

November 30, 2011

AMERICAN ROLAND FOOD CORP.

NEW ITEMS



Pickapeppa Sauces
(12/5 oz.)

#70353 Spicy Mango

#70355 Gingery Mango

#70359 Hot Mango

NEW PACK SIZES



**Dried Porcini
Mushrooms**

#44822 – 6/1 lb.



**Dried Shiitake
Mushrooms**

#84446 – 6/12 oz.



Hot Off the Press!

BABY CORN

Due to the flooding in Thailand, much of the raw material for Small Whole Baby Corn was lost. Inventory will be tight for the upcoming year.

BALSAMIC VINEGAR

The harvest of the wine grapes and grape *must* in Italy was the smallest harvest in the last 60 years – the last harvest of this size was in 1948. As a consequence, the availability of grapes for wine vinegar and grape *must* for balsamic vinegar is limited, and pricing has increased about 40% on these ingredients. There was no carry over inventory from last year's harvest, and some farmers in Sicily were subsidized earlier in the season for a "green harvest" (intentional removal of immature fruit from the vines in return for government subsidies), resulting in an even larger shortage of grapes this season. We expect pricing for balsamic vinegar to increase in 2012.

CREAM OF COCONUT

Cream of Coconut continues to face price increases as sugar is short in the Caribbean, and market demand continues to outpace supply.

DIJON MUSTARD

French mustard producers are paying more for new crop mustard seeds from Canada and Burgundy. They have also suffered increased prices for cartons, metal, and glass packaging. We can expect a spike in Dijon mustard pricing.

MUSHROOMS, CANNED

The new mushroom crop is starting in China. The northern provinces have already begun to yield mushrooms while the southern provinces will not see yields until December. Packers think raw material will increase, but overall savings may be tempered by inflationary costs.

These factors may negatively affect the final price of canned mushrooms:

- **Weather.** The northern provinces report good quantities, but poor weather postponed it by 2 weeks. Pickers will have less time to pick the mushrooms and some raw material will be lost, possibly 10,000 tons.
- **China's fresh market.** China's fresh market consumed 30% of the raw material produced last year, and that number is already increasing.
- **Packing Costs.** Due to the high inflation rate in China, almost all the production costs are higher than last year – worker salaries, tin plate can costs, and higher financial cost/loan rates.
- **Exchange Rate:** Chinese RMB is strengthening against USD dollar. In the past year, the RMB appreciated 5% against US dollar. Financial institutes all expect the exchange rate will rise faster this year.

OLIVES – GREECE & SPAIN

- Greek farmers report the crop is anywhere from 35 to 50% smaller than previous year.
- The olive crop this year was somewhat shorter than last year's crop due to a long and unusually hot summer. Although official statistics are still not available, we know that the larger calibrations of all olive types will be less abundant. We therefore can expect the price of Queen olives to increase, but we are hopeful that Manzanillas and Hojiblancas (used primarily for ripe olives) will remain in line with current price levels.



AMERICAN
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CORP.

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Hot Off the Press! Continued

PEPPERONCINI

The pepperoncini crop from Turkey initially started late due to the cold spring weather. Unexpected cold weather conditions also ended the season about 1 month early, leaving pepperoncini producers scrambling for raw material.

WATER CHESTNUTS

Water chestnuts will be very expensive this year. The market price of Water Chestnut raw material in China has increased almost 55% from last year's crop to this year's crop. This is due to various factors:

- **Labor:** Labor costs have increased about 20%.
- **Exchange rate:** The Chinese dollar strengthened 5% against the US Dollar, making Chinese exports to US more expensive.
- **Less acreage:** Farmers planted less water chestnuts this year as they planted other, more lucrative crops.

WILD RICE

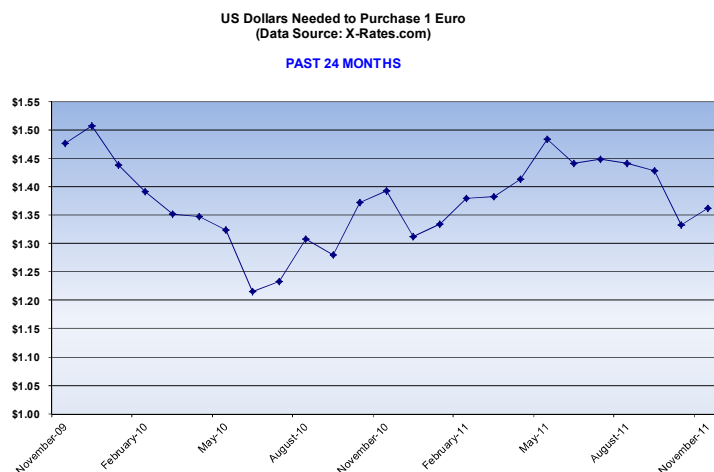
The Wild Rice crop in the US this year is very short in supply. There was less carryover product from last year's crop than anticipated and farmers planted fewer acres of Wild Rice, choosing instead to plant more Calrose Medium Grain Rice which commands a higher price than Wild Rice.

FLOODING IN THAILAND

Continuing rain in Thailand now threatens the Thai capital of Bangkok, with the Chao Phraya River already breaking through levees in some places. There exists the possibility that the port of Bangkok could be closed due to the flooding, and already transport throughout the country is limited. Many crops are expected to be severely impacted, including baby corn, coconut milk, jasmine rice, canned fruits and bamboo skewers. We will continue to monitor the situation and advise when more information is available.

Currency

On November 29, 2011 the U.S. dollar closed at \$1.3336 against the euro. The graph below shows the trend from November 1, 2009 – November 1, 2011.



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