

Vanilla Imports/Exports & Market Update February - 2009

VANILLA MARKET

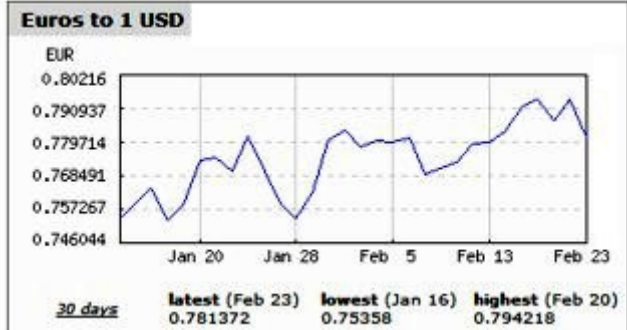
Since our January update, Madagascar has been in the middle of a political power struggle. The mayor of Antananarivo (the capital of Madagascar), Andry Rajoelina, felt that it was in the country's best interest to force the current president, Marc Ravalomanana, out of office. In essence, Rajoelina accuses the president of being a dictator and not distributing the wealth more evenly amongst the Madagascar population. Riots, looting and protests took place around the country and approximately 100 people have died so far. International air and sea transportation was interrupted for days, but has since resumed. Support rallies/demonstrations were held by each side, tens of thousands participated. On Saturday, February 21, the president and the mayor met personally for the first time since this problem erupted. Hopefully, these talks will be the start to the end of this political crisis. On the other hand, some people do not think this is the end of this crisis...

The local market in Madagascar remains quiet. Over the past month, the US\$ peaked and subsequently declined steadily vis-à-vis the Malagasy Ariary (MGA). If the US\$ weakens substantially vs. the MGA, could this mean a bottoming in prices, or possibly even a slight uptick? The last offers we received from Uganda were competitive with Madagascar, even lower in some cases. Offers from India for new crop material are higher than Madagascar and Uganda. Exporters tell us this is because higher prices were paid for the green vanilla. We'll know more definitively when the goods are ready for export in May.

US DOLLAR

The US\$ traded within a range of approximately 5% over the past 30 days. Today, it's trading at approximately €0.7813/US\$1. The European monetary system seems to be in trouble. According to the *Telegraph*, "Europeans account for an astonishing 74% of the entire \$4.9 trillion portfolio of loans to emerging markets. They are five times more exposed to this latest bust than American or Japanese banks, and they are 50% more leveraged (IMF data)." This could mean continued strength for the US\$ over the foreseeable future.

Since our January update, the US\$ today is virtually unchanged vis-à-vis the Malagasy Ariary (MGA). In our January update, the MGA was trading at approx MGA1,924(FMG9,620)/US\$1. Today, the exchange rate is approx MGA1,931.79(FMG9,659)/US\$1.



However, the US\$ reached a high of MGA1,983.92 on February 13 (approx 2.7% higher than our Jan update), but has since then steadily declined. Click [HERE](#) to view graph.

USA IMPORTS

US vanilla imports for December 2008 (142MT total for the month) are about **12% LOWER** than the quantity imported during December 2007 (161MT total for the month). As usual, Madagascar lead the imports with **79MT**, Indonesia was 2nd with **45MT**, Uganda was 3rd with **13MT**, and PNG was 4th with **4MT**. These 4 countries represented approximately **99%** of all the December 2008 USA imports.

Based on the current import/export statistics (Jan-Dec, 2008), the yearend totals for 2008 are:

- **IMPORTS** – Approximately 1,998MT.
- **EXPORTS** – Approximately 178MT.
- **2008 USA TOTAL NET IMPORTS** - Approx 1,820MT (a **DECREASE** of approx **307MT/14.4%** from 2007).

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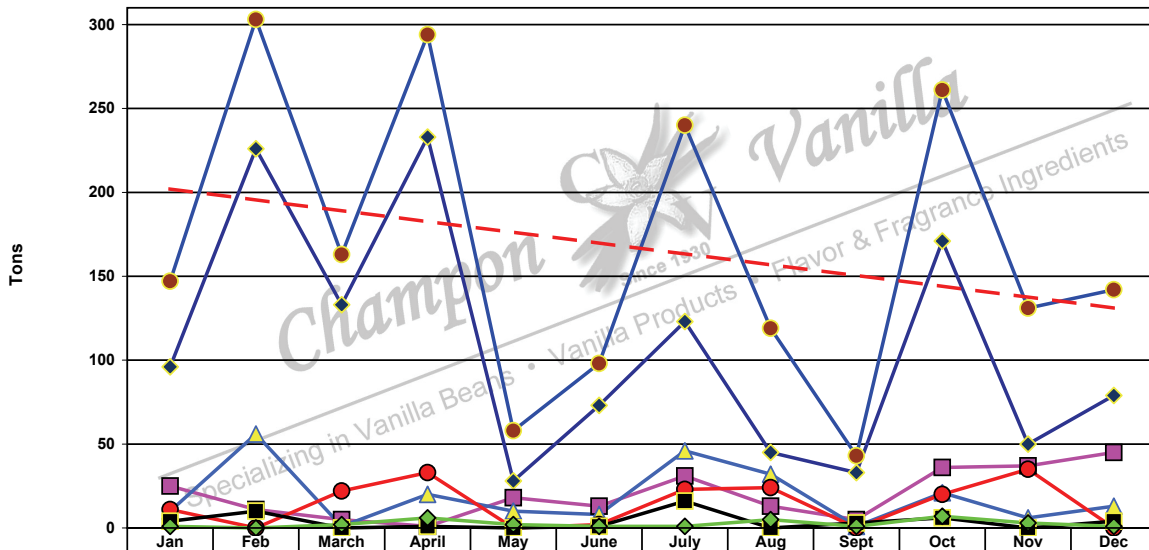
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2008 USA Vanilla Imports

RED Dashed Line = Monthly Import Trend
All figures taken from U.S. Census Bureau statistics

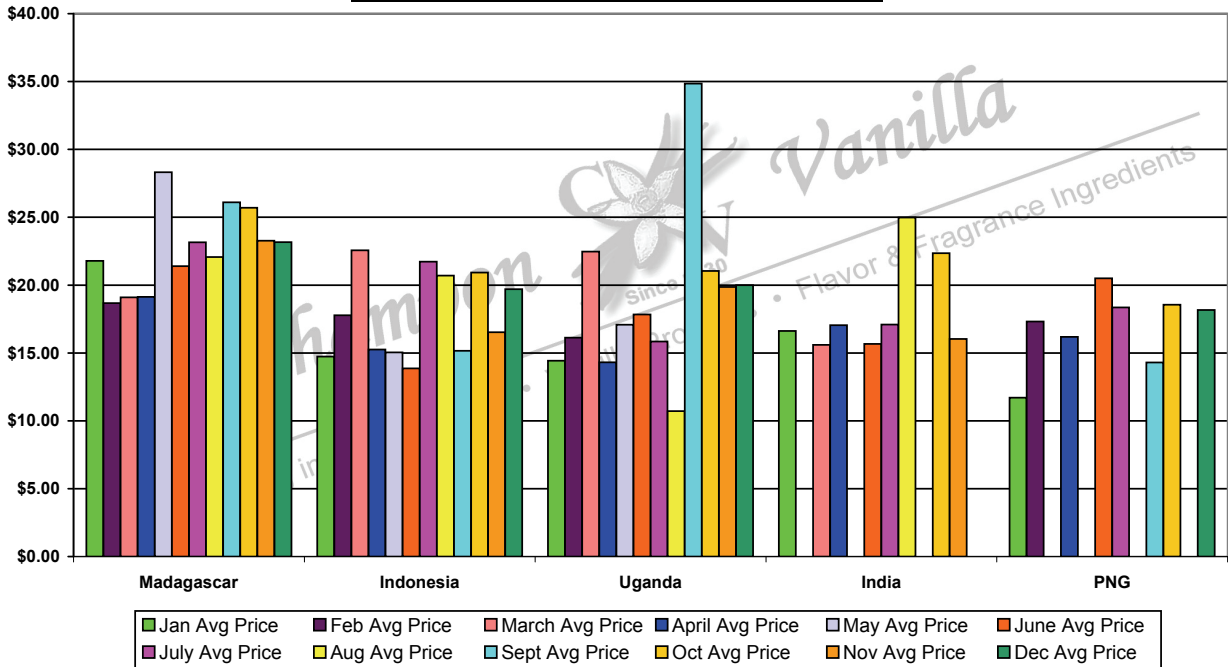


Month	Month TOTAL	Madagascar	Indonesia	Uganda	India	PNG	Other
Jan	147	96	25	10	11	4	1
Feb	303	226	11	56	0	10	0
March	163	133	5	1	22	0	2
April	294	233	1	20	33	1	6
May	58	28	18	10	0	0	2
June	98	73	13	8	2	1	1
July	240	123	31	46	23	16	1
Aug	119	45	13	32	24	0	5
Sept	43	33	5	1	0	3	1
Oct	261	171	36	21	20	6	7
Nov	131	50	37	6	35	0	3
Dec	142	79	45	13	0	4	1

USA 2008 Vanilla Imports

Monthly Average Import Price

(Based on Total Monthly "Customs Value" / Total Monthly Quantity For Each Origin)
(All figures taken from U.S. Census Bureau statistics)

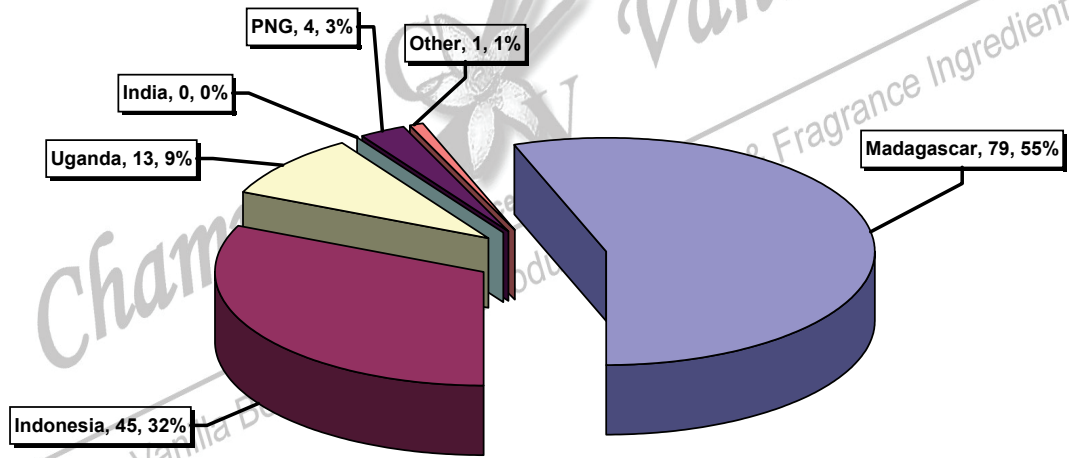


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2008 USA Vanilla Imports
December Import Total = 142 MT
 (All figures taken from U.S. Census Bureau statistics)



2008 USA Vanilla Imports
January – December, 2008 = 1,998 MT
 (All figures taken from U.S. Census Bureau statistics)

