

NEWSLETTER



INGREDIENTS
Your Long Term Partner

BAKERY, CONFECTIONERY & SPECIALITY INGREDIENTS

Q3 2020

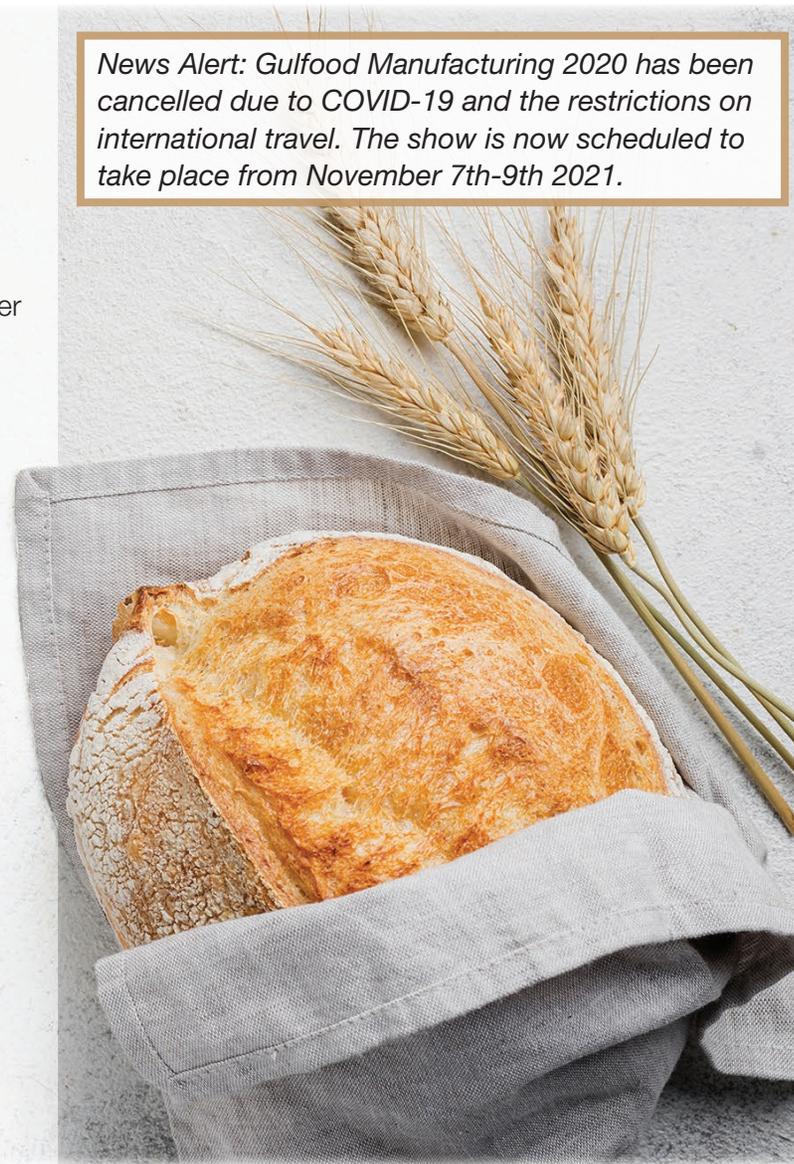
Dear Readers,

In this Q3 edition of our Bakery, Confectionery & Speciality Ingredients Newsletter we will be exploring various ingredient solutions which retain the freshness of baked goods while also extending their shelf-life. We will also be re-visiting an olden golden ingredient from one of FSL's long-term partners and towards the end of this newsletter we will be sharing the ICCO Cocoa Report for August 2020.

As the Coronavirus pandemic continues, the health trend continues to accelerate. Consumers are paying more attention of what goes into their body and are willing to pay 20% more for products which are considered to be healthier or immune boosting. In response to these rapid market disruptions, FSL's Innovation team is developing a range of delicious and healthy spread solutions which are free of trans-fats, animal products and added sugars while being rich in proteins, fibers, vitamins and healthy fats.

Please contact us to discuss any of the solutions presented here or to learn more about the other innovative solutions we are currently developing.

News Alert: Gulfood Manufacturing 2020 has been cancelled due to COVID-19 and the restrictions on international travel. The show is now scheduled to take place from November 7th-9th 2021.



HEALTHY FAT SOLUTIONS FOR CREAMY SPREADS



FSL is developing a range of trans-fat free and sugar-free healthy spread solutions in our innovation lab. A key ingredient we are working with is **AAK's Akospread™** range produced without any Palm Oils or Hydrogenated Fats. This versatile ingredient range allows manufacturers to create healthier trans-fat free versions of convenient and indulgent foods, such as chocolate or hazelnut spreads, which consumers love.

Choosing the right fat is always a key consideration when producing high-quality spreads as the choice of fat significantly influences the taste, consistency, structure, shelf-life and overall stability of the final product. FSL can help manufacturers create an excellent tasting, shelf stable and healthy range of sweet and savory spreads with the **Akospread™** vegetable fat range. When combined with **Akofine STX** as an oil binder, manufacturers can achieve the following benefits:

- ✔ **Clean Label Solution – Contains Non-Hydrogenated Fats which are low in saturated fatty acids and good for cardiovascular health.**
- ✔ **Sustainable Solution – No Palm Oils**
- ✔ **Excellent stability against oil separation**
- ✔ **A soft and creamy texture directly from the fridge**
- ✔ **Excellent stability in warm climates**

Trans-fats are likely to face a ban in the GCC region in the next few years due to their documented negative impact on human health. (<https://www.thenational.ae/uae/health/uae-considers-introducing-early-trans-fat-ban-1.1038147>) In a post-COVID world where health is a key decision driver and unhealthy ingredients such as sugars and trans-fats facing tax implications, these healthy solutions will serve as the foundation for a thriving future and the evolution of delicious and healthy spreads in our region.

| POWERFRESH® BAKING ENZYMES

Anti-Staling Enzymes to create softer, resilient and longer lasting baked goods.

Our love affair with bakery products is often short-lived, lasting only as long as they stay fresh. Stale breads are soon divorced and for centuries bakers have tried to extend this romance with various methods to preserve the beautiful fresh feel and flavor of their baked foods.

The Problem: What happens to baked foods during storage?

1. Staling
2. Bread crumb firming (retrogradation)
3. Crumbly properties develop
4. Apparent loss of crumb moisture
5. Development of a leathery crust
6. Change of mouthfeel
7. Loss of flavor

The Solution: POWERFresh® with G+ Enzymes from DuPont

Our unique G+ and G4 anti-staling enzymes developed by DuPont could be the best anti-staling solution to extend shelf life and maintain product freshness.

By modifying the amylopectin in flour starch during baking, **POWERFresh®** enzymes help create soft, resilient and delicious breads. The G+ enzyme technology is extraordinarily efficient at modifying starch during baking. This amylase lowers the rate of amylopectin retrogradation, slowing down the bread staling process. The result is substantial crumb softening and moistness, combined with improved resilience and elasticity.

Since proteins and arabinoxylans also contribute to the firming of breadcrumb, **POWERFresh®** products feature additional enzyme activities that optimize results for individual applications.

Whether you're in the bread improvement business or baking on an industrial scale, the **POWERFresh®** series offers a broad range of product solutions.



EXCELLENT FOLDABILITY & FLEXIBILITY OF THE CRUMB STRUCTURE



Foldability 8 days after production

Key Ingredient Benefits

- ✓ Clean Label: **POWERFresh®** is a clean-label ingredient that can be used to replace other fresh-keeping solutions
- ✓ Long-lasting softness and freshness
- ✓ Resists crushing when stacked
- ✓ Consistent shape

Sustainability

Approximately 30% of our food is wasted annually, generating close to 1.3 billion tons of food waste—a loss of almost US\$1 trillion globally. **FSL's food preservation solutions and DuPont's baking enzymes reduce food waste by retaining freshness for longer.** They also help ensure a reliable and robust baking process, which means that less product is discarded for being out of specification. All this conserves resources and reduces environmental emissions from decomposing food waste.

Our baking enzymes are in alignment with the objectives of the United Nations Sustainable Development Goals.

A BETTER KIND OF FRESHNESS

PRODUCT	APPLICATION
POWERFresh® Bread with G+	Keeps your bread fresher for days longer than any other choice on the shelf.
POWERFresh® Special with G+	Tailored for bakery products high in fat and sugar (such as brioche and panettone). Creates incredible mouthfeel with extremely high elasticity and crumb moistness.
POWERFresh® Bun with G4	Designed to provide buns a high level of freshness and incredible crumb strength. POWERFresh® Bun makes it possible to maintain great bun shape, even when a bun is fully loaded. In hotdog buns, you'll appreciate the superior hinge effect too.



NATURAL EXTRACTS & FLAVORANTS FOR SHELF-LIFE IMPROVEMENT



Plant Extracts such as Rosemary Antioxidants (also referred to as Rosemary Oil Extracts) are pure antioxidant additives used to enhance product shelf-life by preventing oxidation which causes products to become rancid. Used in conjunction with an emulsifier, this botanical extract also delays the oxidation of water soluble compounds and acts as a preservative to inhibit the growth of microorganisms. To broaden our range of clean label solutions which extend product shelf-life and retain freshness, FSL offers the **GUARDIAN®** Natural Extracts & Flavorants range from DuPont which prevent oxidation, rancid off-flavor development, reduce color change and enhance the fresh flavor and shelf-life of various bakery and confectionery applications.



Clean Label

GUARDIAN® Natural Extracts & Flavorants are based on plant extracts which consumers recognize and accept – offering a friendly alternative to synthetic antioxidants.



Plant-Based

GUARDIAN® can answer oxidation challenges.

Key Ingredient Benefits

- ✓ Shelf life improvement of finished product by retarding lipid oxidation.
- ✓ Contributes to a positive flavor profile.
- ✓ Avoids nutritional loss.
- ✓ Helps to prevent generating off notes through oxidative rancidity of oils and fats.
- ✓ Can be used as natural antimicrobial agent.
- ✓ Consistent quality of finished product.
- ✓ Natural range of antioxidant-both oil and water-soluble range available.
- ✓ Easy and safe to use, Natural and E no. free antioxidant solution.

FSL CAN OFFER THE FOLLOWING NATURAL ANTIOXIDANT RANGE:

➤ ROSEMARY EXTRACT

PRODUCT	SOLUBILITY; PHYSICAL FORM	TYPICAL APPLICATIONS
GUARDIAN® Rosemary Extract 08	Oil soluble; Liquid	Baked products, bars, frying oils, margarines & spreads, shortenings, vegetable oils
GUARDIAN® Rosemary Extract 201	Oil soluble; Liquid	Baked products, bars, smoothies, shortenings, coffee creamers, mayonnaises, frying oils, vegetable oils
GUARDIAN® Rosemary Extract 207	Oil soluble; Liquid	Margarines & spreads, shortenings, frying oils, vegetable oils
GUARDIAN® Rosemary Extract 11	Oil soluble; Liquid	Baked products, cereal products
GUARDIAN® Rosemary Extract 222	Water soluble; Liquid	Baked products, cereal products



FSL CAN OFFER THE FOLLOWING NATURAL ANTIOXIDANT RANGE:

> GREEN TEA EXTRACT

PRODUCT	SOLUBILITY; PHYSICAL FORM	TYPICAL APPLICATIONS
GUARDIAN® Green Tea Extract 20M	Water soluble; Powder	Margarines & spreads
GUARDIAN® Green Tea Extract 20S	Water soluble; Powder	Margarines & spreads

> TOCOPHEROL

PRODUCT	SOLUBILITY; PHYSICAL FORM	TYPICAL APPLICATIONS
GUARDIAN® Toco 50	Oil soluble; Liquid	Baked products, margarines & spreads, cooking oils, fish oils
GUARDIAN® Toco 70	Oil soluble; Liquid	Baked products, bars, frying oils, vegetable oils, margarines & spreads, shortenings
GUARDIAN® Toco 30P	Water dispersible; Powder	Bars, cereals & grains

> EXTRACT BLENDS

PRODUCT	SOLUBILITY; PHYSICAL FORM	TYPICAL APPLICATIONS
GUARDIAN® 74 Blend of Rosemary & Green Tea Extracts	Oil soluble; Liquid	Baked products, coffee creamers, frying oils, vegetable oils, margarines & spreads, shortenings

For more queries, kindly contact us and our technical team will guide you to select right products for your application.



DDW: THE BEST IN BROWNS

Founded in New York in 1865, DDW honed their expertise in the development of brown and caramel colors and soon became renowned as the experts for all things caramel in the food and beverage industry. Their business soon expanded to Ireland, the UK, China and Brazil and in 2005, DDW expanded into the world of natural colors. In the past 15 years they have added natural color facilities in the US, Ireland, UK and Chile and have now emerged as one of the leading suppliers of natural and caramel colors around the world.

FSL & DDW have been working together for almost a decade to supply the Middle East with the world's finest caramel, burnt sugar and nature brown colors. We recommend Class III and IV Caramel Colors for your application as these carry a minimal flavor impact and are light to dark brown in hue.

BENEFITS OF USING CARAMEL COLOR & NATURE BROWN:

- ✓ Caramel is a confectionery delight which is made by heating a variety of sugars with or without acids or alkalis and offered in form of liquid, solid, granular and powdered form. Caramel Color is one of the most versatile and widely used in foods and beverages.
- ✓ Caramel Color has great microbiological stability due to its high processing temperatures. The microbiological stability in Caramel will not support microbial growth in its undiluted form. Caramel Colors are considered to be the most economical alternative compared to other natural or artificial food colors.
- ✓ One of the most important features of Caramel is that it is easy to handle and storage due to its essential chemical properties.
- ✓ Regarding nature brown, it is from various fruit and vegetable source and natural (E no free products, clean label brown color).



Class III Caramel Colors (E150C)

Class III Caramel Colors range in hue from light brown to dark yellow brown. They do not contain sulfates and have a positive colloidal charge. They are salt stable making them a popular choice for sauce and savory applications.

Class IV Caramel Colors (E150D)

Class IV Caramel Colors are the darkest caramels available. The color ranges from a light brown to deep black-brown. They have a strong negative charge over a wide pH range, making them the most versatile caramel colors. They are widely used in the soft drink industry due to their low dosage requirements and excellent acid stability. Single-strength, double-strength and low 4-Mel options are available.

THE BEST IN BROWNS



0.1% BS
DDW 690



0.1% E150a
DDW 626



0.1% DDW 674



0.1% E150c
DDW 642

DDW Burnt Sugars

Burnt Sugars are primarily used to enhance flavor and to add sweetness to confectionery, desserts and baked goods applications. They offer the optimal balance of stability, flavor and color. Depending on the type and usage, flavor profiles can range from vanilla and butterscotch to nutty, coffee, bitter and chocolate.

Naturbrown®

Naturbrown® ingredients are produced by cooking fruit or vegetable juice concentrates, such as apple, pear, onion and other savory vegetables. They range in hues from light golden to dark red brown, providing the widest range of simple label browns from the widest range of sources. There are options available for sweet or savory applications and certified organic colors are also available.



Naturbrown® fruits and vegetables

🔥 Heat
☀️ Light
pH



3.0-7.0

- Forms** Liquid & Powder
- Use Rate** 0.05-1%
- Label** Vegetable or fruit juice for colour
- Regulatory** Non-GM, Kosher, Halal (except apple), Vegan
- Benefits** Cost effective, low odour/flavour
- Ingredients** Apple, Onion, Savoury Vegetables (carrot/onion), etc...



ICCO COCOA MARKET REVIEW AUGUST 2020

Courtesy of www.icco.org

This review of the cocoa market situation provides a brief on the September 2020 (SEP-20) and December 2020 (DEC-20) futures contracts prices listed on ICE Futures Europe (London) and ICE Futures U.S. (New York) during the month of August 2020. It aims to highlight key insights on expected market developments and the effect of the exchange rate on the US-denominated prices of the said contracts.

Figure 1 shows the development of the futures contracts prices on the London market while

Figure 2 depicts the evolution of prices for the same futures contracts on the New York market at the London closing time. Hence, by monitoring the development of the US dollar index in August, one can extricate the impact of the US dollar exchange rate on the development of the futures prices denominated in US dollar during the period under review.

Finally, **Figure 3** presents monthly averages of cocoa butter and powder prices in Europe and the United States since the start of the 2019/20 crop year.

Figure 1: Prices of the Sep-2020 and Dec-2020 futures contracts on the London (ICE Futures Europe) market in US\$ per tonne

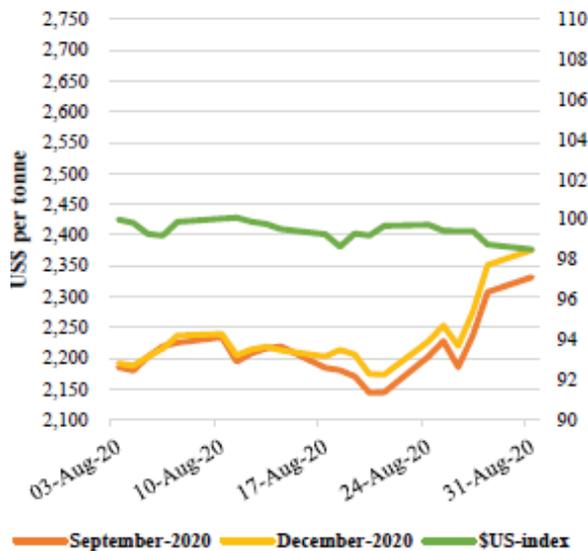
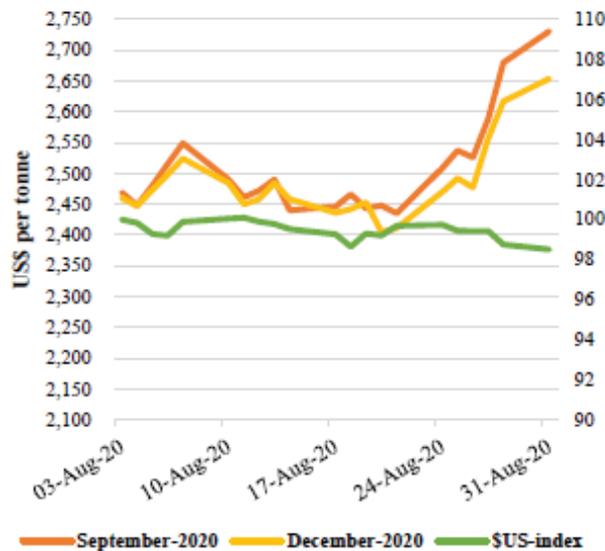


Figure 2: Prices of the Sep-2020 and Dec-2020 futures contracts on the New York (ICE Futures U.S.) market in US\$ per tonne



PRICE MOVEMENTS



The London market was in contango during July and remained in this price configuration in August but in a lesser form. As shown in

Figure 1 the front month cocoa futures contract (SEP 20) priced with an average discount of US\$ 19 per tonne over the DEC 20 futures contract. Similar to July, the New York market remained in backwardation but in a more narrowed form (**Figure 2**).

Compared to the DEC 20 futures contract, the SEP 20 contract traded with an average premium of US\$ 23 per tonne. Furthermore, compared to the start of the month, prices on both markets rallied by the end of the month. Prices soared by 7% from US\$ 2,185 to US\$ 2,331 per tonne in London and by 11% from US\$ 2,469 to US\$ 2,731 per tonne in New York.

For the first three weeks of August the SEP 20 futures contract prices remained in a range on both markets. While adverse meteorological conditions observed in the cocoa regions in West Africa resulted in a bullish stance the coronavirus (COVID-19) pandemic which is stifling demand led to bearish prices. During this period, the London front month contract prices moved between US\$ 2,143 and US\$ 2,234 per tonne and in New York prices oscillated between US\$ 2,435 and US\$ 2,549 per tonne. Moving on to the last trading week

of the month under review cocoa prices rallied as recurrent below average rainfalls which could curb production levels for the upcoming main crop were recorded in the main cocoa areas of West Africa.

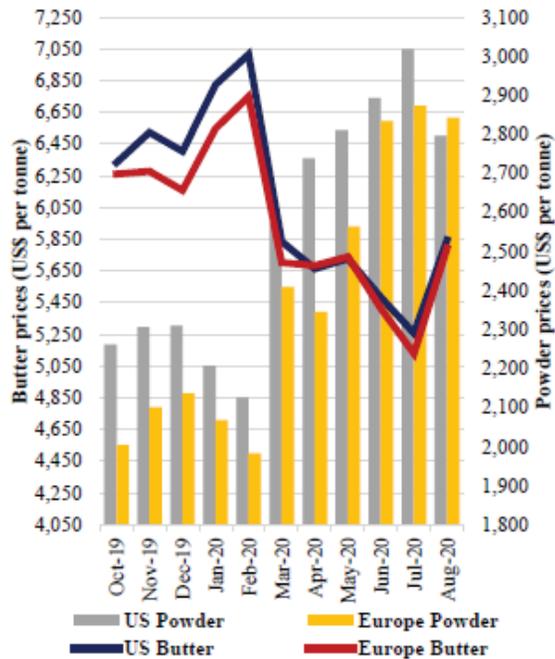
As a result, the SEP 20 futures contract prices stretched to an almost ten week high at US\$ 2,331 per tonne in London whilst in New York prices climbed to a six month high at US\$ 2,731 per tonne.

In addition, a reduction in the sizes of certified stocks also contributed to price rallies. In Europe certified stocks declined by 15% year on year from 130,014 tonnes to 111,025 tonnes in August. Similarly, in the United States certified stocks contracted tremendously down by 69% from 32,100 tonnes to 9,859 tonnes.

Movements of cocoa futures and cocoa butter prices are positively correlated whereas the inverse occurs with cocoa powder prices.

Figure 3 shows that compared with the average prices recorded at the start of the 2019/20 cocoa year, prices for cocoa butter were down during August in both Europe and the United States. Indeed, prices for cocoa butter shrank by 8% from US\$ 6,331 to US\$ 5,844 per tonne in the United States, while in Europe they plunged by 7% moving from

**Figure 3: Monthly averages of cocoa butter and powder prices in Europe and the United States
October 2019 – August 2020**



Source: Commodity Risk Analysis (CRA)

US\$ 6,260 to US\$ 5,792 per tonne.

Conversely, compared to the levels reached in October 2019, cocoa powder prices rocketed on both markets up by 24% from US\$ 2,261 to US\$ 2,796 per tonne in the United States. During the same time frame in Europe, powder prices soared by 42% from US\$ 2,003 to US\$ 2,842 per tonne.

Furthermore, compared to their average values recorded at the start of the 2019/20 cocoa year, the front month cocoa futures contract prices contracted by 9% from US\$ 2,423 to US\$ 2,209 in London at the end of August 2020. Conversely in New York, prices of the first position cocoa contract improved by 2% from US\$ 2,467 to US\$ 2,506 per tonne over the same period.

COCOA SUPPLY & DEMAND SITUATION

At the end of August cocoa arrivals in Côte d'Ivoire and Ghana remained lower compared to the levels attained one year ago. Indeed, as at 30 August 2020 cumulative cocoa arrivals at Ivorian ports, since the 2019/20 season started, were established at 2.043 million tonnes, down by 6.5% from 2.185 million tonnes reached during the same period in the previous season.

The recent forecasts for the 2019/20 cocoa season published by the ICCO Secretariat in its latest issue of the Quarterly Bulletin of Cocoa Statistics (QBCS) reveal anticipations of a reduction in grindings compared to the previous cocoa season. Grindings are expected to be reduced to 4.635 million tonnes, down by 150,000 tonnes. This lower forecast reflects that the coronavirus pandemic is undermining demand in the usual mature markets (Europe and

North America) as well as Asia. It is projected that processing activities will tumble by 2.5% to 1.117 million tonnes in Asia and Oceania whereas a 1% drop to 1.007 million tonnes is anticipated in Africa. Similarly in the Americas, processing activities are forecast to contract by 3.2% to 874,000 tonnes while a 4.7% decline to 1.637 million tonnes is envisaged in grindings activities for Europe.*

*Reference: www.icco.org

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

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