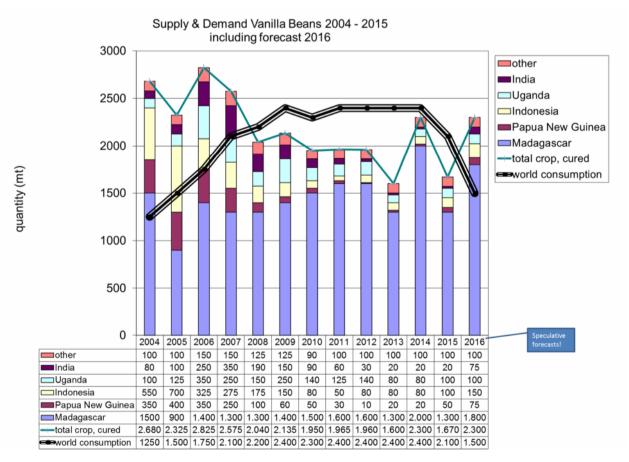


Vanilla - Market Report February 2016

Prices for vanilla beans continue to be on a very high level. Prices have been +/- stable since December 2015, as the US market – by far the biggest user market for natural vanilla - to date resists successfully to further price increases. Are major US users able to sit back and watch developments because of sufficient stocks? Are they speculating that prices are falling and that there will be enough vanilla in case of spontaneous demand? Has demand already suffered to an extent that the reduced buying activity from the US is a blueprint of the devastation that the high prices have caused? Will holders of the remaining stocks in Madagascar (estimated at 250-300 metric tons) still be speculating for prices to increase later in the season or will they become nervous and sell-off soon? There are many unknown variables and we come across a lot of conflicting information and different opinions these days. One can say that the buyers are understandably upset by the current turmoil and unsure of what is to be done. It is reasonable to be prudently buying in order not to be left with expensive inventory if ever the market will collapse. If buyers procure "bits and pieces" for short-term requirements only, it becomes however difficult to know how much demand is really left today. We have tried to display our evaluation of things in the chart hereafter and have included our outlook for 2016 to allow our customers to draw their own conclusions. Keep in mind that a crop will become available the calendar year after only (e.g. crop 2016 will be available as of first quarter 2017):



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