**EXECUTIVE SUMMARY**

**JU LY, AUGUST, SEPTEMBER 2014**

# GENERAL INFLATION



* We expect a continued trend of higher inflation throughout 2014’s third quarter, but expects it to slow down compared to the second quarter.

**BEVERAGES**

* Coffee prices remain significantly higher than last year. Supplies dropped due to a weather-related shortfall in Brazil.
* August 2014 orange juice prices were at their lowest level for the year, but remained higher than 2013 levels.

# DAIRY

* Milk prices are at record high levels due to reduced supply and are anticipated to trend lower towards the end of 2014.
* Cheese prices saw some relief in the second quarter, but are still significantly higher than last year’s levels.

# Contracted prices for processed eggs are 4% lower than last year, but are 2% higher than April 2014. They could trend higher in 2014.

**BEEF**

* Beef prices should remain at record high levels through the spring of 2015 driven by continued tight supplies.

# Ground beef and roast beef are significantly higher than last year and will likely remain firm into 2015.

**PORK**

* The Russian embargo on U.S. and Canadian pork products is expected to increase domestic pork supplies. This could help drive prices lower.

# Pork prices are expected to trend lower with the market and fall below 2013 levels.

**POULTRY**

* Higher poultry production and possible benefit from the Russia embargo will be offset by lower inventory levels and higher demand.

# Chicken breast prices are expected to remain firm, except for the prices of wings, which are increasing due to demand.

* Turkey prices are at a 20 year high in the turkey market.

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**SEAFOOD**

* Shrimp prices saw some relief in the second quarter of 2014 compared to the January 2014, but are still significantly higher than the 2013 levels.

# Tilapia prices began falling in early June. Further declines are expected in the next few months.

* Tuna prices are trending higher after being depressed for over a year.

# GRAINS / INGREDIENTS

* Corn and wheat prices are trending lower than the second quarter of 2014 because of better-than-expected harvest conditions.
* Rice prices remain flat to slightly higher in 2014. Lower global supply is anticipated with the current year crop, which should trend prices higher into 2015.
* Sugar prices are expected to trend higher driven by tightening supplies.

# OILS

* Supply of domestic beans has a bright outlook due to favorable weather in the U.S. Midwest.
* Soybean prices will depend on the effects California drought has on production.
* Canola prices declined in second quarter of 2014 and additional declines are expected in the third quarter.

# PAPER/PLASTIC

* Recovered paper demand, particularly in China and India, should grow while supply from North America and Europe is expected to be flat or diminish. This will drive prices higher into 2015.

# Plastic prices are trending higher, driven by tight supplies.

**LINEN**

* August 2014 cotton prices declined by nearly 20% compared to August 2013 prices.
* Changes in China’s stockpiling policy, sharp decline in the import demand and rising end stocks in the U.S. have caused bearish sentiments in global cotton prices.
* Synthetic industries are producing artificial cotton fibers, which affect the current demand and the market share of the cotton industry.

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