



# MARKET REPORT

February 2020

*We live in dangerous times.  
Man dominates nature before he has learned to control himself.*

*Albert Schweitzer (1875 - 1965)*

## FROM *Appreciation* TO BIOECONOMY

*Dear readers and PMM friends, I hope you all are healthy and in good spirits as we enter the new year, the new decade. All of us in the PMM team are well prepared and highly motivated to offer you the best products and the best service as always.*

I would like to place this first market report of 2020 under the motto "Appreciation". We should always be aware that we live from nature and with nature. Yes, we benefit from it - as global importers, as traders and merchants, as consumers. However, we must never lose appreciation for what we do. We trade with what nature provides us with, whether fish, vegetables or fruit - in every part of the world. In the end, we end up with food that is produced with hard work. I believe that price must not always be the decisive criterion.

What is much more important is respect for what goes on our plates. And for what is behind it: a lot of work, a lot of effort and sometimes a lot of annoyance or disappointment. PMM is a small cog in this machine, but we appreciate the fair cooperation with our partners, suppliers and customers, their new ideas and approaches.

For me, the goal is to pursue a path towards a sustainable economic system that is as bio-based as possible and oriented towards natural material cycles. The starting signal for this was given at the leading food and agricultural fair, the International Green Week in Berlin.

It is called bio-economy and covers all economic sectors and related service industries that process, use and trade in biological resources such as plants, animals and microorganisms and their products. These include in particular agriculture and forestry, but also the food industry as well as the paper and textile industry. We at Paul M. Müller want to make our contribution in this new decade - wherever possible.

Intern. Green Week Berlin



Pictures: Messe Berlin. PMM



## Mandarins

### - FROM CHINA TO THE WHOLE WORLD

In the market report of November, we already predicted it for mandarin oranges: **Turkey** and **Spain** report poorer qualities and crop failures either due to drought or too much rain. PMM is working with Turkish suppliers who fortunately had reserves in cooling in time to be able to fulfil their contracts. The most popular variety for trade and industry, "Satsuma", is cultivated in both countries of origin. Our good contacts worldwide allow us to quickly switch to other countries, this time **Peru** is a good option: The local variety Morcott (somewhat darker) is introduced into Europe. Peru delivers primarily to the **USA**. Another hope was **China**. Unfortunately, the market there is also almost sold out after the total harvest (also Satsuma) has fallen by almost 30%. Above that, the authorities closed some factories due to unfulfilled environmental stand-

ards. Normally, around 3 million tons of fruit are harvested, half a million tons of which are destined for canning.

In the 2018/2019 season, 0.33 million tons were exported; in this 2019/2020 season, it is expected to be up to 90,000 mt less. We still have sufficient canned goods in proven ADRIA quality in stock for call-off. By the way: Did you know that the origin of the citrus fruit mandarin was China 4000 years ago? Nowadays the country is the biggest contributor.

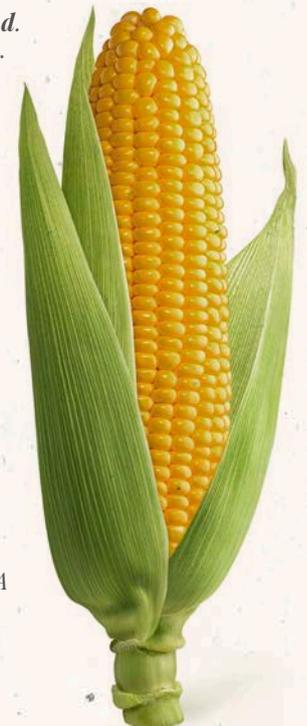


## CORN: Hungry Worms



*The worm pest "Armyworm" continues to threaten the corn chambers of Southeast Asia. Coming via **India**, the pest destroyed almost 40% of the harvest in **Thailand**.*

*Meanwhile, the worm, which only survives for a maximum of 40 days but can destroy entire fields within a very short time, is also raging in several provinces of **China**. Millions of small farmers are affected. Fighting the worm is expensive and time-consuming, explain experts on site. Reserves from China are hardly available; the market is almost sold out. Farmers and packers are also taking a break for Chinese New Year and the main harvesting season does not start again until the end of May. The panic surrounding the new coronavirus could aggravate the situation. The import price for canned maize will probably rise due to scarce availability of goods. Added to this are punitive EU duties of up to 14.3% on canned maize grains from Thailand. We have also just learned that there is a threat of price increases of between 3 and 5% in Hungary. The reason: growers want to reduce the area under corn, as the commodity prices of recent years have been almost unbearable. Furthermore, tinplate manufacturers are announcing a price increase of 5%. Fortunately, we have reacted early and have sufficient stocks of top quality ADRIA maize cobs and kernels from Thailand (1062 ml and 2650 ml cans).*





## WILL THE *Tuna* SUBMERGE IN DEEPER WATERS?

Tuna prices rise again at the beginning of the year. After the historic low in December of 850 US dollars per ton for skipjack (SKJ, 1.8 kg), the raw material price in Bangkok is now climbing to almost 1200 US dollars. EU customs duties (24 %) apply to goods from Thailand. As a result, the raw product prices are almost at the same level as those from EU duty-free origins. Overall, there are currently fewer fishing vessels on the move, with only small catches of SKJ in the West Pacific and landings in the Philippines and Papua New Guinea (PNG). This means Skipjack and Yellowfin (Yellowfin Tuna) are scarce and we are seeing higher prices up to 1450 US dollars in PNG, in Ecuador, in the Philippines (General Santos) and in Ghana.

In December, a FAD ban was surprisingly imposed for the **FAO 34 fishing area** off West Africa (currently in force from January - February and in 2021 from January - March): PMM is supplied with sufficient goods. Above that, we will have to take into account that experts believe that the warming of the world's oceans will have an impact on tuna catches in the medium to long term. Less cold water at the sea surface means that shoals of fish dive into deeper waters and are no longer so easy to locate and catch.

## WAIT *and* SEE



It is expected that the price level for **chickpeas** will rise this year as producers are planning to reduce the area under cultivation by up to a third. **Mexico** in particular is already reporting higher prices for the raw product and the last harvest in **Argentina** was also poor. In addition, the country is planning to increase the tariff rate for export grain from the current 9% to possibly 18%. After the large and good harvests in recent years, we therefore expect fewer offers and higher prices. The situation is particularly tense for **kidney beans**. The poor harvest and quality in the **USA** and **Canada** (moisture, too early harvest) as well as EU duties on US goods



are currently making the commodity up to 15% more expensive. All in all, prices in 2019 were already around 45% higher than in 2018. **China** has defaulted and is currently acting as an importer itself. As a substitute, **Argentina** wants to score points, where efforts are being made to improve quality and gather more know-how in can processing. And **butter beans**? The prices are almost twice as high as five months ago, and there are no available quantities. There is nothing left to do but wait for the 2020 harvest and see what will happen.

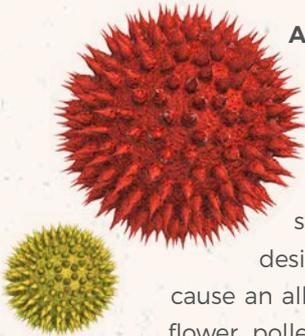


## PMM-Service

*Whether fishing areas, can size or best before date - those who know the facts are at an advantage. In our extensive, constantly growing **Glossary** we provide information about technical and specific terms in our industry. It's worth taking a look!*

## ALLERGENS -

# to know what's inside



**Allergens** – what are they anyway? **PMM service**

explains: The word allergen is derived from the ancient Greek word stem for "cause/effect" and designates a substance that can cause an allergy in certain people (e.g. flower pollen/hay fever). However, we are dealing here with the comprehensive area of food allergies. Anyone suffering from food allergies must strictly avoid products containing allergens. Even small traces of allergenic substances can trigger the dreaded and possibly life-threatening symptoms. People affected by allergies depend on receiving reliable information about the composition of food when shopping. Since December 2014, the **EU Food Information Regulation** has regulated uniformly throughout the EU which information must appear on food labels. Among other things, the law requires the

PAUL M. MÜLLER *Allergen Overview*

<b>GLUTEN</b>	<b>EGGS</b>	<b>FISCH</b>	<b>CRUSTACEANS</b>	
Cereals containing gluten and products thereof	Poultry eggs and products thereof	Fish and products thereof (except fish gelatine)	Crustaceans and products thereof	
<b>MOLLUSKS</b>	<b>PEANUTS</b>	<b>NUTS</b>	<b>SOY</b>	<b>MILK</b>
Mollusks such as snails, mussels, squid and products thereof	Peanuts and products thereof	Nuts and products thereof	Soybeans and products thereof	Mammalian milk and milk products (including whey)
<b>CELERY</b>	<b>MUSTARD</b>	<b>SESAME</b>	<b>LUPINES</b>	<b>SULFITE</b>
Celery and products thereof	Mustard and products thereof	Sesame and products thereof	Lupines and products thereof	Sulphur dioxide and sulfites

labelling (list) of all substances or ingredients that are among the most common allergens - both on pre-packaged foods and on loose goods (e.g. at the bakery). Voluntary (on the part of the food suppliers), however, is the indication that a possible contamination with allergens cannot be excluded. Specifically, this concerns 14 main allergen groups, which we have **listed here** clearly and with additional background information.



## 2019 - EMPTY CONTAINERS AVAILABLE

The availability of classic 20- and 40-foot empty containers as well as 40-foot highcubes has improved over the past year, our freight forwarding partners report. For the Hamburg location, the **Container Availability Index** of the start-up company Container-X-Change shows an annual average value of 0.57 (+ 8.2% compared with the previous year). The index ranges between 0 and 1, with 1 representing an absolute surplus, 0.5 an equilibrium between supply and demand and 0 indicating an absolute shortage of free equipment. By way of comparison, availability in Rotterdam was even higher at 0.67, but was 9.5% lower than in the previous year. In other words, the fewer empty containers the better the global economy runs. This became apparent at the beginning of January, when the barometer for 20-foot containers for Hamburg showed a slight undersupply, i.e. more demand, at 0.4. For 40-foot boxes and highcubes, however, the situation is currently unproblematic at 0.8 in each case.

**PMM has once again rejuvenated itself: the average age of our employees is now 34.5 years. The PMM team wishes further good business.**

Although we rate the sources we use as being reliable, we cannot accept any liability for the information provided here being complete or correct.