

Spices Market Update

May 2022



Indian Spices

Chilli

The chilli crop has been harvested. CY22 acreage has increased by 25–30% compared to last year. However, production has decreased due to significantly lower yield because of thrips infestation. The quality of the overall crop is poor compared to normal standards. In the recent weeks, most arrivals to market yards were considered to be of average quality.

Farmers have used high doses of pesticides to control thrips which led to a sharp drop in the availability of pesticide residues (PR) compliant chilli compared to previous years. Premiums for compliant chilli crops have increased this year due to tightness in supply. Exports during Q1 of 2022 were lower compared to last year. The domestic demand was normal. The largest chilli market yard in Guntur will be closed for summer holidays from the 16th of May to the 12th of June.

Turmeric

The turmeric crop has been harvested. While the CY22 acreage is better than last year, unseasonal rains led to plant diseases and a drop in yield. CY22 production is expected to be similar to last year. Carry in stocks were lower compared to last year leading to a lower supply total.

Arrivals have remained consistent across market yards with some regions reporting poor quality compared to normal standards. Exports during Q1 2022 were lower compared to LY. Domestic demand was normal.

Coriander

The crop has been harvested. CY22 of the acreage planted has decreased by 20–25% compared to last year. This is due to a switch to alternate profitable crops. CY22 production is expected to be lower compared to last year. The quality of the crop has increased compared to normal grades. Exports during Q1 2022 were lower compared to last year. The domestic demand is good compared to the previous year.

Spotlight on Indian Spices

Cumin

Cumin crops have been harvested for this year. The acreage planted for CY22 is down by 25–30% due to acreage switch to alternate profitable crops. The early sown crop is damaged because of blight resulting in lower yields.

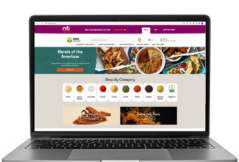
Pesticide residues compliant (PR) crops make up small percentage of the overall crop. Premiums have increased for pesticide residues compliant cumin due to an increased demand and tightness in the supply.

Farmers are reluctant to sell at lower price levels and are holding stocks in anticipation of better prices during the off-season. This is providing support to prices despite weak export demand.

Exports during Q1 2022 were lower compared to last year. The domestic demand is normal. The prices from current levels will be driven primarily by export demand.

Q Future outlook

- **Chilli:** Prices are expected to increase from current levels
- **Turmeric:** Prices are expected to remain stable in the short term and marginally bullish in the medium to long term
- **Coriander:** Prices are likely to remain firm in the short term and increase in the medium to long-term depending on domestic demand.
- **Cumin:** Prices are likely to remain firm in short term and increase in the medium to long-term depending on export demand



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Vietnam Spices

Pepper

All origins: The Vietnam crop is fully harvested and farmers are getting ready for the first round of fertilizer application. Cambodia's harvest is coming to a close and is expected to end in June. Indonesia's crop will start in July. Prices have been range-bound and Chinese buyers are still absent due to border issues.

Cassia & Nutmeg

Cassia: The Vietnam autumn crop harvest is coming to an end. There will not be any harvests in Vietnam after May. Indonesia's crop will begin slowly as harvest is expected to start after the Ramzan period. Prices are currently stable. **Nutmeg:** The prices have increased mainly due to quality concerns.



Spotlight
on Indian
Spices



Onion & Garlic

Onion

US planting has finished for the 2022 crop across all regions. Cool spring temperatures in the Imperial Valley (CA.) caused a slight delay to the May harvest. Despite this, early signs show the crop is progressing close to plan. The demand for US onion across all piece sizes is forecasted to remain strong and strengthen through Q2.

Inflationary cost pressures throughout the supply chain, particularly associated with freight, fuel, labor, grower costs, and utilities, continue to persist; as a result, buyers should plan for inflationary prices of +25%. The availability of non-US onion is constrained due to export shipment bottlenecks and lack of shipping containers. There are early indications of a potential impact on yields being reported at this time.

Garlic

US plantings for the 2022 crops are fully completed. The crop maturity has been normal to date. Yields are projected to be at planned levels at this time. The demand for extra-low micro, granulated and minced garlic remains strong with limited availability for spot opportunities prior to new crop production.

Similar to US onion, inflationary cost pressures are expected to continue to intensify. Buyers should plan for rising inflationary prices of +25%. The plantings out of China were delayed last fall due to unseasonal rains followed by extremely cold weather and snow conditions. The potential impact on yields is likely to be known by end of Q2. Elevated freight rates, tight container availability, and delayed shipments are projected to continue for the remainder of the year.



Chiles

US Green Chiles & Jalapenos

The spring pack is slightly behind schedule due to a cooler than normal spring. The volumes are as expected but are just slightly delayed. From the main pack, the crop planting has finished. A cooler spring this year has delayed the germination of early plantings. There is currently no indication of mass disease or pest issues.

Paprika

SW USA and Mexico: The ofi crop team is continuing to visit our farming partners. All the fields have passed their sprouting stage and have entered the vegetative stage. There is no high risk foreseen in the near future. **China:** COVID-19 outbreak constraints in the supply chain continue to affect availability in the market, but pricing remains steady. Planting will start slow due to COVID restrictions in origination areas. There isn't a decrease in the area planted at the moment. **Peru:** Crop pricing continues to increase and the lack of quality products is creating a volatile and instability in the market.



Specialties - Mexico

The ofi crop team has secured and planted the necessary acreage to fulfill our contracts. The crop development is progressing as expected with no risk foreseen.