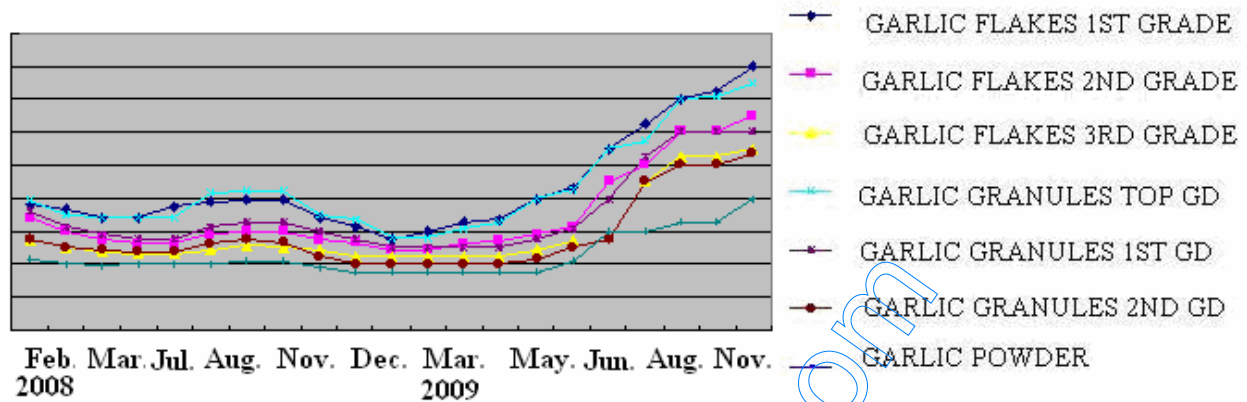


DRIED GARLIC MARKET REPORT (2009.11)

With time going into Nov., the garlic market has gone up to a higher level in China. Please refer to the below statistic graph,



The above graph states clearly that the price level of all grades including 2007/2008/2009 crops goes up quickly day by day since the beginning of July. And during Sept. and Oct., the garlic market is relatively stable. However, the stable situation is quickly changed in Nov. and the price keeps going up and up. The possible reasons are as follows,

- 1) During Sept., since the biggest garlic market-USA couldn't accept the high price level, the exportation demand is not so active. However since the end of Oct., USA market couldn't wait any more and become active in purchase and therefore the quantity for exportation is enlarged.
- 2) Most manufactures of dried garlic granules and powder begin production in succession. Due to manufacturers don't have enough stock this year and therefore have to purchase stocks from the market. In the same time, the traders for the garlic raw materials absorb more stock to sell at higher price. These both factors make the garlic market increase to a higher level.
- 3) With weather going cold in Nov., domestic demand of fresh garlics are increasing quickly due to the propagation that garlic is good for health especially in the pandemic of H1N1 flu.

According to the latest market information, the stock of new crop of garlic flakes is very limited and nearly to be finished soon. No traditional second grade is produced this year. And also because of the few quantity of good quality garlic available in the market, the prices for this kind of quality increase faster compared to other quality. Now the market is full of inferior quality of garlic with different price level for choice varying from 2008 old crop to 2007 crop but still running on the high level. This also leads to a special situation this year that the quality couldn't be stable from batch to batch and the safer solution might be to check the samples if not sure abt. the quality, which will make the whole dealing process slow dow. In general, the tendency shows that this go-up situation will not be changed unless the exportation demand decrease or the enthusiasm of domestic traders for the raw materials is calmed. More details will come soon...