



US Onion

The 2019 US crop planting is 90 percent complete, and is estimated to come in 6 percent below last year.

Solid rain during the past couple of months, and an above-normal snow pack has enabled the Department of Water Resources to announce water allocations at 55 percent.

While no onion crop issues have been reported at this time, onion costs in California are continuing to rise due to the impact of the New Sustainable Groundwater Management Legislation, which affects grower costs, together with higher transportation, packaging and irradiation costs.

Market demand has begun on a soft note, and a 5-7 percent increase in grower prices is to be expected later this year.

Egyptian Onion

Egypt's 2018-2019 yellow onion winter crop is 40-50 percent complete, with the crop estimated at 15 percent lower than last year. The crop quality has been normal, and no weather anomalies are foreseen in the near future. Raw material pricing has increased over the last few weeks as a result of depleting carry-over stocks and increasing demand.

Egypt's white onion crop is progressing well, despite extra cold conditions this year. We have not seen any unusual events like mildew, diseases, pest-attacks etc (ones we fear when conditions are not usual) and we expect our harvest to commence in late April/May.

Other Origins

India's overall 2018-2019 winter white planted onion acreage is estimated to be lower than the previous season by 10-15 percent. This is due to weak prices and large unsold inventories from the previous two seasons. Most of the low-quality dehydrated onion offers are fast disappearing, and prices are going up.

FUTURE OUTLOOK

USA

- Current inventories of US onion are adequate to service market demand for most fractions/micros through the new crop.
- Spot prices are expected to rise gradually through new crop arrivals at the end of Q2, 2019.
- Barring no outward weather event, customer pricing for 2019 is expected to remain stable, but will increase for the 2019-2020 contract cycle due to cost-push increases.
- Lead times and costs for irradiation are increasing sharply due to increased demands and capacity bottlenecks at the service providers, and buyers need to amend their internal lead times for budgets accordingly.

Egypt

- Winter crop availability will start thinning out in the next few weeks as the crop winds down.
- Egyptian onion prices are stable for the moment, but will start hardening from current levels as competition increases from the fresh/local export markets, and availability reduces through April.
- Egyptian white onion pricing is expected to be stable.

California Garlic

The 2019 California garlic crop plantings were completed in November 2018, and is estimated to come in 26 percent below last year's crop. The crop is advancing well in all areas, and has not experienced any disease pressure so far this season. The harvest is scheduled to start by the end of June.

Market demand this year has begun on a soft note, despite steady contracting. Garlic costs in California are likely to be similarly impacted as onion.



Market Report Minute

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Chinese Garlic

China's 2019 crop planted acreage is estimated to be lower than last year by 30-35 percent. This is due to the bumper crop in 2018, consequent excess inventory and weak market prices. The 2019 harvest is expected to commence by the end of May.

To date, growing conditions have been normal, and the yield is expected to be similar to the last crop. Garlic flaking for the 2019 season is unlikely due to the large inventory overhang from last year.

FUTURE OUTLOOK

USA

- Most of the US market is largely contracted through Q3, 2019.
- Availability for most fractions is in balance, except for XLB powders, where supplies will remain tight until the new crop.
- Prices are expected to remain stable for H1, 2019, except for XLB SKU's.
- As 2019 Chinese prices start to increase, we could see an increased demand for California garlic at prevailing price levels. Economy garlic represents a great low cost opportunity against Chinese garlic powder at this time.

China

- Current garlic origin prices have jumped 58 percent since January 1, 2019, as speculators corner more of the open inventory.
- Flake prices are expected to continue to firm up through new crop arrivals in May.
- If the crop comes in at or lower than estimated, some volatility in pricing is expected in H2, 2019.
- Peanut allergen, micro and color issues could resurface significantly as there is a less likelihood of any new crop flaking, and supply chain control of open market inventory is difficult to manage.