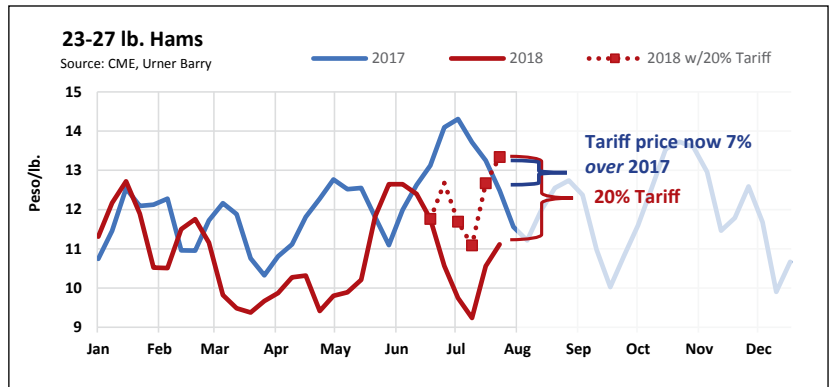




Mexican pork tariffs – Is 20% a deal breaker?

On July 5, 2018, tariffs for U.S. pork entering Mexico were raised to 20% in an ongoing retaliation against U.S. trade policies. The immediate concern was justified as we send roughly a third of our total pork exports to Mexico and, of that, a very substantial portion is in the form of hams. However, as we stand today, the impact has been more modest than some expected. Some of this has to do with the current price of hams versus where we were last year (and multiple years before that).

When we convert the price of 23-27 lb. hams to pesos/lb., we see that the current price is substantially less than the same period last year. We can then tack a



Continued on page 68

Retaliatory tariffs from Beijing are causing turmoil ...



Trump threatens \$275 million tax on U.S. seafood consumers

Get ready for a big seafood tax because of President Trump's unilateral attack on Chinese imports, as applied to the seafood industry. So far nothing has changed for the better since the president threatened further tariffs in July. In fact, the latest policy tweets suggest Trump may raise the tariffs to 25 percent.

Overall, the president is escalating the trade war by targeting \$200 million worth of Chinese exports to the U.S. The target includes all Chinese seafood products exported here, including reprocessed products.

The total value of U.S. imports of Chinese seafood is \$2.75 billion. An across-the-board 10 percent tariff is the equivalent of a \$275 million-dollar tax on Americans. If the tariff was 25 percent, the economic hit to American seafood would be \$687 million.

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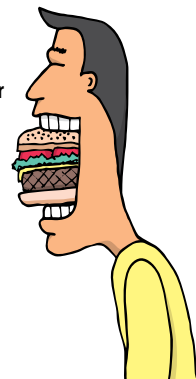
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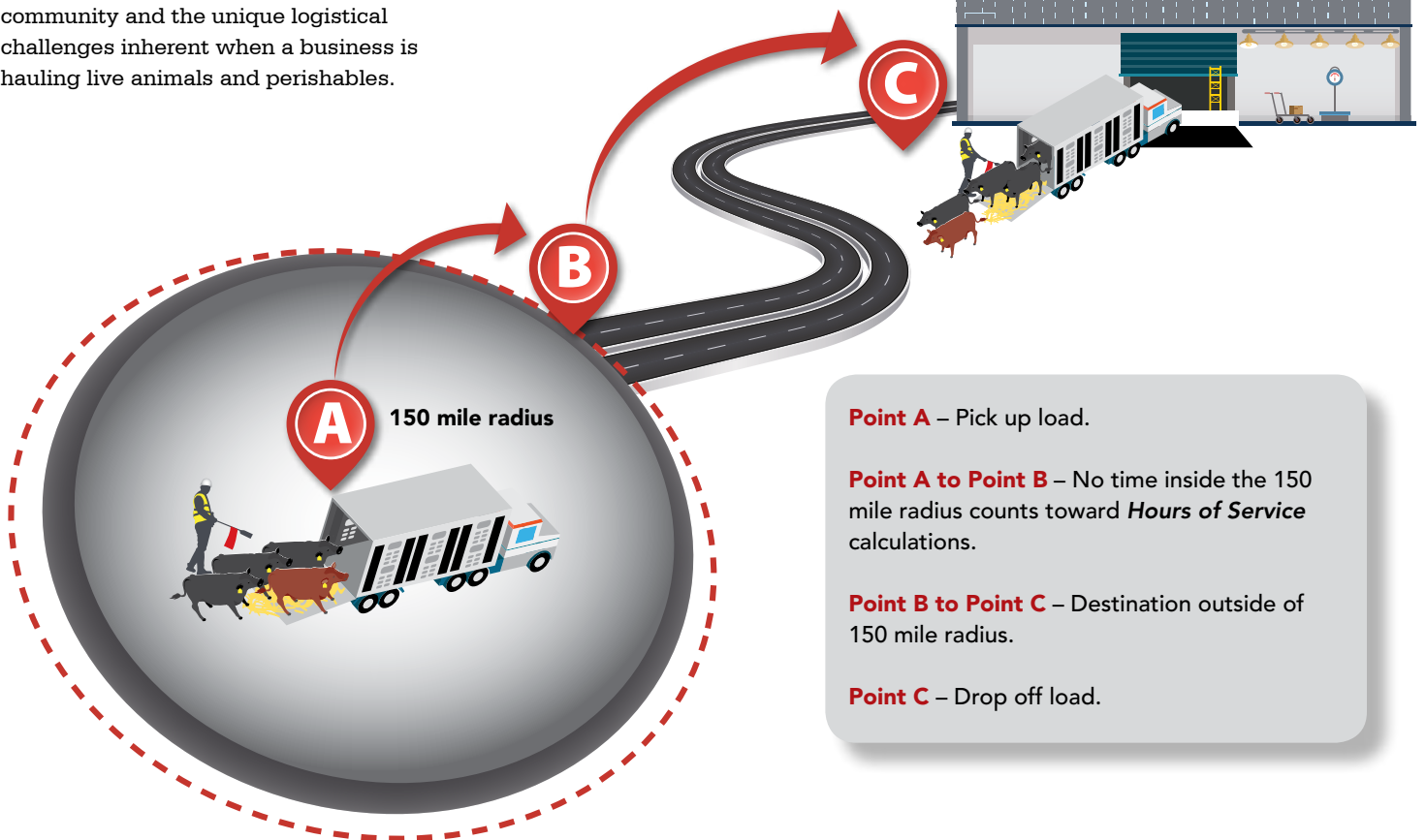
Agriculture granted unique exemptions to transportation mandate

Most who are engaged in one facet of the food industry or another are likely familiar with the electronic logging device mandate. Initially enacted for the purpose of improving commercial motor vehicle safety while reducing paperwork burden, the electronic logging device rule was designed to increase the use of electronic logging devices (ELDs), which in turn, would improve compliance with the applicable hours of service (HOS) rules to which carriers and the drivers for those carriers must adhere. An ELD synchronizes with a vehicle engine to automatically record driving time.

Although "full implementation" was accomplished in December 2017, there remained several critical issues which specifically impacted the agricultural community and the unique logistical challenges inherent when a business is hauling live animals and perishables.

In March of this year, the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) announced additional steps to address the unique needs of the country's agriculture sector and provided further guidance to assist in the effective implementation of the congressionally mandated electronic logging device (ELD) rule. At the time, the agency announced that a 90-day temporary waiver would be granted from the ELD for transportation related to agriculture. During that period further direction would then be given as final guidance for the 150 air-mile hours of service (HOS) exception. At the same time clarification on personal conveyance hours would also be published.

When the mandate was first established, ELD's, hours of service and personal conveyance hours were relatively new to the transportation industry. Due to the nature of hauling live animals and perishables, it gave way to confusion and concern specific to the agricultural business. "We continue to see strong compliance rates across the country that improve weekly, but we are mindful of the unique work our agriculture community does and will use the following 90 days to ensure we publish more helpful guidance that all operators will benefit from," said FMCSA Administrator Ray Martinez.



Beginning April 1, 2018, full enforcement of the ELD rule began and carriers subject to Federal Motor Carrier Safety Regulations that did not have an ELD were placed out of service. The rules stated that if a driver is put out of service, he must remain out of service for 10 hours in accordance with the Commercial Vehicle Safety Alliance (CVSA) criteria. At that point, to facilitate compliance, the driver will be allowed to travel to the next scheduled stop and should not be dispatched again without an ELD. If the driver is dispatched again without an ELD, the motor carrier will be subject to further enforcement action.

While there are several exemptions, exceptions, and qualifications to the rule, such as if the transportation of show horses to events is involved or when transportations is not business related, it is the agricultural exemptions published on June 19, which are the focus of scrutiny from agriculturally-based businesses.

Agricultural Exemptions

On a call with various media early in June, Joe DeLorenzo, director of FMCSA's Office of Compliance and Enforcement said that the agency "made a couple of key clarifications in the guidance that I think are important to know."

Those clarifications include what time or activities the exemption specifically applies to, what the point of origin of the 150-air-mile/ 172.5 land mile radius is, and what happens if the driver transporting ag commodities goes outside of that radius.

Do These Hours Count or Not?

DeLorenzo explained that essentially all of the time a driver hauling an ag commodity spends within the 172.5 land mile radius is exempt from the HOS rules and recording of drivers' logs.

"Any of the time that takes place working within that 150-[air]-mile radius is not counted toward a driver's hours of service," he said. "That includes empty miles driven to a pick-up point, it includes loading time, and it includes the time driving with an agricultural

commodity within a 150-(air)-mile radius of the source." The exemption "should apply to all portions of a round trip involving agricultural commodities that occur within the 150-air-mile radius," FMCSA stated in the guidance.

Although a bit of a mouthful, below is a little more detailed look at the four statutory exemptions congress provided for in the Federal Motor Carrier Safety HOS Regulations for agricultural operations:

The first exemption is for covered farm vehicles weighing 26,001 pounds or more and operated by a farmer or a farmer's employee. These vehicles and drivers are exempt from HOS restrictions and the drivers do not have to possess a Commercial Driver's License (CDL) as long as the vehicle is operated in the state of registration or within a 150-air mile radius of the farmer's farm or ranch. Covered farm vehicles weighing 26,000 pounds or less are exempt throughout the country.

Also significant specifically to the "harvested" food industry is that during planting and harvesting periods, as determined by each state, drivers who transport agricultural commodities from the source of the agricultural commodities to a location within a 150 air-mile radius (172.6 statute miles) of the source; farm supplies for agricultural purposes from a wholesale or retail distribution point of the farm supplies to a farm or other location where the farm supplies are intended to be used within a 150 air-mile radius from the distribution point; or farm supplies for agricultural purposes from a wholesale distribution point of the farm supplies to a retail distribution point of the farm supplies within a 150 air-mile radius from the wholesale distribution point are exempt from HOS regulations.

Drivers who transport livestock in interstate commerce are exempt from

"Due to the nature of hauling live animals and perishables, it gave way to confusion and concern..."



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the 30-minute break required by the HOS regulations if there is livestock on board the vehicle. Understandably worthy of exemption, but less influential to more "traditional" farming and food production, is one made for drivers transporting commercial bees, if there are bees on board the vehicle.

Recording HOS when Transporting an Agricultural Commodity

When a driver operates a vehicle under an agriculture exemption outside the 150 air-mile radius from the source, distribution point, or wholesale distribution point and the driver does not qualify for an ELD exemption, the driver has three options to record their hours of service on an ELD. Each method is convenient and relatively simple, not to mention sensible. Each of them requires the driver to physically or electronically note the circumstances under which he was driving which exclude him from identifying those hours as service hours. In each case the driver is responsible for identifying the vehicle and essentially explaining why it is exempt. Sometimes it is as simple as noting that the driving time occurred while operating under an agricultural HOS exemption within the 150 air-mile radius. Other times the driver may be driving under personal use time and it must be annotated as such. In the end, it is the driver who is held responsible for non-compliance with HOS rules. **UB**

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Why a U.S.-UK trade deal is at the heart of Britain's Brexit battle

©821Bertha/Getty Images

In the UK, the month of July was a roller coaster Brexit ride.

At the start of the month, the Cabinet spent a full day holed up in Prime Minister Theresa May's 16th century country retreat, Chequers, in a bid to reach some sort of agreement on the UK's future relationship with the EU.

Despite the constant arguments between Ministers in the run-up to the crunch meeting, Mrs. May managed to secure an agreement of sorts on a very close UK-EU relationship without too much turbulence.

Until three days later.

On July 9, the Brexit Secretary David Davis quit, saying he was no longer the best person to deliver the PM's Brexit because he 'did not believe in it.'

He was followed out of the door by his subordinate at the Department for Exiting the EU, Steve Baker, a couple of other junior ministers, two party officials and the big beast, Boris Johnson, who stepped down as Foreign Secretary.

All those who resigned said they shared the same fears – the Chequers plan would leave the UK too closely bound to the EU.

That plan was to create a 'free trade area' between the UK and EU for agri-food products, with no tariffs or quotas applied on either side.

Crucially though, the UK would get the freedom to control its own tariffs for trade with the rest of the world – a power it does not have while it remains in the EU customs union.

Plans for a 'common rule book' on agri-food were also set out by the government.

In practice, this would mean the UK continued to apply EU sanitary and phytosanitary regulations – reducing the scope for trade deals with other countries which have different food production standards, like the USA.

His intervention left Mrs. May's Conservative MPs furious, because they saw a deal with the USA as a key Brexit win.

They were even more angry when they discovered there was actually an 'alternative' plan which would have given Britain much more freedom to sign a U.S.-UK deal.

This plan, supported by the old Brexit Secretary David Davis, was an earlier version of the government position.

It would have seen the UK and EU agree to achieve the same outcomes, with flexibility on how they were delivered.

Free trade enthusiasts in the Conservative Party welcomed this approach, but British agricultural groups responded more positively to the official government paper, believing UK producers could be undercut by American farmers

if any UK-U.S. deal were to be agreed.

In the end though, the battles taking place in London as I write are almost meaningless.

What matters now is whether the UK's proposal of a 'free trade area' and 'common rule book' will fly in Brussels.

It won't.

The EU's chief negotiator Michel Barnier has already said the plan is unacceptable because it seeks to split the single



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Such a commitment would likely bind the UK's hands when it comes to rules on hormone-treated beef, chlorine-washed chicken, ractopamine-fed pork, plant protection products and fertilizers, but it could allow agri-food products to move between the UK and EU without the need for border checks.

This 'common rule book' is probably the reason why U.S. President Trump told a British newspaper the Chequers agreement would 'kill off' any U.S.-UK trade deal in an explosive interview during his state visit to Britain.

market, keeping the UK in for goods but outside for services.

It is certain that he will demand further concessions, but Mrs. May has been told by leave-backing MPs in her own party that this would not be tolerated back home.

This leaves the Prime Minister painted into a corner. She cannot be seen to wave the white flag, but the EU will not accept her plans as they stand.

As a result, the risk of the UK leaving the EU with no deal at all has significantly risen.

Under a 'no deal' scenario, food trade between the UK and EU would be significantly hindered, both by punishing tariffs – the EU's tariff on cheese is 48 percent – and by safety checks at the border which could see perishable goods spoiled before they reach their destination.


Because this potential disruption is now a very real prospect, the government has begun working on no deal planning, such as stockpiling food.

Other options under consideration in the event of no deal include dropping all food safety controls to prevent any delays to imports.

While this may allow imports to enter the country more easily, it is likely that such a lax approach to public health would lead to restrictions on UK exports and increase the risk of food fraud.

The Department for International Trade is also said to be contemplating dropping all tariffs unilaterally if the UK is unable to get the EU trade deal it wants.

This would be a boon to big agricultural exporters such as the USA, who would get instant, easy access to the UK market, but most British farmers see the prospect of full trade liberalization as an agricultural Armageddon.



“...the Government has begun working on no deal planning, such as stockpiling food.”

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With so much at stake and so little time to achieve a solution, it is clear the Brexit rollercoaster hasn't come to an end just yet. **UB**

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Prioritizing issues key during NTF Leadership Conference

Contributed by National Turkey Federation

The National Turkey Federation's Leadership Conference is a two-day event held in Washington, D.C. NTF members flock to our nation's capital where they can attend regular committee meetings and meet with those who write the regulations that govern their normal business. Some attendees were on Capitol Hill to speak directly to policymakers who are writing and will ultimately vote on the Farm Bill, help create workforce stability through immigration reform, or have some influence on trade policy. Others convened at the hotel to hear from government agencies and formally spoke about coming regulations and the impact they might have on the turkey industry.

Coming out of the conference, a few issues stood out as priorities. For one, turkey needs to gain a foothold in the barbecue community. Additionally, turkey industry leaders agreed they need to take greater control of international trade priorities and discussions were held about how the industry will collaborate on the issue of Salmonella.

As barbecue is a growing food profile in the U.S., the National Turkey Federation wants to invest. Along with sponsoring the American Royal's Turkey Smoke competition again, NTF will include a barbecue competition at the 2019 San Antonio annual convention. With Texas' long history with barbecuing and smoking meats it is imperative to get those in the community thinking creatively, and while turkey is on some menus, it is time to get it more in the center of the plate! Recognizing that barbecues are rarely one-protein meals the NTF is looking to get turkey on plates with the "classic" offerings. To do this, NTF plans on supporting more barbecue events. While BBQ looks towards domestic growth, the Federation is also looking to open markets across the globe.

Over the last five years, turkey has lost both the Russia and China markets. Where at one-time exports totaled over 220 million pounds of turkey worth over 60 million dollars to the two countries, they are now closed. Trade can be volatile and as an industry it is time to better chart the path toward not only opening markets but understanding the cuisine of the country and what products will most likely resonate with the culture. Current trade issues are clear to the turkey industry which is working to rebuild the markets after avian influenza, Newcastle detection, and the pending status of NAFTA; the NTF is looking at the industry both here and abroad.

Salmonella is an issue the industry has taken seriously for many years. When the Centers for Disease Control and Prevention (CDC) announced they were investigating illness of Salmonella Reading associated with raw turkey products, everyone in the industry began rallying to find a solution. NTF recognizes that the industry needs to lead on this issue. While the government can help facilitate and provide resources, ultimately, we as an industry are working collaboratively to reduce the instances of Salmonella.

NTF has also worked to put HACCP, Hazard Analysis and Critical Control Points, in plants. The programs are followed to focus on the areas where contamination is most likely to occur and can best be controlled. Food grade rinses



Speaking directly with Members of the Congress plays a large role for attendees of the NTF Leadership Conference. Seen here are (L to R) Peter Gruhl, Hybrid Turkeys; David Zeman, South Dakota Poultry Industries Federation; South Dakota Congresswoman Kristi Noem; NTF Chairman Jeff Sveen and Leslee Oden, NTF Vice President of Legislative Affairs.

"...we want to better chart the path toward not only opening markets but understanding the cuisine of the country and what products will most likely resonate with the culture."

that kill or reduce the growth of bacteria; organic sprays to clean the turkeys and inhibit bacteria; and strict sanitation procedures are other steps taken to enhance food safety.

Food safety will continue to be pushed forward by the industry. We can't lose sight of reminding people the basics of clean, separate, cook and chill. With cooking shows, quick tip videos, and food bloggers saturating the home cooking space, that message isn't always reinforced. With more people using a device to guide them through cooking, more surfaces are susceptible to carrying a food-borne illness.

With those variables in mind, the turkey industry will be convening to share information on Salmonella as seen in turkey; considering new interventions and innovating the current ones; and really tracking how it can enter a food system. This not something the industry takes lightly and there are many months of work ahead. **UB**



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Spicing UP SCHOOL LUNCHES

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With the beginnings of another school year, our minds are starting to put the summer swimming pool days behind us, and look to hopping on a school bus. Parents have started to reorganize schedules, find their back-to-school routine and manage all the new fall activities. Additionally, there has been an uptick in retail shopping. While backpacks and pencils are very necessary supplies, school lunches are an important, and often undermined, component of every school day. Effective grocery shopping and creative lunches can make a great difference in your child's time at school. To help, here are just some ideas that come from thinking outside the (lunch) box:

1. NO BREAD? NO PROBLEM!

- Try substituting tortillas for bread, turning an average ham and cheese sandwich into an exciting lunch wrap. Instead of cold cuts, you could even try chicken, rice, and salsa to make a burrito for your child to enjoy.
- Or, if you prefer the minimalist approach, try ditching the carbohydrates entirely. Roll up ham, salami, and provolone to make delicious and easy Italian roll ups. Skewer cherry tomatoes, cubes of cheese, and deli meat to create a cold cut shish kebob.

2. DIY

- Pack deli meat, cheese, crackers, a juice box, and a piece of candy (or, really, whatever you want) in an airtight container with multiple sections to create your very own prepacked and well-balanced lunch.
- Use that same container to give your child a salad with lettuce, grilled chicken and their favorite dressing. Keeping the dressing separate allows for them to enjoy a nice, freshly prepared salad.

3. BACK TO BASICS

- Looking for a simple lunch idea? Leftovers, grilled chicken and hardboiled eggs could be the way to go. These are great all-around options: they are quick, inexpensive and healthy. The biggest obstacle with these is getting picky children to agree to it, but if they do, the simpler, the better!

“Effective grocery shopping and creative lunches can make a great difference in your child’s time at school.”

The most important thing about your child's school lunch is to keep it new, keep it tasty, and keep it fun. Good luck to parents everywhere!**UB**

Article contributed by Luke Giambona
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Popular brands are caught red-handed ...

Seeing red: catching the consumer's eye

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Consumers roll out the red carpet for trusted brands. In fact, they run for them like a bull toward a red cape. Science tells us that using colors like red in branding and marketing can generate excitement in a consumer, and even help to better remember the company later. This evidence may explain the abundance of red logos associated with top fast food chains, retailers, and packaged products.

The National Center for Biotechnology Information cites findings that indicate the color red has an attentional advantage over other colors. Participants in the supporting studies had shorter visual search times for red targets. When attempting to ensure a logo will stand out from the crowd, red provides some small psychological assurances that it will at least be noticed first.

If a busy highway is lined with glowing signs representing choices for a hungry consumer, being a red standout could be a strategic advantage in more than one way. The first sale is won when the consumer decides to pull off that highway and purchase a meal from the establishment. But the next time the same consumer is trying to remember places to eat in the area, that institution has yet another leg up on the competition due to something called the isolation effect. According to the American Journal of Psychology, items that appear to be isolated when compared with those in a sequence are more readily recalled by the observer.

Why is red so appealing to the human eye? According to Sevinc Kurt of Cyprus International University Nicosia, red is the primary color with the longest wavelength. This quality results in the hue appearing to be closer than it truly is and consequently, a powerful attractant. Red is also the most simplistic of the colors and invokes enthusiasm from onlookers.

Red is also strongly correlated with a dominant position, making it the perfect choice to give an edge over contenders for customers. In 2004 Russell Hill and Robert Barton at the University of Durham found that in combat sports with equally matched opponents, those wearing a red kit were five percent more likely to win the fight. Furthermore, a similar correlation was found in soccer. Players taking penalty shots were less likely to score when the goalie wore red. If consumers perceive red as the stronger color,

choosing another choice that is similar in capability or feature with a less powerfully colored logo is unlikely.

Marketers and branding experts alike should pay close attention to the research on red when shaping the image of a business. With broadly ranging and compelling evidence to suggest that a simple color choice can change the trajectory of consumer perception and traffic, these scarlet studies could potentially make a difference in acquisition and retention. Science has in fact spoken on the matter, and it is unequivocally the time to paint the town red. **UB**

“When attempting to ensure a logo will stand out from the crowd, red provides some small psychological assurances that it will at least be noticed first.”

Article contributed by Laura Zinger
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Hamburgers finding **STIFFER** competition from other

protein patties



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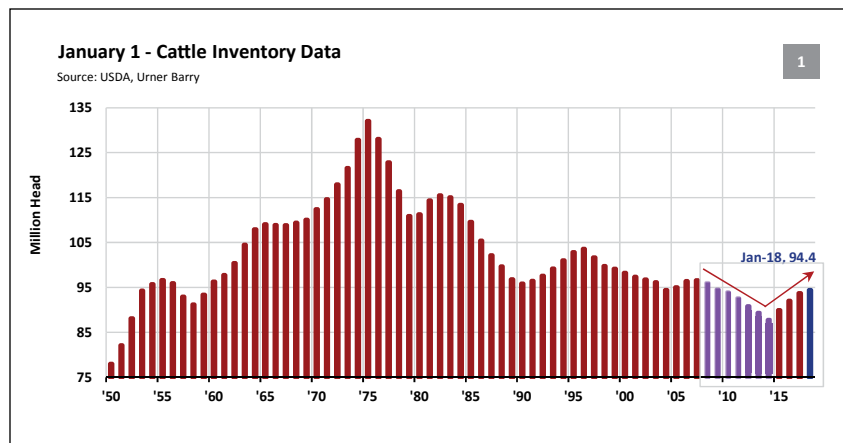
The market for 81% lean ground beef has been underperforming expectations and piercing key support levels in the process. There has been stiff competition from poultry producers pushing their alternatives to beef hamburgers for spots on the grill, and it seems turkey and chicken burgers are well received. The offerings don't stop there. Salmon and tuna burgers are making a splash in the seafood industry, while the whole protein market is under attack from meatless alternatives as well.

Adding to price deflation is the growing supplies of red meat and poultry in the U.S. to record levels. The starting point was the drought in the United States. Cattle inventory on January 1 slipped each year from 2008 to 2014 as cattle owners culled

their animals. This reversed as weather, growing conditions and cheap feed led to expansion each year since. From the near-term low in 2014, cattle inventory has grown nearly eight percent to 94.4 million head at the start of the year. The growth in both chicken and pork supplies is also well-known, driven by growth after disease decimated these industries. The latter also recently added capacity, which is also leading to larger

production. Consumers are benefiting from more product and competitive pricing.

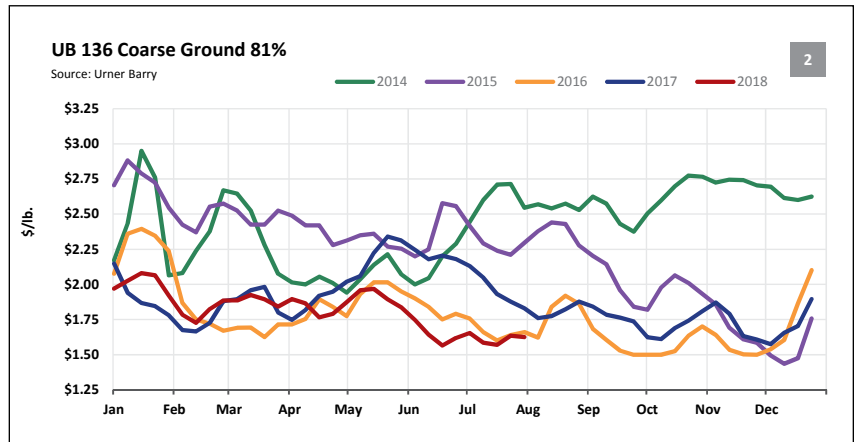
The impact on wholesale prices of UB 136 Coarse Ground 81% is noticeable. From the record levels in January 2014, to current figures near the end of July 2018, prices are down 44%, or almost half. Retailers have been slower to pass along



the savings with deflation less than half that of wholesale losses.

As beef commands larger gross dollars, retailers have wanted to recapture margins they lost during those drought years. Some people in the market believe this reason trumps even the larger supplies, and burger competition is the reason movement has been lackluster.

The appetite for beef continues, and it still leads the cash register in total dollar sales among the burger category. Packers, however, need to stay vigilant and work with all stakeholders along the value chain as competitors, especially poultry ones, are growing at a faster pace. **UB**



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“...the whole protein market is under attack from meatless alternatives as well.”

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"Mashed peas, mashed carrots ... mashed halibut? Anchorage-based Bambino's Baby Food is changing up the way that parents feed their kids."

Alaska-based Bambino's Baby Food is changing the game with seafood

Parents want the best for their children, and Bambino's Baby Food founder Zoi Maroudas-Tziolas is no different. In the late 2000s the entrepreneur was a medical student working at a Texas hospital when she noticed that the meals being offered to the patients were bland and unappealing. While most other people would just chalk it up to it being average hospital food, Maroudas-Tziolas was inspired to do more. Having grown up at her family's Greek and Italian restaurant in Alaska, she reached out to the hospital to revamp the menu with more enjoyable and nutritious options for the patients. But it wasn't until she returned to Alaska that the thought for Bambino's really started to take shape.

"I realized that a lot of our children across the nation have a lot of allergies," Maroudas-Tziolas explained to Urner Barry's Reporter. "I reached out to different food supplement groups ... there was almost a disconnect between what children should be having to develop a healthy eating palate, and also to address their nutritional needs as they grow."

Maroudas-Tziolas took in all of Alaska's pure and natural resources — like Alaskan grown carrots which are "really, really sweet because of the long daylight" and of course Alaskan-caught salmon and halibut. She discovered an opportunity: a perfectly balanced meal with protein, grains and vegetables for young kids.



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Yes, some of their products truly feature salmon and halibut. But you won't find Bambino's baby food in a jar. Maroudas-Tziolas' product is unique in that it's star-shaped, frozen and comes in pouches that contain multiple servings which can go from ages five months to three-years-old.

According to Bambino's founder, there are two reasons for the star-shaped food. First, so that the child can pick it up and use it as a natural popsicle or teether to soothe their gums or to enjoy a healthy snack on a hot summer day. And second, for portioning, so that parents can take out as many stars as they see fit for their child.

"The more you heat it up the smoother it becomes. For example, if you want texture you just don't heat it up as well. So, for a toddler, you have that nice texture, and then for the new to solids little ones you can have that really smooth purée. Just heat it up nice and warm and stir it in between and you'll get that smooth baby food stereotype kind of texture. As they get older you can pour it over quinoa, barley, pasta, or you can mix it into their mac and cheese."

There is no denying that Bambino's Baby Food is unique, but for Maroudas-Tziolas, it's the state of Alaska that makes it even more special. It's an Alaskan-grown product, from the pure vegetables down to the traceable and sustainable seafood.

"When I first started the company, I didn't see any salmon or halibut in baby food products," she explained. "We're talking about how essential omegas are to a child's development and [I wasn't] seeing that in the products. I stepped away from the norm but worked really close with allergists and pediatricians. I know it's an allergen, but it's also very important that the children get the real food in their diet and it's possibly also a great way of preventing these types of allergies."

"This was a very forward-thinking, innovative, and challenging aspect of the seafood industry because no one really wanted to tackle seafood and baby food because it was considered an allergen. But I was very firm that if parents understood that allergists and pediatricians were on board with us and that we were looking at the child's nutritional and developmental needs, that that would supersede the importance of it — instead of the fear that children shouldn't have seafood."

Fortunately, not every parent has to be in Alaska to get their hands-on Bambino's Baby Food. Bambino's ships all over the United States, with a one month supply of flavors like their Hali Halibut and Sockeye Salmon Bisque available to order online through Bambinosbabyfood.com.



And the product line may even be expanding into China. In May Maroudas-Tziolas' business was selected to participate in the Opportunity Alaska: China Trade Mission trip.

"It's a customary tradition [in China] that when you share your business card you extend it with your two thumbs together. You kind of bow and you read the other person's card as they're passing it because it's an extension of an introduction. They read my card: 'clean, pure, natural food.' That resonated so much that the conversation for the next 10 minutes was on baby food and the importance of their children's development. Because of the one child rule, it's their dynasty, it's their heritage, their legacy. And their children are their everything, so they invest in their education and in how they're grown. This is an opportunity to see that we can offer them healthy, pure, natural food to give them that nutritional foundation to give them a long, prosperous life."

With that said, Bambino's won't be popping up in China overnight — especially with the current trade war with China. But for Maroudas-Tziolas the China trade mission trip was an important "baby step."

"We get to use that pun." **UB**

Article contributed by Amanda Buckle | abuckle@urnerbarry.com

**“clean, pure,
natural food.”**

EU markets settle from Fipronil crisis

In summer 2017, the European egg market was shocked by an unexpected contamination issue pertaining to a chemical called Fipronil. Commonly used to repel ticks, mites, and fleas from pets, the product was an ingredient in pest treatments destined for egg production facilities unbeknownst to the users. Traces of Fipronil began to surpass allowable thresholds and egg recalls were initiated, stretching across EU countries and even around the world. Production facilities treated with the chemical had to be fully depopulated and cleaned. Total losses were reported close to 28 million laying hens.

The resulting supply shock, shortage, and price spike were similar to those seen in the U.S. during the 2015 avian

“Demand has yet to be fully restored though, leaving prices at or near 52-week-lows.”

influenza outbreak, where the industry lost roughly 34 million layers. Industry egg prices in the EU spiked nearly 150% from just before the contamination was discovered in late July to their peak in late October. By comparison, U.S. breaking egg prices climbed more than 275% from the initial outbreak to peak.

Similar to what we saw in the U.S., price highs impacted the demand side as well, even as supply shortages became

less of an issue. In fact, some suggested demand could be hindered even more in the EU given the fact that Fipronil was a human health concern rather than just an animal disease issue.

As was experienced in the states while prices soared, producers in the EU were motivated to quickly repopulate flocks. The highs were short-lived, lasting only about a month before values began to slip through December and into the beginning of 2018. By the time prices had bottomed, industry eggs had fallen 72% from post-Fipronil apex. This was a far less aggressive adjustment than that seen after the AI high, where U.S. breaking eggs lost 94%. Still, the trends and timelines between the two supply-side issues were very similar.

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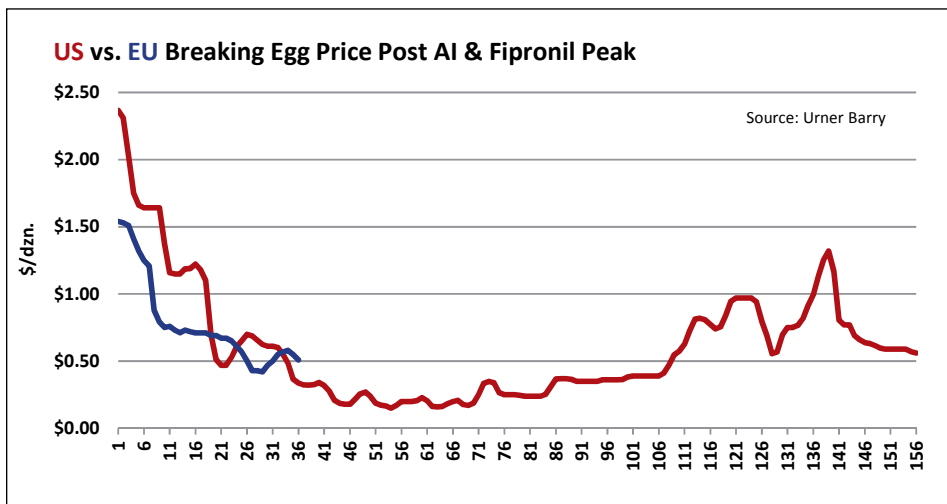
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The EU market has generally stabilized at recent lows and producers are hoping to see seasonal demand increases as we move into the fall and fourth quarter holiday season. Low prices are helping to create international opportunities as well, especially with some dried products only about half the price of those in the U.S.

If we are comparing these two issues, market recovery could take longer. Though prices improved slightly from the lowest levels, it took nearly a full year for U.S. prices to rebound to long-term averages seen prior to the outbreak. The prolonged downturn was driven by increased flock size, reformulation, loss of international markets, and other factors. Low prices weren't all bad though, as they allowed retailers to rediscover the effectiveness of low-price egg ads and manufacturers to come up with new ways to use eggs. These factors have been a large part of why U.S. markets have hit recent highs and are at least partially a result of the lows hit after avian flu.



The brunt of Fipronil's impact on supply is now behind the EU egg industry. Demand has yet to be fully restored though, leaving prices at or near 52-week-lows. Producers are hoping to see seasonal rallies into the fourth quarter, but that will depend of reestablishing existing demand channels and potentially developing new ones.

That is at least how the U.S. was able to recover from AI-related lows over the last 12 months. **UB**

Article contributed by Brian A. Moscogiuri
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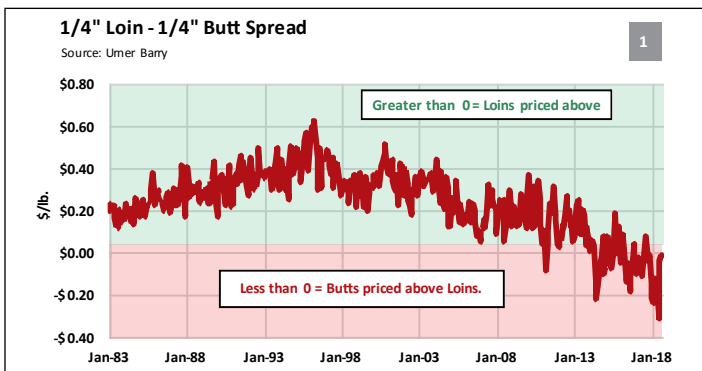
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Pulled pork or chops...

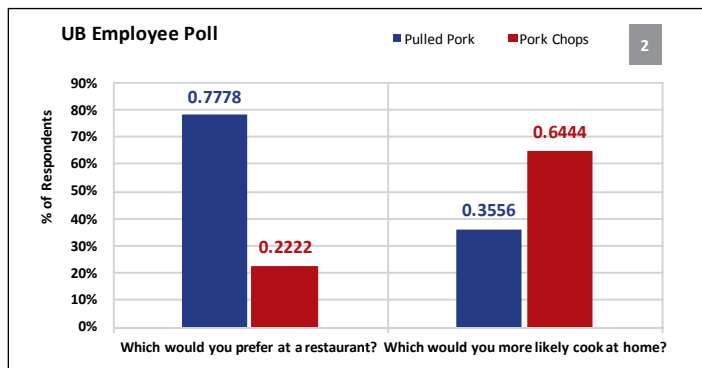
Pulled pork or pork chops... which would you prefer? Over the last 20 years it appears that the answer has increasingly shifted into pulled pork's favor.

For most of the recorded price history of bone-in pork loins and bone-in pork butts, loins have held a sizable premium over the butt. This spread hit a high of just over 60 cents per pound in 1996, and since that point has steadily eroded in favor of the pork butt. A number of factors may have contributed to this transition in public preference, from the traditional loin-related items to products produced from the pork shoulder.



PUBLIC PREFERENCE

In preparation for this article, an impromptu survey of the employees of Urner Barry was administered (chart 3). There were only two questions, both with either pulled pork or pork chops as potential answers, followed by a "Why?" section. The first question was "Which would you prefer at a restaurant?" followed by "Which would you more likely cook at home?" The results are displayed in the graph below.



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Of the employees that participated, more than three-quarters of the office said they would opt for pulled pork over a chop while eating out. When staying in, the poll was tighter. Most actually favored pork chops with only a third of respondents choosing pulled pork. The comments were telling as well. For pulled pork, flavor, tenderness and versatility were mentioned most often. For pork chops, convenience and being more healthy dominated the discussion. The time requirement was the most frequent strike against pulled pork, whereas the lack of flavor and difficulty in preventing overcooking were the negatives for chops.

EATING EXPERIENCE & PUBLIC PERCEPTION

The moisture concerns for pork chops have plagued the cut for generations. Our grandparents essentially cooked pork chops until they were the consistency of hockey pucks in order to kill off any pathogens. This belief, that pork needs to be cooked until white and tough worked its way down the generations, leading even young people today to be hesitant about eating a chop that has some pink in the center. Coining pork "The Other White Meat" may have only reinforced this belief. The USDA made an effort to right the ship by reducing the internal cooking temperature guideline from 160 to 145 degrees, but changing the public's perception has still proven to be a challenge.

Pulled pork on the other hand does not share the same characteristics. It can take practice to make really enjoyable pulled pork, and some argue its actually even harder to create truly bad pulled pork. The "set it and forget it" nature of cooking pulled pork, either in a crock pot or smoker, makes it difficult (but not impossible) to overcook and there is a lot of flexibility in the ingredients involved.

As a side note, we haven't even touched on butt chops, essentially pork chops cut from the butt rather than the loin, which are very popular in certain areas of the country.

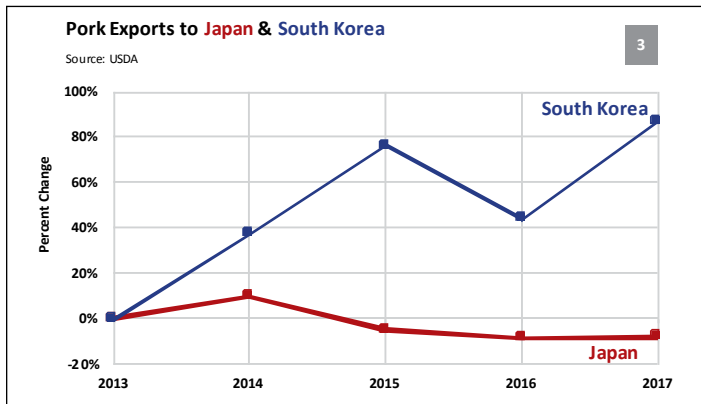
What's on your plate?

THE EXPORT FACTOR

Finally, it should come as no surprise that the export market plays a role in this story as well. Historically, Japan has demanded U.S. loin products while South Korea has sought butt items. Japan has long been one of America's top pork export destinations and remains in the #2 spot in terms of volume. However, South Korea has been climbing the ranks. Based on the loin vs. butt chart (chart 1), it was around 2013 when butts



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started spending a lot of their time priced above loins. If we look at the percent change in exports going to Japan and South Korea since 2013 (chart 3), you see two very different stories in terms of demand. Shipments to South Korea almost doubled, up 87 percent in four years. Volume to Japan on the other hand declined by eight percent over the same period.

Where do you land on the loin versus butt debate? **LB**

Article contributed by Russell Barton
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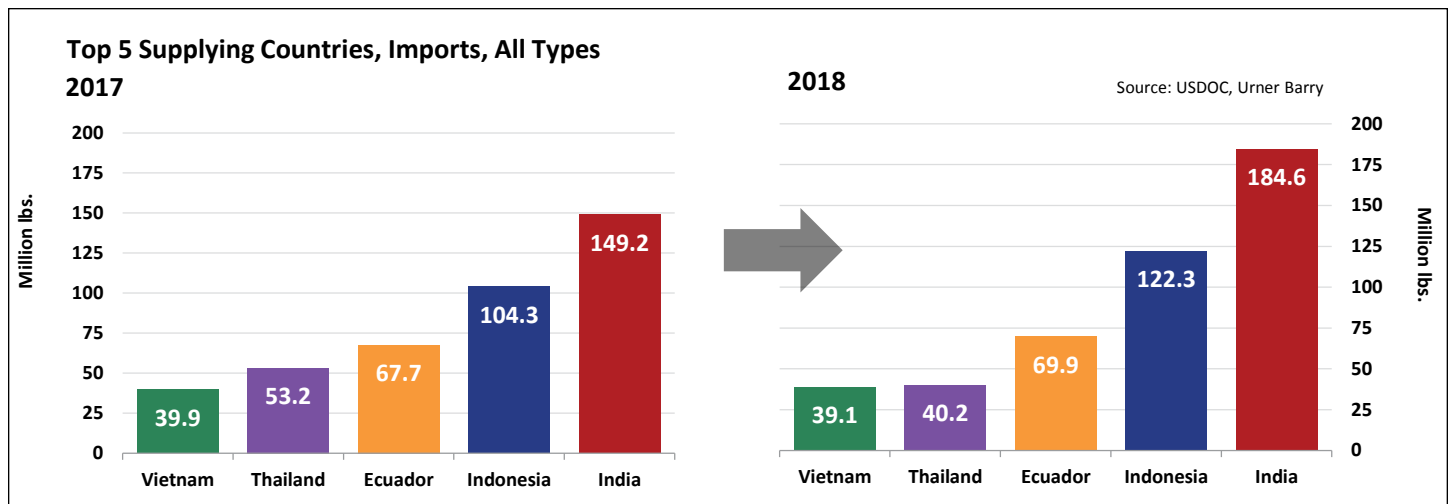
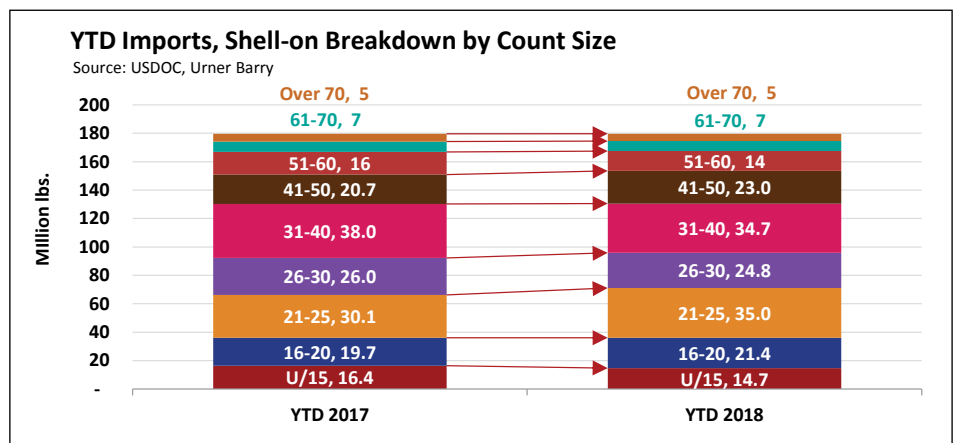
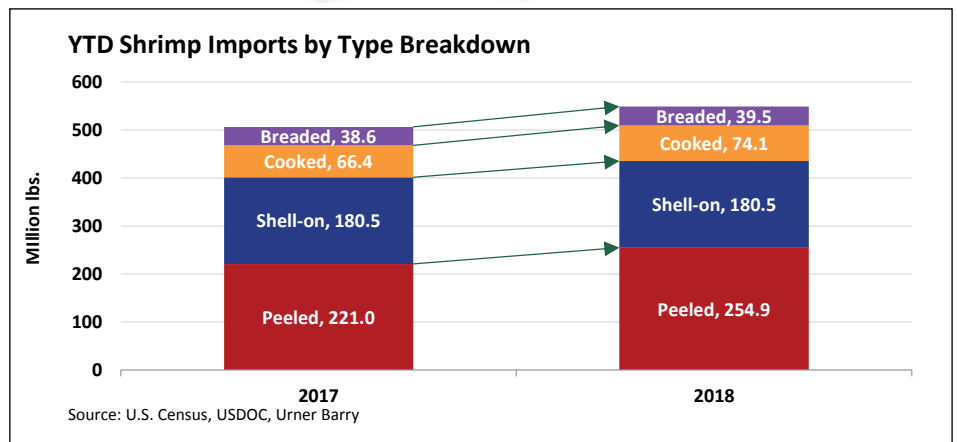
Shrimp imports continue to expand, but signs of moderation noted



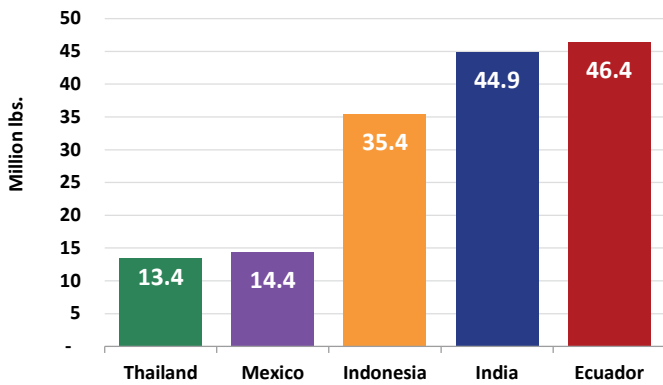
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Shrimp imports through the first half of 2018 are roughly six percent higher than last year, however, were lower in each of the last two months. Looking at this timeframe, the continued growth in imports from India, and the ongoing shift from importing headless shell-on to peeled, is most notable. Imports of headless shell-on (HLSO) have fallen three percent, while the cooked and peeled categories have both grown 11 percent. Imports of breaded shrimp remain close to even. HLSO shrimp, including easy peel, now account for 32.6 percent of all imports, down from 35.4 percent Jan-June 2017. Alternatively, peeled shrimp comprise 46.5 percent of imports, up from 44 percent last year.

The U.S. imported 224 million pounds of shrimp from India from January through June, representing an 18.4 percent increase over the first six months of 2017. Shipments from Indonesia are also higher year-over-year; increasing 17 percent to 145 million pounds. Ecuador and China shipped roughly the same amount of shrimp in the first six months of the year; while Thailand (-28.1%) and Vietnam (-4.3%) shipped less. Interestingly, India shipped less shrimp in the month of June marking the first time since June 2016 that it shipped less shrimp in a month when comparing year-over-year totals.

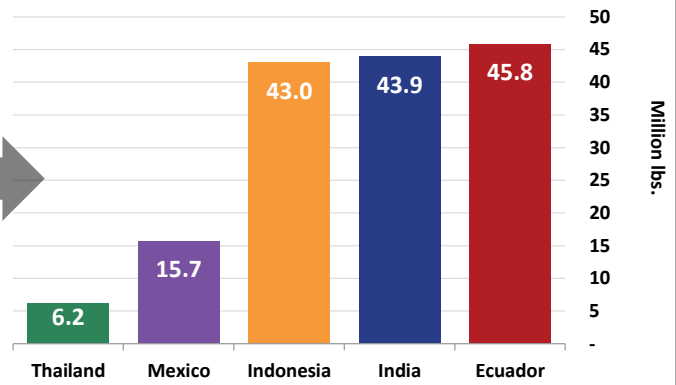


Top 5 Supplying Countries, Imports, Shell-on 2017



2018

Source: USDOC, Urner Barry



Imports of HLSO shrimp continue to decline as the leading suppliers to the U.S. continue to increase peeled shrimp output. Total HLSO import volume is three percent or 6.7 million pounds lower through June. The only significant supplier of HLSO shrimp to the U.S. market which showed an increase in volume shipped was Indonesia. Their additional 20 percent is likely comprised of easy peel shrimp. Of the 10-count size categories listed, only 16-20, 21-25 and 41-50 counts increased volume year-over-year. The largest declines were seen in the 31-40, 26-30 and 51-60 count sizes.

The peeled shrimp category grew by 11 percent or 30 million pounds during the first half of 2018; the bulk of growth came from one country. That category continues to be dominated by India, whose import volume increased by 33.7 million pounds or 29.3 percent. Indonesia (+8.5%) and Ecuador (+2.7%) also shipped more, while Vietnam (-22.3%) and Thailand (-25.4%) shipped less.

The National Marine Fisheries Service reported June 2018 Gulf of Mexico landings (all species, headless) of 10.43 million pounds compared to 10.91 million in June 2017. This brings the cumulative

total to 38.57 million pounds; 2.6 million pounds or 6.3 percent below the Jan-Jun 2017 total of 41.16 million pounds. While it may seem like there is the potential for a shortfall in domestic landings, it is important to note that historically, roughly two-thirds of the domestic catch is landed during July through December.

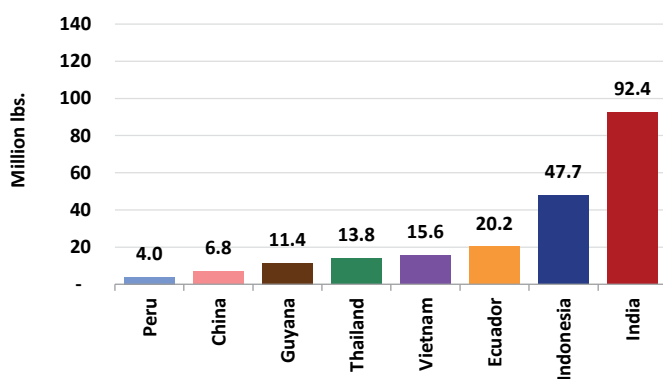
At retail, buying opportunities are tracking slightly above a year ago and are up 1.5 percent or roughly 5,000 points on the Urner Barry index. At the same time, ad prices have fallen 2.9 percent or \$0.23/pound. Ad prices have been lower

Continued from page 24



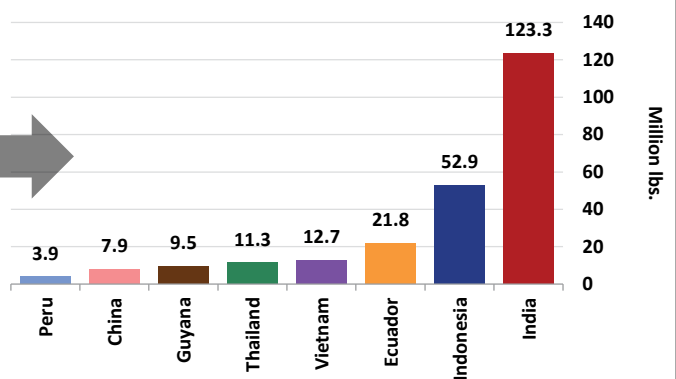
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Top 5 Supplying Countries, Imports, Peeled 2017



2018

Source: USDOC, Urner Barry

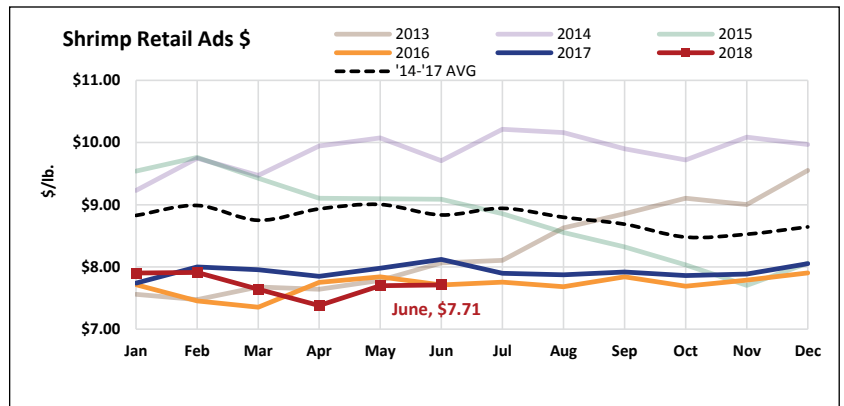
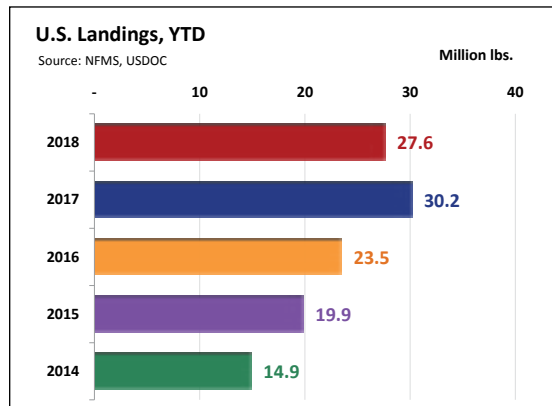
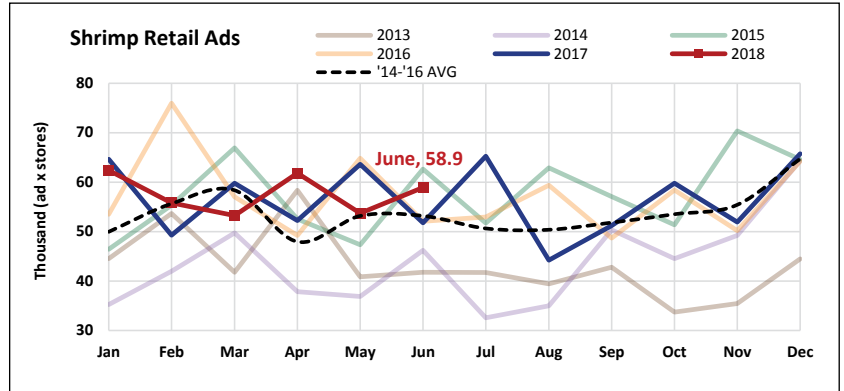


Shrimp imports

Continued from page 23

year-over-year for each of the last five months. This is consistent with replacement costs for U.S. importers and the wholesale market, which has been trending lower and accelerating in recent months. **UB**

Article contributed by Jim Kenny
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U.S. pork market weathering tariff issues

The tariffs imposed by Mexico and China on imports of American pork leave the U.S. pork industry facing one of its largest challenges, at least in recent years.

Concerns among futures traders about the probability of a significant reduction in sales to Mexico, as well as China, at a time when U.S. pork production is on a path to be record large, sent the market into a tailspin this summer. New contract lows were hit in July as October futures slid more than 23 percent from a mid-June peak after the new tariffs were announced. The decline in futures represents a reduction of income to hog producers of around \$30 per head, a downswing that would put most of them into negative margins.

Cash hog prices tumbled as well during that period as they slid about 20 percent in value from mid-June to the third week in July.

There are some factors that may help the U.S. pork industry weather the tariff issues, but not without some pain to the various industry sectors. Sharing the load among the sectors would also help those most at risk, but that is not likely to happen.

There's an old saying that the cure for low prices is low prices. If the hog and/or pork markets slide enough, production will eventually decline and less pork would be available. But that could take well over a year even if some producers were to begin cutting back now on their breeding herds. In the near-term, output would be even larger as more sows and gilts are sold off for slaughter.

Lower U.S. hog and pork prices may encourage foreign buyers to boost their purchases, even Mexico and possibly China, despite the tariffs. That would at least allow for better product flow and possibly limit further downside risk for domestic prices.

The U.S. could also import less pork as an offset to the likely reduction in export sales. According to USDA data, the U.S. imported about 20 percent as much pork as it exported in 2017. Last year, the U.S. was the fifth largest importer of pork in the world behind China, Japan, Mexico and S. Korea while being the third largest producer behind China and the European Union.

Lower retail prices for pork might also encourage U.S. consumers to purchase and serve more of it to their families, but grocers and foodservice operations are typically slow in adjusting their everyday prices. If sticker price reductions do occur, they may be mainly on features and weekend specials rather than on everyday prices.



The balance of the year and into 2019 could be a bumpy ride for many in the pork industry. Hopefully, trade issues will be resolved sooner, rather than later. **U**

Article contributed by Curt Thacker
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Could the meal prep trend alter the way young consumers are shopping?



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In this ever-changing world, people are becoming busier and more strapped for time as they juggle personal and professional pressures. With more responsibility and less time, some are finding it difficult to prepare traditional meals. Convenience, speed, and ease are important qualities of meals for those who are too busy to cook. But if those same people are looking to avoid fast food or frozen meals, they find themselves in a difficult situation. While “meal prepping” is not a new concept, it is something that is being suggested more often as a solution to this time constraint issue. Meal prepping is increasingly popular among college students, young professionals, and new parents. It is the practice of preparing a variety of different meals on a particular day to be consumed over the course of the coming week. Though some followers of this plan diversify their choice of protein, most choose a single protein each week, purchasing it in large quantities on a set day at the start of that week.

For instance, let's say that Mike Meal Prep has decided to try this way of

planning out his food. On Sunday, he goes grocery shopping, buying enough chicken breast to last him until next Sunday.

Along with the chicken he buys small amounts of pasta, rice, fresh vegetables and spices and seasonings to create whole meals for the coming week. He prepares all of this food on Sunday, prepackages it in airtight containers, and refrigerates them. For Monday, he prepares chicken and broccoli rice bowl, Tuesday is a chicken Caesar salad, Wednesday is chicken and zucchini over pasta, and so on with different recipes for as many days as he wants. On each day of the week, Mike takes out his desired meal, and heats it up whenever he is ready to eat. By Sunday, he is ready

to switch to a different protein and vegetables, considering new or similar recipes as he goes.

“Meal prepping is increasingly popular among college students, young professionals, and new parents.”

For the consumer, this system is a great way to save time during through busy lifestyles and hectic schedules. For the industry, meal prep could account for a minor shift in buying trends of proteins. Whether or not meal prep will develop from a simple fad into a full blown trend is unclear. What is clear is that at the moment it is a very

popular option that impacts the way we purchase and consume proteins. **UB**

Article contributed by Luke Giambona
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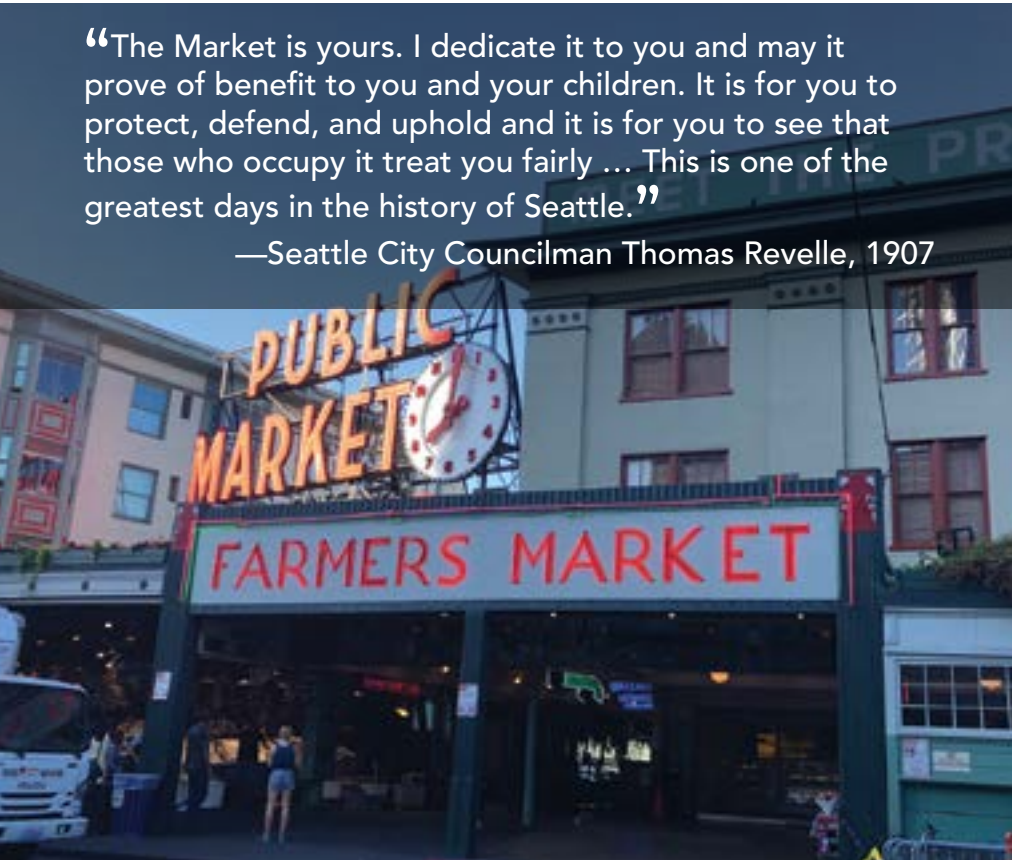


The City Fish Seafood Market sign

Visiting Seattle's Pike Place Market is a no brainer

“The Market is yours. I dedicate it to you and may it prove of benefit to you and your children. It is for you to protect, defend, and uphold and it is for you to see that those who occupy it treat you fairly ... This is one of the greatest days in the history of Seattle.”

—Seattle City Councilman Thomas Revelle, 1907



Both locals and tourists flock to Pike Place Market for fresh produce and fish.

It's 7 a.m. and Seattle's Pike Place Market is quiet and calm. Vendors slowly set up flowers, produce and other goods on their tables while storefronts remain dark.

It's easy to enjoy a peaceful breakfast at Lowell's restaurant, a staple at the market since 1957, while taking in the views of the Olympic Mountains and the ferries crossing the Puget Sound. In another two hours, when Pike Place Market officially opens, it's almost impossible to walk around.

While there is always the fear of falling into a tourist trap while visiting a new place, Pike Place Market is certainly worth a visit when in Seattle. Not only

is the Market full of delicious looking produce and baked goods – and of course every type of fish imaginable – its rich history is something to be in awe of.

The Pike Place Market dates back to 1907 when the population of Seattle – as well as the demand for goods – was growing. With farmers making little money by selling their produce to wholesalers, and consumers getting gouged on prices, Seattle City Councilman Thomas Revelle came up with the idea to create a public market place in the city.

The Pike Place Market opened for the first time on August 17, 1907, hosting between six to 12 vendors. A little over

a decade later, the Pike Place Market welcomed the Municipal Fish Market into its fold.

With World War I creating a fish shortage and inflating prices on what little product was available, Washington state stepped in to create a fish market that would be owned and operated by the city of Seattle. The Municipal Fish Market was part of Washington State's plan, opening on January 25, 1918 to sell seafood to locals for a third of the previous cost. By 1923 there was no longer a need for the state to be involved. The Municipal Fish Market was leased to a private owner and renamed City Fish Seafood Market. In 1930 City Fish Seafood Market received some competition in the form of the “world famous” Pike Place Fish Market.

Could a fish market really be “world famous”? Without a doubt. As many as 10,000 visitors a day reportedly flock to the 1,000-square foot space to watch the Pike Place Fish Market fishmongers throw and catch fish. And after being there in person it's easy to see why it's such a big tourist attraction. The fishmongers at the Pike Place Fish Market aren't just selling fresh seafood – they're selling an experience. Place an order and watch the fish you just bought go flying across the counter.

Legend has it that the fishmongers at Pike Place Fish Market started throwing fish after they got tired of walking around the counter to retrieve an order. Now one employee remains stationed at the table, ready to hurl a fish as soon as the order comes in. But the fishmongers behind the counter aren't the only ones who get in on the action. Customers and lucky bystanders often get a chance to try

their hand at catching a flying fish. Crowds watch in anticipation, erupting into cheers when the fish makes it safely into the hands of the person catching it.

The thrill of it all is enough to consider buying a fish to ship home. After all, they do offer TSA approved packaging to keep your fish fresh for 48 hours!**UB**

Article and photos contributed by Amanda Buckle
abuckle@urnerbarry.com



One of the many seafood-focused booths at the Pike Place Market.



The Pike Place Fish Market. Fishmongers prep a customer to catch a fish.

“Legend has it that the fishmongers at Pike Place Fish Market started throwing fish after they got tired of walking around the counter to retrieve an order.”

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Ancient techniques produce higher agricultural yields

Farmers are always looking for effective ways to protect their agricultural investment from nuisance birds, rodents or any other outside influences that may negatively affect their yields. With crop losses that can approach 30 percent, or even higher in disease years, and less significant but still troublesome livestock losses (typically poultry), producers have the potential to lose a massive percentage of their income.

Chase Delles, founder of Sky Predators Bird Abatement, came onto the scene five years ago to address this challenge in a more innovative way. Coincidentally, this "innovative" way has been practiced for thousands of years. His company uses their well-trained falcons to create a nuisance bird-free area. While farmers

have traditionally relied on techniques such as noise makers, shooting, netting, and chemicals to protect their crops and/or livestock, Chase's method seems to be more effective and environmentally friendly. The application of this age-old technique to modern complications makes it all the more fascinating.

Handling falcons since the age of eight, Chase went on to get his license at 15, as well as capturing his first red-tail hawk. In high school, he attended meets and competed with the small community around him. For years it was just a passion for Chase, until about seven years ago when he had heard through the grapevine that some other falconers had started doing bird abatement on the West Coast. He contacted a few people,

agreed to quit his day job, and began working for a friend. After two years of mastering the ins-and-outs of the service, Chase was sure that it was the right time to start his own company.

Now with four employees and 24 falcons, Sky Predators has found great success in the agricultural sector thanks to its high level of applicability. From protecting turkey farms in the Midwest to seafood processing plants along the coast, the challenge of variety is one Chase and his team are willing to face. The best way to deal with these challenges, Chase tells us, *"is to not only make sure your falcon is properly trained, but to also have a trusting relationship with one another. In order to be connected with the falcons, you must first understand their biology."*



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Proper training and a trusting relationship with each of Sky Predators' 24 falcons are at the foundation of the company's success in the agricultural sector.

You must know everything about these birds. I spend a ridiculous amount of time with them – and there is a whole lot of trust on both sides. They trust I will feed and take care of them just as much as I trust they won't fly away."

Many clients of Sky Predators are so pleased with the quality of their work

that they have established year over year contracts with the company. One turkey processor in Minnesota has been working with Chase and his team since 2016. After the historic loss in birds during the 2015 avian influenza outbreak, Chase was hired to provide additional safety measures so as to limit the chances of an outbreak from happening again. "By

each falconer running teams of 3-5 birds, we are able to rotate the birds between flight and rest in a way in which we can provide 24-hour a day protection from nuisance birds." Often times they will run for seven days a week. The local waterways surrounding this processing company were deemed clean, non-contaminated, and bird-free after just a few weeks.

Today, there are only about 400 falconers in the United States. Chase feels confident for the future, telling us, "It is going to go slightly more mainstream and I would like to grow the company myself. It all depends on how many birds I can train and manage." With sustainability and environmental awareness growing in importance through the years, it is definitely an exciting time ahead for Sky Predators Bird Abatement and Chase Delles. **US**

Article contributed by Evan Addis
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Egg white prices recover from 2017 lows

Dried egg white prices have been one of the most volatile items in the egg industry over the last five years. The market has been influenced by several factors, including foodservice promotions, changes in dietary trends, avian influenza (AI), and more recently, new product innovation and international opportunities.

Looking back at the five-year chart, prices peaked in June of 2014 when liquid was sucked out of the system by the launch of McDonald's Egg White Delight sandwich and the resulting

competition in the QSR sector. Prices moderated from nearly \$15 a pound to the mid \$7 range before the industry faced the devastating AI crisis of 2015. The market spiked to nearly \$18 a pound during the summer as inventories were depleted and the nation dealt with a shortage of eggs across the supply chain.

These prices motivated end users to find alternatives and formulate whites out of the products they manufactured. This, while production was rapidly recovering and expanding from AI losses. Markets slid to decade lows through the back half of 2016 before bottoming in late summer of 2017 as a result of the supply and demand shifts.

From that point on, processors have dealt with heightened raw costs and competition for eggs due to "retail wars" and the impact they had on consumer markets. They also saw increased international opportunity because of Europe's Fipronil crisis, which made global news around that time. As the EU struggled with AI-type supply shortages and subsequent price spikes, U.S. processors were able to recapture some of the international business lost during AI and expand into new markets. From August, when Fipronil was first reported, through May, the U.S. sent 5.873 million dozen eggs and egg

product equivalent to Japan. That was the most seen in that time frame over the last 10 years and almost double the average volume of that period during the 10-year span.

Domestic usage has also returned. Products that were heavily dependent on egg whites were at least temporarily pulled from production during peak AI prices. Angel food cake, for instance,

vanished from the front of many retail bakery shelves but has since returned since the beginning of 2018. Spreads between retail liquid and shell eggs widened during the height of the retail wars, though chains eventually passed along reduced liquid prices, making purchasing separated liquid more viable for consumers from a cost standpoint. QSRs have also renewed their interest in promoting egg white offerings, further absorbing liquid availability.

New users have also entered the space, most notably manufacturers of protein bars and drinks. Some suggest this sector is having the biggest impact on the dried market given usage rates and growth. Some of the most successful startups have already been scooped up by Fortune 500 companies, adding fuel to the trend.



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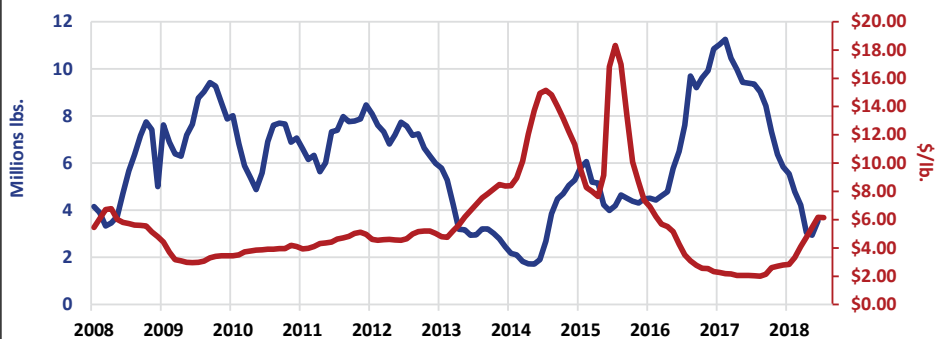
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Egg White Inventories vs. Spot Price

Source: USDA, Urner Barry



Urner Barry's dried white quotations hit a low of \$1.85 in July of 2017, but began to rally by the middle of December. Prices climbed steadily through June of 2018, as inventories were depleted to some of the lowest levels seen outside of the AI period. Prices peaked at \$6.05 a pound, though some paid more at times because of the tight stocks.

Conditions eased through the middle of summer, as processors have been

able to restock inventory positions, as they typically do during the summer months. International conditions have also shifted. The EU has fully recovered from the Fipronil issue and is dealing with depressed markets, much like we saw during the second half of 2016 and early 2017 here in the States. European egg white prices have been as much as 50% cheaper than those seen in the U.S., creating more competition in Asia and the rest of the world. Some multinational

companies are even leveraging EU white markets against suppliers here in the U.S. This has forced suppliers to sharpen their pencils, especially in contracts for the rest of 2018 and into the first half of 2019.

Egg white prices are typically influenced by seasonality more than anything. Consumers shift to egg whites early in the year as they focus on health and wellness, while yolk tends to lead separation trends in the summer and through the rest of the year. The depressed markets we saw after AI, protein demand trends, improved retail call, and international conditions supported higher than expected white markets through much of 2018. Inventories are beginning to rebound more recently as we head into the pre-holiday manufacturing period and it will be interesting to see what negotiations for the first half of 2019 yield regarding the market. **UB**

Article contributed by Brian A. Moscogiuri
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Seafood transitioning to earlier mealtimes

Southern cuisine has been growing in popularity, making waves in the breakfast and lunch realms across the country by introducing seafood offerings to earlier in the day menus. Traditionally, seafood has been reserved for special occasion dinners, but as chefs prepare more unique menu offerings and patrons look for healthier protein alternatives, seafood has transitioned from dinner, well into brunch, lunch and even breakfast menus—and the shift is being widely accepted.

As the public becomes more knowledgeable about seafood and as suppliers are more transparent about sustainability practices and the origins of their products, consumers become more open to trying new seafood varieties and dishes they may not be too familiar with. This is especially true in younger Y and Z generations who acknowledge the importance of the traceability and healthfulness of the foods they consume, paired with their love of new experiences and, of course, documenting those ventures along the way on social media.

Due to this growing trend, mid-tier and casual restaurants have increased their seafood menu offerings, including both fish and shellfish species. The opposite is true for fast-food establishments, which have decreased the number of items that fall into the seafood category. This leads us to assume that consumers are more than willing to spend the money on higher quality when it comes to their seafood.

The most popular species found across the country on early and mid-day menus are shrimp, crab and salmon. Shrimp and grits is a versatile dish that can crossover from breakfast, to lunch and even dinner, while grilled shrimp avocado toast adds a tasty protein to an already popular brunch dish. Crab cakes atop Eggs Benedict is a favorite breakfast item along the shoreline, while

open-faced crab melts hit the spot for hungry lunchtime patrons. Smoked salmon has been a breakfast staple for some time, often paired with cream cheese atop a bagel, however, smoked salmon breakfast bowls featuring a poached egg, sautéed greens, roasted potatoes and caramelized mushrooms offers a modernized take on the classic ingredient.

©Warren_Price/Getty Images

“Southern cuisine has been growing in popularity, making waves in the breakfast and lunch realms...”

As the seafood industry pushes for consumers to incorporate more fish and shellfish into their meal plans—taking the focus away from the more serious dinner items—the industry

has positioned itself well by shedding light on more creative and realistic ways for people to expand seafood into their breakfast, brunch and lunch meals that have lasting power. **UB**

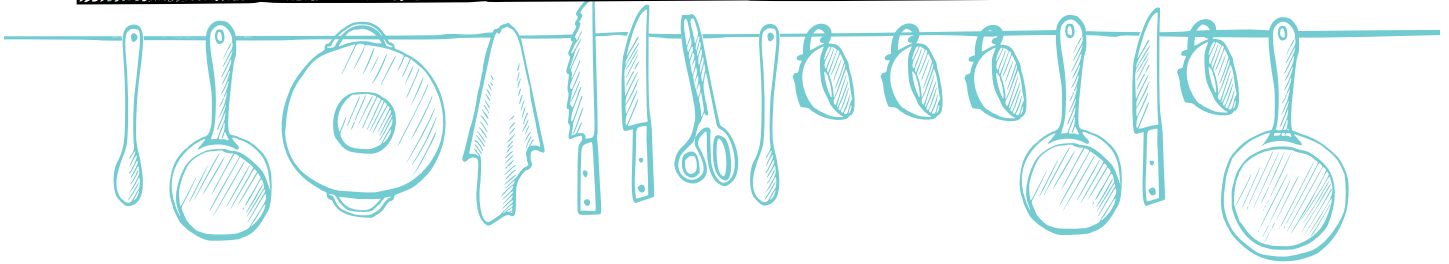
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Most important meal of the day is evolving

A recent study by Packaged Facts found that breakfast, the most important meal of the day, is evolving. Consumers are looking for easy breakfast options that are rich in flavor and nutritional value.

As consumers look toward health and wellness, we here at Urner Barry sought to offer a recipe with a non-traditional

protein included. Naturally, steak and eggs and bacon with everything is always an option. However, below we're including a seafood offering as a way to start your day.

Want a breakfast recipe that combines two of the most in demand food items? If your wallet allows, try the delicious

lobster breakfast tacos. By combining two favorite proteins, classic scrambled eggs and decadent lobster meat with an avocado sauce in a tortilla shell, you are sure to experience a luxe breakfast you will not soon forget!**UB**

Article contributed by Liz Cuozzo
lcuozzo@urnerbarry.com

Lobster Tacos for breakfast

INGREDIENTS

3 half-pound live lobsters

Avocado Cream

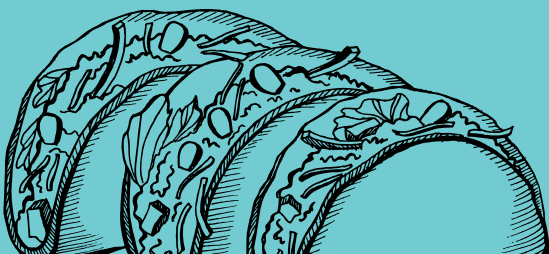
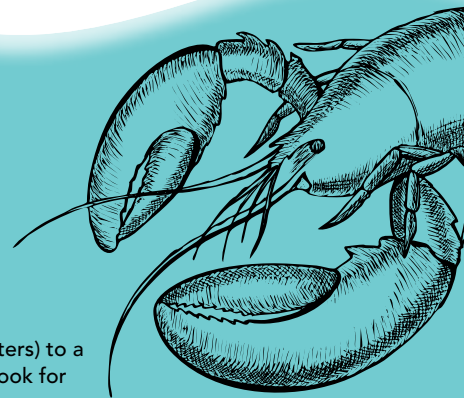
- 1 large, ripe avocado
- 1/2 cup Greek yogurt
- Juice of 1 lime
- 1/4 teaspoon ground cumin
- 1/8 teaspoon cayenne
- 1/4 teaspoon smoked sea salt
- 1/4 teaspoon fresh ground pepper

Eggs

- 8 eggs
- 1 tablespoon butter, at room temperature
- 1 tablespoon chives finely chopped
- 1/2 lb goat cheese
- Salt & pepper to taste
- 8 8-inch tortillas, corn or flour
- 1 lime
- 1 bunch of cilantro

1. Bring a pot of water (large enough for all the lobsters) to a rapid boil. Drop lobster in the boiling water and cook for 10 minutes.
2. Remove and allow to cool on a baking tray for a few minutes.
3. Crack your lobsters and remove the meat from the claws and body. Cut the lobster into half-inch pieces, keeping the claws intact. Set aside.
4. In a food processor, combine avocado, yogurt, lime, salt, and spices. Process for 1 - 2 minutes until smooth. Set aside until you're ready to assemble your tacos.
5. Lightly grease a large saucepan with oil and crack the eggs into it.
6. Place the pan on a cold burner and turn the heat to low.
7. Whisk eggs gently and continuously. If they start to stick, or the pan gets too hot, remove from the heat for a few seconds to cool and then continue whisking. After about five minutes, fold in butter, chives, half-cup of goat cheese, and lobster and season with salt and pepper. Reserve the claws.
8. Fill tortillas with one tablespoon of avocado cream and two tablespoons of eggs. Garnish with lime, goat cheese, fresh cilantro, and a lobster claw.

Yields 4-6 servings



How NFI's blog is helping add more seafood to the table

It's recommended that Americans eat two servings of seafood per week – but are they?



NFI's registered dietician, Rima Kleiner, grilling.

The consumption of red meat and poultry in the U.S. overshadows seafood ... by a lot. According to the U.S. Department of Agriculture, Americans are set to eat more meat than ever before in 2018, with a predicted 222.2 pounds of red meat and poultry per average consumer. In comparison, the National Oceanic and Atmospheric Administration (NOAA) released data that revealed Americans ate 14.9 pounds of fish and shellfish in 2016. How can seafood compete? Enter the National Fisheries Institute's Dish on Fish blog.

Dish on Fish is an initiative to encourage Americans to up their seafood intake. The blog and social channels are supported by Butin Integrated Communications out of St. Simons Island, Georgia.

"Dish on Fish grew out of NFI's Strategic Plan Goal of educating consumers. Since its launch in the fall of 2016, the Dish on Fish blog has become a trusted seafood resource for consumers," said Judy Dashiell, Senior Vice President with the National Fisheries Institute. "Through the site's content – which includes recipes, nutritional information and relatable seafood tips – NFI has

effectively connected with consumers and encouraged increased consumption of seafood."

While the U.S. Dietary Guidelines for Americans recommends that the average person eat seafood at least twice a week, the industry constantly finds itself running into a common consumer issue: Many people don't know how to cook seafood and are hesitant to try. Although the health benefits of eating seafood are well known – from lowering cholesterol and reducing the risk of heart disease, to aiding in brain, eye and neurological development in fetuses – concerns about properly cooking a piece of fish stops consumers from visiting their local fish market. Thanks to Dish on Fish, those concerns and hesitations can be bumped to the backburner. The blog offers a seafood-focused monthly meal plan to keep readers coming back.

"The Monthly Meal Plan is a regular feature of the blog which encourages followers to eat a variety of seafood several times a week at breakfast, lunch and dinner. NFI's registered dietician Rima Kleiner makes sure the majority of the meal plans are family friendly and balanced," said Dashiell. "But we also want consumers to think about seafood for special occasions from Date Night to Tailgates."

Just this past June Dish on Fish enticed amateur chefs of all ages with grilled fish recipes, easy shrimp recipes, and a recipe for easy baked blackened tilapia.

"I think NFI members are excited about the recognition Dish on Fish has received from some external sources, like being ranked number one in Feedspot's list of the Top 100 Seafood Blogs and Websites for Seafood Lovers; and most recently,



the blog was named as a finalist in PR News' 2018 Platinum PR and Agency Elite Awards, which recognize the year's most-outstanding communications campaigns across dozens of categories," said Dashiell. "In addition, traditional metrics continue to show steady growth across the platforms."

The Dish on Fish blog is easily targeting readers who not only want a quick and easy meal, but a dinner the whole family will love. So, what's next for the blog?

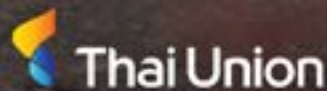
"With the spring 2018 launch of the Dish on Fish Instagram, we're creating an entirely new venue for encouraging seafood – this time focusing on the away from home experience," said Dashiell. "This time, we're highlighting chefs and eateries that create beautiful, crave-worthy seafood dishes for their guests via the Instagram platform; and strengthening relationships with chefs and purveyors. The strategy is tied to NFI's Strategic Plan goal of education and that remains our focus."

It's time to add more seafood to your dinner table. Visit dishonfish.com for seafood recipes, nutritional information and more. **UB**

Article contributed by Amanda Buckle
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The State of the Egg: Incredible!



By Anne L. Alonzo, President and CEO
The American Egg Board

We're back! In the American Egg Board's (AEB) last Urner Barry column contribution headlined, "The Incredible Egg is on a Roll," I shared a series of AEB programmatic updates coming out of spring 2018.

I'm delighted to report that the momentum and trajectory we achieved leading into the summer has been sustained and propelled with high-end programming from each of AEB's core areas: Consumer Media/PR, Market Development and the Egg Nutrition Center. Importantly, our current metrics give us every indication that we're on course for a truly exceptional second half of the year.

Consumer demand for eggs continues to run high. In fact, according to Nielsen scanner data at the end of July, retail sales for the year are up in both volume (equalized dozens) and in value — 3.3 percent and 23.7 percent, respectively. These numbers are particularly encouraging — not only because they surpass an already high bar for consumer demand set last year and on the heels of ongoing annual growth — but because people are buying even more eggs at a higher price. And this is sales growth for a product that already enjoys more than 90 percent household penetration.



Nielsen Fresh Retail Eggs (EQ Doz)			Fresh Start! Eggs in Retail		USDA Per Capita Consumption		Total Industry per USDoz
Year	EQ Doz	EQ Doz	Year	Eq per Person	Eq per Person	Eq per Person	Eq per Person
2013	-	-	2013	210	-1.0		
2014	+0.5	-	2014	210	-1.0		
2015	+1.0	-	2015	210	-1.0		
2016	+1.4	-	2016	210	-1.0		
2017	+1.8	-	2017	210	-1.0		
2018	+3.1%	+23.7%	2018	210	-1.0		

In addition, the AEB's latest consumer perception tracking data provided by Russell Research — a leading indicator for volume and usage — is significantly positive, with highly favorable consumer sentiment across all key areas, especially:

- Perceptions associated with eggs
- Health & lifestyle benefits of eggs
- Benefits of eggs for children
- Opinions about egg farmers and their practices

With perception levels like these, the egg's sales trajectory comes as no surprise and powerfully enables AEB to carry out its core mission: to increase demand for eggs through coordinated efforts across the organization. Below is a summary of some of what we've been up to since our last column...



In furtherance of AEB's promotional campaign, Disney-Pixar's "Incredibles 2" opened in theaters June 15 with the largest weekend box office in history for an animated film. The film has since grossed more than \$1 billion worldwide.



The AEB was the only one of the film's 15 sponsors permitted to launch marketing early in order to capitalize on the Super Bowl of eggs — Easter — before the film's official promotional launch in late May. Our campaign included new "How Do You Like Your Eggs?" signature recipes for each of the film's main characters; PR executions at the World Premier in Los Angeles and a media event in Chicago for the film's nationwide release; a slew of digital marketing; and an original, custom-animated commercial

that aired on targeted networks.

I'm thrilled to report that the campaign has generated impressive media and consumer engagement. In fact, everything we can measure for this campaign so far is meeting or exceeding our targets and baselines. And so it's no surprise that Disney•Pixar has recognized the AEB's campaign as a "best-in-class" effort.

We'll be providing a comprehensive analysis of the campaign results in the November issue. I wanted to share, though, at this writing, one piece of research we conducted around the perception of eggs among people who had/had not seen the movie and our commercial spot:

- Perceptions of eggs were *significantly more positive across seven key attributes* for people who saw the film and/or the AEB's animated spot;
- The Incredible Egg ranked first among sponsors in unaided awareness ("name a sponsor of the 'Incredibles 2' movie") — outperforming even McDonald's with its "Incredibles 2" Happy Meal toys and much bigger advertising budget!



HOW DO YOU LIKE YOUR EGGS?

As noted above, the centerpiece of our "Incredibles 2" campaign leveraged the AEB's "How Do You Like Your Eggs?" brand platform, which launched in November 2017. The platform continues to exceed expectations, generating record-level digital engagement and providing almost limitless possibilities for culinary inspiration that drives usage and, ultimately, increases sales. At AEB's July Board meeting, we cemented exciting plans for new "How Do You Like Your Eggs?" recipes and character portraits for the coming year. Stay tuned!



Continued on page 40



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State of the Egg

Continued from page 39

MARKET DEVELOPMENT CONTINUES TO BREAK THROUGH

While the AEB's consumer efforts under 'The Incredible Egg' moniker command the most visibility, our Market Development team continues to have great success with an ambitious agenda for national QSR chains, manufacturers and in schools, as well as to advance the export of eggs and egg products worldwide:

- **Incredible Breakfast Trends.** We introduced a series of hugely popular videos starring nationally renowned, trend-setting chefs and rising stars, including James Beard Award winners and Iron Chefs, who are creating original recipes intended to spark creative menuing of eggs at restaurants and with food developers. Of note is that we're in the process of rebranding the platform as "Incredible Egg Trends" as part of an overall strategy to break eggs out of just breakfast.



- **Top National QSRs Menu More Eggs.** We continue to engage the nation's top QSR chains with trend tours and workshops designed to generate on-trend ideas and solutions driving more eggs to be menued. Our most recent engagement with a top-ten national account produced more than 25 concepts and a wildly enthusiastic response from the client.
- **Manufacturer Workshops in High Demand.** Demand has reached an all-time high for both new and encore workshops at leading CPGs. In addition, the AEB's 20th Annual Food Technology Advisory Council May 9-10 drew 11 major manufacturers, along with influencers and scientists to collaborate on all things eggs.



- **Eggs in Schools Volume Continues to Grow.** Egg servings YTD have increased 4.1 percent on the heels of last year's 10.6 percent increase, and egg patties have been added to the USDA's approved available-for-order list. We also launched "Eggin' U On!" — a custom branding program for colleges and universities to increase egg consumption and usage at colleges and universities. The program spans back-of-house training and culinary support for dining services operations, as well as front-of-house merchandising support for on-campus events and promotions.
- **Export Value Increases.** The value of U.S. egg exports has jumped 22.7%. Working closely with our exports partner, USAPEEC, we continue to engage buyers and prospects at major international events in target markets. And at the end of September — in conjunction with the Americas Food and Beverage Show in Miami — we'll host the AEB/ USAPEEC second annual reverse trade mission with top egg buyers from the Caribbean & Mexico.

DRIVING TRANSFORMATIONAL NUTRITIONAL RESEARCH

The AEB's Egg Nutrition Center (ENC) continues to drive transformational research on the nutritional benefits of eggs. In fact, you would be hard-pressed to find a product today with a better nutritional story than the egg. ENC sponsors world-class, peer-reviewed scientific research at premier research universities in the U.S., and then communicates the findings from these studies in targeted outreach with health and wellness professionals and influencers.

At the same time, ENC-sponsored research serves as a catalyst for scientists to do research on eggs from other funding sources, and we were thrilled with the publication of several key non-ENC-sponsored egg research studies this year. The more the merrier!

How important are these efforts? Total media impressions around egg nutrition research from ENC sponsored and non-ENC sponsored studies published this spring assumed astronomical proportions of more than 697, 919, 780!

As a result, we've seen a radical shift in the positioning of the egg in nutrition— from the days when eggs were to be avoided, to relatively neutral dietary standing, to eggs now being considered an important part of today's healthy diet. As an example, in a major research breakthrough this year one study in particular has put the egg on entirely new footing, linking eating eggs with an 11% lower risk of cardiovascular disease.

The ENC has also been a driver behind the widespread buzz around choline, a nutrient that plays a key role in fetal and early childhood brain development and in cognitive function across the lifespan. Eggs are one of the few foods rich in choline, and ENC has spread the word in targeted communications via our "First 1000 Days" messaging, as well through mainstream

consumer media in partnership with the AEB's consumer team. As a result, eggs are becoming appreciated as an important food for pregnant women and a first food for babies.

It's all coming together! We're seeing outstanding traction and building even stronger relationships among the professionals that influence consumer health and wellness decisions. ENC's Egg Enthusiasts program — a proprietary community of health and wellness professionals/influencers — is already 30% above its recruitment goal since launching earlier this year and growing. We are looking forward to continuing our outreach to health professionals at major dietetics conferences later this year and spreading the good word about the nutritional importance of the incredible egg!



LOOKING AHEAD

Summer has historically been a slow sales season for eggs. But given the “Incredibles 2” campaign, followed by back-to-school marketing leveraging the egg’s spectacular nutritional benefits and messaging around convenience, we expect to enter the fourth quarter of 2018 with high momentum in time for the winter holidays — our biggest sales season both at retail and in foodservice.

For the fourth quarter, look for a major marketing push focused on baking, with a secondary stream focused on navigating the holidays from a waistline perspective — again leveraging the egg’s incredible nutritional profile — which will serve as a runway for The Incredible Egg to continue its roll right into Health & Wellness in the first quarter of 2019!

In all, credit for our continuing success can be attributed to a strong strategic plan, extraordinary collaboration with our actively engaged board members, a great professional staff, world-class agency partners and that most incredible of products — the egg.

Onward!**UB**

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One company explores the

For most of human history, volcanoes have been unpredictable. It's only in recent years that we've begun to understand them. Technology has advanced so much that today scientists can accurately warn surrounding communities of a volcano's volatility. Knowing this information allows for preparation when there is an active volcano, it also helps scientists to understand the contents of lava, and even conclude that volcanoes go through a life cycle and can die. Yet there is still so much to discover about these amazing natural fixtures.

From an early age people are often fascinated by volcanoes. Many volcanoes have their own social media accounts. The Kilauea Volcano, with over 6,500 followers on Facebook, rises 4,190 feet above sea level, making up about 14 percent of the land area of the Big Island of Hawaii. On May 3, 2018, Kilauea erupted after being triggered by a magnitude-5.0 quake. The eruption caused lava to spew into residential subdivisions in the Puna district. The Leilani Estates and Lanipuna Gardens subdivisions had mandatory evacuations

imposed. Along with the immediate and obvious consequence of the evacuation, the eruption also caused lava to splash into the ocean. What does this mean for the long-term? How will the ocean and surrounding fish populations be impacted by the introduction of this lava?

“Being able to cope with all the harsh unpredictability of the ocean makes the Wave Gliders ideal for the waters near Kilauea Volcano.”

Liquid Robotics, a company dedicated to enabling easy and economical access to ocean data, has innovative technology and hopes to eventually play a vital part in answering that question. Liquid Robotics has deployed two Wave Gliders to collect live ocean data from near where the lava from Kilauea hit the open water and outside the restricted area.

Working with Dr. Steve Colbert from the University of Hawaii at Hilo, Tina Neal, scientist in charge from U.S. Geological Survey's Hawaiian Volcano Observatory (USGS-HVO), and Dr. Jesse Kroll, Massachusetts Institute of Technology (MIT), the two Wave Gliders were configured with sophisticated sensors and cameras and were sent on their mission to measure and monitor the water conditions, air quality, underwater acoustics and plume flows. The Wave Glider is an unmanned technology that combines and harvests the natural energy of waves for propulsion through the water and solar energy to power the sensors, communications and on-board computing infrastructure. These robots use no fuel, they get all they need to move freely in the water directly from the ocean itself. It's also noiseless so as not to disturb the ocean life it's collecting data on.

Being able to cope with all the harsh unpredictability of the ocean makes the Wave Gliders ideal for the waters near Kilauea. The design of the Wave Glider is smart and dynamic with half of the robot floating on the surface and a sub or wing rack under the water attached



Lava flow from Kilauea volcano on the Big Island

power of the volcanic plume



View of the Kilauea lava flow from the Wave Glider named Wa'a'. (Photo courtesy of Liquid Robotics, A Boeing Company)



Subsea view of the Wave Glider with the Float on the surface of the ocean (top) and the Sub (center), 8 meters below. (Photo courtesy of Liquid Robotics, A Boeing Company)

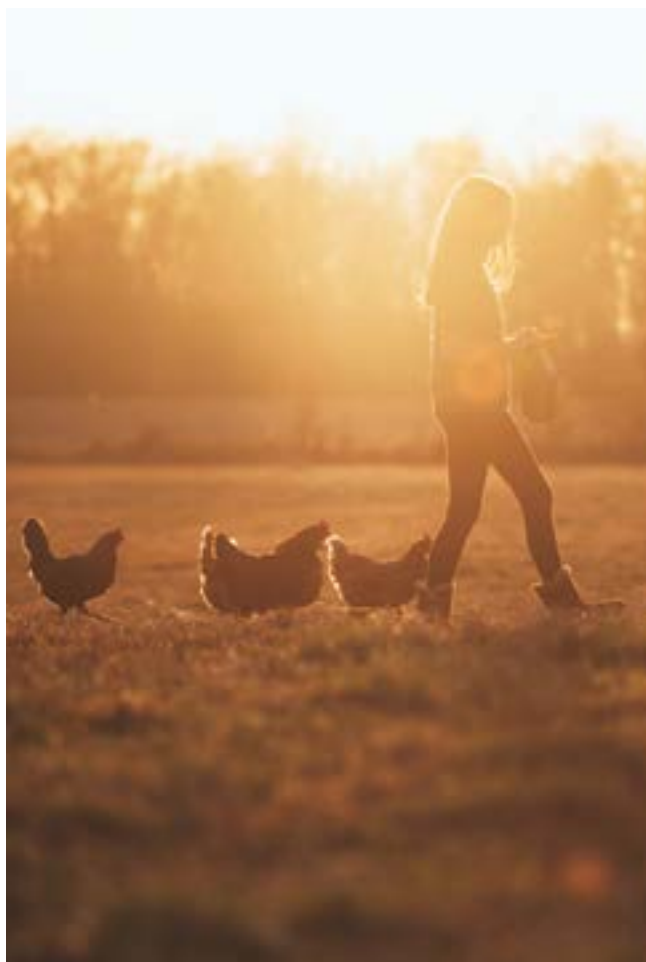
by an umbilical cord. Wave Gliders can stay deployed for up to a year collecting data constantly with absolutely no emission, fuel or crew. Wave Glider technology has proven seaworthy with over 1.5 million nautical miles traveled under its belt already.

“The effect of this massive lava flow entering the ocean is dramatic and amazing, but at the same time somewhat mysterious,” said Roger Hine, CTO and co-founder of Liquid Robotics in a recent press release. “Detailed measurements of the ocean plume and the ecosystems it impacts are now possible and safe to obtain with unmanned systems like our Wave Gliders. This is an opportunity of a lifetime to deploy our ocean robots to help advance science.”

It's still early in the data collecting process, and analysis is still underway. No conclusion has currently been reached on the long-term impact the plume will have on surrounding marine life. However, gaining this rare, live environmental data will provide valuable insights for the scientific community.

For further information please visit www.liquid-robotics.com. **LB**

Article contributed by Mary McQuarrie | mail@urnerbarry.com



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Fresh meat and plant-based meat alternatives on the rise, according to new Acosta research

Adapted from an article that originally appeared on Foodmarket.com on March 1, 2018



Eighty-one percent of Millennials, 74 percent of Gen X, 66 percent of Boomers and 50 percent of Silents said protein content is extremely or very influential when making grocery store purchases, according to Acosta – a leading full-service sales and marketing agency in the consumer-packaged goods industry – and the company’s 2018 Progressing Protein Palates report. The study also revealed that generations view protein

differently, with older generations more concerned with the health benefits of protein, and younger generations caring about exercise recovery and feeling full.

“Our research shows that protein continues to be a mainstay in shopping baskets, but the kind of proteins shoppers are buying is evolving,” said Colin Stewart, Senior Vice President, Insights, at Acosta. “Plant-based meat alternative sales are booming and popular with vegetarians and meat-eaters alike. Another trend we’re seeing with protein is that shoppers are paying more attention to labels and product claims but are overwhelmed and confused about what they mean.”

Acosta’s 2018 Progressing Protein Palates report takes an in-depth look at meat and protein buying behaviors, highlighting:

FRESH MEAT TRENDS

- Eighteen percent of shoppers are buying more fresh meat versus last year, while 12 percent are buying less, mainly due to price and striving to eat healthier – either for themselves or their family.
- Forty-one percent of Millennials are buying more fresh meat versus a year ago, more than all other generations combined.
- Beef and chicken dominate, making up 70 percent of all fresh meat sold.
- Sales of natural/organic meat are outpacing conventional options.

PLANT-BASED MEAT ALTERNATIVES AND ALTERNATIVE DIETS

- Shoppers are recognizing that consuming meat isn’t the only way to pack protein, with plant-based meat alternatives growing 11 percent in units year over year.
- Seventy-one percent of shoppers who purchase plant-based meat alternatives also eat meat.
- Meat-eaters are interested in alternative diets that are either less focused on meats or do not contain meat all-together, especially Millennials. Twenty-six percent of Millennials are already vegetarian/vegan.
- Thirty-four percent of meat-eating Millennials eat four or more vegetarian dinners each week.

LABEL CONFUSION AND PRODUCT CLAIMS

- Shoppers struggle with the wide assortment of product claims, especially with those related to meat products, such as humanely-raised and free-range claims.
- Millennials ranked the highest for label confusion, with 58 percent having some level of confusion. Gen X is the most informed generation of shoppers.
- Of shoppers who feel confused/overwhelmed, 85 percent would like to have more information available to understand claims and labels.
- For Gen X shoppers that feel they are knowledgeable about various product claims, they feel most strongly about no added hormones/antibiotics and all-natural products.

“Millennials are purchasing more fresh meat and plant-based meat alternatives than any other generation, and brands and retailers need to understand they are the key to growth in the protein arena,” added Stewart. “Another clear takeaway from this study is that more awareness needs to be built around various product claims and labelling – especially for all-natural and antibiotic/hormone-free meat products.”

Acosta’s 2018 Progressing Protein Palates report was completed via an online survey of the company’s customer shopper community panel as well as multiple Nielsen research reports. **UB**

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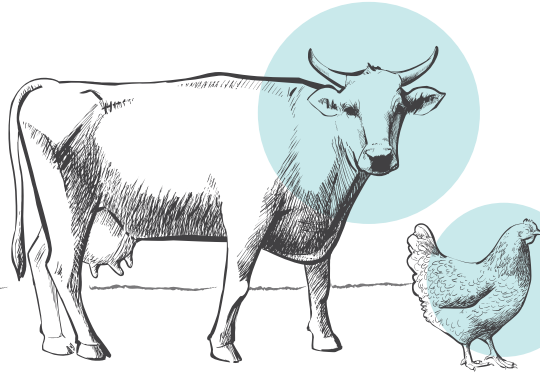
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PROGRESSING PROTEIN PALATES

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The avg. consumer

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of red meat + poultry
this year!
source: USDA



Beef + Chicken =

70%

of fresh meat sold

↑18% buying MORE
↓12% buying LESS
fresh meat vs. year ago

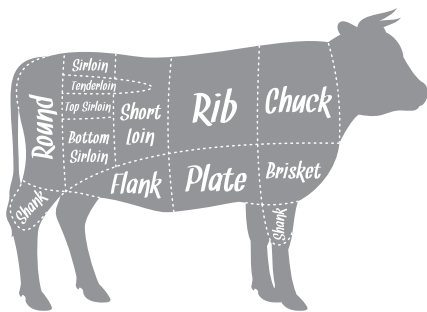
Key reasons for reduction:

- 1** PRICE
- 2** EATING HEALTHIER



41% of Millennials
are buying more fresh
meat, exceeding all
other generations

NATURAL/ORGANIC GROWTH IS OUTPACING CONVENTIONAL



Beef

↑2%

↑4%

Chicken

↓1%

↑8%



Younger shoppers
are especially drawn to
grass-fed beef.

→ Conventional
→ Natural/Organic



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Urner Barry has a focused mission to be a timely, accurate and unbiased business publisher. Having been founded over 160 years ago, the method of delivery for this information has been constantly changing. From the Benjamin Urner days in 1858, to the globalization opportunities brought on by the internet, Urner Barry has withstood the test of time for a good reason. As times continue to change, an increasing majority of people spend more time than not with their phone in hand or pocket. In keeping in line with the original mission, the result has been a Market Digest Podcast that caters to the on-the-go user.



Podcast host, Joe Govea has a conversation with Urner Barry market reporter Gary Morrison.



other commodities covered at Urner Barry are discussed with market reporters. Listeners have reported tuning in during their drive to or from work, perfect for a commute! Being hosted by egg market reporter, Joe Govea, the dialogue covers everything from broad market overviews to markets in extreme detail. Even if the discussion is not in one's respective market, the information gained allows the listener to leave with a better understanding of what's going on in other food commodity worlds.

The Market Digest podcast is available for listening on www.ubcomtell.com, Soundcloud, iTunes, Google Play Music, and RSS simply by searching for "Market Digest Podcast." 

Podcasts enable listeners to stay engaged with the various markets covered by Urner Barry. Red meat, poultry, eggs and

Article contributed by Joseph S. Govea | jgovea@urnerbarry.com



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Honey, the trend that will stick

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“Honey is swarming with antibacterial properties, making it an effective treatment for a wide range of complaints.”

Run to the local farmer’s market, right now. The buzz about raw local honey is no joke, and the benefits are worth the trip. With a long history of medicinal and practical applications, this sticky salve has uses that elude common knowledge. Combing through the science behind how this sweet treat has better qualities than its exquisite taste gives way to a deeper understanding of honey’s time-honored favor.

Honey has outlasted all the ancient civilizations that believed it to be magical and holy, crowning it the queen bee of health foods. Rock paintings more than 8,000 years old found in Valencia, Spain depict a wild bee colony being robbed by a seeker, according to Healthmont Honey. Early Egyptians used honey as an offering to the gods and a symbol of royalty. Ancient Greek, Roman, and Chinese healers utilized its medicinal properties to treat fevers and stomach ailments. Despite all the mystique around this viscous vintage, scientific evidence supports the continuance of these ancient applications.

Naturally, one of the first thoughts that comes to mind when discussing honey is the sting of a sore throat. Hot water and lemon, a nice cup of tea, or a hot toddy with warm whiskey all call for the soothing qualities of sweet honey. But according to the Mayo Clinic, there is another use for the miraculous medicine. In a study of honey as a cough suppressant, it was administered to children with upper respiratory infections. Results showed it to be just

as effective as over the counter cough suppressants in reducing nighttime cough. (Honey should never be given to children under one year of age, as they are highly susceptible to infant botulism).

Honey is swarming with antibacterial properties, making it an effective treatment for a wide range of complaints. According to CNN, while synthesizing flower pollen, bees deposit hydrogen peroxide into the honey. When this result is combined with the general acidity of the amber antidote, honey can be considered a naturally forming antimicrobial compound. The flower derived first aid fluid also has the ability to absorb moisture. When used on minor external wounds and burns, water wicking honey acts as a barrier. This quality makes honey fundamentally fit for infection prevention.

Extensive research by Professor Peter Molan of The Honey Research Centre at Waikato University deems Manuka honey to be a real keeper in terms of potency and usefulness. Indigenous to New Zealand, the Manuka bush produces a honey dark in color and complex in makeup. Studies show that this variety is considerably higher in antibacterial concentrations when compared to others. Manuka honey has successfully treated and reduced severity in throat infections, gum disease, cognitive function, and anxiety.

Despite the countless trends that come and go in the world of health and nutrition, honey is a hit that is here to

stay. Tasty in tea and miraculous in medicine, its versatility and capabilities are undeniable. With thousands of years and multiple bodies of scientific evidence for support, consumers can be confident that honey is, in fact, the bee’s knees. **UB**

Article contributed by Laura Zinger
lzinger@urnerbarry.com



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Tropical egg farm in Hawaii

Hawaii is seen as a tropical destination where people go to get away from everyday life. What many people do not realize is that the prices of groceries in Hawaii are substantially higher than in the rest of the mainland United States. Hawaii has always faced the issue of fresh food procurement since it is over 2,000 miles away from California. Staple items in Hawaii have reached prices as high as \$8.00 for one gallon of milk and over \$5.00 for a dozen eggs. These groceries, which can be taken for granted in the rest of the United States, can command a premium because of the cost of transporting them to the islands.

A few people have taken note of this disparity in pricing and saw it as an opportunity. If Hawaii had its own egg production facilities, the cost of shipping eggs would be taken out of the picture. In 2015, Rose Acre Farms and Hidden

Villa Ranch partnered to develop a cage-free layer operation on the island of Oahu, Hawaii. The two companies have been working closely with Hawaii's Department of Agriculture to obtain the proper permits and help reduce the state's reliance on the U.S. mainland for food supply. An egg production facility on the islands will help increase sustainability of food and food prices in Hawaii.

Being a cage-free layer operation, the focus is on the consumer's willingness to pay for the specialty egg. While the cost of freight for these eggs will be vastly reduced, the price points for a cage-free egg produced locally and a generic white egg shipped from the mainland may be closer than consumers think. There have been many food companies that have made forward looking statements to shift to cage-free eggs by 2025. While this

comes off as good public relations, it will ultimately come down to the consumer's willingness to pay a premium for these eggs. The planned operation in Hawaii falls right in line with these statements as cage-free layers become a higher and higher percentage of total flock in the U.S.

The facility could be as large as one million layers, but reports indicate the companies will likely start small and grow if conditions align. Even though the idea for the operation began in 2015, there is no indication of when completion is expected. This project could leave a positive impact on the people of Hawaii, potentially leading to more self-sustaining projects of other food products and ultimately lower prices of groceries. **UB**

Article contributed by Joseph S. Govea
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HAWAII FUN FACTS

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Hawaii is the only U.S. state that commercially grows coffee, cocoa, and vanilla beans.

Hawaii has its own time zone (Hawaiian Standard Time). It's also one of two U.S. states that doesn't follow Daylight Saving Time. (Arizona is the other).

There are only 12 letters in the Hawaiian alphabet.
Vowels: A, E, I, O, U
Consonants: H, K, L, M, N, P, W.

The islands of Maui and Kauai also raise cattle and hogs.

The Hawaiian Islands Humpback Whale National Marine Sanctuary, created in 1992, is the only sanctuary in the U.S. dedicated to a single species.

Only two types of mammals are native to Hawaii - the hoary bat and the monk seal.

The island of Hawaii has several large cattle ranches. Cattle and calves are the 3rd most important commodity in the state.



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Hog processing capacity expansion to nearly half billion per day just months away

We've all seen a number of status reports and swine industry updates in the market newsletters, ag press and farm magazines during the past two years about the rapid expansion in pork processing capacity and the progress being made by the various companies to their new plants.

Some of the new plant openings occurred on time per the original schedules, while others have had a few delays before eventually opening, typically just a couple of months.

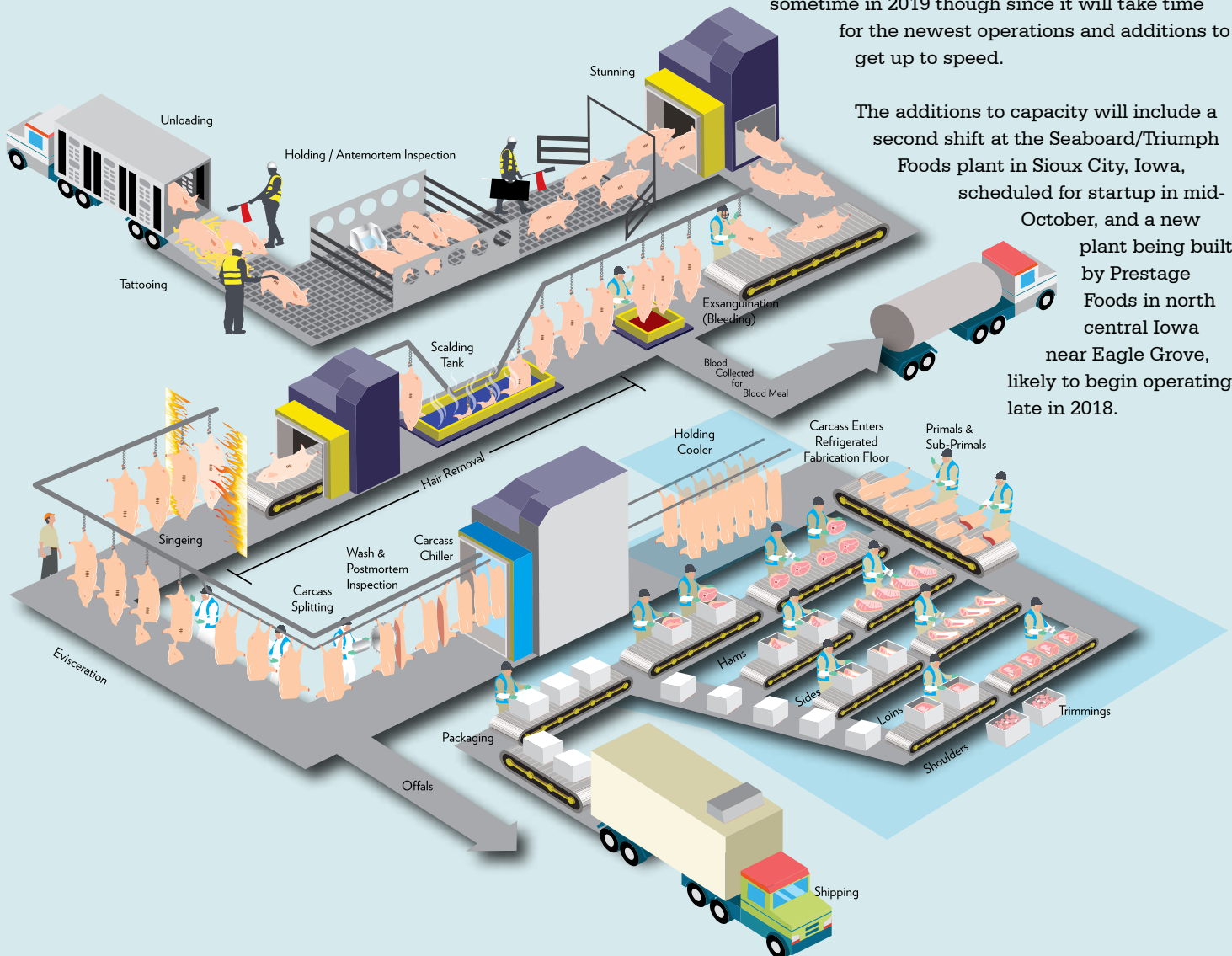
The current rated daily processing capacity is around 475,000 head, although the largest slaughterer so far this year was slightly over 468,000.

"...the greatest near-term challenge may be finding a way to sell the pork at prices that will allow all production sectors to be profitable."

The industry is on pace to have an additional shift and a new plant opening yet this year and a retooling of a small plant in Iowa from poultry to pork processing sometime in 2019.

With these latest additions, once the plants get up to speed, U.S. hog slaughter capacity will be very near a half billion head per day. Daily slaughter may not reach its highest level until sometime in 2019 though since it will take time for the newest operations and additions to get up to speed.

The additions to capacity will include a second shift at the Seaboard/Triumph Foods plant in Sioux City, Iowa, scheduled for startup in mid-October, and a new plant being built by Prestage Foods in north central Iowa near Eagle Grove, likely to begin operating late in 2018.



These two operations will bump daily processing capacity up by about 20,000 head, which could be achieved by late winter or early spring.

A smaller plant in Lu Verne, Iowa, is in the process of being retrooled from a poultry operation to hogs. It is scheduled to open in 2019 under management of Iowa Premium Pork and handle about 2,200 head a day.

More growth in processing capacity is still possible since two of the newest plants may add a second shift at some point later on. And, a few others may make technological improvements that would allow them to push additional volume through their facilities, so daily slaughters could very well reach 525,000 head within five years.

This would complete one of the most rapid periods of livestock processing expansion for the U.S. in modern history. Now, the greatest near-term challenge may be finding a way to sell the pork at prices that will allow all production sectors to be profitable. **LB**

Article contributed by Curt Thacker
cthacker@urnerbarr.com

Infographic provided from *The Pork Book: Fundamentals of the pork trade from farm to table*



“...the greatest near-term challenge may be finding a way to sell the pork at prices that will allow all production sectors to be profitable.”

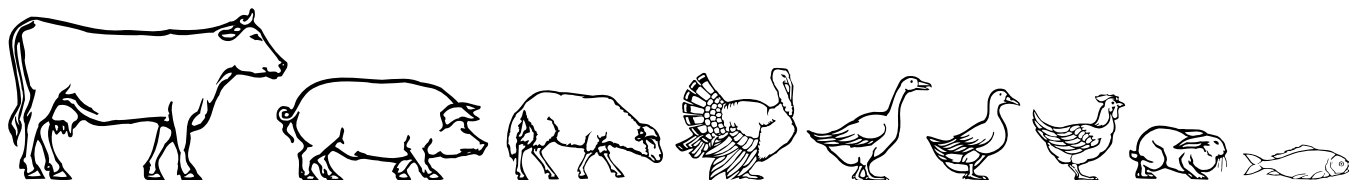
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FEEDADDITIVES AMERICAS 2018

Feedinfo News Service, a partner company of Urner Barry, is pleased to present Feed Additives Americas 2018, the event for specialty feed ingredients value chain in North, Central and South America, to be held in Miami on the 12th through 13th of December.

The Feed Additives events series feature intensive discussion and unique networking opportunities, attracting top-quality speakers and delegates from across the world, with previous events in Frankfurt and Bangkok, and the 2018 flagship conference taking place in Amsterdam this September.

Rory Brown the Co-Founder of AgriBriefing (Feedinfo's parent company) explained that:

"Over the past 20 years the Feedinfo News Service has established a reputation as the leading pricing and intelligence service for the feed and feed additives market globally. Last year we were excited to add a conference arm to our business where the industry can meet, develop connections and really learn about the latest innovations and developments in our industry."

Bringing together internationally-renowned speakers and local experts, Feed Additives Americas 2018 will offer unbiased opinions giving delegates an accurate picture of the industry and the chance to meet new people and explore new opportunities in these regions.

Shannon Behary, Editor, Feedinfo News Service, who will be speaking at the event said:

"The Americas are absolutely integral to the feed industry. They house titans in grain and meat exports, generate world-leading scientific research, and inspire consumer trends that will influence how meat is produced for years to come. You cannot afford to be uninformed about this part of the world. I'm looking forward to speaking with and learning from the experts in the political and business landscapes of North and South America at the Feed Additives Americas event."





Olympia Theocharous, Head of Event Content for the Feed Additives conferences globally commented:

"To design the event we consulted with representatives from the feed additives, premix, compound feed and integrator industries from North, Central and South America. This has meant our programme truly meets the needs of the sector and addresses challenges faced by stakeholders throughout the specialty feed ingredients value chain."

To find out more and to register your place visit our website at www.feedadditives-america.com

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If you have any queries about the Feed Additives events, please contact Alex Esson – alex.esson@agribriefing.com

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Buffalo wings; a walk through history



Anchor Bar in Buffalo New York is credited for being the home of the original chicken wing.

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Wings are a staple of Buffalo, New York. In fact, ever since Tereasa Bellissimo, the owner of a small restaurant called Anchor Bar, serendipitously cooked up the original idea in 1964, wings have been a hit. With tremendous popularity especially centered around sporting events, it should come as no surprise that food lovers and tourists from around the nation flock to Buffalo for a taste of wings the way that they were

originally intended. But that only tells half the story. After Bellissimo began serving the newly-invented finger food, word quickly spread, and demand skyrocketed. Jumping on board the new craze, restaurants and bars in the vicinity began cooking up their own interpretation as they searched for what the perfect chicken wing should be. To say that the culinary variety which stems from this original idea is diverse and

far-reaching is an understatement. From Gene McCarthy's "Blue Cheese Wings" to Duff's "Very, Very Hot Wings," and even The Lenox Grill's "Korean Barbecue Wings," there seems to be a specific wing for each and every palate.

Visit Buffalo Niagara, a destination marketing organization in Erie County, recognized the growing interest in not only the original receipt, but also in the surrounding restaurants' individual take on wings. Earlier in the year, the company decided to unveil what they refer to as the "Buffalo Wing Trail." After polling its 86,000 followers on Facebook to create an initial list of the top wing restaurants in Western New York, the bureau's staff reviewed stories in local media, checked online reviews and consulted with National Buffalo Wing Festival founder Drew Cerza before determining the final list of establishments. The resulting wing-centric itinerary spotlights 12 noteworthy restaurants, all of which are either tied to, or interpretations of, the original idea. The Trail features a large assortment of wing styles and flavors at some of Buffalo's most interesting taverns. But that's not all! With an entire food culture revolving around the buffalo wing's popularity, retailers have begun to stray away from the traditional norm. From Scwabl's buffalo fries, to Watson's Chocolates "chocolate wings," there is no shortage of wing-themed sides to complement the main course. **UB**

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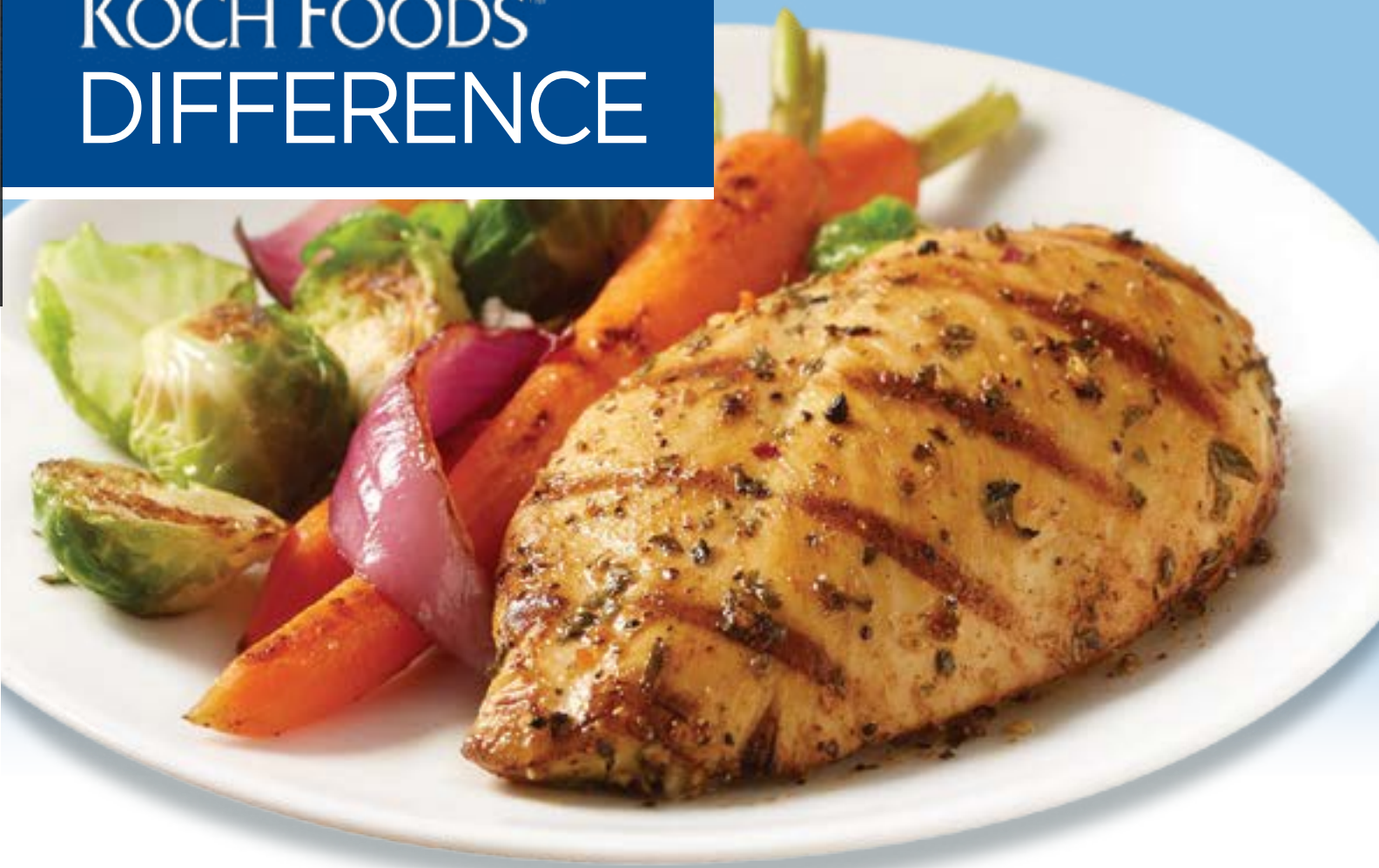
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CENTER VALLEY FARMS

Article contributed by Dylan Hughes
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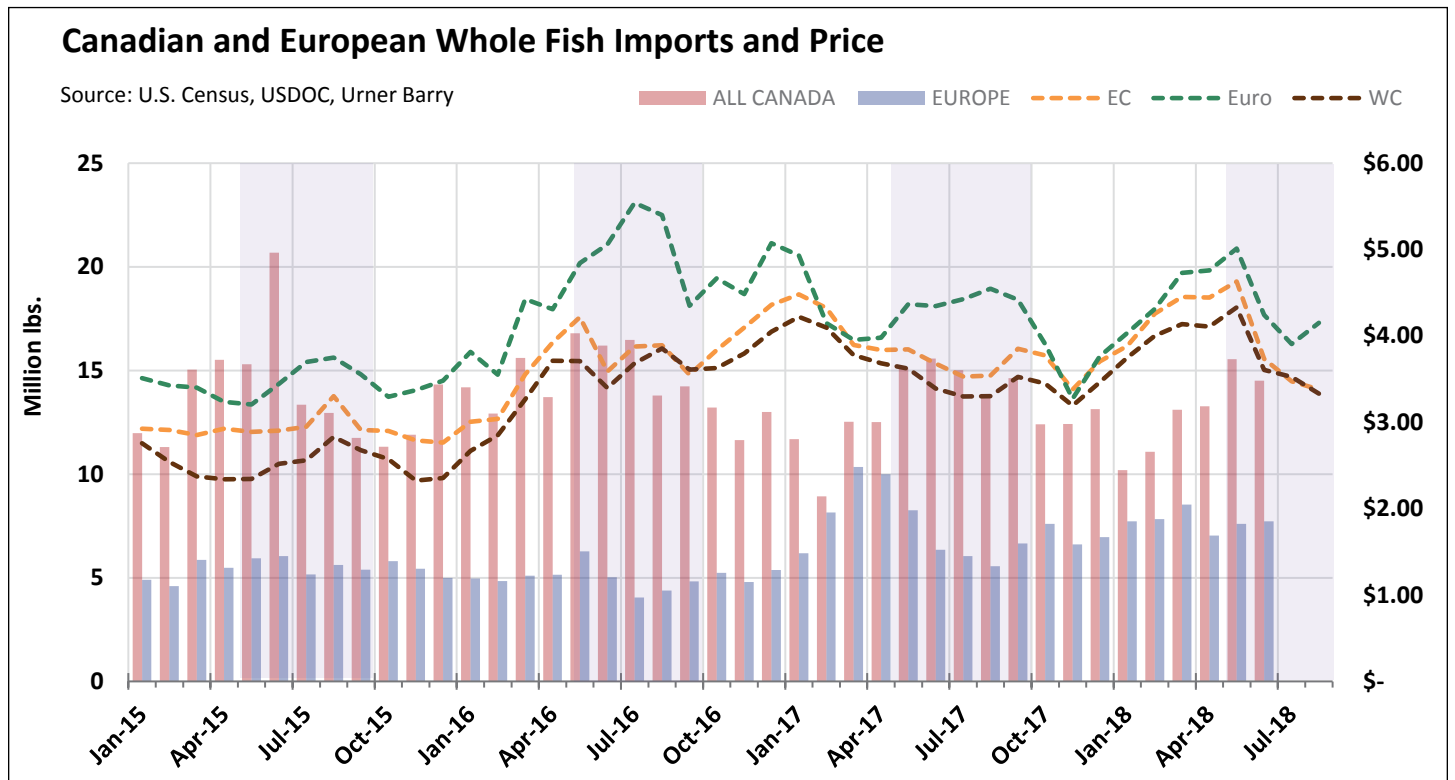
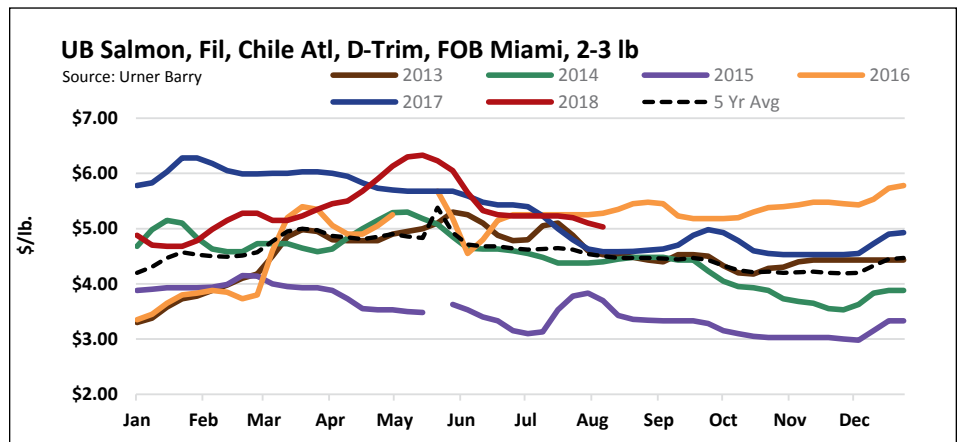
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Farmed salmon imports for fresh whole and fillets at all-time highs



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When looking at fresh farmed whole salmon in the U.S. market at the end of the summer, most participants would speak to an overall quiet situation with more of a focus on wild salmon. Total imports of whole fish from Canada and Europe from May through September follow a somewhat seasonal trend. Beginning in May, imports during the month are typically heavy due to the end of the Lenten period and high demand for Mother's Day. Most of the summer (June through August) will see steady imports with August typically experiencing the lowest import levels. The month of August is usually a time when many European companies have holiday, which results in declining imports as employees take time off. Then in September things typically start to rebound from the lower August import levels. However, the rise in imports comes just in time for back to school in the U.S., which is generally a seasonally quiet demand period that extends through October.



At the time of this writing, total year-to-date imports for all fresh whole fish are at all-time highs—at 136 million pounds, up 3.5 percent over the same period in 2017.

Pricing out of both coasts of Canada remain above their three-year averages, however, for product out of Norway, pricing is below the three-year average. Out of Norway, current pricing is \$0.55 below year ago levels.

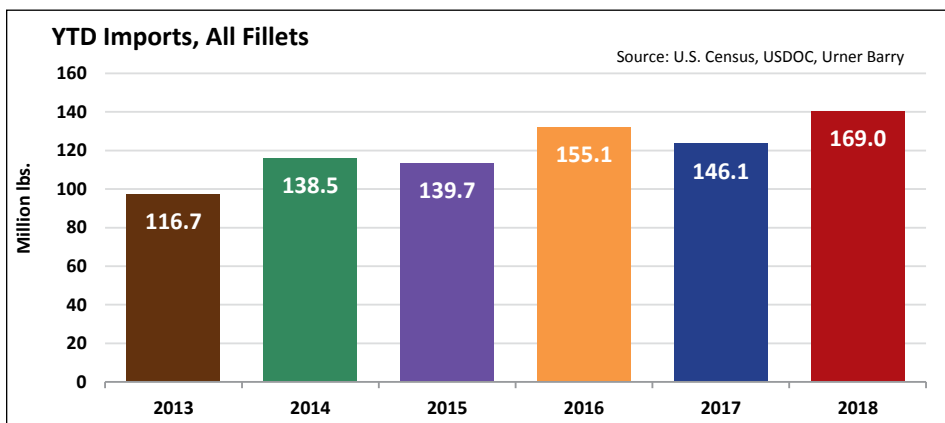
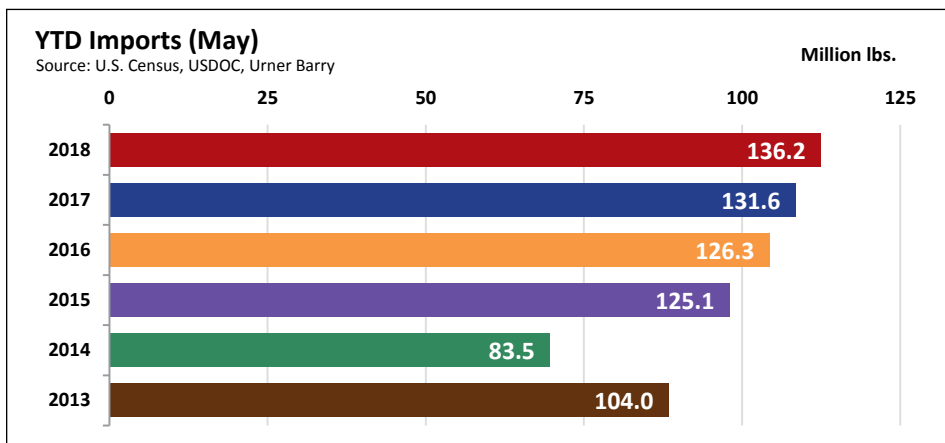
Out of Chile, we have seen an extremely steady fresh fillet market over the past five weeks. During the first half of June, the fillet market dropped \$0.40 and then stabilized; the market was very stable for most of July and began to adjust lower into August. The seasonal summer slump is historical but did feel more exasperated due the market adjusting lower from all-time highs seen over the spring. A rally through mid-Lent until around Mother's Day lasted about nine weeks. Pricing is currently trending below last year's levels but remains above the three-year average.

Moreover, whole fish is not the only area where record high imported volumes are being experienced. The fresh fillet market is also at all-time highs—169 million pounds through June; which is 15.7 percent higher than the same time last year. Of notice is Chile, which is up 24.6 percent YTD. All sizes of Chilean fillets are also riding higher than their three-year averages. European fillets, like their whole fish counterparts, are below the three-year average.

While many are most likely still daydreaming of Lenten promotions, the good news in the fresh farmed salmon complex is that imports for both whole fish and fillets are up and at all-time highs. Additionally, pricing is still exceeding three-year averages. **UB**

Article contributed by Janice Schreiber
janice@urnerbarry.com

“...in September things typically start to rebound from the lower August import levels.”



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Carl Buddig and Company celebrates 75 years



2018 marks the year that Carl Buddig and Company is celebrating 75 years of feeding family traditions by paying tribute to the "Meal Makers." The family-owned company wanted to extend its gratitude to everyone who has made more than just a sandwich. SO, in honor of the 75th anniversary, Buddig decided to give its consumers and employees the opportunity to win up to \$75,000 worth of prizes.

Proud to have played a part in nourishing families and bringing them closer together for over four generations, the Chicago-based company known for its convenient and affordable meats, ran a special promotion where consumers were

able to give thanks to the "Meal Makers."

From June through the end of August 2018, consumers had the ability to say thank you to those who sacrificed a bit of their time to create a lasting memory in their lives. By submitting a one-minute video on the company's website, each submission was eligible to win up to \$25,000. Winners were to be selected by the authenticity of their story, context relevance, audience appeal, quality of their video and by the number of votes they received:



- **Grand Prize Winner** – One lucky winner will be awarded \$25,000 and will receive an additional product "Prize Pack" at \$125 value.
- **First Prize** – Four candidates will receive \$7,500.
- **Second Prize** – 20 candidates will receive \$750.
- **Additional Prizes** – Throughout the 13-week promotion, five candidates will be selected to receive \$75 each week.

"Our mission is to create memories by feeding family traditions. We are honored to have been a part of those first days of school lunches, special celebrations and everyday snacks," said Bob Buddig, third generation CEO. **"But our company would not be where it is today without our faithful consumers and dedicated employees."**

During the 75th anniversary celebration, the company said it also wanted to honor its employees for their dedication throughout the years. Currently, more than 2,000 employees call Carl Buddig and Company home, and for many, that is a family tradition in and of itself, as multiple generations of the same family have been employed at the company. Employees were encouraged to share their journey to receive a chance at winning a \$75 gift card. In each video, employees were asked to include their name, position and amount of years they've been working for Carl Buddig and Company. Videos were to be judged on authenticity and relevance, and all

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Images from www.buddig.com

submissions were going to receive a free gift. Employees were instructed to visit the human resources department to redeem their appreciation gift.

“Words cannot express how grateful we are for our employees,” says Karen Buddig Nobile, Executive Vice President of Human Resources and third generation owner. “We salute you. From the managers to the night shift workers, you are greatly appreciated. Thank you.”

Carl Buddig and Company continues to grow while holding steadfast to its core heritage, values and traditions. The company is honored to be a part of their associates' and consumers' lives and family traditions for the last 75 years and looks forward to continuing that legacy. For more information about Carl Buddig and Company, please visit www.buddig.com.

About Carl Buddig and Company

Carl Buddig and Company, based in Homewood, Illinois, is owned and operated by third generation Buddig Family members. The Company is also proud that in recent years fourth generation family members have also joined the organization. In 2018, Carl Buddig and Company will celebrate its 75th year of feeding family traditions with the very best in taste, variety and convenience. In addition to manufacturing and distributing great-tasting lunchmeat products, Carl Buddig and Company is also the parent company responsible for manufacturing and distribution of Old Wisconsin® hardwood-smoked sausage and meat snack products in supermarkets across the country. In June 2017, Carl Buddig and Company entered the barbecue and specialty meats business and is

now manufacturing products under the Kingsford Brand. To learn more, please visit www.buddig.com and www.oldwisconsin.com and www.KingsfordBBQMeats.com. **UB**

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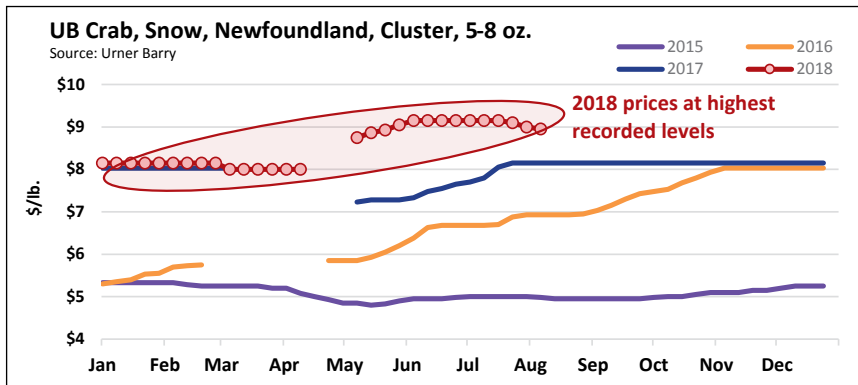
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Canadian snow crab is in its second year of record high prices



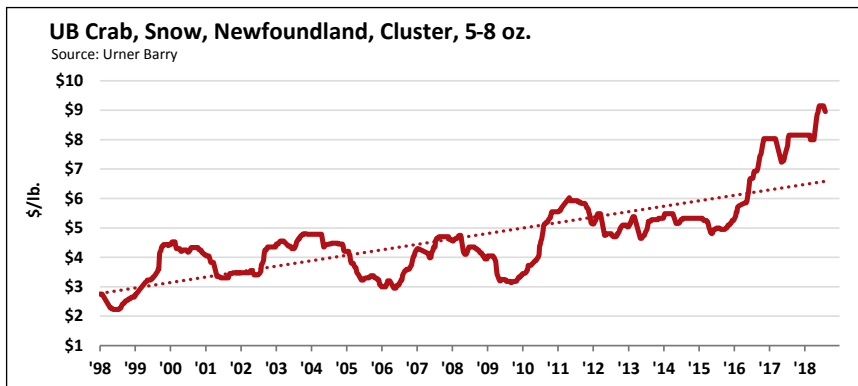
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The snow crab market, out of both Newfoundland and the Gulf of Saint Lawrence, has been trending lower on five to eight-ounce clusters since the middle of July. Continued downward pricing pressure exists. Discounting has been reported especially on full truckloads of this size and LTL sales also slowed. The lower price adjustments have been isolated to just five to eight-ounce size. On the other hand, larger crab, eight ounces and up, has continued to hold its premium in the market. Supplies of larger crab are reported to be light and an active demand still exists for this size.

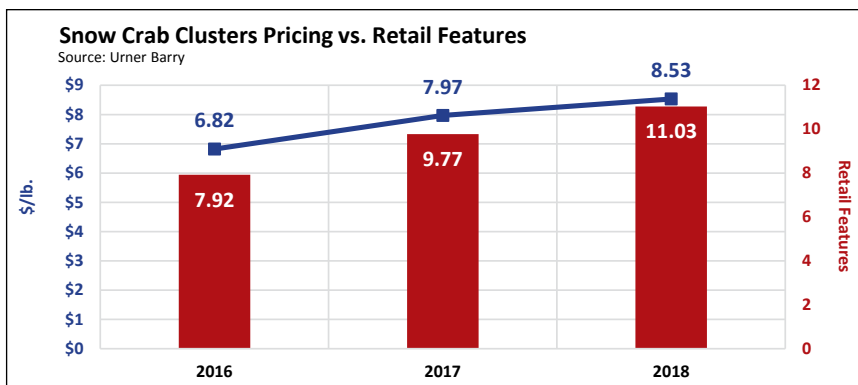


Five to eight-ounce sizes, however, seem to have market participants sharpening their pencils.

The market is currently at historic highs. At this same time last year, the 2017 market was at historic highs. With two years in a row of record high pricing, many believe overall damage has been made to the customer base. High prices seem to have caused buyers to purchase less crab than in prior years, make menu adjustments and search for other values in the seafood marketplace.



If we look at the retail features from this year in comparison to the last two years, from May through the end of July, prices have climbed significantly. From 2016 to 2017, prices at retail jumped 23.3 percent; this was coupled with Urner Barry quotations going from an average of \$6.82 to an average of \$7.97; a 16.8 percent increase. This year prices at the retail level are another 12.89 percent higher than the prices seen in 2017. Again, this is paired with a UB price increase of 7 percent.



If we look at the price difference between 2016 and 2018, it is almost 40 percent. The difference in the UB price during the same time period is a 25 percent increase.

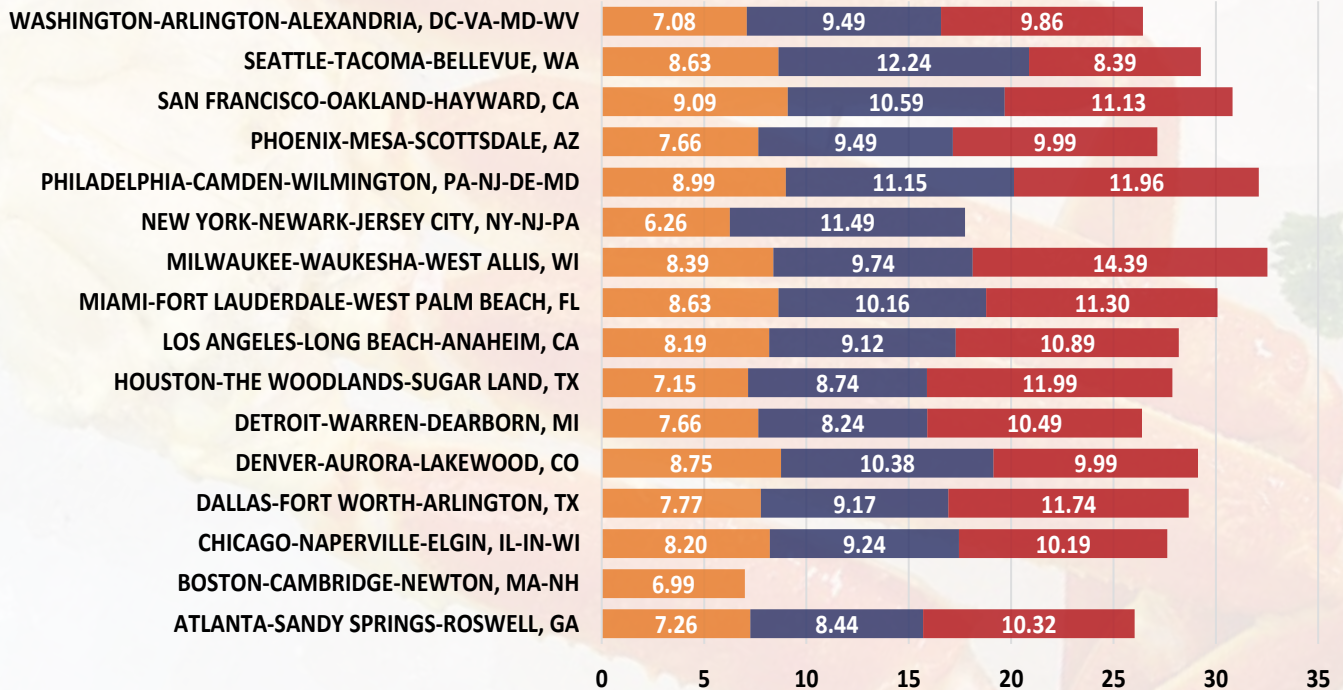
Snow crab is believed to remain a popular item at their historic places of purchase—casinos, low country boils—however, the demand on five to eight-ounce clusters looks to be waning. **UB**

Article contributed by Janice Schreiber
janice@urnerbarry.com

Retail Features: Snow Crab Clusters & Snow Crab Legs

Source: Urner Barry

2016 2017 2018



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Jonah Crab Meat

Jonah Cocktail Claws

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Jonah Crab Combo Meat 80/20

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Jonah Crab Cocktail Claws

Sizes: -12 per lbs. Jumbo

13 to 15 per lbs. Ex large / 16 to 20 per lbs. Large

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Jonah Crab Triple Scored Claws

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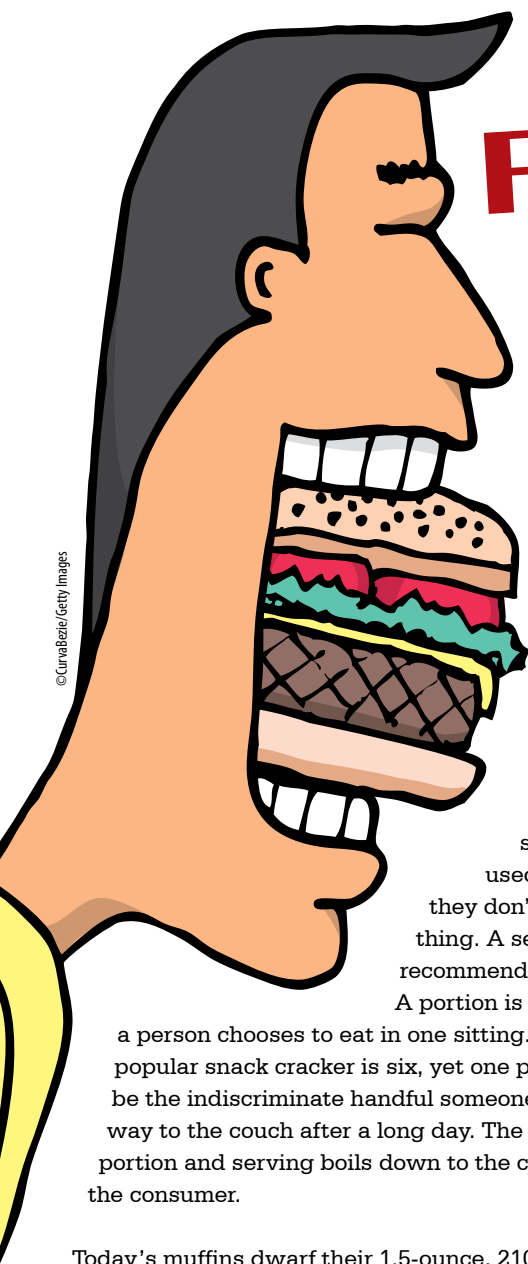
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PORTION DISTORTION

While the words portion and serving are often used interchangeably, they don't mean the same thing. A serving is a fixed, recommended amount of a food. A portion is the amount of food a person chooses to eat in one sitting. One serving of a popular snack cracker is six, yet one portion may simply be the indiscriminate handful someone might grab on the way to the couch after a long day. The difference between portion and serving boils down to the choice made by the consumer.

Today's muffins dwarf their 1.5-ounce, 210 calorie predecessors in both mass and energy density, weighing in at four ounces and packing 500 calories, says the National Institute of Health. Soft drink bottle size has soared from 8 to 20-ounces. Even the size of dinner plates has increased to accommodate larger portions. The last 30 years has seen a global trend of changing eating habits. Processed, pre-packaged foods are convenient and more widely available than ever, but can promote overeating since multiple serving sizes aren't separated. Rather, the only separation exists within the fine text of the nutrition label. Meals served in restaurants sometimes far exceed recommended serving sizes but are presented in a way that encourages consumption over the course of only a single sitting.

For bargain seekers and health nuts alike, nutritional regulations are changing the landscape of food. The FDA, in 2010 and 2015, changed the Dietary Guidelines for Americans (DGA), along with the format of the typical nutrition label in that the serving size and calorie content are in larger-sized,

bolder text to promote ease of responsible, healthy eating. The 2015 revision of the DGA saw a focus on clearly identifying added sugars and on portraying a realistic relationship between package size and serving size. Serving sizes must be based off a reference amount that reflects what consumers actually eat, rather than what they should be eating. Packages containing up to two servings that would typically be consumed in one sitting are labeled as one serving, while larger packages like family size bags of chips or pints of ice cream must have dual column labelling, clearly indicating the nutritional difference between one serving and one package.

People are eating differently, for better or for worse, and the food industry has been forced to freshen its take on presentation to adapt to the dynamic tastes of the public.

Low carb, high protein diets and gluten free foods have gained serious traction over the last decade. More mindful eaters mean restaurants are hopping on the small plate train and offering more modestly-sized versions of regular menu items. While this provides opportunity for customers to add variety and portion control to their meals (and opportunity for chefs to prepare fresher, more creative food to order), there's some speculation this tapas trend could be pushing the traditional casual dining scene to the wayside. Casual dining restaurants are staying relevant though; affordably priced, hearty, multi-course meal deals act

“...the food industry has been forced to freshen its take on presentation.”



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like hot, steaming, budget cornucopias for consumers looking to get some bang for their buck.

Value and nutrition seem to be the ultimate arbiters of diet choices. A study by the National Institute of Health conducted in a busy cafeteria over the course of two years concluded that “traffic light” labelling—color-coding foods into red, yellow, and green categories based on nutritional value, or lack thereof—resulted in patrons making consistently healthier choices. Traffic light labelling has been implemented in Australia and it might be on the horizon for the U.S.; food products deemed unhealthy and placed in the red category have limited availability and advertising. The study, however, did not touch on important factors like which options were

more costly, nor did it take into account the socioeconomic status of who was buying what. According to the Food Research and Action Committee, lower income families have poorer diets because of lack of access to high-quality, nutrition-dense foods, and an overabundance of fast food and non-perishable, low nutrition foods.

At the end of the day, consumers are the ultimate mediators of what they eat. Regardless of the intent of regulations and packaging evolutions, the market will move with the appetite of the crowd. **UB**

Article contributed by Bridgette Hanson | mail@urnerbarry.com



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Why ranchers embrace higher beef quality

Article contributed by
Miranda Reiman, Certified Angus Beef

Does it cost more to raise cattle that produce more highly marbled beef? In a word, no. That was the word from Mark McCully, vice president of production for the *Certified Angus Beef*® (CAB®) brand when asked at this summer's Beef Improvement Federation meeting in Loveland, Colo.

"The data says we're really in a pretty good spot," he said, though research continues to examine the few mild correlations between marbling and other traits. Meanwhile cattlemen use genetic selection to gain marbling along with similarly desired traits.

"It's a pretty positive story for us as an industry," McCully said. There's no reason to lose progress with on-farm production traits "in our pursuit of improving the quality of our end product."



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He noted skeptics suggest added cost shows up in the feedyard, but cited data to show performance and quality are more simultaneous than mutually exclusive.

McCully shared an analysis of 600 pens of high- and low-grading cattle (10% USDA Prime and 0.6% Prime) fed at Five Rivers Cattle Feeding yards across the High Plains. The June-to-October closeouts showed similar feed efficiency with average daily gains of 3.53 pounds (lb.) for the high-marbling and 3.58 for the low. The latter finished at 1,358 lb., giving up more than 40 lb. of final weight to the higher quality group.

"I hear that a lot, "These high grading cattle...you're going to have to sacrifice performance," McCully said. "Data we see every day would definitely dispel that idea." That's good news for those trying to match their cattle to market signals.

The latest National Beef Quality Audit (NBQA) recommends a mix of 5% Prime and 35% upper two-thirds Choice, but McCully said, "Maybe that's too low."

For the first half of 2018, beef across the United States graded approximately 7.5% Prime, 23% premium Choice and just 17% Select.

"When you think about our competitive advantage, what we can do with genetics today and what the demand signals are," McCully ventured, "I believe they're telling us we need to ratchet those up a little bit."

Today, packers market more boxes of Prime and branded beef than they do Select. The amount of Prime has nearly doubled from 2010 to 2018, going from 13 million lb. to 25 million. At the same time, Select has dropped 40% in eight years.

That "dramatic shift" in the marketplace came while premiums remained steady. The Prime to Select cutout spread was near \$40 per hundredweight last year.

The trends hold true for CAB too, which will certify more than five million head of cattle this year, or 16% to 18% of the total fed-cattle supply.

"Packers reported \$75 million paid back to cattle owners on grid premiums [in 2017], specifically for CAB," McCully said.

He expects the quality trend to continue, because it's good for all segments.

High-marbling cattle offer feeders marketing flexibility.

"We've been dealing with low feed costs for the last handful of years, but if we get into where we need to shorten days on feed, we'll be able to keep sending a high-quality product out to our consumers while dealing with that," McCully said.

The changing retail landscape demands more of the best beef in its pipeline. Costco has sold Prime beef for several years and Wal-Mart now carries a premium Choice program, for example.

Larger supplies give retailers the confidence to feature beef in ads and "get very aggressive promoting high quality," McCully said. "I don't get the sense that they want to go backwards."

CAB ground beef sales exceed 100 million lb. annually in a category "no longer quality-grade neutral but now a demand driver."

The increased focus on ground beef and innovative fabrication of end meats have helped elevate the value of those primals at home and globally.

Nobody knows the future, or course, but clues line up to support the drive for more marbling.

"I have a hard time finding a business model that doesn't say if you increase the quality of your product, you're going to increase demand," McCully said. **UB**

"The changing retail landscape demands more of the best beef in its pipeline..."



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Oyster gardening improves health of the Chesapeake Bay's entire ecosystem

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Do you have what it takes to foster oysters for nine months? That is how long it takes for volunteers along the East Coast of the United States to raise oyster seeds, also known as spats, into viable oysters that will then be returned for planting on sanctuary reefs. A huge wave of volunteer activists are taking part in helping restore oysters to their

once abundant numbers; the goal is to establish self-sustaining oyster reefs.

Oysters are filter feeders. A mature oyster can clean or filter up to 50 gallons of water per day. Additionally, as they mature they settle on top of one another and form reefs which in turn provide a natural habitat for other fish—all very good things. However, over harvesting, pollution and disease have decimated the reefs in which oysters grow. With less oysters available to filter the water, quality becomes an issue. This is the scenario that has played out in recent years, especially in the Chesapeake Bay. Oysters were once so abundant in the Bay yet the population is now less than one percent of what it once was.

In response to this crisis the “Oyster Gardening” movement has taken hold. It got its start in the mid-90s when Virginia Institute Marine Service researchers encouraged volunteers to grow oysters from their own backyard docks as a way to clean up the Bay. The gardening movement has expanded to other states, not only for restoration, but also food. One such program is the Chesapeake Bay Foundation (CBF) Oyster Gardening Program. During the fall months, each volunteer receives several thousand oyster seeds that are placed in oyster cages made of wire mesh that will hang from their own backyard docks. Water depth minimum is one foot. Like any good gardener, care and attention must be given to the oysters. Keeping the

“A mature oyster can clean or filter up to 50 gallons of water per day.”

cage clean and free of debris, even in the winter months is important since water circulation is critical for oyster growth. Once the oysters reach one to two inches long, usually in May-June, the volunteer returns the oysters, in this case to CBF and they in turn plant the oysters onto non-harvesting reefs. If willing, the gardeners can receive a new batch of seeds in the fall and start the process over again.

For those who prefer a less hands-on approach to helping re-establish the oyster population, there are “adopt an oyster” programs. Participants can adopt oysters for \$40.00 a dozen. They will receive email updates and pictures of their baby oysters. Either way, participants are helping our environment! **UB**

Article contributed by Liz Cuozzo
lcuozzo@urnerbarry.com

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The new imitations are becoming more real ...

Meat and seafood alternatives, a lasting trend

The latest trend emerging out of the food industry is growing quickly and, seemingly, has some staying power. Meat and seafood alternatives derived from plants boast to a consumer's perception of "healthier" and more environmentally-friendly alternatives to traditional animal-based proteins.

Heme and Ahimi are among the pioneers in this new category of meat and seafood alternatives. Heme, made popular by the viral marketing of "The Impossible Burger," is an iron-containing molecule that gives blood its red color and makes meat look pink, and while it is concentrated in red meat, you can also find heme in plants. Heme is behind the science of being able to make "fake meat that bleeds," offering consumers a similar eating experience compared to the traditional hamburger.

In the seafood industry, Ahimi, produced by Ocean Hugger Foods, is the world's first alternative to raw tuna. Made from tomatoes, along with a clean list of pronounceable and recognizable ingredients including soy sauce, sugar, water and sesame oil, Ahimi is a convincing seafood substitute that offers an uncanny texture and look to ahi tuna.

The rapidly growing protein alternative industry is not being marketed solely to the obvious consumer. While vegetarians are always seeking environmentally sustainable meat alternatives, this new category of the food industry is targeting consumers who are looking to reduce meat consumption a few times a week and incorporate other healthy and fresh options into their diet, specifically, the flexitarian.



@Ocean Hugger Foods

People who follow the flexitarian diet don't want to eliminate meat from their diet completely but aim to reduce their meat intake in order to consume more plant-based meal options. One of the largest segments of the flexitarian lifestyle include Generation Z. Gen Z categorizes people born between the mid-1990s and the mid-2000s and are one of the largest populations fueling this billion-dollar food industry with their love of healthy food trends and passion for the environment and sustainability.

With a new alternative segment in the food market doing markedly well, should the animal agriculture industry be worried? As the world's population is estimated to hit the nine billion mark by 2050, there seems to be plenty of marketshare to go around for both the meat and meat alternative industries. **UB**

Article contributed by Lorin Castiglione
lcastiglione@urnerbarr.com

"The rapidly growing alternative protein industry is not being marketed solely to the obvious consumer..."



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Mexican pork tariffs

Continued from page 1

20% tariff onto the current price to get an idea of the cost for Mexican buyers. This tariff price (depicted as a dotted line on the chart) will be important to watch moving forward. In mid-July, the current price with the tariff was roughly 19 percent below the same time last year. Toward the end of July, following a rally in prices that was spurred by Mexican demand and tighter U.S. supplies, the spread closed until the tariff price eventually crossed over the 2017 levels. This spread is important to keep track of because exports to Mexico for July 2017 were the second highest July on record, and exports in August '17 were a new August record.

The question then must be posed whether exports to Mexico, which were quite healthy last year at higher prices, will be impacted meaningfully by the current tariff situation, unless wholesale values (or the peso) move aggressively and stay there over the coming weeks and months.

It cannot be understated just how much product we ship to Mexico. This makes our pork very difficult to replace for Mexico, and even if Canada and the E.U. were to contribute more heavily, they can only raise their production or shift their commitments so much. In addition, the pork coming from those two countries would likely be frozen, whereas our shipments to Mexico are largely chilled, which raises logistic/infrastructure issues for the Mexican processors not set up to handle large amounts of frozen product. **U**

Article contributed by Russell Barton
rbarton@urnerbarr.com

“It cannot be understated just how much product we ship to Mexico. This makes our pork very difficult to replace for Mexico...”

Seafood

Continued from page 1

“Overall, the U.S. imports nearly \$18 billion worth of seafood every year.”

Overall, the U.S. imports nearly \$18 billion worth of seafood every year. China accounts for 15.4 percent, but within individual seafood categories, the portion of Chinese imports is much higher.

Frozen tilapia, the largest Chinese import, represents 80 percent of all U.S. frozen tilapia. Retailers will see an immediate unwelcome jump in tilapia prices if the tariffs are imposed.

Frozen cod fillets mostly come from China and 70 percent of U.S. imports of frozen cod will be affected. Haddock will also be hit with 64 percent of U.S. haddock fillets are processed in China.

Pink salmon is another major Chinese export to the U.S., often including U.S.-caught fish processed in China. Pink salmon is used in lower-cost salmon items like burgers and formed fillets. China imports represent 23 percent of all frozen salmon fillets.

The list goes on.

China represents 47 percent of U.S. breaded shrimp imports. The country also represents 37 percent of frozen squid imports; and 92 percent of dried squid imports. Also, 92 percent of crawfish imports. Tail meat will be going up in price, likely to the delight of Louisiana producers, but to the detriment of Louisiana restaurants. Diners will be paying the crawfish tax. Frozen scallops will also be affected. China supplies 20 percent of the U.S. frozen scallop market.

These just are some of the top species by value.

Down the list, which encompasses 291 different seafood products, are smaller volume items like salmon fillet blocks, pollock blocks, and cod blocks, all of which are not in the top tier for imports,



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but China produces a substantial percentage of what is used.

No one in the seafood industry deserves an involuntary sudden price increase. Yet this is exactly the impact of these tariffs on the seafood supply chain.

The negative economic effects will go far beyond the \$275 million direct consumer tax. As sellers are forced to raise prices, competitive products not from China will follow suit, so the tariffs will trigger across the board price increases for a range of items.

If the tariffs are imposed at the higher 25 percent rate, many businesses will not be viable. There is simply no way a processed product like a salmon burger, a pollock fillet, or a breaded shrimp can survive a 25 percent cost increase in the marketplace.

Price increases generally discourage consumption, so at the same time sellers are paying the tax, they are losing business as well because their customers are backing away.

Hearings in the U.S. will give the industry a chance to argue for exemptions to the tariffs, but few observers expect that to make a difference, unless the entire political atmosphere around trade changes and U.S. Congress exerts its power.

Unfortunately, it will be months before we see the actual impacts, and by then

the trade barriers will likely be locked in place, so there is little recourse.

The seafood industry is not the only industry impacted, obviously. Time will tell what impact the other protein sectors see. **UB**

Adapted from an article by John Sackton that originally appeared on SeafoodNews.com on July 11, 2018



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EGGS: Salmonella and Newcastle

The egg industry received much attention early on in 2018. Retail price wars and an early Easter created some of the highest price points of all time for eggs. Around the middle of April, eggs made national news as a North Carolina farm was forced to recall 200 million eggs sold in nine states over a Salmonella scare. The eggs were connected to about 22 reported illnesses caused by Salmonella Braenderup. In the past, the industry has seen and dealt with a different strain: Salmonella Enteritidis. Since the recently found strain was a different variation, the FDA chose to recall all eggs off the shelves as a safety measure.

The industry has seen extraneous events such as these before and has made successful recoveries. A perfect example was the outbreak of several strains of avian influenza in 2015 that rocked the

poultry industry as a whole. The industry has since recovered to sustainable conditions after seeing price volatility hit sky high as well as rock bottom. A more recent issue that still made news headlines is the Newcastle Disease being found in backyard flocks in southern California this year. A key distinction here is that Newcastle Disease is not a food safety concern, but rather a bird health concern. The flocks suffer from increased mortality, while no human cases of Newcastle Disease have ever occurred from eating poultry products.

Newcastle can be transmitted from flock to flock and can become a real issue if not contained early on. This was clear as more backyard flocks reported being infected after the initial incident in California. While the affected number

of flocks is very small, it is important to contain the issue early on before it becomes a serious problem. As of now, the salmonella issue has been contained and eggs will continue to be safe to eat. Additionally, the Newcastle outbreak appears to have the attention it needs to cease it from turning into another epidemic. **LB**

Article contributed by Joseph S. Govea
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Evolving transportation options mandates regulatory response



perishables, it came with its challenges, including regulatory ones. Then, like now, any significant shock to the flow of goods, logistically or otherwise, would have been felt by the protein market.

Producers and end-users alike would have been negatively impacted.

It wasn't only buyers and sellers who expressed concern or who had a stake in the game and ultimately had to adapt to new protocols and procedures. USDA workers, those employed by the Department of Commerce and, near to this writer's heart, commodity market reporters, all faced new hurdles. They found it increasingly difficult to secure the information previously gleaned from the rails' logs and records.

the motor truck became an important factor in the movement of products from farms to consumers, accurate market information on what was moving, how much was moving and where it was going has been lacking. The Bureau of Markets says that information is essential to market stability." In the same issue, Urner Barry was reporting that extending the reach of the Interstate Commerce Commission into overland trucking would bring needed protection to the farmers who sell to the truckmen. It was explained in detail that, "...applicants for registration certificates are required to submit photographs of themselves, personal financial statements, describe their methods of doing business, tell where they operate and what crops they handle, describe the vehicles used in their business and give other pertinent facts."

Every economy relies on the efficient transportation of their commercial goods to foster a healthy and mobile marketplace. In the United States, trucks deliver nearly 70 percent of all freight transported, but it wasn't always that way.

Being what it was, the agricultural industry did nothing more than simply satisfy the needs for its time. As the nation grew, so did its infrastructure.

With the development of paved roads and eventually interstate highways, trucks were beginning to replace horse-drawn vehicles and even trains. With this growth came the importance of implementing regulations, laws, and standards to ensure safety and consistency. The 1930s was a critical decade for the founding of basic regulations in the trucking business.

As agriculture started to realize the convenience, flexibility and affordability of utilizing trucks, instead of the standard of the day in trains, the sector came to adopt a significant degree of reliance upon this "novel" method of transport.

Despite the obvious benefits of utilizing trucks to transport and distribute

"Since the motor truck became an important factor in the movement of products...accurate market information on what was moving, how much was moving and where it was going has been lacking."



Rail cars and horse drawn vehicles like these eventually gave way to trucks to deliver commodity goods fast and efficiently.

Loading dates, departure times and ETAs, cargo manifests, adherence to delivery schedules and other important information was now not nearly as accessible and below previously established methods and means.

In the January 22, 1942 issue of *The Producer's Price-Current*, a column was dedicated to this topic and what was determined to be a real need to better aggregate this critical data. "Since

With trucking and commerce maintaining their dependence on one another, and the food industry being intimately entwined, one can be assured that discussions like these will continue to be just as imperative in the years to come as they were in 1942.

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