



Litchi Letter

2009-2010 Campaign

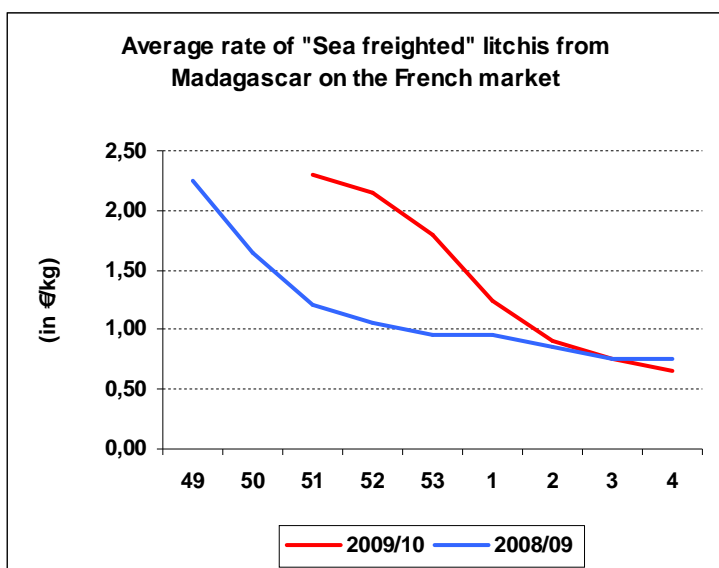
Week 04- 25th to 29th January 2010

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 03-10	week 04-10
⬇	⬇

Sea freight South Africa	
week 03-10	week 04-10
↘	➔



The demand is still very low and chances are that things will remain as they are until the end of the campaign. The drop in sales for litchis from Madagascar contributes to the built up of stocks with fruit quality rapidly deteriorating. The drop of the demand as well as quality issues are pushing litchis from Madagascar into down trend spiral with little hope of improvement. Operators that still have some litchis are doing all they can to make the best of the remaining fruits. Considering the deterioration of quality, fruits are systematically sorted out or examined before being sold and those of lesser quality are set aside lowering even more the mean selling price.

In addition, the strong presence of South African fruits increases the competition. Some lots from this origin are also affected by quality issues complicating even more sales. Progressive end of the campaign for Mauritius variety fruits. The first lots of Red Mc Lean variety fruits are expected for the beginning of February. In view of the deterioration of fruit quality, some supermarket chains have removed litchis from their line of 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

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	
	03	04	03	04	03	04	03	04	03	04	03	04
Air												
Mauritius (b)												
Mauritius (s)												
Madagascar (s)												
Madagascar (b)												
Reunion (b)												
South Africa (s)												
Sea												
Madagascar	1.00-1.20	0.80-1.20	1.00-1.10	1.00-1.25	1.00	0.70-0.80	0.50-1.00	0.50-0.80	1.20-1.50	1.00-1.25	0.80-1.20	0.50-0.60
South Africa	1.35	1.20-1.50	1.25-1.50	1.50-2.00	1.50-1.75	1.60-1.75	1.50-2.00	1.50-1.80	1.70-2.00	1.25-2.25	1.80-2.40	1.70-1.95

(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 : Sales are more and more slow with retailers losing interest in the fruit as quality continues to deteriorate. Good quality litchis from Madagascar are sold at prices indicated above. Fruits of lesser quality are sold at clearance price. Fruits from South Africa manage to sell at better prices, but some lots of poorer quality reduce the mean selling price.

Belgium : Difficult market, prices indicated above are done for fruits of satisfactory quality. Prices however are more firm for South African supplies.

Spain : Progressive end of the marketing campaign mainly due to absence of demand for litchis. Considering the difficult market conditions, South African fruit are sold at better prices.

France : The end of the marketing campaign for litchis from Madagascar is particularly difficult. While there still are important supplies, the market is “without reaction”. The demand is non existent and the drop in prices is without any effect on sales. Sales are dropping on the local market as well as at European level with several operators that have withdrawn litchis from their stores. Time is playing against fruits in stock for which quality is rapidly deteriorating. Fruits must be controlled systematically before being sold to avoid any claims from customers. Old fruits from Madagascar are also suffering from competition from South African fruits that are of better quality. However some of the South African litchis present quality problems (traces of mould, soft fruits etc..). Nevertheless, their selling price remains higher than that done for litchis from Madagascar. On the wholesale markets there are no « real prices » done for litchis. Prices for litchis from Madagascar continue to drop (around 0.50€/kg). Considering present market conditions, chances are high that the volumes of fruits set aside will continue to increase.

Italy : The situation on the market is complicated

mainly because stocks are important and that there is no demand. Sales are too slow to absorb available supplies. Quality of fruit is holding for the time being. Selling prices remain below 1.00€/kg.

Netherlands : New drop in prices for litchis from Madagascar. Depending on quality and also on the lack of demand, some sales are done at prices much lower than those indicated. Because of their mixed quality, the price trend for South African fruits is very large.

United Kingdom : The situation continues to deteriorate on the litchi market with a demand that is still declining. On the wholesale markets, fruits from South Africa and Madagascar present more and more quality issues thus increasing the drop of the demand. Several operators have then decided to put an end to their litchi campaign. Most of the fruits available are sold on the basis of 0.60€ to 1.15€/kg. Some South African fruits of better quality still manage to sell around 1.75€/kg. In supermarkets the situation isn't any better. Several chains should suspend their supplies. Fresher and better quality litchis, of the Red Mc Lean variety, could then replace fruits of the Mauritius variety, for the Chinese New year at the beginning of February.

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 standard quality



Litchis of average quality. Not so attractive in colour.



Old Litchis. Fruits are dull in aspect with progressive indurations of the shells.



Development of mould.



Squashed fruits

LITCHIS FROM SOUTH AFRICA



Litchis of standard quality presenting some differences in colour. Some soft fruits.



Paled coloured fruits. Fruits presenting some stains.



Fruits presenting more or less developed mould stains.