



**Onion & Garlic Crop
Report
WSC, Cochin
Feb 2014**

**Vinayak Narain
Olam Spices & Vegetable
Ingredients**



Overview

(For both Onion & Garlic)

- Global supply and demand
 - Fresh production, trends and International trade
 - Dehydrated production, S&D snapshot
 - Key origin profiles
- Factors affecting supply and demand
- 2013 market recap
- Global market outlook - 2014



Onion Crop Update

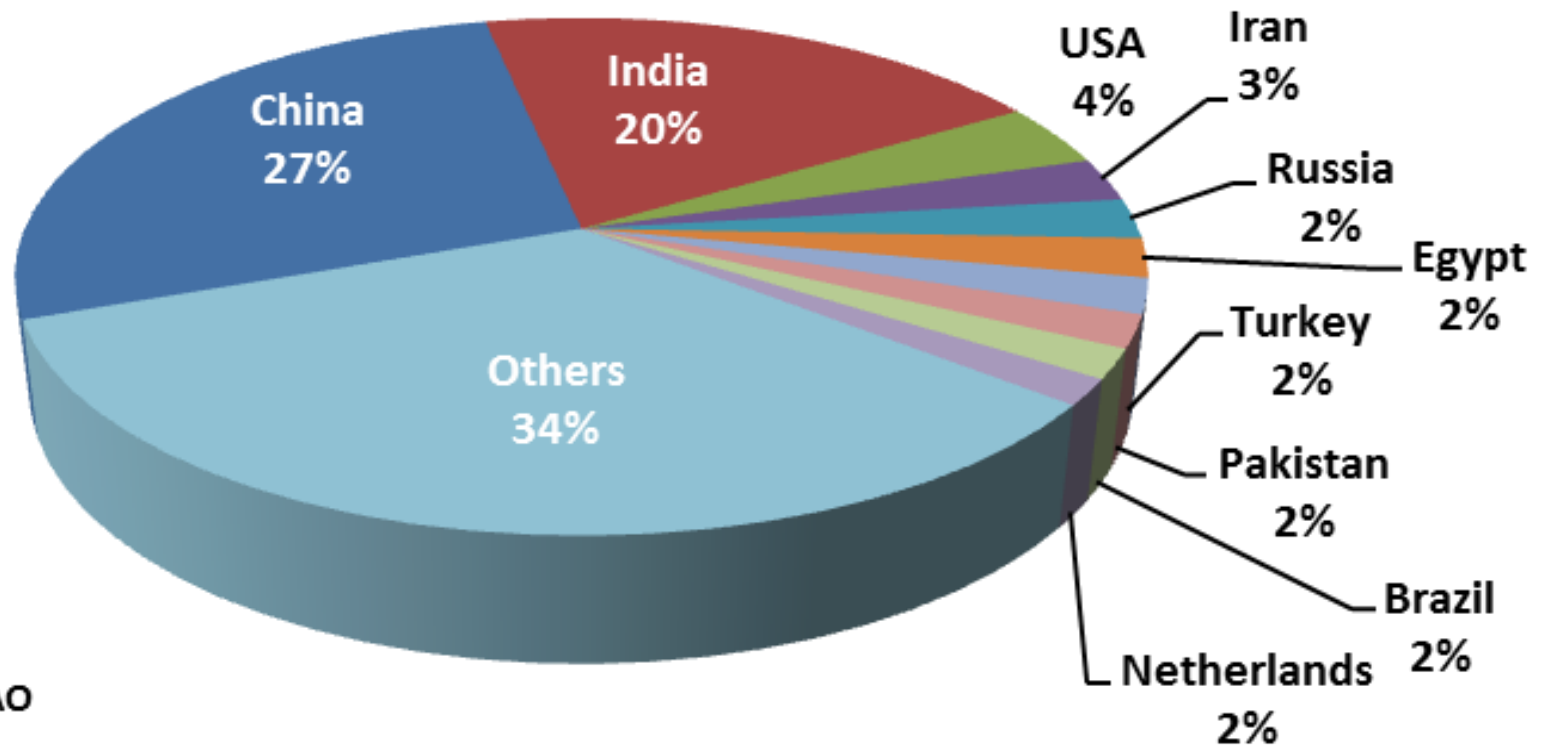
WSC, Kochi

19th Feb 2014,



Global Fresh Onion Production

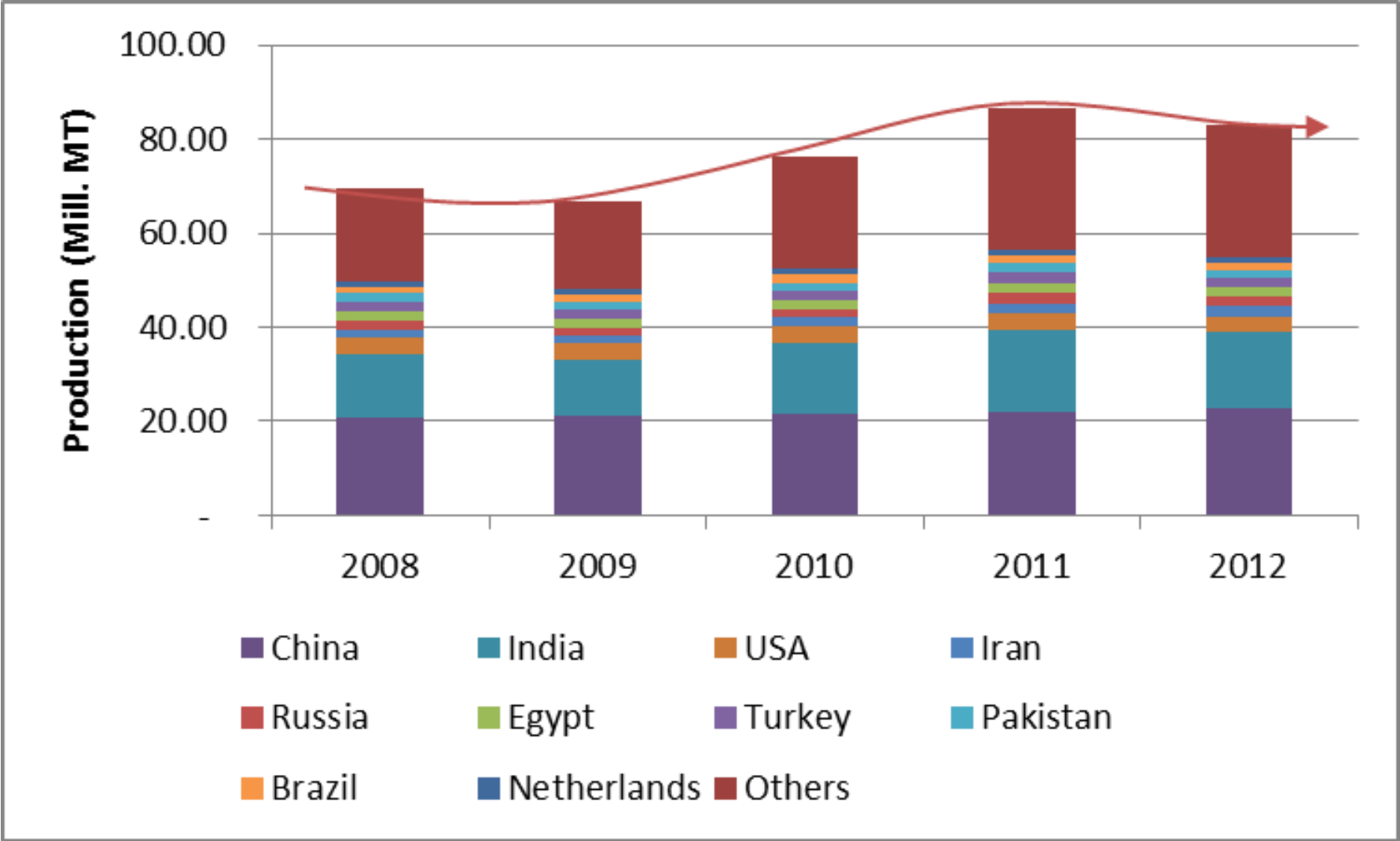
2012 : ~83 Mill. MT



Source : FAO

- China, India and USA have remained the top 3 global onion producers for the last 5 years
- Ireland, Korea and USA have shown highest yields/Ha. Only USA, China and Netherlands

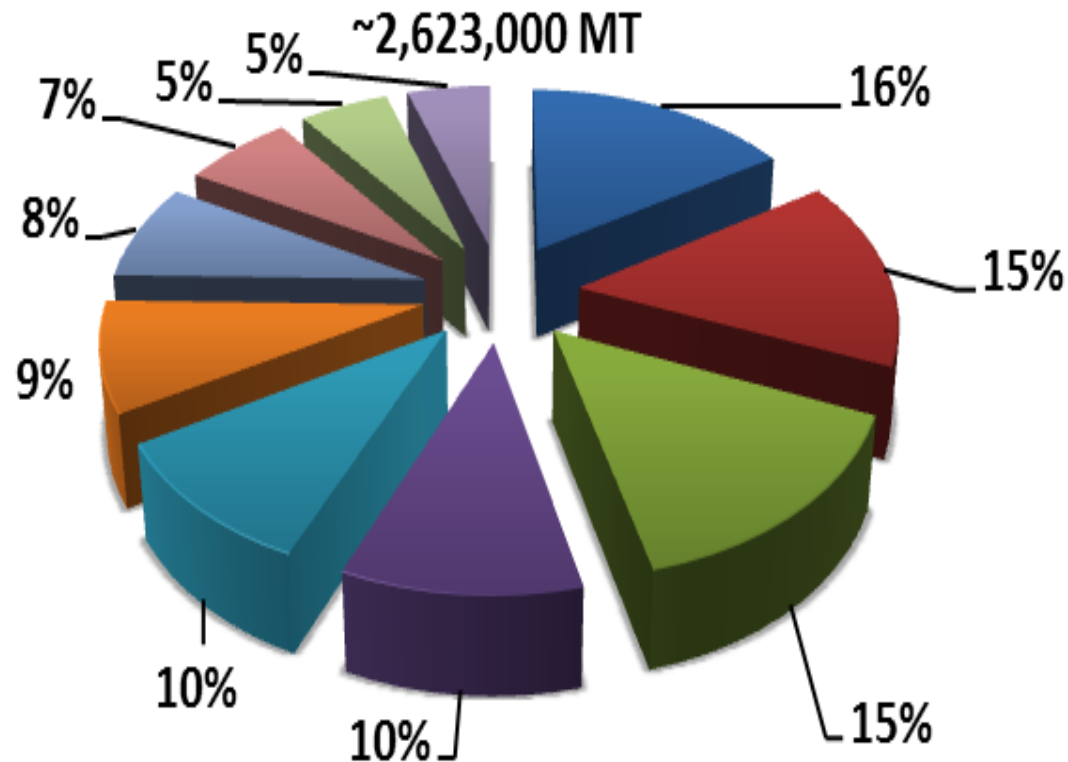
Fresh Onion – Global Production Trends 2008-2012



Source : FAO

Fresh Onion International Trade

Fresh Onion 2013 Top 10 Importers



Malaysia

United Kingdom

United States

Brazil

Japan

Russian Federation

Germany

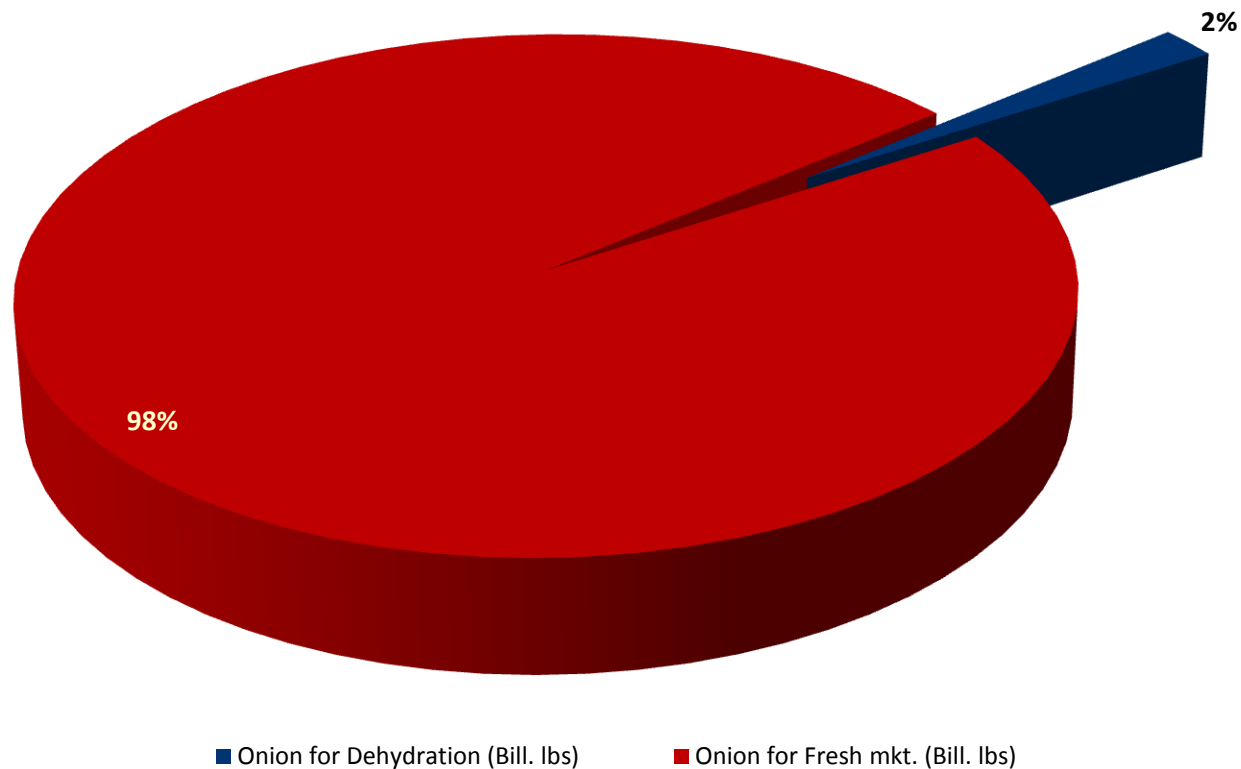
Canada

Netherlands

France

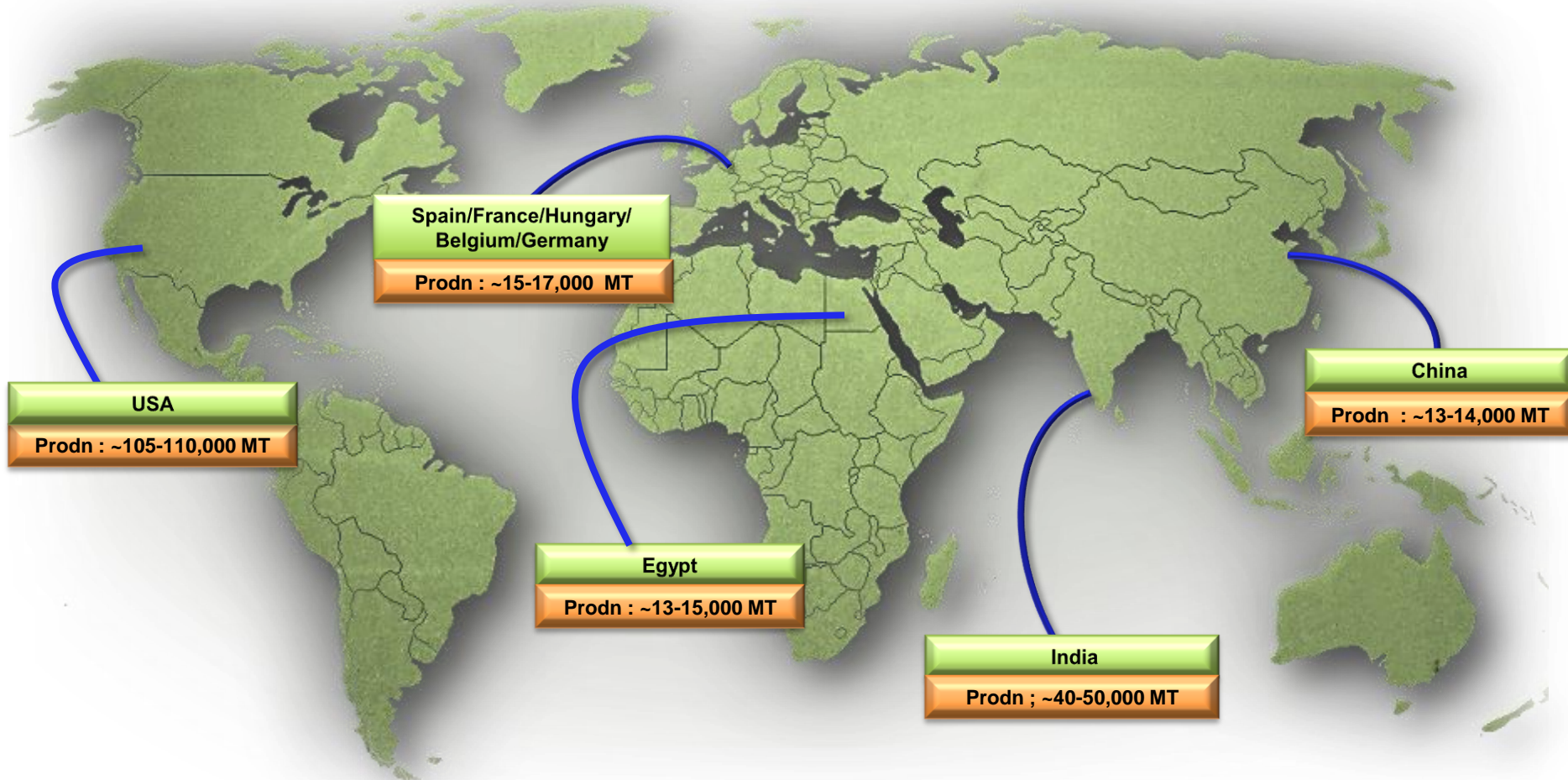
Dehydrated onion in the Global marketplace

**Global Fresh Onion Production
~83 Mill. MT (2012)**



Dehydrated Onion – Global Production

(2013 Estimates : 200-210,000 MT)



Dehydrated Onion : S&D Snapshot

(2013 Estimates: 260-280,000 MT)

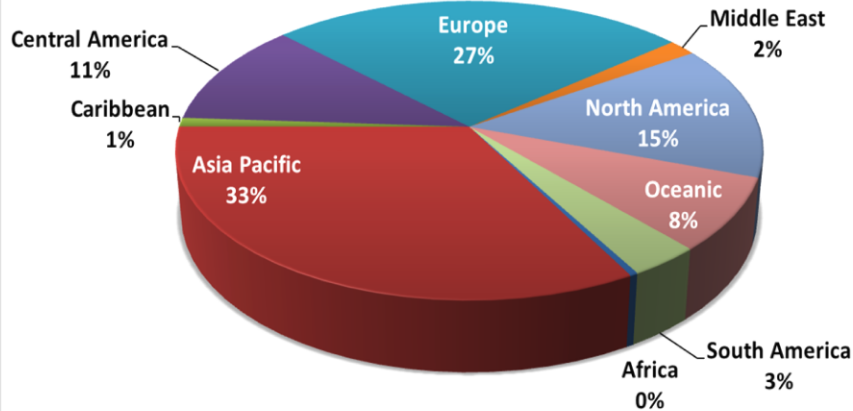
- US still remains the largest global source of dehydrated onion
- India and Egypt are emerging as strong regional contenders
- Europe as a market is growing along with APAC; US growth is slow

Source: Global Tracker, Olam Proprietary Data (2013)

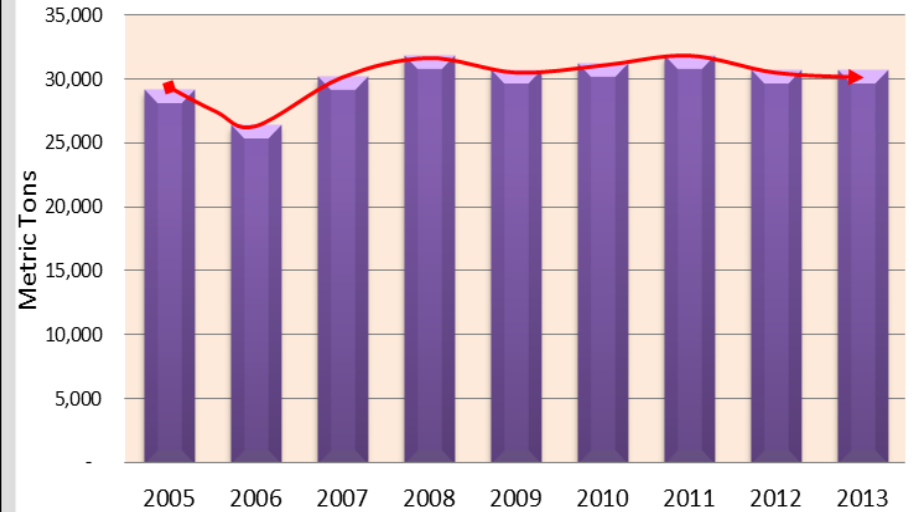


United States

United States 2013 Exports
~30,700 MT



U.S. Dehy Onion Exports 2005-2013



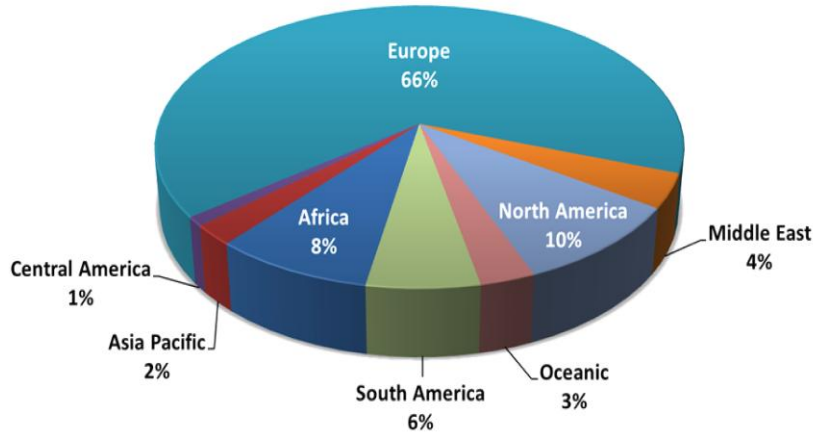
- Largest global producer of dehydrated onion
- Primarily white onions with high solid content
- Onions grown exclusively for dehydration
- Greater stability in pricing
- Field to fork traceability
- Strong food safety systems and controls



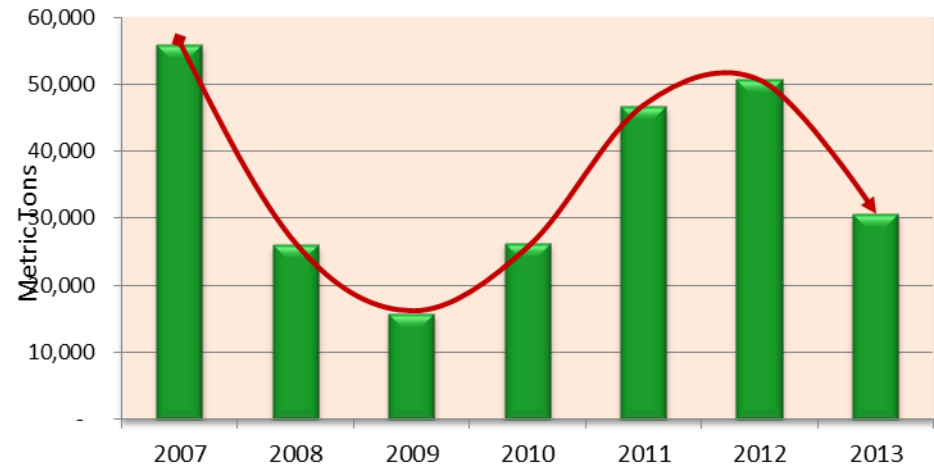
India

India 2013 Global Exports

~30,700 MT



India Dehy Onion Exports 2007-2013



Source : Global Trade Tracker

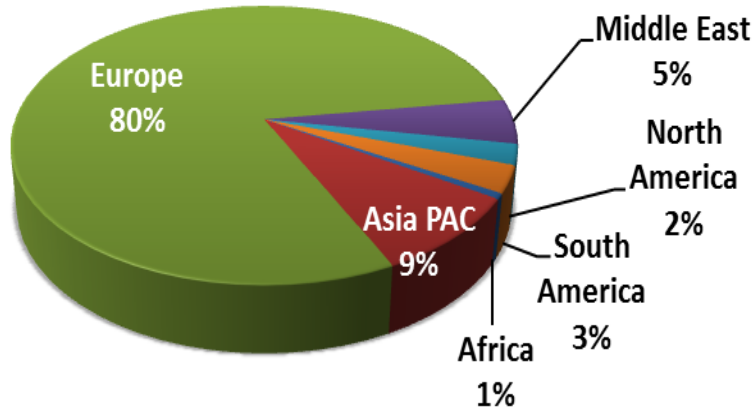
- 2nd largest but fastest growing dehydrated onion origin
- Primarily white onion, low to medium solids
- Limited traceability, high pricing volatility and weather risk
- Large number of small/ medium sized suppliers
- Some risk of govt. led market intervention in fresh onion segment



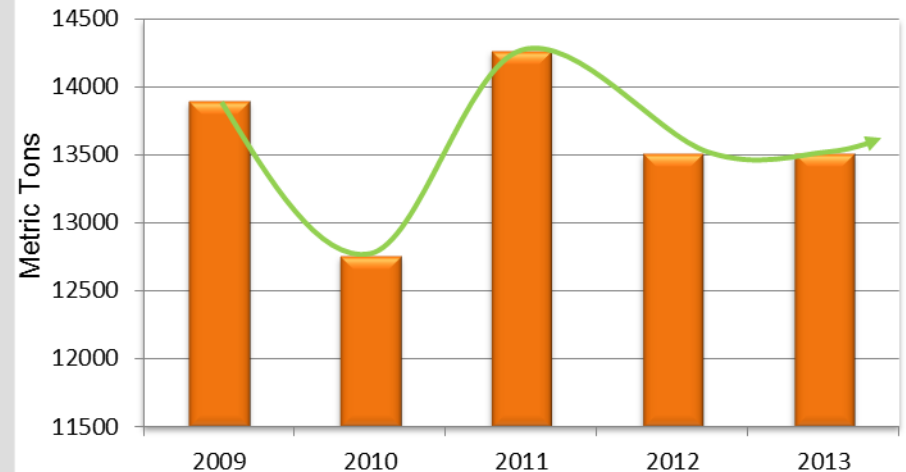
Egypt

Egypt 2013 Global Exports

~13,512 MT



Egypt Dehy Onion Exports 2009-2012



Source: Global Trade Information System

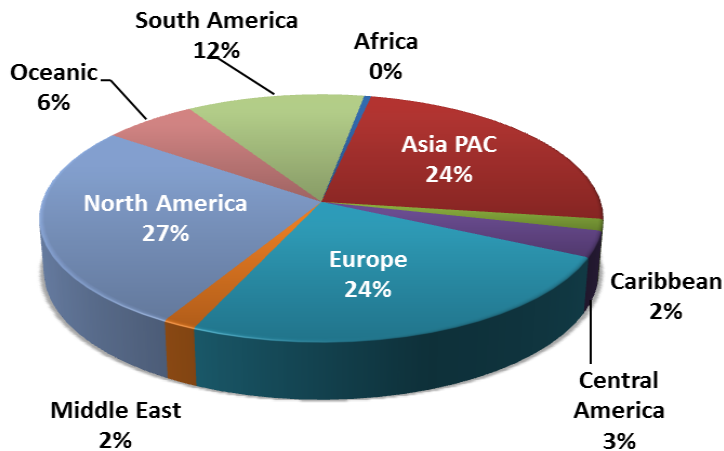
- Largest dehydrated onion origin in Africa/M. East
- Primarily producing yellow onion with low solids
- 2 crops. Summer crop: April – Aug., Winter crop : Dec - March
- Able to supply consistent extra low micro product
- Focused on European market. Preferential duty access
- Many small players with limited financial strengths



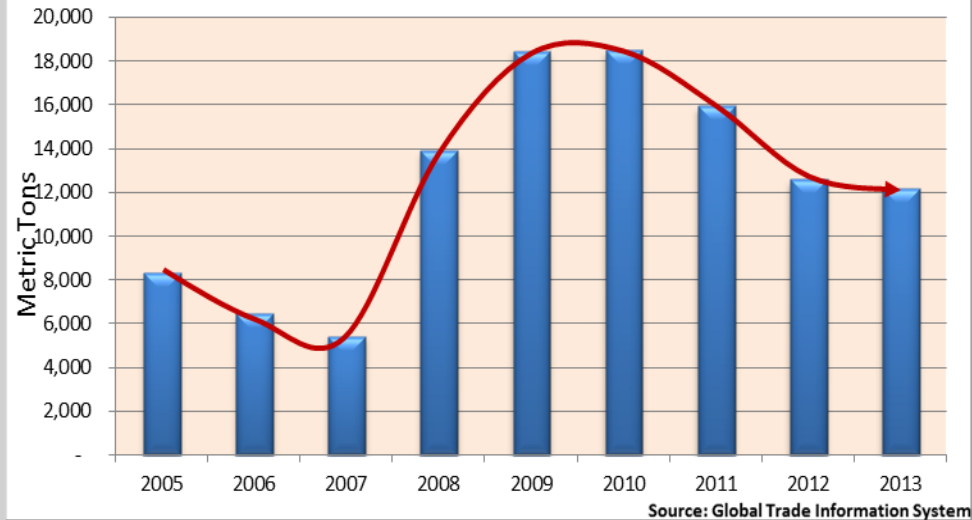
China

China 2013 Exports

~12,200 MT

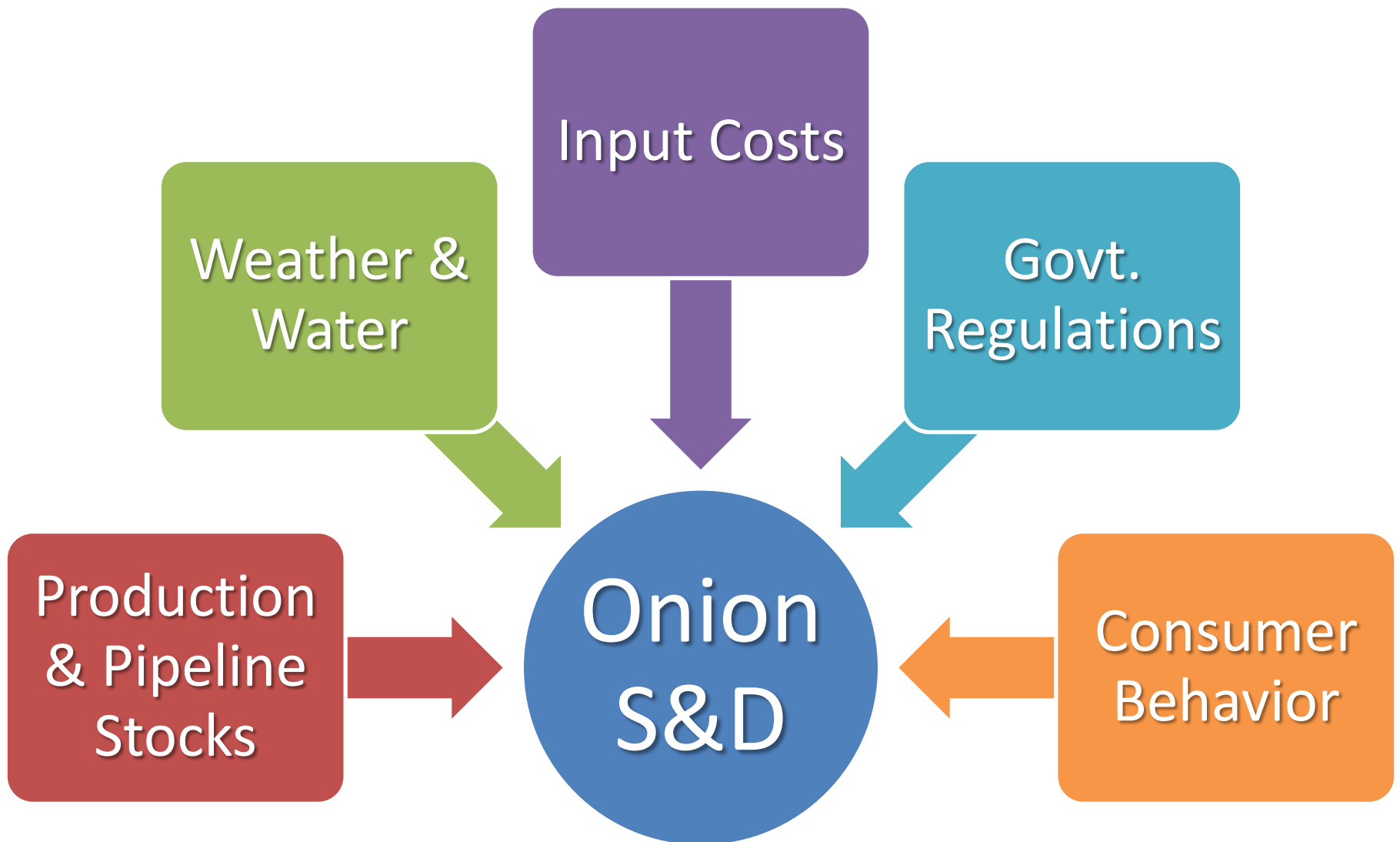


China Dehy Onion Exports 2005-2013



- Relatively small player in the Dehydrated onion space
- White onion used in Exports. Low to medium solids
- Strong cost pressure due to labor, energy and transport costs
- Growing local demand adding to price pressure
- Declining export trend in last 3 years

Factors Affecting S&D



Onion Market – 2013 Recap

USA

- 2013 onion harvest was completed by Oct/Nov 2013
- Industry production down 7-10% from planned estimates
 - Lower Carry in inventory
 - Hot Spring weather leading to adverse yields
 - Higher grower and input costs
 - Reduced Water allocation (down from 35% to 20%)
- Low / Extra Low micro inventory in short supply

Egypt

- 2013 was a difficult year for growers and exporters
- A tight 2012-13 winter crop was followed by an even shorter Summer crop (down by 15-20%)
- RM prices rose by over 100% compared to 2012 leading to delays and potential default by some suppliers
- Political uncertainty

Onion Market – 2013 Recap

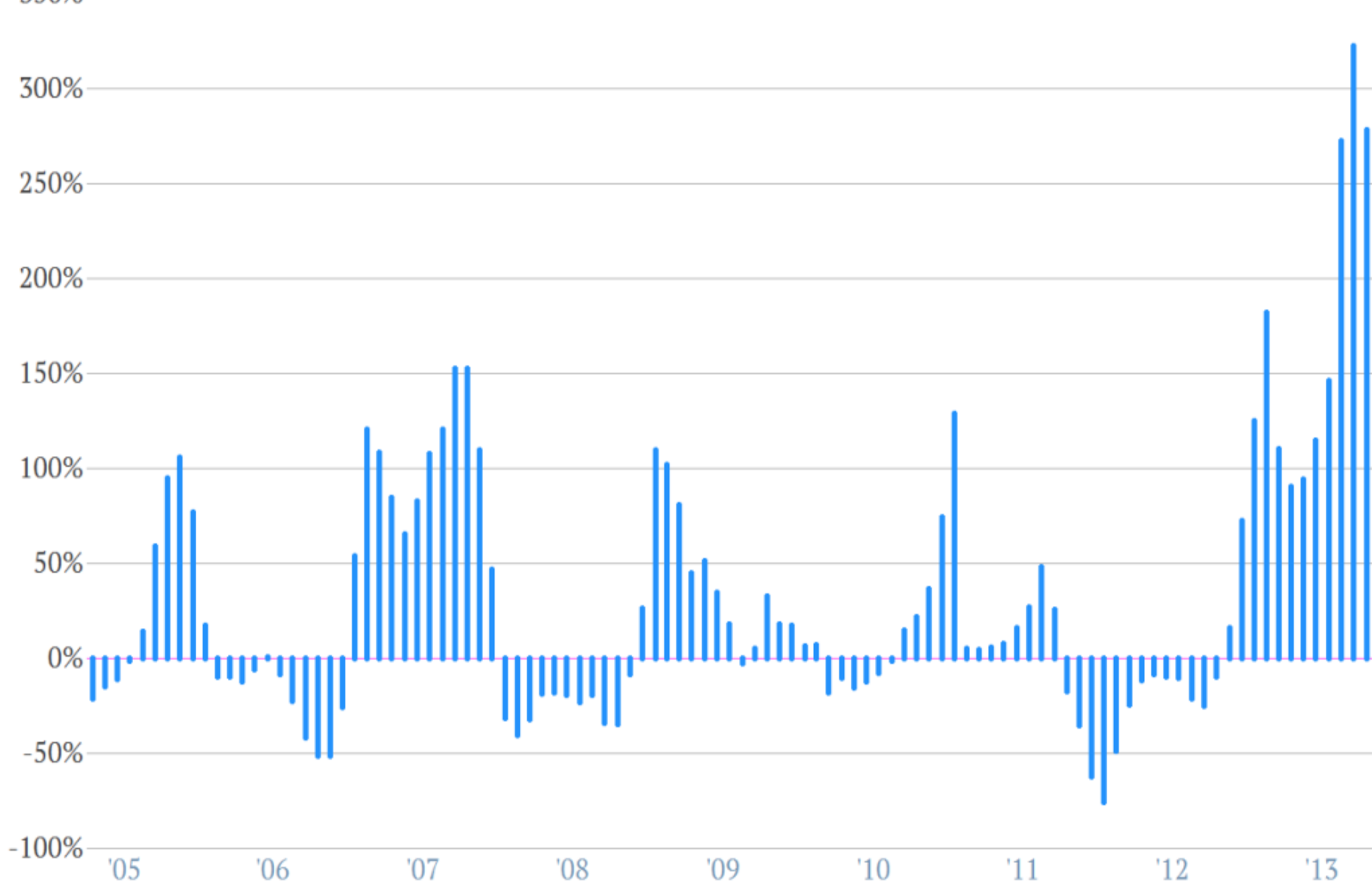
India

- Overlong Monsoon rains in Sept/ Oct adversely affect early winter crop planting.
- Heavy flooding in some areas damage transport/ warehousing infrastructure causing supply squeeze
- Increased incidence of hoarding
- Local onion prices increased by 280% over last season
- Govt. reduces MEP to \$150 PMT to contain local prices and inflation

China

- 2013 winter white onion crop short by 50% over 2012.
- Limited exports
- 2013 yellow onion crop however was up by 40% over 2012. Prices softened and exports picked up, mainly into Asia/ Europe
- Total export availability however was limited due to local demand

Wholesale prices for onions, year-over-year % change



Quartz

Data: Indian Commerce Ministry

Onion – 2014 Outlook

USA

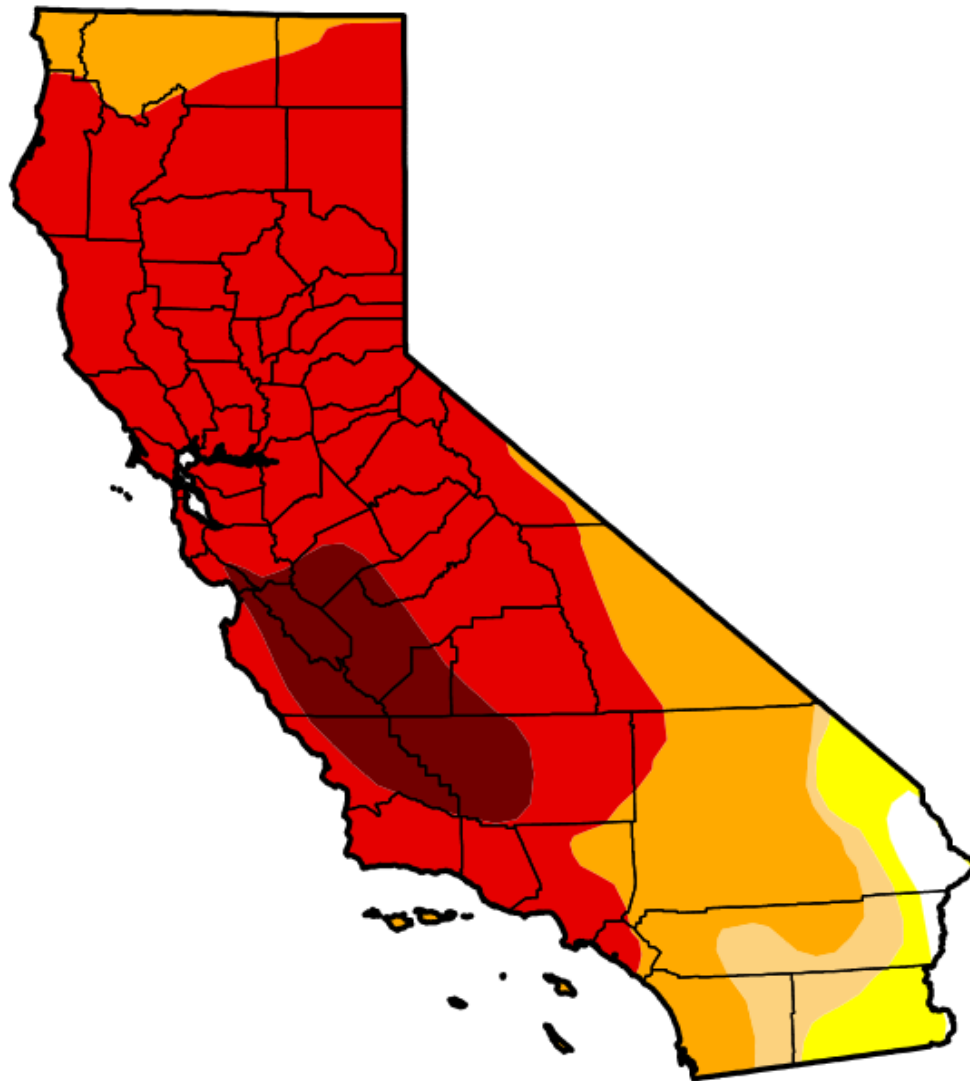
- California officially declared drought emergency on 17th Jan 2014
- State Water allocation likely to be between 0-10%
- Higher yield /solids risk now expected in Crop year 2014 production
- Grower + input costs up sharply and likely to also affect Crop year 2015
- Dehydrators maybe forced to delay contracting with buyers until crop risks are clearer
- Crop Risk premiums likely to increase sharply in pricing to the market

Egypt

- Egypt experiencing a normal winter crop (+20% over 2012)
- Prices have declined slightly over levels during summer
- Pent up demand from Europe causing prices to remain stable
- Fresh onion demand from Saudi/ Libya/Jordan could intensify demand pressure in the short term. Long term view remains stable.
- Prices to remain rangebound in the short term, weak in the long term

U.S. Drought Monitor California

February 4, 2014
(Released Thursday, Feb. 6, 2014)
Valid 7 a.m. EST



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	1.43	98.57	94.18	89.91	67.13	9.81
Last Week <i>1/28/2014</i>	1.43	98.57	94.18	89.91	67.13	8.77
3 Months Ago <i>11/5/2013</i>	2.62	97.38	95.98	84.12	11.36	0.00
Start of Calendar Year <i>12/31/2013</i>	2.61	97.39	94.25	87.53	27.59	0.00
Start of Water Year <i>10/1/2013</i>	2.63	97.37	95.95	84.12	11.36	0.00
One Year Ago <i>2/5/2013</i>	34.20	65.80	47.18	21.57	0.00	0.00

Intensity:

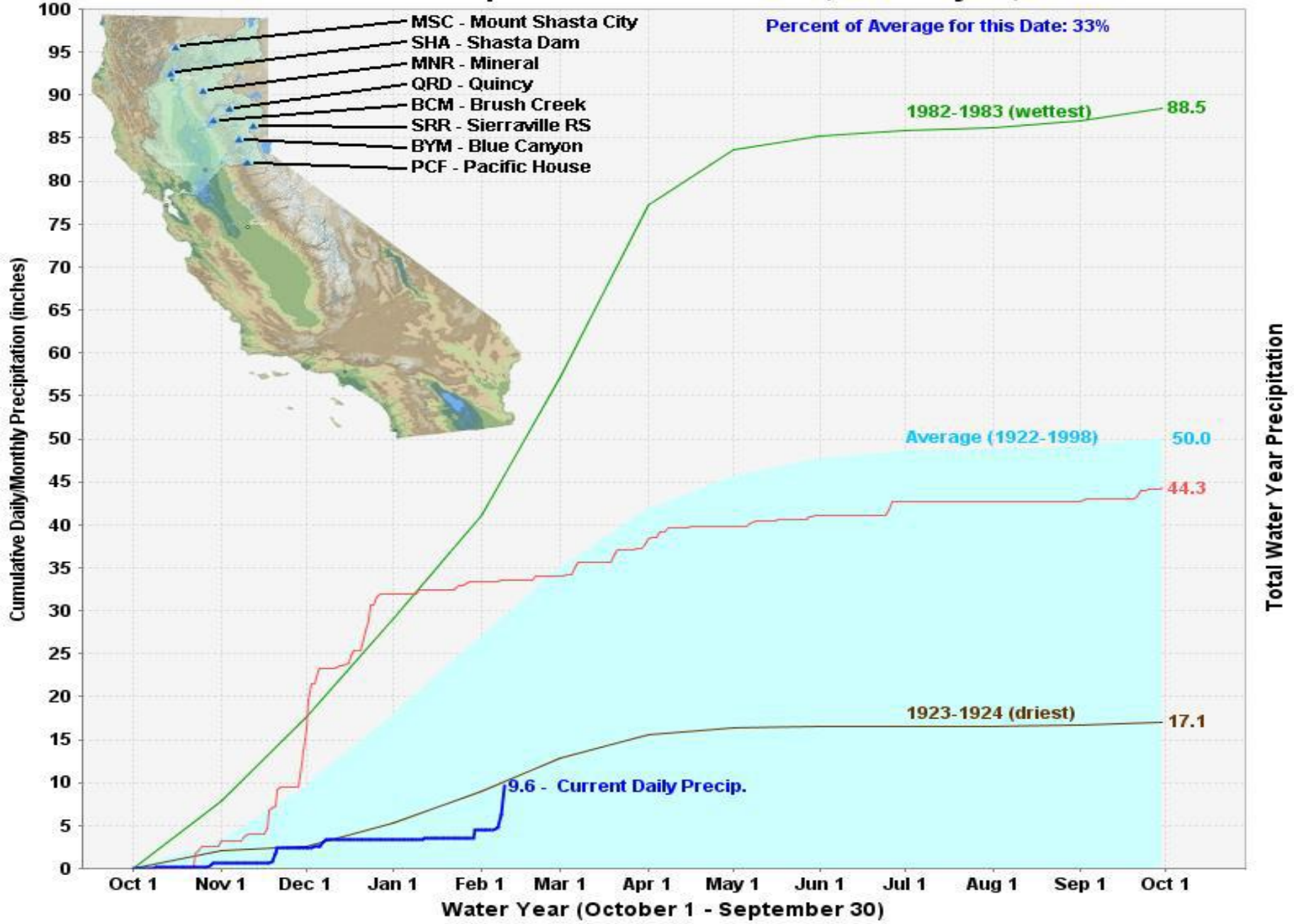


The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Anthony Artusa
NOAA/NWS/NCEP/CPC



Northern Sierra Precipitation: 8-Station Index, February 10, 2014



Average (1922-1998) — 1923-1924 (driest) — 1982-1983 (wettest) — 2012-2013 — 2013-2014 (current)

Onion – 2014 Outlook

India

- Late start to Winter harvest. Early Winter production down against estimates by due to rain damage to planted crop
- 2014 Rabi acreage however has been increased . Gujarat acreage reported to be up from 14,000 Ha last season to 72,500 Ha
- Most other Indian states are reporting 15-20% increase in acreage
- Raw onion prices have dipped sharply after Mid-Dec on increased arrivals
- Weak pricing trend expected to continue through Q1 2014
- Dehydrated buyers currently sidelined. Likely to step in by March. Supply squeeze may result if demand is excessive

China

- 2014 planting intentions unclear at the moment as winter harvest just completed in Nov 2013
- White onion acreage increase/ decrease will depend on wheat pricing / returns to growers as well as returns on the 2013-14 crop



Garlic Crop Update

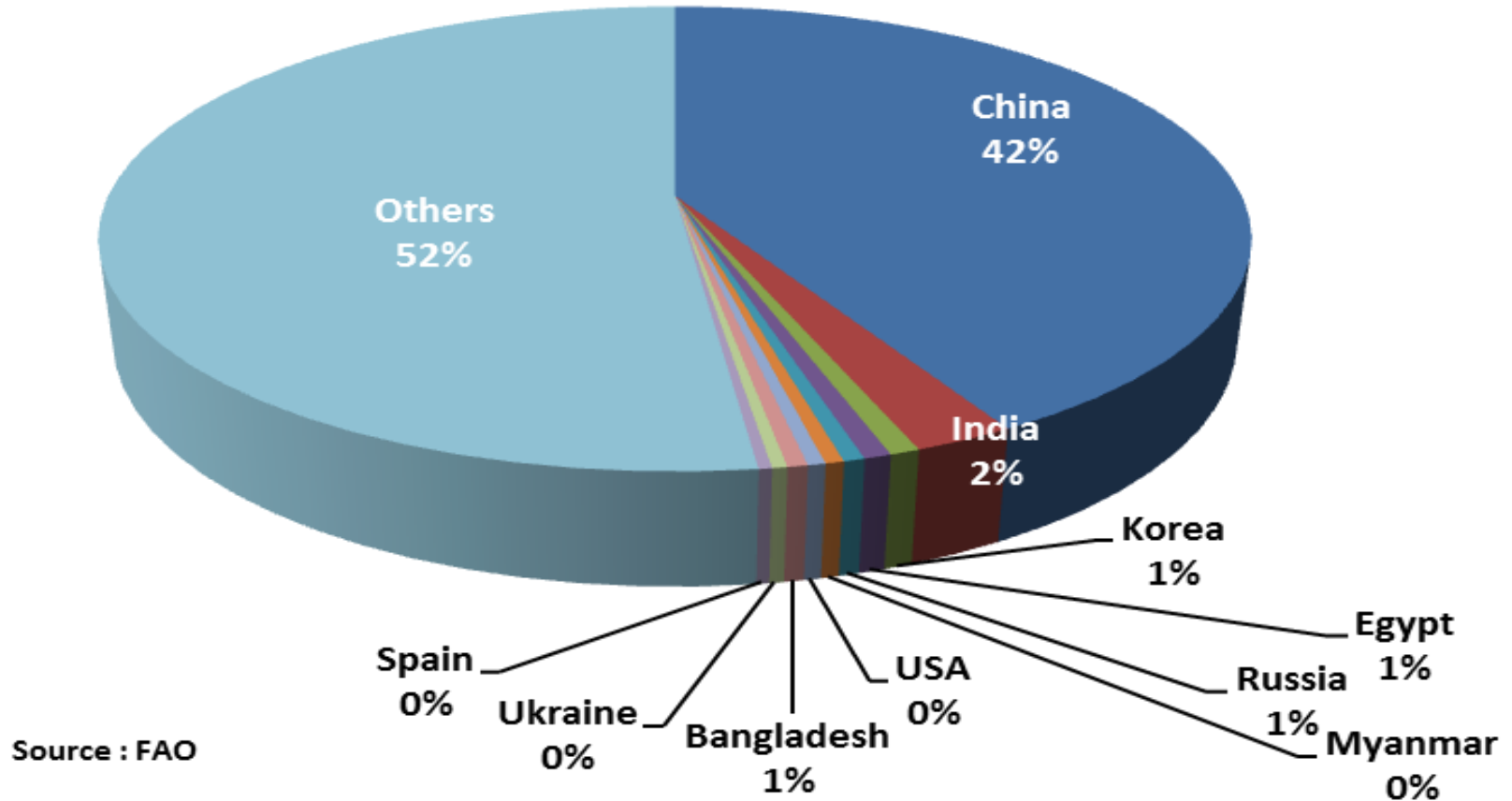
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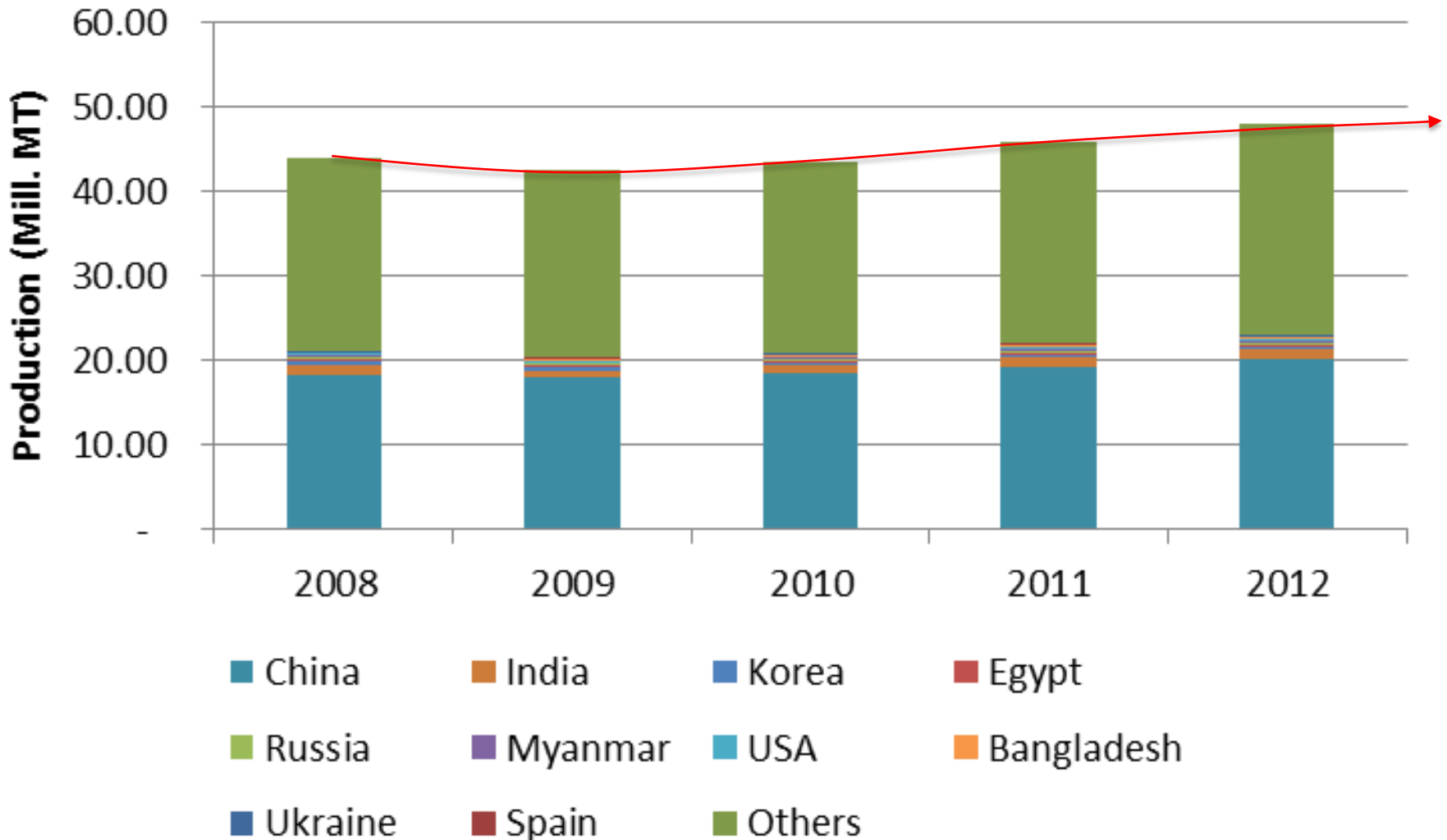
Global Fresh Garlic Production

2012 : ~25 Mill. MT



- China and India have remained the top 2 global garlic producers for the last 5 years
- Uzbekistan, Egypt, China have shown highest yields/Ha.

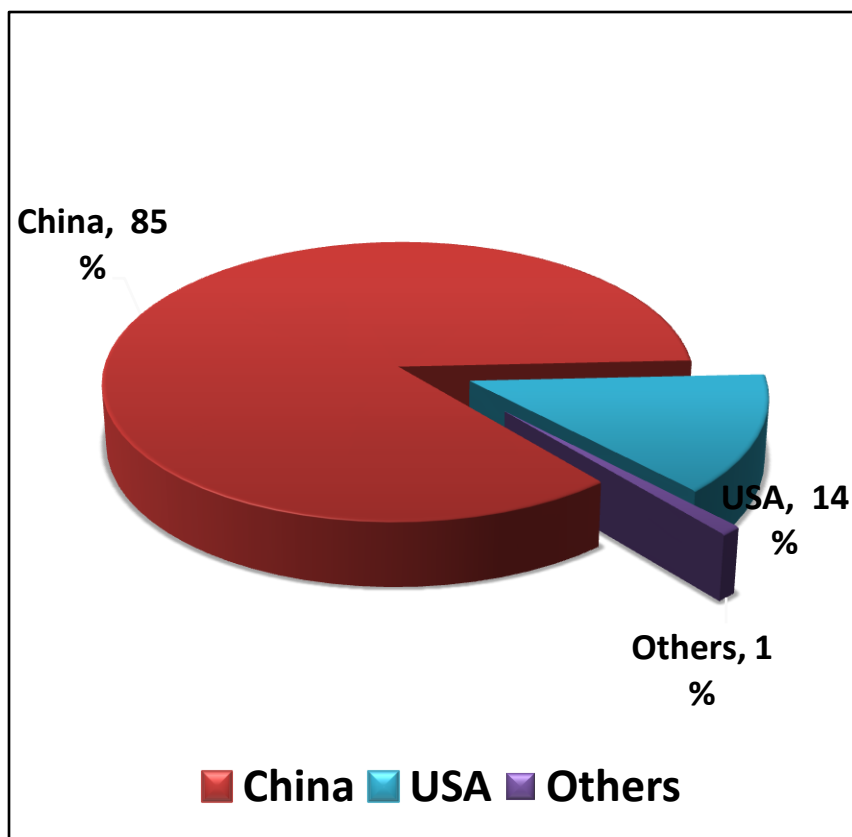
Fresh Garlic – Global Production Trends 2008-2012



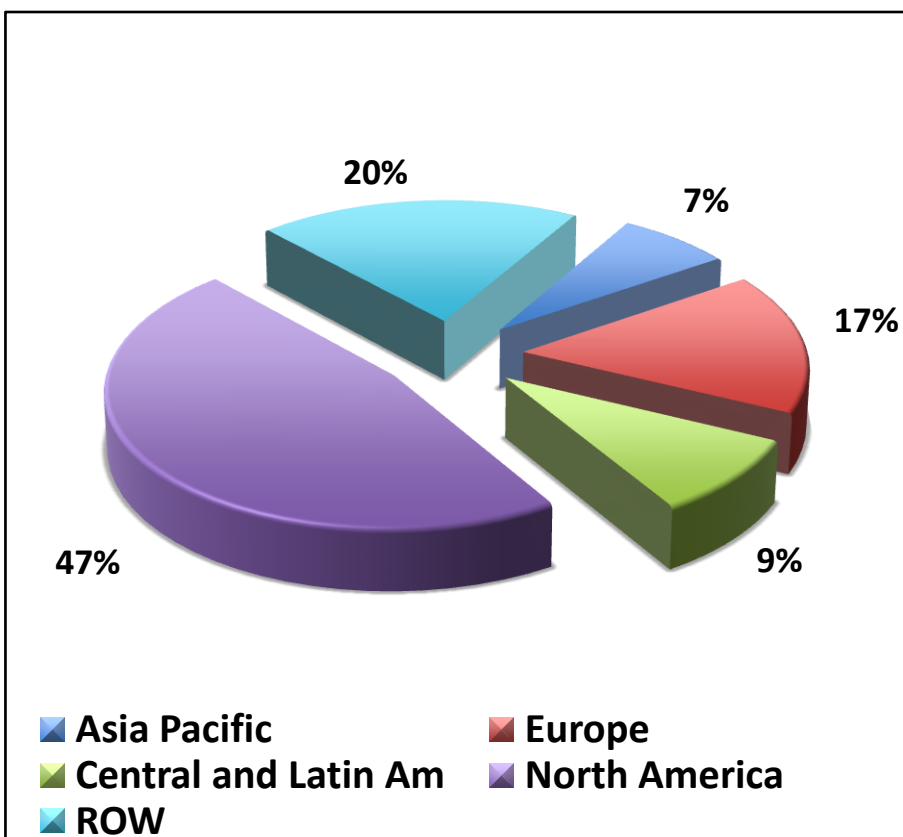
Source : FAO

Dehydrated Garlic Global Supply (180-200,000 MT)

2012 Supply



2012 Demand



Garlic Market – 2013 Recap

USA

- 2013 onion harvest completed by Oct/Nov
- Industry production down 15-20% from planned estimates
 - Lower Carry in inventory
 - Hot Spring weather leading to adverse yields and recoveries
 - Higher grower and input costs
 - Reduced Water allocation (down from 35% to 20%)

China

- 2013 crop harvest completed by Sept
- Industry production up by ~20% over last season
 - 5-8% increase in planted acreage
 - Improved yields
- Garlic prices start weakening post Chinese new year and stabilize only by Oct
- Market currently in balance. Limited volatility

US Garlic : 2014 Outlook

USA

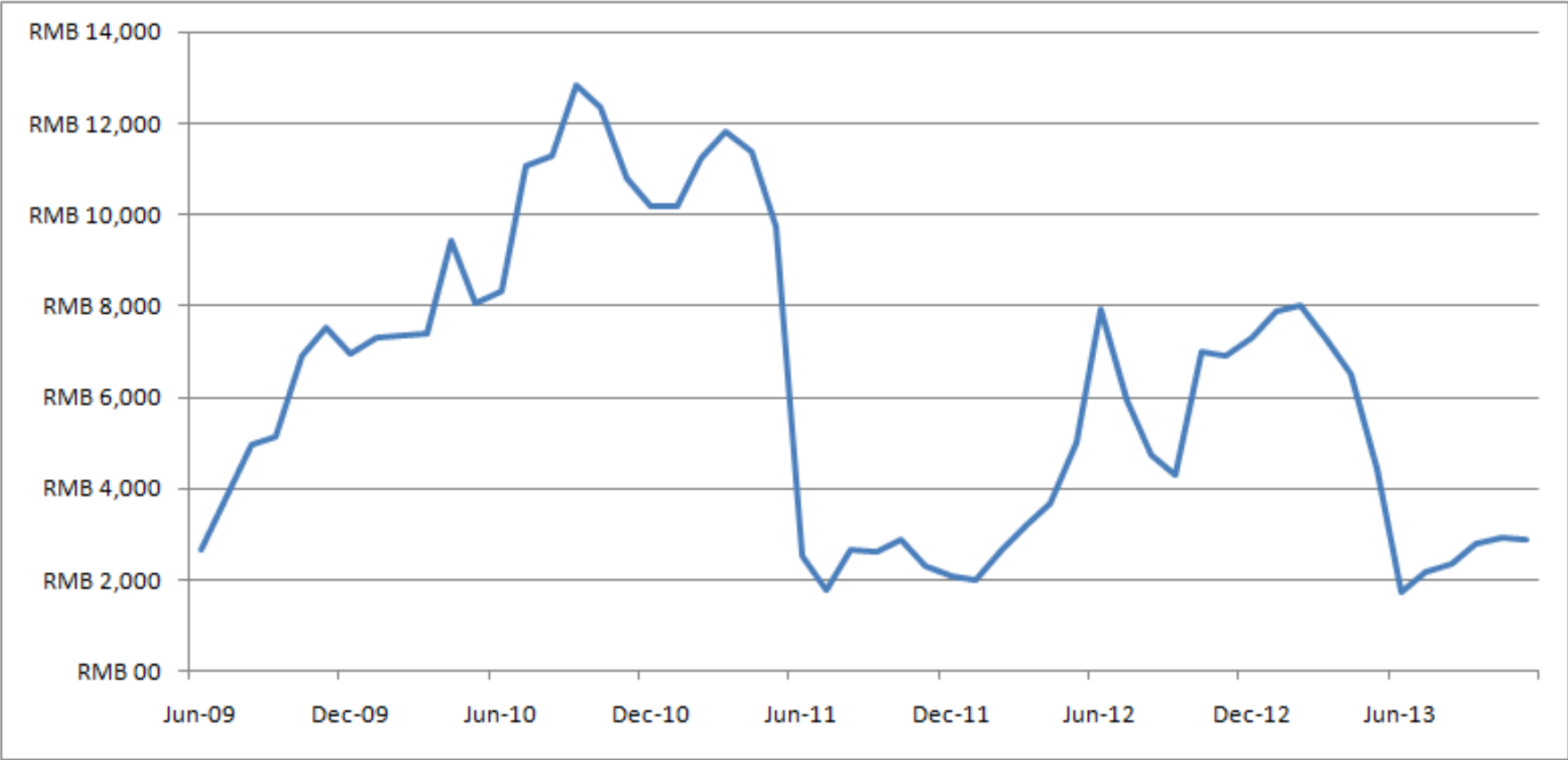
H1 2014

- Reduced availability from 2013 crop will keep supplies tight for H1 2014
- Prices likely to be elevated through new crop

H2 2014

- Planted acreage increased to cover for previous year shortfall
- However - California experiencing drought conditions this winter
- Water allocation likely to be between 0-10%
- Grower footprint landscape change due to water dynamics
- Grower + input costs up sharply. Higher yield /solids risk expected
- Forward pricing fro H2 2014 likely to remain elevated and depend on weather behavior in the coming months

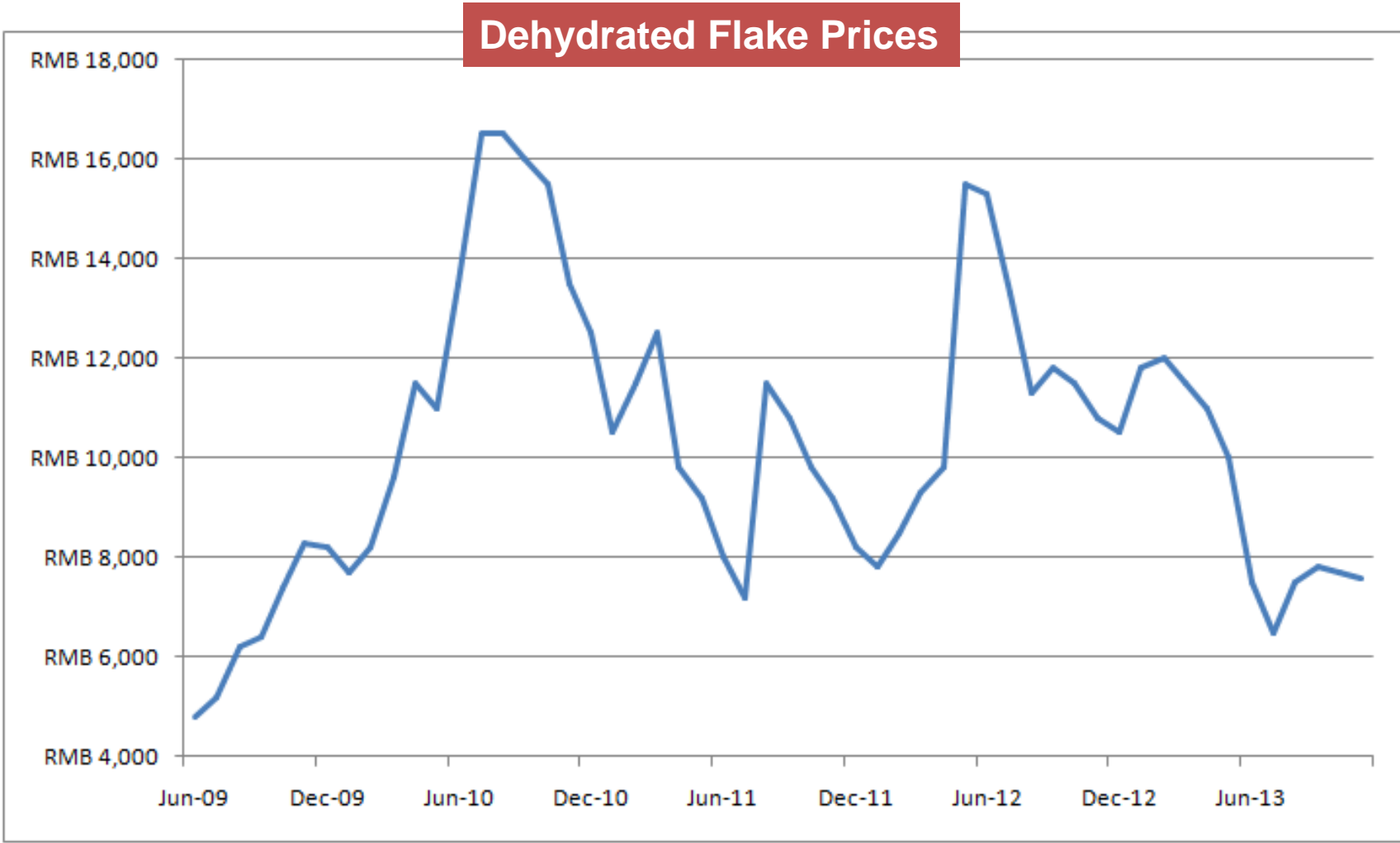
China Fresh Garlic Price : Since June 2009



Monthly Average Price



Dehydrated Garlic Price : Since June 2009

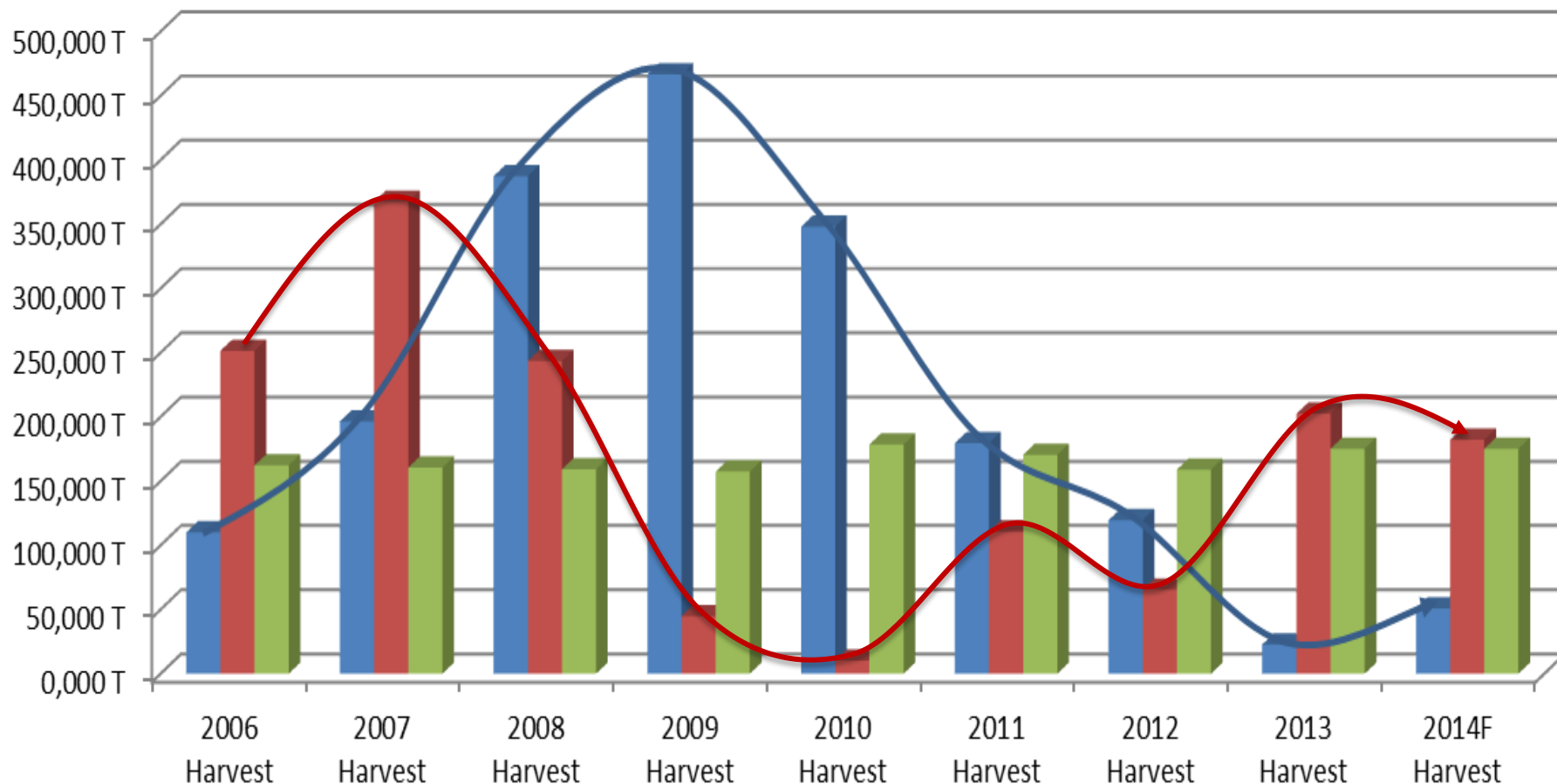


Monthly Average Price



China Dehydrated Garlic Crop Balance Sheet

■ C/F Stocks as on May 31 (MT) ■ Flake Prodn (MT) ■ Total Flakes Required (MT)



Chinese Garlic : 2014 Outlook

- 2014 Crop planting estimates indicate a 8-10% reduction in planted acreage
 - Lower price realizations on garlic for growers in 2013
 - Wheat looks more promising with a new subsidy scheme launched by Govt.
- No weather anomalies so far
- Crop year 2014 pricing will eventually depend on final crop yields. Crop yield can be best determined 45-60 days before crop harvest
 - Medium / good yields = Total fresh production > 5 Million MT
In such scenario – prices will remain similar to/ lower than Crop year 2013
 - Poor yields = Total fresh garlic production < 5 Million MT
In such scenario – prices likely to move up by 20-30% over current levels
- Garlic flake pricing to remain stable – weak during Q1 2014
 - US and EU markets largely covered. ROW demand weak
 - Adequate carry out stocks at end of season
 - Low market volatility



Thank You