

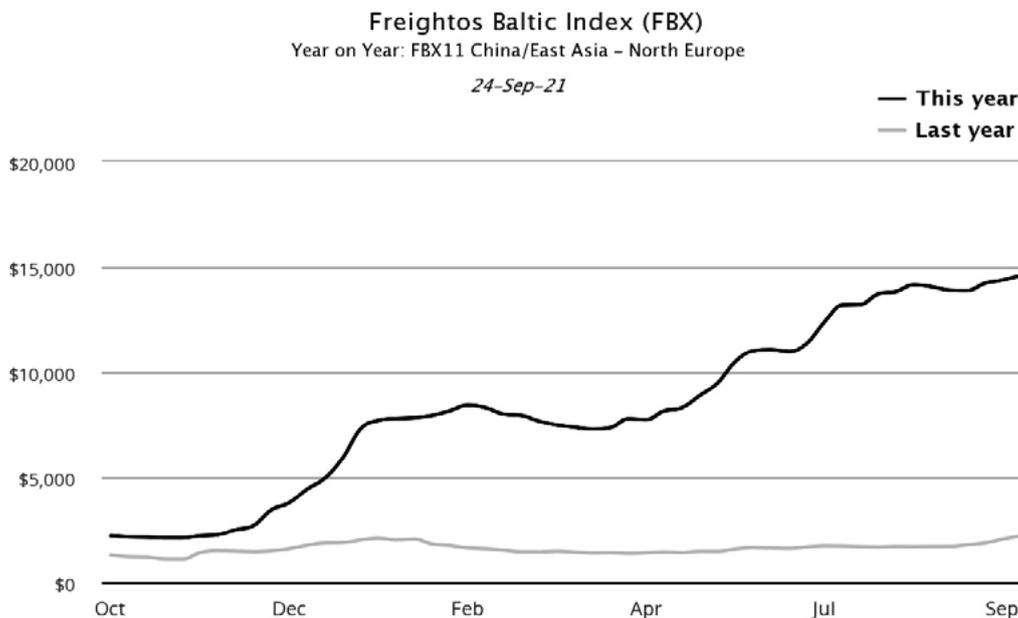


Market Report

October 2021



The harvest season, which has largely gone to plan, is drawing to a close in the northern hemisphere. It is not the weather or plagues that harm crops and yields and that are upsetting markets. Rather, pandemic-related disruptions continue to present major challenges for global supply chain management in fields, factories and particularly in maritime transport. All this leads to additional costs, which have shot up for container shipments from Asia and remain at an extremely high level (see graphic below). The advice remains the same: face reality, coordinate closely and in good time, and make generous delivery arrangements!



Fish

Tuna

Skipjack prices in the main trading venue of Bangkok have been hovering moderately between USD 1,300/t and USD 1,500/t for a year without the usual large fluctuations. At present, the price is slightly lower at around USD 1,350/t, despite the FAD ban that will remain in place until 30 September. Again, it is not the raw goods determining the price but sharply increasing manufacturing costs, including fuel for fishing vessels and carriers, sheet metal for cans and cardboard, limited capacity at factories due to COVID-19 and extremely high sea freight costs. It would be imprudent to forecast how these costs will change, but fish prices will remain low for the time being as catches exceed factory demand. One matter under discussion is the supply of MSC-certified fish from the critical Western Central Pacific Ocean (WCPO). MSC is urging the Fisheries Commission (RFMO) to bring forward their overdue long-term harvest strategy and is threatening with suspension of MSC certification of fisheries as of June 2023.



Market Report

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Tomato Products

Tomato paste/diced tomato/pizza sauce

The situation is still positive in Southern Europe and the harvest is about to come to an end. 38.5 million tons are expected in 2021 at the global level, almost exactly the same amount as in 2020. It does, however, fall slightly short of original expectations due to the drought in California. Despite all that, the continuing high demand has emptied stocks and hardly anything remains from the new harvest. Securing supply is becoming most urgent, subsequent relief from the southern hemisphere shall also be severely limited and the market will get even tighter.

Dried tomatoes

In Turkey, the heatwave in July made the tomato season much shorter. Drying capacities were unable to accommodate the short-term excess supply of raw goods, with the result that the planned quantities could not be provided. Demand is currently somewhat restrained as the EU quota for duty-free imports for 2021 has been fully used up. However, at the end of the year when the new quota quantities for 2022 will be released, the still available quantities will quickly sell out. Now is the perfect time to cover your needs for consignments until the end of 2022.

Vegetables

Peppers/chillies

The harvest in Turkey is at its height. Despite the intense heat in July, things are going as planned for **(Capia and Topa) peppers**. However, yields of **(Lombardi and Macedonian)** chillies as well as **jalapeños** and **Kardoula peppers** are poor, fruits are small and, in some cases, there are inadequate quantities for a second round of picking. Producers will not be able to deliver the contracted quantities in full. Good distribution and close coordination at the local level is now crucial – we are well positioned for this with our experienced team in Izmir.

Frozen soy bean kernels

Strong demand led to a brief supply gap in the market, but goods are now starting to arrive from the completed harvest in southern China. The firm quotations in the origin have risen considerably due to the extremely high cost of sea freights. Demand for this trend product remains high and the market is tight. We recommend that you secure long-term contracts now.

Fruits

Pineapples

Thailand is still off season, but even the slowly improving supply of raw goods at a 'normal' rate of 7 Baht/kg will not bring things back to normal with the winter harvest starting in October. Pandemic-related restrictions are still severe, factories have to produce far below their capacity and there is a shortage of workers in the fields and in production. All production costs, be it energy, sheet metal for cans or cardboard and sea freights, remain high – and the situation is no different in Kenya and the Philippines. It is no longer down to the supply of raw goods, but pineapples remain expensive and there is still limited availability.



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Peaches

Matters are even worse than feared; the frost in Greece during the peach blossom reduced the yield by more than half. Only small quantities are available for those who are quick to take action now. China also fell victim to frost and yields are about 20% lower than those expected. However, aside from the import duty, exorbitant container freight rates actually make it impossible to buy from there.

Jackfruit

This fruit from Southeast Asia is increasingly being used as a meat substitute. We now also offer 'pulled' jackfruit, i.e. small, shredded pieces that can be used in suitable preparations.

Pulses

The now completed **lentil** harvest in Canada was severely affected by heat and drought, with the result that yields are at least 40% below expectations. The **lentil** and **chickpea** harvests in Turkey also suffered a similar fate. The prices, which increased in 2020, will rise again sharply and the trend will continue. Prospects look good for the **kidney bean** harvest in North America that is now under way. The more northerly growing regions remained largely unaffected by the drought. China is losing significance for the European market due to the extremely high sea freight costs, which is another reason why the market for pulses is generally tight. We recommend that you cover your needs in the long term and secure supplies – prices will not get any cheaper!

Cereals

Quinoa

The harvest in Peru has arrived and turned out well as expected; prices are favourable. Having said that, this only applies to white quinoa; less red crops were grown and are more expensive; and black quinoa is only available in limited quantities and at high prices. Please be careful with very low prices as there is still a lot of product from last year's harvest, some of which is also contaminated with pesticides. We carry out rigorous inspections and also offer **certified organic qualities**.

Bulgur/couscous

The wheat harvest in Europe is only slightly below expectations. However, in Canada, one of the largest wheat export countries, yields fell by more than a third compared to the previous year due to extreme heat and drought – dropping to the lowest level in 14 years. The global market supply is extremely tight, quotations on commodity exchanges continue to rise and the price of durum wheat has almost doubled since last year. We strongly advise that you act quickly and cover your needs in the long term. We offer **brown** and **yellow** bulgur in coarse, medium and fine grain sizes, as well as **certified organic quality**.

Couscous is available as standard and wholemeal. There are also medium and coarse varieties as well as **certified organic quality**.



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Spices and Sauces

Capers

As was the case last year, the harvest in Morocco started much later than usual as it was too cool and dry for a long time. The small sizes in particular are in short supply and expensive. There is no favourable alternative available from Turkey. Raw materials are also short from Kyrgyzstan, Turkmenistan and Uzbekistan. Your demand needs to be secured until the next harvest in 2022 is on the market.

Sesame paste/tahini

The civil war in northern Ethiopia will severely impact the sesame harvest starting in a few weeks; in many regions it was not possible to cultivate the fields at all. We need to closely monitor how things develop this season.



We have calculated our corporate carbon footprint (CCF) and are working to keep it low. We offset the remaining emissions and this makes our company carbon-neutral.

[Find out more here](#)



Anuga 2021 in Cologne

9-13 October 2021 – Hall 10.2 / Booth D-059

We look forward to seeing you at our booth!

Sincerely,
HENRY LAMOTTE FOOD GMBH

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