



## Newsletter September 2011

Dear Business Partners,

With pleasure we present our latest Newsletter for September 2011 – full of market reports on our major products and useful information about Roeper. Many of our products continue to be scarce and the raw material market in general finds itself in a time of wild fluctuations. In some cases there are developments none of us could have foreseen – Who would have thought that the present market situation of Guar Gum would be reported upon in the Wall Street Journal? The current economic turbulences cause – among other difficulties - substantial fluctuations of the exchange rate of the USD, which of course do not make everyday business easier for raw material traders such as Roeper. Therefore we recommend customers to keep in close touch with our product managers in order to get advice on timing of raw material purchases.

This year's big event for the food ingredients' industry, FIE Food Ingredients Exhibition, will be held in Paris from November 29<sup>th</sup> until December 1<sup>st</sup> 2011. We look forward to welcome you on our stand – for details please see page 9 of this newsletter!

As a result of our endeavours to offer not only commodities, but full service for complex products and specialties, too, our new *Application Centre* will soon be put into operation. This *Application Centre* will be joined to our Hamburg headquarters and will enable us to meet customer-specific applications.

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## **Market Reports**

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

#### **Konjac**

At this time of the year the stock of raw material is almost consumed, while the new crop of Konjac tubers is only due to begin towards the end of the year. Therefore we expect prices to remain on a high level until the beginning of 2012.

#### **Agar Agar**

As mentioned in our recent Newsletter of June 2011, there are difficulties due to the inferior quality of raw material (seaweed Gracilaria) from some countries of origin. As a consequence, production of those qualities featuring high gel strength (900 g/cm<sup>2</sup> and higher) is a problem. Prices for these qualities are rather high. Customers are kindly requested to communicate their demand well in advance.

#### **Carrageenan**

Over the summer months prices for Carrageenan have decreased, as sufficient raw material is available on the market while demand for Carrageenan is rather slow. Usually demand picks back up again during the 4<sup>th</sup> quarter of the year, so prices are expected to increase then. We recommend to our customers to benefit from the currently still favourable price situation by covering their demand in due time.

Contact: Juergen Spieth, Phone: +49 40 73 41 03 – 22, Email: [jspieth@roeper.de](mailto:jspieth@roeper.de)

#### **Gum Arabic**

Prices for first class quality (Kordofan / Kitir) still remain clearly above last year's level. Demand is rather weak at the moment. Export activities of African countries of origin are at their seasonal low, which may result in a slight decrease of export price ideas during the next couple of weeks.

Still the high price level for first grades does not put particular pressure on prices for Gum Seyal, as sufficient quantities of both grades remain available from the 2010/2011 crop.

#### **Gum Tragacanth**

Due to the ongoing drought in the desert-like mountain regions of Iran it looks like the yield of this year's crop will be considerably smaller than in recent years. Local authorities have already reacted by granting only 1/10 of the collector's licenses they usually give out. Reliable information on available quantities for the next 12 months will not be available before November – however first discouraging information has already caused a price increase of as much as 30 % in Iran. Further pressure on prices is caused by above average inflation and the strong Rial.

We recommend customers to plan their purchases of Gum Tragacanth for the next 12 months well ahead, as available quantities will probably not last until the next crop in summer 2012.



### **Xanthan**

Prices for standard qualities of Xanthan Gum (80 and 200 Mesh) are still very stable. However demand has continuously increased during the past few weeks, as many customers have changed their formulations from Guar Gum to Xanthan Gum due to the current supply problems of Guar Gum. Our application technology team will be happy to assist you if you should have any plans to temporarily replace Guar Gum in your recipes as well.

Contact: Bjoern Stamer, Phone: +49 40 73 41 03 -23 E-Mail: [bstamer@roeper.de](mailto:bstamer@roeper.de)

### **CMC**

Prices for material with low and medium viscosity – manufactured from cotton – are slightly decreasing. Prices for material manufactured from timber are stable, while notations for high viscosity CMC – either from cotton or timber – remain high.

Quality of material harvested during the new cotton crop, which is just impending, is expected to be inferior, so – also due to some speculative activity – prices for CMC manufactured from cotton must be expected to increase once again.

Contact: Benjamin Neumann, Phone: +49 40 73 41 03 – 93, E-Mail: [bneumann@roeper.de](mailto:bneumann@roeper.de)

### **Guar Gum**

Unfortunately the market situation has still not changed. Although recently there have been some indications that prices may not further increase, demand from both the oil drilling industry and the food industry is still very strong. So it is difficult to say how the market will continue.

Prices for standard food qualities have reached a level of EUR 4,- p/kg – mainly due to strong demand from the oil drilling industry. While further development is uncertain, it is evident that the situation will definitely remain a difficult one until the next crop (4<sup>th</sup> quarter of 2011). Demand from the oil drilling industry will be a crucial factor here.

### **Locust Bean Gum**

As mentioned in our recent newsletter we expect prices for Locust Bean Gum to slightly increase until the end of the year. Demand is strong, but availability remains fine. Do not hesitate to contact us for advice on your purchase timing.

### **Alginate**

There are some indications that prices for Alginate may increase. We will watch the market very carefully and come back with details as soon as necessary. Customers are welcome to contact us for news any time.

### **Pectin**

All standard qualities are available at the moment. As mentioned in the preface Roeper will soon put into operation a new Application Centre, which will enable our team of food technologists to support our customers even better. It will also help to cover the field of tailor-made solutions for the food industry. We look forward to receiving your corresponding inquiries!

contact: Roy da Silva Phone: +49 40 73 41 03 – 32 Email: [rdasilva@roeper.de](mailto:rdasilva@roeper.de)  
contact: Helmut Focke Phone: +49- 40- 734103-0 Cell +49-174-1668410 Email: [hfocke@roeper.de](mailto:hfocke@roeper.de)



## Waxes

### **Beeswax**

The market situation remains crucial. Although the main supplying country, China, offers material from the new crop (July 2011), production quantities have once again decreased, which has already led to further price increases. Availability of Beeswax low in residues is very limited. Please kindly communicate your corresponding demand, as we need to plan ahead in due time to ensure punctual supply. Organic Beeswax is available – but quantities remain small and very expensive.

From today's point of view we expect prices to remain stable to slightly higher until the end of 2012 at the very least.

### **Tanzania Beeswax**

In June 2011 Mr. Joern Herrmann visited our beeswax supplier in the Tabora area, Tanzania, in order to see this year's crop and to help in the harvesting process – which is very hard work as you can see from Mr. Herrmann's smiling face.....



### **Carnauba Wax**

Under normal circumstances sufficient quantities of Carnauba Wax would be available, but due to the heavy rains that went down in the northeast of Brazil, yield has turned out lower than expected. Prospects for the crop in Ceara, which is about to begin this month, are also bad. Furthermore there is no change of the supply situation of Carnauba Wax Type 1: no material is available before the end of October 2011.

Worldwide developments have also had clear effects on the local market. Due to the current market situation and the exchange rate of the Real towards the USD there will be no changes soon. Customers are therefore recommended to cover their demand soon – prices are not expected to go back to their former level in a measurable amount of time.

Contact: Jörn Herrmann, Phone: +49 40 73 41 03 – 14, Email: [jherrmann@roeper.de](mailto:jherrmann@roeper.de)

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## Essential Oils

### **Menthol**

Until late June 2011 an all-time record yield of up to 45.000 mt of Mintoil *Mentha Arvensis* was generally expected in India. The first cut of the *Mentha Arvensis* plants was done at the end of May to beginning of August 2011 – and the result was relatively good. The second cut was due for the second half of June 2011, but had to be done sooner as the Monsoon rains started a few weeks early in 2011. Today the 2011 crop is expected to be 20 % less than last year's, which has already led to Menthol prices of USD 40,- to 45,- p/kg.

All customers who have not yet covered their requirements are strongly recommended not to delay their purchase decision any further. During the month of August, which is a traditional holiday month, demand was rather slow, but since September started we can see that prices become firmer once again.

Contact: Joern Herrmann, Phone: +49 40 73 41 03 – 14, Email: [jherrmann@roeper.de](mailto:jherrmann@roeper.de)

### **Psyllium**

The last Psyllium crop started in April 2011. The word was that yield was smaller, which led to higher prices. The quantity originally expected was 22.500 mt – but due to climatic changes only 18.750 mt were harvested. So there was an underachievement of 3.750 mt. About 60 % of the yield was of below-average quality, approx. 30 % of average and only approx. 10 % of good quality.

Until today 80 % of the crop has already been sold. The remaining 20 % are in the market for sale now. Foreign and domestic demand is unchanged.

Sudden purchases of foreign customers as well as missing rains in Gujarat, Rajasthan and Madhya Pradesh – where Psyllium, Castor and Cumin are cultivated – have led to significant price increases. This will surely have an effect on plantations for the next year. The price for raw material is almost 25 % higher than in 2010. Due to an exhausted supply chain now at the end of the 2011 season we do not believe that prices will decrease before the arrival of the new crop, which is due for March 2012.

Contact: Joern Herrmann, Phone: +49 40 73 41 03 – 14, Email: [jherrmann@roeper.de](mailto:jherrmann@roeper.de)

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## Colouring Materials

### **Cochineal / Carmine**

In the meantime the historic peak price has been exceeded and the market somehow relaxed. This product is subject to such wild fluctuations that it is almost impossible to give a prognosis on further development of prices. Please keep in touch with us for news.

Contact: Jörn Herrmann, Phone: +49 40 73 41 03 – 14, Email: [jherrmann@roeper.de](mailto:jherrmann@roeper.de)

## Resins

### **Gum Olibanum**

Now that the crop has been ended the raw material is being sorted and prepared for export. Unfortunately yield has again not been very big, so delivery times are expected to be rather long once again. We recommend to communicate any demand as early as possible in order to ensure punctual delivery. We carry some stock at our Hamburg warehouse, but quantities are limited. Despite the disappointing crop results, prices for Gum Olibanum remain on a stable, while high, level.

### **Gum Myrrh**

As mentioned in our recent market report Gum Myrrh remains very scarce. Unfortunately this situation impends to worsen still, as the available raw material is insufficient – which is also due to the most difficult situation in the country of origin. The small quantities that are available on the market are very expensive.

### **Benzoe**

From today's point of view we have to assume that no material from Laos will be available for shipment in 2011. Material from Sumatra, however, is still available.

### **Dammar / Copal**

Prices for Gum Dammar and Copal – depending on quality – remain stable (although on a high level already) or increase slightly, which is due to an increase in labour and energy cost in the country of origin, but also due to crop shortage. However Roeper disposes of sufficient stocks here in our Hamburg warehouse.

Contact: Benjamin Neumann, Phone: +49 40 73 41 03 – 93, E-Mail: [bneumann@roeper.de](mailto:bneumann@roeper.de)



## Balsams

### **Balsam of Peru / Balsam of Copaiba**

As mentioned in our recent market report the supply situation for Balsam of Peru and Copaiba is a very difficult one. At present quantities shipped to Europe are by far too small to cover demand. Consequently prices for these quantities are very high. While prospects for Balsam of Copaiba are not really good, it looks like at least for Balsam of Peru there will soon be more material available. The next crop is due to start in October / November 2011 and manufacturers are optimistic to be able to offer more material than last year. Roeper has some stocks of both materials, but quantities are limited.

Prices for other balsams ( such as Gurjun-, Tolu- and Canada Balsam ) remain stable and availability is fine.

Contact: Benjamin Neumann, Phone: +49 40 73 41 03 – 93, E-Mail: [bneumann@roeper.de](mailto:bneumann@roeper.de)

### **Larch Turpentine**

We are pleased to present some vivid photos, which demonstrate the retrieval of Larch Turpentine – the whole process from spot-drilling the Larch tree, retrieval of the resin with a tool called „fettler“ („Putzer“), gathering of the resin and finally sealing the drilling hole.





### **Pine Needle Oil**

Pine Needle Oil manufactured by company Auro from Kärnten in Austria is another specialty Roeper offers. While this year's crop is already sold out there will be fresh material available in 2012. We hope you will enjoy these photos, which should give you an impression of production and distillation.



Contact: Jörn Herrmann, Phone: +49 40 73 41 03 – 14, Email: [jherrmann@roeper.de](mailto:jherrmann@roeper.de)

### **Liquorice**

During the past months there have been distinct price pushes for Liquorice Extract from China. This tendency has already been obvious in early summer - we reported in our June Newsletter. Material from Iran also shows substantial price increases. Prices for newly arriving material are on a clearly higher level. The recent price increases are due to an extreme rise in the price for liquorice roots. We recommend to our customers to build up a certain stock, since we expect further price increases of 25 – 30 %.

Contact: Michael Gutschke, Phone: +49 40 73 41 03 – 26, Email: [mgutschke@roeper.de](mailto:mgutschke@roeper.de)

### **Shellac**

Again prices for Shellac have stabilized on a high level. The yields of the different crops have turned out rather poor, so hardly any *Seedlac* is available for production. Consequently, the high prices we currently see on the market may very well persist until the next summer (*Bysakhi*) crop.

At the moment only limited quantities of light coloured, de-waxed flake Shellac grades are available. The next crop for these grades is not due before winter, so new material will only be available during the first quarter of 2012.

We have prepared ourselves in time for this crucial market situation and are able to help our customers by having almost all qualities available for immediate delivery from our Hamburg warehouse (although quantities are limited). Please do not hesitate to contact us for a detailed offer!

Contact: Michael Gutschke, Phone: +49 40 73 41 03 – 26, Email: [mgutschke@roeper.de](mailto:mgutschke@roeper.de)



**Nuce International 2011**  
**„Functional Foods & Drinks and Health Ingredient Trade Exhibition“ 05. – 07.10.2011,**  
**Milan, Italy**

Our team is looking forward to welcome you – Roeper’s stand number is 1D45. Check [www.nuce.pro.it](http://www.nuce.pro.it) for details.

**FIE Food Ingredients Europe, Paris, 29.11.2011 – 01.12.2011**

We would like to invite you to visit us on the forthcoming FIE Food Ingredients Europe Exhibition in Paris (*Parc D’Expositions Villepinte – close to Charles de Gaulle airport*). As in recent years Roeper will have a spacious stand of its own (**stand number 2B33**). The complete Roeper Team will be in on site and is looking forward to welcome you! For further information on this exhibition (registration, etc.), which is surely the most important one in the food ingredients’ industry, please visit the website [www.ingredientsnetwork.com](http://www.ingredientsnetwork.com). Don’t miss the opportunity to visit this event – it only takes place every two years and offers the unique opportunity to meet all important market players on one spot without losing time on travelling.

**Inside Roeper**



Same procedure as last year – our team of runners most successfully participated in the annual torch relay organized by a Hamburg newspaper – and were of course cheered for by their (less sporty...) colleagues!