

EXECUTIVE SUMMARY

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.

Inflation

- The fourth quarter of 2013 continued with low year-over-year inflation measured by PPI - Food.
- Entegra does not anticipate any material spike in the inflation in the short- term.

Labor

- The unemployment rate declined from 7% to 6.7% in Dec. 2013.
- The labor market is continuing to strengthen into 2014.

Beef

- Beef production is currently lower than last year and is expected to decline further into 2014.
- Potential for higher beef prices driven by lower supply is possible in 2014.

Beverages

- Coffee prices remain significantly below last year's—driven by excess supply from Brazil. Higher prices are expected in 2014.
- Juice markets are well supplied due to positive weather trends across the U.S.

Dairy

- Milk production remains high but is being stressed by recent cold weather and U.S. exports.
- Cheese and butter inventories are well stocked to meet consumer demand.
- Egg prices are lower than last year—driven by favorable feed prices.

Grains/Ingredients

- Wheat prices are expected to trend higher due to the recent U.S. Government shutdown and low inventories.
- Corn prices are expected to remain flat in the first quarter of 2014.
- Sugar and Rice prices are expected to remain flat.

Oil

- Soybean prices are rising but are not impacting overall oil prices which are below last year's levels and are expected decline even further in 2014.

Pork

- Pork production is picking up into 2014 and should help lower 2014 overall pork prices.
- Bacon prices are still high but are expected to recover in 2014 due to an expected increase in supply.
- Ham demand remains strong and the prices are expected to remain firm to lower in 2014.

Poultry

- Chicken breast, wing and leg quarter market prices are expected to remain well below 2013 levels throughout the winter.
- Turkey prices will be impacted by lower feed prices and is expected to decrease into 2014.

Seafood

- Shrimp prices have spiked significantly due to import shortages. Prices are expected to remain elevated into 2014.
- Salmon and tilapia prices are above last year's levels while cod pricing is more attractive.
- Tuna prices have declined compared to last year.

Paper & Plastics

- Weakened paper markets have driven disposable paper prices lower in 2013, but prices look to rebound.
- Plastic markets were generally elevated in 2013 and could trend lower in 2014.

Metal

- Pricing on aluminum finished products will remain flat or only slightly higher until the end of 2014.
- Stainless Steel products are expected to experience a minimal increase in price in 2014.

Linen

- The uncertainty of direction of the China Cotton Reserve Policy could drive cotton prices higher in 2014.
- Consumer demand is continuing to be strong. However, recent adverse weather conditions could change the production of cotton during 2014.