

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

- The March 2011 Producers Price Index (PPI) Manufactured Food Index was 9.1% higher than last year.

Beef

- Overall beef prices continue to rise at historical levels driven by low inventories, a weak U.S. dollar and strong U.S. exports.
- prices for raw processed beef increased 9% overall in April 2011 driven mainly by the 13% surge in the pricing for diced stew beef and julienne strips.

Beverages

- In April 2011, coffee prices soared to near record levels at \$3.00 per pound.
- Gregory Packaging apple juice prices are 13% higher in April 2011 over last year.

Dairy

- The 2011 milk production continues to grow steadily over 2010 levels.
- Dairy prices are expected to remain higher than 2010, but are expected to decline throughout 2011.

Grains / Ingredients

- Global rice production is forecast to increase 2% from a year earlier.
- Wheat and corn prices continue to be at historical levels and weather conditions could make the situation worse.

Oils

- Midway through 2011 U.S. soybean stocks were reported down to a 7-year low of 1.249 billion bushels.
- liquid fry shortening prices for April 2011 are 44% over last year.

Pork

- Currently, 20% of the domestic pork supply is exported and this number is expected to rise to 23% over the course of the year.
- April 2011 bacon prices through Farmland were 25% higher than last year.

Poultry

- Turkey meat production is declining for the third year in a row as 2011 production is forecast to total 5.62 billion pounds, down slightly from 2010.
- eggs from Michaels as of April 2011 are 12% higher than last year.

Produce

- The combination of truck shortages and escalating fuel prices will continue to push freight prices upwards.
- Regional produce is still being impacted by the January Florida / Mexico freeze; conditions should return to normal by June 2011.

Seafood

- Despite the historically elevated Tilapia prices, April 2011 Tilapia prices remain unchanged compared to the same period last year.
- Atlantic Cod pricing, which has been on the rise for the past six months, has finally stabilized.
- Tight supplies are driving Salmon prices to significantly higher levels compared to last year.
- Imported Catfish has become increasingly scarce in the marketplace, a result of shrinkage in farming areas and farmers leaving the industry for more lucrative markets.

Metals

- Growing domestic demand is pushing aluminum prices upwards--up 5.85% in April 2011 from December 2010..

Pulp and Resin

- Seasonal demand, the Japan earthquake and China's consumption are driving resin and mixed paper prices higher.

Labor

- At 8.8% in March 2011, the unemployment rate dropped a full percentage point from November 2010.
- The average hourly wages continue to rise steadily at \$22.87 last month, 1.7% higher compared to last year.

Linen

- May 2011 cotton prices fell from the previous month for the first time in a year.
- Cotton prices are expected to fall throughout 2011.

The General Indicator

The following are some of the common themes discussed throughout the current issue of *The Indicator*:

- A. Increased consumer demand is helping fuel inflationary pressures.
- B. Adverse weather is affecting many categories.
- C. A weakened U.S. dollar is driving exports higher and shifting domestic supply overseas.
- D. Higher feed costs are impacting many categories.
- E. Lower ending inventory stocks of grain are driving prices higher.