

**BIMBO PLANNING TO CLOSE NASHVILLE BAKERY THIS MONTH.** Bimbo Bakeries USA (B.B.U.) will cease operations at its bakery in Nashville, Tenn., by Jan. 14, part of an ongoing consolidation that includes the closing of plants in Easton, Pa.; Elk Grove, Calif.; and Wichita, Kas. The Nashville bakery, which produces bread and buns and currently employs 96 associates, will shift production to other B.B.U. bakeries in the company's manufacturing network. "This was a difficult decision because of the highly capable team of associates at the Nashville bakery," said David Tormena, regional vice-president of operations for B.B.U.'s Mid-Atlantic region. "However, after an extensive assessment, we concluded that the age of the equipment and building and the outdated level of technology make the bakery unable to compete effectively in the marketplace going forward." The company acquired the plant as part of its acquisition of the North American Fresh Bakery business of Sara Lee Corp. that closed in November 2011. The plant makes bread and buns under the Colonial, Iron Kids and Grant's Farm brands, according to the *2013 Directory & Buyers Guide* published by Sosland Publishing Co. Bimbo said the closing is not expected to impact its customer service, associate positions outside of the bakery or the availability of its fresh-baked products, which will continue to be distributed across the state.

**CONTINENTAL MILLS BUYS MIX PLANT FROM HARLAN BAKERIES.** Continental Mills, Inc. has acquired a 190,000-square-foot manufacturing facility in Effingham, Ill., from Harlan Bakeries. Financial terms were not disclosed. The dry mix manufacturing facility was built by Krispy Kreme Doughnuts Corp. in 2001 and sold to Harlan Bakeries, a family-owned company, in 2008. The facility can manufacture up to 225 million lbs of dry mixes. It increases the company's manufacturing footprint, which includes facilities in Kent, Wash., Hopkinsville, Ky., and Manhattan, Kas. John Heily, president and chief executive officer of Continental Mills, said, "The purchase of this facility expands our manufacturing capacity in the East and supports our long-term growth strategy. We are very excited to integrate the facility and employees into our organization." Continental Mills said it will continue to work in partnership with Harlan Bakeries to supply industrial bakery mixes to various Harlan customers. Continental Mills, Inc. is a privately held manufacturer and marketer of baking and beverage mixes, snacks and other food products.

### **FROM THE BAKERY PIPELINE**

With the ringing in of the new year, many consumers will once again pledge to eat better, exercise more and lose weight. Although most well-intentioned resolutions fall by the wayside by the time the Super Bowl comes around, it's fair to assume that clean label products will remain one of the dominant trends affecting the industry in 2014. According to recent studies, more than one-third of consumers seek out products that are organic or positioned as all-natural, even though the Food and Drug Administration has not defined what is "natural." And, according to the Organic Trade Association's U.S. Families' Organic Attitudes & Beliefs 2013 tracking study, 81% of U.S. families buy organic products at least some of the time, and of those families, 40% have begun buying organic in the past two years. Admittedly, most organic products are found in the meat, produce and dairy departments, but bakers can still discover a way to differentiate their brands and improve their bottom lines by positioning new products as authentic, simple, local, clean and wholesome. Find out more in *Baking & Snack's* December digital issue on [www.bakingbusiness.com](http://www.bakingbusiness.com).

**BACK TO NATURE BUYS SNACKWELL'S BUSINESS...** Back to Nature Foods Company, L.L.C., a portfolio company of Brynwood Partners VI L.P., has acquired the SnackWell's cookies and snacks business from Mondelēz Global L.L.C. The announcement comes less than a week after Brynwood sold DeMet's Candy Co. to Yildiz Holding A.S., Istanbul, Turkey-based owner of the Godiva chocolate brand. Financial terms of the transaction were not disclosed. Brynwood and Mondelēz Global formed the Back to Nature joint venture in 2012. As part of the partnership, Brynwood maintained operating control while Mondelēz Global retained a minority position in the new company. SnackWell's was launched by Nabisco, Inc. in 1992 as a line of reduced-fat and fat-free cookies and crackers. The brand's products include creme sandwich cookies, devil's food cakes, fudge pretzels, yogurt pretzels and popcorn products in portion control sizes. SnackWell's products are distributed in the United States through leading retailers.

**...WILL LOOK TO REENERGIZE BRAND.** In their first three years on the market, annual retail sales volume of SnackWell's cookies climbed to \$500 million. Sales went from \$55 million in the first six months to \$150 million in the first full year, to more than \$500 million in 1995. But as consumers' demand for reduced-fat products waned and interest in indulgence returned, sales of SnackWell's products slipped. By mid-2011, sales were around \$32 million, at which point Kraft Foods reintroduced the brand with new items and a fresh focus on advertising to weight-conscious women. In the 52 weeks ended Dec. 1, sales were \$35.4 million, according to Information Resources, Inc., a Chicago-based market research firm. Back to Nature management will look to pair SnackWell's with the Back to Nature brand to build scale back up. "We look forward to owning the SnackWell's brand and integrating it into our Back to Nature organization," said Vincent Fantegrossi, president and chief executive officer of Back to Nature. "Its healthy attributes, loyal consumer base, and strong distribution make SnackWell's a very complementary product line offering to our Back to Nature products. SnackWell's is an iconic brand, and we are excited about the potential that this acquisition brings to our company. SnackWell's significantly increases our scale in the important cookie and cracker categories."

**CHEERIOS REMOVES BIOENGINEERED INGREDIENTS.** General Mills has taken steps to rid Cheerios of buzzworthy bioengineered ingredients. Oats, the main ingredient in the brand's original cereal, are naturally non-bioengineered, the company said. But now, changes in sourcing and handling of ingredients, such as separating cane sugar from beet sugar and using corn starch made with non-bioengineered corn, enables the company to label the product as free of bioengineered ingredients. However, for other Cheerios varieties, widespread use of bioengineered crops would make removal of such ingredients "difficult, if not impossible," the company said. "The simple and unique nature of our product made it possible to label original Cheerios as not being made with genetically modified ingredients," General Mills said. "We made investments in new systems at our production facilities to separate the ingredients we use to make original Cheerios from our other products. For example, we store only non-G.M.O. corn starch where we store our corn starch, and only cane sugar where we store our sugar. And though there may always be some chance of some small amount of G.M. coming from some other source, none of the ingredients in original Cheerios are genetically modified."

## Bakery Newsletter

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U.S.D.A. FINALIZES FLEXIBILITY IN SCHOOL MEAL PROGRAMS. The U.S. Department of Agriculture has followed through on a pledge made last year to make permanent the current flexibility that allows schools to serve larger portions of lean protein and whole grains at mealtime. The U.S.D.A. first granted flexibility in the program in December 2012, acknowledging difficulties encountered by states and schools in serving meals that fit within the weekly minimum and maximum serving ranges for grains and meat/meat alternates as established in standards announced in April 2012 and implemented with the beginning of the 2012-13 school year. "Earlier this school year, U.S.D.A. made a commitment to school nutrition professionals that we would make the meat and grain flexibility permanent and provide needed stability for long-term planning," said Kevin Concannon, Agriculture Undersecretary for food, nutrition and consumer services. "We have delivered on that promise." The U.S.D.A. said it worked closely with schools and parents during the transition to healthier breakfasts, lunches and snacks. Following feedback from consumers, the U.S.D.A. implemented several updates to school meal standards, including additional flexibility in meeting the daily and weekly ranges for grain and meat/meat alternates, which has been available to schools on a temporary basis since 2012.

BILL DAVIS, LONGTIME BAKING INDUSTRY VETERAN, DIES. Bill E. Davis, president and owner of Bill Davis & Associates, L.L.C. and a longtime veteran of the baking industry, died Dec. 16. He was 77 years old. Mr. Davis began his career in the baking industry in 1960 as a mechanical engineer working in the process design and layout of large wholesale bakeries for Campbell Taggart Associated Bakeries. He later left to join Jones Industries, a small material handling company specializing in the design and manufacturing of baggage handling systems for the airline industry and mail sorting systems for the U.S. Postal Service, but returned to Campbell in 1971 as director of engineering. In 1980, Mr. Davis joined Mrs Baird's Bakeries Inc., as vice-president of engineering, helping the company develop its first company-wide maintenance program. Two years later, he joined Sasib Bakery, Inc. as executive vice-president of sales and marketing. In 1997, he left Sasib to become president of Pulver Systems, Inc., a bakery supplier of automated handling systems. He later worked for AMF Bakery Systems as vice-president of systems integration. Mr. Davis started Bill Davis & Associates in 2001. The bakery consulting and support group provides application and design, selection, location and brokerage of bakery equipment to bakers in the United States, Southeast Asia, Pacific Rim and China. Mr. Davis spent 35 years on the Baking Industry Sanitation Standards Committee (BISSC).

GRUPO BIMBO LAUNCHES NEW APP. Grupo Bimbo S.A.B. de C.V. has launched a new social responsibility application that the company says will provide consumers with "useful and practical advice on social responsibility." The new application, Sembrando Juntos, is available for the iPad and may be downloaded for free from the Apple on-line store. Once downloaded, consumers will be able to explore the different pillars of Grupo Bimbo's corporate social responsibility program: welfare, planet, community and collaborators. Users will be able to access stories, tips, advice and suggestions designed to provide information on topics such as personal finance, healthy lifestyles, natural resources and conservation of the environment, volunteer work and community support programs.

EDWARD MEISE, V.P. WITH AMF BAKERY SYSTEMS, DIES. Edward Meise, whose baking career dates back to 1947 when he became a field engineer for American Machines and Foundry Co., Bakery Division, died Dec. 21. He was 90 years old. Mr. Meise spent 56 years with AMF Bakery Systems, Richmond, Va., holding virtually every position with the company, from service technician all the way up to president. Most recently he was executive vice-president. He also spent 10 years with Maysville, Okla.-based Burford, Corp. as general manager. He served as a BEMA director and a member of the International, Product Liability and Scholarship committees. He also was a BEMA representative on the American Bakers Association Safety Committee.

**FLOUR** – Bookings of bakery were limited during New Year's week. Prices surged as historically strong cash wheat premiums and falling millfeed values offset continued weakness in futures. Across most of the country, bakery flour markets were in a typical holiday lull. But this was not universally the case. Early in the week, in individual instances, cookie-cracker and specialty bakers extended soft flour coverage into July-September and even October-December. These bakers saw flour prices dip into targeted ranges for their budgets and added the coverage. This was not seen in the pan bread flour market or for flour milled from spring wheat. Before the holiday, some bakers booked whatever components were required to complete flour contracts for January and February. It was suggested about 80% of January's flour needs were booked by the time the components were wrapped up with January-March coverage estimated at 60%. Coverage was extended further in the case of spring grades followed by soft flour and then pan bread flour. The historically strong cash hard winter wheat basis continued to discourage more aggressive coverage. Cash spring wheat premiums also were historically strong as were bids on soft red winter wheat. K.C. bulk middlings were \$165 to \$180 a ton.

**WHEAT** – Wheat futures prices continued to decline, although losses were trimmed by a bounce at week's end. New season's lows were set again, and the Chicago March wheat future traded below \$6 a bu for the first time since December 2011. Wheat futures last rallied in mid-October. Since then, Kansas City March wheat (through Jan. 2) dropped \$1.35 a bu, Chicago March dropped \$1.17½ a bu and Minneapolis March fell \$1.44¾ a bu. While some analysts said wheat futures were oversold, there was no bullish news to trigger a rebound. World wheat production was record high in 2013-14, and production was expected to be similar in 2014-15. The U.S. winter wheat crop entered dormancy in the best condition in years, and the crop across most of the rest of the Northern Hemisphere was said to be in good shape. A number of hard red winter states issued end-of-December crop condition updates, and while declines were indicated, they were from historically favorable levels. While frigid temperatures gripped most of the nation, much of the winter wheat crop was protected by a blanket of snow. Any damage to the crop won't be evident until the spring. U.S. wheat still faced stiff competition from other exporters.

**SHORTENING** – Bookings of bakery shortening were limited this week. Prices of most ingredients were lower. Soybean oil prices declined. Soybean oil futures prices dropped with the rest of the soy complex. The cash basis on soybean oil remained weak with some suggesting an even weaker tone in weeks ahead. A strong soybean crush augmented by heavy foreign demand for soybean meal ensured ample soybean oil supplies that required outlets. Soybean oil prices dipping below 38.5c a lb triggered an expansion in booking, which ensured contract balances remained extended 30 to 45 days. Basis-only coverage for the first quarter was pegged at 80% with some reluctance to book into the second quarter on ideas the new South American soybean crop may pressure values by then. Palm oil prices followed soybean oil lower. Coconut oil prices have steadied or even firmed a bit. Cottonseed oil prices remained strong with merchandisers pointing to a smaller cotton crop and slow harvest. The premium to soybean oil futures asked for refined canola oil in the Midwest slipped below 2c a lb, with bulk crude canola oil trading below soybean oil.

**SUGAR** – Corn sweetener contracting for 2014 was active the last two weeks of the year amid what some called a price collapse. Corn sweetener contracting for 2014 was fairly active before and after Christmas and at much lower levels than sought by corn refiners in initial offers. Contracting began slowly but activity picked up the week prior to Christmas with talk of prices 4@6c a lb below 2013 prices. Values appeared to collapse immediately after Christmas, with 6@8c-a-lb discounts from 2013 contracted prices common. By the time the New Year's holiday arrived, it was estimated 80% of 2014 contracting was completed. Some buyers continued to hold out, but most traders saw little additional downside price potential. Sugar markets were quiet with many traders still out of their offices; prices were steady. Midwest beet sugar held at 27c a lb f.o.b. this week. Refined cane sugar prices also were unchanged at 27.50c a lb f.o.b. Two beet processors were withdrawn from the market, with one expected to be out through February to ensure adequate supply to meet forward sales. Beet processors generally were well sold at a much higher level of prospective production than were cane refiners, which is typically the case.

**Cocoa** – Cocoa powder prices were unchanged in slow trade this week.

## FLOUR PRICES (\$/cwt, bulk, mill)

	K.C. all-winter standard	Mpls. all-spring standard	Chicago soft wheat straight
<b>1-3-14</b>			
<b>Market close</b>	17.90-18.00	19.35-19.45	15.20-15.30
<b>Week ago</b>	17.40-17.50	18.35-18.45	14.70-14.80
<b>Year ago</b>	19.65-19.75	18.90-19.00	16.70-16.80

## PROTEIN PREMIUMS (c/bu)

		1-3-14	Week ago
<b>Basis K.C. (March)</b>	11%	+120 to +130	+120 to +130
	12%	+155 to +165	+140 to +150
	13%	+150 to +160	+110 to +120
	14%	+150 to +160	+110 to +120
<b>Basis Mpls. (March)</b>	12%	+110 to +158	+90 to +125
(Delivered Chicago)	13%	+190 to +205	+160 to +240
	14%	+180 to +275	+250
	15%	No quote	No quote

## WHEAT FUTURES (\$/bu)

		Closing price		Season's	
		1-3-14	Week ago	High	Low
<b>K.C.</b>	March	6.42½	6.44¼	9.50¾	6.30¼
	May	6.44¼	6.46½	9.85	6.32¾
	July	6.44	6.48½	9.50	6.33¼
<b>Mpls.</b>	March	6.30½	6.34¾	9.58	6.24
	May	6.40	6.44¾	10.19¼	6.34¾
	July	6.50¾	6.55½	10.00	6.45½
<b>Chicago</b>	March	6.05¾	6.09	9.12¼	5.95½
	May	6.11¼	6.16¼	9.72	6.02¼
	July	6.14½	6.21¼	9.47	6.06¼

## CASH PRICES

	1-3-14	Week ago
<b>Hard wheat, Gulf (Basis March, \$/bu)</b>	\$7.92½	\$7.84¼
<b>Soft wheat, Gulf (Basis March, \$/bu)</b>	\$7.10¾	\$7.14
<b>Cocoa powder, N.Y. (\$/lb)</b>	1.00-1.15	1.00-1.15
<b>Sweeteners (c/lb) * Nearby</b>		
Cane sugar, N.E., bulk*	27.5-31.0	27.5-31.0
Beet sugar, Midwest, bulk*	27.0-27.5	27.0-27.5
Beet sugar, West, bulk*	27.5-31.0	27.5-31.0
42% HFCS, Midwest, bulk (2014)	20.0	20.5
55% HFCS, Midwest, bulk (2014)	24.5	25.0
<b>Bakery shortening (c/lb)</b>		
Corn oil, Chicago	38.75	38.75
Soybean oil, Decatur	35.75	36.50
Cottonseed oil, Valley	43.25	43.50
Loose lard, Chicago	36.00	36.00
Canola oil, Midwest	40.00	41.00
Palm oil, cif ports	42.00	42.25
<b>Frozen eggs, national, 30# tins (c/lb)</b>		
Wholes	88-90	94-97
Whites	110-113	112-115
Sugared yolks	88-92	88-92
<b>Dried eggs, national, drums (\$/lb)</b>		
Wholes	3.00-3.30	3.30-3.45
Whites	8.20-8.85	8.40-8.95
Yolks	1.65-1.90	1.70-1.90
<b>USDA dry dairy products, Central (c/lb)</b>		
Nonfat milk, high-heat	208.5-216.5	207-215
Whey	56.5-62	56-62
34% whey protein concentrate	165-185	165-185