



Onions



Key takeaways



Price outlook



- Continuously rising **freight rates** are driving up the prices of dehydrates at destination markets, especially those being exported from China and other Asian countries.
- The main harvests of **onions** in India and the US have finished, with generally good quality, but both origins face logistical and climatological challenges.

Short term:

Medium term:

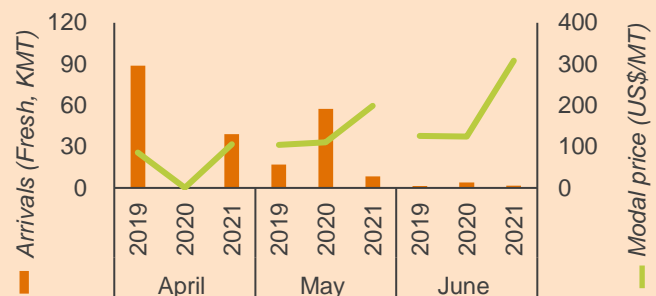
Long term:

Supply dynamics



- The harvest in the U.S. will finish shortly. Besides some excessive heat spells, weather conditions have been generally favorable, and demand is picking up as processing costs are going down.
- Indian dehydration facilities have resumed operations, albeit not at full capacity yet, after facing difficulties related to Covid-19 and a cyclone. Heavy rains affected fresh onion quality, leading to shortages of raw materials for dehydration. As a result, stocks are expected to deplete towards the end of this year.
- The Egyptian summer crop is fully harvested. Following a successful season with high prices for the last crop, the cultivated acreage is reported to have increased by 30%.

Onion fresh - market arrivals in Mahuva, Gujarat, India

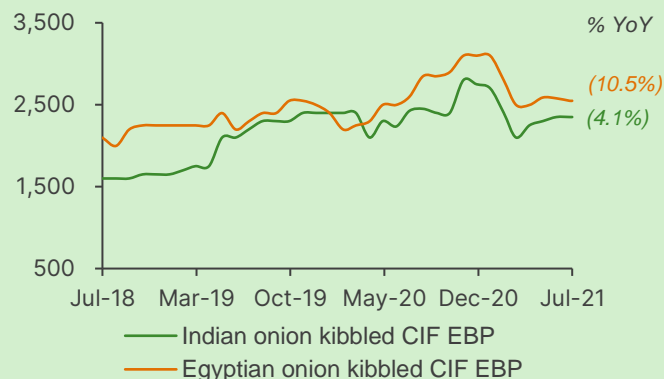


Price trends



- The U.S. onion market is affected by increasing costs for trucking, which are linked to ocean freight costs as importers look for alternative (less expensive) ocean ports. High temperatures drive a requirement for reefers for inland trucking.
- Dehydration processing activities in India only just started, resulting in firm prices for dehydrated onions during May-20. Recent jumps in fresh onion prices on the account of tight supply will affect dehydrated materials. The market is offering c. US\$ 2,350/MT for onion kibbled quality CIF EBP.
- Egyptian onion prices have eased because of the increased cultivated acreage. There is good demand from overseas however, benefiting from slow harvesting in other origins. Prices are c. 8% higher than Indian prices. The market is offering US\$ 2,550/MT for kibbled quality CIF EBP.

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

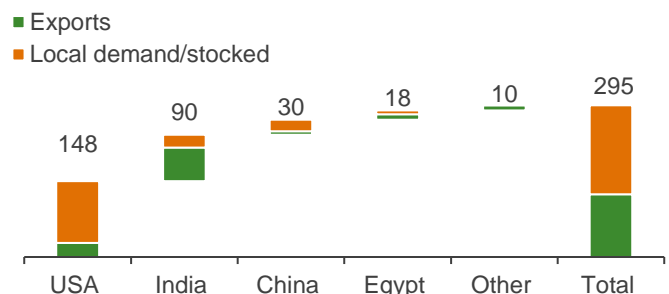


Key quality price levels¹



Quality	US\$/MT	Change (%)
Onion Kibbled India	2,350	-
Onion Kibbled Egypt	2,550	(1.2%)
Onion Minced India	2,500	-
Onion Minced Egypt	2,850	(1.7%)
Onion Powder India	2,050	-
Onion Powder Egypt	2,350	-

Production and export by origin (KMT)





Various



Garlic

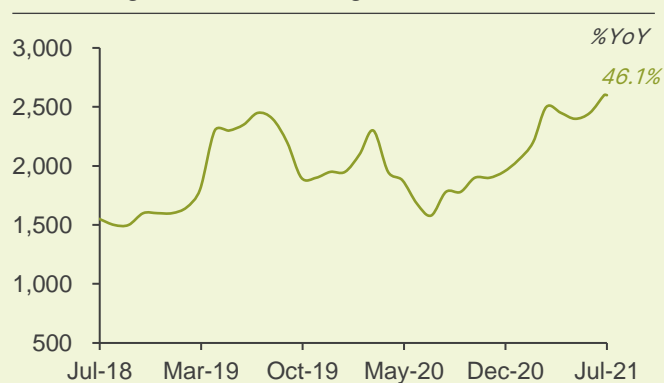


– Harvesting of the 2021 Chinese garlic crop is in full swing now in most of the producing areas. The overall yield is expected to be 20% less compared to last year. The main reasons are unusual heavy rains and cold weather during the growing season. While this will affect the total volumes, product quality seems to be good. The current weather conditions support harvest and post-harvest activities.

– Due to the impact of weather conditions earlier this year, speculators expected the price to reach a high point later in this season. The resulting buying from local traders drove a recent price increase. The import demand for fresh garlic has been very strong this year, which has been attributed to the alleged health benefits of garlic.

– The stronger Renminbi, coupled with dramatically increasing ocean freight rates, resulted in a very firm market. At the end of Jun-21, garlic powder Grade A is being quoted at US\$ 3000/MT CIF EBP, up 20% from the levels seen in May-21. Garlic prices are generally expected to stay firm during Q3 and maybe well into Q4.

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



Various



– Excessively high ocean freight rates from China and other Asian exporting countries are still affecting the market for dehydrated vegetables. During Apr-Jun, container costs have doubled. However, currently all segments of the export process continue according to schedule. Uncertainty remains as to when the worldwide container shortage will be relieved.

– The market for **red bell pepper flakes 9x9 mm** continued to increase during the past 2 months, and prices are now being quoted at almost US\$ 6,000/MT, c. 7% up from last month. The new crop season starting in Aug-21 looks quite favorable on crop outlook.

– Prices for **green bell pepper flakes 9x9 mm** went up ~15% from April to June, now quoted at US\$ 4,050/MT CIF Rotterdam.

– **Tomato flakes 9x9 mm** are now being quoted at US\$ 5,400/MT CIF Rotterdam, which is about 20% higher than 2 months ago.

– Prices for oregano, sage, rosemary, thyme have sharpened as well. Prices for **oregano leaves 2-4 mm** went up c. 6%, currently quoted at USD 4,450/MT. The new legislation on Pyrrolizidine alkaloids (PA)'s will come in effect from July 1st 2022 onwards. The maximum allowed levels will be set at 1000 PPB for oregano, lovage and marjoram. Most other herbs will be limited to 400PPB.

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

