

Vanilla Imports/Exports & Market Update September - 2008

USA IMPORTS

US vanilla imports for July 2008 (240MT total for the month) are about 34% higher than the quantity imported during July 2007 (179MT total for the month). As usual, Madagascar lead the imports with **123MT**, Uganda was 2nd with **46MT**, Indonesia was 3rd with **31MT**, and India was 4th with **23MT**. These 4 countries represented approximately 93% of all the July 2008 USA imports.

USA IMPORT PROJECTION

Based on the current import/export statistics (July, 2008), the projected yearend totals for 2008 are:

- **IMPORTS** - Roughly 1,302MT from all origins, thus far. At this pace, the US will import approximately 2,232MT for 2008.
- **EXPORTS** - Roughly 94MT, thus far. At this pace, the US will export approximately 161MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 2,071MT.

US DOLLAR

As you can see in the graph to the right, the US\$ strengthened to US\$1.3939/€ on Sept. 11, but has since given up 3.3% of its gain and is trading around US\$1.44/€. It's been closing in a range between US\$1.3939/€ to US\$1.4875/€ over the past 30 days. Due to the turmoil in the US financial markets and banking system, the US Federal Reserve is now considering an "emergency" reduction in the Fed Funds rate, which some feel could further weaken the US\$.

Since our August update, the US\$ has gained approx 2.5% vis-a-vis the Malagasy Ariary (MGA). In our August update, the MGA was trading at approximately MGA1,619(FMG8,095)/US\$1. Today, the exchange rate is MGA1,660(FMG8,300)/US\$1.



VANILLA MARKET

Little has changed since our last update. Occasional US spot sales exist. Some buyers are requesting offers for 2009 and beyond. However, there seems to be quite a gap in prices for future deliveries. There are actual offers on the US market for Grade 1 in the range of US\$30/Kg+/- for delivery through 2009. On the other hand, we hear that 1 or 2 other companies are saying that prices will be in the low US\$20's/Kg for Grade 1. But, to our knowledge, no transactions have been concluded with the end users at this price level for delivery during 2009.

India will start harvesting their new vanilla crop in a few weeks. We understand that there is a fairly substantial quantity of carryover inventory from prior crop(s).

US imports surged in July, thus resuming their intense pace after 2 slower months of imports.

We have goods available to offer, please contact us for details.