

Expectation Report on Yellow Peach raw material, purchasing price and empty tin price of the Year 2004

1. Yellow peach producing area & capacity

Zhejiang Province:

Supported by national cannery, raw material producing base of yellow peach had been developed to 5,000 ~ 10,000 thousand acres during the 80s' of the 20th century, among which Jinhua, Fenghua, Chengzhou are the top producing areas. The varieties introduced mostly were Harvest Yellow and Lian Yellow. Under the climate condition of Zhejiang Province, the peach flesh would appear red pigments when it was ripen. Gradually most of the bases were becoming out of use due to bad producing process/ quality management. Jinhua and Fenghua are the existing producing areas which produce less yellow peach now. For example, the capacity of Jinhua district sourcing to Market everyday is only 5,000 ~ 15,000kgs. The harvest season was from Jun./9 this year, which lasted for about 10days. Varieties were ZJGolden 1, ZJGolden 2 and ZJGolden 3.

Anhui Province:

Tangshan, Xiao County, Xiangyang are the main producing areas. Tangshan yellow peach base is the most fertile place, which locates along the old riverway of yellow river. Farmers divide planting with three timing shift. This district is the biggest and most ideal yellow peach producing base within China. However with the effect of waterlogging last year, 500 acres lost which is about 10 ~ 30% of the plants. The whole capacity this year expects to be 30 thousand tones. Markets sourcing period starts from Jul/8.

Hubei Province:

Producing area: Zaoyang, Xiangyang

Harvest season: From Jun./6

Market selling qty: 60,000 ~ 100,000 kgs

Varieties: ZJGolden 1, ZJGolden 2, Golden Peach

Shandong Province:

Producing area: Linxin, Weifang, Zhucheng

Harvest season: From Jul./15 ~ 18

Varieties: Harvest / Lian Yellow, Golden baby 5, Orange scent, Super star

Remark: producing area getting larger rapidly with incensement on capacity

Liaoning Province:

Producing area: Jinzhou, Dalian

Harvest season: Aug./10~ beginning of Sep.

Market selling qty: 50,000 ~ 100,000 kgs

Varieties: Harvest / Lian Yellow, Golden baby 7, Qianba, Erba

Peach flesh: small, slightly mealy, and fairly firm

Beijing:

Producing area: Pinggu

Harvest season: Aug./10~ beginning of Sep.

Market selling qty: 50,000 ~ 80,000 kgs

Varieties: Jing East5, Jing East6, Jing East23

Peach flesh: larger than Dalian yellow peach

2. Forecasting on purchasing price

In the year 2003:

	Price range US\$/kg	Average Price US\$/kg
Tangshan	0.32 ~ 0.44	0.35
Dalian	0.29 ~ 0.49	0.36
Beijing	0.29 ~ 0.58	0.43

Remark: The purchasing price incensement was 25~ 30% for the last three succession months.

Take Tangshan for example, the expecting purchasing price of yellow peach this year is around U\$0.49/kg. Given the following reasons:

- a. Given the conditions of canneries varieties and convenient transportation, more packers will be attracted to Tangshan. Demand for large qty of yellow peach will lead to incensement on purchasing price.
- b. Demand for different packers is different due to various of target markets/ product spec./freight. The break even cost varies. And the purchasing price can't be controlled easily by the packer themselves.
- c. Raw materials will effect on factory producing schedule, contracts and staff organizing strategy after production starts. The packer may raise purchasing price in order to meet their commitment to customers.

This year chinese yellow peach canneries are added much pressure by the harvests of California and Greece. Meanwhile, cost of production increased (tin price /contractor salary/ freight/water and electricity cost rise). Cost per ton increased U\$121.51~ 182.26 comparing the year 2003. In order to transfer this cost incensement on farmers, the purchasing price should be cut down to U\$0.12/kg. However, this is really not an easy task. Thus at the forum of national cannery association, all of the leading members mentioned difficulties of planning / quoting/ order confirming/ purchasing/ producing/ selling yellow peach this year.

3. Empty can price

Greek yellow peach suppliers offer competitive price this year due to great harvest, which becomes a stake of big yellow peach importers to press Chinese packers. My personal opinion is as follows. With spec./ tin size/ quality varies a lot, effects of Greek yellow peach price on balancing purchasing price will only influence ordinary tin size on U.S.- European and middle eastern markets. In contrary, price for different spec. yellow peach on Japanese market and top brands of canned yellow peach will rise due to higher quality of raw materials.

4. Processing Plan

The processing plan of L51 for this year is 3500 tones at this stage, which will be adjusted according to customer offering price and raw materials price fluctuation.

Market for fruit cups is promising since we developed this item last year. Our yellow peach dice is not only from self production supply, but also from other suppliers. We have started processing from Jun/18.

L51

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