

Dear Client,

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

How has the market developed during the last two months?

The pumpkin market seems to wake up again from a deep sleep. After a very long period of decrease and historical low pumpkin prices, we finally saw the market going up again on the pumpkin seeds kernels. The increase was mainly on the "Grown Without Skin" and not on the shine skin kernels. We saw shine skin following the rising trend for a moment, but it went back quite soon, on the low level where it was for already a (too) long period. On the other hand, we saw finally some action on the prices of the GWS. Many people started speculating about new crop planting areas to increase the prices. This is something we see every year. Of course, this topic is very important for the price development, but in this case not the main reason for the increase on GWS.

The pumpkin market seems to wake up from a deep sleep

We believe that the main reason for the increase is that the price went down and went down and.... went down, to a level that was not acceptable anymore for the local traders. Basically it was more interesting to keep the goods in storage as an bank security for their loans, then selling them without profit. Through this way, they created time. In fact, they stop selling and wait for beter prices to come.

In fact local traders stop trading and started to wait for beter prices.



Due of the favorable market situation, buyer in Europe and the Middle East got used to buy only when they are in need of goods. Not many of them were interested to cover longer spreads as the price was low for a long period already. The price and the availability was simply good and there were no indication for a price rise. Therefore, many processors in China did the same. They only bought when they needed goods for production. Until it slowly got more difficult to buy GWS. Local traders were holding back with offering raw kernels. Due of that, processors felt that goods became harder to find and most important not so cheap anymore as they hoped for. After that we saw the market rising to more normal levels. A correction that was necessary to keep the market moving.

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What about the stocks in China?

In the current market, there is still a very big availability of good quality raw material Shine Skin seeds and GWS kernels crop 2017. There are even still local traders that are trying to push 2016 crop on bottom prices in the market, as they cannot be used for domestic use. China is only using the very best quality pumpkin kernels for their own local market. The old crops and lower qualities are mainly used for export market that are focused on the bottom prices and who can say yes to lower grades, like Russia, Poland, Romania ect.

Even though the local stocks are still big, we do not expect there will be much (good material) left by the end of 2017 crop, because the prices are simply still very attractive. This generates interests and sales.

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Important to know is that raw material stocks are mainly traded by big factories and local traders. At the beginning of the crop the farmers sell their goods to these parties. Therefore the farmers are not the people who lose in this difficult market. They just sell directly after the harvest on a small margin to avoid the risk of price fluctuations. It is important to know that the prices are not controlled by farmers but always by traders and big manufacturers. Because the risk is mainly at these parties, we saw also this year quite a lot of factories and local traders losing money and some even got bankrupt. They already had to deal with three very difficult seasons in a row.

What about the planting areas for next season?

Like every year, the rumors start during the planting season (about the sowing areas size) and during the summer about the size and the development of the crop. Right now we hear speculation of a reduce in the crop size of 20% on shine skin and 30-40% of the GWS pumpkin. Right now, we can inform you that this are only speculations we don't have any official figures yet. Most processors

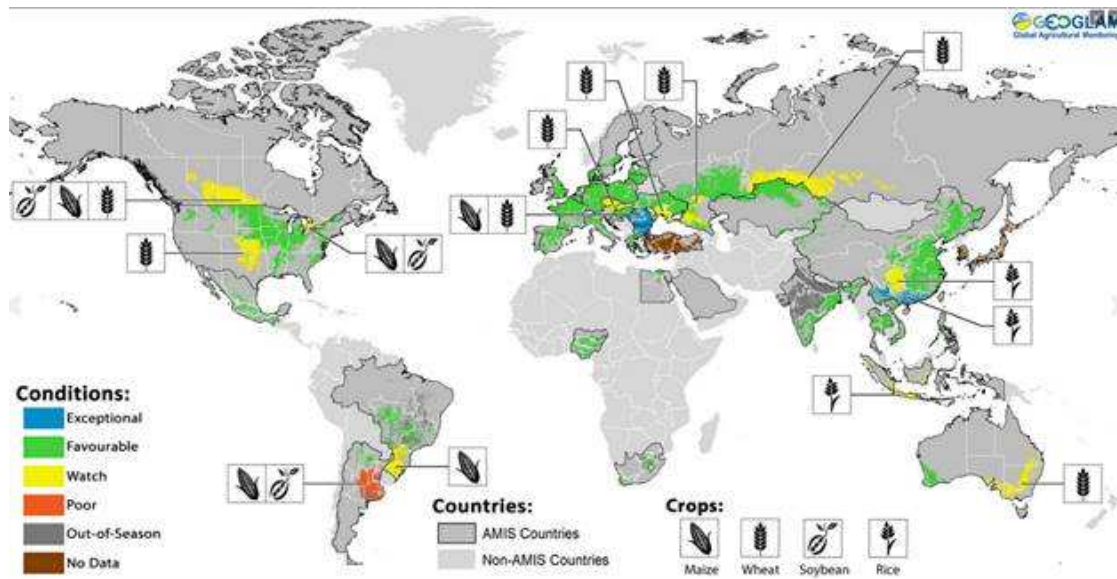
also expect that the crop size will be smaller, but a real reduction % is not clear yet. On the other hand, the crop is developing very well during this period of the year. The weather is favorable, the plants are growing well and started flowering. So there is a possibility that the crop size will be less but the yield can turn out high (like last season). Please see below some pictures of the current crop development in Inner Mongolia.





What is happening in the market right now?

Today we see the following market prices in China; USD 1900 p/mt CIF for shine skin A and USD 2850 p/mt CIF for Shine Skin AA . For north-west quality, we ask you to increase the prices above with USD 100-130 p/mt. GWS grade A we can indicate at USD 2350 p/mt CIF and grade AA at USD 2940 p/mt CIF.



What do we expect in the next coming months?

In general, we can say that the market was too low during the last months and that we saw a correction in price. It was a necessary correction to make the market move again. Currently we believe that the price of the shine skin is still too low. We expect that this price also increase to a more "normal" level, but the increase will not be as big as we saw on the GWS during the last month.

During the summer, we expect that the prices of the GWS will rise further to a level of USD 3100 maybe 3200 CIF for grade AA. The weather conditions will be an important factor of the further price development of the current and next crop. Our advice is to cover your needs at least for current crop (until October – November 2018). Besides that, we advise to keep a close eye on the further development of the new crop during the summer. Based on that we advise to make buying plans for the new crop pumpkin seeds kernels from November onwards.

Of course, we keep you posted about all further developments in the market. If you have any question in the meantime, feel free to contact us anytime.

Kindest regards,
Paul, Nurcan, and Mark
Trade department

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