

NEWSLETTER



INGREDIENTS
Your Long Term Partner

DAIRY INGREDIENTS

Q4 2020

Dear Readers,

Welcome to the Q4 edition of the FSL Dairy Ingredients Newsletter.

The year 2020 has been one to go down in history with some of the largest disruptions we have ever seen in our personal and professional lives. With 2020 almost behind us now and with two COVID-19 vaccines in sight we are hoping to see a more stable 2021 starting by Q2 of next year.

In this edition of our Dairy Newsletter we will be introducing a new and highly versatile ingredient for ice cream applications which can offer significant cost savings and functional benefits.

We will also be sharing our formulations for Ramadan with a “breaking of fast” drink concept which is not just for breakfast but also the perfect way to deliver nutrients to the body after the long fasting periods during the Holy Month.

As always, towards the end of this newsletter we will be sharing our market intelligence reports on the dairy commodities sector.

We wish you all a happy and prosperous New Year 2021
- Stay healthy and stay safe!



Tara Gum in Ice Cream Application

What is Tara Gum:

- Tara gum is a galactomannan like LBG and guar gum. It is derived from the seeds of the tara plant which grows in Peru.
- In structural terms it is similar to guar and locust bean gum.
- Tara gum is a unique gum which bridges the gap between the cold-soluble, highly galactose-substituted guar and cold-insoluble and lower galactose-substituted locust bean gum (LBG).
- Tara gum is partially cold-soluble and only attains maximum viscosity in water, milk and other low solids systems after heating (to 80°C).
- Tara gum acts synergistically with other hydrocolloids like kappa carrageenan and xanthan gum.
- Tara gum in solution forms gels when frozen (freeze-induced gelation), although not to the same extent as LBG.
- Tara gum is 100 % naturally produced using purely physical methods – a 100 % natural product like LBG.
- Approved for use in ice cream like LBG and guar gum.
- LBG and taragum shows nearly the same molecular weight.
- LBG comes from kernels grown on trees while tara gum comes from kernels grown on bushes.
- LBG is from the Mediterranean area while tara gum is from South America.
- E Number is E417.



Production of Tara Gum:

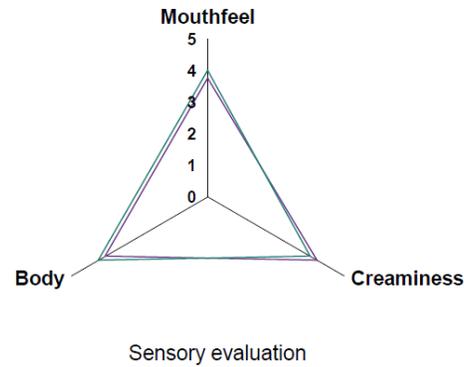
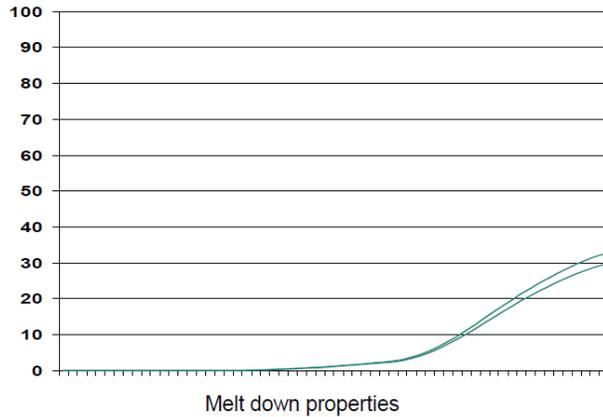
Like the manufacturing of guar and locust bean gum, tara gum is produced by mechanical crushing the seed of the *Caesalpinia Spinosum* pod and physically separating the gum from the endosperm portion. The endosperm portion is then milled into flour. Unlike the production of guar and locust bean gum, tara gum is a by-product from the production of tannin (for tanning purposes) from the whole tara pods.

Benefits of using Taragum in Ice Cream:

- ✓ Replacement of LBG / guar blends in ice cream due to high LBG prices.
- ✓ Technical investigations have proved that it is possible to replace the LBG / guar content.
- ✓ Replacement of a 50:50 LBG / guar gum blend with 100% tara gum in ice cream showed:
 - No significant difference with regard to the sensory properties of the ice cream (creaminess, body, iciness, warm-eating properties)
 - No difference with regard to the melting resistance
 - No difference with regard to the heat shock protection (ice crystal growth, shrinkage)
 - No difference with regard to processability (form stability, dryness on extrusion)



Comparison of CREMODAN® 709 CREAMLINE & Tara Gum Based Version

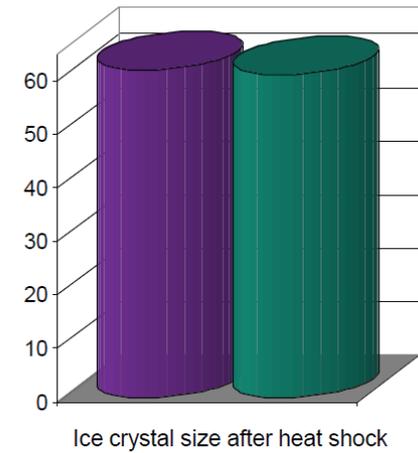
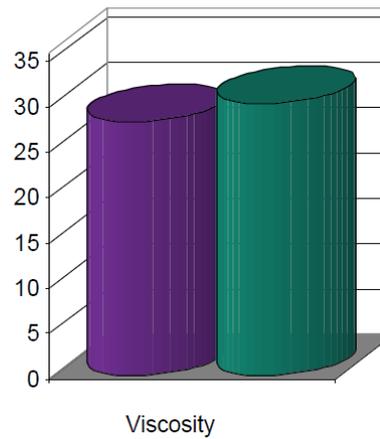


■ CREMODAN® SE 709 VEG
■ Tara gum based version

Conclusion:

Trials have shown that a combination of LBG and guar can be replaced with tara gum without changing the:

- ✓ Processability
- ✓ Sensory properties
- ✓ Melt down properties
- ✓ Heat shock protection



■ CREMODAN® SE 709 VEG
■ Tara gum based version

Breaking Fast Concept for Ramadan

During long hours of fasting during the Holy Month of Ramadan, the body is in a dehydrated state, low on energy and eager for good micronutrients. Rehydration and replenishing lost nutrients are most important for Muslims during the Holy Month. A refreshing and nourishing thirst quencher is always in high demand during Iftar.

Beverage formulations including electrolytes, vitamins, and minerals as well as natural ingredients like ginseng and aloe help consumers to recover and rehydrate their body quickly and efficiently.

Functional Ingredients:

- ✓ B-Vitamins to provide instant energy
- ✓ Vitamin A, C and E as antioxidant
- ✓ Potassium, magnesium, sodium to support hydration
- ✓ Zinc and selenium to support the immune system

For more information please contact us and our team will be happy to develop the right solution for your brand.



Dairy Commodities Market Intelligence

The Dairy commodities market has been as full of surprises as this year has and has kept buyers on their toes. While prices saw a very sharp decline in a short span towards the end of Q1 as a global pandemic swept the planet, creating uncertainty and fear. But then we saw prices surge in Q2 and Q3 due to no intervention stocks in Europe, the strengthening of Euro against USD, increased demands of certain products from Europe due to non-availability from Oceania and an increase in demand from large economies like China as they opened again for imports by early Q3.

SMP: For the period Jan-Sep 2020, EU-28 saw an increase of approx. 35,450 MT over LY for the same period for 2019. EU-28 produced over 1200k MT of SMP in the first nine months of 2020 with each month's production higher than the respective month of last year. May 2020 still holds the record for highest production recorded in 2020 with 155k MT.

For the period Jan-Sep 2020, France maintained its leading position with 320k MT followed by Germany with 314k MT and Poland a distant third with 133k MT. The three countries contribute to approx. 64% of the total SMP produced in EU-28 for the period of Jan-Sep (total production being 1201k MT).

The average price of SMP from Germany as of mid Nov stands at 2,180 Euro/MT FOB as against 2,030 Euro/MT FOB from US and 2,350 Euro/MT FOB from Oceania.

SMP from Germany saw a price increase in the months of Sep and Oct, but dropped back down again in Nov to an average of 2,180 Euro/MT FOB by Mid November, 2020 as against an average price of 2,195 Euro/MT FOB in September; 2,453 Euro/MT FOB in June and an average price of 2,640 Euro/MT FOB in March 2020.

SMP from Oceania recorded an average price of 2,351 Euro/MT FOB in November; as against 2,407 Euro/MT FOB in September; 2,262 Euro/MT FOB in June 2020 and an average of 2,487 Euro/ MT FOB in March 2020.

SMP prices from the USA had an average of 2030 Euro/MT FOB in November against an average of 1,920 Euro/MT FOB in September; 1,975 Euro/MT FOB in June and 2,200 Euro/MT FOB in March 2020. It recorded a low of 1,800 Euro/MT FOB in April 2020.

Non availability of SMP HHHS from Fonterra has led to a shift to European suppliers at a premium which has also been a reason for higher average prices for SMP from Europe, who can produce SMP HHHS.

WMP: The production of WMP in Europe showed an increase over last year in the first nine months of 2020. For the period of Jan-Sep 2020, EU-28 produced approx. 624k MT of WMP as against 603k MT for the same period LY.

The YTD November price for WMP for the year 2020 average to 2,820 Euro/MT FOB from Germany, 2,600 Euro/MT FOB from Oceania and 3,328 Euro/MT FOB from USA.

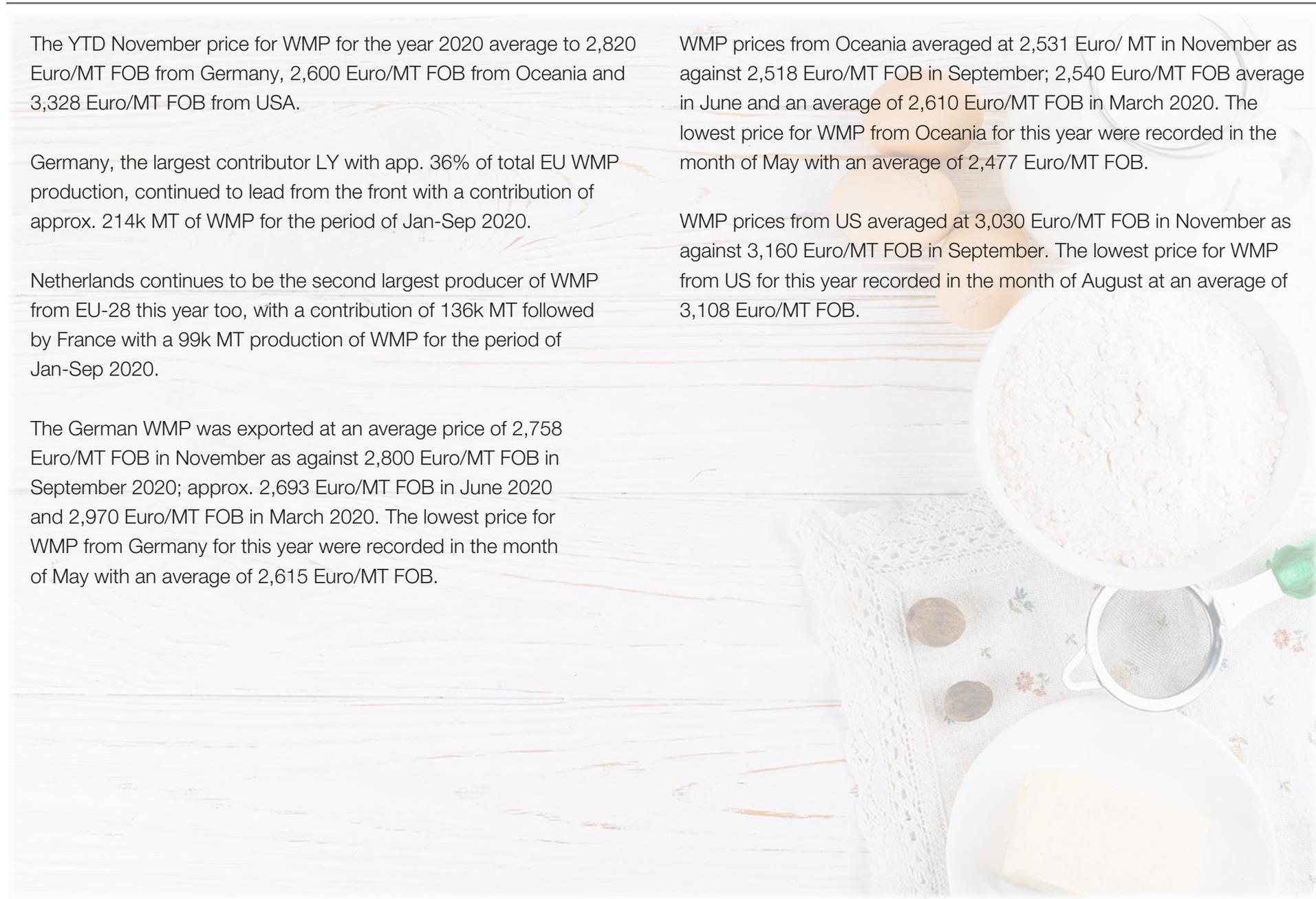
Germany, the largest contributor LY with app. 36% of total EU WMP production, continued to lead from the front with a contribution of approx. 214k MT of WMP for the period of Jan-Sep 2020.

Netherlands continues to be the second largest producer of WMP from EU-28 this year too, with a contribution of 136k MT followed by France with a 99k MT production of WMP for the period of Jan-Sep 2020.

The German WMP was exported at an average price of 2,758 Euro/MT FOB in November as against 2,800 Euro/MT FOB in September 2020; approx. 2,693 Euro/MT FOB in June 2020 and 2,970 Euro/MT FOB in March 2020. The lowest price for WMP from Germany for this year were recorded in the month of May with an average of 2,615 Euro/MT FOB.

WMP prices from Oceania averaged at 2,531 Euro/ MT in November as against 2,518 Euro/MT FOB in September; 2,540 Euro/MT FOB average in June and an average of 2,610 Euro/MT FOB in March 2020. The lowest price for WMP from Oceania for this year were recorded in the month of May with an average of 2,477 Euro/MT FOB.

WMP prices from US averaged at 3,030 Euro/MT FOB in November as against 3,160 Euro/MT FOB in September. The lowest price for WMP from US for this year recorded in the month of August at an average of 3,108 Euro/MT FOB.



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

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