



Onions



Key takeaways



Price outlook



- Prices for Indian dehydrated onions remained low since the end of June update
- Carry-over stocks from the 2016 crops and 2017 crop are still abundantly available in India
- Local prices for fresh Indian onions firmed ~30% vs June due to slow arrivals in Mahuva/Gujarat
- Prices for Egyptian onions standard grade are unchanged to slightly firmer

Short term:

Medium term:

Long term:

Supply dynamics



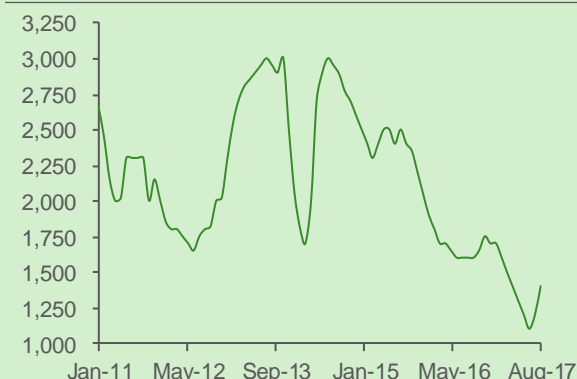
- The 2016-17 crop of fresh onions in India was huge and reached almost 20 million MT, against 17 million MT for the 2015-16 crop season
- Carry-over stocks from the 2016-17 Indian crop are reported to be large, but in strong hands of speculators who are anticipating higher prices
- Historically low prices during 2016 and 2017 resulted in farmers switching to other more remunerative crops like pulses and cotton. Consequently, the planted acreage for the upcoming winter (Kharif) crop is estimated to be at least 30% less compared to last year
- The summer crop (April) in Egypt was ~10% higher than last year and farmers are reconsidering whether to plant onions again for the winter crop (Jan-18) or switch to other more lucrative crops

Price trends



- Prices of Indian dehydrated onions are expected to remain steady at today's levels or slightly firmer for the coming months as there still is plenty of product available from the previous and current crop
- However, the expected reduced planted acreage for next winter crop due to prevailing low fresh onion prices in India is likely to lead to firmer prices during the end of 2017 / first half of 2018
- Prices for Egyptian dehydrated onions are expected to rise towards the end of the year as less onions will be planted for the winter crop on account of low export prices

Indian onions kibbled CIF EBP (US\$/MT)



Key quality price levels¹



Cleaning of dehydrated onions



Quality	US\$/MT	Change (%)
Onion Kibbled India	1,400	16.7%
Onion Kibbled Egypt	2,300	-
Onion Minced India	1,350	17.4%
Onion Minced Egypt	2,400	4.3%
Onion Powder India	1,000	11.1%
Onion Powder Egypt	1,920	5.5%



NEDSPICE 1) Standard grade product CIF EBP. The percentage change represents the change versus last month.
Source: Nedspice research, price data as per 29-Aug-17

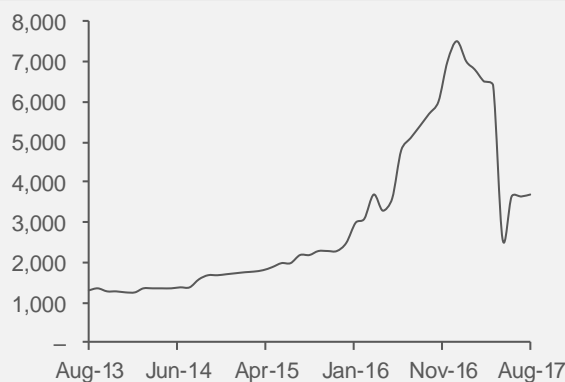


Garlic



- After the new crop started in May 2017, Chinese garlic flake prices dramatically decreased from a high of US\$7,500/MT FOB Qingdao in December 2016 to a low of US\$2,600/MT in May 2017
- Acreage under cultivation in 2017 increased by nearly 20% compared to last crop season and weather conditions during the growing season were reported favorable
- 2017 fresh garlic crop is estimated at ~6 million MT compared to a normal crop of ~5 million MT
- Chinese exporters of dehydrated garlic as well as domestic speculators panicked and sold short substantial quantities well in advance of fresh material arriving at the dehydration factories
- Continuous and ever stricter government environmental restrictions limits the production of dehydrated garlic flakes
- Availability of allergen free and pure dehydrated garlic remains low in China and supplier selection in terms of allergens, purity, color, micro values and taste is and will remain critical for the future
- Consequently, prices rebounded by ~40% in June and flakes prices are currently being quoted at US\$3,700/MT FOB Qingdao
- In our view, despite a substantial larger fresh garlic crop this season, the future trend for dehydrated garlic will remain bullish during Q4 2017 on account of the following reasons:
 - 1) Overselling of dehydrated garlic by Chinese exporters and speculators
 - 2) Demand in consuming countries for dehydrated garlic and for fresh garlic in China is strong and already 30-40% of the total fresh garlic production has been put in cold storage for the local market
 - 3) Chinese government continues to restrict issuing licenses to dehydrate garlic in order to reduce environmental pollution
 - 4) Only 60,000 – 70,000MT has been dehydrated so far against an estimated global demand of 180,000 – 200,000MT

Chinese garlic flakes FOB Qingdao (US\$/MT)



Various



- The new **red bell pepper** crop is due in October and expectations are promising so far. Prices moved down from US\$5,700/MT in June to US\$4,900/MT in August (CIF Rotterdam)
- **Green Bell pepper** flakes 9x9 mm are still abundantly available and prices are unchanged at US\$3,500/MT CIF Rotterdam
- This year's crop outlook for **leek** in China, Poland and other Eastern European countries is substantially higher compared to last year. Prices for leek green/white flakes 9x9 came down from US\$5,000/MT in June to US\$3,500/MT in August (CIF Rotterdam)
- The Chinese **carrot** crop was favorable this year and flakes prices came down further from US\$1,600/MT to US\$1,450/MT CIF Rotterdam
- The **tomato** acreage under cultivation in 2017 is similar to last year. Dehydration is about to finish with a yield that is reportedly 15% higher than 2016. Prices remain stable at US\$3,600/MT CIF EB
- Area under cultivation for **basil** in Egypt increased by ~30% this year. Harvesting started in May and will be finished in October. Yields so far are reportedly normal. Basil leaves prices dropped from €2,900/MT in June to €2,100/MT in August (CIF Rotterdam)
- Prices for **marjoram** leaves remained steady at €2,200/MT CIF Rotterdam since our last market update
- Prices for Turkish **oregano** leaves are steady at €3,500/MT CIF Rotterdam

Chinese red bell pepper CIF Rotterdam (US\$/MT)

