NEDSPICE

Market Update **March 2016**
Dehydrated Vegetables & Herbs

Onion

Egypt
The 2015-2016 winter onion crop in Egypt started about 3-4 weeks later than usual due to delayed plantings by the farmers. This was mainly caused by farmers paying more attention to other crops with higher returns than onions. As a result of lower farm prices in 2015 the planted acreage for the winter crop in Egypt was reduced by about 20%.

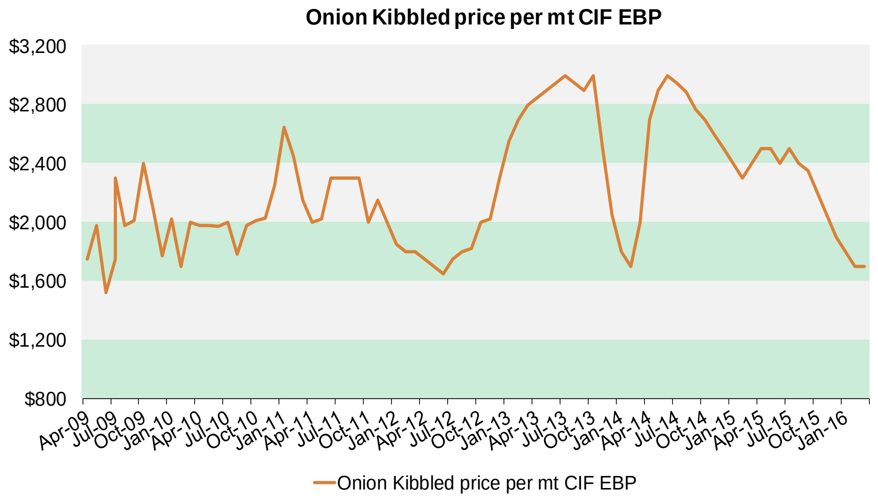
The total winter crop of fresh onions is said to amount to approx. 300,000 tons, which is some 20% less than last year's crop. Usually about half of the fresh onion crop is consumed in the local market while almost 20% is exported as fresh onions to destinations like Russia and the Middle East. The balance is sold to the dehydration factories.

In the past the quality of Egyptian dehydrated onions was below standard as far as colour and microbiologic levels were concerned. Since 2015 however the dehydration factories seem to have made some significant improvements and the quality of the crop is much better.

The combination of a late and reduced winter crop in Egypt resulted in a price increase of almost 30% in December 2015. It is expected that the availability from Egypt will remain tight at least until the next summer crop which usually starts in May/June.

The shortage of dehydrated onions from Egypt caused the market to switch to India, where the winter crop is substantially better than previous years.

India
The planted acreage under cultivation of the winter (Kharif) crop in the traditionally white onion growing areas of the states of Maharashtra and Gujarat was approx. 10% larger than last year. Apart from this the weather conditions during the growing stages have been beneficial for an excellent yield. The first arrivals of the fresh onions to the Mahuva market started by mid December 2015 and the trend since then showed ever increasing arrivals of fresh onions.



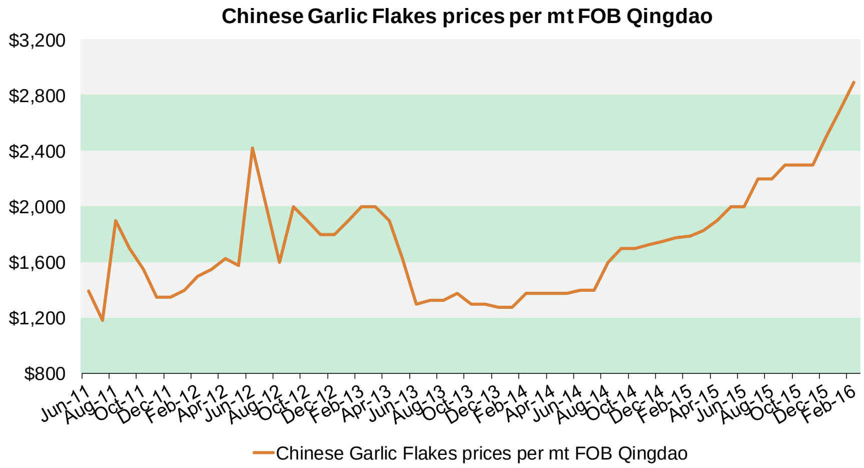
Consequently prices for onion kibbled went down sharply from around USD 2400 per ton CIF EBP in September 2015 to just over USD 1600 per ton in March 2016.

Planting of the summer (Rabi) crop is also developing well so far. The planted acreage is reportedly 15% larger than last year.

Provided the monsoon progresses normally, low prices could continue until the second half of 2016.

Garlic

The market for Chinese dehydrated garlic went up sharply by mid December 2015 from levels of USD 2300 per ton FOB Qingdao for garlic flakes to over USD 3000 per ton by the end of February 2016. Although the planted acreage was approx. 10% higher compared to last season the low carry forward of flakes into the 2016 crop season coupled with abnormal cold weather in December 2015/January 2016 resulted into this sharp price increase. Reports of peanut allergen contamination in Chinese garlic lots sold both in Europe and the USA, led to an increased demand for US garlic further limiting the supply situation of garlic worldwide. Speculators buying fresh Chinese garlic in anticipation of higher prices and strict government regulations on water pollution, will continue to tighten the supply of dehydrated garlic from China also during 2016.



We believe that shortage in garlic will probably last at least until September/October 2016 as the current stock levels are reportedly only sufficient until June 2016 whereas the new crop is not expected before September 2016 due to current adverse weather conditions in the main garlic growing areas in China. It is therefore likely that the current shortfall will be further aggravated until the end of 2016.

Bell Pepper/Carrots/Cabbage/Tomato

Due to too much rainfall and major floods in Eastern Europe last autumn the production of cabbage, carrots, tomato and other dehydrates from this part of the world was significantly lower than usual. For this reason the market had to rely on China as a supplier resulting in a tightness in the overall availability. As the new crops from Eastern Europe are not expected before October the market will remain firm for the next 6-7 months.

Bell pepper prices from China have started to increase recently as stocks are reportedly low and the new crop is still 9-10 months ahead. Red bell pepper flakes Grade A quality are currently at USD 4300 per ton CIF Europe.

Mediterranean Herbs:

The production of marjoram and basil in Egypt has been fairly stable for many years but the world demand is steadily increasing resulting in ever higher prices. Oregano prices from Turkey are expected to remain steady until the new crop will start in July 2016. Laurel leaves from Turkey especially the Hand Picked Selected grades are very short at the moment and the market will remain bullish at least until the new crop will start in August 2016.

Parsley, Tarragon, Dill & Chervil

The season for herbs in France, Germany and Eastern Europe will start as usual in May/June and so far the weather conditions have been reported normal contrary to last year when a severe drought limited the supply of herbs from this part of the world substantially. The final number of cuts of these crops will largely depend on the length of the growing season. Quality of parsley from Eastern Europe especially from Poland is improving and not far behind the French/German quality anymore.
Due to the lifting of the economic sanctions on Iran, tarragon prices are expected to go down as this origin will now become available on the market additionally after many years. Pesticides however remains an issue to be taken seriously.

Nedspice Dehydrated Ingredients BV
Weena 260

3012 NJ Rotterdam
+31 10 2801 380
dehydrates@nedspice.com