



Onions



Key takeaways



Price outlook



- A reduced acreage under cultivation and excessive rainfall resulted in a lower crop output this season, ~12% less compared to the 2016/17 crop. This shortfall will largely be compensated by the carry-over stocks from previous crops.
- Carry-over stocks from previous record crops in India are still significant. Hence, the market demand is sufficiently covered. Prices are expected to remain stable in the short term.
- Prices are expected to move up as stocks deplete towards the end of the year.

- Short term: →
- Medium term: ↑
- Long term: ↑

Supply dynamics



- By the end of June, total inventory of dried onion in India is estimated at ~40KMT. Exports during the 2016/17 and 2017/18 season amounted to ~66KMT, which is nearly 38% higher than the average export during the previous 5 years. Carry-over stocks for the 2018/19 will be reduced to ~35KMT.
- With only some 25% of the dehydration factories producing, the Indian dried onion production reportedly dropped to 15KMT as per the end of May.
- The total Egyptian production of yellow and white onions during the 2017/18 crop season was similar to the previous crop season and amounted to some 16KMT.

Market arrivals in Mahuva, Gujarat, India



Price trends



- The price for Indian dried onions is expected to remain steady for the next quarter until current stocks are further reduced. After that, the price will likely firm as fewer factories are operating and farmers will likely plant less onions.
- The price for Indian onion kibbled grade A remained unchanged during the past 2 months, at US\$1,600/MT CIF Rotterdam.
- Plantings of the Egyptian summer crop dropped by 25% due to low prices and are also expected to be less for the winter crop.
- The price for Egyptian kibbled onion grade A is now being quoted at US\$2,200/MT CFR Rotterdam. For the second half of the year, prices are estimated to be firmer.

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



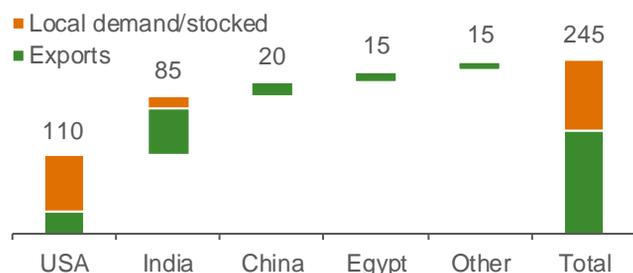
Key quality price levels¹



Production and export by origin (KMT)



Quality	US\$/MT	Change (%)
Onion Kibbled India	1,600	-
Onion Kibbled Egypt	2,200	(6%)
Onion Minced India	1,700	(3%)
Onion Minced Egypt	2,550	(4%)
Onion Powder India	1,400	-
Onion Powder Egypt	2,100	5%



Various



Garlic



- The Chinese dehydrated garlic flake price dropped by 20%, from a level of ~US\$2,000/MT to US\$1,600/MT (FOB Qingdao) since our last update in April.
- The new crop has begun since mid May-18. The total fresh garlic production is now estimated at c. 8.5 million MT which is 5% lower than the record 2017 crop. However, it is 30% higher than the long-term average crop size of c. 6.5 million MT.
- The poor crops of 2014 and 2015 resulted in historically high garlic prices during 2016 which motivated farmers to plant a record acreage in 2017. Favorable weather conditions during the growing season resulted in one of the highest yields in recent years, amounting to 21.5 MT/ha.
- Exports for the 2018 season are expected to increase by another 12% compared to the 2017 season.
- Low prices of fresh garlic are becoming a concern to farmers as the average cost of production will likely exceed market prices. It will likely have an impact on plantings in October.
- The flaking season has just started and will last until October, with capacity strongly depending on government restrictions.
- Although it is reported by the industry that issues of allergens (peanut, gluten and soya) in dehydrated garlic are more and more under control, it remains critical to source only from approved suppliers that have strict quality systems in place.
- Another major quality concern are the strict environment measures imposed by the Chinese government, especially those on reducing water usage. This could lead to higher micro levels.

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



Various



- It is reported that many dehydration factories in China are forced to stop the production of dehydrates by the government until the required environmental protection equipment has been installed. As this involves substantial investments and time, it likely has a strong impact on the availability of dehydrates from China in general.
- The market price for **red bell pepper** flakes 9x9 mm dropped by c. 4% vs the previous month. The Chinese new crop is expected to start in August and current stocks are minimal. Therefore, the market for red bell pepper is expected to be firmer in coming months, also impacted by the regulations.
- **Green bell pepper** flakes 9x9 mm prices remained steady at US\$4,100/MT CFR Rotterdam.
- Prices for Chinese **tomato flakes** are slightly firmer, at US\$3,750/MT CFR Rotterdam.
- Prices for **leek** green/white flakes are stable, at US\$5,500/MT EBP (from Eastern Europe) and US\$4,900/MT EBP (from Egypt).
- The **oregano** market slightly decreased by c. €100/MT due to a weak demand and is now being quoted at €3,900/MT CIF Rotterdam. The new crop will start at the end of July/ beginning of August.
- **Sage** is scarce at the moment and consequently, the market price has risen to € 4,900/MT CIF Rotterdam.
- In Eastern Europe, dehydrates and herbs are reportedly suffering from one of the worst droughts in history, which has significant impact on most crops such as parsley, carrot, celery, red beet, dill, etc.

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

