

News Release

Higher Grain Prices Not An Immediate Factor In Higher Food Prices

Guelph, ON (October 30, 2007) According to a new report from the George Morris Centre, food price increases are difficult to achieve in today's competitive retail environment.

Amid reports that higher grain prices translate to higher food prices, the *Food Industry Financial Review and Update* cautions against taking a broad view of the food industry, rather than examining the sub-sectors involved.

According to Kevin Grier, Senior Market Analyst and author of the report, "understanding the structure of food pricing requires a thorough examination of factors like manufacturer and retailer operating margins, sales, and plant capacities."

Although Canadian food industry pricing is up 4% from last year, total sales are down, resulting in a substantial decline in overall sales. This is reflective of the changes in sub-sectors like meat, dairy, bakery, and fruit and vegetable, and their impact on total numbers for the food industry.

The report also looks at the volatility of profits, not only for food manufacturers and retailers, but for Canadian industries as a whole.

Food Industry Financial Review and Update is available on the George Morris Centre website: www.georgemorris.org.

The George Morris Centre is Canada's independent agri-food think tank, dedicated to provoking informed dialogue on policies and issues and fostering excellence in the agri-food sector.

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