



# FLOUR FACTS

Information Provided by General Mills Bakery Flour  
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## Weekly Market Highlights

- New trading hours have caused some confusion this week with electronic trading open until 2 PM Central Time. The exchanges have said the official pit trading close will remain at 1:15 PM Central Time.
- Wheat futures have come down this week after the rally from last week. Basis levels remain steady.
- Winter wheat harvest has begun in Kansas and is reported 14% completed in Oklahoma. Dry, hot and windy weather in Kansas has wheat conditions declining this week.
- Spring wheat is planted with the first condition ratings of the season reporting 74% good to excellent.
- Weather continues to play a major role in the market domestically and globally.

## Facts on Flour

### Flour Pricing Components

Flour prices are influenced each day by three rather independent and potentially volatile components.

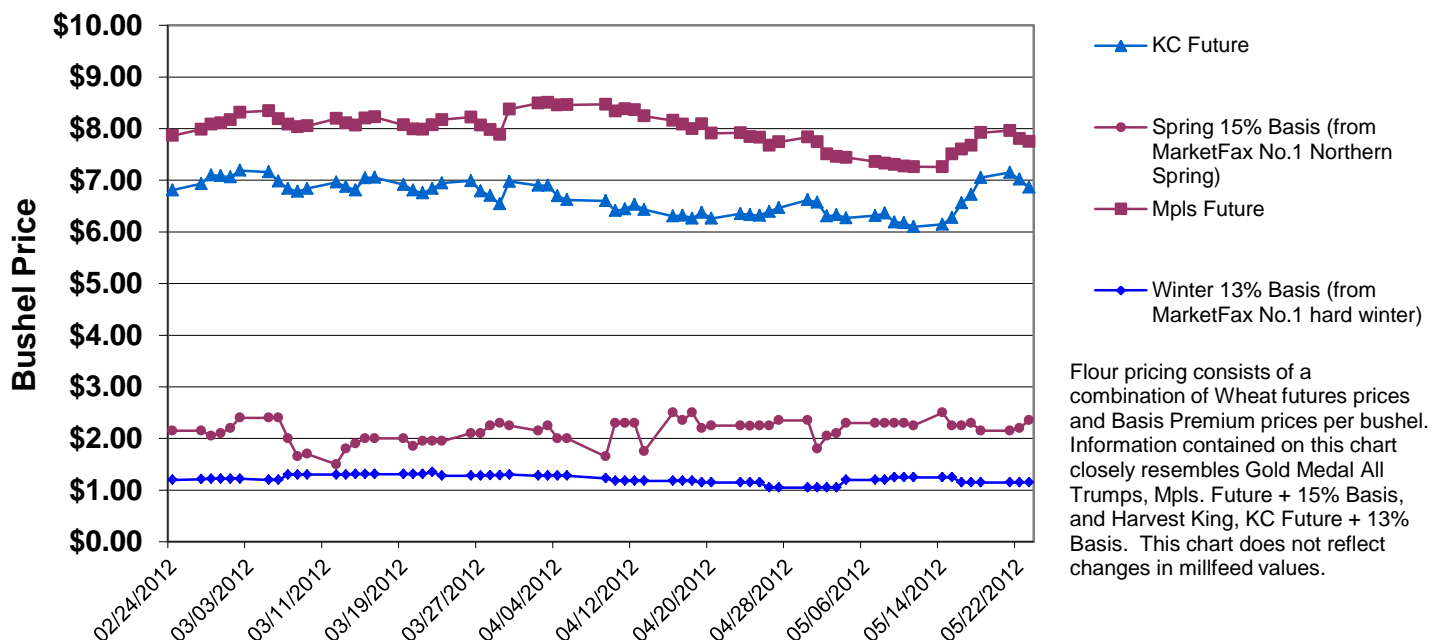
The first component, wheat future prices, forms the base from which actual wheat prices are derived. Futures are standardized, tradable contracts. Parties swap pieces of paper, obligating them to make or take delivery of wheat some time in the future.

The second component is cash basis. The basis serves to adjust the futures price to better represent the actual cost of delivering wheat to the mill. It also adjusts for the specific grades and quality the miller needs. The basis combined with the futures represents the actual price the miller pays to supply wheat to the mill.

The third component is millfeed. Because just under 80 percent of the wheat kernel can become flour, the flour mill must deal with a by-product referred to as millfeed or millrun. The price that mills receive for by-products is treated as a credit against the cost of the wheat and reduces the price of the flour to customers.

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## Futures & Basis Markets



This Chart is meant to indicate Market Direction Only.

To add names to our distribution list, or if you would like to receive Flour Facts via e-mail, contact:

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