Newsletter September 2010

Preface

We are pleased to inform you that we have welcomed Mr. Taco Rakemann as *Business Development Director*. This is a new position created within the Roeper team. Taco Rakemann will act as a cross-product coordinator for our international offices and agencies. He will be a designated contact person for some key customers within Germany as well. Mr. Rakemann was in charge of our agency in the Netherlands for several years and he was managing partner in a raw materials distribution company for nearly a decade. All the experience he gained during this time will be particularly helpful for his work as Business Development Director. Our customers and offices will benefit form the even better service and support we can now offer them.

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Market Reports

Gelling Agents, Emulsifiers and Stabilizers

Agar

All countries of origin offer at higher prices at the moment, which is a trend that already became clearly evident within the past couple of months. During the first and second quarter of this year all market participants – suppliers/producers as well as consumers – had hoped the price situation would ease again. But today we unfortunately have to state that quite the contrary is true: available quantities are scarce and prices will continue to increase. China, one of the main countries of origin, is faced with even higher production and related costs, which will put further upward pressure on prices. What also has to be kept in mind is the present exchange rate of the USD towards the Euro, which fails to have an easing effect on prices as it has done in the past.
Our business partners in the Agar sector believe that the next couple of months will bring about further price increases. Therefore we recommend to all our customers to evaluate their requirements of Agar for the next 3 – 6 months and to consider stocking up material at today's prices.

Carrageen

During the past months business activities and prices for Carrageen had settled down to a stable level. And although seaweed prices were subject to slight fluctuations no actually major quantities of Cottonii seaweed were available on the market and no downward effect on prices could be seen. As demand of the consuming countries is very steady, key manufacturers kept purchasing the available raw material. Consequently there was no hangover of raw seaweed that could have caused a drop in prices. During the rainy season and the Ramadan no fresh material was put on the market by Indonesia – one of the main seaweed producing countries – and thus manufacturers of Carrageen had to work with material previously stocked.
If worldwide demand for Carrageen continues to increase a further price increase has to be expected.

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Sodium Alginate

As with many seaweed based products a scarcity of raw material for Alginate begins to arise, a development which has already caused minor price increases. We believe there will be more price increases in the near future and therefore recommend to our customers to cover their demand in due time. Fortunately we are able to offer not only European material but also high-quality material from China at very competitive prices. Please do not hesitate to contact us for a detailed offer if you are interested!

Pectin

Raw material supply for Citrus Pectin remains tense, which obviously puts upward pressure on prices. Right now it is difficult to foresee just when this situation will ease again – therefore we definitely recommend to our customers to allow for long-term scheduling of their requirements.
The market situation for Apple Pectin is quite the contrary: calm and stable – a major change to this is not expected.
In the present market situation we can state that Roeper has a very good position – many qualities are available for prompt delivery. Please do not hesitate to contact us for an offer!

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Gum Arabic

At this time the Gum Arabic market is off-season. The new crop in the countries of origin will begin in early December 2010. At present sufficient quantities of both Grade 1 and Grade 2 material is available on the market, while export prices are below last year's level. We do not expect scarcity within this year.

Gum Tragacanth

Considering the result of the last crop dated back from this summer a sufficient availability of both Flake and Ribbon material may be expected for the late fall here in Europe. In the country of origin prices are similar to last year's, while the weakness of the Euro during the past 2 months has lead to a distinct price increase (of 5 – 10 %) in the consuming countries.

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Locust Bean Gum

Prices for Locust Bean Gum currently remain at a relatively low, yet stable, level. Forecasts expect the forthcoming crop to have a positive result – if this proves true remains to be seen as there are some worries that currently low market prices might cause many farmers to leave the Carob beans on the trees, simply because the crop effort would hardly exceed the possible profit. We will of course keep you up-dated on harvest results and market situation!

Guar Gum

During the past months prices for Guar Gum have been rather high, but now the market seems to ease a little bit. Prices have, however, by far not reached last year's level. During the upcoming couple of weeks the next crop for Guar kernels will be started. Forecasts are quite positive, since there has been sufficient rain in the growing areas during the Monsoon season. So sufficient raw material is generally expected, which should lead to a further relaxation of Guar Gum prices. A problem is still that lead times for deliveries from India to Germany are very long, which is due to the recently stipulated PCP documentation (as reported in our last Newsletter). We therefore kindly ask all customers to schedule their requirements on a long-term basis – sales manager Roy Melcher will be happy to assist you!

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Konjac

A steady increase of Konjac prices could be observed during the past months. Until the next crop will be available, which will be in 2 – 3 months time, we expect today's prices to remain valid. Particular attention must be paid to purity and availability of raw material when currently buying from the countries of origin – this will remain an important issue at least until the next crop has been brought in successfully and in good quality. We will of course keep you up-dated!

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Waxes

Beeswax

Business is rather vivid at the moment and prices are stable to slightly firmer. Prices for beeswax from China have already increased significantly and we do not believe there will be any distinct change to this development until June 2011.

Carnaubawax

In the country of origin the new crop 2010 / 2011 has now begun. Prices have a slightly downward tendency. We recommend to our customers to plan purchases cautiously, as reliable information on the actual crop result cannot be given before December 2010.

Candelillawax

Business is rather calm and prices remain stable to slightly decreasing. We are in a position to offer sufficient quantities of raw material!

Japan Wax

The price situation remains very tense. Fortunately Roeper has concluded long-term contracts and is thus in a position to offer sufficient quantities. However we definitely recommend to customers to schedule requirements on a long-term basis!

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Oleoresins

Paprika Oleoresin

At present market participants are anticipating the new Chili crop, which will be available in China from October onwards. A first price trend for 2011 will surely become apparent then. Right now prices have reached their annual high, but as soon as the new crop is available a decrease of prices for Paprika Oleoresin of all color value concentrations is generally expected. Current warehouse stock is sufficient to cover the market's demand until the beginning of 2011.

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Essential Oils

Peppermint Oil / Menthol nat. crystals

Mentha Piperita
Unfortunately visits to the country of origin India have revealed that farmers decreasingly cultivate Mentha Piperita because yield is not very rich while the amount of work involved is high. The price development of the last year has surely contributed to this development. This year the long drought with high irrigation costs plus a bad infestation with vermin has diminished yield further. Fortunately these difficulties are partly made up for by the fact that the crop itself is of surprisingly good quality with a high content of Menthofuran. Price development should be a stable one with an increasing tendency towards the end of the year.
Mentha Arvensis
This year a 20% shortfall of crop is generally expected. Obviously there still is some carryover from the 2009 crop – but this material seems to be in very strong hands as it has not yet displayed any impact on the market. In general crop seems very healthy and the output is expected to be sufficient – although not plenty - to cover demand. If weather conditions remain favorable, farmers may be able to bring in a 2^{nd} or even 3^{rd} cut, which may then lead to a relaxation of prices in late September.
Spearmint
While crop seems healthy in general, production is 50 % below last year's. Prices have already increased and further increases are expected.

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Psyllium

Crop has now been completed, but unfortunately underachieved expectations. Therefore – contrary to forecasts - there have not been any price decreases, but rather stable to firm prices, which is also due to substantial sales quantities, especially to North America. Demand from Europe is ever increasing, also because there are still new application areas for Psyllium. To all those customers who have not yet covered their demand we strongly recommend to conclude contracts or call-off contracts as soon as possible.

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Colouring Materials

Cochineal / Carmine

Prices still range at a very high level. However we believe that from November onwards – which is the beginning of the meat season in South America – prices will yet experience another upward push. Consequently it seems recommendable to conclude contracts to cover large scale demand within the next 1 – 2 months!

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Resins

Gum Olibanum / Gum Myrrh

Picture 1: Current Olibanum Raw Material

Due to the ongoing scarcity of Olibanum our product manager Mr. Neumann visited the countries of origin, Ethiopia and Sudan, in May 2010 to get a first-hand impression of the market situation. Although there is raw material in the warehouses, quality has suffered significantly after excessive exploitation of trees during the past years. Only 20 % of the raw resin can be used after foreign matter such as pieces of timber have been sorted out. Given this inferior raw material it has to be expected that even selected qualities of Gum Olibanum contain much more foreign matter (timber) than in the past, as it is an impossible task to extract all foreign matter. The poor outcome of sorted qualities will cause a scarcity of cleaned selected Ollibanum and will push prices to a new peak. We strongly recommend to customers to advise us of requirements as early as possible.

Picture 2: Former Olibanum Raw Material

Picture 3: Selection of Raw Material

Gum Benzoe

Siam Benzoe remains very scarce. Since our stock of this product is limited and there will be no fresh material available before the new crop at the beginning of 2011 we strongly recommend to our customers to schedule demand and purchases in due time!

Dammar / Copal

As an effect of the poor yield of the past crop we are currently faced with a very crucial market situation. Dammar will remain available, but prices have already increased significantly. Regarding Copal there are already supply bottlenecks and prices are now increasing strongly. We therefore recommend to customers to schedule purchases a long time in advance!

Elemi

Due to extremely severe storms the past Elemi crop was very poor and now hardly any material is available. The quantities still on stock here in Europe are thus currently offered at extremely high prices.

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Colophony

Due to long-lasting crop failures in Portugal prices for Colophony have reached their highest level of a long time. Only limited quantities are available, so demand should be advised as early as possible. Colophony powder, which is manufactured from raw Colophony, is also affected by severe price increases.

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Liquorice

All Liquorice qualities are available for prompt delivery from our Hamburg warehouse. Prices for material from China and Iran have increased by 2 – 3 % in comparison to the first half of 2010, which is mainly due to higher energy and freight costs.

Please do not hesitate to contact us for a tailor-made offer – we are looking forward to hearing from you!

Shellac

Shellac prices have reached the highest level seen in the past months and it is difficult to foresee when this price boom will come to an end. The next important crop is expected for the coming spring – until then we expect prices to experience a continuous increase while availability of raw material will continue to decrease. Indian producers have already covered their demand of Seedlac in Thailand, so no raw material is available for production there. Consequently there is a shortage of bleached, dewaxed Shellac.

Several qualities of waxy Shellac are available for prompt delivery from our Hamburg warehouse. However we recommend to all customers to cover their demand well in time – preferably by the beginning of the year 2011.

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Inside Roeper

We are pleased to be able to introduce an innovation inside the Roeper team: CERunnings! This new Roeper product was introduced on the occasion of a local newspaper's relay on 19.08.2010. The CERunnings team had to cover a distance of 5 x 5 km and was even able to outclass its ambitious aims. They achieved an upper average position in the overall standings! In retroperspective it is difficult to decide whether it was the athletic challenge or the well-filled picnic basket waiting that motivated our team….. Be that as it may: the CERunnings team is looking forward to taking this challenge again next year and hopes to be able to compete with some teams of our customers around Hamburg then! Our team was already supported by our new colleague in the QA-department, Mrs. Kirsten Köck (details in our next Newsletter)!