

## Vanilla Imports/Exports & Market Update May - 2009

### VANILLA MARKET

“As The Vanilla Bean Turns...” --- Most Americans will understand this phrase, as it relates to a situation being a “soap opera” – a lot of “drama”. It’s no secret by now that in early May, certain companies stocking large quantities of vanilla beans petitioned the Madagascar government to create a law that would establish a minimum export price of US\$35.00/Kg. This news quickly spread throughout the industry and created a little spark of excitement in an otherwise quiet market. Their motive seems to be self-preservation, to prevent prices from falling further below the cost of their large stocks. The general consensus in/out of Madagascar is that the law will NOT be passed. Time will tell. So, we’ll just have to follow this topic and see where it goes...

Update received from Uganda: Basically, farmers are still unhappy with the green bean prices and some have resorted to cutting down their vanilla plants and replacing with other crops. It’s difficult to assess what the next season will produce. Quality on the general conventional crop is extremely varied from very poor to good. Some curers buy immature vanilla and hence, the quality can be compromised.

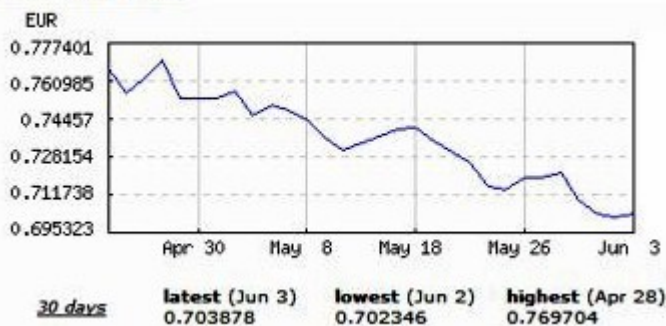
Update received from Indonesia: New crop beans are estimated to be less than 150MT. Some areas like Menado will harvest in Nov/Dec, since flowering was delayed. Prices at the very early stage of green beans were quite reasonable. But, later, as more quantity came on the market, prices moved up quickly as exporters/speculators bought old crop stock at higher prices.

### US DOLLAR

The US\$ tumbled vis-à-vis €UR over the past month. A weaker US\$ makes goods purchased in US\$ cost more. A comment from one financial analyst: **“Bottom line for the dollar: It’s in trouble. This supports my fundamental view that the Fed not only is printing money like crazy, but will continue to do so. And, despite what the Fed may say in public, it actually wants a weaker dollar to help re-ignite asset inflation.”**

Since our April update, the US\$ has weakened approximately 9% vis-à-vis the Malagasy Ariary (MGA). In our April update, the MGA was trading at approx MGA2,101.23 (FMG10,506) / US\$1. Today, the exchange rate is approx MGA1,918.06 (FMG9,590.30) / US\$1. Click [HERE](#) to view graph.

Euros to 1 USD



### USA IMPORTS

US vanilla imports for March 2009 (166MT total for the month) are about **2% HIGHER** than the quantity imported during March 2008 (163MT total for the month). As usual, Madagascar lead the imports with **85MT**, Uganda was 2<sup>nd</sup> with **41MT**, India was 3<sup>rd</sup> with **20MT**, and Indonesia was 4<sup>th</sup> with **15MT**. These 4 countries represented approximately **97%** of all the March 2009 USA imports.

### USA IMPORT PROJECTION

Based on the current import/export statistics (March, 2009), the projected yearend totals for 2009 are:

- **IMPORTS** - Roughly 421MT from all origins, thus far. At this pace, the US will import approximately 1,684MT for 2009.
- **EXPORTS** – Roughly 36T, thus far. At this pace, the US will export approximately 144MT for 2009.
- **PROJECTED 2009 USA TOTAL NET IMPORTS** - Approximately 1,540MT.

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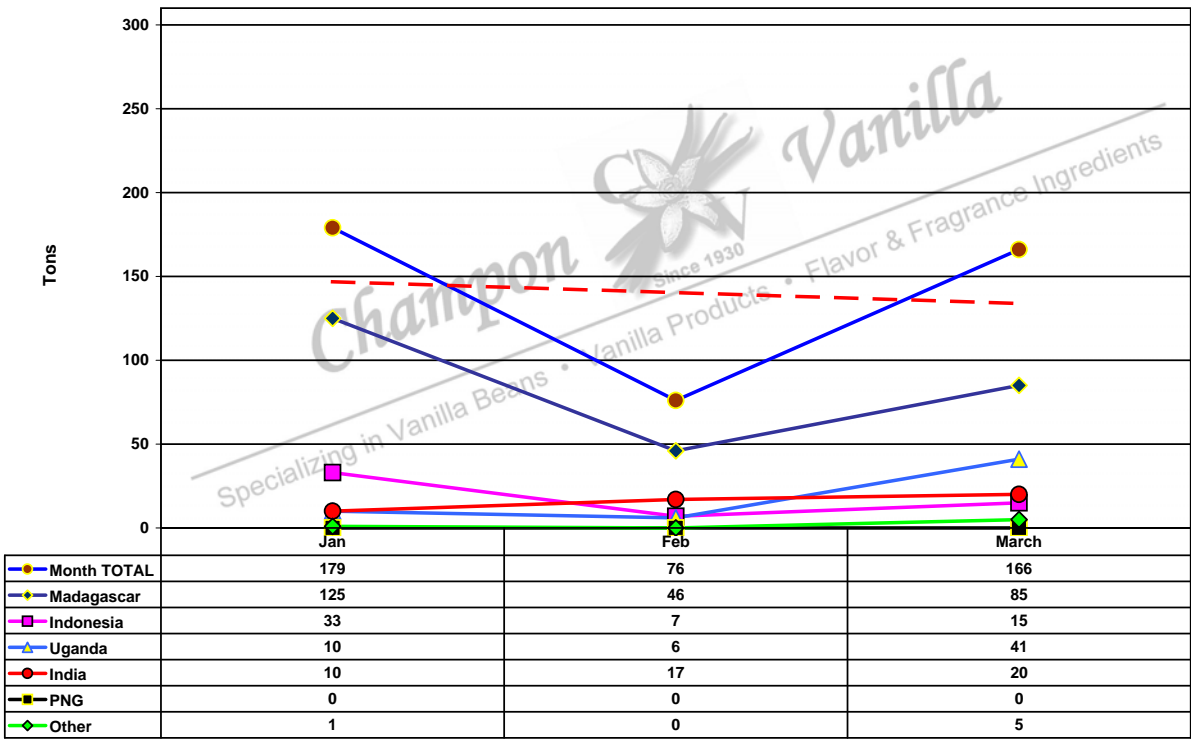
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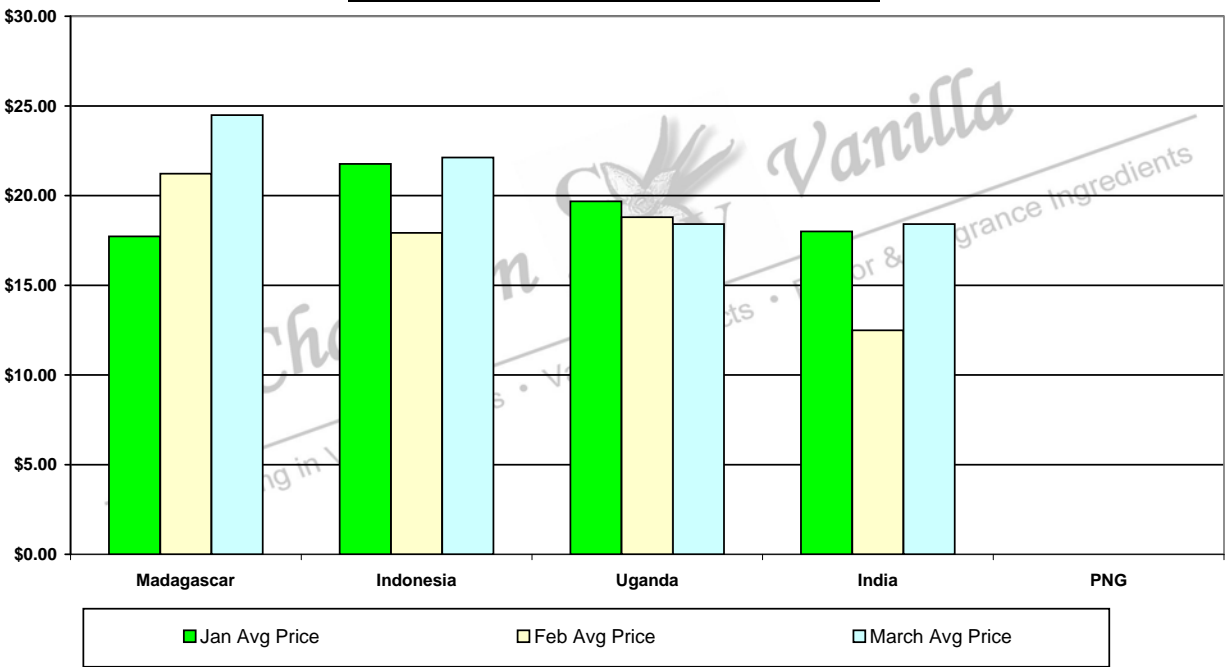
**2009 USA Vanilla Imports**

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

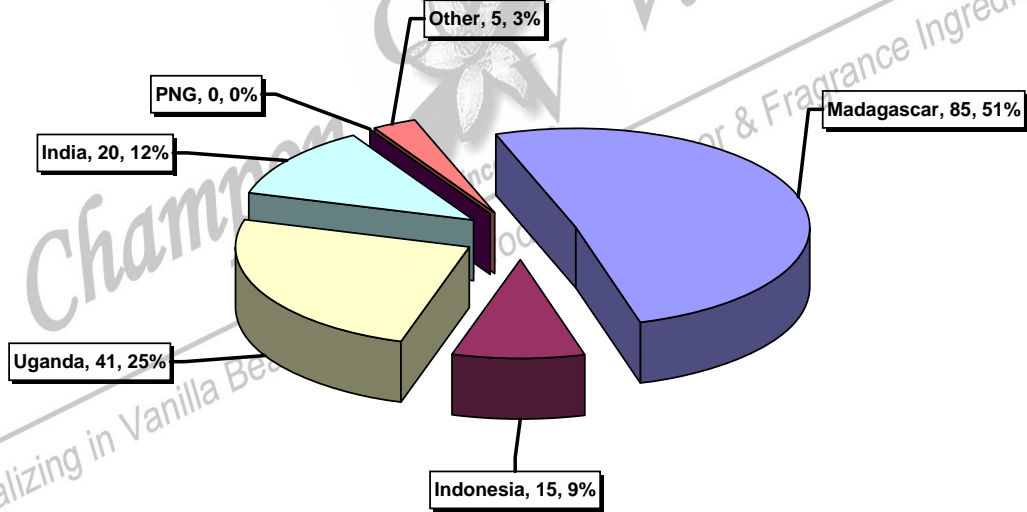


**USA 2009 Vanilla Imports  
Monthly Average Import Price**

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



**2009 USA Vanilla Imports**  
**March Import Total = 166 MT**  
 (All figures taken from U.S. Census Bureau statistics)



**2009 USA Vanilla Imports**  
**January – March, 2009 = 421 MT**  
 (All figures taken from U.S. Census Bureau statistics)

