TEAM FOUR FOODSERVICE
VALUE4

OUTLOOK

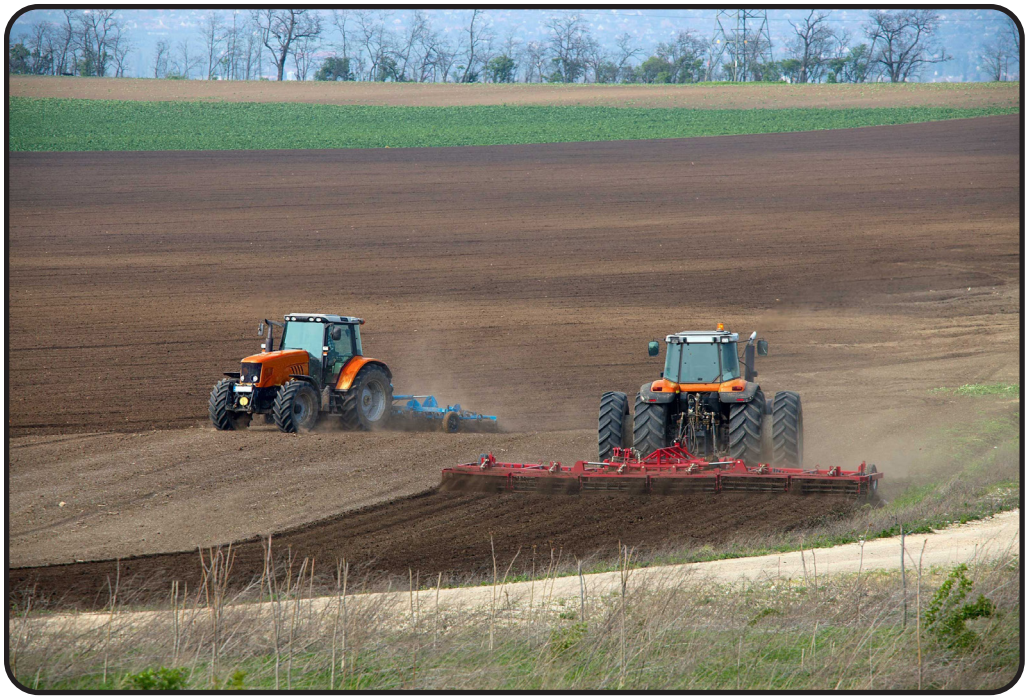
Q3/2023

How transparent is your supply chain?

Improving its clarity can take you far with guests and partners

Sourcing and serving food has become a lot more complex for restaurants. Consumers have high expectations when it comes to the variety and quality of foods they can eat, the origins of those foods, and the environmental and social ethics of the businesses that produce them. Often, a long supply chain is required to meet these expectations – and this requires every link in the chain to be held to account.

As a recent report from FSR Magazine explains, improving transparency in the supply chain has a number of benefits for your business, as well as all of the other businesses that comprise it. You'll be in a stronger place to identify and quickly manage risks as wide-ranging as food contamination and cyber threats. The real-time data you (and your suppliers) collect and analyze can help you identify problems promptly, operate with greater accuracy, and reduce costs, which makes you more flexible and able to respond proactively when the biggest challenges arise. Your guests will be more loyal to you: Research from Label Insight found that a whopping 94 percent of consumers would be more loyal to a brand that is transparent about its supply chain – and retaining your best guests is



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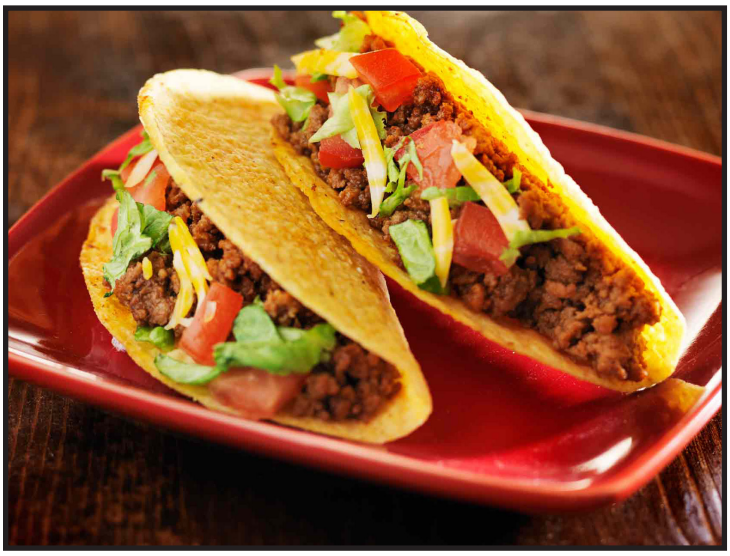
Agriculture at home and abroad

Key commodities update

Inflation, climate shifts and instability in eastern Europe are contributing the mix of risks for many agricultural commodities, while rebounding demand following COVID-19 and ongoing shifts in supply are impacting others. As we head into the growing season for key agricultural commodities, here is an overview of current conditions and near-term expectations based on the latest available data from the USDA:

Wheat: Uncertainty about global wheat production and trade continues, particularly in the Black Sea. Declining output from Russia, Ukraine, Kazakhstan and Australia has been partially offset by increasing supply from Argentina, Canada, China, the EU and India. The USDA's initial 2023-24 estimates suggest wheat ending stocks among major exporting countries will drop to 13.9 percent by mid-2024. That will be below the 10-year average of 16.8 percent, as well as represent the lowest ending stocks since 13.1 percent in 2007-08. In the U.S., wheat exports are down 50 million bushels from this period last year to 725 million bushels, the lowest level since 1971-72. The U.S. season-average farm price is forecast to reach its second highest level on record.



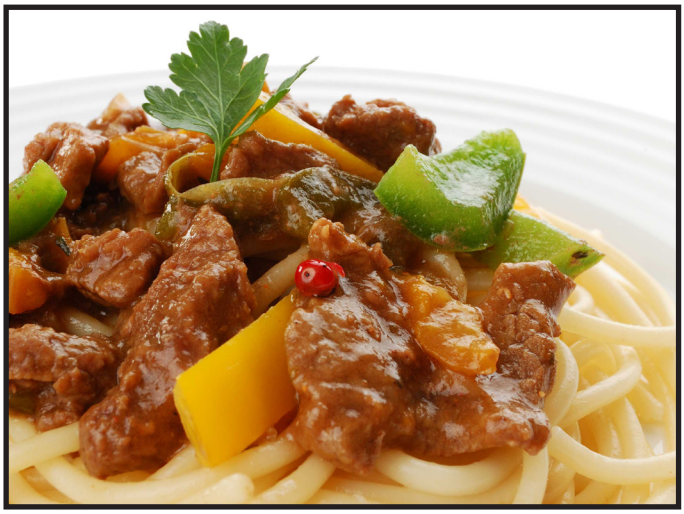
Corn: The USDA estimates record output for corn in 2023-24, with production rising by more than 10 percent over the prior-year period thanks to higher acreage and improved yield. Globally, supply gains from the U.S., Argentina and EU are expected to more than offset supply losses from Ukraine and Brazil. But concern about weather as we head into the U.S. growing season, as well as ongoing uncertainty about the extension of the Black Sea Grain Initiative, are adding to the risk profile of this commodity.

Soybeans: The USDA expects soybean production to jump in the wake of higher estimates from South America and the US for 2023-24. Specifically, higher supplies from Argentina, Brazil, the U.S. and Paraguay are expected to contribute to production growth of close to 11 percent over the previous year. U.S. exports are forecast to dip due to increased overseas competition. Meanwhile, Argentina, China and Brazil are driving global soybean demand, which is expected to increase by 6 percent over the prior-year period.

Commodities
(from page 2)

Pork: As low U.S pork prices, combined with weakness in the U.S dollar, are expected to persist through this year, the USDA forecasts exports to be about 2.6 percent higher than they were a year ago. U.S. production is expected to dip in 2024, sending prices up about 9 percent over this year. Globally, the pork market is on track to grow 6.7 percent this year, with increased meat consumption around the world and the versatility of pork contributing to its popularity.

Beef: The latest USDA update on the global market expects worldwide beef production to remain flat for 2023, amid decreasing production in the U.S. and increasing production in countries such as Australia, Brazil, China and India. Lower domestic production, the result of herd liquidation related to drought in recent years, is expected to decrease U.S. beef exports by 11 percent. U.S. beef is also perceived as overpriced in relation to Australian beef, which is currently impacting prospects of exports to Asia.



Inflation relief?

By the numbers

+0.5%: Increase in the Consumer Price Index for all items from March-April 2023

+4.9%: Increase in the Consumer Price Index for all items from April 2022-April 2023

+0.2%: Increase in the Consumer Price Index for all food from March-April 2023

+7.7%: Increase in the Consumer Price Index for all food from April 2022-April 2023

OUTLOOK

Team Four Foodservice/Value 4

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Technologies changing the game for food production

Managing pests and pathogens with ultraviolet light

Companies involved in getting food from farms to restaurant tables must overcome an evolving mix of obstacles, whether it be extreme weather events or new pests and pathogens that are emerging in the changing environment. But while economic and environmental challenges may abound across the industry, innovations that challenge the status quo are also emerging with viable solutions in many cases.

Ultraviolet light is one example of a technology that is being used to keep a range of food production challenges at bay. The nighttime use of ultraviolet light is helping the state of Florida protect its $400 million strawberry crop from mites that could otherwise wipe it out – all while avoiding the significant use of pesticides. A recent SmartBrief report pointed to the use of ultraviolet light in applications ranging from cleaning water used for crop irrigation to pasteurizing liquids including milk, juice and tea. Research scientists from Hokkaido University in Japan have also developed a thin film coating that can be used to convert ultraviolet light into red light – expediting plant production times and potentially opening up the growing season of particular crops to new farmers and regions of the world.

Supply chain

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much easier and more profitable than having to attract new ones. You'll be able to readily identify your best suppliers and develop stronger relationships with them. Finally, you'll be armed with information that can help you minimize waste, assess performance, and anticipate potential disruptions in your chain.

So where are your weak links? You can improve transparency across your supply chain by using tech tools that help you manage and track supplier certifications. Quality management software and artificial intelligence tools can also help you track products along the supply chain, communicate with suppliers and flag issues before they become larger problems. Technology aside, ensuring you are working with suppliers that have made similar commitments to environmental, social and governance initiatives can help everyone avoid being surprised by problems arising from differences in your brand values.