



FLOUR FACTS

Information Provided by General Mills Professional Baking Solutions
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Weekly Market Highlights

FEBRUARY 14, 2013

- Wheat futures prices have dropped about twenty cents per bushel this past week. Some rain reached the hard red winter wheat crop, but much of Kansas was missed.
- Forecasts seem to call for better moisture across the drought stricken areas beginning next week.
- The USDA forecast world wheat ending stocks lower than last year, but supplies are still seen as ample.
- Fund money is being reallocated from commodity markets, and China is on Holiday, removing some of the market's support.
- We expect a quiet to lower market short term, and are hoping for rain.

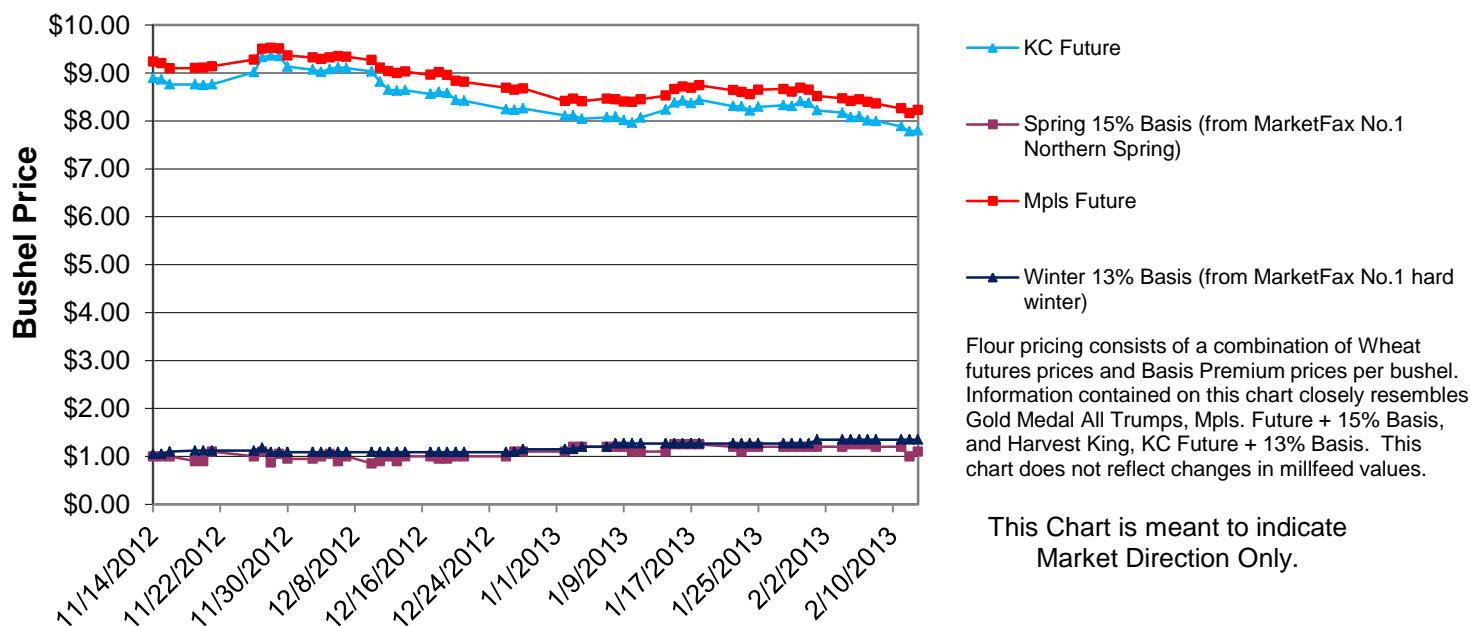
Facts on Flour

The impact of millfeed.

Have you ever looked in the wall street journal and saw 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



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Experience inspires confidence.

