

PAUL M. MÜLLER

SEIT 1956

FOOD NEWS

MARKET REPORT

September 16 2022

„Stay hungry, stay foolish.“

Steve Jobs (1955 – 2011)



Dosed – our column

Vacation and reality

Many people have just returned from their well-deserved annual vacation, but the harsh reality quickly catches up with us. In private: The Italian restaurant around the corner is suddenly closed an extra day a week, even fine gourmet restaurants are suddenly only open from Tuesday to Saturday. The vegetables at the weekly market have become more expensive again, as have the croissants at the bakery. On the business side, suppliers announce massive price increases, contracts vanish into thin air, agreed purchases collapse, rising interest rates and the pressure of the devaluation of the euro make every calculation uncertain.

Of course, we know why this is happening and who and what is responsible for it. We also know that many market players in our industry have their backs to the wall, and that more and more end consumers will be paying for heating and

electricity rather than for the usual visit to a restaurant or a well-filled shopping cart.

This is a dangerous cocktail that we will probably have to cope with in the near future. Nevertheless, we at Paul M. Müller neither lose our optimism nor our enthusiasm for investment. Our new ADRIA website is in the starting blocks - be curious, we will let you know in time. In terms of personnel, we are in a top position, our long-standing suppliers and forwarders stand by us and we support each other. We see challenges as opportunities for the future. Those who have done their homework and are able to adapt to the new situation will also win tomorrow.

Thomas Schneidawind

New Season

Trends from Portugal

The supply of tomato products is secured from our side. Tomato paste as well as the classics peeled tomatoes and pizza sauce are finally available again from new harvests. We have reacted in time and have been on the lookout worldwide for the sought-after products.


However, our favorite product, tomato, has given us a real headache this time. We have repeatedly reported openly and honestly about the challenges of this season: Drought in Southern Europe, Ukraine's failure as a producer of tomato paste, price explosion in energy (especially gas) and packaging, as well as political instability in Italy, uncertain yields, etc. The gas price trend also poses major problems for the suppliers of the factories (labels, cartons, plastic, jars...), which also consume a lot of energy during production.

An explosive mix, which together has now already led to price explosions of over 100% for the 2650 ml peeled tomatoes compared to last year.

There are hardly any alternatives. Tomato products from Turkey or Greece are also already „horrendously expensive“, report our partners. The price situation has gotten out of control, complains one producer. Not only because of high production costs, but also because there is simply a lack of basic materials (for the production of tomato paste, for dried tomatoes, pizza sauce).

What's next? In **Portugal** and **Italy**, if the weather doesn't put a spanner in the works, the harvest will run until the beginning of October. There is sufficient raw material available for processing. In the north of Italy there is more (about 2.8 million

tons), in the south less (max. 2.6 million tons) this year. The catering business is increasingly looking for the 3-kilo can (peeled tomatoes and diced tomatoes) and the processing industry is looking for barrels with all tomato varieties, but there are hardly any offers for these. Small cans (e.g. 425 ml) are on offer - for the most part also leftover stocks from the previous year, because the orders of many customers from the supermarket segment had been too optimistic at lockdown time.

With  **Conesa**., one of the leading processors of tomato products on the Iberian Peninsula, we have, among others, a top partner that processes over 340,000 tons of fresh tomatoes per harvest. The company has locations worldwide. PMM has worked with the long-established Conesa offshoot (formerly Sopragol) in Mora, Portugal, for decades.



The manufacturer has long specialized in producing tomato products in barrels there, in addition to cans (5 million units). Certainly, fully preserved canned food makes sense in the kitchen in times of high energy costs, since it can be stored without cooling. We stand by it, that's where PMM's roots lie. However, the trend must go towards alternative packaging, as the tinplate can, despite unbeatable production efficiency, will soon become unaffordable compared to the pouch.

Therefore, PMM offers a product novelty from

another top Portuguese manufacturer now for the first time: the 5x3 kg pouch with ADRIA pizza sauce. This will be the future, like it or not, we have to break new ground on this item as well. Testing is worth it!



Turkey: It Remains Difficult

The hot pepper harvest in **Turkey** has been completed, while the bell pepper harvest will continue until mid-October. For jalapeños, there was a bumper harvest this season - with the result that after the run on them, everything was sold within a very short time.



In detail: In the case of hot peppers, we have to report a poor harvest result. Lower yields in the fields have led to a „fierce battle for the raw product“, as market experts report. We see the same scenario with sweet peppers. It mainly affects the bell pepper varieties Topa (round bell pepper) and Kapia (pointed bell pepper). Background: Producers of bell pepper paste are currently looking for as much raw material as possible because the market price for this product has become interesting. In the PMM market report July, we had already predicted this turbulence. A significant price increase is now evident for all bell pepper products. Last but not least, the problem of dramatic cost increases for energy, wages and packaging materials is also becoming more and more noticeable on the Bosphorus. Added to this is galloping inflation in the country (officially 80%; unofficially triple digits), which is fueling the critical development on the producer side. PMM will also have to take this into account.

Greece: Final spurt

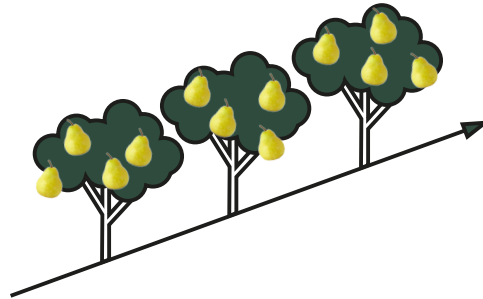
Final spurt for **peaches**: After the fruits (mainly flat peaches) turned out very small this year in Greece, lower quantities were available for the production of peach slices and cubes. Hail and

bad weather damaged or destroyed almost 70% of the so-called Saturn or donut peaches, which are grown at an altitude of around 1000 meters. For this reason, this variety was more likely to be

processed into puree or concentrate, and only a small quantity ended up in the can. In view of the given conditions, market experts nevertheless speak overall of „normal production“, which is, however, once again characterized by known cost factors (energy, canning, labor wages). Current double-digit inflation in Greece is likely to have an additional price-increasing effect on production.



An exciting development is emerging in the case of **pears**: More fruit trees are being planted in Hellas every year. Market observers assume that in the medium term, the aim is to compete with **Italy** as a source of pears in terms of both quantity and quality.



We anticipate sales problems with our **fruit cocktail**. Sales are expected to be even lower than in the previous year. The reason for this is the increasingly expensive ingredients for the end product (five ingredients: pineapple, pear, cherry, peach and grape). Due to the highly strained financial situation in which many catering businesses (but also private households) find themselves, it is almost impossible to implement higher retail prices.

Tuna: Calm before the storm

The tuna business continues to be characterized by lively ups and downs. Traditionally, demand for tuna picks up strongly again worldwide in October.

Currently, the price for raw Skipjack (SKJ) at the **Bangkok** trading center (BKK) and in **Papua New Guinea** (PNG) is US\$ 1800/t. In **Manta** (Ecuador), the current price is US\$ 1900/t. In last spring, however, the price in Bangkok and Manta for a ton of SKJ was already quoted at just under US\$2000

Until the end of September, a three-month „FAD ban“ (fishing ban between July and September) still applies in the largest fishing area, the Western Pacific (FAO 71). This means that fishing with decoy buoys is prohibited during this period. This was recently compounded by bad weather and high operating costs (diesel oil) for vessel owners, resulting in fewer vessels at sea. All this together led to even lower catch results in the FAO 71 fishing area in August compared

to the same month last year (-50%). The situation is similar in September. Market insiders believe that catch quotas in August and September will determine the price until the end of the year. So as soon as demand picks up, the price will also climb. This will be in the fall at the latest, when traditionally the big tenders come from the retail sector, which will then meet a lower market supply. Another price driver is the poor euro/dollar exchange rate, which imports inflation into Europe. This is because everything that has to be paid for in US\$ is additionally made more expensive by the weak euro ... The situation is similar in September.

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a lower market supply. Another price driver is the poor euro/dollar exchange rate, which imports inflation into Europe. This is because everything that has to be paid for in US\$ is additionally made more expensive by the weak euro ... According to our latest information, the producers of canned tuna are already sold out until December. Negotiations are currently underway for shipments for January and February 2023. But don't worry: We are well stocked with top quality tuna

(in the durable can and as a space-saving pouch pack). Just ask our [PMM experts](#) directly.



INTERVIEW



"You can't prepare 120 lunches just like that!"

Lutz Sperr

The two hotel lovers Edeltraut and Lutz Sperr are owners and operators of the vacation paradise „Senhoog“ on Sylt (houses) as well as in the Austrian mountain idyll Leogang (chalet). The roots of the family entrepreneurs (since 1978), however, lie in Rechenberg in western Germany, where the full-blooded gastronomes have also built up an impressive hotel and event world. The Rössle country inn located there is known beyond the borders for its delicious food. Especially in these challenging times, Lutz Sperr must be able to rely on the best ingredients, says the professional chef in an interview with PMM.

Paul M. Müller:

Mr. Sperr, you love to serve your guests, so the ingredients have to be right and taste good. Why did you choose the ready-made tomato sauce Salsa Pronto from ADRIA-Premium at Gasthof Rössle?

Lutz Sperr:

Honestly, I think the product is just great. I open it up and it tastes good. For example, I want to make something vegetarian. So I prepare a vegetable strudel, make the Salsa Pronto hot and let it thicken briefly. It tastes exactly like a tomato sauce that I cooked myself. In terms of taste, it is very well balanced - you do not even need to add salt.

But don't you like to cook your own tomato sauce?

This is usually even cheaper, of course. We used

to cook our own tomato sauce, then freeze it as a 2-kilo package and give it out when we needed it. Now we open the salsa pronta cans when things get stressful - it makes it easier. I use them for all sorts of things and cook them all over the place. Even when I have other tomato cans available.

For example?

When I prepare lasagna, for example, or recently also for dressing a Bolognese sauce with meat from own slaughtering, I cook that with Salsa Pronto. I order the cans from Paul M. Müller through a wholesaler from the service association, and I can use them for so many things, which is really great. You can count on it.

What do you associate with the name „Salsa Pronto“?

Actually nothing! It was like this: I got the cans to test, opened and tasted them. It was delicious! It's as simple as that. The name per se is not a motive for me to buy something. I had a chance to try the product and it tasted good. That's it!

That's what a contemporary convenience product should be, right?

Yes, and this one is also high-quality. I was wondering, if I cooked the tomato sauce myself, would it be better? Probably not. For us, it's brilliant. In stressful situations, when three cooks are down, I'm grateful to have something to help. I'm sure the guest will enjoy it.

At what moment did you appreciate the product the most?

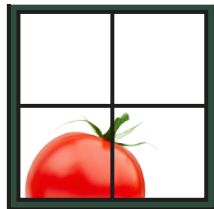
Definitely during the Corona pandemic and when many employees are missing. But that shouldn't stop you from doing a good job in the kitchen. However, serving 120 lunches at the highest level - you can't do that just like that.

Thank you for the interview.



Picked up

Lockdowns in China



Almost unnoticed, **China** keeps imposing massive lockdowns on cities (partly with millions of inhabitants) like Chengdu and provinces, even if only a handful of covid

cases have occurred - it just caught parts of Inner Mongolia. The entire Xinjiang region has been in lockdown since August 10. This has just forced four producers of tomato paste in the south of the province to completely stop their operations. The sharp restrictions due to the „Zero-Covid Policy“ could continue there until September 20. There are fears that this will have an impact on supply, as China is a global player when it comes to tomato paste.

German Road Haulage Association sounds the alarm

The Bundesverband Güterkraftverkehr Logistik und Entsorgung (BGL), the German Road Haulage, Logistics and Disposal Association, is sounding the alarm: SKW Stickstoffwerke Piesteritz GmbH, Germany's largest AdBlue manufacturer, had stopped production in mid-August until further notice due to high gas prices. Now the urea AdBlue, without which no modern diesel engine runs, is in short supply. „No AdBlue means no trucks. And that means no supply in Germany“, warns the BGL.



Outlook

Oktoberfest-Mood



We do not let the good mood for the “Wiesn” be taken away from us. Put on your lederhosen, trim your mustache and pack your good mood - let's go to the world's biggest folk festival on September 17.

After a two-year Corona break, the Oktoberfest in Munich is finally back (until October 3). Paul M. Müller is traditionally there, of course.

We are looking forward to it and to our loyal guests! We are looking forward to it and to our loyal guests!

WE STAY HUNGRY, WE STAY FOOLISH!

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