



Spices, Herbs & Seeds Crop Report

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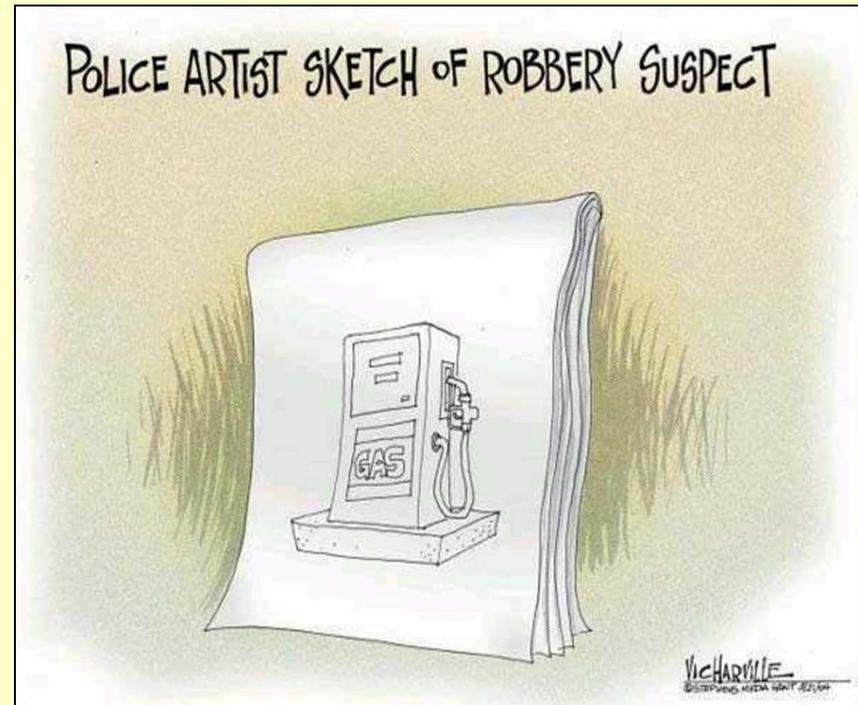


Higher Prices – It's Not Just Spices



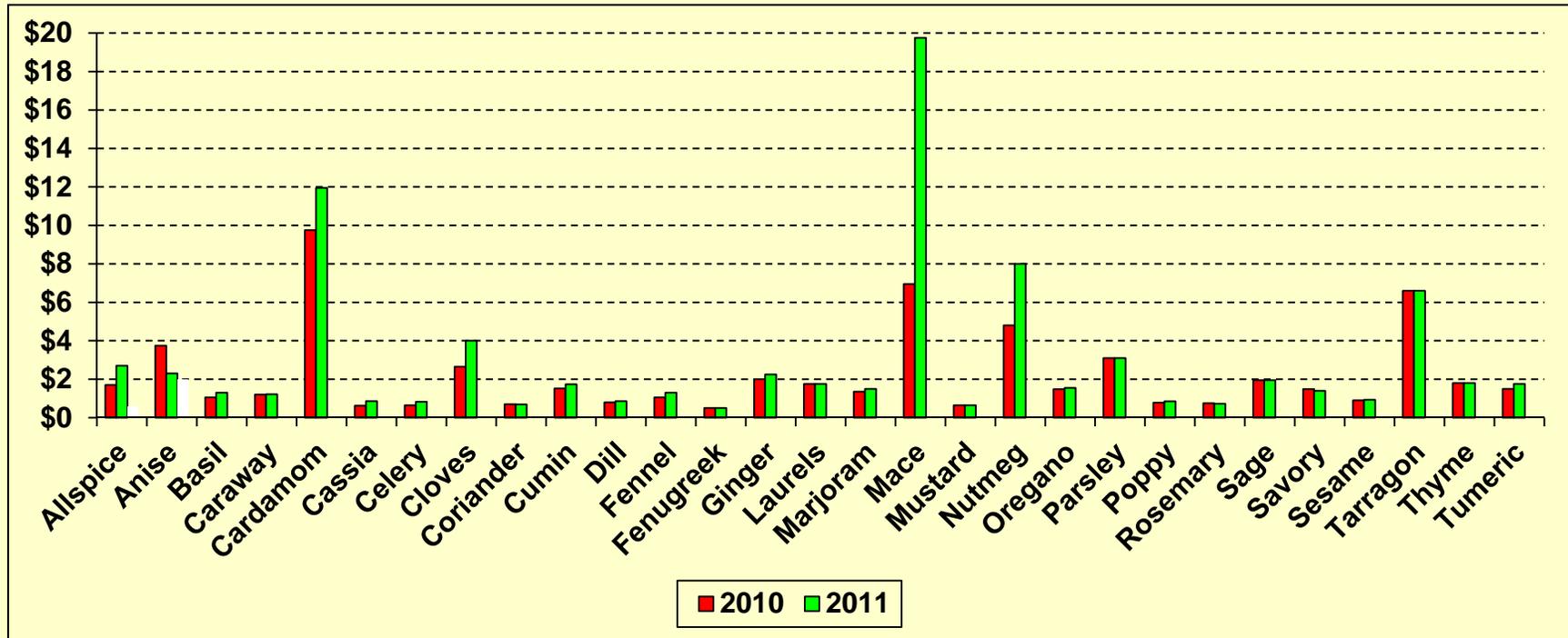
- **The FFPI rose for the eighth consecutive month in February**
- **Up 22% over January (Highest level since January 1990)**
- **Cereals – Highest since July 2008.**
 - Higher corn prices
 - Strong demand and tightening supplies
 - Wheat was marginally higher
 - Rice was slightly lower
- **Dairy - Up 4 percent from January**
 - Well below its peak in November 2007
 - Continued strong demand
- **Oils/Fats – Up marginally in February**
 - Just below the peak recorded in June 2008
 - Increase was tempered by a recovery in global supply
- **Meat- up 2 percent from January**
 - Higher prices for pork and sheep
 - Beef prices have stabilized a bit due to import disruptions in several key markets.
- **Sugar – Down slightly from January**
 - 16% higher on the year
 - Prices remain high on tight supplies in major sugar exporting countries.

...and then, there's gasoline...



Prices – Today vs. Last Year

(U.S. \$ per lb.)



- 29 items evaluated
 - 18 (62%) are higher
 - 3 (10%) are lower
 - 8 (28%) are unchanged
 - Prices ranged from 39% lower to 184% higher
 - Average price increase vs. last year is 33%
 - Average price increase excluding nutmeg and mace is 10%
- Drivers same as last year (Higher input costs, freight, weather, currency)
- More recently, increased political turmoil in the Middle East



2011 Crop Report Spices

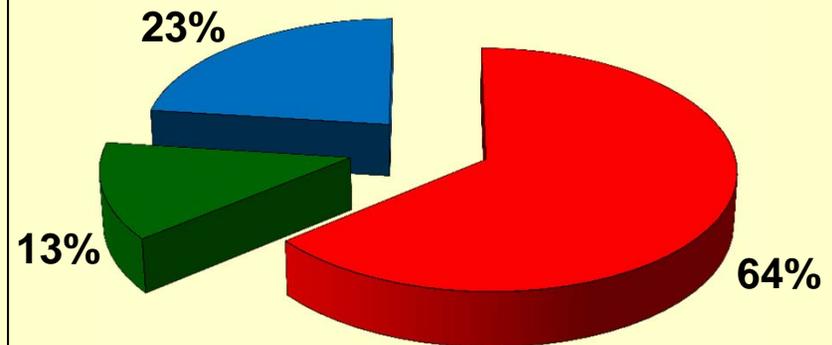


Allspice

- “Typical” Production:
 - Mexico – 4,000 – 5,000mt
 - GH – 800 – 1,000mt
 - Jamaica – 1,200 – 1,800mt
- U.S. Imports
 - 5-year average – 1,375mt
 - 2010 imports – 1,267mt
 - Mexico – 407mt
 - Jamaica – 318mt
 - Guatemala – 217mt
 - Honduras – 163mt
 - Others – 162mt

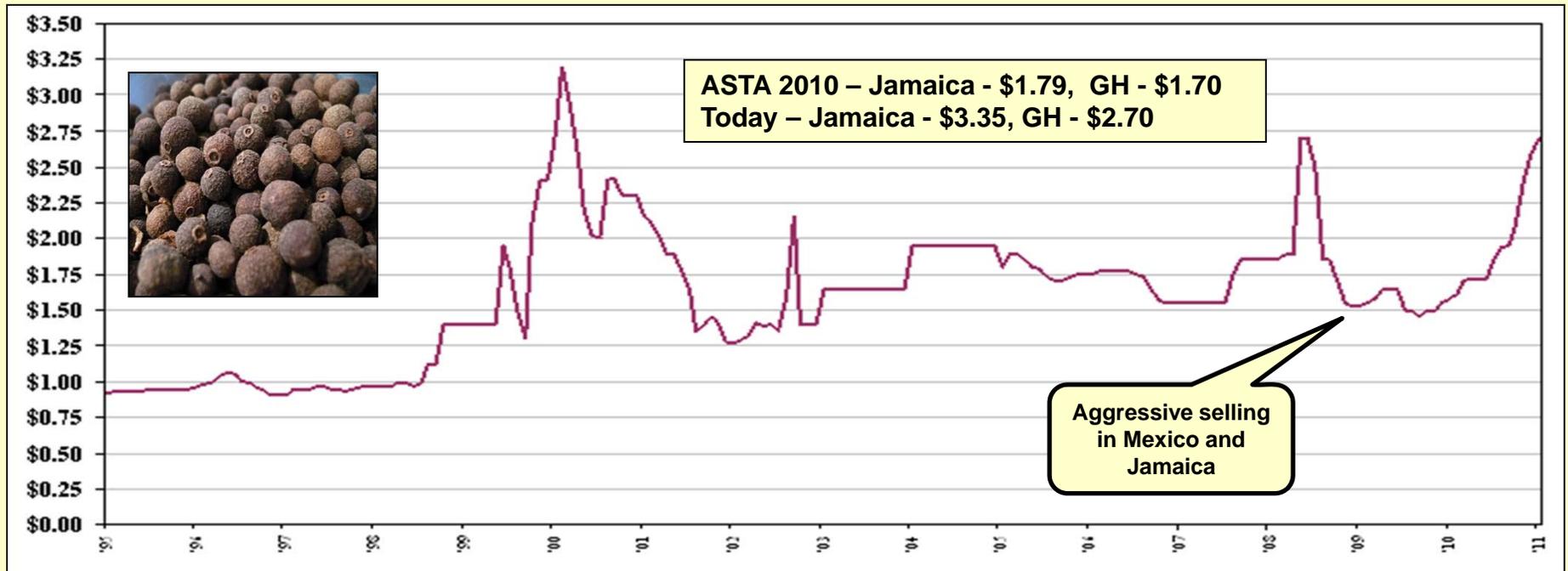


Production (%)



■ Mexico ■ GH ■ Jamaica

Allspice

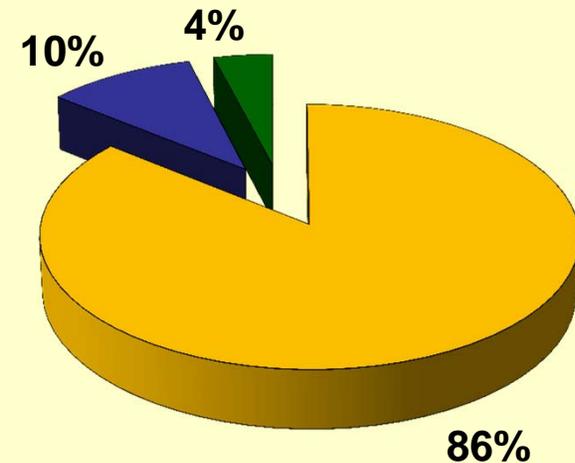


- Production was not “typical” in 2010 (late crops/smaller crops)
 - Mexico - app. 4,000mt
 - GH - <1,000mt
 - Jamaica - < 1,000mt
- Most of the decline was attributed to unfavorable weather conditions
- Supplies generally disappear by Q1
 - This year was no exception
 - Offers had all but disappeared by the end of 2010
- Currently, stocks are very thin both at origin and in the U.S.
- Flowering begins in May/harvest in August
- Harvest pressure could be limited due to very low stocks

Cassia

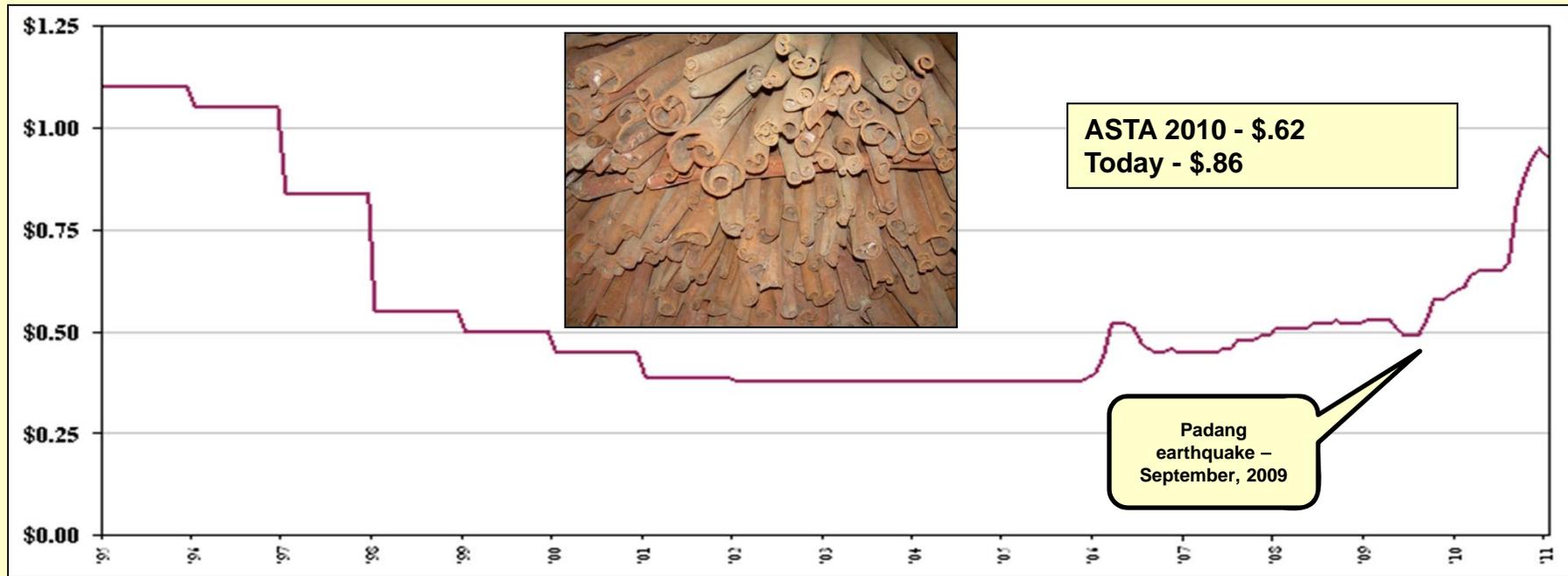
- **Indonesia supplies app. 86% of the cassia used in the U.S.**
 - Sri Lanka – 10%
 - Vietnam – 4%
 - China and India - <1%
- **U.S. Imports**
 - 2010 – 19,820mt
 - Indonesia – 16,563mt
 - Sri Lanka – 1,954mt
 - Vietnam – 884mt
 - India – 158mt
 - China – 152mt
 - 2009 – 16,365mt
 - 5-yr. average – 17,705mt

U.S. Imports (mt)



■ Indonesia ■ Sri Lanka ■ Vietnam

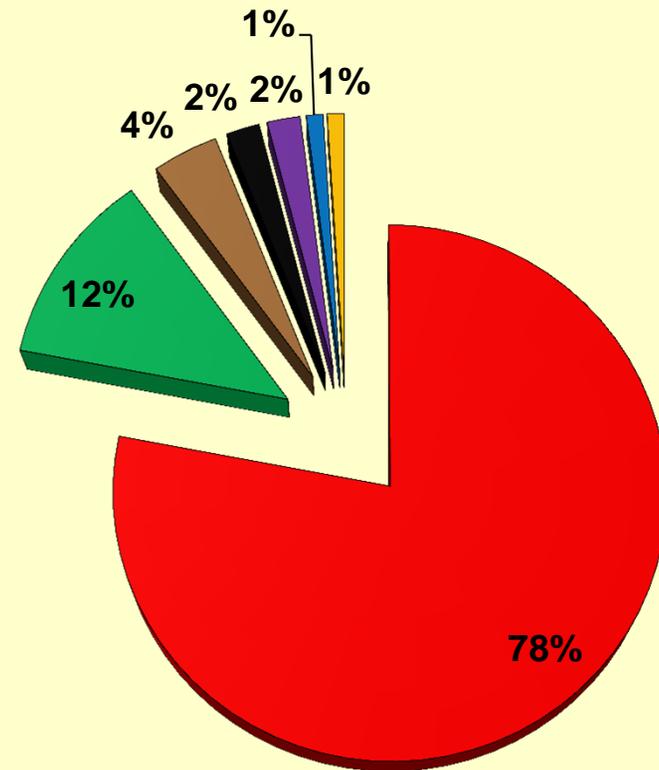
Cassia



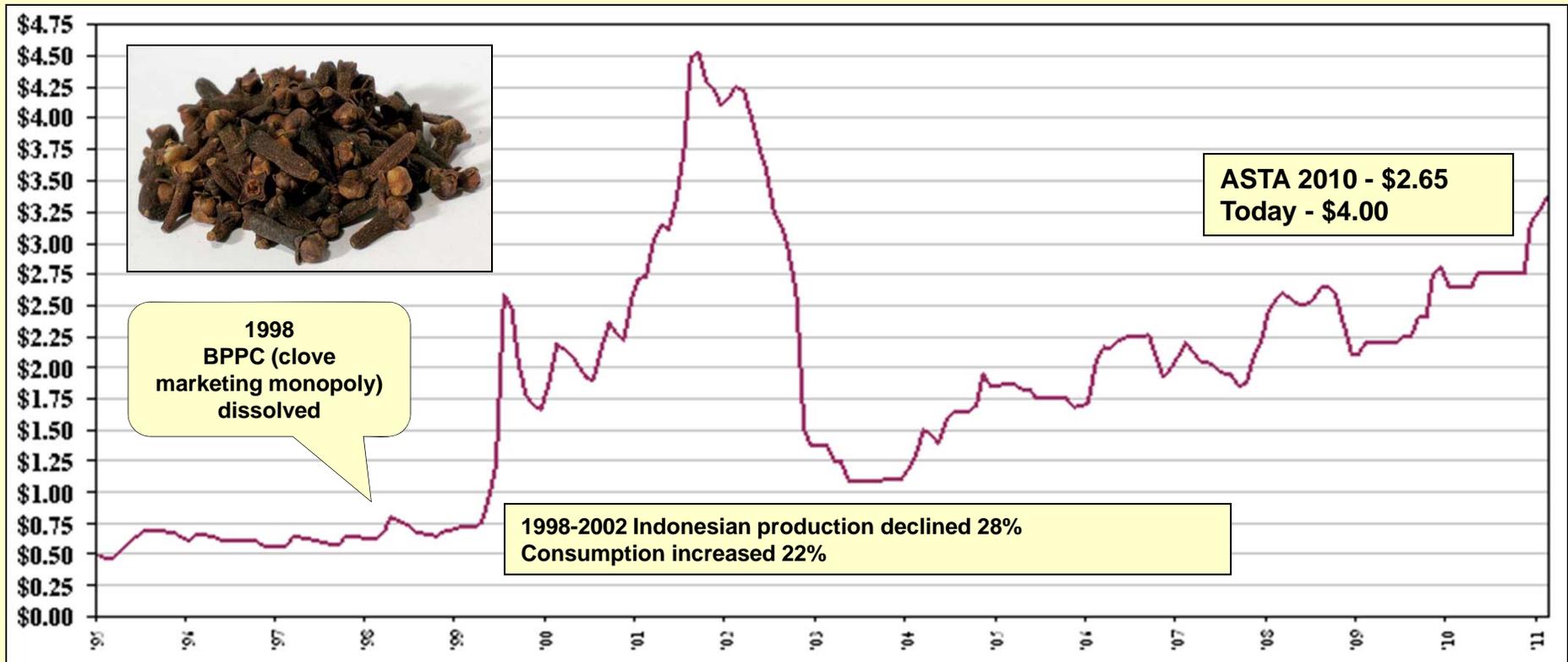
- Cassia prices have followed the lead of other commodities and are 50% higher than a year ago
- Factors contributing to the higher cassia prices:
 - Strong demand (U.S. imports just under 20,000mt in 2010 vs. just over 16,000mt in 2009)
 - Weaker USD vs. the IDR/inflation
 - Continued difficulty sourcing raw material at origin
 - Heavy rains have hampered drying
 - Landowners seeking other sources of income (coffee, rubber, cacao)
 - Natural disasters
 - Expectations for 10% - 20% less production in 2011
- Market has shown some signs of softening in recent days
 - Improved weather conditions following heavy rains October – January
 - Increased movement of raw materials

Cloves - Production

- **Typical Production:**
 - Indonesia – 84,000mt
 - Madagascar – 12,000mt
 - Sri Lanka – 5,000mt
 - Brazil – 5,000mt
 - Zanzibar – 4,000mt
 - India - 2,000mt
 - Comoros – 1,800mt
- **U.S. Imports**
 - 5-year average – 1,358mt
 - 2009 imports – 1,487mt
 - 2010 imports – 1,263mt
 - Madagascar – 391mt
 - Comoros – 274mt
 - Indonesia – 235mt
 - Brazil – 169mt
 - Sri Lanka – 115mt
 - India – 48mt
 - Others – 31mt



Cloves



A firm tone has prevailed in the market since our last meeting

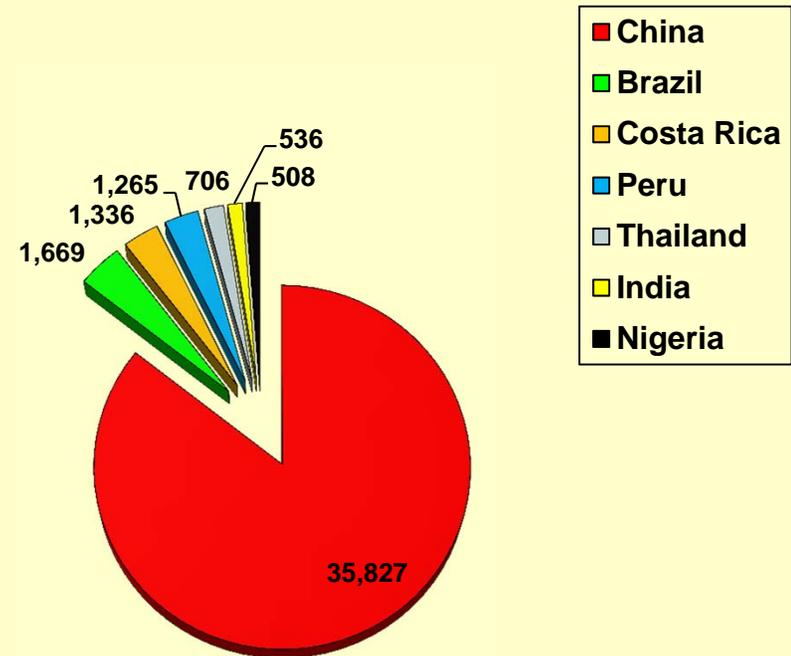
- Crops in Madagascar and Sri Lanka were late
- Heavy rains and subsequent crop damage have limited selling interest out of Sri Lanka
- Zanzibar, once a major participant in the market, now accounts for less than 5% of global production
- Meanwhile, demand remains strong, particularly, from Indonesia, the U.S. and India
- Indonesia cannot meet domestic demand for their cigarette industry and will be a net importer
- Production is projected to be sharply lower in Indonesia and all other origins
- Next availability of consequence will be August at the earliest (Comoros) December (Sri Lanka)

Ginger

Production

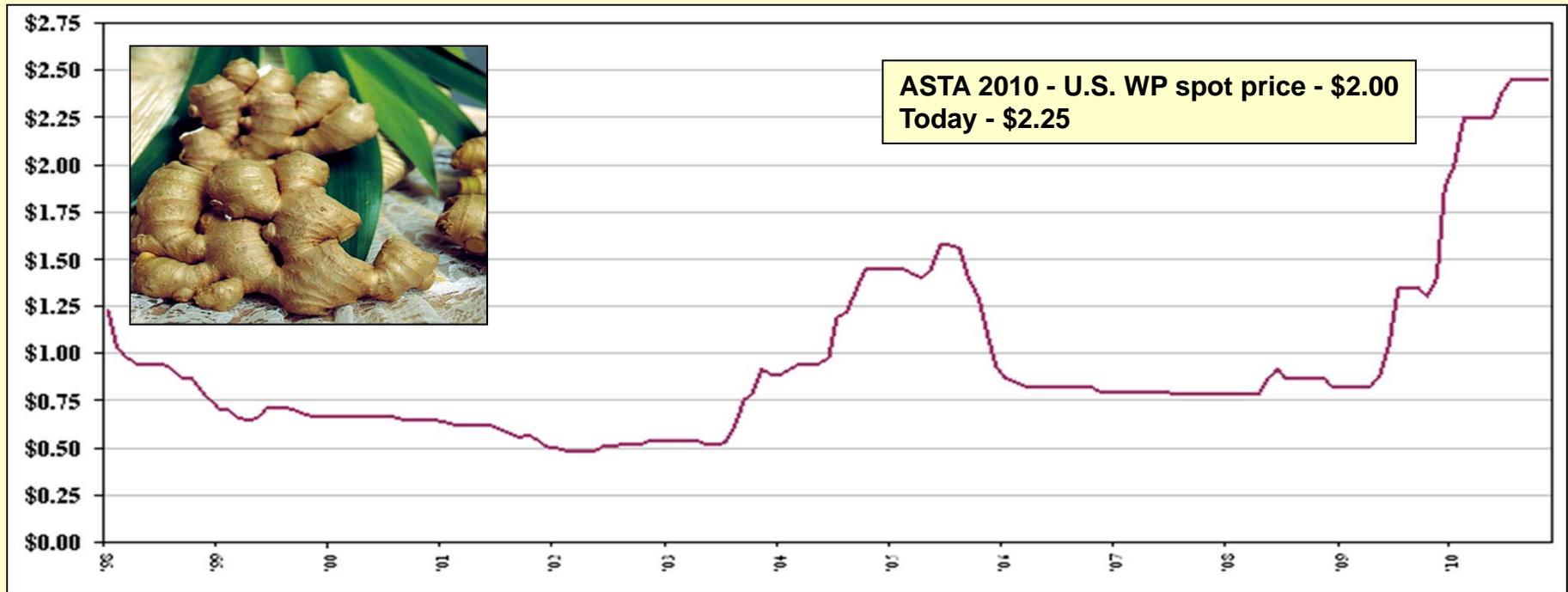
- Global production – 850,000mt – 1.2million mt
- U.S. consumption has increased 1,600% since the 70's
- China supplies 85% of U.S. requirements
 - Drought
 - Less planted area
 - Exports Jan – Oct, 2010 <250,000mt, 15% less than year prior
- India
 - Planted area app. 60% higher at 40,000ha
 - Production is estimated at 300,000mt
 - 90% is consumed domestically
 - Indian imported 4,500mt last year
 - Increasing demand for nutraceuticals
 - A major producer of ginger oil and oleoresin
 - 10,500mt exported Apr – Jan 2010-11 vs. 4,650mt during the same period in 2009-10
- Other origins

U.S. Imports (mt)



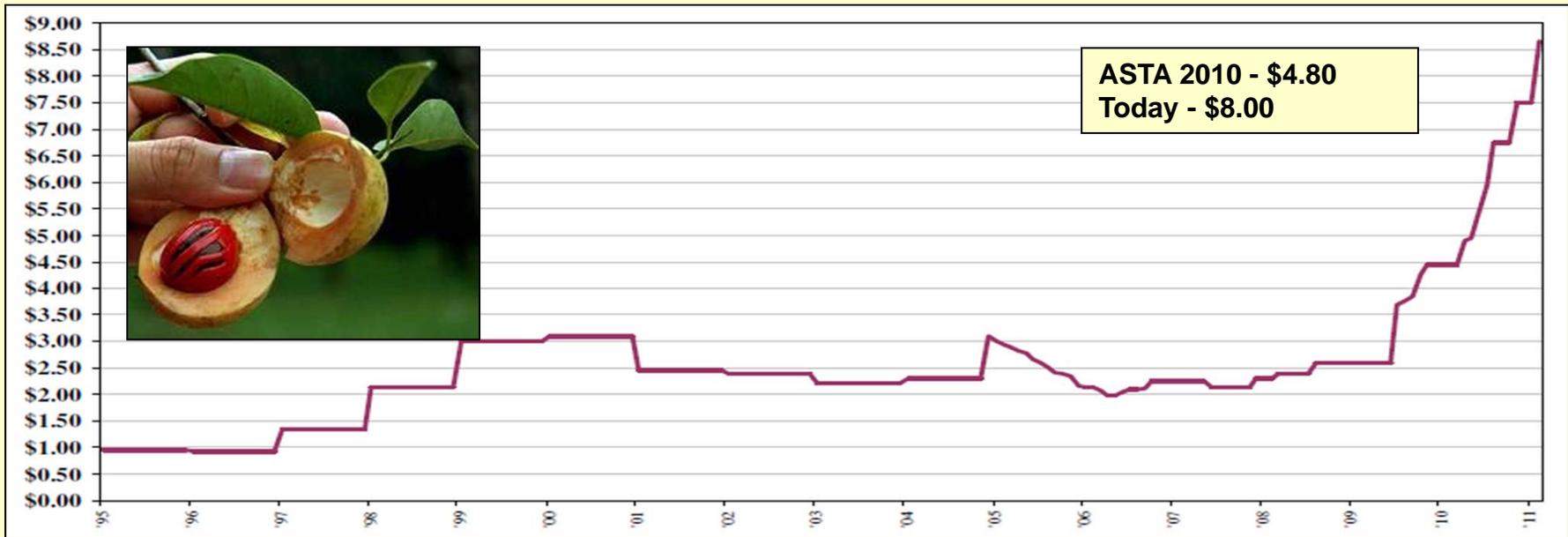
2010 – 42,635mt
 2009 – 41,777mt
 5-yr. avg. – 38,226mt

Ginger



- **China**
 - Drought, reduced planting, lower production, strong domestic demand (fresh), minimal stocks
 - Currency/ Inflation/Increased speculation
 - China importing ginger
- **India**
 - Production projected to be 30% - 40% higher as a result of higher prices the past two years
 - Exports of 10,500mt (Apr-Jan) compare to 4,650mt for the same period a year ago
 - Domestic prices have softened in recent days due to a larger crop/increased arrivals
 - Prices will be determined, largely, by Chinese production and increased demand from the domestic market

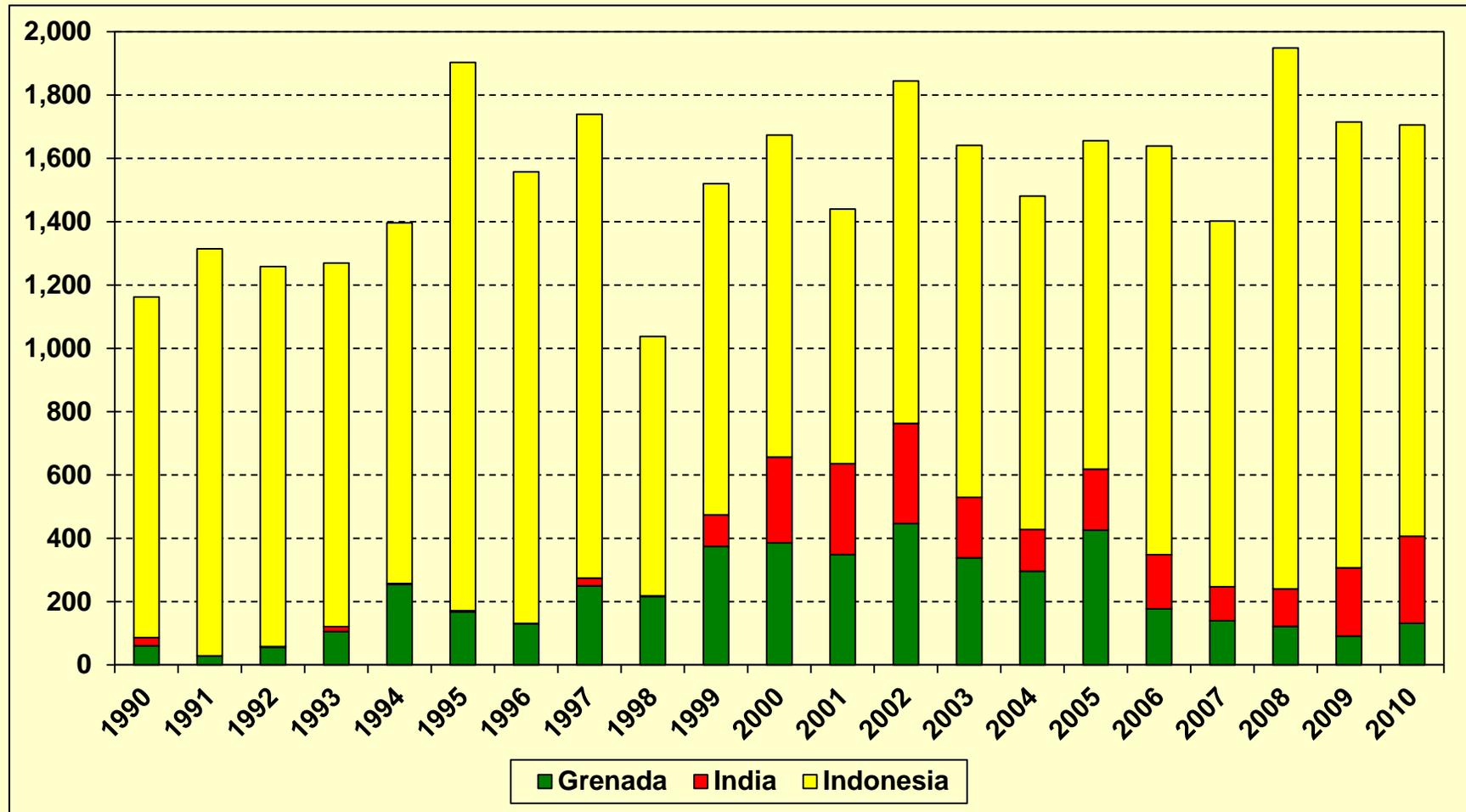
Nutmeg



- Global production is estimated at 20,000 – 25,000mt and is in balance with demand
- Production was sharply lower in 2010 at all origins
- India's production began moving higher 10 years ago when Indonesian production declined
 - There are mixed reviews on India's 2010 crop
 - Range of estimates range from 50% lower to 20% higher
 - India is a net importer of nutmeg (>1,500mt)
- Indonesian remains the world's largest producer
 - Production has suffered due to heavy rains and windy conditions
 - 2011 production is projected to be as much as 20% - 25% below normal this year
 - A stronger local currency vs. the U.S. dollar is also supporting higher prices
- Grenada has yet to return to "pre-hurricane levels" of 2003 (Dropped from #2 exporter to #9)
 - Production has declined from >3,000mt to 600 – 700mt
 - The most optimistic projections call for 1,200 – 1,500mt as early as 2012

U.S. Nutmeg Imports

(mt)



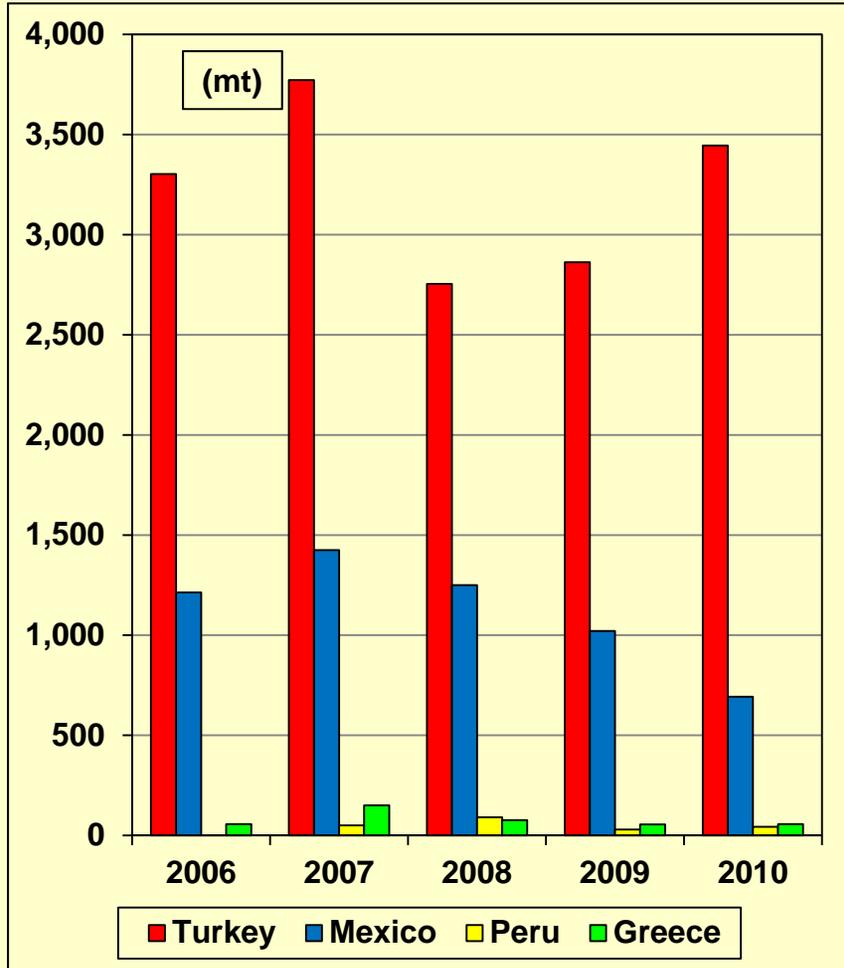
- Indonesia remains the primary source for nutmeg
- India has increased their role as a supplier to the U.S.
- Imports from Grenada are on the rise as production increases

2011 Crop Report Herbs

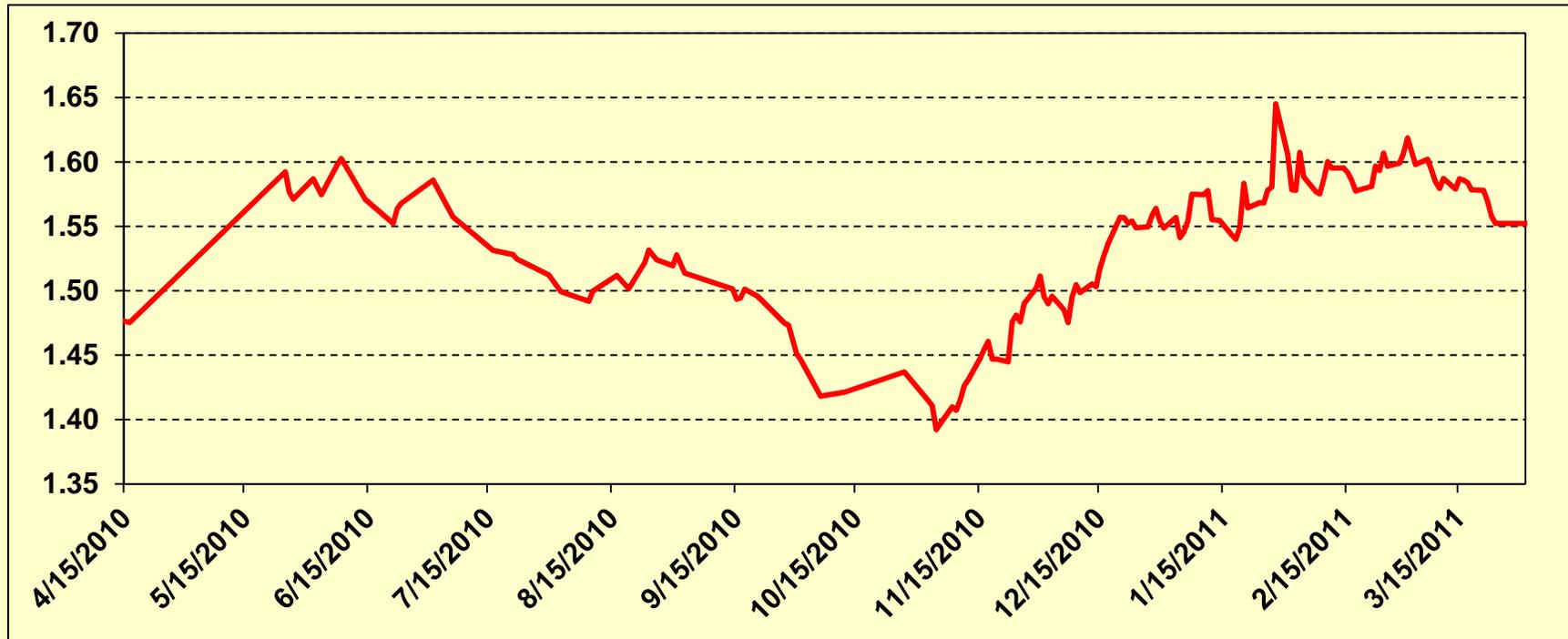


Oregano – U.S. Imports

- **Turkey**
 - Primary origin for U.S. oregano
 - 2010 imports – 3,445mt
 - 2009 imports – 2,863mt
 - 5-yr. average – 3,392mt
- **Mexico**
 - 2010 imports – 693mt
 - 2009 imports – 1,021mt
 - 5-yr. average – 1,121mt
- **Others**
 - 2010 imports – 131mt
 - Peru expanded their role as a supplier in 2008 (91mt) but has since returned to a more “normal” level (43mt in 2010)



Turkish Lira vs. U.S. Dollar



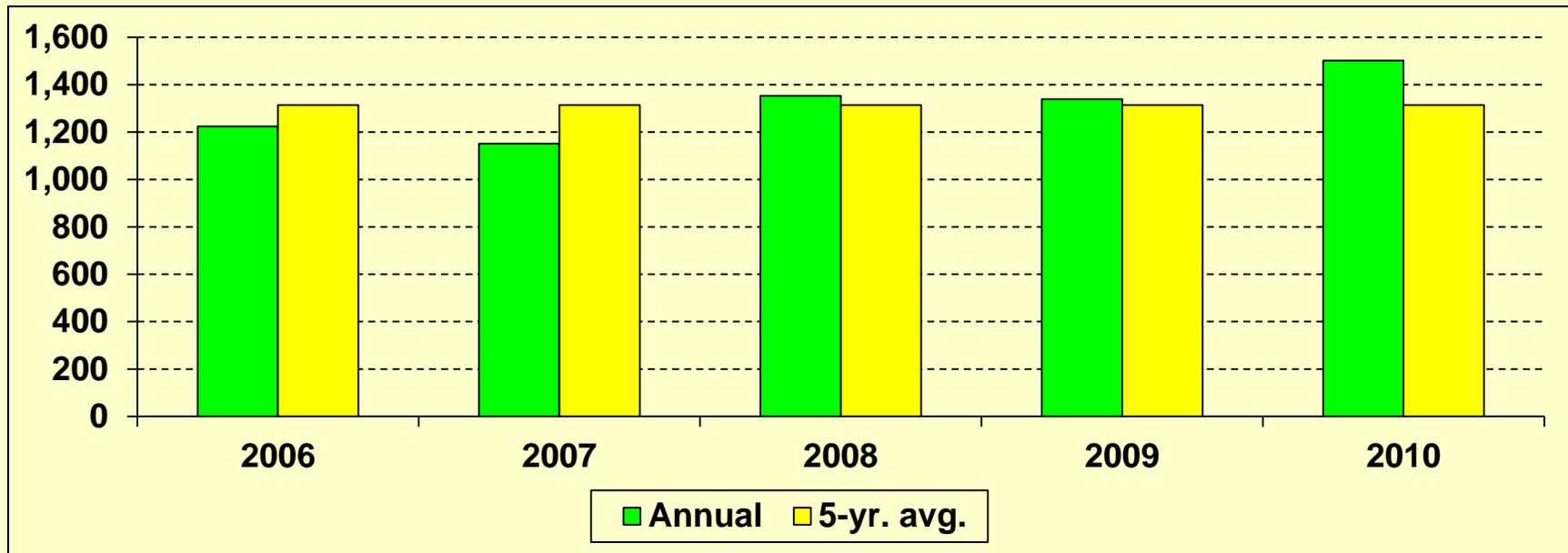
- Recently, the TYL has strengthened vs. the U.S. dollar (Higher prices for Turkish items)
- Low of \$1.65/TL posted earlier this year
- Rates have recovered to \$1.54 in recent days (influx of foreign currency)
- Next elections are in June
 - The current government is expected to remain in power
 - Major objective is to limit inflation
 - Lira is expected to strengthen vs. the dollar going into the summer

Turkish Oregano



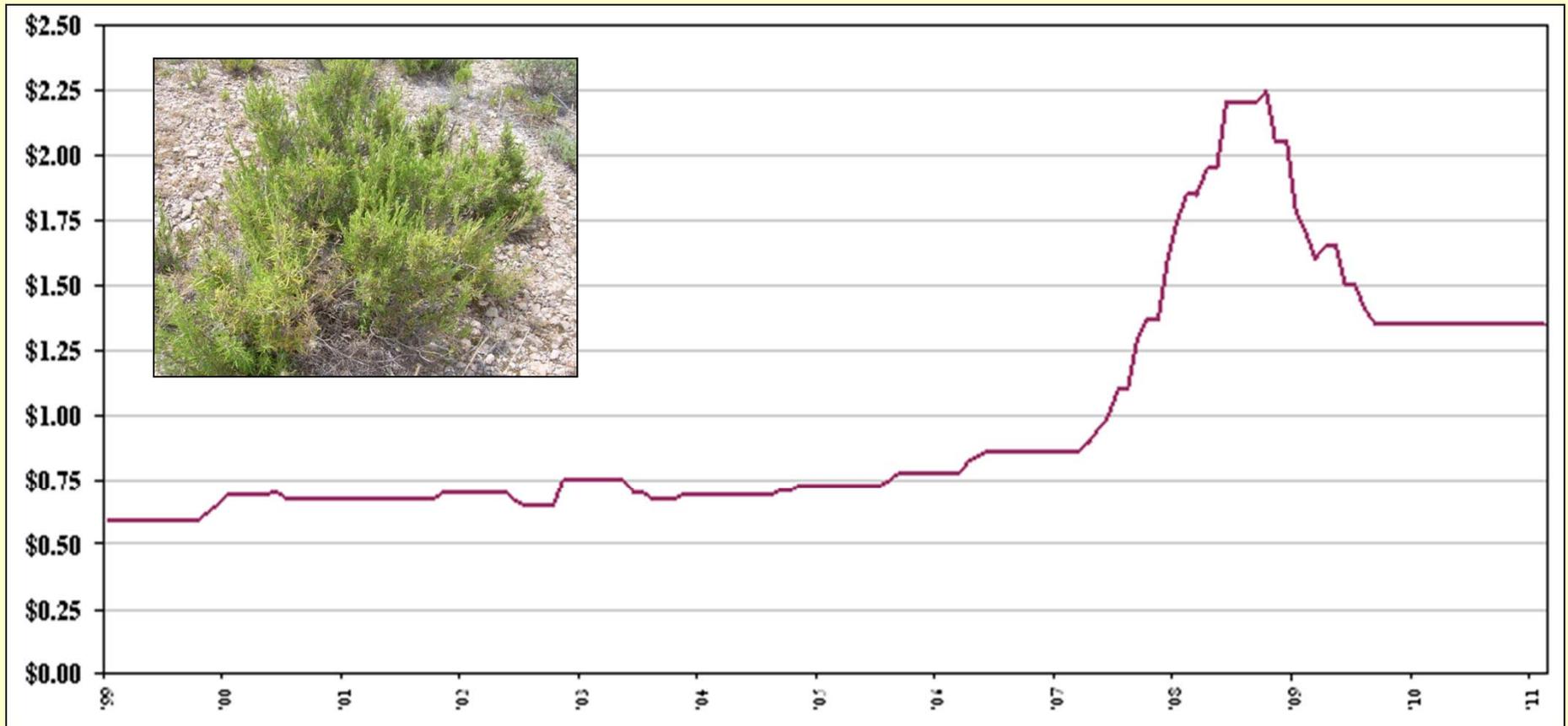
- **A firm tone prevailed at the beginning of the season**
 - Minimal carryover stocks supported higher prices
 - Cooler temps and heavy rains resulted in a late harvest
- **Prices have since moved lower and are hovering around more “normal” levels**
 - Currency exchange rates (Although, the dollar has weakened in recent days)
 - Good shipments from origin - Turkish exports as of January 27 were 7,095mt vs. 6,500 year prior
 - Sufficient rains thus far this spring should yield a good crop (7,500mt – 8,000mt) in 2011
- **Short-term, downside could be limited due to low stocks going into the next harvest**
- **Long-term, higher commodity prices could pressure farmers to ask higher prices for raw materials and/or encourage planting of more profitable crops**
- **Higher minimum wage (8%) and stronger TYL will also support prices going forward**

U.S. Thyme Imports (mt)



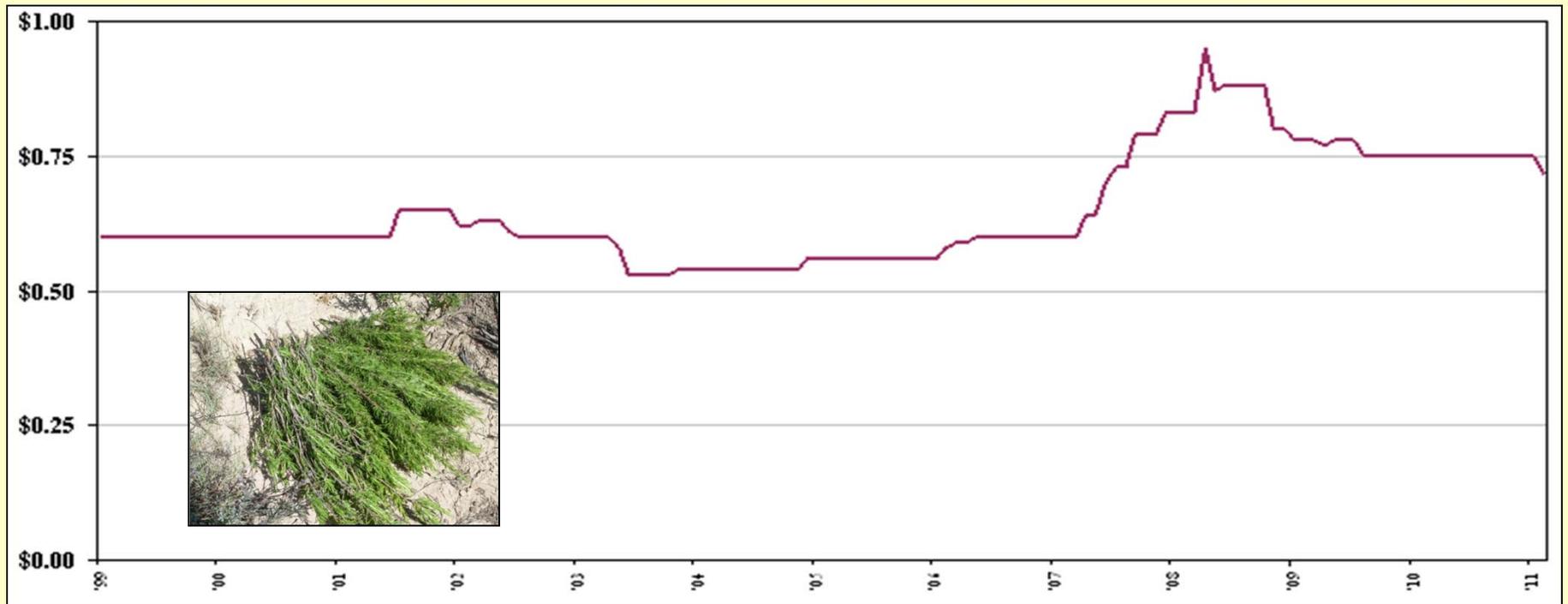
- Imports began trending lower following the sharp increase in prices in 2007
- 2010 imports
 - Posted a 6% increase over 2009
 - Below the 5-year average of just over 1,300mt

Thyme



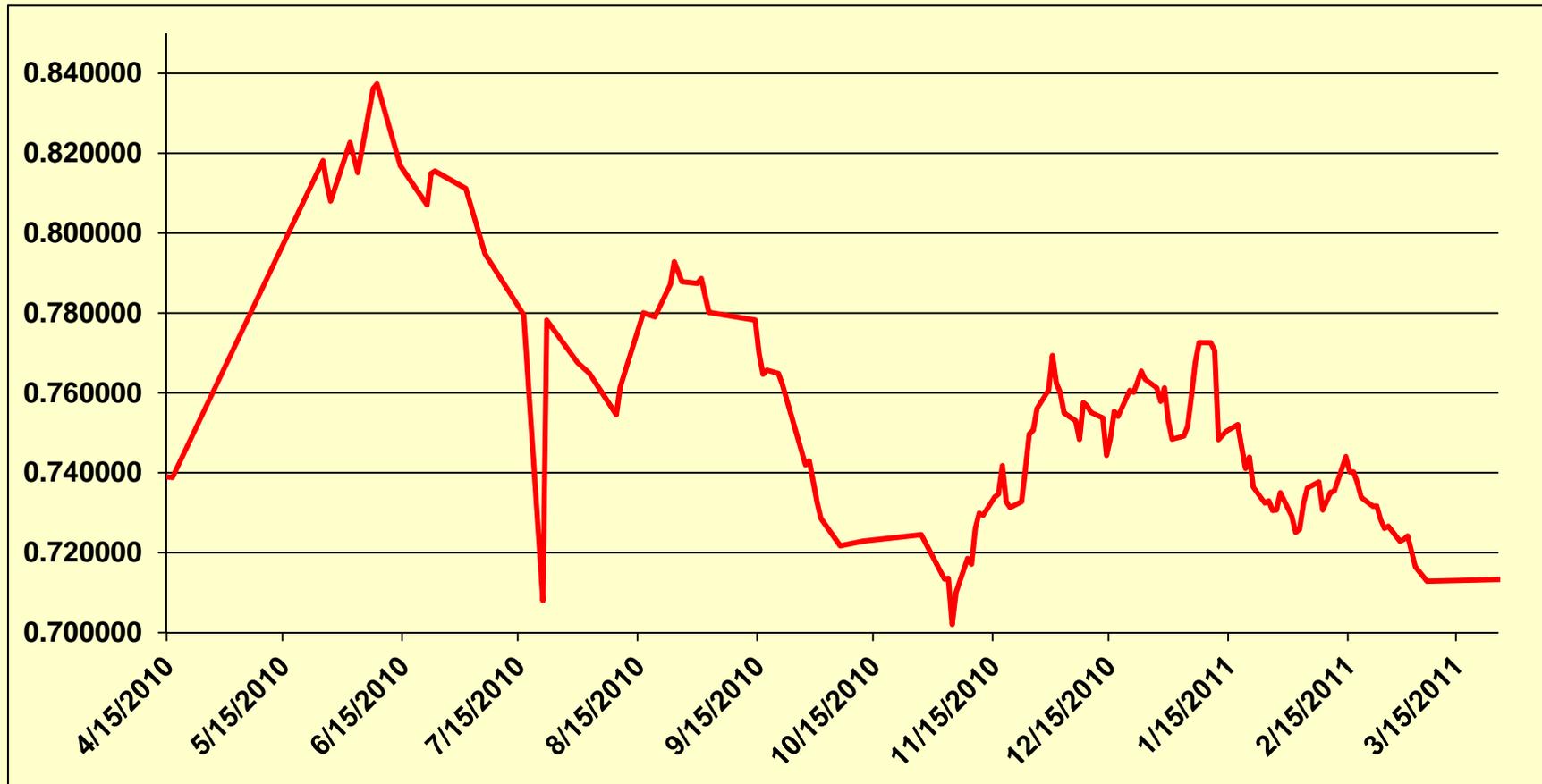
- Prices have been relatively stable
- Supply and demand are in balance
- Weather conditions have been favorable
- Good production is expected
- A weak US dollar vs. the Euro and higher freight costs have provided underlying price support

Rosemary



- Early indications are that production should be fairly typical from all origins
- No major changes in the basic market fundamentals
- Factors impacting prices
 - Higher transportation costs
 - Fluctuations in currency exchange rates
 - Continued good demand, particularly, for oil extraction

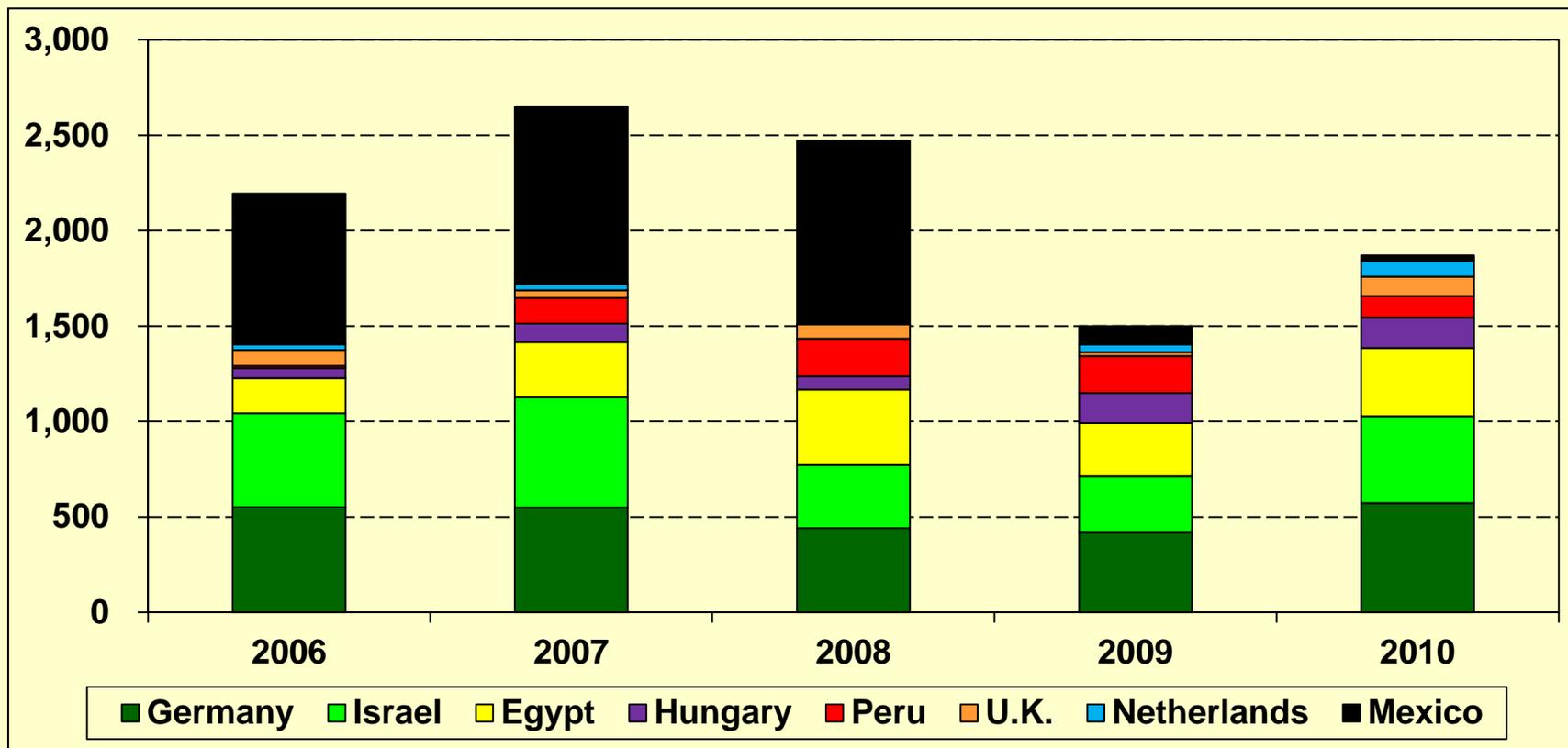
Euro vs. U.S. Dollar



A weak U.S. dollar vs. the Euro has provided underlying support for a number of items.

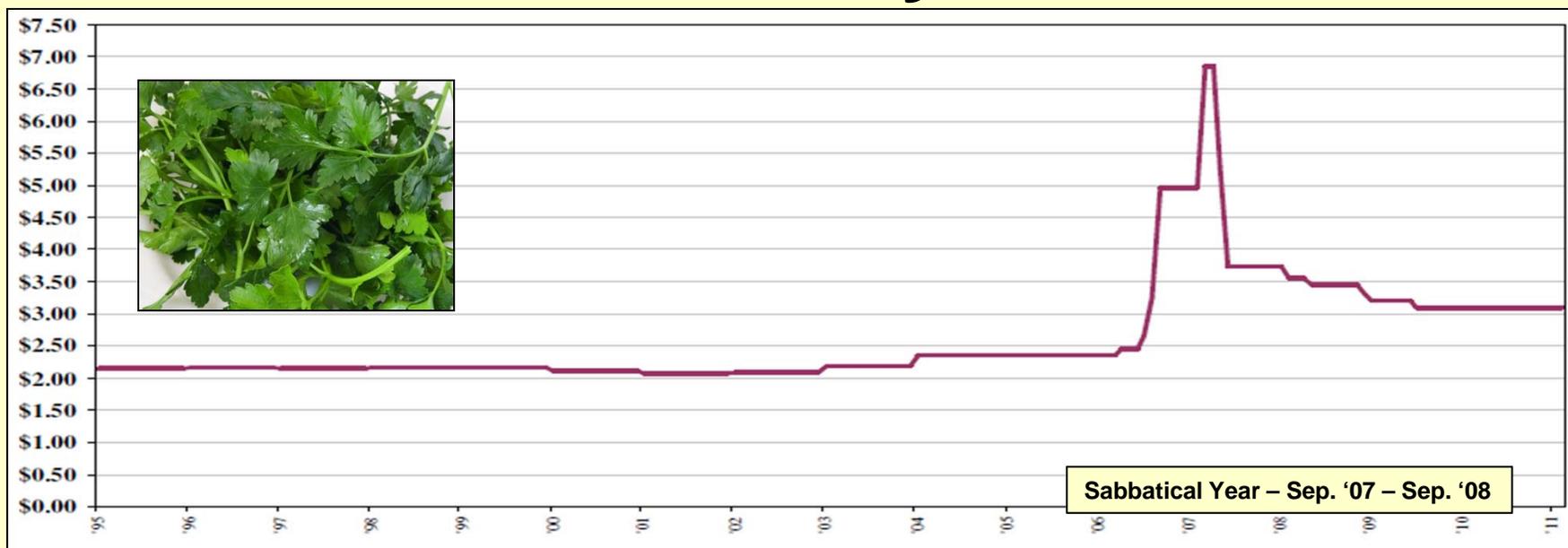


U.S. Parsley Imports (mt)



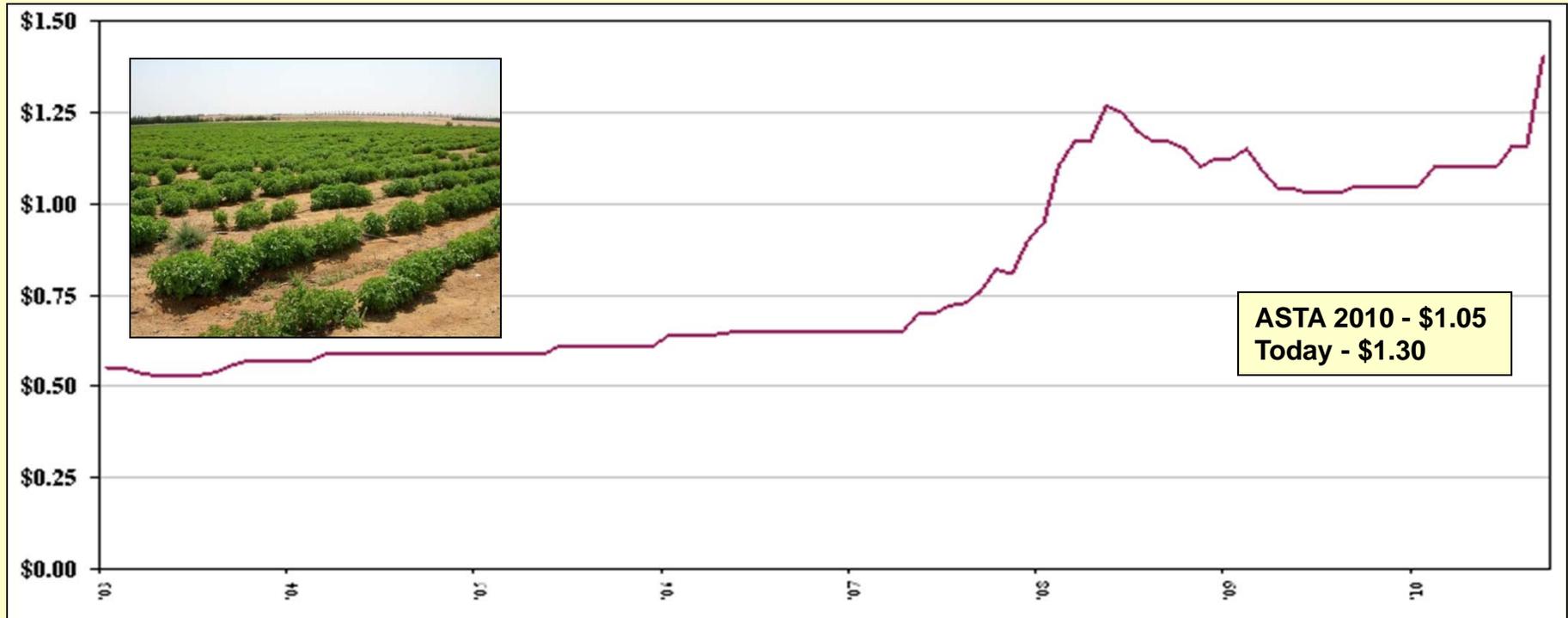
- The U.S. imported 1,913mt in 2010 vs. 1,508 in 2009
- 5-year average 2,165mt
- Israeli Sabbatical year Sep. '07 – Sep. '08

Parsley



- **Europe**
 - 2010 production failed to meet expectations at all origins
 - A disappointing harvest coupled with good demand allowed the market to maintain a firm tone
 - European parsley prices tracked higher in concert with other commodities
 - Higher input costs and a weak U.S. currency vs. the Euro also supported prices
 - New-crop material should be coming to the market in June
- **Israel**
 - Harvest got off to a slow start in December and continues to lag behind a normal “pace”
 - Drought (five years of drought...worst since the 1920's)
 - Fresh water supply has declined by 25% over the past five years
 - Water supply projected to return to sustainable levels by 2013 (recycling and desalination)
- **Egypt** – Recent events in Egypt have created a surge in buying at all origins
- Prices have begun trending higher after an extended period of stability in the market
- Prices could soften as the U.S. and European crops come to market in May/June

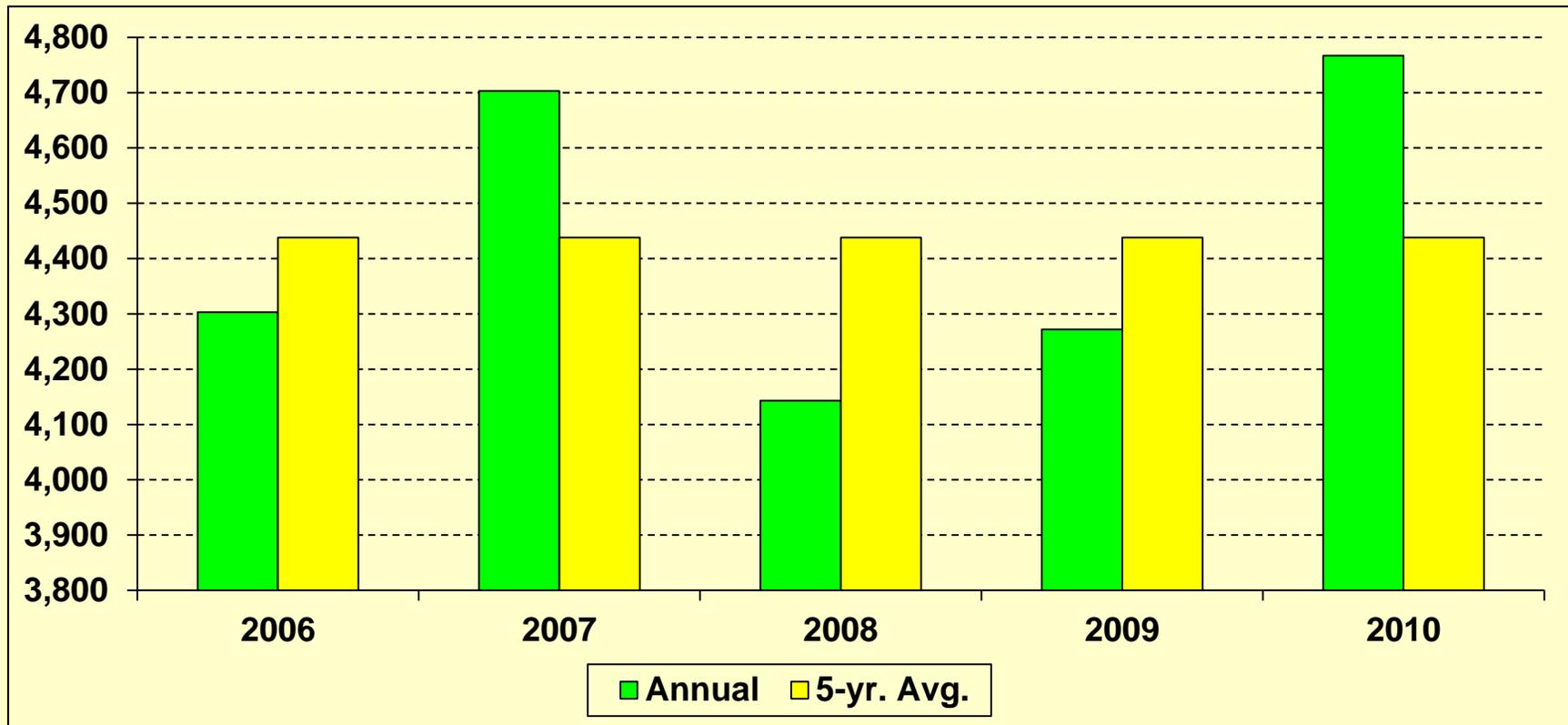
Egyptian Basil



- 2009 carryover stocks were all but gone when the 2010 harvest got underway
- First cuttings of 2010 traded at higher levels supported by good demand for prompt shipment
- Russian wheat crisis of 2010
 - Russia suspended grain exports on August 15, 2010 as the result of their worst drought in a century
 - Egyptian Minister of Agriculture raised local wheat price to encourage planting of wheat
- Protests, political turmoil, etc. (Mubarak forced to resign in February)
 - Shipments were delayed
 - The situation has improved but “uncertainty” prevails

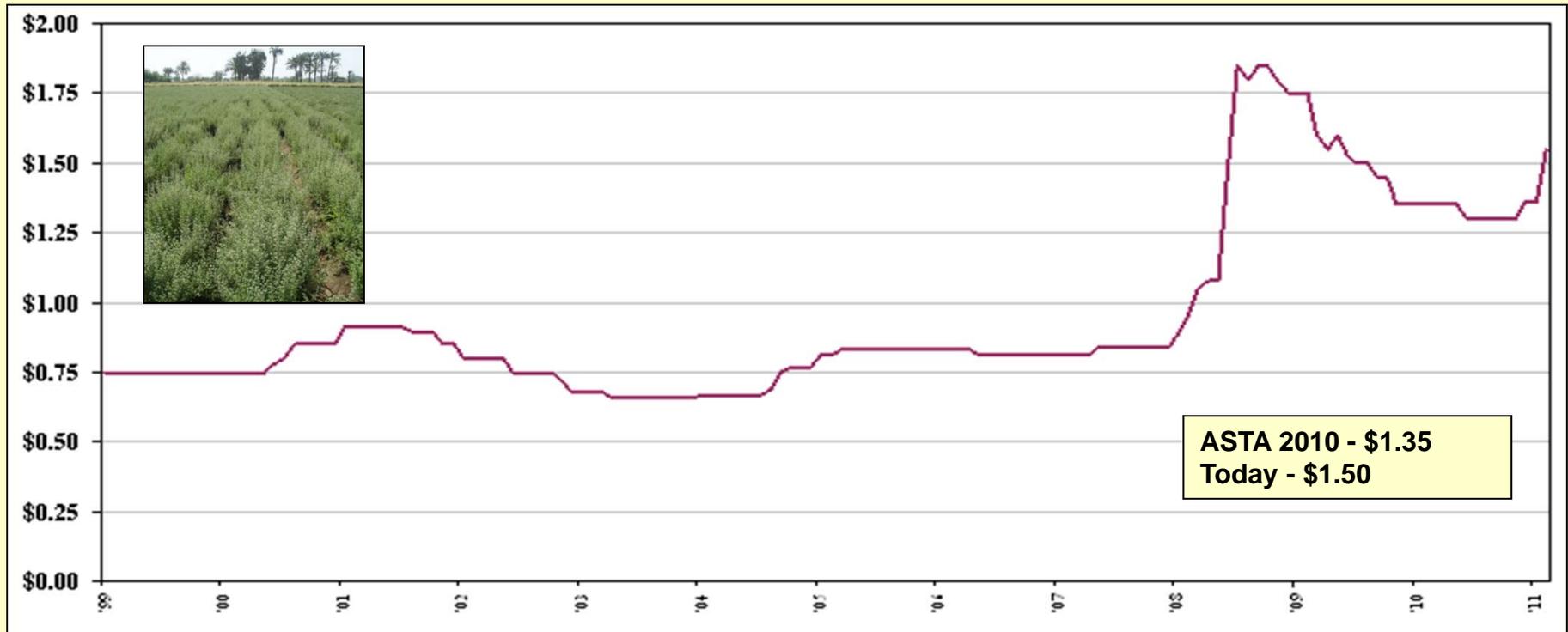
U.S. Basil Imports

(mt)



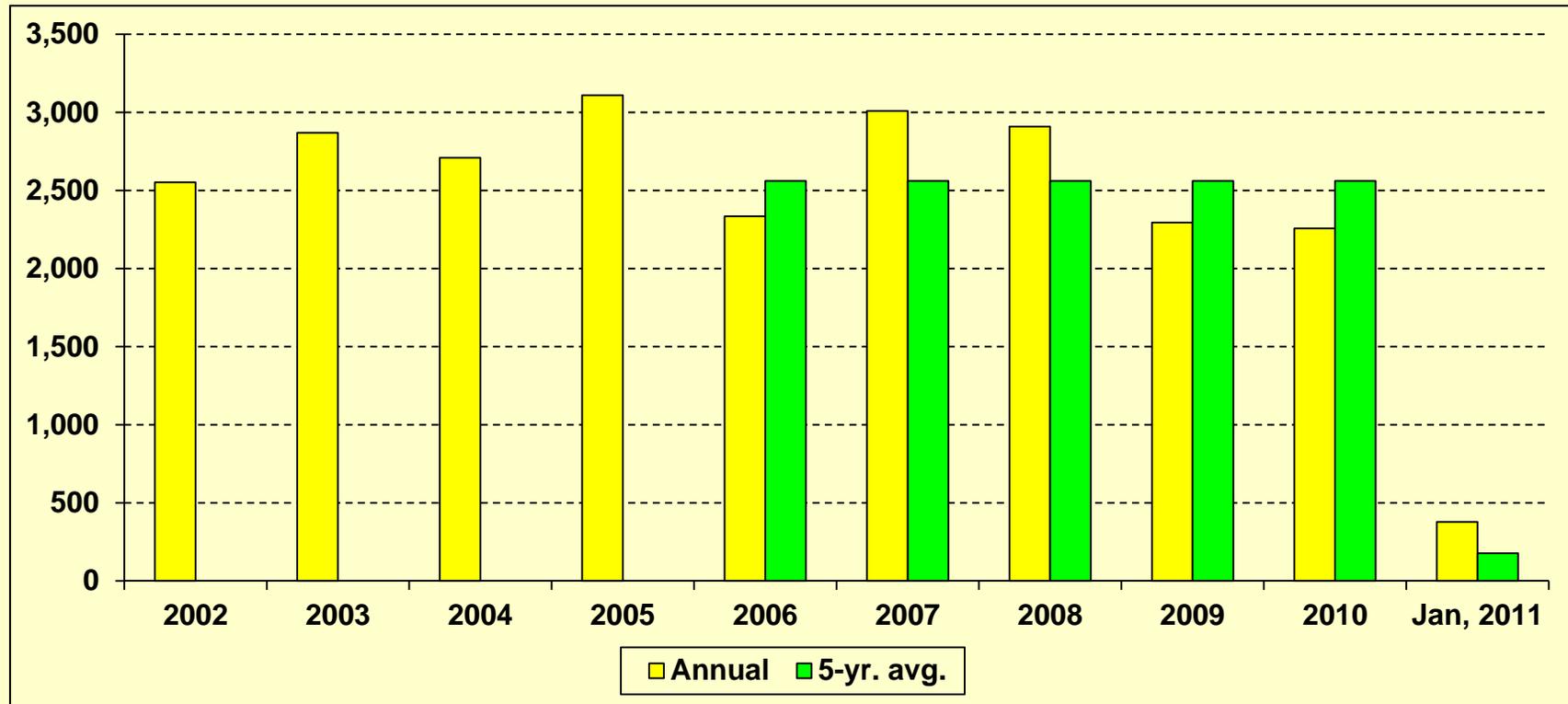
- Egypt produces 5,000 – 7,000mt annually
- Imports began trending lower following the sharp increase in prices in 2007
- 2010 imports
 - Posted a 6% increase over 2009
 - Below the 5-year average of just over 4,438mt

Marjoram



- Egypt typically produces about 4,000 – 5,000mt of marjoram per year
- The first of 3-4 cuttings usually takes place in April
- Subsequent cuttings come in Sep/Oct, Dec and “sometimes” February
- While some of the market fundamentals are slightly different than for basil, the trade will continue to monitor the ongoing political instability in Egypt to provide price direction for basil and marjoram.

U.S. Sage Imports (mt)



U.S. imports peaked in 2005 at just over 3,100mt

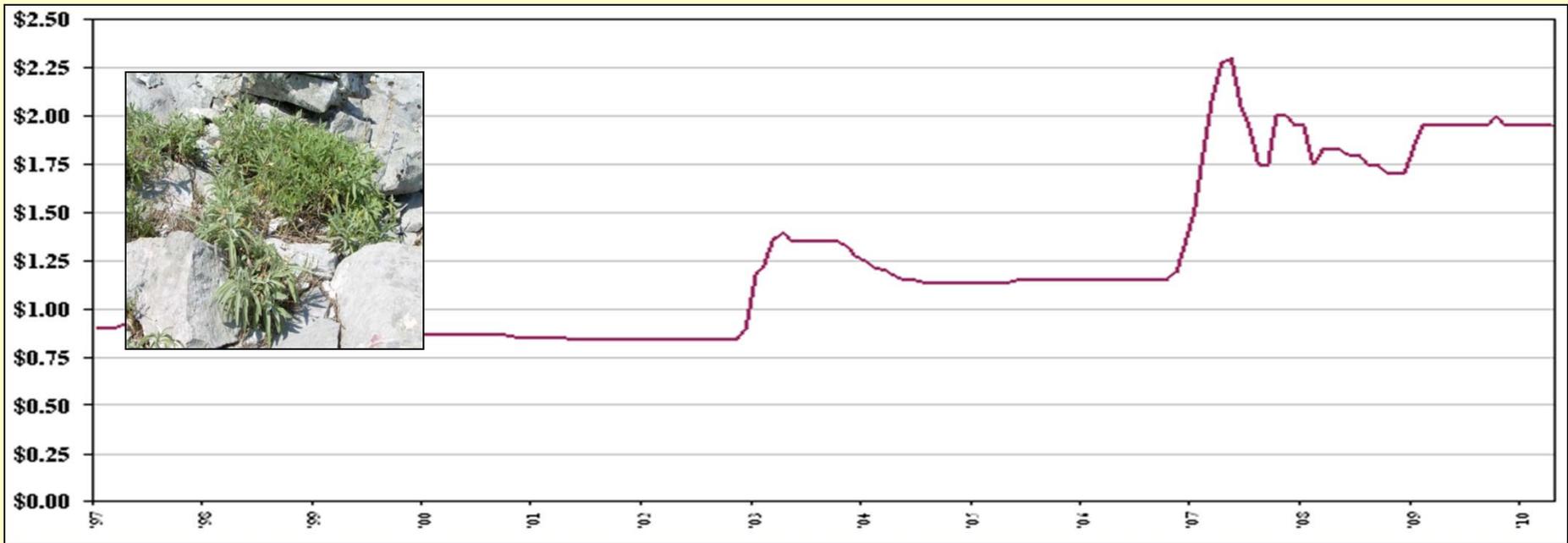
5-yr. average – 2,560mt

2010 imports 2,257mt

January, 2011 imports were a brisk 378mt vs. 214mt in January, 2010

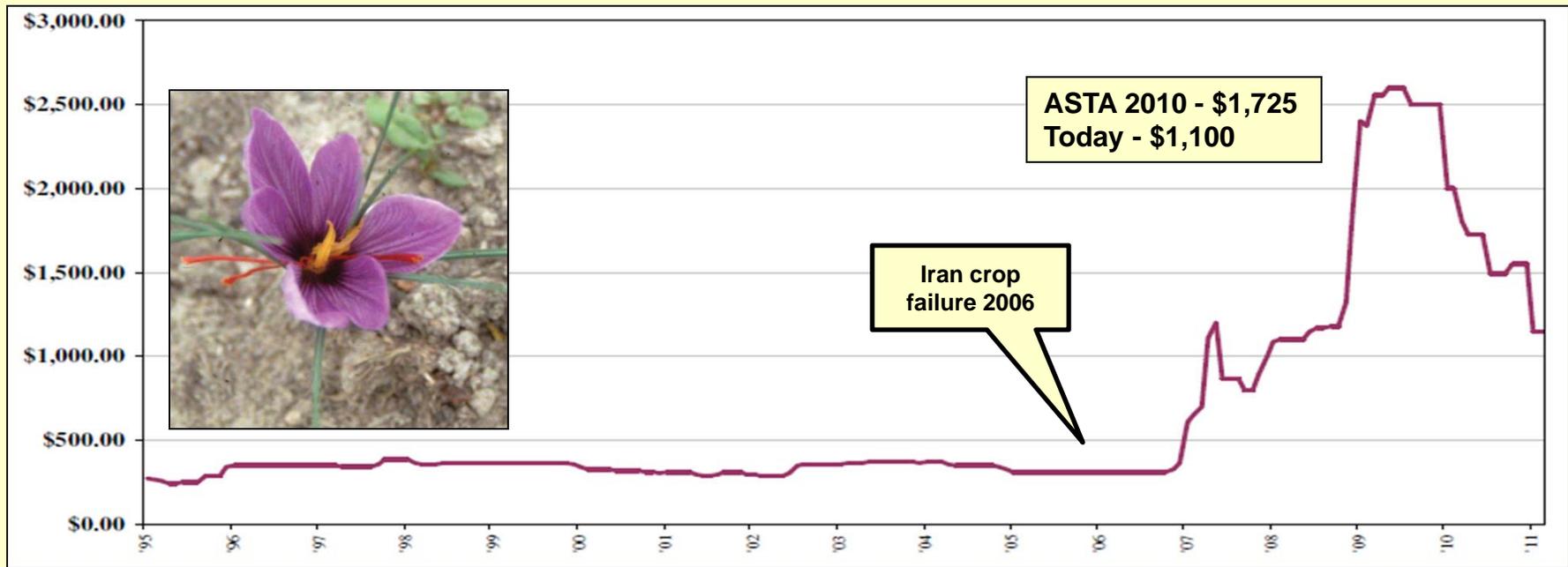


Sage



- **Albania is the primary origin, producing >3,000mt in 2010 (up 10% - 11% over 2009)**
 - Two cuttings per year (May/June & July/August) with a third possible in Oct/Nov
 - First cutting in 2010 was good (volume, v.o., color, etc.)
- **Price weakness has been limited**
 - Good demand (i.e. U.S. imports in January of 378mt)
 - Late picking was limited due to heavy rains in the collection areas
 - Higher input costs include Albania's 20% excise tax on raw materials
- **Production in 2011/12 is expected to be good**
- **Collection could be delayed due to much cooler temperatures**
- **Cultivation of sage appears to be on the rise**
- **Look for prices to remain relatively stable until new crop material comes to market in late June**

Saffron

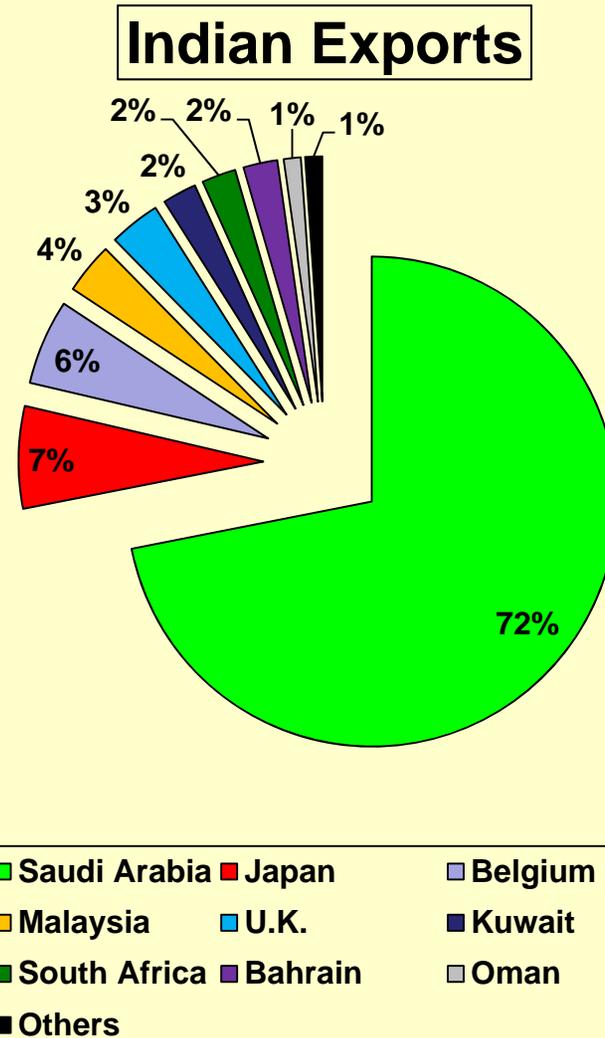


- Global trade is app. 300mt per year
- 75,000 – 250,000 flowers are required to make one pound of saffron
- Iran accounts for about 93% - 94% of world production
 - Iran's Agricultural Ministry projects output to double within five years
 - Exports were 68mt during the first 9 months of the Iranian year (Mar. 20-Dec. 21)
 - 90mt a year ago
 - Exports were projected to reach 100mt in March
- Other origins are Spain, India/Kashmir, Greece, and Morocco
- Spain exported 190mt of saffron in 2010 while producing only about 1.5mt
- Kashmir produced about 40mt of saffron in 1990 vs. 12mt in 2010
- Prices began to trend higher following the failure of Iran's crop in 2006 and, while they remain very high, they are trending lower due to expanding production in Iran and Spain.

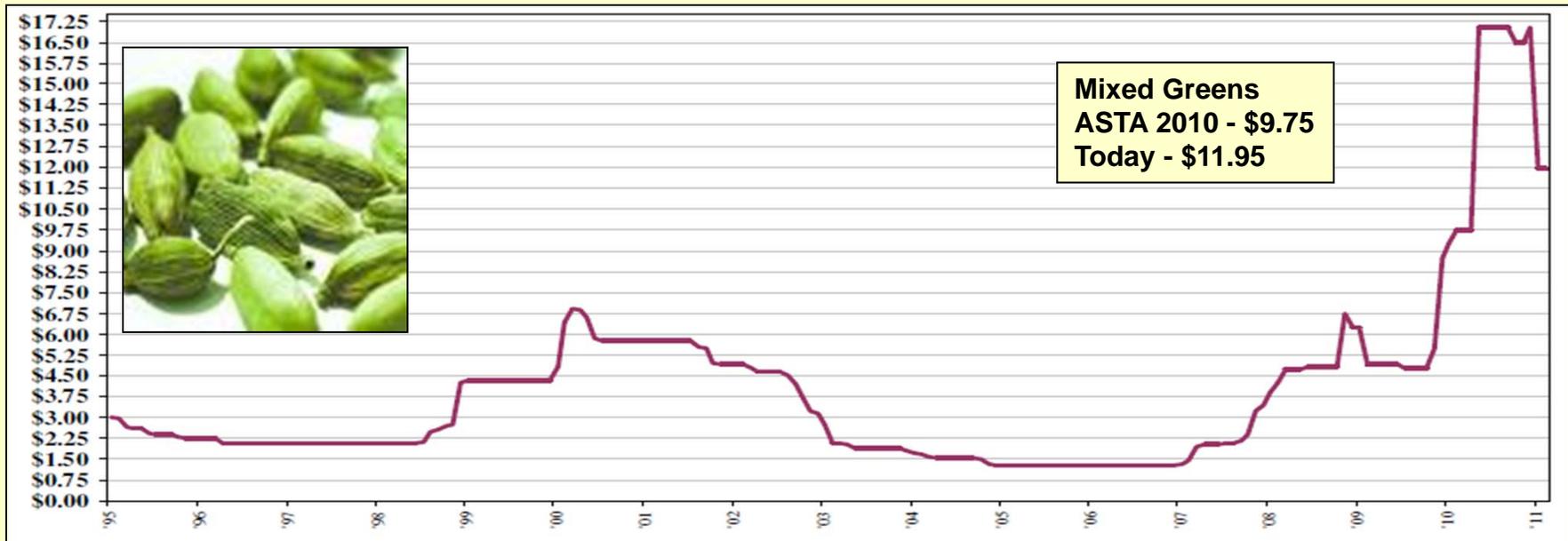
2011 Crop Report Seeds

Cardamom

- Global production is app. 30,000mt - 36,000mt annually
- Largest consumers are Saudi Arabia (>60% of global production) and India
- Major producers are Guatemala and India
- Guatemala harvests September – May
 - Typically, accounts for as much as 65% of total production
 - 2009/10 production was app. 20,000mt vs. 30,000mt in 2004/05
 - This year's crop is projected to be relatively unchanged at about 20,000mt
- India harvests September – January
 - 2011 production is projected to approach 12,000mt vs. 9,500mt – 10,000mt in 2010
 - Exports during April, 2010 – January, 2011 were 780mt vs. 1,540mt a year ago

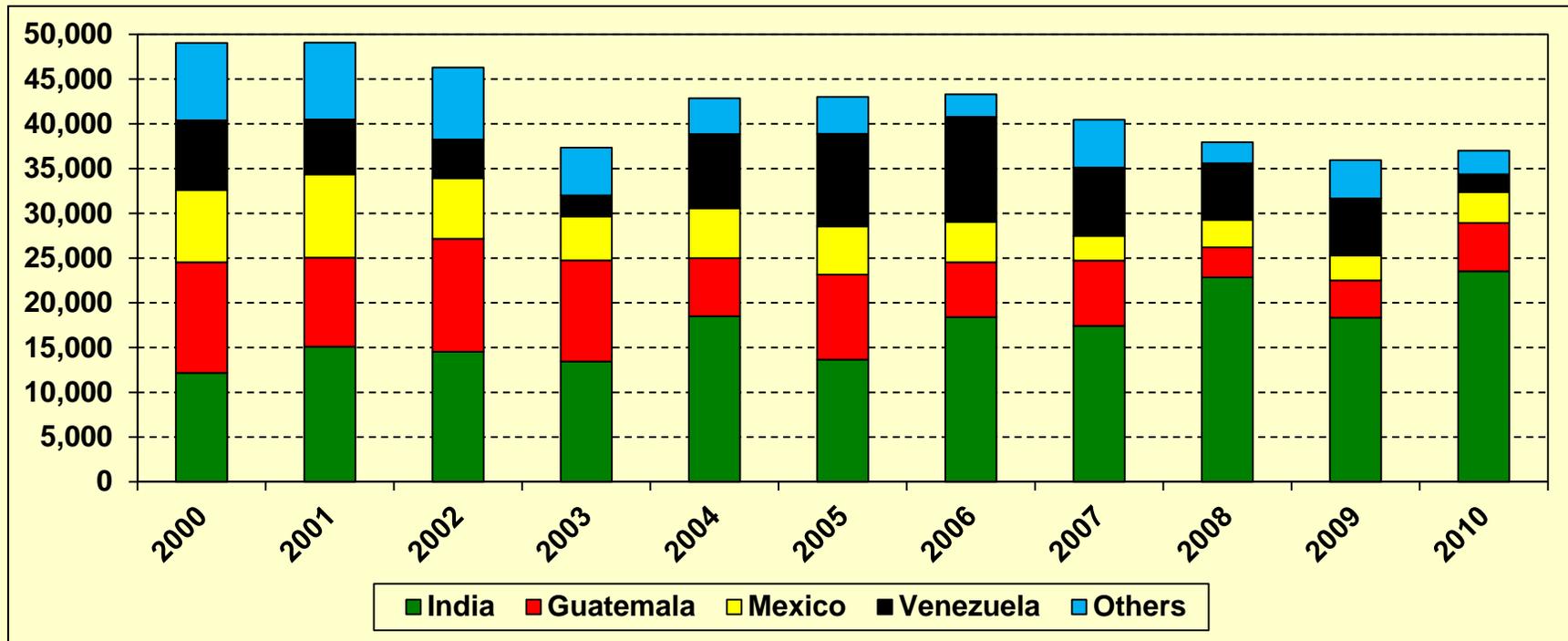


Cardamom



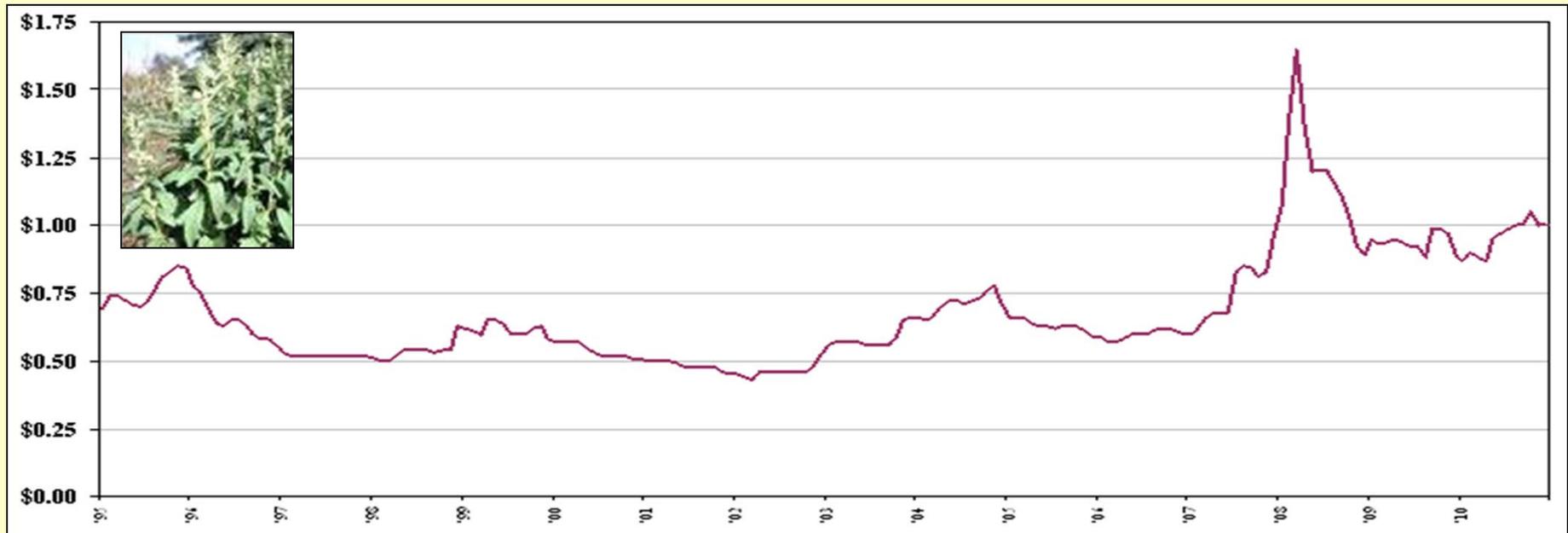
- **Indian prices posted record-high levels in June, 2010**
 - Speculative buying and strong domestic demand
 - Lack of offers/depleted stocks in Guatemala
 - High prices have limited Indian exports
 - Exports of 780mt during April '10 - Jan '11, compared to 1,540mt a year prior
- **Prices came under pressure once the Indian harvest peaked and arrivals increased**
 - A lack of demand for export also undermined prices
 - Festive demand, increased speculative trade and heavy rains limited weakness
- **Prices could continue a slow trend to lower levels due to the lack of export demand**
- **Relief could come later this year when/if Guatemala returns as a seller**

Sesame – U.S. Imports (mt)



- Global production of sesame is app. 3million mt (largely, for oil – 55% oil content)
- China and India combine for almost 50% of total production
- U.S. Imports have averaged 41,325mt over the past ten years
- Imports have been trending lower the past 10 years
- 2010 imports were just over 37,000mt
- Up slightly vs. 2009 after 3 years of decline
- Well below the 49,000mt in 2001
- India continues to be the primary supplier of sesame to the U.S. (64% in 2010)
- Shipments from other origins have declined significantly over the past 10 years
- Other major importers of sesame are Japan, Egypt, South Korea, Netherlands China and Syria

Sesame



- **Prices are marginally higher than they were at this time last year**
 - Limited stocks coming into 2011
 - Increased FDA inspection/bottleneck at U.S. ports resulted in increased spot demand in the U.S.
 - Weather-related crop damage in India (monsoons)
 - Weak U.S. dollar, higher edible oil prices, higher freight rates, increased speculative trading
 - Heavy trading in Q4 (Sudan to China)
 - China - net importer of app. 300,000mt (Annual consumption est. at 800,000mt) surpassing Japan
 - Other “new” import interest is coming from Mexico, Greece and Turkey
- **Seasonal sell-off in Q1**
- **Look for prices to rebound and remain firm until the next Indian harvest this fall**
- **India projects production to increase in 2011 to app. 375,000mt**

Cumin

This item is known by several names.

Jeera – “Gee ruh”

Koo min

Q min

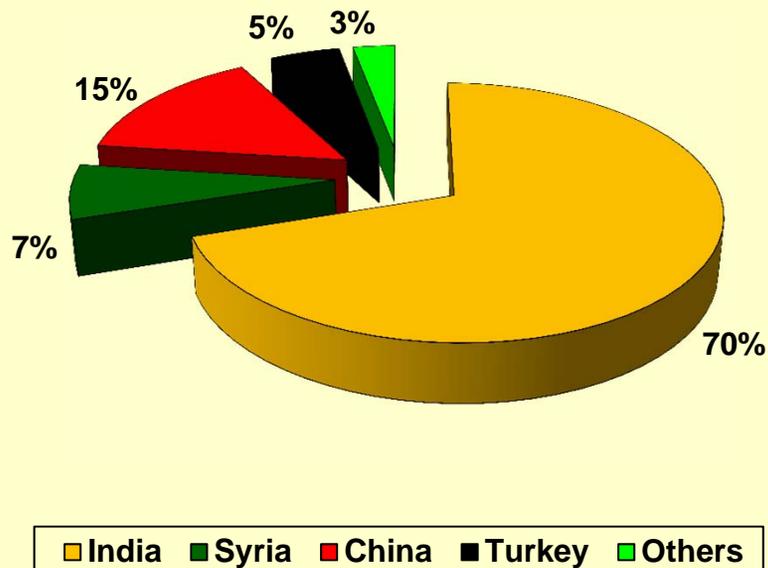
Cummin

Over the course of the last year it has often been referred to as:

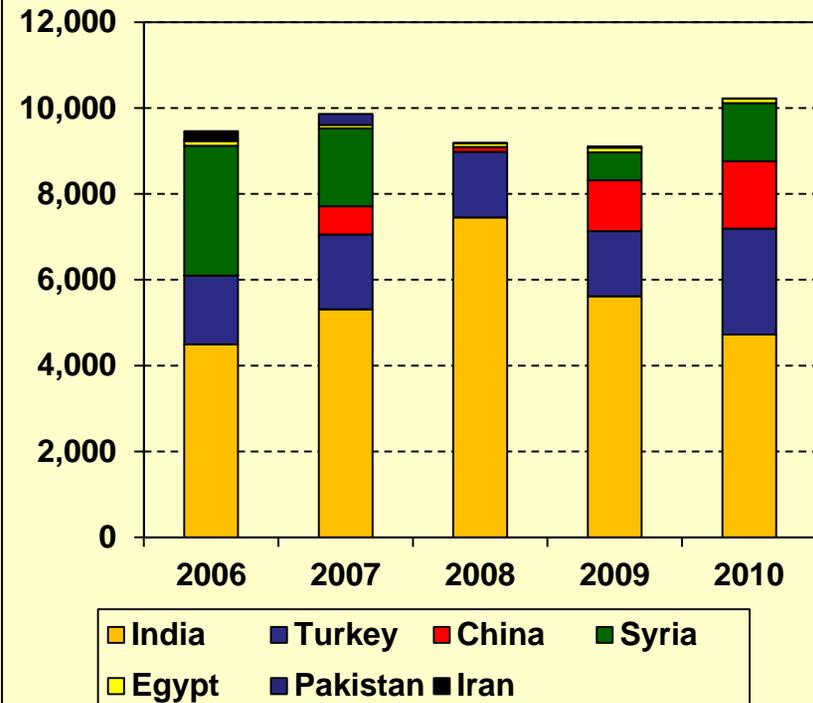
“\$)%* @*+#!”

Cumin

Production

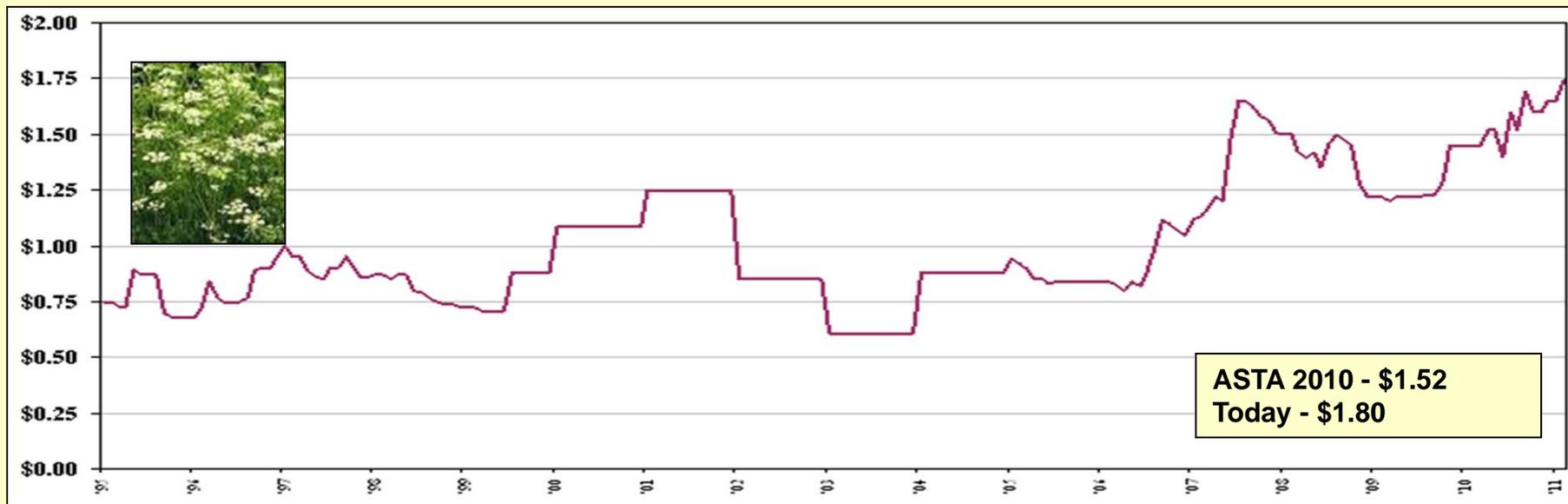


U.S. Imports (mt)



- Global production is estimated at app. 300,000mt
- Estimates for Indian production range from 125,000 – 135,000mt
- Harvest takes place Feb – Apr (India) and May – June (all others)
- India is the largest producer, consumer and exporter of cumin (U.A.E., Brazil, U.S.)
- China's production has been fairly consistent app. 50,000mt
- China has increased their presence in the U.S. market the past two years (1,570mt in 2010)
- Turkey's production continues to grow and is now at least 5% of global production 11,000mt in 2011)
- Turkey has exported 6,000mt since July (app. 1,000mt more than a year ago)

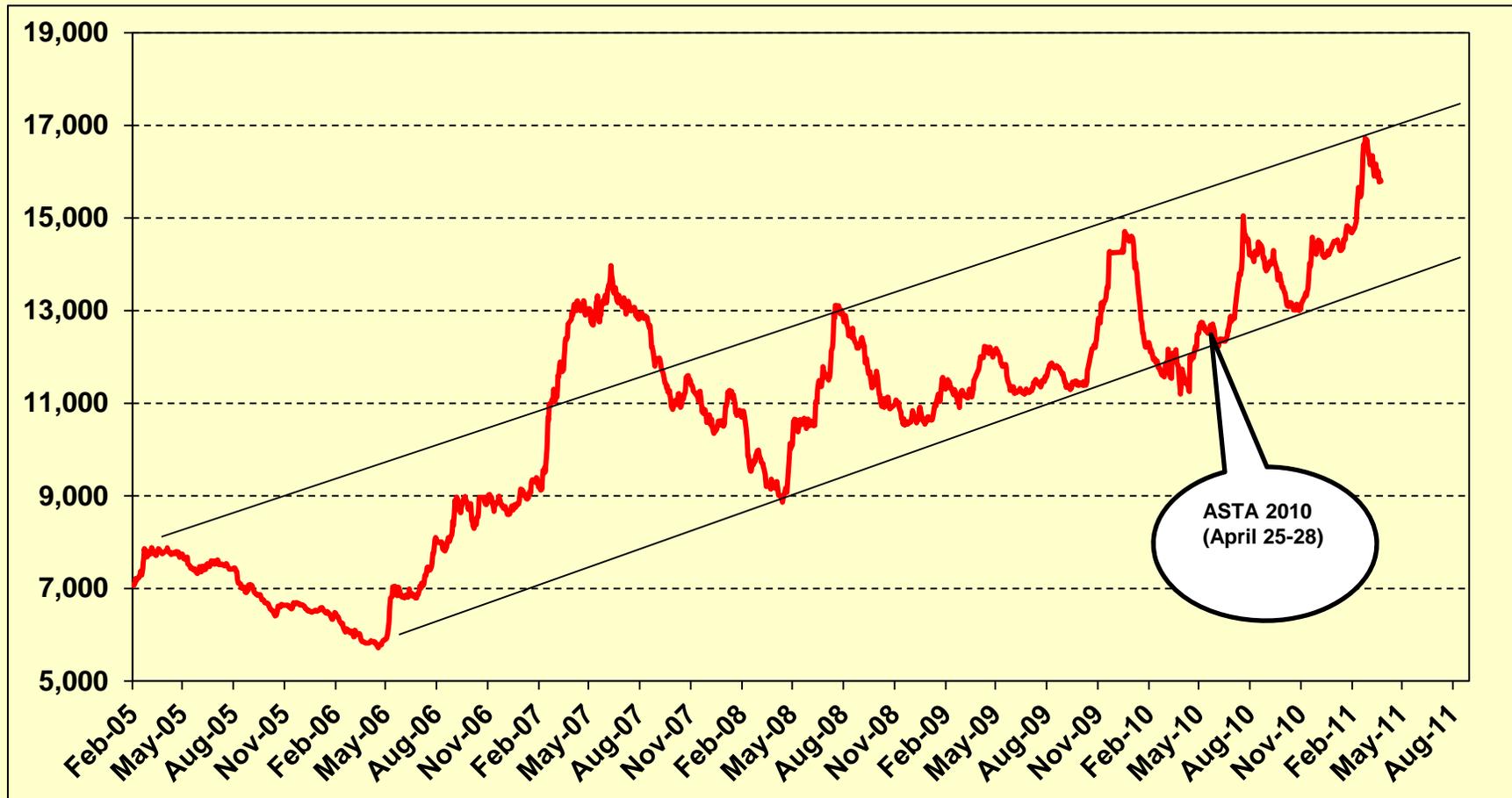
Cumin



- Indian carryover stocks from 2010 were lower at app. 18,000 – 24,000mt (typically 30,000mt – 40,000mt)
- Carryover stocks in Turkey and Syria were also reported to be lower
- Planting was delayed in India due to excessive moisture (December area was 4% below year prior)
- Some replanting reported
- By mid-January, acreage was reported to be up slightly vs. year prior due to more favorable weather
- There have been conflicting reports about weather-related crop damage
- Most agree India's crop will be 15% - 20% smaller at 125,000 – 145,000mt
- India's exports Apr – Jan declined 36% to 26,000mt vs. 40,800mt year prior due to higher prices
- Prices advanced in February on untimely rains in India and declining stocks at all origins
- New crop arrivals are increasing in India (quality issues/excessive moisture)
- The next feature in the market will be the arrival of crops from Syria and Turkey
- The big question is, "How much cumin will India produce?"
- Turkey expects a larger crop this year
- The market will also be monitoring the situation in Syria (political unrest, delayed shipments, etc.)

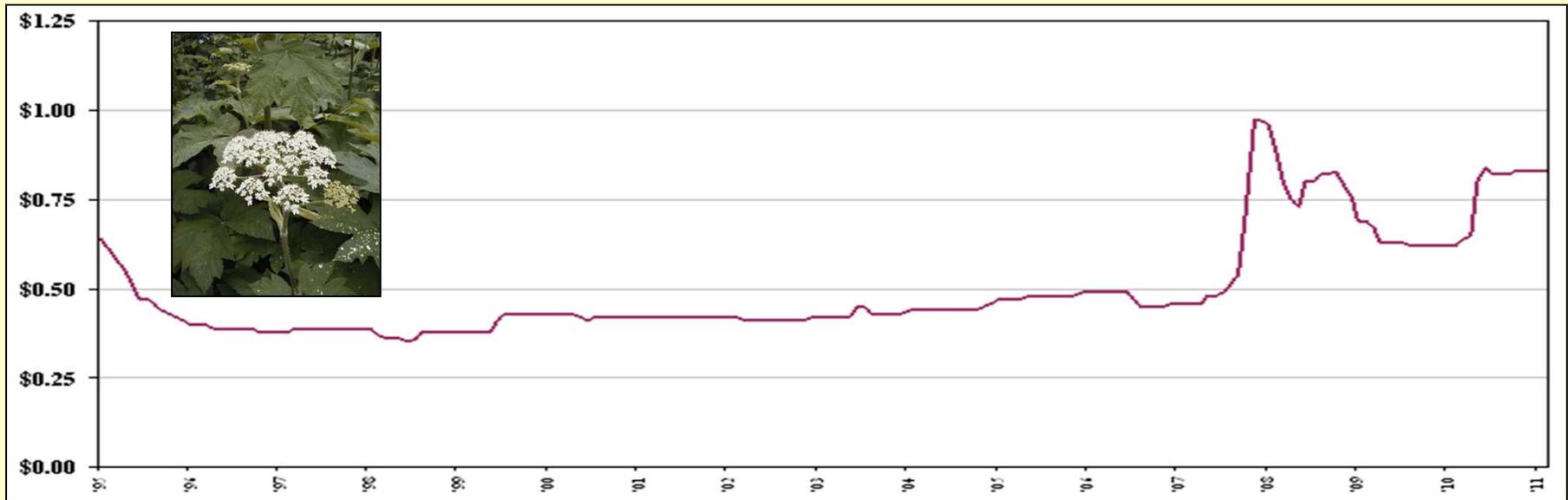
Indian Cumin/Jeera Futures Prices

(Rs/100kg)



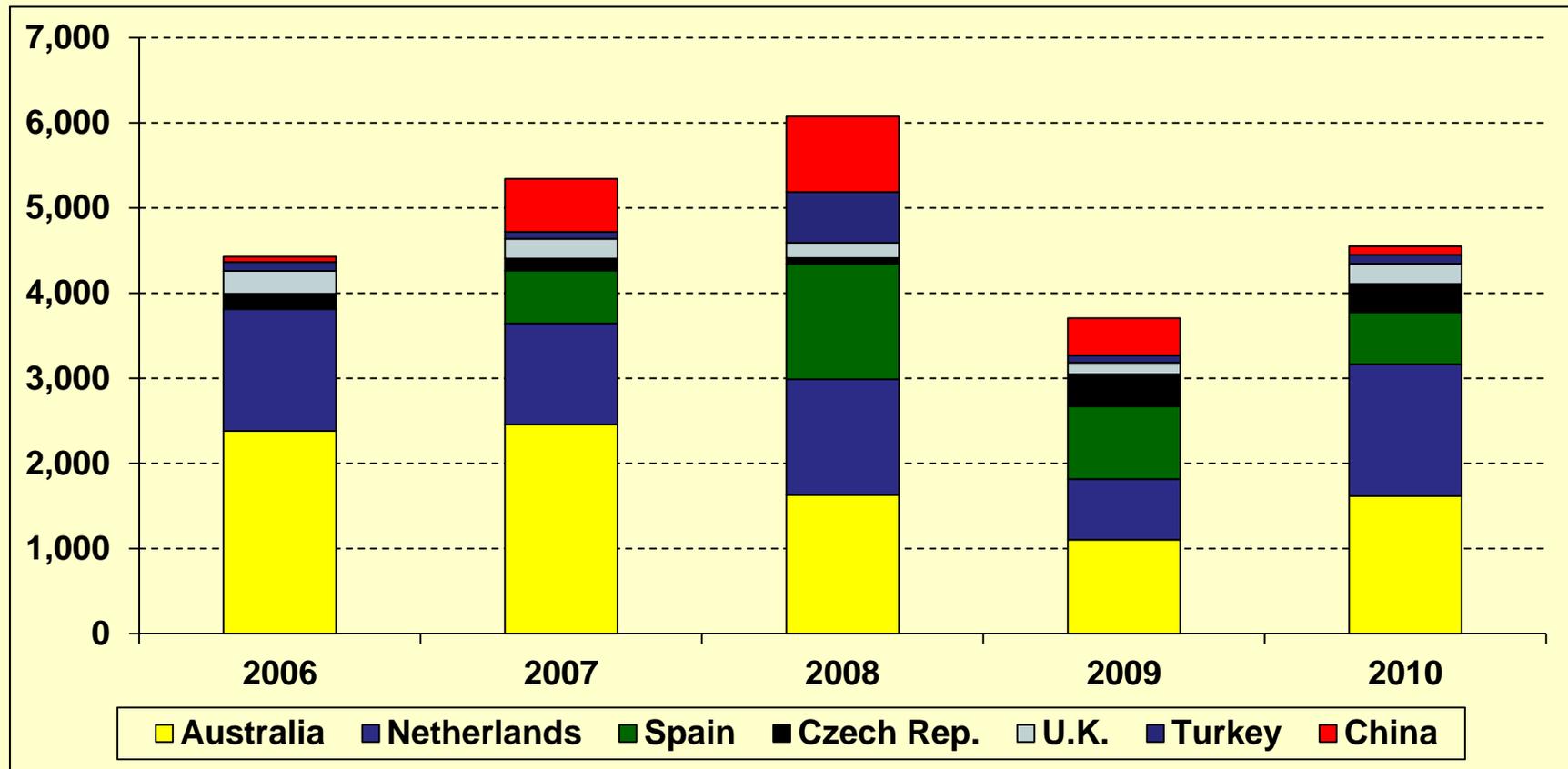
- Futures prices have appreciated almost 40% since our last meeting
- Cash prices are 15% - 20% higher
- If this relationship is maintained cumin cash prices would trade at \$1.60 - \$2.00

Celery



- Celery is a single-source item (India)
 - U.S. imports of celery have averaged 1,760mt per year over the past five years
 - 2010 imports of 2,143mt were up sharply from 1,578 in 2009
- Prices moved sharply higher last spring
 - Increased speculative trading (Sellers went short ahead of the harvest)
 - Smaller crop was expected
 - Lower yields due to a lack of moisture
 - Farmers planted more wheat
 - New crop offers were late coming to market
- Prices have stabilized
 - Stocks at origin are rumored to be more than adequate
 - India projects a 10% increase in production this year to app. 5,500mt

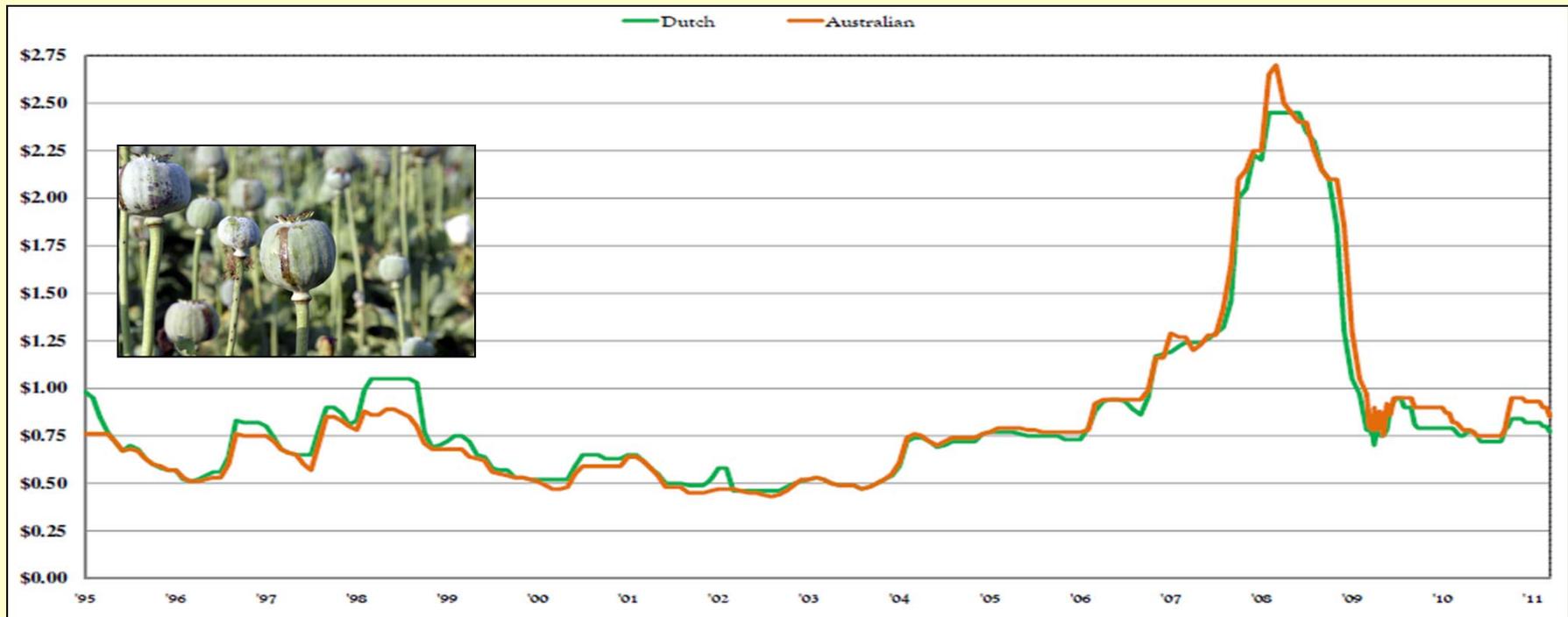
U.S. Poppy Imports (mt)



U.S. imports have averaged just over 5,000mt the past five years

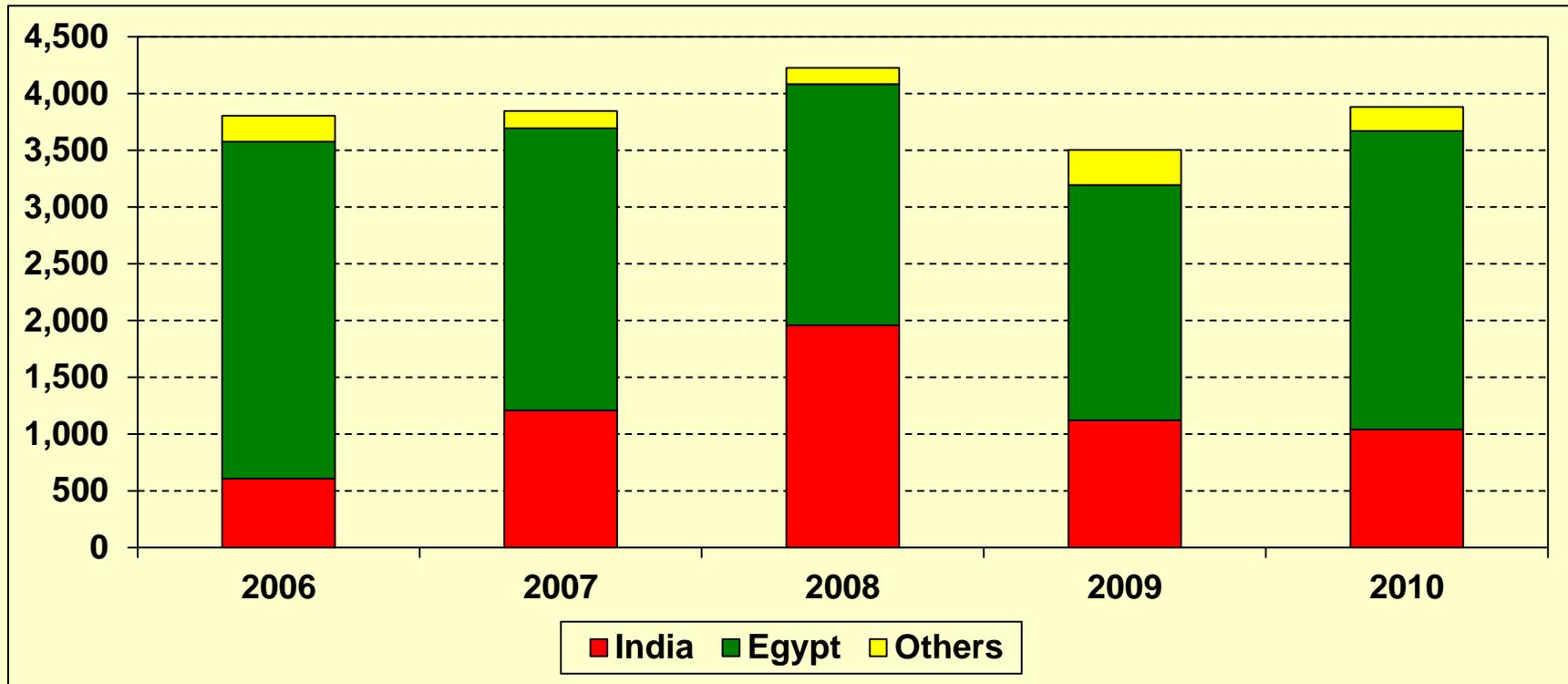
- Imports in 2010 were 4,600mt vs. 3,900 in 2009 but well below the 6,300 in 2008
- Australia and the Netherlands remain the primary sources for U.S. poppy
- Spain has expanded their role as a supplier to the U.S. in recent years

Poppy



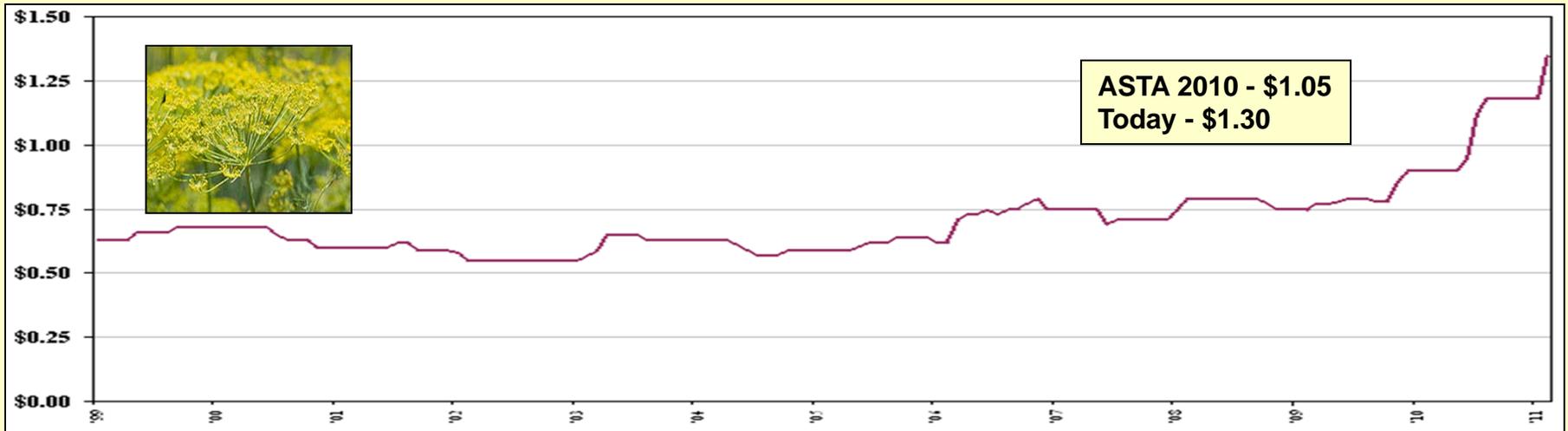
- Poppy prices have held in a fairly narrow range and are currently about 8% higher than a year ago
- Smaller crops in Europe and quality issues with old crop material supported prices last summer
- By fall, prices had begun to move higher ahead of the harvests in Europe
- Heavy rains and flooding in many areas contributed to the bullish sentiment in the market
- Talk of short supplies in Turkey also supported prices (Previously projected a bumper crop)
- Heavy rains delayed planting in Tasmania and damaged the crop later in the year
- Material remains available for sale at most origins
- Quality issues continue to be problematic for some consumers

U.S. Fennel Imports (mt)



- U.S. imports have averaged just over 3,850mt over the past five years
- India and Egypt continue to supply most of the fennel used in the U.S.
- Egypt has supplied 50% - 78% of U.S. requirements over the past five years
- January imports were just under 300mt
 - Egypt – 218mt
 - India – 50mt
 - All others – 26mt

Fennel



- Primary origins are Egypt and India - Harvest is Feb/Mar (India) and Apr/May (Egypt)
- Prices moved higher in 2010
 - India's crop failed to meet expectations (60Kmt vs. 80Kmt) with domestic demand at 50,000mt
 - Egypt's crop was "normal" at about 10% of India's production
- India projected production 40% - 100% larger in 2011
 - Higher prices encouraged more plantings
 - Monsoon rains were good in July and August
- Price weakness has been limited
 - Low carryover stocks
 - Quality issues with early arrivals (high moisture/color)
- Egyptian fennel has been expensive
 - (Government has encouraged farmers to plant wheat)
 - Some projections call for a 33% reduction in planted area
- Turkey's crop was damaged last year.
 - Projecting production this year of only about 750mt
 - Exported to Europe
- Market is in a "wait and see mode"

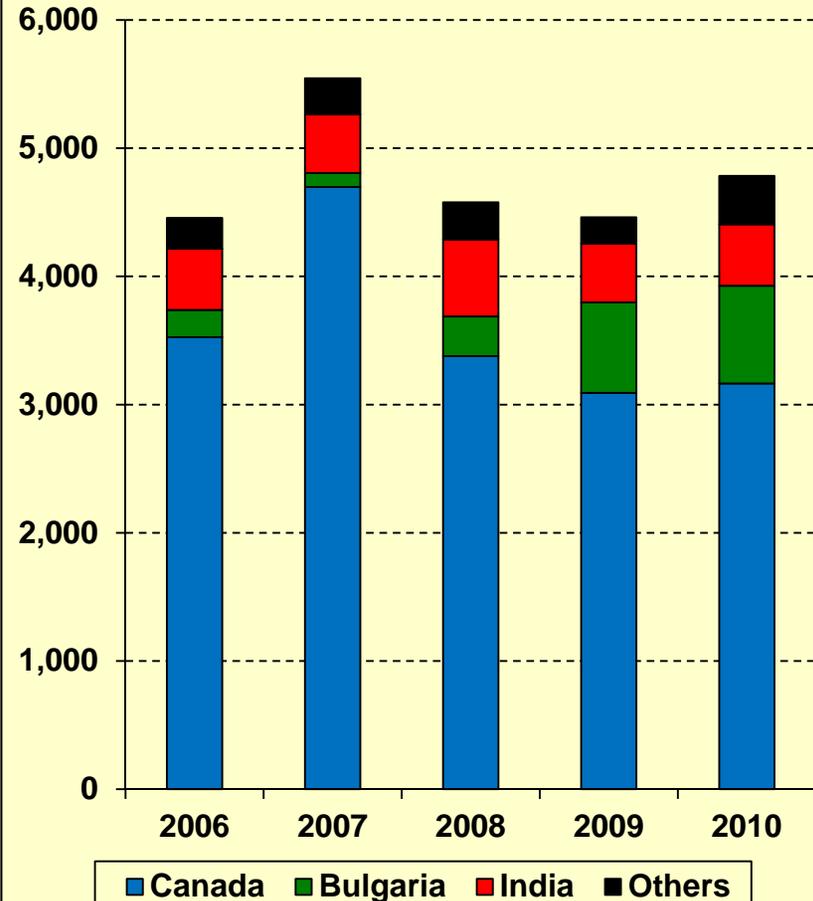
Coriander

Sources

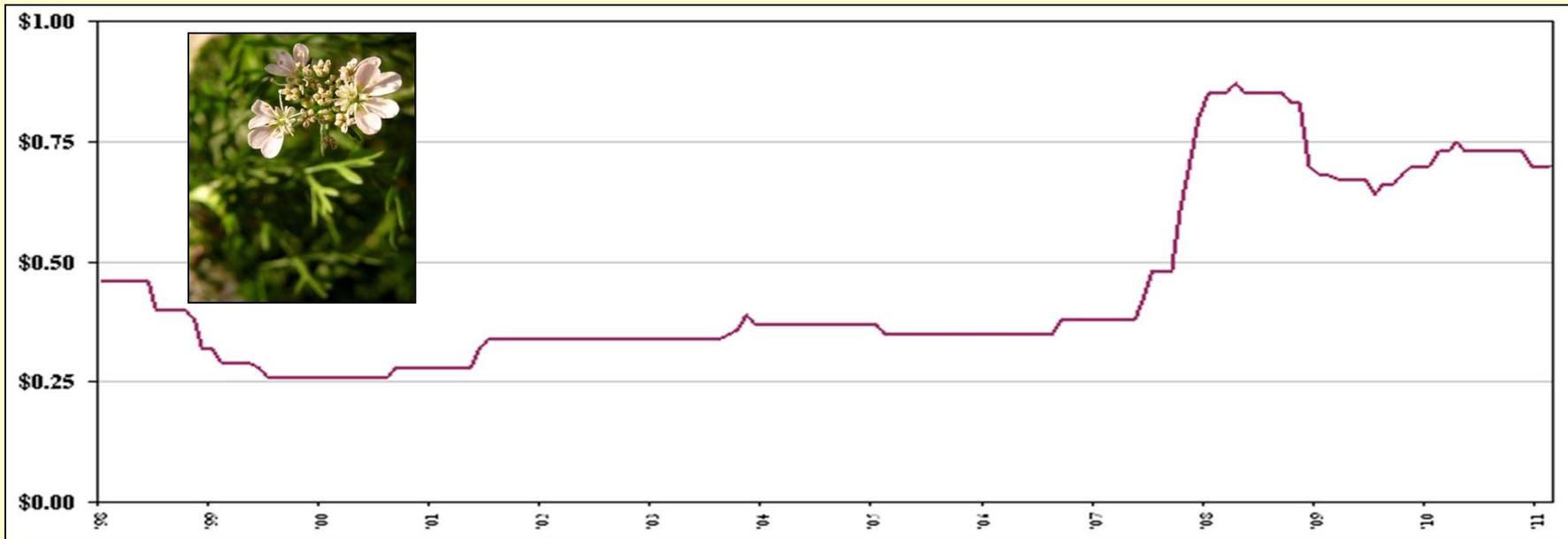
Five-year average imports – 4,765mt

- **Canada**
 - Aug – Sep harvest
 - 60% - 80% of U.S. imports
 - Quality and close proximity
- **Bulgaria**
 - Jun/Jul harvest
 - Quality/cleaning is improving
- **India**
 - Feb/Mar harvest
 - April – Nov. exports - 30,500mt
 - 2.5% increase over year prior

U.S. Imports (mt)



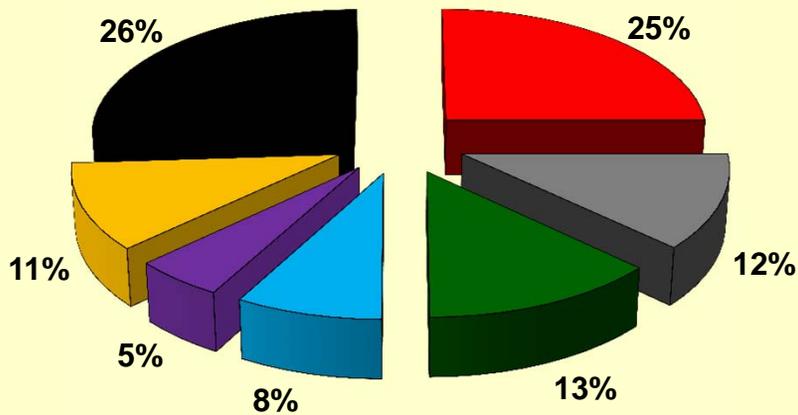
Coriander



- “Average” crops were harvested in Canada and Bulgaria in 2010
 - Some late water damage was reported in Canada
 - Canadian prices have been supported, largely, by a stronger CAD
 - Increased selling interest in Canada has limited price increases
 - Bulgaria’s crop was sold by December
- Indian coriander prices rebounded late last year
 - This year’s crop is now estimated at 280,000 – 300,000mt (360,000mt previously)
 - Planted area was reduced
 - Lower prices in 2010
 - Unfavorable weather during planting
 - Lower yields are expected
 - Prices are also expected to be supported by good demand for export

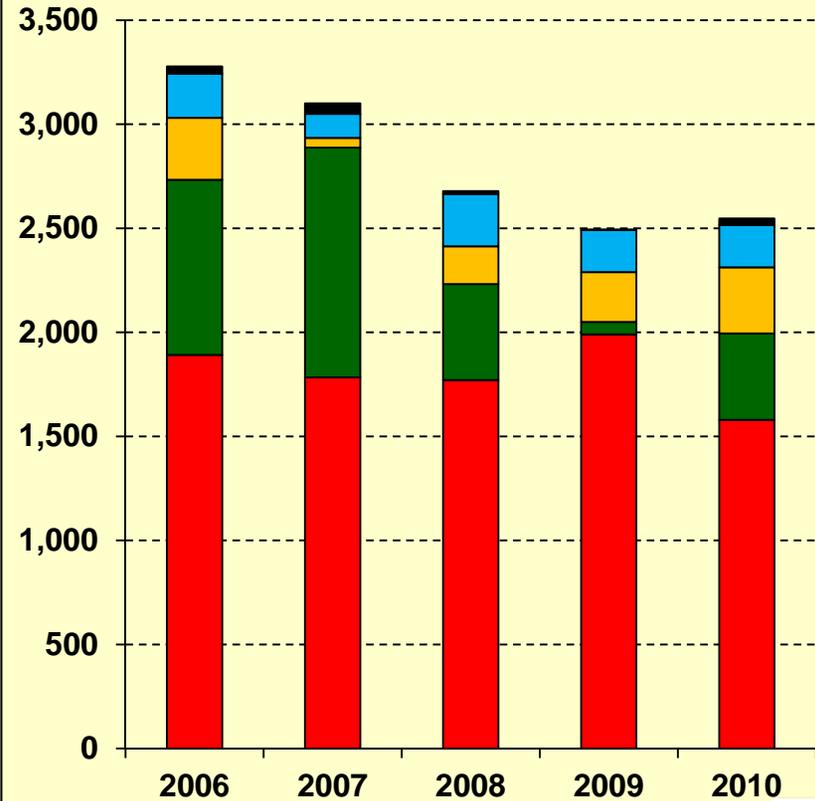
Caraway

Global Exports

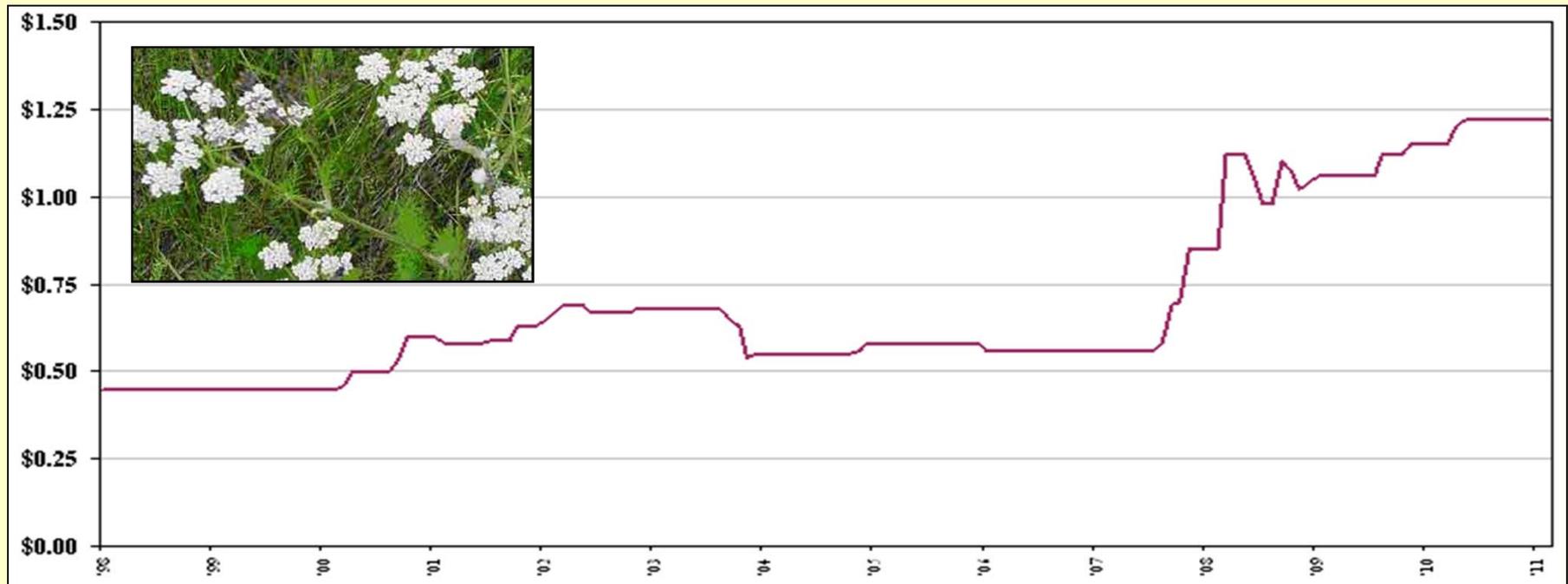


“Others” is comprised of no less than 12 countries.

U.S. Imports (mt)



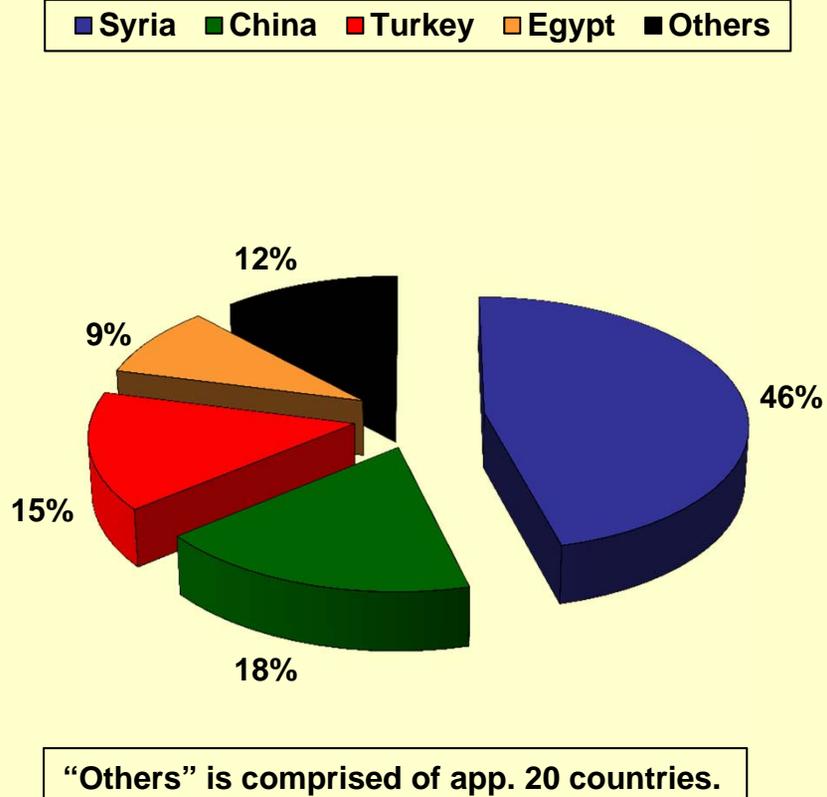
Caraway



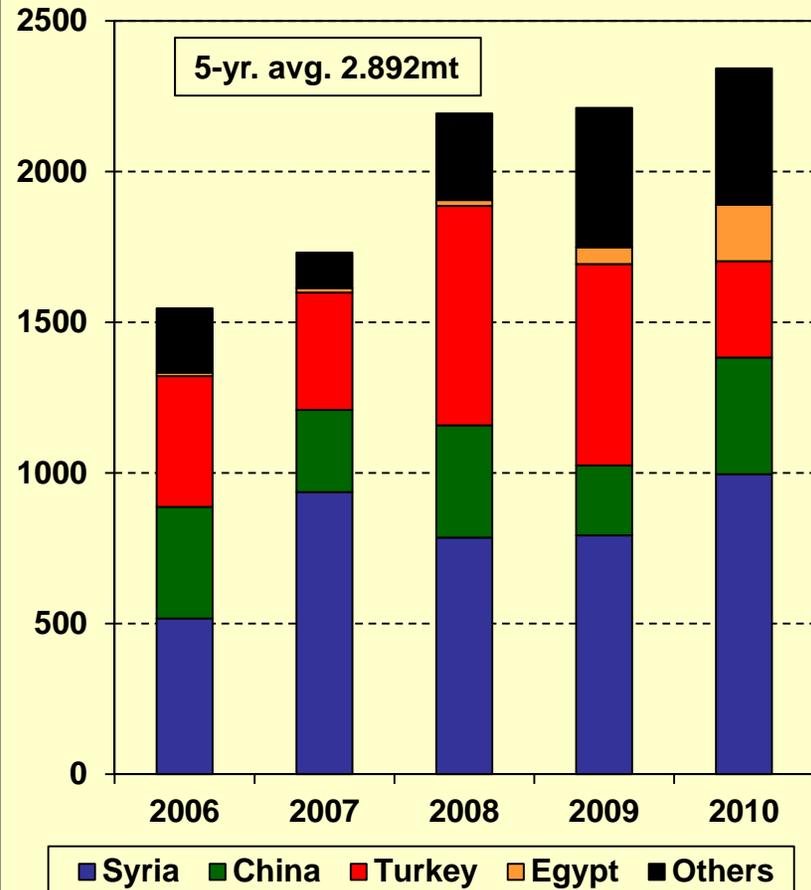
- **2009 Canadian carryover stocks were “0” going into 2010 (sold out in June, 2009)**
 - Canadian prices have remained firm
 - Stronger CAD
 - Gains in other commodities (rapeseed/canola)
- **Finland produced a large crop last year and was able to compete with Canada for market share**
- **Dutch seed remains expensive due to a smaller crop and the stronger Euro**
- **Egyptian seed is a different variety with lower volatile oil levels**
 - Last year’s production (Apr/May) sold very quickly
 - Egyptian seed traded at sharply higher levels last fall

Anise

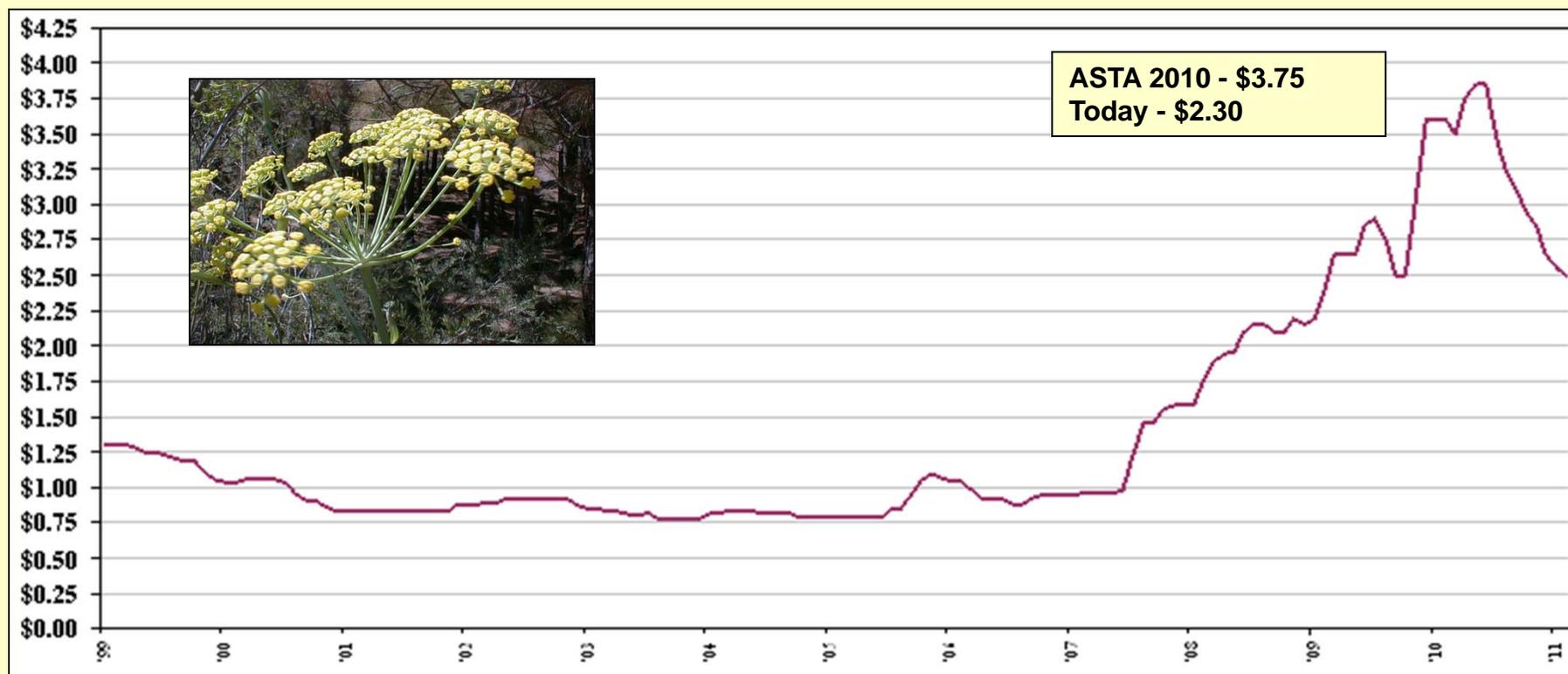
Global Exports



U.S. Imports (mt)



Anise



- Anise prices remained strong last summer despite a large crop in Syria in 2009
 - Lack of stocks in the U.S.
 - Strong domestic demand in producing countries as well as in South America
 - Increased sampling and testing by FDA and the subsequent bottleneck at ports
- Higher prices in 2009 resulted in more area planted to anise last year
- Prices softened once Turkish material began to trade in July
 - Turkish exports have been minimal (Only 500mt since the beginning of the season)
 - Abundant carryover stocks expected going into this year's harvest
- Turkish production is estimated in excess of 10,000mt



Thank you

