



# Litchi Letter

2009-2010 Campaign

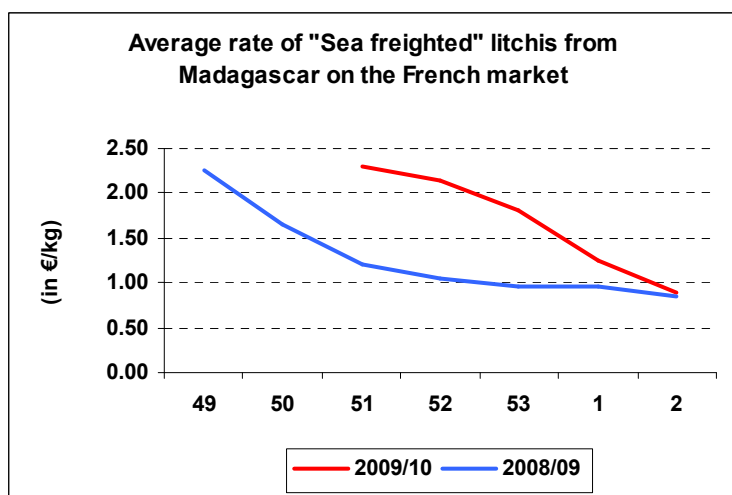
Week 02– 11th to 15th January 2010

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

On stem fruits by air	
week 01-10	week 02-10
↗	➔

Sea freight Madagascar	
week 01-10	week 02-10
⬇	⬇

Sea freight South Africa	
week 01-10	week 02-10
↘	↘



**T**raditionally, the first two weeks of January are characterized by the weakness of the demand on the fruit and vegetable market. Consumption after having considerably increased for the end of the year celebrations starts to drop, the demand turns to other goods (sales etc..) explaining part of this loss of interest in fruits and vegetables. The economic crisis as well as bad weather conditions that have prevailed in several European countries have also contributed to increasing this trend. The consumption of fruits, mainly imported ones, has strongly dropped for the benefit of more traditional fruits. The very weak demand for fruits these last 15 days is the main reason why prices for litchis from Madagascar have dropped. Prices for litchis from Madagascar have lost almost half their value since the end of 2009. A reduction of prices at the beginning of the year was foreseeable considering the elements listed above. But it would seem that the drop in prices is more important than one could have expected. A reasonable drop in prices at the beginning of the year was said to boost or maintain sales at a certain level. One must now admit that the market is not reacting anymore!

Litchi - Estimates of incoming volumes by Air - In Tons					
Weeks	51	52	53	01	02
Mauritius	10/15	5/10	-	-	-
South Africa	3/5	-	-	-	-
Madagascar	3/5	5/6	-	-	-
Reunion	50/70	40/50	15/20	5	2
Total	66/95	50/66	15/20	5	2

Let's hope that the attractive prices done now at retail level will help in improving sales. This seems somehow difficult, considering that competition from South African fruits is now increasing.

Incoming Volumes in Tons							
Incoming tonnages				Forecasted tonnages			
Departure source	Vessels	Dates / Ports	Tonnage	Departure source	Vessels	Dates / Ports	Tonnage
Tamatave	Varso*	Zee 30/12		Afr. du Sud	Mol Caledon	19/01	160
Afr. du Sud	Lars Maersk	05/01	520				
Tamatave	Dal Madagascar	Rot 04/01					
Afr. du Sud	Saf. Mafadi	14/01	1 240				
Tamatave	Dal Christobal	Rot 11/01					

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	
	01	02	01	02	01	02	01	02	01	02	01	02
<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>	1.25-1.35	1.20	1.50-1.70	1.00-1.25	1.50-1.60	1.00-1.25	1.20-1.30	0.70-1.10	1.60-1.80	1.20-1.50	1.30-1.50	0.80-1.20
<b>South Africa</b>		1.35		2.00-2.25	1.90-2.00	1.50-1.60	1.80-2.40	1.50-2.00	1.80-2.00	1.70-2.00	1.70-1.80	1.80-2.40

(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** : The demand for litchis is very weak while supplies continue to increase. This situation leads to a progressive drop in prices. Prices indicated above for litchis from Madagascar are given for fruits of satisfactory quality. There are also several clearance sales done for lots of mixed quality.

**Belgium** : Prices are strongly on a down trend for litchis from Madagascar considering the limited demand and the fact that fruits present more and more quality defects.

**Spain** : Strong drop in the demand for litchis. Operators are struggling to clear the fruits in stock. Thanks to their better size, South African litchis manage to sell at prices slightly higher than those done for fruits from Madagascar.

**France** : There is almost no demand for the fruit. Retailers have considerably reduces their orders considering the lack of interest of consumers in the fruit despite the very attractive prices done. This inertia of the market increases the pressure on the marketing of fruits leading to a decline in prices considered as the only way to clear as much fruits as possible. The drop in sales observed since the beginning of the year increases the days of storage of the fruits, which are always detrimental to fruit quality. Thus quality of fruits from Madagascar is more and more mixed. The first 15 days of January that are always very difficult in terms of marketing (considering the sales' period, and various due dates...), are coming to an end. With prices done now at retail level, one can hope that consumption will pick up in the coming weeks. However, it is not very likely that prices will increase. Supplies available remaining important and the attempts to set up promotion operations are so far not so effective. Increase of supplies from South Africa, leading to a drop in prices considering the weakness of the demand. Moreover, fruit sizes for South African litchis

are not that regular any more. Indeed the size of fruits of the last incoming supplies are more and more mixed. As for fruits from Madagascar, some lots of South African fruits evolve badly with mould stains.

End of the export campaign for fresh litchis from the Reunion.

**Italy** : No information on the market this week.

**Netherlands** : The situation on the market is difficult because of the absence of demand. Prices for litchis from Madagascar have dropped again this week. Prices for South African fruit remain higher but they also are on a down trend.

**United Kingdom** : Litchi supplies have strongly increased this week with arrival of litchis from South Africa and Madagascar. The demand is affected by the bad weather conditions prevailing in the U. K. These elements have led to a strong drop in prices. On the wholesale markets, fruits are still sold between 1.70€ and 2.00€/kg. For South African fruits that are of better quality and size, prices can vary around 1.80€ /kg for L size fruits up to 2.40€/kg for XXL size fruits (depending on the brand and the quality). Consumption is also on a down trend for South African fruits.

In supermarkets, South African supplies are the ones the most available with fruits that are packed in 250g punnets sold around 1.65€/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 of satisfactory quality. Shell is still supple with attractive colour**



**Ageing litchis. Fruits are more and more dull in aspect. Some soft and squashed fruits. Fruits are mixed in colour. Progressive indurations of the shell.**



**Litchis with scattered mould stains.**

# LITCHIS FROM SOUTH AFRICA



Litchis of satisfactory quality, good colour and size.



Litchis of poor attractive colour.



Litchis with mould stains.