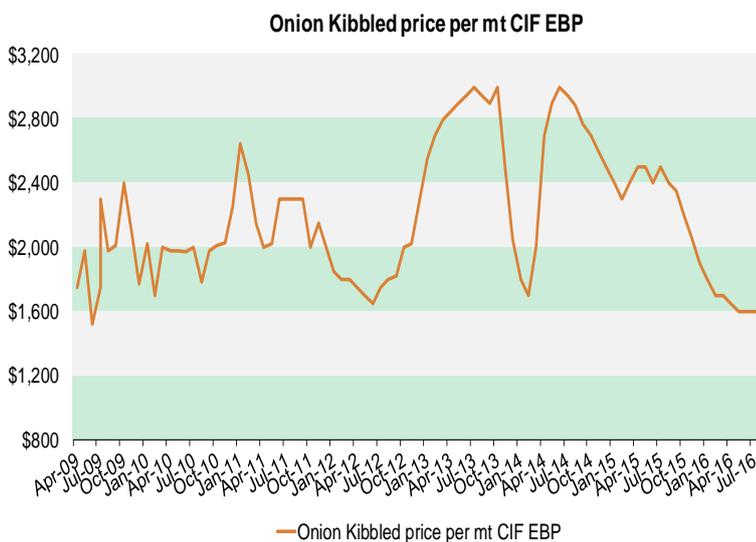


Market Update September 2016 Dehydrated Vegetables & Herbs

Onion Egypt

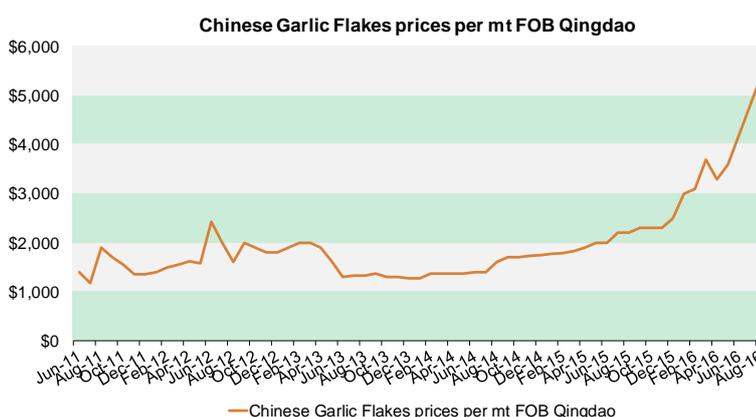
The 2015/2016 winter crop and summer crop in Egypt were short by almost 20% compared to last year. This was due to adverse weather conditions during the growing season as well as due to a lower acreage planted. The summer crop is now almost finished. Availability from this origin remained therefore tight during the first half of 2016. Strong demand for fresh onions from the Middle East during Ramadan in June resulted into further price increases. The quality of the crop was however excellent considering the microbiologic levels and the colour. We expect dried onion prices from Egypt to weaken slightly during the coming months on account of more attractive prices from India. Prices for onion kibbled in Egypt are currently at USD 2700 per mton CIF Rotterdam.



Current prices for dried onion kibbled grade B ruling at around USD 1500 per ton CIF Rotterdam. The prospects for the upcoming winter crop, starting in December 2016, are however looking unfavourable. Due to the low prices for fresh onions farmers will most likely decide to plant a lower acreage for the kharif 2016-2017 winter crop. First estimates are reporting a 30-40% reduction in planted acreage.

India

The lower onion crop from Egypt was more than compensated by a record output in India. For the crop year 2015-2016 the total fresh onion production exceeded 20 million ton in this origin. Main reason being favourable weather conditions in most of the growing areas in Gujarat. Consequently prices for fresh onions fell sharply since the beginning of 2016. Prices for dried onions have therefore been low during the first half of 2016. We expect that prices will remain low until October/November as the current availability of fresh onions is still more than enough to cover the domestic and international demand for dried onions.



Garlic

Prices for Chinese garlic flakes continued to increase sharply throughout the year and have now reached a record high of USD 6000 per mton FOB Qingdao.

These all-time high prices are the result of a combination of factors like low carryover stocks from last crop, a significantly lower 2016 crop due to frost in December in some of the main growing areas and speculators buying large amounts of garlic flakes further reducing the flake availability.

To make things even worse new environmental regulations by the Chinese government to reduce water pollution have caused many smaller and medium-sized dehydration companies to shut down their production completely. It is reported that more than 50% of the garlic processing is done at small and traditional factories.

The strong and ever increasing domestic demand for fresh garlic in China itself is additionally creating a shortage in dehydrated garlic.

In an already very difficult market as described above the industry was also confronted with peanut contamination this year. Apparently many farmers plant peanuts as a rotation crop on the same fields where also garlic is being cultivated. Pre-shipment testing on peanut traces becomes therefore necessary.

Based on the developments above we expect that the garlic flake prices in China will continue to be firm for the medium to long term especially because the total processing capacity to produce flakes has been reduced structurally after the closure of approx. 50% of the factories this year.

Prices for garlic powder low bac are already as high as USD 5800 per mton CIF Rotterdam.

Bell Pepper/Carrots/Tomato/Leek

In 2016 the production of dehydrated tomato has been substantially lower in the main growing areas in China like Xinjiang, Gansu and Ningxia due to increasing manufacturing costs and adverse weather conditions. Tomato flakes 10x10 mm are currently being offered at USD 4200 per mton CIF Rotterdam. The crop for red bell pepper in Inner Mongolia, the main growing area in China, was good and prices are coming down. Red bell pepper flakes 9x9 mm are now being quoted at USD 4000 per mton CIF Rotterdam. Green bell pepper crop output was larger this year due to a larger area planted. Prices are at USD 3500 per mton. Carrot crop was normal and prices are steady at USD 1600 per mton. Leek is short this year in China with leek flakes 9x9 mm being offered at USD 3650 per mton.

Recently we have received reports that because of the strict environment protection plan of the Chinese government some of the smaller and medium-sized tomato and bell pepper factories might have to close down.

Mediterranean Herbs

Due to a reduced acreage under cultivation for basil this year prices remained firm until now and basil leaves are now being quoted at Euro 2100 per mton CIF Rotterdam.

Marjoram prices from Egypt stayed firm throughout this year as the planted acreage was down by 30%. Marjoram leaves are offered at Euro 3100 per mton.

Oregano prices in Turkey are coming down on account of a 10-20% larger crop compared to previous year. As the industry is becoming more aware of the adulteration risks as regard to oregano the demand for pure oregano is significantly increasing possible leading to higher prices again as the available quantity of pure oregano will be limited. Today oregano leaves are being sold at Euro 2900 CIF Rotterdam.

Thyme leaves prices are at Euro 4250, sage leaves at Euro 3650, rosemary at Euro 3600 per mton CIF Rotterdam.

Parsley, Tarragon, Dill & Chervil

The crop situation for parsley, tarragon, dill and chervil in France and Germany is rather complicated as a substantial number of fields have been destroyed by floods this year. Especially the crop for parsley is reported to be very disappointing. Also the tarragon crop has been affected badly by the abundant rains in France this season. The parsley crop in Poland and other Eastern European growing areas is looking normal so far.

Nedspice Dehydrated Ingredients BV

Buiten de Veerpoort 5
2871 CC Schoonhoven
+31 182 382665
dehydrates@nedspice.com

NEDSPICE

