



Beef- For the first full week of 2021, cattle slaughter was 1.2% over a year ago, and heavier carcasses supported beef production to be 2.9% more than 2019. The boxed beef cutouts continued lower last week, but spot sales of Choice beef cuts were the second largest for any week since mid-June. Beef prices may have modest downside potential in the near term, with the rib cuts leading those losses and forward sales prices remaining well under prevailing spot market pricing. The 50's fat trim market, on the other hand looks to be picking up some interest in the new year, and lighter carcass weights may lend further price support.

The Kitchen Sink (Various Markets)- Last week nearby cocoa futures were lower and were down 5.2% (y/y). Good weather growing conditions in West Africa has boosted cocoa bean output there. This factor and soft European chocolate demand could pressure cocoa prices even lower from here but there is support at \$2,210.

Grains- Corn prices last week eclipsed \$5 per bushel for the first time in nearly six years. Both corn and soybean supplies are extremely tight as the South American harvests get off to a slow start. Corn and soybean prices could be especially volatile throughout the winter and should remain somewhat inflated thereafter.

Dairy- CME cheese block and barrel prices rallied upward last week and were the highest in at least eight weeks. Additional U.S. government food box purchasing commitments were declared last week which can still firm the cheese markets in the near term but not likely to levels seen this past summer. CME spot butter prices were lower last week and are the lowest for the month of January since 2015. Large butter inventories and lackluster food service demand should temper any notable seasonal butter price gains that sometimes occur in January. Spot nonfat dry milk prices are the highest in a year. Whey prices are strong. Class I Cream (hundredweight), from USDA.

Pork- Pork production last week was estimated at a record 621.4 million lbs., 6.1% larger than a year ago. While output is expected to be larger than year ago levels through early 2021, indications are for fading market hog availabilities into late winter. This remains troubling given a continuation of robust pork exports which may further temper U.S. pork supplies. Pork prices started the year with a leap higher led by the ham and belly primals. Bellies added \$0.24, closing last week in the \$1.20s, and additional upside potential may be experienced into late month.

Poultry- Chicken slaughter for the week ending January 2nd was estimated at 133.8 million head up modestly from the prior Christmas week but was well under the average of the prior six weeks. Broiler output for the first full week of 2021 was about steady with last year, and few indications are emerging that integrators are planning on boosting production anytime soon. Modest price increases across the wholesale chicken markets have been more than offset by sharply higher feed (grain) costs that, at the moment, do not look to be retreating until more is known about the South American crops. Chicken wing prices remain inflated and are approaching the seasonal run higher ahead of the Super Bowl and March Madness. But, further wing price rises should be modest.

Seafood- The shrimp markets found support at times this fall in part to minimal import growth. During November, U.S. shrimp imports were actually down slightly from the previous year. Foodservice demand for all seafood has suffered further as of late, however, with various states instituting dining restrictions. This should temper any upside in the shrimp markets for the near term.