

Dear client,

Hereby we share with you our latest update about the pumpkin and sunflower market.

If you have any questions or interests regarding our market, information you can contact us through our contact details below. Many thanks for your feedback and interest to cooperate with us.

PUMPKIN

Market – China

December was not an active month for the Chinese pumpkin exporters. Most of the European buyers had covered their needs for 2017 and they were not looking around on the market anymore. The interest on the domestic Chinese market stays high, as we saw that during the last months. Now by the middle of January we see a growing interest again for spot material. The passive December has passed and people start considering stocks again. Besides that, we also feel that customers are aware of the favorable market conditions (prices). This brings more interests on the market for longer periods, like Feb – June deliveries.

The combination of the favorable price tags of the material and the interests from the market to cover longer spreads puts some pressure (risks) on the table of the pumpkin exporters in China. Right now there is a good availability and it's easy for the processor to buy from a local raw material trader. In the current market situation, there is no need for the processors to keep stocks. This seems stable and positive but in this part is also the risk for the processors and the possibilities for price changes for the buyers in Europe.

We see right now two important things in the market that we would like to point out.

1) Quality and availability driven increase. Right now we see the market increase on the higher quality kernels. For example the prices of the Shine Skin AA from the North West (Xibei Origin) are rising. The availability is not so big and the domestic use is high. Beside that it's also a popular item for export to Europe and the middle east. Some big processors have slowly start taking some positions of the raw material from the North West which makes other (smaller) processors consider the same. For these specific quality kernels, we expect the market will not make a huge jump, but we expect it will keep increasing during the next months. How fast it will increase is important of topic no 2 like explained here below.

2) Speculation driven increase. Most of us know that Chinese processors love to make speculation, and they prefer doing this after they made agreements to buy safe quantities of raw material. These days the pumpkin market is more speculation driven as the available volumes are simple high (expect some high quality kernels like AAA grades and Xibei Origin Shine Skin like mentioned before). There is a huge immediate available volume North east origin Shine Skin and the stocks of GWS are also still good.

Right now processors are not eager to offer long period contracts (financial capacity wise) or they ask for a premium price to ensure their margins. If they don't do this, it might be a gamble to see if they can make some profit. The risk will end up at the buyer's desk at final destination because it might be possible the processor is not able to fulfill. It can also turn out that the processing will start saving money on the quality of the product and you will not get what you bought.

As we see a growing interest from many customers to cover longer periods we expect that, the bigger processors will start taking some small stock positions in order to be safe for the next coming months. When local Chinese traders feel this "trend" they will move up their prices. When the prices of the raw seeds rise, many processors will cover their needs for the contracts, they have in order to avoid losses on their sales. We have seen this situation many times in the past. The market can easily heat up this way, even when there is enough material available. Like a snowball effect, all parties start buying because they feel a rising market. For now, we expect the market will stay stable for a while, but we believe this situation can happen again when the interest for bigger quantities keeps rising like we see it now.

Price reference

As mentioned before we still see a big difference between the origin prices and the local spot prices in Europe. Spot availability is more thigh these days, due to the rising interest at the start of 2018. Right now we see the following market levels FOB China. GWS grade A USD 2.600-2.650 FOB and GWS grade AA at USD 2.900-2.950 FOB. Shine Skin A at USD 2.200-2.250 and Shine Skin AA at USD 2.900-2.950.

Advice and expectations.

Right now, the pumpkin market is at a stable low level, which gives the opportunity to buy good quality seeds at attractive prices. Especially the prices for nearby shipment are attractive. If you would like to take advantage of this favorable market, we advise to consider covering your needs until the summer period. We are able to offer all varieties and grades on a fixed price level for these longer spreads.

Please be aware that suddenly powerful processors can start collecting quantities of raw material for storage if they see growing interest for the next coming months. This can break open the market and makes the prices increase fast in a short time.

Local stocks / Offers Chinese pumpkin
GWS grade AA crop 2017 heat treated at USD 3.480 FCA Holland
Shine Skin A heat-treated crop 2017 at USD 2.310 FCA Holland

SUNFLOWER

Market – East Europe

The demand for export and the domestic use is slow in Bulgaria the last weeks. Processors are fulfilling their older contracts but it's hard to get new sales in the books. Prices are at low levels and because of the good available quantities, we don't expect any big changes during the next weeks. The competition is big as we see a lot of new processors and local trader offering without profits in order to get new customers. Raw sunflower seeds were traded last week at USD 330-340/mt. We see current market levels for hulled processed kernels today at EUR 580-600 ex works. Broken kernels are traded at EUR 490-510 ex works.

Aldebaran Commodities B.V.

Rotterdam | The Netherlands

Direct +31-107620510 (Paul)

Direct +31-107620514 (Nurcan)

Direct +31-107620515 (Mark)

Aldebaran Commodities B.V., Maasstraat 17, 3016 DB Rotterdam, P.O. Box 23053, 3001 KB Rotterdam
Phone +31 (0)10 436 4937, **Fax** +31 (0)10 436 4865, **Internet** www.aldebaran.nl
Chamber of Commerce Rotterdam 24271671, VAT no. NL 8055.08.181 B.01