

Spices Market Update

June 2022



Vietnam Spices

Pepper

Pepper harvest in Vietnam and Cambodia has been completed. There were early rains across all of the pepper-growing regions in Vietnam. This forced farmers to apply fertilizer early. Fertilizer costs have gone up by 40% when compared to the same time last year. Chinese buying activity in Vietnam and Cambodia has been low which has put some pressure on the prices in the 2nd week of May. Currently, farmers and collectors are holding on to their stocks. Brazil's crop is currently being harvested and is expected to be at reasonable levels. There is competition for harvest labor between coffee and pepper in Brazil. The Indonesian crop will start in July and the crop looks slightly better than in 2021.



Cassia

Cassia autumn harvest in North Vietnam and central Vietnam is completed. There is still some shaved as well as unshaved cassia available. Cassia prices were more or less stable through the harvest season and did not see much movement. There are new nurseries across the Yen Bai province of Vietnam and farmers are steadily planting new cassia farms. We expect the spring harvest to start as usual in September. Indonesia cassia harvest is ongoing in Kerinci and West Sumatra. demand for shaved cassia was higher through the Q2 of the year and we recently notice the demand for unshaved



Spotlight on Vietnam Spices

cassia go up as well. We don't see any major planting in Indonesia and the crop is only expected to dwindle down slowly in Indonesia.

Nutmeg

Nutmeg prices moved up slightly in Q2 when compared to Q1 which was mainly due to lower supplies of lower aflatoxin material. Harvests from Siau group of Islands, North Sulawesi mainland, Banda islands, and North Maluku islands were stable. Whereas the lesser-known crops from Aceh, other regions of Sumatra and Java which mainly goes into oil extraction were slow. Currently, there aren't many offers from the collectors in Indonesia but we expect a steady flow of material coming out. Erratic rainfall will cause quality issues.

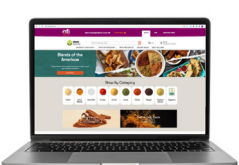
Q Future outlook

- **Pepper:** Prices to remain stable but can decrease during the 3rd quarter of 2022
- **Cassia:** Prices to remain stable
- **Nutmeg:** Prices remain stable but can potentially increase due to lower availability of good quality raw material

Indian Spices

Chilli

The majority of the crop has been harvested and moved to cold storages. Pest & disease infestation led to a sharp drop in CY22 production despite an acreage increase. The overall quality of the crop is poor compared to normal. The Guntur market yard reopened on 13 June, but the majority of the arrivals were from old crops in



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Indian Spices

cold storages. CY22 supply is expected to be tight, especially for good quality and IPM grades. Prices have moved up by 5-10% during the last few weeks.

Turmeric, Cumin, Coriander:

The **turmeric** crop has been harvested. CY22 production is expected to be similar to last year. Carry-in stocks were lower compared to last year. Good arrivals were reported across the growing regions. Prices have been reduced by 3-5% during the last few weeks.

The **cumin** crop has been harvested. CY22 production is expected to be lower compared to last year. Prices remained stable.



Onion & Garlic

US

The CY'22 US **onion** crop has been progressing close to planned levels. Harvest continues in the Desert region of California. The demand for US onion across all fractions continues to remain strong, especially with chopped onion, all toasted fractions, and extra-low micro onion powders. Inflationary cost pressures across the supply chain have not subsided. Freight, fuel, labor, grower costs, and utilities continue to persist. Buyers should plan and allow for inflationary prices of +25%.

The US **garlic** crop for 2022 has been progressing normally to date. At this time, yields are projected at planned levels. The demand for extra-low micro, granulated and minced garlic continues to remain strong with limited availability for spot opportunities prior to new crop production. Similar to US onion, inflationary cost pressures are expected to continue

Garlic Crop Update

Watch our latest garlic crop update with Crop manager, Jeremy Horstmann! From a garlic field in the central valley of California, Jeremy shares what we are monitoring for in preparation for the upcoming harvest.



Chiles

US Green Chiles/ Jalapenos

The harvest season on the west coast of Sonora has ended as we transition to southern Chihuahua. Harvest volumes were normal with very little interruption due to weather occurrences. The transition to harvest areas will take approximately one week. The growth to maturity has been slow due to local weather conditions, however, we do not see this maturity delay as any indication of yield loss. The local crop is in the ground and actively growing. Strong spring winds have delayed plant

The **coriander** crop has been harvested. CY22 production is expected to be lower compared to last year.

Q Future outlook

- **Chilli:** Prices are expected to increase from current levels
- **Turmeric:** Prices are expected to remain stable
- **Cumin:** Prices are expected to move up from current levels depending on export demand
- **Coriander:** Prices are expected to move up from current levels depending on domestic demand

to increase. Buyers should plan for rising inflationary prices of +25%. China's CY22 garlic crop is now expected to be only 5-7% higher than CY21 relative to earlier estimates of a 20% increase. Carry forward flake inventories are also lower at 50-55% of the annual flake demand – which will necessitate flaking of at least 150-200k MT this year. This production will happen in an inflationary environment with a cost-push impact on prices. Early coverage is therefore recommended.

Q Future outlook

- There are early indications of a potential impact on yields for non-US onion
- Elevated freight rates and tight container availability are projected to continue for the remainder of the year



growth and crop losses have been minimal. There is slower than normal growth, but we do not expect yield impacts.

The winter jalapeño crop delivered without incidence and volumes were stronger than expected. Pace volumes are delivering at contracted volumes and we are seeing a better than the anticipated yield at the farm.





Tomatillo

Contracted tomatillo volumes are currently being delivered and we expect them to wrap up in the coming weeks.

Paprika

US & Mexico: The ofi crop team continues with follow up visits to our farming partners. The majority of fields have transitioned into the reproductive stage and have bud formation which is expected to flower during this month.

China: Transplanting continues and we are expecting an increase in planted areas, however, final numbers are still pending. We're expecting

higher input costs therefore paprika pricing should increase accordingly. CY2021 paprika continues to sell, and the pricing has slightly increased, but quantities are still large.

Peru: The market is still facing volatile and unstable conditions.

Specialties

Mexico: The ofi crop team continues to supervise farming partners in Mexico growing areas for chipotle, guajillo, ancho, and other specialties. We're working together with the local farmers to provide ofi customers with traceable, sustainable, and quality ingredients.