

Chinese garlic feels effect of high supplies

By Julian Gale

CHINESE dried garlic prices have fallen dramatically over recent weeks due to the continued effects of ample supplies with no corresponding increase in global demand.

In the week ending February 29, European traders quoted Chinese grade A dried garlic flakes at \$1,250 a tonne c&f main European ports compared with \$1,450 a tonne a week earlier. Garlic granules were said to be at \$1,200 a tonne c&f against \$1,325 a tonne previously and the powder was indicated at \$950 a tonne c&f from \$1,150 a tonne before.

Nilesh Dattani of Hong Kong spice exporter Orient Resources Company told *The Public Ledger*: "There has been a dramatic fall in the price of dehydrated garlic over the last couple of weeks." Mr Dattani quoted garlic powder at \$600 a tonne fob, granules at \$950 a tonne fob and flakes as ranging from \$900 to \$1,050 a tonne

fob. He explained that each of these indications were for qualities suitable for the EU, adding that qualities suitable for Middle Eastern markets are at even lower prices.

Moreover, Mr Dattani observed that when the Hong Kong traded prices are converted to an ex-factory basis – which, he explained, means after converting to local currency and after adjusting for the effect of a reduction in VAT refunds seen in recent years – they are the lowest he has seen for 10 years.

One Rotterdam trader told *The Public Ledger* that the latest price declines reflect the large crop of fresh garlic that was harvested in China last summer. Following a disastrous crop in 2006, garlic prices surged, prompting farmers to increase their plantings, the trader recalled. "World consumption is the same but the supply side is up by 20% to 30%," he added.

The trader explained that China always

becomes a more aggressive seller around the Chinese New Year with loans due to expire and farmers/exporters wanting to get some cash flow in. "After that, most of the time, the price is climbing a bit, so we have a feeling that it is now at the bottom more or less and perhaps shall go up slightly," he added.

The trader confirmed that recent extreme cold weather in the southeast and southwest of China would not have had any impact on output because these areas are not major garlic growing ones and when the bad weather hit it was the off-season, with the fresh garlic already harvested a few months earlier.

Meanwhile, the trader viewed current demand as no more than steady. "Everyone is relaxed and sitting back because there is no reason to hurry and cover your long period needs," he said.

Mr Dattani added: "We are having good demand from all our clients but there is just too much supply."

Strong demand lifts Chinese ginger prices

CHINESE dried ginger prices have recorded some sharp increases over recent weeks due to strong demand.

In the week ending February 29, European traders quoted Chinese sliced dried ginger at \$1,525 a tonne cif main European ports compared with \$1,450 a tonne cif a week earlier.

Nilesh Dattani of Hong Kong spice exporter Orient Resources Company told *The Public Ledger*: "Dry ginger prices have gone up by about \$200 a tonne in the last month due to unusual demand from India."

Mr Dattani dismissed claims that Chinese prices were rising because output of fresh ginger had been hit by recent extreme cold weather in the southeast and southwest of the country. He pointed out that ginger roots grow below ground and can

usually be harvested as early as November/December and noted that it is too early to start plantings for the 2008/09 crop.

Mr Dattani added: "How can cold weather damage roots that have already been harvested and dried, or plants that have not yet been planted? Rumours of cold weather during late January/early February damaging the ginger crop have obviously been spread by vested interests. It is impossible for cold weather to damage harvested crop lying in warehouses or unharvested roots growing below the ground."

One Rotterdam trader observed that demand for Chinese ginger is "fairly good" at the moment, adding: "The Chinese managed to get a large part of the ginger market because they have a very good quality in comparison to other countries. Also, the

taste profile of Chinese ginger is somewhat different from that of other countries and people don't want to switch anymore."

Blair Coutts of Blair Impex, which deals in Nigerian ginger, said that after experiencing aflatoxin problems with the Nigerian produce, European buyers continue to favour sourcing their produce from China – despite the latter being more costly. "Other people, who still want Nigerian, are having it ground in places like India then bringing it in already ground," he added.

"Those who are grinding it in India will guarantee that it is aflatoxin free, whereas I don't think there is any way they can guarantee it [as aflatoxin free] in Nigeria," Mr Coutts explained.

Much of India's internal off-take is for extraction into oleoresins.

Indian cumin seed seen facing competing signals

KOTAK Commodity Services of Mumbai believes that the Indian cumin seed market is facing a number of potentially bullish as well as bearish factors over the coming weeks, and it remains to be seen how events will unfold.

On the bull side, the company notes that domestic consumption is expected to increase to 165,000 tonnes in 2007/08 against 145,000 tonnes in 2006/07. In calendar year 2008, consumption is seen reaching 190,000 tonnes.

In addition, India's cumin seed exports surged to 26,000 tonnes in 2006/07 from 12,879 tonnes in 2005/06, and are projected to reach 25,000 tonnes in 2007/08 by Kotak and the Spices Board of India. Kotak also notes that Indian cumin seed is the only variety available in the international market until May and that planted area in Turkey and Iran is expected to be low.

In terms of possible bearishness, Kotak notes that it expects India's own output to escalate to 211,200

tonnes in 2008 from 167,200 tonnes in 2007. Although also predicting a larger crop for 2008, trade estimates have been in a much lower range than this, but Kotak prefers to base its figures on estimates from the Spices Board of India.

The Kotak report noted that other bearish influences could come from the fact that the weather is favourable in the major growing area, Gujarat, and concerns that the quality of the new crop will be disappointing.

Poppysseed price races up in main origins

By Mike McLeod

POPPYSEED from Turkey has finally burst through the \$6,000 a tonne price mark, with European supplies following in hot pursuit.

The price of Turkish white 99.9% pure poppyseed had dropped back since the turn of the year to \$5,200 a tonne fob Turkey from a high of \$5,800 a tonne but during the last week in February it reached \$6,200 a tonne.

Previously it appeared nobody was prepared to buy above \$5,000 a tonne in Turkey, but it seems the sellers were able to out-wait the buyers who finally faced up to prices of more than \$6,000 a tonne for both Turkish and Central/Eastern European product.

With reference to both origins, Hakan Ozsoy, general manager of processor and exporter Agroland, said: "I'm not surprised at all because the prices are going up across the board."

Countries such as the Czech Republic and other European producers had been catching up on Turkish prices and the last week in February saw the €4,000 (\$6,073.40) a tonne barrier breached.

Euro blue rose to €4,183 a tonne fob European ports from €3,900 a tonne.

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