

Spices Market Update

January 2022



Indian Spices

Chilli:

The crop is currently at the flowering to ripening stage. Many areas are suffering from invasive thrips infestation (*Thrips parvispinus*), a new challenge for Chillis where pests attack the flower. Heavy rains during November led to wilt disease in a few growing regions. The impacts from both pest & disease infestation have led to a sharp drop in yields and significant damage to the quality of the initial picks. During the next few weeks, weather conditions will be critical to determine the quality of the subsequent picking, harvest, and final yield.

While CY22 acreage has increased by 25-30% compared to last year, production is expected to be down due to lower yields, mainly as a result of the thrips infestation. The quality of the overall crop is expected to be poor due to poor pod formation. Also, farmers are using higher amounts of pesticides to control thrips which could lead to decreased availability of pesticide residue compliant crops. However, new crop arrivals are expected to improve from February onwards.

Prices increased by more than 20% during December due to the heavy rains and decreased arrivals before stabilizing towards the end of the month as demand declined. 2021 exports were higher compared to 2020. India is witnessing an exponential rise in COVID-19 cases believed to be driven by the Omicron variant. CY22 domestic demand needs to be assessed depending on the lockdowns and restrictions.



Invasive thrips infestation

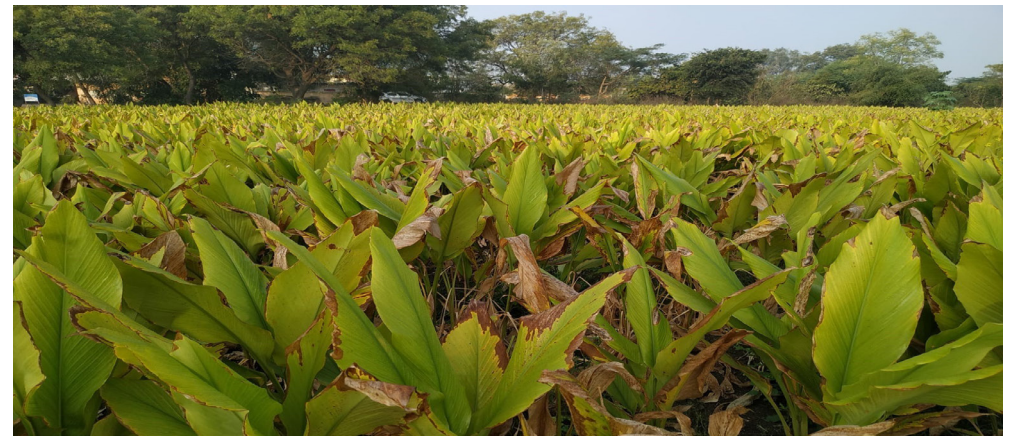
Spotlight on Indian Spices



Turmeric:

The crop is at the Rhizome development and maturation stage. While CY22 acreage is better than last year, unseasonal rains from August through November led to plant diseases in some growing regions. Yields are expected to be lower compared to normal. Climatic conditions and the impact of diseases on standing crops will be crucial to determine CY22 production.

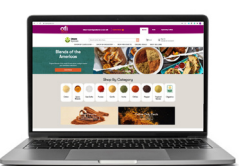
Prices moved up by 10-15% during December due to the impact of rains and demand. Carry forward stocks are lower compared to last year. 2021 Exports were lower compared to 2020. CY22 domestic demand needs to be assessed in view of 3rd wave of COVID-19.



Cumin:

All of the growing regions recorded good germination. The early sown crop is at the flowering stage and the late planted crop is at the vegetative growth stage. The weather has been favorable so far, but climatic conditions and temperature in the next few weeks will play a significant role in crop health and yield.

CY22 acreage is down by 25-30% compared to last year due to an acreage switch to more profitable alternative crops. CY22 production is expected to be lower than the previous year, while carry forward stocks are higher than last year. Prices moved up during December due to the expectation of lower CY22 production.



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Indian Spices

Coriander:

The crop is currently at the flowering stage, with favorable weather up to this point. However, climatic conditions and temperature in the next few weeks will play a major role in crop health and yield.

CY22 acreage is down by 20-25% compared to last year as acreage switches to more profitable crops. CY22 production is expected to be lower compared to the previous year. Carry forward stocks are marginally lower compared to last year, while most stocks are currently with stockists and traders.

Prices increased during December due to the expectation of lower CY22 production, good domestic demand, and stockists and traders holding stocks in anticipation of higher prices. 2021 exports were similar to 2020.



Vietnam Spices

Pepper:

Vietnam: 2021 pepper exports from Vietnam stood at 255K Mts vs. 283K Mts for 2020. Vietnam harvest has just started. Prices are stable to slightly weak with the expected harvest in Brazil and Vietnam making holders reduce their total stock holding level. Also due to holidays, the buying has been a bit slow. Vietnamese farmers are in the final stages of coffee harvest and expect to start harvesting pepper after the Chinese new year holidays. High Coffee prices have continued, making farmers bullish on the pepper stock as well.

All origins: India's harvest season is in progress. The expected crop



Onion & Garlic

US:

CY22 US Onion acreage decreased by 7-10% from last season due to water, labor, and grower price inflation. California precipitation is above normal to date (SJV 153%, Tulare 142%, N Sierra 160% of average). However, California reservoir levels are well below average. A longer wet season is needed for normal levels to return.

Other Markets:

Egypt Winter onion crop planting is down sharply over last year. The excess from CY21 summer production is keeping prices stable for the time being. China's onion and garlic crops are progressing normally despite delayed planting. There is an expected 2-3% garlic growth. Indian onion crop planting is up over last year at a higher cost.



Chiles

US Green Chiles/Jalapenos:

All deliveries for green chiles, tomatillos and jalapenos were above schedule in December 2021. The upcoming spring crop is growing strong without any adverse weather impacting the crop.

Spotlight
on Indian
Spices



Q Future outlook

- CY22 domestic demand will need to be assessed in view of 3rd wave of COVID-19.
- Chilli: Prices are expected to remain firm in the short term and move up in medium to long term.
- 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.

is about 10% lower than last year. Brazilian ES harvest is expected to pick up soon as well. China's buying continues to be slower than 2021 and 2020, but other consumer markets remain strong. Freight rates continue to be firm, with US East Coast prices crossing the 20K mark.

Q Future outlook

- EU and US West Coast prices are stable for now and are expected to increase slightly in the short term.
- Port congestions and vessel rollovers continue to be the norm.

Q Future outlook

- Constrained global onion availability through Q1, 2022
- Resurgent onion and garlic monthly sales trajectory through Q4, 2021; trend to continue through H1 2022
- Buoyant pricing likely to sustain for both onion and garlic across origins through H1, 2022
- Domestic shipment lead times/bag/box capacity to remain under pressure through H1, 2022
- Export shipment bottlenecks and container availability challenges to continue through 2022

The biggest concern for the spring is transportation availability, as truck operators are still in short supply.