



ROB'S CRYSTAL BALL



AN OLEORESIN MARKET REPORT

FEATURED
CONTENT

04 Ginger Oleoresin

SUMMER 2020



Trilogy Essential Ingredients Inc.®





THE COVID-19 PANDEMIC

It is no secret that the COVID-19 pandemic has disrupted supply chains across the globe. With India and China being the largest growers of many products, their lockdowns have sent shockwaves across markets for many crops. In particular, India has been on lockdown since March 25th. In mid-June, the central government lifted lockdowns in select southern Indian districts, and implemented tighter restrictions in villages where hot spots were identified. The peak agricultural harvest season in India is from February through May, which means that all of the major spice harvest areas and commerce hubs have been severely affected by the lockdown. While this may be common knowledge, the Indian agricultural supply chain is very reliant upon human labor, so the restriction of manpower has drastically hurt the flow of products into the marketplace. The next hurdle for India is in the planting season, which is primarily June through September. As we all can see in our daily lives, the ripple-effects of this virus are far-reaching and unpredictable.

SELECT PRODUCTS

BLACK PEPPER OLEORESIN

The Vietnamese crop, which is by far the largest in the World, is in process and thus far looks to be a healthy one. As we have articulated to our readers over the last decade, the Sri Lankan crop is the key component to oleoresin pricing. Since Sri Lanka is in full lockdown, the harvest is adversely affected as transportation, labor, and drying costs have all increased. However, the global black pepper markets are at very low levels so we feel this is a good time to cover your requirements since the chance of prices rising is higher than the chance of it dropping.





CAPSICUM OLEORESIN

The 2020 chili crop in India was delayed this season due to a late monsoon. This pushed the crop back by a month, which coincided with the height of the pandemic lockdown. However, the situation just prior to the lockdown also faced an enormous challenge as capsicum was already trading at levels close to 40% above last year's prices. This is due to a rise in production of competing crops, such as cotton. Growers of chili had lost interest in planting and caring for crops due to low prices from the year prior. It is also reported that this year's chili is less

pungent which is driving up the prices on the higher Scoville Heat Unit requirements. Our recommendation is to only cover your needs until next April and not go long.

PAPRIKA OLEORESIN

The paprika season is completed in India. The larger Chinese season is in the fall. At this point, the pandemic is wreaking havoc on trading and sowing as we approach the new season. While it could be argued that China is behind the worst of the virus, a second outbreak or wave is a possibility. Because of the uncertainty, the markets are spooked and show a bullish trend until there is more clarity on the next season. Trilogy covered our requirements early and is in a good position to help with your needs.





NUTMEG & MACE OLEORESIN



While last fall's rainfall affected the crops in India, the current harvest and distillation season is severely impacted due to lockdowns in India and Sri Lanka. However, it is reported that the carry forward stocks have kept prices at bay. Our advice is to cover now before the current crop shortages begin to firm prices in the near future.

GINGER OLEORESIN

It was reported the prices of the Indian ginger are more competitive this year compared to Nigerian and Chinese varieties. Indian farmers planted 20% more ginger based on its rising popularity globally due to consumer trends. Our recommendation is to cover your requirements now since we view the oleoresin prices to be at good buying levels. Trilogy loves ginger and wants to help you with your needs.





CELERY OLEORESIN



Celery is normally one of the very steady and quiet crops which seldom requires much press. This year the crop is reported to be 20% less due to competing crops and COVID-affected labor shortages. Trilogy covered its supply early, and only experienced a slight price increase from the source.

TURMERIC OLEORESIN

Prices have hit historic lows this year as colossal consumer interest in turmeric led to supply surplus. This resulted in lower prices that are discouraging growers. Our conclusion is that this might be the year to book more than usual into 2021, which could see higher prices. It is important to note that the price increases are usually seen in the high curcumin level varieties. Trilogy's primary market is the 5-10% low curcumin levels. We welcome your inquiries as we have great expertise on the many characteristics of turmeric.





CASSIA OLEORESIN



Cassia Oleoresin prices have continued to move up. Demand for Cassia has increased dramatically in the last 2 years, while supply has stagnated. Cassia takes years to reach maturity. Unfortunately, there are not enough mature trees to support strong demand.

QUESTIONS? WE'D LOVE TO HEAR FROM YOU!

Contact Liz Pisano, Business Development Manager

✉ episano@trilogyei.com

📞 410.273.9500

