



MARKET REPORT

march 2022

"We tend to determine success by the size of our salaries or the size of our cars rather than by the degree of our helpfulness and the measure of our humanity."

Martin Luther King (1929 - 1968)

EMERGE

Unscathed



In view of the dramatic images and the explosive world situation, it is difficult for me to always remain calm. However, we must not forget our day-to-day business and, above all, not lose sight of the future. After two years of the pandemic, we are all stressed and want to be able to get going again this summer. Find out what the catering sector is hoping for, how it is preparing and what those in charge would like to see in an interview with Monika Poschenrieder from DEHOGA Bayern. Unfortunately, the supply chains are coming under pressure once again. The loss of trucks and hundreds of thousands of Ukrainian drivers is slowing down supplies. In **China**, numerous megacities have once again been sealed off due to the corona crisis. Ports (including Shanghai) have been closed and hundreds of container ships are at a standstill on the world's oceans. We report on solutions that forwarders, suppliers and PMM have jointly sought and found. Last but not least, of course, it is about the current harvests and price developments of the products that we import and bring to market for you. We present facts and figures, thoroughly researched and up-to-date, so that you can make the right decisions. Perhaps everyone can contribute a little bit to the relaxation, in order to emerge unscathed from this madness despite first bottlenecks and hoarding purchases.

BREAKING NEWS

Missing TUNA

We have just received the latest information from the main trading centre Bangkok, which we do not want to withhold from you. There, the raw material price for Skipjack (SKJ) has already climbed to 1750 US\$/ton. Market experts expect a price jump to US\$ 2000 in the near future. Unfortunately, there is no relief in





sight. The reason is weak catches in the **West Pacific** (FAO 71), but probably also off **West Africa** (FAO 34), where a three-month **FAD ban** has been in place since the beginning of the year. In addition, crude oil prices for the fishing fleets continue to rise. The situation is exacerbated by glaring supply shortages of sunflower oil, which normally comes mainly from **Ukraine**.

DARK *Tomato* CLOUDS

We're sorry to have to say this: The clouds over the tomato business are darker right now than they have been in decades. Six months before the start of the new harvest season, the market for industrially processed tomatoes is paralyzed. The forecasts are gloomy. At the same time, there is high demand for all segments; things should finally start moving again. The fact is that price negotiations for fresh produce from the 2022 harvest between farmers and producers are stalling at a high level or not yet been concluded. Whether the contracts can be fulfilled remains to be seen, according to many market experts. There are no stocks of tomato paste, everyone is looking for goods. The origin **China** for this product does not play a role at the moment because of high freight costs and **Ukraine** as a supplier for industrial goods drops out because of the explosive situation. The problem: "Tomato paste products are in stock there," reports an insider, "but delivery is not possible at the moment." And whether there will even be a new sowing in the shaken country is more than uncertain. For products such as passata or chopped tomatoes, there are some remaining stocks from decanted goods, but these can only provide a little relief.

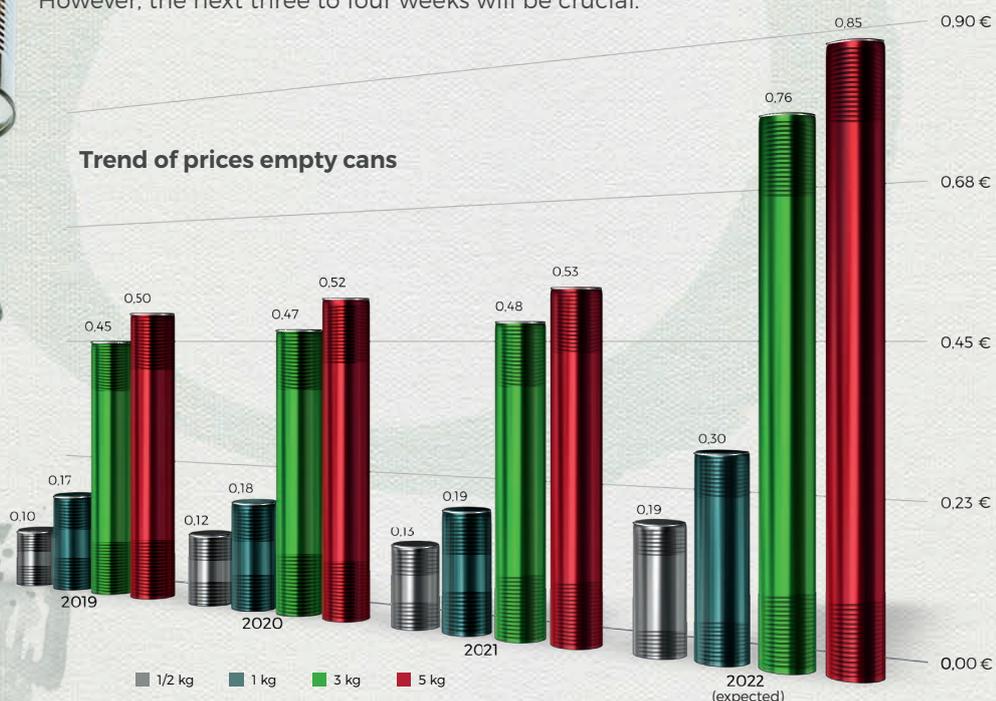
This makes our brand new "**Tomato Special**" all the more topical: it tells you which alternatives you can use instead of peeled tomatoes, for example.

The lack of water in **Spain** continues to put enormous pressure on farmers, who may switch to other crops and stop growing tomatoes. Regardless, the biggest issues worldwide for all tomato products remain packaging (cartons, glass, empty cans) and energy. "These costs are out of control," says the market observer, adding that this will impact overall production costs. Gas as an energy source is especially important in the production of tomato paste. Everything is also overshadowed by the staggering peak prices for empty cans (see chart).

We at PMM currently have to update purchase decisions and prices on a daily basis. However, the next three to four weeks will be crucial.



Trend of prices empty cans



ARTICHOKES *unsure*

As we predicted in our January market report, prices for artichokes in all countries of origin are continuing to shoot up. This is due to the unfavorable climatic conditions and the still high energy and packaging costs. There are hardly any offers for industrially processed goods. The harvest volume that processing companies can count on is drastically reduced. And expensive empty cans are also a serious problem in this commodity segment. At the moment, no reliable volume or price negotiations are possible. As always, however, PMM will keep on negotiating.



Expensive PINEAPPLES

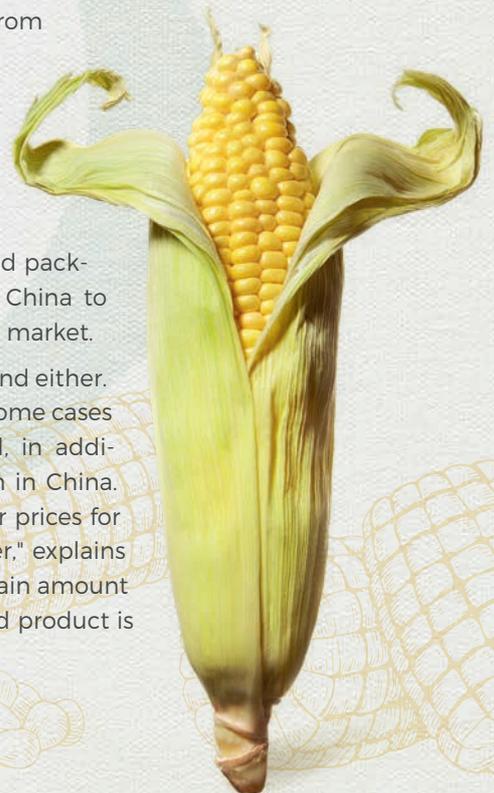
 A slice of a pineapple is shown on the left side of the page, with a faint line drawing of a pineapple in the background.

The raw material prices for pineapples in **Thailand** are very high, between 7.70 and 8 Thai Baht/kg. The supply of goods is scarce, there is a shortage of labor (e.g. entry restrictions from Myanmar are still in place) and the factories are only working at 70% capacity despite overtime. Now everyone is looking forward to the summer harvest, which peaks from May to the end of June. Will there be a trend reversal in price? Market experts remain skeptical in view of the problem of empty cans (availability and pending price increases).

Bad Times for CORN

The turbulence in the world market for corn is keeping us as importers extremely busy. Especially since demand from the industrial sector and food retailers is high. But canned vegetable corn is either hard to reorder or very expensive. What is the connection? **Ukraine** is the main supplier of corn to **China**, along with the **USA**. Last year, the share from Ukraine was 27% (even 57% in 2020). This import is currently failing and thus less corn is available as raw material in China. The harvested quantity now increasingly ends up on its own market: around 60% as animal feed, 30% for industrial processing, just under 10% for the fresh market. Only a small amount of canned goods is exported, and the part coming from China to Europe is becoming even more expensive due to high freight rates and rising costs for energy (oil) and packaging. In addition, it is currently hardly worthwhile for factories in China to produce canned goods, as higher prices can be achieved on the fresh market.

You can't compensate for the missing quantity with goods from Thailand either. There, they themselves are struggling with high production costs (in some cases double-digit percentages for energy, wages, can sheet metal) and, in addition, the price level for the final product has long been higher than in China. "This is a big problem. As long as buyers are not willing to pay higher prices for Chinese goods, factories there are not willing to produce more either," explains an insider. Finally, we look back to Europe, to **Hungary**: There is a certain amount of corn available, the new harvest seems to start well, but this canned product is extremely expensive, we learn.





INTERVIEW

"WE HAVE TO STAY *in the flow*"

We are all hoping for this summer. PMM wanted to find out directly from the gastronomy what expectations and what wishes there are. Read our exclusive interview with Monika Poschenrieder, restaurant owner of Forellenhof Walgerfranz (Bad Tölz) and Chairwoman of the Gastronomy Division of the German Hotel and Restaurant Association DEHOGA (Bavaria).

PMM: Ms. Poschenrieder, after two years of the pandemic, everyone in the industry is hoping for a fresh start this year. What do you see as the biggest challenge? What opportunities are there?

Monika Poschenrieder:

The first challenge is to steer the own business back into a normal phase. Not all employees are there yet and guest behavior is uncertain. And of course there is a great deal of uncertainty due to the many price increases.

Suppliers have to adjust their prices, which is strikingly noticeable in the purchase of goods. But the technical area is also becoming more and more expensive, customer service, maintenance and the purchase of new technical equipment. We have to take all of this into account when calculating prices - in other words, we need a company that runs at 100.

As a restaurant entrepreneur and as the responsible expert in the Dehoga association, you know the mood in the industry and among competitors. Which areas are causing the most concern?

Basically, the truth is that many companies have lost employees. Most of the temporary employees are gone. Basically, the truth is

that many companies have lost employees. Most of the temporary employees are gone.

You have to reorganize your business, but at a moderate pace, because there is simply less going on. Everyone is hoping for a good summer season, but there are teething problems. And we don't know what next fall will bring. Every business has to stay in flow; constant interruptions are harmful and disrupt the usual rhythm.

What do you expect from policymakers?

We would like to see uniform rules. Guests call and are confused about the constantly changing rules. Sometimes we have to send someone home again. That is unpleasant, because we actually want to welcome our guests. Our most important wish for the politicians, however, would be: to make the VAT reduction permanent and to extend it to drinks. The entire beverage industry with discotheques, bars, and clubs has now been in lockdown for two years and urgently needs a perspective. It would be a strong signal to levy only 7% on beverages as well. That could be difficult for alcoholic beverages, but we have to try everything to get our colleagues back on their feet.

And what do you personally wish for?

Personally, I would like to see more flexible working hours. Due to the shortage of skilled workers, we see that other time models are needed. Many employees from abroad, for example, would much rather work six days a week and have more vacation in return because they would like to go home. Others want to work four full days and have three days off. But we can't do that because of the rigid regulations. We are calling for more flexibility and a significant reduction in bureaucracy.



Monika Poschenrieder



Forellenhof Walgerfranz in Bad Tölz



Our impression is: In the crisis, many parties involved and affected, from production, import and wholesale as well as from gastronomy and trade, have moved closer together ...

That's right! We have a good collegial relationship with each other in the industry anyway. In times of need, we get together, help each other and discuss what needs to be done. With suppliers, too. They are our partners. And we want to maintain that.

What have you learned to appreciate most during the crisis?

Many colleagues have learned to appreciate the extra free time. They have realized that breaks are good for you and allow you time for other things - for the family, for example. There is certainly an opportunity if you use the time to think intensively about your business: What

should change structurally in order to cope better with the challenges - but also to reposition yourself.

I believe that the crisis also offers the opportunity to renew and optimize the business. The younger ones in particular are very flexible in this respect, and changes can be advantageous for traditional businesses, because in the future we will have to deal much more intensively with the topics of digitization and sustainability.

Thank you for the interview.



Staff at Forellenhof Walgerfranz

PROUDLY *present*



We are expanding and are happy about the new members to the PMM team: (L-R) **Katja Gartner** and **Jacqueline Neyra Rivera de Ofner** (both in the quality control department) as well as **Sarah Weitzbrich** as assistant

in purchasing and sales. And there is more soon, be curious. And there's more to come soon, so stay tuned. If you don't want to miss anything: Every Friday you can see our "fruit of the week" on our social media channels :-)

Easter LOGISTICS

Heads up: Heads up: There are two consecutive four-day weeks around this year's **Easter holiday** (April 15-18). We recommend that you plan one extra day in each case for smooth scheduling.



Finally, we thank our loyal readership and wish good luck in the coming weeks despite the difficult circumstances. Pass this market report on, it's worth it.

Your team from Paul M. Müller.

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