

## **Program Updates: May 1, 2014**

### **Food and Related Supplies Pricing Changes**

#### **Allied Philly Steaks [Category Increase +25%](#)**

Sharp price increases and record high beef pricing has been occurring for several quarters. Our program has allowed our price to hold steady since October. Our contracted pricing is now catching up to current market conditions (scroll down to read more about beef pricing).

#### **Diamond Crystal (Sugar) [Category Decrease -5%](#)**

Mexico has started exporting low-grade sugar in abundance due to subsidies received from the government. There is so much sugar available that the USDA is investigating to ensure high enough quality. This activity from Mexico has caused a glut of sugar in the supply chain, causing prices on #11 and #16 raw sugars to fall to their lowest levels.

#### **Nestle Professional Vitality Foodservice Shelf stable dispensed juices [Category Increase +5%](#)**

Nestle is increasing the price of their Ambient 3-Liter dispensed flavored water products by 5% (\$2.00 per case). Although Nestle has kept our prices unchanged for several years on these products, this price adjustment is now necessary due to the steeply rising costs of several key ingredients, including: Sucralose (used as a sweetener), natural juice flavorings and packaging (corrugate/resin).

#### **Waddington North America (WNA) Caterware (Rigid Plastic Plates and Bowls) [Category +4%](#)**

WNA prices are heavily impacted by resins for which costs have increased more than 20% since our last price change for caterware (three years ago) and kits (more than a year ago). The cost increases for polystyrene and polypropylene have resulted in an average price increase of 4% for the category.

### **Commodity Driven Contracts**

The contracts below are formula-based; reflect the markets and change monthly or quarterly. We will not always provide an explanation for pricing changes, as the pricing of these programs continually ebbs and flows with the markets. A yearlong snapshot of pricing gives the most appropriate view of the benefits associated with entegra's negotiated pricing, and the monthly pricing reflected does not portray the full year benefit. However, we do want to keep you informed so you can make menu and pricing adjustments as appropriate for your operations.

#### **Beef**

Ground Beef - [Category Increase +1% - 2%](#)

Whole Muscle Cuts - [Category Increase +6.4%](#)

Supplies of market-ready cattle remain VERY tight and supplies will continue to be tight through May, and potentially much longer. The reduction in boneless beef inventories as we approach spring and summer

weather is a collective effort to retain cows and grow the beef cow herd—not a good thing for boneless beef output and supply this year. Further, lower steer and heifer slaughter is keeping raw materials for ground beef supplies very tight. In spite of spiking prices, foreign demand and exports continue to be strong putting further pressure on current domestic supplies.

## **Chicken**

Overall prices are going up 5%. The increases are led by boneless raw at 11% and breaded tenders at 9%.

Increases are driven by surges in grain and energy prices, as well as reduced supply due to the bad weather in the winter. Most chicken is produced in the SE US and there were several storms and cold which destroyed birds, disrupted transportation and affected raw material for several weeks. Prices will continue to climb through the summer.

- Bone In Breaded—No change
- Bone In Raw—Category Increase +6.5%
- Breaded Boneless Breast—Category Increase +2.7%
- Nuggets and Patties—Category Increase +4.7%
- Raw Boneless: Category Increase 11.2%
- Pulled and Diced—Category Increase +2.6%
- Cooked breasts and breast strips—Category Increase +4.3%
- Breaded Tenders, Popcorn and Boneless Wings—Category Increase +9.4%
- Wings—Category Increase less than 1%

## **Cheese Updates**

Schreiber—Category Increase +4.9%

Great Lakes—Category Increase +0.7%

Schreiber increased due to importing product from the US which is driving up costs.

## **Farmland Foods**

- Raw and Cooked Bacon – Category Increase +5.3%
- Breakfast Sausage and Whole Hog Sausage - Category Increase +6.7%
- Ham and Deli Meats - Category Increase +3.2%

- Fabricated Pork (i.e. Loins Butts, Chops and Tenderloins) - Category Mixed (Loins and Chops are down 5% and Butts, Diced and other Fabricated items are up 5%)
- Hot Dogs, Sausage, and Pizza Toppings - Category Increase +4.4%
- Fresh Pork (Ribs) - Category Flat to Slightly Down

Porcine Epidemic Diarrhea (PED) virus continues to be the main concern. This concern is causing breeders to hold back breeder pigs and hogs to produce higher weight carcasses to offset the loss in overall herd numbers. The sharp run-up in pork and beef prices has caused the market to be unstable based on futures speculation, and end-users looking to stock pile supplies ahead of increased pricing. Pricing increases were not as sharp for May as they were for April, so the indication is that there could be some relief coming especially for Bacon and Sausage next month. There is ongoing uncertainty about pork supplies and until we get a better idea of what supplies will look like through the summer, it is best to be conservative and budget for record high prices May through July.

Kraft Foods (Cream Cheese) Category Increase +5%

The milk and butter commodities have been rising because markets like China are not able to produce enough to cover their needs. They are importing products from the US which is driving up costs.

Ventura Foods (Bulk Margarine) Category Increase +0.33%

Ventura Foods (Oil, Shortening) Category Increase +.82%

CONTRACT UPDATE: May 1, 2014