



Litchi Letter

2007-2008 Campaign

Week 46 - 10th to 14 November 2008

Sulphured fruits by air	
week 45-08	week 46-08
↓	↓

On stem fruits by air	
week 45-08	week 46-08
↓	↓

Sea freight Madagascar	
week	week

Sea freight South Africa	
week	week

Clear deterioration of the market conditions on the air freighted market this week. The accumulation of supplies from different origins of the Indian Ocean is colliding with the weakness of the demand on the European markets. After the beginning of the Mauritius campaign, Madagascar has also started exporting fruits now followed this week by South Africa and The Reunion. It would seem that all the litchi producing origins from the Indian Ocean have benefited this year from good weather conditions explaining the importance of production. The end result of these good weather conditions is the need for producing countries to export as much fruit as they can towards the European markets. But actually, the demand for fruits and vegetables, and mainly tropical crops is way below operators expectations. The atmosphere related to the crisis that one can feel on markets is affecting consumers that are very cautious and more inclined to buying with basic crops.

The important supplies of incoming litchis have not aroused a specific interest for the fruit from retailers, and the drop in sales of the first fruits available have in a certain manner « frozen » further orders. Considering the actual evolution of the situation, the campaign will certainly be difficult while it is confirmed that the beginning of the campaign in the area of Manakara (near Madagascar) is still set for November 2nd with more than 1 000 tons that have already been harvested and loaded in containers at Tamatave and shipped on November 12th. In addition, the official opening of the sea freighted campaign was done on November 14th. Two conventional vessels should be loaded during this campaign with a total of 11 000 pallets. These fruits are expected to arrive in Europe at the end of the first week of December (date to be confirmed).

The present difficulties met in marketing « air freighted » litchis, will not help in getting the sea freighted fruits off with a good start if the demand stays as low as it is right now.

Litchi - Estimates of incoming volumes by Air - In Tons					
Weeks	44	45	46	47	48
Mauritius	3/5	5/10	30/40		
South Africa			10/20		
Madagascar		15/20	100		
Reunion			5/8		
Total	3/5	20/30	145/168		

Incoming tonnages in Tons							
Incoming tonnages				Forecasted tonnages			
Departure source	Vessels	Dates / Ports	Tonnage	Departure source	Vessels	Dates / Ports	Tonnage
				Tamatave 12/11	Container vessel		1 000

The above mentioned indications are subject to confirmation

Litchi - Import Price - In euros / kg

Weeks	GERMANY		BELGIUM		SPAIN		FRANCE		HOLLAND		UNITED KINGDOM	
	45	46	45	46	45	46	45	46	45	46	45	46
Air												
Mauritius (b)							10-11	8.00-8.50				
Mauritius (s)	7.50-8.00	7.00-7.50	7.00	5.50-6.00			6.00-8.00	5.00-6.00	7.00-9.00	5.50-6.00		
Madagascar (s)			6.50-6.75	5.50-6.00			5.50-8.50	5.00-6.00	7.00	5.50-6.00		8.00-8.15
Madagascar (b)												
Reunion (b)								9.00-10				
South Africa (s)		6.50-7.00						5.00-6.50		5.50-6.00		11.50
Sea												
Madagascar												
South Africa												

(b) : On stem /fresh ; (s) : sulphured / note :Indicative and average price given by operators most representative of the industry for fruits of satisfactory quality)

Litchi - Trends on different markets

Germany : Small lots of litchis from Mauritius and South Africa have been put on the markets this week. The demand is still anecdotal. Prices are on a down trend after the first sales of fruits received last week.

Belgium : Strong drop in prices for litchis from Mauritius and Madagascar compared to last week. Moreover, there seems to be a sort of alignment on prices done for the only two origins available on the market.

Spain : Supplies are very weak. Operators that are mainly buying from France are having a « wait and see » attitude because prices continue to drop day after day. Moreover, consumers are reluctant to buying « air freighted » fruits that are very expensive at retail level.

France : Progressive drop in prices for « air freighted » litchis from all the origins available on the market. The accumulation of supplies exceeds by far the market's capacity to absorb the marketed volumes. Past the infatuation for the first fruits received on the market, orders have drop significantly because the weakness of the demand prevents sales from being fluid at retail level. In the actual crisis context, marketing channels are very reserved. Incoming volumes are difficult to sell, and drop in sales this week are leading to important built up of stocks. To avoid a glut of litchis on the market, operators have started suspending their supplies in order to sell fruits in stocks. Sales towards other European markets are also very complicated because orders are also on a down trend. If sales are still difficult, fruits in stock could start having quality issues that will complicated even more their marketing process. The present situation is all the more regrettable because the production from the Indian Ocean area is important and of satisfactory quality (litchis are of rather good size and taste).

Italy : Very weak supplies of litchis this week. Supplies that mainly come from Mauritius (via the French market) are difficult to sell because of the weakness of the demand. The volumes sold are to weak to be able to give a real and reliable price trend.

Netherlands : Strange situation on the market, with supplies that are in progress from all supplying origins but with no demand. Alignment of prices, for all the origins present on the market. Prices are on a down trend and have lost between 0.50€ to 1.00€/kg from the beginning to the end of the week. Air freighted fruits remain to expensive at retail level for consumers.

United Kingdom : Supplies are very limited on the UK market that has just started it's litchi marketing campaign. The two origins available on the market are south Africa and Madagascar. South African fruits are mainly sold through supermarkets. They are for the time being sold on the basis of 2.30€ for 200g punnets. Fruits from Madagascar are available on the wholesale market but they are also expensive.

change rates - November 08

1 euro =

United Kingdom

0.7907GBP

Madagascar

2 332.16 MGA (Ariary)

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Litchis from Madagascar homogeneous in size and colour.



Litchis from Madagascar of mixed size and colour.



Litchis from Madagascar of small size.



Attractive fruits from Madagascar.



Mixed quality litchis from Madagascar with mould spots.



On stem litchis from Mauritius of satisfactory colour.

On stem litchis from Mauritius of satisfactory quality



Litchis from Mauritius rather homogeneous but limited in terms of size.



Litchis from South Africa of good size but mixed in terms of colour

