



# market update

## dehydrated vegetables & herbs

March 2022 | dehydrates@nedspice.com



### Onions

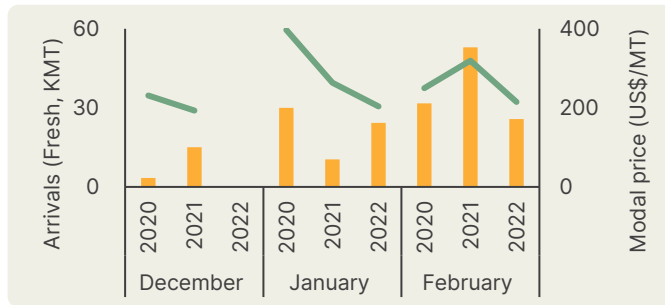
#### KEY TAKEAWAYS

- > Even though the harvest is ongoing in India, prices have stayed firm in recent months due to slow market arrivals of fresh onion (the Dec-Feb crop saw a 20-30% yield loss). Nevertheless, **stocks at origin are expected to be sufficient** to fulfil the demand over the coming period.
- > The Egyptian winter onion crop harvest completed. Supply is tight due to the good import demand from destinations. **Prices are firm for the time being** as an offset of increasing labor and freight costs.

#### PRICE OUTLOOK

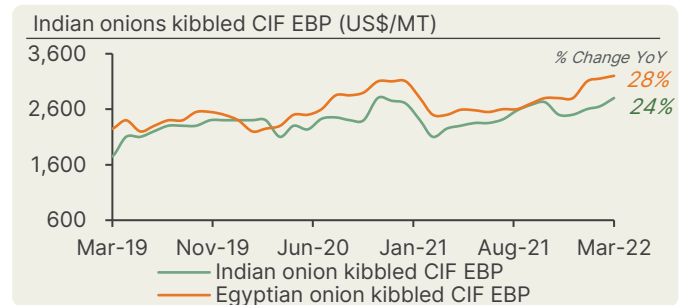
- short term
- medium term
- ↓ long term

#### SUPPLY DYNAMICS



- > The Indian onion harvest will finish shortly. Acreage expanding could drive expectations of a 10-15% crop increase even with damages owing to pest and disease infestation in Gujarat. Extreme weather and pest and disease attacks are expected to impact quality and shelf-time of materials.
- > In Egypt, the harvest of the winter crop is completed, and farmers will start summer harvesting in May/June-22. Supply is tight so far on the good demand momentum from destinations.
- > The overall production in the US is expected to decline compared to last year, as precipitation levels dropped well below average since the start of 2022. Manufacturing and transport costs could go up by up to 20%, possibly more as the full impact of the war in Ukraine is not clear yet.

#### PRICE TRENDS

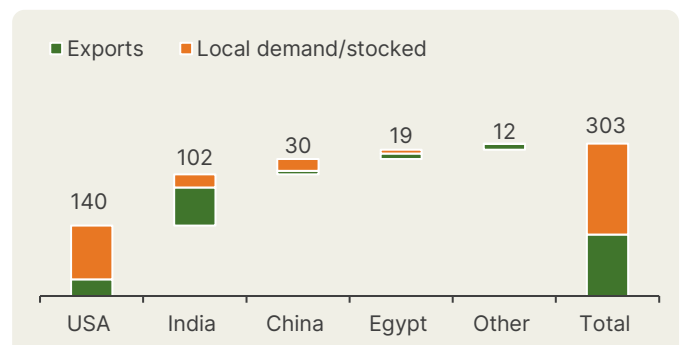


- > Indian onion prices are firming up as processors remain in short position in anticipation of softening raw material prices. The peak arrival of raw material in Q2-2022 is expected to drive a downward trend during that time.
- > Egyptian onion prices are firm even though supply is ample. Labour costs increased, and overall inflation prevented a price drop. However, prices are expected to soften as the harvest of May-22 approaches.
- > Exports from the US are affected by logistical difficulties, although the worst of the port congestion issues seem to be behind us. A disappointing crop size last year and high inflation are reflected in the prices, which are expected to increase some 15%, depending on quality characteristics.

#### KEY QUALITY PRICE LEVELS

Quality	US\$/MT	Change %
Onion Kibbled India	2,800	5.7%
Onion Kibbled Egypt	3,200	1.6%
Onion Minced India	2,900	3.6%
Onion Minced Egypt	3,400	1.5%
Onion Powder India	2,550	2.0%
Onion Powder Egypt	2,650	1.9%

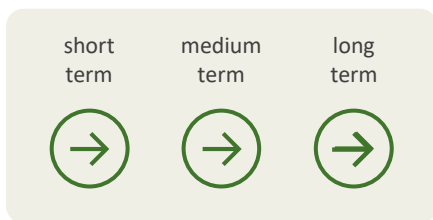
#### PRODUCTION AND EXPORT BY ORIGIN (KMT)



**Garlic**



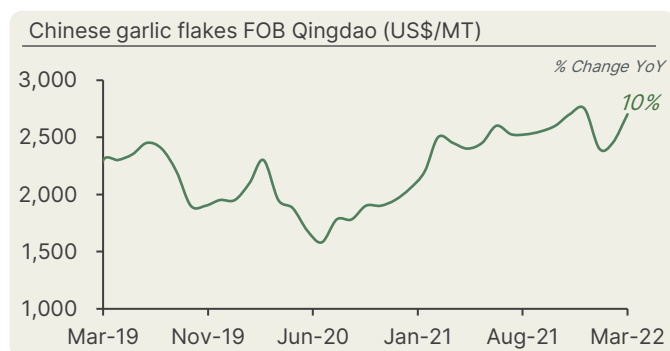
**PRICE OUTLOOK**



**KEY TAKEAWAYS**

- > Earlier reports mentioned that the 2022 Chinese garlic crop would be 20% down vs last year on account of a reduced planted acreage and adverse weather conditions during the initial stages of the growing season. However, it seems that the total growing area has remained stable. In addition, weather conditions during the middle stages of the growing season have been favourable so far.
- > Crop development in the remaining 2 to 3 months will be crucial for the final outcome of the Chinese garlic production in 2022. Overseas demand for Chinese garlic during 2021 is said to have been some 20% less versus 2020 as the world consumption of garlic was negatively affected by the Covid pandemic. Some European importers even switched to Spanish garlic in order to reduce the freight cost.
- > Since October 2021 we have seen a weakening trend in the market for Chinese garlic. Prices for garlic powder grade A decreased from a level of US\$ 3,200/MT to US\$ 3,000/MT CIF Rotterdam at the end of December and prices further eased during Q1-22 to current levels of around US\$ 2,800/MT CIF Rotterdam.
- > Ocean freight rates from China to Europe are still high compared to pre-Covid levels. Based on the current market fundamentals we believe that the market for Chinese garlic will remain steady to weak during Q2 and Q3 of 2022. To what extent the war in Ukraine will affect the demand for garlic and the freight and manufacturing costs is still uncertain at this time.

**PRICE TRENDS**



Source: Nedspice research, price data as per 10-Mar-22

**Various**



**KEY TAKEAWAYS**

- > The decreasing price trend of Chinese **red bell pepper flakes 9x9 mm** that we have seen during the past 3 months came to an end around Jan-22. Prices are currently steady at levels of US\$ 5,100/MT CIF Rotterdam. The main reason is the favourable crop outcome in China this year. It is reported that prices for **red and green bell pepper** from China will most likely be steady to firm during Q2 and Q3 of 2022 as the factory production costs are rising in China to such levels that profits of the dehydration factories are under pressure.
- > The availability of **EU compliant leek** from China will be very limited this year as the majority of the processing factories are not yet in a position to give guarantees on pesticides residues. Therefore, the market will become more dependent on leek supplied by the Eastern European countries like Poland and from Egypt.
- > Stocks of Turkish herbs like **oregano, sage, rosemary, thyme and other herbs** are currently very limited due to last year's drought. Overall the 2021 crop was significantly reduced and consequently prices went up by approx. 30% at the end of Dec-21. Although the expectations for this year's crop in Turkey look very promising due to the larger area under cultivation and beneficial weather conditions, the availability will remain restricted until the new crops will start in Aug-22. The amount of rainfall in May/Jun-22 will be crucial for the quality of the crop as far as PA levels are concerned.
- > **Parsley** is still sold out as last year's crop in the entire Eastern Europe production region was seriously reduced due to unusual cold and wet weather during spring and summer. The new crop is expected to start end of Jun-22.

**PRICE TRENDS**

