IFPC The Secret Ingredient

International Food Products Corporation's Monthly Newsletter

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IN THIS ISSUE

HAPPY SOY FOODS MONTH!

Soy foods are created to offer consumers convenient, nutritious, and sustainable alternatives to traditional animal-based foods, catering to a diverse range of dietary needs and preferences. Some common ingredients IFPC offers that are often used to create soy foods include:

- **Binders and stabilizers:** Such as guar gum, xanthan gum, or carrageenan, used to improve texture, moisture retention, and shelf stability in processed foods.
- **Vegetable oils:** Often used as a source of fat and for frying or cooking, commonly including soybean oil or other vegetable oils.
- **Sweeteners:** Including sugar, corn syrup, or alternative sweeteners like stevia or erythritol, depending on the desired taste profile of the product.
- **Flour and starches:** Wheat flour, cornstarch, or other flours and starches may be used as thickeners or binders in certain products.
- **Preservatives:** Such as citric acid, potassium sorbate, sodium benzoate, or other additives used to extend shelf life and prevent spoilage.
- **Emulsifiers:** Like lecithin or mono- and diglycerides, which help blend ingredients together and improve texture.
- **Natural and artificial colors:** Used to enhance the appearance of food products, such as caramel coloring, annatto extract, or synthetic food dyes.
- **Texturizers and bulking agents:** Such as cellulose, maltodextrin, or modified food starch, used to adjust the texture and consistency of processed foods.

Contact us to receive a quote, sample, and/or documentation on any of the ingredients listen above.

Hydration Continues to Take Center Stage

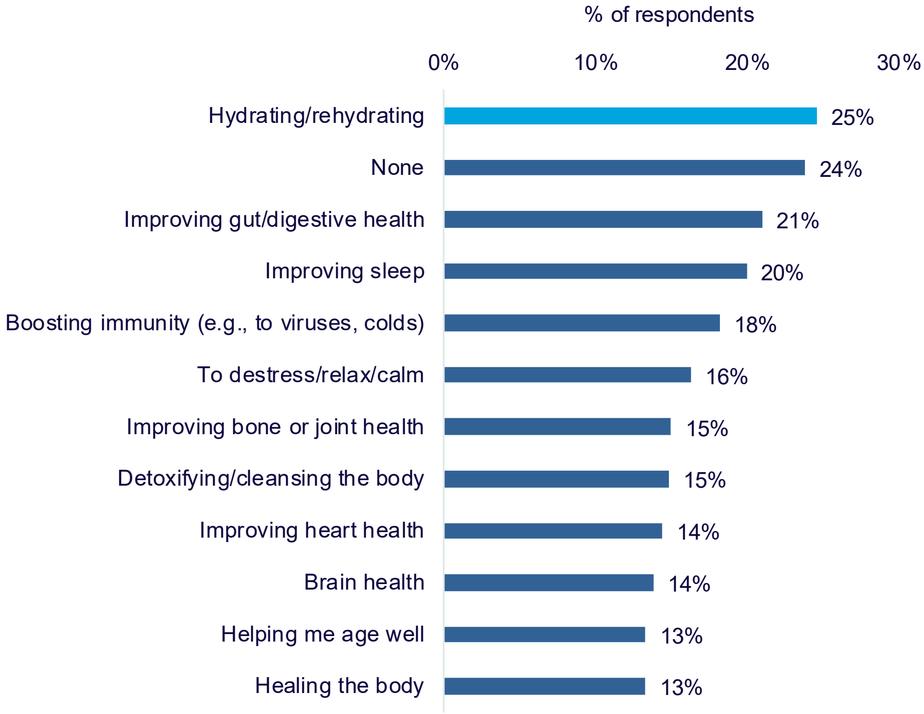
It's not just about quenching thirst anymore; it's about a holistic approach to wellness.

Hydration, once relegated to the realm of basic health advice, has surged to the forefront of wellness trends in 2024. According to Innova Market Insights, staying hydrated has become the #1 priority for health-conscious consumers worldwide. But what's driving this hydration frenzy?

Over 80% of hydration products on the market now boast additional health benefits, catering to the growing demand for multifunctional beverages. From enhancing energy levels and boosting alertness to being sugar-free and free from added preservatives, these products are setting a new standard for hydration.

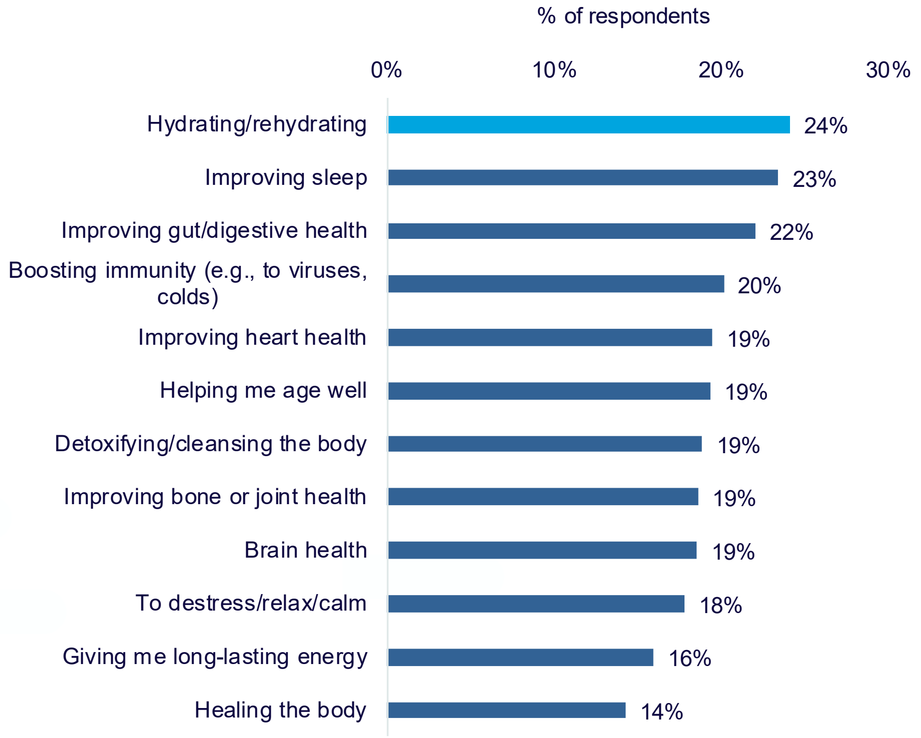
Which of the following functions that a food or beverage might offer are most desirable to you? Select up to five (Average: 11 countries, 2023)

Sources: Innova Health & Nutrition Survey 2023



In recent months, have you purchased food or beverage for any of the following functions? Select all that apply (Average: 11 countries, 2023)

Sources: Innova Health & Nutrition Survey 2023



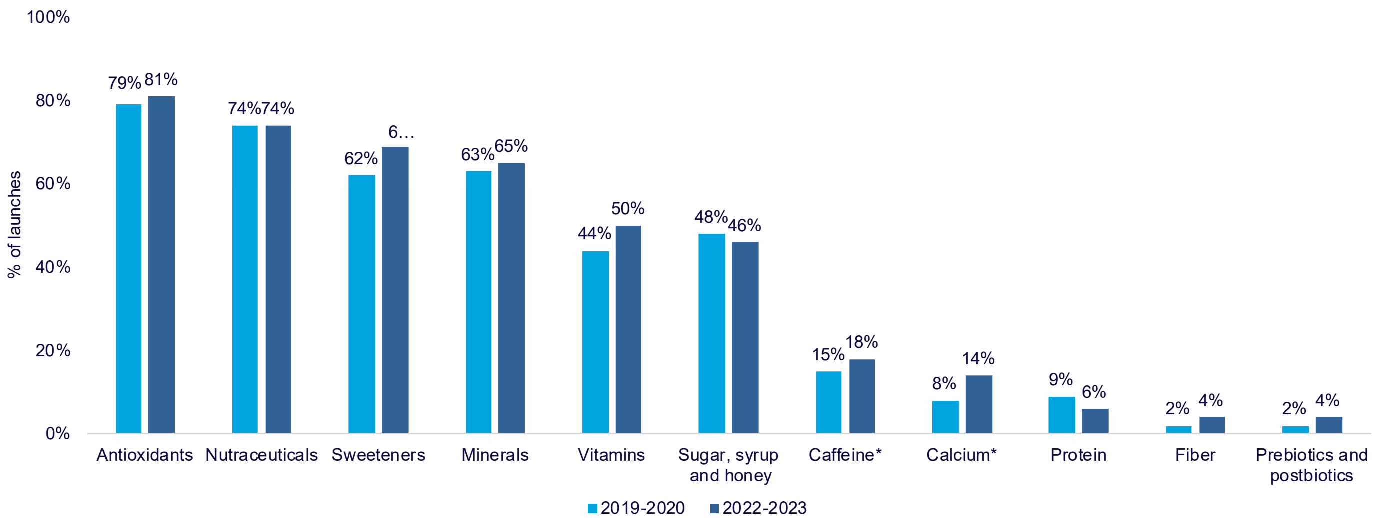
Speaking of sugar, the landscape of sweet claims has undergone a substantial transformation in recent years. With consumers increasingly wary of excessive sugar intake, hydration products have responded by offering sugar-free alternatives. This shift is reflected in the significant rise of sugar claims as a percentage of launches from 2022 to 2023.

But it's not just about what's absent; it's also about what's added. Sweeteners, vitamins, and even calcium have emerged as star ingredients in the hydration market. As consumers seek beverages that not only hydrate but also nourish their bodies, manufacturers are stepping up to deliver functional formulations that go beyond basic hydration.

Global hydration segment: % of launches by functional ingredient (2022-2023 vs. 2019-2020)

% of launches point change (2022-2023 vs. 2019-2020)

+3	0	+7	+2	+6	-2	+3	+6	-3	+2	+2

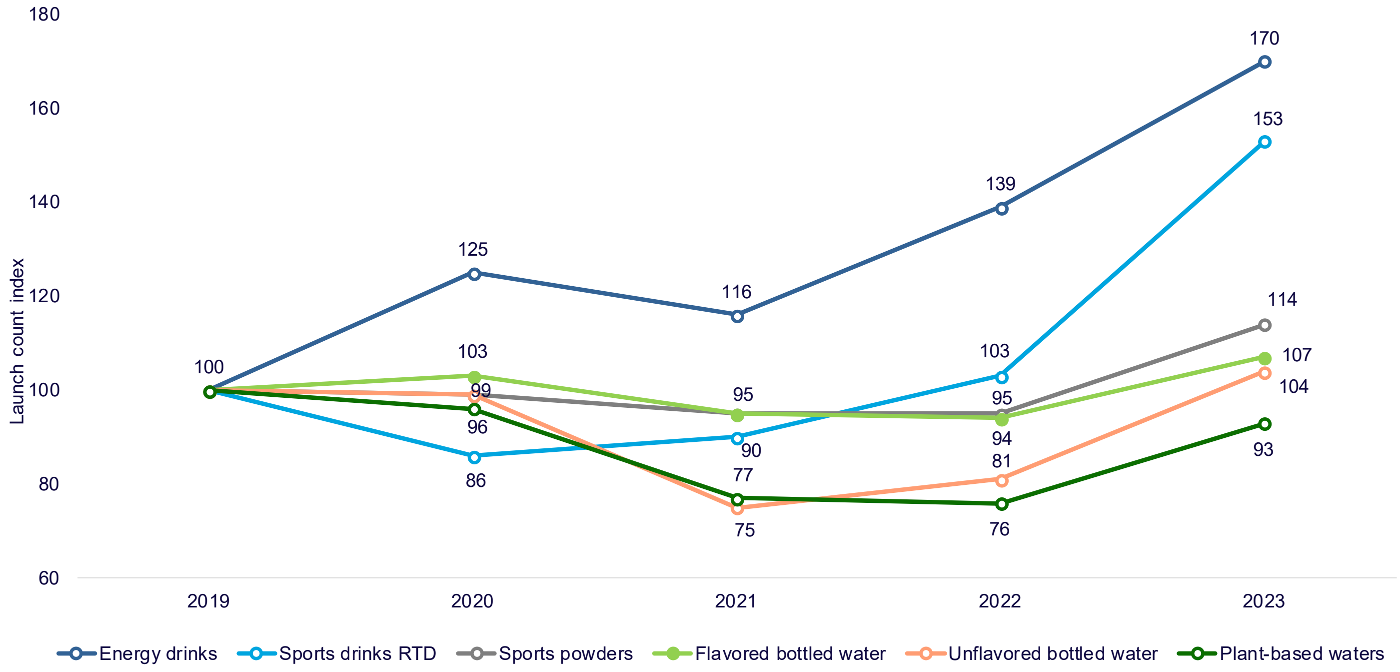


Sources: Innova Database

Notes: *Caffeine and calcium are also included under nutraceuticals

Interestingly, while North America leads the charge in hydration product development, other regions are catching up. The over-development of hydration products in North America is prompting manufacturers to explore untapped markets globally, ensuring that everyone, regardless of location, has access to innovative hydration solutions.

Global launch count index for total subcategories (2019-2023)



Sources: Innova Database

Hydration is no longer a mere afterthought but a cornerstone of modern wellness. With consumers prioritizing hydration like never before and demanding products that offer more than just fluid replenishment, the hydration trend is poised to shape the beverage industry for years to come.

Five things to know about the dairy drinks category

Source: Innova Market Insights

1 New Products Database witnessed an increase in Jan 23-Dec 23

Dairy drinks launches increased from 21.6% of the diary category in Jan 22-Dec 22 to 22.2% in Jan 23-Dec 23. With high/source of protein the top positioning in Jul 23-Dec 23, contributing to growth is the use of protein ingredients such as milk protein, whey protein, milk protein concentrate, and whey protein concentrate.

2 Drinking yogurt/fermented beverages is the top subcategory

With 39%, drinking yogurt/fermented beverages is the top subcategory for global dairy drinks category launches in Jul 23-Dec 23. New product development includes vegan choices, probiotic-rich products with a variety of strains to aid gut health and offerings with flavors including vanilla and berry (strawberry, blueberry, red raspberry).

3 Flavored milk launches increased in 2023

Flavored milk, ranked third among the dairy drinks' subcategories, witnessed an increase from 24.3% in 2022 to 26.5% in 2023. Fueling NPD growth is milk crafted using nuts, aloe vera flavored milk drink with aloe vera pieces, coconut flavored offerings, and launches with brown and bakery-inspired flavors.

4 Health-related positionings are growing

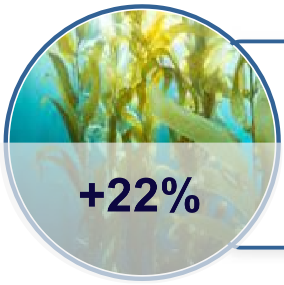
Growing health-related positionings: **digestive/gut health** (Europe, APAC, North America), **vitamin/mineral fortified** (APAC, MEA, LATAM), **energy/alertness** (MEA), and **immune health** (LATAM). In line with this, new product development includes products with calcium and vitamin D supporting bone health.

5 Indulgent & fruit flavors, especially berry, are growing

Indulgent & premium is a growing positioning in MEA and the Americas as is plant based in Europe. In line with this, growing flavors are indulgent coconut, cocoa, caramel, coffee, and the fruit flavors of plum, red berry, blueberry, mixed berry, forest berry, tropical fruits, passion fruit, mango, and orange.

A Few Global Snack Trends to Highlight

In the ever-evolving landscape of snacking, trends are shifting towards healthier options with a dash of indulgence and a sprinkle of sustainability. According to recent data, snack launches featuring seaweed as an ingredient have seen a remarkable 22% year-over-year growth from 2021 to 2023, indicating a growing interest in innovative and nutritious snack choices.



Snack launches containing **seaweed** as an ingredient
(Global, YoY 2021-2023)

- **High in fiber**
- Gluten free
- MSG free
- No additives
- **Low calorie**
- Vegan

Sources: Innova Database, Food Ingredients First, Clearspring

It's not just about what's in the snacks; it's also about what's behind them. Today, businesses are realizing that their responsibilities extend beyond profitability to include actions that positively impact nature protection and sustainability. This shift towards eco-conscious practices is reshaping the snacking industry, prompting brands to adopt sustainable sourcing methods and reduce their environmental footprint.

Moreover, health brands are stepping into the realm of indulgence, recognizing the demand for treats that not only satisfy cravings but also provide added nutritional benefits.

"What would you like most to see brands/companies doing to help the environmental/social causes?"

1. **Nature protection**
2. Sustainable packaging
3. Improving waste management

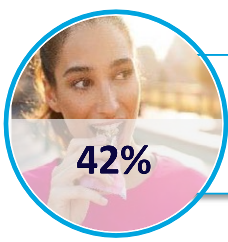
Source: Innova Lifestyle & Attitudes Survey 2023 (average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US), Innova Database

This fusion of indulgence and health, often referred to as a "mash-up," is gaining traction among consumers seeking guilt-free snacking options.

Consumers are becoming increasingly ingredient-conscious, with one in three individuals globally reporting that they always scrutinize the ingredients listed on

Consumers seek value from ingredients

1 in 3 consumers globally say that they **ALWAYS look at ingredients** of interest on the product pack.



42% of consumers globally say "**protein**" is the most important ingredient.

Source: Innova Trends Survey 2024 (average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US), Innova Database product packaging. This heightened awareness has led to a greater emphasis on key ingredients, with 42% of consumers worldwide ranking "protein" as the most important component in their snacks.

More than half of consumers globally say they are **willing to compromise on indulgence for healthier food**.

"In your opinion, which of the following is the best way to make indulgent food and beverage categories healthier?"

More than **1 in 3** consumers say either

Limit/reduce non-healthy ingredients

or

Use natural ingredients/less artificial ingredients

Source: Innova Trends Survey 2024 (average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US), Innova Database

Furthermore, consumers are seeking value from their snack choices, looking for products that offer both flavor and nutritional benefits. Brands can capitalize on this trend by highlighting the star elements of their products and promoting the positive consumer attitudes towards these key ingredients.

In summary, the landscape of healthy snacking is evolving, driven by a desire for nutritious, sustainable, and indulgent options. From seaweed-infused treats to responsibly sourced ingredients, consumers are demanding more from their snacks, paving the way for a new era of mindful munching.

Expo West 2024 – Recap

The Natural Products Expo West 2024 illuminated key trends shaping the future of the health and sustainability sectors in the food and beverage industry. Foremost among these was the industry's accelerated pivot towards sustainability, with numerous exhibitors showcasing eco-friendly packaging solutions and organic products, signifying a collective stride towards reducing environmental footprints. The rise of plant-based alternatives marked another significant trend, as the expo displayed an array of innovative foods and beverages designed to mimic traditional dairy and meat products closely, highlighting the industry's commitment to sustainability and health without compromising on taste.

Explore some of the trends that Insights published in their recent report, "Expo West 2024 recap."

Emerging, expanding & differentiating Ingredients

1. Collagen
2. Sweeteners
3. Lentils, lupini, and legumes
4. Mushrooms, adaptogens, and nootropics
5. Nuts – Barùkas, Bambara, apricot kernels

Source: Innova Market Insights

The key topics identified at this year's Expo West

Protein Power

Protein takes the place of flours and starches to boost protein and lower carbs for satiety, glycemic index and blood sugar control, weight control, and keto compatibility.

Sweetener Reset

New sweeteners, prebiotic fibers, and non-sweet formulations reset consumer taste buds to a lower sweet threshold.

Drinks are Stars

Cans or bottles, plain or flavored, drinks offer a full menu of functional, health, and environmental benefits.

DiversificAsian

With Korean cuisine leading the charge, Asian foods grab the spotlight.

Source: Innova Market Insights

UPCOMING 2024 SHOWS

TIA – Tortilla Industry Association

May 8th-10th
Horseshoe Casino Resort
Las Vegas, NV | Booth #525

The Sweets & Snacks Expo

May 13th-14th
Indiana Convention Center
Indianapolis, IN | Booth #3519

IDDBA – International Dairy Deli Bakery Association

June 9th-11th
George R. Brown Convention Center
Houston, TX | Booth #4156

IFT first – Annual Event and Expo

July 15th-17th
McComick Place
Chicago, IL | Booth #1841

SupplySide West

October 30th-31st
Mandalay Bay
Las Vegas, NV | Booth #2180

Featured Ingredient: Xanthan Gum

Xanthan gum is a common food additive used as a thickening, stabilizing, and emulsifying agent in a wide range of food and beverage products. Additionally, xanthan gum is a versatile ingredient suitable for gluten-free recipes, enhancing their texture and mouthfeel.

Some of Xanthan Gum's main functions:

- Thickening: Xanthan gum increases viscosity in small amounts, ideal for sauces, soups, and beverages.
- Stabilizing: It prevents ingredient separation in products like dressings and plant-based milks.
- Emulsifying: Xanthan gum creates stable blends of ingredients like oil and water in dressings and sauces.
- Texture enhancement: It mimics gluten's binding properties in gluten-free baking, improving texture.
- Suspension: Xanthan gum prevents solid particles from settling in liquid products, enhancing stability.
- Reduced calories: It replaces high-calorie ingredients, maintaining texture without added calories.
- Gluten replacement: In gluten-free baking, it provides structure and elasticity like gluten.

Why Choose IFPC?

- Technical Support: We help with formulation, troubleshooting, and addressing any concerns or questions.
- Application Experience: Our Ingredient Technology & Applications team are experts with formulating products that utilize hydrocolloids.
- Customization: We create custom stabilizer blends, utilizing xanthan gum and other hydrocolloids.

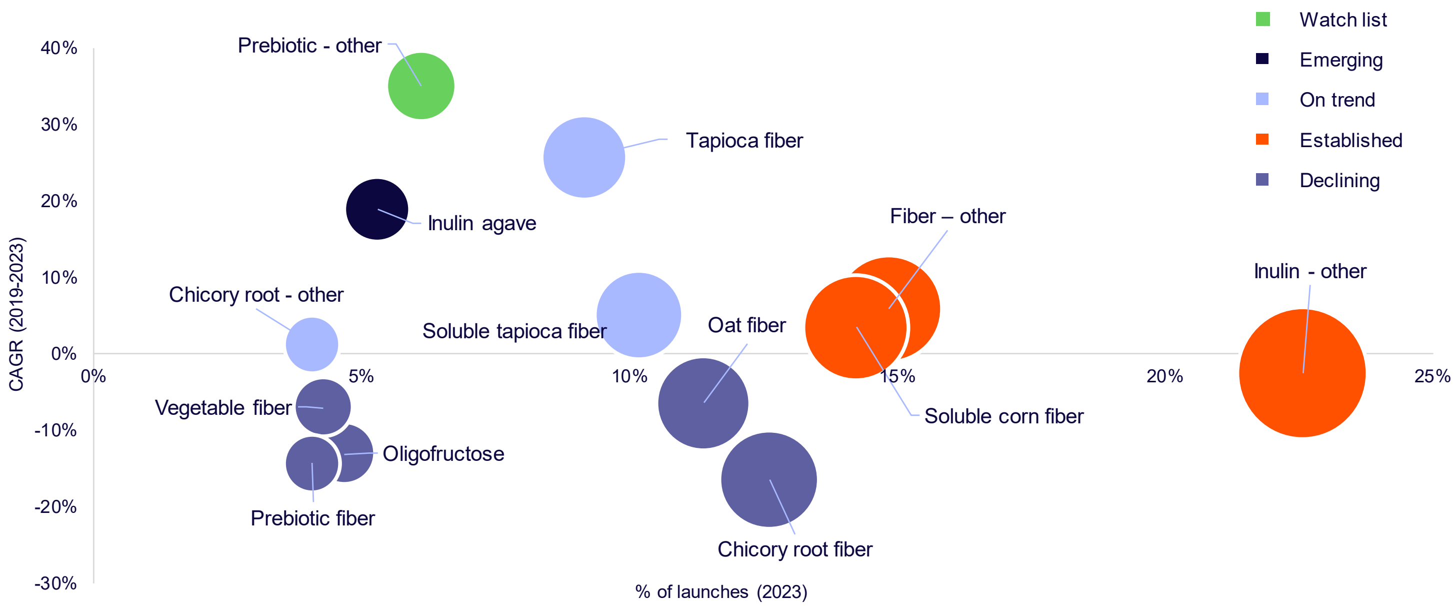
Get in touch with us today for more information including product options, documentation, and pricing!

Fiber & Prebiotics in the U.S.

Fiber has been a critical component of a healthy diet for many years, and its benefits for digestion and overall health are well-documented. But beyond just fiber, prebiotics are gaining traction as essential dietary components. Prebiotics are types of dietary fiber that feed the friendly bacteria in the gut. This, in turn, helps with various health benefits, including improving digestion, enhancing the immune system, and reducing the risk of chronic disease.

Inulin, soluble corn fiber, and unspecified fiber sources have become well-established in the marketplace. They are integrated into a multitude of products due to their versatility and health benefits. Inulin, in particular, has been studied extensively and is recognized for its prebiotic properties, helping to stimulate the growth of beneficial

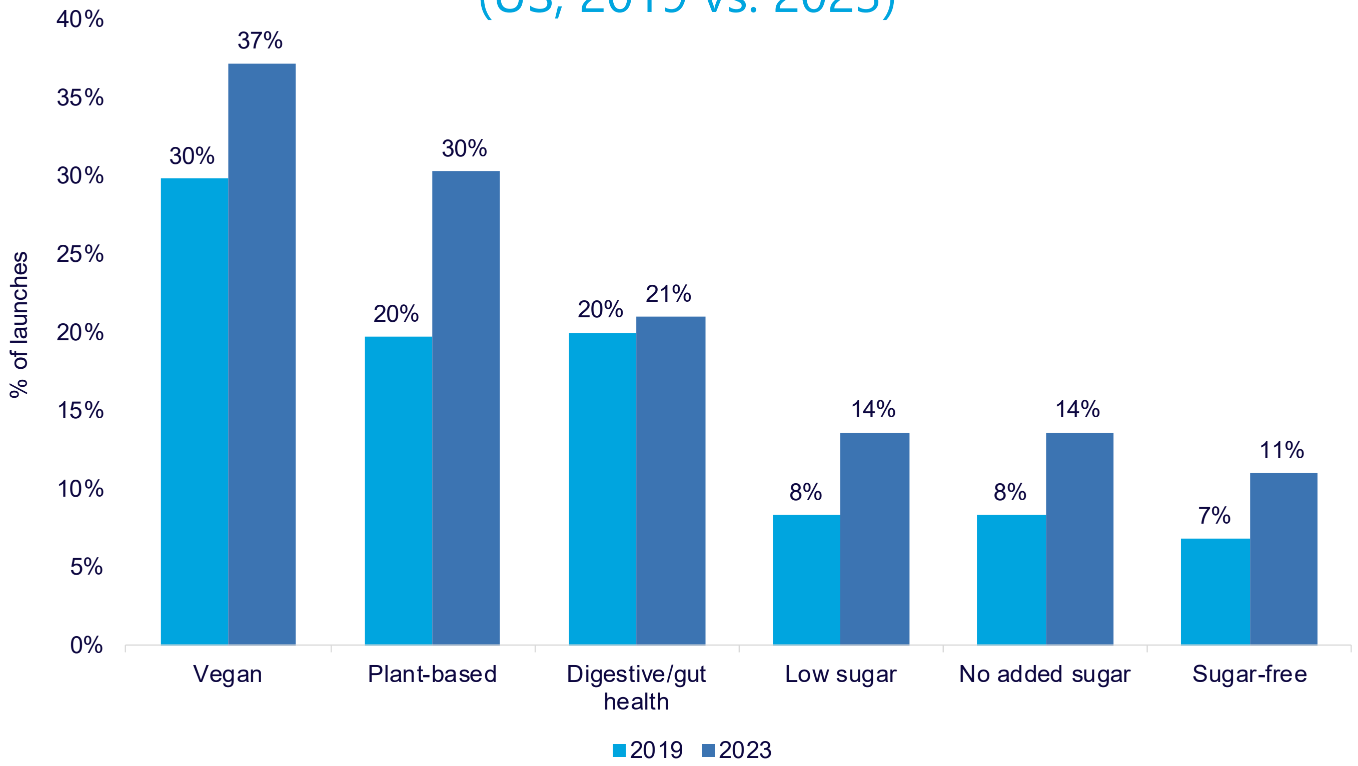
Leading fiber and prebiotic ingredients in product launches with a fiber or prebiotic claim and a fiber or prebiotic ingredient (US, 2019-2023)



gut bacteria. Soluble corn fiber, too, has a significant impact on the microbiome, while the term "unspecified fiber" often refers to dietary fibers for which the specific plant source is not identified.

Interestingly, fiber fortification is making its way into traditionally less healthy categories. For instance, carbonated beverages, confectionery items, and ice cream

Claims growth in product launches tracked with a fiber or prebiotic claim and a fiber or prebiotic ingredient (US, 2019 vs. 2023)



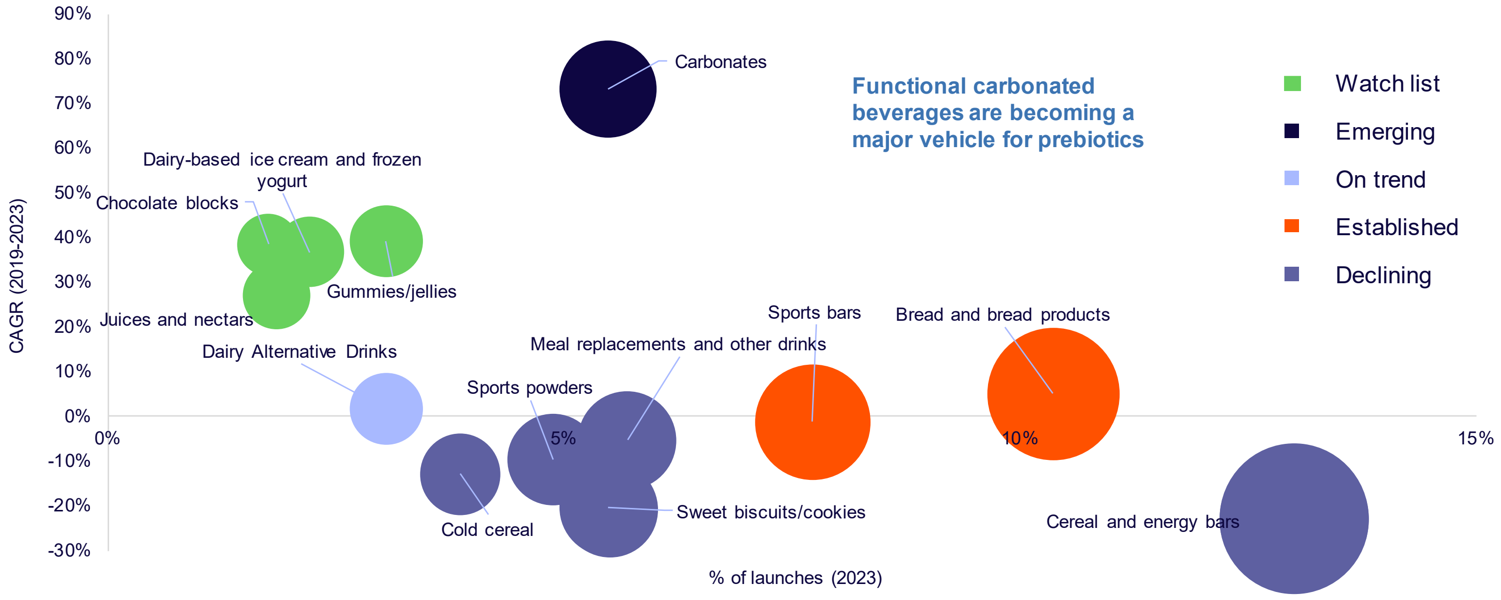
- Vegan claims appear on over one-third of launches in 2023, up 7 percentage points since 2019.
- Other leading claims with positive growth over the five-year period include plant-based, low sugar, no added sugar and sugar-free.
- Growth in sugar-related claims demonstrates the use of prebiotic ingredients as partial replacements for sugar in various products.

Source: Innova Database

are now seen sporting fiber-added tags. This move is part of an industry response to growing consumer demand for healthier versions of traditionally indulgent products. By adding fiber, manufacturers can appeal to health-conscious individuals who are looking for permissible indulgence – treats that offer some nutritional benefit.

The trend towards incorporating fiber and prebiotics into a wider variety of food categories is likely to continue as consumers become more aware of the importance of gut health and seek convenient ways to incorporate these nutrients into their diet. The food industry's challenge will be to innovate and create products that provide these health benefits without compromising on taste and enjoyment, turning everyday indulgences into opportunities for health enhancement.

% of subcategory launches and CAGR with a fiber or prebiotic claim and a fiber or prebiotic ingredient (US, 2019-2023)



Source: Innova Database

Note: Products with less than 10 launches in 2023 are excluded from this analysis

Monthly Market Report

Sugar

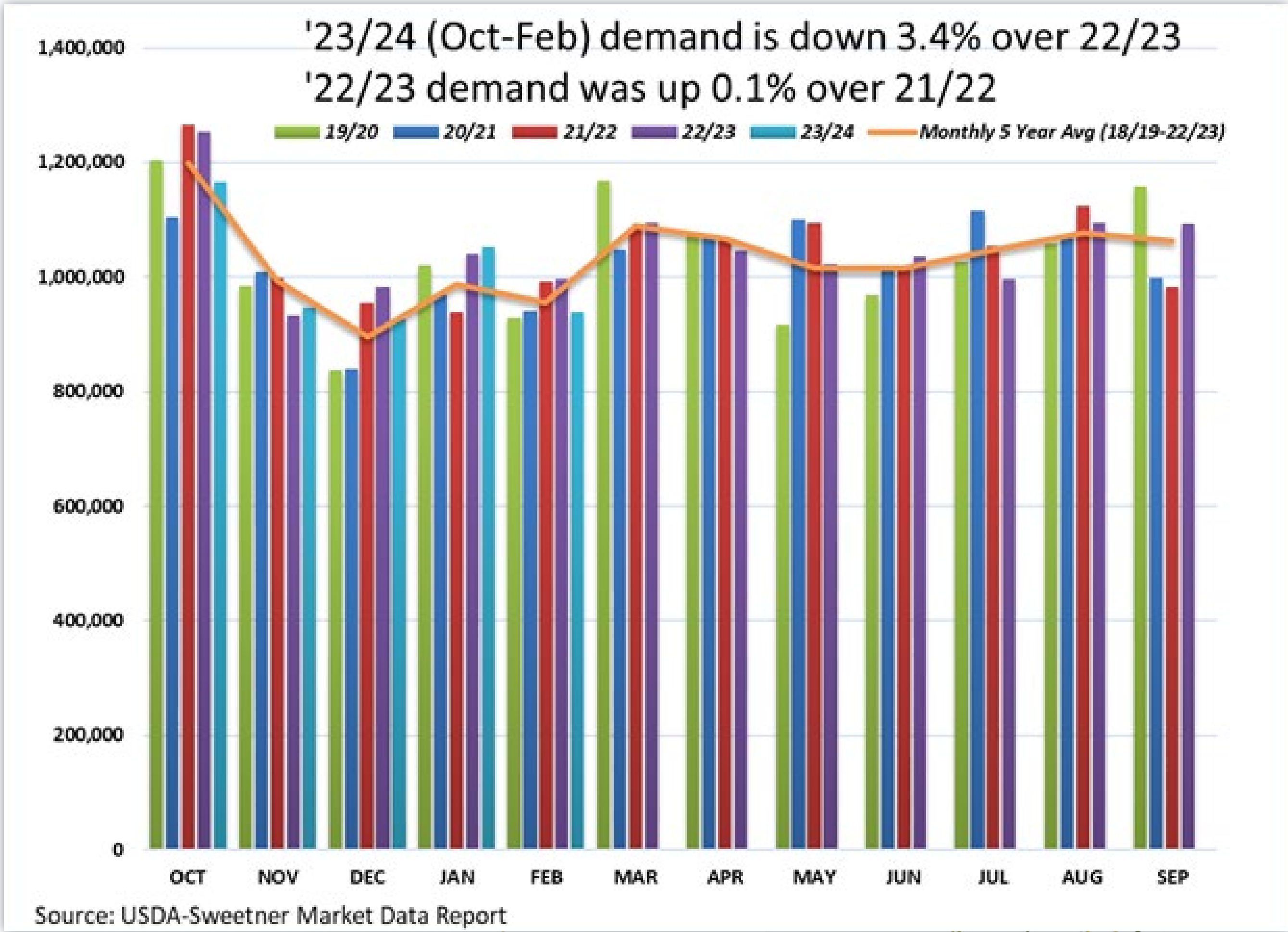
The 23/24 sugar situation remains tight.

- 22/23 ending stocks are estimated up 1.2% over 21/22, due to high tier sugar and additional sugar production, resulting in a stocks-to-use ratio of 14.3%.
- 23/24 ending stock are projected down 121,000 STRV over 22/23 with a stocks-to-use ratio of 13.5%.
- According to the WASDE, 23/24 Mexican sugar production is expected down 12.5% over 22/23.

USDA SUPPLY & USAGE - SUGAR

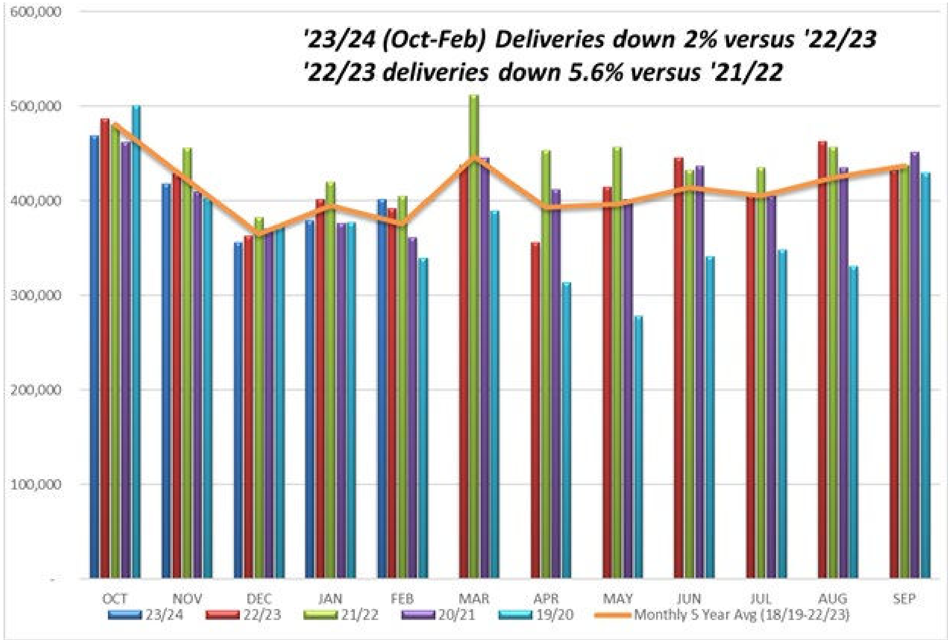
		Estimated	Projection			Variance (APRIL)			
(,000 STRV)	2021/ 2022	2022/2023	2023/2024 March	2023/2024 April	April vs.March 23/24	22/23 vs. 21/22	23/24 vs. 22/23	22/23 vs. 21/22	23/24 vs. 22/23
Beginning Stocks	1,705	1,820	1,843	1,843	-	115	23	6.7%	1.2%
Production	9,157	9,250	9,243	9,215	(28)	93	(35)	1.0%	-0.4%
Beet Sugar	5,155	5,187	5,172	5,144	(28)	32	(43)	0.6%	-0.8%
Cane Sugar	4,002	4,063	4,071	4,071	-	61	8	1.5%	0.2%
Florida	1,934	1,985	2,095	2,095	-	51	110	2.6%	5.5%
Louisiana	1,944	2,001	1,936	1,936	-	57	(65)	2.9%	-3.3%
Texas	124	76	40	40	-	(48)	(36)	-38.5%	-47.5%
Imports	3,646	3,614	3,331	3,417	86	(31)	(197)	-0.9%	-5.5%
TRQ	1,579	1,862	1,750	1,775	25	283	(87)	17.9%	-4.7%
Other Programs	298	141	200	288	88	(157)	147	-52.6%	103.9%
High-tier tarriff/othe	390	455	715	855	140	66	400	16.8%	87.9%
Mexico	1,379	1,156	666	499	(167)	(223)	(657)	-16.2%	-56.8%
Total Supply	14,508	14,685	14,416	14,475	58	177	(210)	1.2%	-1.4%
Exports	29	82	160	198	38	53	116	182.8%	141.5%
Deliveries	12,578	12,589	12,555	12,555	-	12	(34)	0.1%	-0.3%
Food	12,470	12,473	12,450	12,450	-	3	(23)	0.0%	-0.2%
Other	107	116	105	105	-	9	(11)	8.2%	-9.5%
Miscellaneous	81	171	-	-	-	90	(171)	0.0%	0.0%
Total Use	12,688	12,842	12,715	12,753	38	155	(89)	1.2%	-0.7%
Ending Stocks	1,820	1,843	1,701	1,722	20	23	(121)	1.2%	-6.6%
Stocks to Use Ratio	14.3%	14.3%	13.4%	13.5%	0.12%				
(WASDE 4/11/24)									

SUGAR DEMAND ANALYSIS:

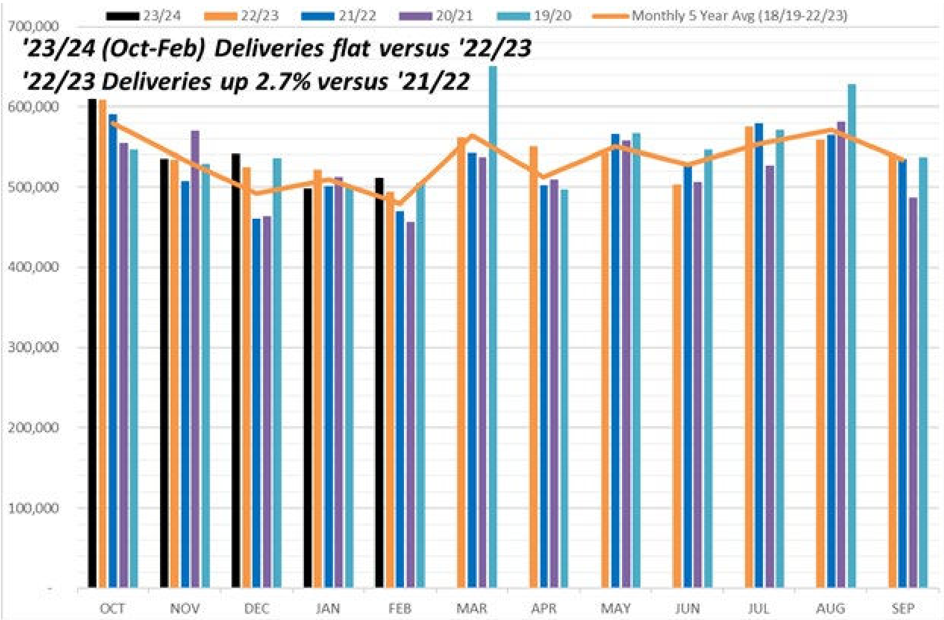


SUGAR DELIVERIES

Beet Sugar Deliveries



Cane Sugar Deliveries



Grains

Corn

Corn futures have been trading in ranges since our last update, with nearby futures trading around $4.50 and new crop futures trading around $4.70. Planting has kicked off across much of the U.S. and through the week ending April 21, corn planting sat at 12% complete. For reference, this is right in line with last year's pace and 2% ahead of the 5-year average. Planting pace will be the focus in corn markets over the next month, and any weather that impedes or accelerates planting will likely have an impact on prices.

Last month, we highlighted three things to watch as we approach and move through the spring planting season. Let's revisit those here:

How much corn will U.S. farmers plant in 2024?

In the March 28th Prospective Plantings report, the USDA reported estimations of a 5% decrease in U.S. corn acreage, down to 90.0 million acres in 2024. That equates to a 4.61 million acre drop YOY. The decrease in corn acreage was larger than expected, with most analysts expecting a 3.6-million-acre decline leading into the report. New crop corn futures rallied $0.16/bu. post report but quickly fell back to pre-report levels.

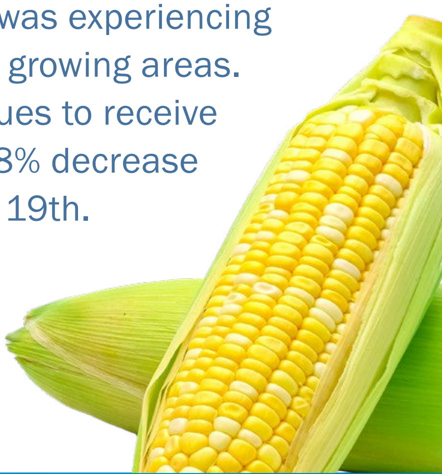
Weather concerns in Argentina

Weather concerns came and went for Argentina, but another issue presented itself and is proving to be detrimental. Much of the country's corn crop is facing an "unprecedented outbreak" of leafhoppers – insects that carry a harmful disease that wreaks havoc on corn. The outbreak led to the Rosario Grain Exchange cutting Argentina's corn harvest estimates by 11%. Further cuts could come before it's all said and done.

Is drought a concern in the Midwest?

In late March, the nation's largest corn producing state, Iowa, was experiencing extreme drought conditions in over 20% of its corn-designated growing areas. That number has since shrunk to 3%, and the corn-belt continues to receive some much-needed precipitation. The Midwest has seen an 18% decrease in areas experiencing moderate drought or worse since March 19th.

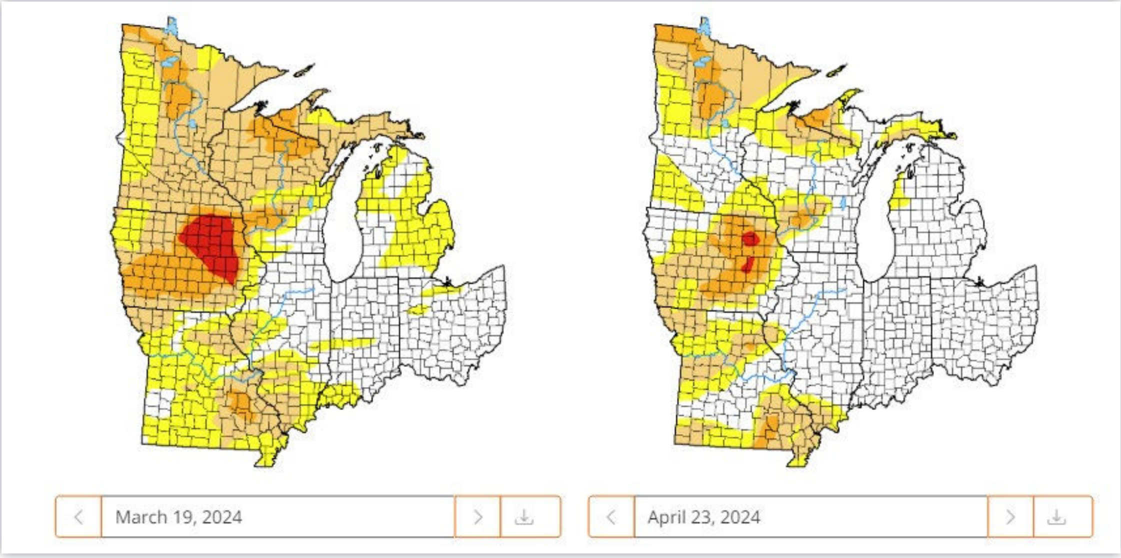
In summation, corn prices are likely to continue trading in ranges in the near-term barring a substantial weather event that significantly delays U.S. corn planting or threatens corn



acres altogether. Developments to Argentina's crop present an opportunity for corn prices to rally and should be watched closely, but the market has been relatively unphased by Argentina's issues thus far.

DEC '24 CBOT CORN FUTURES

WEEKLY DROUGHT MONITOR



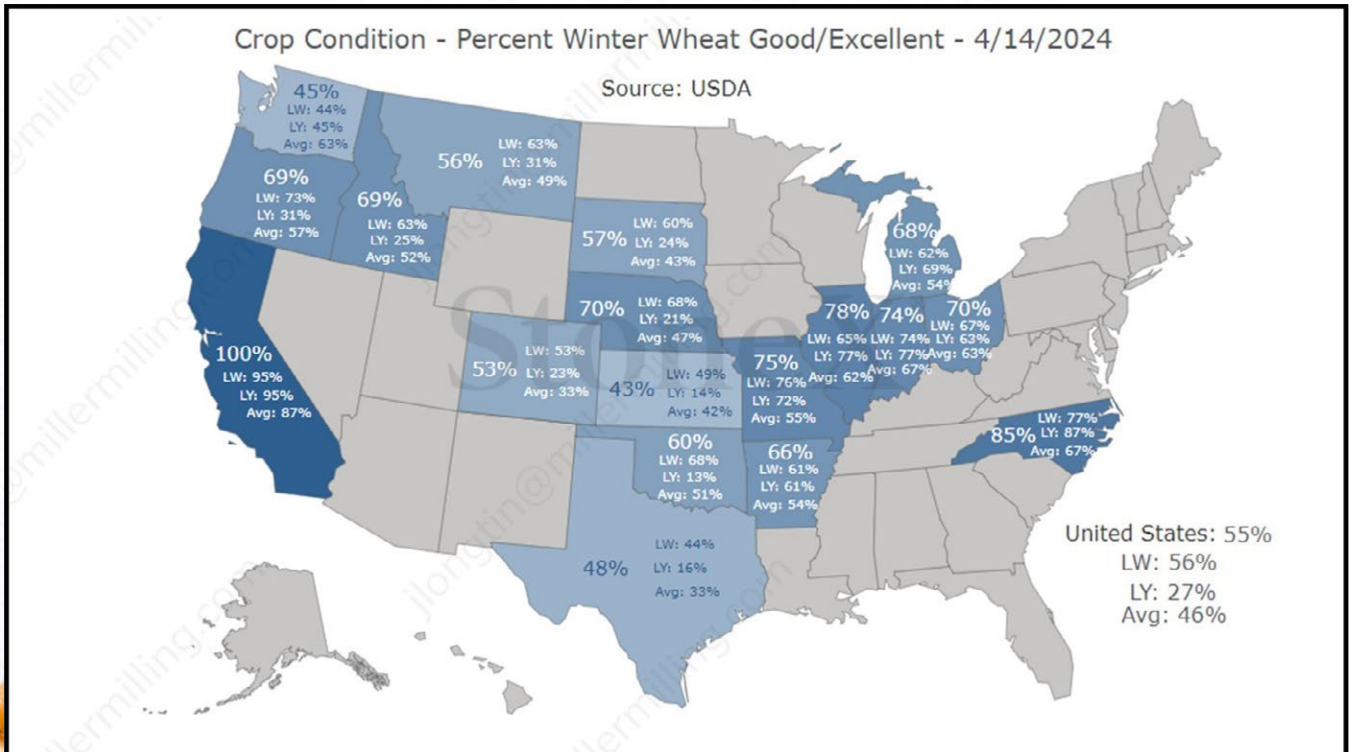
Wheat

Wheat futures have rallied a bit in the past few weeks. There are several factors at play. Kansas crop conditions have deteriorated, Western Europe is receiving too much moisture, India's crop is small enough that it might need to become a small importer to have adequate wheat supply, and Russia's winter wheat growing region has been dry for months. The biggest risk overall is with Russia as they are the world's largest wheat exporter and have had no rain for almost two months.

The market has broken its downtrend and has speculators covering their short positions, despite just a couple of weeks ago those same speculators held near record short positions. All these forementioned issues may be affecting the market, and if Russia remains dry, it could worsen and possibly send wheat futures another .50 cents higher.

WEEKLY CONTINUOUS FUTURES CHART: HARD RED WINTER & HARD RED SPRING WHEAT

However, improvement in weather forecasts could also send markets back down, but given the time of year, it's hard to say definitively. Dryness continues to build on the plains and is starting to raise some concerns. As you can see on the drought monitor below, drought conditions are beginning to build back into Kansas. This is partially due to the lack of materialized precipitation that was priorly forecasted. The good news is that both the 6-10 and 8-14-day forecasts (appearing on page 27) have above average rain in the forecast for large parts of the country. Overall, it seems crops are getting smaller and without more definitive feedback in the market, futures could remain volatile.



Soybean Oil and Palm Oil

As of late, crude palm oil futures and crude soybean oil futures have mirrored each other, both hitting multi-month lows in the last 3 months on the most active futures contracts. Front-month soybean oil futures traded at their lowest level since January of 2021, but they have since rebounded slightly. Managed money is still woefully short for soybean oil futures, per CFTC reporting. This is seasonally uncommon as we head into the U.S. corn and soybean growing season, which typically will produce some added volatility in the agricultural commodity. The week ending April 16th saw managed money sell the most futures in a single week since 2006.

As illustrated by the chart below, the premium of palm oil to soybean oil has dampened some global demand, especially from India - the largest importer of vegetable oil in the world. Despite some bullish palm oil fundaments, palm traded down over 10% month-to-date in April. Strong domestic biofuel demand and weaker yields should help keep palm oil prices supported.

Cocoa

Production concerns at origin have proven to be true in the West African countries and continue to support the pricing rally we have seen YTD in 2024. Arrivals in CDI for crop year 23/24 are 27% worse than previous year, and Ghana purchases are 290 MT behind their 5 year averages. With these two countries accounting for roughly 55% of the global production, current pricing scenarios expect to remain unabated until the new crop becomes more clear. Below in figures 1 & 2 from the ICCO, you can see the volatility the markets have felt over the past two marketing years. This is expected to continue and current industry cover is at 8 months.

ICE AND LONDON COCOA FUTURES

Figure 1: Prices of the MAR-2024 and MAY-2024 futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets

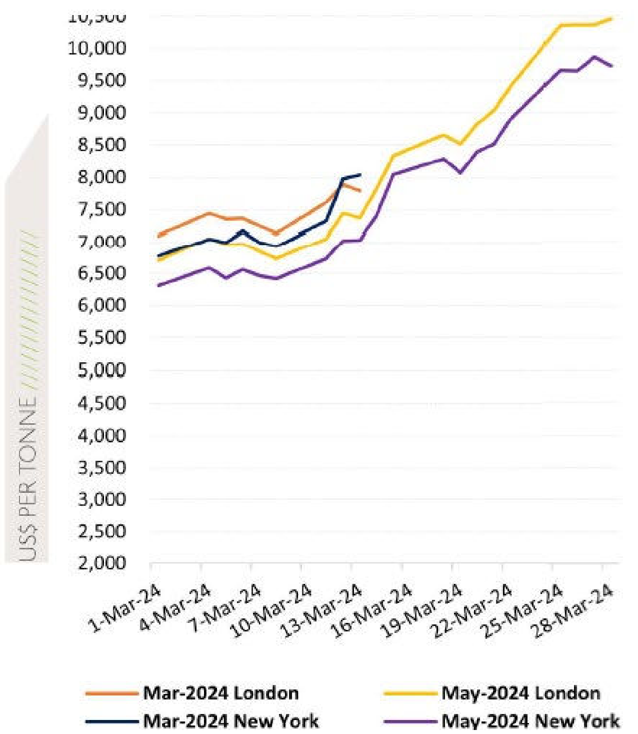
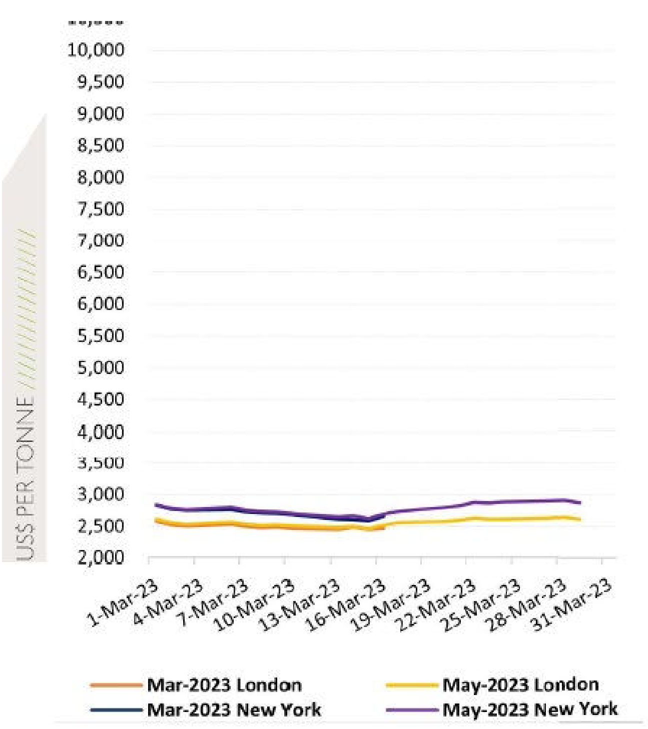
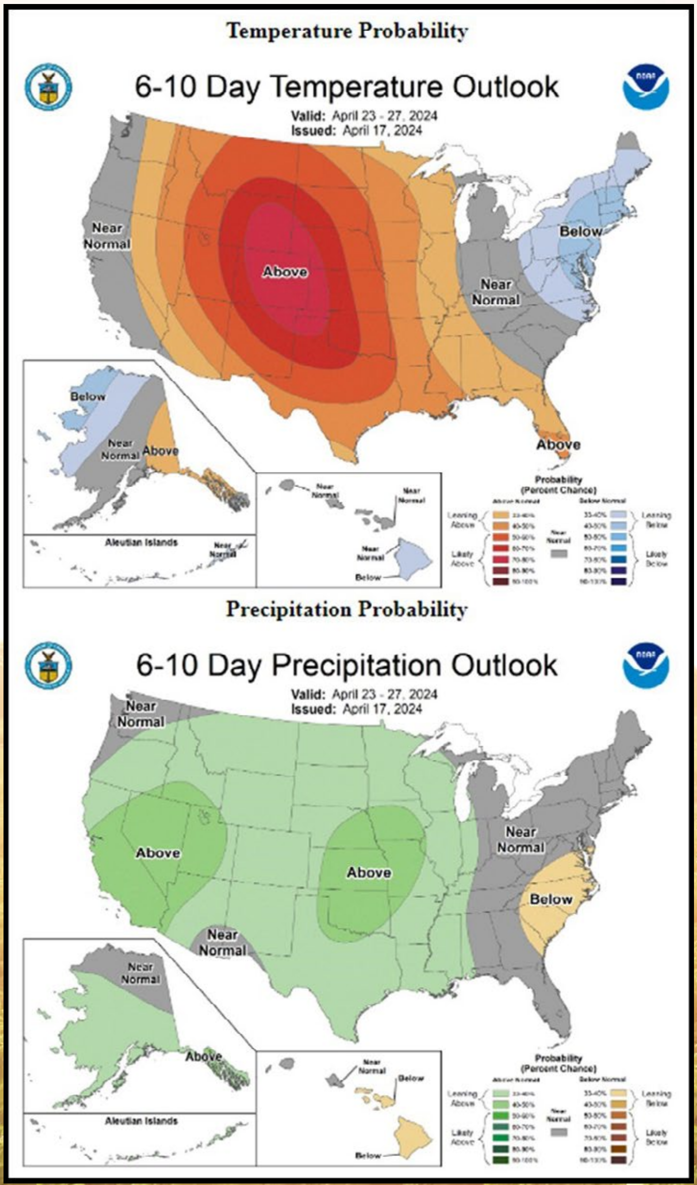
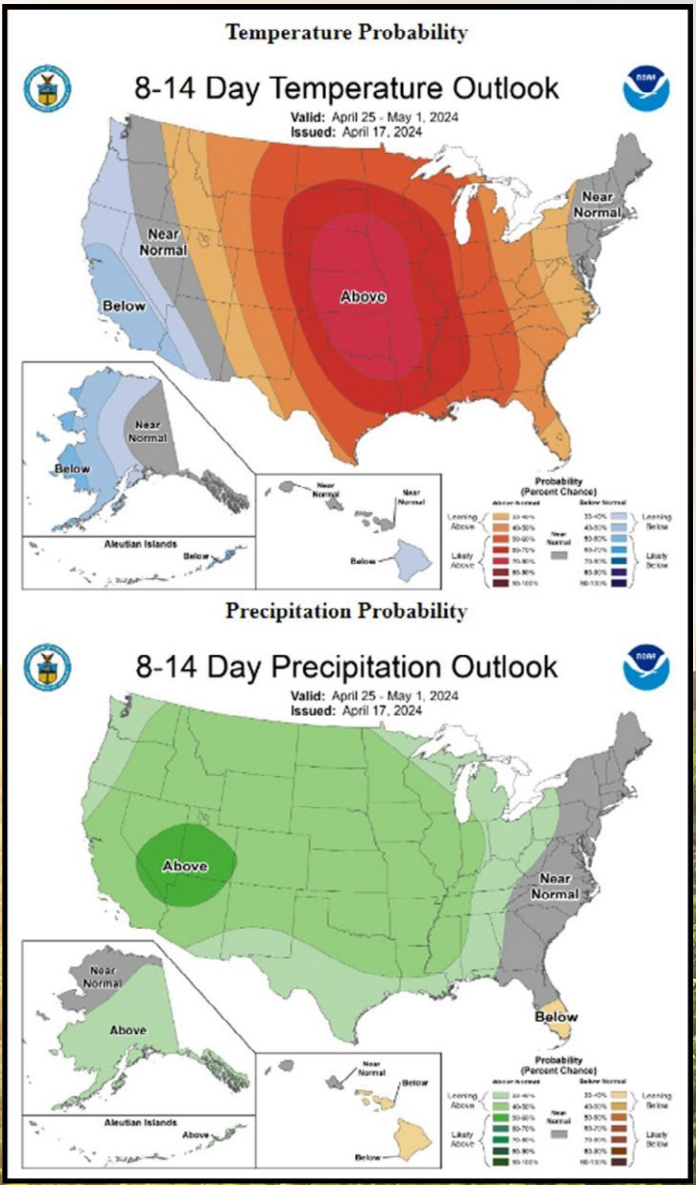


Figure 2: Prices of the MAR-2023 and MAY-2023 futures contracts on the London (ICE Futures Europe) and New York (ICE Futures U.S.) markets



Weather


Temperature Probability
6-10 Day Temperature Outlook
Valid: April 23 - 27, 2024
Issued: April 17, 2024
Near Normal
Above
Below
Near Normal
Below
Near Normal
Above
Above
Aleutian Islands
Near Normal
Near Normal
Near Normal
Near Normal
Below
Probability (Percent Chance)
Precipitation Probability
6-10 Day Precipitation Outlook
Valid: April 23 - 27, 2024
Issued: April 17, 2024
Near Normal
Above
Above
Near Normal
Below
Near Normal
Near Normal
Above
Aleutian Islands
Near Normal
Below
Below
Probability (Percent Chance)


Temperature Probability
8-14 Day Temperature Outlook
Valid: April 25 - May 1, 2024
Issued: April 17, 2024
Near Normal
Near Normal
Below
Above
Below
Near Normal
Below
Aleutian Islands
Below
Near Normal
Near Normal
Below
Probability (Percent Chance)
Precipitation Probability
8-14 Day Precipitation Outlook
Valid: April 25 - May 1, 2024
Issued: April 17, 2024
Above
Near Normal
Below
Near Normal
Above
Aleutian Islands
Above
Near Normal
Below
Below
Probability (Percent Chance)