eggs, they don’t sell headlines. [UB](#)

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# U.S. approves sale of cell cultured chicken meat

Two start-up companies are attempting to end the age-old debate of whether the chicken or the egg came first by outright eliminating the egg from the equation! In late June, Upside Foods and Good Meat, gained approval from the United States Department of Agriculture, to begin selling lab-grown, also known as “cell-cultivated,” chicken. This was the first time that the U.S. has ever issued the go-ahead on this type of product and is the result of a lengthy regulatory process that both companies underwent in order to bring slaughter-free meat to the center of the plate.

This news also follows in the wake of the US Food and Drug Administration’s voluntary pre-market consultation, which evaluated each firm’s production process and the cultured cell material made during this process. Included was the evaluation of the establishment of cell lines and cell banks, manufacturing controls, as well as all components and inputs.

So, how exactly is cell cultured meat produced? The first step in the process is to extract a sample of cells from the animal. Although one could theoretically select any animal species or breed from which to harvest a cell sample, in this case, scientists will be centering their efforts around heirloom breeds which are already used for traditional meat production. Cell samples can be collected through minimally invasive methods without causing any harm to the animal. Some studies even suggest that embryonic stem cells, eggs, feathers, muscles, and fats could eventually be used to harvest starter cells.

The next step is to provide the cells with a living environment. Cell cultivators, also referred to as bioreactors, are typically stainless-steel tanks which provide a clean, temperature-controlled environment for the cells to grow and develop. These tanks typically have a heating and cooling system, as well as input and output pipes which deliver nutrients and air to the culture, while also removing byproducts. Additionally, the scientists rely on a number of sensors to monitor the growing conditions within the vessel in order to make any necessary adjustments. This system allows the cells to duplicate quickly; increasing in size.

As alluded to above, the cells require nutrients to mimic the biological process within the animal of origin. For that, a growth media provides vitamins, minerals, amino acids, trace elements, lipids, proteins, and carbohydrates, which are all essential for cell life. Once the required growing conditions are met and the cells begin to replicate, scientists look to provide the meat with the desirable structure, texture, and form through the use of “scaffolds.” Scaffolds help the cell culture grow with these desired physical attributes in mind and can be made out of a number of edible materials, such as plants and gelatin. The use of scaffolding is highly dependent on the desired product. Burgers and nuggets, for example, would require less structural material than a boneless breast.



**“Lab-grown meat still remains relatively expensive to produce and cannot yet be manufactured on the same scale as traditionally derived offerings.”**



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The final step is harvesting. During this stage, cultivated meat is treated the same as its conventionally-sourced counterpart with stringent sanitary and safety protocols in place. In terms of the harvest schedule, the timeframe varies widely between two to eight weeks depending on the type of meat being produced.

Although consumer optimism, or at least speculative curiosity, is quite evident, it isn't likely that cultivated meat will turn up in the grocery store cases immediately. Lab-grown meat still remains relatively expensive to produce and cannot yet be manufactured on the same scale as traditionally derived offerings. That said, both companies plan to introduce their new product at select restaurants. Good Meat dishes will be showcased in a Washington D.C. restaurant run by chef and owner Jose Andrés, while Upside Foods will focus on a San Francisco restaurant, Bar Crenn. [UB](#)

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# Restoring oyster reefs in New York Harbor

Oysters were everywhere when Dutch Colonials settled in New York, and all the way through the nineteenth century was considered the “Oyster Capital of the World.” It was estimated that the city’s harbor once had 220,000 acres of oyster beds, which accounted for nearly half of the world’s oyster production. It was also suggested that New Yorkers ate about one million oysters per day.

Discarded shells piled up on the streets of New York City in what were called middens. When the island was being developed, there were so many oyster middens in New York City, that much of the infrastructure was literally built on top of them. In fact, Pearl Street in Manhattan was named after a midden, and later paved with oyster shells. Oyster shells were ground into mortar paste for construction projects, such as Trinity Church.

The last commercial oyster bed in New York City closed in 1927 due to overharvesting and pollution. The passage of the Clean Water Act in 1972 was the first step in making the water viable for marine habitats. In 2000 the water in the harbor was clean enough to sustain life again, and in 2014, the Billion Oyster Project was founded by Murray Fisher and Pete Malinowski.

Fisher and Malinowski launched the Billion Oyster Project with a vision of a healthy, biodiverse New York Harbor—and a shared belief that restoration without education is temporary. It is a New York City-based nonprofit organization with the goal of engaging people in all five boroughs in the effort to restore one billion oysters to New York Harbor by 2035.



## Why oysters?

- 1 **OYSTERS FILTER WATER:**  
Oysters are filter feeders, they serve as a natural water filter, with a number of beneficial effects for the ecosystem. An adult oyster can filter up to 50 gallons of water a day!
- 2 **OYSTER REEFS FOSTER BIODIVERSITY:**  
Reefs are to the ocean what trees are to the forest; oyster reefs provide a lively habitat for hundreds of species.
- 3 **NATURAL STORM BARRIER:**  
Green infrastructure can be seen in living shoreline and living breakwater projects. Oyster reef systems soften the blow of large waves, reducing flooding, and preventing erosion.

## How?

In addition to **REEF RESTORATION**, the Billion Oyster Project performs the following work:

- 1 **EDUCATION** is a critical component to their success. They engage with New York City students through K–12 STEM curriculum, and The Urban Assembly New York Harbor School, a public high school focused on preparing students for maritime careers.
- 2 The **SHELL COLLECTION PROGRAM** gives restaurants an opportunity to divert shells from landfills and provides a valuable resource for the restoration. In the wild, young oysters must settle on a hard surface to survive.
- 3 After reef installation, **OYSTER MONITORING** is critical to future success. The Billion Oyster Project tests restoration methods and collects data to create scalable best practices for oyster reef restoration in challenging environments.
- 4 The **COMMUNITY WATER QUALITY TESTING** program engages community scientists in weekly testing of New York Harbor water for bacteria that can be harmful to humans.





Pier 32, East River (Oyster Market) under Manhattan Bridge in New York City in the 1910s.  
Photo credit: NYC Department of Records and Information Services

## *Billion Oyster Project's achievements since 2014*

**100 MILLION OYSTERS**  
have been introduced to NY Harbor

**18 RESTORATION SITES**  
have been established;  
12 are field stations designed  
to engage the local community

**2.2 MILLION-PLUS POUNDS**  
of shell have been reclaimed  
from NYC restaurants



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We've all ordered Blue Point and Olympia oysters, but imagine having the opportunity to enjoy a Gotham City or Hudson River Park oyster? The Billion Oyster Project has already introduced 100 million oysters at 18 sites...it may be a reality sooner than anyone thinks. [UB](#)

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# The supply of olive oil diminishes

Vegetable oils make up a key part of fish and seafood processors' cost of production, as they are mainly used as an ingredient in canned fish to help retain vital nutrients and differentiate products (oil, water or brine used as a carrier in the can). The increase in vegetable oil prices over the last few years, due to disruptions from the COVID-19 pandemic and the Russia-Ukraine conflict, have reportedly been passed along the global seafood supply chain as seafood processors continue to deal with elevated raw material prices.

The chart on the right shows the Mintec Category Index for vegetable oils, displaying the cost of the vegetable oil category in the EU, which peaked at €1,498.71/kg (\$1,608.41/mt) in May 2022, primarily on the back of the Russia-Ukraine conflict. While prices have since declined from the elevated levels reached last year, the index is being strengthened by unfavourable weather in key growing regions worldwide, including the prolonged drought in Spain plaguing the olive oil crop.

A tuna whitepaper published by Mintec earlier this year showed that, when comparing oil and water products, olive oil alone attracts a premium over water/brine-based products. Other oils, such as sunflower or rapeseed, were price-aligned with water-based products. Hence, this article focuses on price developments in the olive oil market, which has recently been impacted by drought in Europe and caused concerns for seafood canners using this premium product.

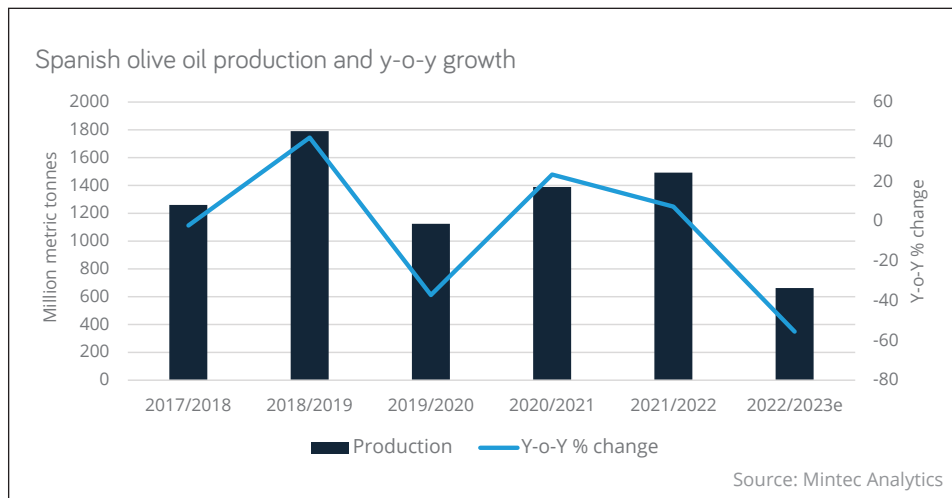
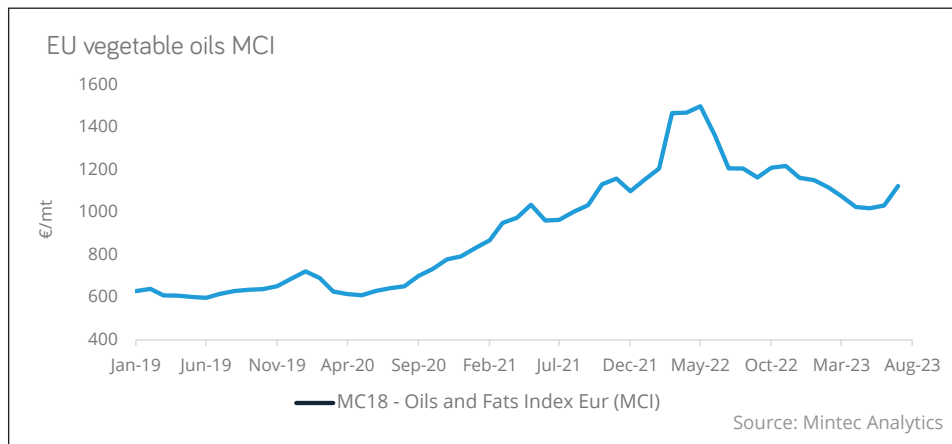
## OLIVE OIL MARKET UPDATE

Olive oil prices have recently surged to all-time highs driven by Spain's prolonged dry and hot weather (the top global producer and exporter). The record-high level is reflected by the Mintec Benchmark Prices (MBP) for Olive Oil Extra Virgin ex-works Andalusia, which was assessed at €8.1/kg (\$8,859.87/mt) on 2nd August, a



Dry summer weather across Europe raises concerns for some seafood canners' margins

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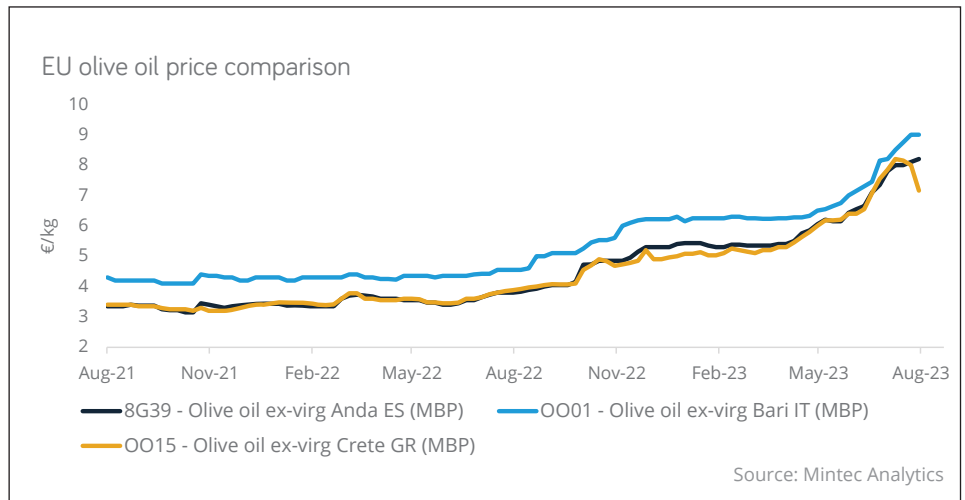


10.2% month-on-month (m-o-m) increase, representing a 113% rise compared to the same period in the previous year.

Spain accounts for a significant share of global olive oil production (c.67%) and exports, highlighting its key influence on the global olive oil market. The European Commission (EC) estimates Spanish olive oil output for the 2022/23 season at 663,000 tonnes, a decline of 56% on the year, down 53% compared to the five-year average, on the back of the severe drought plaguing the country. According to market sources, for the 2023/24 season, Spanish olive oil output is estimated to recover slightly on the year, with trade estimates averaging 720,000 tonnes (+8.6% y-o-y). However, the estimated y-o-y rise in output remains below average seasonal levels (down 44% vs. the five-year average), with growing concerns about the negative impact of the prolonged dryness on the upcoming harvest, which typically occurs around October-February in the Northern Hemisphere, exacerbating the bullish sentiment in the global olive oil market. The shortfall in production has also led to a decline in stocks as players scramble to secure supply, with the rate of drawdown likely to lead to a runout in supply before any fresh supply is obtained from the new harvest.

In other EU-producing countries, Italy, France and Portugal, dryness has also impacted olive oil production levels, with yearly declines of 27%, 39% and 39%, respectively, for the 2022/23 season, supporting prices in these countries. Production in Greece is estimated to be higher by 47% y-o-y at 340,000 tonnes; the increase is not substantial enough to offset losses in other olive oil-producing countries, with higher domestic and global demand supporting prices. Accordingly, the MBP for Olive Oil Extra Virgin ex-works Bari IT, and the MBP for Olive Oil Extra Virgin Crete GR climbed by 97.8% y-o-y and 107.8% y-o-y to €9/kg (\$9,844.3/mt) and €8/kg (\$8,750.49/mt), respectively, on 2nd August.

The severity of the olive oil supply situation and the unprecedented price levels have led many players, including Spain, Italy and Greece, to switch to Turkish purchases, consequently increasing domestic prices



in the latter. To combat further domestic price increases, the Turkish Trade Ministry, on 1st August, suspended olive oil exports until 1st November, aggravating the current supply tightness in the market.

Despite the unprecedented price levels and supply tightness, consumption levels and demand remain high, with industry players still reportedly scrambling to secure supplies, driven by the looming risk

of running out of stock and the likelihood of further price increases in the coming months. For seafood canners that choose to differentiate their products with olive oil, the concerns will remain to face squeezing margins or to substitute olive oil with cheaper alternatives. [UB](#)

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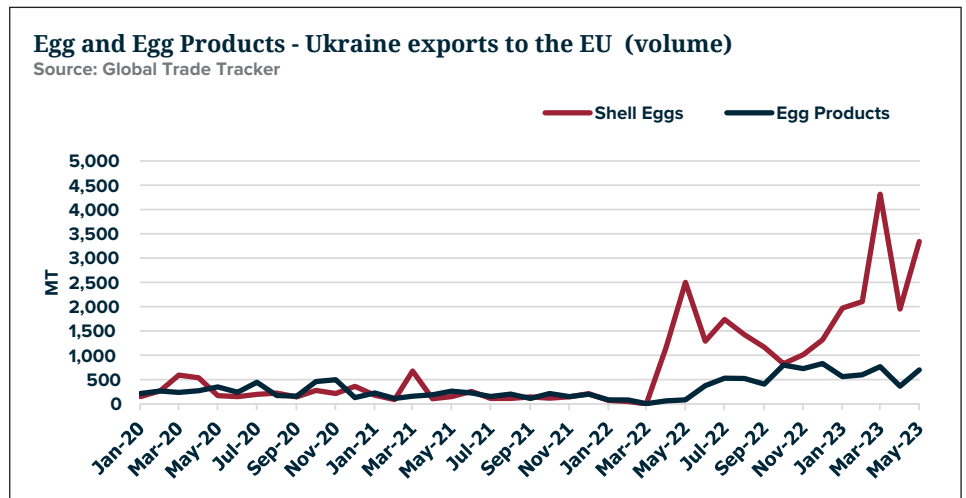
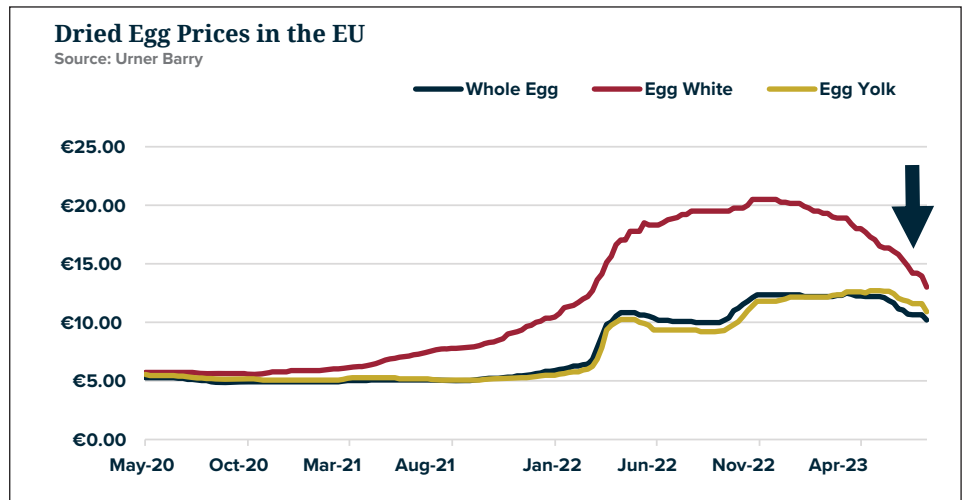
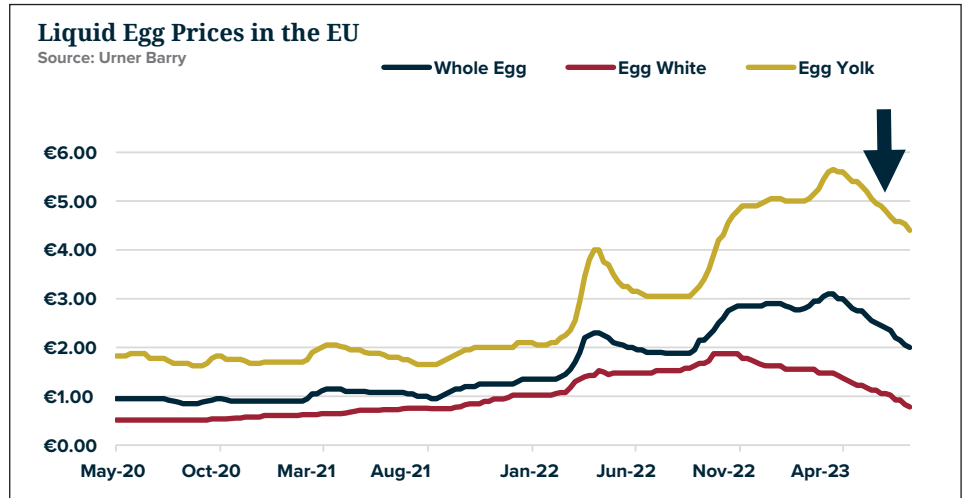
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# Why egg product prices in the EU plummeted for four months

EU prices for liquid and solid eggs have been falling during the second quarter of 2023 after reaching record-high values. The price for liquid whole egg dropped by 36% in 16 weeks, a seismic decline for this product, which had been progressing in value since fall 2021. All other egg items are following the same trend, though the tipping point is not always at the same moment. This weak market undercurrent is generally attributed to a reduced demand from the food industry, a seasonal effect of the summer holidays across Europe. In reality, the factors involved in this persistent decline are more complex.

As raw material prices plunged 50.9%, from 2.55 €/kg mid-March to 1.20 €/kg mid-July, whole egg powder—the most traded liquid egg item—reduced from 3.10 €/kg during the third week of March, to 2.00 €/kg mid-July. Egg white prices started to decline earlier (in November) with low demand at 1.78 €/kg at the beginning of November to 0.78 €/kg mid-July. However, as a counterweight effect until the end of March, prices for yolk justified the separation costs. Liquid yolk benefited from regular demand, resulting in a later tipping point; its prices reached record breaking levels in the last week of March at 5.60 €/kg and were standing at 4.40 €/kg mid-July. This represents a decrease of 21.4% for yolk in 16 weeks and of 56.1% for egg white in 36 weeks.

The reasons for these movements are varied, starting with a decline of industry egg values. In 2022 egg farmers faced HPAI outbreaks and rising input costs—namely hen feed—reducing egg production. At the same time, the demand for eggs in supermarkets soared due to inflation on groceries. So, eggs for breaking prices had been climbing for around seven months from 1.40 €/kg in August 2022 to 2.55 €/kg in March 2023. After Easter, despite retail still absorbing large volumes of graded eggs, the industry put the brakes on ordering egg ingredients, and prices have been gradually decreasing





since then. As a result, supplies became fully adequate to ample, even more so that the public holidays in May slowed down the activity further.

In addition, on the supply side, since the EU lifted quotas and duties on Ukrainian industry eggs (an extra 0.15 €/kg on export prices), Ukraine imports are often mentioned by European market players as a factor accentuating the drop in market prices. As production costs in Ukraine are lower than in the EU, Ukrainian sellers enjoy a greater flexibility on prices, and tend to present very competitive offers. Data from Global Trade Tracker for industry eggs and egg products shows EU import volumes from Ukraine at 11,437 metric tons from March to May 2023. This represents just under 1,000 metric tons per week (50 trucks), and sources in the EU believe that this quantity is significant enough to disrupt market prices.

Egg powder prices behaved slightly differently than liquids. Dried whole egg and yolk prices strongly increased twice and then stabilized, while dried egg white moved a little every week, following a bell shape curve, as if looking for the right price. With tight supplies of eggs for breaking last year and heavy electricity bills due to the energy crisis, dried egg prices reached levels never witnessed before. This led the main buyers, like Japan, to find more affordable options, including other suppliers like India and Brazil, as well as alternative ingredients in recipes (soya protein for e.g.). Since then, without the historically strong demand from Asia, the powder market has been declining, especially for the most valuable item—dried egg white. At the end of November egg white powder was averaging 20.50 €/kg in the EU. It has been continuously declining since then, standing at 13.00 €/kg mid-July 2023. This represents a drop of 36.6% in

32 weeks. Yolk and whole egg powders started a negative trend much later at the end of May when the demand from all countries contracted.

These extraordinary changes in the egg product market over the last 12 months illustrate its dependence on external factors outside EU borders. Market participants must undertake regular market surveillance on sanitary safety, diseases and vaccinations, grain world prices and trades, demand from Asia, and of course the impact of the war in Ukraine on the market. As the market is influenced by more and more issues outside buyers and sellers' remits, anticipating demand, production and price movements is becoming more complex. [UB](#)

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# Celebrating National Pescatarian Month



Article contributed by Rima Kleiner, The National Fisheries Institute

*For many in the seafood industry, October means National Seafood Month. Starting in 2020, October also means National Pescatarian Month.*

Sponsored by National Fisheries Institute's Dish on Fish three years ago, National Pescatarian Month is an officially designated annual event intended to raise awareness about the benefits of a pescatarian diet. National Pescatarian Month also offers the opportunity to share fun tips on how to adopt—partially, fully or somewhere in between—a pescatarian lifestyle and all the delicious ways seafood can be an integral part of any diet or way of life.

It is estimated that pescatarians comprise about 5 percent of the U.S. population. While there are no formal pescatarian diet rules, many people who identify as a pescatarian tend to eat a heavily vegetarian diet that also includes seafood. Typically, a pescatarian eating plan includes fish and shellfish, vegetables, fruits, grains, legumes, nuts, seeds and, for some, dairy and/or eggs. Eating the

pescatarian way allows for a lot of flexibility and is a good lifestyle option for those who want the benefits of both a plant-based diet, as well as all of the health benefits of seafood. Plus, health experts and the U.S. Dietary Guidelines recommend eating seafood at least 2-3 times each week.

And speaking of health benefits of a pescatarian diet, there are so many reasons to eat more fish and shellfish! Seafood is rich in important nutrients, particularly protein, healthful fats like omega-3s, B vitamins, iodine, selenium and vitamin D. Protein is crucial for muscle building and maintenance and keeping blood sugar levels stable. Omega-3s like DHA and EPA are essential for a healthy heart, brain, eyes, skin and immune system and helping to reduce inflammation. Plus, DHA and EPA play a critical role in cognitive health at all life stages, including baby brain development during



If you're ready to dive in and help share the word about how customers, consumers and followers can go pescatarian this October, here are a few ways to get started:

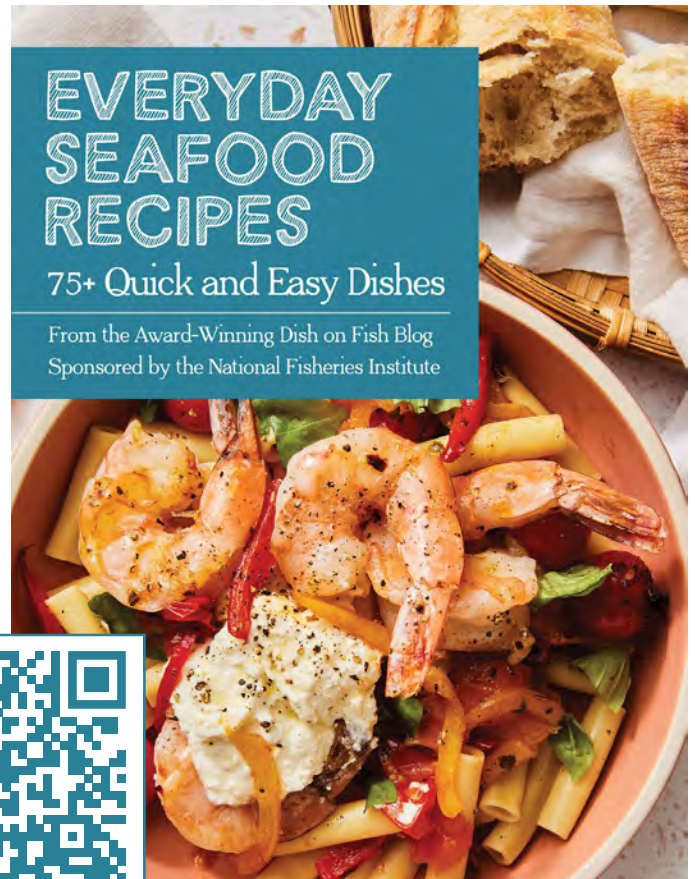
- 1 TRY A PESCATORIAN LIFESTYLE** by enjoying meals comprised of seafood and veggies—feel free to add in grains, legumes, nuts, seed or fruit—a few times for one week. Then continue for the whole month (or longer!) if it works with your lifestyle.
- 2 SPREAD THE WORD** about National Pescatarian Month and invite friends or family to enjoy a seafood meal together.
- 3 TRY A NEW SEAFOOD EACH WEEK THIS MONTH.** If shrimp has always been a go-to, give scallops or crab a try, as well. If salmon is always on the shopping list, add another fish like cod or Alaskan pollock to the weekly repertoire.

pregnancy. B vitamins are important for metabolism and energy, iodine for a healthy thyroid, selenium for brain health and vitamin D for healthy bones and immune system. All of these benefits are among the many reasons why this diet deserves to be celebrated for a whole month!

To kick off and keep the momentum of the month going all October long, Dish on Fish partners with other seafood industry groups, registered dietitians, lifestyle bloggers and the noted seafood expert Chef Barton Seaver to help amplify the message about the ease and advantages of following a pescatarian diet.

Any other retailers, restaurants and all others in the seafood industry who are interested in celebrating National Pescatarian Month can follow National Fisheries Institute and Dish on Fish for pescatarian-related content on the Dish on Fish blog, Facebook, Instagram, Twitter and Pinterest pages. You'll find a mouthwatering meal plan, fun facts, useful advice, tasty recipes and illuminating graphics all month long.

For more recipes, check out the Dish on Fish e-cookbook at [dishonfish.com/ecookbook](http://dishonfish.com/ecookbook) or with the code here, which is updated every October to include new recipes. From breakfast crab and lunchtime scallops to shrimp appetizers and salmon suppers, there are more than 75 delicious recipes for Pescatarians, carnivores and everyone in between. [UB](#)



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# The historical relationship between interest rates and protein production

As of July 2023, the Federal Reserve Bank has increased rates to the highest levels since 2007. Although more hikes are less likely, protein producers should be aware of any possible setbacks the market may face.

As a quick refresher, the Federal Reserve Bank can control the money supply through several avenues. One of its more powerful tools is adjusting the federal funds rate, which is the rate at which commercial banks can borrow or lend excess reserves overnight to other commercial banks. The Federal Open Markets Committee (FOMC), a subcommittee within the Federal Reserve, is responsible for setting the target rate. In March 2022 the FOMC began to raise rates to limit the money supply to combat inflation not seen in decades. Before the hikes, rates hovered at record all-time lows.

Understanding that these rate hikes indirectly affect the credit markets is essential. Since banks would borrow at higher rates, they would command higher rates from their lending practices. In turn, businesses looking for additional capital via loans would be subject to higher rates, which, theoretically, can curb additional investment and the expansion of their operations.

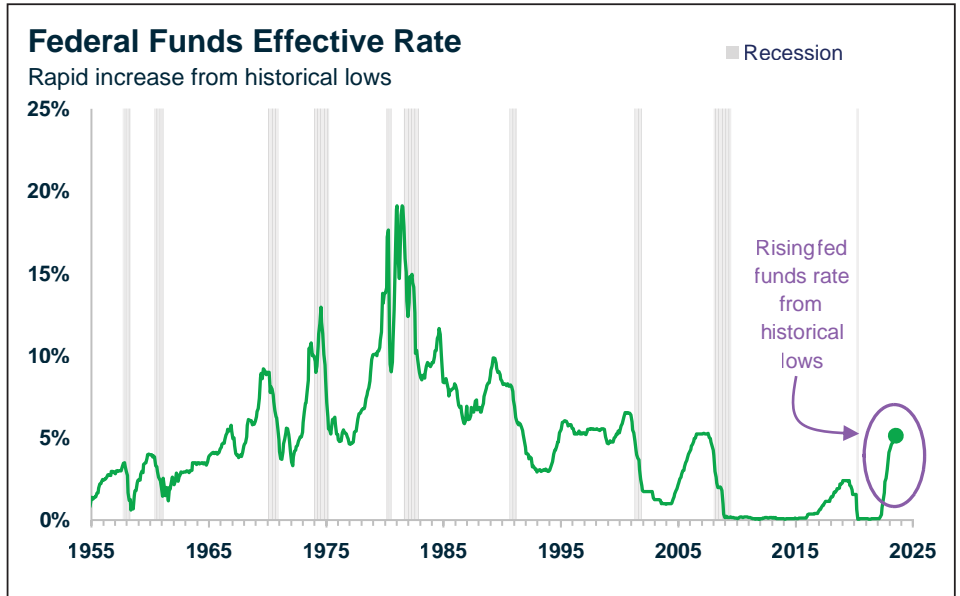


Figure 1. Federal Funds Rate, 1954–YTD. Source: Board of Governors of the Federal Reserve System (US), Federal Reserve Bank of St. Louis, UB Consulting

## But, how have interest rates affected the protein markets?

In the past, we have performed similar exercises presented here to understand the relationships between drought, consumer credit, and sentiment to how we eat proteins in relation to beef markets. This analysis will look at several rates specific to the agricultural space. The interest rate data comes from surveys developed by the Federal Reserve Bank of Chicago and Dallas. The Federal Reserve Bank of Chicago reports on the Seventh District, which includes Iowa, Michigan, and parts of Illinois, Indiana, and Wisconsin. The Eleventh District includes Texas and parts of Louisiana and New Mexico. The Federal Reserve Bank of Dallas is responsible for the reporting within the Eleventh District. We used these districts as a benchmark sample since there is considerable beef and pork production in these regions.

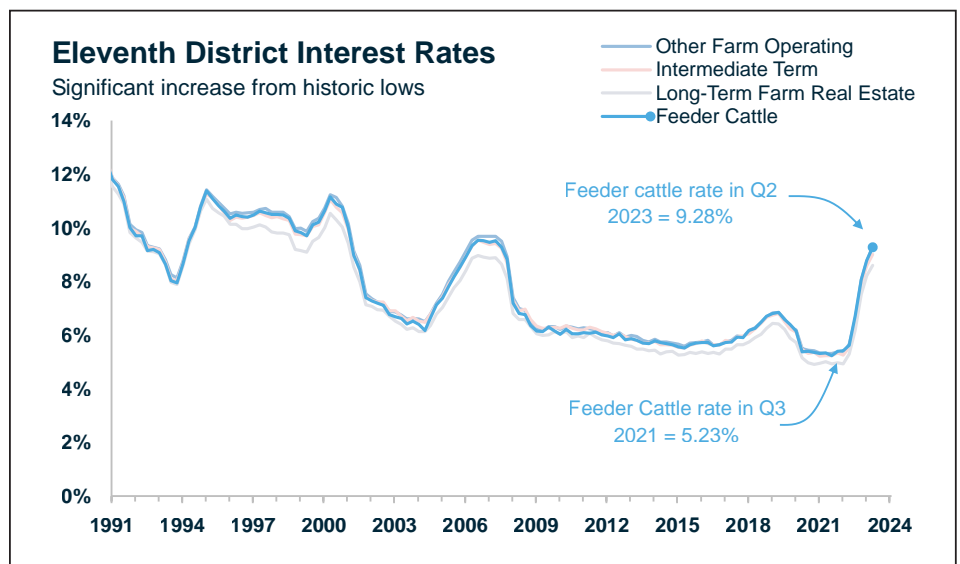


Figure 2. Eleventh District Interest Rates, 1990–YTD. Source: Federal Reserve Bank of Dallas, UB Consulting. The data presented here represents variable interest rates.

As you can see, interest rates within the Eleventh District have experienced an uptick recently. Feeder Cattle loan rates are used mainly to purchase livestock or feeder cattle. The interest rate on these loans reached record lows in Q3 2021. Since then, rates have adjusted upward, mirroring the fed funds rate, which makes obvious sense. In Q2 2022, feeder cattle interest rates reached 9.28%, the highest rate since Q3 2007. These increased rates would ultimately result in higher costs for ranchers to raise cattle.

Aside from stating the obvious, the tricky part is finding the relationship between these rates and production. Our findings concluded that cattle slaughter and feeder cattle interest rates had a moderately strong positive correlation. The moderately strong positive statistical correlation found that the higher the interest rate, the higher the slaughter figures and vice-versa. If we were to make any inference from this quick exercise, producers might be more inclined to liquidate inventories in times of higher interest rates and less inclined to raise and feed cattle. However, we must recognize that other factors, such as weather, prices, consumer preferences, and cattle cycles, to name a few, will always be at play.

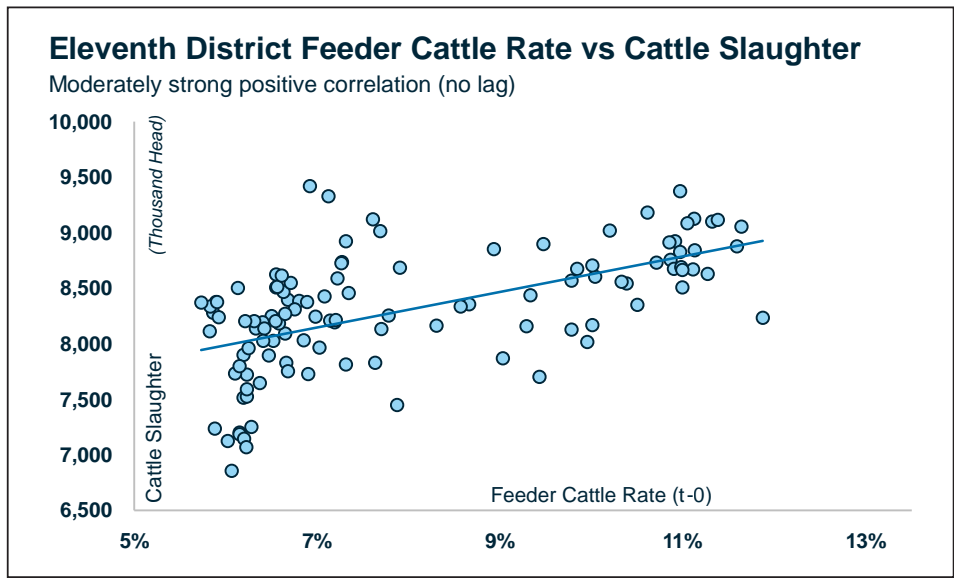


Figure 3. Eleventh District Feeder Cattle Rate vs Cattle Slaughter, 1995–YTD. Source: Federal Reserve Bank of Dallas, USDA, UB Consulting

In similar pieces, we have explained that correlation does not assume causation. Correlation refers to the statistical linear relationship between two variables. Additional analysis outside the scope of this article would have to be made to address causation adequately.

Continued on page 50



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# Interest rates...

Continued from page 49

The seventh district experienced the lowest rates in 2021. Like the eleventh district, rates have increased through 2023. Farm operating rates increased from 4.34% in Q4 2021 and Q1 2022 to 7.97% in Q2 2023. These rates would refer to any loan related to the farm's operations, including the purchase of feed and livestock.

When comparing these operating loan rates with pork supply metrics, we found a strong negative correlation between rates and hog & pig inventories and pork production. Specifically, hog and pig inventories correlated negatively with operating loan rates posted three quarters before the inventory report date. Such a negative correlation with approximately nine-month lag was especially interesting since the hog production cycle hovers around the same time. Moreover, pork production correlated strongly with operating loan rates posted two quarters prior to the report date. In general, lower rates correlated with higher production and vice-versa.

These preliminary findings may suggest that pork production could suffer when interest rates increase. With the Federal Reserve increasing the rates, the market could see decreasing inventories. However, similarly to the cattle market [and any other market for this purpose], correlations may not bear much weight if the market experiences shocks, including recovery cycles from disease complications, strong export demand, and many other factors.

It is crucial to understand that each market has unique supply and demand determinants. While interest rates may be a strong driver for some markets, they are only a piece of the puzzle. As noted, the cattle and hog markets have and will continue to encounter supply shocks which may potentially have more weight in projecting supply than interest rates.

These quick exercises help illustrate the relationship between monetary policy and the protein commodity markets. Again, correlation does not mean causation; it is just one of the initial steps when performing quantitative analysis. Therefore, it will require additional work to find in-depth relationships between interest rates and supply trends and incorporate other relevant and essential factors. Nonetheless, market participants should be aware of these correlations when positioning themselves, especially given the recent rate hikes and the potential outcomes in the upcoming months and possibly years. [UB](#)

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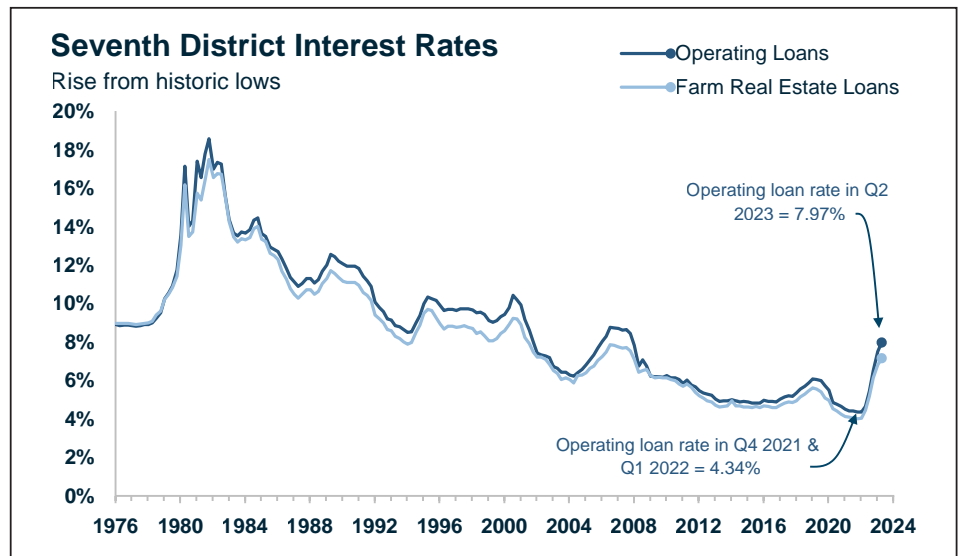


Figure 4. Seventh District Interest Rates, 1975–YTD. Source: Federal Reserve Bank of Chicago, UB Consulting







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### Seventh District New Farm Loans vs Hog Inventory

Strong negative correlation (3 quarters prior)

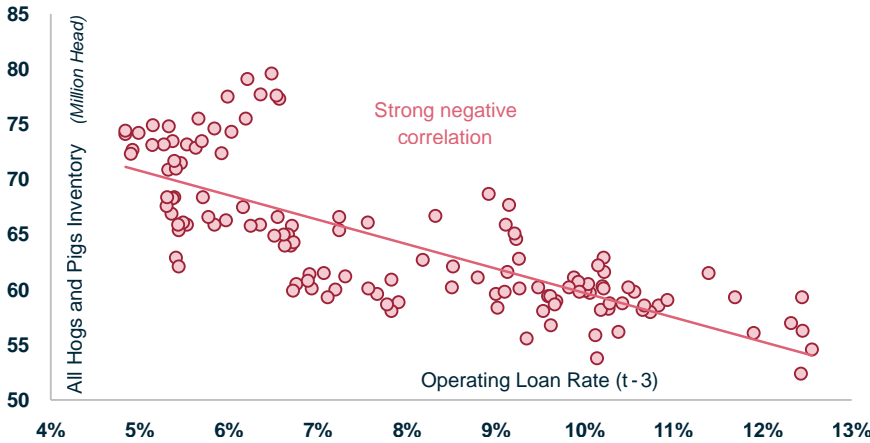


Figure 5. Seventh District Operating Loan Rate vs Hog Inventory, 1990–YTD. Source: Federal Reserve Bank of Chicago, USDA, UB Consulting

### Seventh District New Farm Loans vs Pork Production

Strong negative correlation (3 quarters prior)

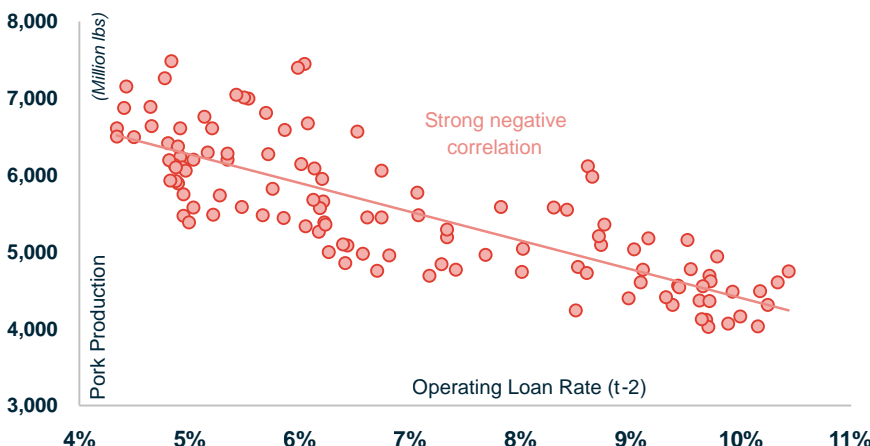


Figure 6. Seventh District Operating Loan Rate vs Pork Production, 1994–YTD. Source: Federal Reserve Bank of Chicago, USDA, UB Consulting



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# A closer look at the National Fisheries Institute's Crab Council

The National Fisheries Institute (NFI) crab council was formed in 2009, initially consisting of six companies. Today the crab council stands at 35 companies, representing about 85% of the imported crab meat into the U.S. market. The council represents both blue swimming crab meat (BSC) and red swimming crab meat (RSC).

Although not the first council to be formed at NFI, it is the first council to focus exclusively on sustainability.

With that sustainability focus, one of the major responsibilities of the council is to fund Fishery Improvement Projects or FIP's. FIP's are based in country and not only concentrate on the health of the industry, but projects that work to make the fishery

sustainable, which includes working with fishermen, harvesters, processors, governments, and scientists. The council recognizes that all these groups are important stakeholders who wish to see these fisheries thrive and be sustainable.

For blue swimming crab, the countries that the NFI Crab Council currently have FIP's in place for are Indonesia, Philippines, Thailand, Vietnam, Sri Lanka, and India. There is also expansion of a FIP for BSC into Tunisia and Mexico. For red swimming crab, the Crab Council have FIP's is China and Vietnam, the only two countries in the world that produce that species. Some of the work within these FIP's focuses on minimum size of the crabs, no females and mesh size limits for traps.

In addition to all the great FIP work, the council also helps to fund research from both the Institute of Marine and Environmental Technology and the Smithsonian. These two research entities are working on broodstock enhancement in Indonesia. These groups are not using a research method where they would put in a certain amount of hatchery crabs in the water and see how many were then produced. Instead it's rather a longer-term project to see how hatchery grown broodstock affects the fishery. They do this by looking at the grandchildren of the crabs they are placing back into the water. The research groups are looking closely at DNA levels and measuring to see if these hatcheries help, if the methods are viable, and what the impact of the hatchery grown crabs on the environment would be.



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The crab council is proud of their work and their plans. The companies within the council readily make information available to their customers as well.

"NFI Crab Council members are sustainability-minded companies committed to supporting not just policies that benefit the future of the resource, and the communities that work with it, but groundbreaking research," says Ed Rhodes, Executive Director of NFI's Crab Council. "These days there's a real understanding of the importance of the Council's focus and their customers are an informed part of that sustainability value chain. They ask about what's going on in the FIP's and to a great degree, these days, they understand the complexities." **UB**

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“...it is the first council to focus exclusively on sustainability.”

Photos provided by the NFI Crab Council

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# Assessing the impact of Brexit on UK beef import markets

It's been over three years since Britain's departure from the European Union. The long-term impact of Brexit on trade and the economy is still being assessed. However, it is clear that there has been significant changes in trade dynamics between the UK and its trading partners. One area that has been notably impacted is the volume of meat imports from the EU and non-EU countries. While delays, increased red tape and costs have been common complaints among EU businesses since Brexit, it is important to acknowledge that other factors such as COVID, the war in Ukraine and record inflation have all impacted trade flows as well.

The UK is a net importer of beef, with most beef imports coming from the EU, particularly from Ireland. In 2019, Irish beef accounted for 78% of UK beef imports. However, in 2022, the quantity of Irish

fresh and frozen beef imported to the UK decreased by 3.6% from the year prior, according to HM Revenue and Customs department. Despite the decrease in quantity, the value of Irish beef imports to the UK grew by 15% to €1.1 billion due to inflation.

In addition to the existing post-Brexit trade barriers, in June this year the UK government published a proposal to charge a flat-rate inspection fee of up to £43 on each consignment of food coming from the EU. The charge, which comes into effect in January 2024, will impact food imports from the EU entering the country via government-run facilities, such as the Dover border control posts which handle 90% of food imports. Some market participants are concerned the charge could add extra costs to the food industry and lead to supply chain disruption.

While the EU remains an important trading partner, since Brexit, the UK has increased its imports of meat and poultry from non-EU countries, including Brazil. Following a technical visit to Brazil in October last year, British authorities decided in July to lift the reinforced controls on Brazilian meat. The audit found that Brazil had resolved issues related to sanitary and phytosanitary regulation that had led to the adoption of enhanced control on Brazilian meat. According to Agencia Brasil, Brazil exported US\$ 282.2 million in poultry meat and about US\$ 134.5 million in beef to the British market last year. Since Brexit, Brazilian agricultural exports to the UK have increased by 67%, reaching US\$ 1.8 billion last year.

Since leaving the EU single market, the UK has been actively pursuing other trade deals with various countries, including



Australia. The UK and Australia have signed a free trade agreement that removes most tariffs on trade between the two countries, including tariffs on beef and sheep meat. The A-UKFTA aims to eliminate tariffs on beef imports from Australia over a period of 10 years. During the transition period, Australia has immediate access to a duty-free quota of 35,000 tons, which will rise over time. The tariff rate quotas allow Australian beef to enter the UK without paying for tariffs that would usually increase the cost of importing.

In July 2023, Britain formally signed a treaty to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This makes Britain the first European country to join the CPTPP trade bloc since its creation in 2018. The bloc originally had 11 members, including Japan, Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

Meanwhile in the domestic beef market, Urner Barry's boxed beef carcass cutout across PGI, UTM, and OTM have been consistently declining for three consecutive weeks leading up to August. Consumer demand is subdued in most parts of the UK. Persistently high inflation and interest rates are some of the factors that continue to impact consumer spending habits this summer. Overall supplies across the UK beef market complex continue to be rated as adequate to fully adequate. Ample material out of freezers remain a source of downwards pressure in the market. Standard VLs are some of the items that continue to see instances of deep discounting. At the end of July all standard VLs were trending below the 52-week average, with some 70% VLs trades noted as low as £2.20/kilo. [UB](#)

Article contributed by **Dineo Komane**  
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# CATTLE CYCLE:

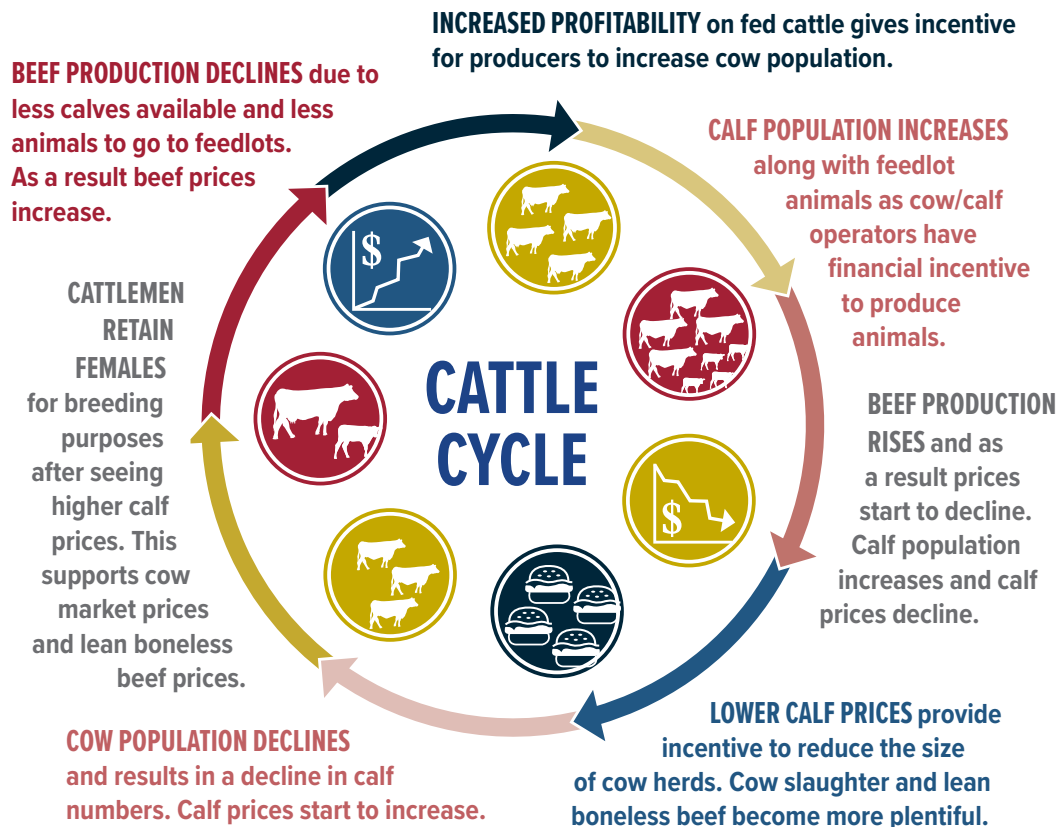
## *How does it work, what should I know?*

The cattle cycle is a series of peaks and troughs that average between eight to 12 years in length. These cycles are a function of a range of factors such as the economy, cattle prices, input costs and weather cycles. All these factors play a role in the industry's decision making from cow-calf producers to feeders, all the way up to the retail store. Each one of these factors also plays a role in margins at every level of production. While the cattle cycle is not a crystal ball of the future, we can gain valuable insights from where the cycle is and where it may be heading.

Cattle prices are one of the largest drivers for decision-making at the cow-calf, feeder, and meatpacker level of the supply chain. When cattle prices are depressed and cow-calf producers are inking red, this usually sends a signal to the market that the herd is approaching a peak. This will prompt cow-calf producers to start reducing their herd size and retain less heifers, in turn, lowering the available supply of market ready cattle in the future. The opposite can also be said. When cattle prices are high, this may incentivize producers to expand their herd.

Weather also has one of the larger impacts on decision-making as cycles progress. More recently we have begun to come out of an La Niña phase, which has created a significant drought situation in cattle raising regions. Pasture is one of the most important aspects of raising beef cattle, as this is "free food." Without grazable land, producers will be forced to place cattle in feed lots earlier. Which then lowers profitability for the cow-calf producer and potentially even for the feeder as the cattle may have to stay on feed longer to gain market ready weight, further eroding margins. All of this further drives cattle prices higher at each level.

The latest cycle ended in 2015 when drought conditions pushed producers to cull their herds for the previous 10 years. The current cycle appeared to have peaked at around 94.8 million head back



in 2019 and our inventory has trended lower since. The latest Semi-Annual Cattle Inventory report released by the USDA has all cattle and calves in the United States at 95.9 million head as of July 1, about 3% lower than the same time last year. CattleFax 6-State Fed Steer Price surpassed 2015's peak of \$169.50/cwt, making a new record of \$187.50/cwt live.

While we have begun to see improvements in pasture across the United States, we're not sure if there is enough incentive for expansion just yet. Market sources indicate we are working towards the bottom of the cycle, but it could still be a couple of years away. This will have major implications for cattle prices, beef prices and overall demand levels moving forward. If you are looking to see when the trend may be breaking, keep an eye on heifer slaughter levels in the future. [UB](#)

Article contributed by **Todd Unger**  
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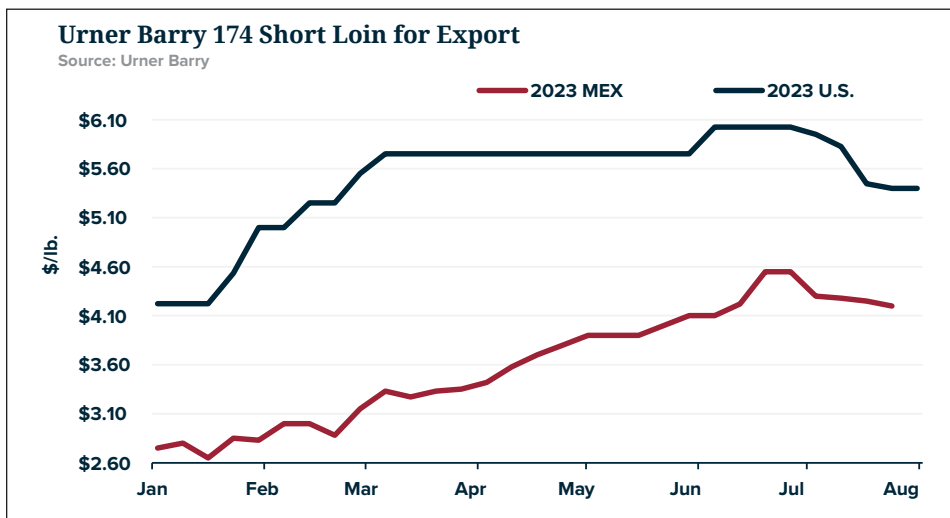
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# Exchange rate impacts Mexican export market

Fluctuations between the peso and the U.S. dollar throughout the year have caused a significant challenge for Mexican beef exports. The year initially seemed to be pushed by rising cattle production costs, increased demand, and reduced production in the U.S. However, 2023 has not developed as expected. While this year has seen a notable increase in prices paid for most Mexican export items, which has kept them at levels above 2022, the intermittent exchange rate and its continuous downward trend have resulted in both beef sellers earning less income and losing competitiveness against other countries exporting beef to the U.S.



## What is driving the peso's strengthening against the dollar?

Factors such as the interest rate differential between the Mexican central bank and the U.S. Federal Reserve, the rise in remittances, and increased foreign investment, particularly in nearshoring strategies, have been some of the elements that have boosted the Mexican peso to gain ground against the dollar, showing exchange rates not seen since 2015.

In December 2022, the Bank of Mexico published its exchange rate expectations, forecasting a minimum value of 19.58 and a maximum of 22.01 pesos per dollar for the month of July 2023. However, the current levels are significantly different from those predictions, with an average exchange rate of 16.85 pesos per dollar displaying in July. In other words, roughly 14% below the projected rate.

## How does this impact Mexican exports?

The answer is simple: Fewer pesos are obtained for each dollar sold, and this means less pesos in hands of sellers to keep their companies running.

As a result, some exporters have started exploring domestic Mexican market alternatives for certain products. For example: The knuckle has consistently showed high demand in the domestic Mexican market, with price levels slightly higher with those of boxed beef in the U.S. While the knuckle reached a price of \$3.14 per pound in the U.S. boxed beef market, it consistently sells in the domestic Mexican market at \$3.52 per pound, an 11% higher price. However, when comparing the 2023 price, considering the Bank of Mexico's projected exchange rate of 20.41 pesos per dollar,



the reference indicates that the price per pound is approximately 15% below the forecast made at the beginning of the year.

End cuts, in general, can be considered items that typically maintain higher export prices compared to U.S. boxed beef prices. However, this doesn't apply to other cuts, as they show lower quotes and wider spreads compared to U.S. market prices. To illustrate, let's consider the behavior of Mexican export short loin vs. U.S. domestic boxed beef short loin. In this comparison, the Mexican beef shows a higher difference being priced lower. However, if we calculate the current price in dollars per pound using the Bank of Mexico's projected exchange rate, the price is 86.74 pesos per pound, which, when compared to today's real exchange rate, results in 71.61 pesos per pound. That said, Mexican exporter earnings are reduced roughly 18% just by the exchange rate factor.

**“...2023 has not developed as expected.”**

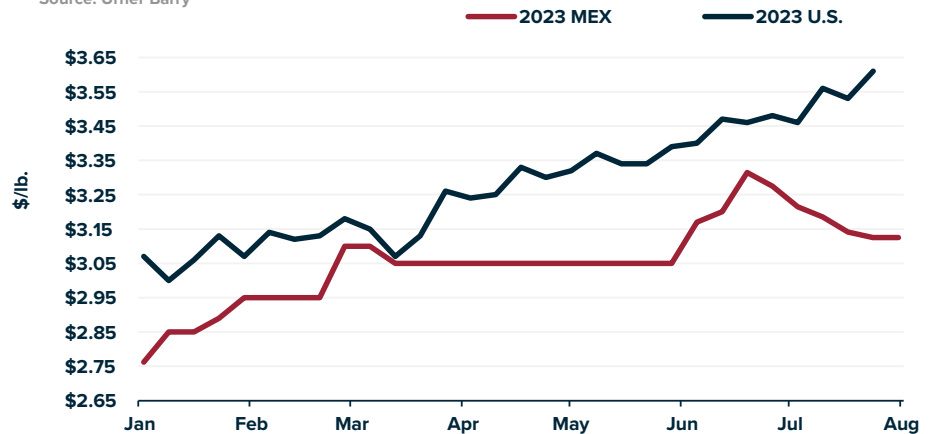
The challenge the market faces in the upcoming weeks is maintaining profitability in the cutout overall, as historical seasonality would suggest downward adjustments until the final months of the year. On the other hand, some contacts believe this situation might be temporary and expect a weakening of the peso in the coming months, as indicated by the Bank of Mexico in its June exchange rate forecast, estimating an average of 18.37 pesos per dollar for December 2023, equivalent to a depreciation of approximately 9%.

As this unfolds, it is crucial to closely monitor what will happen with the material that hasn't been exported in recent weeks, and how it may impact the Mexican domestic market prices. [UB](#)

Article contributed by **Jaime Almeida**  
jalmeida@urnerbarry.com

### Urner Barry 167A Rnd, Knuckle, Pld NR-(TL)

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# WHERE THERE'S SMOKE, THERE'S TURKEY!

Article contributed by The National Turkey Federation

If you haven't heard, turkey has been rising to stardom along the barbecue trail and the enthusiasm for our favorite fowl is only growing. Turkey Smoke, the National Turkey Federation's (NTF) barbecue competition series in partnership with the Kansas City Barbeque Society (KCBS), is proving to be an effective way to boost the popularity of this lean, delicious, nutrient-dense protein on the grill and smoker, and we are excited to share just how far this program has come.

With a barbecue competition slated almost every weekend throughout the summer, Turkey Smoke can be found at some of the top barbecue competitions in the world, including Memphis in May, the KCBS World Invitational and the American Royal World Series of Barbecue which is coming up on at the end of September. So far this year, more than 500 barbecue teams have accepted the Turkey Smoke challenge competing in 17 KCBS competitions nationwide. Turkey Smoke also made appearances at many other non-KCBS sanctioned events and barbecue festivals that featured demos led by some of the biggest names in the barbecue world.

An especially rewarding moment for the Turkey Smoke program was receiving a prominent feature on the Food Network's show, *BBQ USA* hosted by Chef Michael Symon, earlier this year. The first half of the show was dedicated to following contestants as they prepared their turkey entry at the 2022 American Royal. Turn-in items that have earned top honors include turkey egg rolls, turkey muffaletta sandwiches, turkey burnt ends and many more innovative, tasty entries. Week after week, barbecue teams continue to up the ante as they are constantly reimagining new and spectacular turkey entries to wow the judges with.



As Turkey Smoke continues to gain traction on the competition barbecue circuit, so does interest from consumers. Earlier this year, NTF debuted an industry-led, consumer-facing marketing campaign by launching a brand agnostic QR spot sticker for turkey products fit for the grill and smoker. With a simple scan, shoppers are directed to TurkeySmoke.org where they can peruse barbecue recipes, grilling tips and more. This initiative serves as an efficient method of connecting consumers with helpful resources on cooking delicious turkey in their own backyard. With tailgate season upon us, these spot stickers will be particularly useful to consumers looking to add turkey to their repertoire of grilled meats to serve at their next tailgate party.

Highlighting turkey's versatility in the tailgate setting and encouraging tailgaters to try turkey—particularly on the grill—as part of the tailgate spread remains another focus of NTF. This year, NTF once again partnered with Audacy, the official radio network of the Kansas City Chiefs and Royals, to promote Tailgate with Turkey through radio and social media ads geared toward directing consumers to [www.tailgatewithturkey.com](http://www.tailgatewithturkey.com) for a chance to win the ultimate tailgating prize pack.

Valued at more than \$1,700, the package includes Traeger Grill products, a Yeti cooler, Chiefs and Royals swag and more. If you're in the Kansas City area for a Chiefs or Royals game, tune in to 610 Sports Radio to hear our ads.

NTF is pleased to say Turkey Smoke and Tailgate with Turkey has created enthusiasm and interest from pitmasters, consumers and NTF members, and even bigger things are in store as turkey's place over the coals is further amplified. Whether you are a backyard barbecue warrior, a tailgate titan, a practical provider or simply a fabulous foodie, turkey can shine in any setting and on every plate all year long, but especially on the pit. Visit [TurkeySmoke.org](http://TurkeySmoke.org) to learn more about how you might prepare turkey barbecue or participate in a Turkey Smoke barbecue competition. [UB](#)





Photos and images provided by The National Turkey Federation



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# It's time to start truly valuing eggs



Article contributed by  
Emily Metz,  
President & CEO,  
American Egg Board



Unless you spent the first half of the year vacationing on the moon, you probably noticed the price of eggs was a popular topic. It's been a bumpy ride for egg producers, who on top of the monumental challenge of protecting their flocks from bird flu also had to contend with public outrage about prices over which they frankly had little to no control. But what we can control, and have not done a great job of controlling, is expectations; not about how much eggs should cost, but, specifically, deeply entrenched consumer expectations about how much eggs are worth.

First, the good news: we have not had a bird flu detection on a commercial egg farm since December. Our farms have recovered, flocks have been replenished and supply has been restored—a feat, I might add, that egg producers to their immense credit accomplished swiftly and masterfully. We're not letting our guard down, and biosecurity remains a top priority, but there's good reason for optimism.

As a result—inflation and supply chain challenges notwithstanding—prices have come down. In fact, according to USDA, the wholesale price for Midwest Large is currently \$1.12 per carton, down nearly 80% from its \$5.30 peak the week of December 30. At retail, according to our latest Nielsen data, for the four weeks ending June 17, the average price of a dozen eggs in equalized dozens (EQ) was \$2.43. That's down nearly 50% from a \$4.65 high in January, and, coincidentally, the exact average EQ price

we saw in March of 2022. This is good news for egg lovers, and it's good news for our retail customers, because shoppers are now buying more eggs—with EQ volume sales up for the second consecutive month per Nielsen.

Now, interestingly, our data also shows that more than half of the eggs sold in May and June were sold on promotion. This should come as a surprise to no one. There was the matter of excess Easter inventory in April to start with. Beyond that, eggs are a proven shopping trip driver, and they're correlated with significantly larger basket size. When conventional eggs are in the basket, total purchase amount nearly doubles.

That said, the past year's ordeal taught us many things, and one of those lessons is about expectations. According to Nielsen, volume EQ sales of eggs in 2022 remained essentially flat year-over-year. Consumers continued to buy eggs as always; they just weren't happy about the price. That it was happening in an inflationary environment where the price of everything else had increased, too, did not help matters. And it became abundantly clear that decades of positioning eggs as an economy staple had a part to play in the ensuing commotion.

Indeed, what was lost in the discussion and absent from all the media coverage was any recognition that eggs are *valuable*, and those of us who market eggs bear some responsibility for this. For its part, the American Egg Board has leaned into affordability messaging and economy positioning for years in our marketing campaigns and communications. This was a competitive advantage for the category, until recently, when it became a liability. The fact is that we have been inadvertently cheapening an extraordinary product.

The “incredible” slogan has stood the test of time because it's true. There is no more perfect protein than the egg. In fact, the complete protein of eggs is often the standard against which food scientists



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**“The ‘incredible’ slogan has stood the test of time because it’s true. There is no more perfect protein than the egg.”**

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assess the protein quality of other foods. And the nutrients in eggs have many additional benefits, like supporting brain and eye health. Eggs have nutrients that can help kids grow and perform well at school and they can help older folks remember what they had for lunch. There is also no more versatile protein than the egg. Sure, eggs make an unbeatable breakfast, but the egg can also rescue your family—and your vegetables, rice, whatever else is handy—from routine after a long, busy day. The egg is a functional workhorse, indispensable to baking and formulation. Wherever you have a birthday cake, a holiday celebration, a family tradition, you'll find more than a few eggs because without them, your party quite simply falls flat. Eggs are the magic behind all the memories.

We have a wholesome, all-natural, highly nutritious, high-quality, climate-friendly, perfect protein that enriches people's lives. Ergo, the American Egg Board's newest marketing campaign aims to shift consumer perceptions of eggs from a value product to something invaluable

for the countless benefits they provide and the meaningful difference they can make. A series of ads feature consumers in situations where eggs play an important role in impacting an outcome or the quality of the experience. Be it children in a classroom, someone admiring themselves in the mirror at the gym or a family gathered at Thanksgiving, our objective is to help people connect the dots between the egg and what really matters to them. The ads click through to discover how at [IncredibleEgg.org/invaluableegg](https://IncredibleEgg.org/invaluableegg), providing consumers with valuable information about how eggs can support their goals and aspirations.

Themes are being rotated across online digital platforms, social media and search engines through mid-August and will serve as a test for AEB's return to digital marketing. Additionally, plans are underway for an extension of the campaign in the second half of the year reflecting learnings from this phase of execution and featuring additional benefits tailored to the fall and winter seasons.

We recognize that changing deeply entrenched consumer perceptions isn't an overnight matter; it's a long game. We also recognize that we can't ever lose sight of our objective to always move volume. But it's important that for the future, we start to reposition eggs as a premium product, too. This is not a notion that's new to our producer leadership—in fact, nearly four years ago our Board approved a vision statement with the long-term goal of having eggs seen by consumers as indispensable. Because, let's be honest, they are. In the end, eggs are always worth it. UB



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# Feedinfo Summit in September 2023 focuses on how to be prepared for 2024

The unrest companies continue to see in the global agricultural sector caused by high raw material costs, persistent pressure due to global animal diseases, political developments, and even lingering aftereffects of the COVID-19 pandemic, are all challenges which will not disappear overnight.

2023 has proven so far to be another complex and challenging year for the agricultural sector, and by extension the animal nutrition industry, as customers are still under pressure. So, what's next?

What we know for sure is that firms will continue to work together on a stronger and more resilient food chain and continue investing billions in sustainable agriculture and food security in line with consumer demand. Sustainability is increasingly becoming an economical consideration rather than just an environmental one, investors are on the lookout for solutions that address consumer needs while offering benefits to producers.

The focuses at this year's Feedinfo Summit in Vienna—to name a few—will remain on sustainable feed alternatives (insect protein and fermentation-based protein), methane reduction solutions in ruminants, and alternatives to antibiotics, or digital technologies which continue to attract significant attention, for disease monitoring, livestock management, and resource use optimization.

Despite all these good intentions, livestock and poultry farmers never cease to operate on thin margins. Adoption of a particular solution or innovation—be that in feed, on-farm technology, AI, disease control or farm management—will need to lead to tangible savings in operating costs and/or increase farm yield. Looking at feed additive and commodity price trends, as well as

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**“2023 has proven so far to be another complex and challenging year for the agricultural sector, and by extension the animal nutrition industry...”**

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the whole discussion around risk management or what is now commonly known as “de-risking the supply chain,” has never been more topical.

Be it on the main stage, in breakout sessions, continental workshops, or during networking events, these issues are bound to be discussed and pushed forward proactively to an audience eager to hear and be involved with such new developments.

Industry leaders will also gather and demonstrate to the Vienna audience what the feed industry should do to adapt to the current situation and evolve over the coming years. Moreover, we must not forget to inspire new ideas to create the industry of the future, and building the right narrative with the right medium to ensure that industry efforts are seen and heard at a much wider and global scale.

At the Feedinfo Summit in Vienna, Austria, this September 20-22, participants will take a deep dive into what to expect in 2024 while providing business-steering talking points for the months ahead.

Visit [www.feedinfo.com/events](http://www.feedinfo.com/events) for more information. [UB](#)

Article contributed by **Simon Duke** | [simon.duke@feedinfo.com](mailto:simon.duke@feedinfo.com)



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# “Unprecedented” situation squeezes animal nutrition division at Evonik

Article contributed by FeedInfo, a sister publication of Urner Barry



**“As far as I can remember, this is, for sure, unprecedented”.**

Christian Kullmann, CEO of Evonik, was speaking of the earnings decline of his company’s animal nutrition business in an early August earnings call. As he recounts, in previous macroeconomic downturns, like the 2008 financial crisis, animal nutrition has proven quite resilient. However, the current squeeze is different.

“The animal feed market, which has been characterized by steady and very healthy volume growth for decades, is now expected to show only modest growth for two years in a row,” he observed.

“At the same time, methionine prices have been falling until recently, while prices for key raw materials such as propylene and ammonia have increased. As a result, our earnings in Animal Nutrition, which have only shown an average year-on-year swing of below €100 million over the last five years, are now 80% below the long-term average this year, which means close to breakeven in some months.”

Going forward, the company believes that things might be turning around for methionine, in terms of production cost and market conditions.

Resolving to reduce its cost base by €200 million in 2025, half of which will be realized in 2024, Kullmann stated that propylene and ammonia prices are coming down.

Meanwhile, CFO Maike Schuh asserted that “Q3 volumes are now starting to [head] up. We see increasing market demand in Asia. We see increasing order activity since the announcement of Evonik’s [planned] shutdowns in Singapore.”

And indeed, that shutdown—which the company estimates will take 10% of global methionine capacity offline—is not the only supply-side issue influencing the methionine market right now. “Adisseo in France is going out of the market, CJ in Malaysia with 60kt and also NHU seems to be again delayed. So prices should bottom out. And this is, of course, why EBITDA should still stay positive.”

Longer term, in light of the large capacities coming online in Asia in the coming years, the company sees its strategy as “defending [its] position as cost leader, which is translating into different measures we have in place.” This includes not only the €200 million cost reduction program, but also the bottlenecks taking place in Singapore and the establishment of methyl mercaptan capacity in the U.S.

In sum, the situation is described by the executives as challenging, but trending better. In the CEO’s words, “while the methionine market will remain challenging, there is a fair chance that our earnings in this business will recover from the current absolute trough level.” **UB**

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## JUST IN TIME FOR FOOTBALL SEASON

One can argue that chicken wings are good any time of the year. But there's something extra special about eating them on the couch while watching your favorite football team play. This season Pei Wei Asian Kitchen, the second largest Chinese fast-casual restaurant chain in the U.S., is entering the arena with their new Honey Sriracha Wings, a shareable appetizer made up of six juicy bone-in wings that are cooked to perfection before being wok-fired in a sweet and zesty honey sriracha sauce.

## WING IN THE FLAVOR



Photo credit: Pei Wei

"Anyone can cook wings, but what sets Pei Wei apart is our ability to caramelize the Honey Sriracha sauce over a 1,600 degree flame before tossing in the wings to finish," explained Pei Wei's executive chef, Alfredo Pinon.

Keep an eye out as the fast casual chain adds new flavor profiles and sizes later in the year.

## NO "KITCHEN NIGHTMARE" HERE

It takes a lot to impress Chef Gordon Ramsay. So it says a lot that he would join Borealis Foods, the company behind Chef Woo and Ramen Express meals, as not only a shareholder, but also an advisor and brand ambassador. Borealis Foods is a food tech company with a mission to address global food security challenges by developing highly nutritious and functional food products that are not only tasty, but affordable and sustainable.

"With the current cost-of-living crisis on everyone's minds and rising food prices being a world-wide problem, now more than ever, households across America face the very real issue of food insecurity," said Ramsay. "In conversation with [Borealis founder and CEO Reza Soltanzadeh], I discovered we share a similar vision on how important it is to make nutritious and delicious options that are readily available, and more importantly, affordable. I've already got some big ideas, and I'm really looking forward to collaborating with the Borealis Foods team on their Chef Woo products in the coming months."



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## FORGET ABOUT THE RIDES

Foodies (who are also Disney obsessed) won't want to miss this year's EPCOT International Food & Wine Festival. The event, which allows visitors to "embark on a culinary exploration across six continents," kicked off in late July. But new additions to the global marketplaces found across the park will keep things fresh heading into the fall.

New this year are Char & Chop, Wine & Wedge, Bubbles & Brine, and Swirled Showcase. Char & Chop has a little something for everyone. Meat lovers can indulge in a Meat Assorti featuring a trio of shaved meats with baby arugula, pickled mustard seeds, truffle oil and grilled ciabatta. Vegetarians can feast on the grilled IMPOSSIBLE spicy sausage, served with herbed polenta, puttanesca sauce and ricotta. A wide assortment of cheeses await you at Wine & Wedge. Bubbles & Brine has a menu straight out of seafood heaven, with items like jump shrimp cocktail with prosecco cocktail sauce, and Jonah crab claw cocktail with stone-ground mustard sauce. And don't forget to save room for dessert at Swirled Showcase, which is serving up a Mickey-shaped Liquid Nitro Cake.

Book your ticket now because the EPCOT International Food & Wine Festival runs through November 18, 2023. [UB](#)



Photo credits: EPCOT International Food & Wine Festival



# SNOW CRAB KING CRAB SHRIMP



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