

SALADINO'S

A PREMIERE FOODSERVICE DISTRIBUTOR

Market News

A Monthly Communication from the Purchasing Department

September 2007

****Because Saladino's cares about your business, Saladino's purchasing department works diligently through negotiations to reduce impact and protect customers from the full market changes.*

CHEESE

The cheese market is firm, with blocks and natural varieties generally stronger than barrels. The average block market **YTD** is \$1.6304 and moving toward the high \$1.70s or \$1.80s. High cheese prices kept many buyers delaying purchases and high milk prices kept cheese makers from making uncommitted loads of cheese. Cheese production is down between competition from butter/powder, increased demand by bottlers for school accounts, and low cheese yields. Off shore demand is growing and should remain strong through out the year.

***Cheese market can be viewed daily at <http://www.cheesereporter.com/>

CANNED FOODS

Canned Tomato Products – The latest heat wave in the central valley has helped the September tomatoes ripen nicely. Currently tomatoes continue to look good. The color seems to be getting better along with the solids, but the sizing of the fruit is still on the small side.

Canned Olives – The California Olive Committee met in July to discuss and forecast the size of the upcoming state harvest. At this point, the outlook is favorable for a respective crop. Following the second lowest state olive harvest in 2006 the estimate for 2007 has been established at 112,000 tons by the grower community. With virtually no carryover and annual sales of 94,000 tons this will keep supplies tight and prices should remain firm.

IMPORTS

Tuna – Raw material for skipjack tuna are at record highs with no relief in sight in the near future. Fishing is very poor but the demand has not decreased. Reduced supply + normal/high demand = increased prices. The lack of skipjack tuna is putting upward pressure on other tuna species; Tongol, Yellowfin and Albacore.

Pineapple – No major change from last month, situation is still very tight. Overseas plants are running at partial capacity, due to lack of raw material, and are behind on contracts. With Maui Pineapple ceasing production of canned pineapple as of June 30th, Thai Food Processors are petitioning to review the anti-dumping duty because there is no more domestic canned pineapple.

Mushrooms – Prices are expected to be increasing again in 2008. Supply remains to be smaller than demand in a situation of empty warehouses for all European and international producers.

DISPOSABLES

Polyethylene (cups, cutlery, bags) – Market: Lower. Very strong export demand has been the key to the market's strength over the past few months. It has allowed producers to offset relatively poor domestic demand and limit resin inventories. Expect to see prices ease further chasing the export bid. Without the export market to soak up supplies, the domestic market will not absorb a higher price through September.

Polypropylene (cups, cutlery, gallon containers) – Market: Steady. Producers have been able to maintain their production margins even though it has not been a good market for either side: high monomer costs, high resin prices and weak domestic demand. Buyers have been cautious anticipating a price break but with the amount of inventory throughout the supply chain, buyers don't have much leverage, they need to pay the asking price.

Polystyrene (foam) – Market: Lower. Producers have been aggressive to move inventory and the result is lower prices. The disappointing domestic demand may be cause for downgraded material entering the market. This is best suited for the export market. The market could tighten again as there are scheduled outages from producers.

Foil – Aluminum has much higher energy costs compared with other base metals, and as plants are taken off line because of rising costs, we will see a tightening in supply. Demand is expected to increase 7% this year, fueled by the overseas markets. Increasing energy demand worldwide means there is less need to sell cheaply according to producers.

GRAINS

Wheat – Wheat/Flour prices are trading at 12 year highs and continue to trade higher. Wheat prices are expected to remain very high through the end of 2007 and well into 2008. The world's projected ending stocks of wheat will be the lowest in 25 years. Dry weather in the Southern hemisphere has already decreased initial forecast numbers from 26 million tons down to 20-22 million tons.

CENTER OF THE PLATE

Will have a full update next month.

***USDA market can be viewed at <http://www.ams.usda.gov/marketnews.htm>

PRODUCE

See Weekly Produce Update.