URNER BARRY'S
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The 2018 retail meat outlook

In the last year at retail, we saw prices come down on several meat case favorites which helped bolster consumer purchases, especially in the previously record-high red meat category. Looking ahead to 2018, there are numerous factors in play that will drive the retail food market.

First, a look at a few macro factors impacting consumers.

Gas prices are currently higher than a year ago, but compared to the last five years are still relatively low; having not surpassed $3 per gallon since 2014. The consumer sentiment index, a survey of consumers conducted by the University of Michigan, hit a seven month high in August of this year, before declining in September as a result of concerns over hurricane damage affecting the economy. However, survey results for October showed a surge in consumer sentiment, up about 6% from September and up nearly 16% from the previous year.

"The data indicate a robust outlook for consumer spending that extends the current expansion to at least mid-2018..."

According to the survey's chief economist, Richard Curtin: "The data indicate a robust outlook for consumer spending that extends the current expansion to at least mid-2018, which would mark the second longest expansion since the mid 1800s. While the early October surge indicates greater optimism about the future course of the economy, it also reflects an unmistakable sense among consumers that economic prospects are now about as good as could be expected."

According to research from the Food Marketing Institute (FMI), weekly grocery spending increased to $110 in 2017, while

Continued on page 68

Supply outlook expands ...

Livestock supplies expected to be large during winter-spring; good demand also anticipated

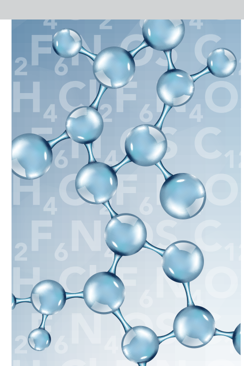

©Teacherdad48

U.S. hog supplies are expected to be record large throughout the winter and spring, based on the projections of the September quarterly Hogs and Pigs report. Meanwhile, large placements of young cattle into the feedyards through September seem to ensure a boost in supplies of grain-fed cattle through the winter and into spring as well.

The outlook for expanded supplies was not a major concern for the futures markets overall as the cattle complex and lean hog contracts climbed to new highs in late-October and early November. Anticipation of strong demand for meat domestically and in the international markets along with

Continued on page 67

On the inside

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Publisher
Paul Brown Jr.

Senior Editor
Russ Whitman

Managing Editor
Joe Muldowney

Contributors
Russell Barton
Joe Bless
Amanda Buckle
Jamie Chadwick
Nicole Christie
Jim Kenny
Gary Morrison
Brian Moscogiuri
Jocelyn Garcia-Rojas
Angel Rubio
John Sackton
Janice Schreiber
Curt Thacker
Terence Wells
Nicole West

Copy Editors
Jamie Chadwick
Linda Lindner

Art Director
Glenn F. Juszczak

Production Manager
Chris Ashley

Associate Designer
Maria Morales

Advertising
Nicole Christie
Janice Schreiber
Terence Wells

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Tel. 732-240-5330 • Fax 732-341-0891
www.urnerbarry.com • mail@urnerbarry.com

Center of the plate

Main ingredients

A la carte

News bites

NPFDA attendees take San Antonio by storm

This past September the National Poultry & Food Distributors Association (NPFDA) held its fall meeting in San Antonio, Texas. Steeped in history, this is no ordinary town, but then again this was no ordinary meeting. This time around NPFDA was celebrating its 50th anniversary and by all accounts the event was a big success.

The beautiful Hotel Valencia on San Antonio's famous Riverwalk served as the venue for the meeting which, in addition to educational workshops and industry roundtable discussions, included receptions, dinners and plenty of networking opportunities.

Roundtable discussions consisted of participants who worked to problem solve and share ideas.

Kristin McWhorter, NPFDA's Executive Director, told *Urner Barry's Reporter* that "Monday morning proved to be one of the best sessions ever held at a NPFDA Meeting." Six hot topics from a specific industry segment where discussed in a roundtable format, each table with a leader who facilitated the discussion. But this roundtable session had a twist. As participants worked to problem solve and share ideas, when "time was up" music would play and they would "chicken dance" their way to the next table! Later that day the group's wine lovers and food enthusiasts headed to San Antonio's hottest spot, the Historic Pearl Brewery, while golfers headed to the Quarry Golf Club for the annual tournament. Golf tournament sponsor, Urner Barry and awards sponsor E&S Marketing were on hand to help recognize "Longest Drive" winner Chan Windham of House of Raeford Farms; "Longest Putt" winner Nathan Vaughan of Mar Jac Poultry; and "Closest to the Pin" winner Mitch Mitchell of Protein Associates.

At the close of the event's second day, attendees gathered at the historic Guenther House to celebrate NPFDA's 50th Anniversary amidst dining, dancing and door prizes!

Next year the National Poultry & Food Distributors Associations will be hosting their Fall Meeting in Saint Pete/Clearwater, Florida. UB

Article contributed by **Russell W. Whitman** | rwhitman@urnerbarry.com

In the news ...

Urner Barry announces strategic investment and global partnership with Briefing Media

Photo courtesy of Joe Bless

Drone's-eye view of Urner Barry's Toms River, NJ headquarters.

Urner Barry and Briefing Media announced a significant strategic investment and partnership on October 1, 2017.

The deal announced forms an alliance between two very complementary businesses. The combination of Briefing Media's agribusiness analyst, sales and marketing operations across Europe with Urner Barry's similar strength in the Americas creates a powerful global platform for the combined business.

Briefing Media, based in London, is the leading media and information business covering the global agribusiness sector. Briefing Media's trusted brands deliver premium news; analysis; data; pricing, insight and intelligence to over 500,000 professionals working across this vast and dynamic sector of the global economy.

Urner Barry is a 160-year old business information and price-reporting agency (PRA) specializing in the protein markets. Their market leading digital service COMTELL provides price quotes, news and analysis for the red meat, poultry, egg and seafood markets.

Commenting on the deal Briefing Media's CEO, Neil Thackray said: "We have been great admirers of Urner Barry and the work that Paul and Rick Brown and Mike O'Shaughnessy have done. We are very excited about the prospects of working with them and their team to create a great future for our two businesses together."

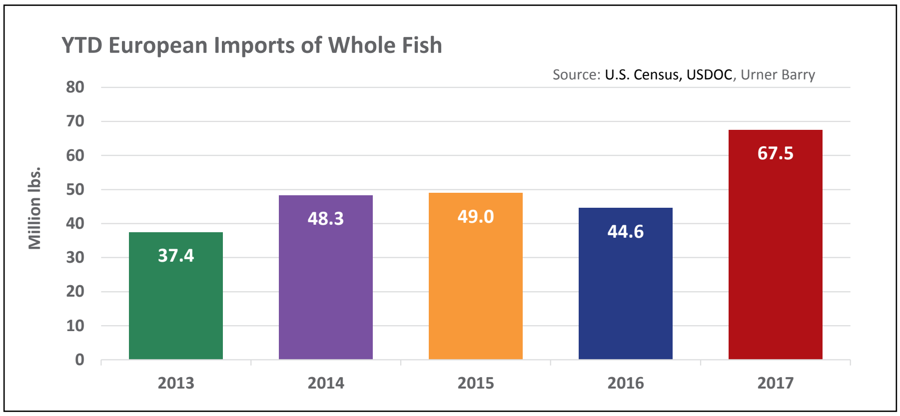
Urner Barry's President, Paul Brown Jr. added, "Briefing Media is a natural partner for Urner Barry as we share the same passion to provide timely accurate and unbiased information with integrity to the agricultural sector. The relationship with Briefing Media enables Urner Barry to innovate and provide new tools which help our clients make better, more informed decisions. The investment will allow our highly experienced staff to increase our breadth of market coverage by leveraging the global reach of our new partners."

Briefing Media is backed by mid-market private equity firm Lyceum Capital Partners.

Lyceum Capital said the partnership with Urner Barry demonstrates Briefing Media's commitment to global expansion and building on its strong base in agriculture to develop specialist data and news services. UB

Norwegian salmon prices continue roller coaster

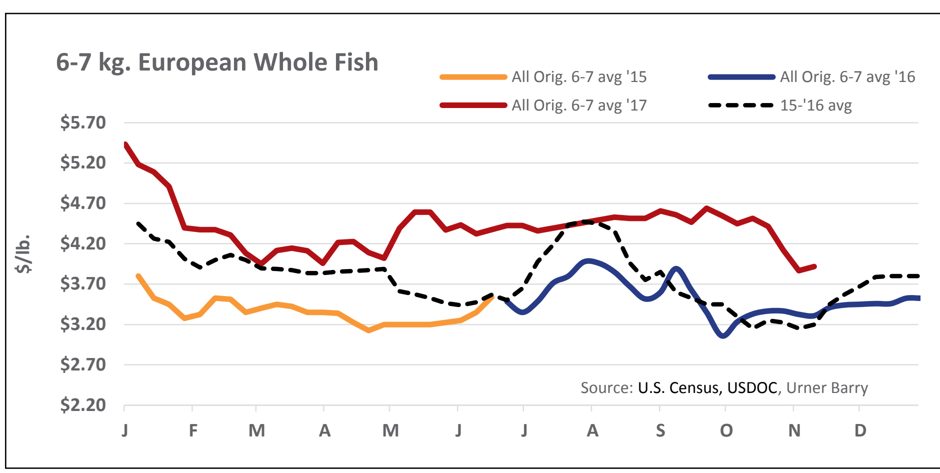
Compared to the past four years, 2017 has been a record year for European imports of salmon. When looking at millions of pounds year-to-date, as well as price per pound year-to-date, 2017 appears to be blowing the previous few years out of the water. With this steady stream of imported product reaching the U.S. market each month out of Europe, pricing, especially out of Norway, has been anything but steady. The European whole fish market has been very unsettled, in fact, Norwegian whole fish prices recently hit a two-year low.



The Norwegian market in the U.S. has been very volatile, barely steady to weak one week and full steady to firm the next. Both Scottish and Faroe Island fish have also trended lower during mid-November. Overall, the week-to-week market continues to vary—sometimes widely—with some weeks seeing a stronger market and the next week seeing a weaker market. Total imports out of Europe are up 51% when compared to 2016.

Overall, Norway is expected to have a significantly higher processed volume in 2018. Kontali, an independent provider of analysis and information on aquaculture, fisheries, seafood trade and markets, estimates that the biomass was 10% higher than a year ago in October and up 8% at the end of September. The reason? Strong feed sales. Feed sales were up an estimated 26% from 2016, and 14% higher than 2015. Prices are likely to be impacted by the projected increase of salmon volume. UB

Article contributed by **Janice Schreiber**
Janice@urnerbarry.com



Losses estimated at more than $200 million by Texas A&M …

Texas agriculture hit hard from Hurricane Harvey

Hurricane Harvey devastated the Houston area and along with it the lives of many in the agriculture field, from farmers to ranchers—and Texas is an important state to these industries. In fact, the Lone Star State is ranked number one for total livestock and livestock product receipts and number two for total agricultural receipts. Here is a look at some numbers below.

LIVESTOCK

Beef cattle is the largest source of agriculture revenue in Texas. On January 1, 2017, Inventory of Cows and Calves numbered 12.3 million out of the 93.6 million, or slightly over 13 percent. This is nearly double the next largest state Nebraska. It is also number one in the value of cattle raised. The livestock industry also includes broilers, eggs, and hogs. Texas A&M estimated that livestock losses were $93 million.

COTTON

It was expected to be a banner year in a state that usually harvests around 40 percent of the total production of cotton in the United States. This makes it the nation's top cotton producer averaging 5.37 million bales per year since 1996. The estimated losses were valued at $100 million.

RICE & SOYBEANS

The loss was estimated at $8 million.

CORN

As a key component to livestock feed, corn plays a major role in the Texas economy as well. It is the ranked second in value among crops, behind only cotton.

WHEAT

This is another valuable crop for Texas. It typically exports nearly a quarter of the country's wheat.

FISHERIES

Some of the industries hurt include the Texas gulf shrimp and oyster fisheries.

Article contributed by **Gary Morrison**
gmorrison@urnerbarry.com

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Cheap feed helping producers maintain positive profits

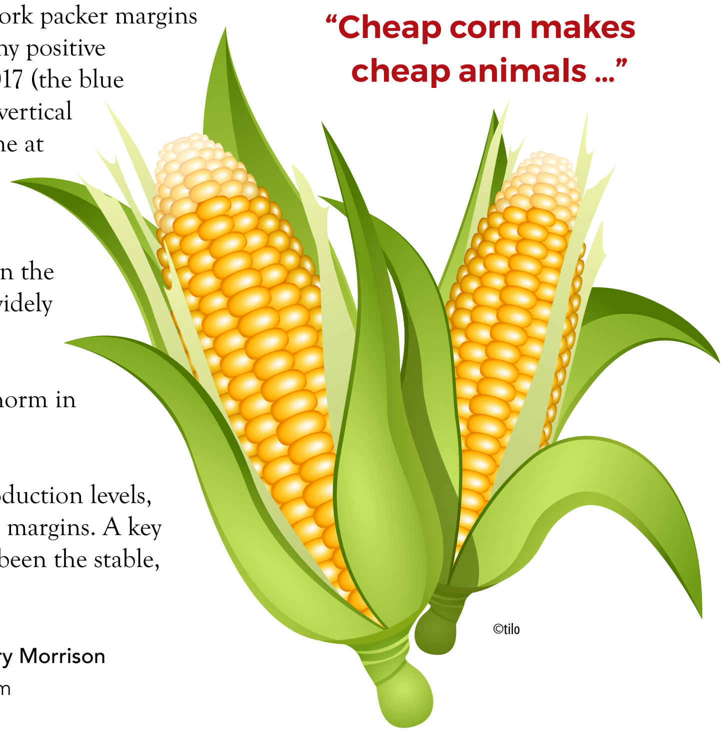
The old saying in the industry is that cheap corn makes cheap animals, and cheap animals help producers make money. After the commodity bubble burst in 2013, the price of corn crashed to 2007 levels. Prices have remained in a sideways channel ever since. The continuity of low prices has helped producers across all industries. It allows them to consistently peg their inputs. This is especially important in the expansionary phase that we are currently in. Beef, pork, and chicken supplies are consistently growing so controlling costs is an important factor.

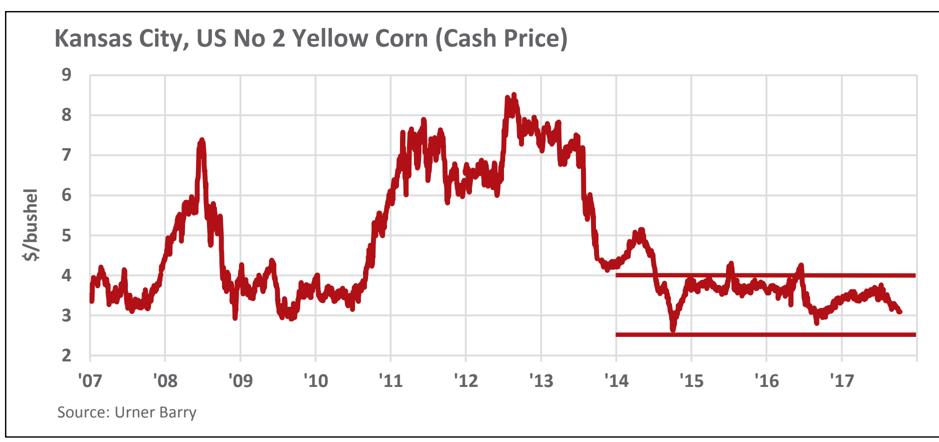
If we look at boxed beef and pork packer margins, it quantifies this for the industry. After slipping into negative territory early in the year, boxed beef margins spiked and remain very positive (the red line on the primary vertical axis). Pork packer margins have remained in healthy positive territory throughout 2017 (the blue lines on the secondary vertical axis). Both of these come at a time (and partially a result) of growing supplies. While there is no such measurement in the chicken industry, it is widely believed that notably positive margins are currently the industry norm in this category as well.

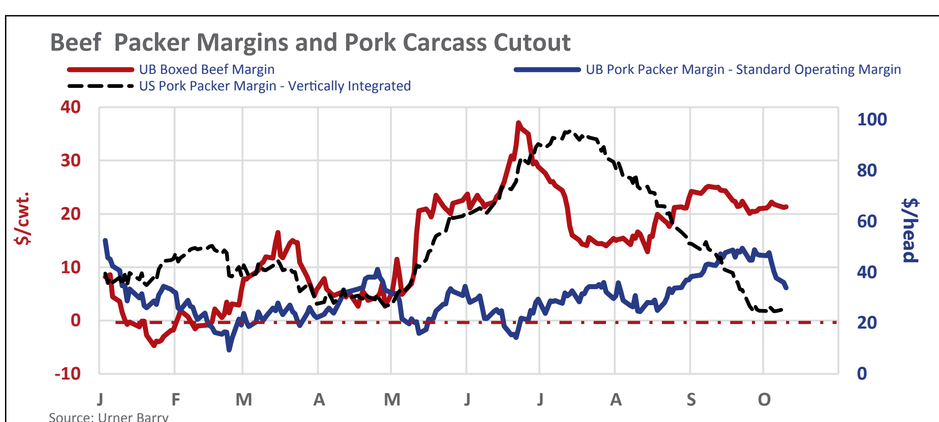
In the face of rising production levels, producers have positive margins. A key component of this has been the stable, low cost of feed. UB

Article contributed by Gary Morrison
gmorrison@urnerbarry.com

"Cheap corn makes cheap animals ..."







Foodservice frustration ...

Chicken wing prices deal headwinds to restaurants

©Mariha-kitchen

All year long, chicken wings have been a focal point for foodservice operators. Even during Q2, when wings are usually a nonstory and wholesale prices are at their lowest, they dominated the front pages. In May 2017, jumbo wings broke the previous record high of $1.92/lb. set four years earlier. After that they never looked back, holding steady during June and July at just above $2.00/lb; then climbing in August and September to $2.16/lb, 12.5% higher than any previous year. It wasn't so much that market values were advancing in Q3 that surprised everyone, it's the fact that they never moved lower after March Madness.

BONE-IN WING DEMAND

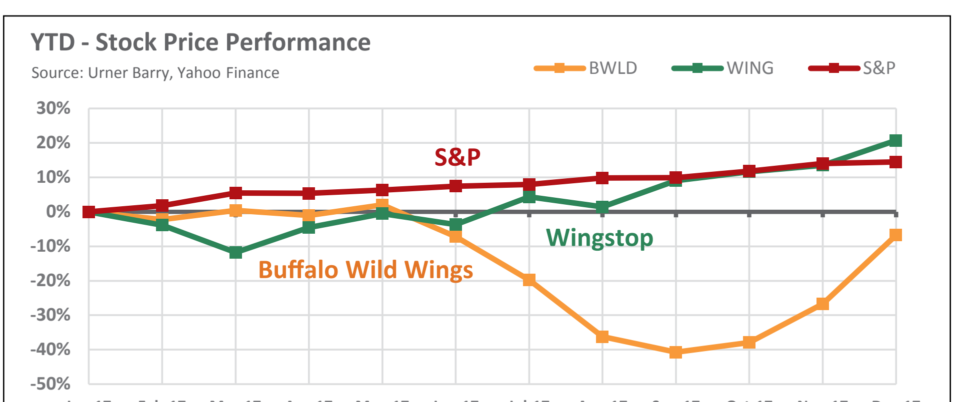
Not only are there more wing-focused restaurant chains today than there were 10 years ago, but many of them are adding units at an accelerated pace. For instance, Entrepreneur.com reports that during the past three years Wing Stop's units grew by 371 or 64%, 164 in the last year alone. There's also a growing number of non-wing-focused restaurant chains that feature wings on their menus (i.e., pizza shops, fast food, casual dining, etc.). Wings have become one of the most popular finger foods ever, but popularity often comes with a (record) price.

SHIFT TO BONELESS

Restaurants and others alike who feature bone-in chicken wings on their menus have reacted to the soaring prices by promoting a lower cost boneless wing instead. For the traditional bone-in wing fanatic, boneless wings may not "fly," but for the price-sensitive shopper it's "taken off."

MARKET EFFECT AND COMPANY RESPONSE

Taking a look at the share price of two of the largest publically traded chicken wing restaurant chains, Buffalo Wild Wings (BWLD) and Wingstop (WING), and diving into their earnings call and ensuing response seems to indicate that they are hitting the bottom line. The response by both was slightly different and it played out in the stock price. The second quarter, shown in the chart, is where we will focus first. Buffalo Wild Wings reported in its conference call that net income fell 63 percent as bone-in wings account for nearly one-third of cost of goods sold. Sally Smith, CEO of the restaurant chain guided full-year earnings lower as well. The stock price declined nearly 10 percentage points at the end of the quarter and continued to slide, with the share price nearly one-third of the beginning of the year price. Wingstop CEO Charlie Morrison said the company was "affected by 11 percent bone-in inflation during the first and second quarters". He said the company will expand split-menu pricing nationwide after initial testing proved positive. More recently, stock prices for both companies have appreciated and has helped recover some lost share price. In fact, WING has actually outperformed the S&P 500 in positive territory year to date, while BWLD has edged into positive territory after Arby's Restaurant Group agreed to pay $2.9 billion including debt to acquire Buffalo Wild Wings.



*Editor's note: As of press time, Arby's Restaurant Group, Inc. and Buffalo Wild Wings, Inc. announced that the companies entered into a definitive merger agreement. Paul Brown, CEO of Arby's Restaurant Group, Inc. said in a release "We are excited to welcome a brand with such a rich heritage, led by an exceptionally talented team. We look forward to leveraging the combined strengths of both organizations into a truly differentiated and transformative multi-brand restaurant company." Shares of BWLD closed up $9.20 in heavy trading following the November 28th announcement.*UB

Article contributed by
Terence Wells and **Gary Morrison**
Twells@urnerbarry.com and
gmorrison@urnerbarry.com

Livestock processing capacity utilization limited by factors other than brick & mortar

When livestock supplies are expanding and reaching multi-year to all-time highs, it's common for concerns to arise regarding the industry's capability to process all those animals and avoid a collapse in prices.

In recent months, some concerns about processing capacity in both the beef and pork sectors circulated among industry participants, agricultural economists and market analysts.

While that can be a legitimate concern, issues other than adequate brick and mortar…or what is thought of as conventional processing capacity…have crept up more recently as well raising concerns for some meat processors and possibly other manufacturing firms, food or otherwise.

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Hog slaughter capacity increased rather significantly this fall with the opening of two new plants in Iowa and Michigan, each capable of handling about 10,000 head a day once they are geared up to full speed on one shift. Further additions will be made to hog processing capacity in 2018 and 2019 that should take the industry's daily slaughter capability up to nearly 500,000 head from nearly 475,000 head currently.

Two areas of concern for hog as well as cattle processors are the availability of labor and storage capacity for frozen products. Unemployment rates overall suggest that there should be ample numbers of workers available and willing to fill all the positions at the processing plants. However, logistics and the states or regions in which many of the plants are located play a role in making it more difficult for the processors to find the hourly employees they need.

Throughout this year, there have been numerous reports of labor shortages at some plants that have forced the companies to either reduce overall throughput or trim certain operations. For example, pork packers have at times been forced to adjust staffing on their boning lines for cuts such as hams due to a shortage of workers. That has caused them to sell more bone-in hams and fewer boneless ham muscles, which can reduce the value-added margins overall. There have also been reports that some beef plants have had to forego Saturday slaughter operations upon occasion because there were not enough fill-in workers available. And, at times, marginal by-products or variety meats may not be harvested due to labor shortages.

Another concern for the food industry, but voiced less frequently than labor availability, has been an occasional lack of freezer space in certain areas of the country. Seasonal production and demand patterns for products such as hams and turkeys can tie up a lot of freezer space at certain times of the year. In addition, swings in exports and imports at certain times of the year can take additional freezer space and force processors to look elsewhere or ship the products longer distances at higher costs for available storage.

All in all, it's pretty amazing that the meat and poultry industries can produce and distribute the more than 100 billion pounds of fresh and frozen products generated annually without hitting more snags than they do. UB

Article contributed by **Curt Thacker**
cthacker@urnerabrry.com


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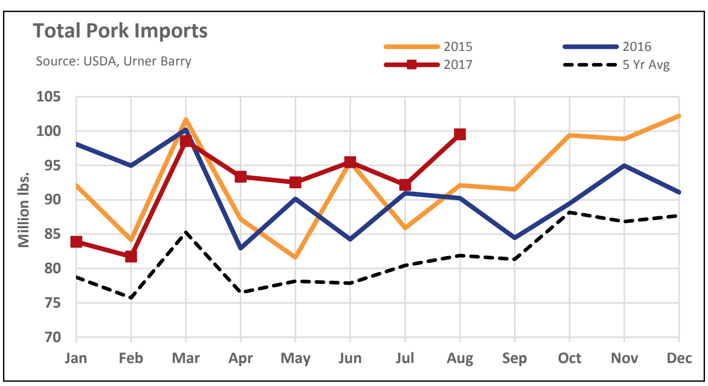
Pork: record production, low prices and... record imports?

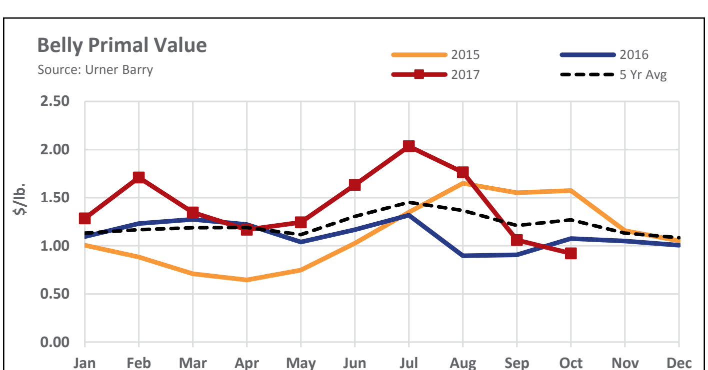
It is little secret that the pork industry has been experiencing a period of expansion. The hog supply has been at robust levels for over a year as the market prepared for new plants to begin operations. Earlier this year, hog prices dipped to multi-year lows as a result of the supply glut. In general, pork prices have underperformed as well as we have pushed slaughters and production figures into fresh record territory. So, if we are raising enough hogs and producing enough pork to cause significant price discounting, why is it that we are also importing a record volume of pork from foreign nations?

Total pork imports between January and August of 2017 totaled 737.217 million pounds. This figure was nearly a percent higher than last year and 16 percent more than the 5-year average. Two questions come to the surface when considering this seemingly contradictory situation: what were we importing and from whom?

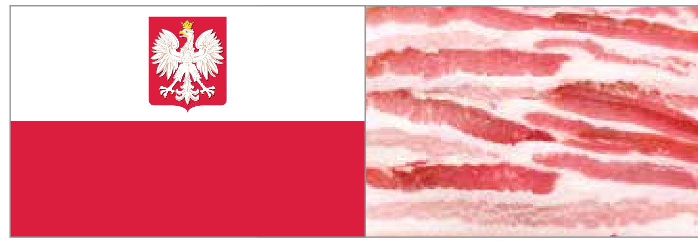


Total Pork Imports
Source: USDA, Urner Barry

There was only really one type of pork product that required international help this year to satisfy our domestic demand: bellies. We entered this year with record low cold storage stocks of bellies. These reserves are historically wholly necessary in the summer months; a period when the peak in bacon demand runs head first into the seasonal decline in fresh pork production. As the availability of bellies tightened, prices began to soar, nearly doubling between May and July. In some cases, even those willing to pay the hefty premium were unable to, due to the overall lack of excess product. This forced some participants to seek outside help.



Belly Primal Value
Source: Urner Barry



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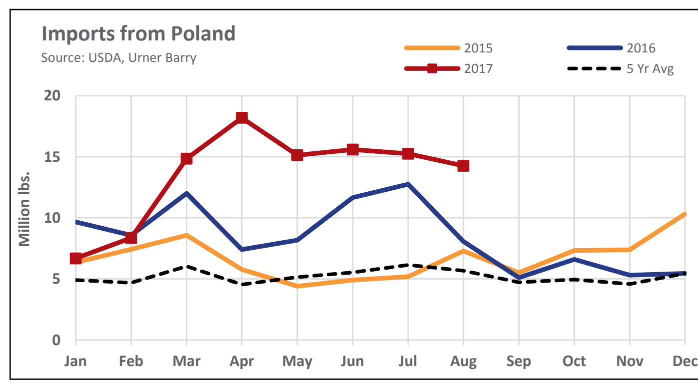
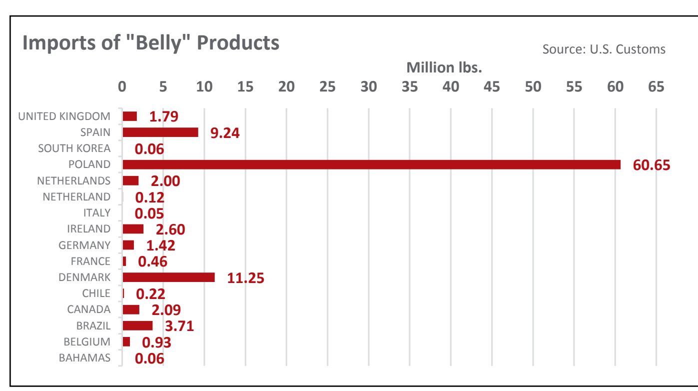
That outside help came in large part from Poland. While the U.S. has historically imported pork products from Canada, Ireland, Denmark, Spain and Poland, among others, none came close to Poland in 2017 in terms of belly products shipped.



Imports from Poland
Source: USDA, Urner Barry

Looking at the trade data from 2017, Poland sent 5 times more products marked as "belly" to the U.S. than Denmark, 6 times more than Spain, 23 times more than Ireland and 28 times more than Canada. When accounting for all pork products, our neighbors to the North still hold the #1 spot in pork imports the U.S., with Canada shipping 4.5 times the product that Poland has between January and August of this year.



Imports of "Belly" Products
Source: U.S. Customs

Moving forward it will be interesting to see if Poland retains market share in the U.S. even as belly prices return to normal and the expanded pork production capacity in the U.S. take hold. Those in the belly business here and abroad will be watching. UB

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

Don't pack up your knives just yet …

Top Chef season 15 contestant Brother Luck gives his favorite holiday season cooking tips

Cooking a holiday meal could feel a lot like running a marathon…or competing on a cooking show. But don't sweat it out in the kitchen this year. *Urner Barry's Reporter* was able to get *Top Chef* season 15 contestant Brother Luck to share his holiday cooking tips and tricks to make sure that you don't get asked to "pack your knives and go."

"You want that bird as tight as possible with the least amount of air exposure."

The latest season of the Bravo reality show is set in Colorado. And as the chef and owner of Four by Brother Luck, a new restaurant in Colorado Springs, Luck didn't have to go far to compete for the coveted "Top Chef" title and $125,000 cash prize.

"Before I left for *Top Chef* I opened a restaurant, so I think that kind of prepared me mentally to walk into that competitive atmosphere," Luck tells *Urner Barry's Reporter.* "It was the biggest curveball ever, but I think that's the name of the game."

Having previously competed on *Chopped* and *Beat Bobby Flay*, Luck was not entering the competition as a TV chef rookie.

"It's always game time," he says. "I always try to maintain a solid poker face. You don't want to give anyone the advantage over you."

So, how can you get some of Brother Luck's confidence in the kitchen when preparing your holiday feast? Well, if you're taking the turkey route, Luck is a "firm believer" in brining.

"I like to sneak a little molasses and chipotle in my brine so it gets a little bit of extra caramelization," Luck teases.

But according to the chef, what it really comes down to when cooking a turkey is whether to truss it or not.

"You've got to really get rid of those anti-cavity areas. You want that bird as tight as possible with the least amount of air exposure. So, putting a big bouquet of vegetables in the cavity of the bird and tying those legs together. Getting those wings tucked in there and really securing that bird is going to allow you to have a more evenly cooked turkey."

And a well-cooked bird could make your guests beg for a bag of leftovers. But don't ruin that turkey by throwing it on a plate in the microwave.

"I really like to play around with leftovers," says Luck. "When it comes to turkey [I make] soup. Especially in Colorado…that's usually the direction I'm heading."

Luck recommends tossing your extra turkey in with some potatoes, celery, carrots and onion. If turkey chowder is not your thing, Luck also suggests a mole sauce for your leftover turkey.

"I like to do moles with my turkey where I can just simmer it down in a little bit of chili and tomato and really let those spices come together with some of those cocoa flavors. Serve that over rice … it picks up so much flavor."

Another holiday favorite for Luck is prime rib.

"There's just something so majestic and nostalgic about prime rib during Christmas time," says Luck.

And boy does he look forward to those leftovers.

"When it comes to prime rib leftovers I'm all about making tacos," he laughs. "I can eat prime rib tacos every day."

Catch Brother Luck on *Top Chef* on Thursdays at 10 p.m. Eastern on Bravo. UB

Article contributed by **Amanda Buckle**
abuckle@urnerbarry.com

Fresh seafood from the markets – holiday edition

Oyster stuffing has been a long-standing Thanksgiving tradition in the United States. The tradition dates back to the early 18th century when oyster production was abundant throughout the East Coast of the nation. Today peak production of oyster meats takes place in the Gulf and a vast variety of shell stock are produced on both the East and West Coast. In the Gulf, peak production occurs from September to March or what is known as the "R" months. In the spring time when the waters warm, the oysters spawn and lose a large percentage of their body mass, which makes producing oyster meats more labor intensive and causes prices to spike. The cooler water temperatures also produce a plumper oyster for consumption.

Luckily with modern technology we are now able to eat a variety of species year 'round, but that wasn not always the case. What many do not know is the unique history of salted cod or what Italian's call *Baccala*. Cod itself was one of the first fish species to enter international trade in the Middle Ages. Its abundance and capability to be preserved by salting made it a highly-valuable commodity. One reason was its availability year 'round – a simple supply and demand principle. Salted cod did not spoil, therefore allowing the fish to be preserved when fishing was abundant. The preparations for this fish are endless and it is a favorite for the Feast of the 7 Fishes, an Italian-American celebration of Christmas Eve with meals of fish and other seafood.

Chinese New Year, which is also known as the "Spring Festival" in modern Mainland China, is China's most important traditional festival. It is celebrated each year and can begin anytime between late-January and mid-February at the turn of the lunisolar Chinese calendar. Each year is linked to a Chinese 12-year animal zodiac cycle with 2018 being the year of the dog. This seven day long festival is one of the world's most prominent and celebrated occasions. In honor of this festival, try making shrimp dumplings at home. Dumplings represent wealth in the culture and fish represent an increase in prosperity. As shrimp remains the most consumed seafood item in the United States you should be able to find a variety of fresh and frozen options at your local retailer. UB

Article contributed by **Nicole West** | nwest@urnerbarry.com

Shrimp Dumplings

Ingredients

1-pound shrimp, peeled, deveined and diced
8 ounces ground pork
1 cup shredded green cabbage
2 green onions, thinly sliced
1 tablespoon freshly grated ginger
1 teaspoon sesame oil
Kosher salt and freshly ground black pepper, to taste
36 2-inch won ton wrappers
2 tablespoons vegetable oil
Soy sauce, siracha, scallions for serving

Directions:

1. Combine the diced shrimp, ground pork, shredded cabbage, grated ginger, sesame oil and salt & pepper in a bowl.
2. Place pre-made dumpling wrappers on a work surface and spoon in 1 tablespoon of the shrimp mixture in the center of each wrapper. Use your finger and rub the edges of each wrapper with water. Fold the wrapper over creating a half moon shape and pinch the edges to seal.
3. Heat vegetable oil in a large skillet over medium heat. Add dumplings in a single layer and cook until golden and crisp, about 2-3 minutes per side.
4. Serve immediately with soy sauce, scallion and siracha dipping sauce.

Whipped Baccala Crostini

Ingredients

1-pound salt cod
½ pound whole Yukon gold potatoes (about 2 medium potatoes)
5 medium whole cloves garlic, plus 2 optional minced medium cloves garlic, divided
3 sprigs fresh thyme
1 ¼ cups extra-virgin olive oil (or ¾ cup if no potato)
½ cup half-and-half
Kosher salt and freshly ground black pepper
2 tablespoons finely chopped flat-leaf parsley leaves and tender stems
Zest of ½ lemon
Crusty Italian bread for serving

Directions:

1. Rinse salt cod. Transfer to a large container and fill with water – refrigerate for 24 hours changing the water several times during the 24-hour period.
2. Bake potatoes in a 350°F oven for approximately 1 hour, until the potato is easily pierced with a fork. Split potatoes lengthwise and scoop out the flesh from potato skins and place in stand mixer.
3. Meanwhile, drain salt cod and place in a medium saucepan. Cover with cold unsalted water and add 5 whole cloves garlic, and thyme. Set over medium-high heat and bring to a simmer. Cook for 10 minutes, then remove from heat and let stand in cooking liquid for 20 minutes.
4. Drain salt cod, reserving garlic; discard thyme and bay leaf. Flake salt cod, discarding any bones and membranes.
5. Transfer salt cod and reserved cooked garlic to a stand mixer fitted with the paddle; add remaining 2 minced garlic cloves for a more intense garlic flavor. With the mixer running at medium-high speed, drizzle in the olive oil until fully incorporated. Then drizzle in half-and-half until fully incorporated.
6. Season with salt and fresh cracked black pepper (be careful with how much salt you add). Add parsley and lemon zest to mixer and blend.
7. Transfer the mix to a gratin dish and bake at 350°F for 10 minutes (or until the top is browned). If you are toasting your bread, slice diagonally and cover with olive oil and brown in oven.
8. Serve immediately.

Oyster Dressing

Ingredients

3 tablespoons olive oil
½ cup chopped onion
½ cup chopped green bell pepper
½ cup chopped celery
2 tablespoons chopped garlic
3 cups cubed day-old bread
2 cups oysters with their liquor
1 cup clam juice
¼ cup chopped green onions
2 tablespoons chopped parsley
1 tablespoon Creole seasoning
½ teaspoon hot pepper sauce
Salt and freshly-ground black pepper

Directions:

1. Preheat oven to 350° F. Grease a medium baking dish with butter to prevent dressing from sticking to sides.
2. Add olive oil, onion, green pepper and celery to a Dutch oven and saute for 2 minutes. Add garlic and cook for 2 minutes longer. Lower the heat and fold in bread cubes, oysters and their liquor, and clam juice until moistened. Add green onions, parsley, Creole seasoning and hot sauce. Season with salt and black pepper to taste.
3. Pour dressing into greased baking dish, cover with foil and bake for 30 minutes. After 30 minutes remove the foil and allow to cook for an additional 20 minutes. Dressing is finished when the top is brown and crispy.

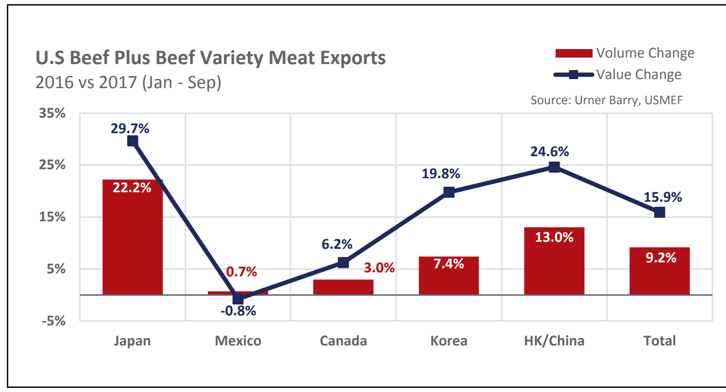
There is strong demand for U.S. beef ...

U.S. beef exports continue to gain steam in 2017

The most recent U.S. beef export data for the month of September compiled by the U.S. Meat Export Federation (USMEF) showed another month of outperformance to last year, keeping the year-to-date pace well above 2016 levels.

With growing supplies in beef, pork, and chicken remaining the common theme, it is important to the industry that export markets remain strong customers. This could help direct product to additional customers and alleviate oversupply.

September beef exports alone totaled 103,552 metric tons (MT), which followed and only slightly trailed August, the largest month recorded in 2017. Export value was $616.9 million. This was over 16 percent above a year ago. From January to September, beef exports are up a little over none percent in volume to 926,985 MT and nearly 16 percent in value to $5.27 billion.



Our traditional trade partners continued to lead. The Japan market remains the leader in terms of volume and value and is the largest since BSE. In fact, the value to Japan was over $200 million for the second consecutive month, only the second and third time since May 1996. Mexico takes the second most in terms of volume but has fallen behind third place in volume to Korea in terms of value. Korea is a strong growth story.

Some new emerging markets are noted as well. The demand from the ASEAN region (Philippines, Indonesia, and Vietnam) led monthly exports 68 percent higher from last year.

The export markets continue to play a key role in helping U.S. beef packers move supply. It is important to increase share in an even more competitive industry to our established relationships but also to emerging customers.

Article contributed by **Gary Morrison**
gmorrison@urnerbarry.com

Fall 2017 American Egg Board campaigns harvest unprecedented engagement and results!

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

As AEB takes stock of its fall quarter efforts, I wanted to be sure to share what was accomplished. Great news: the results so far are stunning!

Overall, AEB's Fall 2017 programming — propelled by campaigns for Back-to-School, Hispanic Heritage Month and World Egg Day — achieved unprecedented engagement and visibility in the marketplace. In fact, AEB's Back-to-School campaign actually outperformed Easter on key engagement metrics by more than 60%.

Millennials and Hispanics — AEB's key 2017 strategic demographics — figure prominently in these results. Here's an overview of AEB's major fall initiatives…

MILLENNIALS AND THE "YOU'RE INCREDIBLE BECAUSE…" CAMPAIGN

For our Back-to-School campaign this fall, AEB targeted Millennials — primarily parents in their 20s to mid-30s. The largest generation in U.S. history, Millennials comprise about one-fourth of the U.S. population with $2.5 trillion in purchasing power. They are also the best-educated cohort of young adults in U.S. history, and they care more about health and wellness than any previous generation. Their commitment to an active lifestyle influences most of their decisions, from what they eat to what they wear.

To connect with Millennial parents (and, consequently, to prime the next generation of egg consumers), AEB knew to tap into their proclivity toward health, fitness and an active lifestyle. To that end, our campaign featured Olympic gold medalist Laurie Hernandez (age 17) and highlighted the importance of high-quality protein foods, like eggs, to fuel students to perform their best, capitalizing on AEB's nutritional messaging: "Eat better. Learn better."

The campaign, itself, celebrated "Incredible Kids" and the campaign's centerpiece was the "You're Incredible Because…" contest — a nationwide search for young people engaging in social good projects, excelling in sports or extra-curricular activities or otherwise achieving remarkable feats.

In addition to providing an inspirational element consistent with Millennial sensibilities, and a nutritional message consistent with their priorities, the campaign also endeavored to help harried Millennial parents adjust to the back-to-school season — a busy time with routines being challenged, planning weekday meals and focusing kids on homework and afterschool activities.

To accomplish this, AEB partnered with parent influencers and registered dieticians to engage parents with content that delivered back-to-school solutions in the form of quick and easy egg recipes. Influencers also encouraged their followers to join them in celebrating their incredible kids and highlighting how eggs are essential to prepping them for back to school and fueling them to be their best. AEB also developed a back-to-school recipe collection and downloadable booklet highlighting unique and kid-friendly egg recipes that are delicious, nutritious and perfect for breakfast, lunch, dinner and after school/activity snacks.

To further promote the many nutritional benefits of eggs for students going back to school, AEB also enlisted pediatrician and professor of nutrition at Ohio State University Dr. Robert Murray — an adviser to the AEB's ENC — for 23 interviews on a satellite media tour about the importance of eating a high-quality breakfast built on protein, and the nutritional benefits of incorporating eggs into a child's diet early and often.

The total result of this campaign: a whopping 197.4 million media impressions!

CELEBRATING HISPANICS DURING HISPANIC HERITAGE MONTH AND LEADING INTO WORLD EGG DAY

Hispanic Heritage Month, occurring September 15 to October 15, provided a perfect opportunity to promote the many benefits of eggs to a critically important consumer segment: Latinos.

At 17 percent of the U.S. population today, Latinos already account for 58% of the year-over-year growth in egg purchases and the rapidly growing segment is projected to represent 50 percent of all U.S. population growth by 2020. This important cohort has $1.5 trillion in purchasing power that increased by 22 percent in the past five years and continues to grow.

In addition to the size, wealth and growth of the U.S. Hispanic population, they skew younger, with more runway to spend in the future as these young consumers form new families. In fact, every 30 seconds a U.S. Hispanic turns 18 years old, while two non-Hispanics hit retirement age. Culturally, Hispanics place a great importance on family meals and cooking as core traditions, and they include eggs more frequently in their meals than any other ethnic group.

As such, the need to develop content and position messaging around eggs in a way that resonates with this audience and drives engagement is absolutely imperative to AEB's mission to increase demand for eggs and egg products in both the short and long terms.

¡increíble!

American Egg Board

The Hispanic Heritage Month campaign's objectives were to inspire Latino families to eat more eggs by reminding them of the quality and affordability that eggs bring to favorite recipes, while also introducing them to more nutritionally-conscious twists on classic Latino recipes. Since Latino fusion is also a major general market cuisine trend, the campaign also aimed to expose non-Latino consumers to a broader variety of Latino egg dishes. And because the Latino market spans a spectrum of acculturation, it was important to provide a mix of content *in English and Spanish.*

AEB leveraged multiple Latino influencers throughout Hispanic Heritage Month to highlight their favorite recipes reflecting their respective heritages from Mexico and several South American countries, including tasty-style videos with quick how-to's and preparation tips.

Here, too, AEB's nutrition messaging came into play, as Latino consumers are increasingly health-conscious. Notably, the campaign leveraged Latino influencers and registered dieticians to rework classic Latino dishes for a better nutritional profile without compromising flavor or authenticity, and to speak to the important role nutrition plays in preventing and managing Type 2 Diabetes (a condition for which Latinos over-index).

Fortuitously, Hispanic Heritage Month provided a perfect runway for World Egg Day. AEB kicked off that week with a live, one-hour World Egg Day twitter chat with #Foodiechats — an online social community for foodies — that logged 20 million impressions with a 1.6 million reach. We followed this with an "Around the World" restaurant tour, an infographic, and a collection of recipes. And finally, AEB concluded the holiday with a personality quiz: What Kind of Egg Dish Are You?

Efforts to reach this important demographic continued after Hispanic Heritage Month. On October 26, the AEB with LATINO Magazine hosted key members of the Latino community, New York media and America's egg farmers at GUSTO New York — a celebration of Latino culture and cuisine featuring eggs.

The exclusive networking event at the Hilton Midtown drew several hundred guests to sample Latino-inspired egg dishes created by executive chefs. To bring the event to life, we partnered with several Hispanic lifestyle influencers who attended the event to share their event experience, talk about tasty egg dishes and highlight the nutritional benefits of eggs.

The combined result of AEB's Hispanic Heritage Month and World Egg Day campaigns: 81.6 million impressions!

A NOTE ON NUTRITION AND THE HOLIDAY CAMPAIGN

We believe a good share of our fall success can be attributed to compelling nutritional messaging informed by leading-edge research coming out of the AEB's Egg Nutrition Center — a world leader in egg nutrition knowledge — that holds tremendous appeal to consumers in both segments.

For instance, in addition to containing one of the highest quality proteins available, we now know that eggs support cognition and eye health. New research has also positioned eggs as a first food for infants. And we've learned that simply feeding eggs to undernourished children dramatically improves their growth. Adding an egg to your salad even increases vitamin E absorption. These remarkable findings will continue to drive AEB's messaging and continued growth in consumer demand.

In 2017, I challenged my team to help deliver even more on behalf of America's egg farmers. My expectations for the fall were definitely surpassed! While delighted with these efforts, I have even higher expectations for our Holiday season campaign, which will already be generating results by the time you read this. Complementing all that is being advanced in the core areas of Quick Service Restaurants, Egg Product Marketing and the AEB's Egg Nutrition Center research and promotions, the end of the year is going to be absolutely *incredible*. Stay tuned! UB

Scientists weigh in on "THE NEXT FRONTIER" for beef quality research

Article contributed by **Miranda Reiman**, Certified Angus Beef

Life is not always heads or tails, black and white or pass-fail. When it comes to beef,

certain traits, like tenderness, are easier to quantify than others.

"Beef flavor is very complex. It's not one attribute, but many, many flavor notes," says Bridget Wasser, executive director of meat science for the National Cattlemen's Beef Association (NCBA). "There are a lot of things that can go right, and there are a lot of things that can potentially go wrong." Each consumer views it differently.

"We have to make sure we find a way to give it to everyone, all the time, and so consistency of the product comes into play," Wasser says. The beef community has made marked improvements in tenderness over the past few decades, "so the good news is that it allows us to focus on some of these other eating attributes," she says.

Phil Bass, former meat scientist for the *Certified Angus Beef*® (CAB®) brand and current faculty at the University of Idaho, says more and more research is starting to encompass some of these harder-to-measure traits.

"We've researched tenderness quite extensively and beef flavor is the next frontier, the next area that we really need to focus on," he says. Lipids, carbohydrates and proteins that make up beef have the greatest influence on flavor. Lipids, or fats, are species-specific, differing in both amount and fatty acid composition. That's why beef doesn't taste like pork or poultry.

"We've always known that fat contains the specific flavor compounds; more of it will express more of those flavors," Bass says. "The grain-finished, beef-fat flavor is highly desirable to the palate."

Recent work validates the USDA quality grading system's ability to predict eating satisfaction, along with the CAB brand's 10 carcass specifications, Bass says.

"Marbling is something we hang our hat on as a beef industry," Wasser says, because it gives the protein its "buttery, beef-fat" notes. "That's a very positive flavor. It's something consumers respond very positively to and that's why it has a lot of credence in our quality grading system and the valuation of our beef carcasses."

A Beef Checkoff project recently added more precision to sensory science, by developing a beef lexicon, or a dictionary of sorts for 38 attributes.

"How can you pick them out if you don't know what an individual flavor note is?" Wasser asks.

Researchers train panels using this common terminology, and use participants as instruments in both discrimination and descriptive research.

Scientists get better results by either increasing the numbers in a sample size or limiting the variance, Bass says.

"When you have a trained sensory panel, you don't need as many," he says. "The better you can control the variation, panelist to panelist, the better you'll be able to find the differences."

Trained panels will detect flavors and note intensity, but larger consumer panels will determine its acceptability level.

"It's not until you put it into the mouth of the consumer that you see, is this economically viable? Is this applicable to the end-user?" Bass says. "Time and time again, consumer research looking at beef marbling shows more marbling is better. It gives better flavor. It contributes to tenderness. It maintains juiciness."

That's why it's getting the attention of the entire beef community. "That gives us a common goal to work towards," Wasser says. UB

First time's the charm ...

Major venue change for 2018 Executive Conference

Phil Lempert

Colleen McClellan

Bruce Vincent

Aria RESORT & CASINO LAS VEGAS

This coming April, Urner Barry will be hosting the 42nd edition of the Executive Conference and Marketing Seminar. For 2018 it will be held for the very first time at Aria Resort & Casino, Las Vegas featuring its brand new, technologically advanced convention and meeting facility. According to Urner Barry's event coordinator, Liz Cuozzo, the historic three-day conference is expected to draw nearly 500 attendees.

The preliminary schedule is packed with speakers, forums and breakout sessions catered to protein professionals. Back by popular demand, Supermarket Guru Phil Lempert is slated to host an expert panel focused on the future of retail grocery and how personal touch and consumer interaction can coexist with the digital revolution of online grocery ordering and home delivery. One of the conference's most highly rated speakers, Colleen McClellan of Datassential, will be making a return appearance. Colleen will convey a captivating presentation focused on foodservice menu drivers, trends and consumer interaction. Additionally, Bruce Vincent a third generation logger representing a family commitment to responsible environmentalism, will deliver "With Vision, There Is Hope" a powerful message advocating the education of consumers about agriculture in a truthful and balanced way.

The most recent addition to the speaker lineup is Dr. David Kohl who will deliver an insightful, high-energy presentation on megatrends in agriculture and global economics. Kevin Good, Senior Analyst at CattleFax, will be updating attendees with his perspective on what the current grain and feed situation will mean for domestic and international trade. Urner Barry will also be welcoming back USAPEEC President, Jim Sumner, and Global AgriTrends Co-Founder Brett Stuart. They will present their much anticipated export update and expert analysis on the international trade environment for poultry, eggs and red meats.

For additional information visit http://www.urnerbarry.com/executive/

You may also contact Lynn Dekovitch at lynnd@urnerbarry.com or Liz Cuozzo at lcuozzo@urnerbarry.com or call 732-240-5330.

EXECUTIVE CONFERENCE URNER BARRY & MARKETING SEMINAR

Early seasonal low for hog prices likely on increase in processing capacity

Cash hog prices tumbled in August and September, and near the end of the third quarter prices were down 45% from the summer high hit in late June. But the market made an upturn into October, and the odds appear rather high that the market made an early seasonal low in late September.

In the previous five years, the seasonal floors in hog prices were hit in December three times, once in mid-November and once in September. That lone September low occurred in 2012, a year in which supplies were large and weekly slaughter rates were setting new records for that month.

This year had similar circumstances in addition to a delayed opening of a new plant in Iowa that had originally been scheduled to open in late July. Anticipation of that new plant along with another in Michigan to open by late summer led to expanded hog production by some farms, and possibly a bit too early, which contributed to an oversupply in August and September.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Both plants did open in early September but it always takes a new operation several weeks to a few months to get up to full speed, so the number of hogs being moved through a new facility is small at first and gradually increases. It can take three months or more for a new plant to reach full speed.

The impact of the new plants on the market became more evident when daily slaughters moved up to around 463,000 head a day in early October from 450,000 or less through mid-September. The increase absorbed more of the supplies and led to increased competition among the processors for the animals that were available.

Seasonal supply and market patterns suggest that prices could come under additional pressure in November and December and, if so, a test of the late September low is still possible. But with the two new plants making progress week by week toward reaching full speed and daily slaughters expected to reach 470,000 or more by mid-to-late-November, perhaps the demand for hogs will put a floor under prices that is above the low hit in September.

Pork exports and slaughter rates on target with expectations are wild cards that could affect the cash markets throughout the fourth quarter.

“With cash prices already $5 to $10 off the lows, it is likely that those lows will hold for the rest of the year“ even if processing margins stay around the levels seen in mid-October, said Bob Brown, private analyst in Edmond, Oklahoma.

In addition, lean hog futures point to firmer prices out ahead from the expiring price in the October contract at $60.40 as December was carrying a premium of about $1.50. This indicates that futures traders too were looking for cash prices to hold near that level through the December expiration.UB

Article contributed by **Curt Thacker**
cthacker@urnerbarry.com

Weekly averages for hog prices and daily slaughter rates August - mid October

	avg price/cwt	daily slaughter avg (000)
August	$79.72	433
	$78.75	430
	$75.95	442
	$69.30	416
	$63.61	443
September	$60.32	439
	$54.94	456
	$59.23	453
	$47.60	458
October	$50.86	457
	$55.15	463

Source: USDA

60 seconds with

National Fisheries Institute's John Connelly

Urner Barry sat down with the President of the National Fisheries Institute John Connelly, for a question and answer session on some of the current issues in the seafood industry.

UB REPORTER (UBR): The seafood industry is confronted with a number of hot button issues, like the use of forced labor and antibiotic use. How does the industry respond and what do you advise your members to do?

JOHN CONNELLY: Forced labor is illegal. Using unauthorized antibiotics are illegal. NFI members are differentiating themselves by setting up programs to ensure their customers are confident in their seafood.

We have worked hard to pull this issue out of the shadows and our members are making these issues part of the sourcing discussion: How much do you know about your suppliers? What steps are you taking to make sure you understand the state of the workforce? These are some of the questions we feel should be asked as often as "what's the price" and "when can you get to here?" Making conversations about labor common and transparent will help drive bad actors away.

Unapproved antibiotic use is something that will be addressed for us if we don't address it aggressively. Regulators have no stomach for this and we can only expect enforcement to get tougher.

UBR: The political climate is tough. You're dealing with a range of topics

from equivalency, SIMP, a new farm bill, border adjustment tax and protectionist measures. What are the biggest threats and how do you manage the onslaught?

JC: In the current political climate there's a growing need to ensure everybody in Washington appreciates the global nature of seafood and how important that sourcing structure is to jobs here at home.

Seafood is not steel. We can't say let's keep out the imports and just make more at home, it doesn't work that way. The risk with all of those topics is that someone fails to understand the raw material and employment dynamic at play with seafood and unintentionally disadvantages U.S. companies.

The Department of Commerce estimates there are about 1,270,141 U.S. seafood jobs. Commerce also estimates that without imported raw material that number drops to about 744,850. Fresh, delicious, nutritious seafood from off the coast or Massachusetts, the Gulf or the icy waters of Alaska is essential but globally sourced product is as well and losing sight of that important combination could have real consequences that would be felt in Georgia and New Hampshire, not overseas.

UBR: Issues of seafood fraud and incorrect labeling continue to surface. But an in-depth look at the value chain suggests the illegalities are not as black and white as producers passing a cheap fish off as an expensive one. What are the realities of seafood fraud these days? And what is NFI doing to combat it?

JC: All NFI members continue to differentiate themselves through their commitment to fighting fraud. All of our members are also members of the Better Seafood Board which is the only industry lead anti-fraud group out there. These companies are taking on short weigh and specie substitution daily, calling out bad actors and publicly making it known that they won't stand for it.

You are right to note that the issue has evolved because so has our understanding of it. It was once enough to point the finger in the general direction of suppliers or brokers and say that's where the problem is and someone should go deal with it. But when the FDA did a deep dive on the issue and found 85% of species at wholesale labeled properly there was an ah ha moment. We started to find regulators, even at the state level from California to Florida, saying wait a minute let's look throughout the value chain, is some of this fish fraud menu mislabeling? That is where we have been pleased to work with our members' customers and the National Restaurant Association in helping ensure menus have the right fish names. The focus has become more holistic and that helps focus precious resources where the real problems might be and not at some amorphous boogie man.

UBR: It's been widely reported that eating more seafood, rich in omega-3 fatty acids, is one of the best things Americans can do for their health. How is the NFI's Dish on Fish campaign encouraging Americans to add seafood to their dinner menus?

JC: The Dish on Fish is a simple yet powerful platform. One of the biggest barriers to seafood consumption in this country is preparation. Growing up in Boston seafood was omni-present, if I have fish, salt, pepper and tinfoil I've got a meal. But recognizing that's not everyone's relationship with seafood is important.

The Dish on Fish helps take the fear out of preparation and infuses that with important nutritional advice. Where else are you going to find instructions on how

Continued on page 69

"The biggest threat to the industry is the idea that protectionist policies will actually help America's fisheries."

NTF Turkey Demand Project sets its sights for 2018 and beyond

Article contributed by the National Turkey Federation

Building on the accomplishments of the past three years, NTF's Turkey Demand Project will be broadening its tactics as it moves into 2018 and beyond. After focusing heavily on "influencing influencers" during its first phase, the project now will look at addressing six additional key focus areas in the new year: exports, animal well-being, institutional purchases, education, social media and product innovation.

NTF's Executive Committee in the fall of 2017 directed the creation of seven working groups dedicated to the focus areas, and voted to continue in 2018 with voluntary funding from processors.

Each of these focus areas are guided by a working group from the NTF member companies with a specific expertise, chaired by a member of the Executive Committee, with an NTF staff member assigned to coordinate all staff responsibilities associated with the area. The planning expertise within the industry has helped define specific goals to help develop programs and activities.

The Executive Committee's action aligns the three-year Turkey Demand Project with the new NTF Strategic Plan, yet also creates an overall business and consumer environment in which NTF members can grow turkey demand.

EXPORTS

The NTF Export Working Group will work within the industry and with key partners to identify and prioritize potential markets that have legitimate opportunity to reopen or expand within two years of NTF commencing efforts to create positive change. These market-improvement targets should primarily focus on specific actions that can help build support among federal, diplomatic and business leaders for lowering and ultimately removing the barriers that have so far restricted American turkey exports to those countries.

ANIMAL WELL-BEING

Maintaining animal health and welfare, this NTF working group will seek to accelerate research in the development of new animal health products, with an emphasis on areas where the industry access to animal health products has been restricted or eliminated, as well as to address diseases for which no fully effective treatment or prevention option is currently available. Harnessing the insights of turkey company leaders and veterinarians, representatives of all animal health companies, academia and respected partners such as USPOULTRY, will create an effective list targeting diseases and health conditions to accelerate research product development.

INSTITUTIONAL PURCHASES

Purchases of turkey for institutions represent a significant market expansion opportunity for the turkey industry. While turkey is sold to a wide range of institutional customers – including schools, the military, correctional facilities and transportation providers – there is ample evidence that there is room for growth in each of these areas. Drawing from the experience of purchasing authorities, the turkey industry can work a more competitive advantage within the federal rules for serving turkey in schools, help turkey producers better navigate the federal and state purchasing process, as well as stay current with trends within the nutrition community.

WHERE THERE'S SMOKE

Bringing turkey home – both figuratively and literally – at the American Royal World Series of Barbeque® first-ever Turkey Smoke attracted the attention of 40,000 BBQ fans that mixed with more than 2,000 of BBQ's Royalty (the pitmasters who innovate with new tastes and own the nation's best barbeque restaurants). With turkey meat introduced into the competition for the first time in the World Series of Barbeque, more than one-third of the teams clamored for bragging rights for the tastiest BBQ turkey breast, turkey drumsticks, or turkey thighs. Fan followers took notice in discovering turkey as a flavorful smoky addition for their own amateur backyard grilling. Beyond barbeque, turkey has been making the rounds in professional conferences of dietitians, chefs cooking schools and in major cities in regions across the nation, among the decision-makers for restaurant menus, supermarket registered dietitians and internet bloggers.

SOCIAL MEDIA

In social media and digital engagement, NTF will create a tightly woven social media and online digital presence to leverage turkey's reach through those who influence consumers, along with new strategies as well. Turkey's strengths – taste, nutrition, variety and convenience – enhances industry image, while our online engagement will prudently deflate negative messaging that exists in social media.

EDUCATION

Education of the next generation of shoppers and restaurant guests has raised thoughtful classroom discussion onto a platform for learning about conventional production agriculture and how to objectively evaluate its role in providing food security to a growing world population hungry for meat protein. The next course for turkey education will seek opportunities for expanding the curriculum nationwide in middle schools.

NEW PRODUCTS

Product development of turkey's mainstay cuts of breast lobe, wings, and drumsticks has potential for gaining added attention in a variety of venues. Visionaries within our business see in the longer term the innovation of new cuts and formats which can develop turkey portions to drive interest and demand in domestic as well as export markets.

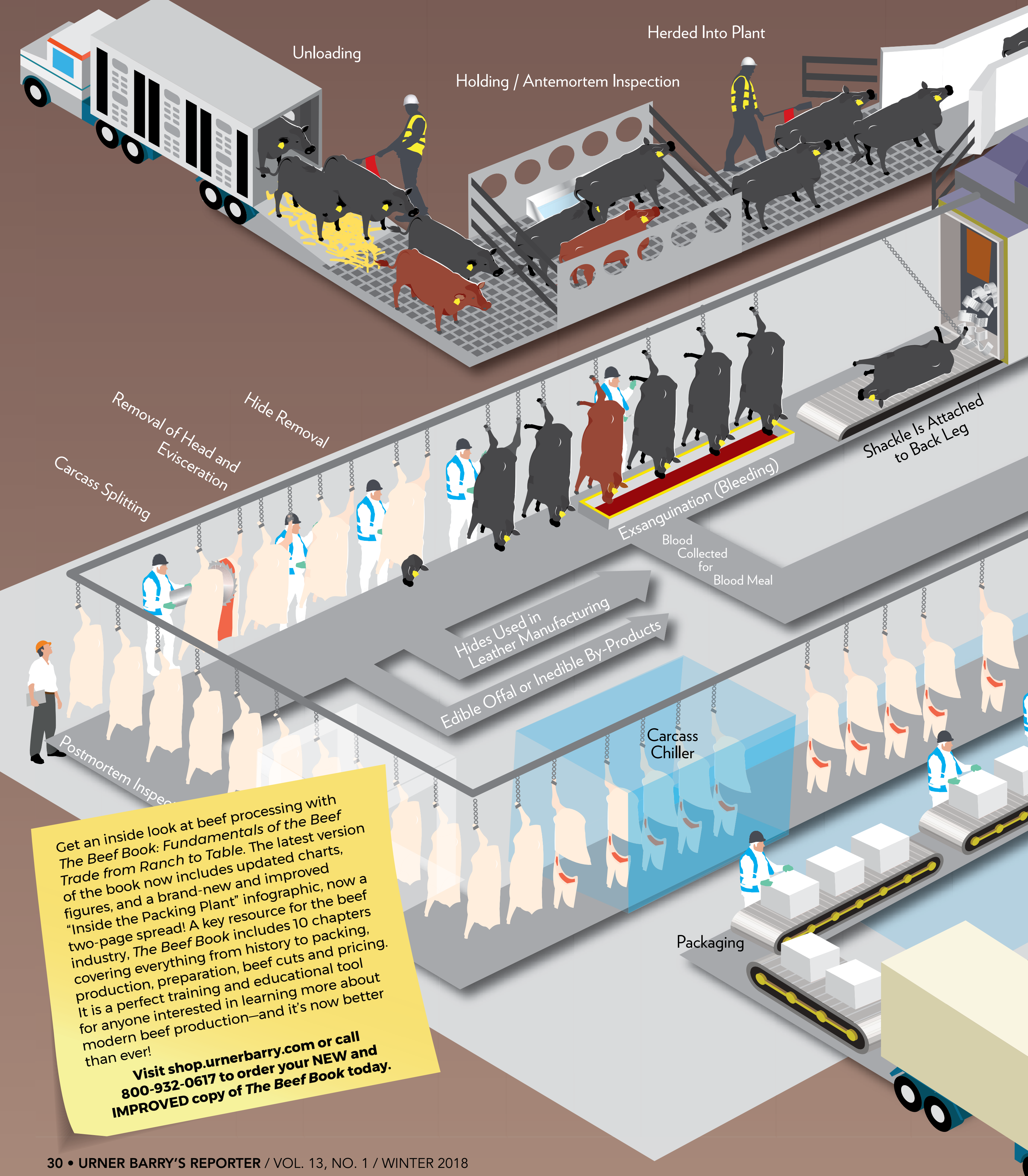
BUILDING ON THE FOUNDATION

There are working group activities in these focus areas that closely resemble the past three years of the Turkey Demand Project. For instance, the events area will likely include activities like the American Royal Barbecue competition. Many aspects of the social media/digital and export areas will draw from, and build on, the work of the last three years. Other areas have been at work to develop new programs and initiatives.

IT'S ALL ABOUT DEMAND

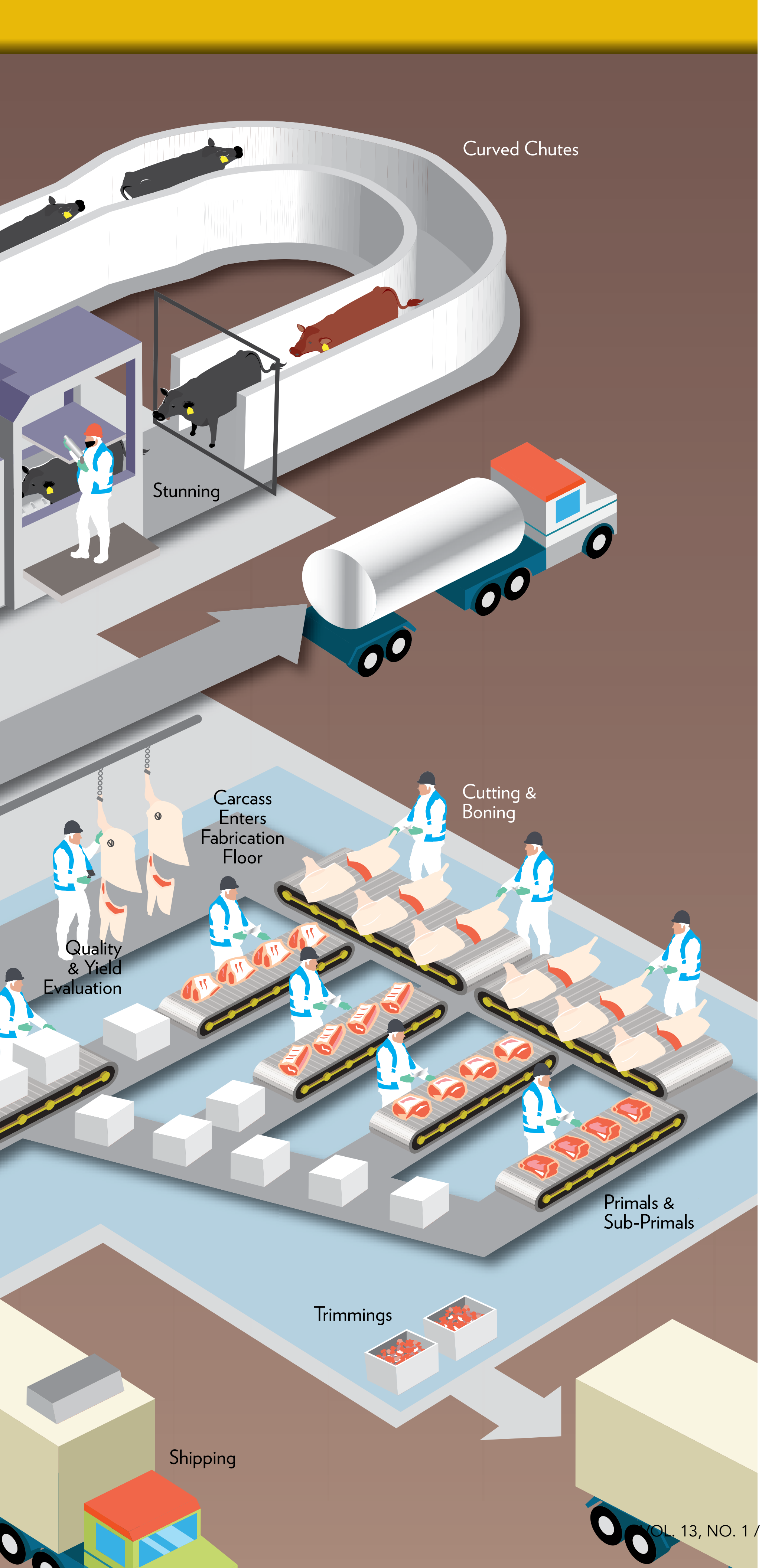
Drawing the Turkey Demand Project more closely into defined working groups with Executive Committee members accomplishes multiple goals simultaneously. The result is a program that, by focusing on seven key aspects of the strategic plan, can help create an environment in which our members will be able to enhance turkey demand. It's why we're in business. UB

Get inside the packing plant with *The Beef Book!* now better than ever...



Get an inside look at beef processing with *The Beef Book: Fundamentals of the Beef Trade from Ranch to Table*. The latest version of the book now includes updated charts, figures, and a brand-new and improved "Inside the Packing Plant" infographic, now a two-page spread! A key resource for the beef industry, *The Beef Book* includes 10 chapters covering everything from history to packing, production, preparation, beef cuts and pricing. It is a perfect training and educational tool for anyone interested in learning more about modern beef production—and it's now better than ever!

Visit shop.urnerbarry.com or call 800-932-0617 to order your NEW and IMPROVED copy of *The Beef Book* today.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Primals & Sub-Primals
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Save the date ...

Urner Barry's Seafood Import Workshop is heading to the West Coast

URNER BARRY
Seafood Import Workshop Series

Urner Barry is taking its very informative Seafood Import Workshop back on the road in 2018. After a successful event in Miami this past October, UB's Seafood Import Workshop will be heading to Los Angeles in February.

Close to 40 seafood industry members and government agencies attended the Miami conference, which was created with the goal of helping attendees keep their seafood business compliant. Guest speakers Scott Zimmerman (CEO and founder of Safe Quality Seafood Associates), Corey Norton (international trade attorney at Trade Pacific Law), Michael Lieberman (insurance broker at Foa & Son) and Sergio Lozano, Jr. (vice president at Alpha Brokers) spent the afternoon leading some engaging discussions on topics ranging from ACE vs. ACS, responding to FDA violations, risk management practices, sensory testing and much more. Government representatives from the FDA, Customs and Border Protection and NOAA jumped in, sparking conversations that continued even after the workshop ended.

Urner Barry is looking forward to bringing the discussion to the West Coast – and we hope you can join us! The 2018 Seafood Import Workshop will take place at the Courtyard by Marriott at LAX airport on Thursday, February 8. Registration is $799 for first attendee and 50 percent off for any additional attendees. UB

Article contributed by **Amanda Buckle**
abuckle@urnerbarry.com

The 2018 Seafood Import Workshop is set for Thursday, February 8

Price discovery, analysis and negotiating strategies

Special to *Urner Barry's Reporter*
Caitlin Orosz

For eight years running Blacksmith Applications, has hosted a group of retail and foodservice trade spend professionals from the top CPG companies for bi-annual Smoke Jumpers meetings. The group discusses industry change, solves shared challenges, and learns spend tactics that optimize contract profitability.

Urner Barry participated in the 16th **Smoke Jumpers** meeting held in Chicago from October 24-25, 2017. During that time, 65 attendees from well-known CPG manufacturers gathered for a day and a half to identify new industry trends and challenges, amid other timely trade promotion topics. The group also enjoyed time together for food and drinks to build professional connections.

The agenda included strategic group discussion tables. Discussion leaders included subject matter experts from General Mills, J.R. Simplot, Conagra Brands, and Urner Barry. Topics varied from budgeting best practices to buying group promotions and Sysco category management.

Urner Barry's table, led by Russ Whitman, focused on price discovery, negotiation and analysis of the commodity protein market. The trade spend professionals were curious about the frequency of industry canvassing during a typical day of price discovery at Urner Barry; price discovery is conducted based on the level of supply and demand, seasonality and external influences.

In general, trade spend professionals in the commodity food space look for contract and pricing support because of the industry's erratic pricing and razor-thin margins. Smoke Jumpers members vouch for the benefits of a trade management applications like Blacksmith's FORGE that facilitates and improves budgeting, planning and decision-making.

Urner Barry's Russ Whitman leading a price discovery focused roundtable.

If you would like to attend a future Smoke Jumpers meeting, visit
www.blacksmithapplications.com/attend-smoke-jumpers
or send Blacksmith Applications a note at
hello@blacksmithapplications.com.

October stats show imports continue to accelerate

Adapted from an article written by **John Sackton** that originally appeared on SeafoodNews.com on December 5, 2017.

The latest shrimp import figures show that shrimp demand in the U.S. is continuing to accelerate, particularly in retail categories.

Through the end of October 2017, total U.S. shrimp imports now stand at a record 1.19 billion pounds, compared to the year ago figure of 1.08 billion pounds. This is a 10.4% increase.

Peeled raw shrimp continues to dominate with India accounting for around 50% of all peeled raw imports.

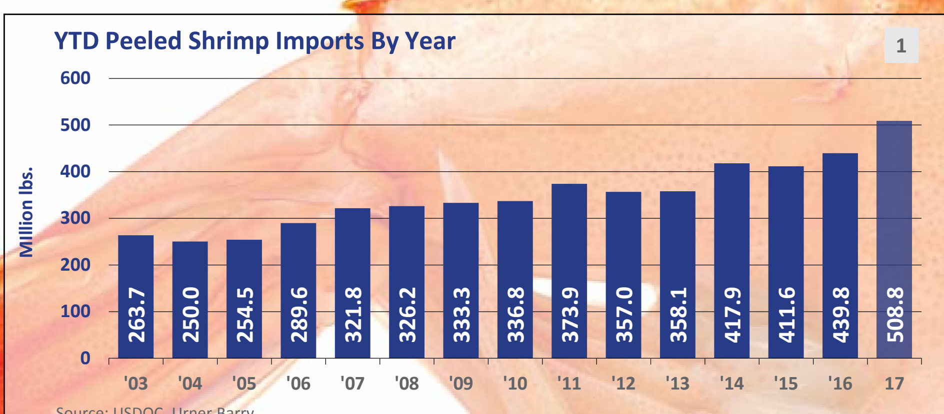
Total peeled imports were 508 million pounds, compared to 439 million pounds the prior year. India accounted for 230 million pounds or 49% (chart 1).

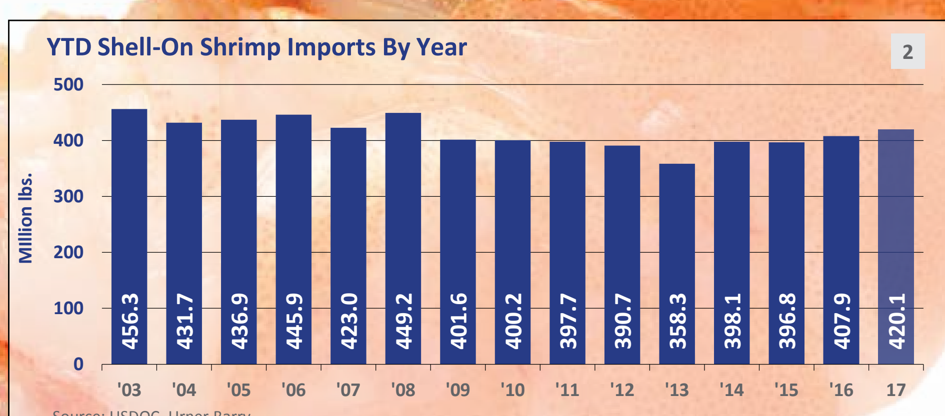
Cooked shrimp, another item used mostly by retail, was up 18% over last year, to 151 million pounds.

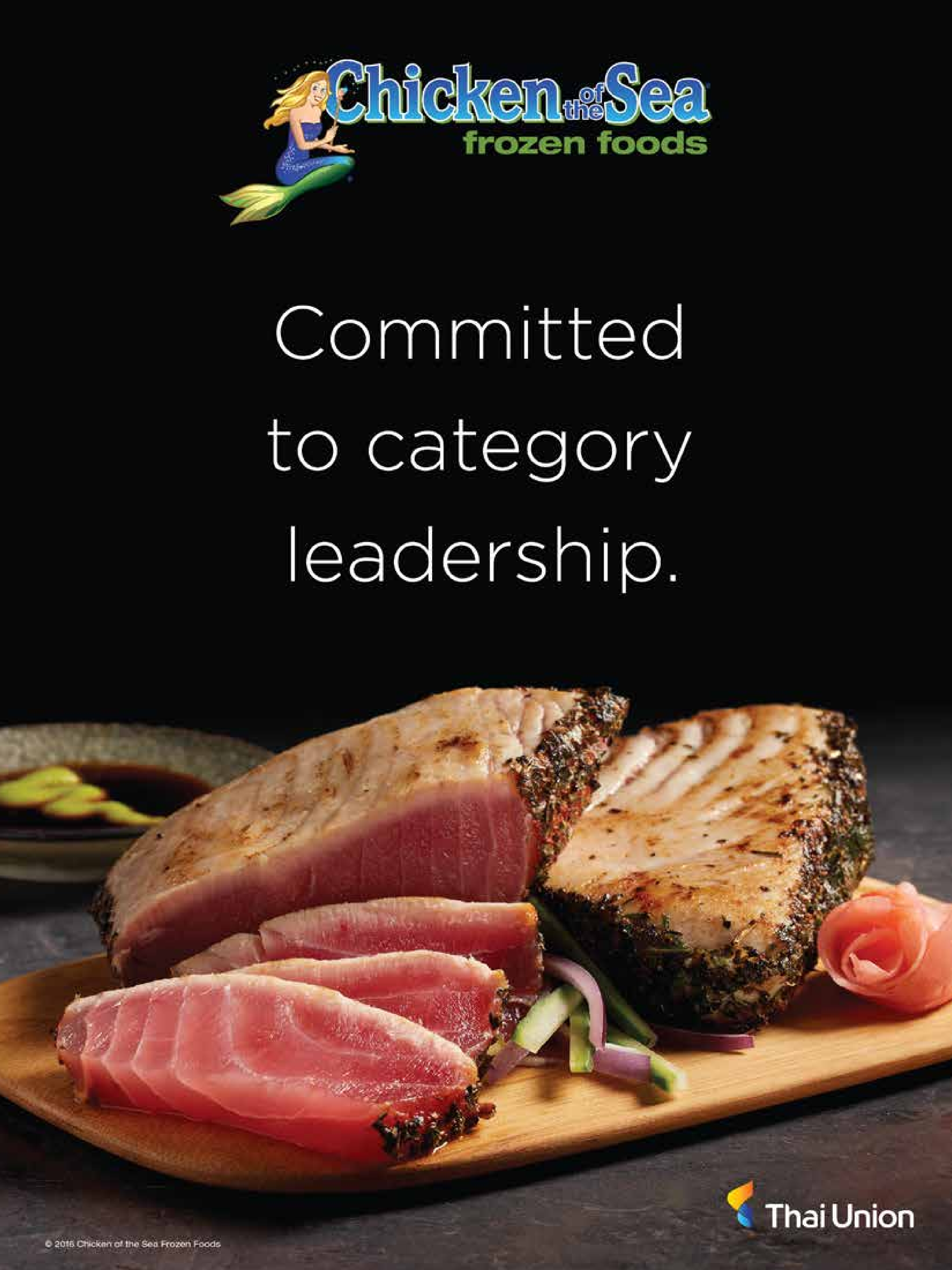
Breaded shrimp was up 10.1%, with China as usual the largest shipper, accounting for 57%.

The shell on category, which includes easy peel, was up only 3% over 2016. India continued to be the largest shipper, accounting for 33%, and their shipments were up 25% over 2016. These numbers should remain steady as the EU team tasked with inspecting India's seafood processing facilities are satisfied with the quality of shrimp production. Rumors of a potential ban on seafood exports has been put to rest (chart 2).

Continued on page 38



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Shrimp imports

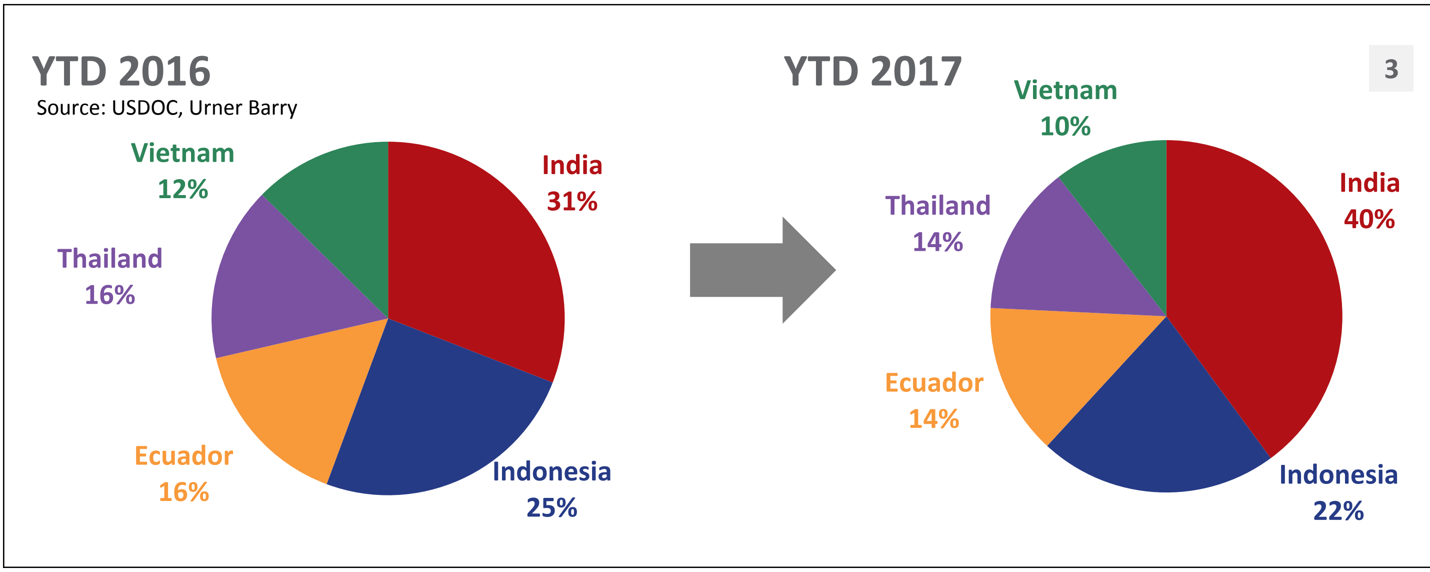
Continued from page 36

Ecuador, Indonesia, Mexico and Thailand all shipped less shrimp to the US than in 2016. Meanwhile, U.S. imports of shrimp from India increased from 31% in 2016 to 40% in 2017 (chart 3).

The market is continuing to favor larger size shrimp, which India is producing. U-15, 16-20 and 21-25 all saw substantially increased shipments, averaging a 7% increase over 2016.

Shrimp pricing continues to be stable, but weakening slightly according to Urner Barry's farmed white shrimp index, which is now about 3% lower than it was a year ago.

The record supply and stable prices are setting up shrimp to be a favored commodity during the upcoming Lent season in 2018.



Camera grading adjustment to likely trim choice/prime beef, increase select %

An adjustment was made by USDA in late October regarding camera systems used at some plants for grading beef carcasses.

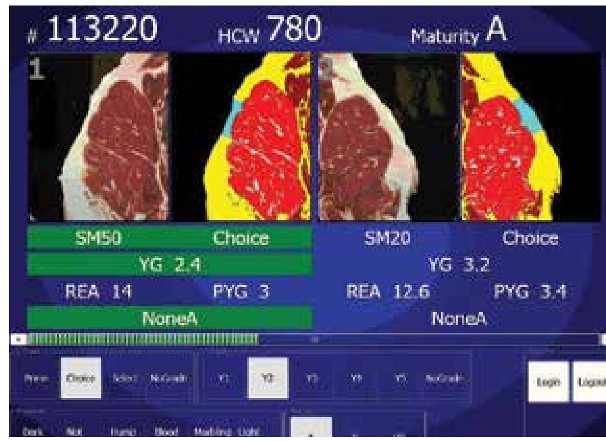
The changes were made to fix a problem that had been discovered with a version implemented earlier in the year. That version had been blamed at least in part for an unexpected rather sharp rise in the percent of carcasses grading Choice or Prime and a reduction in Select, compared with previous versions. The camera grading results were also contested by on-site USDA graders.

The latest adjustments were made to fix the inaccuracies. The latest version is expected to accurately determine the grade, which should reduce the amount of Choice/Prime beef and increase the amount of Select grade beef compared with the percentages seen this summer.

The degree to which this may occur was still uncertain by the story deadline the second week of November and the results could vary considerably among the plants for a number of reasons. However, initial indications from USDA's weekly grading results showed a measurable drop in the percentage of carcasses rated Prime and Choice along with an increase in Select following the latest adjustment made at some plants in late October.

Not all the plants using camera grading systems were affected by the adjustment and not all plants use cameras for grading. In addition, some of the differences seen in the recent grading data may be due to seasonal factors.

The beef grading data for week-ended Nov. 3, the first week after the adjustment was made, showed an overall decline in Prime and Choice from the previous week and the previous five week averages and a rise in Select. Prime fell by 0.57% from the previous week to 6.06% and was down from the previous five-week average of 7.16%. Choice slipped nearly 1 percentage point from the previous week and slightly over 3 percentage points from the five-week average. Meanwhile, Select rose by more than 1.6 percentage points from the week prior to 19.78%, compared with the five-week average of 15.97%.



Impacts of instrument grading are vast; from improved accuracy and precision of USDA beef grading to reduced variation in assignment of grades.

The largest differences were seen in Kansas where Prime was down 2.08 percentage points and Choice was off 7.4 from the five-week average. Select rose in Kansas by 10.29 points versus the five-week average.

Much smaller differences were seen in Nebraska and Texas for the latest week versus the previous week and the five-week average.

More time and further analysis of the data are needed to determine the longer-term impacts of the latest adjustments made in the camera grading systems. UB

Article contributed by **Curt Thacker**
cthacker@urnerbarry.com


Instrument grading assists in certification of carcasses for branded beef programs.

Rabobank takes action to encourage food sustainability

Sustainable food means food that is produced within a system using techniques to protect a community's environment, public health, economic and social well-being, along with practicing beneficial animal welfare. Food producers that refer to themselves as sustainable certainly are shaping the 2017 food industry. Many consumers are already looking to purchase foods that are sustainable. This means that how and where their food was cultivated will impact their choices. All in all, sustainability is put in place by companies in hopes to decrease hunger, improve food nutrition, protect the environment, encourage reuse and recycling, and more.

One company aiming to make a difference by introducing sustainable food production is the agricultural bank, Rabobank.

Rabobank is an international financial services company that is active in 40 countries. It announced its 'Kickstart Food' activation program which will help transition the company into a sustainable food supply. They are launching this program by investing $1 billion into a facility in partnership with UN Environment. The facility will focus on initiatives to protect forests and land restoration. This will help Rabobank focus on environmental food production. Along with taking initiatives to improve environmental food production, Rabobank is also implementing a waste program which will focus on reducing food waste, a stability program, and a nutrition program to improve on a healthy lifestyle for consumers.

Rabobank

Chairman of the Executive Board Wiebe Draijer states "Our global lead role in financing food production urges us to accelerate developments on the sustainable food supply. With our knowledge, networks and financing capabilities we aim to further motivate and facilitate clients in adopting a more sustainable food production practice globally. We are proud of this major initiative with the UN Environment. We will engage others to expand the initiative. It fits very well with our mission of growing a better world together."

As the world population continues to grow, resources continue to be used. Rabobank is aiming to support food production. "Rabobank is increasing its support for efforts to increase food production by at least 60% towards 2050 while reducing the sector's environmental footprint by 50%." Rabobank is clearly a company passionate about food sustainability, all the while encouraging their clients along the way. In collaboration with UN Environment, Rabobank is welcoming their clients to accept grants which will aid them in starting land restoration and forest projects.

Rabobank is working with many influential partners to support their mission toward sustainability. Whether it means working with the UN Environment to offer grants, or the World Wildlife Fund to restore underutilized land, Rabobank is taking a stand. Rabobank wants to make known that their joint effort with UN Environment is open for other stakeholders to join the kickstart.

Overall, Americans alone eat on average nearly a ton of food per year. Through Rabobank's action, and the action of companies around the globe, our environment, and overall health can be improved through the implementation of food sustainability. UB

Article contributed by **Nicole Christie**
nchristie@urnerbarry.com

"Rabobank is increasing its support for efforts to increase food production by at least 60% towards 2050 ..."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Rising costs continue to push average eater checks higher ...

Quick service burger chains drive uptick in U.S. foodservice traffic in 3Q

Adapted from an article that originally appeared on Foodmarket.com on November 28, 2017

FOODMARKET.COM News from the Center of the Plate

After six consecutive quarters of flat or negative traffic, strong growth at quick service restaurant (QSR) burger and gourmet coffee chains drove total U.S. foodservice industry traffic into positive territory, up one percent, in the quarter ending September, reports The NPD Group, a leading global information company. Collectively, the top QSR burger and gourmet coffee chains account for a sizeable percentage of total QSR traffic and have a major impact on industry traffic overall. QSR visits, excluding these chains, were flat but still an improvement from the previous quarter when traffic was negative, according to NPD's CREST®, which daily tracks consumers' use of foodservice and restaurants.

QSR burger and gourmet coffee chains implemented a number of marketing initiatives, deals/value, new products, and delivery, to incent visit growth in the quarter. Deal -related traffic for these restaurant categories was up by seven percent, the strongest seen in quite some time. Additionally, non-deal traffic for these chains rose four percent.

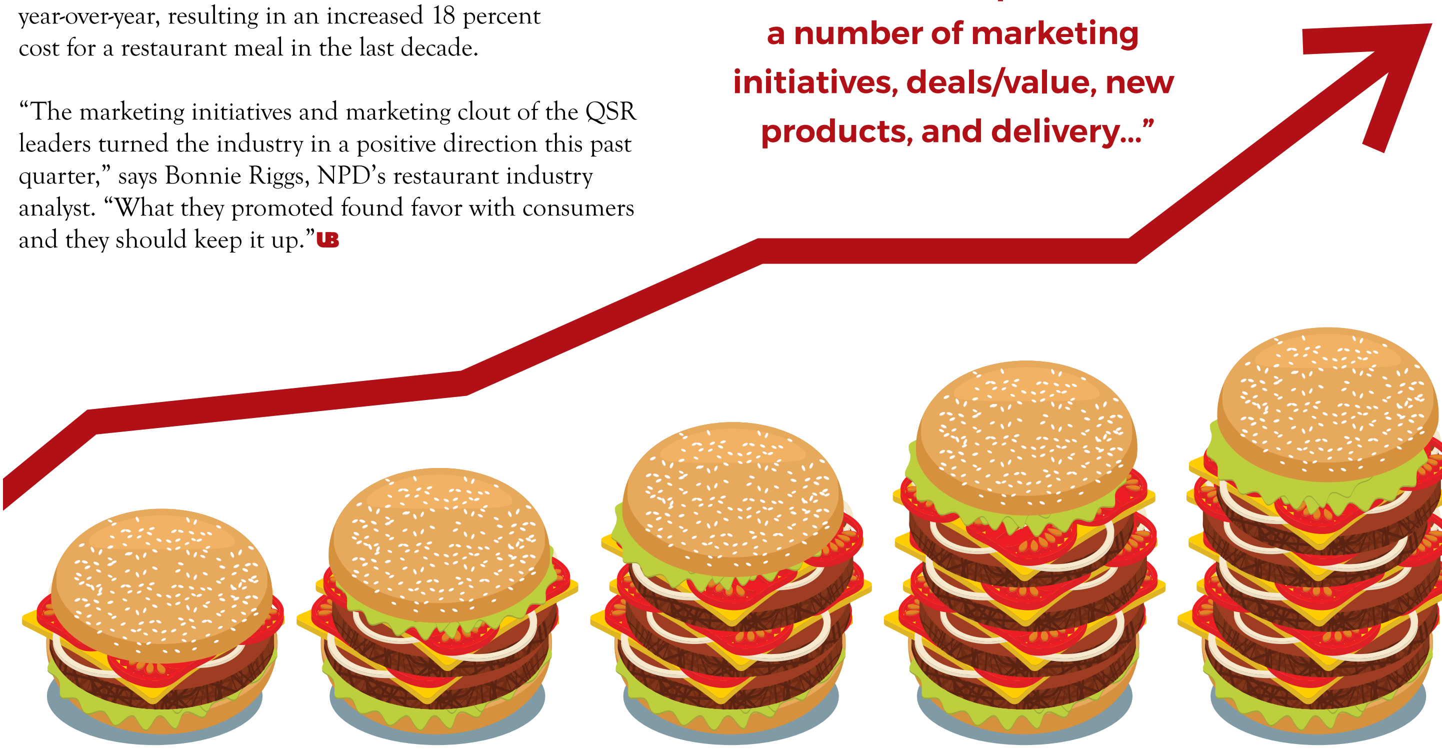
In addition to the contribution of QSR burger and gourmet coffee chains, QSR fast casual restaurants, which represent eight percent of QSR traffic, also aided the uptick in foodservice visits this quarter. Fast casual traffic, which includes increased visits to Panera and Chipotle, was up eight percent compared to same quarter last year. Unit growth has been the primary contributor to fast casual traffic gains over last several quarters.

On the loss side, retail foodservice, led by food and drug stores, posted the only traffic decline of any QSR sub-segment for the quarter. Full service restaurants, which include family dining/midscale, casual dining, and fine dining, posted visit declines. This was the first quarter fine dining restaurants posted a decline whereas visits to casual dining and midscale restaurants have experienced long-term traffic declines, reports NPD.

Consumer spending at restaurants and other foodservice outlets increased by two percent in the quarter over same period last year mainly due to rising menu prices..As food inflation continues to rise, it has become relatively more expensive to eat at restaurants. Average eater check sizes at restaurants have grown year-over-year, resulting in an increased 18 percent cost for a restaurant meal in the last decade.

"The marketing initiatives and marketing clout of the QSR leaders turned the industry in a positive direction this past quarter," says Bonnie Riggs, NPD's restaurant industry analyst. "What they promoted found favor with consumers and they should keep it up."UB

"QSR burger and gourmet coffee chains implemented a number of marketing initiatives, deals/value, new products, and delivery..."



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Restaurants adapt to adding calorie counts on menus

©nicoletaionescu

The U.S. Food and Drug Administration has a pending rule pertaining to calorie count on menus. This rule has been in place for some states and areas for several years now. The rule is said to apply to restaurants with at least 20 or more locations. Under the rule, restaurants must display a menu board visible to customers that lists information on each and every menu item. The information listed includes calorie counts for each item. If the restaurant does not have a written menu i.e. a food buffet, the calorie information must be posted on the label pertaining to each item.

The rule has been pushed back several times now, but is soon set to come into action in all areas of the U.S. According to the USDA, they are "extending the compliance date for menu labeling requirements from May 5, 2017 to May 7, 2018. This extension allows for further consideration of what opportunities there may be to reduce costs and enhance the flexibility of these requirements beyond those reflected in the final rule."

The FDA rule requiring calorie information to be posted will greatly impact restaurants. In today's day and age, many consumers have become more health conscious. Restaurants are becoming aware that the change in information disclosure may also result in a change in consumer choices. Restaurants are already thinking up healthier options and menu items to appeal to consumers. Although, researchers at New York University School of Medicine found that just a small number of fast-food customers ordered lower-calorie options due to calorie counts on menu boards at four major chains in New York City. In fact "Initially after New York City's rule went into effect back in 2008, just 12% of consumers ordered items with fewer calories, and that dropped to 9% when the researchers surveyed customers again in 2013 and 2014. Meanwhile, only about half of consumers even noticed the calorie counts when they went up on menu boards in 2008." Some expected the calorie disclosure to have a greater impact on consumer decisions, while for some the calorie count had an effect on decisions, for others it did not.

Restaurants who voluntarily posted the calorie information on menu items had around 120 fewer calories than restaurants who did not disclose calorie information. This is a prime example of how certain restaurants are adapting their menu items to suit a healthier consumer preference. Some restaurants, such as Starbucks, stated that the rule led consumers to purchase fewer items. Starbucks also went on to state that their revenue was not lessened due to the calorie posting as some would assume. Some restaurants are even opposing this law out of fear of revenue loss. They argue that if nutritional information is available somewhere for consumers to read, whether it be on a website or in a pamphlet, then restaurants should not be obligated to post the information on their menus which are front and center for consumer viewing.

The rule was set to encourage consumers to lead a healthier lifestyle; however it could in turn affect restaurant offerings and potentially their revenue. This is something that many businesses already prepared for, currently have in place, or will start thinking about as the day approaches.

Article contributed by Nicole Christie
nchristie@urnerbarry.com

"...restaurants must display a menu board visible to customers that lists information on each and every menu item."

Food goes digital …

Launch of 'Genius Kitchen' provides digital destination for millennial foodies

Cooking shows have long provided home-cooks with inspiration and direction. Exposing American suburbia to cultural foods and motivating even novice chefs to attempt dishes they can hardly pronounce has been the triumph of television mediums such as the Cooking Channel and the Food Network. As we move into a new age, however, we welcome in a digital-minded generation of foodies looking to maximize their time and cooking skills in new, inventive ways.

Scripps Lifestyle Studios has answered the call for a digital, food-focused brand with their launch of Genius Kitchen—featuring a full site, social and immersive app.

Scripps Lifestyle Studios is a digital business division of Scripps Networks Interactive, the folks that bring us HGTV, Food Network, Travel Channel, Cooking Channel, DIY Network, Great American Country and Food.com.

The new digital brand called Genius Kitchen offers a mix of new and classic favorites, including weekly shows featuring a hint of comedy, pop culture and top food news. Users can view recipe videos, how-to's, cooking tips and social-oriented content. Viewers can even get recipes delivered directly to their device.

The target audience for this new digital venture is, of course, millennials ages 21-35. This core group of consumers are now doing a lot of the cooking and meal preparation for their households. This group also would have grown up with cable cooking shows, perhaps with their parents tuning in, but are now largely driven by social media and digital convenience. Genius Kitchen seems to blend those two worlds.

scripps lifestyle studios

"Digital food video is exploding, and younger generations are hungry for new and unique ways to 'watch what they eat,' so to speak," said Kathleen Finch, Scripps Networks Interactive's Chief Programming, Content and Brand Officer. "No other media company is better positioned to introduce this level of investment in premium food content."

The social aspect appears to be a key objective in growing users of Genius Kitchen, as they've promoted an online community within the site for users to interact, add reviews and ask questions. The site incorporates various social media aspects as well—and has been likened to that of BuzzFeed, Inc.'s Tasty, known for their short video clips of recipes and food prep, circulated widely throughout social media platforms. This developing area of online food-focus has resulted in opportunities for companies to expand their reach by integrating online destinations.

Vikki Neil, General Manager of Scripps Lifestyle Studios, added: "Genius Kitchen is not like anything else that exists today; it's a brilliant way to connect the worlds of food entertainment and utility. And advertisers will love the innovative branded content opportunities we have in store."

The new online platform has replaced Food.com. However, cable cooking show enthusiasts fear not—Genius Kitchen will not be replacing the Food Network or the Cooking Channel. Your favorite food channels are here to stay, at least for now.

And so remains a generation, content with turning on the TV and watching a cooking show—but for this new generation of home-chefs, convenience trumps cable; made easier by innovative digital options like Genius Kitchen. UB

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

"This developing area of online food-focus has resulted in opportunities for companies to expand their reach by integrating online destinations..."

Meat quality, taste and visual appeal

In this highly competitive era of vying for the consumer food dollar, marketing plans increasingly include discussion and sometimes action as it relates to not only the overall freshness and grade of meat, but a more expansive list of attributes. That summation of influences impacts meat quality and creates a culinary event that varies with each individual. Food companies need consumers' eating experiences to be positive in order to build and retain brand loyalty. But according to Dr. Rebecca Delles, a research scientist in meat chemistry at Alltech, Inc., they must first initiate a purchase. Whether food products or consumer goods, having one's eye drawn to a particular item is a crucial first step. Visually appealing or not, unless the product is palatable a repeat purchase is unlikely. If both visual appearance and palatability score high, and the producer can provide it consistently, then brand loyalty has a chance to develop. In the meat case that always means providing a juicy, tender and flavorful cut of meat. But luring the consumer to the meat case is the first hurdle. With the importance of visual appeal in mind, along with the other more traditional attributes, research shows that color is playing a larger than ever part in the meat quality puzzle.


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According to Dr. Delles, the U.S. food industry loses about $1 billion in revenue every year due to discoloration and the resulting price discount. Many of you know that oxidation of the meat causes the more pleasing red meat color to turn brownish. While in most cases the meat is usually safe to cook and eat, the color is a turn off to consumers. Animal nutrition, careless handling or the use of a retail film which oxygen can penetrate, as opposed to a vacuum pack which provides a barrier, is often at the root of meat discoloration.

However numerous other influences ranging from genetics to the presence and activity level of bacteria to the age and gender of the species, can impact its color and the perception of meat quality. But the best genetics and feeding regiments will be for nothing if poorly managed. These factors are less tangible to the consumer but can nevertheless impact the eating experience. Animal management prior to slaughter such as its heat and stress level, along with the feed quality, have all proven impactful to meat quality.

Still, what it boils down to is oxidation of the meat. As proteins oxidize succulence suffers. Dr. Delles describes it like a sponge. When proteins oxidize they bend and can't bind water leading to a loss of juiciness and tenderness. "Like a wet sponge, it's literally squeezing the water out when you have a high amount of protein oxidation", she said. At the same time, nutritional benefits suffer due to the loss of amino acids. To help offset both naturally occurring and man influenced oxidation the University of Kentucky in conjunction with Alltech has developed anti-oxidant supplements. When consumed by the animal, they provide a protective barrier against oxidation thereby improving meat quality. Dr. Delles says that by introducing antioxidants into the animals' diet you can not only improve the oxidative stability of the feed itself but also of the meat. In turn, that can improve shelf life and palatability.

But what about feed quality, an influence external to animal management? It is easy to understand and it has been repeatedly verified that stress levels and the animal's quality of life impact the quality of the end product. One of the issues influencing feed quality is not about the feed so much as it is the effort made to get the birds to market as quickly as possible. When a high energy diet is introduced to enhance growth, it is usually added fat provided cheaply by recycled vegetable oil. Dr. Delles tells us that vegetable oil is high in polyunsaturated fat and it is not as stable compared to saturated fats. This can lead to a reduction in the oxidative stability of the other feed ingredients, such as vitamins. As the cycle continues, lower quality components cause damage to cell membranes and proteins, resulting in the loss of water holding capacity and reduction in textural properties (palatability).

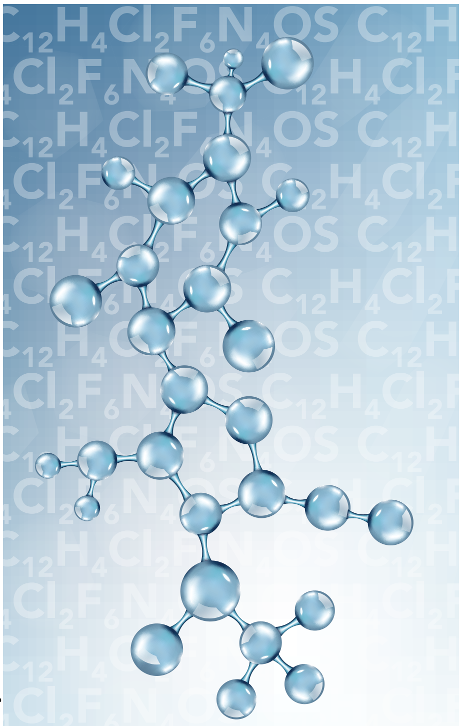
In the end meat is naturally oxidative and steps to reduce or slow oxidation result in better tasting meat. The management of the animal prior to slaughter along with the quality of the feed being used can make or break meat quality. The quality of that meat influences taste and consumer demand, completing the farm to fork relationship.UB

"If both visual appearance and palatability score high, and the producer can provide it consistently, then brand loyalty has a chance to develop."

Article contributed by Russell W. Whitman
rwhitman@urnerbarry.com

An unforeseeable disaster ...

The fipronil scandal and its



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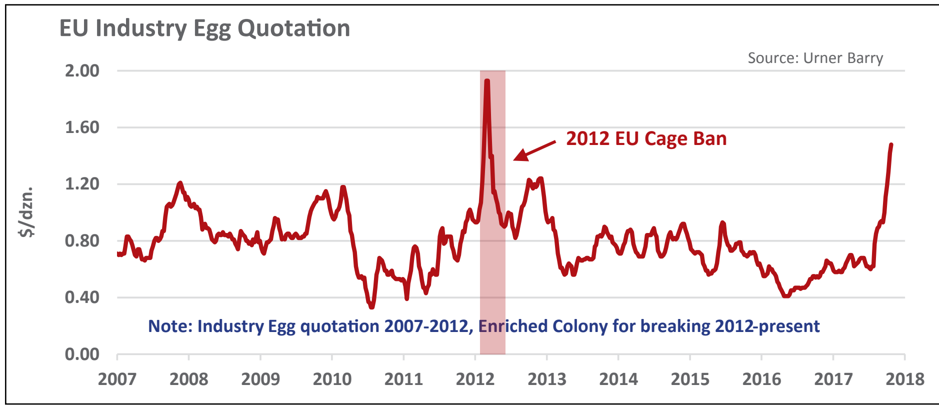


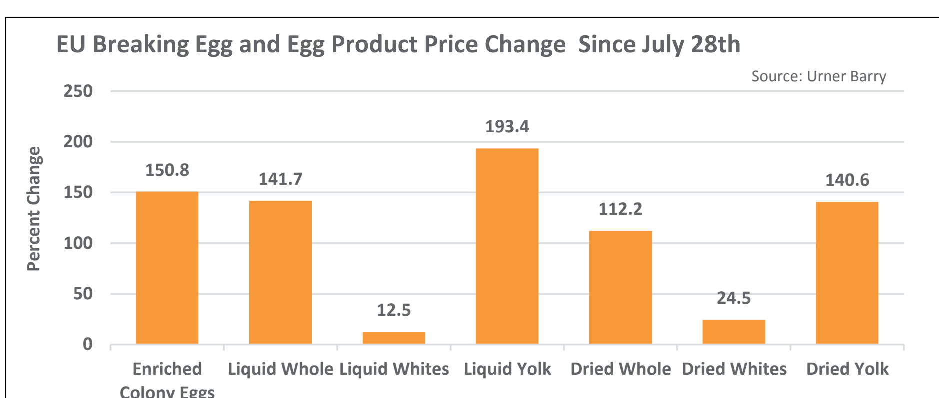
Fipronil is a chemical used to combat fleas, mites, ticks, and other insects. It is commonly deployed to protect crops and in veterinary medicine. The chemical is not meant to be used around animals destined for meat production or those producing products for human consumption.

Sometime in early August 2017, traces of Fipronil started to turn up in eggs and egg products produced in the Netherlands. Laying facilities were being treated for pests common in the region and somehow this chemical was included in their formulas. Production facilities in the Netherlands, Belgium, Germany, France, and others were shut down where flocks tested positive. Shell eggs, egg products, and finished goods containing affected eggs have also been detected in 24 EU countries and Hong Kong. South Korean producers discovered Fipronil and other unapproved pesticides in a number of facilities from August through November.

It is still unclear how many layers were affected in all, though market participants estimate it could be anywhere between 10-20 million. Many of these birds were producing in the Netherlands, Europe's number one egg product exporter. The solution is also still a bit uncertain. Some believed the birds would rid themselves of the chemical over the course of a few months in a molt, but most realized the best option was a complete depopulation and cleaning of the houses.

Supermarkets in the EU pulled eggs and products containing eggs linked to these farms off their shelves when the news broke. A few major chains even pulled all of their shell eggs as a precaution. Consumption took a hit early on, but has since returned. In fact, prices at retail have been affected very little, as most buy on long-term contracts. This is creating even more demand from bakeries and other smaller scale manufacturers which can sometimes purchase eggs cheaper at retail than from their normal suppliers.

Processors, industrial users, and commercial manufacturers making or



impact on the EU egg market

using egg products have taken the brunt of the blow. Egg processors at times struggle to source operational needs. Many are running shortened schedules, while others have had to temporarily shutter facilities because they are unable to source enough raw materials to send through their machines.

Due to supply destruction and production being removed from the marketplace, prices have more than doubled in most categories since the end of July. Urner Barry's EU industry egg quotations spiked between 110 - 160%, depending on production style and certifications. Current levels are the highest seen since the record price points quoted around the 2012 cage-ban.

Raw cost increases were passed along in liquid and dried prices. Most of the issues are surrounding yellow product given the fact that the chemical was being found in the fat of the bird and the eggs it produced. Whole egg and yolk are up 142% and 193%, respectively during the period. Dried whole egg prices have surged 112%, while yolk is up almost 200%. Buyers who contracted their needs well in advance of the scandal are at times unable to get full volumes, leaving them unexpectedly competing in the open market.

Liquid whites, which have been somewhat surplus through most of 2017, have moved only 13% higher, while dried prices are up about 25% in the category as of this writing.

According to our contacts, the issue has yet to be fully resolved. Some have culled the birds to clean facilities and repopulate as quickly as possible, while others are trying to molt affected hens to reduce their fat and rid them of the pesticide. Either way, they anticipate supply issues to run through the holiday period and into 2018. How demand is impacted by prices between now and then remains up in the air. In the meantime, European whole egg and yolk are essentially priced out of the global market, creating opportunity for other international players. UB

Article contributed by **Brian A. Moscogiuri**
brianm@urnerbarry.com

"Many of these birds were producing in the Netherlands, Europe's #1 egg product exporter."

Trashfish: The hip new meal box that's taking over L.A.

Trash fish is a term used to describe seafood that has little or no value or is not desirable—and Ren Ostry wants to change that.

TRASHFISH
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"A lot of people – a lot of chefs and fishmongers – hate the term trash fish. And to be honest, I kind of do too," says the Los Angeles resident. "I think it's a total misnomer."

And so, Ren created Trashfish, a sustainable seafood box company based out of L.A. The box is on a subscription base model, similar to that of Blue Apron or Hello Fresh. However, it's strictly for those in the Los Angeles area. Boxes are delivered or picked up by members every two weeks and feature wild-caught seafood from California fishermen, an artisanal pantry item and a recipe created by a local chef.

"Last year the number one trend in the restaurant industry was traceability," Ren explains. "People wanting to know where their food came from is literally trending right now, which is great. But it upset me to see that parties of ill intent or misinformed people were benefitting from that."

Not wanting to see fishermen left behind, and taking advantage of the "celebrity culture" of chefs in Los Angeles, Ren hatched a plan to work with local chefs and fishermen to bring amazing and unique plates from the sea to the dinner table.

"I buy seafood from fishermen and co-ops all over California. This week we're selling California market squid from Monterey Bay," says Ren. "We've done Pacific mackerel from Santa Barbara and we've done sea snails that come up as bycatch to crab from the Channel Islands. I love supporting fishermen from all over California and I think there's a great need for that. But our model of getting fresh local seafood to people only works if it's filling a niche. Other cities in California already have community supported fisheries so there's no need anywhere else. But there's something about L.A. where

Kellet's whelk is a variety of sea snail that tastes like clams.

we're close to the water and we have this incredible food scene, but we have no consumer options for fresh seafood."

Ren's background is in farmers markets. Around six years ago she was hired to sell fish at Santa Monica's famous Wednesday farmers market. It was there that she developed a passion for fish and built connections with some of the surrounding restaurants. So, when Ren launched Trashfish in June, she knew exactly where to turn to for mouthwatering recipes.

"I'm really excited to celebrate chefs who are going the extra mile and really working hard to play with their food in a sustainable way," says Ren. "I reach out to these chefs that I hear are doing good things or that I've worked with in the past."

Ren says that she gives the chefs a couple options based on what's in season and works with them on finding a pantry item to match up.

"I've been blown away by how much time a chef will take out of their day to do this because they win too. They get their name out there to a list of conscious consumers that want to come to their restaurant. They get celebrated and they also get to play. We have fun."

So far Ren's favorite Trashfish box feature has been the kellet's whelks, a variety of sea snail that Ren says tastes like clams. The chef at L&E Oyster Co. in Silver Lakes was familiar with the unique shellfish and offered up a recipe for a spicy whelk toast.

Trashfish is a sustainable seafood box company based out of L.A.

"They're really healthy, easy to cook and there is no fishery for them," Ren says of the whelk. "People aren't buying them and selling them commercially. They're just an accidental catch, so we gave them to 60 people two weeks ago and everyone adored them. The pantry item was jalapeno chipotle jelly ... they came out so magnificent and you just sautéed them in the spicy jelly. Top it with some radish and cilantro and it looks like a fine dining dish."

It sure doesn't sound like a trash fish meal, but that's why Ren's company defines "trash fish" in a very specific way.

"We call it seafood deserving of a better consumer market." UB

Article contributed by **Amanda Buckle**
abuckle@urnerbarry.com

Ren Ostry's background is in farmers markets. It is that experience that helped her build connections with local restaurants.

The Chef at L&E Oyster Co. offered up a recipe for a spicy whelk toast.

Food industry not immune to one-sided reporting …

FAKE NEWS bigger than politics

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The concept of fake news has been around for thousands of years. During ancient times, rulers would tell tales of great battles to ward off dissention in their ranks and instill fear in their enemies. Propaganda campaigns were popular during both World Wars to sway allies and appeal to the public. The most recent, and maybe the most mainstream, use of fake news was around the last presidential election. Mainstream media has been under fire for stretching truths to fit their positions, telling only one side of a story, or spreading information that is riddled with falsehoods. Though most of the examples here are political, the food industry has also battled its share of fake news.

Media outlets focus on the headlines that drive views and generate clicks. These are often associated with record prices, shortages, issues in the supply chain, animal rights, and environmental issues. Unfortunately, most don't have a basic understanding of simple seasonality, science or other key factors. When prices for bacon and chicken wings hit highs this year, many outlets claimed that there was a shortage of these popular consumer items, some headlines even calling conditions "apocalyptic." Urner Barry chicken market reporter Terence Wells explains that wing prices hit all-time highs on strong demand, but there was never a concern of the popular item vanishing off plates. The chicken wing shortage of 2017 became front-page news right around the time when football season was kicking off, but the story had already been written well in advance. It all comes back to supply and demand, which is perhaps the most fundamental concept of basic economics. Demand for bone-in chicken wings has increased considerably over the last few years. Not only are there more wing-focused restaurant chains today than ever before, but they're all adding units at a rapid pace. Furthermore, it seems as if almost every non-wing-focused restaurant chain is also featuring wings on their menus (pizza concepts, fast food, QSR, etc.) Then there is the retail sector and convenience stores joining in as well. Yes, supplies were tighter than anticipated in 2017, but at no time was there a "shortage," at least not in the literal sense—chicken slaughter actually advanced this year. Plus, USDA cold storage inventories never dropped below 56M pounds of chicken wings; that's the equivalent of 1,400 truckloads. In 2017, wholesale wing prices advanced to record highs, but it wasn't because there was a shortage of supply; they were tight, but still available to purchase if you were willing to pay the big bucks.

The viral nature of these headlines can sway consumer positions, encouraging them to stock up on an item, avoid higher prices and potentially even change dietary habits. Often, by the time an issue gains enough traction to hit the mainstream media, the underlying problem has already corrected itself. Most will tell you the popular phrase, "nothing kills high prices like high prices."

Social media is riddled with one-sided headlines and videos, at times aiming at the protein industry. Posts can get millions of views in just a few hours and can erode brand reputation almost instantaneously. These social media platforms have become one of, if not the most prominent ways to consume media, however, they only seem to be just recently realizing how much of an impact fake news can have. After calling the notion of fake news impacting the election "a pretty crazy idea," Mark Zuckerberg doubled back, saying, "for the ways my work was used to divide people rather than bring us together, I ask forgiveness and I will work to do better."

The world is processing and passing along information faster than ever. With the penetration of smart phones and other devices, consumers are constantly connected. In fact, analytics firm Flurry recently reported that U.S. consumers are now spending up to five hours each day on their mobile devices. Not only are they being presented more information, but they can share it faster than ever through a growing number of social media platforms. Fact checking has never been more important, both from an organizational standpoint and by individual consumers to ensure the motivations behind the stories they come across, especially before hitting the share button. UB

Article contributed by **Brian A. Moscogiuri**
brianm@urnerbarry.com

A fun new way to educate your customers about eggs!

"The Egg" - Playing Cards

Want a cool way to share fun facts about eggs? Well look no further than Urner Barry's all-new Egg Playing Cards. The standard 52-card deck (plus 2 Joker cards) is a fun and easy way to learn more about the egg industry, including shell eggs, egg products, production, nutritional information, and functionality. These cards make a great gift, especially for customers, staff, friends or family. The Egg Playing Cards were designed to visually showcase each factoid throughout four suits: Shell Eggs, Egg Products, Chickens, and Nutrition. The cards were designed to emulate a traditional style while incorporating the overall theme, making them truly unique and guaranteed to please!

Volume discounts are available and can be customized as a promotional vehicle for your business.

Order your decks now!

Call 800-932-0617 or email sales@urnerbarry.com for more information.

A hamburger helper

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"The New Zealand production season can be highly cyclical..."

The hamburger is one of the most popular foods in the U.S. By some accounts, Americans consume 50 billion hamburgers every year. Much of this consumption occurs at quick service restaurants, also known as fast food restaurants.

So how are these fast food hamburgers made? Some establishments will favor the grinding of a particular cut of beef such as the brisket. But most times, a recipe will have a fat ingredient, which is generally 50% beef trimmings (or 50% beef and 50% fat), and a lean component, commonly 85% or leaner. Fatter trimmings commonly are sourced from U.S. beef packers who process grain-fed beef carcasses into cuts, which produces 50% trimmings in the process. The leaner boneless beef ingredient can be sourced from U.S. packers that process both dairy cows and beef cows but, for much of the year, the U.S. cannot produce adequate quantities of lean boneless beef to satisfy Americans' appetite for hamburgers. Instead, countries including Australia, New Zealand and Nicaragua are well positioned to fill this void in supply. Here we will take a closer look at New Zealand:

New Zealand is a significant supplier of grinding material to the U.S. Much of the New Zealand beef that comes to the U.S. is lean grinding material produced from young bulls and cows. The New Zealand production season can be highly cyclical and, just like the boneless beef supply in the U.S., the season can be dictated by seasonal weather patterns. Some weeks of the year, New Zealand beef moving into commerce can account for as much as 40% of the imported boneless beef supply.

In the global market, understanding the seasonal nature of beef production is necessary for buyers and sellers to make sound trading decisions.

The U.S. markets many of its cows in Autumn. Hard frosts will kill off grazing land and farmers are forced to make the decision to either pay the cost of feed to carry the animal through the winter, or to send the animal to market. Older, less productive cows will normally be culled from the herd during this period.

New Zealand slaughters have an even greater seasonal tendency than the U.S. Historically, the slaughter of bulls ramps up in the last quarter of the calendar year. This is followed by an increase in the number of cows being slaughtered. These events contribute to lower-than-average market prices for lean imported beef starting in December and into the

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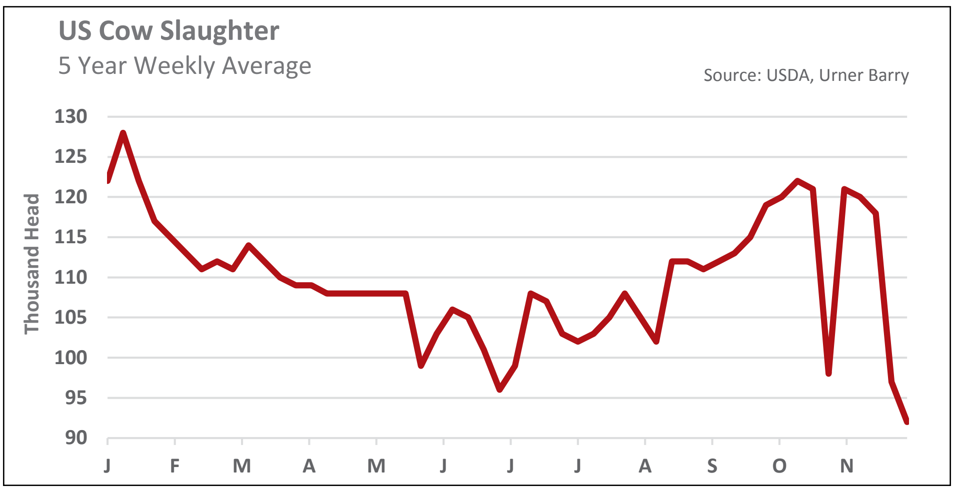


BEEF CATTLE

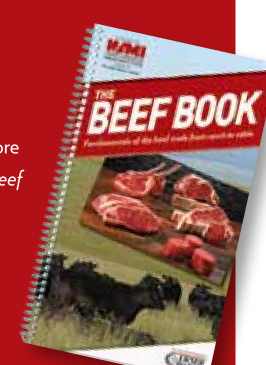
Cattle today are genetically designated according to their primary function. Beef cattle are raised for commercial beef production and bred for their ability to produce high-quality muscle mass.

DAIRY CATTLE

Dairy Cattle are an important part of the beef production system. Dairy cows are genetically selected for their ability to produce milk. However, beef from dairy cows is desired for its leanness and yield.

Much of the beef coming from dairy cows is used in the manufacture of items including ground beef, roast beef and beef jerky. The dollars received for culled dairy cows contribute to the bottom line of the dairy farmer.

This sidebar and more is available in *The Beef Book: Fundamentals of the Beef Trade from Ranch to Table.*



NZ cattle

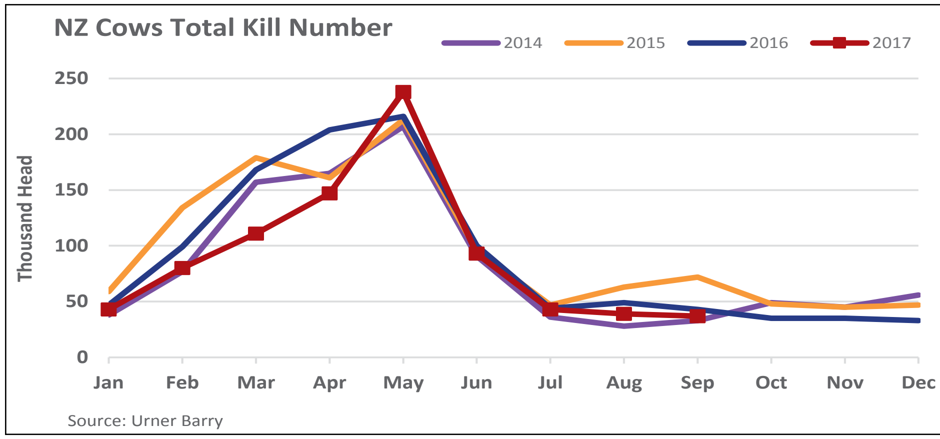
Continued from page 55

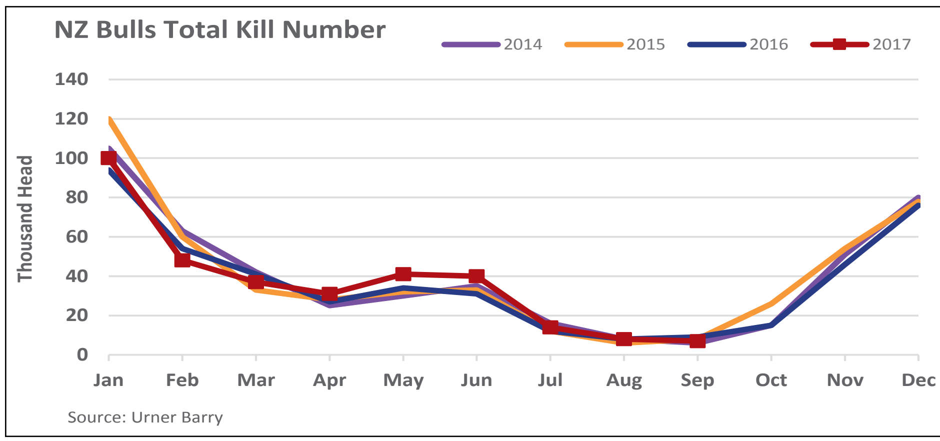
first quarter of the year. The highest prices seasonally occur in our summer months (New Zealand's winter months) when production levels are low.

Seasonality of beef production is just one factor that successful buyers must be aware of when determining their strategy. Traders should also be cognizant of many other market influences, including the amount of boneless beef in cold storage, the strength of alternative export markets for our supplying countries, currency fluctuations and availability of alternative grinding material—to name just a few. Knowing this will help traders manage price and supply risks throughout the year.

All data in this article was pulled from Urner Barry's COMTELL service. To subscribe or get more information, contact us at 732-240-5330 or email help@urnerbarry.com

Article contributed by **Joe Muldowney**
joemo@urnerbarry.com





We love our pets, don't we? ...

What's trending in pet food and who's noticed?

©damedeeso

Trends come and go; that's why they're called trends. No matter what industry you're in, styles change and so do mannerisms. The same theory holds true in the (pet) food industry. These days, more pet owners are leaning or *trending* towards purchasing food products that are labeled as "real meat" or "high quality" than ever before.

Since most of the meat used in pet food applications is a by-product of the human food industry, chicken and turkey companies are encouraged by the trend and welcome any opportunities it presents—here's how good an opportunity it's become.

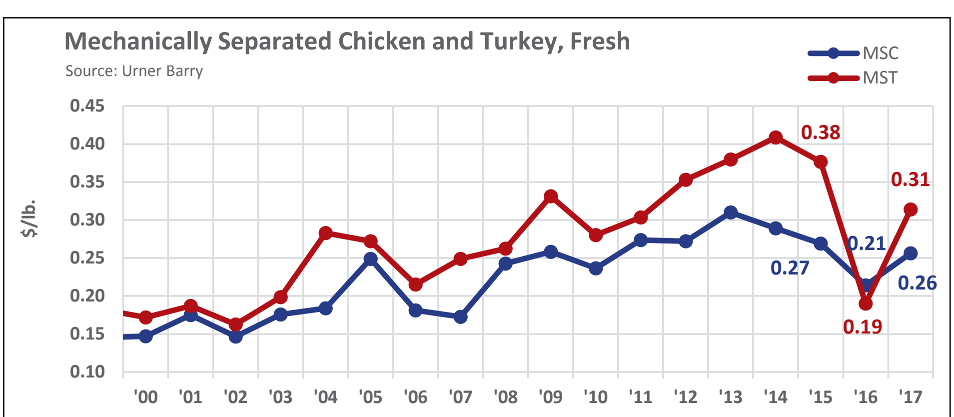
According to the American Pet Products Association, U.S. pet owners spent more than $66 billion on their pets in 2016—early 42.5% ($28.23 billion) of that sum was spent on pet food. The APPA estimates that U.S. pet owners will spend just under $70 billion this year (nearly $30 billion on pet food).

We love our pets so much that many of us treat them as if they're human. If that means serving our pets food with a higher meat content, even though it may cost more, then we'll do just that. During the economic recession in 2008, U.S. pet expenditures were not impacted nearly as much as some other sectors were; in fact, sales climbed during this period. Why? Because even in times of financial hardship, we still feed our pets.

Mechanically separated chicken and turkey are two examples of poultry products that are used in pet food applications. Since 2000, both the MSC and MST markets have enjoyed favorable returns. Some years were certainly more outstanding than others, but if you look at the chart, the trendline is pretty clear. While it's not easy to quantify how much an impact the pet food industry has had on these two markets through the years, it's safe to say it's been a positive one—and based on recent findings or *trends*, it's one that'll keep on growing.

According to Statista, the pet food market in the U.S. is highly concentrated with five companies making up about 70% of retail sales—Nestle, Mars, Big Heart, Colgate, and Blue Buffalo. Grain-free foods, natural foods, and raw frozen/refrigerated foods are the categories where the greatest new sales-driving opportunities can be seen. UB

"During the economic recession in 2008, U.S. pet expenditures were not impacted nearly as much as some other sectors were..."



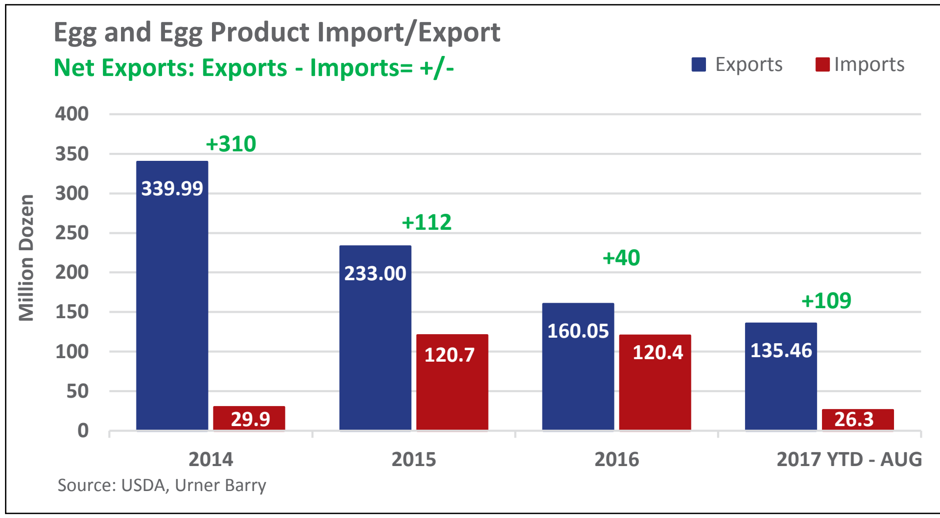
Article contributed by **Terence Wells**
twells@urnerbarry.com

U.S. egg market in recovery

Since adjusting from highly pathogenic avian influenza (HPAI)-related highs, egg product prices were stagnant at or near decade lows for almost a year. Production levels peaked in December 2016 and dried egg inventories surpassed 30 million pounds for the first time since 2006. Demand both domestically and abroad had been impacted by shortages and high prices. Buyers had little motivation to come off hand-to-mouth positions, seeing barely any variance in spot prices from week to week.

A handful of processors attempted to raise asking prices through the middle of 2017, but found the marketplace remained competitive. If they were too aggressive, they risked losing business to a competitor. Meanwhile, several underlying indicators had begun to improve. Layer numbers were on a steady decline from December highs through the first seven months of the year. Low prices and retail "wars" were also influencing the demand side. With several new entrants in the market, chains across the country promoted staple items like eggs to get customers into their stores. Consumers have subsequently seen large dozens available below the dollar mark, at times substantially so, throughout the majority of 2017. Attractive retail price points bolstered shell egg sales and consumption in the retail channel.

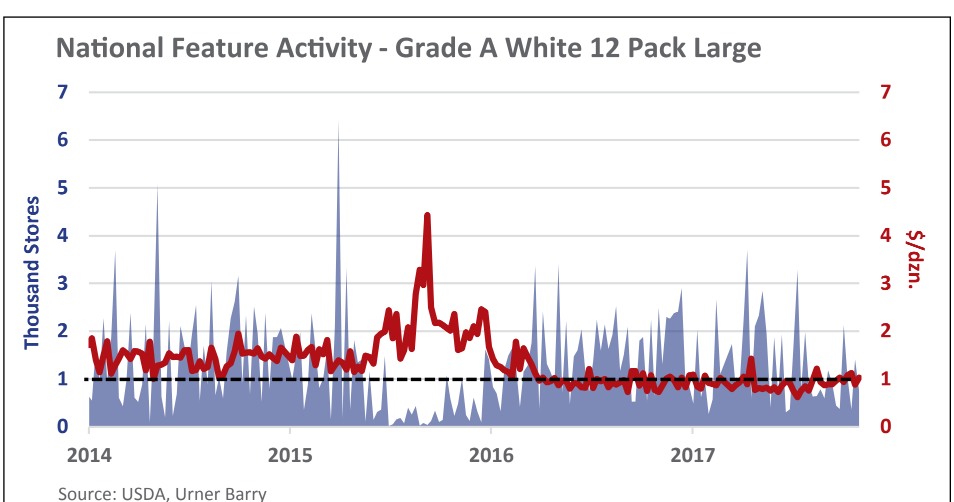
The international sector has also been in recovery. Exports hit five year lows in 2016, totaling the production of about 7 million hens. Imports also continued early in the year. After accounting for imports, U.S. egg and egg product exports totaled only about 40 million dozen in 2016, down sharply from the record 310 million dozen net in 2014. Through August of 2017, YTD exports of shell eggs and egg products are up 40.7% from the same period a year ago. These volumes are a far cry from the record 2014 pace, but when you factor that imports have stalled, net exports are already more than 100 million dozen for the year, more than double YTD compared to all of last year.

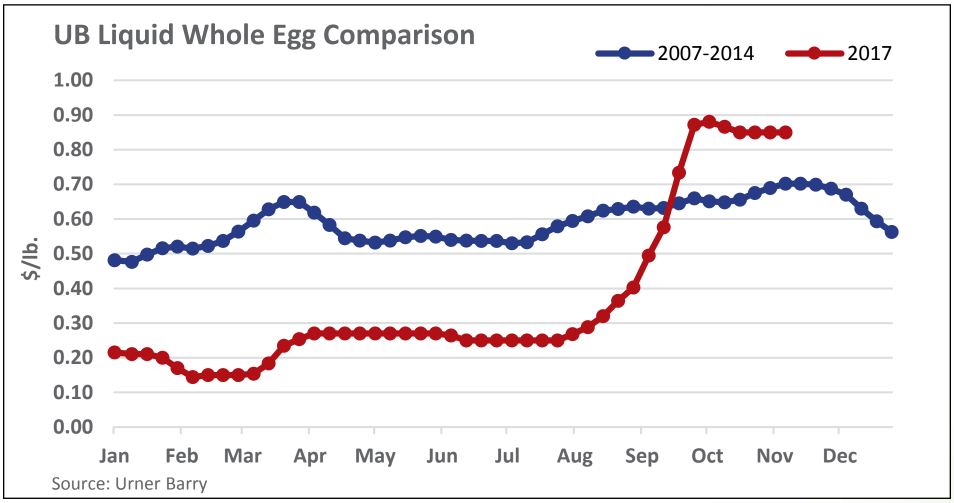


These factors have kept buyers in the market for shell eggs, both for grading and breaking. You add in a few "X-factor" events, like the two major August hurricanes, the Fipronil issue in Europe, and other export markets reopening, and you have the recipe for improved markets. That has clearly been the case through the second half of the year. Since June, Urner Barry Midwest large quotation averaged 45 percent higher than the same period last year, with prices moving above the pre-AI 5-year-average for the first time since they bottomed.

The shell egg market has gone through a number of peaks and valleys since, but this was the first time egg product prices took part. Processors were already reporting improved seasonal business heading into the fall, while others were caught short by the quick rebound breaking stock prices saw in August. Buyers went from leveraging suppliers against one another to competing with one another ahead of the holiday season, seeing prices rise week to week, especially in the whole egg and yolk categories. Not only were they competing with domestic buyers, but processors had more international opportunity to leverage as well.

If it weren't for the levels hit during the HPAI outbreaks, yolk prices would be at all-time highs through early November. Buyers appear to have fully returned, and then some, in the category. Most point to strong sales associated with dressing, sauce and ice cream manufacturing, in addition





to seasonal needs for eggnog. Whites were hit hardest by demand destruction and have yet to fully turnaround. Separation for yolk heading into the end of the year hasn't helped, but egg white business is typically best around the New Year health and wellness period.

The shell egg and egg product markets are being influenced by slowly developing fundamental shifts, cyclical and unforeseen, external factors. Buyers were lulled to sleep by long-lasting lows and their resulting purchases only further supported the recent rallies. Seasonal production increases are expected through the end of the year and some are still expanding to service anticipated cage-free needs. As we've seen firsthand here in the U.S., the European supply issue may be short lived and the resulting demand adjustment could impact the global markets down the road as well. For now though, it appears the egg market is in a state of recovery, both for shell eggs and most products. UB

Article contributed by **Brian A. Moscogiuri**
brianm@urnerbarry.com

Cod, shrimp and pangasius

Adapted from an article written by **John Sackton** that appeared on Seafoodnews.com on November 3, 2017.

Cod is the big winner in the per capita consumption numbers as it has taken an increased share of the whitefish market over the past five years.

The per capita consumption numbers released by the National Fisheries Institute (NFI) in early November showed a drop in overall U.S. seafood consumption from 15.5 to 14.9 pounds. Almost all of that drop was attributable to salmon, where consumption fell .7 pounds per person.

The National Marine Fisheries Service model on which NFI bases its numbers is a disappearance model, and is changed when Alaska has a big year on pink salmon, or a negative year. In 2016, Alaska landed 300 million pounds less salmon than in 2015, mostly due to a shortfall in pinks. When converted to edible weight, this accounts for almost all of the decline in salmon consumption.

"This year, three species stood out as making consistent consumption gains: shrimp, cod and pangasius."

The numbers are more useful to show trends over time, which do not depend quite so much on the year-to-year changes in harvest.

This year, three species stood out as making consistent consumption gains: shrimp, cod and pangasius.

Shrimp grew from 4.0 to 4.1pounds per capita, an increase of 2.5 percent. This reflects the continued health of the shrimp market in the U.S., and this number should grow again for 2017.

Pangasius has been gaining market share vs. tilapia, and pangasius consumption grew 20% from 0.743 to 0.89 pounds per person. Meanwhile domestic catfish was basically unchanged at 0.51 pounds per person. The popularity of pangasius comes from its low prices that have held during 2014, 2015 and 2016. This has now changed with pricing moving up 15 percent in 2017. The pangasius supply could face disruption due to USDA inspection procedures.

The surprising star of whitefish growth has been cod. Cod consumption (which includes both Atlantic and Pacific cod) has been trending upward for five years. It has grown from 0.52 pounds per capita to 0.66 pounds per capita.

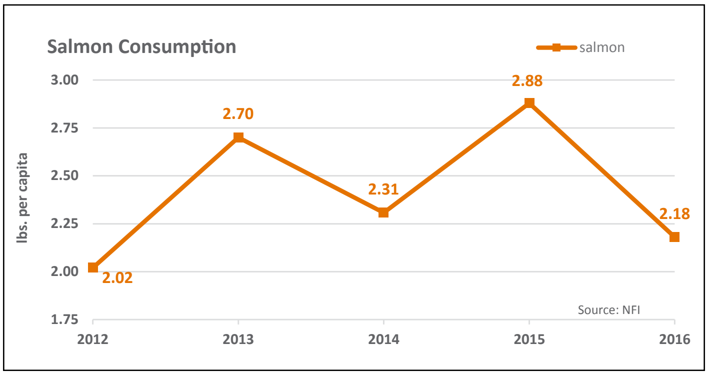
While overall whitefish consumption (cod, pollock, tilapia, pangasius, catfish) has fallen 0.3 percent in 2016, cod consumption grew 10 percent based on per capita figures.

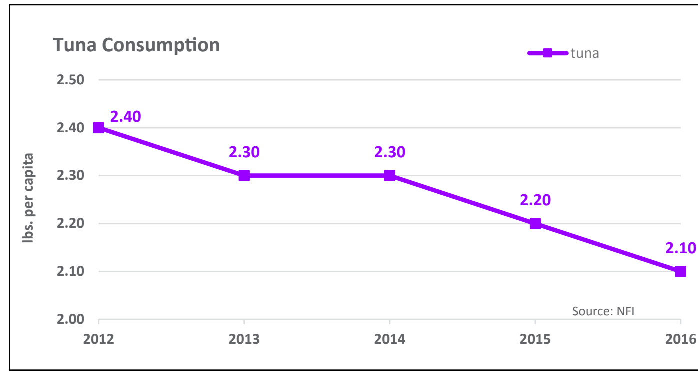
As our chart shows, cod's share of the whitefish market has grown from 11 percent to 16 percent over the past five years.

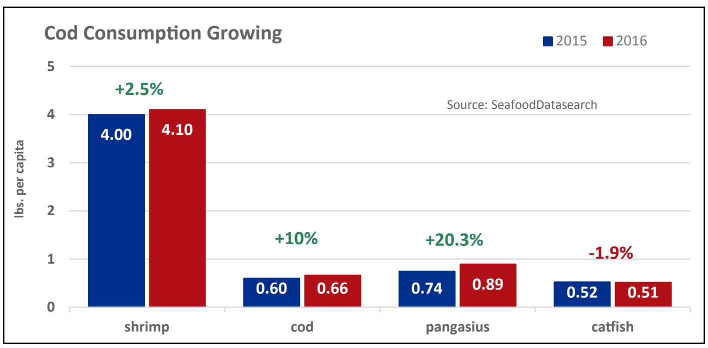
On the negative side, canned tuna continues to lose seafood market share. The trend has been steadily down over the past five years, and per capita consumption fell another 4.5 percent in the latest figures. Tuna has gone from 2.4 pounds per person in 2012 to 2.1 pounds per person today.

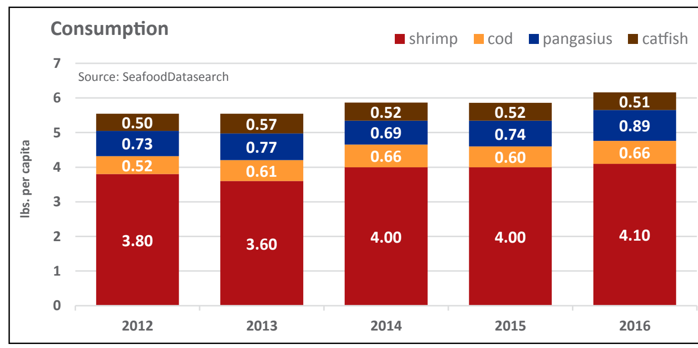
Shellfish numbers are hard to compute from the data, as scallops are not included in the top 10 species. Crab consumption has been stable.

see gains in U.S. consumption









Whitefish buyers may see a wild ride in 2018

Adapted from a story by **John Sackton** that originally appeared on SeafoodNews.com on December 4, 2017.

After a period of relative stability, the next seafood commodity that may be buffeted by price swings is whitefish.

Cod, the premium product in the complex, is likely to see shortages and rising prices in some specialty markets. But for buyers, there is instability throughout the complex. Haddock, cod, tilapia, pangasius and pollock prices are all out of their normal relationship to each other. Disruptions in the cod market, possible major disruptions in pangasius, and the fact that several


©thodonal

species are out of their historical value patterns, is going to make 2018 a very interesting year for whitefish, with the first effects seen during Lent.

The rapid change in cod prices is being driven by two things: the reduction in Pacific Cod from Alaska announced at the North Pacific Fisheries Mgt. Council, and a reduction in the Barents Sea quota which will not be made up by increased fishing in Iceland. The Barents Sea cod quota was set at 890,000 tons for 2017, but Norway's Ministry of Trade, Industry and Fisheries lowered the cod quota to be caught by Russian and Norwegian fishing fleets to 775,000 tons for 2018.

Almost all cod products have seen upward price moves in the past six weeks.

Cod is sold in a variety of products, each with its own market dynamics. But many of these products flow from the price of H&G cod, both Pacific and Atlantic. H&G Pacific cod prices have shot up, with some reports of sales for Western Cut (collar off) above $5000 per ton.

Sales of H&G Atlantic cod from Russia, the mainstay of Chinese processing, are also creeping up, but not that sharply yet.

H&G cod domestically in the U.S. is the basis for the huge refresh category, which is the primary way in which retailers and restaurants get their 'fresh' cod. This group prefers longline cod.

In 2017, trawl gear catches of Pacific Cod were 71,902 tons in the Bering Sea, and 13,000 in the Gulf.

Longline (and pot) catches were 123,133 tons in 2017 for the Bering Sea, and about 20,000 tons in the Gulf.

But for 2018, the ABC for Pacific Cod in the Bering Sea is 188,000 tons, down from 233,000 tons in 2017. The catch last year was 197,000 tons through November. If the TAC is set on the same percentage of the ABC, and catches adjust it would be in the 172,000 tons range, a decline of 16,000 tons. Further declines are expected in 2019.

In the Gulf, the TAC in 2017 was 64,000 tons, of which 33,000 tons were caught thru early November. For 2018, the recommendation is for an ABC of 18,000 tons. Again, if the same percentages are used, this would lead to a TAC in the range of 13,000 to 14,000 tons. Even if this was 100% caught, which is unlikely in the Gulf, the supply would be cut another 20,000 tons.

So, the upshot is that somewhere around 35,000 less tons of cod will be produced in Alaska next year, and this could lead to a reduction in Longline cod of 10% to 15%. Given the increased demand for cod in recent years, this will have a market impact.

We expect to see a narrowing of the price differential between Pacific and Atlantic cod, with Pacific cod getting closer to Atlantic in price. Pacific cod is by far preferred in the refresh market, as it provides a better texture after thawing than Atlantic cod.

Beyond cod, the haddock markets have not recovered from the price spike in 2014 and 2015, and haddock is still selling below the price of cod, a reversal from its normal position. A rise in cod prices will likely see a rise in haddock prices as well, as some users switch to what is still the cheaper fish.

The precarious situation with pangasius has also led to instability in the relationship of tilapia and pangasius pricing. Pangasius has traditionally sold for less than tilapia. However, there is a lot of uncertainty as to whether the Trump administration may shut down imports of pangasius at the end of March when the USDA deadline for equivalency comes into force.

In the normal course of events, the USDA would extend the deadline and work with Vietnam if they were attempting to make progress. But in the politicized atmosphere against imports it is likely that pangasius could become a political pawn and could easily be banned. Importers have been rushing to stockpile against this possibility.

At the same time Vietnam has rapidly diversified into other markets. The result is that pangasius prices will see a lot of instability. The species is already trading at higher prices than tilapia.

Pollock has been in trouble for two years, as a large inventory overhang in Europe took a long time to work off. Prices for pollock blocks today are literally no different than they were 25 or 30 years ago, putting significant pressure on profitability.

But single frozen blocks are still selling FOB New England at $1.20, a full 35 cents below their 10-year average. The problem is that the overall category for breaded and battered fillets is continuing its long-term decline. There are some indications that the market has worked through its problems, and that new season production will be priced higher based on a lack of inventory.

So, the upshot is that no matter where you may be as a buyer in the whitefish complex, the pricing and product value relationships you have built programs on over the last few years will be rapidly shifting in 2018.

This is a recipe for unexpected price spikes, or potentially opportunities to switch species. But whatever happens, 2018 is likely to be a wild year for whitefish. UB

How Ocean Hugger Foods is breaking into the seafood industry

Tuna made out of tomato? Welcome to the future, where one company, Ocean Hugger Foods, is recreating some seafood favorites with plant-based alternatives.

Besides sushi and poke restaurants adding Ahimi to their menus, Ocean Hugger Foods is also looking to sushi operations within other retailers, such as colleges and corporate offices.

For creator and founder Chef James Corwell, the idea to create a plant-based alternative to seafood started with a visit to Tokyo's famous Tsukiji fish market, where he saw "two football-field sized warehouses full of tuna sold in one morning." Corwell, one of 60 certified Master Chefs in the U.S., thought to himself: "How can the oceans ever keep up?"

That's a question that many folks in the seafood industry have been asking, and why the sustainability and traceability movements have grown. It's why Ocean Hugger Foods is breaking into the seafood industry.

Ocean Hugger Foods made headlines in September when Whole Foods announced that shoppers in New York and Los Angeles would be able to purchase Ahimi, the world's first plant-based alternative to raw tuna, in two of their sushi dishes. Now, with 2018 approaching, Ocean Hugger Foods is gearing up to release two more products – Sakimi, a carrot-based salmon alternative, and Unami, an eggplant-based eel alternative.

"We see Whole Foods as an amazing partner for us and we're very excited to be launching this program with them, but the real key is that it's not launching as a [consumer packaged goods] product on the shelf," says David Benzaquen, CEO of Ocean Hugger Foods. "It's not launching as a vegetarian product. It's launching in sushi bars as part of the sushi set. And when you look at our distribution and our partners beyond Whole Foods, but also in addition to Whole Foods, it's all within those traditional channels for seafood."

"Whole Foods recognizes that there is a lot of demand for this among their clientele, but we're seeing the exact same response from traditional seafood buyers who want to carry it in their venues for multiple reasons," says Benzaquen. Among those reasons is the "desire to address sustainability," as well as add an "innovative product that's more exciting than a tofu poke bowl or a cucumber roll." But Ocean Hugger wants to go beyond the vegan/vegetarian crowd.

"If all we did was reach vegetarians we would not be making the impact we wanted to," Benzaquen continued. "Our goal has always been to be in the seafood set, to be appreciated by people who would otherwise, and sometimes still will, be eating seafood with other animal proteins."

But to make one thing clear, Ocean Hugger Foods isn't trying to replace the seafood industry.

"Something needs to be done," says Chef Corwell of protecting our oceans. "Even career fishermen have seen catches get smaller and smaller. Large fish just aren't out there like they used to be."

"The global demand for fish in the west has put a burden on livelihoods that can't be maintained," adds Benzaquen. "We are demanding so much seafood in this part of the world … This business is not taking away business. It's actually protecting livelihoods of people who can stabilize the market and continue to support their families and livelihoods for years to come."

Article contributed by **Amanda Buckle** | abuckle@urnerbarry.com

Micro chains are taking over

We see chain restaurants pop up all over, but have you ever noticed that some of these chains don't tend to be in every place you frequent? That is because some chains are what have come to be called, micro chains, meaning they tend to have three to a maximum of 19 chain stores. Micro chains tend to be independent restaurants that successfully move to the next step of becoming a popular chain. According to the NPD Group, micro chains have had a significant growth spurt over the past year. Major areas that have seen the highest growth include "Dallas-Fort Worth, which is up 5 percent from a year ago. Micro chains also increased in Atlanta (+3), Chicago (+1), Houston (+2), Los Angeles (+2), Orlando (+4), San Francisco (+2), and Washington, DC (+3). Micro-chain unit counts were flat in New York City and Philadelphia and declined by 2 percent in Boston." Corresponding to the growth of micro chains was the increase in foodservice spending, the NPD Group reported that "spend and cases ordered from broadline foodservice distributors also increased by three percent in many of the major markets where there was also unit growth."

A question worth asking is...Why have these micro chains had such significant growth within the past year, could it be that they are buying more food and goods to ensure they are offering consumers a variety of food options? Micro chains are known to have a fair pulse on the industry, they seem to be aware of what consumers want most. Some of these micro chains even provide the merging concept of entertainment and dining. One micro chain in particular contains a restaurant by day and a night club by night. This promises revenue and traffic outside of general dining and/or business hours. It is new and original concepts like this that keep businesses interesting to consumers.

Since these chains are smaller than your average chain, they have the ability to focus more on localized options; whether it is regional availability of menu items, local preference on food type, or atmosphere. Micro chains have an opportunity to adapt. A micro chain is not just your typical steakhouse, the diversity is eminent. Units can range from Italian, American, Mexican, Cantonese and more. Consumer preferences seem to be favoring local concepts, which could be a contributing factor to the growth of these restaurants. The cuisine is specific, and the quality is high.

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Some micro chain owners claim one of the perks of not being a larger chain is the fact that new concepts and recipes are easier to implement because there are fewer chain locations. There is also a larger buy-in and opinions from consumers because of the local feel. In essence, it is easier to listen to the opinion of customers and staff.

This proves to be positive and motivating for customers and employees who connect to the brand.

While they may not be as small as independent restaurants, or as large as restaurant chain same-stores, micro chains are successfully unique, and impacting the industry. Micro chains are not only generating buzz with consumers, they are generating buzz with investors as well. They are acquiring a generous amount of investor dollars which is key for their future growth. UB

Article contributed by **Nicole Christie**
nchristie@urnerbarry.com

Annual Global Aquaculture Alliance conference envisions The Next 20 Years

Article contributed by **James Wright, Editorial Manager, GAA**

The Global Aquaculture Alliance (GAA) in October held its annual GOAL (Global Outlook for Aquaculture Leadership) conference in Dublin, Ireland.

GAA Executive Director Wally Stevens challenged the industry to deliver credible assurances to the marketplace that farmed seafood is sustainably grown and responsibly harvested.

"There are people who love, who fight for and who are transformed by aquaculture," he said. "We need to find ways to improve both wild fisheries and aquaculture and not one at the expense of the other."

Stevens spoke of "great expectations" for aquaculture, including a predictable supply of nutritious food at a predictable cost, respect for the environment and workers, as well as care for the animals being raised.

In his keynote address, Ireland native and Alltech Founder Dr. Pearse Lyons talked about the challenges of a ballooning global population, expected to reach 9.7 billion by 2050.

People need to be fed, and efficient use of resources will be crucial, he said. "We must not waste. What source of protein is most efficient? What's the best use of our resources?"

Alltech Founder Dr. Pearse Lyons giving his keynote address.

Lyons concluded that aquaculture tells a strong environmental story, but the seafood supply chain has numerous shortcomings it must overcome, including transparency and truthfulness. He also predicted that the salmon farming industry could solve its sea lice issues in as little as six months with the help of GeneChip, a powerful tool Alltech developed to boost animal health and welfare.

"We can measure how genes are affected," he said. "We can take one fish and predict with absolute certainty what will happen with 10,000."

Other highlights: Jim Anderson, professor at the University of Florida, said global shrimp production is forecast to increase 4.8 percent from 2016 to 2019. Anderson highlighted production growth in India (11.2 percent) and in pockets of South America.

"Ecuador obviously is growing very nicely right now," he said, pointing to production that has exceeded 450,000 metric tons (MT). "In contrast, Mexico and Brazil are not living up to their expectations."

Ragnar Tveteras, an economist and professor at the University of Stavanger in Norway, said total finfish production will hit 43.89 million MT, including carps. Excluding carps, the total will hit just 15.68 million MT, illustrating the massive size of China's carp production. Next year's forecast calls for 16.49 million MT, according to the survey data.

The Global Sustainable Seafood Initiative (GSSI) announced that GAA's Best Aquaculture Practices (BAP) is the world's first aquaculture certification program to be recognized as a credible scheme in alignment with the FAO Technical Guidelines on Aquaculture Certification. BAP is the first aquaculture certification scheme to earn GSSI recognition.

Guangdong Evergreen Feed Industry Co., Ltd. (Evergreen) was named the winner of the inaugural F3 Challenge, a global contest to drive innovation in the aquafeed sector and reduce the aquaculture industry's reliance on marine ingredients like fishmeal and fish oil.

Economist Jim Power gave an overview of macroeconomic trends impacting the distribution and sale of farmed seafood products. "For anybody in the food production business, it's a challenging environment," he said. "[Food is] a sector with a good future but in an environment of limited pricing power and more volatile prices, efficiency in production will be key to success."

Gorjan Nikolik, senior industry analyst for Rabobank, said aquaculture is challenged by two major factors: the high price of feed in the sector and high mortality and biological costs. "The solution is novel feed ingredients," he said, referring to algae, insects and single-cell organisms that are gaining steam and attracting investors.

Johnson & Wales University professor and seafood industry veteran Jim Griffin ran though the results of a 2017 survey of UK chefs and found that there was enormous opportunity to educate them about sustainability.

Livestock

Continued from page 1

processing capacity capable of handling the additional animals contributed to the strength in livestock prices at that time.

The September Hogs and Pigs report showed the U.S. herd at 2.5% over a year ago and a record high for that date at 73.549 million head. The kept-for-marketing total was up 2.6%, with the heaviest two categories at nearly 4% larger and the lighter categories at about 1.75% above a year ago.

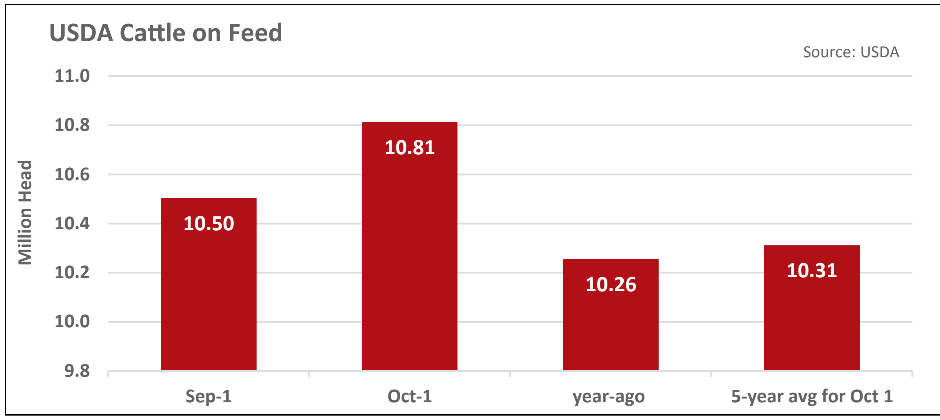
Pigs born in the summer will make up winter slaughter and those born in the third quarter will make up most of the first quarter slaughter since the animals reach processing size at about six to six and a half months of age.

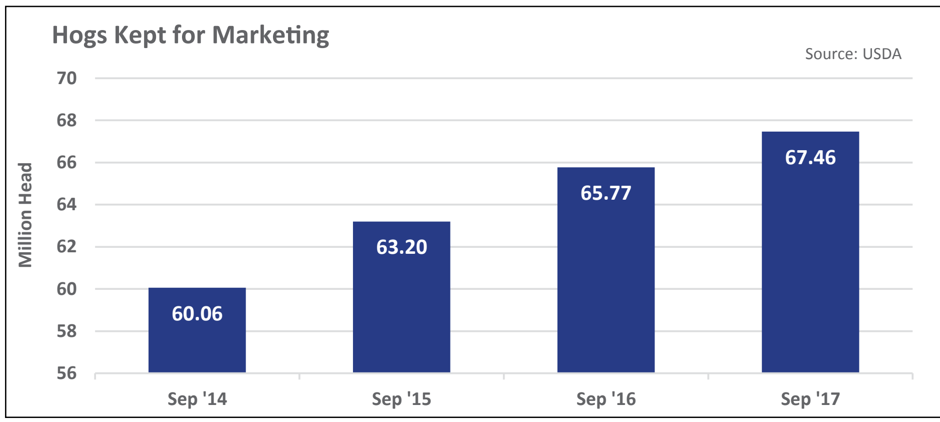
The opening of two new pork plants in September has expanded the nation's hog processing capacity by about 22,000 a day, which could lead to daily slaughters approaching 475,000 head before the end of 2017. Based on the market's action in October, in which prices rebounded by more than one-third from the late-September low, processing capacity appears to be fully sufficient to absorb the supplies projected to be available through the winter and into 2018.

Slaughter-ready cattle supplies are expected to increase into the winter as more of the earlier placed animals reach the desired size, weight and grade. The October 1 cattle on feed number stood at 5.4% above a year ago. Through the first 10 months of 2017, cattle slaughter averaged about 5.6% above a year ago. Yet, cash prices in October this year climbed from about $108 to $118-$119 and were well above year ago prices of $98 to $105. Wholesale beef prices at the end of October were also up 10% to 15% from a year ago.

If domestic and export meat demand remain strong, cash prices for cattle and hogs could stay well above year ago levels through winter and into 2018 despite the larger supplies. UB

Article contributed by **Curt Thacker**
cthacker@urnerbarry.com



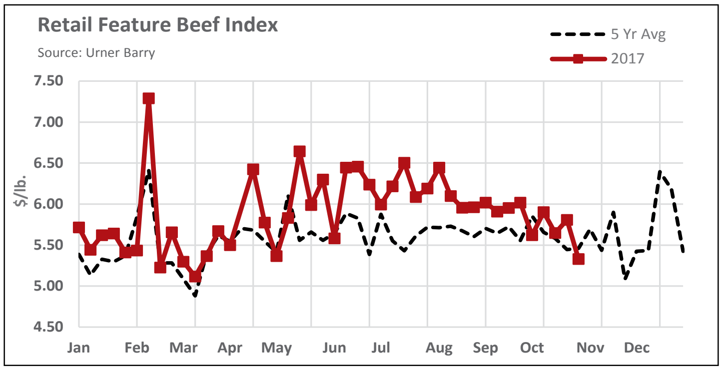


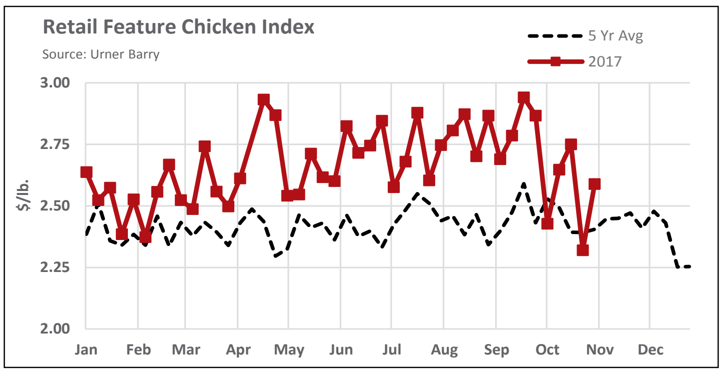
Retail outlook

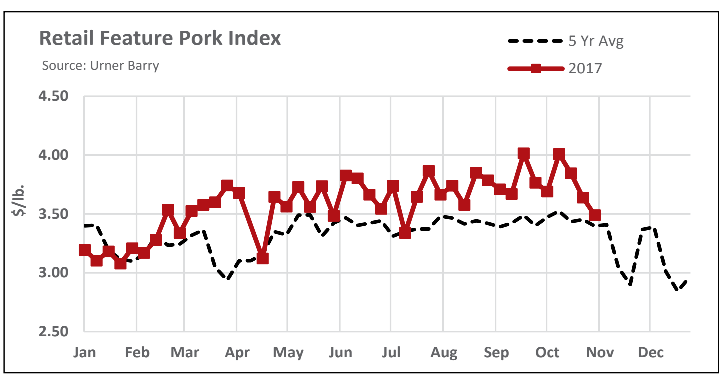
Continued from page 1

trips remained steady at 1.5 per week. However, trips to the traditional grocery store are declining as consumers are shopping in different ways, with online shopping growing 11%. In addition, FMI reported 39% of men are now the primary shopper, up from 31% in 2016. This results in increased opportunities for grocers to align their marketing initiatives with a more diverse group of shoppers. Fresh meats and vegetables remain top essentials in consumer minds.

In the October Consumer Price Index (CPI) report released by the Bureau of Labor Statistics, the index for food at home had risen 0.4% overall over the previous 12 months, while the index for food away from home rose 2.4%. As the rise in the cost to dine out increases at a faster rate than retail grocery prices, the number of consumers opting for that cost-savings tends to grow. In fact, the Restaurant Performance Index declined for the third consecutive month in September as a result of dampened sales and traffic levels.







Among the six major grocery store food group indexes, the consumer price index for dairy and related products fell 0.6%, following a 0.4% decline in August. The index for meats, poultry, fish and eggs also continued to fall, declining 0.4%.

The rising spread between grocery and foodservice costs should help to lift a growing segment at the supermarket: the prepared foods section. Blending the lines between dining out and dining in, the prepared food segment has seen notable growth in recent years, and is poised to continue gaining popularity.

Retail feature prices for beef have trended at 3-4 year lows throughout much of 2017. The average retail feature beef index is currently 2.4% below the 5-year average. Wholesale beef prices saw a swift decline starting in June of this year, seasonally bottoming out in early September. Ample supplies of market ready cattle and incentives for producers to keep placing higher numbers of cattle on feed throughout the year has boosted domestic supplies of beef, and helped to lower prices at retail.

The index for retail pork features peaked year to date (as of this writing) at $4.01 per pound in September 2017. Feature prices have trended above year ago levels for the majority of the year, especially post Q1. Still, pork remains a solid competing protein at the meat case, offering versatility and a wide range of price points for consumers to choose from. Wholesale pork prices are currently about 7% above year ago, though also a 5-year low.

Chicken retail feature prices in 2017 have trended along the top of 5-year charts. Urner Barry's weekly retail feature chicken index surpassed the 5-year average 41 out of 44 weeks so far this year. And while the index beats out the next lowest priced protein feature (pork) by 25%, an item by item breakdown shows the comparative value of some competing proteins. For example, 80% lean ground beef has been featured at prices below boneless skinless chicken breasts in all but five weeks in 2017. In pork, shoulder roasts averaged nearly $2.00 per pound lower than chicken breasts on feature over the past year.

With expanding supplies across the domestic protein landscape, grocers will play a huge role in the effort to increase consumption among U.S. consumers going forward, and marketing promotions and comparatively lower prices at retail should help with that.

Looking at consumer trends in 2018, most seem to build upon existing, developing trends already on the retail radar. Transparency is cited by several industry research groups as being a key issue for grocers and the greater food industry to tackle. This topic is not new, but it is a concept important to a growing number of U.S. shoppers. Responsibility is increasingly falling on the retailer, since they're the first point of contact for the consumer in the retail food chain. This means grocers will need to be on their game in communicating industry practices and initiatives, with a little help from technology to increase communication platforms between the farm and the fork. UB

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

Continued from page 27

to make glazed salmon and the latest on a study that shows new moms should eat more seafood because healthy levels of omega-3s help babies sleep better? Seafood is a superfood, no scientist worth their salt would dispute that, but talking about it like food and not medicine is the trick. Dish on Fish does that.

UBR: We read a lot about our depleting ocean resource, however, NOAA has recently defended U.S. fisheries, and fisheries experts say world stocks are stable. How do we change the perception? Sustainability used to be an area dominated by the NGO community but these days what role does precompetitive collaboration play?

JC: NOAA has a commanding platform and an important message, it's good to see them start using it. NOAA is a platinum level sustainability organization and is recognized as such the world over their new willingness to defend the science makes them an even more influential operation. It's voices like NOAA's and other science-based operations who are willing to stand up and put hyperbolic proclamations in their place that will help change perceptions. The oceans will not be empty of fish in 2048, and that's an important message.

It is true that for a long time the sustainability narrative was dominated by NGO's and many did a good job of drawing attention to seafood issues and even working on them. But that sustainable seafood gold rush of NGOs looking for foundation funding to save the next stock seems to have led to almost an over capacity of groups focused on the issue. In the meantime, very focused precompetitive collaborative efforts funded by industry began fisheries improvement work in everything from shrimp to crab and the results have been positive.

UBR: What do you perceive to be the industry's biggest threat going forward? What opportunities do you see in 2018?

JC: The biggest threat to the industry is the idea that protectionist policies will actually help America's fisheries. Why do some think the jobs of the woman processing imported tilapia in Brownsville or young man driving a truck of imported shrimp in Atlanta are of less value is just wrong thinking.

There is a real opportunity upcoming to develop domestic aquaculture and educate consumers about the importance of fish farming. Already more than half of all the fish eaten on the planet are farmed. Being part of that revolution and explaining the benefits of it, whether it's sustainability or nutrition, is an opportunity and a responsibility. UB

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Joseph Muldowney, Managing Editor

Seafoodnews.com top ten stories ...

Top stories based on subscriber hits August 1, 2017 through November 29, 2017

1. Sysco Corporation Names Top Seafood Suppliers Of 2017
2. At Trident Seafoods, a New Generation is at the Helm
3. Walton Foundation Flops As NOAA Demands an Outrageous Paper They Funded on IUU Fishing be Retracted
4. Weaker US Dollar Roiling Seafood Imports, Putting Pressure on Lobster, Crab and Shrimp Producers
5. A Deep Look at Seafood Fraud and How it Happens
6. Orca Bay Seafoods and Odyssey to Merge, Forming Single Sales and Marketing Company
7. Bering Sea Pacific Cod Quota May Drop by a Third for 2018
8. Bering Sea Snow Crab Quota Set at 18.9 Million Pounds; Small Bairdi Fishery Also Will Open
9. NFI Loses Challenge to Seafood Labeling Law; Full Implementation Will Go Ahead for 2018
10. Vietnam Officials Say High Probability Pangasius Exports to US will Stop in May 2018

Advertiser Index

Personalities plus inherent to reporting process

Consistent application of Urner Barry's reporting philosophy and methodical adhesion to established principles and guidelines have produced "the most trusted name in commodity reporting," an achievement taken very seriously. That level of trust often extends beyond the traditional bounds of business as long-term relationships are formed as a by-product of the price discovery process. After all, intimate business details are entrusted to our reporters on a daily basis. With that responsibility and level of understanding, much like our reporters get to know their sources, those sources also get to know our reporters and their individual personalities. Once in a while those personalities really shine though.

In 1966, John M. Carter was an Associate Editor for the *Producers' Price-Current*. His specialty was the egg market. During October of that year, the market was struggling. Rather than tell the sordid tale utilizing traditional reporting language, Mr. Carter's personality told the tale in a more easily digestible and humorous manner.

On October 21, 1966 Mr. Carter wrote, "It would be a lot more pleasant to talk about the great maple tree out behind my home in New Jersey than about today's shell egg market. The tree today is in all its glory, the egg market is in the dumps; The tree is colored in spectacular shades of red and orange, the market is colored blue; The tree has lost a few of its leaves, the market has lost most all of its buyers. Looking ahead a bit, though, the tree probably is in for real trouble, whereas the egg market, after today's abrupt shakeout, may come in for better times." UB

Article contributed by Russell W. Whitman
rwhitman@urnerbarry.com

It would be much more pleasant to talk about the great maple tree out behind my home in New Jersey than about today's shell egg market. The tree today is in all it's glory, the egg market is in the dumps; The tree is colored in spectacular shades of red and orange, the market is colored blue; The tree has lost a few of it's leaves, the market has lost most all of it's buyers. Looking ahead a bit, though, the tree probably is in for real trouble, whereas the egg market, after today's abrupt shakeout, may come in for better times.

Buying support on the Exchange today disintegrated under liberal offerings of large whites and the sharp price decline on this grade dragged the rest of the list with it. There has been some reported back-up at the retail level, particularly in the metropolitan area and it is hoped that today's declines at the wholesale level quickly will be reflected over the store counters to the housewives. Some further testing of the general price structure probably will show early next week.

Chicago and Boston showed an irregular tone today with only minor price changes. Southern California cut 2¢ off their large and mediums with these lines now 43 1/2¢, and 38 1/2¢ respectively. Smalls there hold at 26 1/2¢.

On the Exchange call 900 cs ex fcy hv whites were open at 42-45¢, no unsatis bids; 100 cs 3 day deliv at 42¢, no bid mixed fcy

"… Mr. Carter's personality told the tale in a more easily digestible and humorous manner."

John M. Carter

Leafs ©EkaterinaGolubkova

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