

Vanilla Imports/Exports & Market Update
January, 2008

- Based on the current import/export statistics (Jan-Nov, 2007), the projected year-end totals for 2007 are:
 - **IMPORTS** - Approximately 2,100MT from all origins, thus far. At this pace, the US will import approximately 2,291MT for 2007.
 - **EXPORTS** - Approximately 121MT, thus far. At this pace, the US will export approximately 132MT for 2007.
 - **PROJECTED 2007 USA TOTAL NET IMPORTS** - Approximately 2,159MT.
- **US DOLLAR** – Since our last update a month ago, the US dollar has again weakened against the Euro and other major currencies. Over the past 30 days, it has traded in a range between US\$1.43-1.48/€1. At the time of this writing, the exchange rate is approximately US\$1.47/€1. It's possible that the US\$ could further weaken if the US Federal Reserve again reduces the Fed Funds rate this week as expected.
- **VANILLA MARKET** – We continue to receive offers for containers of vanilla from India, Indonesia, Madagascar, etc. There does not seem to be any shortage of supply. Despite the seemingly abundant quantity of vanilla available on the open market, exporters from Madagascar are asking higher FOB prices. The exporters we speak to in Madagascar advise that a price increase is necessary because of their higher cost price from the 2007/08 crop and the weaker US\$.
- **USA IMPORTS** – USA imports continue their strong pace. It appears that vanilla imports for 2007 could meet, or exceed the previous record of 2,200MT set in 1997.
- **AVAILABILITY** - We can offer the following from stock, or for future contract delivery.
Please contact us for pricing and additional details.
 - **Bourbon Grade 1** - Min avg 1.7% VC, 18-22% MC (February).
 - **Bourbon Grade 2** - Min avg 1.4% VC, 16-19% MC (February).
 - **Bourbon Cuts** - Min avg 1.0% VC, 12% MC (spot).
 - **Indonesian Vanilla (Organic)** – Three grades available (shipment).
 - **Ugandan Vanilla (Organic)** - Min 1.8% VC, 18-22% MC (shipment).
 - **Indian Vanilla** - Min 1.8VC, 18-22% MC.

We look forward to hearing from you.

Michael P. Champon

Champon Vanilla, Inc.

Vanilla Imports/Exports & Market Update **February, 2008**

- Based on the current import/export statistics (Jan-Dec, 2007), the year-end totals for 2007 are:
 - **IMPORTS** - 2,260MT from all origins.
 - **EXPORTS** – 133MT.
 - **2007 USA TOTAL NET IMPORTS** - 2,127MT.
- **US DOLLAR** – In our January update, the dollar was trading at approximately US\$1.47/€1. Since then, the US dollar traded in a range between US\$1.45 - 1.49/€1. Today, the dollar trades virtually where it left off in our last update, US\$1.47/€1. Keep in mind that the US\$ is approximately 7.5% weaker than it was only 5 months ago (September), when the dollar was trading at approximately US\$1.367/€1. As the turmoil in the global financial system continues, we should expect to see continued instability with the exchange of the US\$.
- **MADAGASCAR** – Cyclone Ivan hit Madagascar south of the vanilla growing region, SAVA, on Sunday, February 17. We spoke with locals in the SAVA region yesterday and today. The news we received so far is that there was a lot of rain, which resulted in flooding in some areas. We are told that the wind caused negligible damage to the structures in the main towns. The impact of the storm on the vanilla crop has yet to be fully inspected and determined, but initial reports indicate minimal, if any, damage to the vanilla vines/crop. If this initial report changes significantly, we will advise. This was one report today from the news:
2.19.2008 8:56 AM
Tropical Cyclone Ivan Kills 11 in Madagascar
Hurricane is One of Largest Ever to Strike Island
At least 11 people are feared to have died after Tropical Cyclone Ivan made landfall on the east coast of Madagascar with wind speeds of more than 124 mph, according to the United Nations Meteorological Organization.
A Category 3 hurricane on the Saffir-Simpson scale, Ivan was among the largest cyclones ever to hit Madagascar, according to the U.N.
The first cyclone of the season, Fame, killed at least 13 people.
- **USA IMPORTS** – 2007 finished with a record setting quantity of imports, **2,260MT** from all origins. Madagascar lead the imports with **1,642MT**, Indonesia was 2nd with **238MT**, Uganda was 3rd with **200MT** and India was 4th with **81MT**. These 4 countries represented approximately 96% of all the 2007 USA imports.
- **AVAILABILITY** - We can offer the following from stock, or for future contract delivery.
Please contact us for pricing and additional details.
 - **Bourbon Grade 1** - Min avg 1.7% VC, 18-22% MC (spot).
 - **Bourbon Grade 2** - Min avg 1.4% VC, 16-19% MC (February).
 - **Bourbon Cuts** - Min avg 1.0% VC, 12% MC (spot).
 - **Indonesian Vanilla (Organic)** – Three grades available (shipment).
 - **Ugandan Vanilla (Organic)** - Min 1.8% VC, 18-22% MC (shipment).
 - **Indian Grade 1 Vanilla** - Min 1.8VC, 18-22% MC.

We look forward to hearing from you.

Michael P. Champon

Champon Vanilla, Inc.

Vanilla Imports/Exports & Market Update **March, 2008**

- Based on the current import/export statistics (Jan, 2008), the projected year-end totals for 2008 are:
 - **IMPORTS** - Approximately 147MT from all origins, thus far. At this pace, the US will import approximately 1,764MT for 2008.
 - **EXPORTS** - Approximately 8MT, thus far. At this pace, the US will export approximately 96MT for 2008.
 - **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 1,668MT.
- **US DOLLAR** – In our February update, the dollar was trading at approximately US\$1.47/€1. Since then, the US dollar hit a new low, approximately US\$1.58/€1, on March 18, and remains at this level today. This is an additional 7.5% loss in less than 1 month and about 15% less than it was roughly 6 months ago. If/when the ECB lowers its interest rate, this could help stabilize the US\$. The Malagasy Ariary (MGA) saw an interesting swing as well vs. the US\$. At one point fairly recently, it weakened to approximately MGA1,840 (FMG9,200)/US\$. Today, it's back at MGA1,676 (FMG8,380)/US\$.
- **MADAGASCAR** – Some people are talking about the 2008/09 crop being somewhat larger than originally expected, estimated between 800-1,00MT. Now, some people are estimating that it could be upwards of 1,200MT. Higher prices are being paid locally in Madagascar.
- **INDIA** – There is estimated to be quite a bit of carryover stock from the 2006/07 crop. The 2007/08 crop, which is currently being cured, is estimated between 200-250MT. New crop should start shipping in May.
- **VANILLA MARKET** – There seems to be an ample supply/stock of vanilla globally, both at source (available for sale/export) and in the USA/Europe (in the warehouses of end users and importers/dealers). Regardless, some exporters in Madagascar continue to pay higher prices locally. Consequently, FOB prices in other origins have increased somewhat as well. Time will tell if these higher prices are justified, or market manipulation.
- **USA IMPORTS** – US vanilla imports for Jan 2008 (147MT total for the month) are close to the quantity that was imported in Jan 2007 (154MT total for the month). As usual, Madagascar lead the imports with **96MT**, Indonesia was 2nd with **25MT**, India was 3rd with **11MT** and Uganda was 4th with **10MT**. These 4 countries represented approximately 97% of all the Jan 2008 USA imports.
- **AVAILABILITY** - We can offer the following from stock, or for future contract delivery.
Please contact us for pricing and additional details.
 - **Bourbon Grade 1** - Min avg 1.7%VC, 18-22%MC (spot).
 - **Bourbon Grade 2** - Min avg 1.4%VC, 16-19%MC (spot).
 - **Bourbon Cuts** - Min avg 1.0%VC, 12%MC (spot).
 - **Indonesian Vanilla (Organic)** – Three grades available (shipment).
 - **Ugandan Vanilla (Organic)** - Min 1.8%VC, 18-22%MC (shipment).
 - **Indian Grade 1 Vanilla** - Min 1.8VC, 18-22%MC (Afloat).

We look forward to hearing from you.

Michael P. Champon
Champon Vanilla, Inc.

New Jersey Office:
6 Fireside Drive
Colts Neck, New Jersey 07722 - USA

Champon Vanilla, Inc.
4521 PGA Blvd. - 382
Palm Beach Gardens, Florida 33418 - USA
Phone – 561.741.1325
Fax – 561.277.2526
E-Mail – m-p-c@vanillabean.com
Web Address – www.vanillabean.com

Members of:
Institute of Food Technologists
IFEAT
Certified Organic Handler by:
Oregon Tilth

USA Vanilla Imports 1978-2007

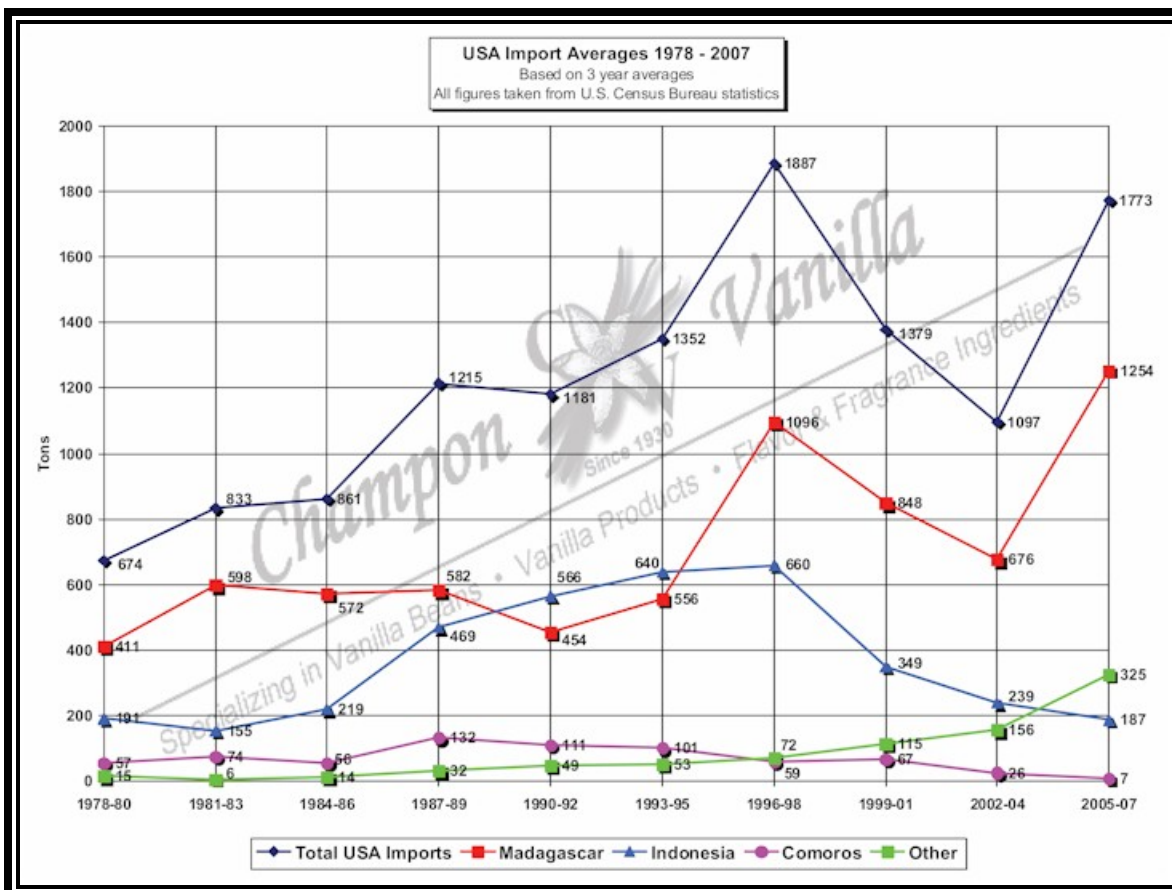
During our 80 years in the vanilla business, we have been following and collecting the USA vanilla import statistics. Some of our records date back a few decades. Eleven years ago, we started posting some of these statistics on our website beginning with 1978. Each month, we receive the import statistics from the US Census Bureau and transcribe the figures to our website. Recently, we took these figures and plotted them on a graph. It's interesting to see how the fluctuation of imports coincides directly with market prices and events.

Graph 1

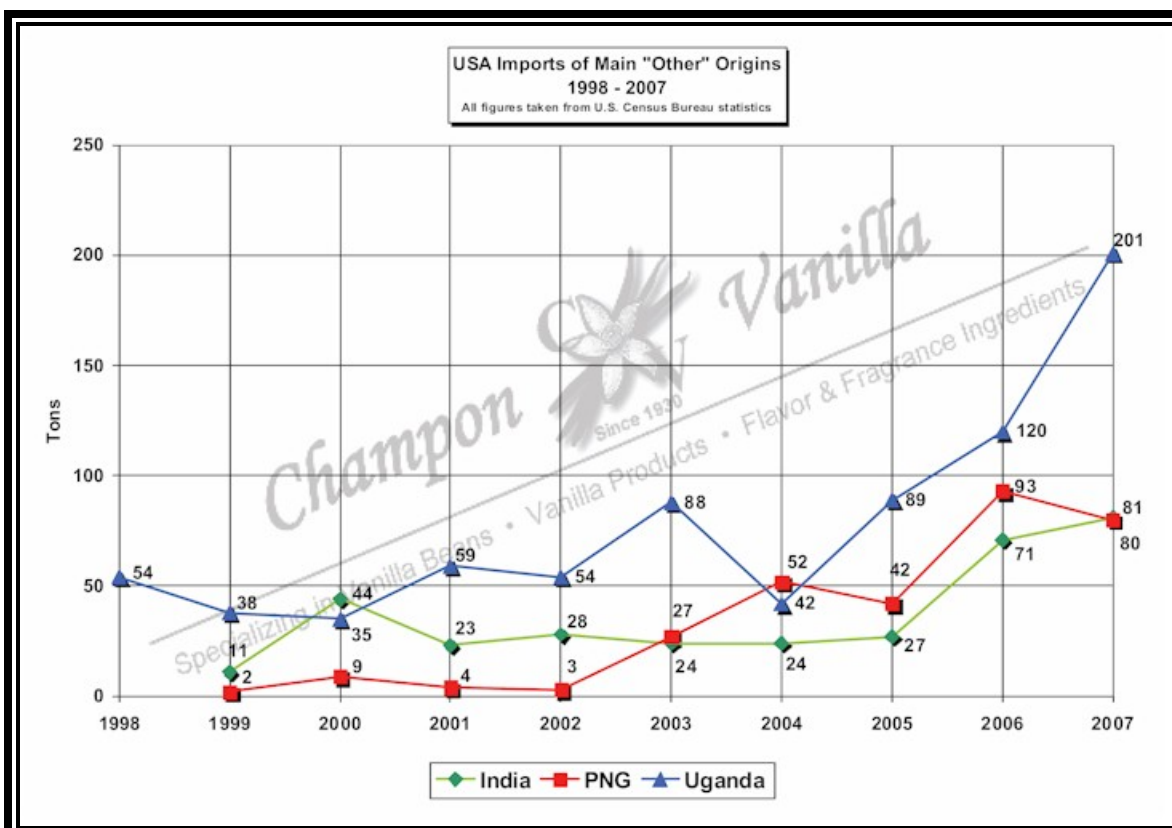
- **1993-1998** – Starting in the early 1990's, US vanilla imports trend upward. However, after the Madagascar quota system was removed in 1994, the quantity of imports accelerated. As part of their agreement with the IMF/World Bank to receive funding, the Madagascar government gradually removed their control of the vanilla market and eliminated their bloated export tax. The removal of the export tax significantly reduced the FOB price, but the local prices paid to the farmer, collector and exporter remained virtually unchanged. The farmers were not discouraged from picking vanilla and they were even planting new vines. Cheaper FOB prices encouraged more usage of the product, which lead to the increased exports/imports.
- **1999-2004** – The “import averages” began declining during these years. In April of 2000, cyclone Hudah caused significant damage to the Madagascar vanilla region and its vanilla crops. As expected, the farmers immediately planted new vines. It normally takes a vanilla vine approximately 3 years to start producing vanilla beans. The devastation caused by Hudah was a major catalyst for the subsequent decline of supply and increase of prices. However, by the end of 2004, market prices hit their peak, exceeding US\$500/Kg in some cases, and the end users substituted natural extract with alternatives such as Vanilla WONF and artificial/natural vanillin.
- **2005-2007** – Imports started to increase again during this period. Due to the shift in consumption from natural vanilla to alternative vanilla flavors, vanilla inventories began to accumulate and prices crashed from US\$500/Kg to \$50/Kg during the 2nd-3rd quarter of 2005. Despite the price decline, production in the various source countries continued and imports followed. The low prices encouraged the dealers and extractors to accumulate large inventories and/or make long term contracts. According to the USA import statistics, the USA imported the most vanilla in its recorded history during 2007, 2,260MT.
- **Conclusion** – The graph seems to indicate that free markets and the law of supply and demand usually work well (though, nothing is perfect). However, what would any free market be without its speculators and market manipulators. According to the statistics, it seems that there is a large inventory accumulating in the USA. Depending on who is holding most of this stock, it could act as a comfortable buffer of supply and assist in minimizing any significant price jump. On the other hand, if it's mostly in the hands of the speculators, one could almost bet that they will probably work hard to push up prices to capitalize on their existing inventory. It's this uncertainty that makes free markets interesting, unpredictable and risky.

Graph 2

- In Graph 1, you can see the imports shifting from traditional producing sources like the Comoros and Indonesia to “Other” sources. These other sources are primarily Uganda, India and PNG.
- Graph 2 shows the breakdown of imports from each “other” source. It seems that imports from Uganda are on a strong upward trend. Imports from India are trending upward, but not nearly as strong as Uganda. PNG, however, seems to be on a declining trend.



Graph 1 - USA Import Averages 1978 - 2007



Graph 2 - USA Imports of Main "Other" Origins

Vanilla Imports/Exports & Market Update April - 2008

USA IMPORTS

US vanilla imports for Feb 2008 (303MT total for the month) are significantly higher than the quantity imported in Feb 2007 (92MT total for the month). As usual, Madagascar lead the imports with **226T**, Uganda was 2nd with **56MT**, Indonesia was 3rd with **11MT** and PNG was 4th with **10MT**. These 4 countries represented approximately 100% of all the Feb 2008 USA imports.

USA IMPORT PROJECTION

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

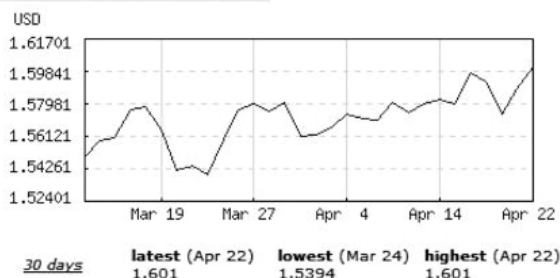
- **IMPORTS** - Roughly 450MT from all origins, thus far. At this pace, the US will import approximately 2,700MT for 2008.
- **EXPORTS** – Roughly 18MT, thus far. At this pace, the US will export approximately 108MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 2,592MT.

US DOLLAR

In our March update, the dollar closed at a high of approximately US\$1.58/€1, which is where it virtually remains today. It did close at a new high of US\$1.60/€1 on April 22.

The Bank of England (BoE) cut its base lending rate on April 10 from 5.2% to 5%. The European Central Bank (ECB) maintained its benchmark rate of 4%. If the economy in Europe continues to show signs of “stress”, such as higher inflation, the ECB may eventually follow with rate cuts like the UK and the US central banks. Some currency traders feel that this could help stabilize the US\$ and provide some price relief/stability on goods purchased in US\$. Other traders feel that the US\$ is nowhere near its bottom.

American Dollars to 1 EUR



Since our March update, the US\$ has also decreased vs. the Malagasy Ariary (MGA), thus, yielding fewer MGA/US\$. Today, it's trading at approximately MGA1,644 (FMG8,220)/US\$1.

UGANDA

The most recent news we are receiving from Uganda indicates that the 2008 production from the 2 crops could be somewhat less than normal. Estimates range between 120-140MT. It seems that some farmers are not tending to their vines due to the low market prices. At this time, we can offer organic and conventional vanilla for shipment.

VANILLA MARKET

Overall, market prices seem to be somewhat higher since our last update. We are seeing/hearing offers for Madagascar Gr1 vanilla ranging from the mid to high US\$20's/Kg for prompt delivery, and contracts at US\$30/Kg for delivery in 2009. However, there are purchasing opportunities for those buyers willing to be flexible with certain criteria. We can offer Indian (spot), Ugandan and Indonesian vanilla (shipment).

Vanilla Imports/Exports & Market Update May - 2008

USA IMPORTS

US vanilla imports for March 2008 (163MT total for the month) are about 17% lower than the quantity imported during March 2007 (196MT total for the month). As usual, Madagascar lead the imports with **133MT**, India was 2nd with **22MT**, Indonesia was 3rd with **5MT** and Uganda was 4th with **1MT**. These 4 countries represented approximately 100% of all the March 2008 USA imports.

USA IMPORT PROJECTION

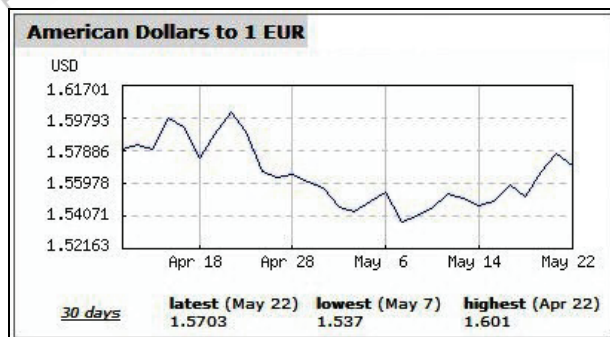
Based on the current import/export statistics (March, 2008), the projected yearend totals for 2008 are:

- **IMPORTS** - Roughly 613MT from all origins, thus far. At this pace, the US will import approximately 2,452MT for 2008.
- **EXPORTS** – Roughly 29MT, thus far. At this pace, the US will export approximately 116MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 2,336MT.

US DOLLAR

As you can see in the graph to the right, the US\$ has been closing in a range between US\$1.537/€1 to US\$1.601/€1 over the past 30 days. The US\$ experienced a brief rally shortly before the last Federal Reserve meeting on April 29/30, during which the Federal Reserve voted to lower the Fed Funds Rate by 0.25% to 2%. However, the dollar seems to be again weakening towards the US\$1.60 level. It was trading today at approximately US\$1.575/€1.

Since our April update, the US\$ has also decreased almost 2.5% v.s. the Malagasy Ariary (MGA), thus, yielding fewer MGA/US\$. Today, it's trading at approximately MGA1,606 (FMG8,030)/US\$1.



VANILLA MARKET

We received communications from exporters in India and Indonesia this week advising that higher prices are being paid for new crop material. Some of the reasons given for these increases are, the weak US\$, overall inflation (higher labor costs, fuel, transportation, etc.) and speculation in commodities.

It seems that the investment money that once fueled the stock market bubble, then the housing bubble, has now found a home in the global commodities markets. Regarding vanilla, there appears to be a tug of war on prices. On one side, speculators seem to be pushing prices up to increase profits on their existing stock. On the other side, the large inventories appear to be keeping prices in check. We recently heard of some lower offers from Madagascar. However, these lower offers may be from holders of stock looking to convert vanilla to cash for the upcoming crop soon to be picked. It may not necessarily mean a reversal in overall market prices. If vanilla follows the tendency of the other major global commodities, one could expect the price trend to be somewhat stable to upward for the foreseeable future. Nevertheless, buying opportunities can usually be found.

Vanilla Imports/Exports & Market Update June - 2008

USA IMPORTS

US vanilla imports for April 2008 (294MT total for the month) are about 67% higher than the quantity imported during April 2007 (176MT total for the month). As usual, Madagascar lead the imports with **233MT**, India was 2nd with **33MT**, Uganda was 3rd with **20MT** and Indonesia & PNG were 4th with **1MT** each. These 4 countries represented approximately 98% of all the April 2008 USA imports.

USA IMPORT PROJECTION

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

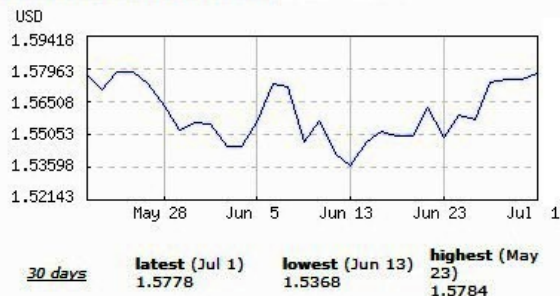
- **IMPORTS** - Roughly 907MT from all origins, thus far. At this pace, the US will import approximately 2,721MT for 2008.
- **EXPORTS** - Roughly 53MT, thus far. At this pace, the US will export approximately 159MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 2,562MT.

US DOLLAR

As you can see in the graph to the right, the US\$ has been closing in a range between US\$1.536/€1 to US\$1.578/€1 over the past 30 days. The US Federal Reserve announced at it's last meeting on June 25, 2008 that it was keeping the federal funds rate, the interest rate that banks charge each other, at 2 percent, marking the first time in 10 months that the central bank has failed to reduce interest rates at one of its regular meetings. Recently, the Fed has been talking tough about fighting inflation, but, to date, little action has backed their words.

Since our May update, the US\$ has decreased approx 1.5% vis-a-vis the Malagasy Ariary (MGA). In our May update, the MGA was trading at approximately MGA1,606(FMG8,030)/US\$1. Today, the exchange rate is MGA1,581(FMG7,905)/US\$1.

American Dollars to 1 EUR



VANILLA MARKET

The picking of green vanilla in Madagascar officially started during the week of June 16, 2008. We heard prices of FMG35,000-40,000/Kg being paid for green vanilla (approx US\$4.43/Kg). At that price level, FOB prices for cured Gr1 vanilla could be over US\$30/Kg. However, it still may be too early in the campaign to know if this price level will be maintained. Some people feel that the large vanilla supplier(s) will do their best to increase prices. Others feel that prices could ease if the current levels are not supported throughout the campaign.

Obviously, there are unpredictable factors which will certainly affect the market price, e.g. the exchange rate, buying demand, and influence from speculation, to name a few. Also, one cannot forget the large volumes of vanilla being stocked in the USA, not to mention any stocks which rest in Europe, Madagascar and other producing origins.

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

Vanilla Imports/Exports & Market Update July - 2008

USA IMPORTS

US vanilla imports for May 2008 (58MT total for the month) are about 79% lower than the quantity imported during May 2007 (274MT total for the month). As usual, Madagascar lead the imports with **28MT**, Indonesia was 2nd with **18MT**, Uganda was 3rd with **10MT**. These 3 countries represented approximately 97% of all the May 2008 USA imports.

USA IMPORT PROJECTION

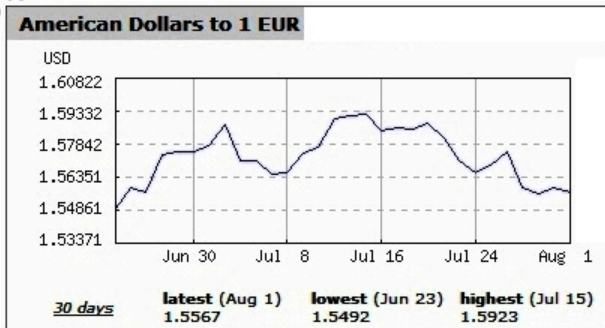
Based on the current import/export statistics (May, 2008), the projected yearend totals for 2008 are:

- **IMPORTS** - Roughly 965MT from all origins, thus far. At this pace, the US will import approximately 2,316MT for 2008.
- **EXPORTS** - Roughly 72MT, thus far. At this pace, the US will export approximately 173MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 2,143MT.

US DOLLAR

As you can see in the graph to the right, the US\$ has been closing in a range between US\$1.549/€ to US\$1.592/1€ over the past 30 days. The US Federal Reserve is expected to meet tomorrow, Tuesday, August 5 and will announce their decision regarding the Federal Funds Rate. Many analysts are expecting the Fed to leave the Fed Funds Rate at the current 2.00% level, despite the recent pullback in energy prices. However, they continue to express concern about inflation.

Since our June update, the US\$ has decreased approx 0.5% vis-a-vis the Malagasy Ariary (MGA). In our June update, the MGA was trading at approximately MGA1,581(FMG7,905)/US\$1. Today, the exchange rate is MGA1,574(FMG7,870)/US\$1.



VANILLA MARKET

In Madagascar, the buying of vrac remains active, though, we've been told not as active as past campaigns. The vrac price has increased since the beginning of the campaign. Estimates for the new crop remain between 800-1,200MT (depending on who you speak to and their stock position). Inventory rests in Madagascar, Europe and the USA.

We are receiving reports from India that the quantity of new crop is estimated around 300MT+/- . Local and FOB prices have increased for the new crop. Sales and exports are active.

Reports from Indonesia and Uganda indicate active buying as well. Prices are up in each source.

As you can see in the import statistics above, USA vanilla imports have decreased substantially for May. We will need a couple more months of import figures to see if this decline is temporary, or a sign of a changing buying trend. **We have goods available to offer, please contact us for details.**

Vanilla Imports/Exports & Market Update August - 2008

USA IMPORTS

US vanilla imports for June 2008 (98MT total for the month) are about 55% lower than the quantity imported during June 2007 (217MT total for the month). As usual, Madagascar lead the imports with **73MT**, Indonesia was 2nd with **13MT**, Uganda was 3rd with **8MT**, and India was 4th with **2MT**. These 4 countries represented approximately 98% of all the June 2008 USA imports.

USA IMPORT PROJECTION

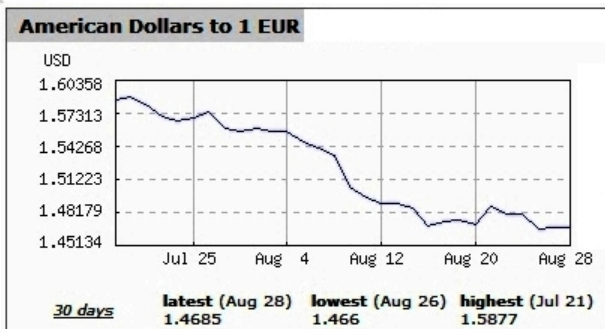
Based on the current import/export statistics (June, 2008), the projected yearend totals for 2008 are:

- **IMPORTS** - Roughly 1,063MT from all origins, thus far. At this pace, the US will import approximately 2,126MT for 2008.
- **EXPORTS** - Roughly 84MT, thus far. At this pace, the US will export approximately 168MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 1,958MT.

US DOLLAR

As you can see in the graph to the right, the US\$ has gained approx 8% and is currently trading at approximately \$1.466/€. It's been closing in a range between US\$1.466/€ to US\$1.587/€ over the past 30 days. There is talk in the EU that the ECB may lower its interest rates. However, the US Federal Reserve is talking about maintaining the current rate of 2.0%, or possibly raising interest rates at some point. Some people feel that this is the main reason for the recent strength in the US\$.

Since our July update, the US\$ has gained almost 3% vis-a-vis the Malagasy Ariary (MGA). In our July update, the MGA was trading at approximately MGA1,574(FMG7,870)/US\$1. Today, the exchange rate is MGA1,619(FMG8,095)/US\$1.



VANILLA MARKET

Overall, the markets remain relatively quiet. There is some buying activity locally in Madagascar, but not to the same degree as in the past. Some people feel that buying activity may increase in September/October, as contracts are signed and pre-financing capital is injected into the local market. Prices for Madagascar vanilla remain somewhat stable, with an occasional opportunity to purchase a little below the market from sellers who are looking to unload old stock to buy new crop material.

As you can see in the import statistics above, USA vanilla imports have again decreased substantially for June. Smaller imports could imply that the users are working off some of their inventory and may not be covered through 2009. If this is the case, then it may be possible to see buying activity increase and prices follow accordingly. As almost everyone knows, quantity estimates for the new 2008 crop are expected to be smaller than the normal crop size. **We have goods available to offer, please contact us for details.**

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.

Vanilla Imports/Exports & Market Update October - 2008

USA IMPORTS

US vanilla imports for August 2008 (119MT total for the month) are about **55% LOWER** than the quantity imported during August 2007 (265MT total for the month). As usual, Madagascar lead the imports with **45MT**, Uganda was 2nd with **32MT**, India was 3rd with **24MT**, and Indonesia was 4th with **13MT**. These 4 countries represented approximately **96%** of all the August 2008 USA imports.

USA IMPORT PROJECTION

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

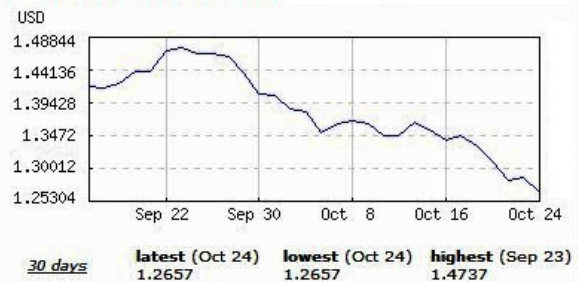
- **IMPORTS** - Roughly 1,422MT from all origins, thus far. At this pace, the US will import approximately 2,133MT for 2008.
- **EXPORTS** - Roughly 102MT, thus far. At this pace, the US will export approximately 153MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 1,980MT.

US DOLLAR

As you can see in the graph to the right, the US\$ strengthened approximately 14% over the past 30 days to US\$1.2657/€ on Oct. 24. During intraday trading it was slightly stronger. One currency trader's near-term outlook for the US\$: "A temporary dollar rally? Yes. A small rally? Absolutely not. Due to the magnitude of the crisis, the dollar rally could be very large, as nearly all other currencies fall. The only exception: The Japanese yen, which also is the beneficiary of a massive flight to safety."

Since our September update, the US\$ has gained 10% vis-à-vis the Malagasy Ariary (MGA). In our September update, the MGA was trading at approximately MGA1,660(FMG8,300)/US\$1. Today, the exchange rate is MGA1,832(FMG9,160)/US\$1.

American Dollars to 1 EUR



Typically, a stronger US\$ should translate into cheaper US\$ export prices. If this US\$ rally is only temporary, as suggested earlier by the currency trader, it may benefit users to take advantage of this rally and add to their inventories at lower prices.

VANILLA MARKET

Overall, the markets remain relatively calm in Madagascar and the USA. The usual market movers still haven't entered the local Madagascar market with the typical vigor seen in the past. Consequently, prices have been rather stable. August US imports have dropped off more than half from July imports. The global financial problems are encouraging companies in general to examine more closely their purchasing requirements and to modify existing delivery schedules. However, companies with foresight will take advantage of the current strengthening of the US\$ to add to their inventory at cheaper prices.

2008 US vanilla imports seem to be as unpredictable and erratic as most markets today. This inconsistent pattern may be indicating a shift in the purchasing pattern. Furthermore, as you can see on our line graph sent with this update, the red dashed line, which indicates and projects the US monthly import trend, continues to be pushed further downward.

New Jersey Office:
6 Fireside Drive

Colts Neck, New Jersey 07722 - USA

Champon Vanilla, Inc.

4521 PGA Blvd. - 382

Palm Beach Gardens, Florida 33418 - USA

Phone - 561.741.1325

Fax - 561.277.2526

E-Mail - m-p-c@vanillabean.com

Web Address - www.vanillabean.com

Members of:

Institute of Food Technologists
IFEAT

Certified Organic Handler by:
Oregon Tilth

Vanilla Imports/Exports & Market Update November - 2008

USA IMPORTS

US vanilla imports for September 2008 (43MT total for the month) are about **69% LOWER** than the quantity imported during September 2007 (141MT total for the month). As usual, Madagascar lead the imports with **33MT**, Indonesia was 2nd with **05MT**, PNG was 3rd with **03MT**, and Uganda was 4th with **01MT**. These 4 countries represented approximately **98%** of all the September 2008 USA imports.

USA IMPORT PROJECTION

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

- **IMPORTS** - Roughly 1,464MT from all origins, thus far. At this pace, the US will import approximately 1,952MT for 2008.
- **EXPORTS** - Roughly 109MT, thus far. At this pace, the US will export approximately 145MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 1,807MT.

US DOLLAR

The US\$ remained virtually unchanged from the start of November (11/03), US\$1.2719/€, to the last day of November (11/28), US\$1.2694/€. During the month the dollar traded in a range of approx 5.3%. A number of economists feel that the stronger US\$ is due mostly to the deleveraging that has been taking place, which subsequently created a demand for US\$. The next questions are, how long will this deleveraging last and what will be next for the US\$?



Since our October update, the US\$ has gained approximately 0.5% vis-à-vis the Malagasy Ariary (MGA).

In our October update, the MGA was trading at approximately MGA1,832(FMG9,160)/US\$1. Today, the exchange rate is MGA1,842(FMG9,210)/US\$1.

VANILLA MARKET

Buying activity locally in Madagascar has increased over the past few weeks. Consequently, local prices increased as well. It appears that this increased activity is partly because some exporters are buying what they need to complete containers which are expected to ship on the December vessel. Meanwhile, the market outside Madagascar remains quiet/calm. Contrary to increasing prices in Madagascar, offers in the USA seem to continue softening as some aggressive sellers reduce their prices to move inventory.

We hear from India that 1) carryover stocks still remain, 2) the estimated quantity of cured vanilla from the new crop is revised down to 175MT, and 3) higher prices are being paid for fresh vanilla. Lacking information from the outside market, some locals are thinking that prices will increase because of the smaller production and the active local buying. We continue to receive information from India about their battle with Fusarium in certain vanilla growing regions.

We have goods to offer. Please contact us for details and any questions you may have.

Vanilla Imports/Exports & Market Update December - 2008

USA IMPORTS

US vanilla imports for October 2008 (261MT total for the month) are about **17% HIGHER** than the quantity imported during October 2007 (223MT total for the month). As usual, Madagascar lead the imports with **171MT**, Indonesia was 2nd with **36MT**, Uganda was 3rd with **21MT**, and India was 4th with **20MT**. These 4 countries represented approximately **95%** of all the October 2008 USA imports.

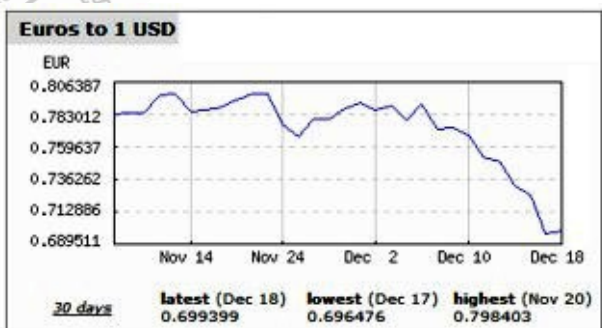
USA IMPORT PROJECTION

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

- **IMPORTS** - Roughly 1,725MT from all origins, thus far. At this pace, the US will import approximately 2,070MT for 2008.
- **EXPORTS** - Roughly 137MT, thus far. At this pace, the US will export approximately 164MT for 2008.
- **PROJECTED 2008 USA TOTAL NET IMPORTS** - Approximately 1,906MT.

US DOLLAR

The US\$ sank vs. the €uro over the past 2 weeks. On December 05 the US\$ was trading at approx €0.79/US\$ and yesterday (Dec 18) it was trading at approx €0.6993/US\$, a decline of approx 12% (see graph to the right). However, today, the US\$ has recovered a bit to €0.72/US\$, a gain of approx 3%. One currency trader's comment: "Technically the dollar is extremely overbought. So I expect a decent, near-term correction upward in the euro. However, according to my analysis, the euro is set to weaken substantially against the U.S. dollar over the next several months."



Since our November update, the US\$ remains virtually unchanged vis-à-vis the Malagasy Ariary (MGA).

In our November update, the MGA was trading at approx MGA1,842(FMG9,210)/US\$1. Today, the exchange rate is approx MGA1,846(FMG9,230)/US\$1.

VANILLA MARKET

The US market remains relatively quiet. Nevertheless, October US Vanilla Imports surged to 261MT. This is a substantial increase from the meager 43MT that were imported during September!! Since our last update, prices seem to have softened further, as sellers hope to spark buying interest. The exchange rate of the US\$ should be watched somewhat closely because any significant downside movement could increase export prices.

There was an AP article published on December 08 that seemed to arouse concern with some vanilla buyers ([CLICK HERE](#) to view the article). While the article doesn't specify the name of the disease (other than its local name, bekorontsana), it appears that the writer is referring to Fusarium. Sources in Madagascar acknowledge that there does seem to be an increasing number of vines being infected every year. However, they believe that there is no need for alarming concern at this moment. They do advise that the situation should be followed closely because if no action is taken locally in Madagascar, the Fusarium may do substantial harm within the next 5 years.

We would like to take this opportunity to wish all of our customers, suppliers and friends a:

MERRY CHRISTMAS & HAPPY and HEALTHY 2009