



Onions



Key takeaways



Price outlook



- During the first 2 months of 2018 prices for Indian dehydrated onions remained steady to firm due to a reduced acreage under cultivation and above average amounts of rainfall in some of the key growing areas. Fresh onion prices went up sharply in recent months as arrivals fell.
- Carry-over stocks from the record 2016 and 2017 crops in India are however still large enough to cover the demand. These stocks will get gradually depleted during the course of 2018.
- Contrary to earlier expectations the Egyptian winter crop was not as good as anticipated.

Short term:

Medium term:

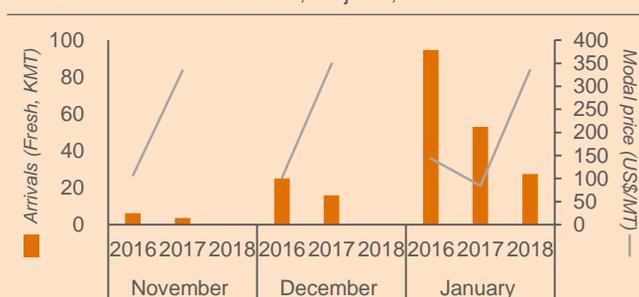
Long term:

Supply dynamics



- Inventory of dried onion kibbled in India is currently estimated at ~30KMT by the end of February.
- The current winter crop in India is believed to be ~30% lower than the previous crop, basically on account of poor weather and reduced plantings as farmers have switched to other more lucrative crops like cotton, peanut, rice, etc.
- Planting of the winter crop in Egypt (Dec17/Jan18) completed by now. While the planted acreage was more or less the same as last year the crop outcome is reported to be less than initially expected. Quality-wise the Egyptian crop is improving year on year resulting in very low microbiological values.

Market arrivals in Mahuva, Gujarat, India

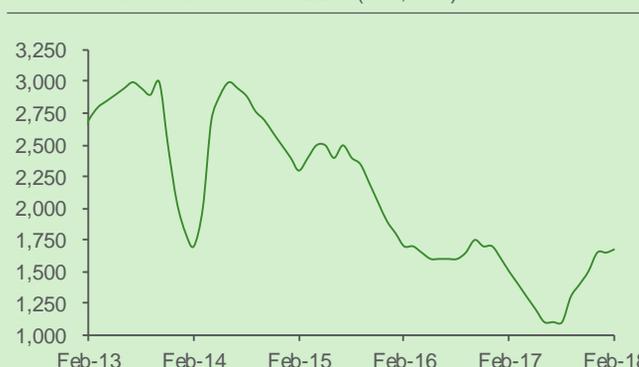


Price trends



- Large carryover stocks of dried onions in India are still preventing the market to get much firmer bearing in mind that the winter crop is ~30% less. A reduced acreage under cultivation coupled with a lower than normal yield are already being reflected in a sharp price increase for raw onions in the local market.
- Prices for Indian onion kibbled went up marginally from US\$1,650/MT at the end of December to US\$1,675/MT CIF Rotterdam at present.
- The lower than expected yield of the Egyptian winter crop resulted in a firmer market with Egyptian onion kibbled now being quoted at US\$2,550/MT CFR Rotterdam, up US\$300/MT compared to our last update.

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



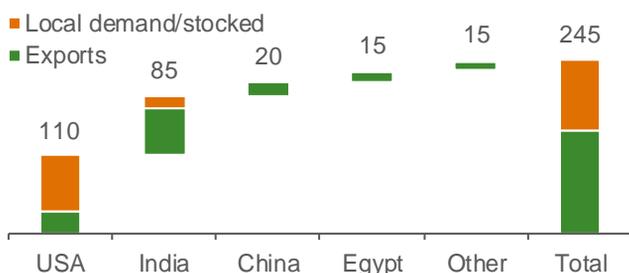
Key quality price levels¹



Production and export by origin (KMT)



Quality	US\$/MT	Change (%)
Onion Kibbled India	1,675	1.5%
Onion Kibbled Egypt	2,550	15.9%
Onion Minced India	1,750	6.1%
Onion Minced Egypt	2,850	7.5%
Onion Powder India	1,400	7.7%
Onion Powder Egypt	2,350	6.8%



Various



Garlic



- Chinese dehydrated garlic flake prices remained fairly steady at a level of US\$2,000/MT FOB Qingdao since our last update. Most industry buyers are well covered until the new crop starting in May/June and therefore demand is low.
- Historically high garlic prices during 2016 motivated farmers to plant a record acreage in 2017, reportedly ~380K ha compared to ~315K ha in 2016, an increase of some 20%. Additionally, favorable weather conditions during the growing season resulted in one of the highest yields in recent years amounting to 16.5 MT/ha.
- Exports of dehydrated garlic from China during 2017 were approximately 25% higher than the previous year.
- Planting of garlic seeds for the 2018 harvest was completed in all growing areas (Shandong, Henan, Jiangsu, Yunnan and Hebei province) by December 2017 and is now reported to be 10% more than last year.
- Weather developments from the time of planting until now are reported to be normal. Provided there will be no adverse weather conditions from now until June the market is heading for a second consecutive huge fresh garlic crop in 2018, probably exceeding 6 million MT.
- Ensuring allergen (peanut, gluten and soya) free dehydrated garlic at the farm and collector's level remains a big challenge to the industry today. Sourcing from a selected number of approved suppliers in China that have strict quality systems in place and testing pre-shipment samples by accredited third party labs on allergens is unavoidable.

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



Various



- The market for **red bell pepper** flakes 9x9 mm remained fairly steady during the first 2 months of 2018 with prices ranging between US\$5,400 and US\$5,600/MT CFR Rotterdam. Compared to the low of US\$4,250/MT of last year October prices increased by ~30% in just 4 months. Inland speculative buying further reduced the availability as carryover stocks from the previous season were already rather marginal. Until the new crop will arrive in the market by August 2018 we believe that the market for red bell pepper will remain firm as current stocks will continue to diminish and remain in strong hands.
- **Green bell pepper** flakes 9x9 mm prices went up sharply from US\$3,500/MT in December 2017 to US\$4,200/MT CFR Rotterdam as the availability in China is currently very tight.
- Prices for Chinese **tomato** flakes are being quoted nearly unchanged at US\$3,700/MT CFR Rotterdam compared to US\$3,750/MT during December 2017.
- On account of strongly reduced crops in Eastern Europe last year autumn current stocks of **leek** are not sufficient to meet the demand. Consequently prices continued to firm up since our last market update with leek flakes green/white now being quoted at US\$5,500/MT CFR Rotterdam up ~20%.
- **Basil & marjoram** prices from Egypt turned slightly weaker and are now being quoted at respectively €1,975/MT and €2,150/MT CIF Rotterdam. Due to the risk on celery allergen contamination more attention is being given by Egyptian producers to cultivating basil and marjoram in different growing areas, not adjacent to celery farms.
- As already expected in our previous market update the **oregano** market is again firmer and is now being quoted at €4,200/MT CIF Rotterdam compared to €4,000/MT at the end of December 2017. Demand from industry buyers for 100% pure oregano is still stronger than the availability. Even higher prices until the new crop will start in July can't be excluded.
- **Sage** market remained steady at €4,600/MT CIF Rotterdam and harvesting of the new crop will start in August. **Thyme** is still very scarce at present due to short 2017 crop. The market for **laurel** and **rosemary** is unchanged.