



The Secret **Ingredient**

International Food Products Corporation's Monthly Newsletter



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HAPPY GRILLING SEASON!

Functional ingredients are used in food products associated with BBQ to enhance flavor, improve preservation, and contribute to add texture and stability. Here are some of the functional ingredients we supply that are commonly found in BBQ sauce, marinated meats, and prepared side dishes, along with their primary purposes:

- **BBQ Sauce**

- Sugar: Sweetens and caramelizes the sauce

- Modified Starch or Xanthan Gum: Thickens and stabilizes the sauce

- **Marinated Meats**

- Phosphates: Retains moisture, improving texture and tenderness

- Citric Acid: Tenderizes, flavors, and preserves by lowering pH

- **Prepared Sides**

- Preservatives (Sodium Benzoate or Potassium Sorbate): Extends shelf life by preventing microbial growth

- Emulsifiers (Soy Lecithin or Mono- and Diglycerides): Keeps mixtures consistent and prevents separation

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

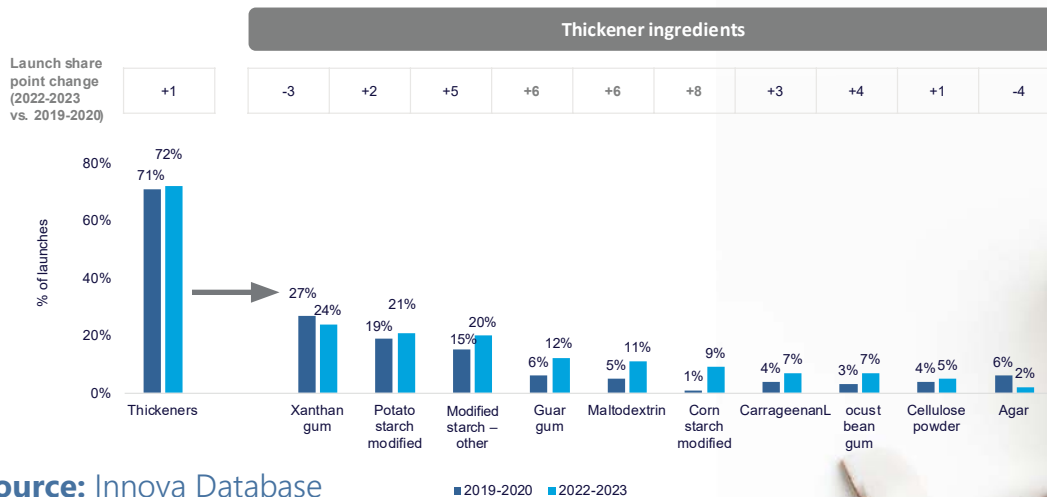
Cheese Revolution: The Rise of Plant- Powered Palates

The non-dairy cheese market is experiencing notable trends in product innovation and consumer preference. Between 2019 and 2023, non-dairy cheese launches grew impressively at a compound annual growth rate (CAGR) of 17%, while traditional dairy cheese launches declined by 9%. This shift highlights a growing consumer interest in plant-based alternatives.

In terms of ingredients, non-dairy cheeses are increasingly utilizing thickeners like modified corn starch, which saw a significant increase in use, as well as guar gum and maltodextrin to enhance texture and stability. Furthermore, coconut oil has emerged as the leading choice of fat in non-dairy cheese formulations, indicating a preference for its flavor and textural benefits in vegan cheese products. These trends underscore the dynamic evolution within the non-dairy sector, reflecting broader consumer shifts towards plant-based diets and sustainability.

Guar gum, maltodextrin and modified corn starch use is fast growing in non-dairy cheese

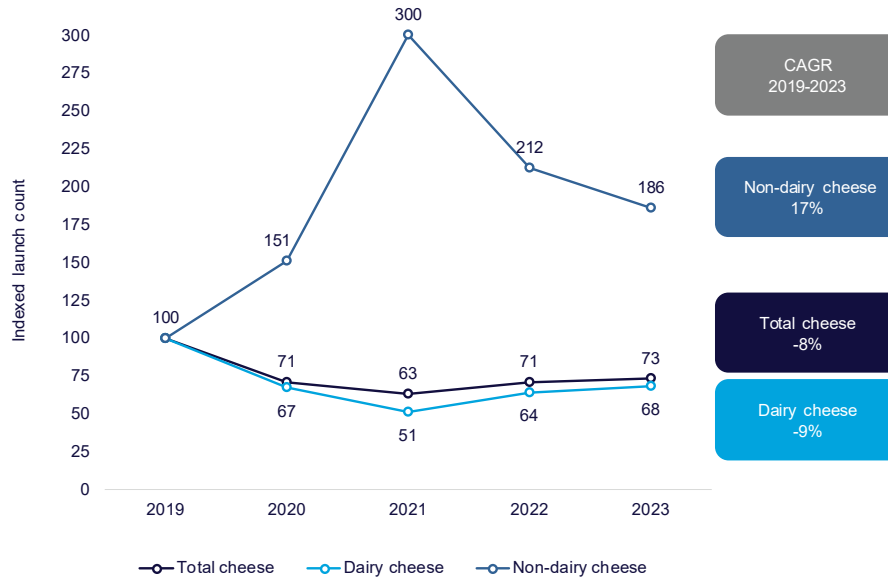
US non-dairy cheese: % of launches for top thickener ingredients (2022-2023 vs. 2019-2020)



Source: Innova Database

Non-dairy cheese launches grew at +17% CAGR; dairy cheese launches down -9%

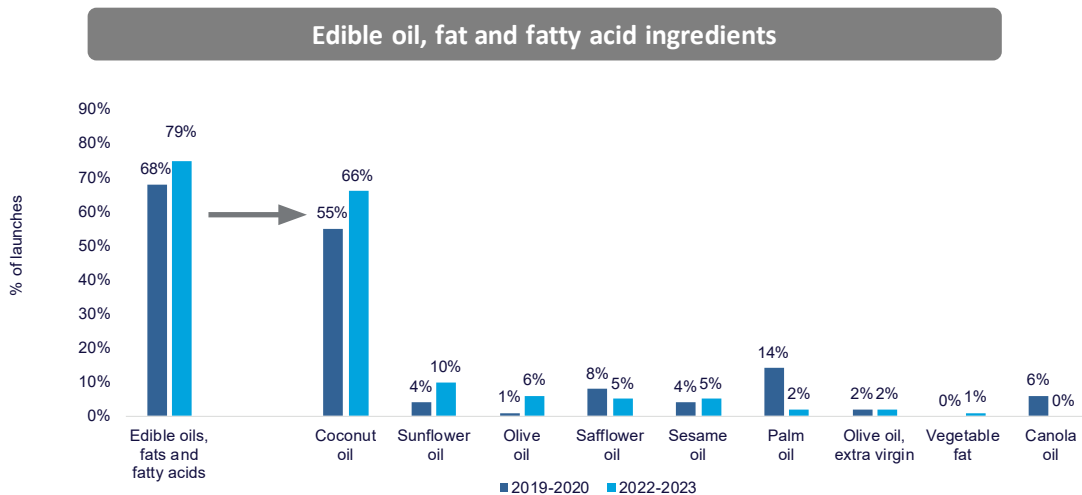
US dairy vs. non-dairy cheese: Indexed launch count (2019-2023)



Source: Innova Database

Coconut is driving edible oil growth in non-dairy cheese

US non-dairy cheese: % of launches for top edible oils, fats and fatty acid ingredients (2022-2023 vs. 2019-2020)



Source: Innova Database

Crafting Delicious Innovations



Our Ingredient Technology & Applications (IT&A) team has been busy creating exceptional products for our customers, showcasing their hard work and innovative spirit. They have developed a range of milkshakes and coffee creamers with enticing flavors such as strawberry cheesecake, s'mores, citrus, cotton candy, and chocolate mint, bringing vibrant and delicious options to the market. The team also successfully developed a brightly colored mango lassi

beverage, demonstrating their ability to combine appealing visuals with great taste. Utilizing Ultra-High Temperature (UHT) processing and our advanced Microthermics machine, the IT&A team has ensured these products not only taste great but are also of the highest quality, meeting the rigorous standards our customers expect.

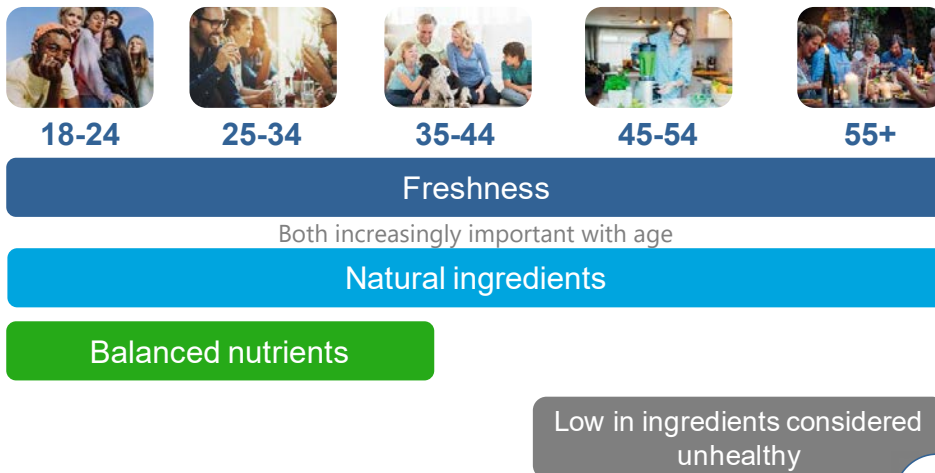
How Age Colors Our Food Choices



Age plays a significant role in shaping perceptions of what constitutes healthy food and beverages, as revealed by a recent survey spanning 11 countries in 2023. Younger age groups, particularly those between 18-24 and 25-34, focus on freshness and natural ingredients when determining the healthiness of foods and beverages. As individuals age, the importance of balanced nutrients becomes more pronounced, especially among those 45 years and older. This shift is reflective of broader health goals that evolve from lifestyle aspirations like looking good and fitness in younger years to more focused concerns about physical health and wellness in later life. Moreover, globally, consumers are increasingly checking for specific functional

Age influences perceptions of what is healthy in a food and beverage

What is most important to you in a healthy food and beverage? (Average: 11 countries, 2023)

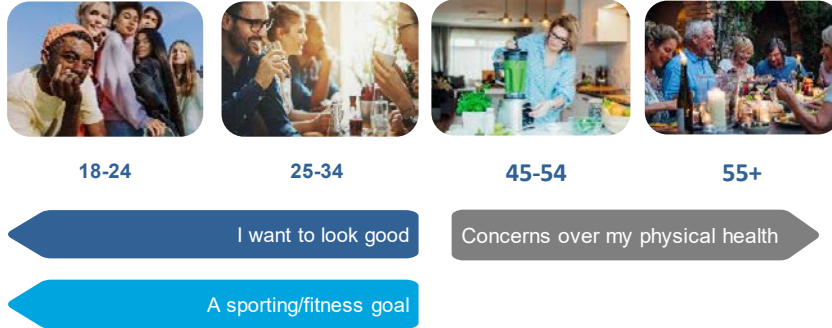


Sources: Innova Lifestyle & Attitudes Survey 2023

More than 1 in 3 consumers globally indicate "Concerns over my physical health" have strong influence

Concerns over physical health motivate consumers to seek healthier lifestyles

What has driven or influenced you to seek a healthier lifestyle?
 Select all that apply (Average: 11 countries, 2023)

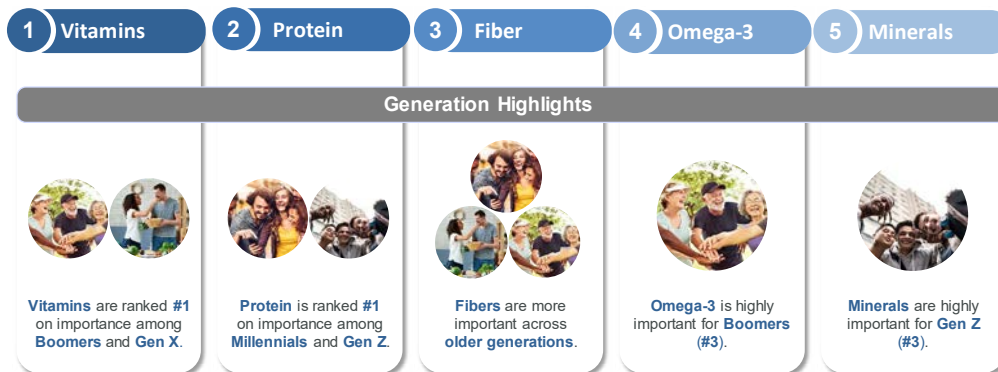


Source: Innova Lifestyle & Attitudes Survey 2023

ingredients such as vitamins, protein, and fiber, which are prioritized differently across generations—vitamins are most critical to Boomers and Gen X, while Millennials and Gen Z prefer protein, highlighting a nuanced approach to functional nutrition tailored to different life stages.

Ingredients taking the spotlight: A generational lens

1 in 2 of consumers globally check for **one or two ingredients that they care about** the most when purchasing functional food and beverage



Source: Innova Trends Survey 2024 (average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US) **Note:** Q: Which of the following ingredients are the most important to you? (Select up to 3 out of 13 answer options)

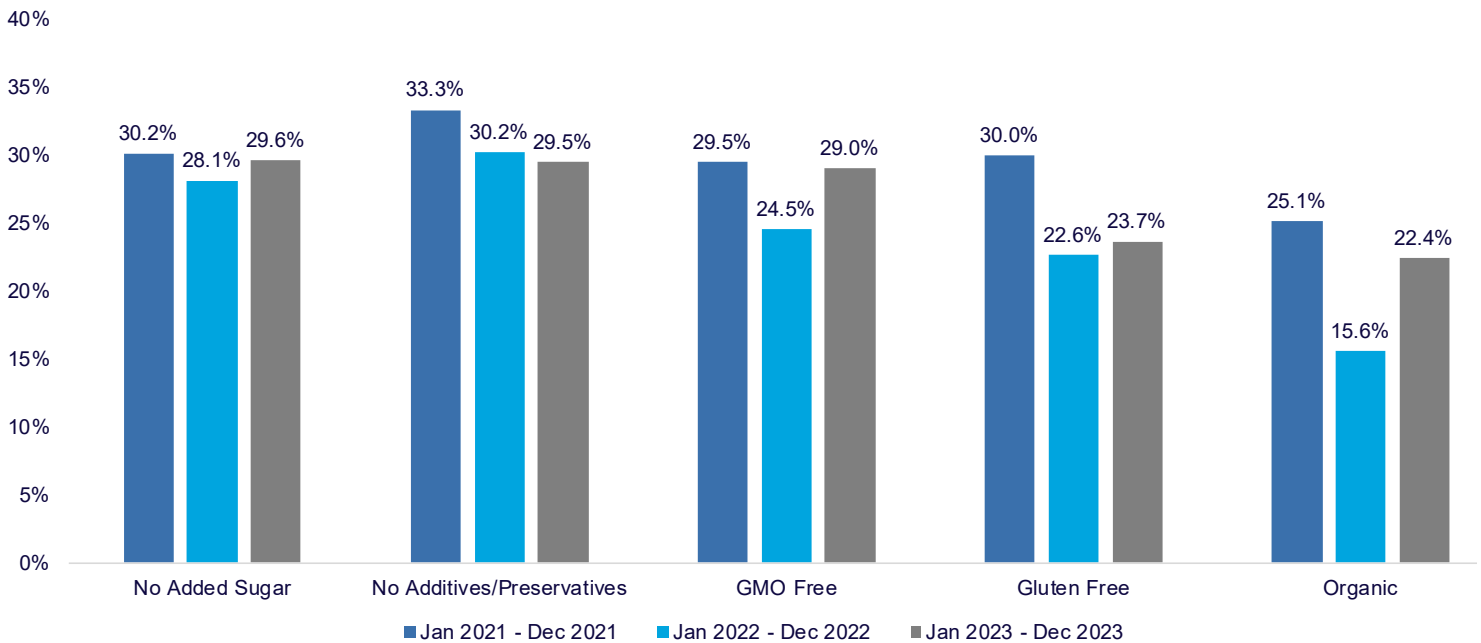
A Couple Juicy Trends in North America



In North America, the juice and juice drink market is increasingly influenced by consumer preferences for healthier and more natural options. “No Added Sugar” leads as the top positioning for juice products, highlighting a widespread consumer demand for beverages with natural sweetness and fewer calories. Alongside this, juices labeled as “No Additives/Preservatives,” “GMO Free,” “Gluten Free,” and “Organic” are also gaining traction. These trends reflect a growing consumer awareness and preference for products perceived as clean, sustainable, and beneficial for health, indicating a significant shift towards more conscientious consumption in the beverage industry.

No added sugar is the top positioning in North America

Top 5 positionings for Juice and Juice Drinks in North America



Source: Innova Database

UPCOMING 2024 SHOWS



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



**Special
In-Booth Event:**
Meet the Master:
Powering Protein
Performance

SupplySide[®] WEST

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



Chicago Section
Institute of Food Technologists

October 30th-31st
Donald E. Stephens Convention
Center | Rosemont, IL
Booth #732-734

Monthly Market Report



Sugar

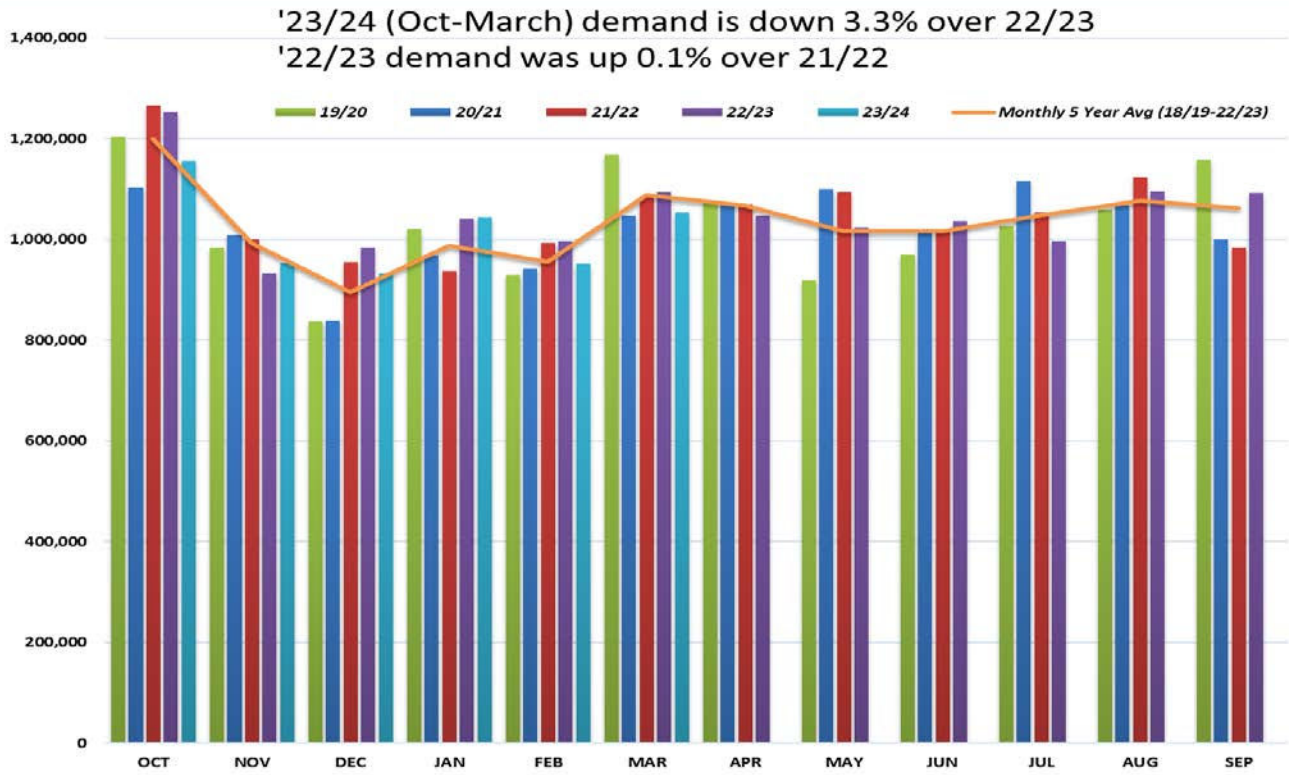
The 23/24 sugar situation points remains tight.

- 23/24 ending stocks are estimated down 4.6% over 22/24, with a stocks to use ratio of 13.9%
- 24/25 ending stocks are estimated down 16.8% over 23/24, with a stocks to use ratio of 11.7%. Expectation is this will change throughout the year
- According to the WASDE, 23/24 Mexican sugar production is expected down 13.3% over 22/23

USDA SUPPLY & USAGE - SUGAR

		Estimated			Projection	Variance (May)			
		2023/2024 April	2023/2024 May	May vs. April 23/24	2024/2025 May	23/24 vs. 22/23	24/25 vs. 23/24	23/24 vs. 22/23	24/25 vs. 23/24
(,000 STRV)	2022/2023								
Beginning Stocks	1,820	1,843	1,843	-	1,759	23	(84)	1.2%	-4.6%
Production	9,250	9,215	9,131	(84)	9,232	(119)	101	-1.3%	1.1%
Beet Sugar	5,187	5,144	5,095	(49)	5,111	(92)	16	-1.8%	0.3%
Cane Sugar	4,063	4,071	4,036	(35)	4,121	(27)	85	-0.7%	2.1%
Florida	1,985	2,095	2,060	(35)	2,036	75	(24)	3.8%	-1.2%
Louisiana	2,001	1,936	1,936	-	2,085	(65)	149	-3.3%	7.7%
Texas	76	40	40	-	-	(36)	(40)	-47.5%	-100.0%
Imports	3,614	3,417	3,438	21	3,028	(176)	(410)	-4.9%	-11.9%
TRQ	1,862	1,775	1,798	23	1,415	(64)	(383)	-3.5%	-21.3%
Other Programs	141	288	288	-	200	147	(88)	103.9%	-30.6%
High-tier tariff/other	455	855	855	-	216	400	(639)	87.9%	-74.7%
Mexico	1,156	499	497	(2)	1,197	(659)	700	-57.0%	140.8%
Total Supply	14,685	14,475	14,412	(63)	14,019	(273)	(393)	-1.9%	-2.7%
Exports	82	198	198	-	100	116	(98)	141.5%	-49.5%
Deliveries	12,589	12,555	12,455	(100)	12,455	(134)	-	-1.1%	0.0%
Food	12,473	12,450	12,350	(100)	12,350	(123)	-	-1.0%	0.0%
Other	116	105	105	-	105	(11)	-	-9.5%	0.0%
Miscellaneous	171	-	-	-	-	(171)	-		#DIV/0!
Total Use	12,842	12,753	12,653	(100)	12,555	(189)	(98)	-1.5%	-0.8%
Ending Stocks	1,843	1,722	1,759	37	1,464	(84)	(295)	-4.6%	-16.8%
Stocks to Use Ratio (WASDE 5/10/24)	14.3%	13.5%	13.9%	0.40%	11.7%				

SUGAR DEMAND ANALYSIS:

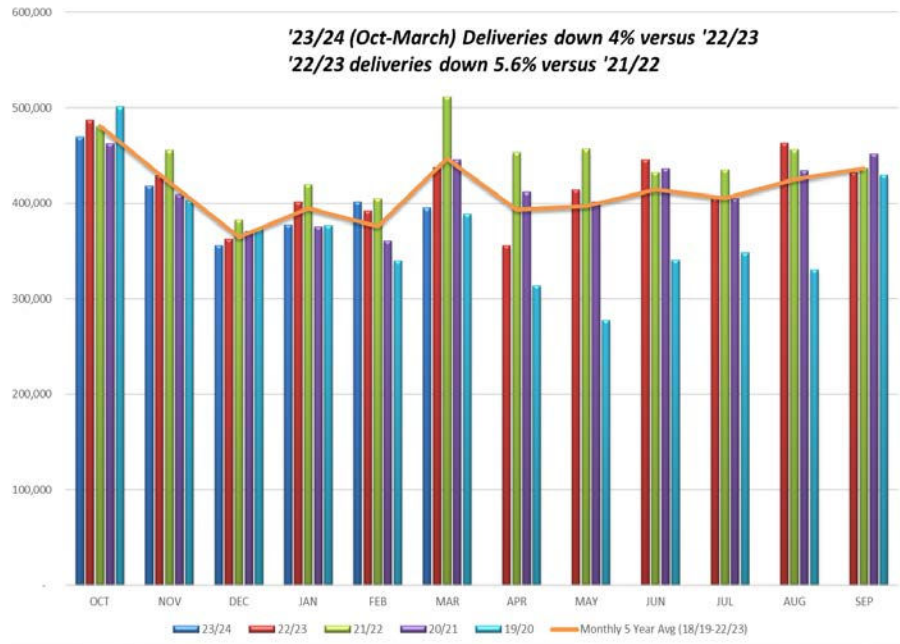


Source: USDA-Sweetener Market Data Report

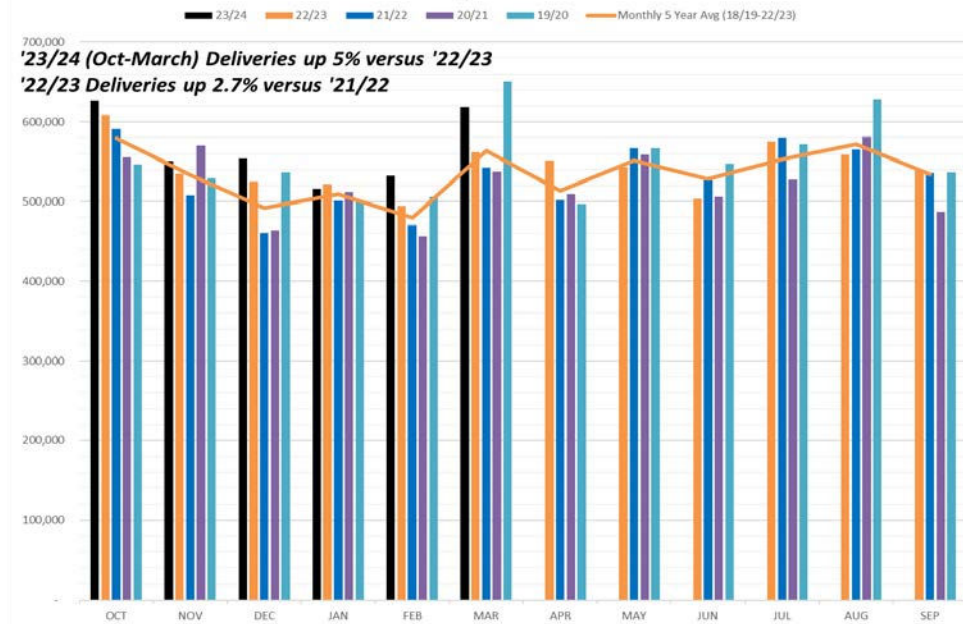


SUGAR DELIVERIES

Beet Sugar Deliveries



Cane Sugar Deliveries

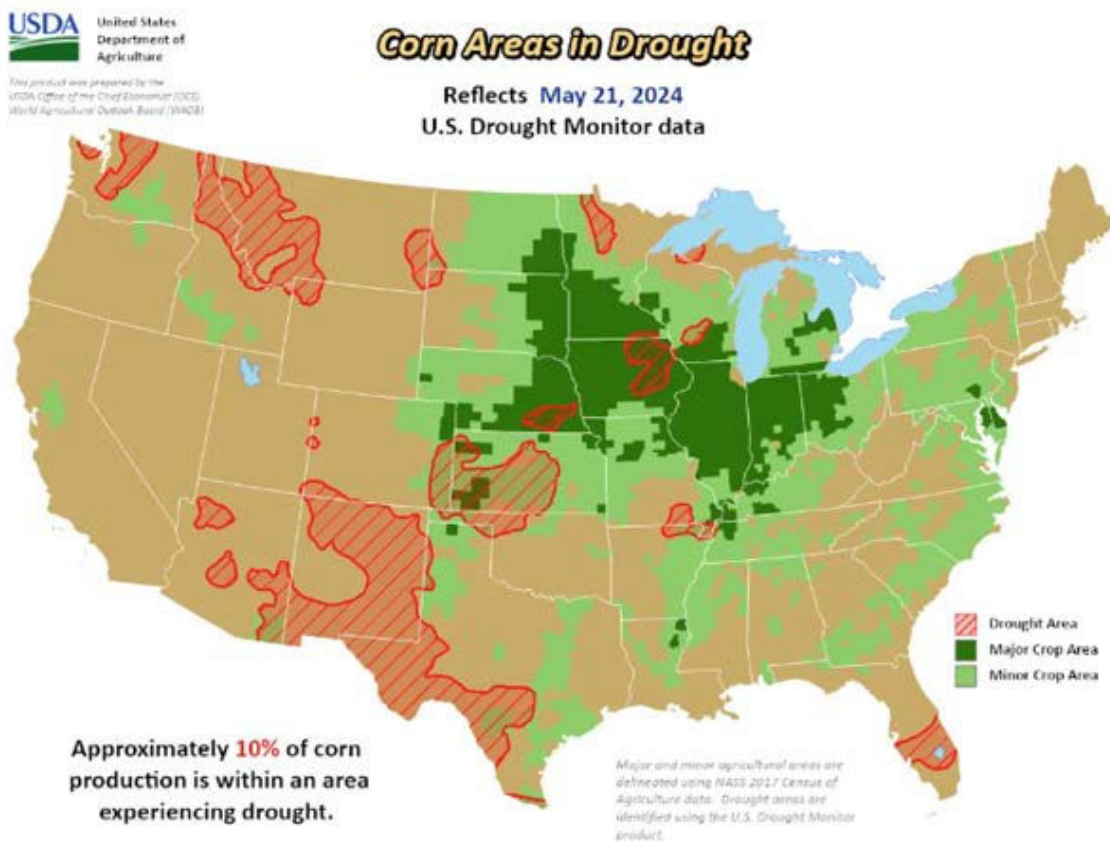


Grains

Corn

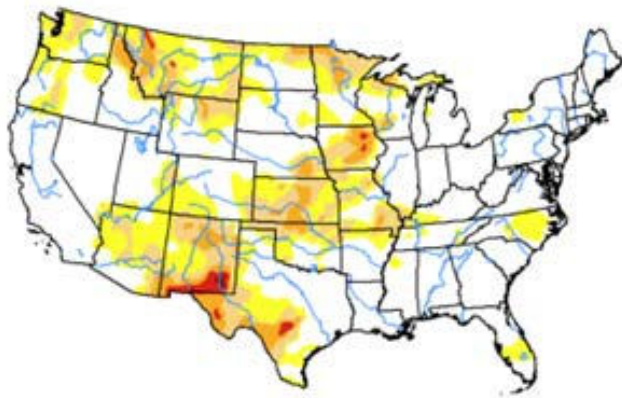
New crop corn futures are up roughly 3% in the month of May as we enter the homestretch of planting season across the U.S. corn belt. At the time of our April newsletter, corn acres stood at 12% planted. The USDA’s most recent crop progress report, published on May 20th, showed corn acres at 70% planted – a shade behind the 5-year average pace of 71% and last year’s pace of 76% for the same period. This came after the May 13th crop progress report showed corn planting 5% behind the 5-year average and 11% behind last year’s pace.

The lag in corn planting through early May was a result of wet weather across most of the central U.S., and led to firmer corn prices as funds exited their short positions over

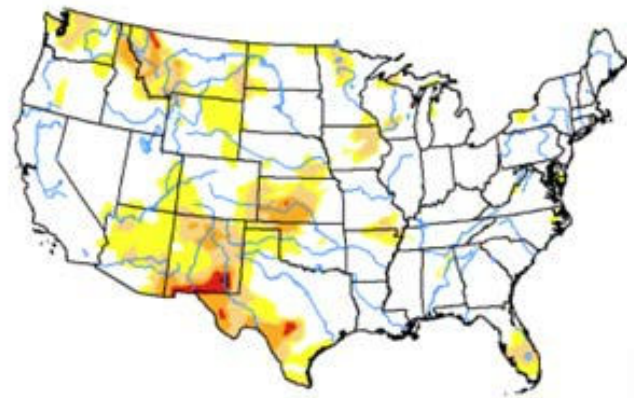


concerns of the crop getting planted on time. A good stretch of planting weather from May 13th to May 20th allowed planting pace to get back on track, and funds have returned to building short positions. The flipside of May's wet weather is a stark reduction in drought conditions across key U.S. growing regions. The USDA currently estimates that 10% of corn production is within an area experiencing drought, and the improvement is apparent when we compare a current drought map to that of a month ago.

WEEKLY DROUGHT MONITOR



April 23, 2024



May 25, 2024



Wheat

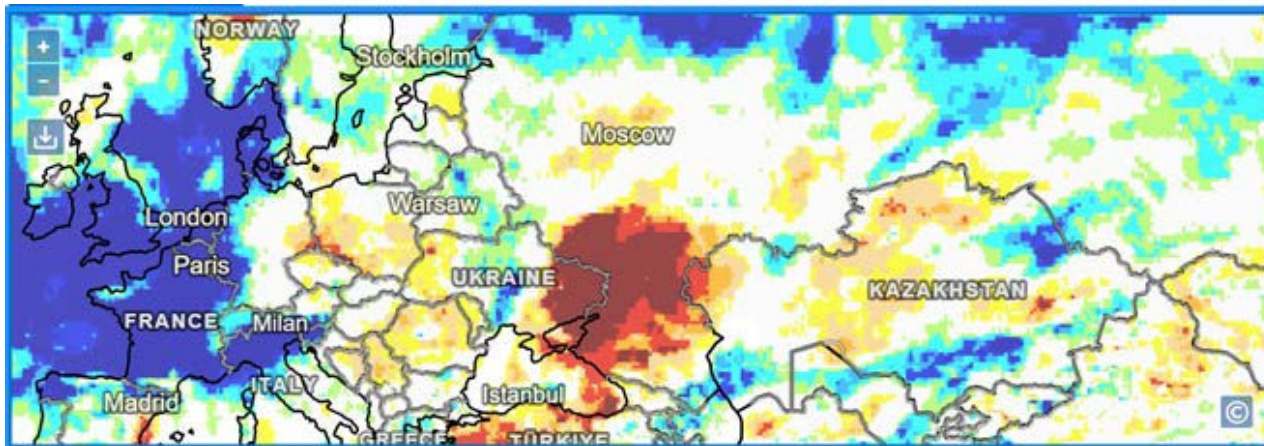
The USDA's projection of 705 million bushels of HRW wheat was a catalyst for a move higher in futures recently, however, the main story around the wheat market as of late is the weather in Russia. The ongoing dryness in Russia has been hurting exported crop causing wheat futures to push higher as of late. This has kept speculators short in Chicago and KC futures. Wheat production estimates are hanging around 83 million MT currently in Russia which is off by about 12-13% this time last year. That number could slip even further if the dryness continues in the southern region. U.S. wheat prices are also much higher than Russia and European wheat; currently, \$2.40 over corn prices, which will result in Asia and Europe using less wheat for feeding animals. The U.S. wheat crop is likely larger than it was at this time last year.

HRW & HRS CONTINUOUS FUTURES CHART



It could help make up some potential Russian shortfalls. For short term, the market will stay fixated on Russian weather and production estimates. In the long term, the market appears to have significant downside, especially if Russian production stabilizes.

3 MONTH PRECIPITATION INDEX



Cocoa

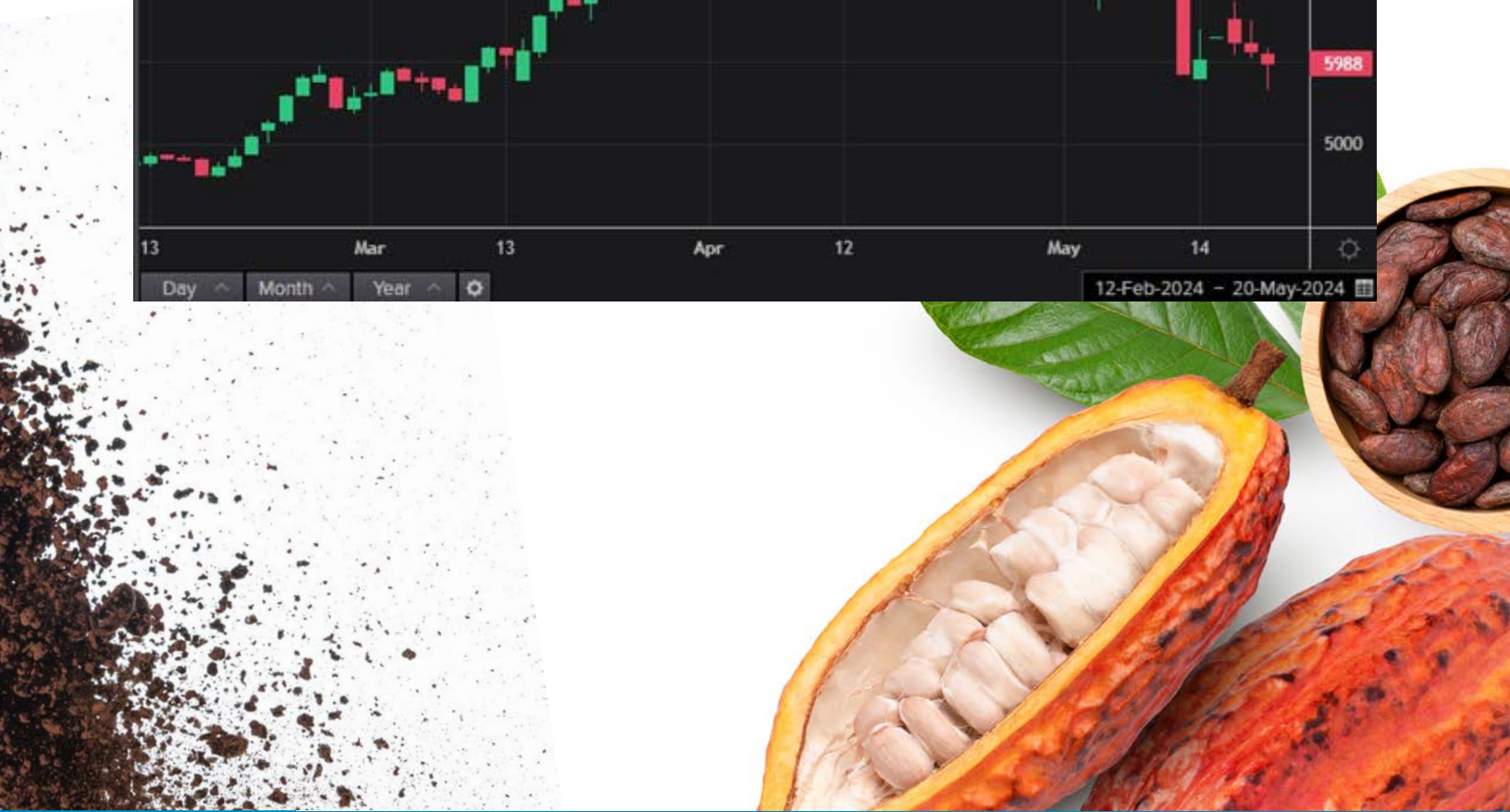
Both the ICE & LDN markets had corrections this month for July, hitting 2-month lows. Most of the driving force behind these lower numbers are the expectations that above-average rains in May can strengthen the development of the April-to-September mid-crop. These neutral-to-improving weather conditions will have a long-term impact on the S&D, but still are a few months away from being able to gauge the actual outcome.

Bullish factors for the market include a large deficit forecasted for the 2023/24 season and expectations for a very low stock level by the end of said season. Furthermore, bean grind for Q1-24 was still strong in North America with a +3.7% YoY growth.

ICE JULY



Bearish factors for the market point to chocolate confectionery demand being softer in North America according to Nielsen reports, along with knowledge that the cost of cocoa in chocolate has increased significantly. Also, interest rates are expected to stay high longer based on comments from the FED.



Soybeans

May soybean oil futures have been volatile with big intra-day moves but only traded in a 360-point range over the course of the month. The market saw a couple of key reports including the WASDE and NOPA crush report, while closely monitoring the weather for planting season in North America and harvest in South America. There was a rumor circulating that the U.S. would increase tariffs on Chinese-used cooking oil which would be friendly to oil prices as UCO is a competing feedstock in the Renewable Diesel industry. That was later debunked when the announced tariffs were focused on Electric Vehicles and no mention of UCO.



WASDE REPORT 5/10

- Minimal changes to the U.S. balance sheet as USDA printed 23/24 U.S. Ending stocks of soybeans unchanged at 340 mil bushels
- The 24/25 soybean Ending stock number was printed for the first time at 445 mil bu which was higher than the pre-report estimate of 431 mil bu attributed mainly to higher production – 86.5 million planted acres with 52.0 bu/acre yield resulting in 4.45 billion bushels total production

- Globally, USDA didn't cut Brazilian soybean production for 23/24 much as majority of the damaging rains have occurred after the data collection. Brazil total production was down 1.0 MMT from previous report 155.0 to 154.0 MMT. Argentine soybean production unchanged from previous report at 50.0 MMT
- For 24/25 global soybean production, the USDA printed an eye popping 169 MMT in Brazil and a slight increase in Argentina to 51.0 MMT. This results in a global production of 422.26 MMT and carryout of 128.5 MMT for 24/25

NOPA CRUSH REPORT 5/15

- NOPA reported April soybean crush at 166.0 mil bushel, well below the average trade estimate of 183.1
- Oil stocks were reported at 1.755 bil lbs below the average estimate of 1.881 bil lbs. largely due to the lower crush number
- April-September is when the majority of soybean processing plants schedule their annual downtimes but those figures would be included in the estimates. This decrease is mainly attributed to the low margin environment hovering around variable cost in the processing plants

- The lower crush trend will likely continue as meal basis is dropping with the completion of South American harvest and lower margins in the Renewable Diesel sector due to production outpacing the mandate which limits the demand for feedstocks such as vegetable oil

BULLS VS. BEARS – FACTORS TO WATCH

Bulls

- Weather – Wet weather across the growing regions of U.S. and Canada during planting season and heavy rains/flooding across Brazil amidst harvest season threaten overall production
- Geopolitical tension – escalation is typically friendly to commodities

Bears

- Managed Money - Funds holding short positions on both beans and oil as of most recent report. -60.7k contracts in beans and -54.8k contracts in oil
- Renewable Diesel – Low margins and availability of competing feedstocks at lower prices have reduced the demand for vegetable oil
- Palm Oil – Better than expected production in April resulting in discounted prices to soybean oil

