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HOSTESS TO REFRAIN FROM MARKETING TO CHILDREN… Hostess Brands, Inc. has joined 19 other food, beverage and quick-service restaurant companies in pledging to not advertise to children under 13 except when advertising supports products that comply with the Children's Food and Beverage Advertising Initiative's (CFBAI) Uniform Nutrition Criteria. Hostess' follows the launch of its first national advertising campaign in almost a decade. Introduced in 2021, the "Live Your Mostess" campaign focuses on winning over consumers by sparking uninhibited, child-like joy in adults, according to Hostess. Hostess has prioritized marketing in recent years, making it central in its growth and transformation strategy. Advertising spending is expected to increase double digits at Hostess over the next several years, the company noted. "We've experienced accelerated business growth over the past two years and are proud to join CFBAI," said Dan O'Leary, chief growth officer of Hostess Brands. "This pledge marks an important milestone in our transformation journey as we demonstrate our commitment to building a socially responsible snacking powerhouse."

…RAMPING UP NEW GENERAL CAMPAIGN. Hostess said it will roll out new advertising for Hostess under its "Live Your Mostess" platform in May as well as this fall. The company also is investing in advertising for Voortman branded cookies and wafers as it seeks to increase awareness of the brand in the United States. Earlier this week Voortman said it would be releasing two limited-edition crème wafer flavors this summer: raspberry lemonade and tropical fruit. In addition to Hostess, the CFBAI's participants include American Licorice Co.; Burger King Corp.; Campbell Soup Co.; The Coca-Cola Co.; Conagra Brands, Inc.; Danone North America; Ferrero USA, Inc.; General Mills, Inc.; Hershey Co.; Kellogg Co.; Keurig Dr Pepper; The Kraft Heinz Co.; Mars, Inc.; McDonald's USA, LLC; Mondelez Global, LLC; Nestle USA; PepsiCo, Inc.; Post Foods, LLC; and Unilever USA.

FROM THE BAKERY PIPELINE

Overall, the outlook for bakery sales to the restaurant industry remains cautiously promising. Technomic forecasts bakery shipments to foodservice will reach $16.1 billion in 2023, fully recovering from the 20% drop during the pandemic. However, David Henkes, senior principal and head of strategic partnerships for Technomic, said the rebound has had its ups and downs. Technomic data indicate restaurant sales have decelerated since peaking last summer, highlighting the fragility of the foodservice sector, which has seen its sales supported more by the sustained popularity of off-premises traffic than on-premises dining. The research is bolstered by a CNBC/Momentive poll, conducted in March, that reported more than half of Americans have cut back on dining out because of rising prices and may continue to do so if high prices remain. That's not surprising. During the recent American Bakers Association convention, Mr. Henkes indicated there is a strong correlation between discretionary income and eating out. Also, disconcerting, consumer perceptions of baked foods also have taken a hit from the pre-pandemic period. A Technomic survey showed an 11-percentage point drop in consumers who say baked foods are somewhat or very important when deciding on where to eat out. Mr. Henkes suggested that decline poses a creative challenge for the baking industry. "How do we reestablish baked goods across dayparts as a vital part of that foodservice purchase for a lot of consumers?" he asked. "In many ways, this is an opportunity to be figured out to recapture and recreate some of that excitement." It's time to accept that challenge with product innovation.

INGREDIENT TRENDS

FLOUR — Business in bakery flour was steady this week after expanding the week before. Price adjustments were mixed with hard winter-spring blends and soft flours lower and spring grade prices higher. Bookings in the week across all flour grades again equated to about two days' worth of grind, a miller said, with ¾ day devoted to fill-in-type spot sales of soft flour to bakers keen on bringing their coverage closer to normal levels. Some bakers and food manufacturers saw opportunities early in the week as the hard red winter wheat basis eased before it rolled to the July future. Buyers this week included distributors, manufacturers of freezer-aisles goods, and suppliers of mid-size chicken restaurant chains. Current-quarter coverage was estimated at 75% for spring grades, 70% for pan-bread flour and 65% for soft flour. For the July-September period, spring grades' coverage was steady at 40%, pan-bread flour edged up to 40%, and soft flour coverage took a leap to about 65% covered. For the fourth quarter, coverage was about 10% for all three grades, representing an increase for soft flour. KC bulk middlings were steady at $165 to $175 a ton.

WHEAT — Wheat futures were mixed this week. KC hard red winter futures were supported by drought across much of the Southern Plains with the crop growing and entering the period of critical moisture needs, but forecasts for rain in the coming week provided offsetting pressure. The US Department of Agriculture rated the condition of the winter wheat crop at 27% good to excellent as of April 24. Ratings were dismal in all hard red winter states. Eleven percent of the winter wheat crop was headed. In its assessment of the April 26 US Drought Monitor, the USDA said 69% of the US winter wheat crop was growing in drought areas, slightly improved from 70% a week earlier. Meanwhile, slow planting progress in the Northern Plains due to too much moisture and cold temperatures supported Minneapolis spring wheat futures. The crop was 13% seeded as of April 24, compared with 27% a year ago and 15% as the 2017-21 average for the date, the USDA said. Two percent of the crop has emerged. Significant planting progress was said to still be a couple weeks away. The war in Ukraine continued to attract speculative buying that supported wheat futures because of disruptions to shipments from the Black Sea region, which traditionally was a low-priced source for Middle East and North Africa buyers. Russia continued to export wheat, but shipments from Ukraine were effectively halted.

SHORTENING — Bookings of edible oils and fats were limited this week. Most prices advanced. Soybean oil prices moved sharply higher. Soybean oil futures surged to record highs at midweek after Indonesia announced an export ban on palm oil. The spot cash basis on soybean oil remained firm. Basis coverage was completed through June, and third-quarter coverage was about 80% completed. High prices kept users from expanding coverage in the fourth quarter, which hovered near 30% completed. High prices discouraged soybean oil users from extending their soybean oil contract balances. Many booked only what supply was needed to keep balances extended approximately 45 days. The Brazilian soybean harvest was completed with total reported production at about 122 million to 123 million tonnes. Argentina's soybean harvest was 45% completed with a forecast production of around 42 million tonnes. Tight supplies pushed canola seed futures to all-time highs this week with no relief in sight. The premium to soybean oil futures asked for refined canola oil in the Midwest widened to 25¢ a lb. Prices of corn oil also jumped on limited supplies.

SUGAR — Spot beet sugar supplies were unavailable this week. Beet sugar prices for the remainder of 2021-22 were unquoted. Cane sugar from refiners was offered through Sept. 30 at 58¢ a lb f.o.b., the highest since September 2011. Other options for spot sugar were distributors and high-duty imports. Replacement sugar likely costs 40% to 50% above users' original contracted prices. Sugar users petitioned the US government to increase imported supplies, either from Mexico or through tariff-rate quotas. Weather has delayed the start of planting, and beets were only 3% planted in Michigan as of April 24, all well behind last year and the five-year average pace. The later into May planting runs, the fewer beets will be ready for early harvest. Prices for 2022-23 were raised by some sellers. Midwest beet sugar was offered at 42.50¢ a lb f.o.b. Two beet processors already are out of the market for next year because of their well-sold position with few if any beets yet planted in their regions. Refined cane sugar was offered by one refiner in the Southeast at 47¢ a lb f.o.b., up 2.50¢ from the prior offer. Trade sources indicated a lack of rail and truck tankers was disrupting high-fructose corn syrup and glucose deliveries, while production issues at one refiner kept dextrose supplies tight.

EGGS and DAIRY — Egg and egg product prices climbed higher this week as cases of the highly pathogenic avian influenza (HPAI) continued to increase. Dry dairy product prices were mixed but mostly weaker this week. Cheese prices were mostly higher, and butter prices declined.

COMMODITY PRICES

FLOUR PRICES ($/cwt, bulk, mill)

	KC all-winter standard	Mpls. all-spring standard	Chicago soft wheat straight
4-29-2022	30.50-30.60	29.25-29.35	24.15-24.25
Week ago	31.35-31.45	28.75-28.85	24.60-24.70
Year ago	19.55-19.65	19.45-19.55	18.30-18.40

PROTEIN PREMIUMS (¢/bu)

		4-29-2022	Week ago
Basis K.C. (May)	11%	+275 to +285	+280 to +290
	12%	+275 to +285	+293 to +303
	13%	+275 to +285	+293 to +303
	14%	+275 to +285	+290 to +300
Basis Mpls. (July)	13%	No quote	No quote
(Delivered Chicago)	14%	+180 to +200	+180
	15%	+180 to +230	+150 to +230
	16%	No quote	No quote

WHEAT FUTURES ($/bu)

		Closing prices 4-29-2022	Closing prices Week ago	Season's High	Season's Low
K.C.	May	10.94¼	11.42¾	12.99½	4.88¼
	July	11.05¾	11.49½	12.59	4.88¾
	Sept	11.09	11.48¼	11.99¼	4.93
Mpls.	May	11.61¼	11.60¼	12.07	5.74½
	July	11.66	11.62¾	11.80¾	6.06¾
	Sept	11.53¼	11.51¼	11.53¼	6.15
Chicago	May	10.43¾	10.65½	12.94	5.27
	July	10.55¾	10.75¼	12.60¼	5.16¼
	Sept	10.58¼	10.73¼	11.45	5.34½

CASH PRICES

	4-29-2022	Week ago
Hard wheat, Gulf (Basis K.C. May, $/bu)	12.69¼	13.27¾
Soft wheat, Gulf (Basis Chicago May, $/bu)	11.03¾	11.65½
Cocoa powder, N.Y. (10%-12% nat., $/lb)	1.55-1.60	1.55-1.60
Sweeteners (¢/lb) (sugar is 2021-22 marketing year)		
Cane sugar, N.E., bulk (f.o.b.)	58.00	52.00
Beet sugar, Midwest, bulk (f.o.b.)	No quote	No quote
Beet sugar, West, bulk (f.o.b.)	No quote	No quote
42% HFCS, Midwest, bulk, spot (2022)	25.50-29.00	25.50-29.00
55% HFCS, Midwest, bulk, spot (2022)	32.75-38.75	32.75-38.75
Bakery shortening (¢/lb)		
Corn oil, Chicago	130.00	121.25
Soybean oil, Decatur	96.75	90.75
Cottonseed oil, Miss. Valley	135.75	120.75
Loose lard, Chicago	83.00	81.00
Canola oil, Midwest	121.75	107.25
Palm oil (R.B.D.), c.i.f. ports	90.25	82.50
Frozen eggs, national, 30# tins (¢/lb)		
Wholes	277-282	271-276
Whites	188-193	187-192
Sugared yolks	340-345	325-330
Dried eggs, national, drums ($/lb)		
Wholes	15.40-15.50	13.90-14.00
Whites	18.20-18.30	17.95-18.05
Yolks	13.30-13.40	11.30-11.40
USDA dry dairy products, Central (¢/lb)		
Nonfat milk, high-heat	199-202	199-203
Whey	62-67	62-68
34% whey protein concentrate	173-188	173-188

SALES, ADJUSTED EARNINGS JUMP AT BBU… A combination of higher prices and volume growth in certain categories helped lift adjusted operating profits and sales at the North American business of Grupo Bimbo SAB de CV during the first quarter of 2022. The company said another round of price hikes is in the process of being introduced. Operating income of Bimbo's North American business was 4.24 billion pesos ($208 million), down 18% from 5.16 billion pesos in the first three months of 2021. Adjusted for differences in multi-employer pension plan liability benefits in the 2022 and 2021 quarters, operating income was up 13%, while the company's operating margin narrowed 30 basis points, to 8%. Bimbo said its margins were pressured by higher cost of sales and an inflationary environment in North America. For 2022, the company recorded a $73 million cash benefit related to the adjustment of its MEPP liability related to interest levels. A year earlier, the benefit was $109 million. Bimbo sales in North America in the first quarter were 45.58 billion pesos ($2.24 billion), up 17% from 38.96 billion pesos in the first quarter last year. Dollar sales were up 16%.

…NAVIGATED 'DIFFICULT OPERATING ENVIRONMENT.' "We grew share in most of our categories despite a very difficult operating environment," Daniel Servitje, chairman and chief executive officer, said in an April 27 conference call with investment analysts. "We successfully implemented productivity initiatives and a second price increase across our portfolio, while experiencing volume growth and market share gains as we continue to be the first choice of our consumers in most categories." Bimbo's adjusted EBIDTA in North America was essentially flat in the first quarter — up 0.1% from the same quarter last year. Its adjusted EBITDA margin narrowed 180 basis points to 10.8% from 12.6% in the first quarter last year. The contraction, Bimbo said, mainly was due to a higher inflationary environment, including commodities, labor costs and shortages across the supply chain. Bimbo said these factors were partially offset by favorable brand mix and productivity gains from past restructuring efforts.

REBRANDING FOR DAKOTA SPECIALTY MILLING, DAKOTA BLENDERS. Dakota Specialty Milling and Dakota Blenders have joined together and rebranded as DakotaMB, a move the company said reflects its growing customer base. DakotaMB will be led by the current executive and management teams in Fargo, ND, and St. Louis. Dakota Specialty Milling traditionally served value-added grains, toasted toppings and multi-grain blends for the bread and snack industry, while Dakota Blenders offered functional mixes and bases for cakes, muffins, donuts and other bakery items. Tarrand Fiesel, vice president of sales and marketing at DakotaMB, said the unified brand allows the company to better serve baking industry customers that make both whole grain bakery foods and sweet goods. "As the baking industry continues to consolidate, it made sense for us to join the companies together under one name to better serve our customers who make a variety of bakery items, from breads to donuts to ancient grain crackers," she said. The name DakotaMB recognizes the company's history in baking and milling and also reflects current broader customer base. "When renaming the company, we wanted to pay respect to where we're from (North Dakota) and our core business (Milling & Blending) in the baking and snack food industry," said Peter Matthaei, chief executive officer of DakotaMB. "However, the name DakotaMB doesn't limit us into a specific category as we now work with countless manufacturers across the food industry on everything from plant-based foods to coatings."

Bakery Newsletter

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LENDER'S BAGELS INITIATIVE LAUNCHED BY BIMBO. A little more than two years after the brand was acquired by Bimbo Bakeries USA, Lender's Bagels is hitting the market with new recipes and flavors, refreshed packaging, and its first-ever social media advertising campaign. The initiatives are part of the brand's celebration of its 95th year in business. Lender's Bagels' history dates back to 1927, when Harry Lender started the New York Bagel Bakery in the family garage in New Haven, Conn. As the business grew into the late 1950s, Harry's sons, Murray and Marvin, began to freeze the bakery's bagels to keep up with consumer demand, defrosting them for higher-volume weekend sales. This technique proved to be the catalyst for much of the future success for the company and the product. The Lender brothers took ownership of New York Bagel Bakery in 1960. In 1965, they changed the name to Lender's Bagels and built their first industrial facility. Originally 6,000 square feet, the plant doubled in size within the first year under the brothers' leadership. Growth continued and additional facilities opened over the following 20 years. Lender's Bagels was sold to Kraft Foods in 1985, allowing Marvin and Murray Lender to spend more time on community development and non-profit work. In 1996, Kellogg acquired Lender's from Kraft for $455 million, but sold the business after only three years to Aurora Foods for $275 million. Four years later, Aurora sold Lender's to Pinnacle Foods. Conagra Brands acquired the Lender's Bagels business as part of its $10.9 billion acquisition of Pinnacle Foods in 2018. Lender's current owner, BBU, Horsham, Pa., acquired the business and a baking plant in Mattoon, Ill., in January 2020 for an undisclosed amount.

STRONG QUARTER FOR FRITO-LAY NORTH AMERICA. Brands both large and small powered Frito-Lay North America, a division of PepsiCo, Inc., to 14% net revenue growth in the first quarter ended March 19. Double-digit net revenue growth came in Doritos, Lay's, Ruffles and Cheetos as well as emerging brands PopCorners, Bare and Smartfood, according to prepared management remarks released April 26. Net revenue was $4.84 billion. Frito-Lay's core operating profit increased 3% to $1.3 billion, reflecting the impacts of higher commodity costs, incremental transportation costs, planned business investments and a double-digit increase in advertising and marketing spend. Net revenue in Quaker Foods North America increased 11% to $713 million, driven by effective net pricing. High-single-digit net revenue growth came in the ready-to-eat cereal category while mid-single-digit net revenue growth came in oatmeal. Operating profit at QFNA increased 6% to $159 million and reflected the impacts of higher commodity costs, incremental transportation costs, and a double-digit increase in advertising and marketing.

MONDELEZ ACQUIRING RICOLINO FROM BIMBO. Mondelez International announced it has reached an agreement to acquire the Ricolino confectionery business from Grupo Bimbo SAB de CV for approximately $1.3 billion. Headquartered in Mexico City, Ricolino's products include candy bars, truffles, panned chocolates, caramel, lollipops, marshmallows, hard and chewy candies, nougats and gum sold under such brands as Ricolino, Vero, La Corona and Coronado. Ricolino operates four manufacturing facilities and has nearly 6,000 employees with approximately $500 million in annual sales. Mondelez said the acquisition will double the size of its business in Mexico and provide an attractive entry point into the chocolate category, while expanding the company's presence in snacking. "This acquisition will provide a step change for our business in Mexico, an important growth market for us, more than tripling our routes to market and growing our position in core snacking categories," said Dirk Van de Put, chairman and chief executive officer of Mondelez. "We are thrilled to welcome Ricolino's talented people and amazing brands into the Mondelez International family."

WILKINSON BAKING NAMES NEW CEO. Paul Rhynard has been hired as chief executive officer of Wilkinson Baking Co., the origin place of the world's first fully automated bread baking robot. Mr. Rhynard most recently worked as chief strategy officer at Russell Investments. Earlier, he worked as executive vice president at the Joshua Green Corp. and an engagement manager at McKinsey & Company. He will be taking over the role of CEO from Randall Wilkinson, chairman of the company.