



REPORT

MARCH 2021



**THE GROWTH
IN POPULARITY OF
INTERNATIONAL
CUISINE**



**INTERNATIONAL
CUISINES POISED
TO MAKE AN IMPACT**

**SOCIAL MEDIA
SPURRING GROWTH
OF GLOBAL FLAVORS**

**IMPLICATIONS FOR
THE INDUSTRY**

A MESSAGE FROM FOOD INSTITUTE CEO BRIAN CHOI

Growing up as a second generation Korean Canadian, I was used to seeing ethnic foods in the far reaches of the cities where I lived. Korean supermarkets, Indian restaurants, and Spanish fare were hard to come by and required a bit of travelling to purchase these “foreign” items. For the general public, however, much of the interest in food was centered around quick-service restaurants (QSRs) like McDonalds and Wendy’s, and consumers naturally gravitated towards Americanized fast-food concepts like burgers and fries.

How things have changed over the past 20 years! Today’s food trends are all about the exploration of “new” ethnic flavors and concepts. In fact, some of the most influential chefs like Jose Andres are bringing excitement to international fare and flavors with the introduction of

new restaurant concepts China Chilcano (Chinese, Japanese, and Peruvian fusion) and China Poblano (Mexican and Chinese Fusion). Even the famed Danny Meyer, CEO of the Union Square Hospitality Group, has introduced a new Korean-style chicken sandwich this year as part of Shake Shack’s menu.

With international foods and flavors likely to be a dominant theme over the next decade, this month’s FI Report focuses on the rise of international cuisine and flavors in the U.S. market. What are the top categories of ethnic cuisine? What’s driving growth? What are the implications for food companies?

I hope you enjoy this month’s report and look forward to hearing about your favorite international dishes the next time we talk.





THE RISE OF INTERNATIONAL CUISINE IN THE U.S.

When Shake Shack debuted a “Korean-style” fried chicken sandwich at locations across the U.S. earlier this year, the reactions were mixed. Although the sandwich, which included a crispy chicken cutlet with a spicy gochujang glaze, had tested well at the company’s outlets in South Korea, some found it to be reductive.

Regardless of what one thinks of the sandwich, a more interesting question to ask is how gochujang, an ingredient unknown to many American consumers a decade ago, is now so widespread domestically that it appears on a fast-food burger chain’s menu.

As a nation defined by immigration, the U.S. has a long history of assimilating and appropriating foods from other countries. Hot dogs, hamburgers, pizza, bagels, and other staples now considered quintessentially American all have their roots in diaspora communities.

In many cases, immigrant chefs have used local ingredients and ingenuity to create something entirely new. Chop suey, for instance, was invented either in New York in 1896 or San Francisco in 1849, depending on who you ask. In either case, the chef adapted Cantonese cooking techniques to suit local palates. More recently, in the early 2000s, Vietnamese-American cooks fused the flavors of New Orleans and Ho Chi Minh City. Nowadays, “Viet-Cajun” dishes like heaping platters of crawfish with Vietnamese seasonings are wildly popular around Houston.

Thanks to the rise of globalization and the internet, the average American pantry is now more diverse than it has ever been. Before gochujang appeared on Shake Shack’s menu, millions of Americans were already using it in recipes by Korean YouTuber Maangchi. Chile

crisp, another fiery condiment invented by Tao Huabi, who founded Lao Gan Ma in Guiyang, China in 1997, is now so ubiquitous that it has appeared as a topping in New York pizza parlors. Best-selling cookbooks by Yotam Ottolenghi mean that Middle Eastern ingredients like sumac, tahini, za’atar, labneh, and pomegranate molasses no longer require a trip to a specialty store.

Even culinary trends have a habit of jumping borders these days, thanks in large part to social media. When wobbly, soufflé pancakes spread across Tokyo, it wasn’t long before Americans began demanding them stateside. After Sweden’s kardemummabullar (cardamom buns) made the rounds on Instagram, Swedish bakeries opened in the states to great fanfare. Birria, which started out as a braised goat or beef stew in Mexico’s Jalisco state, took Los Angeles by storm in the form of birria tacos, which then spread from the West to East Coast. The most famous birria taco trucks now have fervent online followings and glowing reviews in media publications.

American consumers are not only more familiar with ingredients from other countries than ever before, but also more willing to learn about the cultures behind them. Much in the way that regionally specific Italian restaurants proliferated in the 1990s, restaurants highlighting the cuisines of certain areas of Asia, Africa, and Latin America are on the rise. Instead of deciding whether to order Chinese or Thai takeout, American diners might choose between Lanzhou-style hand-pulled noodles or Isaan-style papaya salad.

While it is impossible to predict precisely where our evolving culinary landscape will go next, one fact is clear: the future of food in the U.S. is global.

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GLOBAL CUISINES POISED TO MAKE AN IMPACT

BY KELLY BEATON

Consumers are as adventurous as ever when it comes to trying international cuisines.

Thirty-six percent of U.S. consumers order global foods or foods with global flavors at least once per week, according to industry analysis by Technomic. Additionally, 68% of millennial and Gen-Z consumers have gone out of their way to try a novel global food, according to Datassential.

With these data points in mind, the food industry has taken note and is adjusting accordingly.

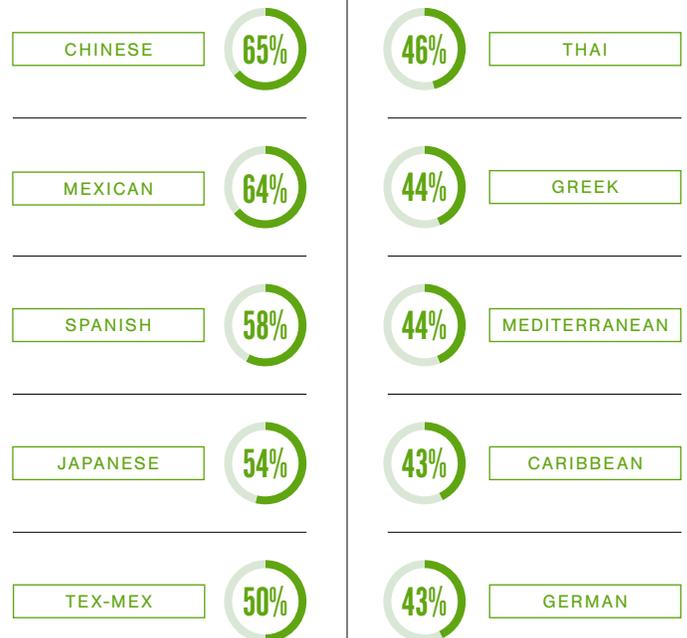
“We see the younger consumers especially excited about experiencing international foods,” said Robyn Carter, the CEO of Jump Rope Innovation, a New Jersey-based company that studies market trends. “With millennials we see a lot of interest in things that are reinventions of what they already know—like an ice cream sandwich, but maybe you try it with horchata ice cream and some unfamiliar elements. Gen Z [consumers] are even more open to things that are completely new ... the desire for new experiences is certainly a key driver.”

Looking ahead, with consumers eating healthier foods and more capital investment targeting ethnic-based production, the global ethnic foods market is projected to grow at a CAGR of 11.80% through 2025, according to data from [Mordor Intelligence](#).

The global market for an ingredient flavor like sesame seed Tahini paste—a staple ingredient of Middle Eastern, Turkish and Greek cuisine—is expected to grow over the next five years by a CAGR of 3.5%, according to multiple reports.

THE POPULAR CROWD

A LOOK AT WHICH REGIONAL CUISINES WERE SAMPLED AND DEEMED “EXCITING” BY U.S. CONSUMERS POLLED BY TECHNOMIC IN 2020



*Source: Technomic's 2020 Global Food & Beverage Consumer Trend Report

More and more, items like hamburgers with guacamole, or tuna burgers with wasabi, are being consumed by Americans.

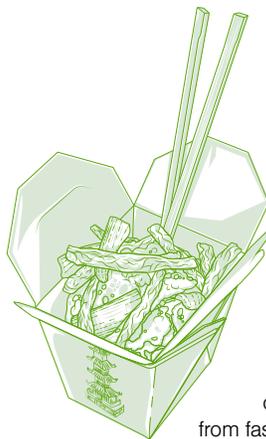
“Chefs today are learning how to take different flavor profiles, and take different flavors, and make them mainstream. Chefs are putting items on the menu that are making people curious,” noted Geoff Alexander, the CEO of Wow Bao, a Chicago-based Asian restaurant that also has 154 delivery-only locations nationwide.

Even niche global cuisines, like Indonesian and African, have seen growth in recent years. And, as the COVID-19 pandemic lingers, consumers are likely to increase their consumption of ready-to-eat ethnic food products, Mordor Intelligence noted.

“We’re seeing people wanting more specificity, and understanding that different regions have different approaches to the cuisine,” Carter said. “We’re seeing more interest in specific cultures. ... Vietnamese and Filipino food is up-and-coming, and also foods from Africa are really hot right now and will continue to be. There’s going to continue to be interest in these types of foods in the years to come.” ●

HABITUAL BEHAVIOR

GLOBAL FOOD PREFERENCES OF U.S. CONSUMERS



73%

order global foods from fast-food restaurants at least once per month

63%

order global foods from fast-casual restaurants at least once a month

47%

consider authenticity important when choosing a global restaurant

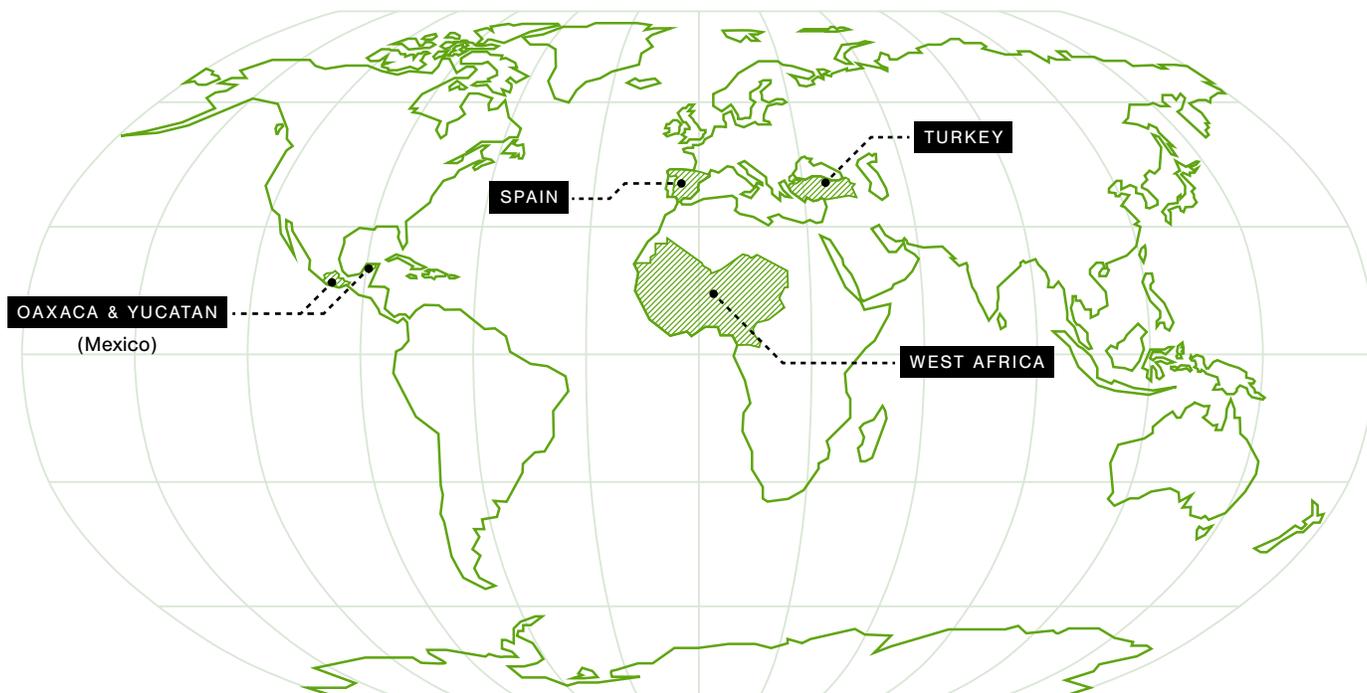
38%

like to explore regional varieties of mainstream cuisines, to try new foods

Source: Technomic's 2020 Global Food & Beverage Consumer Trend Report

THE NEXT BIG THING?

A LOOK AT REGIONAL CUISINES POISED TO GROW, ACCORDING TO TECHNOMIC'S 2020 GLOBAL FOOD & BEVERAGE CONSUMER TREND REPORT





SOCIAL MEDIA IS BOOSTING THE GROWTH OF GLOBAL FLAVORS

BY VICTORIA CAMPISI

According to food industry experts, the popularity of global cuisines is due to a number of factors, including the rise of cooking and travel programming on television and the growing desire of Americans to consume authentic food from other cultures.

But nothing has spurred interest in ethnic foods quite like social media. Platforms like Instagram have exposed consumers to various cultures and cuisines, allowing people to connect over, and share their appreciation for ethnic foods in ever-increasing numbers.

"We've never had the ability to understand culture more than we have now," said Geoff Alexander, CEO of Wow Bao. "Everybody posts pictures of their food, everyone comments on their food."

"So, we're able to see food we've never been exposed to before."

From a brand perspective, social media allows food businesses to target certain demographics.

"When we enter a new market, the first thing we do is take our current database of customers and upload it into Facebook and Instagram, to find...demographics. Then we

send targeted messages," said Alexander. "So, before they even order food they're already seeing mouthwatering, savory dishes."

INFLUENCERS

Brands can also target consumers through "influencers," social media users who have established a large following and a certain level of credibility with their audience. Eager to observe the influencers they follow, social media allows brands to reach consumers they typically wouldn't have come into contact with through traditional media.

The Food Institute recently interviewed Instagram influencer Soha Rahim (@soha_eats) who has over 29,000 followers on the app. The self-proclaimed "New Jersey and NYC foodie" regularly shares all types of food photos with her audience, often including ethnic cuisine.

"Social media has created an introduction to different cuisines that led to people becoming more open to trying different things," Rahimi said. "For example, you see a post on Instagram showcasing a Chicken Tikka Masala or a Hot Pot, both foods look

very delicious, and they are, but when you like something you see on Instagram you're more likely to go try it because it looks [appealing]."

THE FOODIE COMMUNITY

Though influencers on social media platforms like Instagram and TikTok can be a useful tool for brands, many users who post on those platforms are doing so for mindless entertainment, more than anything.

So, why are consumers so inclined to take to social media to share what they're eating? "Food brings people together," noted Rahimi. "It's become a way to connect with people you otherwise would never interact with."

Social media platforms have also allowed consumers to learn about and experiment with different foods from outside their culture.

"This is why social media, especially Instagram, has been so special to the food scene. It's a way to share your favorite local spots, or homemade meals, and introduce people to new places and cuisines they otherwise would not have known about," said Rahimi. ●



FOOD INDUSTRY ADAPTING TO THE RISE OF GLOBAL CUISINES

BY RICH ALTERMAN

International cuisines are growing in popularity not just because of pop-culture influences like social media and cooking shows, but also changes in U.S. population dynamics.

Led by surging growth in Americans of Hispanic and Asian descent, the U.S. is becoming a more diverse nation. According to a recent report from the [U.S. Census Bureau](#), Asian Americans represented the fastest-growing segment of the population over the last decade, growing 29 percent, while the number of people of Hispanic descent rose 20 percent.

By 2030, the number of Hispanics is projected to reach 74.8 million, or 21% of all Americans, while Asian-Americans will make up 24.4 million, or 6.9%, of the total U.S. population.

Not surprisingly, a 2020 report using Google search engine data found Chinese and Mexican food to be the most popular international cuisines in the U.S.

Against this backdrop, the global ethnic foods market is projected to witness a CAGR of 11.80% through 2025.

As such, the food industry is adjusting in different ways.

MCCORMICK'S M&A STRATEGY

Some companies are positioning themselves for growth through mergers and acquisitions. Spice maker McCormick, for example, agreed in November 2020 to buy hot-sauce maker Cholula's parent from private-equity firm L Catterton for \$800 million. Hot sauces have grown in popularity in recent years, thanks in part

to the rising popularity of spicier cuisines such as Thai and Szechwan.

McCormick in January also purchased flavorings provider FONA International for \$710 million, further boosting its already expansive portfolio of flavors, spices, seasonings and condiments.

SUPERMARKET GROWTH

It's pretty easy to spot the impact of international cuisines on the supermarket segment. From replacing traditional fresh aisle fare like sandwiches with sesame noodles to expanding the number of offerings in both the ethnic foods aisle and throughout the store, more and more shelf space is dedicated to international cuisines.

Additionally, food counters within grocery stores have grown significantly and tend to lean toward international cuisine.

Citing U.S. consumers' growing preferences for healthier foods and the growth potential for the grocery sushi market, one of the world's largest sushi chains, is betting on the changing U.S. population landscape. In 2019, London-based YO agreed to merge with Houston-based SnowFox – which at the time of the transaction operated 700 kiosks in American grocery stores like [Kroger Co.](#) – to tap into a market the companies estimated to be worth more than \$1 billion annually, with sales growing at a yearly rate of about 13%.

Further, the [current value](#) of the U.S. ethnic supermarket industry, measured by revenue, is \$46.1 billion and is expected to grow 3.9% this year.

With an increasing number of Asian-Amer-

ican grocery store chains, Americans are consuming more Asian food than ever and ethnic supermarkets are increasing their footprint in certain markets.

In 2017, for example, Chinese supermarket chain iFresh introduced its tenth U.S. location and first Texas store in Houston, meeting the demand for ethnic food products among the fast-growing Asian population and the established Vietnamese community.

QSRs

While the pandemic has forced chains to adjust operations significantly, global cuisine continues to keep pace with American-style fast food, with Taco Bell holding steady at No. 4 and Chipotle moving up one slot to No. 11 in QSR Magazine's [QSR 50/2020](#) report.

Shake Shack started 2021 by spicing up fast food's chicken sandwich war, tapping into consumers' growing interest in Asian cuisines. The chain rolled out its Korean-style Fried Chick'n Sandwich and Korean-style Chick'n Bites, both incorporating Gochujang, a fermented red chili paste common in Korean cuisine.

THE OUTLOOK FOR GLOBAL CUISINES

Amid promising signs of the pandemic easing later this year and consumers likely to return to more-normal routines in the coming months, momentum in global foods growth should continue as the U.S. population continues to diversify and Americans embrace international cuisine. ●



IT'S TIME TO INITIATE STANDARDIZED FOODS EQUIVALENCY

FDA STANDARDS OF IDENTITY V. CODEX ALIMENTARIUS STANDARDS

MICHAEL J. O'FLAHERTY – OFW LAW

The Food and Drug Administration (FDA) has a regulation in effect that receives far too little attention in this ever-expanding age of global food production and marketing. That regulation provides:

(a) All food standards adopted by the Codex Alimentarius Commission will be reviewed by the Food and Drug Administration and will be accepted without change, accepted with change, or not accepted.

(b) Review of Codex standards will be accomplished in one of the following three ways:

(1) Any interested person may petition the Commissioner [of FDA] to adopt a Codex standard, with or without change, by proposing a new standard or an appropriate amendment of an existing standard, pursuant to section 401 of the act. Any such petition shall specify any deviations from the Codex standard, and the reasons for any such deviations. The Commissioner shall publish such a petition in the FEDERAL REGISTER as a proposal, with an opportunity for comment, if reasonable grounds are provided in the petition. Any published proposal shall state any deviations from the Codex standard and the stated reasons therefor.

(2) The Commissioner may on his [or her] own initiative propose by publication in the *Federal Register* the adoption of a

Codex standard, with or without change, through a new standard or an appropriate amendment to an existing standard, pursuant to section 401 of the act. Any such proposal shall specify any deviations from the Codex standard, and the reasons for any such deviations.

(3) Any Codex standard not handled under paragraph (b) (1) or (2) of this section may be published in the *Federal Register* for review and informal comment. Interested persons shall be requested to comment on the desirability and need for the standard, on the specific provisions of the standard, on additional or different provisions that should be included in the standard, and on any other pertinent points. After reviewing all such comments, the Commissioner either shall publish a proposal to establish a food standard pursuant to section 401 of the act covering the food involved, or shall publish a notice terminating consideration of such a standard.

(c) All interested persons are encouraged to confer with different interest groups (consumers, industry, the academic community, professional organizations, and others) in formulating petitions or comments pursuant to paragraph (b) of this section. All such petitions or comments are requested to include a statement of any meetings and discussions that have been held with other interest

groups. Appropriate weight will be given by the Commissioner to petitions or comments that reflect a consensus of different interest groups.

21 C.F.R. § [130.6](#) see also 21 U.S.C. § [341](#) (“section 401 of the act”).

The Codex Alimentarius Commission (CAC) is the international food standards-setting body established by the United Nations’ Food and Agriculture Organization (FAO) and the World Health Organization (WHO). The CAC has 188 Member Countries and one Member Organization, i.e., The European Union (EU). Since 1963, the CAC has worked to create harmonized international food standards to protect the health of consumers and ensure fair trade practices.

The “Codex Alimentarius” (Codex), or “Food Code”, is a collection of standards, guidelines, and codes of practice adopted by the CAC. Many [Codex standards](#) are akin to FDA’s standards of identity. See generally 21 C.F.R. Parts 131-169. However, these standards are not necessarily identical for the same food commodities. For example, FDA’s [standard of identity](#) for canned applesauce and the Codex [standard](#) for canned applesauce essentially describe the same food, but each has specifications not found in the other. Similar examples abound.

These discrepancies were easily tolerable before a global food

market but now could be posited to constitute non-tariff trade barriers because what qualifies as applesauce in the U.S. may not be sold as such in the EU, and vice versa. It is time to foster cooperation.

FDA, on the part of the U.S., like other countries, cooperates internationally on food safety regulations, for example, pursuant to member obligations under the World Trade Organization (WTO) Agreement on Sanitary and Phytosanitary Measures. FDA utilizes “[systems recognition](#)” and “foreign equivalence” as mechanisms to conclude that a foreign country’s safeguards, while not the same as FDA’s requirements, nonetheless ensure equivalent food safety. See [International Cooperation on Food Safety](#) (content current as of 12/21/2020). The CAC (in which FDA participates) also cooperates in these endeavors. See [FDA’s Participation in Codex](#) (content current as of 08/17/2020).

Section 130.5 of FDA’s regulations (albeit under-utilized to date) reflects a longstanding intent to cooperate also in food labeling, at least with respect to Codex names and standards for standardized foods. As part of its ongoing Nutrition Innovation Strategy, FDA is looking into how present food standards of identity might best be modernized.

Stakeholders could seize this opportunity to steer FDA’s regulatory direction towards permitting Codex-compliant foods to be treated as equivalent and compliant with a particular standard of identity (albeit not identical), provided that there is reciprocity in foreign countries enforcing the Codex standards. ●

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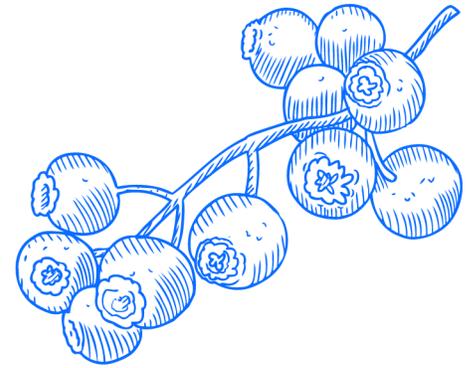
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FROZEN BLUEBERRIES

CHRIS CAMPBELL, ANALYST



On the heels of the International Trade Commission’s decision in February that increasing volumes of imported blueberries was not a “substantial cause of serious injury, or threat of serious injury” to U.S. growers, the Food Institute decided to take a deeper dive into the frozen blueberry market.

Prices of Frozen Blueberries

(Bag / 100lb)

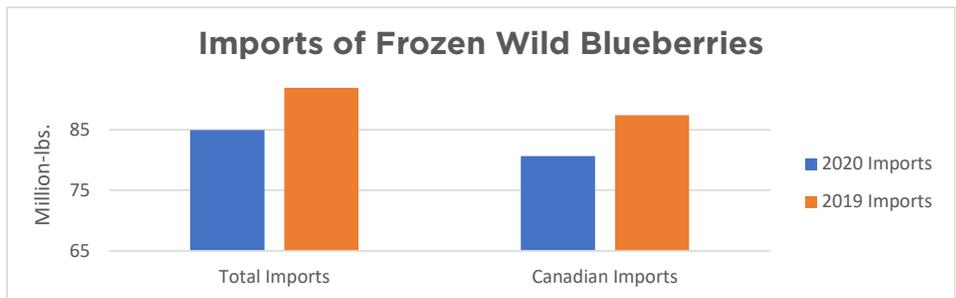
Variety	Region	February 2021	January 2021	February 2020
Highbush	Midwest	\$0.95- \$1.15	\$0.89- \$0.95	\$0.80- \$0.89
	Northwest	\$0.95- \$1.20	\$0.93- \$1.02	\$0.82- \$0.89
	Chile/Peru	\$1.55- \$1.75	\$1.35- \$1.45	\$0.95- \$0.95
Lowbush	Northwest	\$1.75	\$1.75	\$1.08

PRICES

Prices for frozen blueberries in February were well above levels encountered in the prior year, according to Food Institute surveys of brokers, buyers, and processors. Highbush varieties originating from the Midwest and Northwest started at \$0.95 per lb., compared to the prior year’s \$0.80 per lb. and \$0.82 per lb., respectively.

IMPORTS

Imports of frozen wild blueberries were down year-over-year, with about 85 million-lbs. imported in 2020 compared to the 91.9 million-lbs. reported in 2019, according to U.S. Census Bureau data. The vast majority of the imports in both years were sourced from Canada.



Source: U.S. Bureau of Census

COLD STORAGE

Cold storage of frozen blueberries on Jan. 31 dipped 12.6% from a year earlier, according to USDA data. Additionally, the total dropped 11.4% from the previous month. In total, 210.1 million-lbs. were held in cold storage on Jan. 31. The month-over-month decline was in-line with blackberries and strawberries, with cold storage of the three berries combined dropping 6.6% year-over-year.

Cold Storage of Frozen Berries

1,000-lbs.

	1/31/2021	%Chg M-o-M	%Chg Y-o-Y
Blueberries	210,129	-11.4%	-12.6%
Blackberries	15,358	-18.3%	-16.6%
Strawberries	136,928	-9.1%	5.8%
Total	362,415	-10.9%	-6.6%

Source: USDA

LOOKING FORWARD

It remains unclear how the mid-February freeze and associated cold weather will affect the 2021 crop, but frozen blueberries certainly seem to be in demand as cold storage of the crop continues to drop and prices push upward. Additionally, Chile has exported 113,251 tons as of Feb. 21, up from the 106,383 tons reported in the prior year. This 6.5% increase could put pressure on American producers and lower blueberry volumes sent to processors later in the year. ●



SELECTED COMMODITIES

ANTHONY DENG, PRODUCTION ASSISTANT

PRELIMINARY BROILER PRICES FOR DELIVERY THE WEEK OF MARCH 10			
<i>(Source: USDA)</i>			
Cents Per Pound:	This Week	This Week	
Chicago	76-88	76-88	
Cleveland	Too Few	Too Few	
Detroit	Too Few	Too Few	
Los Angeles	81-91	81-91	
New York	76-86	76-86	
Philadelphia	Too Few	Too Few	
Pittsburgh	Too Few	Too Few	
St. Louis	Too Few	Too Few	
San Francisco	Too Few	Too Few	

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

BUTTER MARKET MARCH 10			
<i>(Source: USDA)</i>			
Cents Per Pound:	3/10/2021	3/3/2021	Chge.
Grade AA	1.7100	1.6900	0.0200

EGG PRICES TO RETAILERS MARCH 3			
<i>(Source: USDA)</i>			
Cents per dozen:	Wk. Ending 3-Mar	Wk. Ending 3-Mar	Changes Prices
Extra Large-NY	150-154	135-139	15.00
Large-NY	148-152	133-137	15.00
Medium-NY	120-124	105-109	15.00
Extra Large-MW	128-130	116-118	12.00
Large-MW	126-128	114-116	12.00
Medium-MW	98-100	86-88	12.00
Extra Large-NC	154.05	147.63	6.42
Large-NC	150.75	143.91	6.84
Medium-NC	123.53	105.09	18.44
Extra Large-CA	189	173	16.00
Large-CA	183	168	15.00
Medium-CA	143	127	16.00
Large-VA	N/A	N/A	N/A
Medium-VA	N/A	N/A	N/A
Small-VA	N/A	N/A	N/A

FROZEN EGG PRICES WEEK ENDING MARCH 10		
<i>(Source: USDA)</i>		
Carloads/Cents Per Pound:	This Week	Last Week
Whole, Light-Colored	78-81	59-82
White	75-78	70-84
Sugared Yolks	102-108	97-125
Salted Yolks	101-106	95-125

CHICKEN PART PRICES TO RETAILERS NEW YORK - MARCH 10		
<i>(Source: USDA)</i>		
Dollars Per Pound:	This Week	Last Report
Skinned Boneless	\$1.40-\$1.45	\$1.40-\$1.45
Ribs On	\$0.89-\$0.90	\$0.89-\$0.90
Legs	\$0.48-\$0.49	\$0.48-\$0.49
Leg Quarters	\$0.37-\$0.38	\$0.36-\$0.37
Wings	\$2.76-\$2.77	\$2.76-\$2.77

CHEDDAR CHEESE MARKET MARCH 10			
<i>(Source: USDA)</i>			
Cents Per Pound:	3/10/2021	Change	Last Week
Barrels	1.5000	0.0800	1.4200
Blocks (40-lbs.)	1.7500	0.1000	1.6500

COMMODITIES PRICES			
<i>(Sources: The Wall Street Journal & Barchart.com)</i>			
	Week Ended 10-Mar	Week Ended 3-Mar	Price Last Year
Steers, Tex.-Okl. avg. cwt.	N/A	N/A	N/A
Feeder Steers, Okl. Cty., cwt.	154.63	154.63	159.06
Hogs, Iowa-S. Minn, live avg., cwt.	84.15	81.46	58.02
Hams, 17-20 lbs., Mid-US lb. fob	0.70	N/A	N/A
Milk, Nonfat dry, Chi.	117.75	117.50	108.25
Butter, Chi., Grade AA, lb.	1.69	1.72	1.82
Eggs, Chi., Large White, doz	1.24	1.12	0.94
Coffee, Brazilian, lb.	1.21	1.28	1.08
Flour, Hard Winter, KC, cwt.	16.45	16.90	14.00
Wheat, KC, Hard, bu	6.42	6.55	4.46
Corn, No. 2, Cent. IL, bu	5.39	5.29	3.71
Oats, No. 2 milling, Mnpls, bu	3.96	3.82	3.34
Cocoa, Ivory Cst., metric ton.	N/A	N/A	N/A
Soybeans, No.1 Yellow,Cent.IL,bu	14.34	14.13	8.58
Soybean Meal, IL, 48% ton	420.70	420.70	301.90
Soybean Oil, crd. Decatur, IL, lb.	0.53	0.53	0.28
Corn Oil, wet mill, Chgo. lb.	48.50	N/A	36.00
Lard, Chi., lb.	N/A	N/A	N/A
Aluminum, LME, metric ton.	N/A	N/A	1643.50
U.S. Regular Gasoline Prices, gal.	2.77	2.71	2.24
U.S. On-Highway Diesel Fuel, gal.	3.14	3.07	2.64

(Note: Gasoline and Diesel prices from U.S. Energy Information Administration)

FUTURES PRICES			
<i>(Source: Barchart.com)</i>			
As of March 10	Cash Price	Feb. Futures	Mar. Futures
Corn, bu.	5.39	5.45 (May.)	5.34 (Jul.)
Soybean, bu.	14.34	14.4 (May.)	14.26 (Jul.)
Soybean Meal, ton	420.70	416.6 (May.)	414.9 (Jul.)
Soybean Oil, lb.	0.53	0.54 (May.)	0.52 (Jul.)
Wheat, bu.	6.42	6.56 (May.)	6.48 (Jul.)
Hogs, cwt. (carcass)	84.15	88.35 (Apr.)	90.77 (May.)
Cattle, cwt.	N/A	119.65 (Apr.)	119.65 (Jun.)
Feeder Cattle, cwt.	154.63	137.15 (Mar.)	142.08 (Apr.)
Orange Juice, lb.	N/A	1.12(May.)	1.15 (Jul.)
Coffee, lb.	1.21	1.30 (May.)	1.32 (Jul.)
Cocoa, ton.	N/A	2553.0 (May.)	2560.0 (Jul.)

BROILER CHICKS PLACED LAST WEEK AND SIX WEEKS AGO				
<i>(Source: USDA)</i>				
<i>Broilers placed six weeks ago come on the market next week</i>				
	Week Ended	% Chge.	Week Ended	% Chge.
1,000 Chicks:	3/6/2021	2021	1/30/2021	2020
Alabama	24,181	-1.2%	24,239	-3.9%
Arkansas	22,845	2.8%	22,305	-2.1%
Delaware	3,868	-20.8%	4,225	-24.9%
Georgia	25,529	-7.6%	26,050	-0.9%
Kentucky	5,613	-14.4%	6,587	15.9%
Maryland	6,606	11.6%	5,673	19.5%
Mississippi	14,401	-7.1%	14,495	-5.4%
Missouri	6,117	2.1%	5,925	15.5%
N. Carolina	20,490	1.0%	19,140	-8.1%
Texas	13,988	6.0%	14,321	-2.2%
Virginia	4,817	-20.3%	5,728	-10.5%
Others	9,136	6.2%	8,885	0.1%
Total	157,591	-2.3%	157,573	-2.5%

IS LOOMING INFLATION GOOD OR BAD FOR THE ECONOMY?

RICHARD BEI, CFA

Inflation worries are on the rise. In the recent U.S. consumer and producer price reports, CPI surpassed pre-pandemic levels and PPI surged 1.3%, the highest monthly increase since 2009.

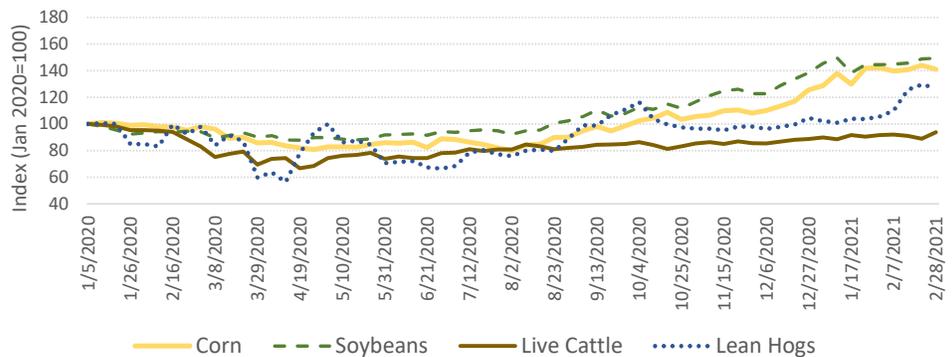
CPI						
Select Category	Overall CPI	ALL FOOD	Carbonated drinks	Beef & Veal	Pork	Poultry
YoY %Change	1.4%	3.8%	7.4%	6.4%	5.3%	6.1%

PPI						
Select Category	Overall PPI	CONSUMER FOODS	FOOD FOR EXPORT	Eggs	Cooking oils	Fresh & dry vegetables
YoY %Change	1.7%	-0.1%	12.0%	16.9%	11.0%	-18.8%

Source: Bureau of Labor Statistics

Food-away-from-home recovered significantly over the second half of 2020. The limited-service-meals index jumped 6.2%, the biggest 12-month gain on record since the index began in 1997. Increasing prices across the service sector indicate the U.S. economic recovery continues.

Ag Commodities Futures Price Index



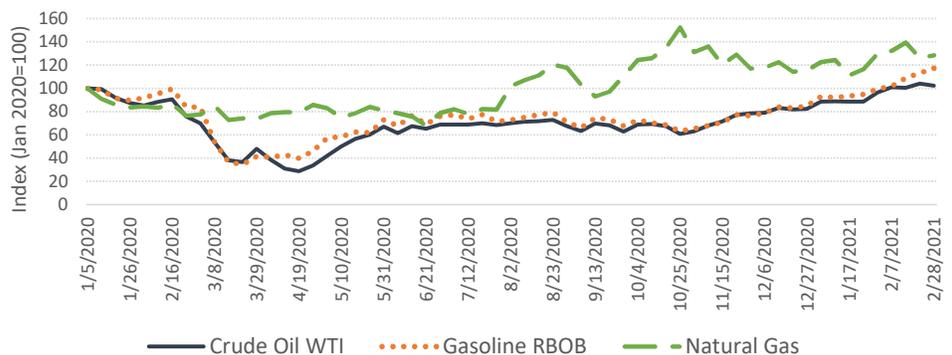
Source: CME, NYMEX, Investing.com

Note: Index is based on Jan 2020 price levels.

If index value = 110 -> price increase by 10% from base level.

At the same time, a surge in the cost of gasoline and natural gas in recent months aroused concerns about the still-struggling services industry.

Energy Futures Price Index



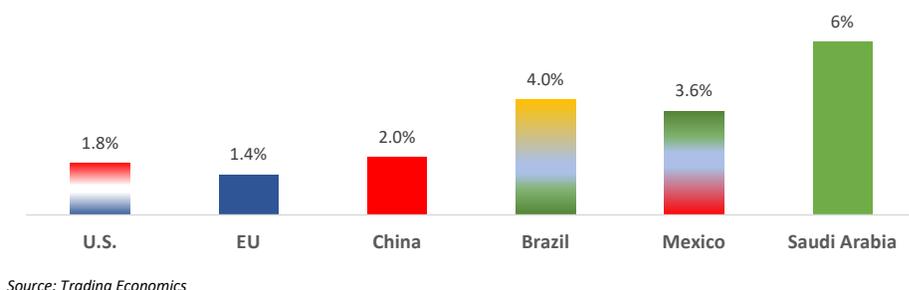
Source: CME, NYMEX, Investing.com

Note: Index is based on Jan 2020 price levels.

If index value = 110 -> price increase by 10% from base level.

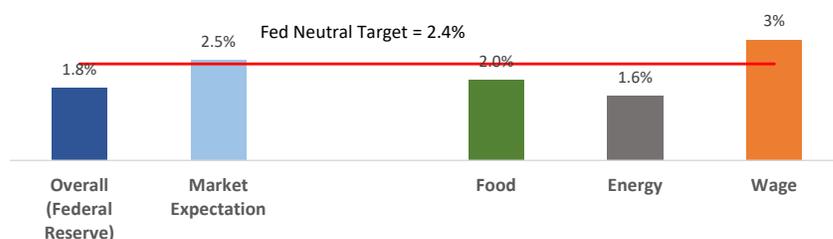
U.S. services industry activity slowed unexpectedly amid winter storms and the highest input costs in nearly 12 years. While the impact of extreme weather might be temporary, supply chain issues will linger. Prices paid for materials jumped to the highest levels since 2008. Further, delivery times lengthened, and labor constraints and higher labor costs will remain obstacles across a broad swath of industries.

G20 Inflation Forecast 2021



The Federal Reserve's view is that the economy has a long way to go in the recovery and signs of higher prices won't necessarily lead to persistently high inflation.

Inflation Forecast 2021



The capital markets, on the other hand, are pricing in higher inflation expectations than economists. Projections for the annual inflation rate over the next five years exceeded 2.5% for the first time since 2008. The benchmark 10-year yield surpassed 1.5% in early March, and the yield curve continued to steepen, signaling investor skepticism about the central bank's reassurances.

Yield Curve (10yr - 2yr Treasury)



Source: Federal Reserve (Constant Maturity, Not Seasonally Adjusted)

Good vs bad inflation: The ongoing monetary and fiscal stimulus, as well as anticipated minimum wage increases, are all engineered to boost economic activity and inflation. Some consider this to be “good” inflation because it signals a quick economic recovery. However, extended periods of inflation will erode consumer purchasing power, escalate production costs, slow down hiring, and increase borrowing costs, which will undo the benefits of the stimulus. Investors are most concerned about the rising cost of borrowing while unemployment remains above pre-pandemic levels. OPEC’s indecision to increase production only added to such worries.

The Fed may face the dilemma of fighting inflation and restoring employment at the same time in the foreseeable future. The worry is that current policy tools are not adequate to address the broad range of issues facing the central

bank. More innovative approaches and thoughtful implementations in both monetary and fiscal policies may be required to combat these ongoing concerns. Perhaps the government cannot shoulder the burden alone, and constructive cooperation with the private sector is needed. After all, inflation is a by-product of the economy, not necessarily a contributor.

True economic health is better measured by productivity, median standard of living, and liquidity of the capital markets. Through every recession and challenge, the American economy has done best through technology, innovation, and thoughtful leadership. This time is probably no different.

Monthly analysis of CPI, PPI, retail, and foodservice data is available to Food Institute members in our [Economic Benchmarking portal](#). ●



MERGERS & ACQUISITIONS

Dublin-based **Total Produce** plans to merge with **Dole Foods** to create the world's largest fresh fruit and vegetable supply business with \$10 billion in sales. If the deal gets the green light from shareholders and regulators, the new entity – Dole Plc – will be double the size of its nearest rival, Del Monte Foods, reported *The Irish Times*.

LVMH acquired a 50% stake in Jay-Z's **Armand de Brignac** champagne for an undisclosed sum, reported *BBC*.

Par Pacific Holdings and a **Realty Income Corp.** entered into a sale-leaseback deal for 22 convenience stores in Hawaii. Upon closing, Par Pacific's subsidiaries will sell 22 c-store and fuel station properties to Realty Income for an aggregate cash purchase price of \$116.1 million, reported *Convenience Store News*.

Sprint Mart acquired 31 **MinitMan** convenience stores in Alabama from **The Spencer Cos.** The deal boost-

ed Sprint Mart's network to over 100 company-operated stores and includes dealer locations, unmanned cardlock facilities, and fuel assets, reported *Convenience Store News*.

Ardent Mills plans to acquire **Hinrichs Trading Company**, a North American leader in chickpea sourcing, cleaning, and packing. The move comes as part of Ardent Mills' growth plan to further invest in specialty ingredient capabilities and diversify its portfolio.

Pan Pacific International Holdings agreed to purchase Southern California-based grocery retailer **Gelson's Markets** from **TPG Capital**. The deal is expected to close in the second quarter of 2021, reported *The Produce News*.

TravelCenters of America plans to sell the **Quaker Steak & Lube** chain for about \$5 million after deciding the brand doesn't fit within its long-term strategy, reported *CS News*. ●



ACQUISITION SPOTLIGHT

Nestle agreed to sell its regional spring water brands, purified water business and beverage delivery service in North America to One Rock Capital Partners, in partnership with Metropoulos & Co., for \$4.3 billion. The sale does not include premium brands Perrier, S. Pellegrino, and Acqua Panna, which the company will focus on growing.

"This sale enables us to create a more focused business around our international premium brands, local natural mineral waters and high-quality healthy hydration products," said Nestle CEO Mark Schneider in a press release. "We will also boost our innovation and business development efforts to capture emerging consumer trends, such as functional water."

BUSINESS BUZZ

Oatly AB, the vegan food and drink maker backed by celebrity entrepreneurs Oprah Winfrey and Jay-Z, has confidentially filed for an initial public offering in the U.S. The Sweden-based company is considering seeking a value of around \$10 billion in the listing, reported *Bloomberg*.

Walmart's **Flipkart** is exploring going public in the U.S. through a merger with a blank-check company as it seeks to quicken its listing process, according to people familiar with the matter. The Indian e-commerce company could seek a valuation of at least \$35 billion, reported *Bloomberg*.

Indian delivery service **Zomato** raised an additional \$250 million giving the company a valuation of \$5.4 billion. The company is planning an IPO later this year, reported *TechCrunch*.

Alt-Meat innovator **Redefine Meat** completed a \$29 million Series A funding round led by Happiness Capital and Hanaco Ventures.

Dean & DeLuca's Chapter 11 bankruptcy plan was approved by the Bankruptcy Court in the Southern District of New York. The company emerged with a stronger balance sheet and eliminated over \$300 million in debt.

UK-based **Better Origin**, a chicken feed startup, raised \$3 million in seed funding. The startup converts waste food into essential nutrients using insects fed to chickens inside a standard shipping container, reported *TechCrunch*.

Project Well, a food-as-medicine marketplace, raised \$2 million in seed investment financing. ●

FOREIGN DEALS

Walmart concluded the sale of its major stake in **Asda**, the UK grocery chain, to TDR Capital and the Issa brothers, reported *Nasdaq*.

BevCanna completed its acquisition of **Naturo Group**. The deal positions BevCanna to be the only fully licensed, in-house, white-label beverage manu-

facturing company of conventional and cannabis-based CPG products.

Danone SA said that it wants to sell its stake in Chinese dairy company **Mengniu Dairy Co.** and return most of the funds it expects to raise to shareholders via a share buyback. The French food company said that, as a first step toward

its disposal plans, it has reached an agreement with Cofco Dairy Investments Ltd. to convert its indirect stake in Mengniu into a direct holding of 9.8%, reported *MarketWatch*. ●

LATEST FINANCIAL REPORTS

For the latest company sales and net income information, please click [here](#).



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