

## **Vanilla Market Report February 26, 2019**

After the prices for vanilla pods had dipped at the beginning of the 4th quarter 2018 by an average USD 100,- -150,- per kg compared to their peak level in 2018, prices are pretty stable ever since.

For those who trade with 2018 vanilla, the qualities prove to be significantly above the levels of the previous years. This counts mostly for BOURBON source vanillas.

Flowering in Madagascar 18/19 however was not abundant. Madagascar is expected to produce roughly 25% less in 2018 than the year before. Early indications average around an expected 1500 mt for the world's biggest producing country for 2019. So far, these predictions have not led to a new price-reality, although most professionals would agree that this year will most likely see a lot of unripe picking again. The flowering period which was spread over long months which will not be reflected in the picking dates.

We estimate that, to date, roughly 20% of 2018 crop is remaining as unsold volume in the user countries and we see no indications that farmers, collectors and exporters feel the need to sell in a hurry and dump material at significantly lower prices.

Demand in the user countries appears pretty stable at this point, after having decreased by at least 35% from its peak level before the present boom-price period. Retail products seem to find buyers regardless of the high pricing and lately, we see no indication for impressive additional reformulations in industrial vanilla applications. The global trend for natural ingredients is keeping a good portion of the remaining demand still alive – or, putting it the other way, the world could and would consume several times the available volume of our times if only availability and price-stability at more reasonable pricing was assured.

Spent Vanilla is extremely scarce - to say the least - with no solution in sight.

A lot of the worst vanillas seem to end up in powders with low aromatic contents but at pricing that appears attractive at a first glance.

While there can be both up- and downward fluctuations in the months ahead, we fear the substantial parameters point more towards +/- price-stability on the short-term. Buyers remain vulnerable as long as there are no buffer stocks. We need more production from more producing areas to escape from the speculative effects this market is suffering from.