



SENSIENT®

NATURAL INGREDIENTS

MARKET REPORT

**CALIFORNIA-GROWN GARLIC, ONION & PARSLEY
GLOBAL CAPSICUMS**

December 2020



Garlic

California-Grown

The last of Sensient's 2020 California-grown garlic crop has been harvested and is out of the field. Compared to historical yields and solids averages, results were lower than expected, reaching about 85% of projected volumes.



Strong demand for dehydrated US origin garlic continues to keep prices firm with this trend expected to continue well into 2021.

SNI's agricultural teams, as well as operations and quality assurance personnel, continue to exercise extraordinary practices and procedures to ensure a safe and healthy working environment amid the COVID-19 pandemic. As a result, the company has borne significant unforeseen costs that are likely to impact prices going forward as SNI makes every effort to ensure uninterrupted operations, continuity of supply and customized services to customers.



ONION

California-Grown

The Northern California onion harvest is now completed. Area fires and related smoke dissipated while clear skies and fair weather provided ideal conditions for a smooth and productive harvest. Yields and solids are expected to finish at 2% - 3% above the region's historical averages.

Central California field yield and solids were on par with previous seasons delivering above-average product quality for the area. Nevertheless, final volumes are not expected to make up for the entire Southern California crop's 10% shortfall earlier in the season.

Planting for the 2021 California onion crop is off to a great start. Thus far, the weather has cooperated, allowing plenty of opportunity for the onions to mature and yield above-average quality for the area.



PARSLEY

California-Grown

The 2021 parsley crop has been successfully planted. Good planting weather has the crop off to a nice start. Stand counts and early crop reports are all positive. SNI's growers and field staff worked diligently throughout the winter to ensure crops are healthy and progressing well. **Organic parsley harvest will kick off in early January.**

OUTLOOK

Demand for US origin product continues to increase as customers demonstrate a strong preference for superior quality and foresee further supply and pricing volatility from Asia. Demand for California-grown onion - especially chopped, minced and granulated - continues to increase and prices remain firm. As per garlic, larger piece sizes are in short supply while demand for minced and granulated has significantly increased, directly impacting prices. This trend is expected to continue through 2021.

SNI anticipates slight increases in irradiation costs for 2021. Despite volatility and uncertain times, SNI will support customer growth and meet planned requirements.

SNI is a reliable partner, striving to meet or exceed expectation and will always strive to ensure a safe and secure food supply to customers and the world. SNI's California-grown products offer superior flavor, quality, continuity of supply and unparalleled food safety backed by a dedicated and highly capable team.



CAPSICUMS

USA

The Southwest crop began harvest at the end of September. The crop matured later than expected which caused lower productivity during the early weeks of processing. Since then, the region experienced freezing conditions in late October, similar to weather in 2019, which caused fruit damage and will reduce overall crop volume. The full impact of crop loss is not yet known but should be measurable by mid-December. SNI expects lower than planned volume and ASTA for the 2020 crop, however, SNI will service all contracted volume without interruption based on the overall robust capsicum supply chain that has been developed.

PERU

The 2020 Peruvian paprika crop developed as planned for both volume and quality. Planting has begun for the 2021 crop and all indications point to higher costs, primarily related to labor and the impact of COVID-19, as well as more profitable crop substitution options for farmers. SNI expects to produce all volume necessary to supply contracted quantities without interruption.



CAPSICUMS (CONTINUED)

CHINA

The Chinese capsicum crops are being harvested and currently entering the marketplace. There were indications for an approximately 10% larger planting area versus 2019 but it is too early to assess the final volume available from this year's crop since nearly all volume is sun dried and not collected yet.

Demand is expected to be high, specifically from oleoresin manufacturers and traders. The 2019 crop was essentially unavailable for much of 2020 due to pesticide compliance non-conformance, hotter varieties grown and below-average yields. It will take several months to build up depleted inventories.

The U.S. State Department continues to have an advisory aimed at cautioning businesses about the risks of supply chains linked to entities that engage in human rights abuses in the Xinjiang region of China. This advisory has the potential to change with the political environment post- election but to date, no specific action is recommended.



OUTLOOK

The US capsicum market will see some easing of available volumes as 2021 approaches. However, much of the new volume entering the market will be of Chinese origin challenging purchasing and quality assurance managers to remain cognizant of the difficulties in meeting all FDA defect action limits and EPA pesticide residue levels.

The outlook for quality-conscious customers is good but all should cover their annual needs sooner rather than later. Supply of prime US capsicums will be shorter than planned. Ingredient prices for chili powders (i.e. cumin, oregano, etc.) are on the rise or hard to find due to COVID-19 delays. Demand for higher quality products is increasing during the COVID-19 pandemic which has made matching supply and demand extremely difficult, if not impossible. The future stability of the food market is largely dependent on the future political environment.

Link: <https://www.state.gov/xinjiang-supply-chain-business-advisory/>