

Onions



Key takeaways



Price outlook



- Price levels for Indian dehydrated onions during the months of March and April remained flat, despite a reduced acreage and excessive rainfall in some of the main growing areas. The size of the carry-over stocks appear to provide sufficient comfort.
- However, harvesting of Indian winter crop almost completed and is reported to be ~30% less. Hence we do expect a steady to slightly firmer market for the remainder of the year.
- Egyptian summer crop seems to be developing well, as a consequence prices eased.

Short term: ➡

Medium term: ↑

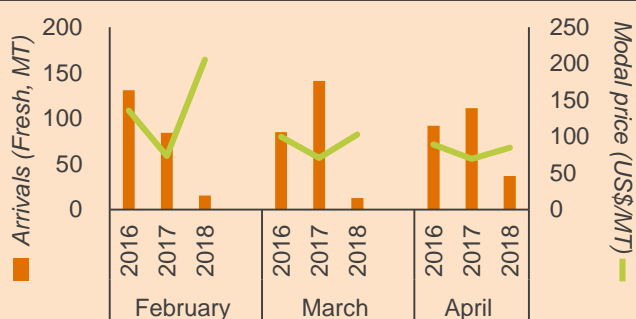
Long term: ↑

Supply dynamics



- Inventory of dried onion kibbled in India is currently still estimated at ~20KMT. Local news outlets have even been reporting up to 70 out of 100 dehydration units in Mahuva supposedly stopped operations due to the high levels of unsold stock.
- The winter crop in India is ~30% lower than previous crop due to above average rainfall and reduced cultivation. Farmers decided to focus on more remunerative crops like cotton, peanut, rice, etc. Market arrival quantities reflect this as well.
- The summer crop in Egypt (April-August) has been developing favorable until now. Based on the planted acreage and weather conditions so far we can expect a crop yield increase of ~20%.

Market arrivals in Mahuva, Gujarat, India



Price trends



- Huge carryover stocks of kibbled onions in India from previous years continue to keep the overseas market in balance, despite a ~30% reduction of the current winter crop.
- Prices for Indian onion kibbled grade A remained fairly stable the past 2 months at US\$ 1,670/MT CIF Rotterdam.
- Although the present large carry-over stocks will compensate partly for the shortfall of the winter crop, the demand for Indian onions will have to be met by the supplies from the current crop at some point this year. Therefore, we expect a steady to slightly firmer market for the remainder of the year.
- The favorable Egyptian summer crop outlook has eased prices by some US\$ 100/MT since our last update, with kibbled onion now being quoted at US\$ 2,450/MT CFR Rotterdam.

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



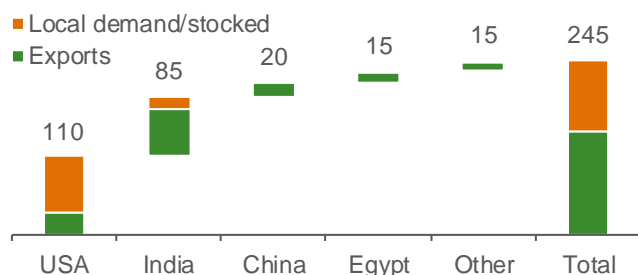
Key quality price levels¹



Production and export by origin (KMT)



Quality	US\$/MT	Change (%)
Onion Kibbled India	1,670	-
Onion Kibbled Egypt	2,450	4%
Onion Minced India	1,750	-
Onion Minced Egypt	2,750	4%
Onion Powder India	1,400	-
Onion Powder Egypt	2,200	10%



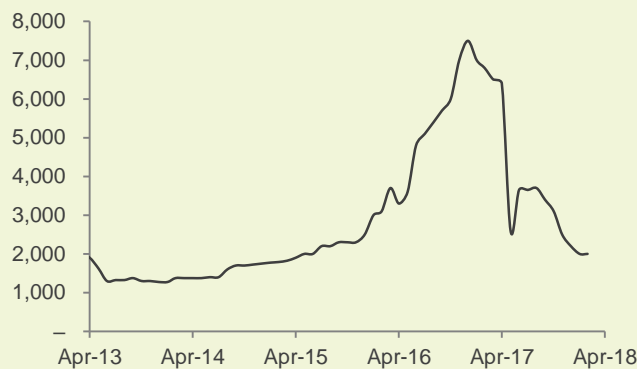


Garlic



- Chinese dehydrated garlic flake prices remained fairly steady at a level of US\$ 1,900 – US\$ 2,000/MT FOB Qingdao since our last update in February. The industry seems to be well covered until the new crop comes (June).
- Historically high garlic prices during 2016 motivated farmers to plant a record acreage in 2017. Furthermore 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 amounted to ~215,000 MT, some 20% higher than the previous year.
- Planting of garlic seeds for the 2018 harvest in Shandong, Henan, Jiangsu, Yunnan and Hebei province has reportedly been 10% higher than last year. The weather has been favorable throughout the growing season as well, resulting in a crop yield per ha which is expected to be above average. Hence a 2018 fresh garlic crop exceeding 6 million MT for a second consecutive year is expected. Harvesting in most of the growing areas is expected to start next month.
- The flaking season will start in June and usually lasts until October. The amount available depends to a large extent on the flaking capacity of the factories and ever stricter government policies on waste water pollution and the use of coal for drying.
- 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 preshipment samples by accredited third party labs on allergens is therefore unavoidable.

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



Various

- The market for **red bell pepper** flakes 9x9 mm increased another US\$ 100/MT to US\$ 5,700/MT CFR Rotterdam. Compared to the low of US\$ 4,250/MT in October 2017 prices increased by ~35% the past 6 months. Speculative buying coupled with low carryover stocks from the previous season are the main reason for this strong price surge.
- Since the new crop is still 3-4 months away and current stocks are minimal or in strong hands we are of the opinion that the market for red bell pepper will probably get even firmer.
- **Green bell pepper** flakes 9x9 mm prices decreased slightly to US\$ 4,100/MT CFR Rotterdam.
- Prices for Chinese **tomato flakes** remain steady at US\$ 3,700/MT CFR Rotterdam.
- Price for **leek** green/white flakes from Eastern Europe remained stable at US\$ 5,500/MT CFR Rotterdam up. Egypt is offering at US\$ 4,900/MT CFR Rotterdam.
- **Basil & marjoram** prices from Egypt are stable at respectively € 1,975/MT and € 2,150/MT CIF Rotterdam. Celery allergen cross-contamination remains a risk and therefore Egyptian farmers are switching their growing areas for basil and marjoram to areas that are not adjacent to celery farms.
- The **oregano** market slightly decreased due to weak demand and is now being quoted at € 4,000/MT CIF Rotterdam compared to € 4,200/MT at the end of February 2018. New crop will start at the end of July/beginning of August. Sage market slightly firmed by 2% to € 4,700/MT CIF Rotterdam. Thyme is still very scarce with almost no offers available from origin. Rosemary is steady.

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

