

# Spices Market Update

February 2022



## Vietnam Spices

### Pepper:

Vietnam harvest has started and is expected to peak in 2-3 weeks. This means that the flow of crops coming into the market will be good through the end of April. Prices are currently stable but a slight correction in the short term is expected. As a result, buyers are purchasing more in the current window as they expect prices to increase after harvest. Harvest season in Cambodia is anticipated to start in March. While harvesting in Brazil and Indonesia will begin in May and July, respectively.



### Ginger, Nutmeg, Cassia:

The ginger season in Nigeria has ended. The crop is currently in the hands of traders. The consistency of local pricing is encouraging for farmers to plant at a higher volume for the following season in July.



### Spotlight on Vietnam Spices



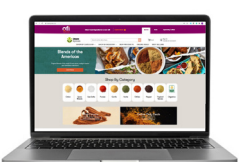
The nutmeg harvest in Indonesia will start in the next few weeks, increasing the flow of crops into the market over the next 2-3 weeks. However, rain may play a crucial factor in the harvest pace and trade flows.

In Central and Northern Vietnam, Cassia harvest season is expected to begin by the end of March with a similar crop flow to the previous year. Cassia from China will begin to arrive in Vietnam towards the end of February.



## Future outlook

- Freight rates continue to be firm with US East Coast prices
- EU and US West Coast prices are stable for now and are expected to remain the same
- Port congestions and vessel rollovers continue to be the norm
- Pepper: Season will peak in 2-3 weeks
- Ginger: Expected higher volume of planting for next season
- Nutmeg: Harvest season may be affected by heavy rain
- Cassia : Crop flow is expected to be similar to last year



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## Indian Spices

### Chilli

The crop is at the fruit ripening to harvesting stage. Rainfall during January in some of the growing regions caused damage to the quality of the plant pods. Pest and disease infestation led to a sharp drop in yields and significant damage to the quality of initial picks. Farmers have used higher amounts of pesticides to control thrips, leading to decreased availability of pesticide residue compliant crops. The harvesting season has started across various growing regions and new crop arrivals are expected to improve towards the end of February.

### Turmeric, Cumin, Coriander:

Turmeric crops are at the Rhizome maturation to harvesting stage. The yield is expected to be lower than usual due to plant diseases. New crop arrivals are expected to improve towards the end of February.

The cumin crop is at the fruiting/seed setting to the flowering stage. Coriander crops are currently at the flowering stage. CY22 production

for both crops is expected to be lower compared to last year due to less acreage planted.

Climatic conditions and temperature in the next few weeks will play a major role in the health and yield of the crops. Harvest season for both crops is expected to start in March.

### Q Future outlook

- Chilli: CY22 supply is expected to be tight especially for good quality and pesticide residue compliant grades
- Prices are expected to increase from current levels.
- Turmeric: Prices are expected to remain firm in the short term.
- Cumin: Prices are likely to move up from current levels in the short term.
- Coriander: Prices are likely to move up from current levels in the short term.



## Onion & Garlic

### US:

In California, precipitation for February dropped below normal despite heavy rainfall in December of 2021, leading to below average California reservoir levels. If current weather trends hold, there will likely be low to no water allocations for CY22. Onion and garlic grower and manufacturing costs remain inflationary for the CY22 season by 15-20%.

There is constrained domestic onion availability that will continue through Q2 of 2022. The offshore onion supply is improving in origins such as India and China. However, costs are increasing and export shipment bottlenecks will restrict timely destination availability.

### Q Future outlook

- Resurgent onion and garlic demand is likely through the remainder of 2022
- Buoyant pricing likely to sustain for both onion and garlic across origins through 2022
- Domestic shipment lead-times to remain under pressure through H1, 2022 ; omicron risk continues
- Export shipment bottlenecks and container availability challenges unlikely to improve through 2022



## Chiles

### US Green Chiles/Jalapenos:

The first harvest of green chile and jalapeno from the west coast of Mexico is complete with no delivery issues and slightly ahead of anticipated volumes. The second winter harvest begins the second week of February. The spring harvest is anticipated to start in early April and transition to southern Chihuahua without any interruption. Farmers are beginning to prepare land for mid-spring planting as contracted acreage for the northern Chihuahua and southern New Mexico areas has been secured. No heat jalapeno volumes are strong and there are no indications of supply shortages or interruptions.

### US & Mexico Paprika

Input costs such as inflation, wages, and fertilizers continue to be challenging in CY22. Also, there are continuous challenges on high prices for competitive crops such as cotton and corn.

### China & Peru Paprika

China: There is still a lack of availability for good color, value and low moisture raw material. Delivery dates are being pushed back as factories have to sun-dry material to fulfill orders.

Peru: The crop yield is estimated to be lower than CY21. The main factor now continues to be the low availability of farming inputs.

### Q Future outlook

- Prices expected to rise 15-20% for US/Mexico origin raw materials
- Peru: Sea freight has increased again with low availability of shipping space for the coming months
- China: Sea freight seems to have stabilized at the moment but is still at risk for CY22