



Litchi Letter

2009-2010 Campaign

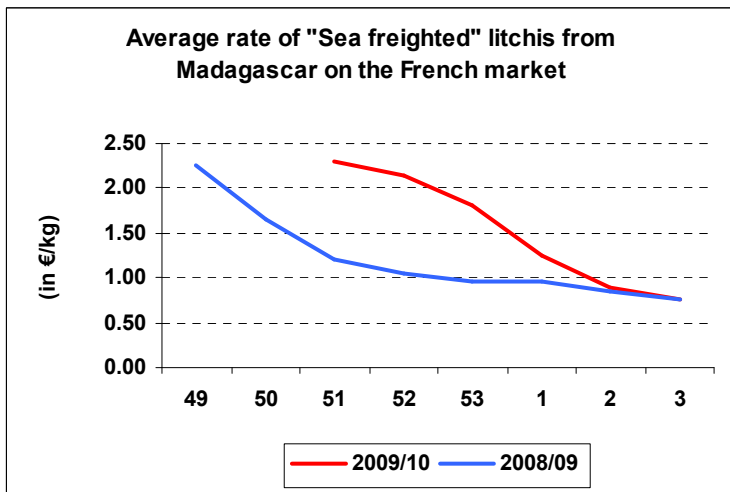
Week 03- 18th to 22nd January 2010

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 02-10	week 03-10
⬇	⬇

Sea freight South Africa	
week 02-10	week 03-10
↘	↘



The last part of the marketing campaign for litchis from Madagascar is particularly difficult. The strong drop of the demand observed since the beginning of the year is not only ongoing but seems to be increasing. The campaign is sinking into a crisis that unfortunately seems long-lasting. The rather firm prices done during the end of the year celebrations seem to have led to a loss of interest of retailers in the fruit thus emphasising also the loss of interest of consumers for litchis. The drop in sales observed since the beginning of the year has contributed to a built up of stocks with fruit quality rapidly deteriorating. Time is now playing against litchis from Madagascar leading fruits into a negative cycle (lack of demand/longer storage time/loss of quality/drop in prices). Moreover, South African fruits are more and more available increasing the pressure on sales for litchis from Madagascar. There are little chances that the market conditions will improve in the coming weeks considering the deterioration of the quality of the fruits.

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

Despite a reduction of the supplies shipped from Madagascar this year, volumes of fruits available still seem to important considering the capacities of the European markets to absorb proposed supplies. It appears that operators have under estimated the possible impacts of the economic crisis on the demand.

Let's nevertheless hope that the good market conditions of the beginning of the campaign will contribute to showing good overall average prices for the whole campaign.

Incoming Volumes in Tons							
Incoming tonnages				Forecasted tonnages			
Departure source	Vessels	Dates / Ports	Tonnage	Departure source	Vessels	Dates / Ports	Tonnage
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					
Afr. du Sud	Mol Caledon	19/01	160				

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	
	02	03	02	03	02	03	02	03	02	03	02	0
Air												
Mauritius (b)												
Mauritius (s)												
Madagascar (s)												
Madagascar (b)												
Reunion (b)							10-12					
South Africa (s)												
Sea												
Madagascar	1.20	1.00-1.20	1.00-1.25	1.00-1.10	1.00-1.25	1.00	0.70-1.10	0.50-1.00	1.20-1.50	1.20-1.50	0.80-1.20	
South Africa	1.35		2.00-2.25	1.25-1.50	1.50-1.60	1.50-1.75	1.50-2.00	1.50-2.00	1.70-2.00	1.70-2.00	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 : Limited sales due to an absence of demand for the fruit. Prices for litchis from Madagascar continue to drop.

Belgium : Difficult market conditions for litchis as well as for other exotics considering the weakness of the demand this week. South African fruit manage to sell at slightly higher prices considering their good size.

Spain : The demand for litchis is at a standstill this week. Strong drop in prices for litchis from Madagascar. If prices for South African fruit are slightly better, sales remain nevertheless very difficult considering the weakness of the demand.

France : The marketing of litchis from Madagascar is sinking into a long-lasting crisis. The market is breaking down strongly because of an absence of demand. In fact, there are no more “market prices” anymore. If good quality fruits are sold around 0.80€-1.00€/kg, several sales are done at much lower prices. Lots that are more “fragile” are sold on wholesale markets at “open prices” in order to help sell as much fruits as possible. Despite low prices operators show little interest in the fruit. Stocks are still very important and it is difficult to foresee a big change of trend before the end of the marketing campaign. The deterioration of fruit quality contributes to complicating sales despite the fact that poor quality lots are put aside.

The presence of good quality supplies from South Africa increases the pressure on sales. Several operators have shifted to South African supplies that are of better size and freshness. This however, does not keep South African litchis from knowing some quality issues with fruit quality evolving differently according to brands.

Italy : Important drop of the demand for the fruit following the end of the year celebrations. Prices done do not encourage consumers in buying the fruit. Prices are dropping around 0.80€ to 1.10€/kg.

Netherlands : Heavy market with slow sales. Prices remain stable this week. There more and more quality issues mentioned on South African supplies. These fruits seem to have very limited storage time.

United Kingdom : The situation on the litchi market is complicated and very difficult. Supplies that have considerably increased this week seem all the more important that the demand for the fruit is too low to absorb the fruit fruits available on the market. All this contributes to giving an impression of “over supplied” market. Prices thus continue to drop for fruits from Madagascar as well as for fruits from South Africa. The price trend is large and depends on the quality of fruits. On the wholesale market, litchis from Madagascar are sold between 1.00€ and 1.25€/kg while those from South Africa are sold at slightly higher prices between 1.45€ and 1.60€/kg.

change rates - January 2010

1 euro =

United Kingdom

0.9040 GBP

Madagascar

2 844.68 MGA (Ariary)

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LITCHI FROM MADAGASCAR



Fresh litchis presenting good colours



Old litchis, dull in aspect. Shell indurations are in progress with/or without softening fruits



LITCHIS FROM SOUTH AFRICA



Litchis of satisfactory quality in terms of colour, size and freshness.



Poor coloured litchis



Little mould stains and poor coloured fruits.