



Onions



Key takeaways



Price outlook



- Overall supply in the US is expected to remain tight due to higher processing and transporting costs involved.
- The harvest in India will finish shortly. Prices have firmed up recently due to a lower crop estimate and lockdown concerns.
- Egyptian crop is estimated to be good, local market prices have strengthened as a result of increased demand from Europe.

Short term:

Medium term:

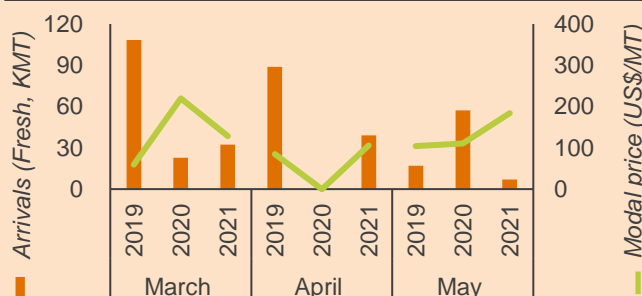
Long term:

Supply dynamics



- The harvest in the U.S. started last month, the crop is estimated to have a normal yield. However, the increasing costs of raw materials, operating and transport make processing more challenging. Supply is expected to remain tight.
- In India, farmers were encouraged to expand their onion crops this season, expecting to benefit from last year's price increase. However, unseasonal rains during Jan-21 damaged some growing areas. Note that the expansion of the growing area will at least partly compensate these losses.
- In Egypt, the white onion harvest starts this month, the crop is expected to be good. Export demand has increased yoy, encouraging farmers to continue investing in onion crops.

Onion fresh - market arrivals in Mahuva, Gujarat, India

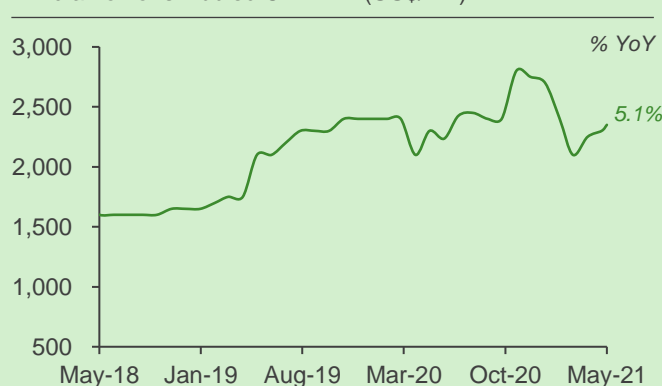


Price trends



- The US onion prices firmed up by c. 10-15% vs last year due to lower supply. During Q1, import volumes doubled as compared to last year, mainly from India, Egypt and China.
- The increase in freight costs and container shortages limited total export activities during the first quarter in India. The onion market witnessed a bearish price trend from Nov-20 to Feb-21. However, since then prices have strengthened by c. 12% as some crop damage has been observed due to unseasonal rain in January. Processing and exporting have been limited due a surge in Covid-19 cases in India. Prices are expected to remain firm over the coming months.
- Following the same price trend, Egyptian onion prices have strengthened over the past month due to good demand from overseas, benefiting from the export limit in India. Prices are c. 10-15% higher than Indian prices.

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



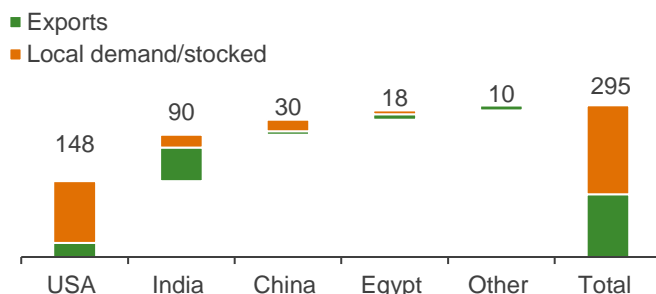
Key quality price levels¹



Production and export by origin (KMT)



Quality	US\$/MT	Change (%)
Onion Kibbled India	2,350	4.4%
Onion Kibbled Egypt	2,580	-
Onion Minced India	2,500	2.0%
Onion Minced Egypt	2,900	-
Onion Powder India	2,050	2.5%
Onion Powder Egypt	2,350	-





Various

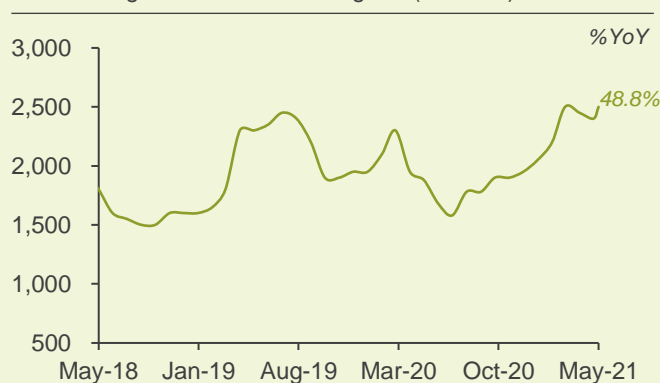


Garlic



- Chinese farmers started to harvest their garlic crops this month. Overall production is expected to drop by at least c. 20%, due to heavy rains and floods during the sowing period.
- Garlic prices have recovered since the previous season, as a result of good import demand from overseas. Especially between Jan-Mar-21, demand for fresh garlic picked up strongly, supporting a price increase to the highest level over the past 3 years.
- Carry-over stocks from the previous year are expected to be enough to cover the export demand, however more volumes are held by speculators, who will likely prefer to release at higher price levels. Compared to the same period last year, prices increased by c. 50%.
- Ahead of the harvest season, some traders released their old stocks. Prices softened somewhat during Mar-Apr-21, which attracted some speculators to join the local market. However, the market has been corrected by c. 5-7% due to good local buying demand and the anticipation of lower crop yields this season. Further headaches for garlic traders are the strengthening of the Renminbi against the US Dollar by c. 10% over the past 3 weeks, and the persistence of high freight costs.
- The flaking season will start right after the harvest in July. Export demand to Europe and the US will likely pick up during the last quarter, supporting the prices in that period. Presently, the local market is offering c. US\$ 2,500/MT.

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



Various



- The Chinese **red bell pepper** prices have increased sharply since Mar-20. Though the processing and trading activities resumed their normal operations since then, supply shortages have been reported due to strong demand from Europe, coupled with lower crop arrivals. In addition, higher freight charges and limited availability of containers for exporting added more bullish pressure.
- New materials will arrive in August, prices are expected to remain firm until then. Local exporters are offering c. US\$ 5,400/MT CIF Rotterdam.
- In contrast, prices for **green bell pepper** (flakes 9x9 mm) showed a downward trend, dropping by c. 30% compared to last month. The market is at US\$ 3,500/MT CIF.

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



- **Tomato** (flakes 9x9 mm) are now being quoted at US\$ 4,500/MT CIF Rotterdam, dropping slightly compared to the past months.
- Raw material prices for **Turkish herbs** remained fairly steady over the past 6 months. However, the increase of freight rates resulted in firmer prices for most herb categories such as oregano, sage, rosemary, thyme, etc.
- **Oregano** (leaves 2-4 mm) prices increased to US\$ 4,190/MT CIF Rotterdam. Although the new oregano crop is reported to be normal, the current PA levels will likely lead to a scarcity of compliant materials. The new legislation on PA levels is scheduled to become effective from Jul-22 onwards. The maximum allowed level will be set at 1,000ppb.
- The **sage** crop is reportedly to be smaller than last year. Prices are at US\$ 4,900/MT and are expected to remain firm over the coming months.