



### Onions



#### Key takeaways



#### Price outlook



- The Indian market is quiet due to the recent floods in the South West region. The high carry-over stocks are only sufficient to fulfill the export demand in the next 2 or 3 months.
- The price of Egyptian dehydrated onions has been lower in the past few months and is expected to be firmer in the medium term.
- Stocks are expected to be exhausted towards the end of this year due to less availability of raw materials for dehydration, resulting in higher prices.

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

#### Supply dynamics



- There is no harvest of onion in India at the moment. Total inventory of dried onion is estimated at ~20KMT by the end of August. The recent floods in South West India also hit parts of Karnataka, the 3<sup>rd</sup> largest onion producing state of the country. The impact on the crop is not yet clear. So far exports from India are reported to be 40% higher than in the previous 5 years.
- 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 c. 16KMT. Plantings of the Egyptian winter crop are reported to be less as farmers switch to other more remunerative crops.

Market arrivals in Mahuva, Gujarat, India



#### Price trends



- Indian dried onion prices have remained steady since May-18. The current stocks are still sufficient for local consumption and export in the short term. After that, it is believed that prices will firm as the number of operating factories is less and winter crop plantings probably will be reduced on account of current low prices.
- The price for Indian onion kibbled grade A has been still fairly stable during the last 2 months, being quoted at US\$1,600/MT CIF Rotterdam.
- Egyptian kibbled onion grade A is now being quoted at US\$2,000/MT CIF Rotterdam, lowered by 5% compared to last month's price. For the remainder of the year the price trend for Egyptian onions is expected to be firm.

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



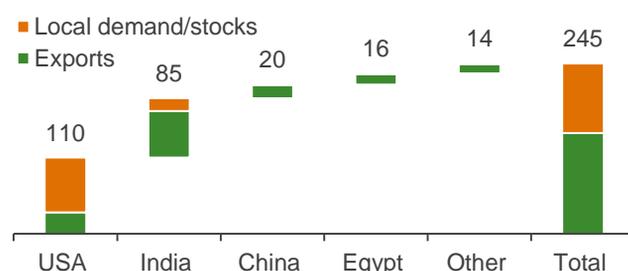
#### Key quality price levels<sup>1</sup>



#### Production and export by origin (KMT)



Quality	US\$/MT	Change (%)
Onion Kibbled India	1,600	-
Onion Kibbled Egypt	2,000	(5%)
Onion Minced India	1,700	-
Onion Minced Egypt	2,250	(6%)
Onion Powder India	1,400	-
Onion Powder Egypt	1,900	(5%)



**NEDSPICE** 1) Standard grade product CIF EBP. The percentage change represents the change versus last month.  
Source: Nedspice research, NHRDF, price data as per 29-Aug-18.

### Various



### Garlic



- Chinese garlic production remained high this season. Purchasing merchants ordered more volume for storage in July before garlic begins to sprout in autumn. Hence, fresh garlic prices slightly increased in the short term.
- It is reported that Chinese farmers are still holding a large volume of fresh garlic. The products without proper storage will quickly sprout, leading to a significant loss in quality and trading value.
- Chinese dehydrated garlic flake prices remained low, at a level of ~US\$1,500/MT (FOB Qingdao). Prices dropped c. 60% compared to the same period last year due to the abundant supply.
- The flaking season started in July and will last until October. The processing cost remains high, leading to a smaller volume of processed garlic. In addition, environmental protection efforts from Chinese government have put more restrictions on garlic processing. Exports of dehydrated garlic for the 2018 season are still expected to increase by approx. 12% compared to the 2017 season.
- The new crop is estimated to be some 5% lower than the record crop last year, however still 30% higher than the long term average. Due to a lower profitability for farmers the production area is expected to decrease for the next crop season.
- The issues of allergens (peanut, gluten and soya) in dehydrated garlic powder can be controlled by sourcing only from approved suppliers in origin that have strict quality systems in place. Testing on allergens by accredited European labs remains critical.

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



### Various



- Many dehydration factories in China are forced to stop or limit the production of dehydrates by the government until environmental protection measures have been implemented, this will likely impact availability of product.
- The market prices for the Chinese **red bell pepper** flakes 9x9 mm dropped to US\$5,200/MT, but are still slightly higher compared to the same period last year. The new crop that started in August is reportedly significantly larger than the previous season.
- **Green bell pepper** flakes 9x9 mm prices remained steady at US\$4,100/MT CFR Rotterdam.
- Prices for Chinese **tomato flakes** continue to be firmer, at US\$3,900/MT CFR Rotterdam. This year, the crop was smaller than usual.
- Prices for **leek** green/white flakes are weakening due to favourable crops and are now being quoted at US\$4,000/MT EBP (from Eastern Europe) and US\$4,100/MT EBP (from Egypt).
- The **oregano** market firmed up, by c. €100/MT during the past 2 months due to the limited availability from Turkey. Pure oregano leaves are now being quoted at c. €4,000/MT CIF Rotterdam for end September delivery.
- **Sage** crop in Turkey was poor this season and the market price remained firm at €4,900/MT CIF Rotterdam.
- In Eastern Europe, the impact of prolonged drought on the crop outcome of **parsley, carrot, celery, red beet, dill**, etc. is reportedly significant. Hence, new crop prices are expected to remain firm throughout the season.

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

