



FLOUR FACTS



Information Provided by General Mills Bakery Flour
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Weekly Market Highlights

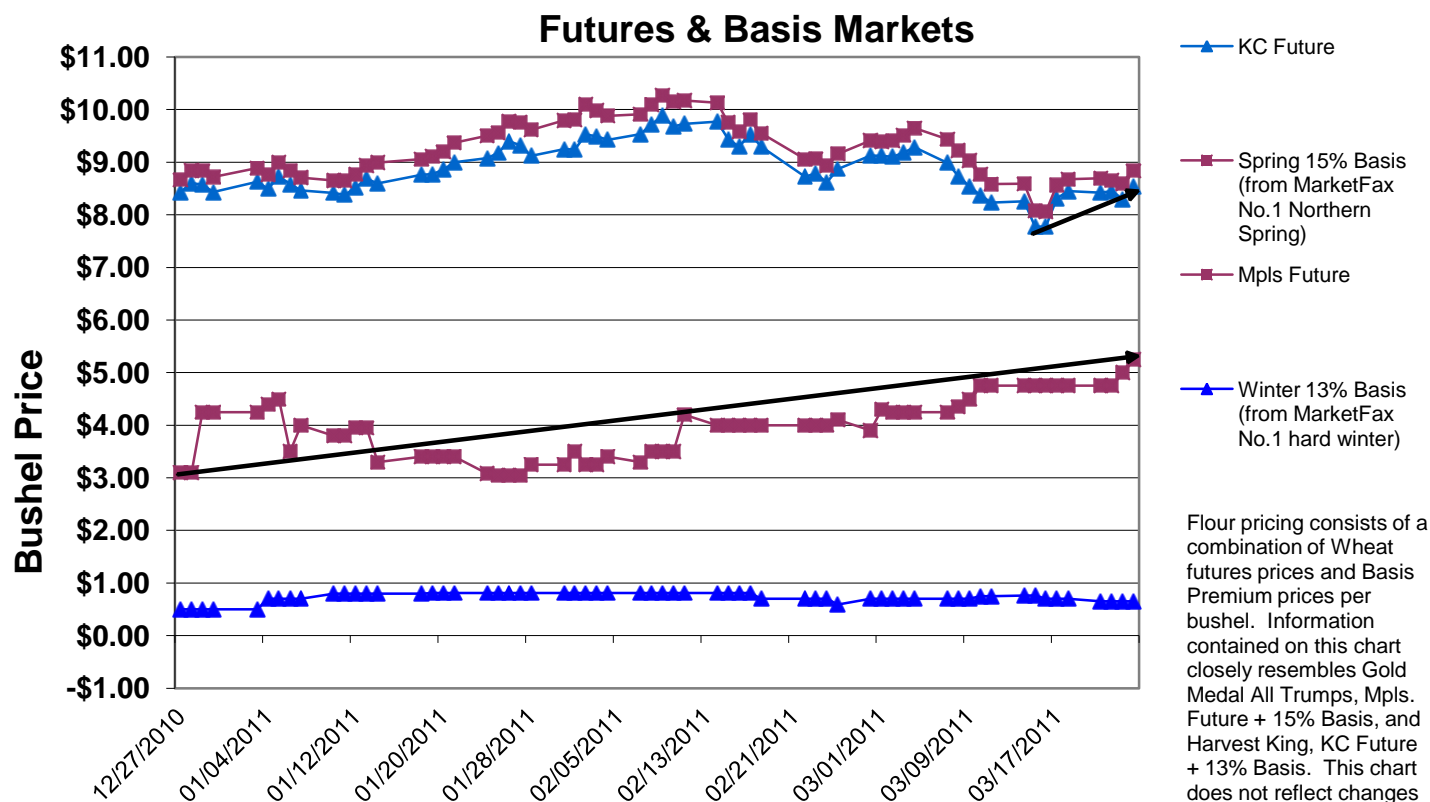
- There are plenty of weather and logistical concerns forcing the price of wheat and flour higher.
- Wheat futures prices have increased \$.75 cents per bushel in little more than a week.
- Potential for flooding in spring wheat growing areas, overly dry conditions in parts of Kansas and patterns that could delay the planting of corn are supporting futures prices.
- Basis premiums paid for the high protein wheat that produces flours like All Trumps® and So Strong® have risen by \$2.25 per bushel over the past 90 days.
- It is not likely any of these factors will improve short term. Buyers can expect to pay more for flour.

Facts on Flour

The Impact of Millfeed

Have you ever looked in the wall street journal and saw the futures price of wheat falling but the price of flour remains the same or even rises? Part of the reason can be falling millfeed pricing. When we mill wheat we utilize the entire wheat kernel, approximately 75% is flour but the remaining portion is sold as animal feed. This animal feed or millfeed as we call it competes with other feed ingredients such as corn. If corn prices are low (almost half of all corn grown is used as animal feed) millfeed prices will also be low. That "credit" that we get by selling the millfeed will not be as great thus forcing the price on the flour to go up. Conversely if corn, or other feed ingredients are higher priced we get a better millfeed recovery which offsets more of the price of the wheat thus lowering flour prices.

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This Chart is meant to indicate Market Direction Only.

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