

ROEPER



## **Newsletter December 2010**

### **Annual Review**

Dear Business Friends

In this last newsletter of 2010 we would like to give a short review on the year's events. For Roeper it was in many respects indeed a special year. In previous years many of our key products declined in price, sometimes even dramatically. Now this year a downright contrary development has shown. Some products have experienced price increases of "only" 30 -100 % (for instance Agar Agar). But there were also extreme increases of sometimes over 300 % - as, in the course of this year, experienced by products such as Carmine and Shellac. The turbulences on the raw material markets caused by this development have clearly characterized this year.

Due to the worldwide economic and financial crisis the past years as well as this year have been most difficult for many companies. But unlike many of our fellow companies we were able to maintain our policy based on ample stock holding of tested and certified goods, which allows us to supply upon short notice.

Product related documentation and quality assurance are becoming more and more important subjects in business process. Roeper has accommodated for this fact by strengthening our quality department. Please find details under *Inside Roeper*. Another focus of the year 2010 was continuing systematic supplier audits in the countries of origin, which will yet be continued and completed next year.

During numerous trips to the countries of origin of our products we could gather first-hand information on the development of markets. Some countries' dynamic development – for instance in China – is again and again very impressive. Bjoern Stamer, who has just returned from a trip to Iran, reported that the senior partner of our local supplier – from whom we have purchased goods for many decades – is now 94 years old and still steers the affairs of his business every day. By now he can celebrate his 80-year company membership – a record we believe would be worth while an entry in the Guinness book of records!

We would like to thank all our esteemed business partners for their trust and loyalty and wish everybody Merry Christmas and a healthy, happy and successful year 2011!

Yours sincerely

Carsten Gerrens



## **Exhibition Review FISA Brazil, September 21st – 23rd 2010**

The Food Ingredients South America took place from September 21<sup>st</sup> to 23<sup>rd</sup> 2010 in Sao Paulo. FISA is Latin America's largest event for the food ingredients industry. Brazil's food industry is growing – 2010 sales revenue is expected to be 10 % up compared to 2009. Roesper exhibited together with their Brazilian agent Hora Comércio e Representacoes Ltda. Since the new Business Development Director of Roesper, Mr. Taco Rakemann, is a native speaker in Portuguese many interesting talks could take place both with existing customers and prospects. Besides the Brazilian visitors there were several visits at the booth from other Latin American countries from Mexico down to Chile. After the exhibition follow-up visits were made. It is obvious that the Brazilian market is important to Roesper and after this very successful exhibition prospects for future business are good.



Left: Taco Rakemann, Middle: Mrs. Denise Hora and Mr. Umberto Hora

## **Market Reports**

### **Gelling Agents, Emulsifiers and Stabilizers**

#### **Agar**

Availability of Agar has been limited ever since the beginning of this year. There was simply not enough seaweed to cover demand and prices experienced a continuous increase – by today prices have nearly doubled.

After years of plenty nobody had expected this development – not regarding prices nor regarding availability. We expect yet a further price increase and recommend to all customers to cover demand very soon.

#### **Carrageen**

The market has been stable for the past months. There is sufficient material available in the country of origin and even bulk orders are available for shipment upon short notice. The quantity of material available here in Europe is limited, though, as none of the importers is prepared to take the risk of having a lot of stock here in Europe around the end of the year.

#### **Konjac**

The crop has only just begun, but it has already become evident that yield will be smaller than in recent years. Forecasts for 2011 are not very promising.

Worldwide demand has increased as this fascinating product has attracted increasing interest during the past years. A price increase of as much as 20 – 30 % is generally expected.

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## Gum Tragacanth



Bjoern Stamer, product manager in charge for Gum Tragacanth, has visited our suppliers in Iran around the middle of November. After a long lean spell there is finally good news from the Gum Tragacanth market: the 2010 crop has had a satisfactory yield and sufficient quantities of all qualities have been gathered. Price increases introduced during the summer could be almost fully retracted due to the strengthened Euro at the time. Quality of the past crop is above last year's level, which is mainly due to less rain during the harvest period. To all those critics of Gum Tragacanth's high prices we would like to point out that this product is still tediously gathered by hand and the maximum quantity even a skilled worker can collect is 1 kg per day.

## Gum Arabic

Sufficient quantities of all standard qualities are available from the last crop. The new crop will soon begin and we will of course keep you updated on its result. Prices should remain stable for the time being.

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## Guar Gum

The situation on the Guar Gum market is a very difficult one at the moment, which is mainly due to the influence of speculators. During the past two weeks prices for Guar Gum have increased by almost 25%. The market is very volatile and instable, while more fluctuating on the higher side.

Due to the bad weather conditions the arrival of the new crop has been delayed - a fact that has surely contributed to the price increases. As soon as the new crop is available the market should take a turn. But this depends on a variety of factors, mainly the result of the crop and – depending on weather conditions – the time of its availability. Another crucial fact is that there is a very low carry over from last year's crop and furthermore that demand from the oil drilling industry is very strong.

We recommend to customers to cover their demand for the forthcoming 3 – 6 months now.

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## **Pectin**

Although still very young, our cooperation with the Chinese supplier Yantai André Pectin has already been a great success. We are also pleased to inform you that with immediate effect we can now offer the full range of amidated pectins, as our partner has invested in a new production unit. Prices for products from this new range are very competitive. By now André Pectin employs 3 specialists from Europe taking care of quality assurance and application technique in China. This is of great advantage for us and our customers, as these employees have many years of experience in pectin business and come from Germany and Switzerland, which makes communication very smooth and easy.

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## **CMC**

Worldwide producers are facing problems in raw material sourcing for the production of cellulose. Due to market speculation prices for cotton have nearly doubled and only minor qualities – which are not suitable for CMC production – are available. Another raw material needed for CMC production – timber – is also undergoing quality difficulties and prices for good material still available on the market are going up. Many suppliers are not quoting for CMC at the moment. We hope the situation will ease up again very soon!

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## **Xanthan**

The market for standard qualities is stable at the moment. Our contract supplier is planning to extend his capacities further during the next year and we expect to be able to submit even more competitive offers from the second half of 2011 onwards.

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## **Waxes**

### **Beeswax**

Mr. Joern Herrmann has just visited our suppliers in China. As in many other countries supplying natural raw materials there is one trend to be seen in China, too: yields of 2010 have been low, which is first and foremost due to negative weather impact. At the same time domestic sales in China have increased and pushed beeswax prices upwards – and this trend is yet to continue. For 2011 – at least for the first 6 months – we expect prices to remain stable or slightly increasing.

Although Roeper also buys some good quantities from other provenances (such as Africa, Australia and New Zealand) China has once again strengthened its leading market position for beeswax. From Europe or Latin America there are virtually no supplies of beeswax.



## **Carnaubawax**

Crop in Brazil has only just begun, but prices are already clearly increasing, which seems to be due to the fact that a shortfall quantity of type 3 and type 1 prime yellow is already obvious. We recommend to all customers to cover their demand for the medium term: prices as high as Euro 7,- p/kg net for type 1 have already been realized!

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## **Oleoresins**

### Paprika Oleoresin

The poor yield of colour chilis in China has already caused enormous price increases for Paprika Oleoresin during the past weeks. Due to the high raw material prices production has been cut down by manufacturers. Consequently only few quantities are available for shipment from the country of origin. Our product manager Bjoern Stamer will meet several approved suppliers in the country of origin very soon to discuss prices and quantities for 2011. Detailed information will then be given on our website!

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## **Essential Oils**

### **L-Menthol cryst.**

Just recently we issued a market report informing about a dramatic increase in prices. After the mint oil crop of "Mentha Arvensis" had been completed prices have increased from a level of approx. USD 18 - 20 in June / July 2010 to a presently new all-time high (since 1997) of UD 35 - 36 p/kg net - and there still is an upward tendency! Obviously - despite a relatively good crop result - Indian farmers are holding back raw material. In previous years these farmers have been able to realise good profits, which seems to allow them to hold back material now. Furthermore the influence of speculators is clearly evident at the MCX stock exchange in Delhi.

Suppliers in China have been visited by Mr. Herrmann in week 47, but unfortunately no relaxation of the market is evident.

We do not believe this situation will ease soon, but rather expect prices to remain on a stable, yet high level.

### **DL-Camphor synthetic**

If all manufacturers in China max out their production capacity, supply will exceed demand largely.

Right now the available quantity is limited because the raw material turpentine oil (see report below) is scarce. Some of our suppliers stop providing prices and supply in particular months. So until the new crop is due (July 2011) we expect prices to remain stable to increasing. Prices above Euro 7,- p/kg net will soon be a reality!



### **Turpentine Oil**

The fact that the 2010 crop in the main country of origin, China, has turned out very bad has led to a new price peak. Turpentine oil, which has been considered a commodity for years, has exceeded a price level of USD 7,- p/kg net – and the price trend is still going up! Customers are recommended to cover their demand very soon!

### **Eucalyptus Oil Chinese (80 % Cineole)**

During 2010 this essential oil has – similar to other essential oils - reached record prices of as much as USD 20,- p/kg. However we believe that the price peak has been reached now and prices will level off slightly lower.

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### **Psyllium**

The last Psyllium crop has been a good one and quantities available from Indian suppliers are sufficient, but demand is very strong and prices remain on a high level. Roeper sells an increasing amount of organic grades available from our Hamburg stock – please do not hesitate to contact us if you are interested in organic Psyllium!

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### **Colouring Materials**

#### **Cochineal / Carmine**

Prices still remain at a very high level. The November crop does not seem to have turned out satisfactory, so the market has an ever firmer tendency at the moment. Due to this difficult supply situation we strongly recommend to keep in close contact with our sales manager Joern Herrmann.

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### **Resins**

#### **Gum Olibanum / Gum Myrrh**

The supply situation of Olibanum from Ethiopia and Sudan has brightened up during the past months. There are no forecasts on the outcome of the new crop yet. We do not believe there will be major supply bottlenecks. Prices will remain on a high level.

We expect to receive fresh Olibanum material from Somalia during the first quarter of 2011. Prices, however, are still very high and quality remains a problem.

Myrrh is still very scarce and expensive, too. Consequently we recommend to all customers to inform us about your requirements as soon as possible, as unfortunately there will not be continuous availability.



### **Benzoe Siam and Sumatra**

Siam Benzoe will not be available until the middle of 2011. Only very small quantities will be shipped to Europe, so prices are expected to remain very high.

Sumatra Benzoe is scarce, but generally available – prices, however, have also increased considerably compared to the past.

### **Copal**

Due to bad weather conditions a vast part of the crop was of bad quality. Therefore especially PWS Copal is now very scarce and expensive. Lower qualities are available – but corresponding prices have also clearly increased.

### **Elemi**

We are pleased to inform that we were able to purchase a substantial quantity of Elemi from the new crop. As mentioned in our last newsletter we recommend to inform us about your requirements in due time to ensure availability. Meanwhile prices, unfortunately, will probably double.

### **Colophony**

Compared to the first 6 months of this year the situation has slightly relaxed, but Colophony remains a scarce product. Prices remain on a stable, yet high, level.

### **Tannic Acid**

Due to increased energy and raw material costs our contract supplier has announced another price increase for 01.01.2011. We have not yet been informed which amount we will be facing.

### **Tonka Beans**

We are expecting a fresh lot of Brazilian Tonka Beans at the end of 2010. Prices are slightly decreasing as more material is available on the market.

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### **Liquorice**

For quite a while the market for liquorice was stable and prices remained firm. But now there is a clear tendency that prices will increase in the course of the next year. Prices for liquorice roots - the raw-material for liquorice production - have increased in several provenances. Another important cost factor, electricity/energy, has also experienced a clear price increase both in China and in Iran. In Iran, electricity costs even multiplied tenfold. As a consequence we expect price to increase - either in the medium term or even in the near future. Therefore we recommend to customers to cover demand for the next months now. Please do not hesitate to ask for our detailed offer.

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## Shellac

Due to the crop failure (Bysakhi) in spring of 2010, Shellac prices have reached a new peak. In the meantime, prices have quadrupled. For the production of some Shellac qualities there is no raw material available, so some factories have ceased production since months. There has been no such market situation for decades. Prices for those qualities still available increase with every shipment from the origin and we believe this development will continue until the next crop in April / May 2011. If the yield of the 2011 Bysakhi crop will not turn out to be sufficient, prices for Shellac will remain on their very high level throughout the year 2011. So it could be a right decision to place orders to cover demand until mid 2011 already at this point of time.

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## Inside Roeper

### Company outing to Prag



It has almost become a Roeper tradition to replace the annual christmas party by a company outing every two years: In 2008 about 40 Roeper employees visited Poznan in Poland (where we have a very successful subsidiary). On the first weekend of October 2010 we headed for Prague, where our good friend and agent Milos Vejdvosky was a perfect guide and organizer. For 2 days – and luckily with very good weather - the Roeper group, again about 40 people, could see the beauty of this lovely city. Everybody was delighted and we are already making plans on our next company outing in two years....

### New Employees

Since June 1<sup>st</sup> 2010 Mrs **Kirsten Koeck** has joined our quality assurance department. She is a skilled laboratory assistant and will focus on Certificates of Analysis and specifications. Mrs Koeck has quickly become acquainted with the material and already is of very valuable assistance to the team.

Since September 1<sup>st</sup> 2010 the Roeper Team has been joined by computer expert **Britta Schanglies**, who is now responsible for all computer-related tasks within company Roeper. Her main project for 2011 and 2012 will be the implementation of a new inventory management system. Mrs Schanglies has many years of experience in the sector of natural raw materials and the reflection of corresponding transactions in a computer system.

We are also pleased to welcome Mrs. **Katharina Albano** to the Roeper Team – she is working as an assistant in the sales team of Mr. Spieth. We do wish Mrs. Albano a good start and all the best for her work here at Roeper!