

# MARKET REPORT

## JANUARY 2021

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# HERBS, SPICES & SEASONINGS

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## Oregano

The market is currently static but there is limited product remaining in the market. The quality of the quality left is not good. Demand for high quality material is still strong so the expectation is that prices will likely increase in the New Year because of limited quantity.



## Sage

Dry weather will likely result in a limited winter crop. Raw material is limited but demand for unadulterated product is strong so the limited availability will likely drive prices upwards.

## Bay Leaves

Cutting is now underway with good demand in the market. Fresh raw material prices are higher than last year. Strongest demand is for high quality product, prices are forecast to be stable as we enter the New Year.

## Fennel

The current crop is average in quantity, but excellent quality and a good size, a big improvement on the same period last year. It is less easy to find pesticide free material which has limited availability, but prices are expected to remain static.

## Basil

Prices have increased in recent months but is now more stable. There is good current availability and it is good quality. Allergen free material prices are higher, but this too has good availability.

## Marjoram

Prices have been increasing in recent months due largely to the shortage in the market. There is also high demand for pesticide free material, but it is in short supply. New crop will start in March / April 2021, so prices are not forecast to decrease until then.

## Rosemary

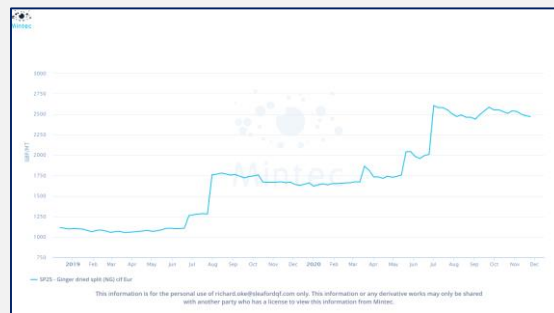
Harvesting is complete but around 15% less than the previous year. New interest then came from Asian market. Global demand is increasing with new interest from Asian markets. Prices remain attractive and competitive but are expected to increase if high demand continues. The second wave of Covid-19 in Morocco is also impacting supply with major cities in lockdown causing delays at source.

## Thyme

Availability is limited but demand continues to increase so prices remain at high levels because of this. Good quality product is proving hard to find.

## Ginger

The COVID-19 pandemic has resulted in labour shortages and has drastically effected shipments from both Nigeria and India hence a shortage of product is leading to an increase in prices. The new crop in India is due in February 2021 so prices are likely to remain high at least until new crop arrivals. Levels of demand will, as always be a major factor



## Cassia Cinnamon

High rainfall earlier in the summer, reduced collection and limited local transportation (due to COVID-19 restrictions) have all impacted the harvest of Cassia. This year's crop is lower than previous leading to less availability and higher prices.

## Cardamom

A shortage of Guatemala origin material is still having a significant impact in the market. We are hopeful that the recent crop will lead to a reduction in prices with new crop arrivals in the New Year.

## Chilli

The Chilli growing areas have now surpassed the transplanting stage and sources indicate a 20% increase in the Karnataka area (predominantly under Paprika Chilli) and 10-15% increase in the Andhra & Telangana areas.

Crop arrivals from MP have now also now begun. Early indications are for improved quality following the rain and viral attack, however the shortage of good quality material in the market coupled with significant increased demand in recent weeks is driving prices upwards. Additionally, stock levels in cold storage are fast depleting and the increase in demand from export markets is further reducing the stocks.

There is a 6-8% increase during the past month in the prices of High colour Paprika chillies.

The increase in demand for good quality product coupled with depletion of stock levels in cold storages will give support to increased chilli prices though to at least January 2021.

## Coriander

Sowing operations in Coriander are now in operation in Rajasthan and MP, but there has been a delay in sowing in Gujarat region due to prevailing high temperatures. We expect to see a 5-10% increase in the growing area in Rajasthan and MP and by as much as 30-35% in Gujarat based on the current trends. Prices remain stable for now until the current crop is exhausted. There is also some availability of last year's crop. Current carry forward stocks are around 20-30% of last year.

## Nutmeg & Mace

Crop arrivals in Indonesia will likely be impacted by limited availability of labour due to COVID-19. Prices are expected to be firm in the short term on account of strong demand from China though demand from India (the largest mace consumer) is weaker. The harvest is currently slow as farmers are focusing on picking cloves. Additionally, heavy rains in recent months have meant difficulties in drying materials. More arrivals are expected next month onwards when the clove harvest ends. The planted areas have seen a big increase since 2010 hence production is estimated to sufficiently cover global demand in the long term. India's nutmeg production is estimated to be around 12-13 KMT this season but arrivals are currently limited. Mace imports from Indonesia are reported to be much lower YOY but local supply is not sufficient to cover domestic demand ahead of its festive season. Indonesian nutmeg prices remain relatively stable. Import demand from China is expected to strengthen local market prices in the coming weeks, especially for ABCD quality. Nevertheless, further pressure is expected due to high production this year. In contrast, Indian mace prices are at a high level on account of high stock prices from the previous season.

## Cumin

Land preparations and sowing has started in the cumin growing belts of Rajasthan and Gujarat though there was a delay due to the delayed arrival of Diwali. Changes in temperatures are expected from the second half of November which will trigger extensive sowing activity. Recent day time temperatures have been high which does not favour seed germination. Steady prices may lead to lowering of acreage by as much as 20-25% as competing crops have been providing farmers with more favourable market this season. In contrast Gujarat region has seen a 12.5% increase due to good rains, however it is too early to make accurate market forecasts. Carry forward stock levels are good (15-17 lac MT), almost 80% higher than normal. The COVID-19 pandemic has resulted in a number of middle-income residents moving out of cities and back to rural villages and farming operations. The Syrian crop is completed the Turkish crop is lower this year hence arrivals from these origins are not making any substantial impact on global demand. Indian cumin exports are almost 30% higher than last year.

## Pepper

Vietnam is expected to export around 265KMT this year, 10% down from last year on account of lower demand from China and India. Global stock levels remain high in both producing and consuming countries, however the market has firmed and prices are continuing to increase. Stock levels are expected to start decreasing slowly next year so we may see more upward pressure over the longer term.

Exports from Vietnam are forecast to be around 10% down YOY.

Vietnam's crop was impacted by drought during the vegetative stage, the remaining crop received favourable rainfall between July – September providing good berry setting to date. The harvest has now started and will peak between Jan-Feb 2021.

Although Indonesia and Brazil are also in the harvesting period, supply is tight due to labour shortage because of COVID-19.

## Turmeric

Prices have been relatively stable during the past two years due largely to excess of supply and subdued demand.

Subsequently the sowing area in 2020-21 has seen a reduction in acreage in the major growing areas such as Tamil Nadu, Andhra, Karnataka and Telangana with a major shift to crops including banana and sugarcane. Carry over stock levels towards in the first few months of 2021 are expected to around 30-35% lower than 2020 leading to a 15% reduction in supply.

Forecasters are hence predicting a change in trend in turmeric prices from the second half of the year.

JFF is the only Indian exporter able to supply turmeric powders from fresh turmeric fingers providing hygienic processing, complete control of microbial counts of machine dried Turmeric powder and traceability of turmeric to farm level from the contract farms.





# SEEDS

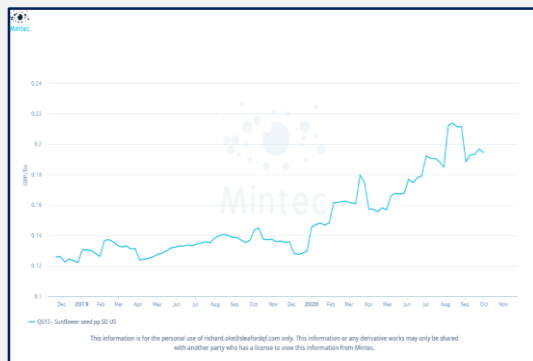
A collage of various seeds including pumpkin seeds, almonds, sunflower seeds, and chia seeds.

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## Sunflower Seeds

The market has turned sharply and is climbing rapidly. Currently prices are up by as much as 50% and likely to continue an upward direction through this season. This correction has been expected for some weeks now, and whilst bigger than anticipated has been indicated for some time. The causes are many creating a near perfect storm.

- Global production of sunflower is expected to fall by 1 million tonnes or nearly 2%
- Production in Russia/Kazakhstan is down by nearly 2 million tonnes or 15%
- Dry EU weather has impacted this seasons rapeseed crop, and threatening already 2021 harvest
- Soya is firming due to strong demand from China, and the US crop suffered extreme dryness
- The rapid price escalation is leading to defaulted contracts
- Generally, buyers are short and adding significant demand to the market



## Sesame seeds

There remains a lot of uncertainty in the market. Sources indicate China has had a relatively small crop hence there will be more reliance on other sources such as Nigeria & Sudan though they have had issues with plagues of locusts and floods. Supply in Brazil is limited and heavy rains in some Indian areas have not been productive. Information is scarce.

Challenging markets are a concern, and demand surprisingly low. Prices are currently stable for low levels. We see limited downside for 2020/21, particularly with local demand increasing between now and Christmas.

There are also significant shipping issues from both India (container availability) & Guatemala (Vessel availability and voyage time).

## Pumpkinseed

The relatively poor GWS (grown without shell) harvest has resulted in prices increasing. The shine skin variety will soon follow, and local demand will be a key factor to impact availability and price.

Quality looks good again this season, with good colour in both grades. Logistics issues continue to plague China, along with travel restrictions and proposed bans from USA on items from this region (the primary pumpkin area) are not helping.

## Poppy Seeds

The market has been heavily impacted by COVID 19, and this is impacting supply. The culinary poppy market has an element of Government control which is stabilising prices in both Czech & Turkey but there is availability this season and the market is stable, however the complexity over alkaloid content is increasing and confidence over the alkaloid content is critical.



## Linseed

The already difficult market has been further hit by dry weather and poor yields leading to increasing prices which are unlikely to drop for the remainder of the season.

Market conditions will soon also see the impact of weather closing in. Brown linseed has already seen the affect (low volume). Gold has not yet see the impact but will likely be more dramatic when it does.





# DEHYDRATED VEGETABLES

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## Onion

The challenges facing the dehydrated onion market in 2020 are well documented with demand far outweighing supply. The poor crop, Covid-19, and a shortage of labour in India have all impacted supply resulting in increased prices.

From September through to 9th October the Indian government imposed a ban on the export of fresh onions due to a sudden increase in the prices at major wholesale markets. The government has imposed similar bans in the past (September 2019 to March 2020). Despite the bans, dehydrated onion has been leaving India.

The dehydrated onion variety growing belt of India (Gujarat, Solapur, Jalgaon and northern Karnataka) has faced untimely rains in recent weeks impacting the harvesting of the monsoon crop. Estimates suggest 40-50% of the crop has been damaged. With no carryover stocks, the Indian dehydrated onion industry has faced another challenging year.

Onion saplings in the early Winter crop ready for transplantation are completely damaged so farmers are now sowing seeds for the second time with a 4-5 week delay expected. With current uncertainty in the weather conditions a third sowing of the seeds for saplings is also a possibility. A few areas in Jalgaon belt have also reported the spread of "twister" disease, which causes onion to decay rapidly.

## Bell Peppers

The production season for bell peppers is now complete in China and Usbekistan. Volume was down against the previous year reflecting a shrinking demand for dried bell peppers and tomatoes overall – a result of the expected declining restaurant business.

The reduced supply should meet the reduced demand, however demand is expected to increase when life returns to some sort of normal. Additional concerns revolve around Brexit and possible tariff-changes should they apply.

Prices have been stable in recent months and are expected to stay that way until the chinese spring festival (late January 2021) though exchange rates will also likely also impact pricing.

Freight charges have risen dramatically due to lack of export container-availability.



## Tomatoes

The crop was normal. Lack of overseas demand in September saw prices drop but this quickly changed when demand increased in juice and paste industry, mostly retail driven. Prices are currently higher than September, but reasonable compared with previous years.

## Carrots

2018 and 2019 were extremely hot with dry summers in Poland and central Europe. As a result root-crops like carrots increased in price. Early Summer 2020 saw welcome rainfall in Poland helping prices ease. The Pet Food sector is an increasingly big player sometimes paying higher prices than producers for human consumption. Prices in China have also decreased but we expect them to rise in upcoming months post Covid-19.

The tariff-„war“ between China and the US with additionally imposed import duties of 25% on some selected products is still going on. We can't predict if the parties will deescalate but we will hope for that.



# PULSES

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## Red Split Lentils

Prices have been high for several months with supply and demand continuing to be tight. Australia are about to start harvesting their crop which might lead to a slight softening, but prices are unlikely to see much fluctuation until more news is known from the Indian sub-continent, both with regards to their import duty and their next crop in Spring. The North American harvest is still some way off (August/September 2021).

## Green Lentils

Like red, latest information suggests prices for green lentils remain high driven by disciplined selling from Canadian growers who are drip feeding supply to the market and holding out for higher prices. There is still strong demand from the Indian sub-continent and Turkey. We await news from the Indian Government as to whether import duty will go back to its original value from 1st November or they will keep the level reduced. We expect prices to trade within a narrow price range, unless there is some sudden demand from India in the coming weeks / months as pigeon pea replacement.

## Dark Green Speckled Lentils

The market remains relatively stable, with prices only firming a little in sympathy to other classes of lentils. We expect prices to trade within a narrow price range for the near future

## Chickpeas

Limited offers remain in the market and prices remain relatively stable. Chickpeas are widely consumed in restaurants (hummus & falafel) around the world, so we expect demand to ramp up when COVID restrictions finally ease, and with less global supplies than the past few years, we can see prices firming quickly.



## Quinoa

Political unrest in Peru has affected the exchange rate so we have seen prices firm a little in the last few weeks. With demand increasing too, along with limited supply for Red & Black – indications are that the market will remain stable to firm as we move into the New Year

## Red Kidney beans

An increase in production has been nullified by increased domestic and export demand. The Post Brexit all eyes will be on potential tariff changes on USA product into the UK.



## Blackeye Beans

It has been a challenging year. Strong demand has seen Peruvian market prices increase with available product quickly selling through. Myanmar product has been exhausted.

The new crop is now in the ground but late rains in Myanmar mean that crop will be 2-3 weeks later than usual adding extra delays to an already difficult season. Larger acreage has been planted so we are hopeful that things will improve in Spring 2021



# INGREDIENTS



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## Sugar

The sugar beet harvest is set to see sugar production fall by almost 25% this season due to the severe effect on yields from aphid-spread virus yellows disease. Just over two months into the beet harvesting campaign, white sugar production is forecast to be 900,000 tonnes, 25% down on last season's 1.19m tonnes.

In November, indications were that sugar production would fall by around 10%, but damage from the virus is worse than first thought with some beet yields down 50% in some areas, hence the downgrade. Farmers have suffered from the high number of disease-carrying aphids moving into their crops in the spring and early summer which led to a yellowing of sugar beet leaves and the resultant lower yields.

In addition, growers have suffered a difficult season as crops were often drilled late after a very wet winter and were then hit by a spring drought leading to some poorly established crops, while a generally dull summer limited further growth.

France has also suffered big yield losses this season and the government there is planning derogation to use neonic seed treatments for the 2021 season. Similar requests have been announced in Belgium, Spain and Poland.



## Wheat

Global wheat prices have been increasing throughout 2020. Increases in consumption and demand have been a key factor and prices have been dragged up by a rise in the global price of maize particularly in China, as traders still grapple with the extent of devastation in the US corn belt after storm damage flattened thousands of acres. In the UK dry weather and high temperatures in June & July caused some crop damage with the high precipitation that followed impacting yield. Market expectations are forecasting the 2020 UK crop to be the lowest since 1981. The global wheat rally ran out of steam last week due to rain reducing drought worries in key production areas. However, more rain is needed in many parts and therefore prices remain high. Quality forecasts have also been downgraded and international demand remains strong



## Palm Oil

The average price of European palm oil rose by 16% in August through to October compared with the prior quarter. The average price was also up by 16% YOY as production in the major producing countries (Indonesia and Malaysia) was slowed by adverse weather. Prices are at their highest Aug-Oct average for more than three years.

Global palm oil production for the 2019/20 Oct/Sep marketing year fell 1% YOY to 73 million tonnes, driven by low supply from the major producing countries Indonesia and Malaysia, according to the United States Department of Agriculture. Production has also been severely disrupted by reduced foreign labour availability caused by COVID 19 related restrictions further impacting supply over the Autumn months.

