



# Litchi Letter

2009-2010 Campaign

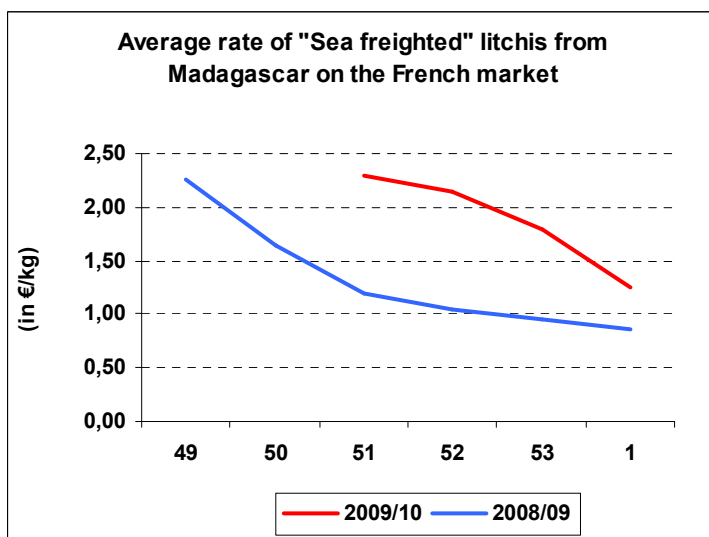
Week 01- 4th to 8th January 2010

Sulphured fruits by air	
week 51-09	week 52-09
➔	

On stem fruits by air	
week 53-09	week 01-10
➔	➔

Sea freight Madagascar	
week 53-09	week 01-10
⬇	⬇

Sea freight South Africa	
week 53-10	week 01-10
➔	➔



The serenity that so far was prevailing on the litchi market has started to fade off starting from the beginning of the year. There is a serious deterioration in market conditions this week with prices for litchis from Madagascar that have collapsed. The first ten days of January have always been a difficult period in the fruit and vegetable business. Consumers cut back on their food expenses preferring to buy other goods of consumption. In addition, the bad weather conditions that have affected several European regions have disrupted the trade, affecting supplies as well as deliveries. The bad weather has also had an impact on sales with less people in supermarkets.

The rather high level of prices since the beginning of the marketing campaign also contributed to slowing down consumption. Prices at retail level (between 3.00€ and 4.00€/kg) being considered as too high by consumers. Considering these elements, a drop in prices was foreseeable after the end of the year celebrations. This drop in prices participating in the revitalisation of sales and helping clear the stocks of container fruits available from the end of 2009 to the middle of January 2010.

The rather limited supplies of litchis forecasted for January give hope that the prices should soon stabilize in the coming weeks.

Fruits from South Africa delivered in limited volumes are also affected by the down trend of prices. Prices for these fruits are dropping but not as strongly as they are for litchis from Madagascar. Less supplies and better size of the South African litchis are the main reason why prices for these fruits are still good.

Litchi - Estimates of incoming volumes by Air - In Tons					
Weeks	50	51	52	53	01
Mauritius	15/20	10/15	5/10	-	-
South Africa	90/120	3/5	-	-	-
Madagascar	80/100	3/5	5/6	-	-
Réunion	30/50	50/70	40/50	15/20	5
Total	215/290	66/95	50/66	15/20	5

Incoming Volumes in Tons							
Incoming tonnages				Forecasted tonnages			
Departure source	Vessels	Dates / Ports	Tonnage	Departure source	Vessels	Dates / Ports	Tonnage
Tamatave 2/12	Hansa Bremen	Gênes 18/12	6 500	Tamatave	Dal Christobal	Rot 11/01	
Afr. du Sud	Mol Cullinan*	Rot 22/12	160				
Afrique du Sud	Dal Kalahari*	Rot sem 53	360				
Tamatave	Varso*	Zee 30/12					
Tamatave	Dal Madagascar	Rot 04/01					

The above mentioned indications are subject to confirmation. Rot: Rotterdam, Z: Zeebrugge, \* Container ships

## Litchi - Import Price - In euros / kg

Weeks	GERMANY		BELGIUM		SPAIN		FRANCE		HOLLAND		UNITED KINGDOM	
	53	01	53	01	53	01	53	01	53	01	53	01
<b>Air</b>												
<b>Mauritius (b)</b>												
<b>Mauritius (s)</b>												
<b>Madagascar (s)</b>												
<b>Madagascar (b)</b>												
<b>Reunion (b)</b>							10-12	10-12				
<b>South Africa (s)</b>												
<b>Sea</b>												
<b>Madagascar</b>	1.90-2.00	1.25-1.35	2.00-2.10	1.50-1.70	2.00-2.10	1.50-1.60	1.70-1.90	1.20-1.30	2.40-2.50	1.60-1.80	2.00-2.20	1.30-1.50
<b>South Africa</b>						1.90-2.00	2.20-2.60	1.80-2.40		1.80-2.00		1.70-1.80

(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** : Strong drop in prices for litchis from Madagascar. Some lots with quality problems are sold occasionally at lower prices than those indicated above in order to avoid over flooding the market with fruits evolving rapidly.

**Belgium** : Like what is observed on the other European markets, prices are dropping for litchis from Madagascar. There is a lot of pressure on sales and all sorts of prices are made for litchis. However, if some sales are done at cheaper prices, most of the sales are done at prices indicated above.

**Spain** : Litchi sales were very difficult this week. Supplies available are still very important but the main problems lies in the demand that is very weak. The pressure on sales leads to a significant drop in prices.

**France** : Significant drop in prices on the litchi market this week. This drop is mainly due to the fact that the demand for the fruit is weaker following the end of the year celebrations. This drop is all the more significant that bad weather conditions in Europe have affected fruit deliveries. In addition, several other effects have hastened the decline of prices. The high level of prices at retail level, the lack of promotion operations, the high competition leading to a drop of prices as well as the arrival of some lots of poor quality have all had a negative impact on the trend. Considering the circumstances, supplies expected in January, even if they are not important compared to the size of the European market, will nevertheless increase the pressure on sales and thus lead to some excesses. If most of the sales are done at prices indicated above, some sales are however done at lower prices mainly for lots presenting quality defects. Operators hope that the present drop in prices will help boost the demand for litchis. The set up of promotion operations, in supermarkets in the coming weeks, should help in clearing fruits in stock.

South African fruits are also under the competition from litchis from Madagascar. Prices for these fruits are also on a down trend even if the drop is less important. Fruits from this origin are mainly sold through wholesale markets.

Strong shortage in supplies of fresh litchis from the Reunion allowing a stabilisation of prices. Fruits from this origin must be sold quickly because of their short storage capacity.

**Italy** : The Italian market is progressively closing itself to litchis with very little sales this week.

**Netherlands** : Down trend in prices with more competition for Madagascar litchis with the availability of South African fruits.

**United Kingdom** : The bad weather conditions have considerably affected sales on the British market at the beginning of 2010. Litchis from Madagascar and South Africa share market parts with a slight predominance for the latter. Litchis from both origins are sold on the wholesale market between 2.50€ and 2.80€/kg. Although some sales are done around 3.00€/kg for South African fruits that are of better size. Limited quality issues (mould stains) seem to be affecting sales of litchis from Madagascar. In supermarkets, litchis repacked in 250g punnets are sold on the basis of 1.70€/punnets.

## change rates - January 2010

1 euro =

United Kingdom

0.9040 GBP

Madagascar

2 844.68 MGA (Ariary)

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## Litchis from Madagascar



Litchis from Madagascar of satisfactory quality. Fruits of attractive colour and of satisfactory freshness. Fruits mixed in size.



Ageing litchis from Madagascar. Fruits are dull and of mixed colour. Indurations of the shell and of the fruits and/or soft fruits.





Ageing litchis from Madagascar. Squashed fruits.



Litchis from Madagascar presenting mould stains.

### Litchis from South Africa



Litchis from South Africa of mixed colour presenting some sulphur burns as well as some squashed fruits.



Litchis from South Africa of satisfactory quality.  
Good colour. Good taste.



**Fresh litchis from Reunion on stem fruits or presented in bunch.**



**Fresh stripped of the branch litchis from Australia.**