



## Seasons Greetings to everyone

As the year draws to a close, we would like to wish all our customers and families an enjoyable festive season. We thank you for your support during 2005 and look forward to supplying your natural food requirements again in 2006.



### Sesame Seed

Prices in India have gradually drifted down and are now at levels that could be considered attractive. You cannot go much wrong with partial coverage at these price levels. Indian processors do not like to enter into long term supply contracts. 3 to 6 months might be workable at this time.

Natural Black Sesame Seed from India will remain firm. Reports from Guatemala indicate that the crop may be even smaller than earlier estimated. Some estimates put the crop at below 10,000 MT. Guatemala certainly will import seeds from other countries for processing in Guatemala.

### Poppy Seed

The market could be bottoming out. Australia had lots of rain and reduced acreage leading to a smaller crop when harvest starts in January. Available supplies will mostly go to traditional buyers.

Prices in Europe are up slightly. We might have seen the bottom of this season's price range.

### Sunflower Kernels

Everybody wonders how the Chinese could sell so cheaply – but they do. U.S. processors are reluctant to compete head-on in the overseas Sunflower Kernel market. Domestic price levels should remain attractive.

### Flax Seed

Except for the last couple of years, this market has always been relatively stable. It looks as if we have returned to such a stable period. Prices are attractive and we do not anticipate major fluctuations. Please keep in mind that there are now many processed flax products available (Ground, Roasted, etc.) with extended shelf life.



### Caraway Seed

In our last report we indicated that we thought the market was turning. Not much has happened since. Prices remain at their low end.

### Pumpkin Kernels

As we previously reported, some varieties in China are in short supply. There may be some shifting between varieties. Overall there is no actual shortage but prices are firm and could gradually climb higher.

### Cinnamon

After years of lingering around historic lows, we are now seeing what might be the beginning of a longer term recovery stage. We may have to pay for the sins of the past when trees were neglected because of very low prices.

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## Life without Wheat?

Approximately 2 mill. Americans suffer from gluten intolerance known as celiac disease, a life-long sensitivity to different protein fractions in cereal grains. At present, the only effective treatment is strict adherence to a diet completely devoid of gluten throughout life. A gluten-free diet must exclude foods made with wheat, rye, barley, triticale, spelt, kamut and oat flour.

Sales of gluten-free products during this past year have increased by about 15%.

However, formulating products without gluten may be quite challenging. Your R+D people may have to tinker with your formulae. We can help you with the sourcing of some alternatives to wheat:

- Amaranth
- Buckwheat
- Chickpeas
- Corn meal
- Flax seed
- Legumes (peas, beans, lentils)
- Potato Starch
- Quinoa
- Sesame
- Tapioca Flour

For sales call:  
**AnaLucia Melendez**  
**415 765 5925**



# hp Schmid in brief

## Export Opportunities

HP Schmid has traditionally exported US grown (and particularly California grown) natural food ingredients – seeds, pulses, nuts and dried fruit. However as the world changes, so too does our export business. Increasingly our business is involved with the export of US manufactured food products.

We find that many of our manufacturing customers are focused on the US domestic market, and don't have time or the resources to look at export. That's where we come in.

With our existing network of customers and contacts, particularly in Europe, Asia (Hong Kong, Singapore, China, Taiwan) and Australia and New Zealand, we have a ready made client base for manufactured products.

Talk to our export co-ordinator (Richard Keene) for more information on [richard@hpschmid.com](mailto:richard@hpschmid.com)



## The Chinese Threat?

Up until a very few years ago we saw China as a source for many of our ingredients. A vast, mainly agricultural nation, they could grow almost anything.

We still source many of our natural food ingredients from various parts of China. However, a new element is now entering the market – competition from the Chinese domestic market.

As the Chinese economy develops, so too there is increasing amounts of disposable income which the Chinese middle class is prepared to spend on foodstuffs they have not been able to afford in the past. Whilst traditionally commodity prices were often determined by what export markets were prepared to pay, increasingly we are seeing competition from the domestic marketplace. This reduces, and sometimes eliminates, quantities available for export.

Expect to see this trend increase in future – with potentially huge impact on some international commodity prices – we only have to look at what happened with steel over the past 3 years.



## Claims

We are pleased to help you if you are not completely satisfied with our product. However, in order to process your requirement in a timely manner, we would like you to provide the reason of the claim. Please inform our accounting department or your representative of the cause of the claim. Please do not underpay if you haven't contacted us.

## Warehouse Holiday Schedule

Accem, Todd, Consolidated De Pue, Holman and United warehouses will be closed on Monday December 26 and Monday January 2nd.

Please arrange your orders accordingly.

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## Did You Know?

**Almonds** are grafted on to the stem of a peach tree as they are less prone to rot and the tree is likely to live longer.

**Hazels** are also known as *filberts* or *cobnuts*.

**Peanuts** are *legumes* (from the same family as peas and beans) and are not actually nuts!

**Buckwheat** is an edible seed of a plant related to rhubarb.

**Semolina** is a core ingredient for pasta and flour.

**Wild Rice** is not a rice - it's a grain!  
**Carob** has the same colour, appearance and fat content as chocolate.

**Pumpkin Seeds** are also known as *pepitas*.

**Figs** are an 'inverted flower' not a fruit.

**Raisin** is French for grape.

## Holiday Special

**Onion:** The onion market is tight and the price continues to increase.

We have granulated onion on sale Ex warehouse Chicago IL.

Sale price is \$0.75/lb

Sale strictly to sample

**Gluten:** Holiday special - Ex warehouse Bayonne NJ. Please call.