Herbs, Seeds, Spices Crop Report

UCAR SAYıL GUNDEM
KUTAS GROUP

2017 ANNUAL MEETING AND EXHIBITS
April 23-26, 2017
Austin, Texas | Hilton Austin

Overview

- Oregano
- Laurel Leaves
- Sage
- Thyme Polish
- Thyme Moroccan
- Rosemary
- Marjoram
- Peppermint
- Basil

* Cumin
* Anise
* Coriander

Herbs

Oregano

Laurel Leaves

Sage

Thyme (Polish & Moroccan)

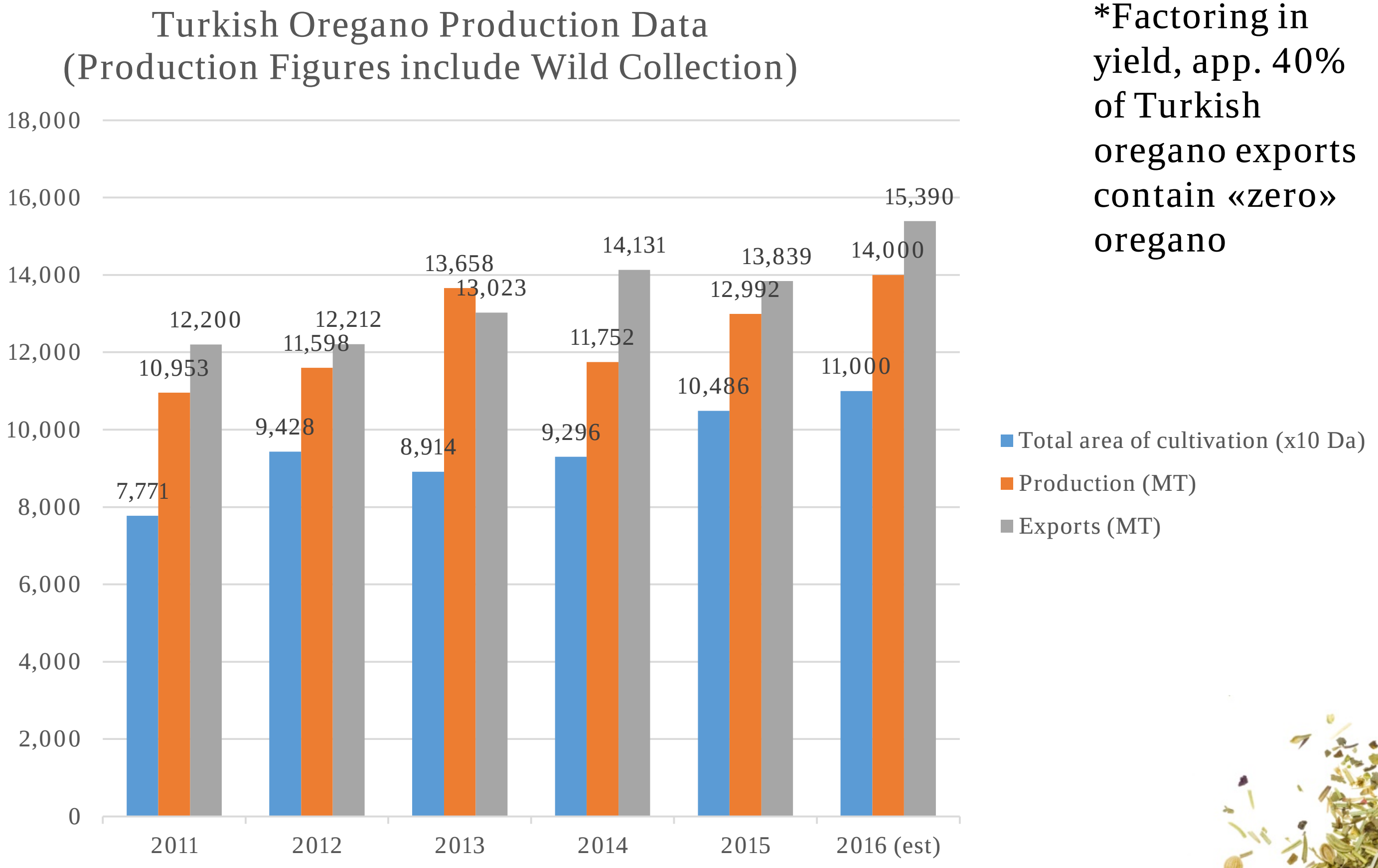
Rosemary

Marjoram

Peppermint

Basil

Oregano



*Factoring in yield, app. 40% of Turkish oregano exports contain «zero» oregano

Oregano

- \# of fields requiring re-planting is increasing.
- Competition from alternative crops is getting stronger. Tobacco is the primary competitor.
- Demand for pure product is rising. Oregano scandals in the UK, Australia and South Africa are fueling global push for pure product.
- FSMA requirements in USA are primary drivers for pure product
- DNA testing coming online, increasing scrutiny
- Prof. Elliot (Queens University of Belfast) random sample test results for USA oregano tests reveal 7 out of 28 samples brands on the shelves are adulterated anywhere from 22% to 78%!
- Webinar on Feb 28th highlights significant findings, and methods for «pureness» validation

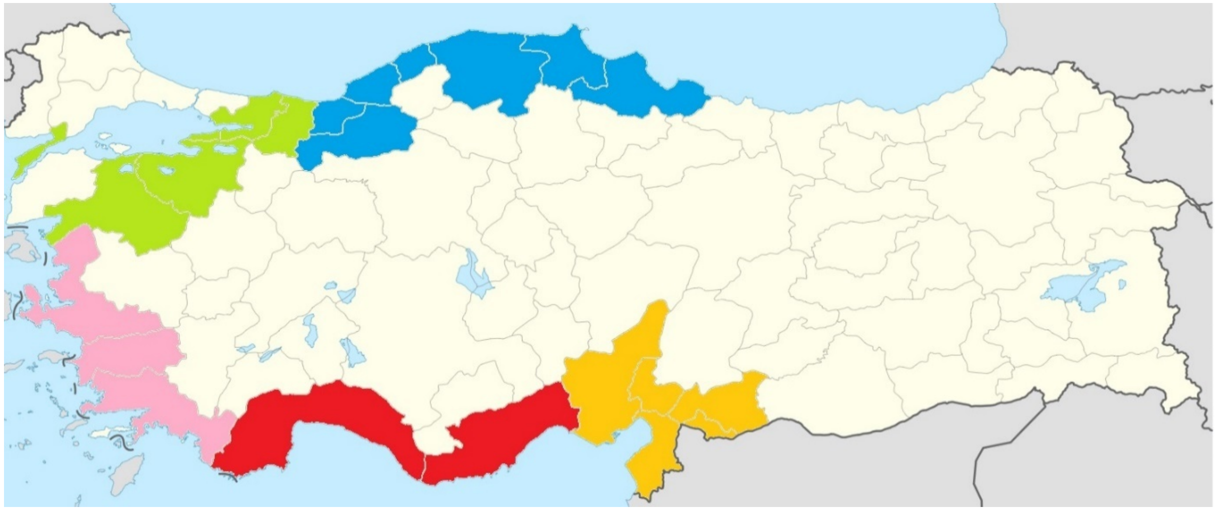
Oregano

- Outlook on 2017
- Larger plantation acreage expected
- Re-plantations will determine size of total crop (new fields yield very low amounts in their first 2 years)
- Raw material completely taken up by market as of end-December. First time in memory where supply was taken up so quickly!

- Expectations 2017:
- Crop Size: 14,000-16,000 MT (Raw material, incl. Wild collection)
- Acreage: 110,000-130,000 da

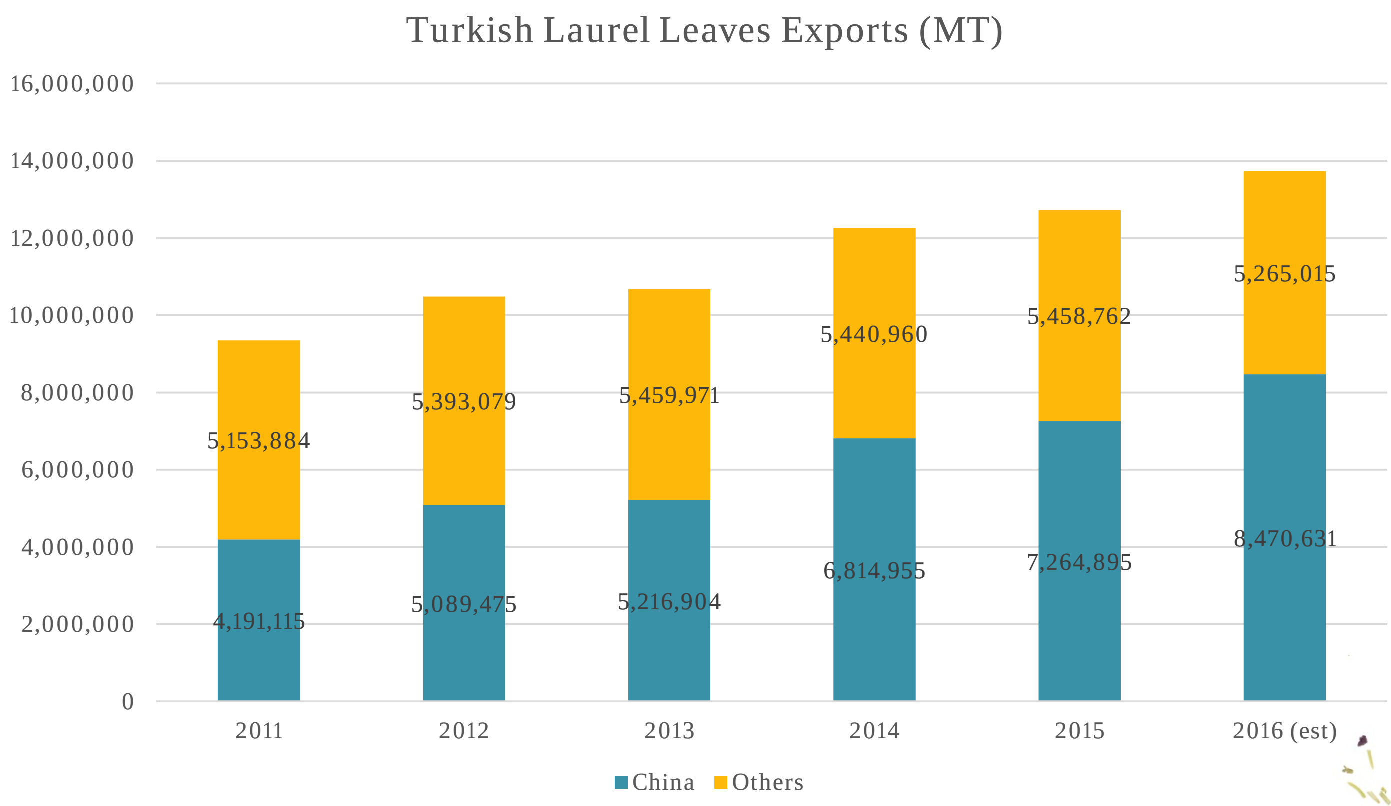
Laurel Leaves

Overview



Blue: Black Sea sourcing region
Green: Marmara sourcing region
Pink: Aegean sourcing region
Red: Central Mediterranean sourcing region
Yellow: Eastern Mediterranean sourcing region

Laurel Leaves

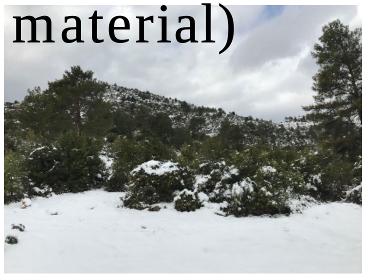


Laurel Leaves

- Hardest commodity to supply in 2016/2017 period
- Extended cold weather spells prevent access to mountainside cutting areas, delaying cuttings
- Demand pressure from China disrupting regular supply
- Supply will be determined by remaining cutting period vs. drying oven capacity (until end-May)
- Re-structuring of cutting licences delivering too much power into individual traders/cutters; pushing prices up.

Expectations 2017:

- Crop Size: 14,000-15,000 MT (Raw material)

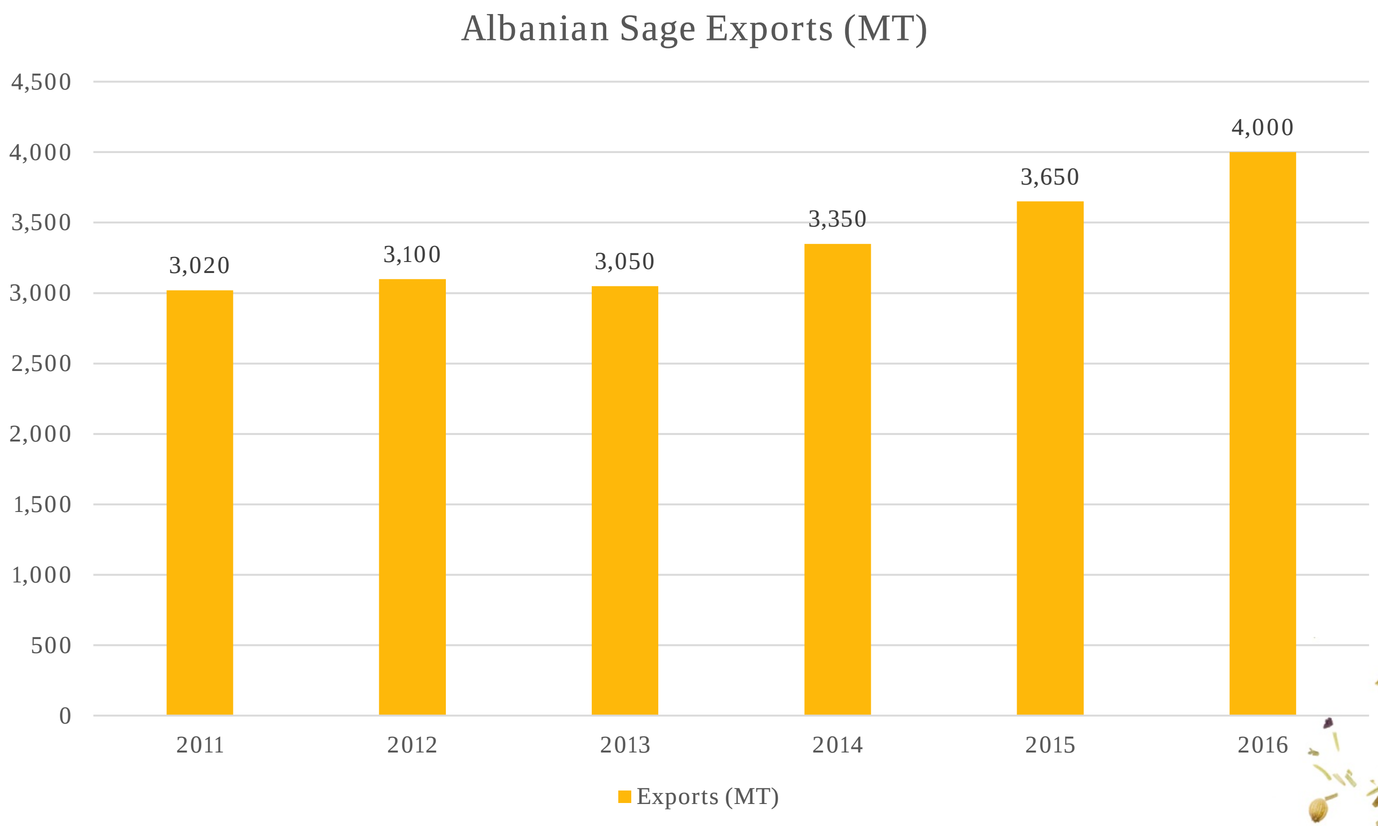


Albanian Sage

Mainly Cultivated

Mainly Wild Collection

Albanian Sage



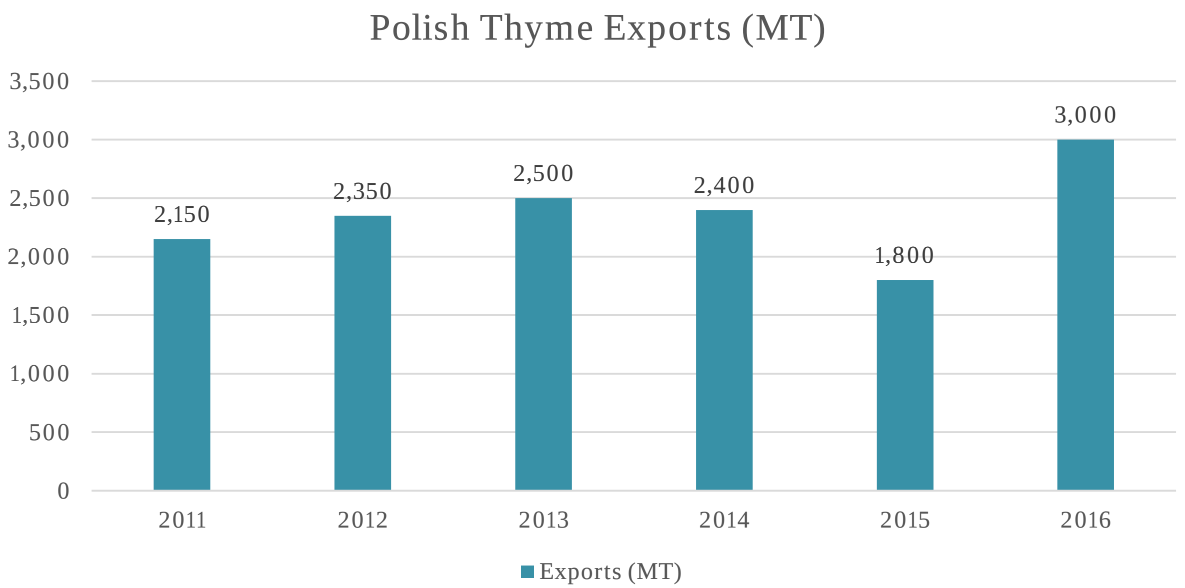
Albanian Sage

- Albanian Sage is rapidly becoming a cultivated item
- In the face of rising demand, farmers are expanding cultivation, and wild collection is decreasing % wise.
- From 100% wild in 2010, only 25-30% remains wild collected in 2016.

Expectations 2017:

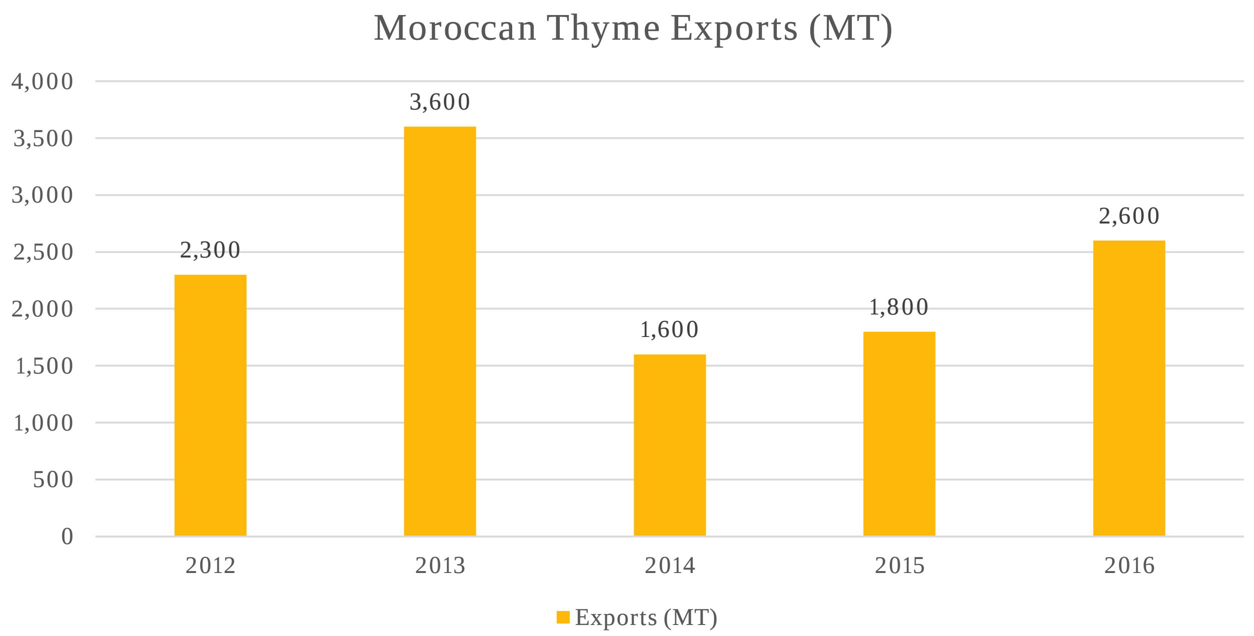
- Carryover app. 300 MT
- Crop Size: 4,100 MT (Raw material)

Thyme Polish



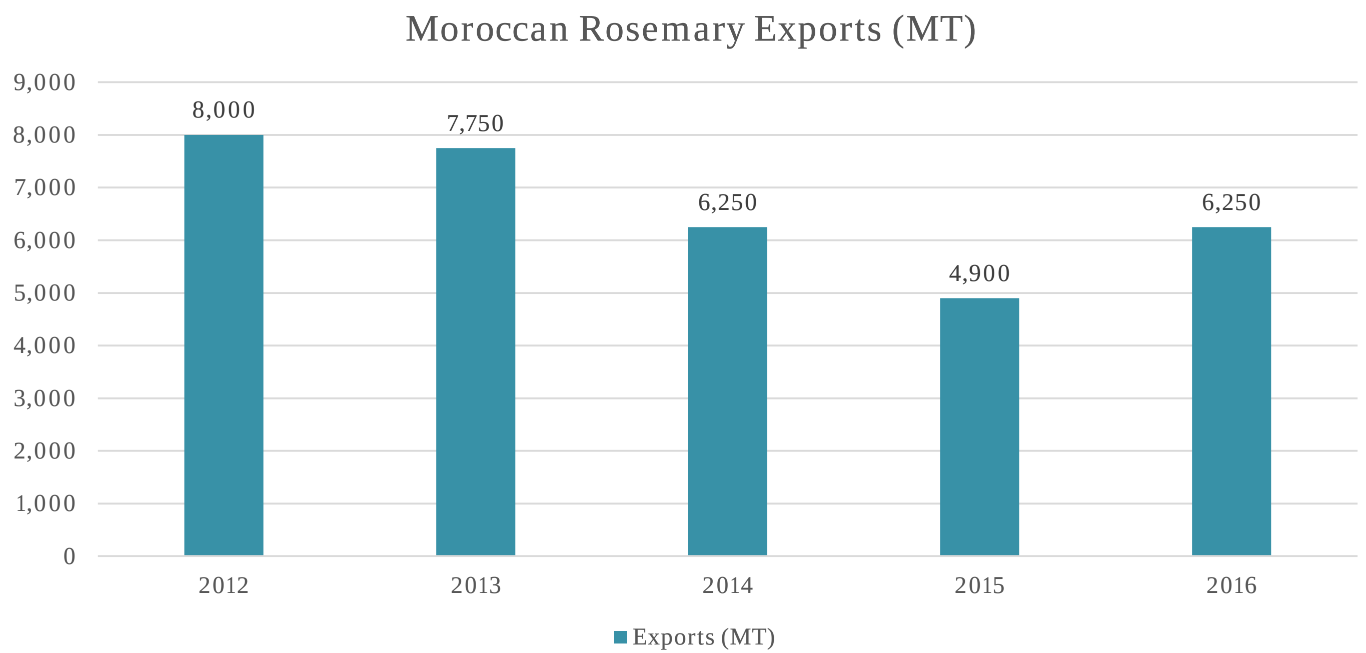
- Failed crop in 2015 pushed plantation acreage up in 2016
- Weather regime crucial during growth period.
- Carryover crop (400-500 MT), and low pricing in 2016 might lead to a return to regular volumes.
- EUR/USD parity impacting pricing.
- New season estimates to emerge in End-April/May 2017

Thyme Moroccan



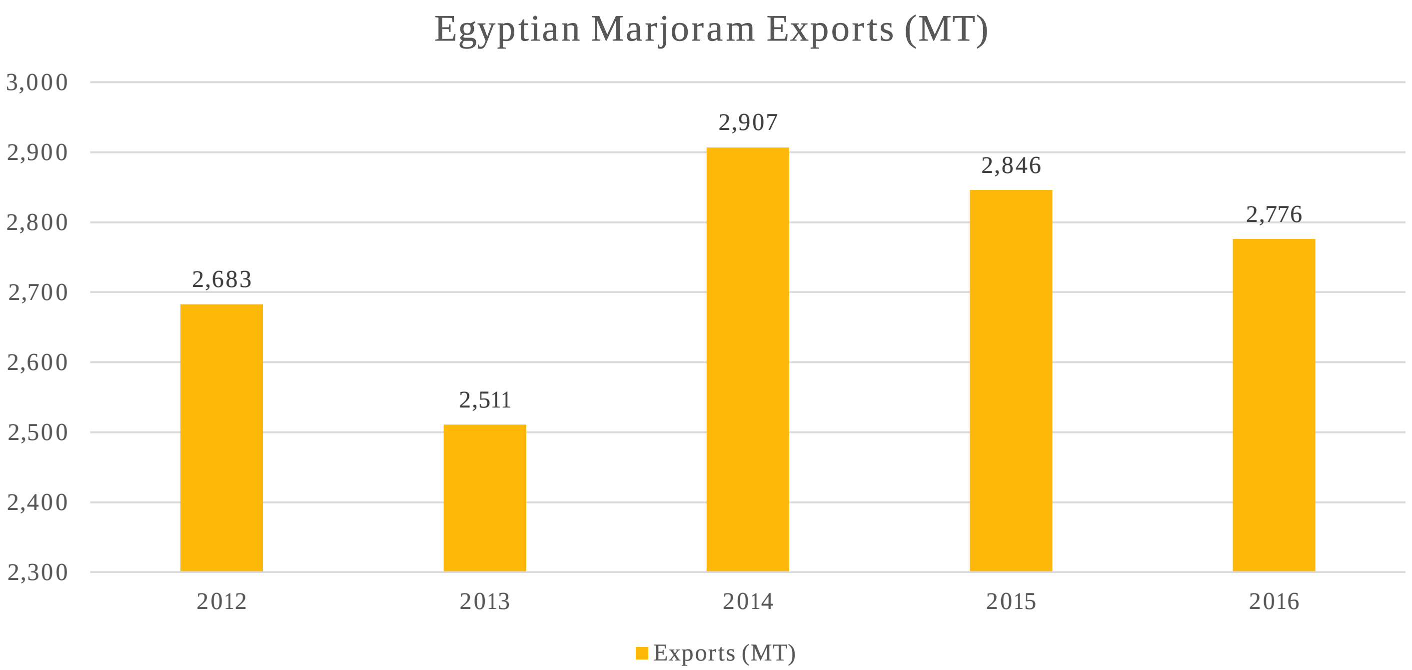
- Carryover effects from 2013 still impacting market supply
- Expected carryover of up to 2000 MT into 2017
- Oversupply continues
- Despite political uncertainty, economy remains under check
- Regular crop expected in 2017, depending on weather regime

Rosemary



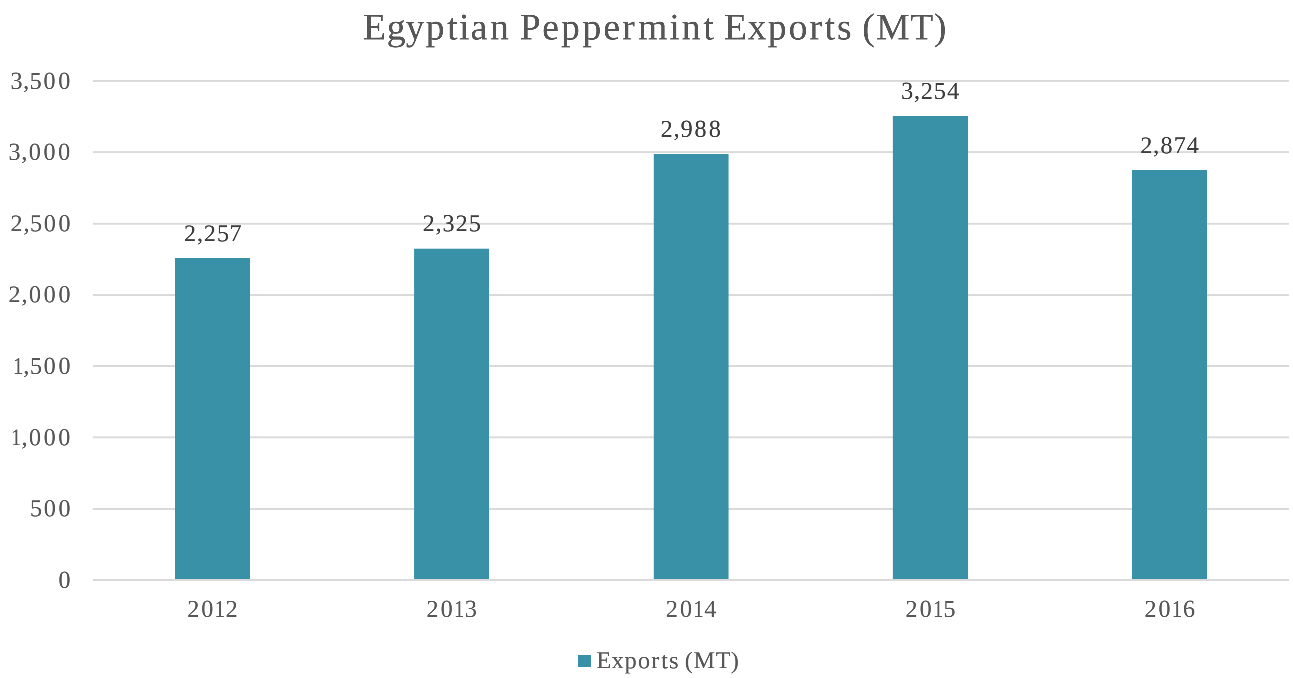
- Government policies and # of regions receiving collection permits effecting supply and pricing
- New harvest regulations are creating fluctuations in supply market
- Rising and steady demand will likely mean no carryover into 2017 crop
- Despite draught, carryover from previous seasons created a bumber effect
- Rains now returning to the area, overall expectations in 2017 look positive

Marjoram



- No major fluctuations in supply/demand
- Plantations stable, supply sufficient
- Overall expectation in 2017 points at stability
- Reduced political and economic risk in country
- Small volume of carryover expected into 2017
- First cutting Green/Green demand is likely to determine overall pricing in new season

Peppermint



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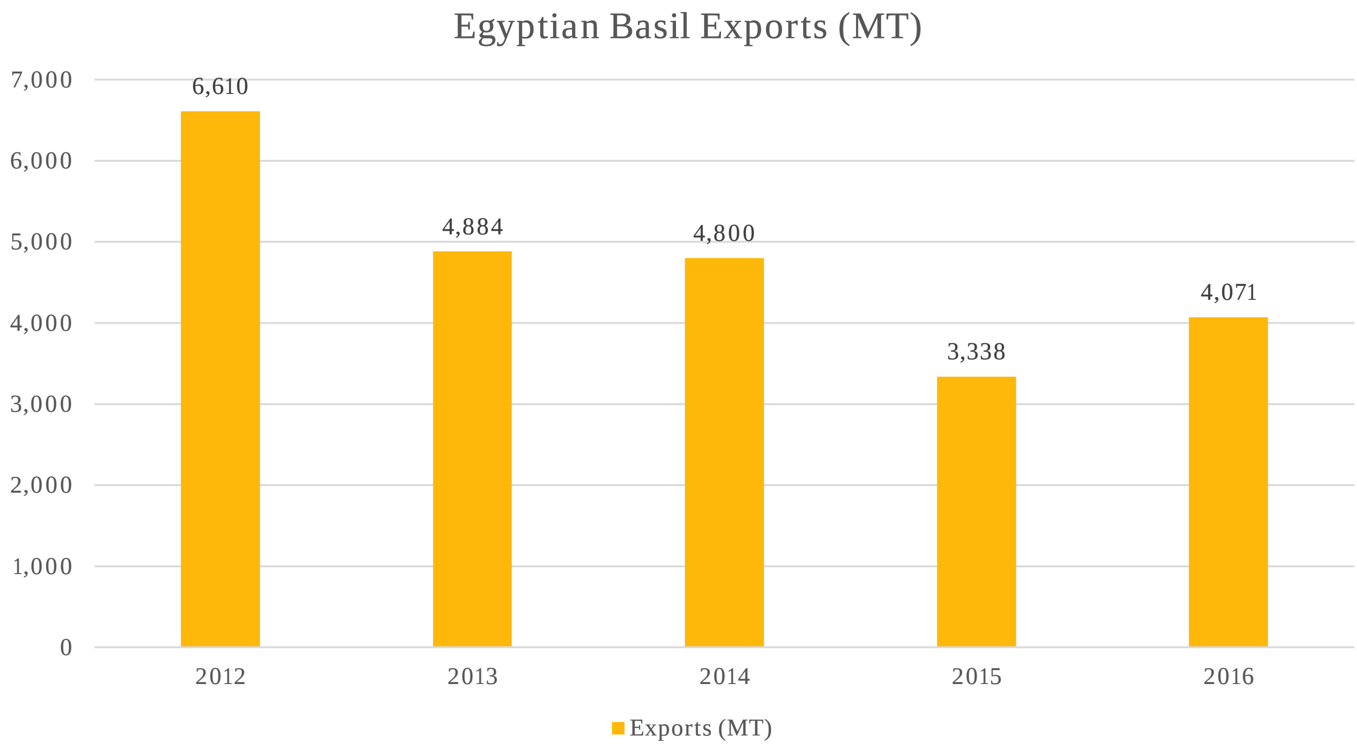
Basil



- No major fluctuations in supply/demand
- Plantations stable, supply sufficient

Seeds

CUMIN

ANISE

CORIANDER

Cumin

Global Cumin Seed production is approximately 400 – 415,000 MT.

Annual carryover is anywhere between 20-40,000 MT

The largest producer is India which produces approx. 85% of global volume. On the other hand, India is also the largest consumer of Cumin.

Cumin

India has the largest crop for Cumin in the world but India uses more and more every year itself due to the increase in the population.

Main growing areas are Gujarat and Rajasthan.

Minimal carryover from 2016, as well as strong domestic demand is pushing prices up. Indian government estimates are for production in Gujarat of around 212,000 MT from 238,000 MT last year.

INR strengthening vs USD, and freight costs are rising.

2017 Estimate: 330,000-350,000 MT
Carryover weak

Cumin

Syrian Cumin grows close to the Turkish border, namely around Allepo, Idlip, Hamah and Qamishli.

Domestic difficulties in Syria continue to plague the country, and accurate data is hard to obtain.

Due to abolishment of domestic market, and internal distribution infrastructure, trade is becoming somewhat difficult.

The last 3 seasons' harvest figures have fluctuated between 11-14,000 (Eleven to Fourteen thousand) tons (depending on source), and estimates for carryover stocks change between 500-1,000 (five hundred to one thousand) tons (once again depending on source).

As irrigation problems increase, Anise farmers are turning to cumin.

2017 Estimate: **16,000-18,000 MT**
Carryover minimal

Cumin

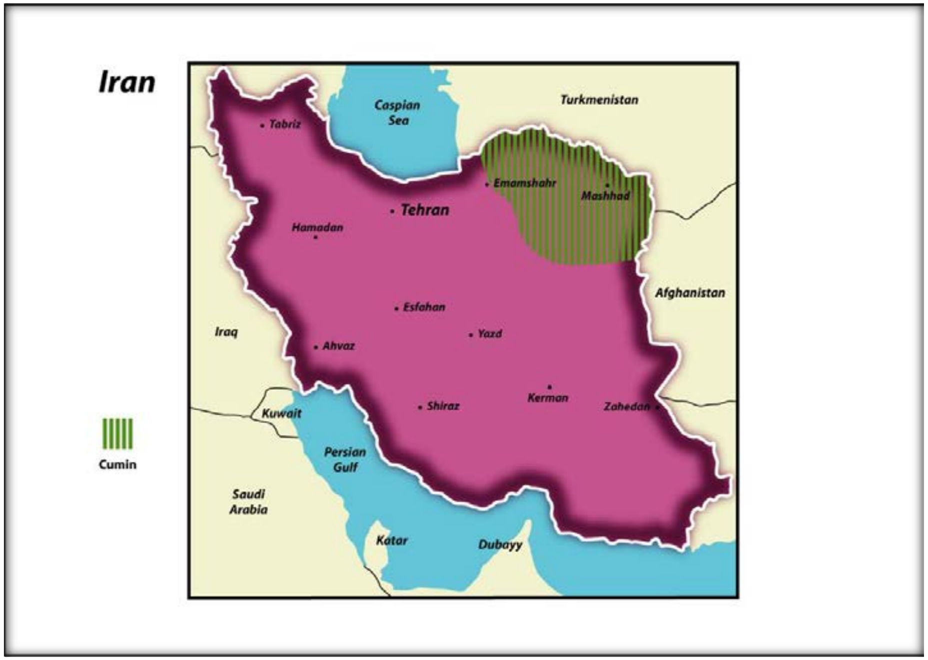
Turkish cumin production has fluctuated around 7-9,000 MT in the last 4 years.

2017 sowings are complete, and acreage is significantly larger.

Good raw material price in 2016, raised expectations for 2017

2017 Estimate: **12,000-14,000 MT**
Carryover zero

Cumin



Iranian Cumin is exported mostly to Dubai.
There is a large market for Iranian origin in Japan, South Korea and Singapore.

Total volume was around 15.000 (fifteen thousand) tons during the past 3 years.

The new crop harvest will commence mid-May

2017 Estimate: 13.000 – 16.000 MT
Carryover minimal

Anise

Global Anise Seed production is approximately 10-12,000 MT.

Annual carryover is anywhere between 500-10,000 MT

Anise

Turkish anise production has fluctuated around 6-8,000 MT in the last 4 years.

App. 3,000 MT are consumed for local Raki production.

2017 sowings are complete, and acreage is stable.

News of reduced plantation in Syria is pushing prices up.

2017 Estimate: **6,000-7,000 MT**
Carryover zero

Anise

Domestic difficulties in Syria continue to plague the country, and accurate data is hard to obtain.

Due to abolishment of domestic market, and internal distribution infrastructure, trade is becoming somewhat difficult.

War conditions, and access to electricity/water has caused a dramatic reduction in Anise plantations.

Sharp fall in Anise output expected!

2017 Estimate: **2,000-3,000 MT**
Carryover zero

Coriander

Global Coriander production is approximately 580-630,000 MT.

India is by far the largest producer and consumer; consuming at least 85%of its own production internally

Russia is becoming a significant exporter, passing Indian exports for the first time in 2016. Most volume however, goes to India.

Annual carryover is anywhere between 15-20,000 MT

Coriander

World coriander supply has 3 main foci; namely Canada, Russia/Eastern Europe and India. Overall, world trade is about 100,000 MT/annum, with 50% of exports coming out of India. Last year however, the scenario changed somewhat, and Russia sent out a large portion of World exports

Due to the particular weather and environmental patterns of each geography, the product from these origins differ in appearance and VO levels.

- Canadian coriander is 99% geared towards supplying the US market, and carries GMO risk.
- Indian coriander is 75-80% geared towards supplying the local market. It is not heavily traded, and mostly sold to Middle East, Indonesia, Pakistan and Malaysia. It also has the lowest VO of all origins. India produces about 400,000 MT per year, of which app. 50,000 MT goes to export.
- East European coriander overall constitutes about 30% of world exports. The highest and most pungent material is also of E.European origin.

The taste of coriander is provided by the essential oils of Linalool and Pinene. Linalool is the terpene that provides the citrus tainted warm, but pungent aroma; and Pinene fortifies the pungency

Coriander

Average 13-15,000 MT harvest and 1-1,500 MT carryover

17,000-18,000 MT harvest in 2016, as a result of very good weather

Weak prices in 2016 causing farmers to switch to cereals and grain.

Crimean production consumed domestically.

2017 Estimate: **13,000-14,000 MT**
Carryover relatively weak

Coriander

Average 6-6,500 MT harvest and weak carryover

3-3,500 MT harvest in 2016, as a result of bad weather and draught.

2017 Estimate: **5,700-6,500 MT**
Carryover zero

Final Words

- Prof. Chris Elliot of Queens University, Belfast is sampling herbs throughout the world for adulterants. Brands are getting published!
- Adulteration is becoming a key item of public interest
- FSMA, World Food Codex discussions are bringing in «purity» as a primary criteria
- DNA analysis is becoming more widespread
- Demand for organics is rising, straining regular supply chains. Committed, long term partnerships are required for sustained, true Organic supply.
- Events in Syria straining Anise supply!
- Political atmosphere and Economic Fluctuations in Turkey will impact Oregano, Laurel Leaves, Cumin and Anise!

Thank you!

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