

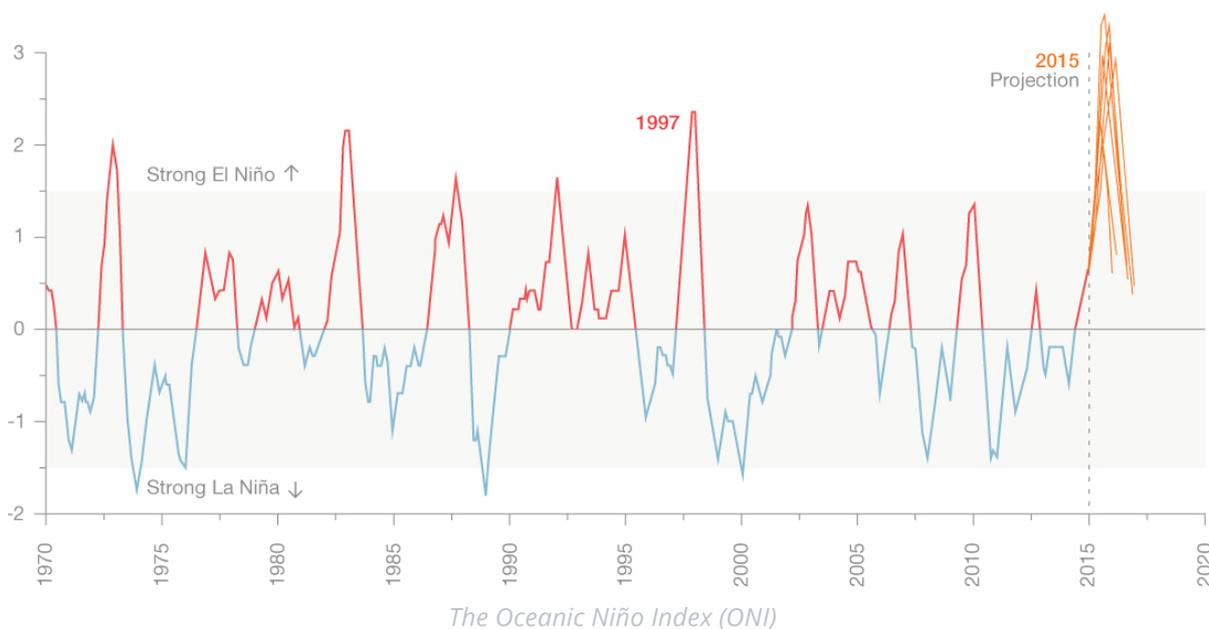
## INDONESIA – EL NIÑO & CURRENCY UPDATES

October 22<sup>nd</sup> 2015

### El Niño

You may have heard about this on the news and forgot to think about the possible **EFFECTS ON OUR MARKETS** but there is almost no doubt that during this particular event we will see some **DISRUPTIONS TO OUR SUPPLIES**.

When and where El Niño strikes is hard to predict. Generally, it brings changes to rainfall and temperatures averages around the world but other recent El Niño events can show us some patterns.



Said to be **THE LARGEST EVENT SINCE 1996** the UK are predicting heavy snow this winter; already it is said to be the hottest year globally on record; Australia and Indonesia have droughts; South America too much rainfall; Southern Europe experienced extremely high temperatures this summer and America are expecting severe tropical storms in Florida over winter. These to name just a few conditions weather authorities around the world are altering us to as a side effect of this El Niño.

This year's El Niño is expected to last until April 2016 so we have another possible 6 months of possible disruptions ahead.

For example, on Patchouli the effects of this years El Niño event are becoming clear to see as the prolonged dry period we feared takes its toll.

Patchouli biomass and yields are down over 40% bringing an abrupt end a to a good period of stability. Local prices have suddenly increased and coupled with the appreciating Indonesian Rupiah, export prices have jumped.

This scenario is unlikely to improve quickly with weather forecasters believing the dry period will continue into the New Year. With that in mind we wouldn't expect to see any significant improvements in supplies until Q2 2016.

## Currency

After months of the Indonesia Rupiah depreciating against the US Dollar we have seen a sudden stop and an **ACCELERATED APPRECIATION** in the past 2 weeks. Since the beginning of the month the Rupiah **HAS RECOVERED AROUND 10%** but this figure is changing daily, making it difficult to fix long term export pricing.

Over the past few months the currency depreciation has masked events on the ground. When some local prices had been increasing the actual export prices either remained the same or even decreased, such was the impact of the **RUPIAH'S DEMISE**. Now we are seeing the impact of both the local prices increasing and the movement in exchange rates working together to cause export prices to suddenly jump.

25 Jun 2015 00:00 UTC - 21 Oct 2015 13:42 UTC

**USD/IDR close:13778.23941 low:13076.85000 high:14814.77790**



Graphics courtesy of XE.com

We will have more details on all our Indonesian products in our next Market Report in November. For immediate enquiries please [contact us](#) directly so we may guide you through this period of instability.