

Frohe
Weihnachten

Merry
Christmas

Meilleurs
Voeux

新春大吉



MARKET REPORT

December 2020

The market in general

With the second Corona wave the market is demonstrating some expertise already operating in crisis mode and finally there is light at the end of the tunnel! Crops were finished overall satisfactorily in the Northern Hemisphere and despite numerous obstacles supply chains performed well from all continents. However, we are certainly not back to business as usual and cautious planning as well as sufficient stock piling are a prerequisite to minimize supply risks – „just in time“ delivery cannot be the motto under the circumstances! The sudden and extreme hike in sea freights, in particular from East Asia, with container rates having more than doubled within just a few weeks proves this very clearly.

Market Infos and recommendations

Tuna: After resting at USD 1,300/t for a number of weeks, skipjack in Bangkok has now moved slightly higher to approx. USD 1,400/t. Typically, this trend should continue well into the first quarter with catches in the West Pacific and landings in Bangkok as well as General Santos being down and staying low into the new year. At the same time, demand continues to be weak at virtually zero from the food service segment. Accordingly, the market should move sideways for the time being. The situation is similar in the East Pacific, however at a higher price level with Ecuador/Manta quoting USD 1,800/t. Factories there are selling at cost to compete in the global market. Our recommendation is to cover demand for the first half of 2021 as the current price level should be considered favourable and the market is likely to move up once demand from the food service segment returns. Tuna of **MSC-certified** catch continues to be in high demand. There is also a trend towards tuna packed in **vacuum pouches** (e. g. 3 kg or 7 kg bags) which is now also available for MSC tuna

Pineapple: The winter crop in Thailand has reached its peak with better yield and more favourable quotes after the recent all-time price records. Altogether however, the output of pineapple in Thailand will only reach 900,000 tons this year, which is by far the lowest result for more than a decade. The market looks uneven with some limited offers of a few factories giving some relief in a market that has been overheated for months. Many factories however have not restarted operation or are running at half capacity only. The output will not be sufficient by far and even the forecast for the following summer crop will not allow for balanced market. Obviously, there is a lot of speculation going on, however, a closer look does show that it will take until the winter crop 2021 for the market to find some equilibrium. The much smaller supplying countries Kenya, Indonesia and the Philippines are fully booked, partly delivering behind schedule. Scarcity will continue for some more months

and the current shipping difficulties from Asia are adding to this further. Please allow for sufficient stock and check with us for timely delivery.

Mandarin oranges: As expected, China is having a good crop, both in terms of yield and quality. The crop will be lasting until Chinese New Year in mid-February. There are good offers available for **whole segments “fancy”** as well as for **“broken”** quality in A9 and A10 cans and we do recommend to cover now for 2021. Turkey being the price leader, albeit with some qualitative limitations, sold out very quickly. Spain is having a reasonable crop, but factories are burdened with costly Corona measures which adds to their difficulty to be competitive.

Dates: The crop is underway for **Deglet Nour** in North Africa and should finish with good results, similar to last year. Processing is now running more stable after packers had to scale down operations due to Corona in the summer. Prices remain stable and we do recommend to order now also to safeguard timely delivery before the Ramadan starting mid-April. We offer a wide range of specifications for the manufacturers of ready to eat salads and delicatessen as well as sweets – **whole fruits, pieces, paste, powder, syrup and now also sprinkles**. All varieties are available also in **organic quality**.

Tomato products: Same as in 2019 and now even to an increased extent, worldwide consumption of tomato products continues to exceed supply. This is confirmed by recent figures of the retail sector showing a growth exceeding 10% for the respective product groups. Countries of origin worldwide are more or less sold out, many warehouses have been cleared already. Prices have reached a 10 year high for the very limited volume that is still available. As an alternative, the coming crop in the Southern Hemisphere is under observation with particular focus on Chile. Please consult with us.

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Olives: As forecasted, Spain is going through another unsatisfactory season as the summer was too hot and the rain came too late. **Manzanilla** is the exception with results recovering for this variety after a very low yield in 2019. Overall, output in Spain this year is approx. 10% below the average of the previous 4 years. As a consequence, prices there are moving up. Morocco however is having a good crop and is thus offering some alternative. We do recommend to take advantage of this constellation and to cover demand for 2021 now. Italy is reporting good results for the **Nocellara** variety and likewise Greece should prove good figures for **Kalamata**, prices may be slightly below last year, however, firm for **organic qualities**.

Peppercorns, green: Due to Corona, there is a lack of workforce to pick the unripe, green peppercorns, which are therefore left on the bushes for ripening. Yield of green peppercorns should thus be down this year. Prices are currently still at last year's level and we do recommend not to wait any longer. Aside from bulk packaging (cans and 10kg vacuum bags) we are also offering packaging in smaller cans up to 850ml, also under **private label** and also in **organic quality**.

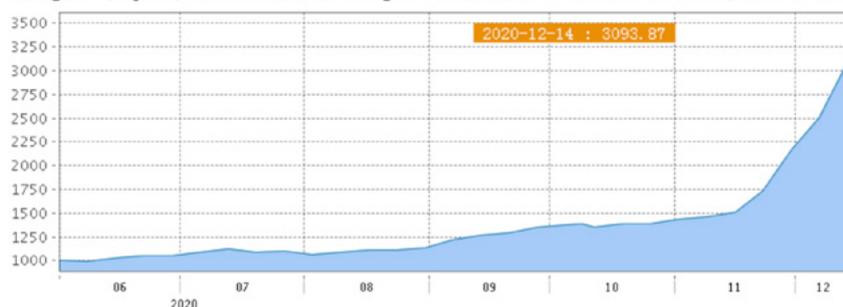
Coconut milk: Demand is clearly exceeding supply, the market is firm and moving up, both for conventional as well as for **organic quality**. Especially shipments from Sri Lanka are slow and behind schedule, Indonesia, is fully booked for the first quarter. Demand is strong, prices are climbing up.

Sesame paste/Tahini: As expected, a very disappointing result of this years' crop in the Northeast of Africa – locust plague, flooding, Corona! With demand growing further, it should be obvious that prices will move up. Some limited stocks of good quality of last year's crop are still available at reasonable prices. We urgently recommend not to wait but to cover demand long-term now.

Pulses: Strong demand with prices clearly moving upwards for **chick peas, kidney beans, lentils, pinto beans and black beans**. Supply will be tight until summer 2021 and should be secured now. Aside from dehydrated beans and canned beans, we are also **offering precooked beans** and all this also in **organic quality**.

Cost of transport: Container rates “exploded” in mid-November with the important routes from Asia to Europe being particularly affected (see index graph below). Rates more than doubled within just a few weeks and by now have even tripled from some loading ports. This is likely to continue at least until Chinese New Year in mid-February. Reasons should be found in the disruption of the worldwide cargo flows as a result of the Corona pandemic, leading to a serious shortage of transportation capacity on some of the main traffic routes. The shortage and extreme additional cost lead to delays, postponements and cancellations and where not avoidable will have to be borne jointly by trading partners in this extreme situation.

Shanghai (Export) Containerized Freight Index based on Settled Rates (EUR service)



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trusted**
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Sincerely,
HENRY LAMOTTE FOOD GMBH
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