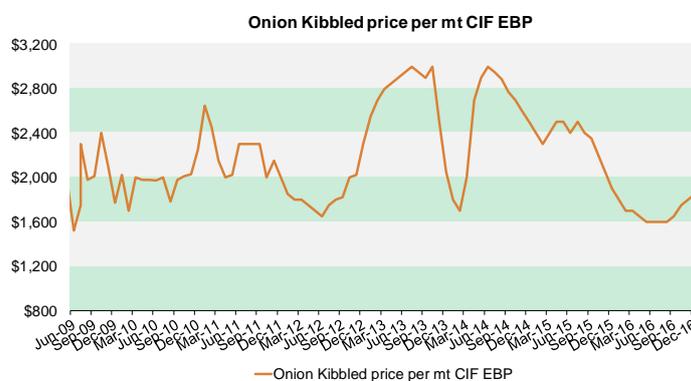


Market Update December 2016 Dehydrated Vegetables & Herbs

Onion

Egypt

The Egyptian summer crop was largely sold as fresh onions to the Middle Eastern market as demand has been strong from this part of the world. Consequently, the onion dehydrators from Egypt were not very active the second half of 2016 as they were not at all competitive compared to the substantially



lower prices offered by the Indian dehydrators.

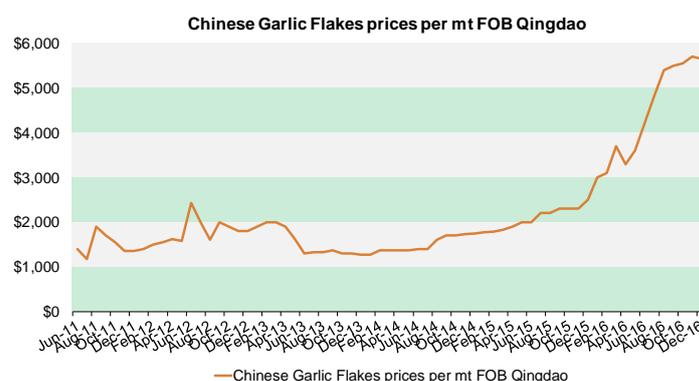
The planting of the 2016 winter crop started in September and since November farmers have started harvesting and this will be finished by the end of December. It is reported that the crop is developing well. Due to the recent devaluation of the Egyptian pound local onion prices will be adjusted upward soon.

India

From several sources we are receiving reports that the planted acreage of the Indian Kharif (winter) will be 30-40% less compared to last year on account of low prices caused by the large 2016 Indian summer crop. As the carryover stocks from the summer crop are still large we expect that the supply from India will be sufficient for the time being to keep the market at current levels of USD 1800 per ton CFR EBP for onion kibbled grade B. Recent reports about adverse weather conditions coupled with the reduced planted acreage most likely will result in a firmer market soon.

Garlic

As we reported in our last update garlic prices in China continued to soar as high-quality (low micro + allergen compliant) stocks are getting depleted rapidly and demand remains very strong worldwide. The market for garlic flakes went up by a staggering USD 2000 per ton since September 2016 and has reached a level of USD 7500 per ton CFR EBP by mid December 2016. As the supply from China for good quality garlic is hardly available anymore buyers are eagerly looking for alternative material from



other garlic producing countries like India, Spain and others. Supply is tight all over though and quality from these origins is doubtful and different in taste and color compared to Chinese garlic. It is generally expected that there will be no major relief in the market before August/September 2017 when the new Chinese crop will become available. Until then it is therefore strongly recommended to cover needs.

Even in case the new 2017 Chinese crop will be normal the market will have to face the fact that the number of dehydration factories in China has significantly been reduced this year, as a result of the strict government measures on anti-water pollution and cash flow problems resulting in the closure of many small and medium-sized factories. As a consequence of the above developments a firmer market during Q1, Q2 and Q3 and perhaps even until the end of 2017 is very likely.

Bell Pepper/Carrots/Tomato/Leek

Due to strict environmental protection measures of the Chinese government some of the smaller and medium-sized tomato and bell pepper factories were forced to close down this year. Higher manufacturing costs and poor weather conditions in the main growing areas like Gansu, Ningxia and Xinjiang resulted in a disappointing tomato crop during 2016. Tomato flakes 10x10mm are currently being offered at USD 4400 per mton CIF Rotterdam.



The final outcome of the Red Bell pepper crop in Inner Mongolia, the main growing area in China, was disappointing. Quality was also below average leading to higher cleaning costs for the manufacturers. As a result prices firmed up substantially during the last quarter of 2016. Red Bell pepper flakes 9x9 mm are now being quoted at USD 5100 per mton CIF Rotterdam. Green Bell pepper crop output was slightly higher this year due to a larger area planted. Current prices are at USD 3600 per mton.

Carrot crop was normal this year in China and prices are steady at USD 1600 per mton CIF Rotterdam.

Leek has been very short this year in China as well as in Poland and flakes 9x9 mm are currently being offered at USD 4600 per mton CIF Rotterdam. Present stocks are very minimal at the moment.

Mediterranean Herbs

During the past few months prices for basil firmed to Euro 2300 per kg CIF Rotterdam on account of a smaller area under cultivation.

Marjoram prices from Egypt are fairly stable around levels of Euro 3100 per kg.

Despite a 10-20% larger crop in Turkey prices for oregano increased as the industry is becoming increasingly aware of the adulteration risks. As a consequence the demand for pure oregano remains very strong. Today oregano leaves are being sold at Euro 3200 CIF Rotterdam.

Thyme leaves prices are unchanged at Euro 4250, sage leaves are still at Euro 3650 and rosemary is offered at Euro 3600 per mton CIF Rotterdam.

Parsley, Tarragon, Dill & Chervil

Crops for parsley, tarragon, dill and chervil in France and Germany are finished by now and were less than average due to severe flood damage. The parsley crop in Poland and other Eastern European growing areas yielded normal quantities though.

