

# NEWSLETTER



DAIRY INGREDIENTS & COMMODITIES

Q2 2020

Dear Readers,

Greetings from FSL.

We hope and pray for the good health of you and your loved ones. We are pleased to share the Q2 edition of the Dairy Newsletter with you.

At the beginning of this year some of us made certain new year's resolutions for 2020, some made plans to travel to new places for summer vacations, some may have started yoga classes and some might have joined a gym. By April, these resolutions became distant memories and the only priority for every human on earth was to stay healthy and stay safe - to the point that we did not leave our homes.

The Coronavirus pandemic of 2020 has brought human and public health to the fore and arguably made them the most important issues of the 21st century. But perhaps the silver lining to this grey cloud will be a change for good and the creation of a healthier and safer future for our children.

**Our mission at FSL and in the food industry will be to manufacture this reality with innovative and intelligent solutions to shape a healthier future for our industry and the people it feeds.**

In earlier editions of our newsletters we have often mentioned the overarching global trend in the towards healthier eating and consumers who are becoming increasingly conscious of labels and ingredients. This shift has only been accelerated by this pandemic and the regional food industry will need to respond fast.



Another major shift which took place within our homes and which affected the food industry was the resurrection of home-cooking as consumers were forced to become more self-reliant during a global lockdown and many also became less trusting of food which was prepared by outside during a highly contagious viral pandemic.

Globally, the food industry witnessed a surge in retail sales as dependence on restaurants and home delivery options receded during the initial period of the lockdown. **Some essential product categories such as juices, dairy products, processed cheese, oils and fats and even organic products experienced double digit growth while innovative categories such as plant-based foods and beverages saw triple digit growth of 148%.<sup>1</sup> Consumer interest surrounding functional foods, probiotics and immunity boosting foods also grew with Google searches using the keyword “immunity boosting” increasing by 900% over 2019.**

Meanwhile the HoReCa segment suffered severely as business came to a grinding halt and sales of food products to the hospitality industry suffered the same fate. Another factor to consider will be the reduced purchasing power of many consumers who experienced job losses, unpaid leave and salary cuts across those industries most affected by the pandemic. This will clearly reduce the spending power of a considerable number of consumers and impact the sale of indulgent products till employment numbers rise again.

In response to the accelerating health trend in our industry, this edition of our Newsletter features information about vitamins and minerals to boost immunity and fortify food products with healthier properties. We are also presenting information about the use of natural colors in food applications to offer the tempting visual appearance of foods and beverages which consumers love to share.

We hope you will find this newsletter informative and useful. **Please feel free to share your feedback and comments and do let us know if there is any topic of your interest which you would like us to include in our future newsletters.**

Thank you and let's stay healthy and safe!



Reference: 1. <https://www.foooddive.com/news/plant-based-food-sales-outpace-growth-in-other-categories-during-pandemic/578653/>

## Micronutrients for Immune Health - SternVitamins

Human health and our immunity to disease are of more importance now than ever before and this criteria is likely to persist well after this pandemic. The elderly are often the most vulnerable segment of the population as we have recently witnessed, and they make up a large portion of the health-conscious consumer segment. Below is a list of Vitamins and Minerals which are essential to maintaining a healthy immune system:

- Key vitamins and minerals**
- Vitamin B<sub>1</sub>
  - Vitamin B<sub>6</sub>
  - Vitamin B<sub>12</sub>
  - Folic acid
  - Vitamin A
  - Vitamin C
  - Vitamin D
  - Vitamin E
  - Zinc
  - Iron
  - Copper
  - Selenium

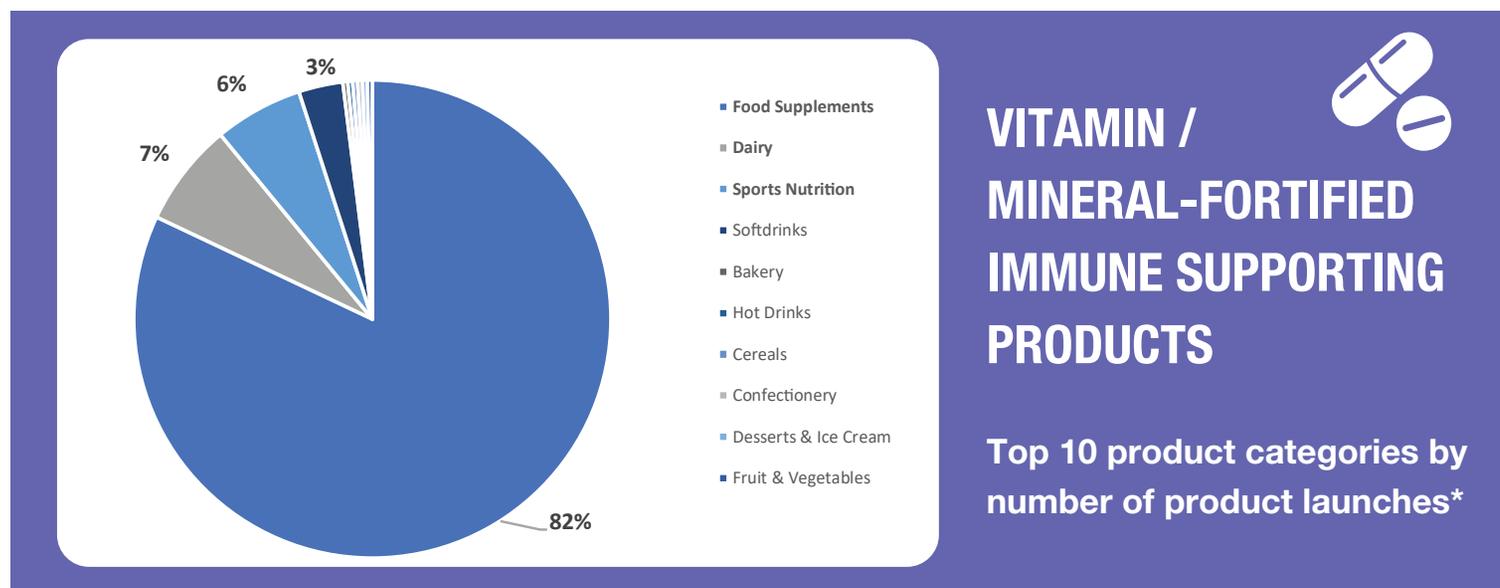
Key roles in the immune system
Necessary for generation of antibody responses to antigen
Have antimicrobial properties
Free-radical scavenger
Help maintain immune homeostasis
Help maintain skin and mucosal membrane integrity
Antioxidants for protecting immune cells
Have immunomodulatory effects
Support antibody production
Enhance elimination of invading bacteria, viruses and fungi

## Micronutrient deficiencies in the elderly population.

**It is estimated that 35% of adults** over the age of 50 in Europe, USA and Canada are deficient of one or more micronutrients. Critical micronutrients are vitamins A, C, D, E, B12, folic acid, iron and zinc that play important roles in the immune system.

### Reasons for malnutrition in older people:

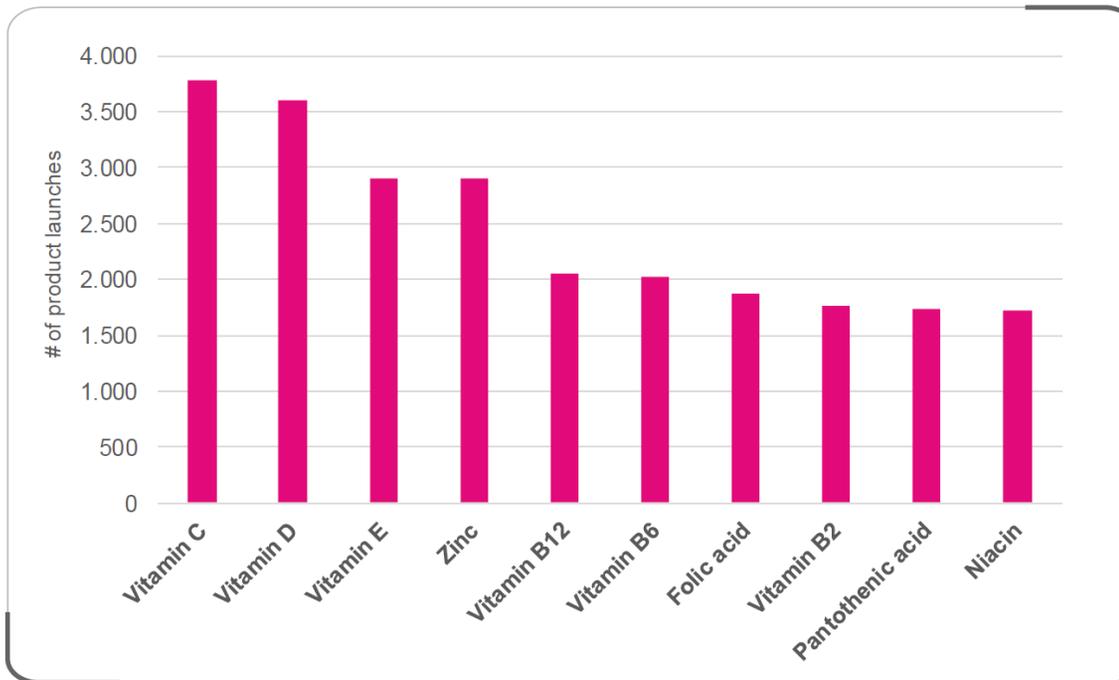
- Loss of taste, smell, and therefore appetite
- Dental problems which cause pain and reduce appetite
- Gastrointestinal disorders which reduce nutrition absorption
- Lack of knowledge about food, cooking and nutrition
- Poverty, isolation or loneliness which lead to poor diets



\*8,671 products launched 02/2015-02/2020, global (Innova Market Insights)

## Food Supplements with Vitamins and Minerals for Immune Health

Top 10 micronutrients by number of product launches\*



\*7,130 products launched 02/2015-02/2020, global (Innova Market Insights)

### The Top micronutrient:

*Vitamin C – a strong partner for the immune system*

- ✓ Effective antioxidant which protects against reactive oxygen species produced when pathogens are killed by immune cells.
- ✓ Can increase serum levels of antibodies
- ✓ Has a role in antimicrobial cell activities

## SternVitamin's concepts to boost the immune system

**SternGutV** – An oat drink concept for boosting the gut immune system

### Product Highlights:

- ✔ Combines immune and gut-supporting ingredients in a plant-based product.
- ✔ Directly supports the gut immune system through vitamins, trace element and fibers
- ✔ EU authorized health claim is possible: source of fiber





## SternGutV

An oat drink for boosting the gut immune system

**Ingredients**  
 Water, inulin (3%), Stabisol OD V 1\*, saccharose, sunflower oil, yeast (*saccharomyces cerevisiae*) beta-glucans (0.2%), sodium chloride, vitamin C, vitamin E, zinc sulphate, sodium selenit, vitamin D<sub>3</sub>\*\*\*

Nutritional information	Per 100 g	NRV** per 100 g
Energy kJ/kcal	157 kJ/38 kcal	-
Fat	1.7 g	-
of which saturates	0.1 g	-
Carbohydrates	2.7 g	-
of which sugar	2.3 g	-
Fibres	3.2 g	-
Protein	1.2 g	-
Salt	0.10 g	-
Vitamin C	12.0 mg	15%
Vitamin D***	0.75 µg	15%
Vitamin E	1.8 mg	15%
Selenium	8.25 µg	15%
Zinc	1.5 mg	15%

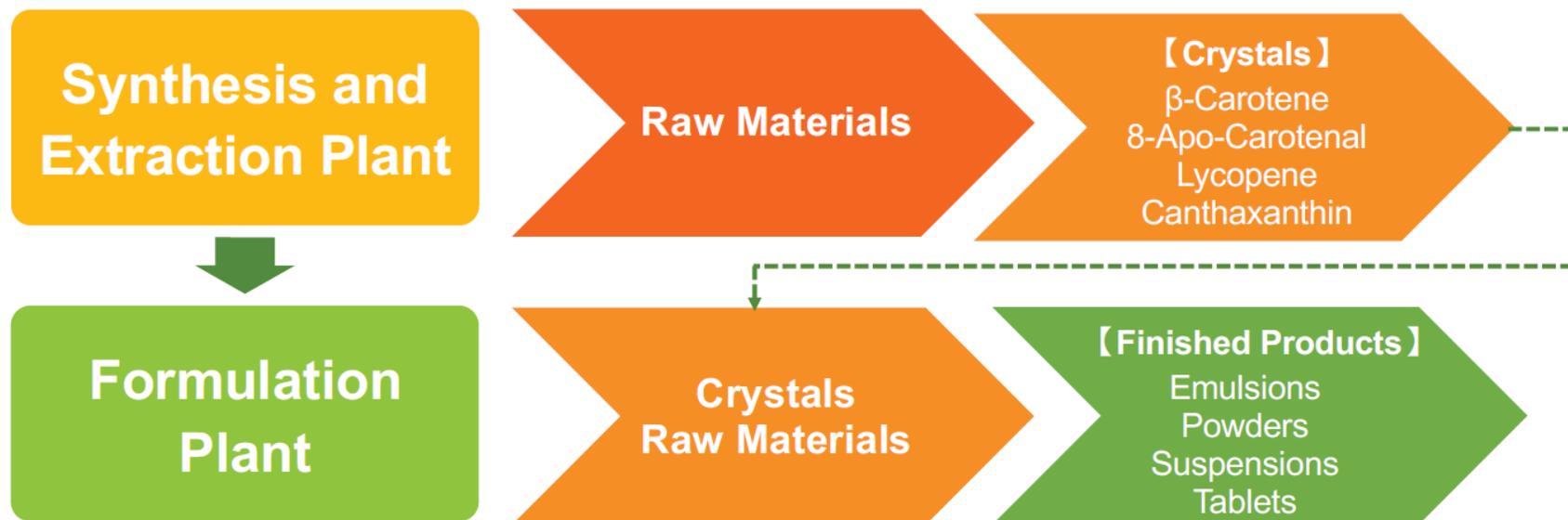
\* Available from Hydrosol  
 \*\* Nutrient Reference Value (NRV)  
 \*\*\* Vitamin D<sub>3</sub>: vegan

## Natural colors from Allied Biotech

**Allied Biotech** is the world's 3rd largest producer of  $\beta$ -carotene.

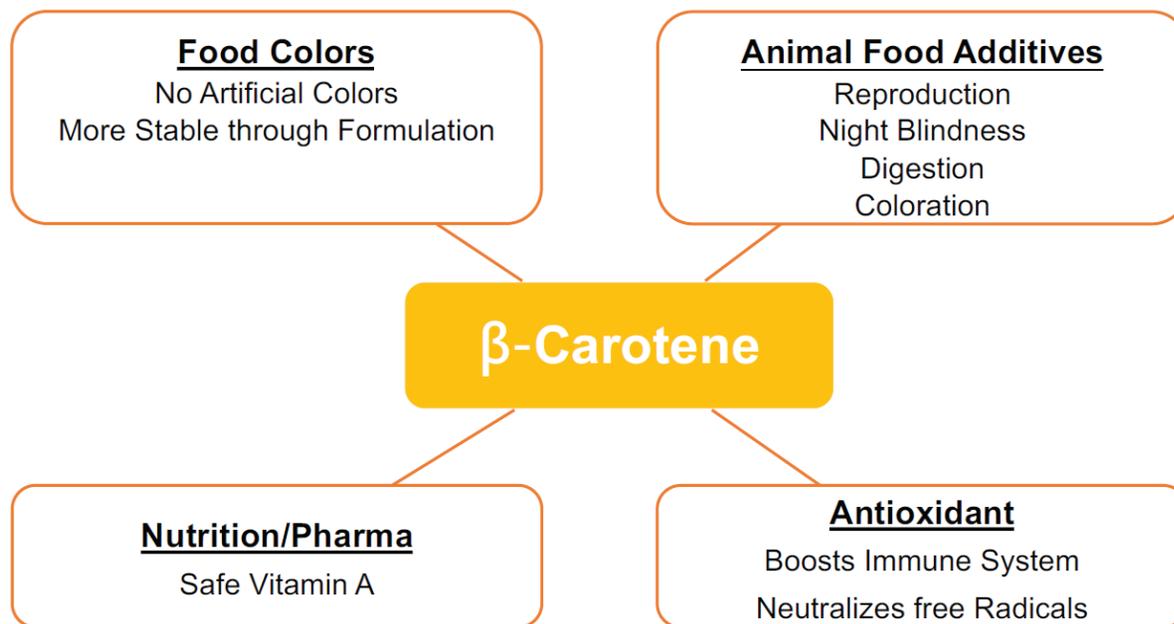
In addition to  $\beta$ -carotene, Allied Biotech also produces:

- 8-Apo-Carotenal
- Lycopene
- Canthaxanthin
- Lutein
- Q10



Their production plant in Taoyuan, Taiwan includes a synthesis and extraction plant, and a formulation plant for emulsions, powders, suspensions, etc.

## Applications of Carotenoids



### Product Type by Allied

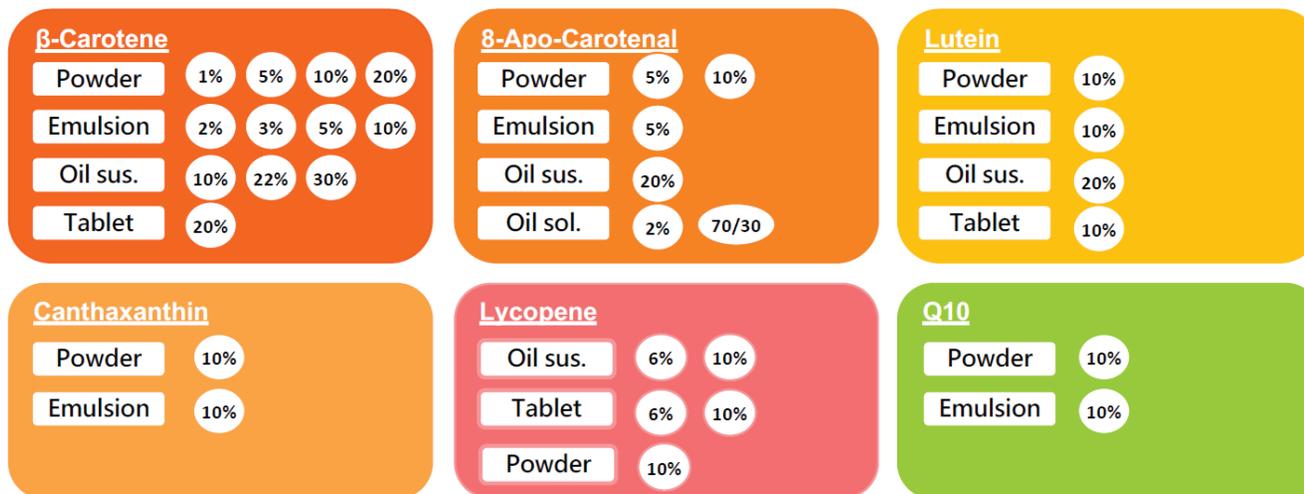
Crystal- Oil suspension- Oil Solution- Powder-Emulsion- Tablet Grade

### Properties:

- ✓ Strong formulation technology
- ✓ Good stability under light / heat
- ✓ Color range from Yellow to Reddish
- ✓ Products from 1% to 30%

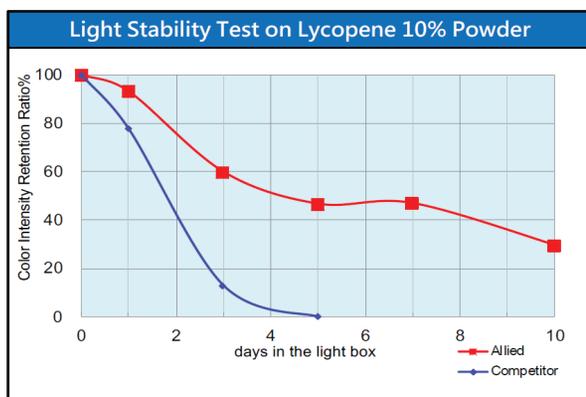


## Product Variety in Type and Concentration

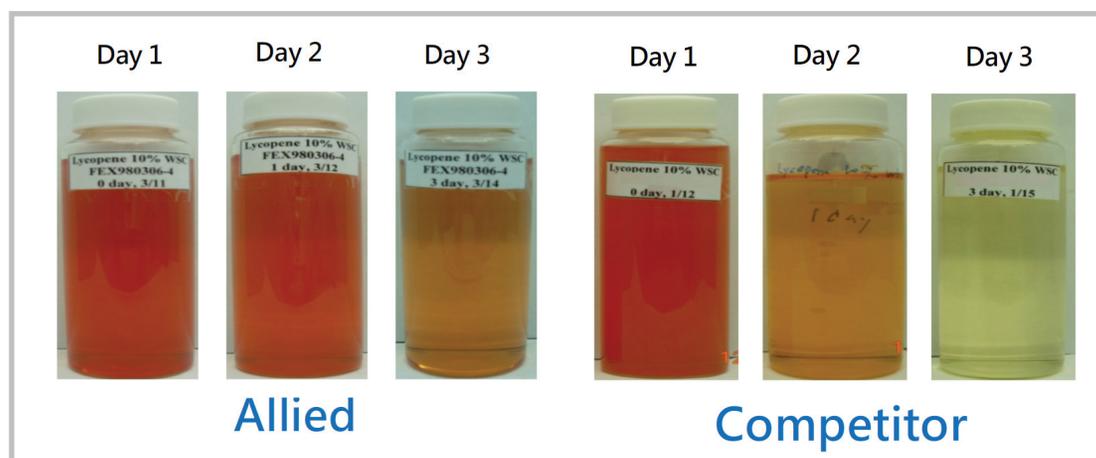


\*Oil sus. (Oil suspension) / Oil sol. (Oil solution)

## Allied's Product has Better Light Stability



\* 10ppm of Lycopene is dissolved in water. The samples are pasteurized (100°C for 20min) and placed into the light box. The pictures are taken and the color intensity is measured.



## Breakfast Meal Replacement

Consumers are increasingly searching for foods which fit their health and wellness goals for various reasons explained in the introduction to this newsletter. At the same time, consumers are also seeking convenience and busy mothers who want the best nutrition for themselves and their children in the morning is one of these consumer groups who are seeking nutritious and convenient meal replacement options.

Breakfast is the most Important meals of the day and skipping it can lead to a variety of health problems such as:

- Increased risk of cardiovascular-related disease.
- Diabetes, hypertension and lipid disorders.
- Heart disease and stroke – which are the leading cause of death in the world; 15.2 million deaths in 2016 (World Health Organization).
- Increased risk of obesity and metabolic syndrome.



In addition, several studies conducted in the Gulf region indicate low intakes of vital nutrients. One UAE study found that almost 90% of children (6-10 years) and 95% of adolescents did not meet current recommendations for calcium intake. Furthermore, 95% of adolescents did not meet recommendations for dietary fiber. Similarly, a study conducted in Saudi Arabia indicated that the majority of adolescents consumed less than the recommended intakes for calcium, iron, vitamin C and fiber. In Kuwait, more than 90% of adults and children fail to meet the estimated average requirement (EAR) for vitamin D; two thirds did not meet the EAR for calcium, folate and fiber; and half did not meet the EAR for vitamins A and C.<sup>2</sup> **These results clearly indicate a need of consumers in the GCC region to increase their intake of these essential nutrients. Breakfast as the first meal of the day, is the ideal time and opportunity to consume these nutrients.**

Reference: 2. [https://www.kelloggsnutrition.com/en\\_AE/knowledge/nutrition/importance-breakfast-meal.html](https://www.kelloggsnutrition.com/en_AE/knowledge/nutrition/importance-breakfast-meal.html)

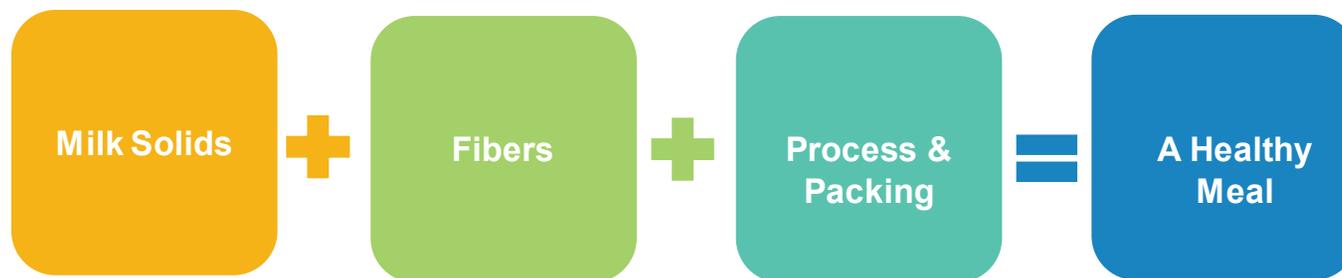
## On-The-Go Breakfast Drink Concepts from other markets

A normal flavored / recombined milk manufacturing process can be applied.

The manufacturing process is simple and can be conducted with the existing current infrastructure.

**FSL can supply all the ingredients and recipes.**

**Formulations and Flavor profiles can be customized as per customer requirements.**



Fibers are an ingredient well-known to consumers. Products enriched with Fibers are perceived as healthy and fit into the overarching health trend towards wellness, weight loss, nutritious and functional foods .

## Breakfast Drink – Enriched with Fiber and Protein

FSL has formulated a healthy breakfast drink which contains natural ingredients and fulfills consumer demands in this region.

Our formulation is:

- ✔ Rich in Fiber (3%) and hence excellent for gut health
- ✔ High in Protein (8.5%) which reduces appetite, prevents fat deposition and builds healthy muscle tissue in children and athletes
- ✔ Able to satiate hunger and provides a feeling of fullness due to the nutrient dense properties
- ✔ An instant energy booster
- ✔ Convenient to take on-the-go



### Ingredients:

Water, Milk solids, Soluble Fibers, Sugar (Optional),  
Flavors & Colors (Optional), Stabilizer



*Food Specialities can provide customized formulations and RTD samples on request.*

## Dairy Commodities

The COVID-19 pandemic has severely affected the Global Economy on a macro and micro economic level. Various experts keep offering different viewpoints about the possible end of the crisis and the revival of the economy. While everyone hopes for the earliest recovery, we cannot oversee the effects this pandemic has brought to the world in Q2 of 2020.

Like every other commodity, milk powder prices experienced a sharp decline. Multiple reasons can be cited for the phenomena; a change in the supply-demand ratio where supply suddenly surpassed demand due to the global crisis, supply issues leading to products being unable to reach destinations, delays, liquidity crunch etc.

Milk powder prices saw a steep fall from Feb – April, where they stabilized a little and then started moving upwards as large economies like China reopened again for imports. Since mid-May, dairy commodities prices have been seeing upward movement and the same is expected to continue for the coming months as well as the increased stock inventories dry up and the supply–demand ratio shifts back again.

With this pandemic keeping the situation unpredictable and talks of a possible second wave, it is difficult to say when and if the price tide may change again in near future.

**SMP:** For the year 2019 (Jan – Dec), France contributed to maximum production, leading with approx. 28% followed by Germany with approx. 26% of total production. For the period Jan – April 2020, the EU – 28 saw a 1.5% increase in total production over the same period for 2019. EU 28 produced 542k MT of SMP in first four months of 2020 against 534k MT for the same period in 2019.

For the period Jan-April 2020, France led EU – 28 SMP production with 158k MT (approx. 3.2% higher than 2019 for the same period). Germany followed with production of 143k MT (approx. 4.1% higher than last year for the same period). Poland contributed with 58k MT of SMP which is 5.8% lower than last year for the same period.

While examining April prices, we saw a sharp fall against March, but later the price started inching upwards slowly with June pushing it further up as economies gradually began to reopen. SMP from Germany saw an average price of 2,453 Euro/MT FOB in June, as compared to an average price of 2,640 Euro/MT FOB in March 2020 and 2,148 Euro/MT FOB in April 2020.



SMP from Oceania has also followed the downward trend moving to 2,262 Euro/MT FOB in early June 2020, as compared 2,487 Euro/MT FOB in March 2020.

SMP prices from the USA have also followed the same trend as EU and Oceania. American prices moved from 2200 Euro/MT FOB in March 2020 to 2,000 Euro/MT FOB in June 2020. It recorded a low of 1800 Euro/MT FOB in April 2020.

As per current market sentiments, the price of SMP is expected to continue the upward trend for the next couple of months as global markets slowly reopen for trade and imports.

**WMP:** The production of WMP in Europe showed an increase of app. 8.8% in the first four months of 2020. For the period of Jan – April 2020, EU 28 produced approx. 283k MT of product as against 260k MT for the same period last year.

Germany, which was the largest contributor in 2019 with app. 36% of total EU WMP production saw an increase of 5.9% in the first 4 months (Jan – April) losing at 101k MT. Followed by Netherlands, the second largest producer of WMP from EU with 22% of total WMP produced out of Europe, saw an increase of 16.4% in WMP production and contributed with 65k MT of WMP for the period Jan – April 2020. France saw an increase of 18.3% in its WMP production for Jan – April 2020 period with a total production of 41k MT.

The German WMP prices dropped by approx. 8% in Q2, 2020 moving from approx. 2970 Euro/MT FOB in March 2020 to 2,693 Euro/MT FOB in June this year.

WMP prices from Oceania showed a comparatively lower drop of 2.75% in the last 3 months. WMP prices from Oceania have dropped to 2,540 Euro/MT FOB average by mid-June, as compared to approx. 2,610 Euro/MT FOB in March 2020. The prices did see an increase in between during April, when Oceania WMP traded at 2700 Euro/MT FOB.

Although many dairy manufacturers predict prices to continue increasing in the coming months, there is still a lot of uncertainty looming around these prices for the coming months.

In conclusion, with the travel restrictions in place, the GCC will not see the temporary decrease in the residing population unlike earlier years when a large population used to leave for vacation and home countries during the summer break. This should provide a consistent consumer base for Q3 thereby keeping the momentum high throughout the summer.



Please contact FSL if you are interested  
in any of the products showcased above:

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