

This came to Teri Pratt from family members who live up north. Just thought I'd pass this news along...

During our department meeting at our local Macey's grocery store, the director gave us a copy of this letter and said that wheat prices will be doubling in the next three weeks and the stores will be limited in what they will be able to get from the warehouse. Wheat bread will be about \$4.00 a loaf soon. I have noticed in just a week the price of wheat has gone up \$7.00.

Read if you want to or just buy some wheat.

Flour Allocation

February 21, 2008

To all our valued retailers,

We will be allocating all the flour out of the warehouse due to the national, and international conditions stated in the following article. We are also being allocated by our suppliers. Please bare with us. As soon as the conditions become manageable we will lift the allocations.

World wheat prices are at record highs and show no signs of letting up. The world wheat market is facing a perfect storm of factors that are relentless in their ability to force wheat prices to never before seen levels. Since December wheat has risen by 66% on top of the 83% increase in 2007.

In early 2007 the markets rose as a result of competition between corn and other crops for planting acres. A large portion of the US corn crop was being diverted from food to fuel as governments mandated increased percentages of ethanol in gasoline and diesel fuel.

In early spring one of the biggest US wheat crops on record was being hurt by excessive rain in the west and a drought in the east. As yield and quality fell wheat futures rose further.

In early summer with US harvest complete, problems started to surface in Europe. Severe heat and drought followed by excessive rain at harvest has forced many traditional exporters to import.

In January of this year the US Department of Agriculture revealed that the US Hard Wheat Crop was much smaller than the world had anticipated. That has forced buyers to switch to Spring Wheat driving that market to historic highs and wheat stocks to critically low levels. No one knows how high the market will go or if or when it will come down.

Flour prices have risen by 40% since mid December and we have been unable to stop the rise as grain is not being offered for sale while the markets trade up the daily limit. Prices will change until stability returns to the grain trading markets. There is no good news in the short term. Supply will continue to shrink while demand grows and various commodities compete for available acreage. All grains are rising along with corn and oil seeds.