



FLOUR FACTS

Information Provided by General Mills Bakery Flour
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Weekly Market Highlights

- Wheat futures are mixed this week. Basis was steady to higher.
- USDA reported winter wheat production down 1% from the May forecast but up 31% from 2011. The U.S. 2013 wheat carryover was reduced 6% from May forecast which was mainly due to increased food use. World wheat production for 2013 crop was reduced 3% from May estimates mainly due to reduced crop in Russia.
- Winter wheat harvest is more than 50% complete in Kansas, which is significantly ahead of the 2% average from the last 5 years.
- Spring wheat crop progress reported 15% of the crop headed. The average is 2% for this time of year. 75% was rated good to excellent.
- USDA corn projections were unchanged from May estimates which were above trade expectations.

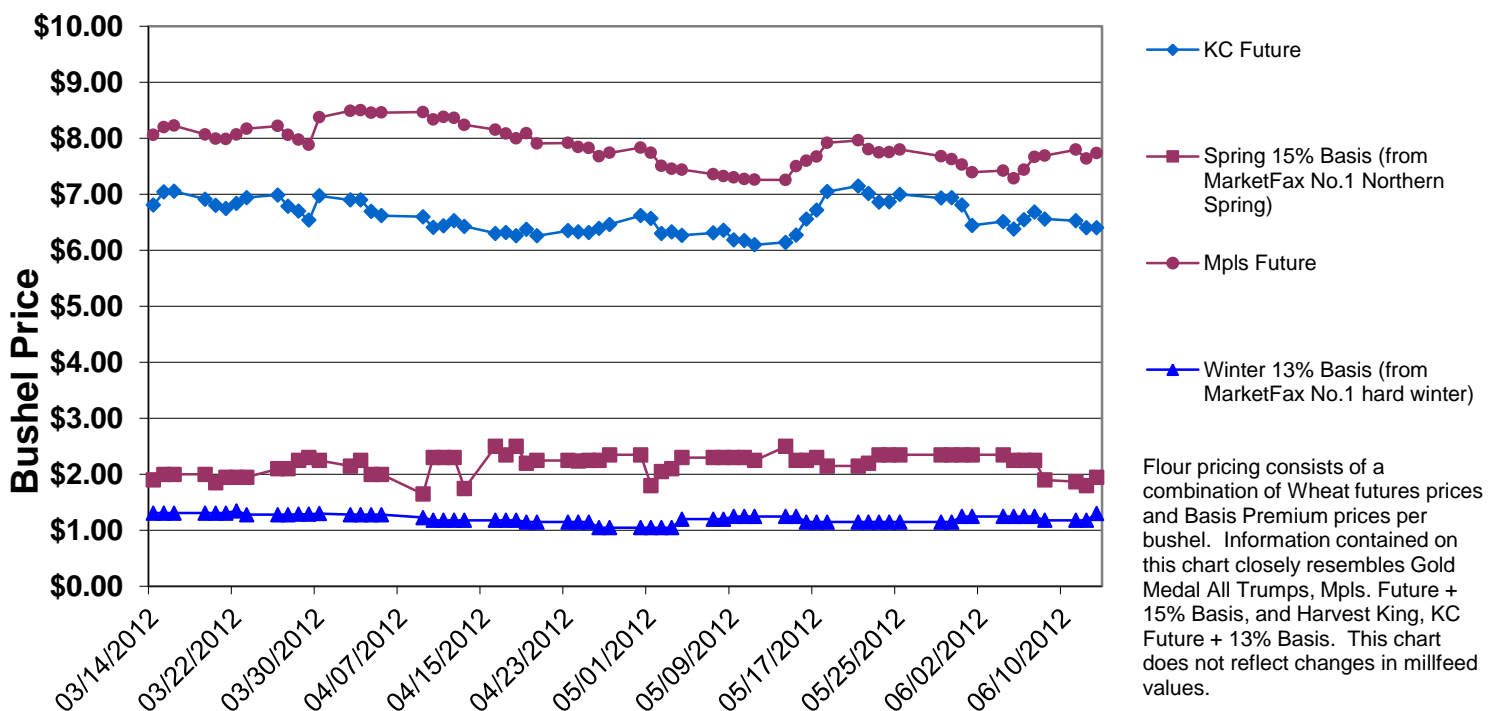
Facts on Flour

The impact of millfeed.

Have you ever looked in the wall street journal and noticed 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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Futures & Basis Markets



This Chart is meant to indicate Market Direction Only.

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