



## MARKET UPDATE – REPORT GUM ACACIA

### NOVEMBER 2004

As we have been announcing since July 2003, the past gum season has been very difficult in terms of supply and we have seen rising prices on all types of gum acacia, especially Acacia Senegal.

The reasons for this difficult situation are well known and remain unchanged:

- Low prices to farmers discouraging harvesting
- Absence of carry-over
- Low crop amount due to bad weather conditions

We have to emphasize that this market peak is following 10 years of constant price decline.

Despite the current market conditions, we will of course fill all our contract obligations with our valuable customers as we have always done in the past.

We are now approaching the start of the new gum harvest period, typically from November/December to March/April

It is of course much too early to predict the future, but, so far, we have not received any negative signals from the producing countries.

In case of a good and regular crop, the raw gum will probably be impacted by a rapid price increase in December -due to the arrival of fresh gum on the market- followed by a period of price decline.

Taking into consideration the maturation process in Africa, the shipping time and the processing, any new gum from the new crop will not reach the end user market before May-June 2005.

If all the parameters are positive and only in this case, then we can expect a slow price decrease starting in late spring and continuing downward until reaching a sustainable level.

CNI, as usual is making every effort to moderate the current high market pricing.

In addition to securing the raw gum supply for all our customers we have developed a full range of new products, exclusively based on gum acacia, which are now fully available and with strong economical advantages.



*We add nothing to nature but innovation™*

EFICACIA FLAVOR <sup>TM</sup> is the right technical and cost effective answer for all emulsion system.

FIBREGUM B <sup>TM</sup> is the perfect and economical product for any type of fibre fortification.

ENCAPCIA <sup>TM</sup> is the perfect technical and economical product for any type of encapsulation.

Our commitment is to continue to promote the success of our non modified, natural and available product for the benefits of our customers.



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