



Litchi Letter

2008-2009 Campaign
Week 52 - 22nd to 26 December 2008

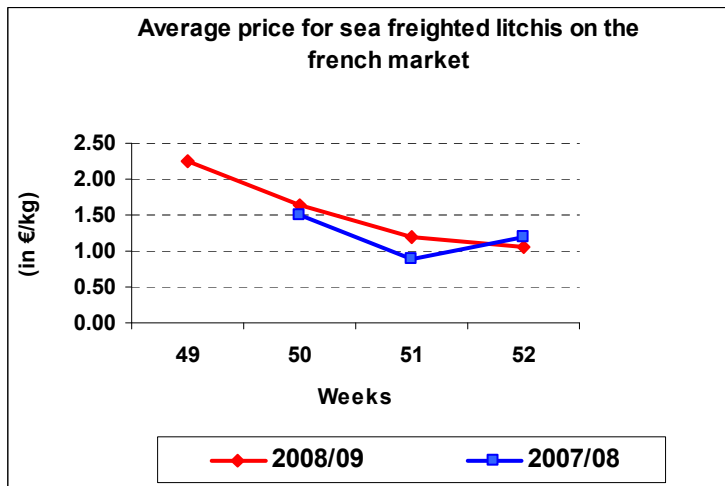
Sulphured fruits by air	
Week	Week

On stem fruits by air	
Week 51-08	Week 51-08
↗	↗

Bateau Madagascar	
Week 51	Week 52
↓	↓

Bateau Afrique du Sud	
Week 51	Week 52
	↓

Christmas falling this year on a Thursday, litchi sales in supermarkets were mostly done at the end of week 51. Consumers did most of their shopping during the weekend of December 20th and 21st. An increase of the demand took place at the beginning of the week on most of the European markets highlighting once more the consumers' trend during Christmas already noticed during previous campaigns. Prices at retail level held rather well avoiding what could have been a more complicated situation if the drop in prices had been more important. However, if sales were important, they seem to have been less (in terms of volumes) than those done during the previous campaign. The apparent reason for that is of course the fact that there were about 6000 tons less of fruits delivered on the conventional vessels coming from Madagascar. The completion of supplies with « container » litchis did not affect selling prices that are still on a down ward trend.



Incoming supplies by container are continuing with volumes that should exceed those already received by conventional vessels. This is the opposite trend to what was so far observed during previous campaigns. The supplies received so far or those expected should be enough to cover the demand between the end of the year celebrations and the month of January. This period generally marks the progressive decrease of litchis in supermarkets, but the Chinese New Year celebrations at the end of January could well boost the demand for the fruit, at least punctually before the end of the marketing campaign of fruits from Madagascar.

Litchi - Estimates of incoming volumes by Air - In Tons					
Weeks	48	49	50	51	52
Mauritius	30	10	5/10	5/8	5/8
South Africa	40/50	20/30			
Madagascar	30/40	10/20	5/8	5/8	
Reunion	25/30	25/30	25/30	60/70	60/70
Total	125/150	65/90	35/48	70/86	65/78

The confirmation that supplies from South Africa are weak give a greater serenity for future sales of litchis from Madagascar considering the actual difficult economic context.

Incoming tonnages Sea freighted							
Incoming tonnages				Forecasted tonnages			
Departure source	Vessels	Dates / Ports	Tonnage	Departure source	Vessels	Dates / Ports	Tonnage
Tamatave	Ebony	Le H 20/12	2 200	Tamatave 02/12	Mol Achievment	Rot 27/12	600
Tamatave 23/11	Mol Agility	Rot 21/12	600	Tamatave 03/12	Trave Trader	F / Z 29/12	3 000
Tamatave 23/11	Atlantic Trader	F / Z 22/12	3 850	Tamatave	?		600
Tamatave	Saf Marine	F / Z 22/12	1 300				

The above mentioned indications are subject to confirmation. . F: Felixstows, Z: Zeebrugge, StN: St Nazaire, VL: Vlissingen, Rot: Rotterdam

Litchi - Import Price - In euros / kg

Weeks	GERMANY		BELGIUM		SPAIN		FRANCE		HOLLAND		UNITED KINGDOM	
	51	52	51	52	51	52	51	52	51	52	51	52
Air												
Mauritius (b)							5.50-6.50	6.00-6.50				
Mauritius (s)												
Madagascar (s)												
Madagascar (b)												
Reunion (b)							5.00-6.00	6.50				
South Africa (s)												
Sea												
Madagascar	1.10-1.50	1.00-1.30	1.25-1.75	1.00-1.60	1.50-1.75	1.50-2.00	1.10-1.30	0.90-1.20	1.50-1.70	1.10-1.50	1.10-1.40	1.10-1.30
South Africa				2.25-3.00			2.00-3.00	1.50-2.00				

(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 : Despite a decreasing demand for litchis, sales were more dynamic in terms of volumes this week. On the other hand, prices are still on a down trend. Some sales towards « discount » stores were done around 1.00€/kg, they allowed important sales. Less important sales in terms of volumes were done at prices around 1.40€-1.50€/kg.

Belgium : Sales were more difficult this year than last year at the same period despite an increasing but on the whole less dynamic demand. Large price trend on the market depending on the quality of fruits available on the market. Quality issues seem to be increasing and operators are obliged to reduce their prices in order to sell important volumes of fruits. Small sales for fruits from South Africa at higher price levels because of better sized fruits.

Spain : After week 51 were prices for fruits from Madagascar had considerably dropped because of quality problems, fruits received during week 52 were of better quality and were more easy to sell. If the demand for litchis from Madagascar is less important that it was last year, sales were however more dynamic as Christmas approached. The general freshness of fruits received by container helped boost sales during the first part of the week. There are however some differences according to regions with more or less important sales.

France : Litchi sales were important last weekend but supermarkets renewed their supplies differently at the beginning of the depending on how good sales had been. The new drop in prices helped in increasing the volume of sales with attractive prices at retail level (read below). Competition is however still very strong between operators, and shows in the drop of the average selling price. The average is now more around 1.00€-1.10€/kg. Sales done at 1.20€ are now a rare thing. Indicated prices apply to fruits of satisfactory quality. The last fruits from conventional vessels as well as fruits from container that were not fresh on arrival were sold at lower prices or were even set aside because of serious quality problems (mould mainly). Quality of fruits available is uneven depending on the date of arrival of the fruits or how they evolved during transport. Contrary to what happened during previous campaigns, the arrival of litchis by «container did not help in improving the price trend. Prices remain on a down trend.

On the air freighted market, the demand has strongly increased since the beginning of the week. With an increase in prices for two weeks in a row. The punctual increase in supplies just before Christmas was rapidly absorbed and there was even an impression of lack at the end of the week. This situation strongly benefited to fruits from Reunion

available in more important volumes.

If some supermarkets continue to offer sea freighted litchis from Madagascar at prices above 3.00€/kg, most of the supermarkets are doing special offers at attractive prices for consumers. Two price trends are often applied in the Paris area 2.45-2.50€/kg and 1.60€ - 2.00€/kg.

Italy : Bad market on the whole with fruits from Madagascar being offered by a great number of operators. This increases the down trend in prices despite an average demand. Considering the context, prices continued to decline and stabilised around 1.25€/kg.

Netherlands : Difficult market with prices that continue to drop and with operators that have more than enough volumes to sell. Sales are done at prices mentioned above. But sales towards discount stores seem to be done at lower prices below 1.00€/kg.

United Kingdom : Little change on the market compared to last week. On the wholesale market, supplies are still shared between sea freighted supplies from Madagascar and air freighted supplies from South Africa. As Christmas approaches sales for fruits from Madagascar picked up with prices ranging between 1.80€ and 2.10€/kg for good quality fruits. Some lots of lesser quality were sold below 1.00/kg. Fruits from South Africa offered between 2.90€ and 3.15€/kg are more difficult to sell because competition from fruits from Madagascar. In supermarkets, sales are slower than expected. The general demand for exotics seem to be suffering from the recession with consumers concentrated on more traditional commodities. Buying prices for litchis at multiples level are still around 1.60€-1.70€/kg.

change rates - December 08

1 euro =

Royaume Uni 0.8358 GBP

Madagascar 2 328.35 MGA (Ariary)

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Litchis from Madagascar mixed in size and colour. Fresh fruits in appearance. Some fruits presenting some sulphur burns.



Litchis from Madagascar of standard quality. Mixed sized fruits.



Litchis from Madagascar dull in appearance. Ageing fruits. Beginning of indurations of the shell.

Size L



Size XL



Litchis from South Africa mixed in colour and in size.



Litchis from Mauritius in bunch, standard quality.



Litchis from Reunion of good colour and size.



On stem litchis from Reunion with oxidation stains. Depreciated goods.



**Litchis from Reunion in plastic bags of 1kg
Good quality fruits.**