

PAUL M. MÜLLER

SEIT 1956

FOOD NEWS

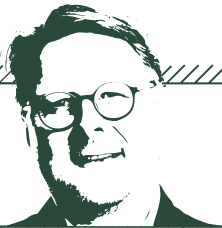
MARKET REPORT

EDITION NOVEMBER 2022

18. 11. 2022

“Peace is not everything, but everything is nothing without peace!”

Willy Brandt (1913–1992)



Dosed – our column

Cohesion

I don't want to measure myself against the famous saying of the great German politician and former chancellor - but I would like to borrow it, especially in these difficult, even dangerous times: **Without cohesion, everything is nothing.** That is exactly how we all feel right now. But the motto does not only apply to us in the company, but also to our partners in the countries of origin, in the supply business and in trade. Let's be honest, if someone had said in 2019 that we were threatened by a global pandemic that has still not been fully overcome, a Russian war of aggression in Europe, an energy crisis worse than that of the 1970s, and inflation rates of ten percent with explosive company bankruptcies ... He would probably have been declared insane.

Now we have to keep a cool head together and get through it. That's why we have invested all the more in our communications, in our product range, in our manpower. And, of course, we are keeping a closer eye than ever on developments in the markets. In this year's last PMM market report, we also provide information on harvests, prices, trends and problems. Read what's going on, what matters. I wish you as relaxed and calm minutes as possible.

Yours, Thomas Schneidawind



Tuna: Volatile prices

The price development of tuna remains very volatile (see graph). The skipjack (SKJ) quotation in **Bangkok** (BKK) is currently trending towards a level of US\$1550 to US\$1600/t after a high of US\$1800. Weak catches continue to be reported from the Atlantic and Pacific fishing areas. In the Indian Ocean, on the other hand, there is a good yield - from both Skipjack and Yellowfin - and these are currently supporting the moderate downward trend in BKK. However, market insiders doubt that the weaker price will hold.

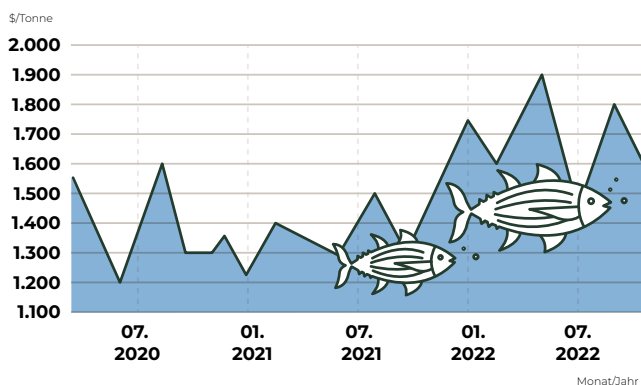
The reason for this is the gloomy outlook for the main fishing area of the Western Pacific. After the end of the three-month fishing ban (FAD ban), no signals promising better catches can be seen there. Insiders therefore warn that the situation can quickly turn around again.

The demand for raw product is currently limited, as producers in Thailand are counting on lower prices for frozen goods after the end of the FAD ban. It is uncertain whether these speculations will prove to be true.

In any case, the fact is that slightly declining freight rates are helping to ease the situation somewhat in the face of continuing high material and processing costs. We are using all our know-how to procure new goods under the given circumstances. Conclusion overall: Planning for the 1st quarter is now advisable especially as the US currency currently offers some tailwind. Ask our professionals at PMM.

Addition: In the West Atlantic fishing area, a FAD ban applies from January to March 2023, which can support an upward trend reversal very quickly.

**Preisentwicklung
ganzer Thunfisch Skipjack (1,8 kg), Bangkok**



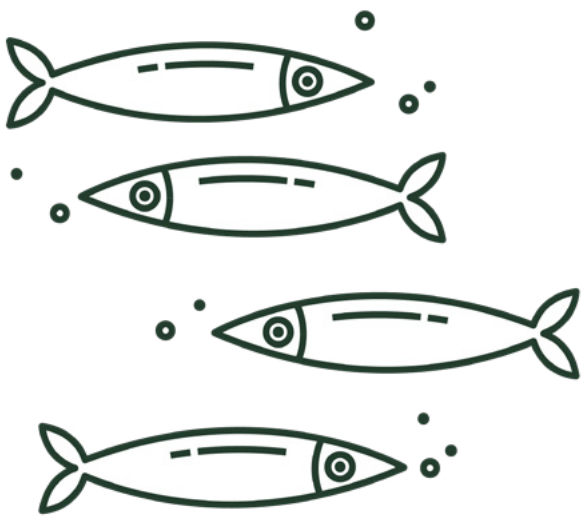
Recherche: Paul M. Müller

“I think it’s pretty cool how much effort PMM puts into tuna and how high the requirements are at the origin for ADRIA quality. Thanks to the excellent contacts, some of which have been around for decades, I’m getting very well acquainted with the new material and it’s also a lot of fun. Especially because I still have Martina at my side until next year. I am literally soaking up her great experience.”



EVE-FLORENCE GÖLZ

Anchovies: Out of reach



Anchovies are a real headache at the moment: the market for canned goods is almost sold out. Supplies from South America or **Morocco** are literally a long way off. However, this is not only due to the long transport routes, but also to the weak catch quantities.

Off the coasts of **Morocco**, yields were 60% below the previous year's level by the end of September. The next season will start in March/April 2023. Only then it will become clear whether the tense situation will improve. From **Peru**, producers are also reporting poor results. Above all, the fish is far too small and can hardly be processed. Experts report that the population there must first recover. We will keep you informed.

Tomatoes: Our Favotites

All the more closely we look at the conditions, harvests and markets for the various product segments throughout the year. Now we look at tomatoes. A difficult and turbulent year for this crop is drawing to a close, particularly in southern Europe (drought/lack of water). As a result, we have to report an 18% decline in the harvest to 9.5 million tons of tomatoes (2021: about 11.5 million tons) that could be processed throughout Europe.

All the more closely we look at the conditions, harvests and markets for the various product segments throughout the year. So now once again specifically on tomatoes. A difficult and turbulent year for tomatoes, especially in southern Europe (drought/lack of water), is drawing to a close. As a result, we have to record a harvest decline of 18 % to 9.5 million tons of tomatoes (2021: a good 11.5 million tons) that could be processed throughout Europe.



The run on the high-quality and popular product remains unbroken. „The demand for tomato products has not - as expected by some - collapsed again,“ an experienced insider tells PMM, „on the contrary, it continues to be very high.“ Industry and gastronomy are still looking for high quantities of high-quality tomato products, according to him.

We feel confirmed that PMM's tomato products under the ADRIA label and, most recently, the trendy Paolo Rossi brand are a perfect fit for our times. Market observers know that the demand peak is everywhere in Europe. The hunger for tomatoes is still great after the deprived time of the pandemic. So we continue to see the typical trend of a seller's market. Even the upcoming tomato harvest in Chile from January, which promises to be good, is unlikely to take much pressure off the market. The reason: the bulk of the 2023 harvest will again flow mainly into the U.S. market, we learn from industry insiders. Despite everything, Paul M. Müller is well stocked as we recognized the signs of the times for our „favorite product“ early on. One drop of bitterness remains: As far as we know, the huge problem of tomato paste, which is lacking wherever you look in the international market, will continue to exist in the coming year. But as a global importer, we are trying to find solutions in this area.

Artichokes: are being displaced

Growing wheat and sunflowers (for oil) currently promises **Egyptian** farmers better income due to the current shortage on the world market. Therefore, many farmers are switching to it. This is causing the crop of artichokes from this origin to decrease by a good 30% this year. According to our latest information, the bad weather conditions in **Spain** have caused a delayed harvest with lower yields. Pricing has not yet been finalized. We will keep you updated on availability.



Olives: less and more expensive

No relief in the olive market. This year again, rising production and material costs, heat and water shortages are causing lower harvest yields. In addition, they spoil the mood of the producers. The olive trees are exhausted, the fruits in many cases too small. A slump (across all varieties) of around 36% is reported for the 2022/23 season. As a result, prices for olives have risen. For the sought-after industrial variety Hojiblanca alone, the price climbed by around 45%. Material costs (packaging, containers, metal, etc.) are getting out of hand in **Spain**.

Suppliers of empty jars, for example, have been charging a 20% surcharge since October 1. Economic and political capers (new taxes) are further unsettling producers. Olives from **Egypt** will hardly be an alternative, at least in case of green olives. Why not? The crop output of the Aziz variety (equivalent to the Spanish variety Gordal) is almost 60% higher than last year - but that is still almost three times

less than in good crop years. Olive growers on the Nile are leaving other varieties hanging on the tree longer because they are counting on higher prices for the black natural olives that develop from them. And what is **Greece** doing? We are currently keeping a close eye on the harvest. For the time being, it looks like we can get a satisfactory result there.



Pineapple: high quality, high quantity

The situation in **Thailand**, the most important country of origin for pineapples, at the end of the year gives us cause for optimism. Firstly, because the high raw material price - in the spring it was almost 8 Thai Baht/kg - has fallen significantly. And secondly, because the growth in pineapple for processing factories in 2022 will be plus 14% compared to the previous year, according to the Thai industry association TFPA. This means that more than 1.25 million tons of fresh pineapple will arrive at processing plants this year (2021: around 1.1 million tons). This already includes the volumes from the current winter harvest, which started in October and runs until February 2023.

On average, the farmers received 6.35 Thai baht/kg in 2022 (2021: 6.20 Thai baht/kg), the TFPA has calculated. The quality of the fruit is very good, market experts add, and is

ideally suited for all canned processing purposes (including Choice goods). Currently, demand for canned pineapple is still low; juice concentrate is more in demand, according to market participants. From December, however, they expect an increased run on canned pineapples. PMM is well prepared for this. Ask us!

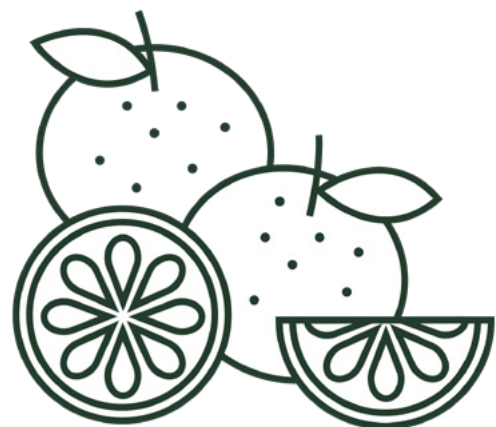


Mandarin oranges: expensive and scarce

There is still speculation about the extent of the damage and the impact on prices. But we are also hearing from the southern growing regions of **China** about a drop of almost 30% in mandarins. In both regions, drought and water shortages were mainly responsible for the losses. Price drivers also remain increasingly expensive fertilizers and high transport costs - even if freight rates themselves are currently tending to fall. In **Turkey**, high energy prices and labor costs, further fueled by galloping inflation, are the reasons for the huge price increases for mandarins.

There is still speculation about the extent of the damage and the impact on prices. But also from the southern growing regions **China's** we hear of a decline of just under 30 % in tangerines. In both regions, drought and water shortages were mainly responsible for the losses. Price drivers also remain increasingly expensive fertilizers and high transport costs - even if freight rates themselves are currently tending to fall. In the **Turkey** the enormous price increases for mandarins are due to high energy prices and labor costs, which are further fueled by galloping inflation.

Addition: It is said that some producers in Turkey have reduced their production schedule, due to the high opening prices. In addition, renegotiations with the suppliers of empty cans will probably take place, since every cent counts in case of the 11 oz cans.



Wine: new and deliciously fresh

PMM currently offers cooking wine (white and red) with 11 percent alcohol content newly in the 1.5-liter bottle (previously 2 l). The deliciously refreshing product for professional kitchens is available now and is also popular with red at this time of year for making **mulled wine**.



INTERVIEW

“Plants are sensitive living creatures.”

Moiz Hemsı

As in any relationship, its permanence is only revealed in crisis. That’s why we visited our long-time partner in Turkey, Hemsı Limited (Izmir), in the spring. And that is why we are currently asking owner and industry professional Moiz Hemsı how the situation has developed so far - in the country and for the experienced producer and exporter of agricultural goods himself. Read the exciting answers and views here.



MOIZ HEMSİ

Mr. Hemsı, due to the explosive circumstances, economically and politically, we must first ask: Can you guarantee the supply of raw goods – such as bell peppers, hot peppers, tomatoes and capers - in the next season?

Yes! Thanks to the expansion of contracted plantings and the promotion and support of growers. In the 2022 planting/decision period, the cost of growing tomatoes and peppers doubled to tripled. Alternative crops, especially cotton, promised high yields. For that reason, many farmers had switched to growing cotton and reduced planting of tomatoes and peppers. Now, at harvest time, farmers are disappointed with cotton prices falling again and satisfied with the yields from peppers and tomatoes. For the coming season, I can already say that the market will take this into account and increase the cultivation of peppers and tomatoes.

Do you expect any shifts in supply or prices?

As I said, I expect increased planting of tomatoes and peppers. As a result, prices may fall, but not sharply, as farmers need to cover their costs. Unfortunately, the cost of growing vegetables has continued to rise. However, I hope that the cost factors will decrease again, which would have a positive impact on the overall price level.

How do you deal with the unrestrained inflation in Turkey?

When inflation was local, i.e. only in Turkey, it was easier because the devaluation of the Turkish lira compensated

for inflation. That doesn't work now, because the current inflation is a global problem. I'm afraid we have no other option but to increase productivity and lower profit margins to compensate for the increase caused by global inflation.

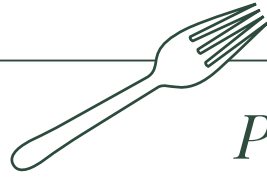
What impacts do you feel from the climate change?

Climate change poses the most serious and unpredictable threat to all who work in the agricultural sector. Farms are roofless factories and plants are sensitive living creatures. Any unusual weather conditions will affect crops and therefore yields.

In difficult times, partnerships between supplier and importer have to prove their worth. How do you view the long-standing cooperation with Paul M. Müller? Do you have any special wishes?

It is very important to have a loyal partner in such difficult times. We are pleased about the longstanding cooperation with Paul M. Müller and would like to further expand the cooperation. Last Word: One hand washes the other and both hands wash the face...

Thank you very much for the open conversation.



Picked Up

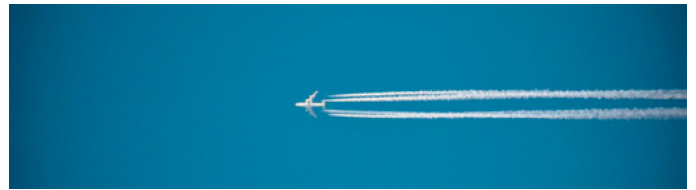
Goodbye mega container ships

The time of the container giants on the world's oceans could soon be over, said **Sören Skou**, CEO of the world's second-largest shipping company Maersk, in a recent trade interview in **Hamburg**. The mega-transporters (400 m long, up to 24,000 standard containers) can currently no longer be filled in a way that is efficient and economical, Skou said. Another reason: the slowing growth of world trade.



Top logistics

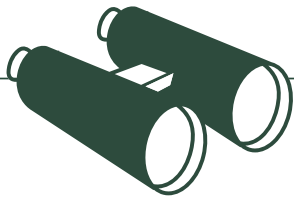
Top meeting of logistics professionals: the big players of this sector met recently in **Miami** (USA) at the Air Cargo Forum & Transport trade show (hosted by Messe München). One important goal was to network better and work together more intensively to find digital solutions that can be used to solve current and future supply chain problems faster and more effectively. The event was busier than expected.



PMM Logistics

Christmas is coming sooner than expected. The last loading opportunity this year from our central warehouse in Hamburg is 23.12.2022. After that, operations in the Hanseatic city will start again from 2 January 2023. In Italy, many suppliers close in the post-Christmas week until 8.1.2023. The first direct deliveries after the plants open will only be possible again then. In terms of delivery via Hamburg or drop shipments, we ask you to plan enough in advance and notify us in good time. Then you will be the first in 2023.





Outlook

We support...

the Münchner Tafel (Munich Food Bank) with food donations for needy fellow citizens in the Bavarian capital. The non-profit association of many committed volunteers has been operating 28 distribution points in Munich for many years. PMM boss Thomas Schneidawind has just handed over a total of more than three pallets with several thou-

sand cans of peel and pizza tomatoes to the Tafel's chief logistician, Mathew Scheer (on the right in the picture). Both were very happy about the successful action at short notice. PMM helps ... gladly and again.



PMM Community

You want to tell us a story or share experiences from the industry? Do you have feedback for us? Photos or stories? We would like to invite you to actively shape the PMM Market Report, and we welcome every contribution, suggestion and criticism. THANK YOU for taking the time to read and be a part of our PMM community.

