



Onions



Key takeaways



Price outlook



- The harvest is ongoing in India, market arrivals were reported to drop by c. 25-30% for the YTD Feb-20 period. Farmers are still interested in planting onion and the sown area is expanded by c. 5-10% for the summer crop 2020.
- Dehydrated onion prices have increased since the beginning of last year due to a significant drop in production volumes. Large carryover stocks from the 2017 and 2018 bumper crops are almost depleted. Prices remained at high levels.

- Short term:
- Medium term:
- Long term:

Supply dynamics



- The Indian crop got damaged due to unseasonal rainfall during Sep - Oct-19. Market arrivals of Indian fresh onion for the YTD Feb-20 period were reported to be lower by c. 25-30% compared to last year.
- The Indian summer crop is expected to increase by c. 5-10% as farmers expanded their sown area. Crop arrivals will be delayed by a month, to Apr/May-20.
- Onion export from China was hit by the Covid-19 outbreak, leading to a drop in demand for Chinese onions in the international markets.
- The harvest in Egypt completed. Supply is tight due to the good import demand from India.

Market arrivals in Mahuva, Gujarat, India



Price trends



- The Indian government banned exports of fresh onion until Feb-20 and imported materials from other origins to ease the local market prices. Indian fresh onion prices dropped substantially when imported materials arrived at the Indian ports. Furthermore, supply from the new crop has put further pressure on prices.
- Prices for Indian kibbled onion remained firm over the past month as traders and processors had to use stocks from the previous crop to cover their export demand. The delay of summer crop due to unseasonal rainfall will likely support the market prices until Apr/May-20.
- Indian prices are being quoted at c. US\$ 2,400/MT for dehydrated onion kibbled white quality CIF.

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

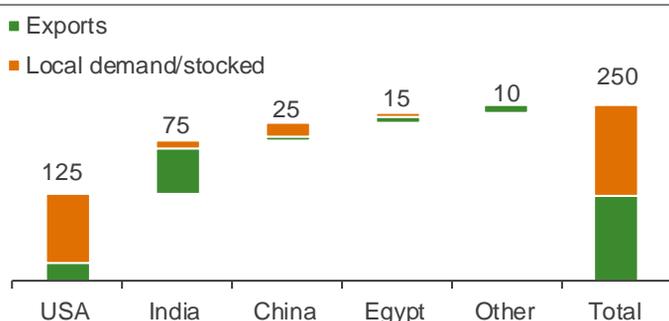


Key quality price levels¹



Quality	US\$/MT	Change (%)
Onion Kibbled India	2,400	4.3%
Onion Kibbled Egypt	2,250	(2.2%)
Onion Minced India	2,400	-
Onion Minced Egypt	2,300	(4.2%)
Onion Powder India	1,800	5.9%
Onion Powder Egypt	2,100	(8.7%)

Production and export by origin (KMT)



Various



Garlic



- China is the largest producer and exporter of garlic. This origin exports c. 200 - 210KMT of dehydrated garlic per annum and accounts for more than 80% of global trade volumes. The main destinations are the US, Germany and Japan.
- The recent Covid-19 outbreak has disrupted the international market. In particular, the US has been affected significantly as this country imports c. 80 - 90KMT per annum from China. Shipments have been delayed since last month. Although the Chinese local market has gradually resumed working, forward offers are being placed only from Apr-20 onwards. Nevertheless, the situation remains unpredictable.
- Despite carryover stocks being estimated at a high level, local market prices firmed up by c. 10% versus last month and are being quoted at c. US\$ 2,300/MT FOB Qingdao.
- A shortage was reported from most destination markets. Prices have increased correspondingly. Traders and collectors have to look for materials beyond China but the supply is very tight.
- The planted area in China declined by c. 25-30% since the 2018 crop as many farmers sold their crops at below production cost level. Local stocks from the previous crop season are still sufficient to cover export demand. Unless any issues turn up, the local market is expected to ease when its harvest starts in May/Jun-20. The flaking season will start in July and will last until October.

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



Various



- The Chinese **red bell pepper** crop is showing good development in the Inner Mongolia region. Although still early to estimate, farmers expect to have a good crop yield this season, which can be up to 30% higher than the average yield as the weather has been favourable so far. Hence, prices are forecasted to ease further. The local market is offering materials from the previous crop. Prices are at c. US\$ 4,050/MT for red bell pepper flakes 9x9 mm CIF EBP.
- The market for **green bell pepper** flakes 9x9 mm also decreased slightly. Prices are being quoted at some US\$ 3,350/MT CIF EBP.
- The tomato crop in China was reported to be good. Prices of **tomato flakes** dropped somewhat, to c. US\$ 3,500/MT CIF EBP.
- Turkish **oregano** prices remained relatively stable between c. US\$ 3,500– 3,600/MT for leaves 2-4 mm. Weak demand was reported for this herb due to Pyrrolizidine alkaloids (PA) issues in Europe which possibly provide health risk for consumers.
- Similarly, the availability of **sage** in Turkey has become scarce due to quality issues on PA and heavy metals.
- Eastern Europe was hit again by a long lasting and severe drought for the second year. Several crops were badly damaged, especially **parsnip** and **cabbage** crops are expected to have shortages until next autumn.

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

