

FLOUR FACTS

Information Provided by General Mills Professional Baking Solutions

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Weekly Market Highlights

OCTOBER 11, 2012

- Wheat futures prices are higher this week. Basis levels advance as well.
- USDA supply and demand report was released today. 2012-2013 U.S. carry out was lowered by 44 million bushels, mainly due to increased feeding of wheat.
- Global wheat supplies were lowered 6.2 million tons. This is attributed to lower production from Russia, Europe and Australia.
- U.S. corn yield estimates were lowered to an average of 122 bushels per acre. Corn harvest is making progress and staying far ahead of average for date.
- As of Sunday, winter wheat plantings were at 65% completed in Kansas, close to the 5 year average of 61%.

Facts on Flour

Flour Quality

Quality of flour is defined by its ability to consistently perform in the production of a finished baked good. The ultimate quality test is completed when the baker uses the flour.

Because there are a limitless number of baked goods that can be derived from single flour, it is an impossible task for the miller to test every application. Millers, therefore, rely on a few standardized baking applications. Tests are completed based on the application that best suits the particular flour.

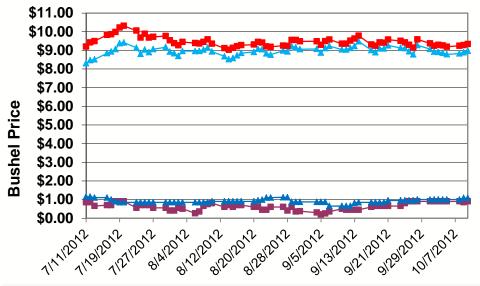
Patent bread flours will be tested in pan breads, high gluten flours in hearth breads, cake flour in high ratio cakes, etc. The test methodology, formula and conditions are all controlled and kept constant. The only thing that changes is the flour that is used.

The miller will record such measurements as loaf volume, crust color, crumb color, texture, etc. This way the miller is able to determine the effect of the flour on the performance of the finished baked good and make any necessary adjustment to maintain consistency.

Other tests that assist the miller in determining flour quality will be discussed over the next several weeks.

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Futures & Basis Markets



Spring 15% Basis (from MarketFax No.1 Northern Spring)

Mpls Future

KC Future

Winter 13% Basis (from MarketFax No.1 hard winter)

Flour pricing consists of a combination of Wheat futures prices and Basis Premium prices per bushel. Information contained on this chart closely resembles Gold Medal All Trumps, Mpls. Future + 15% Basis, and Harvest King, KC Future + 13% Basis. This chart does not reflect changes in millfeed values.

This Chart is meant to indicate Market Direction Only.

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