



Spices Market Update

April 2022



Chiles

US

Paprika/Red Chiles: The ofi Crop team has managed to secure sufficient acreage and volume for 2022 grower contracts to meet the anticipated increase in demand for locally grown paprika and chile. Direct planting and transplants are in progress in our growing regions of Southwest New Mexico and West Texas, as well as the northern part of Chihuahua Mexico. This is expected to be completed in the next 1-2 weeks. Fair weather conditions have allowed progress to be consistent.

High crop input costs like fertilizers, labor cost increases, and competition for acres from cotton have caused a significant increase to crop costs for the 2022 season. We continue to see strong demand for US-grown traceable paprika and Chile as customers are seeking local solutions. With the increased demand for US-grown Organic Paprika and Chile, we have seen a significant increase in Organic acres planted.



Green Chiles: The 2021-2022 winter crop is meeting projected volumes. Organic Chile volumes finished strong. The spring chile crop looks healthy and there are no expected shortfalls in volume. Harvest timing is slightly delayed due to cooler temperatures that are slowing fruit maturity. Most of the summer crop in the US has been direct seeded with no indication of seedling diseases despite cooler temperatures. Summer crop transplants have been put in the fields and there are no indications of any issues.

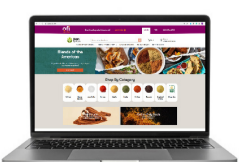
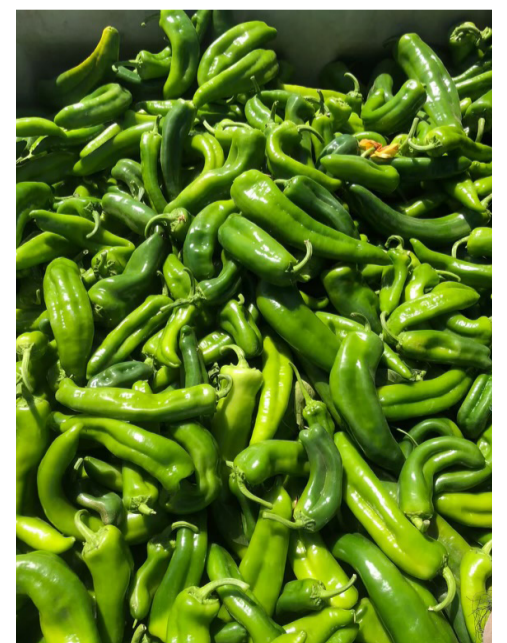


Overall, we expect volume targets to be met. Increasing costs due to fertilizer, labor, and gas have been a challenge for the growers. Processors have supported the growers with significant cost increases.

Jalapeño: The winter jalapeño crop was delivered without any incidents and volumes were stronger than expected. Organic jalapeño volumes came in marginally short. Pace Jalapeño deliveries are strong and are consistently meeting our contracted needs. Summer crop jalapeños have been moved from the greenhouses to the field. No disease or weather-related issues have been reported.

Mexico

Specialty Chiles: The total area under various Mexico-grown specialty chiles will be similar or marginally higher compared to 2021. Crop costs and competing crops continue to challenge the specialty chile varieties as well.



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China

Paprika: Covid 19 outbreak constraints in the supply chain continue to affect the availability and movement of raw materials in the markets and impact trade. Processors are evaluating options to offer non-Xinjiang originating material through other regions but transparency to true origin continues to be a challenge. The price is expected to rise due to energy cost increases, exchange rate impacts, and labor cost increases. The availability of good color value continues to be a challenge as warmer weather sets in.

With higher demand for Chinese Chili due to the crop situation with Indian Chili, prices overall are trending higher. While initial estimates indicate that crop planning for 2022 is similar to the previous year, we will need to monitor the crop in the the coming months for more concrete information.

Peru

Paprika: The crop is estimated to be short at least 20% compared to last year due to a reduction in planting area and lower yields because of the high input costs. The ASTA values are also expected to be lower than usual.

Other regions

Paprika: The increased acres are under production in African origins and are expected to be available for harvest in the later months of 2022. While overall acres are not significant, there is progress towards diversification of growing regions. Israel continues to report marginal to moderate growth in production and is more dependent on areas that do not fall into the sabbatical year rotation. Spain continues to be a marginal grower of paprika – organic and conventional and continues to be a processing location for imported paprika.

Q Future outlook

- Organic paprika and Chile will continue to be in short supply through 2022 as no genuine inventory is available.
- The Uyghur forced labor Act and its enforcement will force US companies to look for alternate origins and supply sources.
- Long supply chains from growing regions to processing locations and then to consuming markets force customers to look for local solutions.
- Due to Fertilizer costs, labor increases, gas prices along with general inflation all paprika and chile products will see double-digit cost increases.
- Paprika and Red Chile products will continue to see elevated prices through 2022 as no major origins or supply is expected to start coming into the market till fall 2022.
- Green Chile and Jalapeno inventory is limited, but demand is far outpacing supply due to growth in these categories. Contracting in advance is strongly recommended.

 **Indian Spices**

Chilli

The majority of the crop has been harvested. Pest & disease infestation led to a sharp drop in CY22 yield compared to the previous year leading to lower production despite acreage increase over last year. Overall, the quality of the crop is poor compared to normal. Good quality arrivals to market yards dropped during the last few weeks. The availability of pesticide residues compliant crops is less this year. Prices remained firm during March. The export demand remained weak. CY22 supply is expected to be tight, especially for good quality and pesticide residue compliant grades.

Cumin

The crop has been harvested across the growing regions. CY22 production is expected to be lower compared to last year due to less acreage planted and a drop in yield. Prices have increased by 5-10% due to fewer arrivals and farmers holding stocks in anticipation of higher prices during the off-season. The export demand has remained weak.

Turmeric

New crop arrivals have started flowing into markets and are expected to peak during April. Prices were stable during March. Export demand remained weak. Domestic demand has started picking up over the last few weeks.

Coriander

The crop has been harvested across the growing regions. CY22 production is expected to be lower compared to last year due to lesser acreage. Prices have risen by 15-20% recently due to fewer arrivals and strong demand from domestic spice blends manufacturers. Domestic demand is expected to be better than the previous year.

Q Future outlook

- **Chilli:** Prices are expected to move up from current levels
- **Cumin:** Prices are expected to move up from current levels
- **Turmeric:** Prices are expected to remain stable
- **Coriander:** Prices are expected to rise from current levels

 **Vietnam Spices**

Pepper: The Harvest in Vietnam is expect to finish by the end of April. Cambodia's harvest season is at its peak. Buying amongst overseas buyers is strong as they see these levels as a good bargain. Chinese buying is absent due to increased border restrictions. Prices are stable with strong support as farmers are not too keen to drop prices. However, the lack of Chinese demand is keeping a cap on any increase.



Onion Crop Update

Watch our latest onion crop update with Crop Supervisor, Christian Dutra. From an early variety onion field in the central valley in California, Christian shares what we are monitoring for and when we can expect to see bulb initiation!

