

Executive Summary

The Indicator Forecast Report is a quarterly publication that takes a look at market trends and the “*whys*” behind market activity for the most recent quarter. The report provides an overall perspective of commodity markets.

Inflation

- For September 2011, The Consumer Price Index (CPI), a retail based price index for all food, experienced its biggest year-over-year increase at 4.7% since 2009.
- The Producer Price Index (PPI), a cost based price index for manufactured food, was 10.5% higher than March 2011.

Beef

- Increased supply has driven beef prices down over the past six months but could be jeopardizing future months' supplies.
- Despite recent falling prices, the ground beef market experienced record high pricing through October 2011.

Beverages

- December 2011 futures for Arabica coffee peaked at \$2.45 per pound, a 5.7% increase from June 2010.
- Entegra's Minute Maid and Gregory Packaging Juice remain significantly higher than last year.

Dairy

- The U.S. dairy herd is expanding despite the increased slaughter rate.
- Increased supply and reduced exports are expected to push prices downward in 2012.
- Entegra's 2012 butter and cheese prices are expected to trend lower than 2011 pricing.

Grains/Ingredients

- Entegra sugar prices are expected to remain flat for the remainder of the year despite recent supply issues related to a move away from high fructose corn syrup and increased sugar use.
- Despite improved supplies and political stability, international cocoa prices remain high.
- The U.S. is experiencing a peanut shortage driven by weather issues and a shift to cotton crops; Entegra's Azar bulk peanut butter increased 18.7% in October 2011.

Oil

- Soy and canola oil prices continue to trend higher than last year but are expected to trend slightly lower as supply improves.

Pork

- Hog prices were 18% higher in October 2011 compared to same period last year but are expected to decline into the fourth quarter of 2011.
- Uncertainty exists around 2012 pork pricing and will depend on whether production will continue to expand and if consumer demand will increase.

Poultry

- Overall chicken prices have remained lower than last year, but chicken wing prices have started to increase responding to seasonal demand.
- Turkey meat prices are expected to remain firm for the rest of 2011 driven by feed prices.
- Poultry prices are at risk in 2012 of going higher driven by manufacturers limiting supply in order to drive margins.

Produce

- U.S. produce exports are expected to increase resulting from Mexico formally lifting tariffs on U.S. agricultural products.

Seafood

- Tuna prices are higher than last year driven by high fuel costs, reduced catches, adverse weather conditions and worldwide trade issues.
- Entegra tilapia prices through Slade Gorton increased 18% from August 2011 driven by supply shortages.
- Entegra's breaded and frozen shrimp prices are slightly higher than 2011 and are expected to remain firm for the remainder of the year.

Metals

- U.S. aluminum pricing is down 13.8% since the second quarter of 2011.
- Other Asian countries are now presenting value for aluminum equipment and smallwares.
- Entegra's domestic manufacturers of stainless smallwares expect slight price increases in 2012 between 2 to 3%.

Linen

- Cotton prices continue to decline driven by market oversupply as demand falls.