S. Sherman Associates

Food Industry Executive Summary

**Inflation**

• The March 2013 Consumer Price Index (CPI), a retail based price index for all food, rose 1.5% over the previous 12 months.

• The Producers Price Index (PPI) for manufactured

foods, a cost-based index, declined 0.6% in March 2013 following two successive months of increases.

**Beef**

• 2013 U.S. beef production is trending below last year

putting upward pressure on prices.

 • Cargill stew and beef cubes and strips

increased 12% higher in April 2013 from the same

period last year driven by seasonal demand.

• Cargill beef category prices were nearly 3%

higher in March 2013 supported by a smaller herd and

strong international demand.

**Beverages**

• Coffee prices continue declining suppressed by improved supplies in South and Central America.

• Orange juice prices are firm, supported by reduced

supply estimates, as crop is decimated by disease.

**Dairy**

• 2013 milk production is trending lower than last year

driven by a smaller herd and lower milk per cow

production.

• U.S. egg and egg product shipments are higher than

last year despite lower egg production through the first

quarter.

• Great Lakes natural cheese prices increased

6.8% effective May 2013.

**Grains/Ingredients**

 • U.S. domestic rice production is set to decline driven by shrinking acreage.

• Sugar production is expected to grow nearly 7% above last year.

• Corn prices slumped driven by higher than expected stock supplies.

**Oil**

 • U.S. soybean prices remain suppressed despite tight

supplies.

• Global soybean supply is forecast above last year

supported by better production in South American

countries.

**Pork**

• General pork prices are suppressed supported by

sluggish markets and over supply.

 • Despite a 3% increase in March, in April 2013, entegra’s

Farmland ham and deli prices were 8% lower than April

2012.

• In April 2013, Farmland bacon prices were

10% higher than the same period last year.

**Poultry**

• Broiler prices are trending upward supported by lower

cold storage stocks.

• Turkey supplies are high and putting downward pressure on prices.

 • Jennie-O turkey prices were over 12% in April

2013 from a year ago, but should be trending lower

through 2013 driven by lower feed prices and higher

stocks.

**Seafood**

• Shrimp prices are firm supported by strong demand and declining supplies.

 • Mitsui Foods canned tuna prices increased 35%

in April 2013 compared to the same period last year.

• Contessa Shrimp prices increased nearly 3% in

April 2013 compared to last year.

**Paper & Plastics**

• Polyethylene Terephthalate (PET) prices continue to decline supported by high inventories and declining input costs.

 • In April 2013, film roll prices through Pactiv and

Berry Plastics declined 10% and 2%, respectively, from the same period last year.

• Although flat to last December, SCA tissue prices

in April 2013 declined over 4% from a year ago.

Metal

 • In April 2013, Packaging Dynamics aluminum

foil prices were nearly 7% lower than last year.

• IMCO prices are expected to remain flat

through the second quarter of 2013.

**Linen**

• U.S. cotton production is forecast to decline driven by reduced

acreage 2013 as farmers opt for more lucrative crops.

• U.S. cotton prices farm price estimates are the lowest in three

years.