



## 4 Key Factors Driving Market Pricing

### CANOLA OIL

Canola prices surged due to adverse crop conditions, surpassing the previous all-time high by nearly 50% last year. Drought in Canadian growing regions led to a 35% decrease in seed production and significant oil yield losses. Consequently, demand for canola seed exceeded production by over 40% in 2021.

### PACKAGING

Packaging components remained stable before 2020, but pandemic-driven demand spikes affected HDPE (high-density polyethylene) and PET (polyethylene terephthalate), key materials in our packaging. Texas winter storms compounded supply issues.

Paper, especially corrugated boxes, saw a 12% cost hike driven by the pandemic-driven e-commerce boom, expected to continue.

### SOYBEAN OIL

The price of soybean oil is closely linked to Renewable Fuel Credits (RFCs). Renewable Diesel plants demand a higher oil quality than crude, leading to increased refining premiums. This competition for refined vegetable oils pits renewable fuel producers directly against food companies in the market.

### TRANSPORTATION

Transportation costs have surged, reaching the highest vacancy levels since 2015. Recent supply chain disruptions due to political or environmental factors have exacerbated delays and increased demand for trucks. The transportation industry has yet to fully recover, and we anticipate freight costs will continue to rise through 2022.