

Industry Update

# Food and Agribusiness



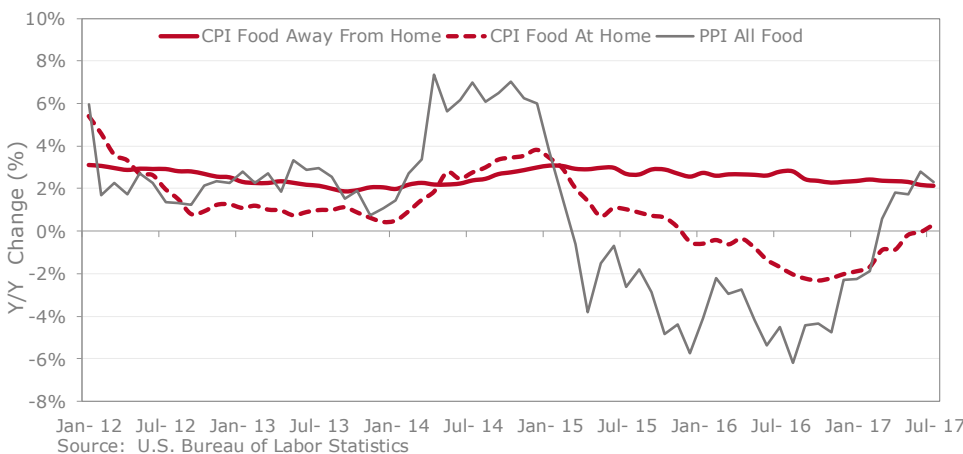
### Supermarket & Restaurant Comps

- Supermarket comparable sales are in the -0.5% to +0.5% range driven by -2.0% to -1.5% volume decline and 1.5% to 2.0% price. While volume trends were softer than the previous month, pricing has been +1.5% or higher in 2 of the last 3 periods.
- Restaurant comparable sales are in the +0.0% to +1.0% range driven by -2.0% to -1.5% volume growth and 2.0% to 2.5% price. Restaurant chains continue to struggle to win back customer traffic.

### 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 June.
- The performance of the S&P 500 was up +14% 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 July and average hourly earnings increased +2.4% Y/Y, both tailwinds for the consumer.
- Gas prices continue to be a tailwind for the consumer; oil futures have hovered near \$45/barrel, up +8 YoY. Gas prices remain -20% below the 5 year average.
- The Consumer Confidence Index as measured by the Conference Board was 121.1 in July +24.4 points above the Jul16 reading of 96.7.

### Consumer and Producer Price Indices

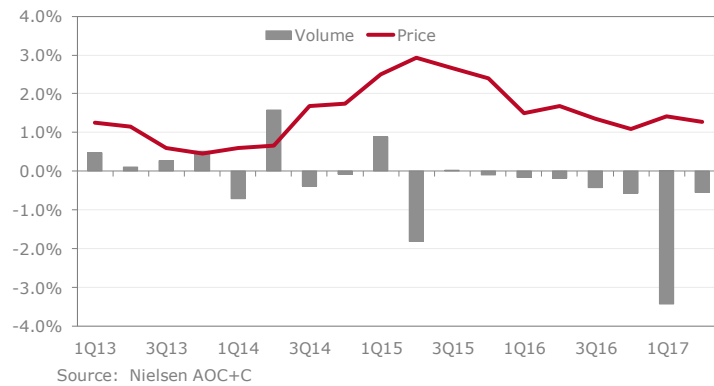


### Price & Food Inflation Developments

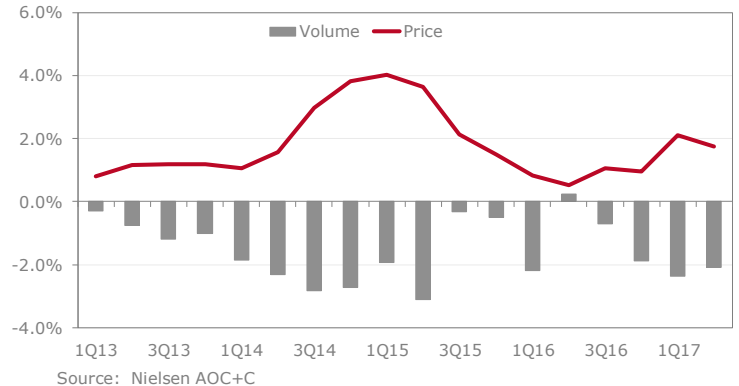
- We maintain a constructive outlook for volumes given pricing levels below 3%. The spread between restaurant and food retail pricing has narrowed -300bp from Aug16 highs.
- Restaurant pricing measured by the CPI food away from home index (CPI-FAFH) increased +2.1% in July Y/Y, which is down -10bp vs. the prior month and down -70bp vs. the prior year.
- Food Retail pricing measured by the CPI food at home index increased +0.3% in July Y/Y, which is up +40bp vs. the prior month and up +200bp vs. the prior year.
- The Producer Price Index (PPI All Food) increased +2.3% in July Y/Y, which is down -50bp vs. the prior month and up +680bp vs. the prior year.

**Grocery Department Trends:** Volume trends in bakery declined in 2Q17 while dry grocery rebounded from a weak 1Q17. Pricing was positive YoY for all 6 categories.

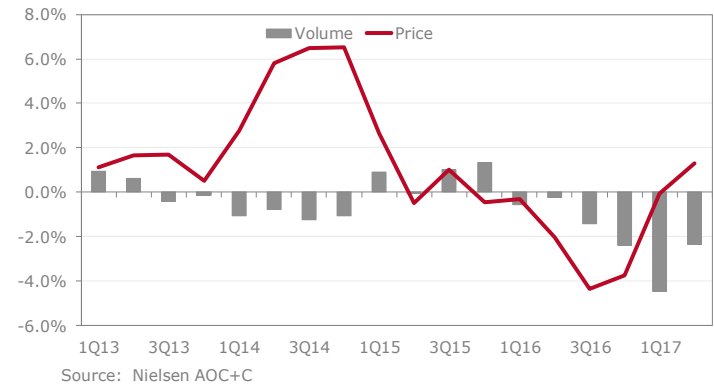
**Dry Grocery**



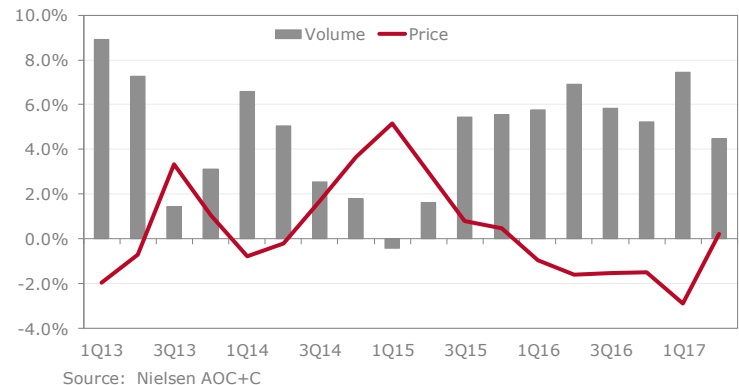
**Frozen Foods**



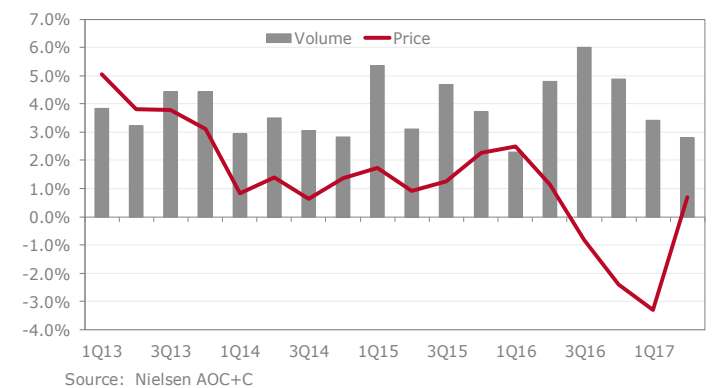
**Dairy**



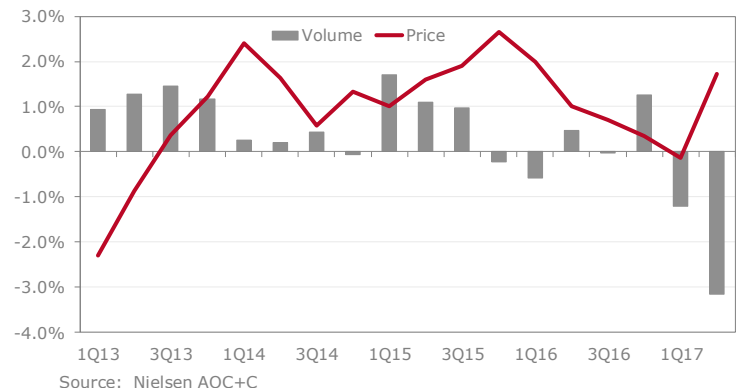
**Deli**



**Fresh Produce**



**Bakery**



- Dry Grocery 2Q17 price/mix increased +1.3% YoY, a decrease of -10bp vs. 1Q17. Dry Grocery volumes decreased -0.5% YoY, an increase of +290bp vs. 1Q17.
- Dairy 2Q17 price/mix increased +1.3% YoY, an increase of +140bp vs. 1Q17. Dairy volumes decreased -2.4% YoY, an increase of +210bp vs. 1Q17.
- Fresh Produce 2Q17 price/mix increased +0.7% YoY, an increase of +400bp vs. 1Q17. Fresh Produce volumes increased +2.8% YoY, a decrease of -60bp vs. 1Q17.
- Frozen Food 2Q17 price/mix increased +1.7% YoY, a decrease of -40bp vs. 1Q17. Frozen Food volumes decreased -2.1% YoY, an increase of +30bp vs. 1Q17.
- Deli 2Q17 price/mix increased +0.2% YoY, an increase of +310bp vs. 1Q17. Deli volumes increased +4.5% YoY, a decrease of -290bp vs. 1Q17.
- Bakery 2Q17 price/mix increased +1.7% YoY, an increase of +180bp vs. 1Q17. Bakery volumes decreased -3.2% YoY, a decrease of -200bp vs. 1Q17.

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

### Food Company Input Cost Summary:

As we enter 2H17 a large portion of commodities have shown moderate inflation vs. 2016 levels.

- **Economic Backdrop:** 4Q16 gains in the dollar have been given back; economic activity continues to inch forward.
- **Corn, Wheat & Soy Prices:** 16/17 exhibited low price levels in corn, wheat, and soy on increased production, initial forecasts for 17/18 call for flat prices at current levels on decreased production.
- **Chicken:** Prices have trended upward above 2015/16 levels on strong exports and gradual tightening of cold storage supplies, while egg sets build.
- **Beef:** Prices are near 2016 levels as supplies had built through Feb17 on higher heifer slaughter despite strong exports.
- **Pork:** Prices are near 2015/16 levels despite tightening but ample supplies and improving exports.
- **Packer Margin Environment:** Chicken and beef ratios are above 2016 levels, and pork ratios have appeared to reverse trend after retreated off Oct16 highs.
- **Seafood:** Shrimp and salmon prices are in-line with 2015/16 levels on strong imports; 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 have fallen to at or below 2016 levels, 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 under pressure with higher than expected imports; all 4 fertilizers are near 2016 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	\$3.77	+7.3%	+1.2%
Wheat	\$5.02	+18.5%	+10.8%
Soybeans	\$9.91	-4.2%	+7.1%
Broilers	\$1.04	+17.1%	-4.8%
Cattle	\$1.15	+3.3%	-3.8%
Hogs	\$0.76	+5.3%	-5.9%
Milk	\$17.48	+15.3%	+8.2%
Shrimp	\$4.62	+0.2%	-1.3%
Salmon	\$5.00	0.0%	-4.1%
Nat. Gas	\$8.68	+7.0%	+0.3%
Electricity	\$10.67	+0.5%	-1.3%
Heating Oil	\$2.35	+10.4%	+3.0%
Rest. Labor	\$13.35	+3.3%	0.0%
Sup. Labor	\$13.04	+2.3%	-0.5%
Food Labor	\$16.92	+2.7%	+0.1%

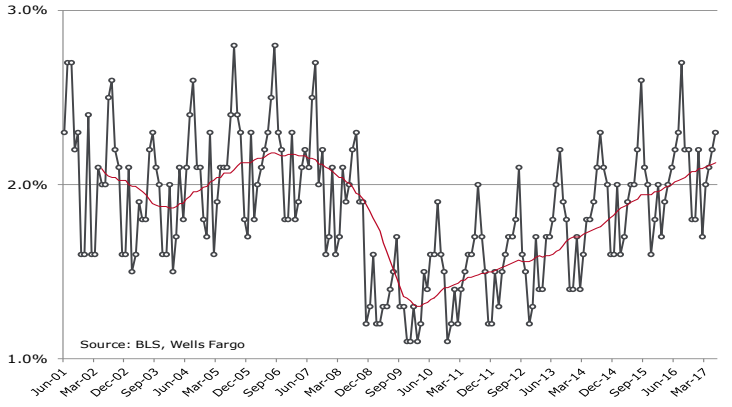
\*Monthly average corn, wheat, soybeans in \$/bu; broiler, shrimp in \$/lb; cattle, hogs, milk in,

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

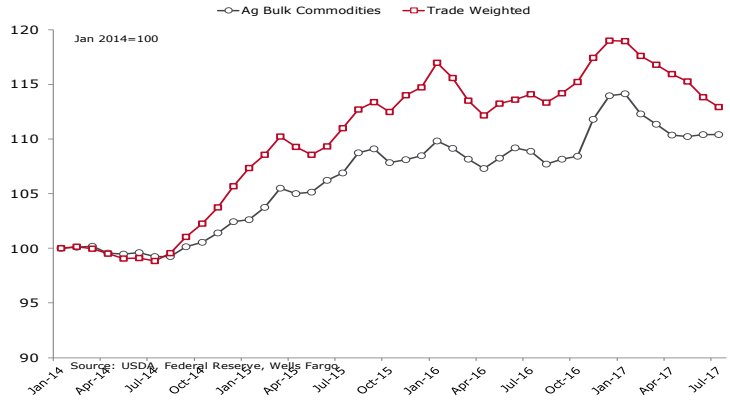
Source: USDA; BLS; IMF; IntraFish

**Economics:** 4Q16 gains in the dollar have been given back; economic activity continues to inch forward.

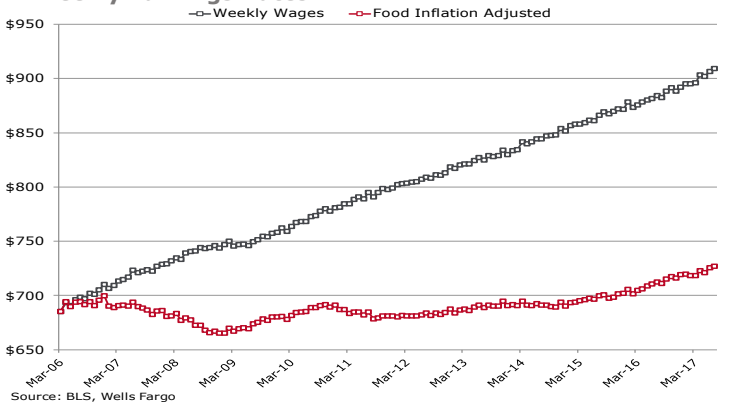
**Voluntary Quits as % of Employment**



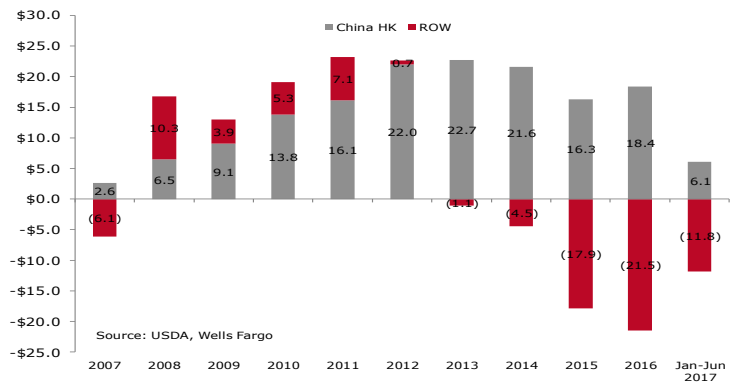
**Trade Weighted Dollar vs. Ag Index**



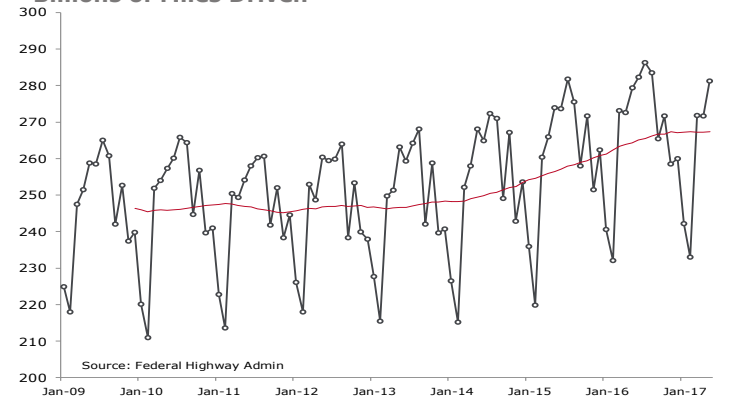
**Weekly Earnings Rates**



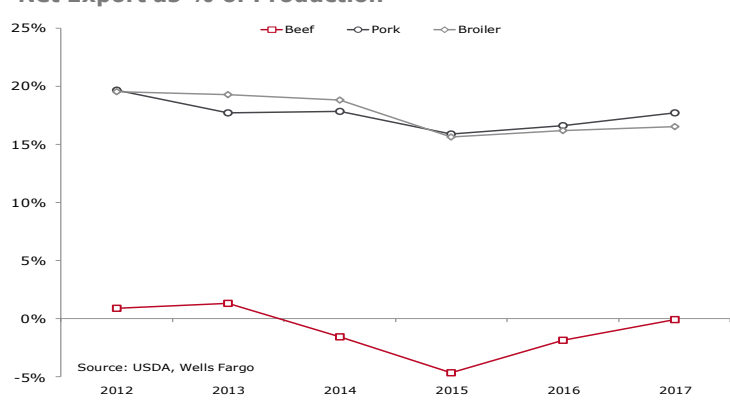
**Net Trade Balance**



**Billions of Miles Driven**



**Net Export as % of Production**

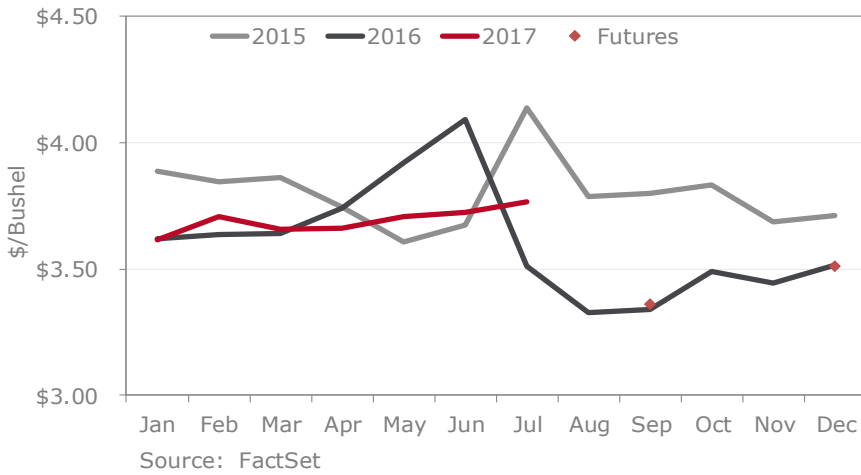


- The June 2017 voluntary quits as a percentage of employment of 2.3% was up +0.1% vs. the Jun16 reading of 2.2%. The 12 month rolling average is approaching pre-recessionary levels.
- The July 2017 weekly average earnings are growing +2.9% YoY on a nominal basis; when deflated by food & beverage CPI the Jul17 average wages of \$727/week increased +2.0% vs. Jul16. The pre-recession inflation adjusted peak was \$703/week in December of 2006.
- The May 2017 monthly average miles driven of 281 billion increased +0.6% vs. May16 despite gas prices and better employment continuing to provide tailwinds.

- The July 2017 trade weighted dollar index value of 113.0 vs. bulk commodity dollar index value of 108.2 represents a narrower gap when compared to the July 2016 values of 114.1 and 106.6 respectively.
- The 2017 YTD net trade balance of -\$5.7 billion represents a smaller deficit compared the Jan-Jun 2016 total of -\$9.3 billion. The 2016 full year net trade balance of -\$3.1 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 17.7% and 16.5% percent of total production vs. -0.1% for beef.

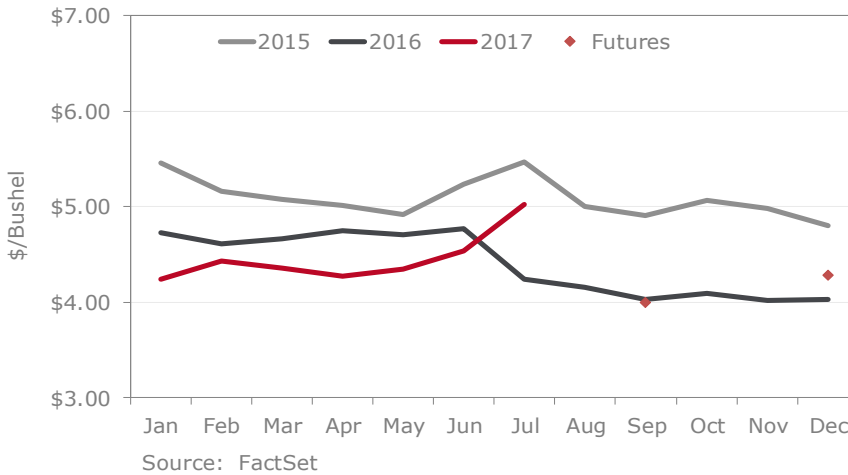
**Soft Commodities Prices:** 16/17 exhibited low price levels in corn, wheat and soy on increased production, forecasts for 17/18 call for flat prices at current levels on decreased production.

**Corn**



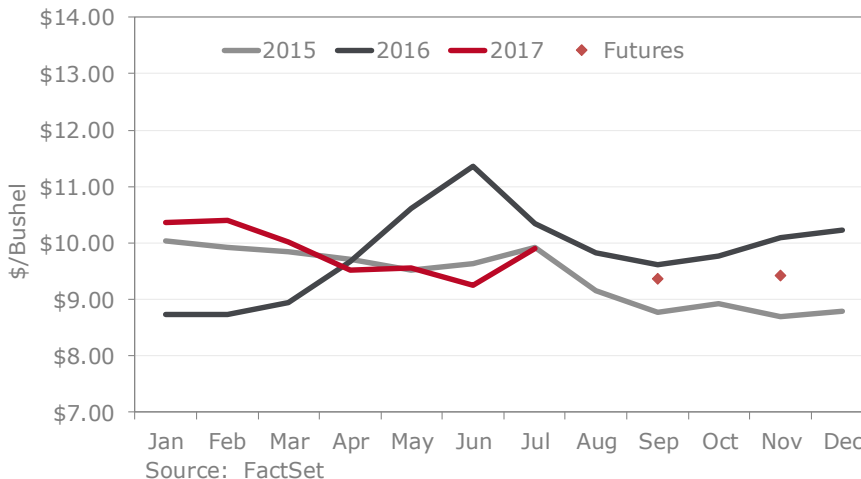
- The July monthly average corn price of \$3.77/bu increased +1.2% vs. the prior month and increased +7.3% vs. the prior year period.
- The WASDE's (World Agricultural Supply and Demand Estimates) median average farm price projection for 2017/18 is \$3.30/bu, down -1.5% from \$3.35/bu in 2016/17. The prior estimate for 2017/18 was \$3.30/bu.
- WASDE forecasts global corn production to be 1,033 million tons in 2017/18 which is down -3.4% vs. 2016/17.

**Wheat**



- The July monthly average wheat price of \$5.02/bu increased +10.8% vs. the prior month and increased +18.5% vs. the prior year period.
- The WASDE U.S. median average farm price forecast for 2017/18 is \$4.80/bu, up +23.4% from \$3.89/bu in 2016/17. The prior estimate for 2017/18 was \$4.80/bu.
- WASDE forecasts global wheat production to be 743 million tons for 2017/18, which is down -1.6% vs. 2016/17.

**Soybeans**



- The July monthly average soybean price of \$9.91/bu increased +7.1% vs. the prior month and decreased -4.2% vs. the prior year period.
- The WASDE U.S. median average farm price forecast for 2017/18 is \$9.30/bu, down -2.1% from \$9.50/bu in 2016/17. The prior estimate for 2017/18 was \$9.40/bu.
- WASDE forecasts global soybean production at 347 million tons for 2017/18, which is down -1.2% vs. 2016/17.



## Soft Commodities Fundamentals: 17/18 forecasts point to lower yields and subsequently lower production across corn, wheat, and soy with annual price estimates mixed.

### Corn

	2015/2016	2016/2017E	2017/2018P	2017/2018P	M/M Change	Y/Y Change
			July	August	Forecast	Forecast
Area Planted (mm)	88.0	94.0	90.9	90.9	0.0%	-3.3%
Area Harvested	80.8	86.7	83.5	83.5	0.0%	-3.7%
Yield per Harvested Acre (bu)	168.4	174.6	170.7	169.5	-0.7%	-2.9%
Beginning Stocks (mm bu)	1,731	1,737	2,370	2,370	0.0%	36.4%
Production	13,602	15,148	14,225	14,153	-0.5%	-6.6%
Imports	67	55	50	50	0.0%	-9.1%
Total Supply	15,401	16,940	16,675	16,573	-0.6%	-2.2%
Exports	1,898	2,225	1,875	1,850	-1.3%	-16.9%
Total Use	13,664	14,645	14,350	14,300	-0.3%	-2.4%
Ending Stocks	1,737	2,295	2,325	2,273	-2.2%	-1.0%
<b>Stocks to Use (%)</b>	<b>12.7%</b>	<b>15.7%</b>	<b>16.2%</b>	<b>15.9%</b>	<b>-0.3%</b>	<b>0.2%</b>
<b>Average Farm Price (\$/bu)</b>	<b>\$3.61</b>	<b>\$3.35</b>	<b>\$3.40</b>	<b>\$3.40</b>	<b>0.0%</b>	<b>1.5%</b>

- The August WASDE report for the 2017/18 corn harvest year forecasts yield per acre to decrease -2.9% YoY and total supply to decrease -2.2% YoY. Ending stocks are expected to be down -1.0% YoY and stocks to use up +0.2% YoY.
- The August WASDE report estimate for total supply decreased -0.6% vs. the prior month; the estimate for ending stocks decreased -2.2% vs. the prior month and estimated stocks to use decreased -30bp.

### Wheat

	2015/2016	2016/2017E	2017/2018P	2017/2018P	M/M Change	Y/Y Change
			July	August	Forecast	Forecast
Area Planted (mm)	55.0	50.2	45.7	45.7	-0.9%	-9.0%
Area Harvested	47.3	43.9	38.1	38.1	-1.0%	-13.2%
Yield per Harvested Acre (bu)	43.6	52.6	46.2	45.6	-3.4%	-13.3%
Beginning Stocks (mm bu)	752	976	1,184	1,184	2.2%	21.3%
Production	2,062	2,310	1,760	1,739	-4.5%	-24.7%
Imports	113	115	140	150	20.0%	30.4%
Total Supply	2,927	3,400	3,084	3,084	-0.7%	-9.3%
Exports	775	1,035	975	975	-2.5%	-5.8%
Total Use	1,952	2,241	2,146	2,141	-2.3%	-4.5%
Ending Stocks	976	1,159	938	933	2.1%	-19.5%
<b>Stocks to Use (%)</b>	<b>50.0%</b>	<b>51.7%</b>	<b>43.7%</b>	<b>43.6%</b>	<b>-0.1%</b>	<b>-8.1%</b>
<b>Average Farm Price (\$/bu)</b>	<b>\$4.89</b>	<b>\$3.89</b>	<b>\$4.80</b>	<b>\$4.80</b>	<b>12.9%</b>	<b>23.4%</b>

- The August WASDE report for the 2017/18 wheat harvest year forecasts yield per acre to decrease -13.3% YoY and total supply to decrease -9.3% YoY. Ending stocks are expected to be down -19.5% YoY and stocks to use down -8.5% YoY.
- The August WASDE report estimate for total supply decreased -0.7% vs. the prior month; the estimate for ending stocks increased +2.1% vs. the prior month and estimated stocks to use decreased -10bp.

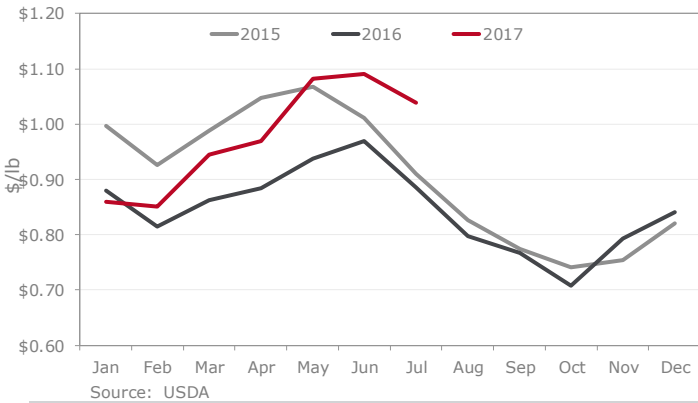
### Soybeans

	2015/2016	2016/2017E	2017/2018P	2017/2018P	M/M Change	Y/Y Change
			July	August	Forecast	Forecast
Area Planted (mm)	82.7	83.4	89.5	89.5	0.0%	7.3%
Area Harvested	81.7	82.7	88.7	88.7	0.0%	7.3%
Yield per Harvested Acre (bu)	48.0	52.1	48.0	49.4	2.9%	-5.2%
Beginning Stocks (mm bu)	191	197	410	370	-9.8%	87.8%
Production	3,926	4,307	4,260	4,381	2.8%	1.7%
Imports	24	25	25	25	0.0%	0.0%
Total Supply	4,140	4,528	4,695	4,777	1.7%	5.5%
Crushings	1,886	1,925	1,950	1,940	-0.5%	0.8%
Exports	1,936	2,050	2,150	2,225	3.5%	8.5%
Total Use	3,944	4,093	4,235	4,301	1.6%	5.1%
Ending Stocks	197	435	460	475	3.3%	9.2%
<b>Stocks to Use (%)</b>	<b>5.0%</b>	<b>10.6%</b>	<b>10.9%</b>	<b>11.0%</b>	<b>0.2%</b>	<b>0.4%</b>
<b>Average Farm Price (\$/bu)</b>	<b>\$8.95</b>	<b>\$9.50</b>	<b>\$9.40</b>	<b>\$9.30</b>	<b>-1.1%</b>	<b>-2.1%</b>

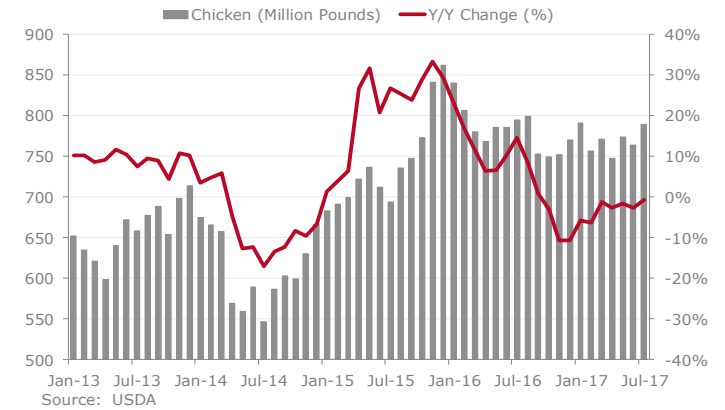
- The August WASDE report for the 2017/18 soybean harvest year forecasts yield per acre to decrease -5.2% YoY and total supply to increase +5.5% YoY. Ending stocks are expected to be up +9.2% YoY and stocks to use up +0.4% YoY.
- The August WASDE report estimate for total supply increased +1.7% vs. the prior month; the estimate for ending stocks increased +3.3% vs. the prior month and estimated stocks to use increased +20bp.
- Source: USDA WASDE

**Chicken:** Prices have trended upward above 2015/16 levels on strong exports and gradual tightening of cold storage supplies, while egg sets build.

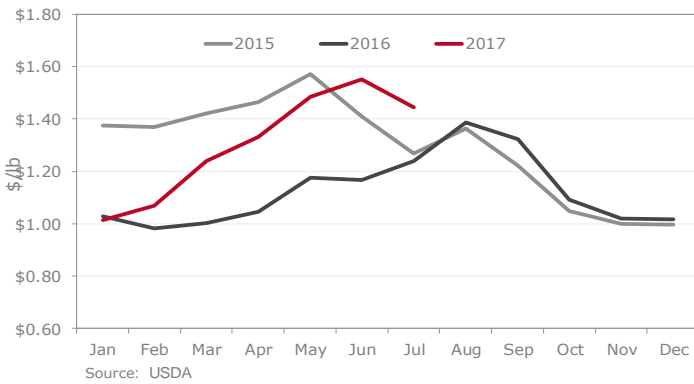
**Whole Broiler Prices**



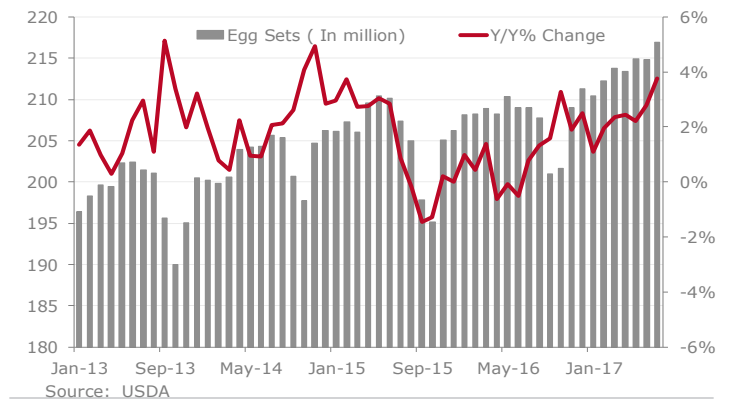
**Cold Storage Inventories**



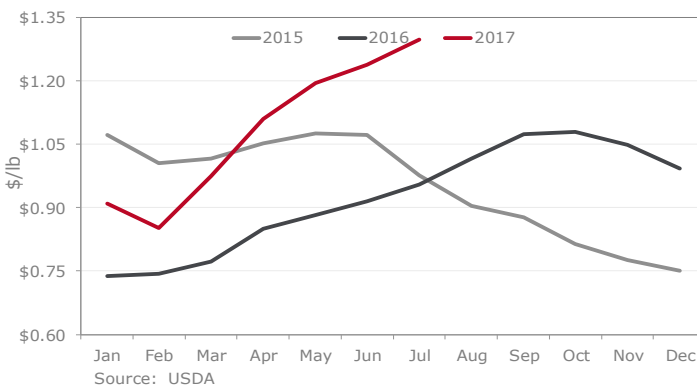
**Boneless Skinless Breast Prices**



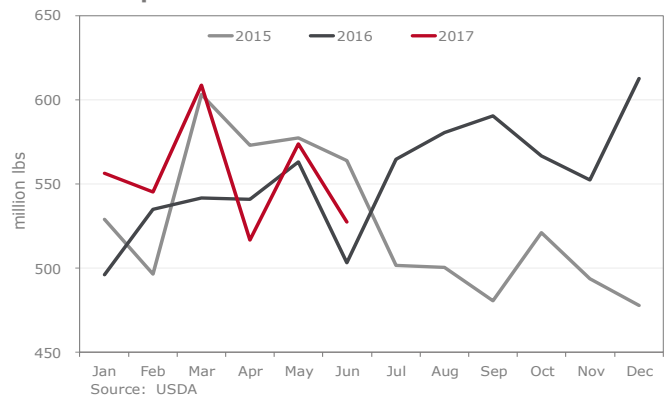
**Egg Sets**



**Boneless Skinless Thigh Prices**



**Broiler Exports**

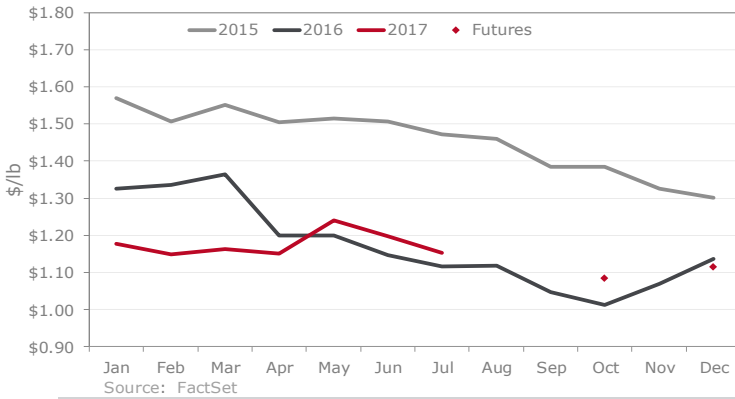


- The July USDA broiler price of \$1.038/lb decreased -4.8% vs. the prior month and increased +17.1% vs. Jul16.
- The WASDE U.S. median average price forecast for 2017 is \$0.940/lb, up +11.5% from \$0.843/lb in 2016. The prior projection for 2017 was \$0.935/lb. Total 2017 production is estimated to be 41.49mm lbs., up +1.9% vs. 2016.
- The July average breast price of \$1.446/lb decreased -6.9% vs. the prior month and increased +16.7% vs. Jul16. The July average thigh price of \$1.300/lb increased +4.9% vs. the prior month and increased +36.0% vs. Jul16.

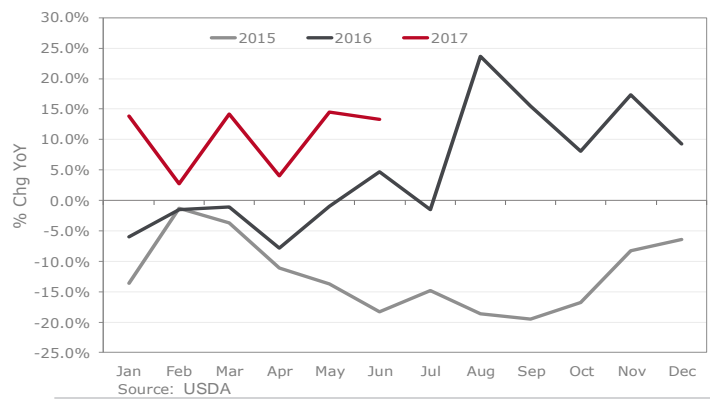
- Fundamentals: Cold storage decreased -0.6% in July Y/Y, which is up +210bp vs. the prior month. Egg sets increased +3.8% in July Y/Y, which is up +100bp vs. the prior month. Exports increased +4.8% in June Y/Y, which is up +290bp vs. the prior month.
- The July combined regional large egg price of \$0.78/dozen increased +20.6% vs. the prior month and +4.1% vs. Jul16.

**Beef:** Prices are near 2016 levels as supplies had built through Feb17 on higher heifer slaughter despite strong exports.

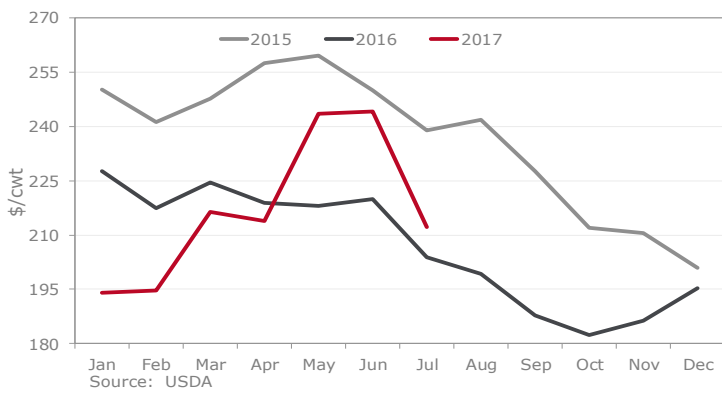
**Live Cattle Prices**



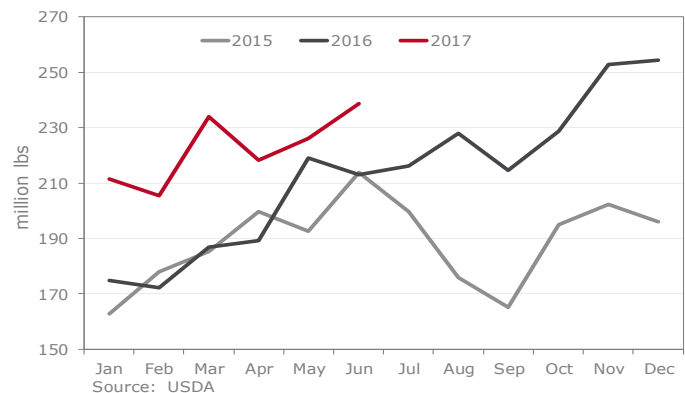
**Heifer Slaughter**



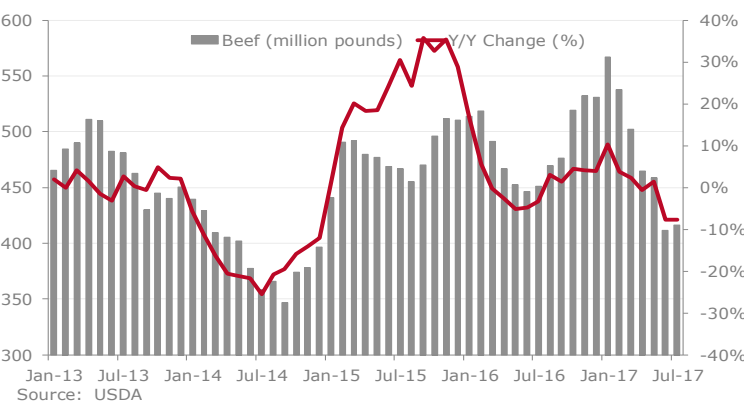
**Cut Out Values**



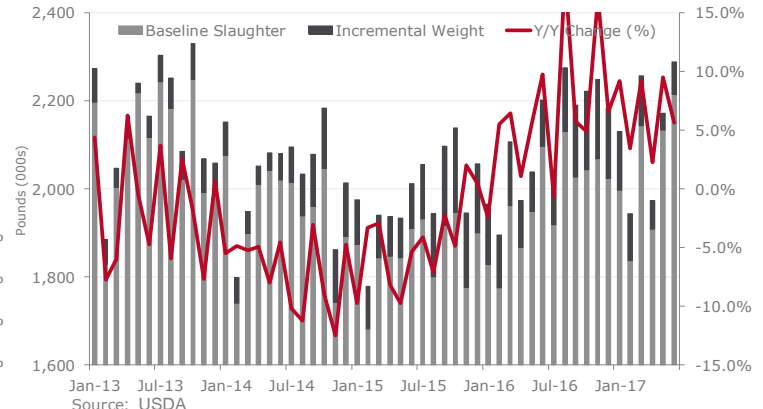
**Beef and Veal Exports**



**Cold Storage Inventories**



**Monthly Cattle Processing**



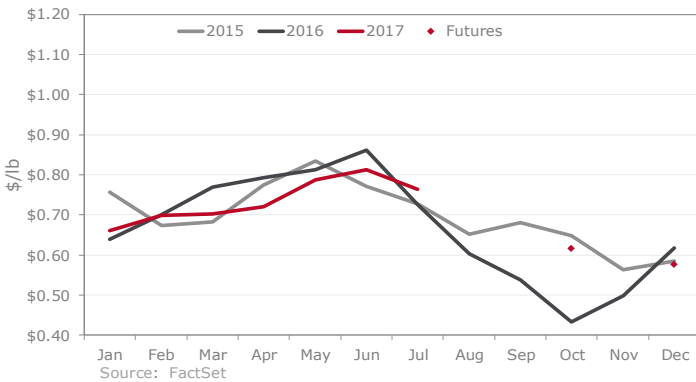
- The July cattle price of \$1.15/lb decreased -3.8% vs. the prior month and increased +3.3% vs. Jul16.
- The WASDE U.S. median average price forecast for 2017 is \$121.0/cwt, up +0.1% from \$120.86/cwt in 2016. The prior projection for 2017 was \$123.0/cwt. Total 2017 production is estimated to be 26.7mm lbs., up +5.9% vs. 2016.
- The July average cut-out value decreased -13.1% vs. the prior month and increased +4.1% vs. Jul16.

- Fundamentals: Cold storage decreased -7.7% in July Y/Y, which is up +10bp vs. the prior month. Heifer slaughter numbers increased +13.4% in June Y/Y, which is down -0.9% vs. the prior month. Exports increased +12.1% in June Y/Y, which is up +8.9% vs. the prior month. Cattle head processed increased +5.6% in June Y/Y which is down -390bp vs. the prior month. Slaughter weight data indicates that heavier weights contributed to +3.2% of total slaughter volume, which decreased -160bp vs. the prior year period.

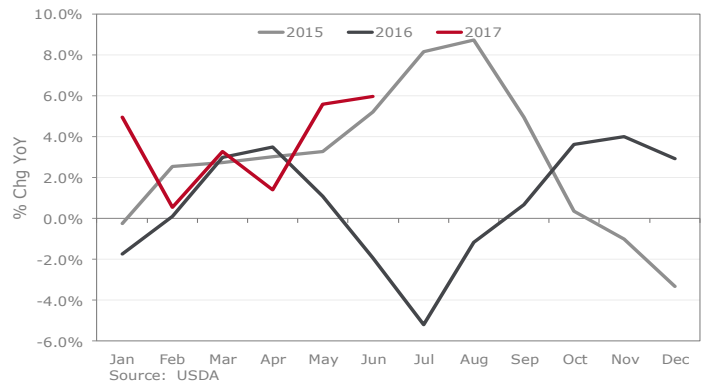


**Pork:** Prices are near 2015/16 levels despite tightening but ample supplies and improving exports.

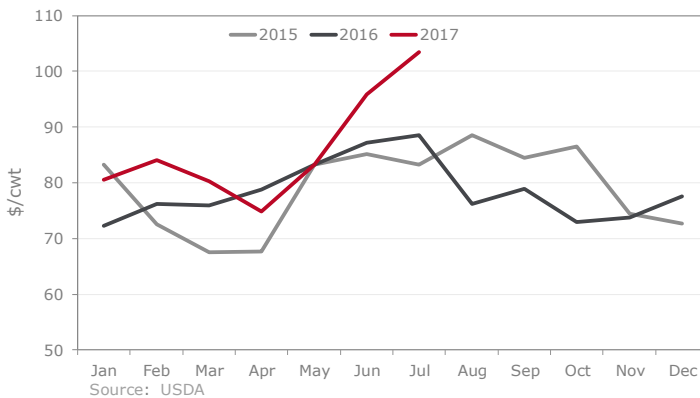
**Live Hog Prices**



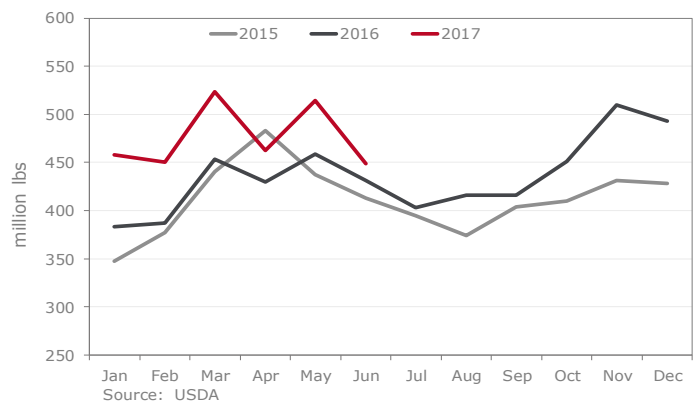
**Sow Slaughter (3 Month Rolling Average)**



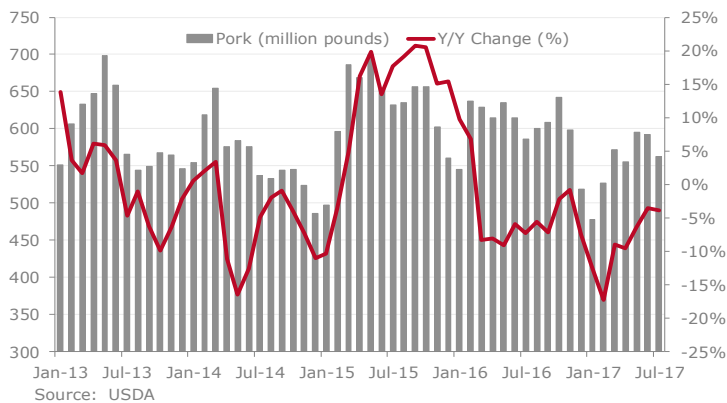
**Cut Out Values**



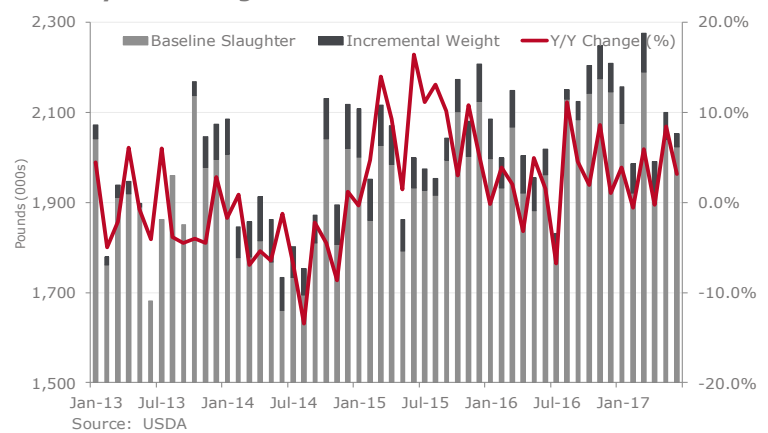
**Pork Exports**



**Cold Storage Inventories**



**Monthly Processing**

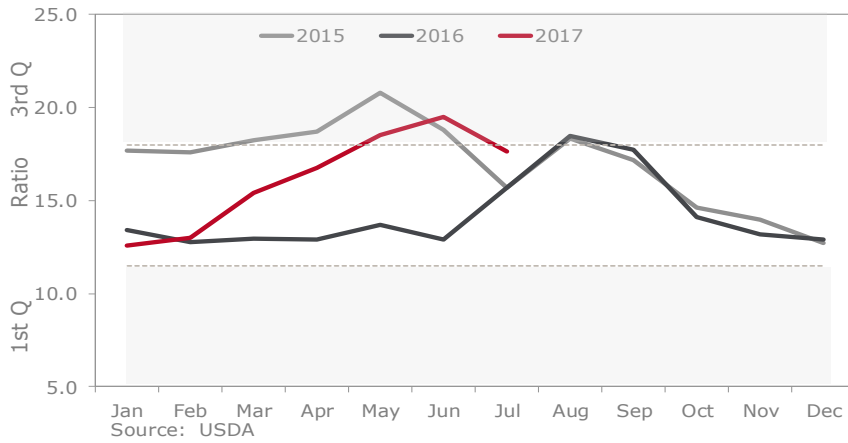


- The July average hog price of \$0.76/lb decreased -5.9% vs. the prior month and increased +5.3% vs. Jul16.
- The WASDE U.S. median average price forecast for 2017 is \$51.5/cwt, up +11.5% from \$46.2/cwt in 2016. The prior projection for 2017 was \$49.0/cwt. Total 2017 production is estimated to be 25.8mm lbs., up +3.6% vs. 2016.
- The July average cut-out value increased +8.0% vs. the prior month and increased +17.0% vs. Jul16.

- Fundamentals: Cold storage decreased -3.9% in July Y/Y, which is down -30bp vs. the prior month. Sow slaughter increased +6.0% in June Y/Y, which is up +40bp vs. the prior month. Exports increased +4.0% in June Y/Y, which is down -820bp vs. the prior month. Hogs processed increased +3.2% in June Y/Y which is down -520bp vs. the prior month. Slaughter weight data indicates that heavier weights contributed to +1.4% of total slaughter volume, which is down -140bp vs. the prior year period.

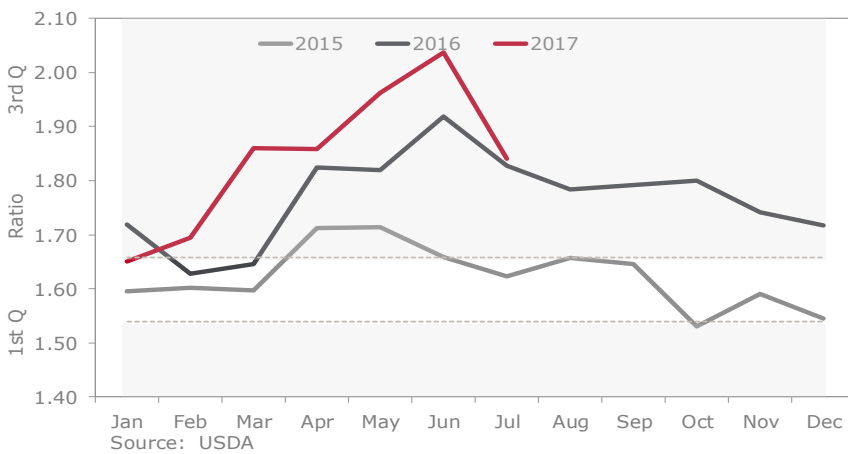
**Packer Margin Environment:** Chicken and beef ratios are above 2016 levels and pork ratios appear to have reversed trend after retreated off Oct16 highs.

**Chicken**



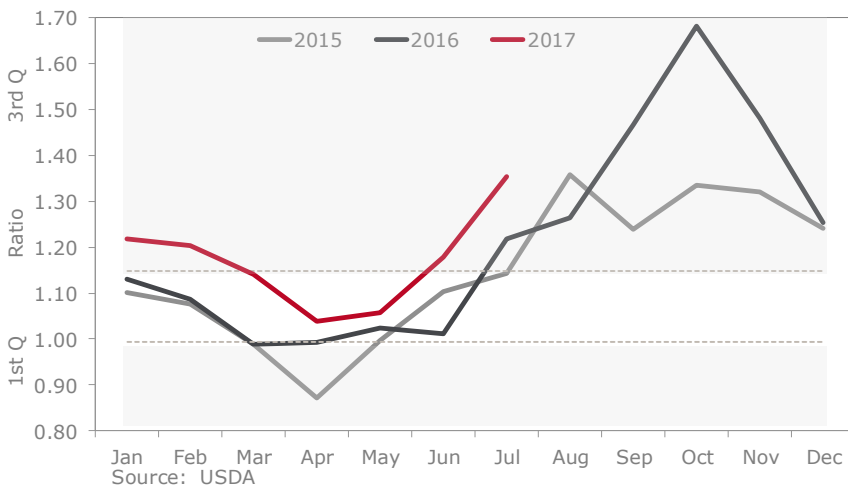
- The July USDA monthly average chicken breast price to feed cost ratio of 17.6 decreased -1.9 vs. the prior month and increased +1.9 vs. the prior year period.
- The 10 year average ratio of 14.9 places the Jul17 result in the middle 50% of the 2007-2017 monthly results

**Beef**



- The July USDA monthly average beef cut-out to live cattle ratio of 1.84 decreased -0.20 vs. the prior month and increased +0.01 vs. the prior year period.
- The 10 year average ratio of 1.61 places the Jul17 result in the top 25% of the 2007-2017 monthly results.

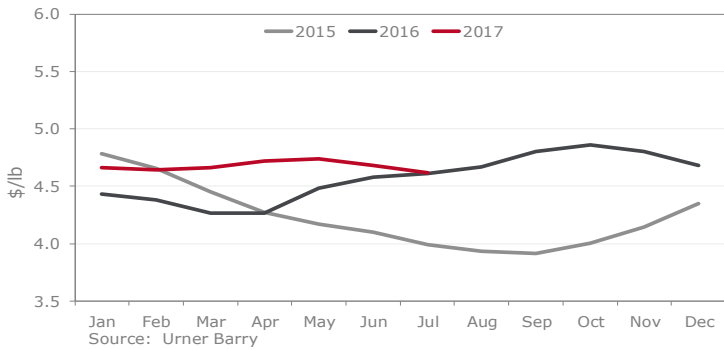
**Pork**



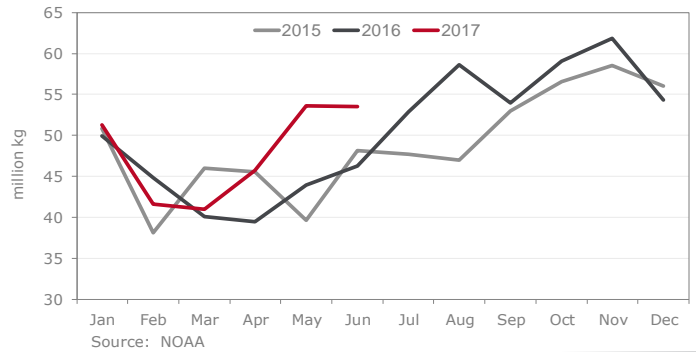
- The July USDA monthly average pork cut-out to live hog ratio of 1.35 increased +0.17 vs. the prior month and increased +0.13 vs. the prior year period.
- The 10 year average ratio of 1.09 places the Jul17 result in the top 25% the 2007-2017 monthly results.

**Seafood:** Shrimp and salmon prices are in-line with 2015/16 levels on strong imports; and pollock prices are at multi-year lows.

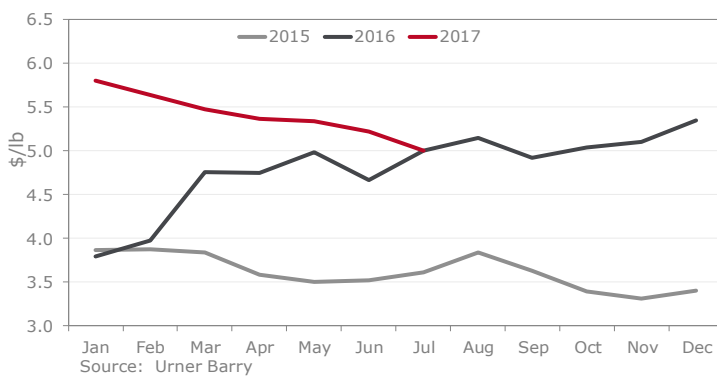
**Urner Barry Farm-Raised White Shrimp Index**



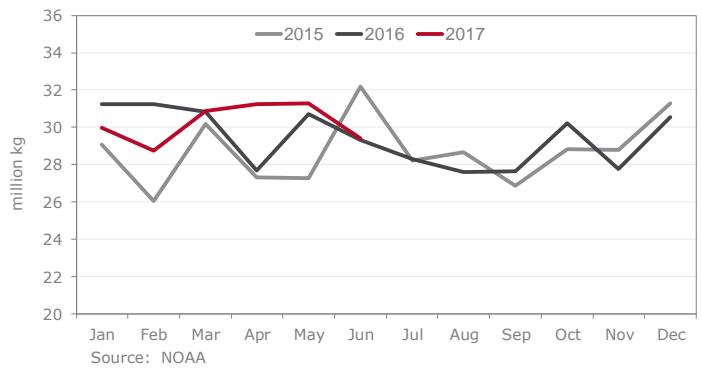
**Shrimp Imports – Total Volume**



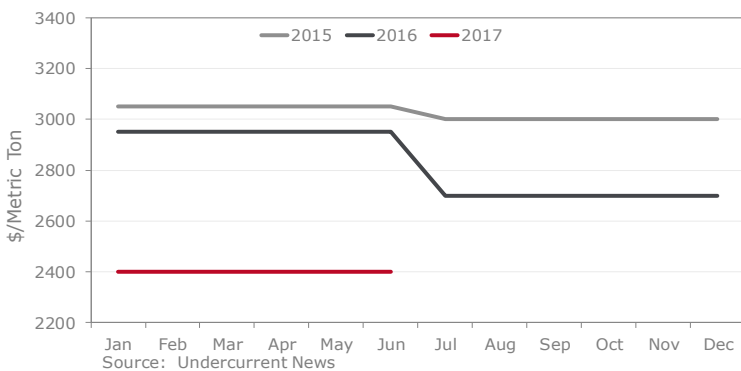
**Urner Barry Fresh Farmed Salmon Index**



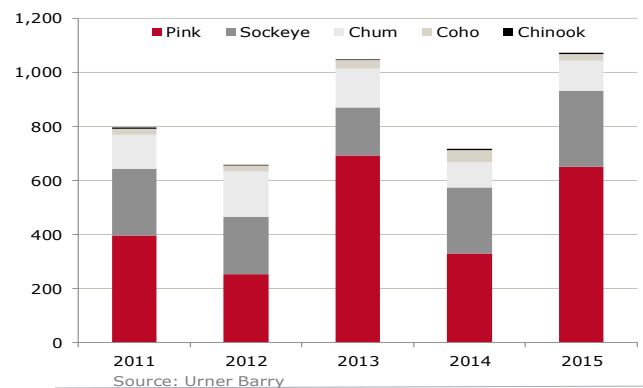
**Salmon Imports – Total Volume**



**Alaskan Pollock**



**Wild Alaskan Landings by Specie**

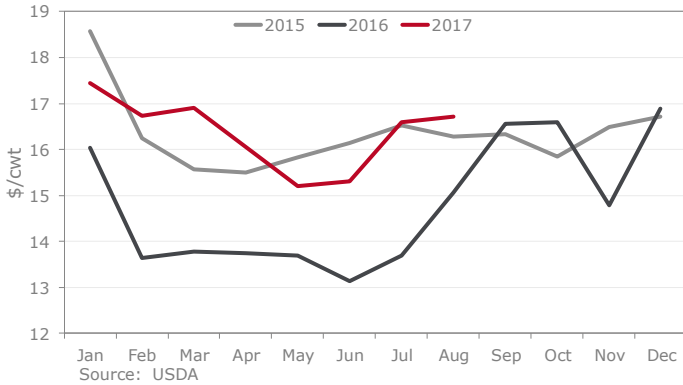


- The July Urner Barry farm-raised white shrimp price of \$4.62/lb decreased -1.3% vs. the prior month and increased +0.2% vs. the prior year period.
- The July Urner Barry fresh farmed salmon price of \$5.00/lb decreased -4.1% vs. the prior month and was unchanged vs. the prior year period.
- The Undercurrent 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.

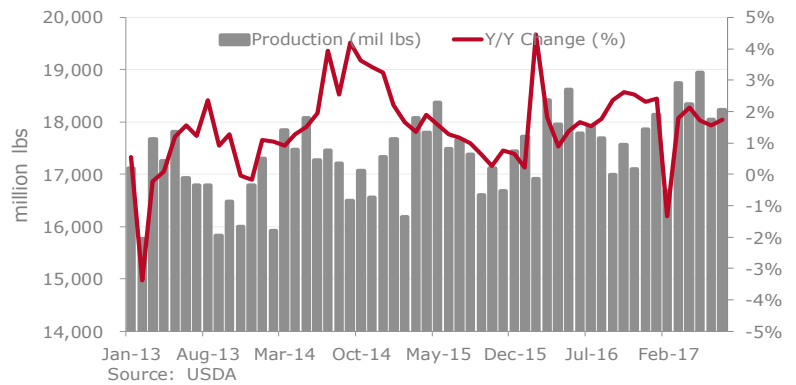
- The June NOAA measure of total US shrimp imports was 53.5mm kg, a decrease of -0.1% vs. the prior month and an increase of +15.8% vs. Jun16.
- The June NOAA measure of total US salmon imports was 29.4mm kg, an decrease of -5.9% vs. the prior month and an increase of +0.3% vs. Jun16.
- 2015 wild Alaskan 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.

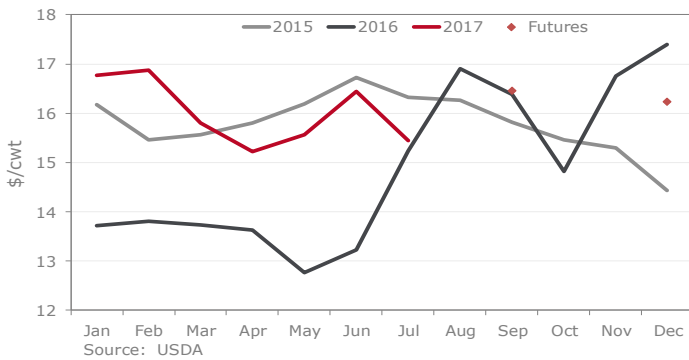
**Class I Milk**



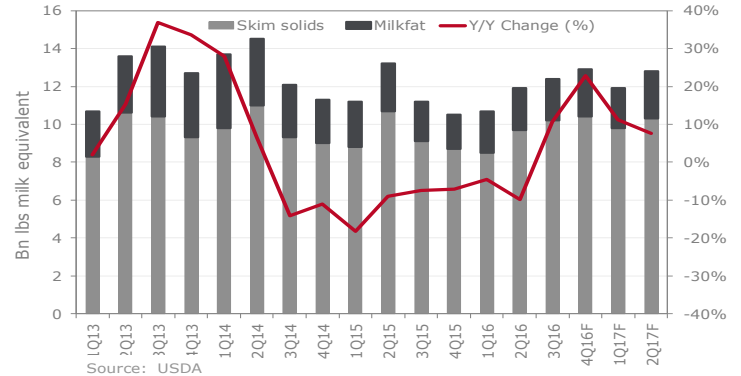
**Milk Production**



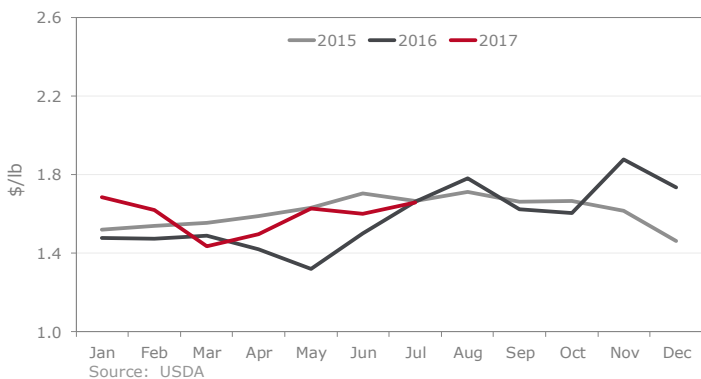
**Class III Milk**



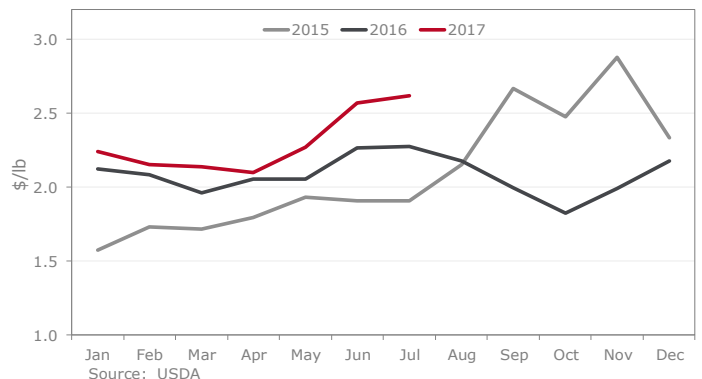
**Dairy Exports**



**Cheddar Cheese, 40lb. block**



**Butter Prices Grade AA**

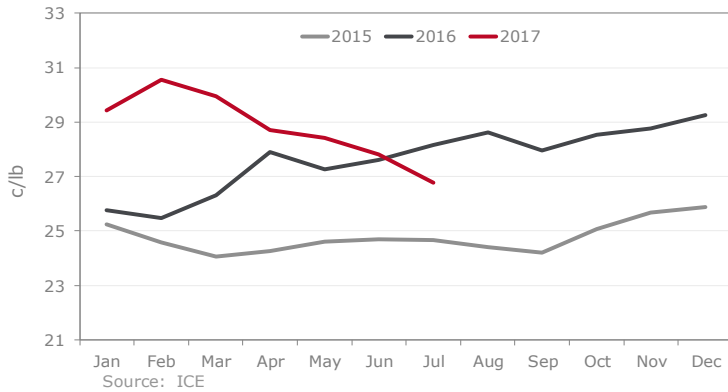


- The August USDA class I milk price of \$16.72/cwt increased +0.8% vs. the prior month and increased +10.9% vs. Aug16. The July average class III milk price of \$15.45/cwt decreased -6.0% vs. the prior month and increased +1.4% vs. Jul16.
- The WASDE U.S. median average price forecast for 2017 is \$17.90/cwt, up +10.2% from \$16.24/cwt in 2016. The prior projection for 2017 was \$17.80/cwt. Total 2017 production is estimated to be 215.7 bn lbs., up +1.6% vs. 2016.
- The July USDA average cheese price of \$1.66/lb increased +3.5% vs. the prior month and decreased -0.2% vs. Jul16.

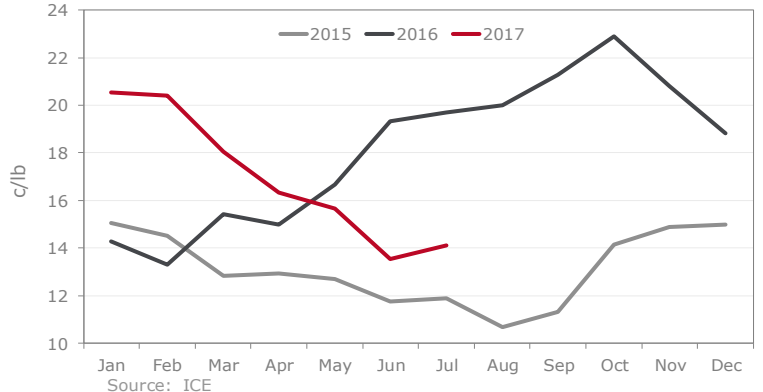
- Fundamentals: Milk production increased +1.7% in June Y/Y, which increased +10bp vs. the prior month. The milk cow herd size was up +80bp vs. the prior year period. Total milkfat and skim solid exports are expected to increase +4.0% in 3Q17 Y/Y, which is down -360bp vs. the prior quarter.
- July average USDA Grade AA butter prices of \$2.62/lb increased +2.0% vs. the prior month and increased +15.2% vs. Jul16.

**Specialty Crops:** Current sugar, coffee, cotton and orange juice prices have fallen to at or below 2016 levels, while cocoa prices have been in decline since June.

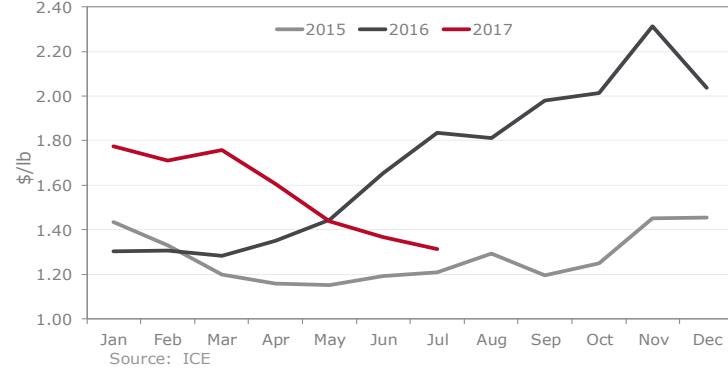
**Sugar #16 Prices**



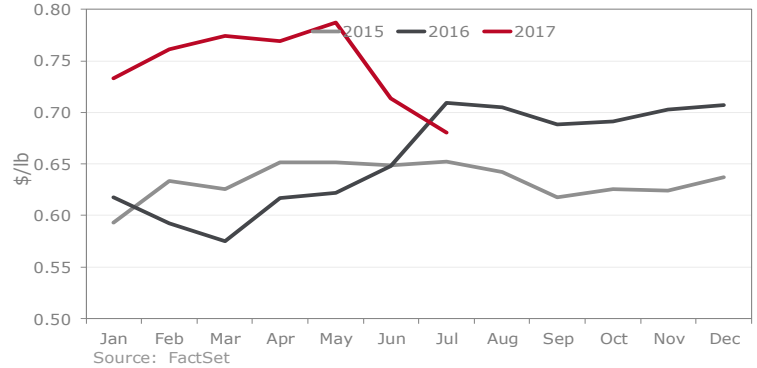
**Sugar #11 Prices**



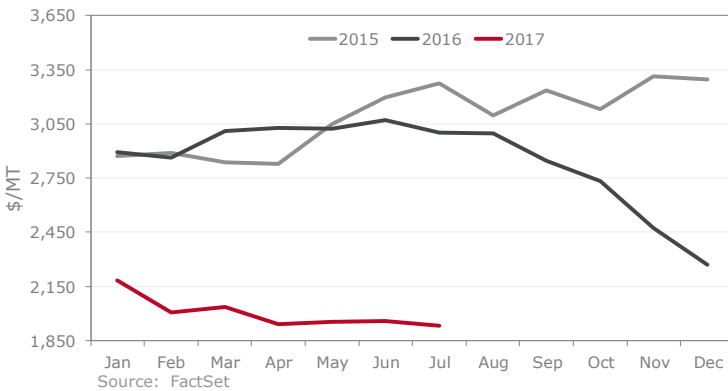
**Orange Juice**



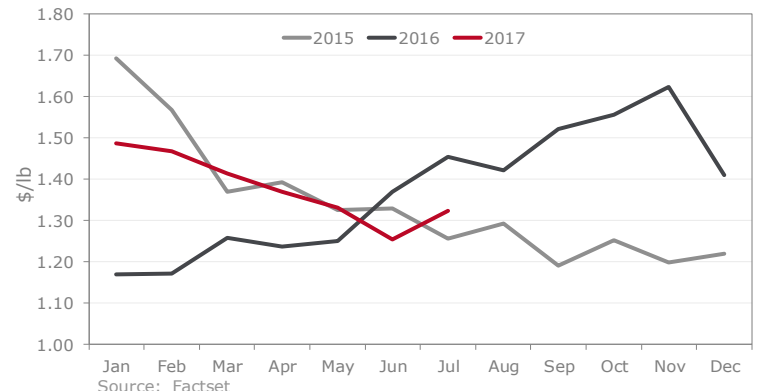
**Cotton**



**Cocoa**



**Coffee**

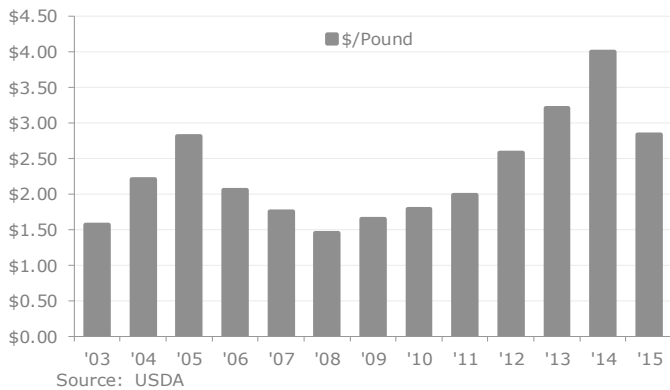


- The July ICE sugar #16 average price of \$0.268/lb decreased -3.8% vs. the prior month and -4.9% vs. the prior year period.
- The July ICE orange juice average price of \$1.31/lb decreased -3.9% vs. the prior month and decreased -28.4% vs. the prior year period.
- The July cocoa average price of \$1,931/MT decreased -1.4% vs. the prior month and decreased -35.6% vs. the prior year period.

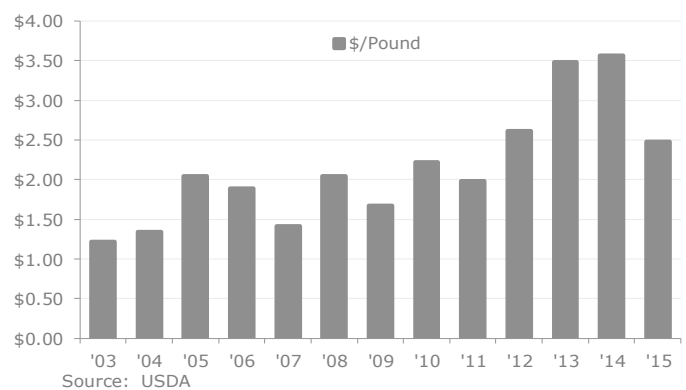
- The July ICE sugar #11 average price of \$0.1411/lb increased +4.3% vs. the prior month and decreased -28.3% vs. the prior year period.
- The July average cotton price of \$0.68/lb decreased -4.7% vs. the prior month and decreased -4.1% vs. the prior year period
- The July average coffee price of \$1.32/lb increased +5.4% vs. the prior month and decreased -9.1% 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.

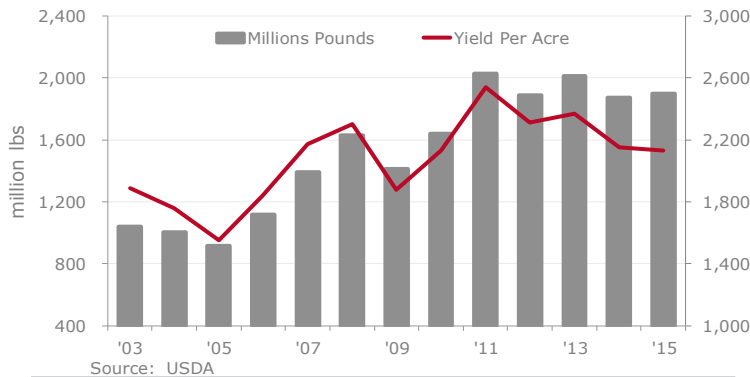
**Almond Prices**



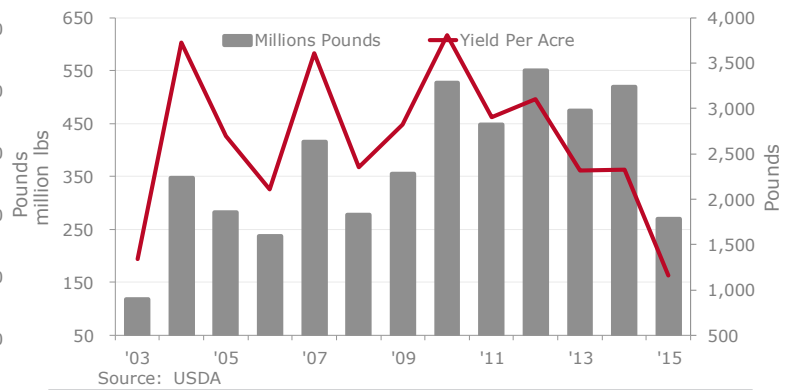
**Pistachio Prices**



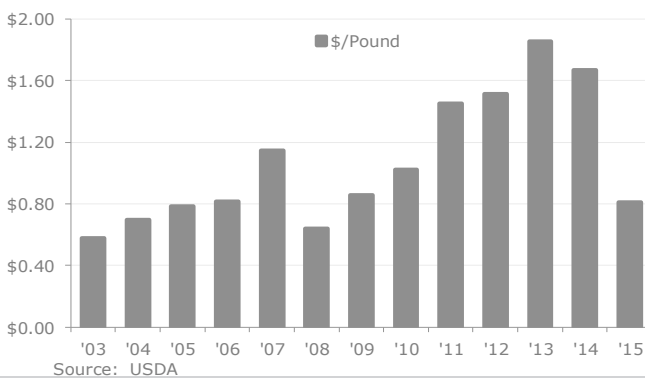
**Almond Acres & Yield**



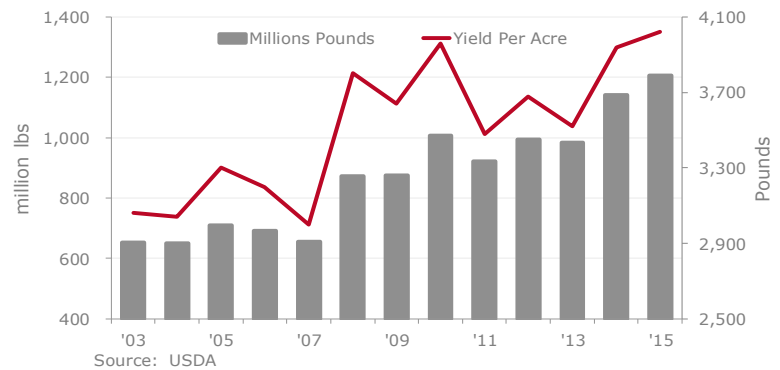
**Pistachio Acres & Yield**



**Walnut Prices**



**Walnut Acres & Yield**



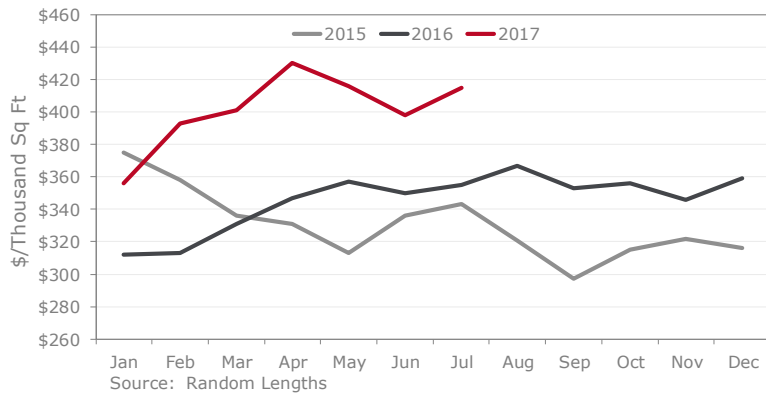
- The 2015 USDA average grower price for almonds of \$2.84/lb decreased -29.0% vs. the 2014 average price of \$4.00/lb.
- The 2015 total annual almond production of 1,900 million pounds increased +1.6% vs. the 2014 annual production of 1,870 million pounds. The 2015 average yield per acre of 2,130 pounds 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 1,160 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.

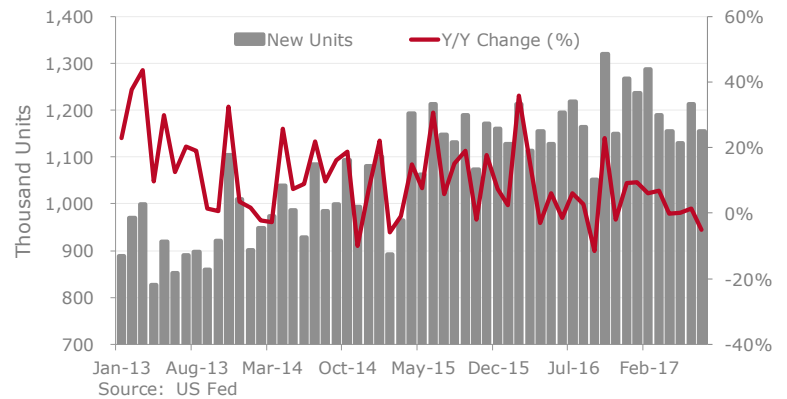


**Forestry Products:** Strength in housing starts and remodel activity continues to support demand for framing lumber and structural panel prices.

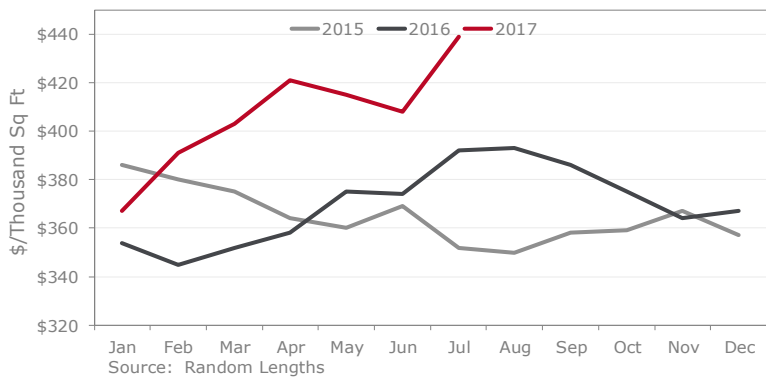
**Framing Lumber Index**



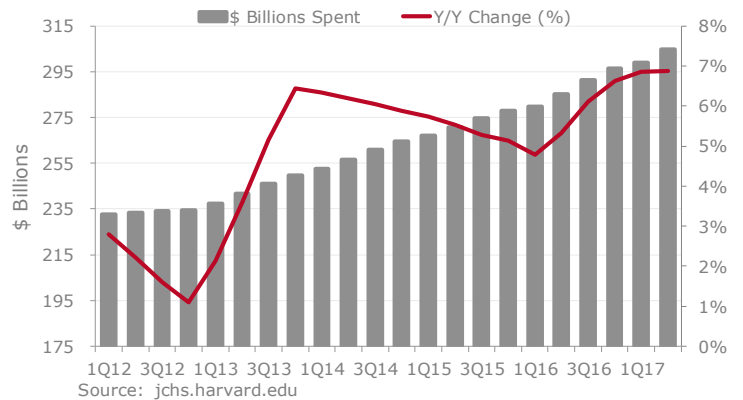
**U.S. Housing Starts**



**Structural Panel Index**



**Repair & Remodel Expenditures (LTM total)**

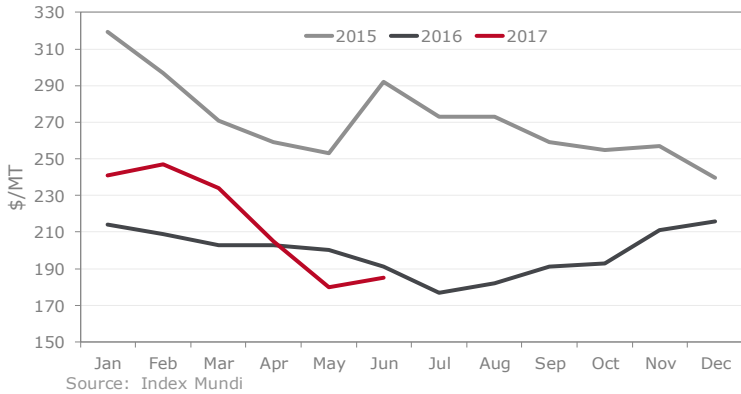


- The July Framing Lumber Composite Index of \$415/thousand sq ft increased +4.3% vs. the month prior and increased +16.9% vs. the prior year period.
- The July Structural Panel Composite Index of \$439/thousand sq ft increased +7.6% vs. the prior month and increased +12.0% vs. the prior year period.

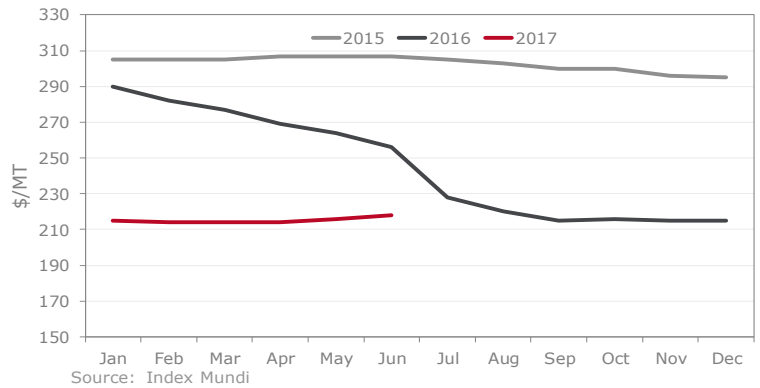
- The July U.S. Housing Starts of 1.16 million units decreased -4.8% vs. the prior month and decreased -5.2% vs. the prior year period.
- The 2Q17 LTM repair and remodel total expenditure of \$304.8Bn increased +1.9% vs. the prior quarter and +6.9% vs. the prior year period.

**Crop Inputs:** Fertilizer prices remain under pressure with higher than expected imports; all 4 fertilizers are near 2016 levels.

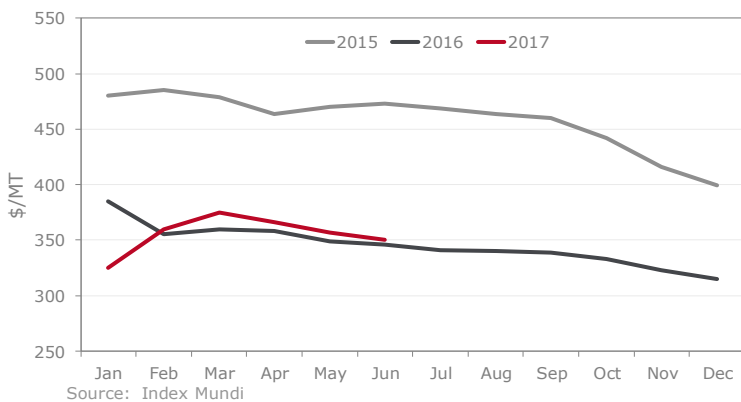
**Urea**



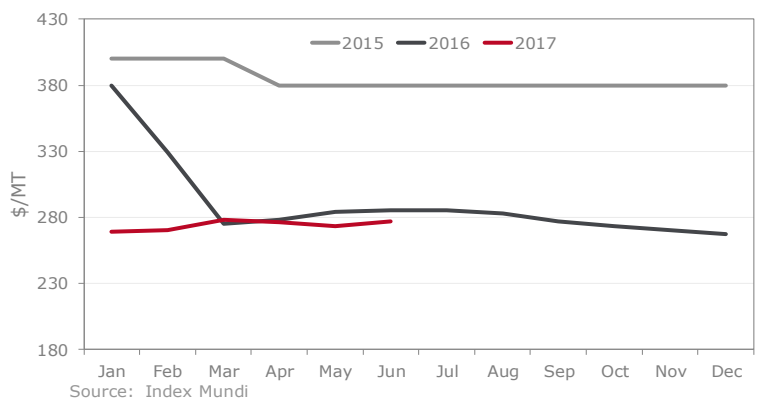
**Potassium Chloride**



**DAP**



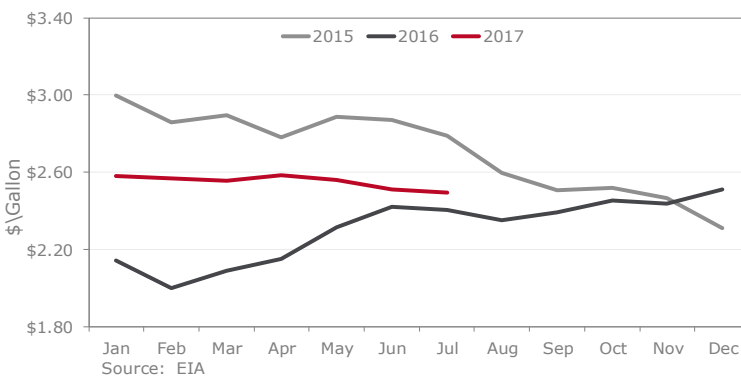
**Triple Superphosphate**



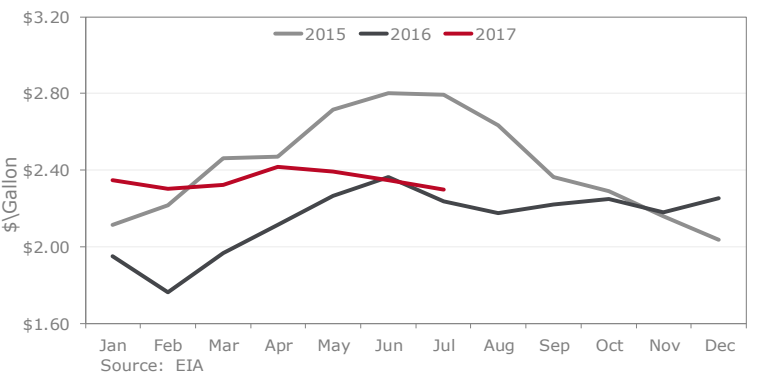
- The June average urea index price of \$185.0/MT increased +2.8% vs. the prior month and decreased -3.1% vs. the prior year period.
- The June average DAP index price of \$350.0/MT decreased -2.0% vs. the prior month and increased +1.2% vs. the prior year period.

- The June average potassium chloride index price of \$218.0/MT increased +0.9% vs. the prior month and decreased -14.8% vs. the prior year period.
- The June average triple superphosphate index price of \$277.0/MT increased +1.5 vs. the prior month and decreased -2.8 vs. the prior year period.

**Diesel Fuel Prices**



**Gasoline Prices**

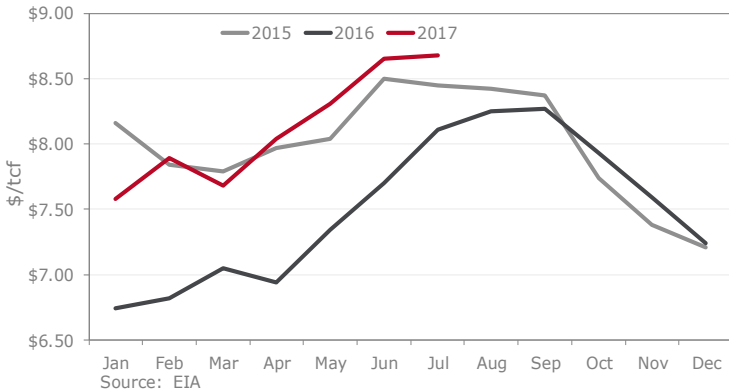


- The July average diesel fuel price of \$2.50/gal decreased -0.6% vs. the prior month and increased +3.8% vs. the prior year period.

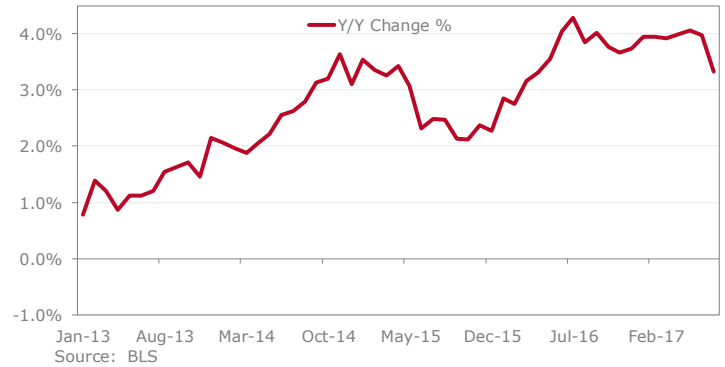
- The July average regular grade gasoline price of \$2.30/gal decreased -2.0% vs. the prior month and increased +2.7% vs. the prior year period.

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

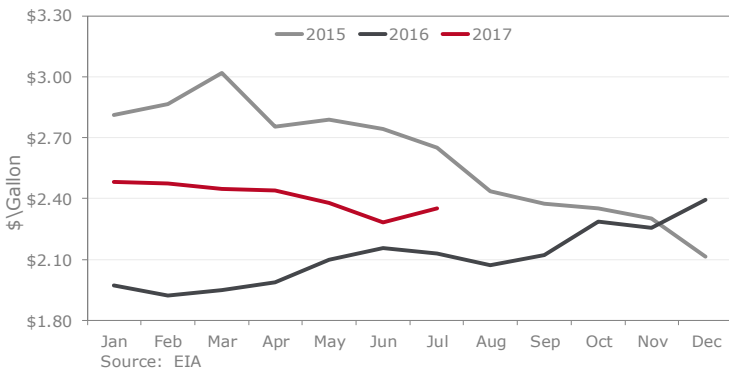
**Natural Gas Retail Prices**



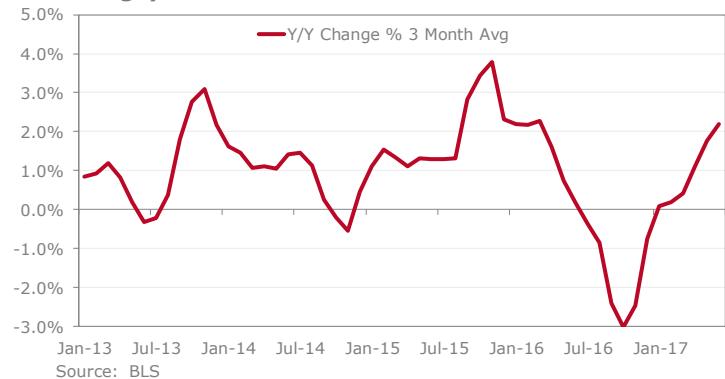
**Restaurant Hourly Earnings**



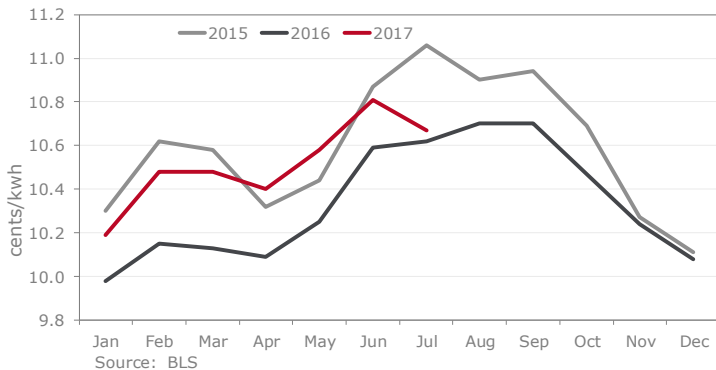
**Heating Oil Retail Prices**



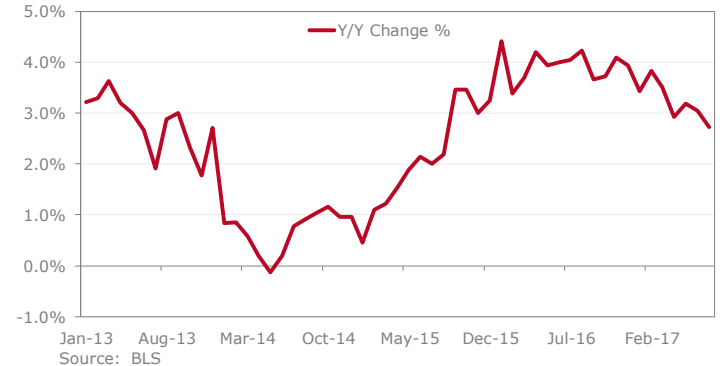
**Supermarket Hourly Earnings (3 Month Rolling Average)**



**Commercial Electricity Prices**



**Food Manufacturing Hourly Earnings**



- The July average natural gas price of \$8.680/Mcf increased +0.3% vs. the prior month and increased +7.0% vs. the prior year period.
- The July average heating oil price of \$2.35/gal increased +3.0% vs. the prior month and increased +10.4% vs. the prior year period.
- The July average electricity price of \$0.1067/kWh decreased -1.3% vs. the prior month and increased +0.5% vs. the prior year period.

- The restaurant labor index increased +3.3% Y/Y in July, which was unchanged vs. the prior month and down -70bp vs. the prior year period.
- The supermarket labor index increased +2.2% Y/Y in June, which was up +40bp vs. the prior month and up +200bp vs. the prior year period.
- The food manufacturing labor index increased +2.7% Y/Y in July, which was down -30bp vs. the prior month and down -130bp vs. the prior year period.

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