



PAUL M. MÜLLER GMBH

# MARKET REPORT

january 2022

*“Patience is a good quality.  
But not when it comes to redressing grievances.”*

*Margaret Thatcher (1925 – 2013)*

## IMPATIENT



Why am I impatient? Because I'm sick of it, just as we are all sick of it - the pandemic, the worries and hardships, the hopes and disappointments, the uncertainty. Problems with supply chains and replenishment issues: Will Far East ports close again soon, hard as nails and in the short term? And then there is inflation: some see no end to it, others insist that the price increase is only temporary. Which is true? What is the consequence?

1. That we need a higher price level in the long run, which is based on the added value and appreciation (!) of food, I had already written and demanded here in this place exactly one year ago. I believe that we are now on the way there, even if it seems painful at first. At any rate, we at Paul M. Müller do not cut any corners and import and trade in high-quality products that have their price.

2. We are all looking for orientation, in these times more than ever. We at Paul M. Müller offer orientation. We are clearly going our way. This includes the availability of top products, new people on board with us this year (in sales and for quality assurance) as well as even more service and information (e.g. PMM College) on our website!

3. Investments in the future. Now the partnership we have cultivated over decades and the trust we have built up in our industry are paying off. PMM can offer both (see also our exclusive interview here in the Market Report).

We remain helpful and humane, but now we hope: 2022 will be a good, strong year! That's what we want. We - restaurateurs, traders, importers, forwarders - are counting on it.

*Finally!*





PAUL M. MÜLLER GMBH

*There is nothing to sugarcoat –*

**QUALITY PRODUCTS BECOME MORE EXPENSIVE WITH THE START OF THE YEAR.**

## ARTICHOKES *hot*

Artichokes are a Mediterranean delicacy that require a lot of patience and love during harvesting, processing and import. The spring harvest in **Spain** was delayed at first, but now there are signs there (and also in **Egypt**) of similarly high harvests as last year. This was hoped to compensate for the shortage in **Italy**, where initially not all sizes and varieties of the raw product were available. In the meantime, however, volume expectations in Spain have been lowered again following a surprising frost on the artichoke fields.

Market experts are therefore now assuming, if all markets are considered, rising prices in all countries of origin due to the expected lower total volume.

Above that, rising costs for energy, transport, glass, processing and packaging (sheet metal/cardboard) are a headache for all producers. The increase is between 17 and 25%, in some cases (in Italy) drastically higher.

So, unfortunately, prices are going up. A precise tendency will only emerge in the next few days when the exact demand becomes apparent. However, PMM can rely on the best partnerships with producers, so that we can count on the best possible prices and react quickly.



## OLIVES *hotter*

Olives are also a wonderful stone fruit from the Mediterranean region. The main harvesting time is between September and November (see also **PMM harvest calendar**), sometimes - in the south of **Greece**, for example - even until December. A large part is pressed into olive oil, a part comes to the markets as fresh produce, another part as canned goods - just as Paul M. Müller imports them in the best condition for further processing in the gourmet kitchen.

The manufacturers were late in negotiating quantities and prices this time. We can now report on the latest developments: Raw material prices for olives from all countries of origin have increased compared to last year. For **Morocco** and **Egypt**, we expect only about 20% of the yield from the previous year, which was a very good harvest year. On the one hand, it was too warm this season (the blossoms did not sprout vigorously enough), on the other hand, the olive trees need a year to regenerate.

The costs for packaging (cans, jars, cardboard and glue) are also problematic in all countries of origin. The price of glue for labeling alone has doubled compared to the previous year, and in some cases it is almost impossible to obtain. As a result, we have delayed arrivals because the goods could not be labeled.

We therefore expect olive procurement prices to rise by 10 to 20% depending on the packaging. However, higher raw material prices account for only 2 to 5% of this, the lion's share is due to ever increasing prices for packaging materials.







## PEPPER *and ...*

In November, the price of quality black pepper from **India** had already shot up by almost 13% (+32% compared to the same time last year). The reason for this is the strong increase in domestic demand throughout 2021, but especially during the festivities at the end of the year (Diwali, Christmas). In addition, there was higher product demand from newly emerging e-commerce retailers. Last but not least, heavy rains and land devastation, especially in the cultivation areas of Kerala, have massively depressed the harvest results. At the beginning of 2022, the price increased once again, our suppliers report.

And green pepper (younger) is also rare and expensive. The farmers let the product ripen or dry longer, as higher prices are achieved for black pepper. Green pepper is known to be harvested earlier (for more exciting background see also the »[Glossary Pepper](#)«).

There is also (mainly black) pepper from **Thailand**, **Brazil** and **Madagascar**. However, these producing countries do not play a prominent role on the German market.



## JALAPEÑOS *even hotter*

After a poor harvest of jalapeños already in **Turkey** and **Egypt**, **India** is now almost failing as well. Extreme rainfall and a massive beetle infestation in December have destroyed almost the entire jalapeño crop on the subcontinent. The result is almost a total failure of the crop, which has now been re-sown in the hope that at least part of the yield can be made up. Normally, up to five crops are harvested during a season, but now the farmers hope for at least two more harvests. Prices are likely to rise accordingly. High freight costs exacerbate the situation.

Want more heat? In our new PMM College commodity guide, we exclusively explain the meaning of the »[Scoville](#)« heat level.







## INTERVIEW

# STRONG TOGETHER *out of the crisis*

These are challenging and exciting times. For all levels of trade. What we need are real partnerships. In an interview with owner and managing director Johannes Netzhammer, our long-standing wholesale partner and chain store operator (Singen) reports on opportunities and risks in the crisis and why true partnership proves its worth.

**PMM:** Mr Netzhammer, you have decades of experience as a food wholesaler. Where do you see the biggest challenges for our industry at the moment?

**Johannes Netzhammer:**

Currently we see three major challenges, all of which were triggered or intensified by the Corona crisis:

1. Increased uncertainty on the part of customers leads to a greater shortage of employees and poses major challenges for the industry.
2. Fluctuations in sales due to the Corona pandemic and the resulting lack of predictability lead to limited availability of articles in some areas.
3. Considerable price increases in the food sector, driven by crop failures and rising freight rates.

**What are Netzhammer's strengths? How important is the regional, but also the international perspective?**

Our strength clearly lies in our regional orien-

tation

and the resulting advantage of close customer relationships and short distances - both interpersonally from customer and employee to management, but also with regard to the transport routes of our regional assortments. Personal exchange with our customers, whom we see as partners, plays a special role for us.

**What significance does a strong cooperation with Intergast have in this respect?**

Our role as a shareholder of Intergast enables us to combine the best of both worlds - regional and national. We join forces with other wholesalers where it makes sense. For example, in negotiations with suppliers to be able to offer our customers competitive prices or to be able to serve customers who are active beyond our region. At the same time, we are independent and can therefore respond flexibly to regional wishes on site.

**The cooperation with Paul M. Müller has now spanned over 30 years. What makes a good partnership?**

The cooperation began under my uncle Emil Netzhammer long before we became members of Intergast and is characterized by a trusting collaboration. The basis for this is a regular personal exchange to discuss current market developments and to be able to tackle emerging problems together with the



Johannes Netzhammer



Netzhhammer subsidiary Waldshut





respective partner in a solution-oriented way. The good partnership with PMM Munich has proven itself especially in the Corona period and was characterized by understanding - understanding on our part for PMM's partial failure to deliver, which was, however, openly communicated, and at the same time understanding on PMM's part when we were unable to fulfill contracts once concluded in the planned period due to a lockdown.

**What is the importance of the tin can for you now and in the future?**

The tin can has two current aspects for us: On the one hand, it preserves food in an energy-saving way and thus has an advantage over frozen food, for example. On the other hand, the tin can experienced a kind of redis-



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covery during the Corona pandemic and, along with toilet paper and pasta, was probably one of the most "hoarded" goods.

**We thank you for the interview and look forward to future cooperation.**

## BREAKING NEWS

We have received encouraging market figures from **Thailand** in the pineapple sector: Last December, 126,550 mt of raw material were delivered to the factories, a good 1.5% more than expected and significantly more than in the previous year (2020: 116,150 mt). The full year 2021 showed a noticeable increase in volume (+42 %) compared to the previous two years (2021/2020: -20 % and 2020/2019: -42 %). At the moment, however, the inflow from the winter harvest to the factories is unfortunately not as high as expected. The current price is THB 7.20/kg.

The Thai producers' association TFPA nevertheless expects an overall increase in the volume of goods to be delivered of around 7 % for 2022. The prerequisite for this, however, is a good summer harvest (from March). By the way, according to the association (TFPA), the average price in 2021 was 6.20 THB/kg.



*I remain convinced that this is the only way we can overcome the pandemic and its unfortunate and sad side effects and hopefully return to normality in the HoReCa sector soon.*

**WE WILL JOIN IN!**



In this spirit, we wish all friends and partners of PMM a good, healthy and successful start in 2022.

*Your team from Paul M. Müller.*