



FLOUR FACTS

Information Provided by General Mills Foodservice
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Weekly Market Highlights

MARCH 19, 2015

- Wheat futures prices traded in all directions this week, but are currently valued more than ten cents per bushel higher.
- We have seen some softness in the spring wheat basis, but the winter wheat basis is higher.
- Hard red winter wheat could continue to find support until more is known about the new crop. Crop conditions dropped 5% in Kansas last week, there is a lack of movement to market as farmers will be reluctant to sell until they can better gauge the potential of their developing new crop.
- There is no question that this year's winter wheat crop could use some good soaking rain.
- We expect futures prices to continue to be volatile and basis premium prices to move higher when and if futures fall too low to draw wheat to market.

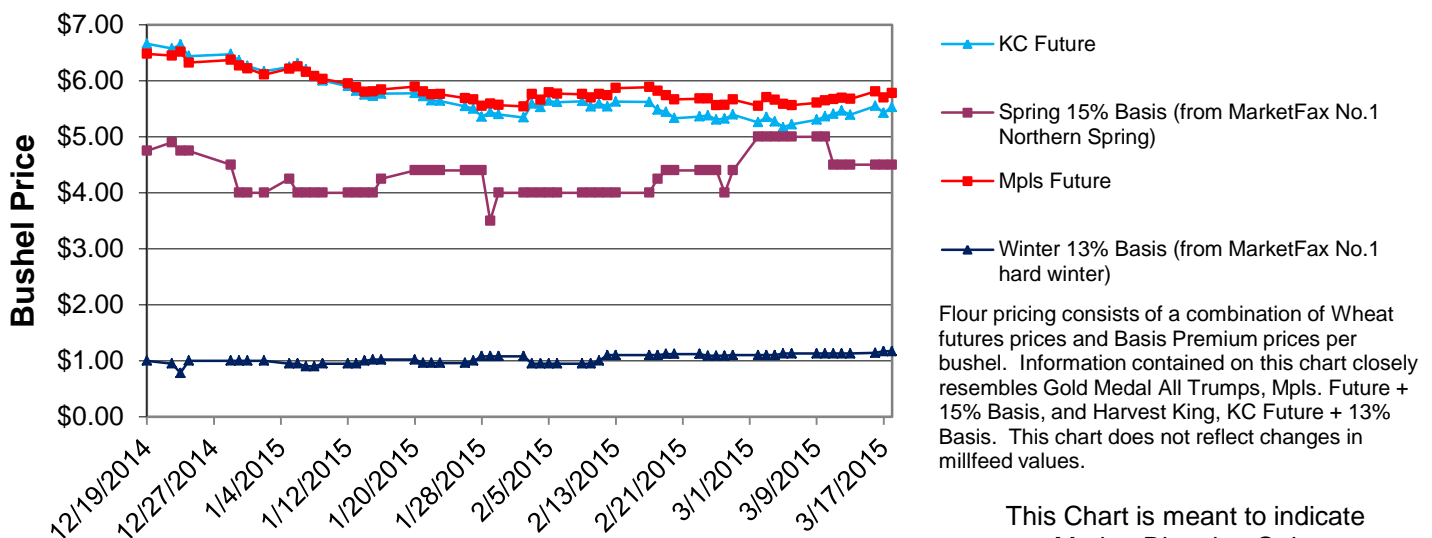
Facts on Flour

The impact of millfeed

Have you ever looked in the wall street journal and saw the futures price of wheat falling but the price of flour remains the same or even rises? Part of the reason can be falling millfeed pricing. When we mill wheat we utilize the entire wheat kernel, approximately 75% is flour but the remaining portion is sold as animal feed. This animal feed or millfeed as we call it competes with other feed ingredients such as corn. If corn prices are low (almost half of all corn grown is used as animal feed) millfeed prices will also be low. That "credit" that we get by selling the millfeed will not be as great thus forcing the price on the flour to go up. Conversely if corn, or other feed ingredients are higher priced we get a better millfeed recovery which offsets more of the price of the wheat thus lowering flour prices.

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Futures & Basis Markets



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Experience inspires confidence.

