

# The Indicator

## QUARTERLY FORECAST REPORT

July, August, September 2012



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# Executive Summary

## Inflation

- The June 2012 Consumer Price Index (CPI) was 2.7% over the same period last year, the lowest level of inflation since the first quarter of 2011.
- The June 2012 Producers Price Index (PPI) was 2.7% lower than last year, the lowest since mid-2010.

## Beef

- Rising feed costs, tight supplies and weak packer margins are supporting high beef prices.
- The USDA forecasts a 4% decline in ground beef production in 2012.
- Entegra's ground beef prices are to remain firm with no signs of a significant decline for the rest of the year.

## Beverages

- Coffee production is outpacing demand putting downward pressure on prices.
- Entegra's coffee prices for all products, including specialty coffees and on-demand coffees, are expected to continue declining through the end of 2012.
- Entegra's orange juice prices are expected to remain depressed through the remainder of 2012.

## Dairy

- U.S. milk production is declining driven by the rising feed costs forcing farmers to reduce their dairy herds.
- Entegra's cheese prices are trending higher than last year and are expected to remain firm responding to the current adverse conditions.
- Entegra's regional milk contracts are experiencing a reduction in milk prices driven by the national milk prices.

## Grains/Ingredients

- Global wheat supplies are declining and pushing prices upwards.
- Corn feed use continues to decline as prices surge driven by tight supplies.
- Despite a declining acreage, the 2012/13 U.S. rice production is forecast to grow driven by increased crop yield.

## Oil

- Declining supplies are pushing soybean prices up.
- Canada's canola production is expected to grow 15% over last year's production level.
- In July 2012, entegra's Ventura oil prices were relatively flat compared to last year but are expected to increase for the remainder of the year.

## Pork

- Pork prices remain high driven by demand, hot weather and the rising feed costs.
- Prices for pork bellies (used to make bacon) rose nearly 66% during the second quarter of 2012.
- Entegra's Farmland bacon prices are expected to increase 8% in July 2012 from June 2012 prices.

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.

## Poultry

- Broiler meat production is declining in 2012 driven by the current hot and dry weather, rising feed costs and an overall sluggish economy.
- Despite an increase in production, U.S. turkey meat prices remain firm driven by rising feed costs.
- Entegra's Koch Foods chicken wing prices were over 50% higher in July 2012 compared to same period in the prior year.

## Seafood

- Salmon prices remain firm supported by rising demand.
- Entegra's Slade Gorton tuna prices increased nearly 70% in July 2012 compared to the same period last year and are expected to remain firm for the remainder of the year.

## Metals

- U.S. domestic demand for aluminum increased over 7% during the first half of 2012.
- Global crude steel production is forecast to grow nearly 4% in 2012.
- Entegra's Edward Don stainless steel prices declined 3% in July 2012 compared to the same period last year and are expected to remain flat for the remainder of the year.

## Linen

- Despite the current drought, U.S. cotton production is expected to grow 9% in the 2012/13 season driven by increased acreage.
- U.S. cotton exports are forecast to grow in the 2012/13 season supported by less competition on the global market.

## Paper & Plastics

- Prices for polypropylene, polystyrene and Polyvinyl Chloride (PVC) have declined during the second quarter of 2012.
- Entegra's PACTIV prices for disposable containers and cutlery increased 6% in July 2012 driven by polystyrene formula prices.
- Entegra's recovered paper products prices through SCA declined 8% in July 2012.

## Labor

- The unemployment rate remains unchanged at 8.2%.





## The Indicator Forecast Report

July, August, September 2012

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Market Price Trends	Jul-2012 vs. Jul-2011	Jul-2012 vs. Jan-2012	Jul-2012 vs. Jun-2012
General Inflation	(-) 12 months	(-) 6 months	Last Month
PPI – Food	↑	↑	↑
CPI – Food	↑	↑	↑

*The trend information reflects the market; It does not reflect entegra Price Trends.*

The Consumer Price Index (CPI), a retail based price index for all food, was 2.7% over the same period last year for June 2012. This is the lowest level of inflation since the first quarter of 2011. Producers Price Index (PPI) for manufactured foods, a cost based index, for the same time period was also 2.7% lower than last year. This index weights all food categories equally and attempts to measure price inputs for the food manufactured in the U.S. This is the lowest year-over-year inflation since mid-2010.

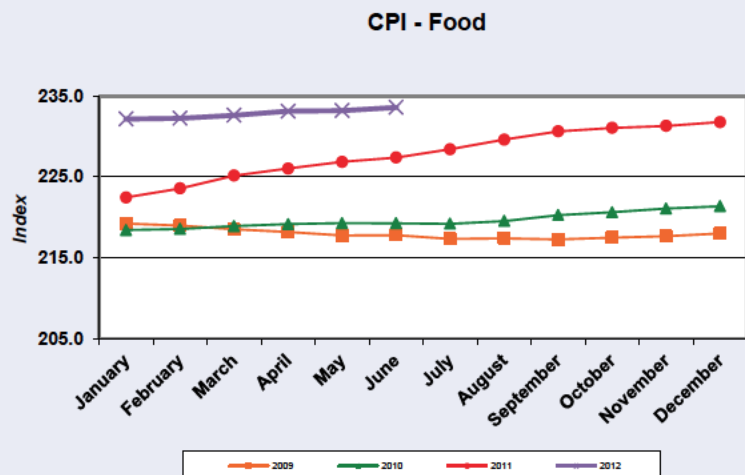
While inflation has been lower than experienced early in the year, there are currently many factors pressuring commodity prices including the U.S. drought, continued Asian growth and Russian drought conditions. It is not a question of whether prices will increase over the next 12 months, it is a matter of when and how much.

The impact of the 2012 U.S. drought will be felt gradually over the next 12 months. Dairy, egg and oil products will be impacted earlier in the year as they are based on underlying commodity markets. Protein prices, while already at elevated levels, will be impacted further by higher feed prices. Protein prices ultimately will be driven by consumer demand. At the higher price points, consumers will simply not purchase the products or reduce consumption. Large manufacturers of finished goods are deciding how much of the increased costs they can pass on to the consumer. Many have passed price increases on to the consumer over the last 12 months and they are worried about losing their customer base.

Another factor that might help control prices over the next 12 months is that prices of goods imported into the U.S. have been decreasing. In June 2012, import prices fell 2.7%, the biggest drop since December 2008 following a 1.2% percent drop in May. The cost of goods and materials the U.S. imports may remain depressed as consumer demand for commodities falls. A rising U.S. dollar will drive lower exports which will bolster the U.S. supply.

The bottom line is that no one can predict where inflation will be next year. There are many factors that will drive inflation in both directions. It is clear that prices will be higher, but the increase is unknown.

*Sources: Bloomberg, USDA*



# Beef Report

## Market Price Trends

Beef Commodity Markets	Jul-2012 vs. Jul-2011	Jul-2012 vs. Jan-2012	Jul-2012 vs. Jun-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Oct 2012 (+) 3 months	Jan 2013 (+) 6 months	Apr 2013 (+) 9 months
Ground Beef (90/50 combined)	↑	↓	↓	↓	↑	↑
Roast Beef (168)	↑	↓	↓	↑	↑	↑
Composite Beef Cutout	↑	↑	→	↑	↑	↑

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Following on the heels of last year's drought that ravaged most of Texas, this year's lack of adequate rainfall has caused a rapid deterioration of crops and pasture in much of the country. The drought has put upward pressure on corn prices as cattle prices slide. As feed costs rise, beef cow slaughter has picked up as farmers respond to the expected negative margins. This will have a temporary positive impact on prices but ultimately drive prices higher as supply is lessened.

The USDA is projecting a 4% decline in ground beef production in 2012 compared to last year helping maintain pressure on prices as the fresh 90's trim prices are trending 20% higher in July 2012 compared to a year earlier; they are also trending 65% higher than the four year average. Since the Lean Finely Textured Beef (pink slime) fallout, prices for the 50's trim have been extremely volatile.

A stronger U.S. dollar has supported U.S. beef imports. The USDA reports that through the second quarter of 2012, U.S. imports were 22% higher compared to the same period in the

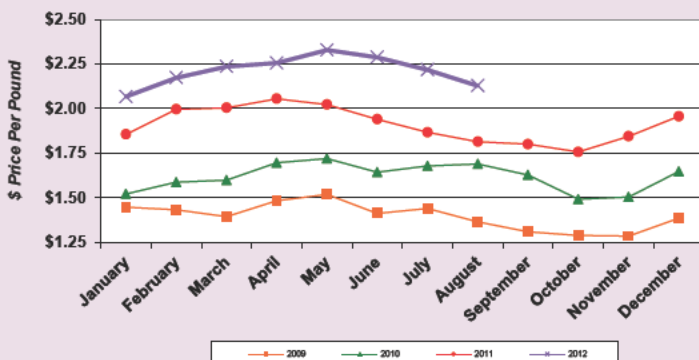
previous year. **Although relatively flat to last month, entegra's Cargill beef patties and inside round prices were 5% and 17% higher in July 2012 than the same period last year respectively.**

General cattle supplies are relatively tight and the feeders are holding for more money, which in turn is causing packers to reduce production to maintain a margin. This is forcing product prices to stay at or near record highs. Typically, this would be a short term situation and the cattle numbers would grow with a break in prices. However, given the liquidation of the cow herds over the last several years and the smaller placements, light cow numbers will continue. Coupled with the extreme drought conditions, historical high prices could become the norm for the foreseeable future.

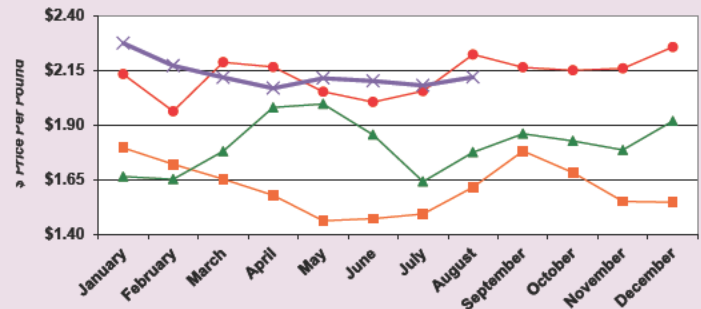
Sources: Cargill, USDA, Bloomberg



USDA Beef Trimmings, National, FOB Plant, Fresh 90%



USDA 168 1 Round, Top Inside Round Select





# Beverage Report

## Market Price Trends

Beverage Commodity Markets	Market Prices Are Trending					
	Jul-2012 vs. Jul-2011 (-) 12 months	Jul-2012 vs. Jan-2012 (-) 6 months	Jul-2012 vs. Jun-2012 Last Month	Oct 2012 (+) 3 months	Jan 2013 (+) 6 months	Apr 2013 (+) 9 months
Coffee	↓	↓	→	→	→	→
Frozen Orange Juice	↓	↓	↓	→	→	→

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Coffee futures plunged throughout June 2012, capping the longest monthly slide in 31 years, as global supply outpaces demand and slumping economies erode consumption prospects. Coffee production is outpacing demand as production is expected to increase through October 2012. Analysts are closely following Brazil's harvest which was delayed by adverse weather conditions. The extent of the damage to crops is yet to be quantified. However, Brazil's Robusta coffee prices are at a premium buoyed by local purchasers and no significant change in Arabica coffee prices. In July 2012, Robusta coffee prices rose 6.7% driven by limited supplies from top-producer Vietnam and beans from third-ranking Indonesia which traded at a premium. **Entegra's July 2012 ground coffee prices through Kraft are 10% lower compared to the same time last year. Entegra's coffee prices will continue to decline throughout the remainder of 2012. This includes all products including specialty coffees and on-demand coffees.**

Orange juice prices continue to decline as supply improves. The U.S. Department

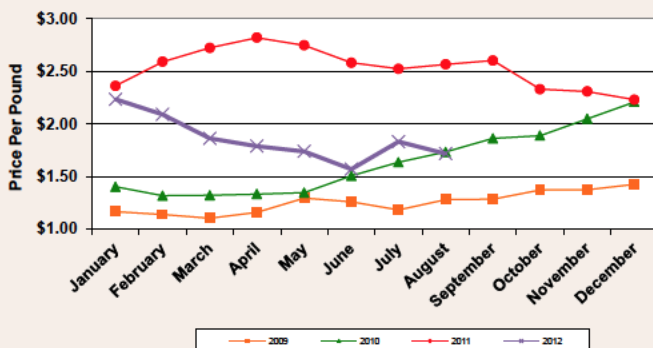
of Agriculture (USDA) expects the orange crop to increase by nearly six million boxes over last year. The orange harvest season extends from October through July. Florida's orange crop is the world's second largest after Brazil. On the domestic market, orange juice sales continue to tumble driven by rising prices forcing many U.S. consumers to opt out of the popular breakfast beverage. In June, total domestic retail sales of orange juice were 5.4% lower than the same period in 2011, according to data published by the Florida Department of Citrus (FDOC). Both U.S. exports and imports have declined this year compared to last year. The FDOC reports that orange juice imports and exports fell more than 30% this year through May. The declining imports and exports signal the falling demand for orange juice both at home and abroad. **Entegra's orange juice cup prices through Gregory packaging declined nearly 7% in July 2012 compared to the same period last year. Minute Maid frozen orange juice prices fell 9% in July 2012. Prices are expected to remain depressed through 2012.**

Apple supplies are sufficient as the southern region completed their harvest season and the north is beginning their season. Last year, the south sold out resulting in minimal carryover and stable prices. Demand for fresh juice continues to grow despite a decline in overall global juice demand. Grape juice prices remain firm driven by tight supplies. The early spring buoyed an early blossom in the northeast crop; however, the heavy frost that followed destroyed most of the crop. **Entegra's apple juice prices through Gregory packaging were 3.4% higher in July 2012 compared to the same period last year.**

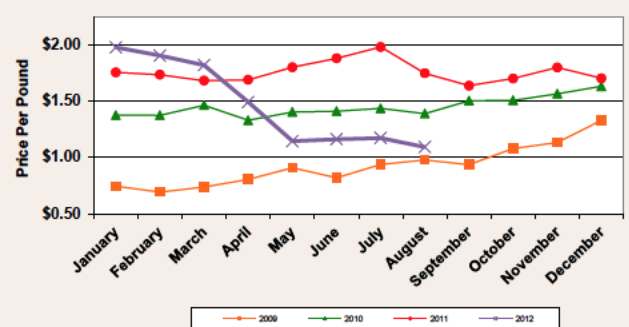
Sources: Kraft Foods – Market Highlights 6/2012, S & D Coffee Market Review 7/2012, Royal Cup Coffee Perspective – Week ending 7/2012, NY Board of Trade, Bloomberg, USDA



Coffee "C" Price, New York Board of Trade



NBOT - Frozen Concentrated Orange Juice (FCOJ)



# Dairy Report

Corn and soybean forecasts have been slashed as a result of the current drought putting upward pressure on stock feed prices. The dairy cow slaughter rate has been above 2011 levels as producers reduce their herds in response to the rising feed costs. Additionally, the per cow milk production has declined as a result of the high temperatures. Prices are expected to remain firm in response to the adverse conditions. The hot and dry weather is putting pressure on feed costs, decimating pastures and decreasing productivity forcing producers to cull their herds. The U.S. Department of Agriculture (USDA) has slightly lowered the 2012 milk forecast to 201.6 billion pounds from the previous forecast in June. As supplies shrink, prices are surging. The USDA raised the August 2012 price for class 1 milk by nearly 6% from July's \$17.5 per cwt. The 2013 milk prices are also expected to be over 4% higher than 2012. **Entegra's regional milk contracts are experiencing the increases in milk prices driven by the national milk prices.**

The cheese market is volatile as traders try to anticipate the supply shortages and prices surges driven by the drought and declining production. Farm milk supply is low due to the hot humid conditions this is impacting the solids composition of

Market Price Trends				Market Prices Are Trending		
Dairy Commodity Markets	Jul-2012 vs. Jul-2011 (-) 12 mon hs	Jul-2012 vs. Jan-2012 (-) 6 mon hs	Jul-2012 vs. Jun-2012 Last Month	Oct 2012 (+) 3 months	Jan 2013 (+) 6 months	Apr 2013 (+) 9 mon hs
Butter 93 Score	↓	→	↑	↑	↑	→
Class 1 Milk	↓	↓	↑	↑	↑	→
Cheese 40lb Blocks	↓	↑	↑	↑	↑	→

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milk. The USDA raised the cheese price forecast for August 2012 to \$1.68 per pound from \$1.57 per pound in July, a 7% increase. **Entegra's Schreiber prices for processed cheese increased 7% in August 2012. Natural cheese prices through DCI increased 1% but are also expected to keep rising due to the adverse conditions.**

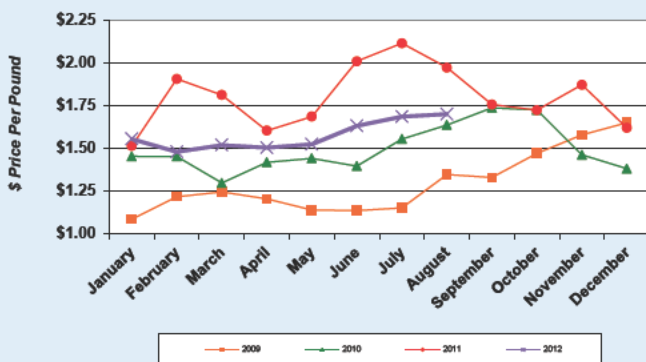
Butter prices are firm trending upwards driven by the hot weather. The hot humid temperatures have lowered productivity thus reducing the cream and solids inventories. In addition to the declining inventories, growing demand from ice cream manufacturers has added upward pressure on butter prices. Although entegra's July 2012 butter prices through Associated Milk Producers are nearly 25% lower than same period last year, they are

currently 6% higher than March 2012. This trend will continue throughout 2012.

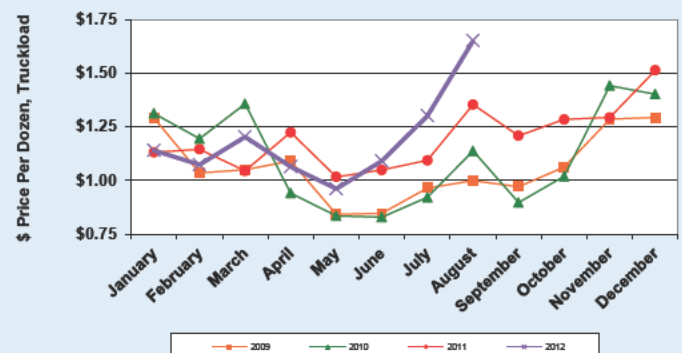
U.S. table egg production surged in the second quarter of 2012 driven by an increase in the number of egg layers. The USDA reported a 1.2% increase in the number of layers for the second quarter compared to the same period in 2011. However, prices remain firm supported by the rising feed costs and increasing exports to Mexico. Despite being 3% lower than same period last year, **entegra's July 2012 Michaels Foods egg prices are nearly 3% higher than March 2012.**

*Sources: Daily Dairy Report Volume 1, USA Today Money Section, USDA, Blimling & Associates, Penn State Department of Agriculture.*

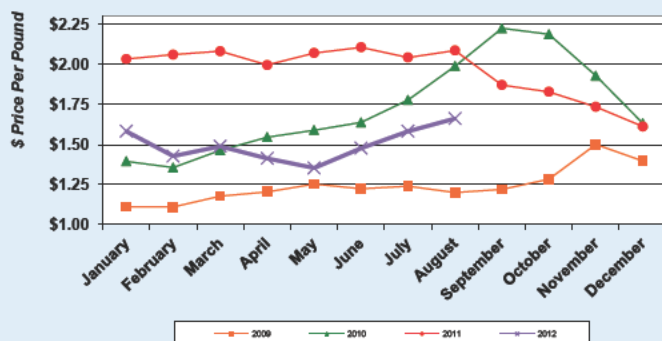
Chicago Mercantile Exchange, Cheese 40 Lb Blocks



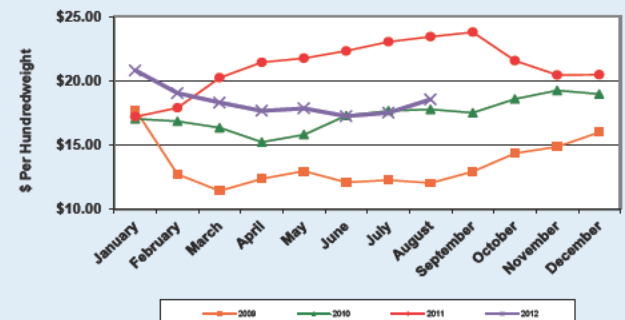
UB Shell Eggs, White Large, Midwest



Chicago Mercantile Exchange, Butter 93 Score (AA)



Class I Milk Price, by Federal Milk Order Marketing Area Central





# Grains & Ingredients Report

## Market Price Trends

Ingredient Commodity Markets	Market Prices Are Trending					
	Jul-2012 vs. Jul-2011 (-) 12 months	Jul-2012 vs. Jan-2012 (-) 6 months	Jul-2012 vs. Jun-2012 Last Month	Oct 2012 (+) 3 months	Jan 2013 (+) 6 months	Apr 2013 (+) 9 months
St. Louis Soft Red Winter Wheat	↑	↑	↑	↑	↑	↓
Omaha Corn, U.S. 2 Yellow	↑	↑	↑	→	→	→
Rice	↓	↓	→	↑	↑	↑
Cocoa (NYMEX)	↓	↓	↑	↑	↑	↑

The trend information reflects the market; It does not reflect entegra Price Trends.

The U.S. 2012/13 wheat production is forecast to increase nearly 10% to 2,224 million bushels driven by increased acreage and improved acreage yield. In July 2012, the U.S. Department of Agriculture (USDA) projects U.S. average wheat prices in the range of \$6.20-\$7.40 per bushel, up \$0.60 or 9% per bushel from June's estimates. The midpoint of this projection of \$6.80 per bushel compares to \$5.70 in the previous year. The rising prices are also supported by the high corn substitute.

World wheat production is projected to be down as adverse weather impacted Russia's wheat crop in addition to the U.S. drought. Wheat prices are rising in response to the anticipated tight supplies. Wheat futures for September delivery traded at \$8.98 a bushel on the Chicago Board of Trade (CBOT) in July, up 39% from May 2012. **Although nearly 2% lower than December 2011, entegra's July 2012 General Mills dry mixes prices were 2% higher than a year earlier.**

The U.S. feed and grain supply estimates are drastically lowered driven by the extreme hot and dry weather. The USDA projects a 12% decline in corn production from last month's forecast of 14.8 million bushels. Despite a record planted acreage, projected yields have been drastically reduced as the persistent hot temperatures destroy crops entering their productive stage. Corn prices have risen responding to the tight supply projections leading to reduced

corn usage. The USDA reduced its estimates for corn feed and residual use driven by the rising prices. The high domestic prices are also impacting U.S. corn exports. The USDA reported that U.S. exports were 55% lower during the second quarter of 2012 compared to the same period last year. The July season average for the 2012/13 farm gate price is up significantly.

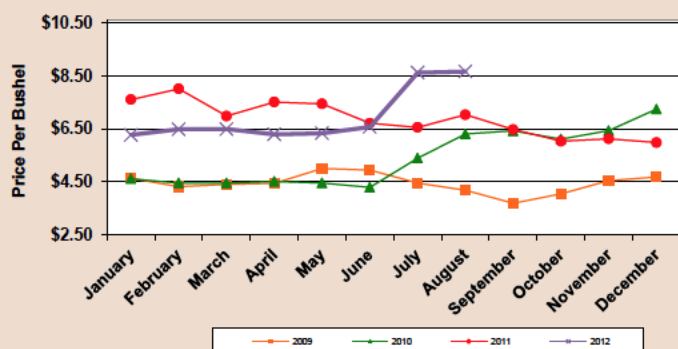
Demand for cocoa is forecast to exceed supply in the 2012/13 season that starts in October. The expected shortfall is putting upward pressure on cocoa prices. Production is expected to fall nearly 4% in both the Ivory Coast and Ghana (the world's leading cocoa producers). Prices are forecast to remain firm despite the reported grinding slump in both the U.S. and Europe. Cocoa processors are using cocoa-butter inventories, leading to lower cocoa bean grinding. **In July 2012 entegra's Nestle cocoa prices were 6% higher than the same period in the prior year and are expected to remain firm through 2012.**

The U.S. rice crop is forecast to grow 3% in the 2012/13 season driven by increased crop yield as the planted area is set to decline by 1% from last year's planted acreage. Long-grain rice production is estimated to grow 15% driven by increased acreage mainly in Arkansas and Missouri. Combined medium- and short-grain rice production is forecast to decline nearly 16% as a result of decreasing acreage particularly in the south.

Despite a declining yield per hectare the global rice production is forecast to increase driven by expansion in Southeast Asia and sub-Saharan Africa. Asia's top exporters are forecasting record production in addition to Brazil and Egypt's projected larger crops. **Entegra's Producer's Mill rice prices were 14% higher in July 2012 compared to the same period in the prior year. Prices are expected to remain firm through the main part of 2012 with a price reduction in December possible.**

Sources: USDA, Bloomberg, Reuters, International Grains Council, International Cocoa Organization

Chicago Soft Red Winter Wheat



# Pork Report

## Market Price Trends

Pork Commodity Markets	Jul-2012 vs. Jul-2011	Jul-2012 vs. Jan-2012	Jul-2012 vs. Jun-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Oct 2012 (+) 3 months	Jan 2013 (+) 6 months	Apr 2013 (+) 9 months
Bacon	↑	↑	↑	↓	↓	↓
Ham	↓	↑	↑	↓	↓	↓
General Pork	↓	↑	↑	↓	↓	↓

*The trend information reflects the market; It does not reflect entegra Price Trends.*

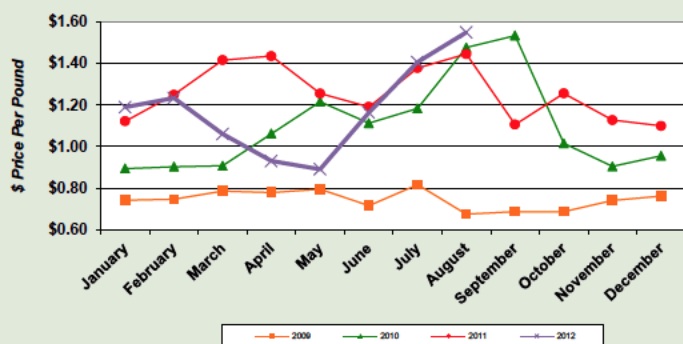
At the end of June 2012, U.S. pork inventories were 20% higher than a year earlier. The U.S. Department of Agriculture (USDA) reported that U.S. warehouses held over 96 million more tons of pork at the end of June 2012 from last June's 495.1 million tons. Despite the high production, pork prices remain high driven by demand, hot weather and the rising feed costs.

Prices for pork bellies (used to make bacon) rose nearly 66% during the second quarter of 2012 pushing processors to aggressively thaw their bellies inventories. The USDA reported a record 'out movement' of freezer supplies for June at 17 million pounds. Overall demand for U.S. pork is high maintaining pressure on prices. The USDA reported a 9% increase in U.S. pork exports during the second quarter of 2012 compared to the same period last year. The increase is driven by a surge in exports to Russia that topped 103% of last year's volume over the same period. **Although nearly 13% lower than last year, entegra's July 2012 prices for Farmland bacon have been on the rise soaring over 8% compared to June 2012 prices. Ham prices averaged 2% higher in July 2012 compared to the previous month and 8% lower than the same period last year.**

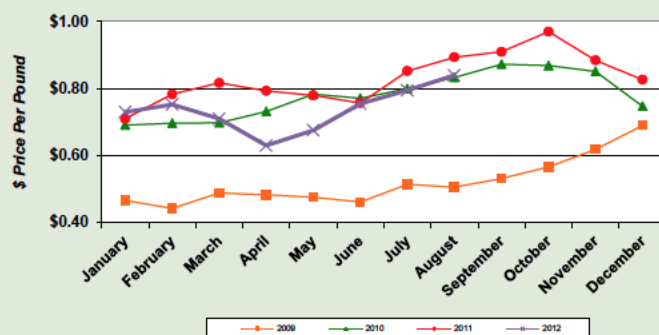
Sources: Farmland, USDA



USDA Bellies, Skin-On, Trimmed 14-16#, Total on FOB Basis



USDA Hams, Bone-In 20-23# Trim Spec 1, FOB Basis





# Poultry Report

The 2012 U.S. broiler meat production declined nearly 1% during the first half of the year compared to the same period the previous year driven by fewer birds slaughtered. The current hot and dry weather, rising feed costs and an overall sluggish economy will likely lead to further decreases in production during the second half of the year. The U.S. Department of Agriculture (USDA) lowered its fourth quarter production estimates in response to the anticipated reduced number of broilers raised. Broiler meat prices should remain firm through 2012. During the second quarter of 2012, prices for whole birds were 4% higher than last year despite dropping to an average of \$0.89 per pound. Prices for other broiler cuts followed similar trends. Prices for boneless/ skinless breasts averaged 11% higher in the Northeast market compared to a year earlier. The largest price increase was in the chicken wings market at \$1.80 per pound, a 105% increase over the same period last year. Prices are expected to remain firm as the industry will implement cutbacks to compensate for the higher input costs. **Entegra's Koch Foods jumbo chicken wings prices were over 50% higher in July 2012 compared to the same period in the**

Market Price Trends				Market Prices Are Trending		
Poultry Commodity Market	Jul-2012 vs. Jul-2011	Jul-2012 vs. Jan-2012	Jul-2012 vs. Jun-2012	Oct 2012	Jan 2013	Apr 2013
	(-) 12 months	(-) 6 months	Last Month	(+) 3 months	(+) 6 months	(+) 9 months
Midwest Breasts, 1.25 lb	↑	↑	↓	↑	↓	↑
Wings	↑	↑	↑	↑	↑	↑

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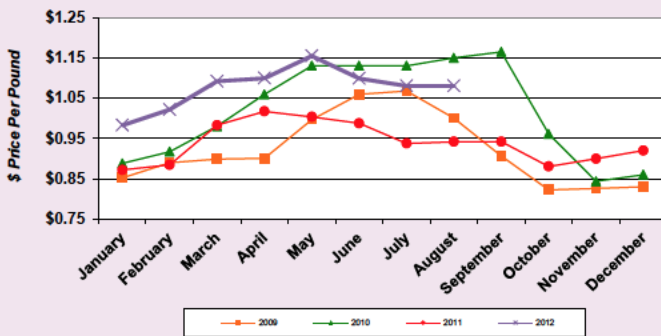
**prior year. Prices for other chicken cuts averaged 6% higher in July 2012 compared to a year earlier. Prices are expected to remain firm for the rest of 2012 supported by the high corn feed prices.**

Turkey meat prices have trended lower than last year driven by an increase in production. The U.S. Department of Agriculture (USDA) reported a 4% increase in turkey meat production in 2012 through the second quarter compared to the same period last year. The increase in production was driven by an increase in the number of birds slaughtered as producers reacted to the rising feed costs. The total number of birds slaughtered over

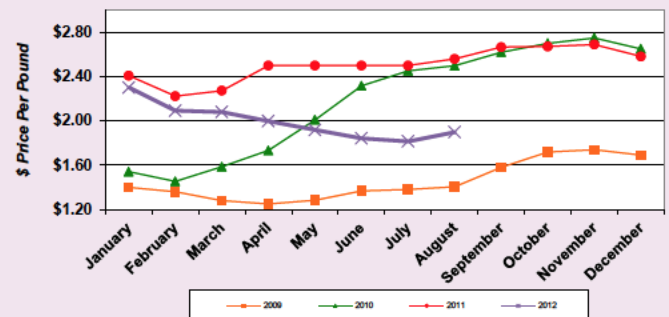
the same period rose 3% compared to last year. The biggest driver for turkey prices is feed costs (corn). With the historical drought much of the U.S. is experiencing, turkey prices will be at risk into 2013. **Entegra's Jennie-O turkey prices increased 4% in July driven by corn prices but should remain firm through 2012. The higher corn prices that are being experienced are anticipated to have a material impact on turkey prices starting in 2013.**

*Sources: USDA, Jennie-O, USDA, Koch Foods*

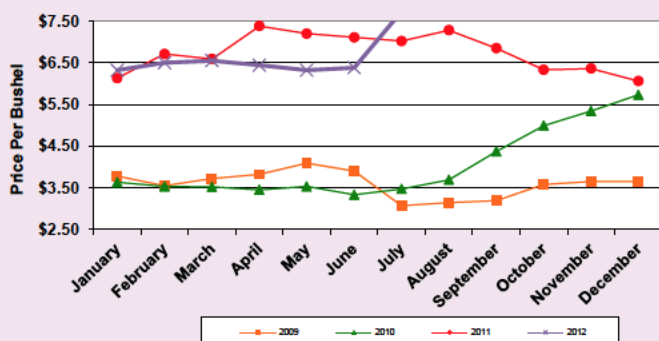
UB MW Breasts, 1.25 lbs & dn



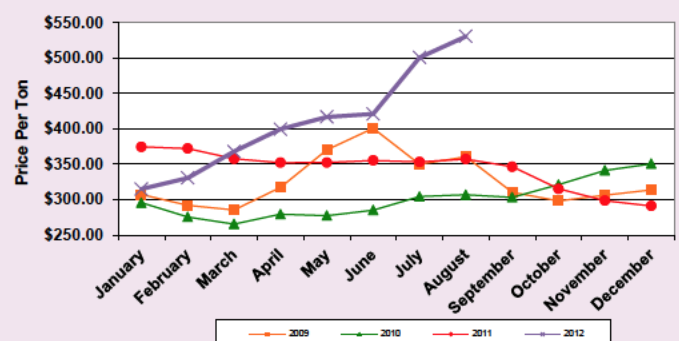
UB Turkey Meat - Breast, Tom, Fresh



Omaha Corn, U.S. 2 Yellow



CBOT Soy Meal Continuous Front-Month Futures



# Seafood Report

## Market Price Trends

Seafood Commodity Markets	Jul-2012 vs. Jul-2011	Jul-2012 vs. Jan-2012	Jul-2012 vs. Jun-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Oct 2012 (+) 3 months	Jan 2013 (+) 6 months	Apr 2013 (+) 9 months
Black Tiger Shrimp	↑	↓	↑	↑	↑	↑
Pacific Cod	→	→	↓	↓	↓	↓
Atlantic Salmon 2/3 C Trim Chilean (Fresh)	↓	↓	↓	↓	→	→
Tilapia	↓	↓	↓	↑	↑	↑

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Farmed salmon prices remain firm supported by strong demand as the Food and Agriculture Organization reported 7% and 10% demand increases in Europe and the U.S. respectively for 2012. Production has also improved as Norway and Chile both reported production growth in excess of 30% since 2008. Currently, the U.S. market is in balance with the steady Norway and Chilean Atlantic production. **Entegra's salmon pricing through Slade Gorton has been flat in 2012 with no large fluctuations expected for the rest of the year.**

The U.S. shrimp market remains steady. Current inventories are winding down but the new spring production is right around the corner ensuring continued supply. Asian production is forecast to grow, particularly in India and Vietnam where there are higher profit margins. Indonesia will also remain a strong source along with Thailand as the leader. The Asian shrimp market continues in the same lackluster manner of the last several months. Buoyed by declining production costs, shrimp production is projected to grow particularly for Vannamei – a farmed white shrimp. **Entegra's July 2012 raw white shrimp prices through Slade Gorton were 2% higher than the same period last year and nearly 10% higher than June 2012.**

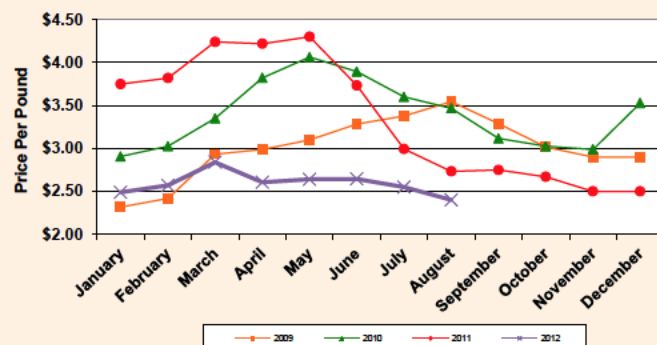
High prices continue to slow demand for canned tuna in the U.S. market. According to the Bureau of Labor Statistics (BLS) canned seafood prices increased nearly 10% since 2010. Consumers are resisting the price increases as evidenced by the decline in canned tuna imports into the U.S. The BLS reported that in 2011 canned tuna

imports declined 6% in quantity but increased 9% in value year over year. In the first quarter of 2012, canned tuna imports were down nearly 32% from the previous year. High prices are also impacting the non-canned tuna market as U.S. imports declined 14% in 2011 compared to the previous year. Tuna prices are expected to remain firm supported by declining catches and rising fuel costs. **Entegra's Slade Gorton tuna prices increased 12% in July 2012 and were nearly 70% higher than the same period last year. Entegra's Mitsui tuna prices increased another 5% in July 2012 and are 10% higher than last year.**

*Sources: FAO, Slade Gorton, Intrafish, Urner Barry, Globefish*



UB Salmon, Northeast Atlantic, Wholefish, Fresh, FOB Northeast, 10-12 Pound





# Plastics & Paper Report

Market Price Trends

Resin and Paper Commodity Markets	Jul-2012 vs. Jul-2011	Jul-2012 vs. Jan-2012	Jul-2012 vs. Jun-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Oct 2012 (+) 3 months	Jan 2013 (+) 6 months	Apr 2013 (+) 9 months
Recovered Fiber Paper (Napkins, Paper Towels, etc.)	↓	↑	↑	↑	→	→
PET (cups)	↓	↓	↓	↓	↑	→
Polypropylene (cups and containers)	↓	↓	↓	↑	↑	↑
Polystyrene (plastic ware)	↓	↑	↓	↓	↓	↓
PVC (film)	↓	↓	↓	↓	→	→

The trend information reflects the market; It does not reflect entegra Price Trends.

Following rising prices through the first quarter of 2012, prices for polypropylene, polystyrene and Polyvinyl Chloride (PVC) have declined during the second quarter. As of July 2012, polystyrene prices are flat compared to last year. Raw material costs have declined thus pushing product prices downward as well. Benzene, a building block for polystyrene, experienced weakened prices during the second quarter exerting a downward pressure on the polystyrene prices. Declining ethylene prices and a sluggish global demand pushed PVC prices downwards during the second quarter. Market prices are expected to increase during the third quarter of 2012 driven by increasing crude oil prices. Prices through the end of 2012 will be firm to slightly higher. Any weather disturbance in the Gulf of Mexico will have an immediate effect on prices as production will be impacted. **Entegra's PACTIV contracted prices for disposable containers and cutlery increased 6% in July 2012 driven by polystyrene formula**

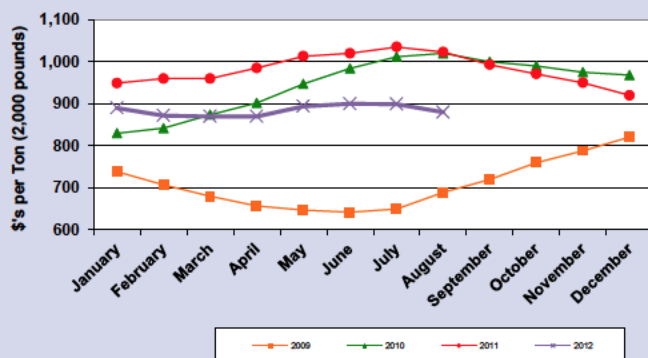
**prices. These prices are expected to remain firm through the end of the year when prices could decline slightly going into 2013. Entegra's Berry contracted prices for can liners are expected to decline 5% in August 2012 driven by declining low density polyethylene prices.** World demand for recovered fiber is slowing down as mills have sufficient inventories. Chinese mills continue to buy their contracted orders without any additional purchases to impact the

market in an immediate way. This has contributed to the lower prices across the U.S. Canadian and Mexican markets have also experienced declining demand as mills have sufficient inventories. **Entegra's recovered paper prices through SCA declined 8% in July 2012. Prices could increase through the end of the year as the fiber markets are expected to recover slightly.**

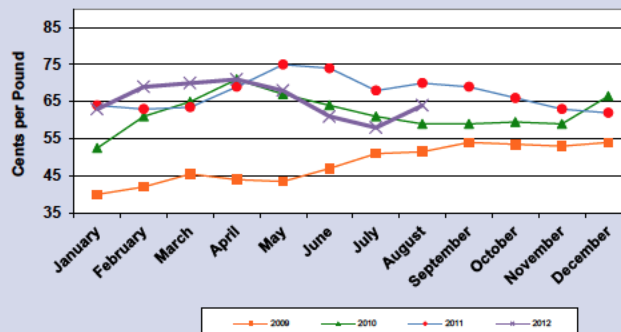
Sources: CD, CMAI, RISI, Platts.com, Vendors



Wood Pulp



High Density Polyethylene Injection Mold Price

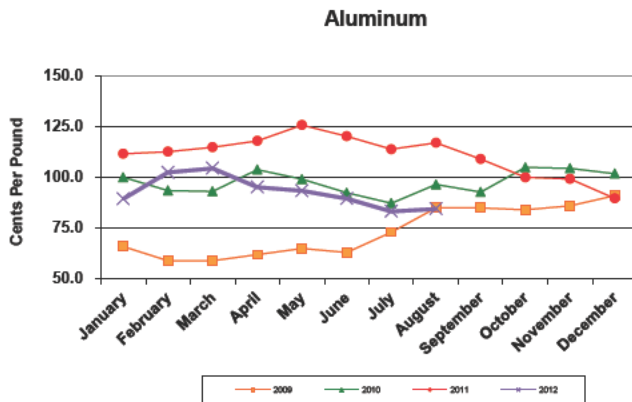


# Metals Report

## Aluminum

The U.S. domestic demand and production increased during the first half of 2012. The Aluminum Association, a U.S. based organization that represents global primary producers of aluminum, aluminum recyclers and producers of fabricated products, reports that aluminum demand increased 7.5% during the first quarter of 2012 compared to the same period last year. Demand is driven by the transportation and electrical sectors as the use of electrical wire and cable used in building applications and electrical transmission increased 28% during the first four months of 2012.

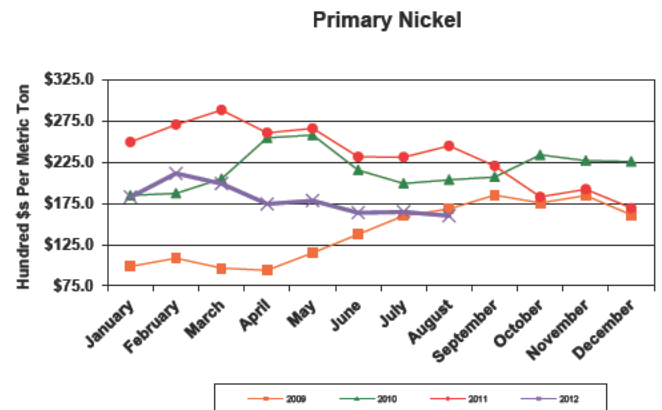
Global aluminum prices remain low at \$1,925 per ton in July 2012, slightly above the June 2010 low of \$1,880 per ton. Producers are cutting back production as they are losing money at the current low prices. However, market analysts anticipate that the production cuts will force prices upwards and global demand is expected to grow. **Despite a 0.5% increase from January 2012 prices, entegra's aluminum foil prices through Packaging Dynamics declined slightly by 1%, in July 2012 compared to the same period last year. Pricing is expected to remain steady for the remainder of the year.**



## Stainless Steel

Global crude steel production is forecast to grow nearly 4% in 2012 compared to the previous year. MEPS (International), a leading consultancy company operating in the steel sector worldwide, projects growth in the U.S. market and the rest of Europe to drive the increase in production as the European Union output is anticipated to decline slightly. **Entegra's stainless steel product prices through Edward Don were 3% lower in July 2012 over the same period last year. Although market prices are expected to increase, entegra's prices are expected to remain flat for the remainder of the year.**

Source: Aluminum Association, Reuters, Propurchaser.com, IMCO

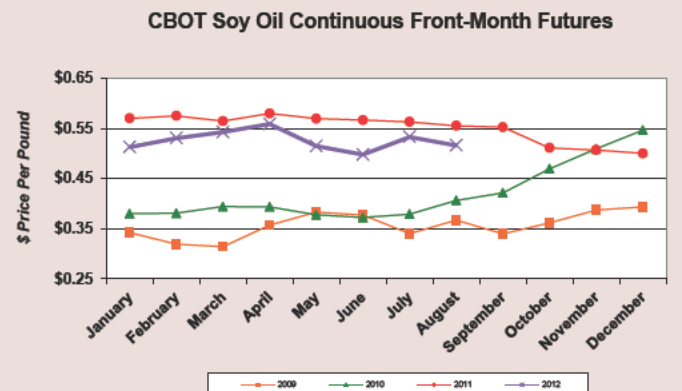


## Edible Oil Report

U.S. soybean prices are firm supported by declining supplies as the impact of the current drought conditions is yet to be determined. Despite a larger estimate for U.S. soybean acreage, the U.S. Department of Agriculture (USDA) forecasts the total supplies for 2012/13 to decline because of below-average crop yields. The current season has been unusually dry during a formative period for crop development. In anticipation of the tight U.S. supplies, soybean and soybean meal futures are trading at a premium. The USDA forecasts soybean prices to reach \$16.25 per bushel, an all-time high. For 2012/13, the USDA is forecasting a record high price for soybean meal at \$365-\$395 per short ton, well above the \$346 per ton in 2010/11.

Soybean oil prices declined during the second quarter of 2012 --even the prospects of tighter supplies has not helped relieve the price slump. Crude petroleum substitute prices are competitive, further weakening the soybean oil prices. The USDA lowered the 2012/13 domestic demand forecast by 200 million pounds this month to 18 billion pounds.

Global canola production is forecast to grow supported by increased Canada production. Canada's 2012/13 canola



production is forecast to increase 15% year over year, driven by increased acreage. Planted acreage increased nearly 13% over last year, a sixth consecutive yearly increase.

**In July 2012, entegra's Ventura oils prices were relatively flat compared to last year. Prices are expected to fall slightly in August and then increase the rest of the year being driven by soy oil prices. Market prices for soy oil might reach historical high levels over the next 12 months. In July 2012, entegra's salad dressing prices through Ken's Foods are 5% above the same period last year. Prices will remain flat over the next 12 months despite the increasing oil markets.**



# Labor Report

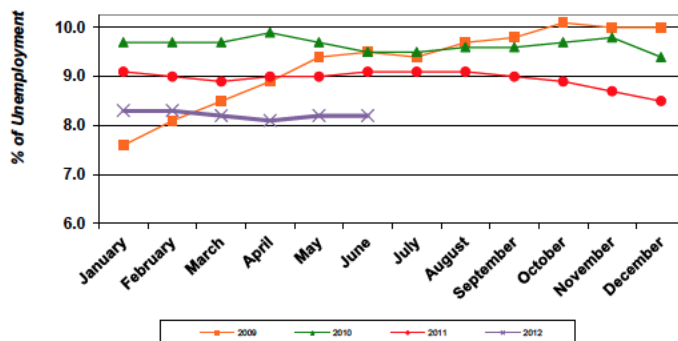
Nonfarm payroll job growth slowed down during the second quarter of 2012. The monthly average for the second quarter was 75,000 new jobs compared to the first quarter monthly average of 226,000 new jobs. Employers remain cautious about adding full-time employees in the midst of the uncertain economic and political climate thus the temporary employment remains stable over the past year with a subtle upward trend. The unemployment rate remained at 8.2% in June 2012 as nonfarm payroll increased by 80,000 new hires and the total number of unemployed persons was essentially unchanged at 12.7 million.

Professional and business services accounted for over 58% of the 80,000 jobs created in June with temporary help services recording 25,000 jobs of the professional and business services increase. Manufacturing employment continues its steady growth accounting for over 11,000 new jobs in June although it is much lower than the 41,000 jobs per month during the first quarter. Employment in other

major industries, including mining, logging, construction, retail, hospitality and leisure showed little or no change during June.

Source: BLS, *The Employment Situation*, Kelly U.S. Talent Market Monthly

Seasonal U.S. Unemployment Rate



# Linen Report

Despite the current drought conditions, the 2012/13 U.S. cotton production forecast is expected to grow nearly 9% from last year's 14.6 million bales. The increase is driven by a larger harvested acreage compared to last year. The U.S. Department of Agriculture (USDA) forecasts a 600,000 bale growth in the 2013 domestic demand estimate. U.S. exports for 2012/13 are also expected to increase 300,000 bales. Despite total global cotton trade being projected as smaller in 2012/13, U.S. exports are expected to grow, supported by less competition from other leading cotton producing countries.

World 2012/13 cotton production is forecast to decline 7% at 113.8 million bales from the previous year. The combined effect of rising production costs and weak global cotton prices is forcing growers to reduce acreage for other profitable alternatives. The harvested area in both China and India is expected to decline double digits in the 2012/13 season compared to last season's harvested area in the two countries.

Global cotton consumption is expected to rebound in the 2012/13 season despite China's 4% projected decline. China continues to hold cotton surplus in its national reserves creating a balanced supply for the rest of the world.

Sources: USDA



Market Price Trends

Linen Commodity Market	Jul-2012 vs. Jul-2011	Jul-2012 vs. Jan-2012	Jul-2012 vs. Jun-2012	Market Prices Are Trending		
	(-) 12 months	(-) 6 months	Last Month	Oct 2012	Jan 2013	Apr 2013
Cotton	↓	↓	↓	→	→	→

The trend information reflects the market; It does not reflect entegra Price Trends.