

# URNER BARRY'S Reporter

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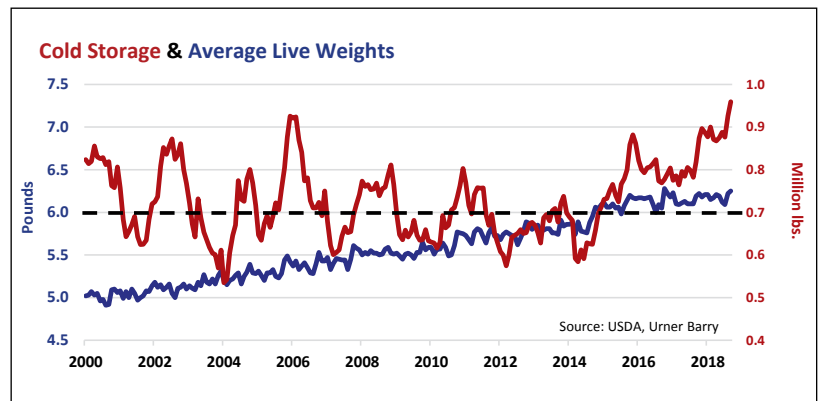
the newsmagazine for the food industry professional



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## Record-low chicken values and how they came to be

It's safe to say that no one, no matter how long you've been in the protein industry, has seen a chicken market quite like that of 2018. For all the wrong reasons, this will certainly be a difficult market to forget. Of all the chicken and chicken parts traded, boneless breasts have arguably been the most tested. Currently situated at an all-time low, those who may not be involved in day-to-day spot market trading have been left wondering what is at the root of these record-poor market conditions, and how is it that the marketplace got to this point? The answer to this question cannot be attributed to any one factor, but rather a multitude of contributing scenarios.



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## Shrimp prices approaching their lowest level in three years

In late November the UB farmed shrimp index approached its lowest level in the past three years, reached both in 2015 and again in June and July of 2018.

There is a lot of farmed shrimp being produced. At the Global Aquaculture Alliance's GOAL Conference, predictions were for global farmed shrimp production to increase at a 6 percent to 7 percent rate per year. However, prices have been moving downward for several years; and this is going to challenge the enthusiasm of farmers to keep increasing their volumes.

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Record-low chicken values  
and how they came to be



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Shrimp prices  
approaching their lowest  
levels in three years

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# More eggs are being produced—but also absorbed

Since 2011, the U.S. table egg flock has been expanding. Except for the 2015 avian influenza crisis, the flock size has grown by 3 percent on average year over year during that period. The old rule of thumb was that the market could absorb roughly 3 million layers a year to make up for population growth alone, which means given the supply-side growth, there are other factors at play.

One of the biggest changes we've seen in the marketplace over the last couple of decades has been in dietary guidelines. Eggs were once a cholesterol concern but are now looked at as a super food. Many dietitians see no harm in eating eggs on a regular basis, suggesting "an egg a day is okay." Other studies

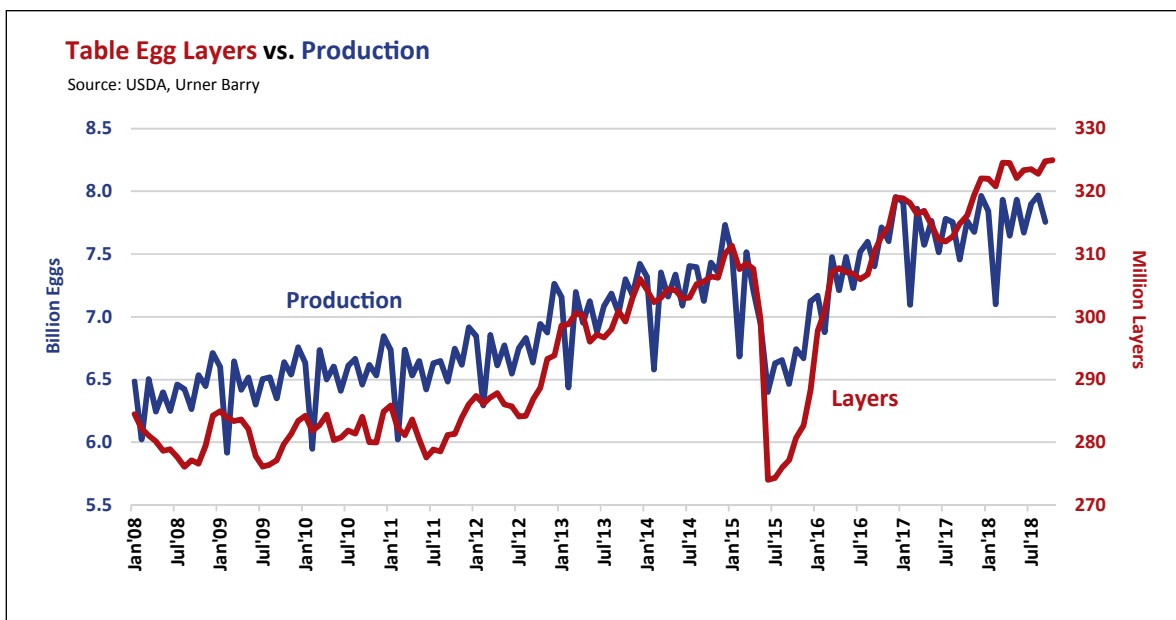
point out that eating up to three eggs or more is perfectly safe — a vast departure from the cholesterol stereotype which surrounded eggs years ago. Per capita consumption has climbed more than 10 percent during the last seven years,

according to the American Egg Board, calculated at a record 276.4 eggs per capita for 2017.

Foodservice organizations and institutions have found new ways to use eggs. Quick service restaurants have added eggs to all-day menus. Egg items

of these initiatives started small, but these products quickly gained traction, and several were scooped up by Fortune 500 companies in the food industry which expanded their reach.

Retailers also rediscovered the effectiveness of using eggs as a loss



are featured more often, especially when competitive protein prices increase. The strong economy has created more disposable income for American families and this has shown up in foodservice sales. Schools are serving eggs not only for breakfast but also for snacks later in the day.

Though manufacturing took a hit during the AI-shortage, usage of eggs as an ingredient seems to have fully recovered. Of course, some users may have formulated out for good, but the low prices which followed the peak AI market led to new product development and innovation. One of the biggest movements has been in meal replacement bars, where eggs are a highlighted ingredient and main source of protein for several major brands. Many

leader during the post-AI period. Major chains took advantage of decade low markets to run ads at incredible discounts. They practically gave eggs away to get consumers into their stores, an investment in foot traffic at a time when shoppers were being threatened by the online giants.

International factors have also helped absorb the increased supply. Since 2012, we have seen the EU cage ban, AI in Mexico, record shipments to Canada, AI in South Korea and, just last year, Europe's fipronil crisis. These unexpected events created opportunity for the U.S. in the affected countries but also gave U.S. products an opportunity to penetrate areas typically serviced by the impacted nation. That was certainly the case during Europe's fipronil crisis

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last year, when we saw exports recover nearly 40 percent from 2016 lows. These opportunities are almost impossible to predict but have certainly been frequent and impactful enough to monitor with respect to overall demand.

The U.S. consumer is looking for quick, healthy, affordable meals for their families. Retailers, manufacturers, foodservice chains, and institutional businesses are finding that eggs fit the bill in a variety of ways. The egg market has also become globalized, creating opportunities for U.S. eggs around the globe. These conditions have helped to support overall supply growth, even at a time when competing proteins are struggling with oversupply.

As producers adjust their flocks to meet cage-free demands over the next six to seven years, it will be interesting to see how a balance is maintained. One of the things that we have seen with this push toward cage-free is that even though the

number of birds move higher, production has not totally kept pace. Some suggest that more birds are being added to cage-free houses, where the rate of lay can be anywhere from 2-5 percent lower than conventional systems. Therefore, not only are more eggs being absorbed from the demand side, but producers may need more birds, at least initially, to produce the same number of eggs or more.

Given the aforementioned trends, eggs are positioned well from a demand standpoint regardless. Wild price swings could impact usage if we were to see some sort of unexpected event, but it appears recent production growth is being absorbed into the marketplace. As producers shift more of their flocks into cage-free housing over time, it will be interesting to see how outputs are impacted and what that means to the marketplace and its participants. **UB**

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**“Per capita consumption has climbed more than 10 percent during the last seven years...”**

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# South Korea's insatiable demand for U.S. pork

South Korea and its population of over 51 million people has become a major player in the pork export game over the course of many years, ascending to the fourth largest recipient of U.S. pork in 2017. In 2018, from January to August, pork exports to South Korea were up 41 percent year over year.

One explanation for South Korea's growing interest in U.S. pork is the recurrence of Foot-and-Mouth Disease (FMD). According to the World Organization for Animal Health (OIE), an outbreak was reported in March of this year, the first since early 2017—a year

in which there were nine outbreaks. In 2016, there were 21 outbreaks. While this disease can and has had a direct impact on hog supplies, it can also have a negative impact on consumer sentiment. As we have seen with outbreaks across various protein groups within the U.S.—and in the era of social media which fosters the potential for false or misinformed news to spread lightning fast—a livestock disease, even if it is very rare or impossible for humans to contract, can turn the public's opinion on that food very quickly. In the case of South Korea and FMD, this has resulted in FMD-free U.S. pork being favored.

Another element of South Korea's recent spike in inflows is the turbulent trade relations that the U.S. currently has with China. In response to the "trade war" and resulting tariffs, U.S. packers that were sending pork to China diverted some of that business to other countries, including South Korea. In an August briefing, Smithfield's Chief Executive Kenneth Sullivan stated that pork exports to South Korea were up as much as 50 percent in the first six months of the year.

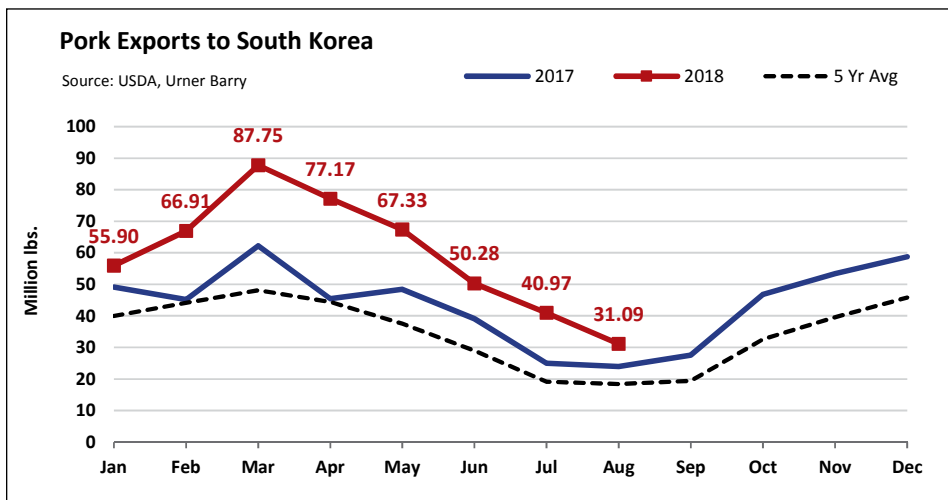
Organizations in the U.S. have also been making investments to better promote U.S. pork within the Korean market. One

**"At this point, South Korean demand has shown no signs of slowing..."**





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such example comes from the Illinois Pork Producers Association (IPPA). In September, the IPPA committed \$30,000 to the USMEF in return for increased exposure to the Korean market. A growing market such as South Korea, which also has strong demand for variety meats that are not as popular in the States, is an ideal outlet for pork participants that may be struggling in the current environment.

Finally, we have trade relations with Korea itself. On September 24th, President Trump signed the revised Korea-U.S. Free Trade Agreement (KORUS). In a year where we saw trade relations become complicated between Mexico, Canada, and China, any positive trade news was welcome. This was Trump's first major trade deal, and under it, most domestic pork products can enter South Korea duty-free. It also reduced the duty rate for U.S. beef.

At this point, South Korean demand has shown no signs of slowing. This couldn't be happening at a better time, with the U.S. pork industry currently in an expansionary phase and producing more pork products than ever before. We will continue to need South Korea as well as other nations to absorb our growing supplies in order to maintain a degree of price support for a number of key pork items. In this tumultuous period of global trade spats, it is reassuring to know that at least this deal is sealed. **UB**

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# USMCA: A look at a few key points from the proposed trade agreement

After more than a year of talks which began just after President Trump took office, the United States, Mexico and Canada eventually reached a consensus just hours before the deadline to end the North American Free Trade Agreement (NAFTA) in favor of the United States-Mexico-Canada Agreement (USMCA). So, what are the biggest changes?

Well, those who are familiar with NAFTA will recognize some similarities with the 25-year-old agreement. Despite the president touting the new agreement as a “brand new deal,” many of NAFTA’s existing policies have been slightly, yet substantially altered. Among the many tweaks to the agreement are changes and additions being placed on manufacturing and production, labor provisions, and intellectual property right protection measures. While we wait for all three countries to formalize the agreement, here are some of the major changes and additions to the trilateral trade agreement.

## Country of Origin Policy

In order to qualify for zero tariffs, automobiles must now have 75 percent of their workings fabricated in either the U.S., Mexico or Canada. This is a 12.5 percent increase over NAFTA’s existing requirements.

## Labor

Perhaps one of the most notable changes to the original agreement pertains to the workforce in all three countries. Of cars crossing the borders, 40 to 45 percent of their parts must now be made by workers earning at least \$16.00 an hour by the year 2023. This stipulation takes aim specifically at Mexico and is intended to boost wages to the same level as U.S. and Canadian standards. While this is hugely beneficial to the Mexican work force, the U.S. hopes that there will be less impetus for domestic companies to move their facilities south of the border, thus keeping manufacturing jobs in the States.

Additionally, Mexico has also agreed to enforce laws which give workers the right to union representation, provide labor protections to migrant employees, and protect women from labor discrimination. Unlike NAFTA, all three countries now reserve the right to sanction one another for labor violations which impact the trade environment.



## Canadian Dairy Market

USMCA will allow the U.S. to gain access to the Canadian dairy market. Historically, Canada closely regulated how much dairy can be produced in the country as well as how much foreign product can enter in order to protect farmers. The new agreement will increase the market share of U.S. dairy farmers and will most likely allow them to send more product across the border.

## Intellectual Property

The new agreement extends the terms of copyright protection from 50 to 70 years beyond the life of the copyright holder. It also brings with it increased protection for biologics companies, extending the protection of newly-manufactured drugs from generic competition to 10 years, up from eight.

Because NAFTA was negotiated 25 years ago, it failed to address internet dealings. The USMCA aims to add provisions which specifically address the digital economy including no duties on products purchased electronically such as music, and protections on internet providers so that they are not liable for the data and content that their users produce.

The new free trade agreement is still pending. In addition, following the U.S. midterms which resulted in Democrats gaining control of the house, there is some concern over whether or not the agreement will get passed at all. In this often-volatile political landscape that we now know, anything is possible. **UB**

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**“Many of NAFTA’s existing policies have been slightly, yet substantially altered.”**

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# Retail packaging strategies meeting consumer needs

In today's world, the everyday person is busier than ever before. More so, it seems that we've become quite used to new technologies and efficiencies, as well as the rapid pace of everyday life. This, of course, translates to our diet and cooking habits. It appears that people are not as interested in cooking or preparation, and our consumption patterns are a true reflection of this psychological development.

While this might not come as a surprise, what may be less expected is the fact that this trend is not necessarily a new one. This need for quick and easy options has been slowly evolving since the early 20th century. Consumers used to buy their chickens live, using these birds for their egg production until finally harvesting them for meat.

will have in the selling of their product. As such, food companies have replaced traditional products with ones that are further processed. Today we enjoy great things such as product already cooked, breaded, marinated, or even infused with various herbs and spices. Aside from the actual meat, the physical packaging itself has also been suspect to efficiency-providing consumer trends. In the fresh poultry market, increased use of individual portion packaging has boosted demand for vacuum packed items, as well as layer packed presentations. These vacuum sealed packs have pioneered a new era in food safety, while at the same time meeting the consumer's needs. Some companies have even begun to sell product that is ready-to-eat, with packaging that is tailored to the "on the go" movement.

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**“The power of consumer demand has shifted the direction of companies in their packaging strategies. The more companies tailor their packaging to meet these new consumer preferences, the more success they will have in the selling of their product.”**

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Then, someone somewhere had the idea of selling whole birds ready-to-cook, already slaughtered, defeathered, and dressed. Fast-forward even further and consumers began buying their chicken cut-up into various parts. While most consumers today identify with this stage in the evolution of time-saving preferences, as we progress beyond the further processed and prepared boundaries, it is unclear what new direction these packaging strategy trends will go. That said, this uncertainty isn't necessarily all encompassing. One detail that is for certain is that the strategies will most likely follow consumer demand and food safety.

**The more companies tailor their packaging to meet these new consumer preferences, the more success they**

will have in the selling of their product. Apart from increasing the convenience, efficiency and food safety enhancing qualities of the package itself, that platform has become an opportunity to create brand identity. Brands that adopt clear and succinct package messaging will be rewarded as consumers prefer brands that embrace minimalism.

In the end, businesses that provide their consumers with convenience are growing to be the most successful. While no one is certain where this trend may end, the fact remains that efficiency-driven consumer preferences will continue to drive business innovation and adaptation for years to come. **UB**

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# Let's talk

# TARIFFS

Trade tensions between the U.S. and China unfolding in the form of escalating tariffs have certainly sparked controversy among both buyers and sellers of international goods. Although their current political necessity is highly-debated, tariffs are by no means a new occurrence, yet they are still widely misunderstood.

## What are tariffs and who pays them?

In their simplest form, trade tariffs—also called “duties” or “levies”—are essentially a tax which adds cost to imported goods. Despite common misconception, the importing country itself does not directly pay tariffs on its imported product. Rather, this additional cost burden is almost always placed on the importer of the foreign goods, which in some cases is passed down to the end user or consumer through higher prices. If the U.S., for example, places a tariff on a Chinese product, the tax is collected from the domestic importer or broker representing the importing company by U.S. Customs and Border Protection agents at one of the 360 ports nationwide. Proceeds from the collection are passed on to the Department of Commerce which, in turn, becomes part of the general budget.

## What is the purpose of trade tariffs?

Unfortunately, there is no short answer behind a country's decision to enact a trade tariff. Two of the most noteworthy

and historical motivations behind import duties can be traced back to the first major act passed in the U.S. under its present constitution: The Tariff Act of 1789.

*“Whereas it is necessary for that support of government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares and merchandise...”*

At the time, the Federal Legislature, acting under the new constitution, authorized the collection of duties to meet the operating costs of the new government and to address the Revolutionary War debts carried over from the Continental Congress. Prior to the establishment of federal income tax in 1913, tariffs were a central revenue generator for the U.S. In fact, some economists estimate that as much as 90 percent of federal revenue was produced from trade levies at that time. As a comparison, trade tariffs today make up only about 1 percent of the total U.S. budget and worldwide they account for

just 3.5 percent, according to the World Bank Group.

The second part of the act addressed the necessity to protect American manufacturers from increased competition brought on by imported goods. As one might expect, opinions were divided as to the necessity of the act. On one hand, northern manufacturers were in favor of this new tariff since it would protect their industries from over-seas competition. Southern planters, on the other hand, favored the lowest tariffs hoping that it would help to promote less costly consumer products and improve their standard of living.

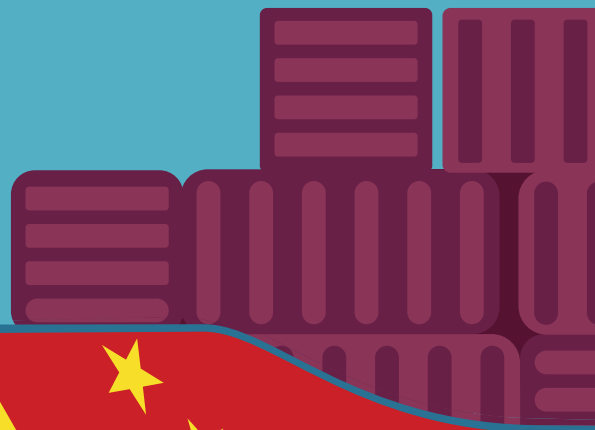
## What is a trade war?

Trade tariffs can also be used as a tool to increase the price of imports, thus punishing foreign countries for committing what a domestic governing body considers to be an unfair trade practice. One such example of an unfair practice is the concept of “dumping,” whereas an exporter will move product

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“Presently, the effectiveness of new tariffs is up for debate.”

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to another country at a price point well below its accepted going rate, thus injuring the importing market's pricing structure. Other times, an innocuous attempt by a nation to protect domestic industry and create jobs results in a scuffle between trade partners. This, in turn, can create a series of back-and-forth escalating retaliatory trade restrictions being placed on the opposing country.

Presently, the effectiveness of new tariffs is up for debate. As we move forward, the Trump administration's attempt to curtail what they term "unfair trade deals that sacrificed our propriety and shipped away our companies, jobs and our nation's wealth," will certainly put our Chinese trade relations to the test. While the increased revenue will hardly make an impact on our nation's overall budget, it is the decision-making process of importers and exporters of goods moving between these two nations which will be most telling of what the future has in store. **UB**

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# UB will initiate additional coverage on EU barn and free-range eggs and egg products



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About 20 years ago, Urner Barry was petitioned by the egg industry in Europe to develop an unbiased and accurate quotation series that would track the price movement of industry eggs and egg products. Players in the market wanted a third party involved to ensure there was no favoritism toward one particular nation or another and that the quotes would truly track the ebbs and flows in a concise benchmark. Through the years, Urner Barry has developed contacts across EU countries, speaking with them on a weekly basis to establish our trusted benchmarks.

Our EU egg market quotations are referenced across Europe, but have also become a part of the U.S. egg industry's analysis as the market has become more and more globalized. Prices between the U.S. and EU are not only impactful when assessing potential trade flows between the two partners but are also a gauge of which one has the upper hand in competing areas all over the world.

For roughly the first 12 years of our market coverage, Urner Barry quoted industry eggs and products from conventional housing systems. In 2012, the EU implemented a ban on those systems, causing shifts in the standard production methods. Shortly thereafter, Urner Barry began to quote additional industry egg categories, which included enriched colony, cage-free or barn, and free-range production styles. Our customers found this additional insight useful but are now also looking for liquid and dried quotations in these categories.

This past spring, Urner Barry hired the first egg market reporter stationed in Europe to help expand its existing quotation series and overall reach. Ben Leveau brings more than 12 years of experience in market analytics to his new role, working to develop supply, cost and demand fundamental models in the metals industry. Leveau received

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**“Our customers found this additional insight useful but are now also looking for liquid and dried quotations...”**

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his bachelor's degree in Business Administration from McGill University in Montreal, Quebec. He went on to earn his master's in Research (DEA) and Industrial Strategy from the Université Paris I – Panthéon-Sorbonne in Paris. He is fluent in French, English and Spanish.

“Ben's experience with market reporting and analysis will allow stakeholders in the EU market to benefit from more timely, accurate and unbiased information. Ben is a great addition to our team and with his help we look forward to improving market transparency in the region,” said Urner Barry CEO, Joe Muldowney.

With Leveau on board, Urner Barry is planning to release several new quotation series, covering barn and free-range egg products to start the New Year. We also will be featuring additional statistical data and news to help customers dive deeper into the EU market than ever before. Layer numbers, trade flows, national consumer egg prices, and inventory are all currently being added as well.

Leveau will be primarily based in Toulouse, France. In addition to expanding Urner Barry's basis of coverage, he will also work to increase the frequency of publication. Currently, UB releases a weekly canvass of the EU market, whereas here in the U.S., quotations are updated daily. Having a reporter stationed in Europe and focused prominently on that market will provide additional transparency and opportunity to meet with customers face-to-face on a more regular basis.

Urner Barry is excited to expand its EU market coverage in 2019. Creating new quotations, statistics, news, and additional market data will add value for subscribers and help them to make smarter business decisions and uncover opportunities around the globe. **UB**

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# Unique developments in the jerky industry

The original jerky was created for and catered to those who embarked on long journeys with little access to food along the way. Jerky is light, has a long shelf life and high nutritional value, and as a bonus, is tasty—or at least today's jerky is. (No one can speak to the taste of, say, ancient Mesopotamian snake jerky). Jerky has evolved in its preparation, target audience, and popularity. The rise of meatless alternatives in the food industry and growing focus on health and nutrition from consumers has led to unique developments from the jerky industry as well.



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Jerky and its potential exploded after making the leap from a simple snack food into a craft, niche food very successfully marketed towards health-conscious individuals who are often on the go.

While game enthusiasts partake in specialty jerkies like ostrich, kangaroo, snake, alpaca, fish, and more, the majority of offerings in retail outlets extends as far as beef, turkey, chicken, and pork. Artisanal flavors like basil citrus, sweet chipotle, and craft beer infused jerky share the shelves with familiar pepper jerky, sausages, and meat sticks. Bold flavors in the realm of jerky aren't limited to seasoned meat, though. The simultaneous rise in popularity of craft jerky and meatless "meat" led the two to intersect in a strange union that birthed pineapple mint, watermelon, mushroom, eggplant, soy, and coconut jerky.

The price-point of jerky is higher than most snacks; five pounds of meat renders one pound of jerky. Its popularity in a competitive snack market, though, speaks

volumes. The target audience is clearly willing to pay for quality food that fuels busy lifestyles.

Processed meats gained a mixed reputation over the years because of often-added nitrates. Nitrates inhibit bacterial growth and retain the pink color of meat during the processing period through shelf life. Nitrates are beneficial and present in nature, both in our bodies and in vegetables like beets and spinach. The problem with nitrates arises when they are exposed to very high heat in the presence of amino acids, as in the case of a chargrilled, blackened ballpark frank, per se. Intense heat and presence of amino acids in protein causes nitrates to turn into nitrosamine, a potent carcinogen. Jerky is smoked and cured over a longer time at lower heat. Next time you're craving crispy bacon on the go, try picking up some bacon jerky instead! **UB**

Article contributed by Bridgette Hanson  
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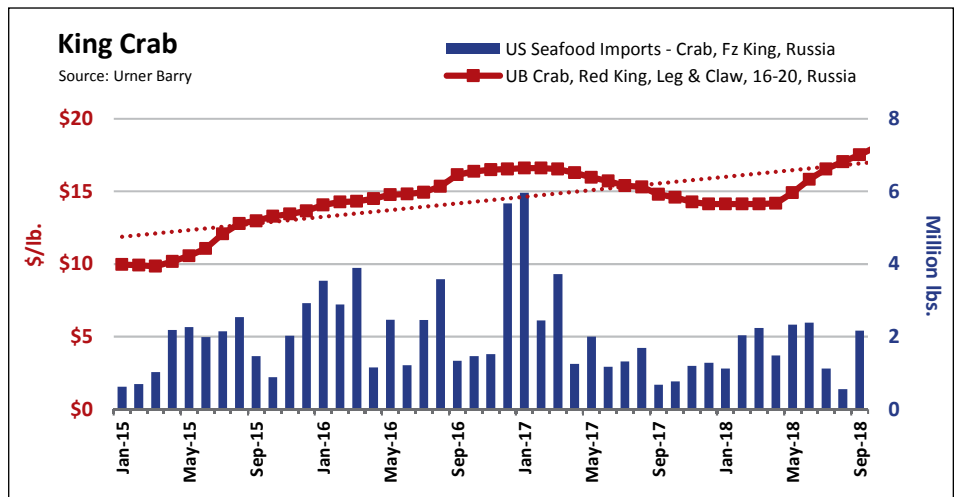
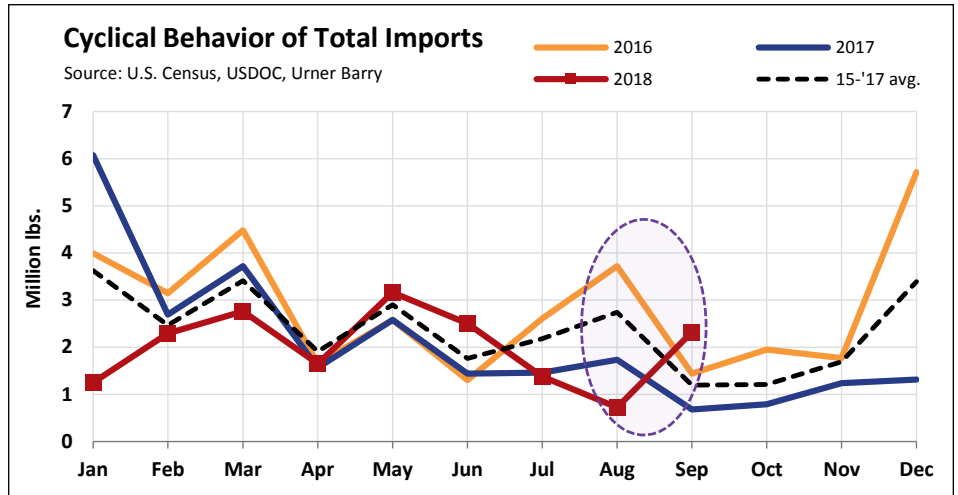


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# Russian king crab at record high prices

Supplies in the red king crab market remain extremely thin. King crab has always been a highly valued item but record low imports from Russia are now coupled with all-time highs. Year-to-date Russian king crab imports continue into September much lower than last year; down 17.8 percent. That's a difference of 3.9 million less pounds in the system than was there last year.

September, however, did see a sharp rise in the month-to-month imports out of Russia. Imports were up 221.1 percent when compared to August, and September 2018 was also 241.7 percent higher than September 2017. When looking at the cyclical behavior of



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imports, both August and September were outside of the norm. The past two years have seen an increase in imports during August, followed by a decrease in September. The opposite happened in 2018. In August, imports were at the lowest level the U.S. market had seen all year. Imports then bounced back in September. August imports were under 1 million pounds, 723,161 pounds total with only 551,752 pounds from Russia.

Pricing, as mentioned previously, is at a record high for almost all sizes

of both Russian red and golden king crab. If we look specifically to 16-20s, for example, both red and golden king crab have been adjusting higher since about the beginning of April this year. 16-20 Russian red king crab was trading at \$14.00 the week of April 2nd and the market as of this writing is now trading at \$18.30, a \$4.30 or 30.7 percent increase.

Buyers will not see reprieve from Alaska when it comes to red king crab. Domestic landings are anticipated to start trickling

in during the mid-November time frame. However, the quota has dropped again this year out of Bristol Bay, marking the second straight year of a quota reduction for red king crab out of Alaska. The quota is down 35 percent to 4.3 million pounds. As of this writing, almost all of the allocation has been caught. For golden king crab out of Alaska, the fishery has an increased quota this year to 6.3 million pounds, up about 1 million pounds from last year. The West Aleutian Islands golden king crab fishery is about 66 percent caught as of this writing.

If we look at retail features of king crab, we'll see a similar trend. Most areas are seeing an uptick in pricing versus 2017. If we look at the total last year versus this

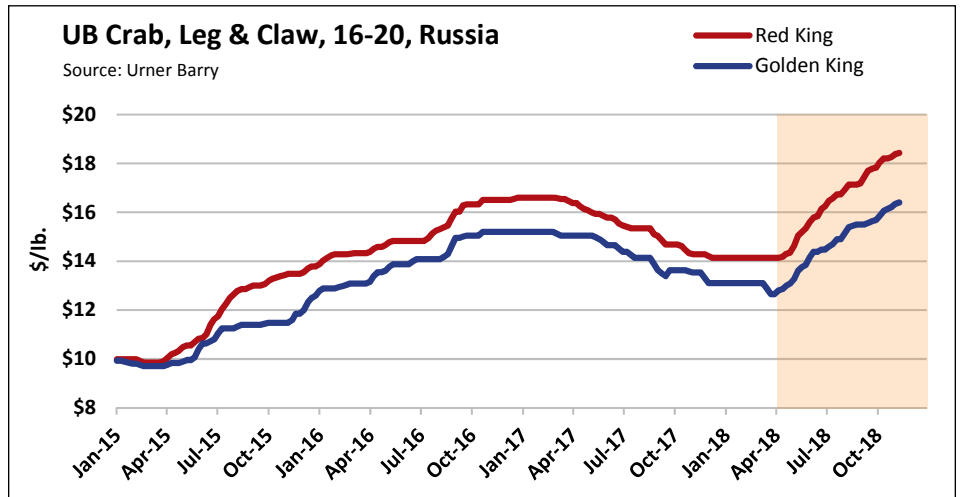
**“Year-to-date Russian king crab imports continue into September much lower than last year; down 17.8 percent.”**

year from August 1st until the present, we see the average for both clusters and legs has increased about \$2.00 from 2017 to 2018.

Replacement product will be tough to come by. Demand overseas for live crab in the Asian markets continues to exhibit a seemingly endless appetite. Many market participants report they are being out bid for Russian product whether it is red or golden king crab. All posted quotations are full steady to firm currently in the Russian red and golden king crab index, with higher offers noted.

With the market continuing to see upward pricing pressure, if you can land it, king crab looks to remain a high priced item. **UB**

Article contributed by Janice Schreiber  
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# BEEF EXPORTS REMAIN ON TORRID PACE

Recent data has shown U.S. beef and beef variety meat exports reaching 119,850 metric tons in August, almost 7 percent above the same month last year, bringing the total volume through August to more than 9 percent above the same period in 2017. Beef exports in August also set a new value record, breaking \$750 million for the first time at \$751.7 million, topping the previous high of \$722.1 million in May of this year.

For the months January through August, exports were 899,300 metric tons. The value of product sent out of the country

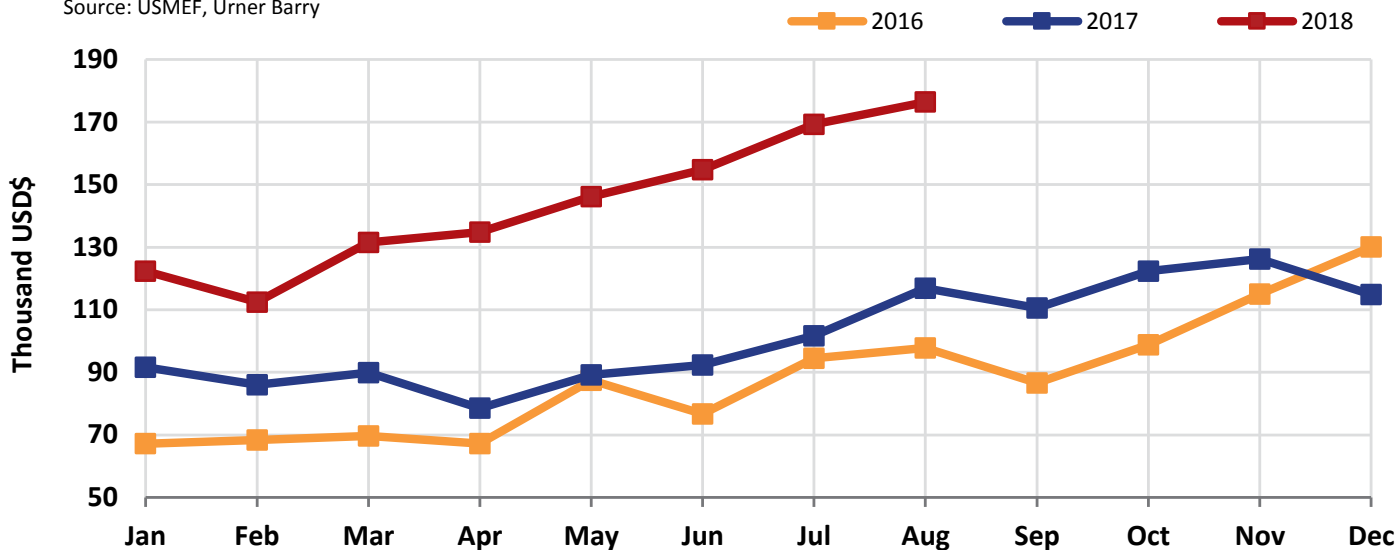
outpaced the gain in volume. The total dollar value of \$5.508 billion was 18.45 percent higher than last year. The growth in export markets has helped the domestic market clear inventory, as exports for the year account for 13.5 percent of total beef production, up slightly from last year.

While the U.S. faces trade issues with some of the markets it wants to penetrate, to say that there have been some major wins is an understatement. Exports to Korea have surged in 2018. Yearly figures show the Republic of Korea

bringing in 39 percent more volume, which has translated into \$1.147 billion, a 54 percent increase to this region. This is butting against the full year record of \$1.22 billion in 2017. As duties continue to decline under the U.S. – Korea Free Trade Agreement, there appears to be more of an appetite to ship product to this region. This is our new number two market for both volume and value through August. Japan remains the top player for U.S. beef exports with high single-digit growth in volume, and an 11 percent gain in value. They still account for \$1.421 billion in trade thus far.

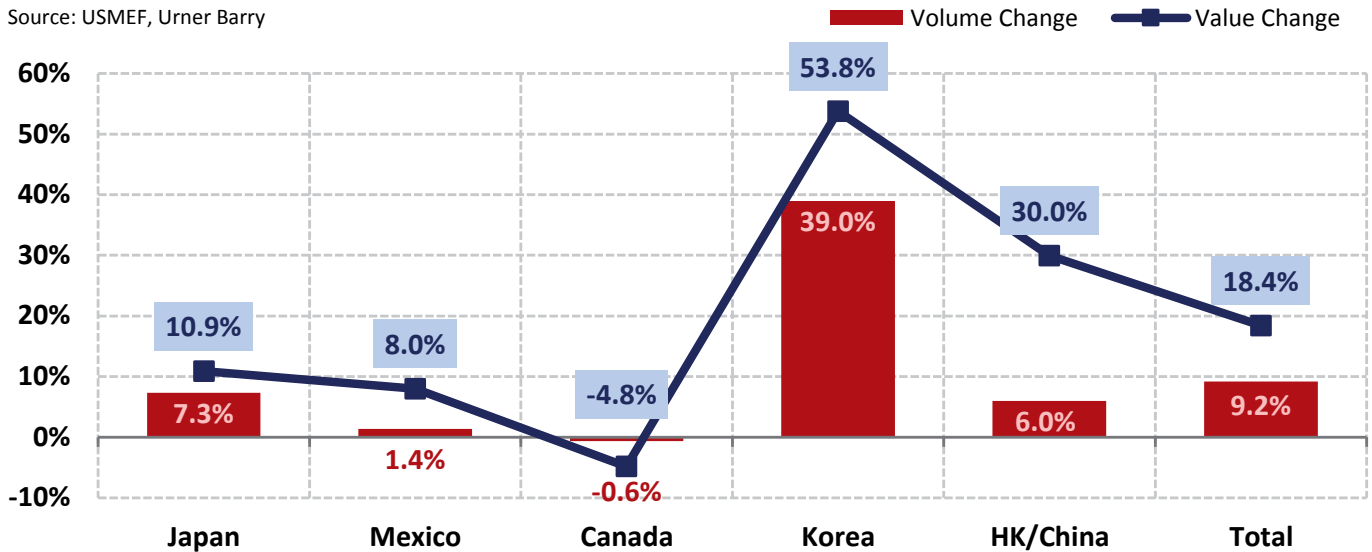
## U.S. Beef Plus Beef Variety Meat Exports - Korea, Republic of

Source: USMEF, Urner Barry



## Beef Meat Exports 2017 vs 2018 (Jan-Aug)

Source: USMEF, Urner Barry



The elephant in the room that remains is China. There continues to be growth in exports to this region. But what everyone is watching for is how they can penetrate more, and what effect African swine fever will have. If there is an appetite for U.S. pork and/or beef, this could be the demand shock that sends prices higher. The export trade remains a vital clog in the system to help packers alleviate the extra production. The delicate balance with current trade wars makes it a fluid situation but the impact of buying power cannot be overlooked. **UB**

Article contributed by Gary Morrison  
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**“The export trade remains a vital clog in the system...”**



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# *Distinctive dining* **TAKES OFF** *at airports*

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Arrive at the airport. Park the car—pay one week’s salary to do so. Catch the shuttle to the terminal. Stand uncomfortably close to strangers in a packed car. My hand touches something sticky on the cold metal bar intended for balance. I recoil, forfeiting my precious anchor as the car comes to an abrupt halt and I nearly tumble forward, luggage and all, into the crowd. Must now overcome aversion to the syrupy bar and hold on for dear life as the shuttle stops and goes, stops and goes.

Arrive at the terminal. Seek out correct airline desk to check in for my flight. Wait in line. Print boarding pass. Wait in line. Check bag. Proceed to security. Wait in line...

Some time later, I emerge from the metal detectors, carry-on in tow. I sleepily trudge toward my gate, which seemingly is at the end of the longest corridor in history. The strap from my briefcase digs into my shoulder. A low growl from my stomach reminds me that I haven’t eaten since breakfast nearly four hours ago—wait, four hours? Is that possible? Yes, unfortunately. I cringe at the thought of airport food—maybe I’ll grab a granola bar.

Something smells good. Really good, in fact. I’m now painfully aware of the void in my belly as the scent grows stronger. I abandon my course to follow the savory aroma. Alas—there it

is. Not another airport food court, but a collection of artisanal restaurants, gastropubs and fine dining, reminiscent of a foodie district in a sprawling city. Craft beer, signature cocktails, gourmet burgers, roasted potatoes and a quinoa salad? Traveler stomachs rejoice.

What happened to airport food?

Fifteen years ago, many would never have thought to see the words “truffle butter,” “charcuterie,” or “croque-monsieur” on an airport establishment menu. But all that’s changed.

Gone are the days of airport fare being limited to premade sandwiches and trail mix. Today, more and more airports are upgrading their amenities to entice travelers and increase airport spending. From dining and shopping to services like nail salons and massage therapy,

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**“Gone are the days of airport fare being limited to premade sandwiches and trail mix...”**

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airports worldwide are stepping up their game. It may even be enough to make one forget about the exhausting and mundane process of actually going through the airport.

In a reimagining of the age-old cafeteria, these hungry airport hubs now offer the latest in food and drink trends. Wine bars and beer gardens grace the passageways of numerous airports, along with steakhouses complete with single malt scotch selections. Visual menus on tabletop tablets make it easy to order and keep track of the latest news and games available on airport Wi-Fi for waiting passengers looking to kill time. And the longer they wait for that delayed flight—the more they're likely to spend.

In addition to better quality offerings, airports are also honoring their hometowns by highlighting local fare. Dallas/Fort Worth International Airport features legendary Texas barbeque. Cousin's BBQ, located in Terminal B, offers "all-natural ribs, brisket, chicken, handcrafted sausages and pulled pork." Layover in Milwaukee? Indulge in a selection of Wisconsin's famous sausages and brats at Usinger's. Then wash it all down with a cold brew from Leinenkugel's Leinie Lodge. Who knew you could get a taste for local culture and not even have to leave the airport?

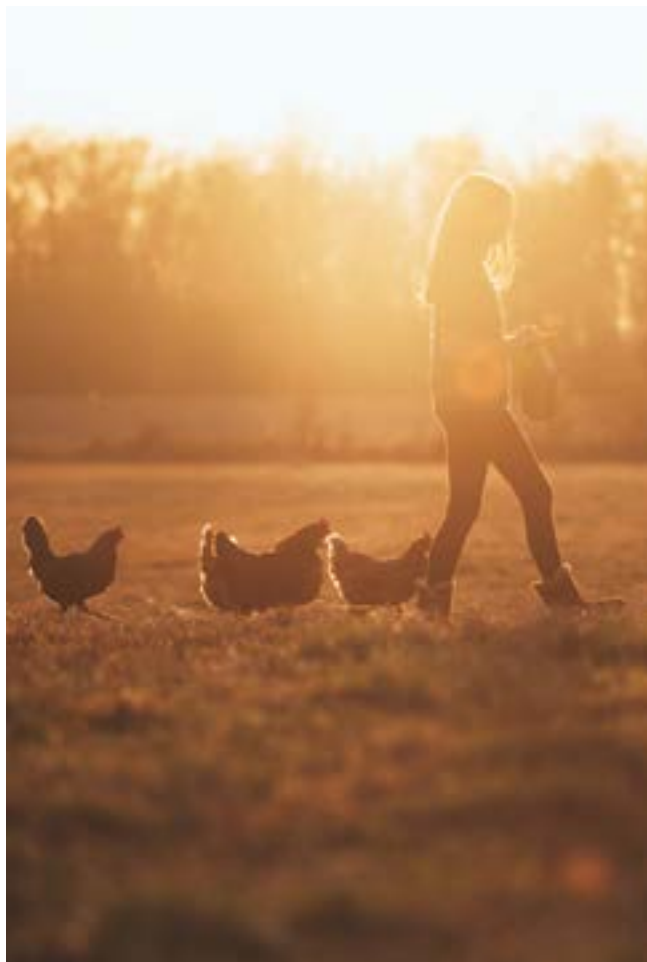
Is it possible that airports have become a dining destination? With new concepts by celebrity chefs and award-winning



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menus, the terminal concourse is swiftly becoming a haven for posh cuisine. As travelers take advantage of these new and improved offerings, the airport dining scene can finally take flight. **UB**

Article contributed by Jamie Chadwick-Lee  
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# Meat lovers *rejoice* with the Ketogenic Diet

If I told you that there was a diet plan out there that encouraged you to eat that piece of bacon you've been craving and still forecasted weight loss, odds are I would have your attention. Well folks, good news! Not only does such a diet exist, it's actually becoming a common option for those looking to shed a few extra pounds. Enter: The Ketogenic Diet.

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Commonly known as the keto diet, this high-fat, moderate-protein, low-carbohydrate weight loss plan is growing in popularity by the day. It revolves around the elimination or severe reduction of consuming carbohydrates, causing the liver to breakdown fats and produce ketones to use for energy.

So how does this factor into what foods you eat? Since the keto diet requires a higher intake of fats, those looking to follow this plan are officially pardoned for the consumption of fatty meats. Those looking to lose weight aren't usually too excited about having to pass on a juicy steak. But with keto, you wouldn't have to. A greasy hamburger is perfectly acceptable (provided you remove the bun, of course). With keto, people will be able to still drop a few pounds without having to kiss their butchers goodbye.

Obviously, something has to give. The keto diet doesn't allow you to eat whatever you want and still lose weight. The more carbs you cut out, the

more effective it will be, and of course, exercise is a vital component of any healthy lifestyle. Keto will not magically drop your waist size overnight, and you may still have to scale down your overall intake of protein. That being said, restrictions on the types of proteins that you can eat are removed from the equation, and the inclusion of delicious fatty proteins without much alteration is quite the enticing offer. Traditional dieting usually limits proteins to options like grilled chicken, turkey burgers, salmon, and nuts. With the inclusion of a wider range of proteins like steak, pork chops, bacon, sausage, and ground beef added to the mix, this weight-loss regimen seems to be the savior of the dieting meat-lover. **LB**

Article contributed by Luke Giambona  
mail@urnerbarry.com

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**“Those looking to lose weight aren't usually too excited about having to pass on a juicy steak.”**

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# THE MEAL KIT EVOLUTION: Online to retail

When it was first reported that Amazon, known to disrupt entire markets, was eyeing the meal kit delivery market, there was fear among such service companies. Consumers, on the other hand, were optimistic that the competition from Amazon would translate to lower, more economic meal kit prices.

The online purchase and delivery model of meal kits was supposed to eliminate trips to the grocery store and thus were initially perceived as a threat by brick-and-mortar stores. When the prices for meal kit deliveries did not go down and the business model did not thrive as expected, meal kit delivery service companies that married off with brick-and-mortar stores were the ones that ended up surviving.

Over the past year, partnerships and deals between meal kit producers and retailers have been making the news. Blue Apron, HelloFresh, and Plated, all top contenders in the meal kit market, entered retail stores this year. Blue Apron began testing meal kits at select Costco stores on the West Coast. HelloFresh announced in June that they would be launching meal kits at nearly 600 Ahold Delhaize-owned supermarkets in the Northeast and mid-Atlantic. Albertsons acquired Plated in a \$200 million deal that would make the meal kits available in stores by the end of 2018. Several other partnerships and deals are in the works as well—such as Krogers' acquisition of Home Chef and Walmart's launch of a line of meal kits.



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So how did these partnerships and deals come to be? How did business competitors become partners? Well, aside from price, another roadblock in the expansion of meal kit delivery services was the need to subscribe to a delivery plan. Even though subscriptions can be paused, or months skipped, consumers prefer having the freedom of choice. Grocery stores solve this problem and, as a result, are more appealing to consumers.

A meal kit company can benefit from the existing distribution networks and established loyal customer base that retailers can provide. In exchange, grocery stores recognize that consumers love the convenience of meal kits. Meal kits provide pre-portioned ingredients and a meal prep

time of about 30 minutes. Another main selling feature is the recipes that allow the consumer to try out a new dish they normally would not cook. Furthermore, most dishes are healthy and tasty.

One thing is for certain, the partnership between meal kit services and brick-and-mortar retailers enhances grocers' ability to stay competitive with the foodservice and c-store segment. **UB**

Article contributed by Jocelyn Garcia Rojas  
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# Celebration and innovation: CAB annual conference brings links together

Article contributed by Miranda Reiman,  
Certified Angus Beef

The beef community has a lot more in common than just the beef. When 700 people gathered for the *Certified Angus Beef*® (CAB®) brand's annual

conference, they got to meet face to face and talk about their shared challenges and opportunities. "To be a part of a community inherently means we're part of something bigger than ourselves," said John Stika, CAB president. "The more intentional we are in understanding

the unique realities of all of us who comprise it, the more effectively we can support each other and the stronger our community will be."

Cattlemen, packers, processors, retailers and restaurateurs from 43 states and 18 countries attended the three-day event, Sept. 26 to 28, in Maui, Hawaii. During the event, Stika thanked brand partners for selling a record 1.21 billion pounds of branded products in the 2018 fiscal year. That was an 8.1 percent increase, or 91 million pounds.

"Through a shared vision, what started out as a simple idea among a small group of cattlemen has become the world's leading brand of beef," Stika said.

Randy Blach, CattleFax CEO, said the growth came at a time when most would have predicted the opposite. "To see a 7-million-head reduction in the number of high-quality fed animals that are harvested and you see 14 years of consecutive growth...that tells you, you're doing the right thing, doesn't it?" But now, supply is building. Not only more, but better beef. The industry has gone from an average of 55 percent Choice and Prime to 80 percent.

"Production has gone up that much and demand didn't collapse," Blach said. "People want what you're producing. They're willing to pay for it. They're paying for it."



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During the ensuing days, conference sessions focused on business, leadership and marketing by business type, from capitalizing on Prime availability to using mobile-device trends for an advantage.

Restaurateurs heard from Mark McCully, CAB vice president of production, who said, "Sustainability is not a new thing." He put science in perspective and explained how farmers and ranchers protect their resources and add value to marginal land. "The most effective use for that is what we're using it for: grazing it with cattle."

Cattle care was a topic as three college students took the stage. Michael Cropp and Elisabeth Forker, both CAB Colvin Scholarship winners, and Sydni Lienemann, 2018 Angus Ambassador, took questions from the crowd. "I really value the closeness that I have with my family because we work with each other day in and day out to raise the cattle the best we can," Lienemann said. Later that evening, CAB partners raised a record \$143,450 for the Colvin Scholarship Fund,

which supports collegiate agriculture students. "Not only has the scholarship helped me, but you guys selling our product and being advocates yourselves have helped me further my career and education," Forker said, noting she and her husband are currently feeding a pen of cattle with her parents. "That CAB-Choice spread Randy [Blach] was talking about earlier? That's been funding my education, because of you."

But that narrative was different when the brand started 40 years ago. "I think we would all agree it hasn't always been like it is today, to be an Angus breeder or a quality-minded participant in the beef industry," Stika said, recalling trials like USDA's cancellation of the program or the narrow board vote that kept a then-fledgling brand afloat. "Our goal remains



to become a stronger, more innovative brand partner that delivers creative, innovative, impactful marketing elements that drive demand and increase your business," Stika said. **UB**

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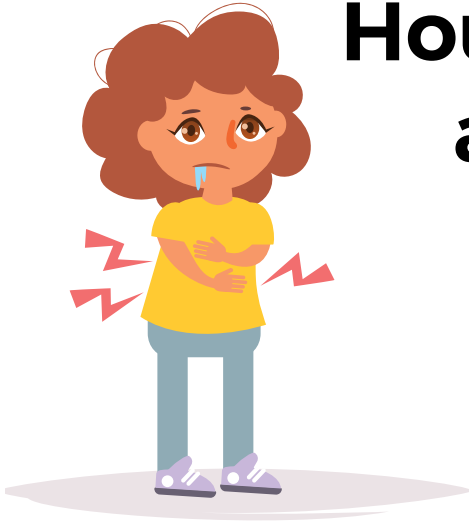
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# Household food insecurity affects all Americans



Many U.S. households are considered “food secure” and have access to enough food to live a healthy life. But according to a recent survey conducted by the USDA, not every household is this lucky.

The USDA released the results of their annual survey on household food security, a report interpreted by the

Economic Research Service (ERS), which was created to provide statistics depicting household food security, food expenditures, and the use of federal food assistance programs in the United States. The latest annual food security survey conducted by the U.S. Census Bureau covered roughly 37,000 households and comprised a representative sample of 127 million U.S. households.

The survey found that, in 2017, about 88.2 percent of U.S. households were food secure, while 11.8 percent of households were food insecure. This percentage of food insecure households is down from 2016 and is in a continuing decline from the high of 14.9 percent in 2011. However, food insecurity is still not as

low as it was prior to the Great Recession in 2007.

The data shows that insecurity rates were higher in single parent households, minority headed households, and households in principal cities. More than half of these households considered to be food insecure have participated in one or more of the three largest federal nutrition programs. These programs include: The Supplemental Nutrition Assistance Program; Special Supplemental Nutrition Program for Women, Infants, and Children; and the National School Lunch Program.

While programs are already in place to aid with food insecurity, the federal

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government has also launched a “Feed the Future” initiative, a collaboration with 10 government agencies and departments to put an end to food insecurity. The initiative includes multiple advancements, like investing in cutting edge science and technology to develop greener fertilizers and stronger seeds so farmers can grow more. Another goal is to further develop agricultural markets through mobile devices to provide real-time prices, which will aid farmers in making a profit. The initiative will also assist farmers in accessing capital, which will allow farmers to expand their operations and purchase more equipment. In addition, “Feed the Future” plans to develop sustainable agricultural strategies so populations can be fed without the depletion of natural resources, as well as provide emergency food assistance so malnourished populations can survive and recover in times of crisis.

Fortunately, the U.S. government is not alone in their attempt to combat

food insecurity. Many companies make donations or conduct campaigns to collect food and monetary donations. For example, Kroger, the largest traditional U.S. grocer by revenue, reduces the amount of food waste in stores through their Perishable Donations Partnership program (PDP). In 2015, the grocery chain donated 56 million pounds of fresh food—including meat, produce, eggs and dairy products—to local food banks.

Similarly, retail giants such as Walmart have come up with their own way to give back to the community and those in need. Walmart’s “Fight Hunger, Spark Change” campaign encourages the public to get involved in the fight against hunger. Shoppers can join in by purchasing participating products, donating at the register, or sharing support via social media. So far this year, Walmart, with the help of Feeding America, has secured over 230 million meals for Americans struggling with hunger.



©AnnaViolet/Getty Images

Overall, food insecurity affects a wide range of people due to a lack of consistent access to enough food for a balanced diet and active lifestyle. While the increase in food security is encouraging, it’s up to everyone to pool resources to end hunger in the United States. **UB**

Article contributed by Andraia Torsiello  
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# Better landings, better shrimp

This year's coldwater pink shrimp season was a definite improvement over last year, according to fishermen and processors.

So far, Oregon's landings stand at 34.93 million pounds, according to Pacific States Marine Fisheries Commission's PacFIN preliminary data. That's roughly one-third more than last year's landings at 23.06 million pounds. Washington's landings also are up, at 8.42 million pounds in 2018 from 6.9 million pounds in 2017.

Still, this year's landings are a far cry from the boom year in 2015, when Oregon's harvest was 53.52 million pounds with an average ex-vessel price of \$0.76 per pound. Washington fishermen landed 41.83 million pounds with an average ex-vessel price of \$0.71 per pound that year.

Last year was dismal, both in terms of landings and average ex-vessel prices, thanks in part to small shrimp on the grounds and market disruption.

But fishermen are optimistic now: landings are good and the price is up from between \$0.45 and \$0.58 per pound last year to an average between \$0.65 and \$0.75 this year.

Poor recruitment, likely due to ocean environmental factors like The Blob and El Nino, plagued the fishery in 2016 and 2017. Most Oregon fishermen stopped fishing after a brief start or delayed the season for more than a month on their own, letting the shrimp mature. The move resulted in better prices for fishermen, better confidence in the markets and a stronger resource.

"The last two seasons the fleet has shown unity and resolve in holding off



Crews unload 78,000 pounds of pink shrimp from the F/V Carter Jon in June, 2018. Credit: Nick Edwards

to harvest," Oregon fisherman Nick Edwards said. "In waiting, we were able to get the full economic benefit of the resource. Industry decided when it was ready to harvest. The 2018 [*Pandalus jordanii*] fishery was a win-win for processors and fishermen."

West Coast *jordanii* shrimp compete with the larger *Pandalus borealis* shrimp from Canada's east coast and smaller pink shrimp makes it especially tough to compete.

"The fishermen realized that it takes time to build the market back to 2016 pricing," Edwards said. "When summer pricing increased for borealis, industry decided it was better to build the market with spring negotiated price."

The pink shrimp fishery is winding down, to the end of the season on Oct. 31. Pink shrimp will grow again over the winter to next spring's opening. The industry is hoping for another strong season in 2019.

"In my opinion the future of *jordanii* is very bright. Stocks have recovered from a major El Niño," Edwards said. "The 2018 season has a good holdover along with a presence of a good recruitment stock. These are good indicators for a good 2019 season." **UB**

Article contributed by Susan Chambers  
sunsetbaymedia@gmail.com



This story originally appeared on SeafoodNews on October 19, 2018

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# NFI's Political Conference continues discussions on the trade war

The National Fisheries Institute's (NFI) Political Conference, which took place in Washington D.C. at the end of September, was comprised of the nation's top seafood industry representatives meeting in the Capitol to discuss and receive updates about seafood related issues and their role within the current political landscape. The largest topic by far discussed was the List 3 tariffs the current administration has placed on products shipped to the United States from China.

Our main "ask" in Washington while visiting with representatives on the Hill was that Congress should convey to the administration the need for an exclusion process for these List 3 tariffs. List 1 and List 2 had an exclusion process, but thus far List 3 does not. Through meeting with congressional staff and the congressmen and congresswomen themselves, the seafood industry worked to convey the need for seafood to be excluded from this trade war.

Participants spoke of the hardships felt by the industry on the 10 percent tariff that was already in place, as well as the effect the impending 25 percent tariff would have. Engaged staff and members of Congress listened to how the tariffs not only affect fisherman and seafood counters across the country, but also impact subsidiary businesses that rely heavily on the seafood industry for jobs and business.

In addition to the many Chinese seafood products impacted — such as tilapia, pangasius, scallops, squid, and crab meat — industry members also informed Congress of the roughly \$950 million of seafood harvested in U.S. waters by U.S. fisherman that go to China for reprocessing.

Overall, many participants at NFI's Political Conference felt it was a positive process. Nothing in Washington is changed overnight, but you can't evoke change without a seat at the table. **UB**

Article contributed by Janice Schreiber  
janice@urnerbarry.com



Dave Pearce of Tampa Maid Foods, Anjan Tharakan of Newport International, Candice Ramirez of Bloomin' Brands, and Janice Schreiber of Urner Barry pose for a picture outside the Capitol.



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# Birds of a feather



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In a world of discerning palates, convenience and health conscious dining preferences, it is no wonder why chicken and turkey are both popular protein choices among consumers. Not only does this poultry duo boast a high protein-to-calorie ratio when compared to their red meat competitors, but they also offer a range of vitamins, minerals and amino acids. So, what exactly sets these two apart? And is one a healthier choice than the other?

Well, the answer is not all that cut and dry. The short answer is that chicken and turkey both offer a very similar nutritional makeup. Those who prefer the front half of the bird will enjoy the clean, lean

protein that is often associated with the “white meat” protein segment. Calorie-wise, turkey undercuts chicken, although only by a slim margin. Chicken, on the other hand, inches ahead slightly when it comes to protein content. As far as essential amino acids, both chicken and turkey contain everything that we require on a daily basis, including tryptophan. Despite common misconception, this amino acid, which supports healthy sleep patterns, is actually more abundant in chicken than it is in turkey.

All in all, while both poultry options have their own strengths, the primary differentiator between the two is simply consumer preference. Texture, cost and familiarity all play a much larger role in their dining popularity than anything else. When it comes to taste, chicken is known for its versatility and ability to take on a variety of different culinary styles. Increasingly, however, turkey has stepped outside of its comfort zone as the center of the traditional Thanksgiving dish and has made its way onto grills.

Whether it be backyard smokers or professional pit masters, turkey has gradually gained some off-season gumption. In an effort to export turkey’s underrated culinary clout, the National Turkey Federation has begun hosting multiple turkey events centered around competitive turkey grilling and smoking. Here, chefs and pit masters can showcase their skillset while at the same time providing the public with a new take on what has been an unlikely grilled protein choice up until recently. It isn’t all about competition, however. Those who are interested in trying some new, delicious recipes will be able to find plenty of inspiration at [www.EatTurkey.com](http://www.EatTurkey.com). Below is one which might whet your turkey-grilling appetite. **UB**

Article contributed by Dylan Hughes  
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Looking to hone in on your turkey grilling skills? Try a technique called spatchcocking. First place the bird breast side down and remove the backbone completely with a pair of shears or a large knife. Next, flip the bird on its back. Split the breastbone by pressing down to spread the turkey flat. Season as desired and toss it on the grill. Spatchcocking helps to increase the surface area of the meat, allowing the grill to more consistently heat all parts of the bird in far less time than it would ordinarily take through traditional methods.



© p21s/Getty Images

## Grilled Turkey, Portabella Mushrooms and Vegetable Kebabs

Recipe by The National Turkey Federation

- 1-1/2 to 2 pounds of turkey thighs, skinned, boned & cut into 1-inch cubes
- 2 whole portabella mushrooms, stemmed & quartered
- 1/2 cup of green onions, chopped
- 1/3 cup of olive oil
- 1/4 cup of balsamic vinegar
- 1 tablespoon of Worcestershire sauce
- 2 teaspoons of garlic, minced
- 1 teaspoon of dried rosemary
- 1 teaspoon of dried tarragon
- 1/2 of medium red bell pepper, seeded & cut into 1-inch cubes
- 1 small yellow squash, cut into 1/2-inch rounds
- 1 small zucchini, cut into 1/2-inch rounds

Place turkey cubes and mushroom quarters in a large, self-closing, food-safe plastic bag.

In a small bowl, combine green onions, oil, vinegar, Worcestershire sauce, garlic, rosemary and tarragon. Pour over turkey and mushrooms. Seal bag and refrigerate 2 hours or overnight.

Spray grill rack with nonstick vegetable oil spray. Prepare grill for direct heat cooking.

Drain turkey and mushrooms from marinade and discard marinade.

On 10 or 12-inch skewers, alternating ingredients, arrange drained turkey cubes, mushrooms, bell pepper, yellow squash and zucchini.

Grill over medium flame or coals 10 to 12 minutes or until turkey is no longer pink in center, turning once. Cook thighs to an internal temperature of 170 degrees F.



© calenmat/Getty Images

# Supply issues for haddock out of Russia, Norway, Iceland

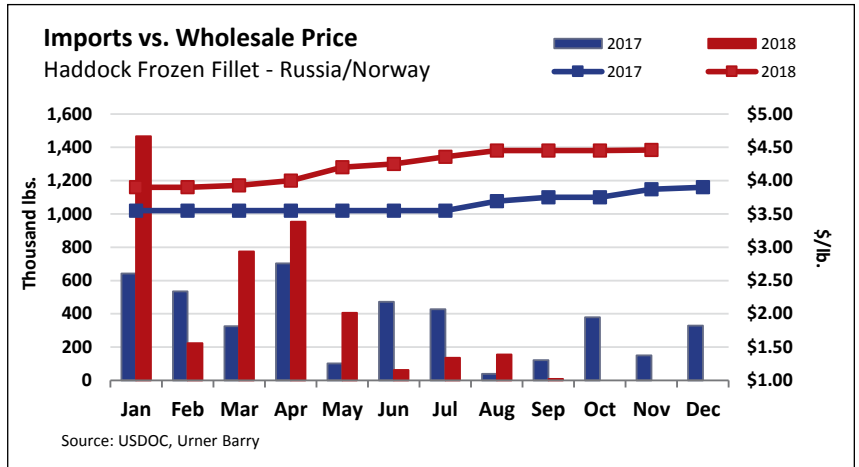
Haddock is a year-round market, making it hard to pinpoint seasonality and trends within the industry. Sometimes it will hang on the coattails of cod, other times it can surprise even the most seasoned seafood veteran.

Most recently haddock has been experiencing major supply issues out of both Russia and Norway from the Barents Sea as well as from Iceland, demanding premiums on all sizes across the board.

While the Icelandic haddock quota for the 2019 fishing season was increased to 57,982 metric tons, up from 34,600 tons, the Barents Sea heeded the advice recommended by the International Council for the Exploration of the Sea (ICES) by reducing their quota 15 percent to 172,000 metric tons for the upcoming season – but not by the total recommended 25 percent reduction originally advised.

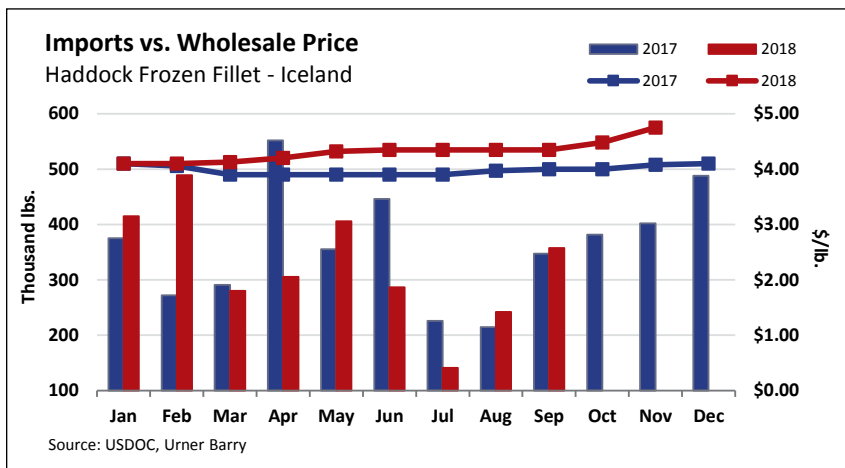
September imports out of Russia diminished 93 percent from the previous month, registering 8,439 pounds down from 120,237 pounds in August. While imports from Norway did not bring any volume into the U.S. for the month of September, August imports from Norway totaled 35,880 pounds. Average wholesale prices are currently quoted at \$4.50/lb., while product was \$0.60 less at \$3.90/lb. in November 2017.

As Russia and Norway imports decline, we are seeing some rebound for haddock imports out of Iceland. September imports



were up 48 percent bringing in 357,377 pounds compared to 242,003 pounds the previous month. Industry players are eager for their shipments to arrive as some have not received FAS Icelandic haddock in quite some time, saying product will go out to customers as fast as it arrives due to steady demand within the market. Premiums continue to develop as the current wholesale price is on average \$4.90/lb., with tighter specs of smaller fillets \$0.10 higher.

Because of the elasticity of the market, it is difficult to foresee what 2019 will bring for imported haddock. Product from Russia and Norway could take months to start filling the pipeline, allowing Iceland to take over some market share with their quicker rebound. As monthly import data is released, these questions will slowly be answered.



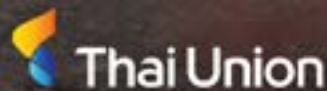
For the most up-to-date import volume and wholesale prices on haddock along with other species, visit the seafood tab in COMTELL or contact an account manager for a free demo of the service at 1-800-932-0617. **UB**

Article contributed by Lorin Castiglione  
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**“Because of the elasticity of the market, it is difficult to foresee what 2019 will bring for imported haddock.”**



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# Alaska on 'front line' for more coastal and seafood industry disasters

Talk about a one-two punch. First, on Thanksgiving, the U.N.'s World Meteorological Organization (WMO) announced that greenhouse gases (GHG) had unexpectedly increased since 2012. The next day, a 1,656-page National Climate Assessment (NCA) report was released by the U.S. Global Change Research Program. The most comprehensive report to date on the effects of climate change, it included the cost—in hundreds of billions of dollars—of damage done to world economies, public health, and infrastructure, and big and little climate disasters ahead.

NCA devoted an entire chapter to Alaska and the Bering Sea, an area described as being “on the front lines of climate change” and “among the fastest warming regions on Earth.”

Alaska and the waters surrounding it are also directly in the track of the North Pacific jet stream, which brings atmospheric pollution from China and eastern Asia.

Those areas are the source of the largest increase in greenhouse gases to date—the average amount of carbon dioxide in the atmosphere hit a record-breaking 405.5 parts per million in 2017, up 146 percent from pre-industrial (1750) levels.

“The last time the Earth experienced a comparable concentration of CO<sub>2</sub> was 3-5 million years ago, when the temperature was 2-3°C warmer and sea level was 10-20 meters higher than now,” said WMO Secretary-General Petteri Taalas.

Much of the airborne CO<sub>2</sub> is eventually absorbed by the ocean, causing ocean acidification, the evil twin of global warming. Alaska's largest employer is the seafood industry, which contributes more to the economy than any other industry besides oil and gas.

Ironic or not, Alaska is warming faster than any other state, and since the middle of the 20th century, say the authors of the NCA report, twice as fast as the global average.

“...[The state] faces a myriad of issues associated with a changing climate,” they noted.

“The cost of infrastructure damage from a warming climate is projected to be very large, potentially ranging from \$110 to \$270 million per year, assuming timely repair and maintenance,” the authors wrote.

Issues include the retreat of Arctic Sea ice triggering changes in fish and wildlife habitat that is critical for subsistence, tourism, commercial and recreational use. Fish are migrating northward, in the case of the still abundant pollock, looking for a cold pool that has disappeared from the Bering Sea in recent years.

A nearly ice-free Arctic, which the authors predict could happen as early as 2046, contributes to increases in ocean acidification

through greater ocean-atmosphere interaction, affecting marine mammal habitat and the growth and survival of fish and crab species that are important for both personal and commercial use.

Lack of sea ice also means increased storm surges and coastal flooding and erosion, leading to the loss of shorelines and causing some communities to relocate.

Thawing permafrost damages roads, buildings, bridges, and other important infrastructure, which is costly to repair.

Melting glaciers may affect hydroelectric power generation through changes in river discharge and reservoir capacity. A warming climate will increase the frequency and size of wildfires, with potentially long term changes in habitat for important subsistence species.

“Climate change also brings a wide range of human health threats to Alaskans due to increased injuries, smoke inhalation, damage to vital infrastructure, decreased food and water security, and new infectious diseases,” the report says.

Alaskans are more likely to bear the brunt of this accelerating change in ways different from residents in other parts of the country, because “Climate change exerts indirect effects on human health in Alaska through changes to water, air, and soil and through ecosystem changes affecting disease ecology and food security, especially in rural communities,” according to the report.

“Temperatures have been increasing faster in Arctic Alaska than in the temperate southern part of the state, with the Alaska North Slope warming at 2.6 times the rate of the continental U.S. and with many other areas of Alaska, most notably the west coast, central interior, and Bristol Bay, warming at more than twice the continental U.S. rate,” the report notes.

Since the early 1980s, annual average arctic sea ice extent has decreased from 3.5 percent to 4.1 percent per decade. September sea ice extent, which is the annual minimum extent, has decreased between 10.7 percent and 15.9 percent per decade.

Sea ice is also important for algal production and growth in marine ecosystems during spring. The ecosystems support grazers, such as copepods and krill, which in turn provide food for fish, birds, and mammals.

Ocean acidification will intensify with continued CO2 emissions. The increased acidity hurts organisms such as corals, crustaceans, crabs, mollusks, and other shelled species.

“Changes in ocean chemistry and increased corrosiveness are exacerbated by sea ice melt, respiration of organic matter, upwelling, and glacial runoff and riverine inputs, thus making the high-latitude North Pacific and the western Arctic Ocean (and especially the continental shelves of the Bering, Chukchi, and Beaufort Seas) particularly vulnerable to the effects of ocean acidification,” the authors noted.

“More recent research suggests that corrosive conditions have been expanding deeper into the Arctic Basin over the last several decades,” they wrote.

Ocean acidification affects commercially important species such as Tanner and red king crab and pink salmon. Studies indicate flatfish, such as the northern rock sole, are also sensitive to higher acidity, while walleye pollock have not shown adverse effects on growth or survival.

However, the tiny pteropod, part of plankton that feeds salmon, birds, and whales, are particularly susceptible to ocean acidification. The effects on pteropods are seen as an early-warning signal of the impacts of ocean acidification because so many and such different marine species rely on them.

The authors also note the 2014-2016 heat wave in the Gulf of Alaska that impacted the Pacific cod biomass profoundly in 2018. The phenomenon resulted in severely reduced fishing, and led the governor of Alaska to ask the Federal Government to declare a fisheries disaster.

“Events such as these are requiring the use of multiple, alternative models to appropriately characterize uncertainty in future population trends and fishery harvests. The need to address uncertainty is especially true for the Eastern Bering Sea pollock fishery, which is one of the largest in the United States. While most scientists agree that walleye pollock populations in the eastern Bering Sea are likely to decrease in a warming climate, these effects can be mitigated to some extent by adopting alternative fish harvest strategies, and economic losses may be partially offset by increased pollock prices,” the authors suggest. **UB**

Article contributed by Peggy Parker | [peggyparker@seafood.com](mailto:peggyparker@seafood.com)



This story originally appeared on SeafoodNews on November 26, 2018

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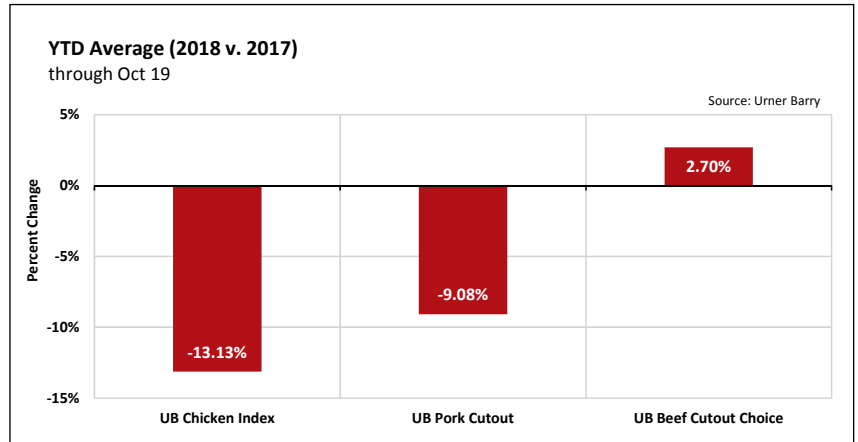
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# Wholesale beef prices remain wide against competing proteins

The red meat and poultry industries have been struggling to alleviate excess supplies during the current cycle of growth. But this wall of supply is playing out a little different for the competing proteins. Coming into 2018, there was a consensus that sustained growth in beef, pork, and chicken was going to cause massive price deflation as sellers would need to entice buyers with discounts to help move this inventory past the competition. But a funny thing happened in the boxed beef market as demand pushed consensus out of the way. Driven by large growth in exports and better domestic demand as consumers felt more confident in the economy, beef prices have remained relatively stable year to year. In fact, the year-to-date average is up nearly three percent on the UB Choice Beef Cutout. At the same time, the UB Chicken Index has fallen over 13 percent behind record low prices on many items and the UB Pork Cutout is nearly 10 percent lower.



**“Beef is 3.5 times more expensive compared to chicken and over 3 times more expensive than pork...”**

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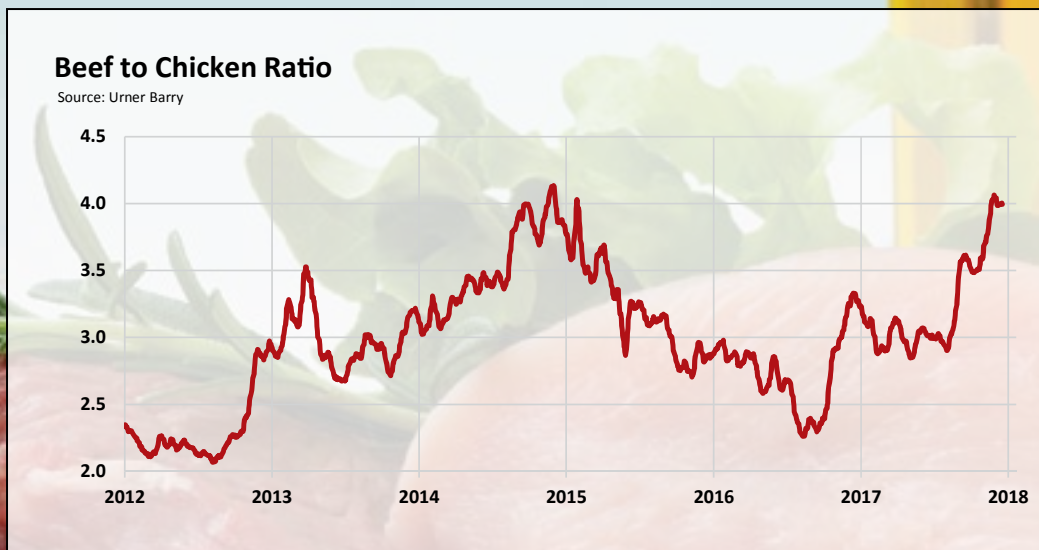
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This has widened the gap of wholesale beef prices to other proteins significantly. The beef to chicken ratio was sitting at record levels near the end of November as chicken prices are stuck near lows. Beef is 4 times more expensive compared to chicken and over 3 times more expensive than pork. These gaps are levels not seen since the drought-induced price spike in beef in the 2014-2015 period.

Demand for beef has been the key, and retailers have prominently featured beef throughout 2018. Retail feature activity is well above the three-year average. Recent tax cuts, wage growth, and economic expansion has given consumers confidence. Throw in the huge export growth which has alleviated excess supply, and it is no wonder prices have performed much better than other areas. **UB**

Article contributed by Gary Morrison  
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# Grocery giants contend with

Busy working adults will pay to take back just a little of the time they would otherwise spend doing the less enthralling chores entailed in adulthood. Landscapers, housekeepers, babysitters, and dogwalkers are all capitalizing on people who simply value their time over the cost of the service. Why should grocery shopping be any different?

Convenience is king among American consumers, and the rate at which online shopping is growing demonstrates just that. According to market research by Packaged Facts, online sales have more than tripled between 2013 and 2018. With more and more retailers entering the space, the potential is unlimited. Forecasts from Packaged Facts indicate that online grocery sales could quadruple by 2023.

With the online grocery category expanding at unprecedented rates, these obstacles are simply opportunities for leaders in the segment to accelerate adoption. With grocery giants like Walmart, Amazon, and Kroger stepping into the ring, it is only a matter of time before these challenges are met with solutions.

The larger businesses getting involved in the online grocery category have already begun innovating their order process to meet the changing demand of the consumer. According to TechCrunch, Amazon now offers over 150 Dash buttons, which are Wi-Fi enabled devices that allow Prime customers to reorder specific items with one touch. Products available through the Dash program range from laundry detergent and garbage bags to macaroni and cheese and bottled water.

According to a story by The Verge, Robotic cars are hitting the streets in Arizona, delivering groceries to eager customers of Fry's Food Store, which is owned by Kroger. The single store pilot program is simply a soft start for a larger, driverless grocery delivery system that the store plans to adopt in the future. With next and same day delivery with a nominal fee, why would any consumer opt for going to the store?



© 3Dmask/Getty Images

# consumer preferences online

Although these advancements are truly staggering, the opportunity has yet to be fully captured by online grocers. There are still obstacles that impede the ability to reach a majority of consumers. An informal poll of Urner Barry employees showed that a whopping 92 percent of workers would prefer to travel to the retail store to do their shopping despite the inconvenience.

Of those respondents, 77 percent indicated that not being able to control the quality of perishable items like produce and meat was their biggest reason for refraining from online grocery shopping. Employees emphasized the importance of handpicking meat cuts and inspecting fresh fruits and vegetables for signs of spoilage. Furthermore, several respondents cited concerns around inexperienced and young store

employees not being invested in making the best selections on behalf of a customer.

One busy father of six, Jim Daly, explained that local super market chains don't always offer their full inventory online. In some cases, this may lead to missing out on items sold in bulk packages that offer significant savings. For consumers shopping for a large family, this can be potentially troublesome when sticking to a budget and keeping everyone happy.

Despite the fact that retailers are working feverishly to compete in the online grocery segment, consumers have yet to fully engage in the digital marketplace for their household staples. With clearly defined barriers, initiatives to alleviate the concerns of shoppers will likely

provide solutions for busy American families. Predictions for the quadrupling of this segment tells us that growth of online grocers will not be hindered by any amount of challenges. **UB**

Article contributed by Laura Zinger  
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**“Convenience is king among American consumers, and the rate at which online shopping is growing demonstrates just that.”**

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# NFI's Future Leaders program provides seafood industry with valuable experiences



The Future Leaders class graduated from the Salmon and Lobster Academy at St. Andrews, New Brunswick, in August. Photo credit: Cathy Billings, Lobster Academy

This year was a big one for the National Fisheries Institute's Future Leaders class. 2018 marked the 20th year that the program has been in place, providing educational and networking opportunities for those in the seafood industry. And for this member of the 2018 Future Leaders class, the program didn't disappoint.

Those who have graduated know how special NFI's Future Leaders program is. It's an opportunity for someone from sales, marketing, or even finance or IT, to get outside the office and see what really happens at a processing plant or fish farm. It's a chance to get out from behind a computer, or away from the phone, and form some lasting relationships with different folks in the industry. And that's exactly what the 2018 Future Leaders class did.

Our journey started in Washington D.C. this past May with a run down of the most pressing issues facing the seafood industry. After a day of presentations on the role regulatory agencies play and their influence on industry practices, as well as the importance of keeping seafood at the FDA, the Future Leaders class had the opportunity to share what they learned with reps on Capitol Hill. Although slightly stressful and nerve wracking to be a voice for the industry, overall it was a great

learning experience and opportunity to see the hard work that NFI and its members do.

The second trip was to Houston, Texas, and was jam packed with opportunities to tour different facilities. We kicked things off with a tour of Preferred Freezer Services' facility in Pasadena and found out just how cold their freezer space really is. (Spoiler alert: It's cold!) The trip continued with a tour of Ekstrom Enterprises' packing plant in El Campo, followed by a harvesting demonstration at their hybrid striped bass farm in Danevang, and a science lesson at their red drum hatchery in Palacios. The group also had the opportunity to meet with Prestige Oysters vice president Raz Halili and his team, who not only cooked up a delicious lunch, but took everyone out on a vessel to see oyster harvesting first hand. The Houston trip wrapped up with a tour of the Galveston Shrimp Company, a lecture at Sysco's headquarters, and some volunteer work at the Houston Food Bank.

The 2018 Future Leaders class got real close and personal during the third trip to Seattle, Washington. After a romantic afternoon sailboat charter sponsored by King & Prince, and a Pacific Seafood Group-sponsored wine and seafood pairing class at Taylor Shellfish Oyster Bar, the group got up early the next

day for safety at sea survival training. Donning red survival suits, the class learned how to best communicate in an emergency and how to aid others when staying on a vessel is no longer an option. From there the group visited King & Prince's plant, indulged in Trident Seafoods' delicious Fork & Fin Food Truck, and visited the Eurofins lab in Bothell to learn about different testing and analysis.

The fourth and final trip brought everyone to St. Andrews, New Brunswick, Canada, where we took part in the Salmon and Lobster Academy. After a lobster trap hauling demonstration and salmon farm tour, the group visited the Paturel Live Plant and True North Seafood Plant to learn more about how lobster and salmon are processed and shipped. After a few lectures and a memorable lesson in lobster biology, the trip ended with a graduation ceremony from the Salmon and Lobster Academy, and, of course, a celebratory surf and turf feast.

After four months of traveling together it was tough to say goodbye to my Future Leaders classmates—fortunately our graduation at the Global Seafood Market Conference in San Diego is right around the corner!**UB**

Article contributed by Amanda Buckle | abuckle@urnerbarry.com



Above left: Prestige Oysters took the Future Leaders class out on a vessel to taste some of the freshest oysters Texas has to offer.

Above: At sea survival training was certainly a highlight in Seattle.

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# Sep-Oct hog slaughter well below inventory data-driven expectations

Tracking actual hog slaughter data for September and part of October, along with estimated figures for the balance of October, showed a considerable shortfall to the USDA's September 1st Quarterly Hogs and Pigs report, leaving industry participants and futures traders in a quandary concerning expectations for the weeks and months ahead.

The September inventory report projected slaughter-ready supplies for September and October at 3.5 percent over a year ago. However, the slaughter data for the two-month period, using actual figures when available and estimates for the balance, came in at just 0.2 percent over a year ago. The difference of 3.3 percent amounted to nearly 700,000 head short of expectations.

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**“The difference of nearly 700,000 head during the two-month period amounts to about 82,300 fewer hogs per week than had been expected.”**

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Granted, flooding from Hurricane Florence resulted in a shortfall in slaughters in the Southeast in September when Smithfield Foods' plants there were closed for several days. But any shortfall there should have been made up in the weeks that followed as hogs cannot be held back for long without becoming overweight.

USDA's daily and weekly data on average weights do not indicate any significant or abnormal increase following the hurricane-reduced September slaughters in the Southeast. In addition, the North Carolina Department of Agriculture and Consumer Services has reported death losses of hogs from the hurricane and flooding at 5,500 head, significant for the producers that had those losses but not enough to impact the market and only a very small percentage of the overall shortfall for the two-month period.

The difference of nearly 700,000 head during the two-month period amounts to about 82,300 fewer hogs per week than had been expected. That much shortfall resulted in stronger competition

among processors for the hogs that were available and less pork available to be sold, and both factors are supportive for prices.

The cash markets hit a multi-year low at the end of August and were at a 41 percent deficit to a year ago, but rebounded by \$27 per cwt by early October to briefly move ahead of prices at that time last year.

In the September report, USDA downwardly revised its market hog number for June data by 325,000 head. It appears that another downward revision is likely for the September data when the next quarterly report is released in December. The report showed the two lighter weight brackets for market hogs as of September 1st at 2.6 percent over a year ago. They represent hogs that should be ready for slaughter in December through February. Year-to-date slaughter as of late October stood at about 2.2 percent over a year ago. **UB**

Article contributed by Curt Thacker  
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What exactly is tofu anyway?

# An introduction to plant protein basics



©autumhoverter/Getty Images

## Protein to eat without any meat!?

American cuisine and culture are intertwined with meat. We go out for steak or seafood to mark special occasions and we roast turkeys on holidays. We've got a serious obsession with bacon, and uncovering the grill at the start of the season is a ritualistic thrill. This meat-mania is a constant, and the seasonality of demand repeats annually. What trends can we expect to develop, though, as the formerly niche meatless protein market expands?

As pea milks, soy proteins and raw possibilities abound, today's consumers have more choices than ever. It seems that the meaty and the meatless will soon cohabit shelves and dinner tables in peace. Here's a brief introduction to some common meatless protein sources:

## Plant Protein

**Pea Protein** — Pea protein has seen an increase in popularity in the last two years. It is created by milling dried peas into a powder and isolating the protein from the starches and fiber. Pea protein is found in Ripple "milk," BeyondMeat, vegan protein powder, and egg free mayo, to name a few products.

**Textured Vegetable & Wheat Protein** — Made by spraying molten protein out of a nozzle and leaving the porous, insoluble protein isolate to dry, Textured Vegetable Protein or TVP is widely used in veggie burgers.

**Hydrolyzed Vegetable Protein** — Hydrolyzed protein is commonly found in breads and veggie burgers much like TVP. HVP occurs when enzymes or acids are added to vegetable proteins to break them down; this produces a more flavorful end product with more amino acids. The protein is brought back to optimal pH with an acid or base. HVP

can be stored liquid or dried and has a myriad of commercial applications.

## Soy

**Tofu** — Tofu consists of boiled, dried soybeans mashed into a paste, to which a coagulating agent is added (yum). Traditionally, this was a sea water precipitate. Today, calcium sulfate is used instead. The paste curdles, and the curds are formed into a block of tofu.

**Tempeh** — Wrap par-cooked, hulled soybeans in a banana leaf (or plastic, if you're no stickler for tradition) and inoculate them with the edible mold *Rhizopus*. Let the soybeans incubate in a warm place for around a day until they're bound together into a cake by

the mycelium of the *Rhizopus*. Tempeh can also be made with soy pulp, whole grains, beans, and oil by-products of pressing peanuts or coconuts!

## Gluten

**Seitan** — Originating in 6th century Asia, seitan is a high protein, high iron, low fat food. Seitan begins with wheat gluten. The gluten—which you can buy as-is or rinse out of flour—gets spiced, mixed with water, kneaded and boiled. After this, seitan can be fried, steamed, baked, sautéed, or eaten as is. Popular seasonings and add-ins include seaweed, mushrooms, grains and berries. **UB**

Article contributed by Bridgette Hanson  
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Alerts can be created based on:

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- If a 52-week high or low is reached.
- When an all-time high or low is reached.

You can even set an alert based on the relationship between two separate items, even if they are across different markets. For example, perhaps you wanted to know when boneless pork loins are 10 percent cheaper than boneless skinless chicken breasts, or when beef 50s decline below pork 50s—now you can!

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Quote Alerts is just the newest addition to our suite of market notifications, joining Report and Newsletter Alerts. Report Alerts will notify you immediately once a report of your choice, say UB Table Grade Eggs, is released. Newsletter Reports serves the same function, notifying you of the release of newsletters such as our various Price-Current PDFs.

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If you have questions or would like assistance in setting up your customized Alerts, please feel free to give us a call at 800-932-0617. **UB**

Article contributed by Russell Barton  
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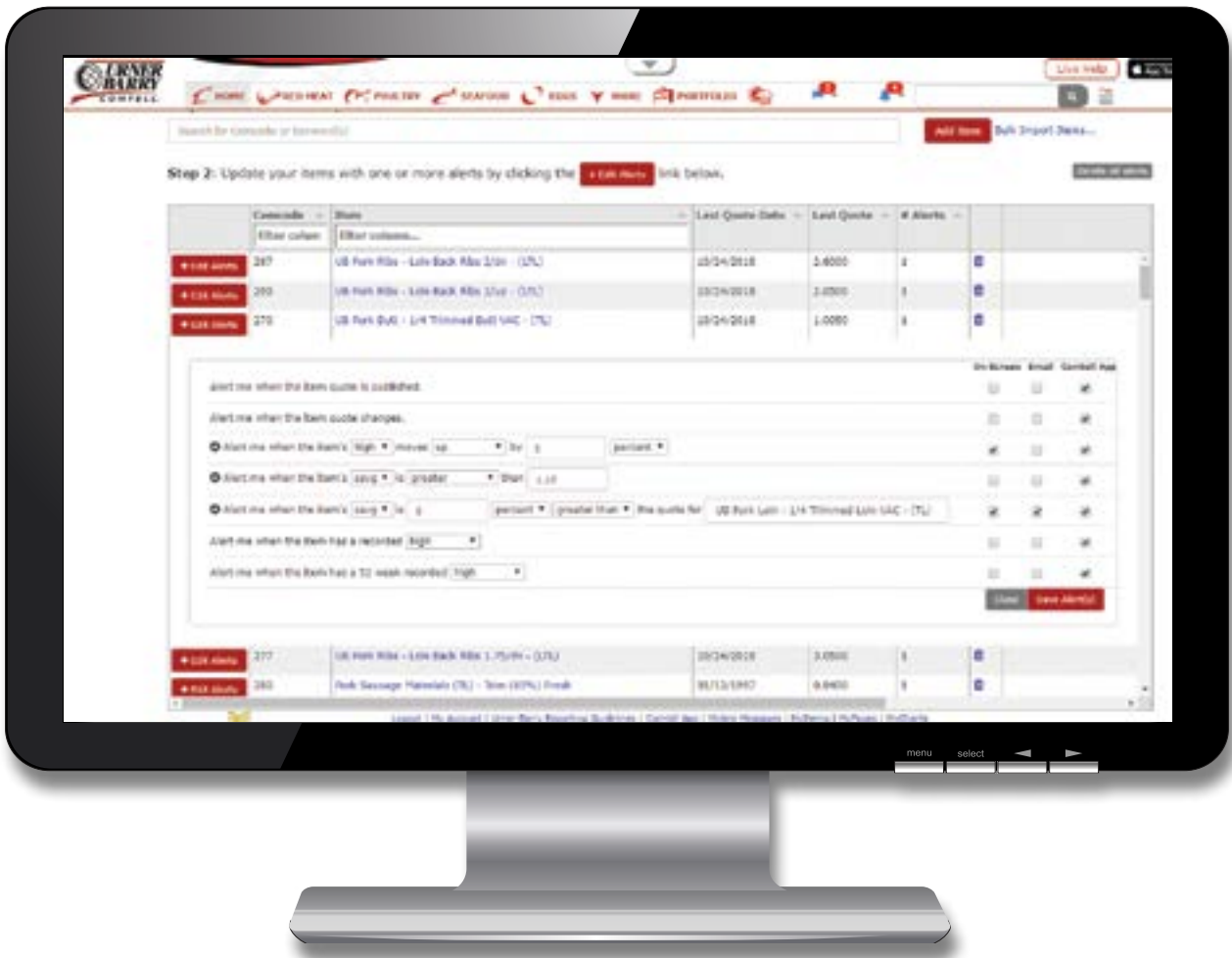



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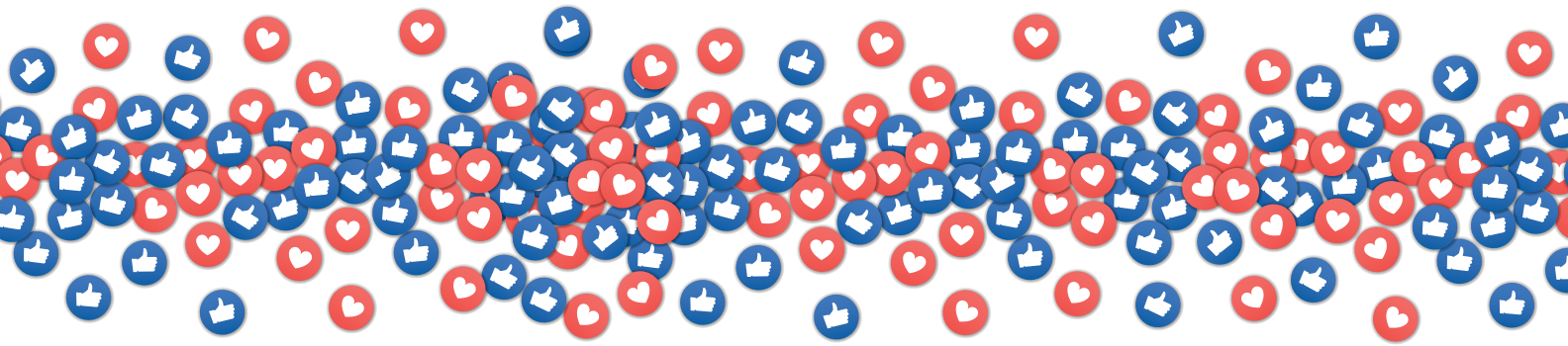
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# Social media sparks creativity among chefs

The food industry is no stranger to the power of social media. From early on, there has been an inclination to share what's on your plate with friends, family and followers, either to highlight an accomplished cooking feat or a savory indulgence about to be devoured. Sharing pictures of 'Instagrammable' food has evolved over the years and the food industry is taking full advantage.

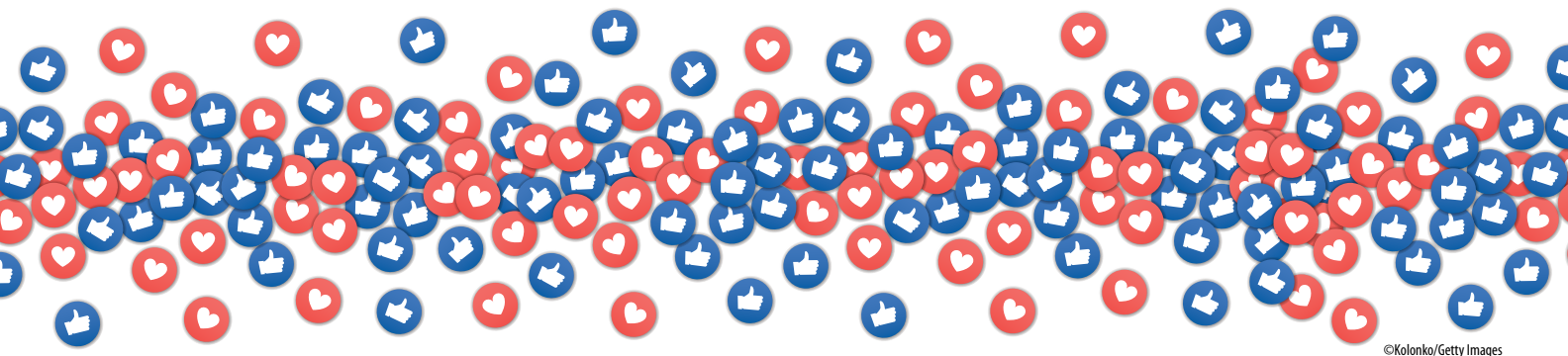
Chefs are now channeling their inner creativity with the millennial in mind. These chefs are creating dishes or experiences that have diners breaking etiquette rules left and right; by concocting whimsical, larger-than-life, and over-the-top creations and experiences that encourage the use of mobile

phones at the table, even allowing patrons to stand on a chair to snap the perfect picture, both, once extremely frowned upon acts in any restaurant establishment, but now, completely normal practice.

Unicorn Frappuccino's, mermaid toast, and overloaded "freakshake" milkshakes are just a few of the pioneer dishes that got chefs thinking, if it's picture-worthy, they will come. Soon thereafter, the media was abuzz with more healthful trending dishes like Buddha and Acai bowls as well as high-end food trends and experiences. Enter Chef Nusret Gokce, a Turkish butcher and chef donning a white fitted V-neck t-shirt and round gold-rimmed sunglasses, offering an extremely

**"If it's picture-worthy, they will come..."**





©Kolonko/Getty Images

unique technique for preparing and seasoning steak. One 36-second video posted to Instagram and Twitter back in January 2017, retweeted by Bruno Mars and viewed over 2.4 million times, Chef Nusret Gokce became Salt Bae. If you're lucky enough to dine at one of his restaurants on a night he is in the kitchen, he will happily come to your table to slice and season your steak – as long as it is one of the more premium cuts on the menu.

No matter if you're serving up a five-dollar baked good or a hundred-dollar entrée, there's plenty of opportunity for everyone to take advantage of what social media can do for the food industry with little to no investment. Gone are the days of needing a positive New York Times review to get your name on the map, a few social media bloggers can be a total game-changer for businesses alike. **UB**



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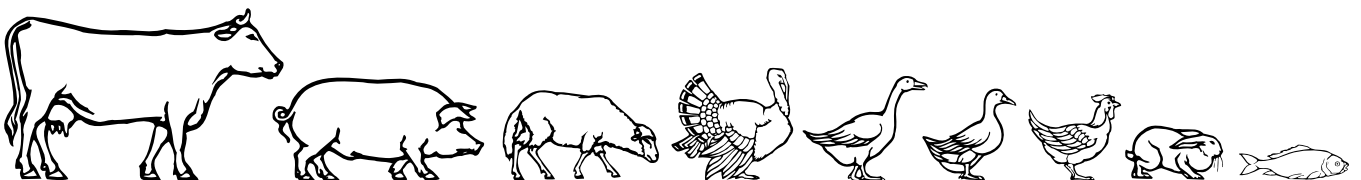
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# Keens Steakhouse combines tradition with taste



As much as Americans love the ever-changing, fast-paced, and cutting-edge progress of modern society, we also enjoy tradition. Some things remind us of simpler times without the stress and frenzy of today, such as baseball games or Thanksgiving dinner with friends and family. We love how they have remained largely unchanged for as long as we can

remember. For Keens Steakhouse in New York City, the same principle applies. For over 130 years, this time-machine establishment has served its signature steaks and mutton chops the exact same way.

Keens opened in 1885, originally catering to the actors, producers, and playwrights of the Herald Square Theater District in Manhattan. Moving into the twentieth century, Keens began hosting a wider audience consisting of other professionals and eventually national celebrities like JP Morgan, Theodore Roosevelt, and Babe Ruth. Today, the

restaurant proudly serves its customers in its original building.

Keens offers an array of steaks, chicken, seafood, and salads, but the jewel in their antique crown is the mutton chop. The process of preparing this massive 26 ounce chop is, according to Executive Chef Bill Rodgers, not that complex. First, the mutton is seasoned with kosher salt and covered in clarified butter. It is seared in a 1000° broiler, and after it is flipped once, it is finished in an oven. The chop is doused in au jus and served with a side of sautéed escarole. This preparation has been standard practice for the establishment since its opening, and customers can not seem to get enough of it. Keens serves up about 500 orders of mutton per week, which translates to an average of 71 orders every day.

This tradition creates a unique experience for customers. Keens is a place that is comfortable and customary, a place that is almost like traveling back in time. Its sophisticated dining rooms are adorned with antique décor and the world's largest collection of churchwarden pipes (a type of long-stemmed tobacco pipe), paying homage to the steakhouse's previous identity as a smoking club in the nineteenth century. But that's not to say that the atmosphere is not warm and inviting. The care and ritualism chefs put into preparing these mutton chops only add to the ambiance and make Keens a truly noteworthy gem of a bustling New York scene. In an era that places so much importance on the modern, it is refreshing and heartwarming to dine somewhere that is so dedicated to the past. **UB**

Article contributed by Luke Giambona  
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# Beer, meet meat beer

Pairing food and alcohol is lovely. Wine is paired with cheese, tequila with lime, and whiskey brazenly paired with pickles. What happens, though, when 'steak and ale' are elevated to steak in ale?

The long and colorful history of beer details 17th century English ales with entire chickens thrown in the wort and stouts brewed with oysters. And breweries are still experimenting today. In 2012, Colorado-based Wynkoop Brewing Company debuted a "Rocky Mountain Oyster" stout brewed with bull testicles. Smoky beers brimming with bacon flavor emerged in the late 2000s following the start of the bacon craze, like Rogue brewery's maple bacon beer. Samuel Adams teamed up with Chef David Burke to produce an ale with grilled, sliced beef hearts; Dock St. Brewing featured smoked goat brains in their brew homage to the hit AMC show *The Walking Dead*. Earth Eagle Brewing ambitiously included an entire intact pig's head in a porter. Meanwhile, in Iceland, the Stedji brewery created a beer made from milled whale bones. Beer has made a raucous departure from Reinheitsgebot, the "German Beer Purity Law" which declared beers could only contain barley, hops, and water.

German brewers under Reinheitsgebot did what they could with the three ingredients they were allotted. Experimentation led to rauchbier, a style of brewing where green malts are smoked before they're added to the wort. This imparts a strong, smoky flavor into the beer. While this method doesn't use meat, it can provide more umami flavor in the finished product than actual meat. Flavor-packed meat beers are hearty enough to stand on their own or serve as the focal point in food pairings. Accentuate the atypical flavors in a unique beer by taking the opportunity to pair creatively. Sipping a rauchbier



with cheesecake or swiss cheese adds a smoky dimension to the lighter, tangier, more delicate dairy flavors. Pair a jelly-heavy PB&J, cherries, or raisins with porkier beers. The acidity and sweetness of the concentrated fruit will cut through the tasty, meaty mire. Saltier, more mineral heavy beers—think the Icelandic whale beer or Burke's beef heart ale – would pair nicely with a crisp, fresh, pungent flavor, like arugula with goat cheese and beets, or salted cucumbers with a ginger dressing.

As tastes and technologies advance, maybe it seems like the line between food and drink is blurring. Fresh groceries are giving way to fresh pressed juices. Chia puddings and pea protein smoothies are making their mainstream debut. A programmer who was tired of cooking developed Soylent, a liquid meal substitute. Soup has always walked the thin line—here's looking at you, gazpacho. Wherever fancies may fly the universal palette, let's hope it's somewhere delicious. **UB**

Article contributed by Bridgette Hanson  
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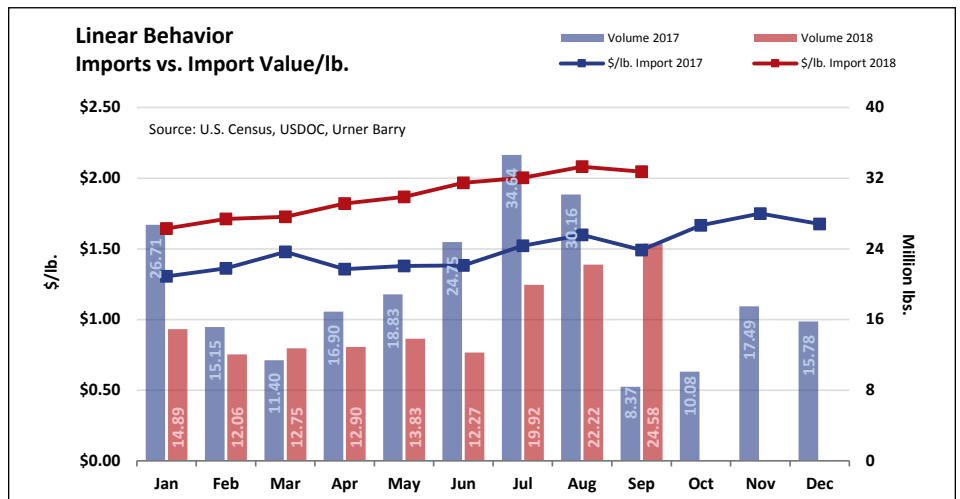
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# One year of Pangasius imports in the books under USDA

Previously housed under the realm of the FDA, this past September marked the one year anniversary of full enforcement of food safety regulations for *siluriformes* falling under the responsibility of the USDA's Food Safety and Inspection Service (FSIS). In the past year the Pangasius industry has been filled with uncertainty as we saw record high wholesale and replacement prices, rising raw material and administrative costs, and lengthy delays due to new and in-depth inspection processes. But one factor remained consistent—demand.

Demand remained strong amid thin or barren inventories, and perhaps even grew. When the Vietnamese Pangasius pipeline to the U.S. was dry, with



exporters leaving an industry they could no longer afford to be in or experiencing major growing pains as they invested in new inspection systems, we saw China rise up as a major export destination for the Vietnamese fish. One factor contributing to this rise in demand from China is of course proximity, which makes shipping more convenient. However, marketing efforts to promote the species, as well as rising income levels of the middle class in China, are also contributing to the population consuming more seafood in general.

March and September 2018 marked the only two months that brought in more import volume compared to the same month the previous year, with the most

notable range of a 16.2 million pound difference for the month of September. With that said, it's important to note that September 2017 was the first month the USDA was fully enforcing food safety regulation on the species.

Both wholesale and replacement prices reached record highs month after month but have recently begun to level off. At the end of the summer discounts were offered on larger-sized fillets as the once bare market became more plentiful—but not without adding upward pressure and continuing to drive prices higher on smaller-sized fillets.

While the increasing trend of import volume is encouraging, year-to-date



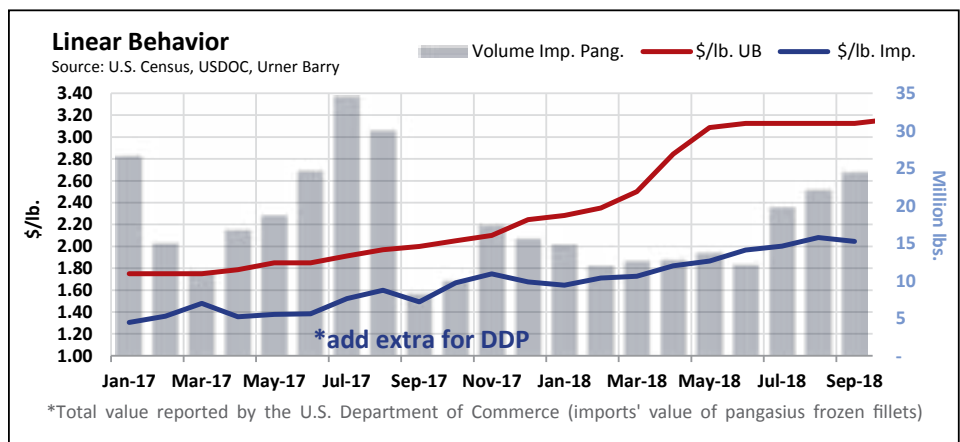
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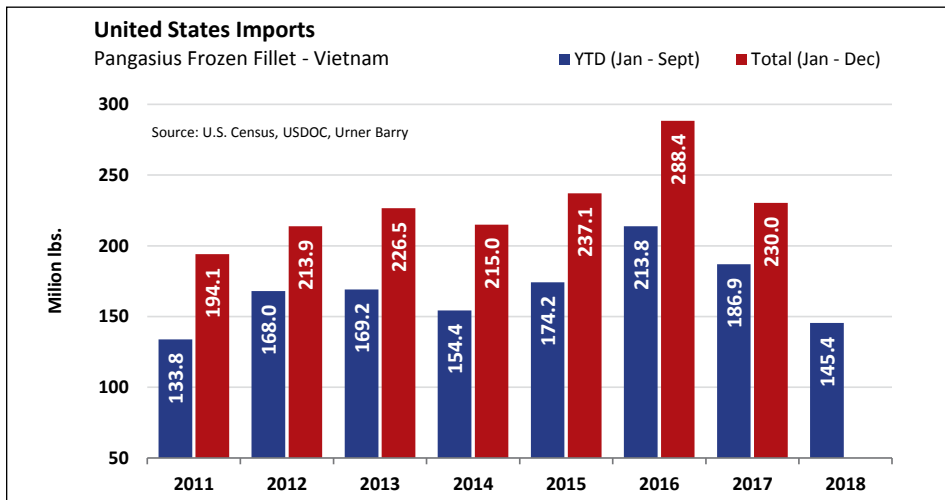
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figures allow us to visualize how much catching up the industry must do before year's end. Currently year-to-date figures of import volume from January through September shows the 2018 total is down 22.2 percent compared to 2017, and trailing 31.9 percent to 2016, the highest volume year of Pangasius imported into the U.S. on record with a total of 288.4 million pounds.

Industry players believe shortages, especially on smaller-sized fillets, could continue until summer 2019. Some have begun looking toward other export locations to possibly bring product in faster, with China being a focus. However, due to the current trade war and punitive tariffs that have gone into place, costs are still too high, and development is still being worked on to compete with Vietnamese product.

Perhaps the Pangasius market has been through the worst of it, slowly climbing

out of a hole filled with set back after set back. As other export markets rise, will Vietnam continue to reign within the industry? Will the trade war with China help the Pangasius market get back on its feet? All of this will be interesting to see unfold in the year ahead. **UB**

Article contributed by Lorin Castiglione  
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**“In the past year, the Pangasius industry has been filled with uncertainty ... but one factor remained consistent, demand.”**



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# Eggs on a roll for fourth quarter



Article contributed by Anne L. Alonzo, President and CEO The American Egg Board

We are delighted to present the American Egg Board's (AEB) third and final update

of the year, spanning the AEB's three core programmatic areas — Consumer Marketing, Market Development and the Egg Nutrition Center.

I am thrilled to report that the retail sales trajectory we witnessed was sustained well into fall. Thanks to strong momentum from our partnership on Disney•Pixar's "Incredibles 2," followed by a back-to-school campaign that exceeded even our high expectations, our current numbers give us every indication that we're on course for an exceptionally successful fourth quarter.

Summer is traditionally the slow season for egg sales, so we are particularly pleased with our latest Nielsen retail egg sales trend line (see five-year trends

chart) — a smooth arch vaulting the previous summer's peaks and valleys, which carried right on through the month of September. As of the four weeks ending October 6, retail sales of fresh shell eggs were up 4.4 percent in volume (equalized dozens) versus the same period a year earlier. This puts us in an outstanding position as we head into the busiest sales period of the year for eggs: the winter holiday season.

Overall, retail sales for the year are up in both volume (equalized dozens) and in value — 3.0 percent and 23.1 percent, respectively. Every single percentage point of growth at retail is a hard-earned victory when you're a product that already enjoys more than 90 percent household penetration. It's especially encouraging when you're able to do so at a higher price and on the heels of consecutive years of annual growth.

## "INCREDIBLES 2" CAMPAIGN RESULTS

Our last column provided a detailed overview of the AEB's campaign around Disney•Pixar's animated blockbuster "Incredibles 2." The results are in, and

I am delighted to now report that the campaign generated 313 million media impressions and, importantly, research showed that consumer perceptions of eggs were *significantly higher* around taste, nutrition and "good for kids."

Best of all, retail sales during the campaign's six-week media window from mid-June to the end of July increased 3.2 percent versus the year prior. This

sales jolt provided the momentum that led to an overall 1.9 percent increase in nationwide retail egg sales for the summer — or roughly 147 million more eggs sold at retail.

## BACK-TO-COLLEGE CAMPAIGN EXCEEDS EXPECTATIONS

The Incredible Egg went back to school in August with a focus on college. This campaign constituted our smallest media spend of the year, but with really smart targeting and a highly focused message we achieved a whopping 103 million impressions.

The campaign engaged the young adult market through foodie favorites Foodbeast and Serious Eats. Appealing to the adventurous tastes of this key demographic, we offered recipes featuring eggs in novel ways, like spaghetti and meatballs stuffed with eggs — a twist on Scotch eggs — and an eggsplosive new hit: egg salad bombs.



Nielsen Fresh Retail Eggs (EQ Dozs)			Fresh Shelled Eggs in Retail			USDA Per Capita Consumption			Total Industry per USDA		
Year	% Chg vs. Prior Year	% Chg vs. Prior Year	Year	% Chg vs. Prior Year	% Chg vs. Prior Year	Year	% Chg vs. Prior Year	% Chg vs. Prior Year	Year	% Chg vs. Prior Year	% Chg vs. Prior Year
2013	-1.2	+1.2	2013	0.0	+1.0	2013	0.0	+1.0	2013	0.0	+1.0
2014	+1.2	+1.2	2014	0.0	+1.0	2014	0.0	+1.0	2014	0.0	+1.0
2015	+1.2	+1.2	2015	0.0	+1.0	2015	0.0	+1.0	2015	0.0	+1.0
2016	+1.2	+1.2	2016	0.0	+1.0	2016	0.0	+1.0	2016	0.0	+1.0
2017	+1.2	+1.2	2017	0.0	+1.0	2017	0.0	+1.0	2017	0.0	+1.0
2018	+3.0	+23.1	2018	0.0	+1.0	2018	0.0	+1.0	2018	0.0	+1.0



## A BLOCK PARTY FOR CHRISSY TEIGEN

Rounding out the AEB's fall consumer efforts, The Incredible Egg and Twitter in October helped throw a NYC block party for celebrity foodie, social media powerhouse and egg fan Chissy Teigen to celebrate her new cookbook, "Cravings, Hungry for More."



The event, dubbed #CRAVINGSFEST, featured recipe tasting stations from the cookbook—two of which starred The Incredible Egg, while another five included eggs as an ingredient. The event also boasted a special egg-themed room with social media-friendly furniture and props where Chrissy posed for photos with fans that were picked up by press.

Earned media — including placements in *People*, *Sports Illustrated*, *E! Online*, *AOL*, *Fox News* and *Us Weekly* — garnered 40 million impressions. Not bad for a single day's work!

**REACHING CONSUMERS THROUGH BUSINESSES: MANUFACTURERS & QSRs**

We don't only market directly to consumers; the AEB reaches consumers by marketing to the businesses that serve them. We continue to increase demand for eggs with an ambitious agenda targeting national QSR chains and manufacturers.



**•Kraft Heinz Just Crack an Egg Update: Egg Carton Coupons**

AEB has partnered closely with Kraft Heinz on the Just Crack an Egg brand, which launched in early 2018 and was so well-received that demand exponentially exceeded supply. We were pleased to announce three waves of \$1 instant redeemable egg carton coupons with targeted retailers starting in October.

**•Manufacturer (and Retailer) Workshops**

AEB's Market Development team conducted workshops at two major food manufacturers and — in an important first — at a top-10 U.S. grocery chain. This brings our workshop total for the year to nine of the top 20 manufacturers. Workshops featured snacking trends and innovative prototypes developed to showcase the benefits of REAL eggs

in food formulations and retail snacking applications. They were presented to cross functional teams including procurement, product development, marketing and management.

**•Urban Trend Tours for Top Fast Food Chains**

This fall, we took top national QSR accounts on urban trend tours to explore egg-centric menu innovation and facilitate ideation sessions. According to our tracking, more eggs have been added to menus at 10 of the top 20 QSR chains in the nation.

**•White Castle Highlights REAL Eggs**

White Castle frozen breakfast sandwiches became the first CPG product to highlight the "Made with Real Eggs" logo in their marketing.

**•The Incredible Egg Takes Flight**

Delta Airlines added a protein box featuring an Incredible Hard-Boiled Egg to its in-flight breakfast menu on October 1.

*Continued on page 58*

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# Eggcellent news

Continued from page 57

The new menu item is being tested through December on all domestic flights over 900 miles. AEB's Market Development team was even able to get The Incredible Egg logo on the in-flight menus, which are projected to net 132 million impressions during the three-month trial period.



## MAKING THE GRADE IN EGGUCATION

The AEB's ongoing Eggs in Schools program speaks to several key audiences: school foodservice professionals and decision-makers, teachers, parents and, of course, students. In the last year, we expanded our focus to include colleges and universities, in addition to homing in on the top-20 school districts in the nation. Due in large part to these efforts, the volume of eggs served in schools is up 5.2 percent over last year. Here are a few examples:

### •"Eat Better, Learn Better"

#### Charleston Pilot

We tested a multifaceted "Eat Better,

Learn Better" pilot program designed to engage students, teachers, parents and foodservice staff at Charleston County Schools — a top-20 school district.

Over the course of three days at several elementary schools, we provided a range of activities and events showcasing the district's efforts to make breakfast and lunch menus more nutritious and satisfying by adding eggs.

In addition, 93 school foodservice directors — double the number expected — attended a culinary nutrition and social media marketing presentation provided by AEB featuring school nutrition experts.

We also took advantage of our partnership with Charleston schools to shoot an upcoming spot about eggs for PBS — amplifying the AEB's "Eat Better, Learn Better" message to a broader and influential audience.

Charleston County Schools has now included eggs on every breakfast menu for the entire school year — approximately 1.3 million servings for 2018.

### •EgginUon! Fall College Tour

The AEB's Foodservice College & Universities branding platform — EgginUon! — supported the launch of DIY Scrambled Egg Bars in dining facilities at Harvard University, complete with a how-to-cook video for scrambled eggs showing across campus.

At Michigan State University, the AEB led the culinary team in a brainstorming session for new egg platforms for operations feeding 35,000 to 40,000 people a day. We also held pop-up events for students in the dining halls that tested a new egg format designed to expedite service: the "rolled omelet."



## DRIVING U.S. EGG EXPORTS

Increasing exports of U.S. eggs and egg products is a strategic priority.

We've pursued this objective in close partnership with the US Poultry and Egg Export Council (USAPEEC) through a variety of executions targeting key countries and regions, with a focus on the superior quality of U.S. offerings.

Most recently, AEB hosted its second annual Reverse Trade Mission coinciding with the Americas Food and Beverage Show in Miami bringing together 22 egg buyers from the Caribbean and Mexico and U.S. egg producers. We also organized an educational program highlighting the benefits of U.S. eggs and egg products.

Additionally, we had a hand in opening new export markets for U.S. producers in South Africa, India and St. Lucia, as well

as in the lifting of certain restrictions in South Korea. Increasing volume is a complex and ongoing challenge, but exports increased 13 percent in year-over-year value for the first seven months of 2018.

## DRIVING TRANSFORMATIONAL NUTRITIONAL RESEARCH

You would be hard-pressed to find a product today with a better nutritional story than the egg. AEB's Egg Nutrition Center (ENC) has been instrumental in driving transformational research on the nutritional benefits of eggs.



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The ENC not only sponsors world-class, peer-reviewed scientific research at premier research universities in the U.S.; it makes sure the findings from these studies are effectively communicated to health and wellness professionals and influencers. How?

**•The Egg Enthusiast Program.**

The ENC's Egg Enthusiast Program has proven tremendously valuable in cultivating relationships with credentialed health and wellness professionals who also happen to be major egg advocates.



Program participation has exceeded expectations, with more than 350 dietitians joining the program to date, including dietitians from the Boston Red Sox, Cleveland Browns, Chicago Cubs, Duke University, University of Michigan and Virginia Tech. But the real story in the Egg Enthusiasts Program isn't about quantity: the quality of content these professionals create and share around eggs plays a key role in educating consumers.

**•Food & Nutrition Conference & Expo (FNCE)**

In our most recent engagement at the FNCE in Washington, D.C., the ENC educated and networked with thousands of registered dietitians, who literally lined up at our booth to undergo lutein eye testing and receive the latest information about nutrients in eggs important for eye and brain health. We also took the opportunity at FNCE to participate in a networking event with supermarket dietitians from grocery stores across the country.

**•Choline**

The ENC has been a driver behind the widespread buzz around choline, a nutrient plentiful in eggs that plays a key role in fetal and early childhood brain development and in cognitive function across the lifespan. Most recently, the ENC sponsored a webinar for nearly



4,000 registered dietitians featuring internationally-recognized expert Marie Caudill and award-winning author Liz Ward, who spoke about the importance of choline for moms during fetal development.

**WORLD EGG DAY HIGHLIGHTS SUSTAINABLE NUTRITION**

The ENC was also instrumental in enabling the AEB to advance the International Egg Commission's 2018 World Egg Day theme, "Protein for Life." We featured ENC staff and research in targeted editorial content and an audio news release about sustainable nutrition. A surround-sound approach using a combination of earned and social tactics alongside a World Egg Day landing page ([www.IncredibleEgg.org/WorldEggDay](http://www.IncredibleEgg.org/WorldEggDay)) extended the theme. In total, these efforts earned 271 press placements and more than 82 million media impressions.

In conclusion, we consider the egg's nutritional profile to be one of our greatest assets in driving demand for eggs. The important work coming out of AEB's Egg Nutrition Center will continue to serve as the foundation for our value proposition, informing and driving communications across our organization.

**LOOKING AHEAD**

Coming full circle, then, thanks to a strong strategic plan, collaboration with our actively engaged board members, a great professional staff and world-class agency partners, the egg is on a roll!

We anticipate more of the same for the winter holidays — our biggest sales season both at retail and in foodservice. This momentum will propel us right into Health & Wellness in the first quarter of



2019, where we have eggciting plans in a place and a high bar set. I'm looking forward to sharing those results with you in the new year.

Happy Holidays!**UB**



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# A fish farm game with science at its core

From space exploration to Tetris-style molecule games, new apps are being developed to engage people with science. The makers behind the world's first aquaculture video game, AquaKultor, hope to inspire the public to consider sustainable technology for fish farming.

Researcher Dr. Mathieu Besson of the French National Institute for Agricultural Research (INRA) and Dr. François Allal of the French Research Institute for Exploitation of the Sea (IFREMER) came up with the idea to present how selective breeding can lead to economic, as well as environmental benefits for farms.

"It would be really nice if people could understand the potential of genetics, the potential of breeding and the potential of aquaculture in general in the face of climate change and food security challenges," said Dr. Allal.

The game was launched this past August at AQUA 2018 in Montpellier, France, with an award given to the player who could achieve the highest sustainability index during the congress. Downloads have grown from 1,600 to currently over 6,000, with the majority being professionals in the sector.

## So how realistic is AquaKultor compared to actual fish farms?

Mathieu and François have spent a lot of time at seabass and seabream facilities and are experts in the field. They developed the game to be a realistic reflection of a seabass farm, with time intervals and harvesting sizes modified for gameplay.

Most seabass breeding is currently via mass selection for simple traits such as growth rates. This is driven by phenotype only, i.e. the visible characteristics of the fish. AquaKultor



allows players to experiment with breeding programs involving genetics.

In France, major seabass breeders are beginning to change their methods to use molecular markers to categorize fish. This has improved the management of inbreeding and allows for the introduction of desirable traits that are more complex to measure, such as disease resistance.

### Can farmers apply gameplay to real life scenarios?

The methods can't be applied directly, but players learn how genetic breeding can be used in modern situations to improve growth, feeding efficiency and disease resistance.

Existing apps are available which monitor environmental parameters of fish farms via data loggers. Mathieu and François originally considered creating an app to help find the best breeding goals for a specific environment. However, that would limit engagement to private companies and they wanted to create a platform accessible to a wide range of participants.

### What does the future hold for AquaKultur?

Feedback has been very positive, with industry professionals keen to provide input to the game. There have been requests to add species, particularly the rest of the big five of European aquaculture: salmon, rainbow trout, seabream and carp.

People have also requested more information about the science behind genetic selection. The researchers are looking at how to include this outside of gameplay for those interested. Another exciting idea is to develop a desktop game for educational use at schools and universities.

AquaKultur is available on Android and IOS via the App store. **UB**

Article contributed by Lauren McIntyre  
lmcintyre@urnerbarry.com



Photo credit: Dr Mathieu Besson / Dr François Allal

**“It would be really nice if people could understand the potential of genetics, the potential of breeding and the potential of aquaculture in general in the face of climate change and food security challenges.”**

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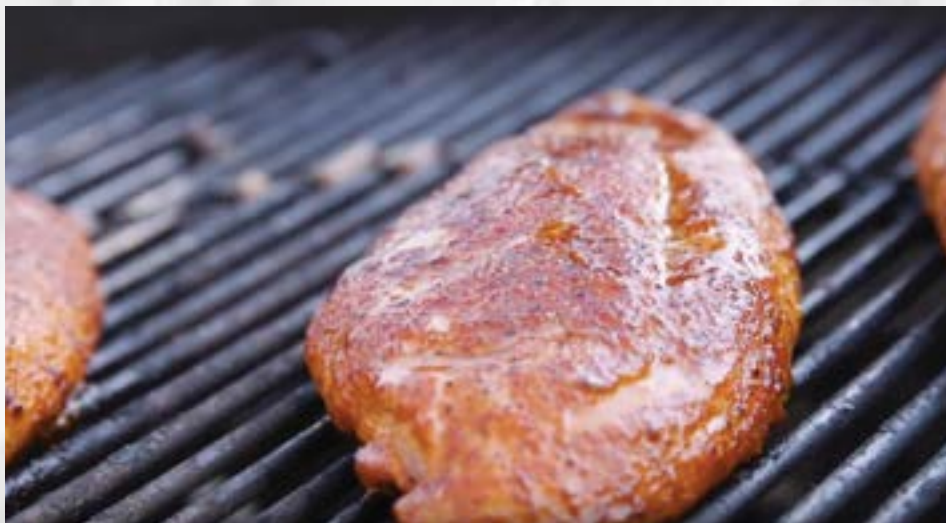
The advertisement for Jonah Crab Meat features a close-up image of a crab claw. It lists three product types: Jonah Crab Meat, Jonah Cocktail Claws, and Jonah Triple Scored Crab Claws. It also mentions CFIA certification and provides pricing and packaging information for each product. At the bottom, it lists the cities where products are stored and provides contact information for each region.

# Where there's smoke, there's turkey

Article contributed by  
National Turkey Federation

Turn up the heat and bring out your favorite flavors, Turkey Smoke is on the barbecue horizon!

Whether it's celebrating the dog days of summer, putting a twist on your holiday meal or spending your weekends perfecting your pitmaster skills – there's a real appeal to taking cooking outdoors and firing up that grill or smoker. With its ability to soak up the flavor and pack in the lean protein, there's really no better option than turkey. Mouthwatering crusts



and tender, juicy meat with a little less guilt—you'll wonder why you hadn't tried it before. But you don't have to take our word for it. Try it yourself! Brined, basted, rubbed or sauced, you won't regret adding turkey to your barbecue lineup.

Throughout 2018, the National Turkey Federation (NTF) homed in on the robust barbecue community in the United States. We're working to introduce more barbecue enthusiasts, whether professional or backyard warriors, to all that turkey can do and capture a segment of this growing market. NTF has already hosted two successful years of the Turkey Smoke competition at the American Royal World Series of Barbecue in Kansas City. We plan to build off that model by rolling out Turkey Smoke in different places and expanding the presence of turkey at barbecue competitions across the country.

Along with once again hosting Turkey Smoke at the American Royal, NTF is also eyeing key partnerships with other popular competitions and members of the barbecue community. You'll see Turkey Smoke at Memphis in May and the National Capital BBQ Battle in Washington, D.C. We're also hosting a

special Turkey Smoke at NTF's Annual Convention this February in San Antonio where we'll kick off the barbecue season with our own special members-only event to showcase to the turkey industry what these competitions are all about. In addition, we'll partner with the National Barbecue and Grilling Association to connect with pitmasters and join the Kansas City Barbecue Society's (KCBS) Great American Cookout Tour. NTF is committing to barbecue in a big way, and we cannot wait to see (and smell!) more of our members' products sizzling away on smokers and grills.

We all know turkey is delicious and easy to prepare on the grill but winning a competition among pitmasters is another thing entirely. Pitmasters are eager to earn bragging rights among their peers by winning these competitions, and we know these barbecue pros will rise to the challenge. Ultimately, we know that what consumers see at barbecue competitions or on restaurant menus translates to your menu at home. Through NTF's @ServeTurkey platforms on social media, we will focus on providing consumers with tasty recipes—Smoked Bourbon and Beer Wings or Grilled Molasses BBQ Turkey, anyone? We'll also pass along

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tips for how to best cook your turkey outdoors and practice good food safety, including cooking your turkey to 165°F.

In a time when the market is full of protein options, NTF is taking a proactive step to reposition turkey in the barbecue space and highlight the versatility the protein provides. Traditionally, eating barbecue isn't a one protein affair. With options like tenderloin, wings, legs, brisket and ribs, consumers enjoy a bevy of options and there's plenty of room for turkey. Some regions of the country already feature turkey on barbecue menus, and NTF sees an increased presence in the barbecue community as a key way to get new audiences to #TryTurkey.

Barbecue really is something everyone can get involved in cooking and eating. NTF is here to make sure turkey is on those smokers and grills. Be on the lookout for Turkey Smoke events near you in 2019, and you'll also want to follow @ServeTurkey on social media for the latest event updates, barbecue tips and recipes from NTF. Remember – where there's smoke, there's turkey. **UB**



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# One-day event brings together industry professionals and government representatives

Urner Barry wrapped up another successful Seafood Import Workshop this past October, bringing together industry professionals and government representatives for a day of learning and networking.

Scott Zimmerman of Safe Quality Seafood Associates kicked off the Workshop at the Hilton Boston/ Woburn with a lecture on modernizing seafood safety, quality and sustainability compliance. Attendees then welcomed Corey L. Norton, Thai Union's Group Counsel for Responsible Sourcing, for an informative discussion about the Seafood Import Monitoring Program (SIMP). Celeste Leroux of NOAA Fisheries' Office of International Affairs



Scott Zimmerman (top) and Michael Lieberman (right) present at the Boston Seafood Import Workshop.

URNER BARRY  
**Seafood Import  
Workshop Series**



& Seafood Inspection was also on hand to give updates on SIMP, provide insight, and answer any questions.

Speaker Jonathan Lieberman of New York Customs Brokers kicked off the afternoon session with a talk about the ongoing tariff battle with China and what it means for the seafood industry. Scott Zimmerman returned to present on quality management systems and lead a discussion about auditing experiences; while Michael Lieberman of Foa & Son wrapped up the presentations with an engaging and informative talk about insurance options and risk management.

Urner Barry was also fortunate to be able to host representatives from USDA, FDA and CBP, who answered attendee questions during an expert panel session in the last hour of the Workshop.

The Seafood Import Workshop will be back on the road this April at Urner Barry's 2019 Executive Conference at the Bellagio in Las Vegas.

Visit [UrnerBarry.com](http://UrnerBarry.com) for more information. **UB**

Article contributed by Amanda Buckle  
[abuckle@urnerbarry.com](mailto:abuckle@urnerbarry.com)



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# NFI's "Seafood, See Jobs" campaign shines light on industry

Seafood is one of the most traded commodities in the world — so what happens when a trade war with China puts that at risk? It's National Fisheries Institute (NFI) to the rescue.

This past August, the National Fisheries Institute launched "Seafood, See Jobs," a campaign to showcase the real people and cities across America that rely on the seafood trade. The team at NFI have traveled from Maine and Massachusetts, to Minnesota and Ohio, producing over 40 videos featuring not only members of the seafood industry, but others who are impacted by it.

"Whether it's a fisherman, a processor, a restaurateur, or a trucker, the seafood community has diverse impacts that not everyone knows about," says NFI communications manager Lynsee Fowler. "We want to ensure that those in D.C., especially, understand those impacts and how dynamic our industry is."

According to Fowler, NFI had interest in embarking in a broader education campaign about the importance of healthy trade. However, when talk of a trade war with China sparked, NFI made the decision to move ahead "full force" and created the "Seafood, See Jobs" campaign. And that decision has helped them bring eye opening and unique stories about seafood straight to members of Congress and policy makers inside the Beltway.

"It's easy to picture the rocky shores of Maine and the pristine waters of Alaska when you think of seafood jobs," Fowler explains. "And jobs there are plentiful and important, but the supply chain goes much beyond that. It's people processing fish, trucking, cold storage,

sales and procurement, serving seafood in restaurants ... many of those jobs are in the Heartland."

Fowler says that many of the people who she's spoken to while filming these videos for the "Seafood, See Jobs" campaign have real fears about the future of their company and their jobs with a 25% tariff slapped onto seafood products from China. Fortunately, NFI has been getting positive feedback from the videos.

"We send all of the videos to members of Congress that represent the workers and companies we've featured," says Fowler. "They've been really excited to see businesses and jobs and their constituents highlighted as part of this campaign. And then we've had NFI

members see our updates and actually call us and ask us to come feature them next."

According to Fowler, NFI is prepared to run the campaign for "as long as it takes."

"Trade is really something that's an important part of the seafood narrative, so I think educating people about trade — whether it's about these tariffs or not, is really going to be a big part of our foreseeable future."

Visit [AboutSeafood.com](http://AboutSeafood.com) to learn more about the "Seafood, See Jobs" campaign and to watch the videos. **LB**

Article contributed by Amanda Buckle  
[abuckle@urnerbarr.com](mailto:abuckle@urnerbarr.com)

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**"Whether it's a fisherman, a processor, a restaurateur, or a trucker, the seafood community has diverse impacts that not everyone knows about,"**

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# African swine fever impact potentially devastating to world pork markets

China's first case of deadly African swine fever (ASF) was discovered in early August and the number of new outbreaks grew rapidly in the weeks and months that followed. By mid-October, the reported case count topped 40 and over 200,000 pigs had been culled.

The entry of ASF into China, the world's largest hog producing nation and

consumer of pork, puts the disease center stage in importance and potential impact on the world pork markets. Animal health officials say the virus likely found its way into China via wild boars that migrated across Russia.

ASF causes high mortality in domesticated swine, the virus can live for an extended period outside a host

animal, and there are no vaccines yet available. These factors alone make it extremely difficult to control, even with the best management practices and sanitation methods available. To make matters worse for China, the majority of the hog farms there are small, with little to no bio-security measures in place. Therefore, wild boars and other animals can travel unimpeded from farm to farm, potentially carrying the virus and spreading the disease as they go.

The new cases have also been widely separated, indicating that the disease had rapidly spread early on, possibly by the transporting of infected animals to processing plants or via feed trucks traveling from farm to farm. Once established, ASF can be easily spread within the region by ticks, wild boars, on trailer tires, shoes, clothing or scraps of uncooked or undercooked pork from infected animals, among other methods.

The disease has also been found recently in Poland, Belgium, Romania and several other eastern European countries. Since ASF is deadly to swine and there is no vaccine available, the primary control method is detection and eradication of all animals in an infected herd.

Since China is by far the world's largest hog producer and consumer of pork, and its swine herd is nearly five times larger than that of the U.S., ASF has the potential to have a devastating impact on pork supplies in China and the world markets as well.



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**“...ASF can be easily spread within the region by ticks, wild boars, on trailer tires, shoes, clothing or scraps of uncooked or undercooked pork from infected animals...”**

To put it in perspective, if China is forced to cull even 5 percent of its herd and replace the pork with U.S. production, it would require about 25 percent of U.S. output to fill the need.

damage to supplies of any disease ever—having major impact on the world pork markets. It could be the story of the decade, or longer, for the swine and pork industries. **LB**

Because the ASF virus is so difficult to control and causes high mortality, it has the potential of doing the most

Article contributed by Curt Thacker  
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# Chicken values

Continued from page 1

Starting from within the industry itself, low feed costs and the priority placed on production efficiencies have translated to an all-time seasonal high in the number of birds being harvested. This trend has been well established since the year 2014, when corn values retreated from the superlative highs of 2011-2013 and “cheap” corn was once again available. With each passing year, production has increased in this way and it hasn’t looked back since.

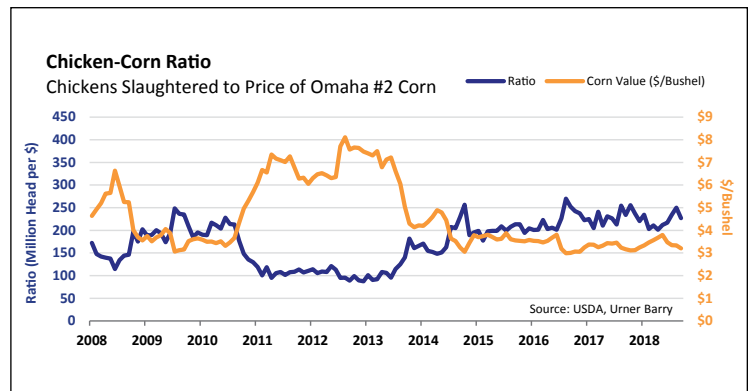
At the same time, live weights have been routinely at or near record heights. Motivated by efficiencies to raise larger, heavier birds with more meat, processors have provided an onslaught of production at a faster rate than the streets can absorb it. While chicken producers have been highly incentivized to commit to this production path in the interest of retaining market share, satisfying economies of scale, and to accommodate changing consumer preferences, there have certainly been negative

repercussions. One of the unintended consequences stemming from the development of heavier bird programs

is a deterioration in the quality of the meat being produced. So not only does it appear that there’s simply too much product on the streets as weights and head slaughter mount, but the quality of the meat is also at risk.

In addition to escalation in broiler production, diminished cold storage space is another variable sellers are now forced to consider more than ever. While the freezers have been a traditional “hiding” place for product or have served as temporary stopping points for up and coming promotional needs, processors now face shortages in available space. While this has been evident since 2014, 2018 has been the year in which this variable has really come into play with a new all-time record high volume of chicken in the freezers. Naturally, chicken isn’t all by itself in terms of taking up freezer space. Increased availability of beef and pork is also adding volume to the holdings which are in public and private warehouses. Both beef and pork inventories are among the highest on record. In the end, those charged with selling the week’s production are highly motivated to sell fresh product at “any cost” to avoid the challenges of freezing and holding chicken.

As mentioned, not only are poultry processors producing record tonnage, but competing proteins are also experiencing increased production. According to the USDA’s Livestock, Dairy and Poultry Outlook, the supply of traditional U.S. meat-based proteins is expected to keep on rising. By the end of 2019, forecast growth in the production of U.S. beef will move the current figures up by 2.1 percent, while pork is expected to rise by 3.5 percent. Growth expectations for chicken advance by about 2 percent. What all this means is that between 2016



and 2019, total U.S. meat production will have increased by 7.9 billion pounds. No small task for sellers seeking to place this production at price levels which produce a positive ROI!

None of this is lost on the poultry industry. When the competitive picture is painted much of it is about tonnage, but it is also about visibility. Promotional activity at retail and fast food is falling largely in favor of beef followed by pork, with chicken running a distant third in terms of both frequency of promotion and price point. According to CattleFax, retail demand for beef in the United States has generally increased each year since its 2010 low. Inversely, retail feature activity for chicken is well below its seven-year average. This has created a scenario where beef’s 2018 retail featuring share is well the majority at just over 50 percent, according to the USDA. Retailers simply aren’t incentivized to promote chicken due to its inherently cheaper price point and higher level of consumption compared with the other proteins mentioned. The best option for the retailer is just to enjoy the margin chicken already provides while showing the consumer that \$5 or \$6 steak they crave.

In the end, what does this all mean? Long-term scenarios have created frustrating circumstances for all those involved. The pressure that sellers are feeling is greater than ever before, and as such, values have compressed into all-time record lows. All in all, production variables, cold storage urgencies, and protein competition makes for a scenario in which the market will require a truly-felt shock in order to change its current, unnerving trajectory. **UB**

Article contributed by Evan Addis  
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# Shrimp

Continued from page 1

The U.S. has seen increases in shrimp imports year to date (through September) of 5 percent in 2016, 8 percent in 2017, and 4 percent in 2018. It is likely that 2018 will be another record year for imports, and although final per capita consumption numbers for 2017 have not been released, our expectation is that shrimp consumption will rise from 4.0 lbs. in 2016 to 4.5 lbs. per capita in the U.S. in 2017.

Adding to the momentum has been strong buying out of China.

The above chart shows China shrimp imports in kilograms, by quarter. Note these figures do not include shrimp coming into the country from Vietnam, which was more widespread in 2015 and 2016 than it was in 2017. But there are signs the market is getting saturated. This fall, with the Chinese economy slowing, Chinese buyers have achieved some market power over Ecuador producers, and are likely to push

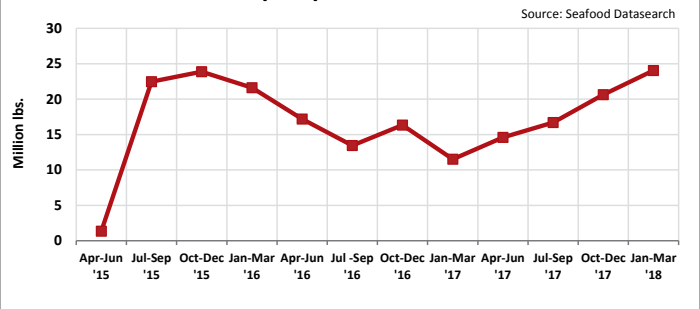
prices lower.

In the U.S., on smaller sizes, buyers are getting offers below what they were being offered last July, when it appeared too much shrimp was being produced to keep prices from falling.

Further, many U.S. importers report requests to stretch out sales contracts for longer terms, to lock in current sales prices. This is a sign that some major users, including both restaurant and retail buyers, see this as a buying opportunity at the bottom of a market.

Finally, retailers are getting more aggressive about promoting shrimp. The low prices from July are finally kicking in at the retail level, and promotions are up while year over year sales prices are down.

### China Official Shrimp Imports



All of this suggests an acceleration of both shrimp consumption and promotion in the U.S. Urner Barry's latest retail data shows that shrimp promotions in September were up 13 percent over a year ago, while prices were down 3.28 percent.

There are no significant major disease problems holding back production currently, although both China and Thailand will produce less shrimp than in 2017, and India will likely be flat. The main threat of reduced production will come from farmers, who feel

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## SHRIMP SUPPLY SOLUTIONS FROM THE SOURCE



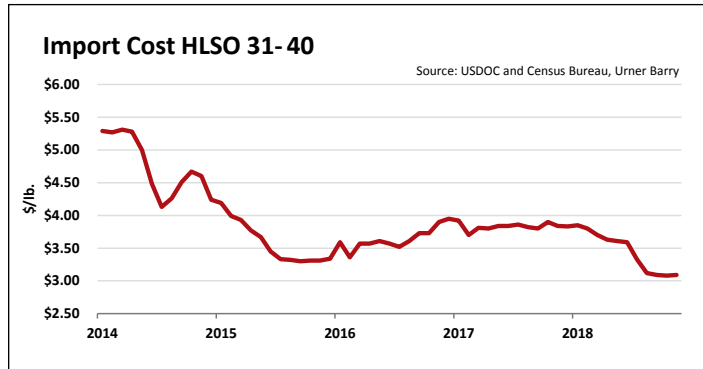
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# Shrimp

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US import cost on 31-40 headless; now at the lowest price in four years. (US customs data)

that prices are so low that stocking ponds no longer makes economic sense.

At the moment, shrimp are already in the ponds, and what is going to be available for the third crop this year is already locked in. But after that, lets say next spring, farmers may be resisting these price levels.

This is a classic commodity cycle, well known in shrimp. After several years of rapidly increasing output, wholesale prices fall sufficiently so that farmers stop their expansion.

The current pricing level shows all the signs of a cyclical market bottom. The plentiful supplies for both the U.S., China, and European markets all suggest no upward price pressure will occur on the demand size, except for some specialty sizes that may be in short supply like 16-20's.

In this situation, producers have no pricing power, except that at the level of the individual farm operators can determine that growing shrimp is too risky, and turn to some other crop, or hedge their stocking volume.

That is likely to be the next shoe to drop. **UB**

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Joseph Muldowney, Managing Editor

# Turkeys take wing over 1936 Chicago

The 1890s were a superlative decade for the city of Chicago.

It was during this time in the city's development that it was truly and undeniably an international city. The town was an interesting mix of wealth and progressive thinking, gang activity and brothels, and just about everything in between. The rapid growth of the time proved to be both a boon and a bust.

During this period in the city's life, and with Union Stock Yard & Transit Company acting as the accelerant, Chicago carved out a name for itself as the epicenter of the American meatpacking industry. Businesses that had an inherent relation to it, such as butchers and food distributors, were springing up everywhere and thriving. One such enterprise was Peter Fox Sons Company.

Peter Fox Sons Company was a year-round turkey company created in 1897, and run by nine Fox brothers and one sister. According to Mr. Paul Fox, the 90-year-old son of company namesake Peter Fox, they were the first ones to teach turkey-growers how to "dress" their own birds. Mr. Fox also told the *Reporter* that they were the first company to pack and sell turkeys under a private brand—Fox DeLuxe or just "DeLuxe." Somewhere around 1933, the family expanded their reach beyond wholesale meats and entered the brewing business post-prohibition. Once beer was "relegalized," the federal government put up a turn key brewery for auction that had allegedly been owned by Al Capone himself. Being as sly as a "fox," the family bought

the business for pennies and it gained great popularity not only in the city but through distribution across the United States.

That brings us to this picture (below) from 1936. Peter Fox Sons Company was a leader in the food distribution business and was well known for their private label offerings and aggressive marketing techniques. Mr. Fox told the *Reporter* that as motorized carriers became more and more the norm, and the use of rail cars as a primary method of shipping poultry between major hubs declined, his father, Peter Fox, and his Uncle Robert came up with a novel plan to fly turkeys into New York City for the



Brothers Peter (left) and Robert Fox stand next to American Airlines' cargo plane "City of Salinas," before its inaugural flight of turkeys destined for NYC takes flight.

holidays. We all know that domesticated turkeys don't fly, but they never intended the birds to actually take wing. In what Mr. Fox called "a publicity stunt," they chartered an American Airlines cargo plane, "The City of Salinas," and flew "the first carload of poultry ever shipped by air" into NYC. Taking off from the Chicago Municipal Airport (now

Midway), the flight ultimately landed at Glenn H. Curtiss Airport, now LaGuardia, carrying fresh dressed turkeys for the holiday table. **U**

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