

Executive Summary

Inflation

- The Real Gross Domestic Product (GDP) increased at an estimated annual rate of 3.2% in the first quarter of 2010. **(C)**
- The Institute for Supply Management's (ISM) Purchasing Manager's Index (PMI) was recorded at 59.6% in March 2010. **(C)**
- Currently there is little sign of significant inflation.

Beef

- Beef prices could hit record highs in the spring and summer of 2010 driven by lower production and increased consumer demand. **(A), (C)**
- Entegra's ground beef prices increased 3% in April 2010 and another 7% increase is expected in May 2010.
- Entegra's roast beef prices are expected to increase in June 2010 driven by a 25% increase in the underlying raw material. **(A)**

Beverages

- Coffee prices are running at historic levels driven by lower supplies; historical crops from Brazil could drop prices in the fourth quarter of 2010.
- Frozen orange juice concentrate prices are 80% higher than last year's levels; entegra's Minute Maid and Gregory Packaging orange juice prices increased 9% and 6% respectively in April 2010.

Dairy

- May 2010 Class I milk prices are down 6% since February 2010 but they are 22% higher than last year. **(A)**
- Milk production continues to be closely monitored not to be outpaced by consumer demand. **(C)**
- Entegra's May 2010 cheese prices, following respective markets, averaged 11% higher than the previous month and 18% higher than last year.

Grains / Ingredients

- Favorable weather and global inventory stocks are keeping feed and grain prices at or lower than last year's levels. **(B)**
- Entegra's rice prices have slightly fallen in April 2010 and are expected to remain flat throughout 2010.
- Sugar prices have returned to near historical levels as of April 2010.

Oils

- Favorable weather and planting reports are supporting firm soybean prices. **(B)**
- Entegra soybean oil prices are flat against last year after a prolonged period of higher prices.
- Soybean oil prices are expected to remain firm to slightly higher throughout 2010.

Pork

- Pork prices are sky rocketing driven by lower production and increased consumer demand. **(A), (C)**
- Prices will continue to be driven higher by increased consumer demand. **(A), (C)**
- Entegra's bacon and ham prices have averaged 11% higher since the beginning of September 2009. **(A)**

The Indicator Forecast Report is a quarterly publication that takes a look at market trends and the "whys" behind market activity for the most recent quarter. The report provides an overall perspective of commodity markets.

Poultry

- Chicken prices have and will follow seasonal trends as there is a balance between supply and production.
- Jennie-O turkey prices have fallen three consecutive quarters driven by lower feed prices. **(B)**

Produce

- Current produce prices are recovering from the first quarter 2010 "Florida Freeze."
- Tomato prices will remain high through mid-May 2010.

Seafood

- Entegra's cod and tilapia April 2010 prices are 5% and 2% lower respectively compared to September 2009.
- The recent oil spill in the Gulf of Mexico could pressure shrimp prices higher for the rest of the year.

Metals

- The worldwide aluminum market has stabilized; U.S. aluminum prices are only 2% higher since the first quarter of 2010.
- The Chinese Stainless Steel market remains on the rise and increased by 10.7% in the second quarter of 2010.

Pulp and Resin

- Entegra's disposables prices are 6% lower than last year but are expected to increase the rest of the year.
- Wholesale diesel fuel prices for April 2010 are 37% higher than the same time last year and 7.5% higher than January 2010.

Labor

- The Bureau of Labor Statistics (BLS) reported that seasonally adjusted temporary jobs grew 8.9%.
- The unemployment rate remained flat at 9.7% in March 2010.

The General Indicator

The following are some of the common threads discussed throughout the current issue of The Indicator:

[A] Protein and dairy prices are finally reacting to previous production cutbacks.

[B] Favorable feed and grain prices are holding many commodity markets lower.

[C] Increased consumer demand is starting to drive the economy and commodity prices.