

Pricing Updates: June 1, 2014

Peanut Butter Category Decrease -5%

Last year, due to crop shortages, the price of peanut butter skyrocketed. As a result, consumer demand declined. Pricing is now recovering with this current decrease as both crops and supply are increasing.

Ice Cream Category Increase +4.1%

This pricing adjustment is being driven by the increased costs in Class II Skim, Butterfat and Nonfat Dry Milk.

Liquid Coffee - Category Increase +11

This price increase is being driven by significant increases in the green coffee market.

Bakery- Average Increase +7% Effective June 30, 2014

Regional Bakery pricing adjustments are a result of increased wheat and flour costs as well as increased costs for cocoa and packaging.

Cheese Updates

- Schreiber Foods, Inc. (Processed Cheese) Category Decrease -5.2%
- Great Lakes (Natural Cheese) Category Decrease -0.8%

Some of the recent pricing declines have come as a result of growing milk production and weakening prices outside the US. Also, the recent declines have now brought cheese prices down to a level where buyers feel more comfortable with owning product.

Pork Products

- Raw & Cooked Bacon - Category Decrease -13.9%
- Breakfast Sausage & Whole Hog Sausage - Category Decrease -6.9%
- Ham & Deli Meats - Category Flat to slightly down

- Fabricated Pork (i.e. Loins, Butts, Chops & Tenderloins) - Category Decrease - 2.7%
- Hot Dogs, Sausage, & Pizza Toppings - Category Decrease -6.0%
- Fresh Pork(Ribs) - Category Decrease -3.1%
- Bacon - Retailers have stopped placing bacon in ads as they have finally adjusted to every day pricing being up to account for increased costs. Higher costs have slowed down purchasing which has relieved some of the strain on bacon supply. When hog weights decrease from summer heat and supplies tighten from PED virus cases realized last fall/winter, expect prices to rise again. (PED is a digestive condition that causes piglet mortality therefore impacting the hog population and pork supply.)
- Hams - Mexico is heavily importing hams to compensate for the recent spread of PED virus in their domestic herds. Typically, hams drop off around Easter and into early summer but Mexico is supporting higher steady prices.
- Loins - Relaxed pricing is due to concerns over supply. This is leading to fewer retail ad features for holiday weekend and into summer grilling season.
- Overall, retail did not feature very many pork cuts, if any, going into the holiday weekend which has provided some relief on supply which in turn has put downward pressure on market prices. As the summer months heat up, hog weights will cease to increase at the rate recorded lately and prices will climb upwards. PED virus is still spreading while not as aggressively as it did in winter and spring months. That previous spread is now affecting total head counts as they come to market in August-October. Once supplies tighten, markets will adjust up.

Poultry

Boneless skinless breasts are up between 5 to 10%. This is due to decreased supply, a result of winter storms and lower chick placements. It is also a result of increased demand as consumers shift away from beef and pork due to historical high prices, to chicken. Turkey is and remains VERY strong.

- Bone in Breaded: No Change
- Bone in Raw: Category Increase +2%
- Breaded Boneless Breast: No Change
- Breaded Nuggets and Patties: No Change
- Raw Boneless: Category Increase +6.8%

- Pulled, Diced and Cooked Strips: No Change
- Breaded Strips: No Change
- Cooked Unbreaded Breasts and Patties No Change
- Wings: Category Decrease -0.3%
- CVP: Category Increase +3.2%

Cream Cheese Category Increase +2.8%

Breaded Shrimp Category Increase +10%

This is the first increase in breaded shrimp in over a year. Replacement costs for shrimp are still high due to Early Mortality Syndrome issues in farm raised products. In general, shrimp prices are expected to come down over the summer as the industry continues to grow capacity.

Bulk Margarine Category Increase +0.4%

Oil, Shortening Category Increase +0.8%