



Onions



Key takeaways



Price outlook



- Prices for Indian quality continued the upward trend since our end of October update on account of a reduced planted acreage and poor weather conditions.
- Although abundant carry-over stocks from previous crops in India could prevent a sharper price increase, the expectations are indicating a firmer market in the months to come.
- Prices for Egyptian quality slightly weakened as the winter crop, of which planting started already early December, was better than initially expected.

Short term:



Medium term:



Long term:

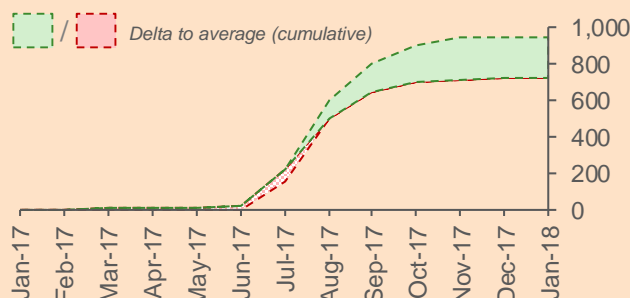


Supply dynamics



- Estimates of dried onion stock in India are at ~40KMT, built up from the record crops in '16 and '17.
- Although it's too early to give an accurate estimate for the 2017/18 fresh onion crop in India, the market will most likely face a substantially lower production as prices have been too low to encourage Indian farmers to invest in the crop.
- Also, heavy rains and storms following cyclone Ockhi reportedly damaged a part of the crop in Mahuva district.
- Planting of the winter crop in Egypt (Dec-17 / Jan-18) completed by now and the crop outcome is reported to be decent again, somewhat above expectations.

Average daily rainfall - Gujarat, India (mm)



Price trends



- Despite the large inventory in India, prices for dehydrated onions started to firm up in recent months, as the planted acreage for the winter crop is said to be reduced by ~30% and weather conditions were unfavorable.
- Prices for Indian kibbled onions went up from US\$1,400/MT beginning of November to US\$1,650/MT CIF Rotterdam at present.
- Prices for Egyptian onion are expected to remain stable or turn slightly weaker during the first half of 2018, as the availability of dehydrated onions is believed to be sufficient to cover the demand.
- As always, unexpected demand for fresh onions from other Middle Eastern countries could distort the price for Egypt.

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



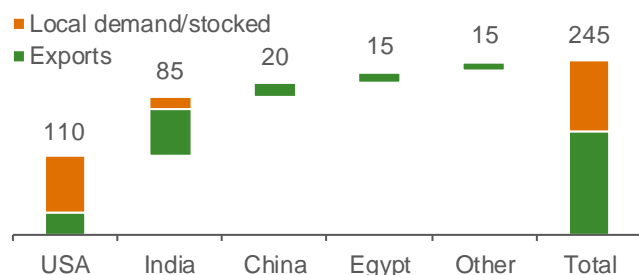
Key quality price levels¹



Production and export by origin (KMT)



Quality	US\$/MT	Change (%)
Onion Kibbled India	1,650	10.0%
Onion Kibbled Egypt	2,250	(2.2%)
Onion Minced India	1,700	6.3%
Onion Minced Egypt	2,400	(2.0%)
Onion Powder India	1,250	13.6%
Onion Powder Egypt	2,000	(4.8%)



Various

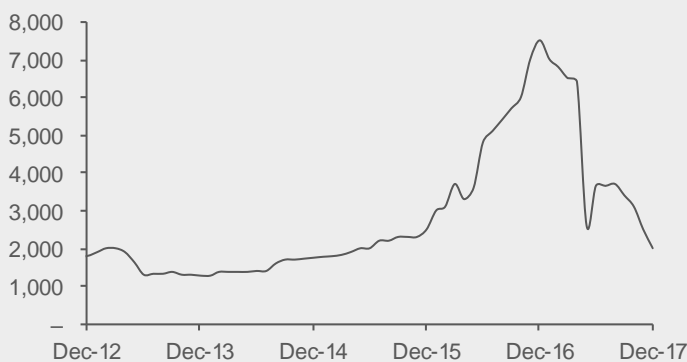


Garlic



- Since our last release Chinese garlic flake prices decreased by ~35% and are at US\$2,000/MT FOB Qingdao.
- Exports of dehydrated garlic from China during 2017 were approximately 20% higher than the previous year, whereas exports of fresh garlic increased by ~10% year on year.
- Planting of garlic seeds for the 2018 harvest was completed by the beginning of December and is reportedly more or less the same as last year, which was ~20% higher than during the 2016 season.
- Weather developments from now until May 2018 will be crucial for the final yield outcome and the consequent supply picture. Assuming normal weather conditions and an average yield per acre, the fresh garlic crop in 2018 could be close to 6 million MT or maybe even slightly more, so again a large crop.
- Origin sources report that the market will remain more or less steady at current levels, at least until Chinese lunar new year, as most buyers are already covered until then.
- Allergen free and pure dehydrated garlic can still only be sourced from a selected number of suppliers in China which have strict quality systems in place. Testing pre-shipment samples on allergens by accredited third party labs has become the standard.
- As prices for Chinese garlic have been coming down substantially over the past year and Indian garlic prices remained fairly stable during this period, the price differential has narrowed. Hence, the demand for Indian garlic may decrease somewhat due to the higher allergen risk associated with the origin.

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



Various



- Since our last release the market for **red bell pepper** flakes 9x9 mm went up sharply from US\$4,800/MT to US\$5,500/MT (+15%). Low stocks and speculative buying are the main reasons behind this firm market. As the new crop for red bell pepper is not expected before August we believe that prices will move up even more in the months to come.
- **Green bell pepper** flakes 9x9 mm prices are still unchanged at US\$3,500/MT.
- Prices for Chinese **tomato** flakes went up slightly to US\$3,750/MT CIF Rotterdam at present.
- Low stocks of **leek** in Poland and other Eastern European countries coupled with unfavorable weather conditions at the end of the crop season resulted in a firmer market with leek flakes green/white quoted at US\$4,500/MT CIF Rotterdam.
- **Basil & marjoram** prices from Egypt remained fairly stable at respectively €2,000/MT and €2,200/MT CIF Rotterdam.
- The **oregano** market is much firmer due to low stocks at origin and strong demand from industry buyers for 100% pure oregano. Prices for Turkish oregano leaves are now being quoted at €4,000/MT CIF Rotterdam, which is ~14% higher than our last report. As the new harvest is expected by July only we probably will see higher prices the coming 6-7 months.
- The **sage** market is expected to remain stable at €4,600/MT CIF Rotterdam. Harvesting of the new crop will start in August.
- **Thyme** is reportedly very scarce at present, while **laurel** and **rosemary** prices are expected to be steady until the new harvest.

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

