



Onions

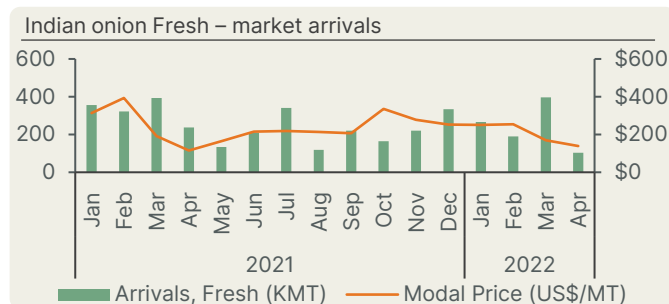
KEY TAKEAWAYS

- > Prices for Indian fresh onion are up this year, with unfavorable weather and a change in farm practices leading to a 25-30% reduction in yields.
- > Prices of dehydrated Indian onion have been steadily increasing all through the harvest season. Dehydration activities are limited this year, driven by high costs for raw materials and processing.
- > The US is expecting a smaller crop than last year, on account of a historical drought and rising input and labor costs.

PRICE OUTLOOK

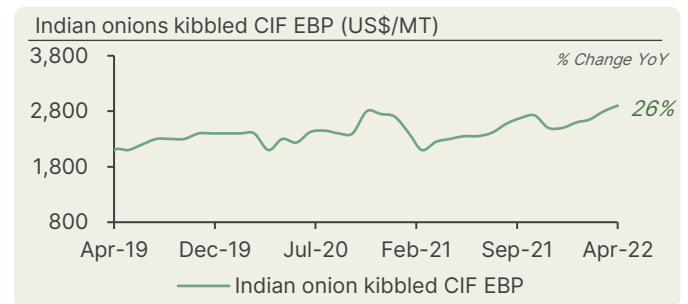
↑ short term
↑ medium term
→ long term

SUPPLY DYNAMICS



- > The Indian onion harvest is almost finished, with arrivals peaking in March. Many farmers switched to seeding directly instead of transplanting bulbs, to cope with increasing labor costs. Combined with some unfavorable weather conditions, this contributed to a 25-30% decrease in yields. Consequently, even though the acreage increased, total production is down. Dehydration plants are expected to operate for a short period only this year. The total expected quantity is ~50KMT, compared to 70-80KMT in normal years.
- > The crop in the US is estimated to be smaller than last year, with California facing the driest Jan-Apr in recorded history. Supply is expected to remain tight due to continuing challenges in labor and transport availability.

PRICE TRENDS



- > Prices for Indian dehydrated onions have increased sharply even during the peak of new crop arrivals. Dehydration plants face a 40-50% increase in processing costs. Coal prices have almost doubled, while labor costs also increased up to 15%.
- > Speculators are entering the market in India, looking to buy materials in anticipation of a further price increase because of the limited production volumes.
- > US processors are also facing inflationary pressure, with fluctuating energy costs driving some uncertainty. The smaller expected yield, combined with rising manufacturing costs could significantly drive up US dehydrated onion prices this year.

KEY QUALITY PRICE LEVELS ¹

Quality	US\$/MT	Change %
Onion Kibbled India	2,900	3.6%
Onion Minced India	3,250	12.1%
Onion Powder India	2,650	3.9%

1) Standard grade product CIF EBP. The percentage change represents the change versus last month. Source: Nedspice research, NHRDF, price data as per 30-Apr-22.

DROUGHT CONDITIONS IN CALIFORNIA, USA ²

D1 - Moderate Drought

- Dryland pasture growth is stunted; producers give supplemental feed to cattle
- Landscaping and gardens need irrigation earlier; wildlife patterns begin to change
- Stock ponds and creeks are lower than usual

99.9% of CA (D1-D4)

D2 - Severe Drought

- Grazing land is inadequate
- Fire season is longer, with high burn intensity, dry fuels, and large fire spatial extent
- Trees are stressed; plants increase reproductive mechanisms; wildlife diseases increase

95.1% of CA (D2-D4)

D3 - Extreme Drought

- Livestock need expensive supplemental feed; cattle and horses are sold; little pasture remains; fruit trees bud early; producers begin irrigating in the winter
- Fire season lasts year-round; fires occur in typically wet parts of state; burn bans are implemented
- Water is inadequate for agriculture, wildlife, and urban needs; reservoirs are extremely low; hydropower is restricted

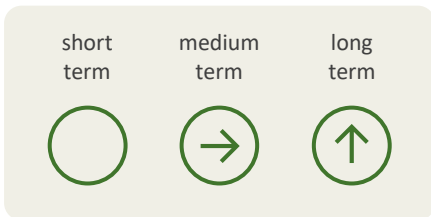
59.8% of CA (D3-D4)

2) Source: www.drought.gov. Most of California's main growing areas in the Central Valley and Tulelake Basin are in extreme drought conditions currently.

Garlic



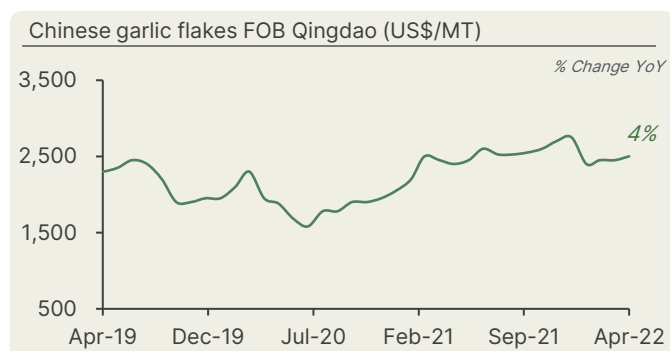
PRICE OUTLOOK



KEY TAKEAWAYS

- > Chinese farmers started to harvest their garlic crops last month. A decrease in planted acreage was partly compensated by favorable weather conditions during the growing season. Overall production is still expected to drop but should be sufficient to cover demand.
- > The new crop will mature in May/June-22. In recent years, overseas demand for Chinese garlic was reported to decrease and destinations switched to other origins in order to reduce freight cost. Recently, demand from overseas markets is recovering. Speculative demand is expected to rise after the harvest season.
- > Ahead of the harvest season, prices softened somewhat during Jan-Feb-22 as some traders released their old stocks. This attracted some speculators to join the local market. Subsequently, the market has been firm due to good local buying demand and the anticipation of a lower crop yield this season. Presently, the local market is offering garlic flakes at c. US\$ 2,600/MT FOB.
- > Freight rates have eased in recent months, driven largely by Covid-19 related lockdowns in China. The global ocean schedule reliability is slowly creeping upwards but is still near record lows as many ports are heavily congested. Depending on how and when China eases its restrictions, the current backlogs, continuing demand and high oil prices could cause rates to shoot up again.

PRICE TRENDS

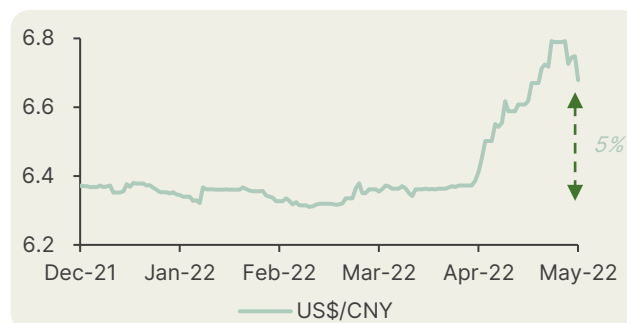


Various

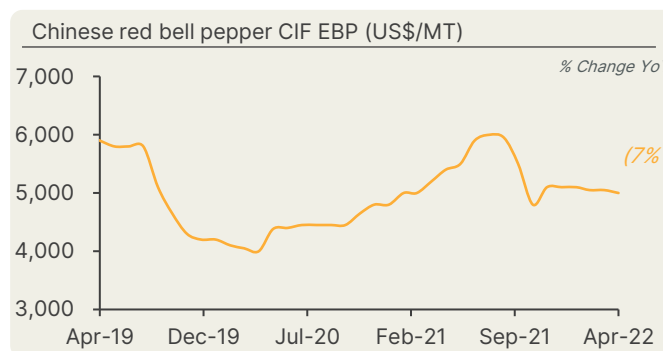


KEY TAKEAWAYS

- > The market for dehydrates in China is still being influenced by its zero-covid policy. Local lockdowns lead to a slowdown in trading and epidemic control measures cause logistical difficulties and increased costs. While most countries have returned to pre-pandemic policies, the long-term strategy for China is currently unclear.
- > Last year, weather conditions extended the growth season of **red bell pepper**, leading to an excess supply and a sharp drop in prices. However, this year farmers were urged to choose a different crop and as a result the planted area reduced sharply. Prices have been steady in recent months, with the price of Chinese **red bell pepper flakes 9x9 mm** currently at levels of US\$ 5,000/MT CIF Rotterdam. Prices for **green bell pepper (flakes 9x9 mm)** are firm at US\$ 4,500/MT CIF, with limited availability.
- > New materials will arrive in August, prices for both items are expected to firm up over the coming months, as labor and fuel costs increased. Domestic inland transportation is getting costly due to strict epidemic control protocols.
- > Prices for **Chinese tomato flakes** remain steady at US\$ 5,100/MT CFR Rotterdam, c. 14% higher than the same period last year.
- > Raw material supply for **carrot flakes** is reduced. Improved seed quality has made a larger percentage of the carrot harvest suitable for the fresh market, reducing volumes offered to dehydration plants. Coupled with a significant increase in processing costs, the upward price trend could continue for the foreseeable future.
- > The Chinese Renminbi has recovered slightly last week but is still 5% down to the USD since Mid-April.



PRICE TRENDS



Source: Nedspice research, NHRDF, price data as per 30-Apr-22.