

Industry Update

Food and Agribusiness



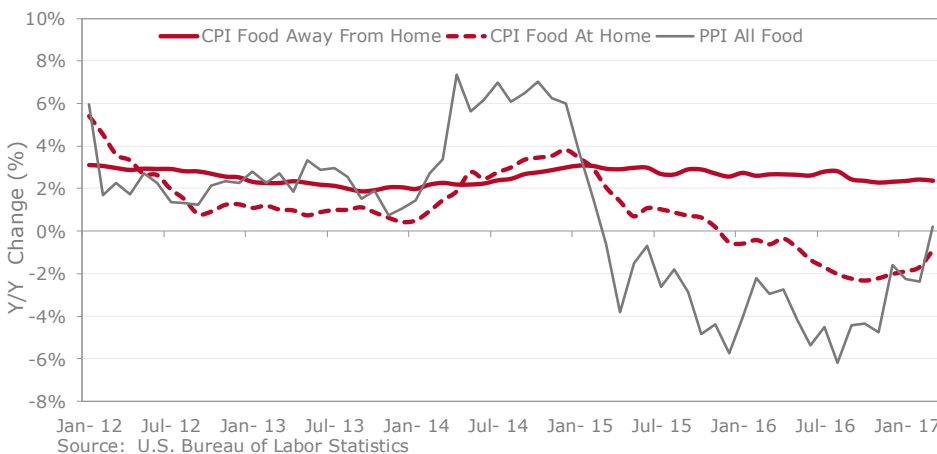
Supermarket & Restaurant Comps

- Supermarket comparable sales are in the -4.0% to -3.0% range driven by -4.5% to -4.0% volume decline and 0.5% to 1.0% price. The comps show a steepening of 4Q16's volume-led -100bp deceleration from 3Q16's average total comp of -0.5%.
- Restaurant comparable sales are in the -1.5% to -0.5% range driven by -3.5% to -3.0% volume growth and 2.0% to 2.5% price. March's performance was led by continued weak traffic trends in the QSR category.

Key Demand Developments

- Growth in housing prices remain a positive to consumer balance sheets, with the Case-Shiller 20 city index rising +5.7% Y/Y in January.
- The performance of the S&P 500 was up +17% YoY, a tailwind for the consumer balance sheet.
- The consumer income statement is also boosted by job and wage growth as non-farm payrolls increased by +1.5% Y/Y in March and average hourly earnings increased +2.3% Y/Y, both tailwinds for the consumer income statement.
- Gas prices continue to be a tailwind for the consumer; oil futures have hovered near \$50/barrel, up +35% YoY. Despite YoY gains, gas prices remain -25% below the 5 year average.
- The Consumer Confidence Index as measured by the Conference Board was 125.6 in March +29.5 points above the Mar16 reading of 96.1.

Consumer and Producer Price Indices

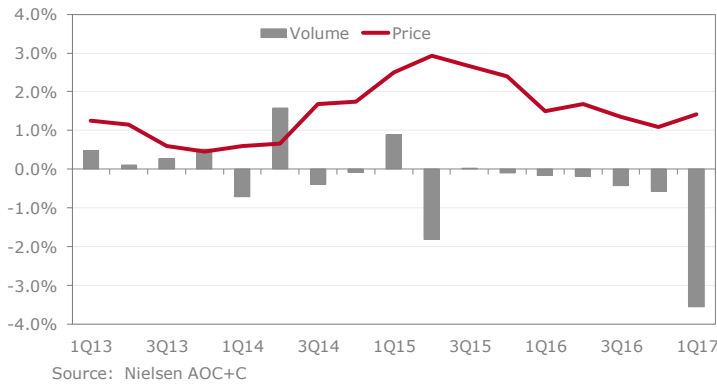


Price & Food Inflation Developments

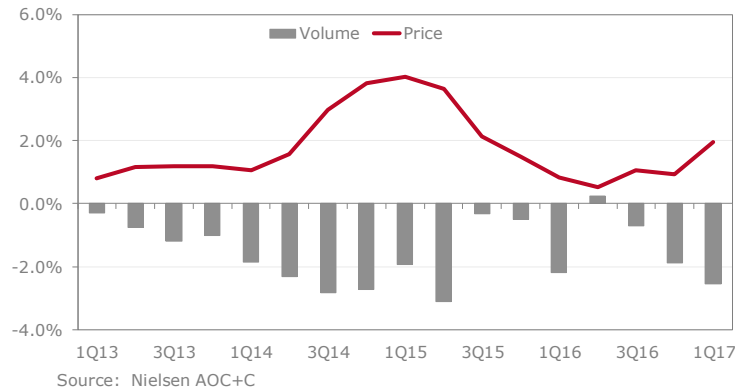
- We maintain a constructive outlook for volumes given pricing levels below 3%. The spread between restaurant and food retail pricing continues to be historically wide.
- Restaurant pricing measured by the CPI food away from home index (CPI-FAFH) increased +2.4% in March Y/Y, which is flat vs. the prior month and down -30bp vs. the prior year.
- Food Retail pricing measured by the CPI food at home index decreased -0.9% in March Y/Y, which is up +80bp vs. the prior month and down -30bp vs. the prior year.
- The Producer Price Index (PPI All Food) increased +0.2% in March Y/Y, which is up +260bp vs. the prior month and +320bp vs. the prior year.

Grocery Department Trends: Dry grocery volumes declined sharply in 1Q17 while volumes in produce and deli maintain momentum. Pricing remains weak in most departments.

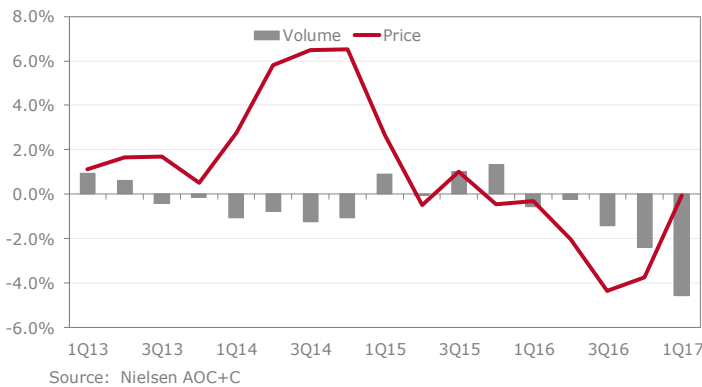
Dry Grocery



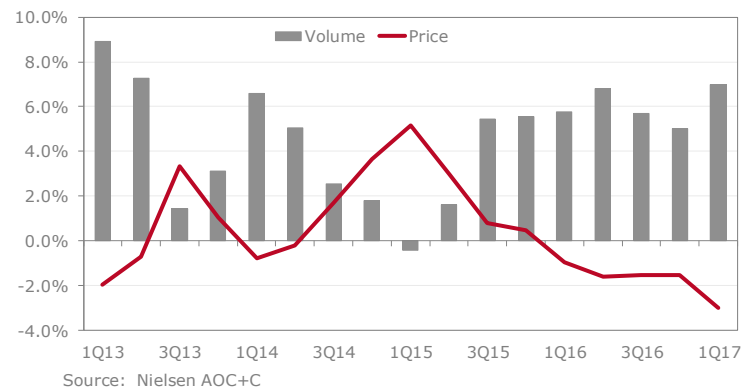
Frozen Foods



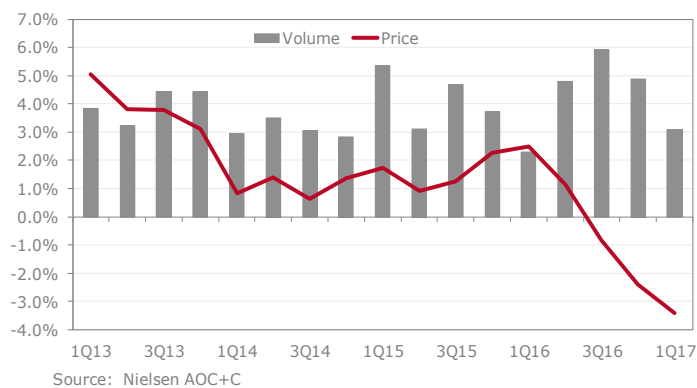
Dairy



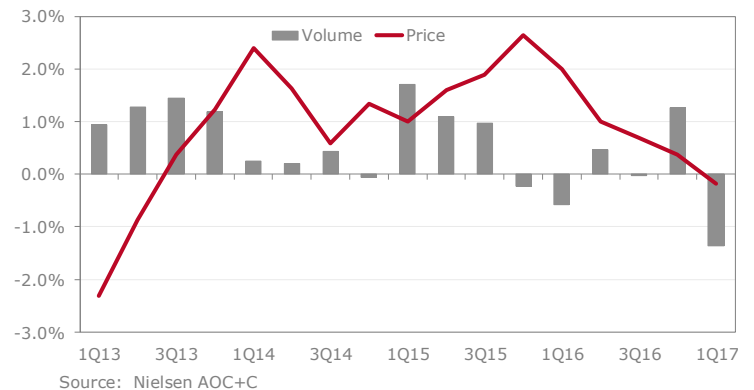
Deli



Fresh Produce



Bakery



- Dry Grocery 1Q17 price/mix increased +1.4% YoY, an increase of +30bp vs. 4Q16. Dry Grocery volumes decreased -3.5% YoY, a decrease of -290bp vs. 4Q16.
- Dairy 1Q17 price/mix decreased -0.1% YoY, an increase of +360bp vs. 4Q16. Dairy volumes decreased -4.6% YoY, a decrease of -220bp vs. 4Q16.
- Fresh Produce 1Q17 price/mix decreased -3.4% YoY, a decrease of -100bp vs. 4Q16. Fresh Produce volumes increased +3.1% YoY, a decrease of -180bp vs. 4Q16.
- Frozen Food 1Q17 price/mix increased +2.0% YoY, an increase of +110bp vs. 4Q16. Frozen Food volumes decreased -2.6% YoY, a decrease of -70bp vs. 4Q16.
- Deli 1Q17 price/mix decreased -3.0% YoY, a decrease of -140bp vs. 4Q16. Deli volumes increased +7.0% YoY, an increase of +200bp vs. 4Q16.
- Bakery 1Q17 price/mix decreased -0.2% YoY, a decrease of -60bp vs. 4Q16. Bakery volumes decreased -1.4% YoY, a decrease of -270bp vs. 4Q16.

Food Company Margin Heat Map YoY			
Price vs. Volume	Commodities		Labor
	Grain	Protein	Energy
Constructive	Slightly Inflationary	Inflationary	Mixed
	Mixed	Mixed	

Food Company Input Cost Summary:
As we enter 2017 a large portion of commodities have begun a modest bounce of 15/16 low levels.

- **Economic Backdrop:** Economic activity grows but input cost inflation handicapped by the strong dollar.
- **Corn, Wheat & Soy Prices:** 15/16 prices reflected deflationary pressures, 16/17 forecasts continued low price levels in corn, wheat and soy on increased production across all three commodities.
- **Chicken:** Prices have showed moderate inflation above 2015/16 levels as supplies are tightening and exports taper off near 2016 levels.
- **Beef:** Prices are below 2016 levels as cold storage inventory and export levels are up YoY and heifer slaughter outpaces 2016 rates.
- **Pork:** Prices are near 2015/16 levels despite ample but tightening supplies and improving exports.
- **Packer Margin Environment:** Chicken ratios are near 2016 levels, beef ratios have begun to break out above 2016 levels while pork ratios have retreated off Oct16 highs.
- **Seafood:** Shrimp prices are in-line with 2015/16 levels; salmon prices have broken out above 2015/16 levels and pollock prices are at multi-year lows.
- **Dairy:** Current prices are moderately above 2016 levels as exports improve despite ample supplies.
- **Specialty Crops:** Current sugar, coffee, cotton and orange juice prices are inflationary YoY, while cocoa prices have been in decline since June.
- **Forestry Products:** Strength in housing starts and remodel activity continues to support demand for framing lumber and structural panel prices.
- **Crop Inputs:** Fertilizer prices remain below 2015 levels with higher than expected imports, with all four prices measured in-line with 2H16 levels.
- **Energy & Labor:** Global oil prices have kept energy prices in check, while we observe wage inflation gains in restaurants and food manufacturing.

Key Commodity Heat Map			
Commodity	Price	Y/Y	M/M
Corn	\$3.66	+0.5%	-1.3%
Wheat	\$4.36	-6.7%	-1.6%
Soybeans	\$10.01	+11.9%	-3.7%
Broilers	\$0.94	+9.6%	+11.1%
Cattle	\$1.16	-14.8%	+1.2%
Hogs	\$0.70	-8.6%	+0.5%
Milk	\$16.21	+19.5%	-1.9%
Shrimp	\$4.55	+6.6%	+0.3%
Salmon	\$5.46	+14.7%	-3.2%
Nat. Gas	\$7.84	+11.2%	+0.3%
Electricity	\$10.21	+0.8%	-1.2%
Heating Oil	\$2.55	+31.1%	+1.1%
Rest. Labor	\$13.25	+4.0%	+0.5%
Sup. Labor	\$13.13	+0.4%	0.0%
Food Labor	\$16.79	+3.2%	-0.1%

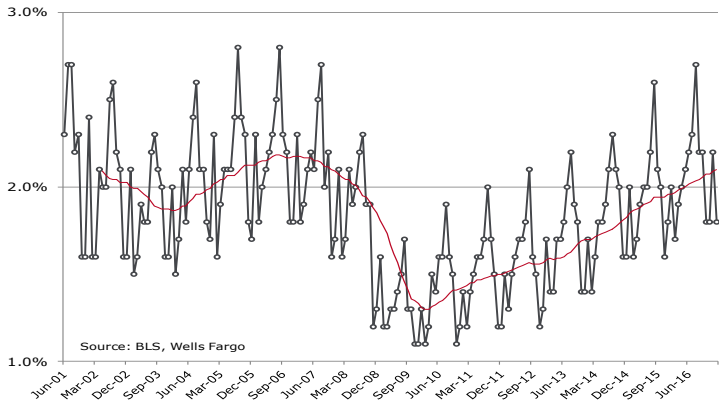
*Monthly average corn, wheat, soybeans in \$/bu; broiler, shrimp in \$/lb; cattle, hogs, milk in,

\$/cwt; salmon, cod in \$/kg; gas in \$/Mct; oil in \$/gal; electricity in \$/kWh; labor in \$/hr

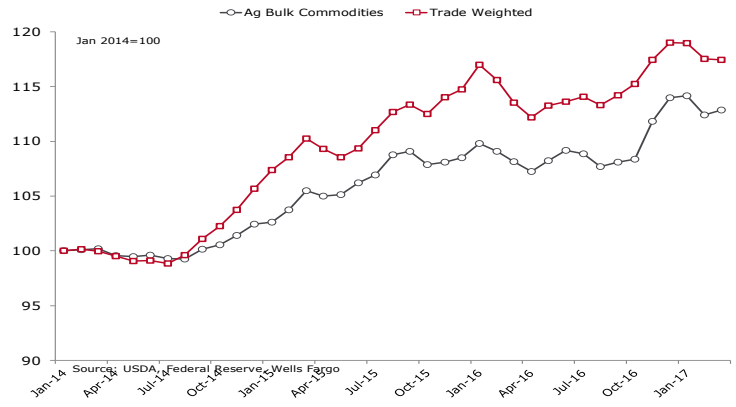
Source: USDA; BLS; IMF; IntraFish

Economics: Economic activity grows but input cost inflation handicapped by the strong dollar.

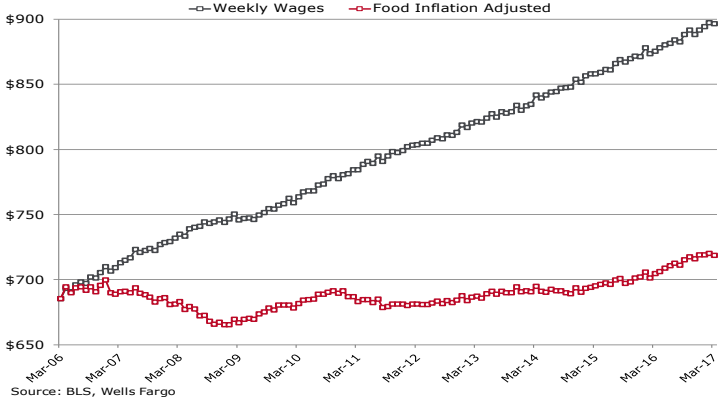
Voluntary Quits as % of Employment



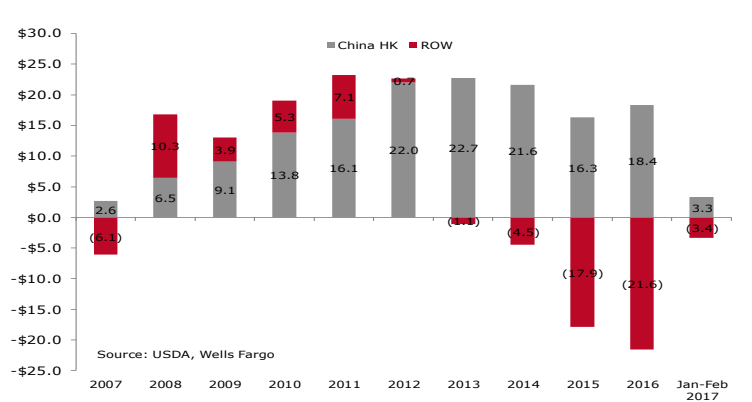
Trade Weighted Dollar vs. Ag Index



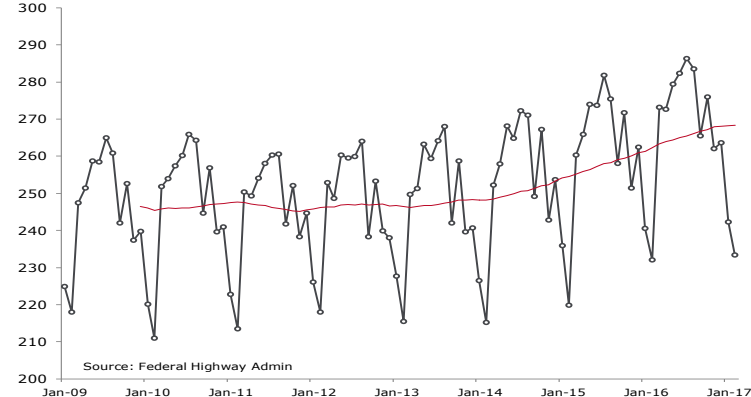
Weekly Earnings Rates



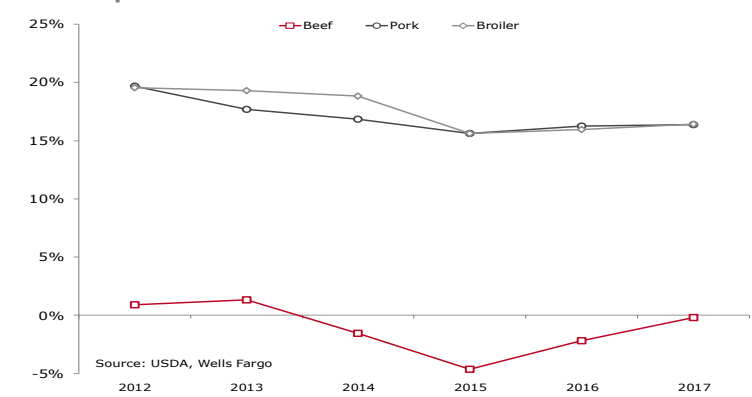
Net Trade Balance



Billions of Miles Driven



Net Export as % of Production

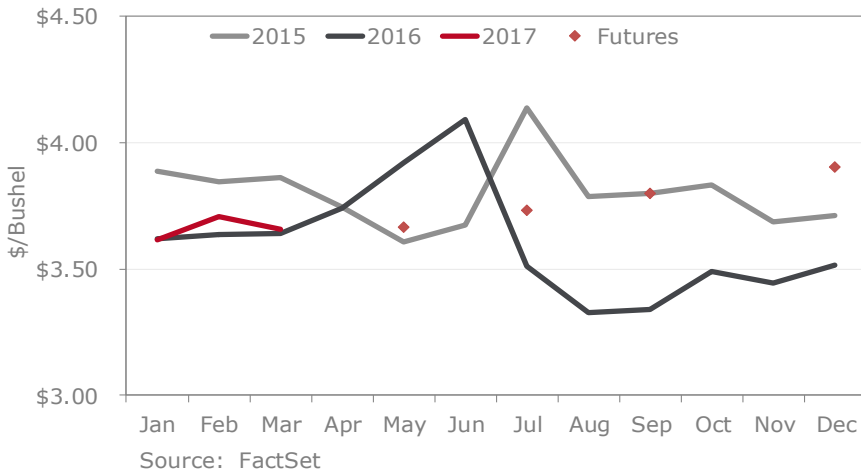


- The February 2017 voluntary quits as a percentage of employment of 1.8% was up +0.1% vs. the Feb16 reading of 1.7%. The 12 month rolling average is approaching pre-recessionary levels.
- The March 2017 weekly average earnings are growing +2.4% YoY on a nominal basis; when deflated by food & beverage CPI the Mar17 average wages of \$719/week increased +2.0% vs. Mar16. The pre-recession inflation adjusted peak was \$703/week in December of 2006.
- The February 2017 monthly average miles driven of 234 billion increased +0.6% vs. Feb16 as gas prices and better employment continue to provide tailwinds.

- The March 2017 trade weighted dollar index value of 117.4 vs. bulk commodity dollar index value of 110.8 represents a narrower gap when compared to the March 2016 values of 113.5 and 105.9 respectively.
- The 2017 YTD net trade balance of -\$0.1 billion represents a smaller deficit compared the Jan-Feb 2016 total of -\$2.0 billion. The 2016 full year net trade balance of -\$3.2 billion is the largest full year trade deficit since pre 2007.
- The 2017 pork and broiler markets face a stronger headwind from dollar strengthening as net exports comprise 16.4% and 16.4% percent of total production vs. -0.2% for beef.

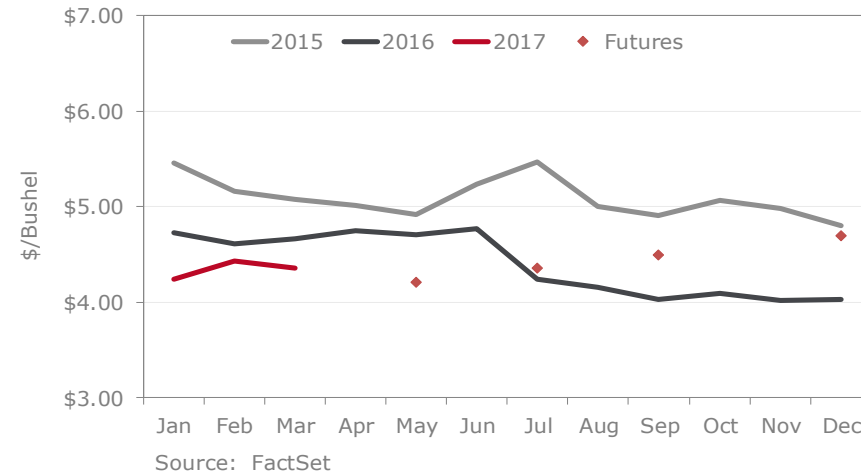
Soft Commodities Prices: 15/16 prices reflected deflationary pressures, 16/17 forecasts continued low price levels in corn, wheat and soy on increased production.

Corn



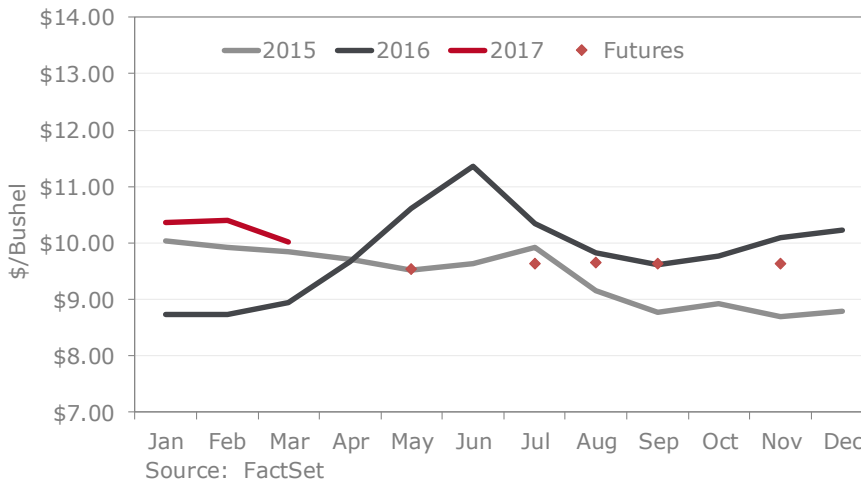
- The March monthly average corn price of \$3.66/bu decreased -1.3% vs. the prior month and increased +0.5% vs. the prior year period.
- The WASDE's (World Agricultural Supply and Demand Estimates) median average farm price projection for 2016/17 is \$3.40/bu, down -5.8% from \$3.61/bu in 2015/16. WASDE's prior projection for 2016/17 was \$3.40/bu.
- WASDE forecasts global corn production to be 1,054 million tons in 2016/17 which is up +9.4% vs. 2015/16.

Wheat



- The March monthly average wheat price of \$4.36/bu decreased -1.6% vs. the prior month and decreased -6.7% vs. the prior year period.
- The WASDE U.S. median average farm price forecast for 2016/17 is \$3.85/bu, down -21.3% from \$4.89/bu in 2015/16. WASDE's prior projection for 2016/17 was \$3.85/bu.
- WASDE forecasts global wheat production to be 751 million tons for 2016/17, which is up +2.2% vs. 2015/16.

Soybeans



- The March monthly average soybean price of \$10.01/bu decreased -3.7% vs. the prior month and increased +11.9% vs. the prior year period.
- The WASDE U.S. median average farm price forecast for 2016/17 is \$9.55/bu, up +6.7% from \$8.95/bu in 2015/16. WASDE's prior projection for 2016/17 was \$9.60/bu.
- WASDE forecasts global soybean production at 346 million tons for 2016/17, which is up +10.5% vs. 2015/16.

Soft Commodities Fundamentals: 16/17 forecasts point to ample corn and wheat supplies and improved yields across all three commodities.

Corn

	2014/2015	2015/2016E	2016/2017P	2016/2017P	M/M Change	Y/Y Change
			March	April	Forecast	Forecast
Area Planted (mm)	90.6	88.0	94.0	94.0	0.0%	6.8%
Area Harvested	83.1	80.7	86.7	86.7	0.0%	7.4%
Yield per Harvested Acre (bu)	171	168.4	174.6	174.6	0.0%	3.7%
Beginning Stocks (mm bu)	1,232	1,731	1,737	1,737	0.0%	0.3%
Production	14,216	13,601	15,148	15,148	0.0%	11.4%
Imports	32	60	55	55	0.0%	-8.3%
Total Supply	15,479	15,392	16,940	16,940	0.0%	10.1%
Exports	1,864	1,825	2,225	2,225	0.0%	21.9%
Total Use	13,748	13,685	14,620	14,620	0.0%	6.8%
Ending Stocks	1,731	1,708	2,320	2,320	0.0%	35.8%
Stocks to Use (%)	12.6%	12.5%	15.9%	15.9%	0.0%	3.4%

- The April WASDE report for the 2016/17 corn harvest year forecasts yield per acre to increase +3.7% YoY and total supply to increase +10.1% YoY. Ending stocks are expected to be up +35.8% YoY and stocks to use up +3.4% YoY.
- The April WASDE report estimates for total supply, ending stocks and estimated stocks to use were all unchanged vs. the prior month.

Wheat

	2014/2015	2015/2016E	2016/2017P	2016/2017P	M/M Change	Y/Y Change
			March	April	Forecast	Forecast
Area Planted (mm)	56.8	54.6	50.2	50.2	0.0%	-8.1%
Area Harvested	46.4	47.1	43.9	43.9	0.0%	-6.8%
Yield per Harvested Acre (bu)	43.7	43.6	52.6	52.6	0.0%	20.6%
Beginning Stocks (mm bu)	590	752	976	976	0.0%	29.8%
Production	2,026	2,052	2,310	2,310	0.0%	12.6%
Imports	149	117	115	110	-4.3%	-6.0%
Total Supply	2,766	2,921	3,400	3,395	-0.1%	16.2%
Exports	854	775	1,025	1,025	0.0%	32.3%
Total Use	2,013	1,941	2,271	2,236	-1.5%	15.2%
Ending Stocks	753	980	1,139	1,159	1.8%	18.3%
Stocks to Use (%)	37.4%	50.5%	50.2%	51.8%	1.7%	1.3%

- The April WASDE report for the 2016/17 wheat harvest year forecasts yield per acre to increase +20.6% YoY and total supply to increase +16.2% YoY. Ending stocks are expected to be up +18.3% YoY and stocks to use up +1.3% YoY.
- The April WASDE report estimate for total supply decreased -0.1% vs. the prior month; the estimate for ending stocks increased +1.8% and stocks to use increased +170bp vs. the prior month.

Soybeans

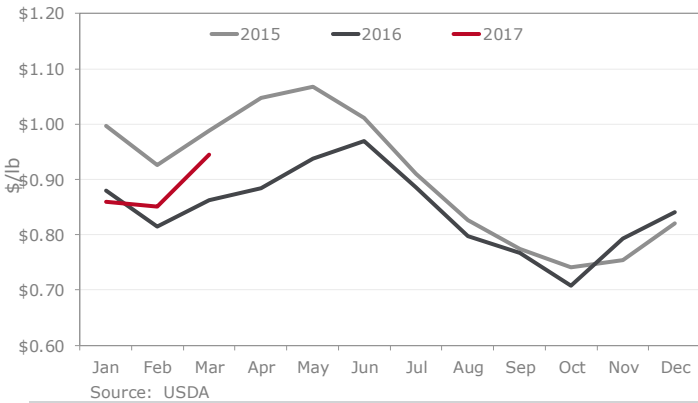
	2014/2015	2015/2016E	2016/2017P	2016/2017P	M/M Change	Y/Y Change
			March	April	Forecast	Forecast
Area Planted (mm)	83.3	82.7	83.4	83.4	0.0%	0.8%
Area Harvested	82.6	81.8	82.7	82.7	0.0%	1.1%
Yield per Harvested Acre (bu)	47.5	48.0	52.1	52.1	0.0%	8.5%
Beginning Stocks (mm bu)	92	191	197	197	0.0%	3.1%
Production	3,927	3,929	4,307	4,307	0.0%	9.6%
Imports	33	30	25	25	0.0%	-16.7%
Total Supply	4,052	4,150	4,528	4,528	0.0%	9.1%
Crushings	1,875	1,890	1,940	1,940	0.0%	2.6%
Exports	1,843	1,760	2,025	2,025	0.0%	15.1%
Total Use	3,861	3,780	4,093	4,083	-0.2%	8.0%
Ending Stocks	191	370	435	445	2.3%	20.3%
Stocks to Use (%)	4.9%	9.8%	10.6%	10.9%	0.3%	1.1%

- The April WASDE report for the 2016/17 soybean harvest year forecasts yield per acre to increase +8.5% YoY and total supply to increase +9.1% YoY. Ending stocks are expected to be up +20.3% YoY and stocks to use up +1.1% YoY.
- The April WASDE report estimate for total supply was unchanged vs. the prior month, the estimate for ending stocks increased +2.3% vs. the prior month and estimated stocks to use increased +30bp vs. the prior month.

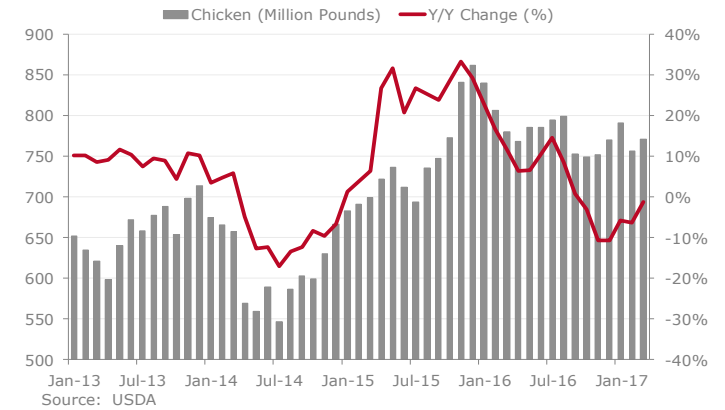
Source: USDA WASDE

Chicken: Prices have showed moderate inflation above 2015/16 levels as supplies are tightening and exports taper off near 2016 levels.

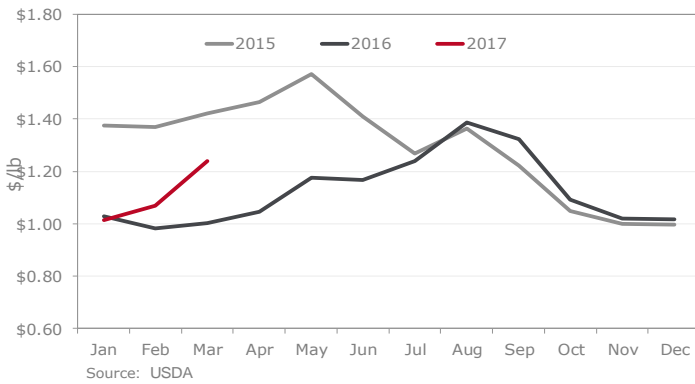
Whole Broiler Prices



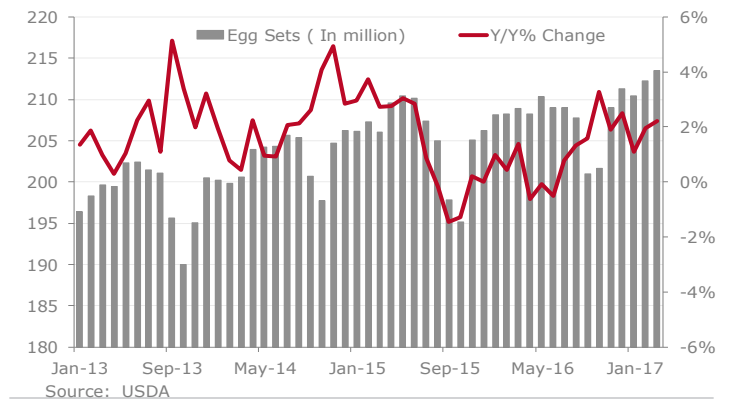
Cold Storage Inventories



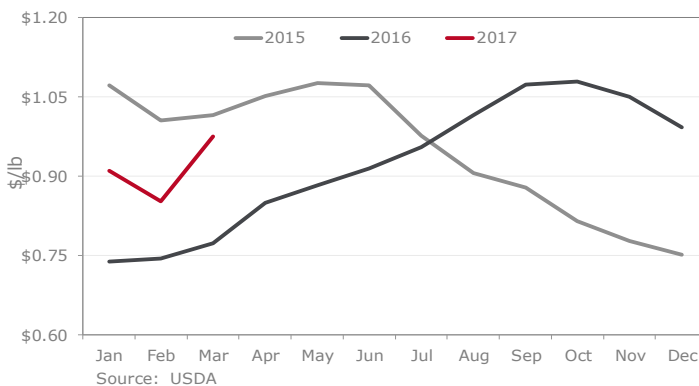
Boneless Skinless Breast Prices



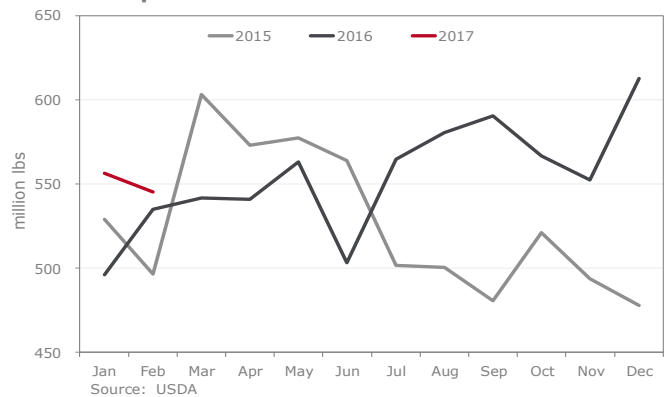
Egg Sets



Boneless Skinless Thigh Prices



Broiler Exports

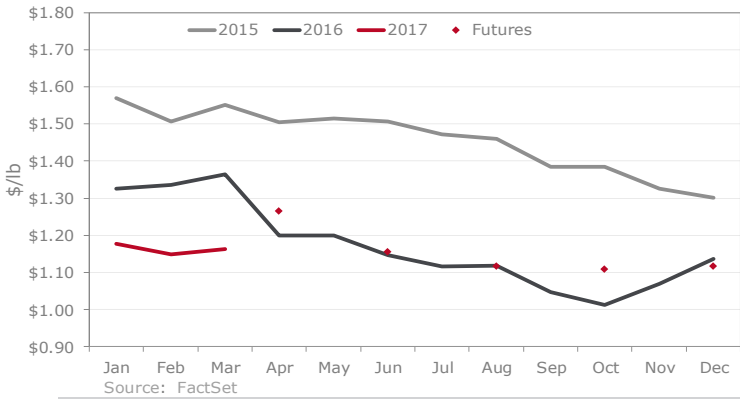


- The March USDA broiler price of \$0.945/lb increased +11.1% vs. the prior month and increased +9.6% vs. Mar16.
- The WASDE U.S. median average price forecast for 2017 is \$0.880/lb, up +4.4% from \$0.843/lb in 2016. The prior projection for 2017 was \$0.860/lb. Total 2016 production is estimated to be 41.53mm lbs., up +2.0% vs. 2016.
- The March average breast price of \$1.239/lb increased +15.8% vs. the prior month and +23.5% vs. Mar16. The March average thigh price of \$0.975/lb increased +14.4% vs. the prior month and increased +26.2% vs. Mar16.

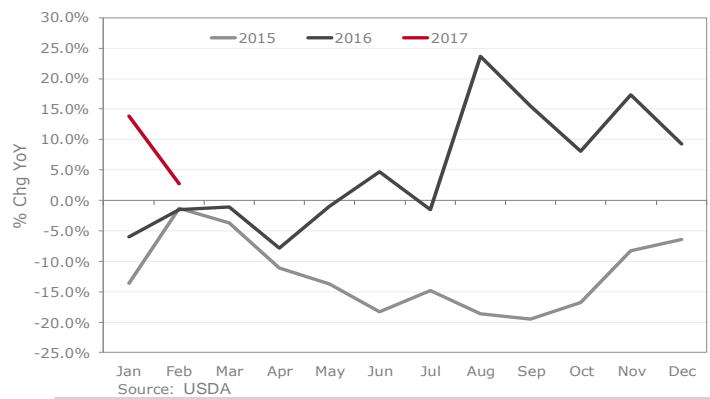
- Fundamentals: Cold storage decreased -1.2% in March Y/Y, which is up +500bp vs. the prior month. Egg sets increased +2.2% in March Y/Y, which is up +20bp vs. the prior month. Exports increased +2.0% in February Y/Y, which is down -1010bp vs. the prior month.
- The March combined regional large egg price of \$0.68/dozen increased +2.1% vs. the prior month and decreased -31.2% vs. Mar16.

Beef: Prices are below 2016 levels as cold storage inventory and export levels are up YoY and heifer slaughter outpaces 2016 rates.

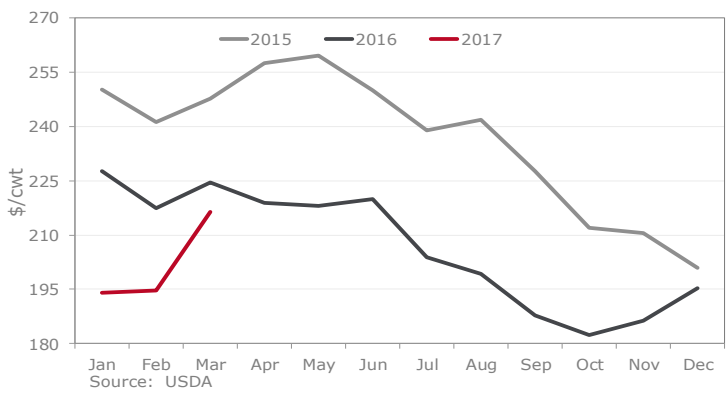
Live Cattle Prices



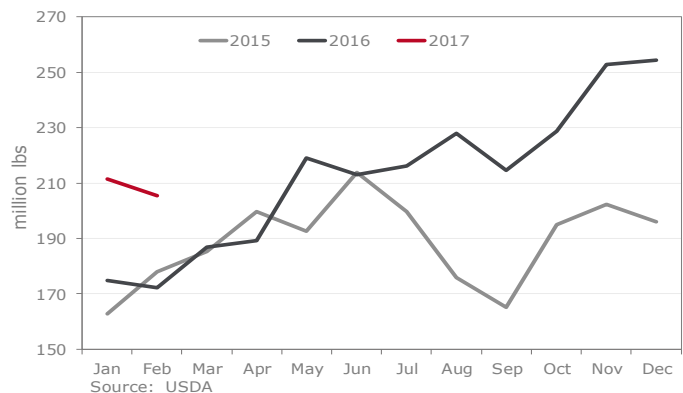
Heifer Slaughter



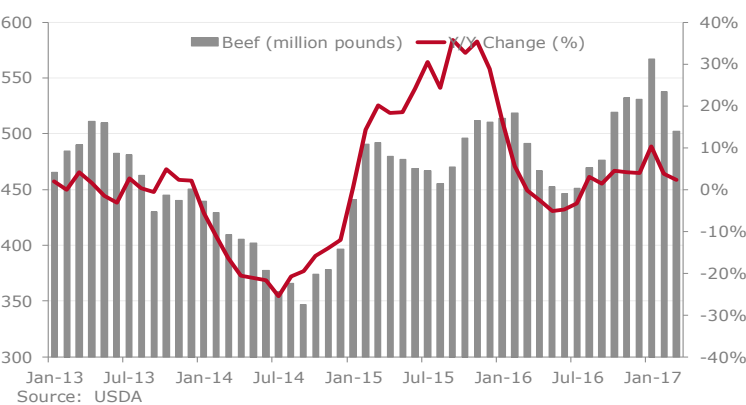
Cut Out Values



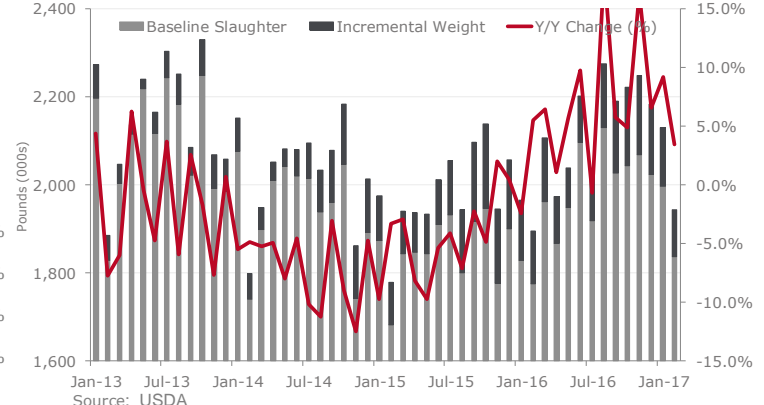
Beef and Veal Exports



Cold Storage Inventories



Monthly Cattle Processing

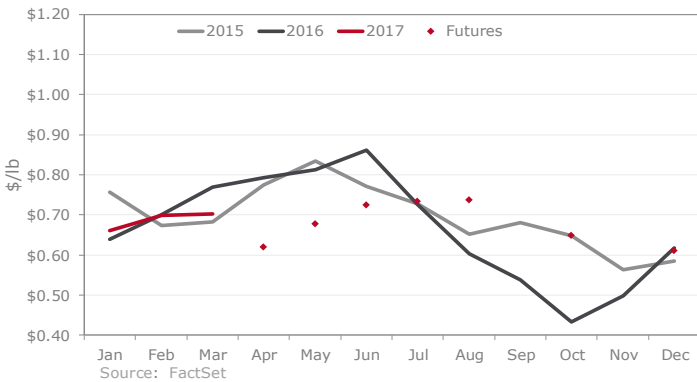


- The March cattle price of \$1.16/lb increased +1.2% vs. the prior month and decreased -14.8% vs. Mar16.
- The WASDE U.S. median average price forecast for 2017 is \$118.0/cwt, down -2.4% from \$120.86/cwt in 2016. The prior projection for 2017 was \$117.5/cwt. Total 2017 production is estimated to be 26.5mm lbs., up +5.1% vs. 2016.
- The March average cut-out value increased +11.1% vs. the prior month and decreased -3.7% vs. Mar16.

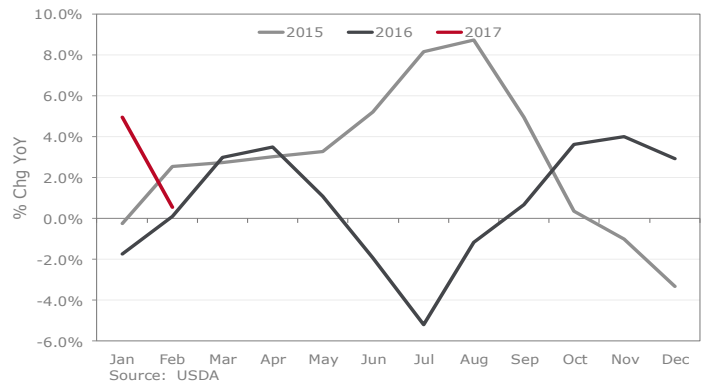
- Fundamentals: Cold storage increased +2.3% in March Y/Y, which is down -140bp vs. the prior month. Heifer slaughter numbers increased +2.7% in February Y/Y, which is down -1120bp vs. the prior month. Exports increased +19.3% in February Y/Y, which is down -160bp vs. the prior month. Cattle head processed increased +3.5% in February Y/Y which is down -570bp vs. the prior month. Slaughter weight data indicates that heavier weights contributed to +5.5% of total slaughter volume, which decreased -90bp vs. the prior year period.

Pork: Prices are near 2015/16 levels despite ample but tightening supplies and improving exports.

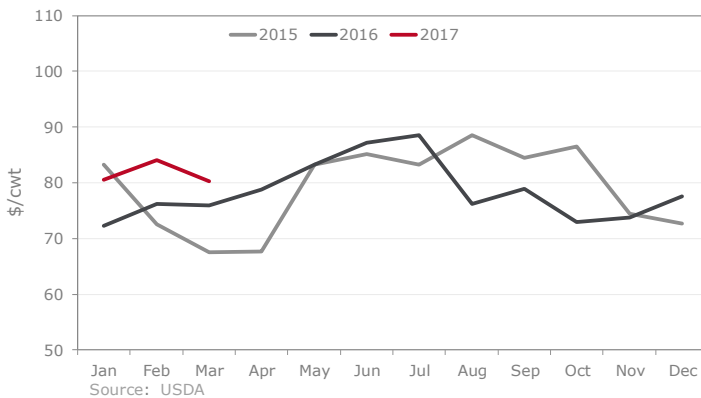
Live Hog Prices



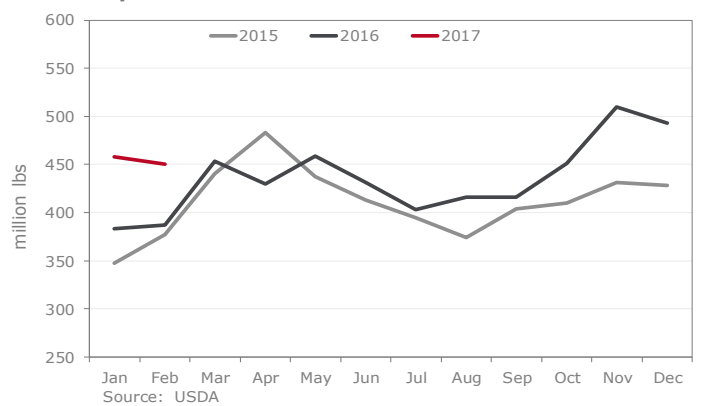
Sow Slaughter (3 Month Rolling Average)



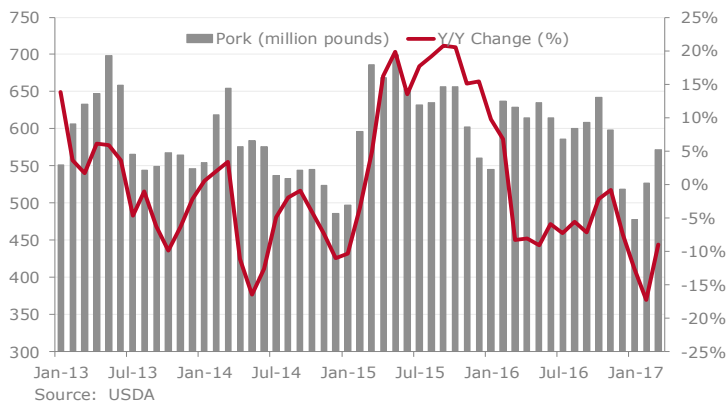
Cut Out Values



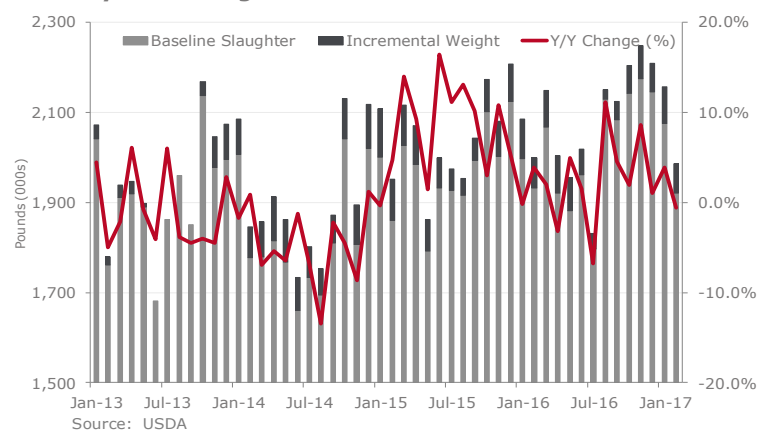
Pork Exports



Cold Storage Inventories



Monthly Processing

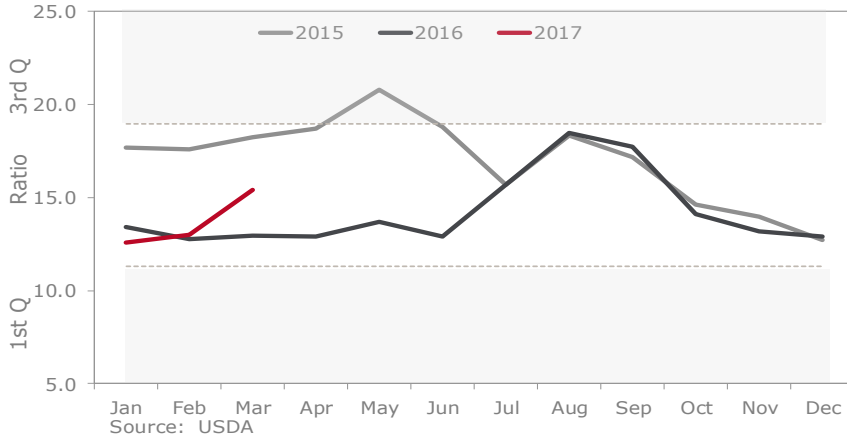


- The March average hog price of \$0.70/lb increased +0.5% vs. the prior month and decreased -8.6% vs. Mar16.
- The WASDE U.S. median average price forecast for 2017 is \$44.0/cwt, down -4.8% from \$46.2/cwt in 2016. The prior projection for 2017 was \$44.5/cwt. Total 2017 production is estimated to be 26.1mm lbs., up +4.7% vs. 2016.
- The February average cut-out value decreased -4.6% vs. the prior month and increased +5.6% vs. Mar16.

- Fundamentals: Cold storage decreased -9.1% in March Y/Y, which is up +820bp vs. the prior month. Sow slaughter increased +0.5% in February Y/Y, which is down -450bp vs. the prior month. Exports increased +16.4% in February Y/Y, which is down -320bp vs. the prior month. Hogs processed decreased -0.6% in February Y/Y which is down -450bp vs. the prior month. Slaughter weight data indicates that heavier weights contributed to +3.3% of total slaughter volume, which is unchanged vs. the prior year period.

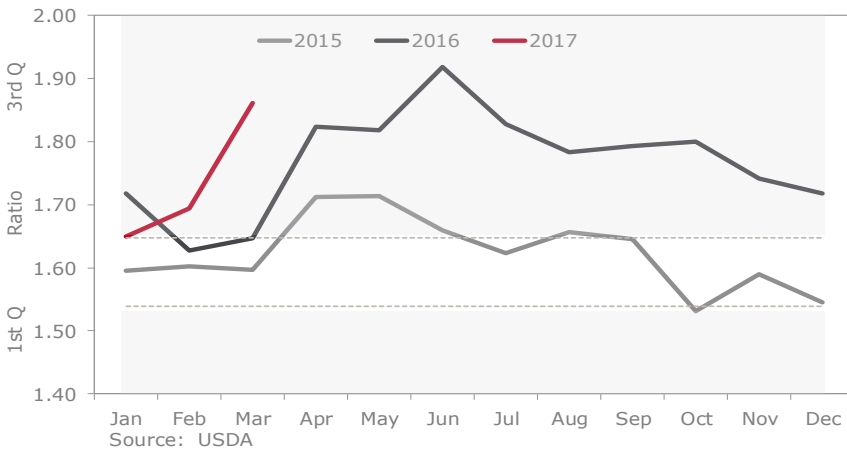
Packer Margin Environment: Chicken ratios are near 2016 levels, beef ratios have begun to break out above 2016 levels while pork ratios have retreated off Oct16 highs.

Chicken



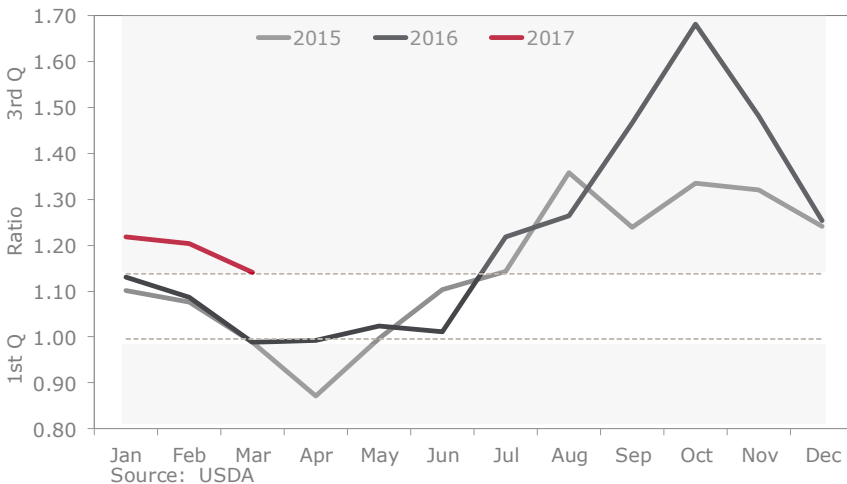
- The March USDA monthly average chicken breast price to feed cost ratio of 15.4 increased +2.4 vs. the prior month and increased +2.5 vs. the prior year period.
- The 10 year average ratio of 15.6 places the Mar17 result in the middle 50% of the 2006-2017 monthly results

Beef



- The March USDA monthly average beef cut-out to live cattle ratio of 1.86 increased +0.17 vs. the prior month and increased +0.21 vs. the prior year period.
- The 10 year average ratio of 1.60 places the Mar17 result in the top 25% of the 2006-2017 monthly results.

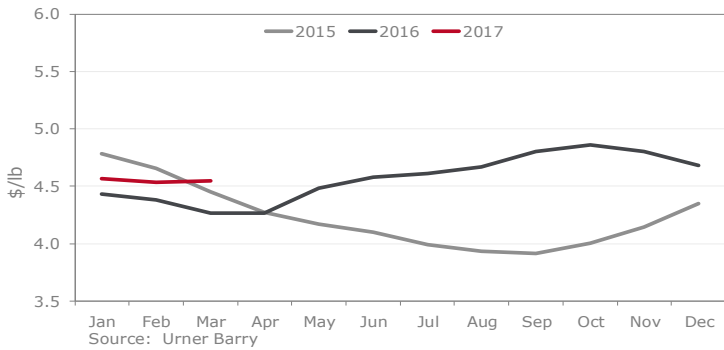
Pork



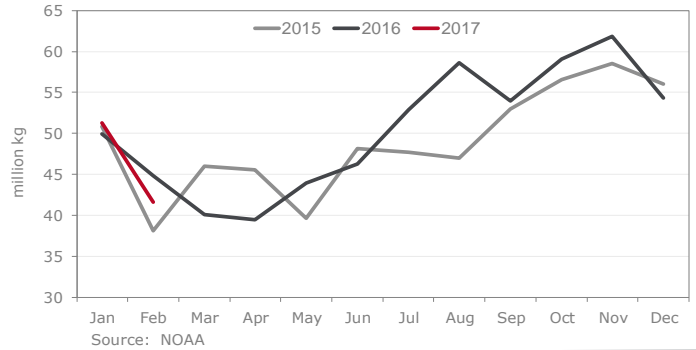
- The March USDA monthly average pork cut-out to live hog ratio of 1.14 decreased -0.06 vs. the prior month and increased +0.15 vs. the prior year period.
- The 10 year average ratio of 1.08 places the Mar17 result in the top 25% the 2006-2017 monthly results.

Seafood: Shrimp prices are in-line with 2015/16 levels; salmon prices have broken out above 2015/16 levels and pollock prices are at multi-year lows.

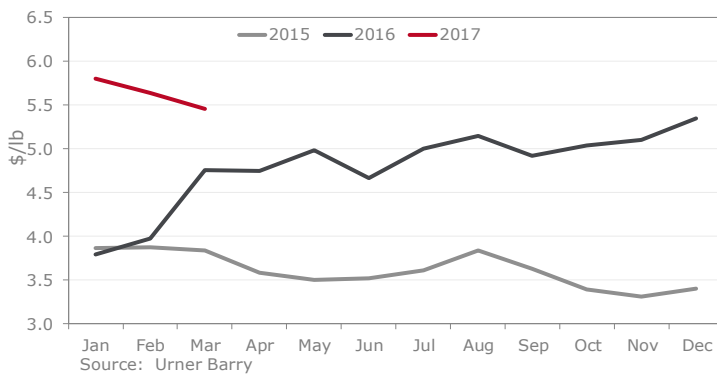
Urner Barry Farm-Raised White Shrimp Index



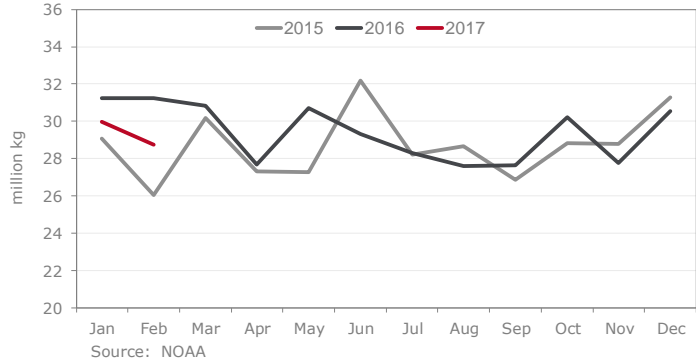
Shrimp Imports – Total Volume



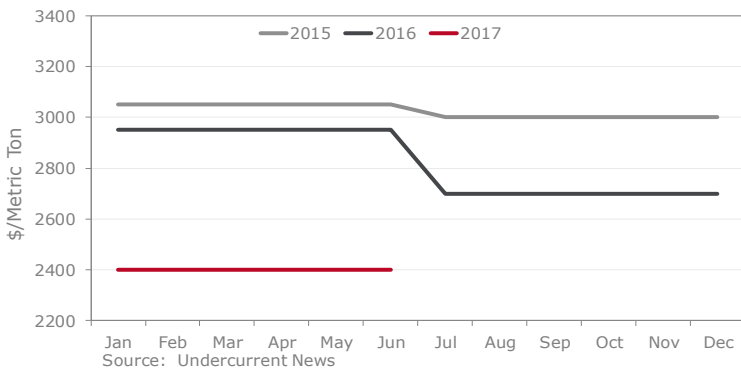
Urner Barry Fresh Farmed Salmon Index



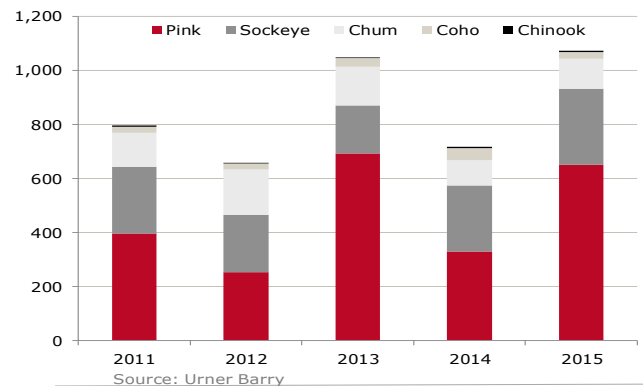
Salmon Imports – Total Volume



Alaskan Pollock



Wild Alaskan Landings by Specie

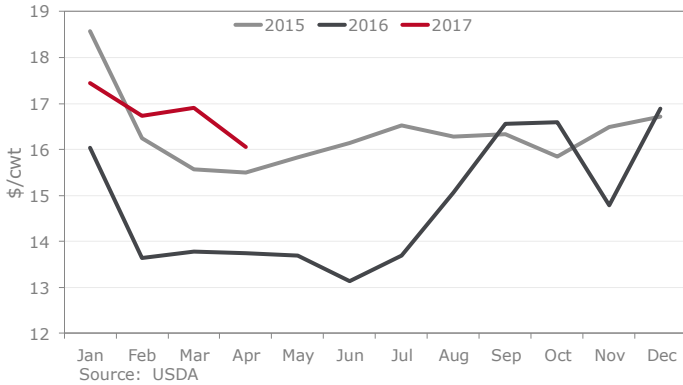


- The March Urner Barry farm-raised white shrimp price of \$4.55/lb increased +0.3% vs. the prior month and increased +6.6% vs. the prior year period.
- The March Urner Barry fresh farmed salmon price of \$5.46/lb decreased -3.2% vs. the prior month and increased +14.7% vs. the prior year period.
- The Undercurrent News 1H17 Alaskan Pollock price of \$2400/metric ton decreased -11.1% vs. the 2H16 price of \$2700/metric ton. 2017 Prices remained under pressure due to increased supply levels from remaining 2016 stock and are the lowest season A price levels on record since 2005.

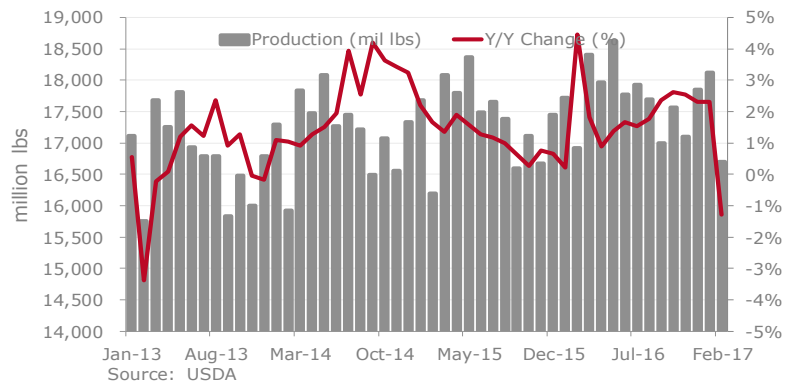
- The February NOAA measure of total US shrimp imports was 41.6mm kg, a decrease of -18.8% vs. the prior month and a decrease of -7.8% vs. Feb16.
- The February NOAA measure of total US salmon imports was 28.7mm kg, a decrease of -4.1% vs. the prior month and a decrease of -8.0% vs. Feb16.
- 2015 wild Alaskan landings by specie increased +49.5% vs. 2014 and was slightly above 2013 total landings. The increase in landings was led by a +98% rise in pink salmon.

Dairy: Current prices are moderately above 2016 levels as exports improve, despite ample supplies.

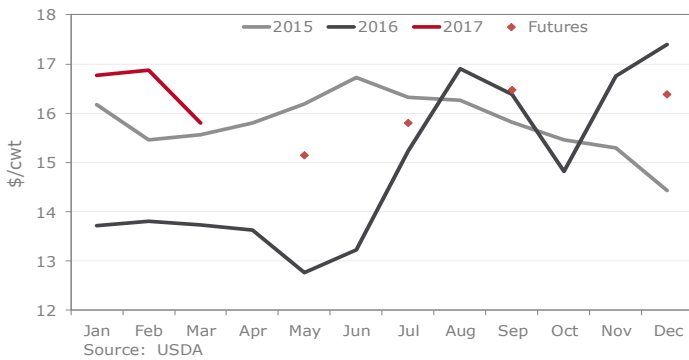
Class I Milk



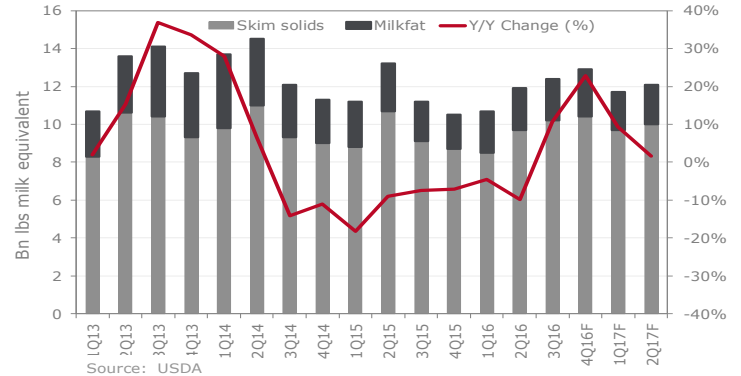
Milk Production



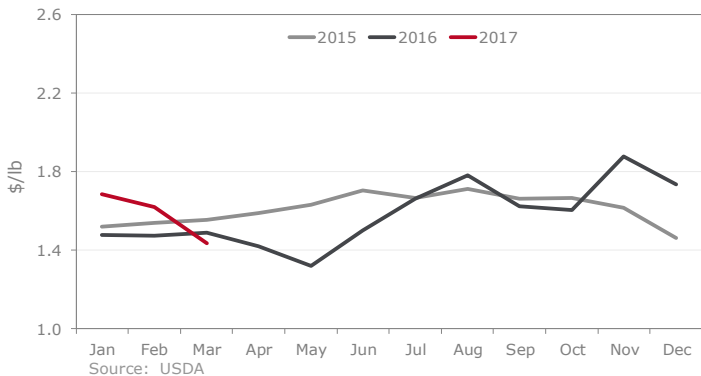
Class III Milk



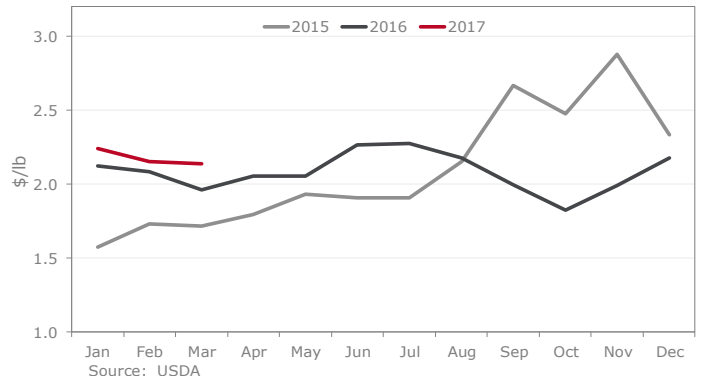
Dairy Exports



Cheddar Cheese, 40lb. block



Butter Prices Grade AA

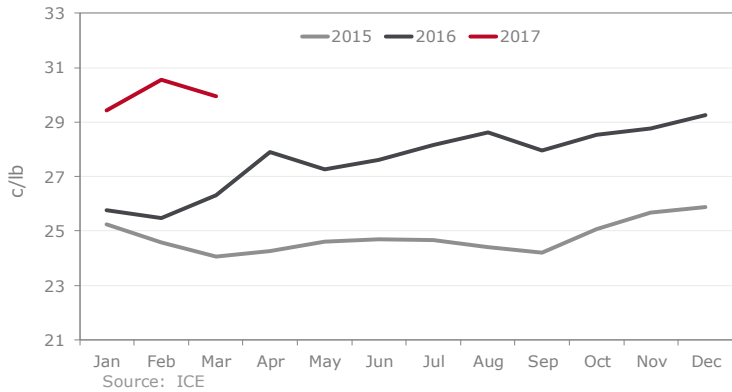


- The April USDA class I milk price of \$16.05/cwt decreased -5.0% vs. the prior month and increased +16.8% vs. Apr16. The March average class III milk price of \$15.81/cwt decreased -6.3% vs. the prior month and increased +19.5% vs. Mar16.
- The WASDE U.S. median average price forecast for 2017 is \$17.65/cwt, up +8.7% from \$16.24/cwt in 2016. The prior projection for 2017 was \$18.10/cwt. Total 2017 production is estimated to be 217.3 bn lbs., up +2.3% vs. 2016.
- The March USDA average cheese price of \$1.43/lb decreased -11.5% vs. the prior month and -3.6% vs. Mar16.

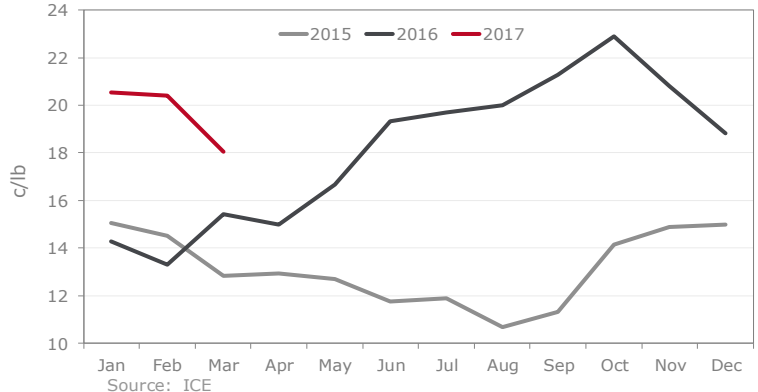
- Fundamentals: Milk production decreased -1.3% in February Y/Y, which decreased -360bp vs. the prior month. The milk cow herd size was up +50bp vs. the prior year period. Total milkfat and skim solid exports are expected to increase +9.3% in 1Q17 Y/Y, which is down -1360bp vs. the prior quarter.
- March average USDA Grade AA butter prices of \$2.14/lb decreased -0.7% vs. the prior month and increased +9.1% vs. Mar16.

Specialty Crops: Current sugar, coffee, cotton and orange juice prices remain inflationary YoY, while cocoa prices have been in decline since June.

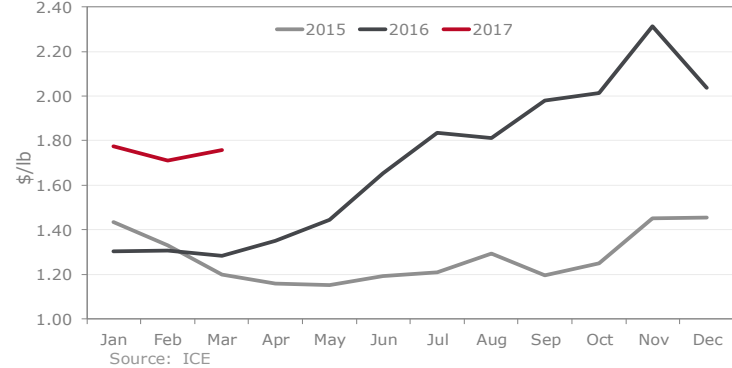
Sugar #16 Prices



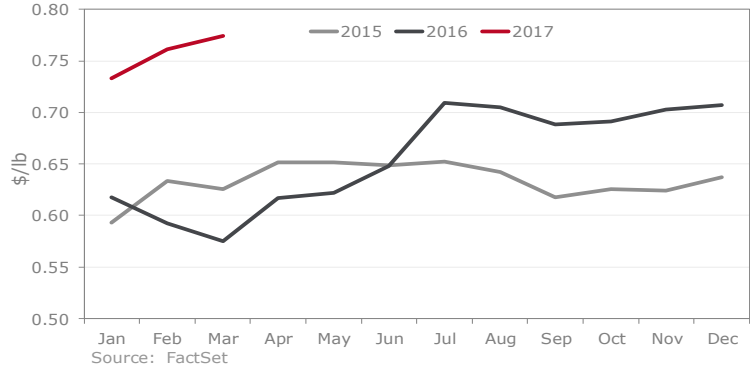
Sugar #11 Prices



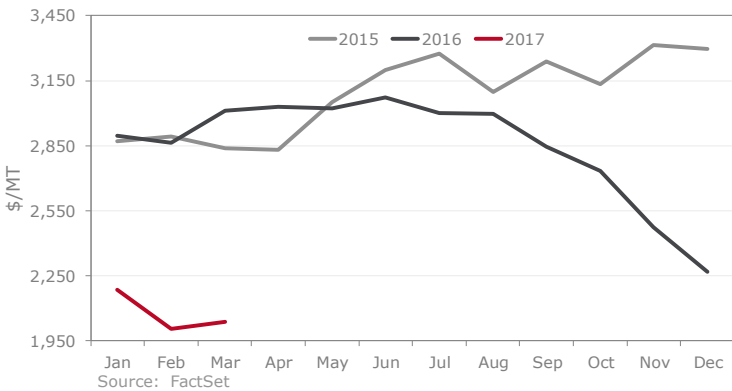
Orange Juice



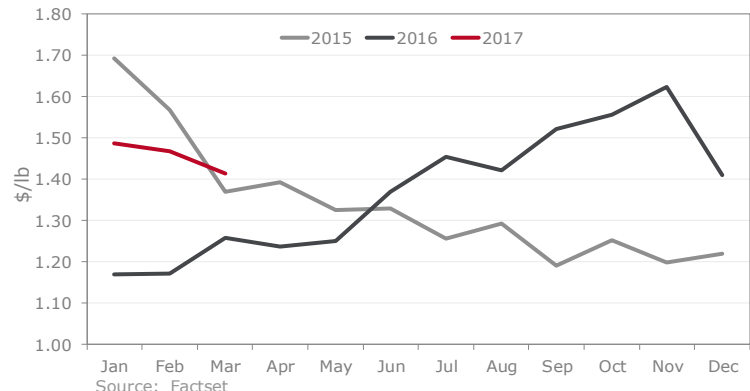
Cotton



Cocoa



Coffee

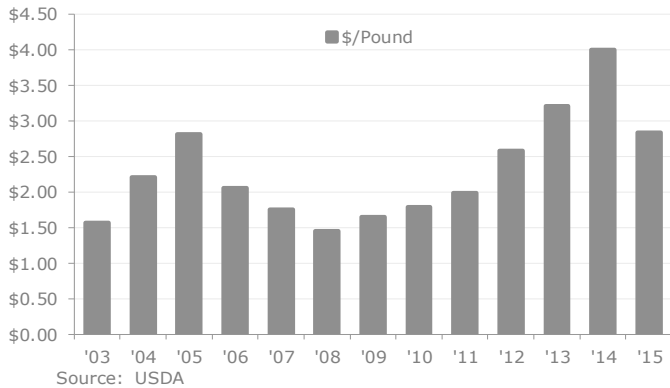


- The March ICE sugar #16 average price of \$0.300/lb decreased -2.0% vs. the prior month and increased +13.8% vs. the prior year period.
- The March ICE orange juice average price of \$1.76/lb increased +2.8% vs. the prior month and increased +37.1% vs. the prior year period.
- The March cocoa average price of \$2,036/MT increased +1.6% vs. the prior month and decreased -32.4% vs. the prior year period.

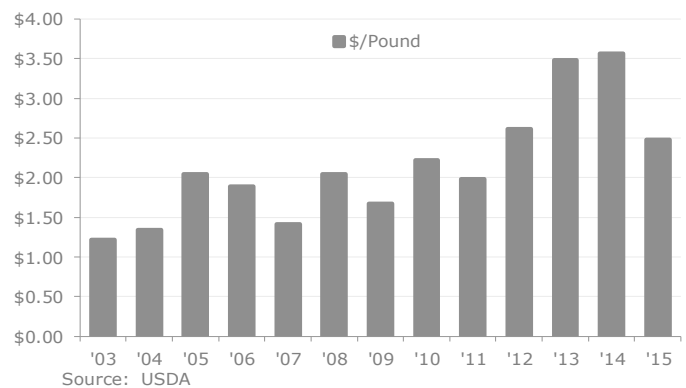
- The March ICE sugar #11 average price of \$0.181/lb decreased -11.5% vs. the prior month and increased +17.0% vs. the prior year period.
- The March average cotton price of \$0.77/lb increased +1.7% vs. the prior month and increased +34.7% vs. the prior year period
- The March average coffee price of \$1.41/lb decreased -3.6% vs. the prior month and increased +12.4% vs. the prior year period.

Specialty Crops: Growers anticipate improved yields in 2016 while keeping an eye on opportunities to improve both foreign and domestic shipments.

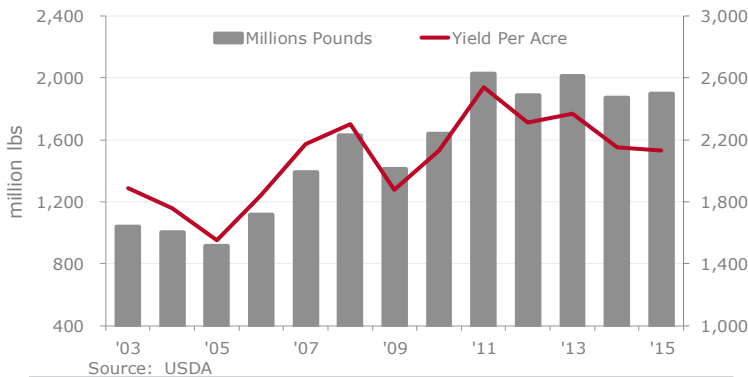
Almond Prices



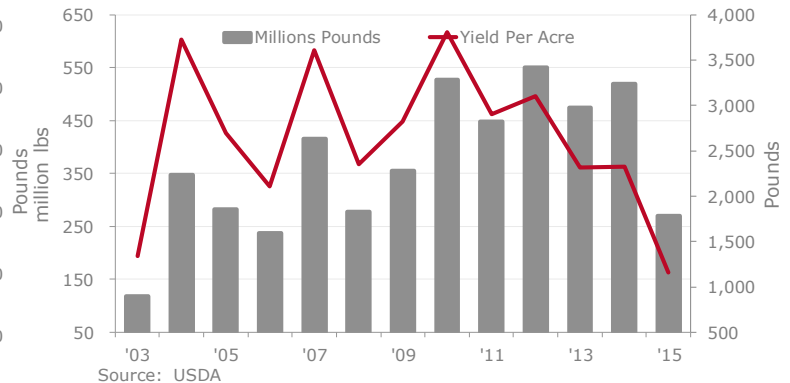
Pistachio Prices



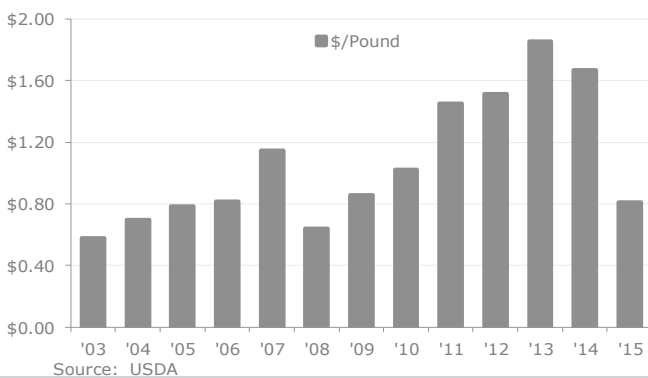
Almond Acres & Yield



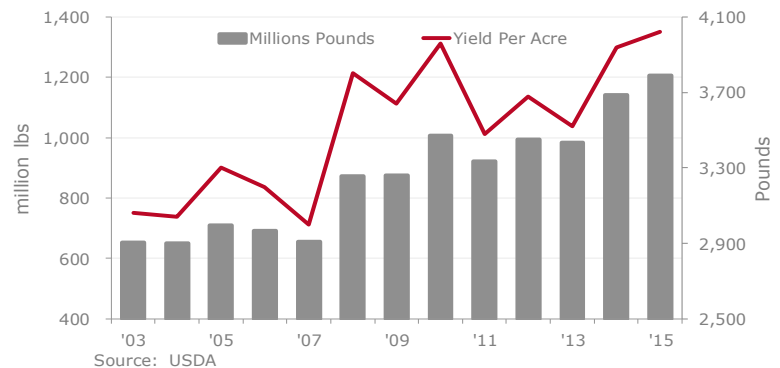
Pistachio Acres & Yield



Walnut Prices



Walnut Acres & Yield

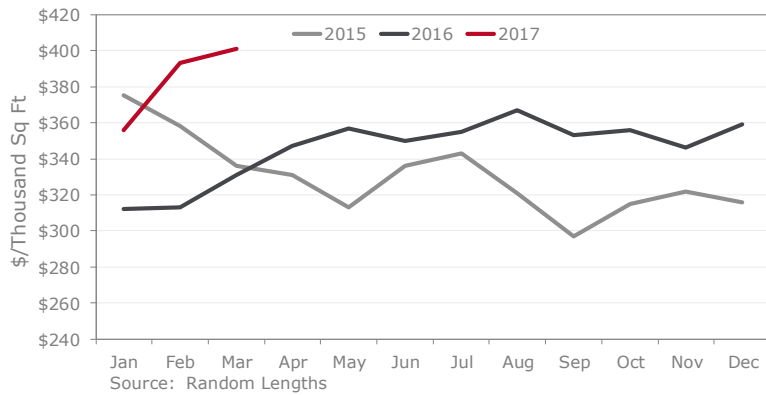


- The 2015 USDA average grower price for almonds of \$2.84/lb decreased -29.0% vs. the 2014 average price of \$4.00/lb.
- The 2015 total annual almond production of 1,900 million pounds increased +1.6% vs. the 2014 annual production of 1,870 million pounds. The 2015 average yield per acre of 2,130 pounds decreased -0.9% vs. the 2014 average of 2,370 pounds.
- The 2015 USDA average grower price for walnuts of \$0.81/lb decreased -51.5% vs. the 2014 average price of \$1.67/lb.

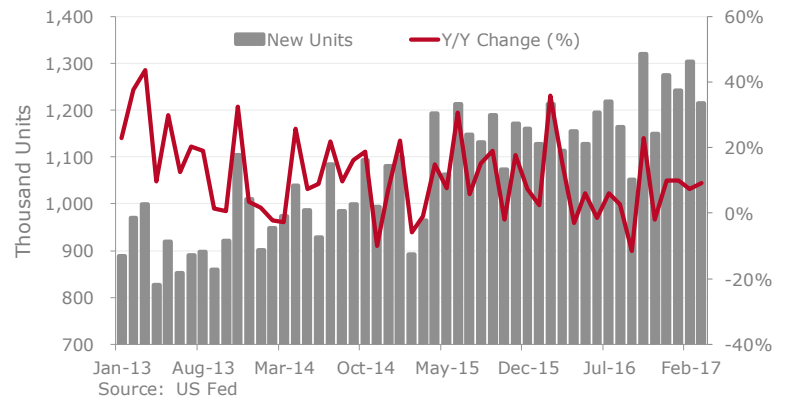
- The 2015 USDA average grower price for pistachios of \$2.48/lb decreased -30.5% vs. the 2014 average price of \$3.57/lb.
- The 2015 total annual pistachio production of 270mm pounds decreased -48.0% vs. the 2014 production of 519mm pounds. The 2015 average yield per acre of 1,600 pounds decreased -50.2% vs. the 2014 average of 2,330 pounds.
- The 2015 total annual walnut production of 1,206mm pounds increased +5.6% vs. the 2014 production of 1142mm pounds. The 2015 average yield per acre of 4,020 pounds increased +2.0% vs. the 2014 average of 3,940 pounds.

Forestry Products: Strength in housing starts and remodel activity continues to support demand for framing lumber and structural panel prices.

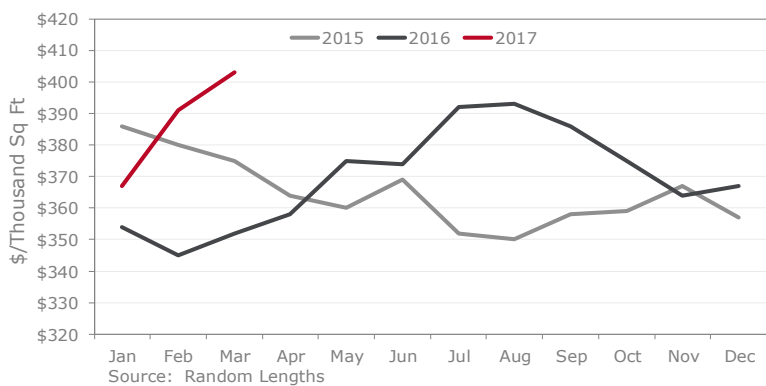
Framing Lumber Index



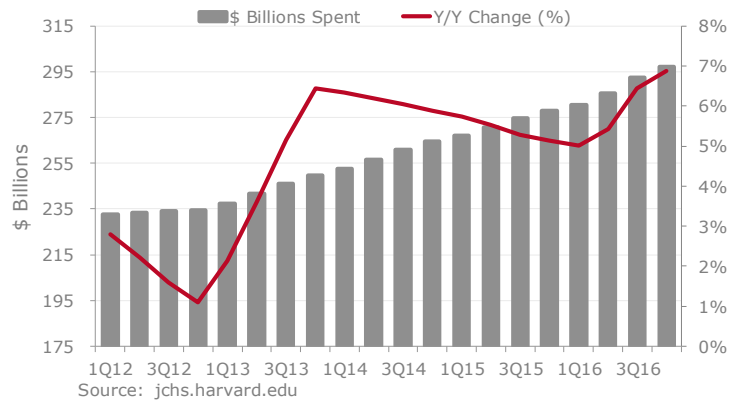
U.S. Housing Starts



Structural Panel Index



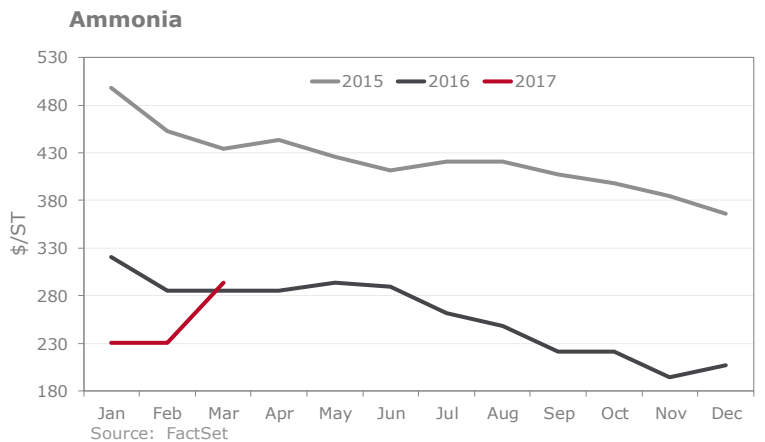
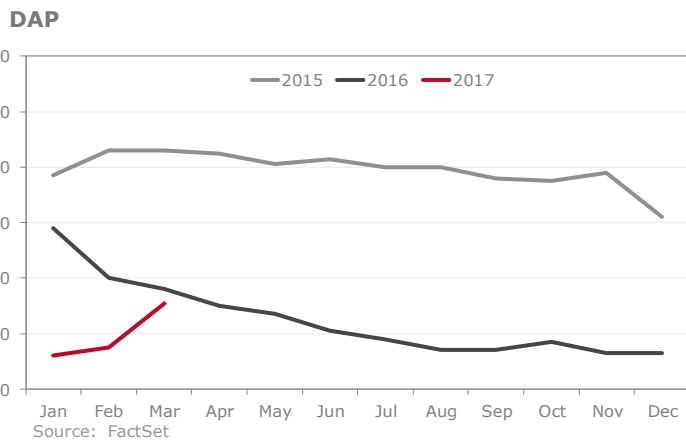
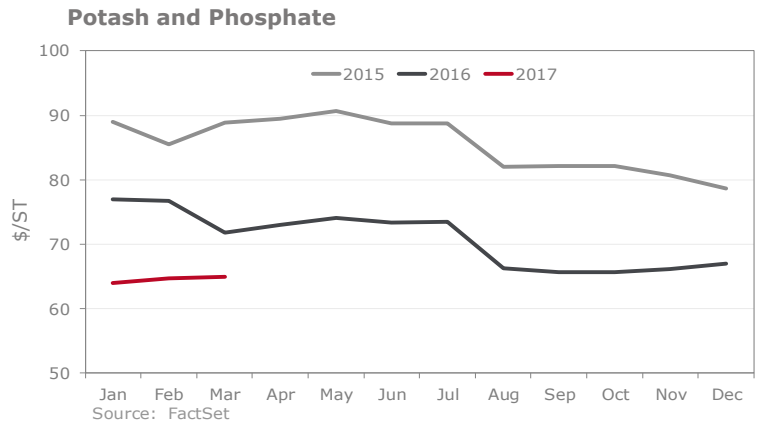
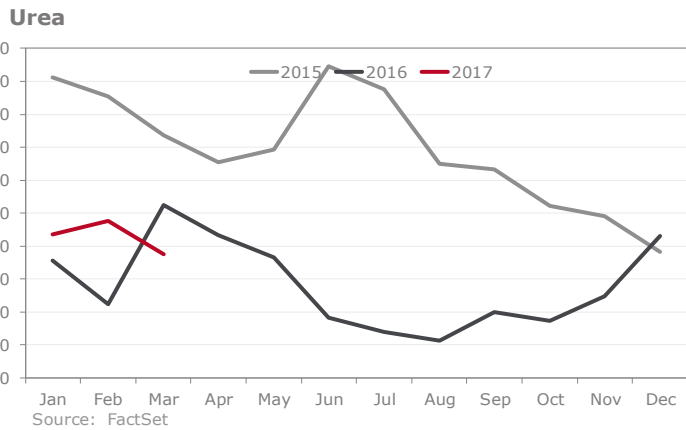
Repair & Remodel Expenditures (LTM total)



- The March Framing Lumber Composite Index of \$401/thousand sq ft increased +2.0% vs. the month prior and increased +21.1% vs. the prior year period.
- The March Structural Panel Composite Index of \$403/thousand sq ft increased +3.1% vs. the prior month and increased +14.5% vs. the prior year period.

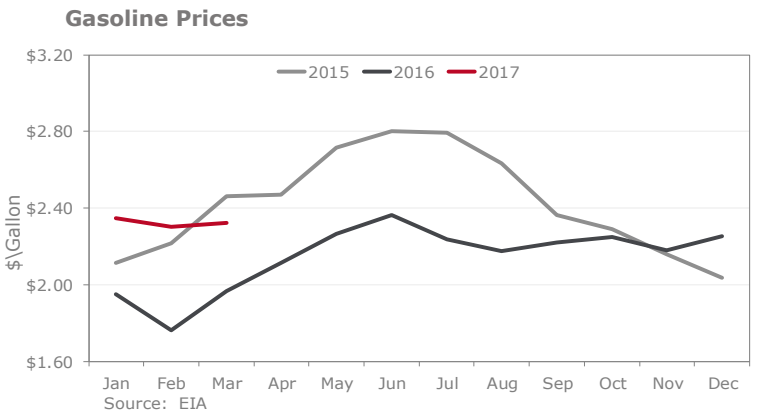
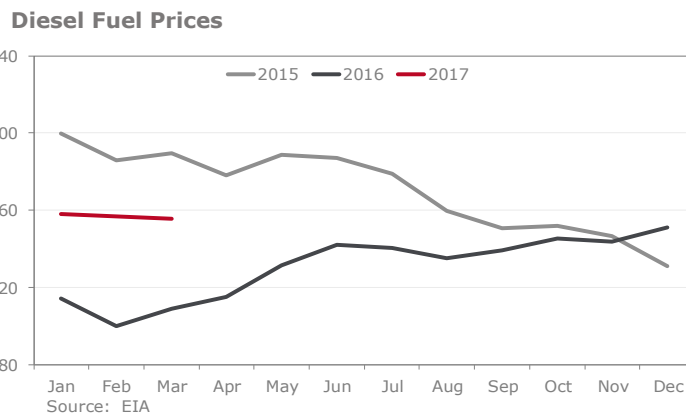
- The March U.S. Housing Starts of 1.22 million units decreased -6.8% vs. the prior month and increased +9.2% vs. the prior year period.
- The 4Q16 LTM repair and remodel total expenditure of \$297.1Bn increased +1.6% vs. the prior quarter and +6.9% vs. the prior year period.

Crop Inputs: Fertilizer prices remain under pressure with higher than expected imports, with all four prices measured in-line with 2H16 levels.



- The March average urea index price of \$225.0/ST decreased -8.4% vs. the prior month and -11.8% vs. the prior year period.
- The March average DAP index price of \$377.0/ST increased +11.7% vs. the prior month and decreased -3.3% vs. the prior year period.

- The March average potash and phosphate index price of \$64.9/ST increased +0.3% vs. the prior month and decreased -9.6% vs. the prior year period.
- The March average ammonia index price of \$294.0/ST increased +27.5 vs. the prior month and +3.2 vs. the prior year period.

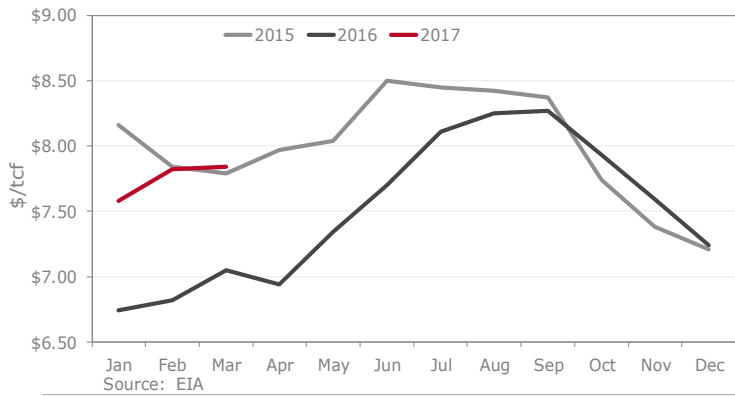


- The March average diesel fuel price of \$2.55/gal decreased -0.5% vs. the prior month and increased +22.2% vs. the prior year period.

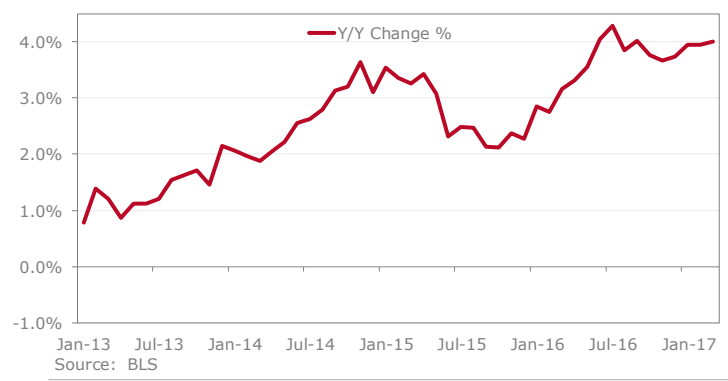
- The March average regular grade gasoline price of \$2.33/gal increased +0.9% vs. the prior month and increased +18.1% vs. the prior year period.

Energy and Labor: Global oil prices have kept energy prices in check, while we observe wage inflation gains in restaurants and food manufacturing.

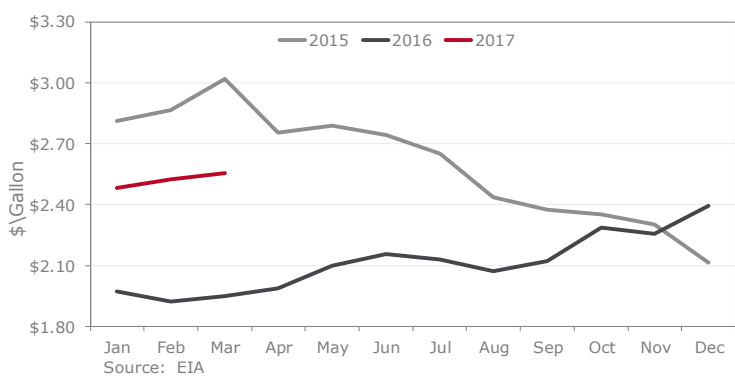
Natural Gas Retail Prices



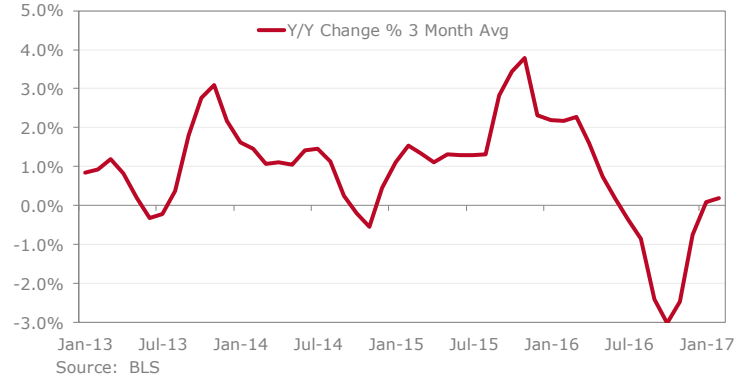
Restaurant Hourly Earnings



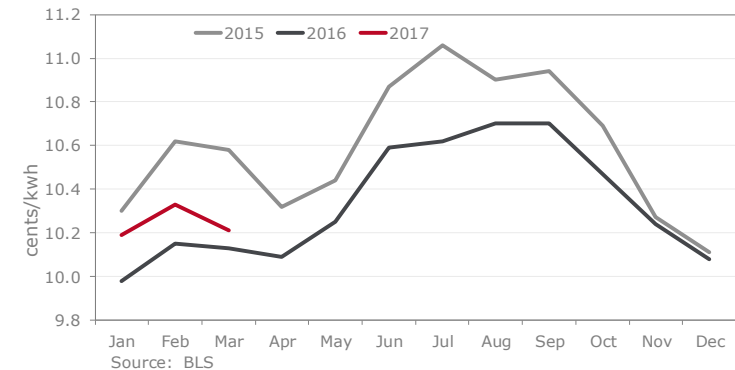
Heating Oil Retail Prices



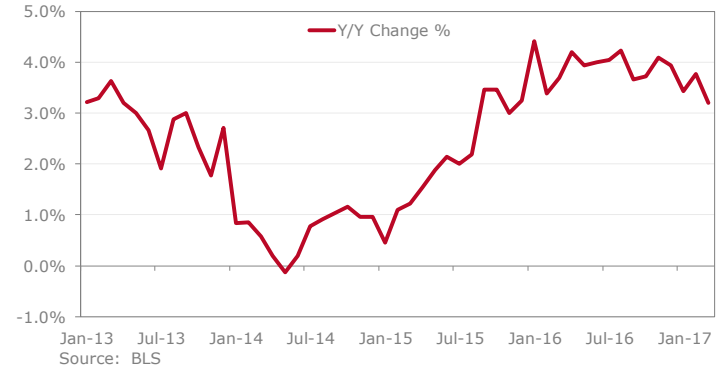
Supermarket Hourly Earnings (3 Month Rolling Average)



Commercial Electricity Prices



Food Manufacturing Hourly Earnings



- The March average natural gas price of \$7.840/Mcf increased +0.3% vs. the prior month and increased +11.2% vs. the prior year period.
- The March average heating oil price of \$2.55/gal increased +1.1% vs. the prior month and increased +31.1% vs. the prior year period.
- The March average electricity price of \$0.1021/kWh decreased -1.2% vs. the prior month and increased +0.8% vs. the prior year period.

- The restaurant labor index increased +4.0% Y/Y in March, which up +10bp vs. the prior month and up +80bp vs. the prior year period.
- The supermarket labor index increased +0.2% Y/Y in February, which was up +10bp vs. the prior month and down -200bp vs. the prior year period.
- The food manufacturing labor index increased +3.2% Y/Y in March, which was down -60bp vs. the prior month and down -50bp vs. the prior year period.

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