

# THE FOOD INSTITUTE REPORT



84th Year No. 25

www.foodinstitute.com

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## FI UNVEILS NEW PRICE TRACK INDICATOR

### HIGHER FOOD PRICES PROJECTED THROUGH AUGUST

The Food Institute projects that retail food prices will move higher through August of this year versus a year ago, based on recent trends in wholesale food prices. "After almost 18 months of incurring higher prices at the wholesale level, the nation's retailers have started passing along those increases to consumers," commented Brian Todd, president and CEO of the Food Institute. "Retail food prices are projected to increase by about 4.5% by August compared to a year earlier when retail food price inflation was less than 1%."

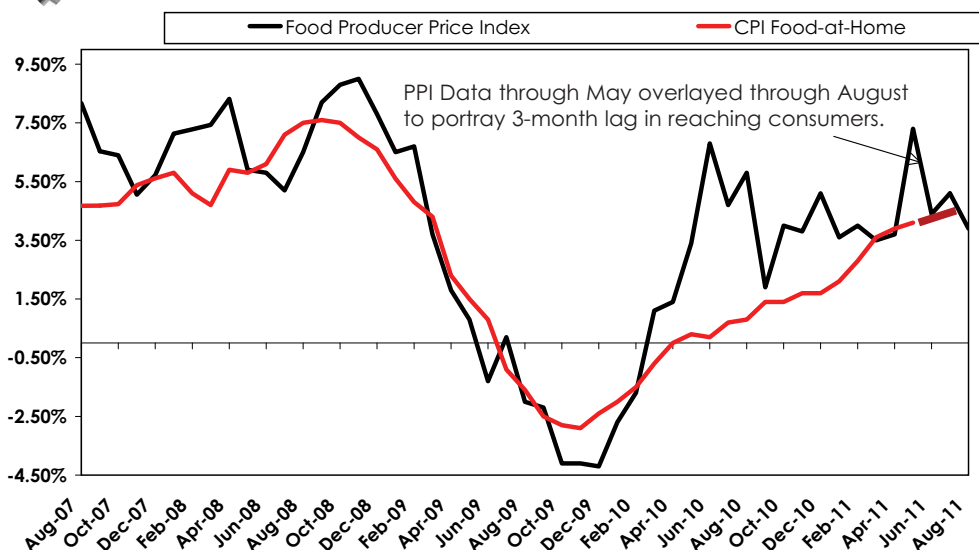
The Food Institute has been tracking wholesale and retail prices for decades and this month marks the launch of the Food Institute's new *FI Price Track* that will be released around the 20<sup>th</sup> of each month, projecting where consumer food prices are headed. Using data from the Consumer Price Index reflecting retail prices and the Producer Price Index as indicators, each month

(See **FI PRICE TRACK** on page 7)



### Retail Food Prices Headed Higher Based On Wholesale Trends

(Source: Food Institute analysis of Bureau of Labor Statistics data)



### DAILY DEALS MORE PERVERSIVE, BUT VALUE QUESTIONED

More consumers are signing up for, receiving, purchasing and utilizing daily deals from sites including **GROUPON**, **LIVINGSOCIAL** and **OPENTABLE**. Businesses see deals as a way to attract new customers and spread the word about services and offerings, while consumers view them as a way to save money and in certain cases try a new establishment. Women use daily deal vouchers and coupons on dining out (92%) and grocery shopping (88%) most often, according to a study by **EVERSAVE**. About 83% of women use daily deal sites.

Altogether, about 44% of consumers use or search daily deal websites, according to the *Local Deals Survey* released by **PRICEGRABBER**, a part of **EXPERIAN**. Some 63% of consumers receive email alerts from two or more local deal websites per day. About 78% report purchasing the deals because they like

saving money, while 19% view them as a way to try out an otherwise unaffordable offering. Consumers are beginning to grow somewhat wary of them, however; nearly 60% feel the daily deal industry is getting crowded with too many sites.

While daily deals remain sought after and discussed, various new entries and consumer burnout will make it difficult for any one site to stand out over time, according to a study conducted at **RICE UNIVERSITY**'s **JONES GRADUATE SCHOOL OF BUSINESS**. The study, *How Businesses Fare with Daily Deals: A Multi-site Analysis of Groupon, LivingSocial, OpenTable, TRAVELZOO and BUYWITHME Promotions*, found that 55.5% of businesses that posted a deal made

(See **DAILY DEALS** on page 2)

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**DAILY DEALS** (continued from first page)

money, 26.6% took a loss and 17.9% broke even. Some 48.1% of businesses indicated they would run another daily deal promotion, 19.8% reported they would not and 32.1% noted they were uncertain. Restaurants as an industry tend to underperform compared to other business types. About 43.6% of restaurants earned a profit from a daily deal and only 35.9% plan to run another one in the future.

**TECHNOMIC's** *Online Daily Deals Report* found that about 48% of deal buyers used the coupon at a restaurant they have not yet visited and 25% used it at a restaurant they visited once before. Some 67% later returned to the restaurant without a daily deal while 83% recommended the restaurant to family and/or friends. About 85% of consumers plan to continue to purchase online restaurant deals and 79% look forward to receiving them. About 34% posted a review of the restaurant on sites such as **ZAGAT** or **YELP** while 25% detailed the restaurant on their **FACEBOOK** page.

Industrywide, about 80% of consumers that purchased the deals were new customers that spent \$64.30 during their visit, according to the Rice University study. However, just 35.9% spent an amount larger than the value of the deal and only 19.9% came back to purchase goods at regular prices. Nearly 22% of deal purchasers never redeem vouchers they already bought. In order to make as much money as possible when running a daily deal, businesses should price the offer at \$50 or more with a discount of 25% or less. Short redemption periods, under three months, should also be instated. Consumers should only be able to purchase a few deals each.

**BIG Y** offered the first supermarket deal on Groupon in early June to users in the Springfield, MA market, reported *Supermarket News* (June 9). About 333 consumers purchased the deal, a 40% discount on a recently launched private label Shellfish Grill Pack. The deal was loaded on to buyers' loyalty cards; consumers have until Sept. 8 to redeem the deal. For more information on online deals, including how **GENERAL MILLS** fared with an offer on Groupon, see **FOOD INSTITUTE REPORT** May 2, page 4.

**DIGITAL TRANSFORMATION TO DRIVE CPG GROWTH**

Digital advancement is connecting billions of people across the world and giving consumers a voice – transformations that will allow CPG companies to manage themselves more effectively and efficiently drive growth, according to *Thriving in a Connected World*, released by the **GROCERY MANUFACTURERS ASSOCIATION** and **PRICEWATERHOUSECOOPERS LLC** (PwC). The CPG atmosphere remains challenging and companies must explore all avenues to drive growth. Though food had a strong year in 2010 - median sales per employee grew nearly 10% - there were signs of a challenging environment versus other sectors. Net sales growth did not improve to the extent that it did for beverage and household products sectors as consumers continued to purchase less costly items in the sector, notably private label, on a regular basis. (For the latest data on private label, see page 3.) The beverage sector continued to perform well, registering a gross margin increase (43.1% to 47.1%) and net sales growth.

Attitudes on digital inroads are beginning to shift. "Just a few years ago, digital information meant one thing to senior executives – risk," stated Susan McPartlin, PwC's Retail and Consumer Industry Leader. "However, companies are no longer just thinking 'defense,' they are using the digital data to advance their competitive position, help improve all aspects of operations and get smarter about international expansion plans."

Companies looking to implement digital devices in their workplace should keep three things in mind: *mobility on the floor*, where workers use their digital devices for instant information; *in the field*, where mobile employees can make decisions on the spot with their devices and *in flight*, where sales representatives can use mobile technology to monitor activity, thereby increasing productivity.

Many CPG companies are not attuned to China and other emerging markets, noted the report. Going online will allow companies to learn more and bridge the gap.

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**PRIVATE LABEL SALES INCREASE IN 2010**

Private label products posted \$88.5 billion in sales last year across all segments, according to **PRIVATE LABEL MANUFACTURERS ASSOCIATION's** (PLMA) *2011 Private Label Yearbook*, which uses data from **THE NIELSEN COMPANY**. The category registered sales increases in supermarkets, drug stores and total outlets last year, pushing dollar market share to record-breaking highs. In total outlets – including U.S. supermarkets, drug stores and mass merchandisers, including **WAL-MART** – store brand sales increased by nearly 2% while dollar share advanced by almost half a point to a new record level. An estimated \$15 to \$20 billion in additional private label sales in channels that are not reporting to the Nielsen databases, such as warehouse clubs, limited assortment stores, convenience stores and dollar stores would likely have produced a total exceeding \$100 billion for 2010.

Sales of store brands went up over 2% in supermarkets, or by \$1.2 billion, accounting for 100% of the growth in the channel.

Private label sales increased almost 5% in drug stores to \$300 million, making up 60% of all incremental revenue in the channel. Over the past decade, annual sales of private label products increased 40% in supermarkets and 96% in drug stores. Private label at total outlets was up \$1.5 billion.

Store brands share of dollar sales advanced to a record 19.1% in supermarkets, and unit market share was 23.5%. In drug stores, store brands advanced in dollar share to 14.7% and recorded unit share of 16.2%. For total outlets, store brands dollar share rose to 17.4% and unit share came in at 21.8%.

Meanwhile, nearly 45% of consumers claim that the shaky economy motivated them to consider and purchase more private label food items, according to the **ALIXPARTNERS U.S. Food Products Survey**. "Price" and "quality" are the most important considerations for shoppers considering private label items, with more than 60% indicating that price is the most important factor.

**Top 20 Private Label Categories by Dollar Volume**

(Source: The Nielsen Company/Private Label Manufacturers Association)

Rank	Category	Category		
		Volume (Billions)	Volume (Billions)	Dollar Share
1	Milk	\$6.6	\$10.8	60.8%
2	Bread & Baked Goods	\$4.1	\$14.1	29.1%
3	Cheese	\$3.9	\$10.0	39.0%
4	Produce	\$3.1	\$14.5	21.3%
5	Paper Products	\$2.2	\$7.7	27.9%
6	Fresh Eggs	\$2.1	\$2.9	71.4%
7	Deli Dressings, Salads, Prepared Food	\$1.7	\$5.9	29.3%
8	Packaged Meats	\$1.6	\$10.7	14.8%
9	Frozen Meats & Seafood, Unprepared	\$1.5	\$3.3	44.8%
10	Canned Vegetables	\$1.3	\$3.7	35.4%
11	Frozen Vegetables	\$1.3	\$3.6	35.4%
12	Bottled Water	\$1.1	\$4.1	26.5%
13	Ice Cream	\$1.0	\$3.7	27.8%
14	Cereal	\$887.5*	\$6.7	13.2%
15	Carbonated Beverages	\$883.8*	\$12.1	7.3%
16	Condiments, Gravies & Sauces	\$870.8*	\$6.0	14.5%
17	Cottage Cheese, Sour Cream & Toppings	\$856.2*	\$2.2	38.6%
18	Snacks	\$825.5*	\$10.9	7.6%
19	Shelf Stable Juices & Drinks	\$818.4*	\$6.5	12.5%
20	Sugar & Sugar Substitutes	\$787.6*	\$1.6	50.6%

\* in Millions

**LATEST FINANCIAL REPORTS (000 OMITTED)**



	Current Year	% Change Year Ago
<b>BED, BATH &amp; BEYOND (UNION, NJ)</b>		
Qtr. To May 28:		
Sales:	\$2,109,951	9.7%
Net Income:	\$180,578	31.3%

	Current Year	% Change Year Ago
<b>CARNIVAL CORP. (MIAMI, FL)</b>		
Qtr. To May 31:		
Sales:	\$3,620,000	10.8%
Net Income:	\$206,000	-18.3%
6 Mos.:		
Sales:	\$7,039,000	9.2%
Net Income:	\$358,000	-16.2%

	Current Year	% Change Year Ago
<b>DEL MONTE FOODS CO. (SAN FRANCISCO, CA)</b>		
Qtr. To May 1:		
Sales:	\$951,200	-0.3%
Net Income:	(\$109,300)	-271.6%
Year:		
Sales:	\$3,666,100	-2.0%
Net Income:	\$118,300	-51.6%

	Current Year	% Change Year Ago
<b>KROGER CO. (CINCINNATI, OH)</b>		
Qtr. To May 21:		
Sales:	\$27,460,900	11.0%
Net Income:	\$432,300	15.7%

	Current Year	% Change Year Ago
<b>SMITHFIELD FOODS, INC. (SMITHFIELD, VA)</b>		
Qtr. To May 1:		
Sales:	\$3,116,400	7.1%
Net Income:	\$98,400	n/a
Year:		
Sales:	\$12,202,700	8.9%
Net Income:	\$521,000	n/a

	Current Year	% Change Year Ago
<b>SONIC CORP. (OKLAHOMA CITY, OK)</b>		
Qtr. To May 31:		
Sales:	\$152,098	4.1%
Net Income:	(\$4,651)	-142.4%
9 Mos.:		
Sales:	\$394,767	-0.3%
Net Income:	\$6,939	-58.1%

	Current Year	% Change Year Ago
<b>WALGREEN CO. (DEERFIELD, IL)</b>		
Qtr. To May 31:		
Sales:	\$18,371,000	6.8%
Net Income:	\$603,000	30.2%
9 Mos.:		
Sales:	\$54,217,000	7.3%
Net Income:	\$1,922,000	18.6%

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## STUDY: ONE IN 13 U.S. CHILDREN HAS FOOD ALLERGY

About 8% (one in 13) of U.S. children under the age of 18 have a food allergy, according to a study funded by **FOOD ALLERGY INITIATIVE** (FAI) published in the July issue of *Pediatrics*, a journal of the **AMERICAN ACADEMY OF PEDIATRICS**. The study claims to be the largest ever conducted on the prevalence of food allergy in U.S. children. Approximately 38.7% of children (out of 5.9 million total) have a severe or life-threatening allergy, most often to peanuts, and about 30.4% have more than one food allergy. In 2008, **CDC** estimated that one out of every 25 U.S. children had a food allergy.

Children with food allergies are most likely to be allergic to peanuts (25.2%), followed by milk (21.1%), shellfish (17.2%), tree nuts (13.1%) and eggs (9.8%). Those between the ages of 14 and 17 are most likely to have a severe allergy to food. Foods that most often incite severe reactions are tree nuts, peanuts, shellfish, soy or fin fish. White children are most likely to receive a formal diagnosis of food allergy compared to Asian and African American children; however, Asian and African American kids are more likely to have a convincing history. Children in all U.S. regions are equally likely to be affected.

Food allergies affect approximately 12 million Americans, according to FAI. Eight foods are responsible for 90% of all reactions: peanut, tree nut, milk, egg, fish, shellfish, soy and wheat.

**Recording Now Available!** **THE FOOD INSTITUTE** and **WILLARD BISHOP** presented a one-hour webinar, *The Future of Food Retailing 2011*, which provided unique and unparalleled insights into retailer strategies, identified specific actions that **WALMART** and others are taking and detailed intended and unintended consequences of retailers' actions. To learn more and purchase, visit <http://www.foodinstitute.com/foodretailing2011.cfm>

## SALES OF SALTY SNACKS UP SINCE 2008

Because of a greater national focus on health and wellness, purchases of salty snacks slowed in 2010 after peaking during the recession. However, the category is expected to increase from 2011 to 2015. Salty snacks overall saw \$23.8 billion in total sales in 2010, up from \$21.8 billion in 2008, according to **MINTEL INTERNATIONAL**, reported *Specialty Food Magazine*. Potato chips led the category for sales of salty snacks, with \$6.8 billion in sales for 2010; this represents a 16.5% increase since 2008. Cheese snacks also posted an increase in sales, growing 14.7% from 2008 to 2010. The largest categories for sales following potato chips were tortilla chips (\$4.4 billion), snack nuts and seeds (\$3.6 billion) and other salted snacks (\$2.6 billion). Sales did slow in 2010 after peaking during the recession, Categories with the highest number of products launches from 2005 to 2010 were snack / cereal / energy bars (2,781), nuts (1,574) and potato snacks (1,270). During this six-year period, chips accounted for the largest number of flavor launches.

A majority of consumers (72%) cited spending more time at home alone or with family as their reason for buying more salty snacks during the recession. For those who cut back on salty snacks, 79% stated this was an expense they chose to live with less of. Some of the fastest growing ethnic populations, Asians and Hispanics have been buying more salty snacks. Both men and women with children under 18 tended buy salty snacks more in multipacks than single packs. Men with no children under 18 in their household were more likely to purchase salty snacks both in bulk and single packs than women with no children under 18 in their household. The study found frequent snackers care most about quality and health options, occasional snackers care most about price and brand and those that consume the fewest salty snacks are most concerned with price and taste. Frequent snackers believe their salty snacks should be characterized by lower fat (99%), low or no cholesterol (98%) and being 'natural' (98%).

## Sales of Salty Snacks

(Source: Mintel)

	2008 \$ Billions	2010 \$ Billions	% Change 2008 - 2010
Potato Chips	\$5.8	\$6.8	16.5%
Tortilla Chips	\$4.4	\$4.4	2.0%
Snack Nuts and Seeds	\$3.3	\$3.6	9.6%
Pretzels	\$1.2	\$1.3	7.3%
Popcorn	\$1.5	\$1.6	3.2%
Cheese Snacks	\$1.3	\$1.5	14.7%
Meat Snacks	\$1.0	\$1.1	8.5%
Corn Snacks (not including tortilla)	\$0.8	\$0.8	-0.6%
Other Salted Snacks	\$2.4	\$2.6	9.1%
<b>Total</b>	<b>\$21.8</b>	<b>\$23.8</b>	<b>9.2%</b>

## NEW CONCEPT NEWS



- Jonathan Kaplan, creator of the **FLIP** Video camcorder, plans to roll out a grilled cheese concept, **THE MELT**, beginning with five restaurants in the San Francisco Bay Area by Thanksgiving of this year. Twenty-five locations are planned for across the U.S. by the end of 2012. The concept will offer five grilled cheese options; all will be paired with a soup. Each combo will be priced at \$7.95. The Melt is working on smartphone apps, which will allow the store to see where the customer is so the sandwich can be prepared when the customer gets close to the store. Specials will be posted on **TWITTER**. The company is looking to build a chain similar to **CHIPOTLE MEXICAN GRILL**...*Bloomberg Businessweek* (June 1) Numerous chains are looking to capitalize on the model launched by Chipotle; see *FOOD INSTITUTE REPORT* Apr. 4, page 3.

- **RED ROBIN GOURMET BURGERS, INC.** is pursuing a test of a smaller prototype restaurant to complement its current 5,600-sq. ft. casual dining format. The smaller prototype restaurant will be between 2,000- and 4,000-sq. ft. and features a modified menu and service format. The company expects to have at least one smaller prototype location open before the end of the year, with locations suitable for the prototype identified primarily in the Denver area. The company will evaluate how the unit performs before deciding on expansion plans, which would involve non-traditional locations.

- **QUIZNOS** signed a deal to locate restaurants within 53 Tampa, FL-area **HESS CORP.** gas stations. The chain began pilot eateries in nine Hess locations earlier this year. All 53 restaurants should be operating by the end of the year. Tampa will provide the company's first market-wide exposure with one convenience store chain, a move the company will look to

replicate in other U.S. cities. Building and operating locations within convenience stores costs 20% to 25% of opening stand-alone facilities, and only about 10,000 of the approximately 140,000 convenience stores across the U.S. have a quick-service restaurant...*Denver Business Journal* (June 6)

- **ELEVATION BURGER** debuted a prototype that aims to reduce wait times and boost production. The outlet, based in Germantown, MD, has a 20-ft. long conveyor-style griddle designed by founder Hans Hess that can produce three times as much product in an hour as standard griddles and cook each burger in four minutes. A patent for the product is pending. New units with this griddle are expected to generate 40% to 80% more in sales than standard outlets, which average about \$1.1 million each. The griddle will also allow the chain to expand its menu and offer more toppings...*Nation's Restaurant News* (June 2)

- **CHEESECAKE FACTORY INC.** is revamping its 13-unit **GRAND LUX CAFE** chain, lowering prices by about \$2 and introducing a new prototype. The new model, set to open in early 2012, will be about 8,500-sq. ft., down from the 11,000-sq. ft. prototype, and feature less formal decor. The company is also preparing to launch a new menu in the fall that will remove 25 current items and add 20...*MarketWatch* (June 15)

- **SOUL DADDY**, the winner of **NBC's** "America's Next Great Restaurant," closed its New York and Los Angeles locations less than two months after opening. One location remains at the **MALL OF AMERICA**. Holding company **ANGR HOLDINGS LLC** will "focus our efforts on establishing a solid footing in one location, building the brand and developing the operations from there."...*Nation's Restaurant News* (June 15)

# MERGERS & ACQUISITIONS

**BERRY PLASTICS CORPORATION**, Evansville, IN, entered into a definitive agreement to acquire the **REXAM** specialty and beverage closures business for approximately \$360 million. Berry Plastics is an **APOLLO MANAGEMENT, L.P.** and **GRAHAM PARTNERS** portfolio company with 75 manufacturing facilities around the world and fiscal 2010 sales of \$4.3 billion. Rexam SBC manufactures injection and compression molded plastic specialty and beverage closures, jars, and other plastic packaging products for the food, beverage, industrial and household chemical, automotive and beauty end markets, and has eight manufacturing facilities globally, including seven in the U.S. and one in Brazil. The transaction is expected to close in the third quarter.

**CPC DRY PACK, INC.** acquired Addison, IL-based **OXY DRY FOOD BLENDS, INC.**, a kosher manufacturer specializing in the custom formulation, blending, packaging and delivery of dry foods and food starches. CPC Dry Pack, Inc. is an affiliate of **CPC LABORATORIES INC.**, Chicago, and a contract packaging manufacturer serving a variety of domestic and international companies operating in the household and personal care industries.

**GRAHAM PACKAGING COMPANY INC.** of York, PA signed a definitive merger agreement, and an amendment thereto, under which Graham Packaging will be acquired by **REYNOLDS GROUP HOLDINGS LIMITED** in an all-cash transaction for \$25.50 per share, or a total of approximately \$4.5 billion including assumed indebtedness. The agreement follows negotiations between the companies.

A group including private-equity firms **GREEN EQUITY INVESTORS V LP**, **LEONARD**

## BUSINESS BUZZ

The waiting period for U.S. antitrust review of San Francisco-based **DIAMOND FOODS'** pending acquisition of the *Pringles* business from **THE PROCTER & GAMBLE COMPANY**, Cincinnati, under the *Hart-Scott Rodino Antitrust Improvements Act of 1976* expired on June 20. The pending acquisition remains subject to regulatory approval by competition authorities in various jurisdictions outside the U.S. For original announcement, see *FOOD INSTITUTE REPORT* Apr. 11, page 6.

Atlanta-based **ROARK CAPITAL GROUP** may raise another round of funding as early as next year, and will look to sell one business this year and a couple more next year. After purchasing 15 companies in the last year, "we are on pace to have another active year in 2011," according to Roark's founder, and will continue to look at middle-sized companies in industries where massive size is not required to succeed...*The Atlanta Journal-Constitution* (June 16)

**SMITHFIELD FOODS INC.**, Smithfield, VA, may seek acquisitions in the packaged meats industry...*Bloomberg.com* (June 16)

**GREEN & PARTNERS LP** and **CVC CAPITAL PARTNERS** submitted a joint proposal for a newly formed entity to acquire **BJ'S WHOLESALE CLUB INC.** through a merger, revealed in a **SEC** filing on June 17. BJ's, Natick, MA, could ask for \$53 to \$57 a share based on valuations of comparable retailers and the price Leonard Green agreed to pay for **99 CENTS ONLY STORES**, according to data compiled by *Bloomberg* (June 20). BJ's gets almost two-thirds of its sales from groceries and has 190 locations mainly in the northeastern region of the U.S.

Miami-based **JAVALUTION COFFEE COMPANY** signed a definitive merger agreement with **YOUNGEVITY ESSENTIAL LIFE SCIENCES** of San Diego, CA, a global direct marketing company with customers in more than 65 countries and over 30,000 active distributors in the U.S. The combined entity is expected to achieve a 2011 revenue goal of over \$40 million, and the transaction is expected to close June 30.

**MISSISSIPPI RESTAURANT GROUP, LLC**, led by Phil Freidman, the former CEO of **MCALISTER'S DELI** acquired **SALSARITA'S, INC.**, Charlotte, NC. Salsarita's is an independent fast-casual brand serving fresh Mexican cuisine with over 80 locations throughout the Central and Eastern U.S.

Natural food retailer **MRS. GREEN'S NATURAL MARKET** of Scarsdale, NY acquired seven **SUPER FRESH** grocery locations in Maryland and one Super Fresh location in Washington, DC from Montvale, NJ-based **GREAT ATLANTIC & PACIFIC TEA CO.** Mrs. Green's parent is **NATURAL MARKET RESTAURANTS CORP.**

**SHOPPERS FOOD & PHARMACY's** bid to purchase a **SUPERFRESH** store in Ellicott City, MD was approved by the court handling the ongoing **A&P** bankruptcy proceedings. Shoppers expects to take possession of the store on July 7 and reopen the store by July 17.

**SINGER EQUIPMENT** of Elverson, PA, acquired the assets of the **M TUCKER CO.**, Paterson, NJ, a foodservice E&S dealer in the greater New York City market. The company provides foodservice equipment, tabletop, disposables and smallwares to major restaurant and foodservice operators. The new division will operate as M Tucker, a division of **SINGER NY, LLC**. Family-owned Singer Equipment is a foodservice equipment dealer in the mid-Atlantic region, and the combined entity would become the fourth largest foodservice equipment and supplies dealer in the country.

## FOREIGN DEALS

Monterrey, Mexico-based conglomerate **ALFA** will buy a plastics unit of U.S.-based **WELLMAN INC.** for \$185 million. The purchase of Wellman's plant in Mississippi to produce PET plastics for bottles and food containers is aimed at increasing the product range for Alfa's **DAK AMERICAS** subsidiary. Alfa owns multiple companies, including its **SIGMA** food division...*Reuters* (June 16)

**WAL-MART STORES, INC.** completed its investment for a 51% stake in South African-based **MASSMART HOLDINGS LIMITED** for ZAR148.00 per Massmart ordinary share. For prior mention of the agreement, see *FOOD INSTITUTE REPORT* June 6, page 7.

# MERGERS & ACQUISITIONS CONT.

Charleston, SC-based **WHIT-MART INC.** sold its 13 South Carolina **APPLEBEE'S NEIGHBORHOOD GRILL AND BAR** restaurants to North Carolina-based franchisee **NEW APPLE INC.**, Raleigh. The new owner is an affiliate of **MICHAEL OLANDER'S APPLE GOLD GROUP**, formed in 1984 with five Applebee's, and the Whit-Mart buyout gives it more than 80 locations in the Carolinas, Oklahoma and Arkansas. Apple Gold reported more than \$135 million in sales last year, making it reportedly one of the largest franchised restaurant operators in the country.

## LASSONDE TO ACQUIRE CLEMENT PAPPAS AND CO.

Rougemont, QC-based company Lassonde Industries Inc. entered into a definitive agreement with members of the Pappas and Lassonde families to acquire privately owned Clement Pappas and Company, Inc., Carneys Point, NJ, for a total cash consideration of \$390 million. Upon closing of the transaction, expected to occur in August, Lassonde Industries will have a beneficial ownership of 71% of Clement Pappas while 19% will be held by members of the Pappas family and 10% by members of the Lassonde family. The new company will be run as a subsidiary of Lassonde Industries and retain the 'Clement Pappas' name, management team and Carneys Point headquarters. Clement Pappas and Company was founded in 1942 and manufactures Private Brand beverages and cranberry sauces to retailers and foodservice operators with sales of \$390 million in fiscal 2010 and operates five production facilities across the U.S. Dean C. Pappas, past chairman of **THE FOOD INSTITUTE**, will be succeeded as CEO of Clement Pappas and Company, Inc. by Clement D. Pappas, effective with the closing of the transaction.

## MAJOR RESTAURANT CHAINS ADAPTING TO SOCIAL MEDIA

Public relations has taken on a whole new meaning as some companies – including **YUM! BRANDS' PIZZA HUT** and **TACO BELL** – begin to adapt to using social media, reported *Courier-Journal*. From talking to consumers via **TWITTER** to monitoring the media landscape, social media helped some shrink the response time for responding to the public. A year ago, **KFC** spokesman Rick Maynard monitored **FACEBOOK** and social media traffic; that role has since been taken over by a team of six to eight. The chain now has 3.1 million Facebook fans and 34,000 Twitter followers. It even promotes its own **YOUTUBE** page, with its videos having been viewed more than one million times. "Our customers are increasingly online, and this is their first stop," Mr. Maynard explained. Their consumers are not just sitting at home posting about their experiences, however. "We hear from people while they are in the restaurant."

Meanwhile, **DOMINO'S** now has 2.6 million followers on Facebook, up from 400,000 last year. The chain also uses Twitter, with their 'Tweetologist' working full time using two computer screens to talk to consumers online. Social media also entered into the chain's advertising strategy last year after it announced it would stop using food artists to dress up its products for advertisements. Rather, Domino's reformulated its pizzas and invited consumers to post photos online of what was delivered to their doors. Wall Street too has joined the social media conversation, as restaurant financial analyst Mark Kalinowski began issuing a "Twitter Report" to clients at **JANNEY MONTGOMERY SCOTT** this year.

A new study from **OGILVY** and **CHATTHREADS** provides some insights into the possible financial benefits for companies using social media. They found consumers who are exposed to social media are much more likely to increase their spending amount at quickservice restaurants, reported *Convenience Store News* (June 14). Those who viewed social media related to KFC, for example, were seven times more likely to spend money at its stores than those who did not. Viewing both billboards and social media made consumers twice as likely to spend, while exposure to television advertisements plus social media was just as effective. Combining new stories or editorials with social media, meanwhile, produced an effect where consumers were 17%

more likely to spend more money, week-over-week, among all quickservice restaurants.

But not everyone remains convinced of the necessity of all this media monitoring. "I feel that social media has not matured enough for any of us to know how to utilize it properly," stated Tom Dougherty, president and CEO of **STEALING SHARE**. "I have not found any research that links it directly to sales."

## WHOLE FOODS SETS 1,000 U.S. STORE GOAL

Whole Foods Market Inc. aims to eventually operate 1,000 stores in the U.S., up from around 300 currently, co-chief executive Walter Robb stated at the **JEFFERIES** 2011 Global Consumer Conference. The company sees opportunity in sites made available during the recession; Whole Foods picked out locations where it "can put some bets down and take advantage of that," noted Mr. Robb. While the company is optimistic about growth, it is being careful to sign leases that include exit and buyout clauses should the economy worsen. Whole Foods also plans to open five wellness clubs in different cities around the U.S. Monthly memberships costing about \$50 will give consumers access to store discounts and supper clubs. The company hired doctors to develop a curriculum for the clubs and offer some services.

Internationally, the company plans to operate 35 stores in Canada, up from six currently. The company's flagship store in Britain recently turned cash-flow positive. As of Apr. 10, Whole Foods had five stores in that market, reported *Reuters* (June 21).

## FI PRICE TRACK

(continued from first page)

members of The Food Institute will project where we expect retail food prices will be three months beyond the latest government data figuring in the approximate 3-month lag for retailers to pass along wholesale increases.

While several items appear to be heading upward, such as coffee, milk and butter, center-of-the-plate beef and pork prices appear poised to move down from highs of earlier this year. If you are interested in seeing additional categories, contact Rob Kraly at [rob.kraly@foodinstitute.com](mailto:rob.kraly@foodinstitute.com) or call Brian Todd at 201-791-5570, ext. 217 and we will do our best to accommodate you.



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2010



# WASHINGTON

## FDA RELEASES PATHWAY TO GLOBAL PRODUCT SAFETY AND QUALITY

FDA unveiled a new strategy on June 20 to meet challenges of regulating dramatically increasing imports of FDA-regulated products and a complex global supply chain in the *Pathway to Global Product Safety and Quality* report, available at [www.fda.gov/globalproductpathway](http://www.fda.gov/globalproductpathway). According to the report, the U.S. increasingly relies on other countries to produce food, drugs, cosmetics and medical devices, with between 10% and 15% of all food consumed by U.S. households imported from abroad. Nearly two-thirds of the fruits and vegetables and 80% of seafood eaten domestically come from outside the U.S. Almost 25 cents of every dollar spent by Americans are on products regulated by FDA, and FDA-regulated products account for about 10% of all imports into the U.S., shipped from more than 300,000 facilities in 150 different countries.

**THE FOOD INSTITUTE** will host a year-long webinar series with **OLSSON FRANK WEEDA TERMAN BODE MATZ PC** on implementation of the *FDA Food Safety Modernization Act (FSMA)* featuring 12 one-hour webinars over the next year that will address the efforts and authority of FDA to meet the issues presented in the report. To learn more, please visit <http://www.foodinstitute.com/FSMAwebinar.cfm>.

The accelerated growth in imports is forecast by FDA to continue, as shipments of FDA-regulated goods increased from six million a decade ago to 24 million this year. Over the past seven years, food imports grew by 10% each year. Between 2007 and 2015, it is also estimated that imports of FDA-regulated products will triple, corresponding to a 15% growth rate. With manufacturers using imported materials and ingredients more and more in U.S. production facilities, the “distinction between domestic and imported products [is] obsolete,” stated FDA Commissioner Margaret A. Hamburg, M.D. “There has been a perfect storm - more products, more manufacturers, more countries and more access. A dramatic change in strategy must be implemented,” Dr. Hamburg stated.

The report takes a realistic view of the challenges that the agency will face in the future, and evaluates its own ability to meet those challenges critically. Claiming that “globalization has fundamentally altered the economic and security landscape and demands a major change in the way FDA fulfills its mission to promote and protect the health of the American people,” the agency states that its primary tools for ensuring safety have been inspections at production facilities and ports of entry. Additional methods and tools have been developed to fulfill this responsibility, but “the safety of America’s food and medical products remains under serious threat,” a surprising acknowledgement of FDA’s own inability to address all of the dangers facing food safety. Many of the crises were either caused or exacerbated by globalization, according to the agency’s report.

Despite recent improvements, FDA does not and will not have the resources to adequately keep pace with the pressures of globalization, the report finds. In 2008, the **GOVERNMENT ACCOUNTABILITY OFFICE** (GAO) recommended that FDA increase inspections of foreign drug establishments and improve information it receives to manage overseas inspec-

tions. However, it would take an estimated nine years for FDA to inspect every high-priority pharmaceutical facility just once at current rates. Regarding food products, *FSMA* directs the agency to inspect at least 600 foreign food facilities within the next year and double those inspections every year for the next five. FDA recognizes that it would be impossible for the agency to complete 19,200 foreign food inspections in year six without a substantial increase in resources or a complete overhaul in the way it operates.

The report calls for the agency to transform the way it conducts business and to act globally in order to promote and protect the health of U.S. consumers. Highlights of the report include four key elements needed to make the change:

- FDA will partner with its counterparts worldwide to create global coalitions of regulators focused on ensuring and improving global product safety and quality,
- The coalitions of regulators will develop international data information systems and networks and increase the regular and proactive sharing of data and regulatory resources across world markets,
- FDA will build additional information gathering and analysis capabilities with an increased focus on risk analytics and information technology, and
- FDA increasingly will leverage the efforts of public and private third parties and industry and allocate FDA resources based on risk.

“FDA regulated imports have quadrupled since 2000,” Dr. Hamburg stated. “The FDA and our global regulatory partners recognize this new reality and realize we must work proactively and collaboratively to address the challenges we face. The FDA must further collaborate and leverage in order to close the gap between our import levels and our regulatory resources. This report is an important step in ensuring we are able to fulfill our critical public health mission.”

The change in strategy will address trends expected to be seen worldwide in upcoming years:

- Western economies will boost their productivity to compete with emerging markets and economies, leading to more imports and increased pressure to reinvent manufacturing processes.
- Money, goods, data and people will increasingly and more quickly cross borders. Today, a typical U.S. manufacturing company relies on more than 35 different contract manufacturers around the world.
- Growing demand, constrained supply and increased regulatory and social scrutiny will determine what resources are used, how they are used and the cost. Manufacturers will adopt new manufacturing processes and emerging technologies in response.
- Governments worldwide will be called upon more to mitigate the sometimes negative impacts of globalization on their citi-

zens, making the operating environment for companies more complex.

*FSMA* recognizes the importance of partnerships in the success of this new food safety system, particularly in the area of imports. For example, importers now have an affirmative obligation to verify the safety of the food they bring into the U.S. In addition, FDA will establish a program for qualified third parties to certify that foreign food facilities are in compliance with U.S. requirements and can require certification as a condition of entry into the U.S. *FSMA* also explicitly encourages arrangements with foreign governments to leverage resources.

## HHS INSPECTOR GENERAL REPORT FINDS INADEQUATE RECALL REGULATION

A Department of Health and Human Services (HHS) Office of Inspector General report, *Review of the Food and Drug Administration's Monitoring of Imported Food Recalls*, examined FDA's monitoring of 17 of the 40 recalls the agency oversaw between July 1, 2007 and June 30, 2008. The Class 1 recalls of imported food products were contaminated with pathogens and other harmful substances, and of the 17 recalls, seven were for *Salmonella*, five for *Listeria monocytogenes*, four for *Clostridium botulinum* and one was for unacceptable lead levels in beverage pitchers.

The review found that FDA's guidance for developing and implementing food recalls, found in the *Code of Federal Regulations*, title 21 part 7, was not adequate to ensure the safety of the U.S. food supply because it was not enforceable. In addition, FDA did not always follow its own procedures for ensuring that the recall process operated efficiently and effectively. FDA established regulations as nonbinding guidance that the agency and the recalling firm should consider in planning and implementing a recall.

The review of FDA's records relating to 17 recalls specifically found the following problems:

- **Firms did not promptly initiate recalls.** Although 15 recalls were initiated within 10 days after FDA became aware of the contaminated food products, two of the 17 recalls were not initiated until 28 and 102 days after FDA became aware of the contamination. The two recalls involved *Listeria monocytogenes*-contaminated mussel meat from a manufacturer/processor in New Zealand.

- **Firms did not submit recall strategies or strategies did not contain complete information.** For three of the 17 recalls, firms did not submit any recall strategies. For the 14 other recalls, the strategies submitted did not contain complete information.

- **Firms did not issue accurate and complete recall communications to their consignees.** For 13 of the 17 recalls, firm communications did not contain essential information on the contaminated products or contained inaccurate information such as product lot numbers, production dates, instructions for the return of recalled products, and instructions to consignees to notify subconsignees.

- **Firms did not submit timely and complete recall status reports.** Of the 17 recalling firms, five firms did not submit any reports, 10 firms submitted untimely and incomplete reports

two months to a year after the recall initiation dates and two firms submitted timely but incomplete reports.

Because FDA's food recall guidance is nonbinding on the industry, FDA could not compel firms to follow it, and FDA did not always follow its own procedures to ensure that the recall process operated efficiently and effectively. Specifically, FDA:

- **Did not conduct firm inspections** or obtain complete information on the contaminated products in 14 of the 17 recalls,

- **Did not conduct any audit checks of consignees** in five of the 17 recalls and conducted untimely and incomplete audit checks in the remaining 12 recalls,

- **Did not review recall strategies** and promptly issue notification letters to firms conveying the review results and essential instructions in all 17 recalls, and

- **Did not witness the disposal of the products** or obtain the required documentation showing that the products had been properly disposed of in 13 of the 17 recalls.

The Inspector General recommended that FDA consider the results of this review in implementing the *FDA Food Safety Modernization Act* and comply with its procedures for monitoring recalls. FDA agreed with those recommendations.

## SUPREME COURT DISMISSES CLASS ACTION STATUS FOR WAL-MART SUIT

The Supreme Court dismissed a sex-discrimination lawsuit against Wal-Mart Stores Inc., ruling in a 5-4 decision on June 20 that the 1.6 million women behind the litigation had too little in common to form a single class of plaintiffs, reported *The Wall Street Journal* (June 21). While the justices all agreed that the lawsuit against Wal-Mart Stores Inc. could not proceed as a class action in its current form, reversing a decision by the 9th U.S. Circuit Court of Appeals in San Francisco, the court also found in a 5-4 vote along ideological lines that there were too many women in too many jobs at Wal-Mart to wrap into one lawsuit. "Because respondents provide no convincing proof of a companywide discriminatory pay and promotion policy, we have concluded that they have not established the existence of any common question," Justice Antonin Scalia stated in the majority opinion.

Without ruling on the merit of the plaintiff's claims, the Court left the possibility open that smaller groups of plaintiffs would be able to pursue their own lawsuits. The suit would have included all women employed since 1998 in about 3,400 U.S. Wal-Mart stores. In a dissenting opinion, Justice Ruth Bader Ginsburg wrote that there was more than enough to unite the claims. "Wal-Mart's delegation of discretion over pay and promotions is a policy uniform throughout all stores," Ginsburg stated, with Justices Elena Kagan and Sonia Sotomayor, and Justice Stephen Breyer joining Ginsburg's opinion, according to *The Associated Press* (June 20).

The decision is expected to have a significant effect on future employment class action lawsuits, with lower courts to use great scrutiny in judging the factors that constitute a class for the purpose of bringing mass claims. Wal-Mart defense attorney Theodore Broussard stated that the ruling would have a significant impact on other pending gender class-action suits,

including against **COSTCO WHOLESALE CORP.** The Costco suit alleges a “glass ceiling” for women at the store level.

## GAO FINDS THAT U.S. GOV'T FAILED TO COLLECT \$1 BILLION IN DUTIES

On May 25, the Government Accountability Office (GAO) published a report, *Antidumping and Countervailing Duties: Options for Improving Collection*, which reviewed the federal government's efforts to collect antidumping (AD) and countervailing (CV) duties imposed to remedy injurious, unfair foreign trade practices. Since fiscal year 2001, the government was unable to collect over \$1 billion in AD/CV duties, including AD duties imposed on products exported to the U.S. at unfairly low prices (i.e., dumped) and CV duties on products exported to the U.S. that were subsidized by foreign governments. The uncollected duties indicate that the U.S. government has not fully remedied unfair trade practices for industry and missed a substantial amount of duty revenue to the **U.S. TREASURY**.

The U.S. and many of its trading partners enact laws to remedy the unfair trade practices of other countries and foreign companies that cause injury to domestic industries. U.S. law authorizes the imposition of AD/CV duties to remedy these unfair trade practices. The U.S. AD/CV duty system is retrospective, with importers paying estimated AD/CV duties at the time of importation while the final amount of duties is not determined until after entry. By contrast, other major U.S. trading partners have AD/CV duty systems that are fundamentally prospective in that AD/CV duties assessed at the time a product enters the country are essentially treated as final.

Two U.S. agencies are involved in assessing and collecting AD/CV duties owed. The **DEPARTMENT OF COMMERCE** is responsible for calculating the appropriate AD/CV duty rates, and typically determines two types of AD/CV duty rates in the course of an initial AD/CV duty investigation on a product. First, the rate applicable to a product associated with several specific manufacturers and exporters, and an “all others” rate for all other manufacturers and exporters of the product who were not individually investigated. After the initial investigation, the department can conduct two types of review, an administrative review and a new shipper review.

**U.S. CUSTOMS AND BORDER PROTECTION** (CBP) is responsible for collecting the AD/CV duties. The initial AD/CV duty order issued by the Department of Commerce instructs CBP to collect cash deposits at the time of importation on the products subject to the order. Once the Commerce Department establishes a final duty rate, it communicates the rate to CBP through liquidation instructions and CBP instructs staff at each port of entry to assess final duties on all relevant products. This may result in providing importers, who are responsible for paying all duties, taxes and fees on products brought into the U.S., with a refund or an additional bill. CBP is also responsible for setting the formula for establishing the bond amounts that importers must pay. To ensure payment of unforeseen obligations to the government, all importers are required to post a security, usually a general obligation bond, when they import products into the U.S.

In addition, importers purchasing from the new shipper can pay estimated AD/CV duties by providing a bond in lieu of paying cash to cover the duties, which is known as the new

shipper bonding privilege. GAO previously reported that over \$613 million in AD/CV duties from fiscal years 2001 through 2007 went uncollected, with the uncollected duties highly concentrated among a few industries, products, countries of origin and importers. Recent CBP data indicates that uncollected duties from fiscal year 2001 to 2010 grew to over \$1 billion and are still highly concentrated. For example, five products from China account for 84% of uncollected duties.

CBP, Congress and the Commerce Department undertook several initiatives to address the problem of uncollected AD/CV duties, though they have not resolved problems associated with collections. Some of these initiatives include the temporary adjustment of the standard bond-setting formula, which CBP took steps to address after determining in 2004 that the amount of this bond inadequately protected AD/CV duty revenue. Customs revised its standard bond-setting formula and tested it on shrimp imports to increase protection for AD/CV duty revenue when the final amount of duties owed exceeded the amount paid at the time of importation. The enhanced bonding requirement was subject to domestic and **WORLD TRADE ORGANIZATION** litigation, and CBP decided to terminate the requirement in 2009.

The temporary suspension of new shipper bonding privilege was also implemented after Congress found that CBP would not be able to collect initial AD/CV duties from new shippers who provided a bond in lieu of cash payment to cover the initial AD/CV duties assessed, also known as the “new shipper bonding privilege.” That privilege was suspended for three years, instead requiring cash deposits for initial AD/CV duties, but was then reinstated in July 2009. The Department of the Treasury stated that the added risk associated with the bond compared with the cash deposit was low, however.

The GAO report found that additional options exist for improving the collection of AD/CV duties. First, the retrospective nature of the U.S. system could be revised. Under the existing U.S. system, the process of determining final amount of duties owed can take more than three years on average. This creates a risk that the importer may disappear, cease business operations or declare bankruptcy before the government can collect the full amount owed. Second, Congress could revise the level of exports required for exporters applying for new shipper status. According to the Commerce Department, a shipper can be assigned an individual duty rate based on as little as one shipment, intentionally set at a high price, resulting in a low or 0% duty rate. This creates additional risk by requiring the government to collect additional duties in the future rather than at the time of importation.

## SUNGWON INC. SIGNS CONSENT DECREE TO CEASE PROCESSING

A consent decree with FDA signed by Sungwon Inc. of Columbia, MD and company president Sang Ja Lee restrains the company from processing food until the company complies with the FDA's current Good Manufacturing Practice (cGMP) regulations. The company also is restrained from processing seafood until it complies with the seafood Hazard Analysis and Critical Control Point (HACCP) regulations. Sungwon manufactured and distributed ready-to-eat Asian food products, including kimchi, and side dishes called ban chan, some of which contain seafood.

During the agency's most recent inspection in October 2010, FDA investigators issued a 15-item list of inspectional observations. The violations included failure to exclude pests from the food processing area to prevent contamination with bacteria and filth and failure to have and implement adequate written seafood HACCP plans. The defendants failed to comply. The violations were similar to those previously observed by FDA and the **MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE** in earlier inspections of the facility.

**FDA ISSUES WARNING LETTERS**

Syracuse, KS-based **SYRACUSE DAIRY LLP** was issued a warning letter on June 15 after FDA inspected their dairy operation between Apr. 19 and 28. FDA found violations of the *Federal Food, Drug, and Cosmetic Act*. The firm offered an animal for sale for slaughter as food that was adulterated.

Dexter, NM-based **N.S. LANDAVERDE CATTLE RANCH** was issued a warning letter June 15 after FDA inspected their dairy operation between May 10 and 11. FDA found violations of the *Federal Food, Drug, and Cosmetic Act*. The firm offered an animal for sale for slaughter as food that was adulterated.

**FOOD PRODUCT RECALL REPORTED**

**Chewable Multi Formula** in chocolate mint truffle flavor is being recalled by **BARIATRIC ADVANTAGE**, Irvine, CA. The firm initiated recall began on June 16 and is ongoing. The products were distributed nationwide. *Reason for Recall:* "The products contain undeclared milk protein."

**Royal Blue Stilton cheese** is being recalled by **ATALANTA CORPORATION**, Elizabeth, NJ. The firm initiated recall began on June 14 and is ongoing. Distribution was not provided. *Reason for Recall:* "The products have the potential to be contaminated with Listeria Monocytogenes."

**Publix Caesar Salad Dressing** is being recalled by **KEN'S FOODS, INC.**, Marlborough, MA. The firm initiated recall began on June 16 and is ongoing. The products were distributed in Florida, Georgia, Tennessee, Alabama and South Carolina. *Reason for Recall:* "The products contain undeclared fish, gluten and soy."

**Herring in salt water** is being recalled by **TGF PRODUCTION LLC**, Brooklyn, NY. The firm initiated recall began on June 16 and is ongoing. The products were distributed nationwide. *Reason for Recall:* "The products have the potential to be contaminated with Clostridium Botulinum."

**Approximately 3,200-lbs. of raw and ready-to-eat sausage products** are being recalled by **CHICAGO BOXED BEEF DISTRIBUTORS INC.**, Shorewood, IL. The products were sold to a distributor for door-to-door sale in Florida, Illinois, Kentucky, South Carolina and Texas. *Reason for Recall:* "The products were not handled in a manner to prevent cross contamination between raw and ready-to-eat products. In addition, the product label used by the company was not approved by **FSIS**."

**ENFORCEMENT REPORT FOR JUNE 15**

**Fresh cucumbers** are being recalled by **C. W. HENDRIX FARMS, Inc.**, Boca Raton, FL. The firm initiated recall began

on May 25 and is ongoing. The products were distributed in Florida, Georgia, North Carolina and New Jersey. *Reason for Recall:* "The products have the potential to be contaminated with Salmonella."

**Veggie platters and trays** are being recalled by **DEL MONTE FRESH PRODUCE N.A., INC.**, Miami, FL. The firm initiated recall began on May 6 and is ongoing. The products were distributed in Massachusetts, New Jersey, Pennsylvania, Delaware, Rhode Island, New York, Connecticut, New Hampshire and Ohio. *Reason for Recall:* "The products have the potential to be contaminated with Salmonella."

**Mocafe Blended Ice Fruit Latte Mango Fruit Smoothie Mix**, manufactured by **HONEYVILLE GRAIN INC.**, Rancho Cucamonga, CA, is being recalled by **INNOVATIVE BEVERAGE CONCEPTS, INC.**, Irvine, CA. The firm initiated recall began on May 16 and is ongoing. The products were distributed nationwide. *Reason for Recall:* "A label review conducted by a FDA investigator indicated that the labeling applied to retail units did not declare FD&C Yellow 5 Lake and FD&C Yellow 6 Lake."

**Turkey and poultry gravy** are being recalled by **BLOUNT SEAFOOD CORPORATION**, dba **BLOUNT FINE FOODS**, Fall River, MA. The firm initiated recall began on May 26 and is ongoing. The products were distributed in Massachusetts, Maine, New Jersey and New York. *Reason for Recall:* "The products contain undeclared hydrolyzed soy protein."

**Sliced black olives and medium pitted olives**, manufactured by **EMCCO FOR OILS AND FOOD INDUSTRIES**, Cairo, Egypt, are being recalled by **SPECIALTY MARKETING GROUP**, Stoughton, MA. The firm initiated recall began on Mar. 25 and is ongoing. The products were distributed in Florida, Massachusetts, Michigan, New Hampshire, New Jersey and New York. *Reason for Recall:* "Pesticide residue was detected in excess of the legal U.S. tolerance."

**Orthodox Union's Recently Certified Kosher Products**

Company	Brand	Items	Cert.
Nestle Canada Inc.	Goodhost	Original Tea Infused Beverage	OU
Santis Frut Company	Santis Frut	Raisins	OU
Sol Frut Company	Sol Frut	Raisins	OU
Talking Rain Beverage Co.	Talking Rain	Lemon Lime Sparkling Ice Pink Grapefruit Sparkling Ice Sparkling Ice Black Raspberry Sparkling Ice Kiwi Strawberry Sparkling Ice Orange Mango Sparkling Ice Pomegranate Berry	OU OU OU OU OU OU OU
Uncle Matt's Organic, Inc.	Uncle Matt's Organic	Organic NFC Apple Juice Organic NFC Grapefruit Juice Organic NFC Lemonade Organic NFC Orange Juice Organic NFC Orange Juice with Calcium Organic NFC Orange Juice with Pulp (Country Style)	OU OU OU OU OU OU
Valle Ariba	Kardamili OLV Vallearriva	Extra Virgin Olive Oil Extra Virgin Olive Oil Extra Virgin Olive Oil	OU OU OU
Viva Beverages	Marley's Meadow Mood	Berry Soda Citrus Soda	OU OU

# MARKETS

## PRODUCE

Analyst: Megan Myers

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### U.S. Sweet Cherry Production

(Source: NASS)

State	2009	2010	2011	% Chg. '10 vs. '11
	(Tons)			
California	92,000	97,000	85,000	-12.4%
Idaho	6,000	1,900	3,800	100.0%
Michigan	28,700	15,100	19,000	25.8%
Montana	2,390	2,470	*	n/a
New York	1,240	1,000	930	-7.0%
Oregon	66,000	38,150	36,000	-5.6%
Utah	1,540	1,100	100	-90.9%
Washington	245,000	156,000	180,000	15.4%
<b>Total U.S.</b>	<b>442,870</b>	<b>312,720</b>	<b>324,830</b>	<b>3.9%</b>

\* The first estimate for 2011 will be published in the Jan. 2012 Noncitrus Fruits and Nuts 2011 Preliminary Summary.

**CHERRIES** - U.S. sweet cherry production is forecast at 324,830 tons, up 4% from 2010, according to **NASS**. The Washington crop was running approximately two weeks later than normal due to cool weather, however, growers are still expecting a larger crop than last year. California experienced a relatively cool and moist growing season for cherries. Oregon experienced an unusually cool spring that pushed the crop behind by two to three weeks. A large number of flowering buds in Michigan indicated the potential for an above average production year. However, some growers reported low pollination problems due to a cool, wet spring. Idaho growers are expecting the sweet cherry production to rebound significantly from last year's freeze damaged crop. New York sweet

cherry growers reported cold weather in the winter and a wet spring that brought record moisture before and after bloom. In Utah, sweet cherries, which bloom earlier than tart cherries, were damaged significantly by freezing temperatures.

**GRAPES** - The start of the fresh grape harvest in California's San Joaquin Valley will be late again this year for the second year in a row because of unusually cool spring weather. There seems to be a consensus that barring any unforeseen weather problems, once the harvest does get underway, there should be good crops of most varieties, with good quality, reported *The Produce News* (June 17).

**STRAWBERRIES** - Washington State's strawberry season is behind schedule due to cold and wet weather. "The berries look really great, but we probably won't start picking until [about July 1]. That's three weeks later than usual," stated the owner of **REMLINGER FARMS**. Raspberries and blueberries will be delayed by the weather, but not nearly as much as the strawberries, reported *Puget Sound Business Journal* (June 20).

**CHIPOTLE - CHIPOTLE MEXICAN GRILL** expects to use more than 10 million-lbs. of produce from local farms this year, up from its 2010 goal of about five million-lbs. Chipotle's local produce will be grown on farms within 350-mi. of restaurants where it will be served.

**IRRADIATION** - Among produce, irradiation is used mostly to kill insects on imported tropical fruits, such as mangoes, guavas and papayas. Each year, 35 million-lbs. of tropical produce are irradiated. With irregularly shaped foods, such as a mango or a head of broccoli, irradiation can be a challenge. If the dose is too low, pathogens may remain in the food. If the dose is too high, it can cause pitting, bruise-like marks, damage to a fruit's skin, off flavors and reduced shelf life. Despite technical challenges, experts claim that food irradiation has great potential to prevent food-borne illnesses. Worldwide, 40

Commodity	Source	Movement	Trading	Prices	Details
<b>Cherries</b>	Yakima Valley & Wenatchee District, WA	↑			Harvest just beginning. The crop is running 10 days to 2 weeks behind normal. Warmer temperatures current week should aid maturity. Quality generally good.
	Stockton-Lodi-Linden District, CA	↓	Early very active, late active		16 pound 8 film bags Bing 10 row size 63.00-65.00, 10 1/2 row size mostly 60.00, 11 row size mostly 55.00-56.00, 11 1/2 row size mostly 48.00-52.00, 12 row size mostly 38.00-40.00; 18 pound cartons 10 row size 62.00-65.00, 10 1/2 row size mostly 60.00, 11 row size mostly 55.00-56.00, 11 1/2 row size mostly 48.00-50.00, 12 row size mostly 40.00-42.00. Some shippers have finished for the season.
<b>Corn</b>	South Georgia	Same	Moderate	↓	Wire-bound crates 4-Dozen Yellow 8.20-9.20, White mostly 9.20, Bi-Color 8.20-9.20. Palletizing and ice extra.
<b>Cucumbers</b>	South Georgia	↓	Early fairly active, late active	↑	Waxed 1 1/9 bushel cartons medium 20.35-20.85, fair quality 10.35-12.85, small mostly 12.35-14.85, cartons 24s mostly 5.35-6.85. Volume affected by very hot and dry temperatures. Many shippers finished harvesting.
	Mexican Thru CA	↑	Very active	↑	1 1/9 bushel cartons medium 20.95-24.95, medium fair quality 18.95-20.95, large 16.95-18.95; cartons 36s 10.95-12.95. Quality generally good.

Commodity	Source	Movement	Trading	Prices	Details
<b>Lettuce, Romaine</b>	Salinas / Watsonville District, CA	Same	Early fairly slow, late very slow	24s slightly lower	Cartons 24s mostly 5.45-6.50; Hearts 12-3 count packages mostly 9.00-10.35, 48s mostly 10.00-11.35. Quality variable.
	Snta. Maria-Guadalupe-Oceano-Lompoc, CA	Same	Moderate	Same	Cartons 24s mostly 6.15-7.25. Quality variable.
<b>Peppers</b>	South Georgia	↓	Early fairly active, late very active	↑	Hot and dry conditions continue to prevail. 1 1/9 bushel cartons Green jumbo 20.35-20.95, extra large mostly 16.35-18.95, fair quality 14.35-16.95, large mostly 14.35-16.85, medium 14.35-16.95.
	Coachella Valley, CA	↓	Green moderate, others fairly active	Green XL & irregular size slower, Red higher	1 1/9 bushel cartons Green extra large mostly 16.95-18.95, large 16.95, Red extra large and large mostly 14.95-16.95; irregular size fair quality Green 10.95-12.95, Red mostly 9.95-10.95, Yellow irregular size mostly 12.95-14.95. 15 pound cartons Red extra large and large mostly 9.95-10.95. Quality generally good.
<b>Strawberries</b>	Salinas / Watsonville District, CA	↑	Organic active at lower prices, others active	Organic lower	Flats 12 1-pint baskets medium-large 10.00-11.00. Flats 8 1-pound containers with lids medium-large mostly 8.00. Flats 4 2-pound containers with lids medium-large mostly 8.00. ORGANIC: Flats 8 1-pound containers with lids medium-large mostly 12.00. Includes palletizing and cooling. Wide range in quality.
<b>Tomatoes</b>	South Carolina	↓	Moderate	6x6 and 6x7 size lower	25 pound cartons loose Mature Greens 85 percent U.S. One or Better 5x6 size 13.95, 6x6 size 11.95, 6x7 size 11.95. Quality good.
	Mexican Thru CA	↑	Early slow, late moderate	↓	Supplies 5x5-5x6s light. Greenhouse 4x4s mostly 6.95-7.95, 4x5s mostly 7.95-8.95, 5x5s mostly 8.95, 5X6s mostly 8.95-9.95. Quality generally good.

countries have either approved or currently use irradiation for more than 50 food products. In Europe and the U.S., irradiation is prohibited under guidelines for producing organic foods, reported *Los Angeles Times* (June 19).

**POTATOES** - Summer potato supplies will be short, but they should be sufficient to fill retail shelves until fall harvests begin. And thanks in large part to the weather, the 2011-12 crop should be of manageable size, reported *The Packer Online* (June 16).

**TOMATOES** - East Coast tomato shippers expect a smooth transition from South Carolina to Virginia, where supplies should be ample and quality excellent. Markets should stay strong as the Virginia deal gets underway, in part because of possible shortages on the other side of the country, reported *The Packer Online* (June 17).

**ONIONS - AMS** is inviting comments on revisions to the handling regulation for onions under the Idaho-Eastern Oregon onion marketing order for designated counties in Idaho and Malheur County, OR. The rule would allow special purpose shipments of onions for experimentation and the Idaho-Eastern Oregon onion industry to identify and develop new market niches.

**RECALL - DOLE FRESH VEGETABLES** is voluntarily recalling 2,880 cases of *DOLE* Italian Blend salad and 442 cases of Kroger Fresh Selections Italian Style Blend salad due to a possible health risk from *Listeria monocytogenes*

**INDIA** - An increasing number of farmers in India are citing a shift in taste towards fruits and vegetables among the country's population. The growing urban middle class is consum-

ing more higher-value, high protein foods, which is stoking food price inflation, as well as changing business and farm models in rural India, reported *Reuters* (June 21).

## CANNED VEGETABLES

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### CANNED/ GLASS VEGETABLE EXPORTS, JAN. 1 - APR. 30, 2011

(Source: Bureau of Census)

	Pounds (1,000)	% Chg. Last Yr.	Dollars (1,000)	% Chg. Last Yr.
Mushrooms	309	36.8%	\$626	47.3%
Potatoes	21,839	-10.2%	\$22,201	-1.3%
Canada	13,324	-6.4%	\$14,661	0.5%
Peas	4,071	-16.9%	\$1,923	-23.6%
Beans, Dried Shelled*	13,220	45.1%	\$5,737	39.4%
Beans, Shelled*	5,460	-6.4%	\$2,685	-8.7%
Beans, Not Shelled	4,154	-16.0%	\$2,056	-16.5%
Asparagus	110	-74.3%	\$163	-69.4%
Sweet Corn	72,315	-23.9%	\$33,584	-21.2%
Japan	22,989	-15.4%	\$11,041	-3.3%
Sauerkraut	3,711	15.4%	\$1,369	11.4%
Mixed Vegetables	21,053	6.2%	\$16,596	4.4%
Canada	13,456	-6.0%	\$11,875	-6.1%
<b>TOTAL</b>	<b>146,241</b>	<b>-12.9%</b>	<b>\$86,940</b>	<b>-8.7%</b>

\*Excluding black-eye cowpeas

All prices f.o.b. Midwest unless otherwise noted.

**ASPARAGUS** - Private label 24 packs of 15-oz. cases of cut and tip canned asparagus is selling for around \$19.95, f.o.b.

Midwest. 12 pack cases of 15-oz. whole asparagus is selling around \$20.95, f.o.b. Midwest. 6/10 cases are selling for around \$39.95, f.o.b. Midwest.

**BEANS** – Private label retail sizes of canned red kidney beans are selling for between \$10.75 and \$11.50, while foodservice sizes are selling between \$16.00 and \$16.50, f.o.b. Midwest.

**BEETS, SLICED** – Private label 24/300 prices of sliced canned beets are selling for between \$11.50 and \$12.00, f.o.b. Midwest. Foodservice 6/10 cases are being seen at \$20.00 and up due to several processors using allocation, f.o.b. Midwest.

**CARROTS, SLICED** - Private label prices of canned 24/300 cases of sliced carrots are selling for between \$11.75 and \$12.00, f.o.b. Midwest. Foodservice 6/10 cases of sliced or diced are selling for between \$16.75 and \$17.75, f.o.b. Midwest.

**CORN, WHOLE KERNEL** – Private label prices of canned 24/300 cases of whole kernel corn are being seen around \$11.75, f.o.b. Midwest. Foodservice cases of 6/10 sizes are selling between \$18.00 and \$18.50, f.o.b. Midwest.

**CORN, CREAMED** - Private label 24/300 creamed corn are selling around \$12.00, f.o.b. Midwest. Foodservice cases of 6/10 sizes are selling for between \$18.00 and \$18.75, f.o.b. Midwest.

The harvest for canned corn is pushing to get started in the next two and a half to three weeks, according to one **FOOD INSTITUTE** source, which is slightly earlier than normal. In terms of pricing, it is now “up to where it should be,” noted this source. The item is tight, however.

**GREEN BEANS** – Private label pricing for 24/300 Fancy Cut 4s and French-cut is around \$11.50, f.o.b. Midwest. For 6/10 cases, fancy cut 4s are selling between \$19.00 and \$19.50, f.o.b. Midwest.

**MIXED VEGETABLES** – Private label prices of canned 24/300 mixed vegetables are between \$11.25 and \$11.50 per case, f.o.b. Mid-Atlantic. Prices for foodservice 6/10 cases of mixed vegetables are being seen between \$22.00 and \$24.00, f.o.b. Midwest.

**MUSHROOMS** – Domestic cans of mushroom pieces and stems in 68-oz. 10/10 cases are around \$40.00 to \$45.00, f.o.b. California, while imports are being seen between \$38.00 and \$40.00.

**PEAS** – Private label prices of 24/300 cases of fancy canned peas are selling around \$12.50, f.o.b. Midwest. Prices for foodservice 6/10 cases of canned peas are between \$22.00 and \$24.00, f.o.b. Midwest. Canned peas are extraordinarily tight.

**PEAS & CARROTS** - Private label prices of 24/300 cases of canned peas are selling for around \$13.25, f.o.b. Midwest. Foodservice sizes are around \$22.00, f.o.b. Midwest.

**POTATOES** – Retail sizes of whole canned potatoes are selling for between \$12.00 and \$13.00, f.o.b. Midwest, while sliced and diced are around \$12.00. Foodservice sizes of sliced and diced potatoes are between \$18.50 and \$19.50,

while 90-110 whole are between \$28.00 and \$29.00, f.o.b. Midwest.

**PUMPKIN** – Private label 24/300 cases of canned pumpkin are between \$15.00-15.25, f.o.b. Midwest. Foodservice 6/10 cases are between \$29.80-\$29.90.

**SAUERKRAUT** – Foodservice 6/10 cases are around \$17.50, f.o.b. Midwest. Private label 24/300 cases of sauerkraut are priced between \$12.75 and \$13.00, f.o.b. Midwest.

**SPINACH** – Retail 24/300 chopped and whole spinach are selling for between \$11.00 and \$12.25, with most crop in the higher range, f.o.b. Midwest. Foodservice 6/10 cases of chopped spinach are being seen between \$18.50 and \$19.50, f.o.b. Midwest.

**DRY-PACK BEANS** – Retail 24/300 sizes of beans such as black-eyed, pinto and kidney are around \$12.00, with refried beans being around the \$12.25 mark, f.o.b. Midwest. 6/10 sizes of dark red kidney beans are between \$18.50 and \$19.50 while garbanzos are between \$18.00 and \$18.50, f.o.b. Midwest.

## TOMATO PRODUCTS

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**TOMATO STOCKS** - Inventories of U.S. processed tomato products were approximately 6.2 million tons, stated on a raw product equivalent basis, as of June 1, according to a report released from the **CALIFORNIA LEAGUE OF FOOD PROCESSORS**. Inventory is 8% above the prior year level. Apparent disappearance of tomato stock decreased 3% to approximately 12.3 million tons during the 12-month period of June 1, 2010 to June 1, 2011, compared to the prior reporting period. Over a 10-year period, this current year has by far the largest June 1 inventory seen, a full 122% increase over the 10-year low seen in 2005/06.

### U.S. PROCESSED TOMATO SUPPLY & MOVEMENT

(Source: California League of Food Processors)

Tons:	2009/10	2010/11	% Chg.
Beginning Inventory (June 1)	4,400,000	5,743,000	30.5%
Pack	13,971,000	12,776,000	-8.6%
Total Supply	18,371,000	18,519,000	0.8%
Mar. 1 Inventory	8,851,000	9,222,000	4.2%
June 1 Inventory	5,743,000	6,252,000	8.9%
<b>Disappearance:</b>			
12 Months	12,628,000	12,267,000	-2.9%
Monthly	1,052,000	1,022,000	-2.9%

- 2010/11 statistics based on reports from processors handling 93.6% of U.S. tonnage.

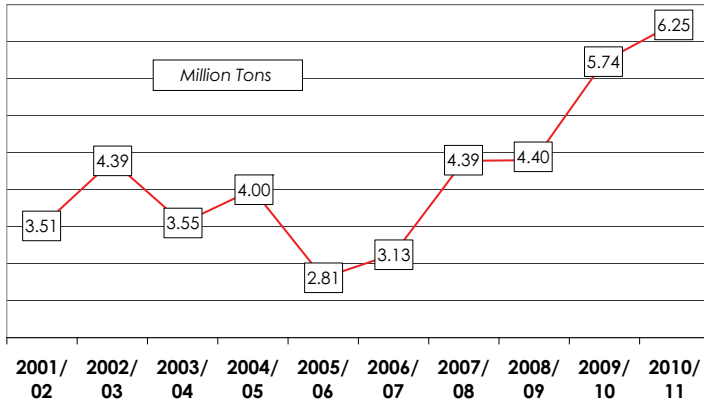
- 2009/10 statistics based on reports from processors handling 93.1% of U.S. tonnage.

All positions are based on a "raw product tons" equivalent basis.

Total bulk tomato paste stocks, including inventory held for remanufacture, were estimated to total approximately 4.4 million tons, on a raw product “paid-for tons” equivalent basis, as of June 1. The U.S. bulk tomato paste-for-sale inventory on June 1, 2011 was approximately 3.1 million tons, on a raw product “paid-for tons” equivalent basis. Participating processors handle 93.62% of total U.S. tonnage of processing tomatoes.

### Processed Tomato Supply

(Source: California League of Food Processors)



**INDUSTRY NEWS - RED GOLD** plans to move its headquarters from Orestes, IN to Elwood, IN within the next 12 months. The company has tomato operations in Elwood, Geneva, and Orestes, IN. The additional office space will allow the company to reconfigure interior space at its Orestes plant location to allow for future manufacturing growth. Red Gold's Elwood plant is currently midway through a major addition of its production and packaging equipment, including an additional state-of-the-art high speed ketchup bottling line which will be ready for production in mid-August.

**INTERNATIONAL NEWS** - The price of a tin of baked beans is set to rise in the UK after bad weather crimped supply amid rising demand for processed tomatoes, according to trade magazine *The Grocer*. Heavy rain in Spain and Portugal earlier this year cut local production of tomatoes by around 20% at a time when European production is already falling and demand for processed tomatoes from emerging markets like Asia-Pacific and Latin-America is growing. EU tomato growers already pushed through price increases for this year's crop, prompting fears retail prices will follow, citing data from **MINTEC**, reported *Market Watch* (June 21).

### CANNED TOMATO EXPORTS MARKETING YEAR 2010/11

JUNE 1 - APR. 30

(Source: Bureau of Census)

	Pounds (1,000)	% Chg. Last Yr.	Dollars (\$1,000)	% Chg. Last Yr.
<b>Canned Tomatoes, Whole/Pieces</b>				
Canada	68,768	2.9%	\$24,235	0.9%
Japan	6,238	67.4%	\$2,270	24.4%
Mexico	12,311	34.2%	\$3,503	20.9%
Other	28,062	22.7%	\$9,836	14.1%
<b>Total</b>	<b>115,379</b>	<b>12.5%</b>	<b>\$39,844</b>	<b>6.6%</b>
<b>Other Canned Tomatoes</b>				
Canada	13,051	15.7%	\$5,146	12.9%
Japan	3,486	-22.9%	\$1,261	-27.1%
Other	17,078	22.1%	\$6,973	-5.1%
<b>TOTAL</b>	<b>33,615</b>	<b>12.9%</b>	<b>\$11,274</b>	<b>20.0%</b>

**CANNED TOMATOES** - Foodservice 6/10 standard whole peeled canned tomatoes are between \$11.50 and \$12.00, while choice 6/10 cans are more along the lines of \$11.75 through \$12.25, f.o.b. California.

Retail 24/300 size of whole tomatoes are selling for between

\$10.75 and \$11.25, while 12/2.5 cans are selling for between \$9.00 and \$9.50, f.o.b. Midwest.

**DICED TOMATOES** - Foodservice sizes of diced tomatoes have been seen between \$14.00 and \$15.00, f.o.b. California. Retail 24/300 size of diced tomatoes are selling for between \$10.75 and \$11.25, while 12/2.5 cans are selling for between \$9.00 and \$9.50, f.o.b. Midwest.

55 Gal. Drums are selling between 19 and 21 cents per pound, and 300 Gal. Bins are between 17 and 19 cents per pound, both f.o.b. California.

### TOMATO PRODUCT EXPORTS MARKETING YEAR 2010/11

JUNE 1 - APR. 30

(Source: Bureau of Census)

	Pounds (1,000)	% Chg. Last Yr.	Dollars (\$1,000)	% Chg. Last Yr.
<b>Tomato Sauce</b>				
Canada	269,200	10.6%	\$131,047	9.4%
Mexico	23,871	-21.1%	\$10,705	-25.9%
UK	7,749	-43.4%	\$3,903	-43.3%
Japan	11,083	7.1%	\$5,377	12.5%
Other	82,211	-2.6%	\$40,041	-2.9%
<b>TOTAL</b>	<b>394,113</b>	<b>3.1%</b>	<b>\$191,073</b>	<b>1.6%</b>
<b>Tomato Paste</b>				
Canada	82,500	0.6%	\$31,252	-9.9%
Mexico	83,622	-2.0%	\$29,037	-14.3%
Japan	34,396	22.7%	\$12,816	10.6%
Korea	16,197	36.8%	\$5,443	8.1%
Australia	18,744	84.4%	\$6,236	55.4%
Italy	64,970	-48.1%	\$22,731	-55.3%
Other	208,726	94.7%	\$78,121	76.4%
<b>TOTAL</b>	<b>514,980</b>	<b>14.6%</b>	<b>\$188,294</b>	<b>2.3%</b>
<b>Ketchup</b>				
Mexico	28,181	42.2%	\$11,716	35.7%
Canada	17,216	-1.9%	\$7,250	6.3%
Japan	1,351	-0.6%	\$656	-1.1%
Hong Kong	1,113	31.8%	\$574	45.3%
Other	52,245	22.4%	\$23,576	24.7%
<b>TOTAL</b>	<b>100,106</b>	<b>21.7%</b>	<b>\$43,772</b>	<b>23.6%</b>

**SAUCE** - Foodservice 6/10 canned tomato sauce is selling in the low \$12.00 range, f.o.b. California. Retail 48/8-oz. sizes are selling for between \$10.00 and \$11.00, f.o.b. Midwest.

**PUREE** - Foodservice 6/10 canned tomato puree is selling between \$14.50 and \$15.50, f.o.b. California, and a Midwest source is seeing their product mostly around \$15.50.

**TOMATO JUICE** - Foodservice 12/46-oz. juice is selling for around \$13.00, f.o.b. Midwest.

**KETCHUP** - Foodservice 6/10 Fancy ketchup is being seen selling for between \$15.50 and \$16.00, f.o.b. Midwest. A 16-pack case of 24-oz. size ketchup is selling for between \$11.00 and \$11.50, f.o.b. Midwest.

**STEWED** - Foodservice 6/10 stewed tomatoes are selling around \$18.50, f.o.b. Midwest.

Retail size 24/300 stewed tomatoes are selling for between \$11.00 to \$11.50, while 12/2.5 sizes are selling for between \$9.50 and \$10.00, f.o.b. Midwest.

**PIZZA SAUCE** - Foodservice 6/10 pizza sauce is selling around \$16.25, while 6/10 heavy pizza sauce is around \$17.25, both prices f.o.b. Mid-Atlantic. Retail 24/300 size



pizza sauce is selling around \$10.00, f.o.b. Mid-Atlantic.

**PASTE** – Retail size of canned tomato paste, 48-pack of 6-oz., is selling for between \$17.50 and \$18.50, f.o.b. Midwest. Foodservice sized cans of tomato paste, 6/10, is selling between \$22.00 and \$23.50, f.o.b. California.

Hot break 31% NTSS (Brix) paste in 55 Gal. drums are between 38-39 cents per pound, f.o.b. California, and 300 Gal. Bins are between 36-37 cents per pound, f.o.b. West Coast. Another West Coast source stated that these are more spot prices, with some bins being seen as low as 34 cents.

**2010-11 U.S. BULK TOMATO PASTE SUPPLIES & JUNE 1 INVENTORY**

(Source: California League of Food Processors)

**Total Bulk Tomato Paste Pack and Inventory**

	2009/10	2010/11	% Chg.
Total Bulk Tomato Paste Pack*	10,534,000	9,422,000	-10.6%
As of December 1	8,868,000	8,817,000	-0.6%
As of March 1	6,475,000	6,752,000	4.3%
As of June 1	4,135,000	4,401,000	6.4%

**Total Bulk Tomato "Paste for Sale" Stock In Drums, Bins & Bulk\*\***

	2009/10	2010/11	% Chg.
Total Bulk "Paste for Sale" Pack	7,969,000	7,035,000	-11.7%
As of December 1	5,448,000	5,840,000	7.2%
As of March 1	4,069,000	4,607,000	13.2%
As of June 1	3,206,000	3,076,000	-4.1%

\* Including bulk "paste for sale" and paste held for companies' own remanufacture operations.  
 \*\* Paste For Sale - Paste, converted to a raw product "paid for tons" equivalent, being held in drums, bins, and bulk, that has been packed to be sold. Does not include paste being held for companies' own remanufacture.  
 2010/11 statistics based on reports from processors handling 93.6% of U.S. tonnage.  
 2009/10 statistics based on reports from processors handling 93.1% of U.S. tonnage.

**FROZEN VEGETABLES**

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There are "shortages on pretty much everything," claimed a **FOOD INSTITUTE** source recently. In the Northwest, some processors are just beginning to start on peas, compared to the normal start date of the last week in May. This source stated that some growers plan on doing a double crop of peas, which could in turn affect the corn crop. On the supply side of the frozen onion segment, there is some concern in the Northwest due to the cool and wet spring seen in the areas, noted another Food Institute source. Both spring and summer varieties are seeing smaller sizes due to the weather, which could affect tonnage at the end of the season. This in turn will increase costs for processors. Pricing for frozen onions went up in late winter and spring, according to this source, and 2011 contracts may increase as well.

**BROCCOLI** – Foodservice 12/2-lb. sizes of broccoli spears are selling for between \$16.50-17.00, while foodservice IQF florets are selling for between 90 and 95 cents per pound, f.o.b. Midwest. Foodservice cut broccoli is selling for around 55 cents per pound, and chopped is between 55 and 62 cents per pound, all prices f.o.b. Northeast.

Industrial sizes of frozen broccoli florets are running in the low 60s cents per pound, f.o.b. Southwest. Industrial broccoli stalks are between the low to high 20 cents per pound.

**BRUSSELS SPROUTS** – Foodservice 12/2.5-lb. cases of frozen Brussels sprouts are selling for around \$1.00 per pound, f.o.b. East Coast.

**COLD STORAGE** - Total frozen vegetable stocks were down 7% from last month and down 8% from a year ago, according to **NASS'** monthly *Cold Storage* report.

**PRELIMINARY MAY 31 POSITION OF FROZEN VEGETABLES**

(Source: USDA)

	Preliminary May 31 Holdings	% Chg. Pr. Year	Preliminary May	
			2011	2010
<b>1,000 Pounds:</b>				
Asparagus	8,188	-7.8%	2,552	1,787
Beans, Lima	37,474	-8.7%	(4,473)	(8,924)
Beans, Green Reg.	73,697	-8.7%	(12,878)	(12,200)
Beans, Green French	9,802	-28.3%	(2,514)	(2,510)
Broccoli Spears	33,231	3.0%	2,894	(6,985)
Broccoli, Chop & Cut	39,453	-2.2%	6,068	(1,986)
Brussels Sprouts	11,464	-23.7%	(659)	(2,810)
Carrots, Diced	104,029	-1.2%	(9,230)	(10,998)
Carrots, Other	90,425	-7.7%	(6,959)	(8,565)
Cauliflower	16,493	-22.9%	240	(1,656)
Corn, Cut	278,241	-18.9%	(62,016)	(58,806)
Corn, Cob	131,806	-0.3%	(24,340)	(31,915)
Mixed Vegetables	45,480	-9.5%	506	(7,742)
Okra	13,809	59.8%	4,216	(1,847)
Onion, Rings	5,837	23.0%	1,287	(299)
Onions, Other	52,823	159.4%	8,297	(1,076)
Peas, Blackeye	2,502	-17.6%	(815)	(102)
Peas, Green	124,989	-16.4%	(22,088)	(23,353)
Peas & Carrots	6,793	13.0%	(298)	(122)
Spinach	80,880	-10.4%	16,259	17,352
Squash, Sum. & ZUC.	41,537	4.9%	(3,218)	2,004
Southern Greens	17,036	13.0%	(509)	(1,098)
Other Vegetables	261,467	-13.5%	(7,287)	(25,357)
<b>Total Vegetables</b>	<b>1,487,456</b>	<b>-8.3%</b>	<b>(114,965)</b>	<b>(187,208)</b>
French Fries	847,876	-1.0%	(8,491)	(32,496)
Other Potatoes	225,923	2.1%	12,033	16,125
<b>Total Potatoes</b>	<b>1,073,799</b>	<b>-0.3%</b>	<b>3,542</b>	<b>(16,371)</b>

**CAULIFLOWER** – Foodservice sizes of domestic cauliflower florets are selling for between 90 and 95 cents per pound, f.o.b. Northwest, with a Midwest source seeing 95 cents per pound.

**SELECTED FROZEN VEGETABLE EXPORTS JAN. 1 - APR. 30, 2011**

(Source: Bureau of Census)

	Pounds (1,000)	% Chg. Last Yr.	Dollars (\$1,000)	% Chg. Last Yr.
<b>Peas</b>	<b>12,907</b>	<b>64.2%</b>	<b>\$5,543</b>	<b>51.7%</b>
Canada	7,852	139.2%	\$3,243	131.3%
<b>Beans</b>	<b>5,372</b>	<b>-10.4%</b>	<b>\$2,333</b>	<b>-20.3%</b>
Canada	2,405	-33.3%	\$1,129	-38.4%
<b>Spinach</b>	<b>4,432</b>	<b>60.9%</b>	<b>\$2,481</b>	<b>52.3%</b>
Canada	3,944	55.7%	\$2,239	47.5%
<b>Vegetable Mixes</b>	<b>18,411</b>	<b>13.3%</b>	<b>\$12,027</b>	<b>8.4%</b>
Japan	9,564	5.4%	\$6,394	7.4%
<b>French Fries</b>	<b>528,406</b>	<b>5.0%</b>	<b>\$246,661</b>	<b>3.7%</b>
Japan	166,025	-18.0%	\$75,142	-19.4%
<b>Potatoes, Except Fries</b>	<b>37,702</b>	<b>24.2%</b>	<b>\$22,218</b>	<b>24.4%</b>
Japan	13,815	52.8%	\$9,162	49.3%
<b>Sweet Corn</b>	<b>39,284</b>	<b>24.5%</b>	<b>\$19,198</b>	<b>21.8%</b>
Japan	15,095	15.6%	\$8,188	9.9%
<b>Sweet Corn, Prepared*</b>	<b>12,214</b>	<b>-10.3%</b>	<b>\$5,860</b>	<b>-15.2%</b>
Japan	6,821	16.7%	\$3,589	7.3%
<b>Misc. Veg. &amp; Mixes,</b>	<b>32,655</b>	<b>-7.0%</b>	<b>\$25,878</b>	<b>14.9%</b>
Canada	14,360	-20.9%	\$14,242	11.8%
<b>Beans, Prepared*</b>	<b>2,867</b>	<b>441.2%</b>	<b>\$1,655</b>	<b>344.9%</b>
<b>Peas, Prepared*</b>	<b>749</b>	<b>-36.8%</b>	<b>\$358</b>	<b>-39.8%</b>
<b>TOTAL</b>	<b>694,999</b>	<b>7.2%</b>	<b>\$344,212</b>	<b>7.2%</b>

\* Includes vegetables in butter sauce.

**CARROTS** - Retail 12/16-oz. size of sliced carrots can be found around \$8.25, f.o.b. Midwest. Foodservice 20-lb. sliced and diced are being seen between 50 and 55 cents per pound, compared to the high 30s last year, f.o.b. Midwest.

**COB CORN** - 12/4 packs of cob corn are in the low \$14.00 range, up \$2.50 to \$3.00 from the same time last year. 12/6 packs are selling between \$14.70 and \$15.00, f.o.b. Midwest. 96-ear grade A cob corn is selling for around \$13.00, f.o.b. Northwest.

**COLLARDS** - Domestic IQF collard greens have been stable around 75 cents per pound, f.o.b. East Coast.

**CORN** - Cut corn in 12/16-oz packs are priced between \$8.90 and \$9.00, f.o.b. Midwest. 12/2.5-lb. cases are being seen in the mid-60s, f.o.b. Northwest. 20-lb. cartons are being seen between 64 and 68 cents, f.o.b. Midwest. The 1,600-lb. totes of frozen corn are selling for between 38 and 40 cents, f.o.b. Northwest.

**LIMA BEANS** - Retail size 12/16-oz. frozen lima beans are being seen between \$14.10 and \$14.85, f.o.b. Midwest.

**MIXED VEGETABLES** - Retail size 12/16-oz. 5-way mixed vegetables are being seen between \$9.40 and \$9.50, f.o.b. Midwest. Foodservice 12/2.5-lb. sizes are being seen between 65 and 70 cents per pound, f.o.b. Midwest. 20-lb. cases are being seen between 59 and 60 cents per pound, f.o.b. Midwest.

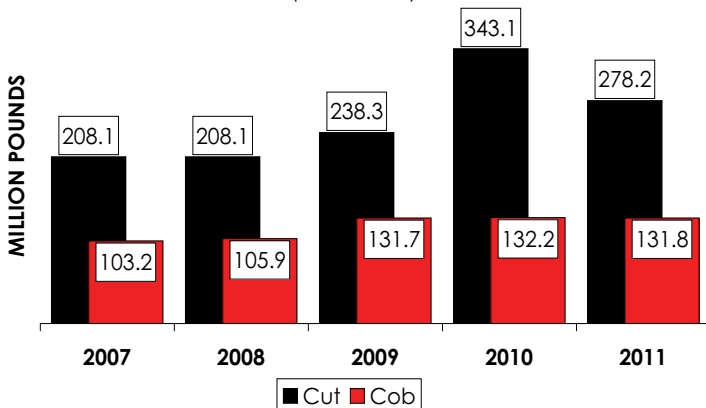
**OKRA** - 1/20-lb. cases of cut okra are selling around 90 cents per pound, f.o.b. East Coast. Industrial sizes are being seen in the upper 40s, and supplies are not as tight as other items, f.o.b. South.

**ONIONS** - 30-lb. cases of 3/8-in. frozen onions are selling in the low-50 cents per pound, while 12/2.5-lb. sizes of pearl onions are selling around \$1.00 per pound, both f.o.b. East Coast. 12/12-oz. bags of chopped onions are stable between \$5.40 and \$5.80, f.o.b. Midwest.

**PEAS** - Frozen peas in 12/16-oz. poly bags are priced in the low-to-mid \$10.00 range, f.o.b. Midwest. 12/2.5-lb. cases are priced between 68 and 72 cents per pound, f.o.b. Midwest, while a Northwest source is seeing cases in the high 50s. Totes are being seen between 48 and 50 cents, f.o.b. Northwest. Inventory is very tight.

**FROZEN CORN COLD STORAGE STOCKS - MAY 31**

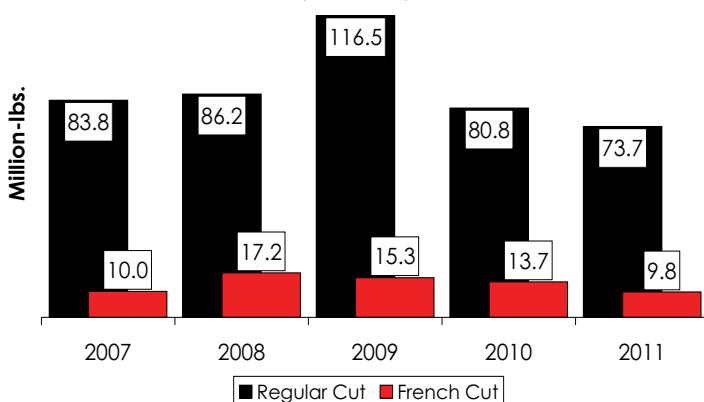
(Source: USDA)



**GREEN BEANS** - Retail size 12/16-oz cut and French cut green bean packs are priced between \$9.40 and \$9.50, f.o.b. Midwest. Retail whole green beans are around \$14.00, f.o.b. Midwest. Foodservice 12/2-lb. sizes are between 68 and 72 cents per pound, f.o.b. Midwest. Inventories are very tight.

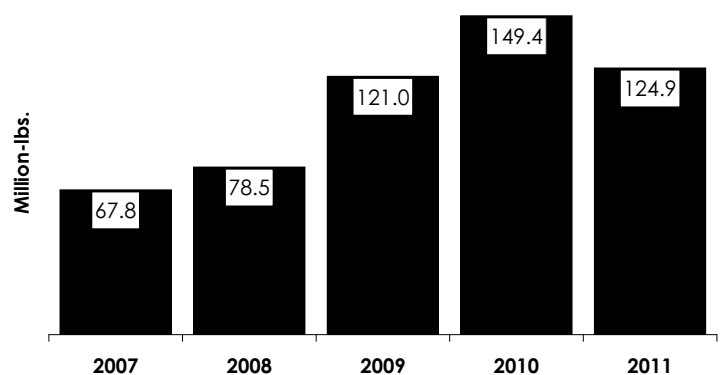
**FROZEN GREEN BEAN COLD STORAGE STOCKS - MAY 31**

(Source: USDA)



**FROZEN PEA COLD STORAGE STOCKS - MAY 31**

(Source: USDA)



**PEAS & CARROTS** - Foodservice 12/2.5-lb. are selling between 63-66 cents per pound, and 20-lb. cases are between 57 and 59 cents per pound, all f.o.b. Northwest.

**PEPPERS** - Frozen pepper strips in totes are being seen in the low 60s, f.o.b. South.

**POTATOES** - Diced redskin potatoes in 4/5-lb. sizes and diced all purpose potatoes in 6/5-lb. sizes are between 71 and 75 cents, f.o.b. Northwest.

**SQUASH** - Industrial size of crinkle-cut frozen yellow squash are selling for between 45 and 49 cents per pound, with a penny more per pound for sliced yellow squash, f.o.b. Southwest. Industrial sizes of frozen zucchini are between 42 and 45 cents per pound.

**SPINACH** - IQF spinach in 12/2-lb. cases are being seen around 75 cents per pound, while 12/3-lb. wet pack spinach is being seen around 60 cents per pound, f.o.b. East Coast.

## CANNED FRUITS

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### SELECTED U.S. EXPORTS OF CANNED FRUIT JAN. 1 - APR. 30, 2011

(Source: Bureau of Census)

	Pounds (1,000)	% Chge. Last Yr.	Dollars (\$1,000)	% Chge. Last Yr.
Citrus, NESOI	61,646	18.4%	\$25,559	23.9%
Peaches	13,899	19.7%	\$6,599	19.4%
Pears	5,712	14.7%	\$2,924	16.7%
Strawberries	4,865	59.9%	\$4,368	39.4%
Tart Cherries	3,440	-2.7%	\$2,598	-1.5%
Maraschino Cherries	3,074	-8.4%	\$3,089	-7.6%
Olives	2,754	11.1%	\$2,571	17.8%
Pineapples	3,176	8.2%	\$1,389	9.7%
Sweet Cherries	1,773	-10.7%	\$1,954	-9.6%
Wild Blueberries	2,261	160.4%	\$2,423	130.3%
Apricots	973	-10.2%	\$627	-0.5%
Grapefruit	1,150	47.4%	\$625	108.9%
Nectarines	1,835	3432.1%	\$889	3075.8%

**PEACHES** - Domestic foodservice pricing for 6/10 canned sliced peaches is between \$24.00 and \$24.50, f.o.b. California.

**PINEAPPLE** - Price for 6/10 standard Tidbit in natural juice is around \$19.15 while price of 24/20-oz. in natural juice is at \$17.65 a case, ex-dock East Coast.

**APPLES** - Prices for 6/10 canned applesauce are between \$19.50 - \$20.00, while 24/300 is between \$20.25 - \$21.00, f.o.b. Michigan.

**CRANBERRY SAUCE** - Canned cranberry sauce is priced around \$18.00-\$20.00 for 24/300s, ex-dock New Jersey.

**PEARS** - Domestic foodservice pricing for 6/10 canned Bartlett pears is \$23.00 - \$23.25, 24/300 is \$17.75, and 12/2.5 is \$12.75, all prices are f.o.b. California.

**FRUIT MIX** - Foodservice pricing for 12/2.5 canned fruit mix is \$11.75. Pricing for 24/300 is \$15.25 and for 6/10 is \$23.25 for both heavy and light syrup. Prices are f.o.b. California.

**FRUIT COCKTAIL** - Foodservice pricing for 6/10 canned fruit cocktail in heavy syrup is \$28.00 and \$27.00 for light syrup. Pricing for 24/300 is \$16.25-\$16.50. Pricing for 12/2.5 is \$13.00-\$13.25. All prices are f.o.b. California.

**APRICOTS** - Foodservice pricing for 24/#300 canned apricots is \$23.00 f.o.b. California.

## PROCESSED FISH

Analyst: Robert Kraly

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**CATFISH** - Farm-raised catfish processed during May 2011 totaled 24.7 million-lbs. round weight, down 35% from May 2010. The average price paid to producers was \$1.17 per pound for May 2011, up 2.8 cents from last month and 37.3 cents above a year ago.

Net pounds of processed fish sold during May 2011 totaled

12.6 million-lbs., down 34% from the comparable month in 2010. Sales of fresh fish, at 4.75 million-lbs., were down 35% from May 2010 and represented 38% of total sales. Frozen fish sales, at 7.85 million-lbs., were down 34% from a year ago and accounted for the remaining 62% of total fish sales. Sales of whole fish represented 21% of the total fish sold, fillets accounted for 59%, and the remaining 20% were mostly steaks, nuggets, and value added products. The total end of the month inventory decreased 2% from last month and was down 54% from a year ago.

### CATFISH PROCESSORS: SALES VOLUME & AVG. PRICES - MAY

(Source: National Agricultural Statistics Service)

	Sales (000 Pounds)		Average Price (\$/lb.)	
	2011	% Chge.	2011	% Chge.
<b>Fresh Fish</b>	<b>4,745</b>	<b>-34.8%</b>	<b>\$3.38</b>	<b>38.5%</b>
Whole				
Round & Gutted	1,120	-21.9%	\$1.88	75.7%
Whole Dressed	941	-33.3%	\$2.88	46.2%
Total	2,061	-27.5%	\$2.40	54.8%
Other				
Steaks	49	-46.2%	\$3.33	37.6%
Nuggets	407	-25.2%	\$1.95	41.3%
Other }1	29	-62.8%	\$4.50	23.6%
Total	485	-32.0%	\$2.24	27.3%
Fillets }2	2,199	-40.9%	\$4.55	40.0%
<b>Frozen Fish</b>	<b>7,846</b>	<b>-33.9%</b>	<b>\$3.58</b>	<b>43.2%</b>
Whole Dressed	609	-14.1%	\$2.93	31.4%
Other				
Steaks	61	8.9%	\$3.13	33.2%
Nuggets	1,465	-46.6%	\$1.55	43.5%
Other }1	432	-26.9%	\$3.63	21.8%
Total	1,958	-42.2%	\$2.06	44.1%
Fillets }2	5,279	-32.0%	\$4.22	41.1%

}1 Includes all products not already reported including weight of breading and added ingredients

}2 Includes regular, shank, and strip fillets; excludes any breaded products

The total fresh and frozen average price for May 2011 was \$3.51, up \$1.03 from a year ago. The May 2011 average price received by processors for total fresh fish was \$3.38 per pound, up 94 cents from last year. Prices for fresh whole fish were \$2.40 per pound, up 85 cents from May 2010. Prices for fresh fillets were up \$1.30 from a year ago at \$4.55 per pound. Total frozen fish averaged \$3.58 per pound, up \$1.08 from May 2010. Prices for frozen whole dressed fish were up 70 cents at \$2.93 and frozen fillets at \$4.22 per pound were up \$1.23 from a year ago.

Imports for consumption of *Ictalurus* spp., *Pangasius* spp., and other catfish of the order Siluriformes for April 2011 totaled 13.3 million-lbs., up 51% from the amount imported in April 2010. Imports were from Cambodia, China, Malaysia, Mexico, Thailand and Vietnam. The *Ictalurus* spp. imports totaled 216,000-lbs., which were from China and Mexico.

**TUNA** - Prices for Chunk White tuna in 48/6-oz. containers are between \$50.00-\$55.00 per case, \$50.00-\$60.00 for Solid White, \$32.00-\$36.00 for Skipjack, all prices are delivered private label imported.

**SALMON** - Prices for private label canned salmon are between \$54.00 - \$56.00 for Red, 24/Halves (7.5-oz.), \$85.00 - \$95.00 for Red, 24/Talls (14.75-oz.), \$25.00 - \$30.00 for Pink, 24/Halves (7.5-oz.) and \$45.00 - \$50.00 for Pink, 24/Talls (14.75-oz.), f.o.b. Seattle, Washington.

**SHRIMP** – The **DEPARTMENT OF COMMERCE** is extending the time limits for the final results of the administrative review of certain frozen warmwater shrimp from Vietnam. The review covers the period Feb. 1, 2009, through Jan. 31, 2010.

Canned shrimp prices for tiny shrimp are between \$20.00 - \$24.00, \$32.00 - \$36.00 for imported medium and \$38.00 - \$43.00 for imported medium deveined, while small deveined are around \$33.00-\$35.00, ex-warehouse New York.

**CRABMEAT** – Prices for 12/6-oz. canned crabmeat is around \$40.00 - \$43.00 for Lump. White crabmeat is priced around \$18.00 - \$22.00 and pink crabmeat is \$15.00 - \$17.00, ex-warehouse New York.

**CLAMS** – Whole baby clams in 12/10-oz. cases are priced between \$16.00- \$18.00, ex-warehouse New York.

**MACKEREL** – Canned mackerel from Chile/Ecuador is priced between \$32.00- \$36.00 for 24/15-oz., ex-warehouse New York.

**OYSTERS** – Prices for 12/8-oz. whole oysters are around \$19.00-\$20.00, while 24/3.75-oz. smoked oysters are between \$28.00-\$32.00, ex-warehouse New York.

## DRIED VEGETABLES

Analyst: Robert Kraly 201-791-5570 ext. 224 rob.kraly@foodinstitute.com

**PEAS AND LENTILS** – Trading activity remains light with light to moderate demand. According to **NASS**, Idaho is nearing completion with 95% of peas and lentils planted. 81% of peas and 76% of lentils are emerged in Idaho. Split Green Peas, Whole Green Peas and Austrian Winter Peas were steady. Yellow Peas, Brewer Lentils and Pardina Lentils were not established.

### DRIED PEA AND LENTIL PRICES

	Current Week	Year Ago
<i>Per cwt. (f.o.b.)</i>		
Green Split Peas	\$22.50 - \$24.00	\$20.00 - \$21.00
Green Whole Peas	\$19.00 - \$20.00	Not Established
Yellow Split Peas	Not Established	Not Established
Yellow Whole Peas	Not Established	Not Established
Lentils	\$44.00 - \$46.00	\$36.00 - \$37.00
Pardina	\$36.00 - \$38.00	\$37.00 - \$38.00

**CALIFORNIA BEANS** – Trading activity very light with light to moderate demand. Most people are waiting for new crop and shipping off of old contracts. Large Limas were steady. Baby Limas, Blackeyes and Garbanzos were not established.

### CALIFORNIA DRIED BEAN PRICES

	Current Week	Year Ago
<i>Per cwt. (f.o.b.)</i>		
Baby Lima	Not Established	Not Established
Large Lima	\$58.00-\$60.00	Not Established
Blakeye	Not Established	Not Established

**DRIED BEANS** – Trading activity mostly light with moderate to good demand. Movement continues to be slow with the majority of movement being on previously contracted beans. Planting progressed this week with most states nearing com-

pletion. According to **NASS**, most states are reporting between 83% and 100% planted of dry beans. Wyoming continues to report the largest difference from normal with only 61% planted, 35% below average. Emergence is well behind average for most states. Most states are reporting 20% to 40% below normal emergence. This is due in large part to wet conditions and cool temperatures being reported in most regions.

### DRIED BEAN PRICES

*Per cwt. f.o.b. area indicated*

	Current Week	Year Ago
<b>Pinto</b>		
Colorado	\$38.00 - \$40.00	\$37.00 - \$39.00
North Dakota	\$35.00 - \$37.00	\$30.00 - \$32.00
<b>Great Northern</b>		
Nebraska	\$48.00 - \$49.00	\$40.00 - \$42.00
North Dakota	Not Established	Not Established
<b>Light Red Kidney</b>		
Wisconsin	\$52.00 - \$53.00	Not Established
Nebraska	\$52.00 - \$53.00	Not Established
Michigan	Not Established	\$42.00 - \$43.00
<b>Dark Red Kidney</b>		
Michigan	Not Established	Not Established
Minnesota	\$55.00 - \$58.00	Not Established
<b>Pink</b>		
Idaho	\$43.00 - \$46.00	\$43.00 - \$45.00
<b>Small Red</b>		
Idaho	\$53.00 - \$55.00	\$42.00 - \$44.00
<b>Black</b>		
Michigan	\$48.00 - \$50.00	\$47.00 - \$48.00
North Dakota	\$44.00 - \$45.00	\$36.00 - \$38.00
<b>Pea Beans</b>		
Michigan	\$47.00 - \$48.00	\$40.00 - \$43.00
<b>Garbanzos</b>		
Washington	Not Established	\$39.00 - \$40.00

## DRIED FRUITS & NUTS

Analyst: Robert Kraly 201-791-5570 ext. 224 rob.kraly@foodinstitute.com

**PEANUTS** – Peanut prices received by farmers for all farmer stock peanuts averaged 23.8 cents per pound for the week ending June 11, up 1.1 cents from the previous week. Marketings of all farmer stock peanuts for the week ending June 11 totaled 48.9 million-lbs., down 38.8 million-lbs. from the previous week.

Runner-type peanut prices averaged 23.1 cents per pound for the week ending June 11, up 0.6 cent from the previous week. Marketings of runner-type peanuts were 34.7 million-lbs., down 45.8 million-lbs. from the previous week.

**PISTACHIOS** – Meanwhile, prices for R/S 20/22 are close to \$3.80 per pound, f.o.b. California. California whole pistachio kernels are priced between \$6.70 - \$6.90 per pound f.o.b. Small pieces are quoted at \$5.75 per pound.

**WALNUTS** – Light halves/pieces are being reported as being sold out. Product can only be found from third party suppliers. Prices are in the \$4.45 - \$4.60 per pound range, ex-warehouse New Jersey. New crop will be out any time between Sept. 10 - 30.

**PECANS** – Fancy mammoth halves and junior mammoths are priced around \$7.00-\$7.10 per pound f.o.b. source.

**HAZELNUTS** – Turkish naturals are priced at \$3.50 per pound, ex-warehouse New Jersey.

**U.S. EXPORTS OF NUTS AND NUTMEATS, JAN. 1- APR. 30, 2011**

(Source : Bureau of Census)

	Pounds (1,000)	% Chge. Last Yr.	Dollars (\$1,000)	% Chge. Last Yr.
<b>Cashews, Shelled</b>	<b>1,078</b>	<b>7.5%</b>	<b>\$3,178</b>	<b>27.0%</b>
Canada	597	0.3%	\$1,772	16.8%
<b>Hazelnuts, Inshell</b>	<b>5,596</b>	<b>-58.3%</b>	<b>\$8,939</b>	<b>-48.5%</b>
Hong Kong	1,696	-78.6%	\$2,780	-72.1%
<b>Walnuts, Inshell</b>	<b>54,364</b>	<b>62.5%</b>	<b>\$86,747</b>	<b>80.5%</b>
Hong Kong	13,684	40.4%	\$19,625	57.1%
China	8,091	105.6%	\$12,484	102.1%
Turkey	16,891	145.9%	\$26,650	154.8%
<b>Walnuts, Shelled</b>	<b>63,417</b>	<b>12.5%</b>	<b>\$220,292</b>	<b>37.5%</b>
Japan	10,368	-3.8%	\$34,397	13.6%
Canada	4,795	19.9%	\$17,390	47.4%
Germany	11,167	67.9%	\$39,871	114.1%
<b>Peanuts, Inshell</b>	<b>21,628</b>	<b>76.7%</b>	<b>\$13,742</b>	<b>82.3%</b>
Germany	5,151	137.6%	\$3,180	147.1%
Italy	2,856	35.9%	\$1,823	35.9%
<b>Peanuts, Shelled</b>	<b>91,884</b>	<b>-11.0%</b>	<b>\$54,831</b>	<b>1.0%</b>
Canada	49,203	4.0%	\$28,057	18.9%
Mexico	10,298	-42.6%	\$6,282	-37.3%
Netherlands	12,426	-15.7%	\$8,102	1.1%
<b>Pecans, Inshell</b>	<b>53,429</b>	<b>61.4%</b>	<b>\$66,183</b>	<b>19.8%</b>
Mexico	26,155	61.1%	\$27,266	-4.4%
Hong Kong	18,940	69.1%	\$26,922	42.5%
<b>Pecans, Shelled</b>	<b>16,447</b>	<b>44.3%</b>	<b>\$55,665</b>	<b>42.7%</b>
Canada	5,005	131.9%	\$16,147	75.3%
UK	1,612	103.3%	\$5,680	70.8%
Netherlands	3,143	57.0%	\$12,143	61.2%

**MACADAMIAS** - Macadamia nuts are priced close to \$7.50 per pound, ex-warehouse New York.

**ALMONDS** - Prices for 23/25 Nonpareil Supreme are between \$2.40-\$2.45 per pound, f.o.b. California.

**U.S. EXPORTS OF ALMONDS  
JAN. 1 - APR. 30, 2011**

(Source: Bureau of Census)

	Pounds (1,000)	% Chge. Last Yr.	Dollars (\$1,000)	% Chge. Last Yr.
<b>INSHELL</b>				
India	35,360	34.2%	\$64,873	43.0%
Hong Kong	25,906	198.0%	\$41,398	244.8%
Turkey	5,126	-56.6%	\$8,819	-53.8%
Japan	3,021	-33.8%	\$7,031	-6.9%
Other	16,201	-22.2%	\$27,638	-7.5%
<b>Inshell Total</b>	<b>85,614</b>	<b>18.6%</b>	<b>\$149,760</b>	<b>31.5%</b>
<b>SHELLED</b>				
Spain	41,979	10.6%	\$81,466	20.4%
Germany	35,549	1.8%	\$72,355	22.4%
Canada	15,008	23.0%	\$34,685	27.2%
Japan	16,498	-4.7%	\$38,525	-1.5%
Italy	12,245	11.7%	\$25,846	22.9%
Other	153,281	5.3%	\$419,491	8.3%
<b>Shelled Total</b>	<b>274,560</b>	<b>6.0%</b>	<b>\$590,902</b>	<b>10.7%</b>
<b>Grand Total</b>	<b>360,175</b>	<b>8.7%</b>	<b>\$740,662</b>	<b>14.4%</b>

**PINE NUTS** - Pine nuts out of China are being quoted in the range of \$9.75 - \$12.50 per pound, with price depending heavily on quality.

**CASHEWS** - Prices for 240s are between \$5.00 - \$5.20, while 320s are priced at \$4.60 per pound, ex-warehouse New Jersey.

**BRAZIL NUTS** - Brazil nuts are priced at \$3.95 per pound, ex-warehouse New Jersey.

**PUMPKIN SEEDS** - Pumpkin seeds from China are priced at \$2.15 per pound.

**RAISINS** - Select natural Thompson seedless raisin and midgets are priced at \$1.20 per pound, f.o.b. California. Fancy golden selects, sized medium, are priced at \$1.80 - \$1.90 per pound.

**U.S. EXPORTS OF DRIED FRUITS  
JAN. 1 - APR. 30, 2011**

(Source: Bureau of Census)

	Pounds (1,000)	Chge. Last Yr.	Dollars (\$1,000)	% Chge. Last Yr.
<b>Dates</b>	<b>2,911</b>	<b>38.9%</b>	<b>\$8,024</b>	<b>53.8%</b>
Canada	1,078	32.6%	\$2,696	24.1%
Australia	806	27.1%	\$2,160	51.8%
<b>Figs</b>	<b>2,707</b>	<b>-19.0%</b>	<b>\$4,865</b>	<b>5.0%</b>
Mexico	1,019	-52.6%	\$1,483	-22.3%
Canada	650	72.8%	\$1,318	33.6%
<b>Apricots</b>	<b>896</b>	<b>-20.9%</b>	<b>\$2,322</b>	<b>-7.0%</b>
Canada	333	-43.9%	\$877	-20.9%
Japan	194	-20.2%	\$581	-32.7%
<b>Apples</b>	<b>3,031</b>	<b>34.1%</b>	<b>\$5,338</b>	<b>28.4%</b>
Canada	946	-29.9%	\$1,895	-30.9%
Mexico	458	33.6%	\$740	233.6%
<b>Wild Blueberries</b>	<b>618</b>	<b>14.4%</b>	<b>\$3,501</b>	<b>28.8%</b>
Canada	169	36.0%	\$1,008	64.0%
Japan	169	1.4%	\$1,087	9.2%
<b>Prunes</b>	<b>52,326</b>	<b>2.2%</b>	<b>\$59,593</b>	<b>-1.1%</b>
Japan	8,899	-15.8%	\$10,262	-20.4%
Germany	7,622	-1.9%	\$10,026	1.3%

**APRICOTS** - Turkish #4 apricots are being priced at \$2.20 - \$2.50 per pound, ex-warehouse New Jersey.

**DATES** - Pakistani pitted dates are priced at \$1.50 per pound, ex-warehouse New Jersey.

**PRUNES** - Pitted 40/50 prunes are priced between \$1.20 - \$1.25, f.o.b. California.

**CRANBERRIES** - Dried cranberries are priced between \$1.92 - \$2.00 per pounds, ex-warehouse New Jersey.

**BLUEBERRIES** - Dried blueberries are priced at \$7.25 per pound, f.o.b. Michigan. New crop is expected to be out by the end of June

**PEACHES** -Dried peaches are priced at \$3.25 per pound, f.o.b. California.

**MANGO** - Dried mangoes are priced at \$1.95 per pound, ex-warehouse New Jersey.

# FROZEN FRUITS

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## SELECTED U.S. FROZEN FRUIT EXPORTS JAN. 1 - APR. 30, 2011

(Source: Bureau of Census)

	Pounds (1,000)	% Chge. Last Yr.	Dollars (\$1,000)	Chge. Last Yr.
<b>Strawberries</b>	<b>17,819</b>	<b>34.7%</b>	<b>13,777</b>	<b>36.1%</b>
Canada	12,230	31.8%	9,240	36.2%
Japan	3,700	60.4%	3,124	55.3%
<b>Caneberries*</b>	<b>6,655</b>	<b>29.9%</b>	<b>9,815</b>	<b>35.8%</b>
Canada	4,568	14.8%	7,138	26.6%
Mexico	106	-64.9%	93	-80.5%
Japan	433	44.5%	579	32.9%
<b>Wild Blueberries</b>	<b>8,139</b>	<b>158.6%</b>	<b>8,449</b>	<b>256.2%</b>
Canada	6,900	6518.9%	6,946	3726.5%
China	225	-80.7%	316	-44.3%
Japan	596	10.5%	824	55.0%
<b>Cult. Blueberries</b>	<b>5,358</b>	<b>1.4%</b>	<b>7,982</b>	<b>49.4%</b>
Canada	2,238	-34.9%	3,226	-3.1%
Japan	1,459	13.0%	2,230	63.7%
<b>Sweet Cherries</b>	<b>782</b>	<b>31.1%</b>	<b>751</b>	<b>47.6%</b>
Canada	626	47.6%	584	84.5%
<b>Tart Cherries</b>	<b>4,020</b>	<b>36.0%</b>	<b>2,725</b>	<b>73.3%</b>
Canada	2,281	52.9%	1,562	55.1%

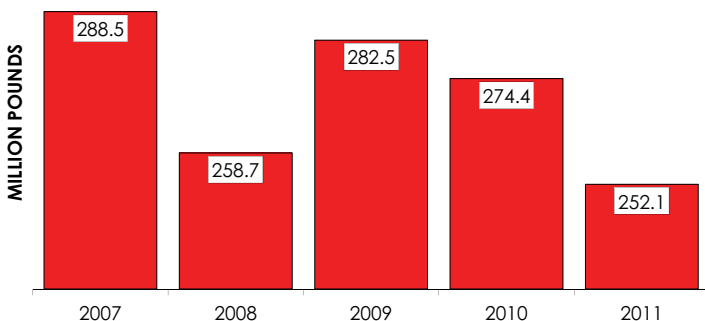
\*Includes raspberries, blackberries, loganberries, currants and gooseberries

**STRAWBERRIES** – For the week ending June 18, 29.4 million-lbs. of freezer berries were delivered to processors, a decrease of 40% from the same period in 2010. Year-to-date deliveries have totaled 203.9 million-lbs., almost 27.0 million-lbs. less than last year at this time, reported the **PROCESSING STRAWBERRY ADVISORY BOARD**.

Frozen strawberries out of California are priced around \$0.82 to \$0.86 per pound.

### FROZEN STRAWBERRIES COLD STORAGE STOCKS - JUNE 1

(Source: USDA)



**BLUEBERRIES** – Cultivated blueberries prices are quoted at \$1.45 to \$1.48 per pound, f.o.b. North Carolina. Leftover 2010 crop from Michigan is priced close to \$1.65 per pound.

**BLACKBERRIES** – Spot prices for frozen blackberries out of China are listed at just slightly under \$1.00 per pound.

## PRELIMINARY JUNE 1 POSITION OF FROZEN FRUITS AND BERRIES

(Source: USDA/NASS)

	Preliminary June 1 Holdings	% Chge. From Pr. Year	Preliminary May Movement 2011	Preliminary 2010
<b>1,000 Pounds:</b>				
Apples	67,809	-15.4%	(6,756)	(5,813)
Apricots	2,179	18.6%	145	(503)
Blackberries	12,992	-19.7%	(872)	(59,308)
IQF	10,438	-17.5%	(930)	(1,858)
Pails & Tubs	1,285	-7.9%	(84)	(120)
Barrels, 400lbs	903	-53.9%	54	(1,355)
Concentrate	366	125.9%	88	82
Blueberries	51,027	-16.8%	(14,556)	(14,151)
Boysenberries	798	-36.3%	1	(107)
Cherries, Tart (RTP)	50,771	-50.7%	(11,609)	(10,933)
Cherries, Tart (Juice)	336	140.0%	(170)	(2,391)
Cherries, Sweet	7,443	-22.6%	(1,110)	(446)
Grapes	2,061	33.2%	270	270
Peaches	31,448	-22.8%	(3,819)	(460)
Raspberries, Black	175	-73.0%	35	(112)
Raspberries, Red	23,304	15.4%	(4,120)	(4,945)
IQF	13,081	28.2%	(1,273)	(1,590)
Pails & Tubs	3,880	-11.1%	(743)	(864)
Barrels, 400lbs	5,108	11.7%	(1,950)	(2,485)
Concentrate	1,235	17.5%	(154)	(6)
Strawberries	252,108	-8.1%	71,335	847
IQF & Poly	98,091	-14.7%	29,324	1,988
Pails & Tubs	73,922	12.5%	15,348	5,518
Barrels & Drums	65,796	-4.0%	20,145	2,372
Juice Stock	14,299	-43.3%	6,518	(9,031)
Other Frozen Fruits	258,891	-10.4%	(35,915)	(29,400)
<b>Total Frozen Fruits</b>	<b>762,897</b>	<b>-15.5%</b>	<b>(7,207)</b>	<b>(69,138)</b>

**CHERRIES** – U.S. tart cherry production is forecast at 266 million-lbs., up 40% from the 2010 production. Michigan, the largest producing state, expects a larger crop than last year at 210 million-lbs. Development of the crop was behind normal due to below average spring temperatures. The bloom was reported to be excellent despite cool, wet conditions which hampered pollination in many locations.

Prices for 5 +1 frozen tart cherries are around \$0.85 per pound, while IQF product is now \$0.91, f.o.b. Michigan.

**RASPBERRIES** – The price for product out of Chile is anywhere from \$1.20 to \$1.30 per pound.

## JUICES & CONCENTRATES

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**ORANGE JUICE** – Domestic orange juice is now priced around \$1.80 - \$1.85 per pound solids with prices close to \$1.85 per pound for tankers, f.o.b. Florida.

**GRAPEFRUIT** – Prices for grapefruit juice concentrate are in the \$1.65/lb. to \$1.70/lb. range for solid in drums, f.o.b. Florida.

**APPLE** – Apple juice concentrate from China and Argentina is priced around \$11.00 per gallon, ex-dock New York.

**GRAPE** – White grape from Argentina is priced at \$8.75 per, ex-dock. Meanwhile, Concord grape concentrate inventories are very limited and market price is between \$22.00 to \$24.00 per gallon, f.o.b. west coast.

**LEMON** – Product from Argentina is around \$18.00 per gallon for 400 GPL, ex-dock East coast.

**LIME** – Prices from Mexico from 400 GPL are around \$12.50 per gallon, with the season just getting underway.

## BUTTER

### BUTTER MARKET, JUNE 23

Cents Per Pound:	6/23/2011	6/16/2011	Chge.
Grade AA	2.0800	2.1400	-0.0600

## CHEESE

### CHEDDAR CHEESE MARKET JUNE 23

Cents Per Pound:	6/23/2011	Chge. Fr. Last Wk.
Barrels	2.0675	-0.0100
Blocks (40-lbs.)	2.1300	0.0175

## EGGS

### EGG PRICES TO RETAILERS JUNE 23

(Source: USDA)

Cents per dozen:	Wk. Ending		Chge.
	23-Jun	16-Jun	
Extra Large-NY	104-108	100-104	4.00
Large-NY	102-106	98-102	4.00
Medium-NY	82-86	81-85	1.00
Extra Large-MW	93-95	90-92	2.00
Large-MW	91-93	88-90	3.00
Medium-MW	72-74	72-74	0.00
Extra Large-NC	119.56	116.29	3.27
Large-NC	111.03	108.53	2.50
Medium-NC	88.47	87.86	0.61
Extra Large-CA	141	138	3.00
Large-CA	130	127	3.00
Medium-CA	108	108	0.00
Large-VA	N/A	N/A	N/A
Medium-VA	N/A	N/A	N/A
Small-VA	N/A	N/A	N/A

### FROZEN EGG PRICES WEEK ENDING JUNE 17

(Source: USDA)

Carloads/Cents Per Pound:	This Week	Last Week
Whole, Light-Colored	69-72	71-72
White	67-71	67-70
Sugared	88-90	88-90
Salted Yolks	87-89	84-88

## CHICKEN

### PRELIMINARY BROILER PRICES FOR DELIVERY THE WEEK OF JUNE 20

Cents Per Pound:	This Week	Last Week
Chicago	73-79	73-80
Cleveland	Too Few	Too Few
Detroit	Too Few	Too Few
Los Angeles	96	96
New York	75-78	75-78
Philadelphia	Too Few	Too Few
Pittsburgh	Too Few	Too Few
St. Louis	Too Few	Too Few
San Francisco	Too Few	Too Few

Prices are for ready-to-cook, ice Grade A Broilers, (including branded), delivered in truckload quantities

### BROILER CHICKS PLACED LAST WEEK AND SIX WEEKS AGO

(Source: USDA)

Broilers placed six weeks ago come on the market next week

1,000 Chicks:	Week	%	Week	%
	Ended	Chge.	Ended	Chge.
	6/18/2011	2010	5/14/2011	2010
Alabama	20,738	-4.6%	21,208	0.1%
Arkansas	21,451	-2.7%	21,891	2.6%
Delaware	5,350	2.8%	5,190	2.7%
Georgia	28,939	6.3%	28,937	16.6%
Maryland	4,502	-23.7%	6,405	-0.6%
Mississippi	16,092	-4.7%	16,523	-1.9%
N. Carolina	16,581	4.8%	16,285	4.7%
Texas	11,634	-13.8%	13,392	3.3%
Virginia	5,206	-4.5%	4,979	-9.3%
Others	39,381	-5.4%	39,820	-2.4%
<b>Total 19 States</b>	<b>169,874</b>	<b>-3.2%</b>	<b>174,630</b>	<b>1.6%</b>

### CHICKEN PART PRICES TO RETAILERS NEW YORK - JUNE 23

Dollars Per Pound:	This Week	Last Week
Skinned Boneless	\$1.30	\$1.30-1.35
Ribs On	.86-.87	.86-.87
Legs	.60-.61	.64-.65
Leg Quarters	.40-.41	.44-.45
Wings	.85-.86	.82-.83

## FUTURES PRICES

(Source: Wall Street Journal)

As of June 22, 2011	Cash	July	Dec.
	Price	Futures	Futures
Corn, bu.	\$6.76	6.775	6.5025
Soybeans, bu.	\$13.30	13.3025	13.325(Nov)
Soybean Meal, ton	\$340.60	347.10	344.30
Soybean Oil, lb.	\$0.55	0.5615	0.575
Wheat, bu.	\$7.65	7.70	7.8875(Sept)
Hogs, cwt. (carcass)	\$93.09	0.9828	.9733(Aug)
Pork Bellies, lb.	N/A	N/A	N/A
Cattle, cwt.	N/A	1.1128(June)	1.117(Aug)
Feeder Cattle, cwt.	\$133.75	1.38(Aug)	1.384(Sept)
Orange Juice, lb.	N/A	1.942	1.8775(Sept)
Coffee, lb.	\$2.36	2.4375	2.462(Sept)
Cocoa, ton.	\$3,317	3,040	3,041(Sept)

## COMMODITY PRICES

(Source: Wall Street Journal)

	Week	Week	% Chge.
	Ended	Ended	Last
	22-Jun	15-Jun	Year
Steers, Tex.-Okl. avg. cwt.	N/A	N/A	N/A
Feeder Steers, Okl. Cty., cwt.	133.75	129.25	7.81
Hogs, Iowa-S. Minn. live avg., cwt.	93.09	88.48	20.83
Hams, 17-20 lbs., Mid-US lb. fob	N/A	N/A	N/A
Pork Bellies, Mid. 12-14 lbs., lb.	N/A	1.18	N/A
Butter, Chi., Grade AA, lb.	2.14	2.14	29.50
Eggs, Chi., Large White, doz	0.89	0.86	48.74
Coffee, Brazilian, lb.	2.36	2.59	55.41
Sugar, cane raw, world, lb.	31.20	29.12	43.32
Flour, Hard Winter, KC, cwt.	20.45	21.30	49.27
Wheat, KC, Hard, bu	7.65	8.11	71.14
Corn, No. 2, Cent. IL, bu	6.76	7.20	108.49
Soybeans, No. 1 Yellow, Cent. IL, bu	13.30	13.62	38.78
Soybean Meal, IL, 48% ton	340.60	353.50	10.12
Soybean Oil, crd. Decatur, IL, lb.	0.55	0.56	57.93
Corn Oil, wet mill, Chgo. lb.	66.50	67.00	68.35
Lard, Chi., lb.	N/A	N/A	N/A
Cocoa, Ivory Cst., metric ton.	3317.00	3422.00	-5.42



The Food Institute Report

JUNE 27, 2011

fiREPORT

## A CLOSER LOOK AT SELECTED COMMODITIES THAT MAY AFFECT YOUR BUSINESS

### Feed Corn Futures Through June 22

(Source: BMO Capital Markets)



### Wheat Futures Through June 22

(Source: BMO Capital Markets)



### Soybean Meal Futures Through June 22

(Source: BMO Capital Markets)



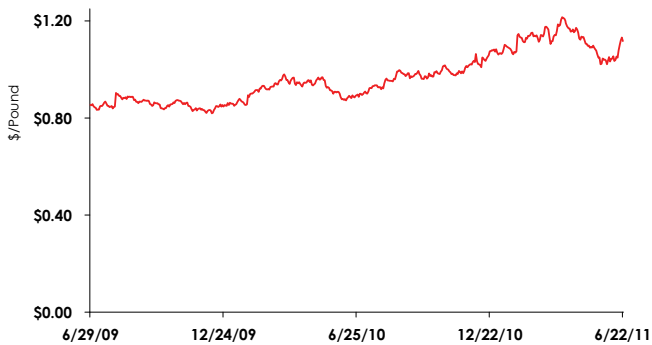
### Crude Oil Futures Through June 22

(Source: BMO Capital Markets)



### Live Cattle Futures Through June 22

(Source: BMO Capital Markets)



### Live Lean Hog Futures Through June 22

(Source: BMO Capital Markets)

