

MARKET OUTLOOK FEBRUARY 2021

Year 2020 was very exceptional due to corona virus and uncertain situation still continues. The effects of Covid-19 for supply and demand are behind many price movements.

At the moment there is tightening restrictions and lock downs in many countries which shall delay logistics and increase cost in supply chain. Companies have taken various measures to ensure the continuation of production. Current situation is very challenging especially in seafreight from Asia. There are restrictions in shipping capacity and huge lack of sea containers from Asia to Europe because export from different continents to Asia has decreased. Cost for seafreights have been multiplied and lead times are longer.

In Europe Brexit caused border formalities between UK and EU which congested export ports in UK and caused additional costs due to import declarations to Europe.

PROTEINS

The demand for pea and soy proteins for vegetarian and health food is still high which keeps the prices at high level. East-European soy bean prices went sharply up at the end of the year. There is also bullish trend in USA and China due to strong demand in China for feed and tight supply in South-America.

Milk protein prices are on an upward trend. This is supported by strong demand Asia and Middle east. China is expected to maintain strong European dairy imports in 2021 which likely firm pricing.

Meat protein prices have stable on downward trend, this is due to higher output in Q4 last year, export growth has been weak.

SUGAR

Sugarbeet crop in Eu was slightly lower than previous crop due to unfavorable weather conditions and plant diseases in some parts of Europe. However lower export from Europe and lower demand due to corona increased ending stocks. Changes in global demand and supply may affect pricing during this year.

WHEAT AND CORN

Demand for corn and wheat has strongly increased in China. China has increased import for feed due to rebuilding hog sector after outbreak of African swine fever. The price level has been raised due to weakening crop outlooks and declining ending stocks worldwide. Energy cost has also risen from previous year. Concerning wheat Russia, USA and Argentina has suffered from draught, which increase concerns of declining yields. Europe suffered from draught during crop period and remaining stocks were lowering. Brexit had impact on wheat prices in UK by increasing import costs.

TAPIOCA, RICE AND POTATO

Tapioca starch and rice based products from Asia have increased due high demand but also related to high freight cost. Potato based products have been on stable level.

FOOD ADDITIVES

Chinese food additives like ascorbic acid and its derivatives have increased strongly. This is due to production cost increase but also due to tight supply and multiplied seafreight.

STABILIZERS

Carrageenan and locust bean gum prices are still at high level. Xanthan gum is on increase due to tight supply and multiplied freight cost.

INULIN

There was poor crop of hickory root and this caused shortage in supply and higher price.

ONION AND GARLIC

Prices for dehydrated onions have been on high level. Main harvest which is in March is delayed several weeks because of late sowing due to rainy period at sowing time. Crop is forecasted to be normal but security stocks are empty. Garlic prices have been on a rise due to high seafreight and delayed shipments but partly also due to speculations.

PEPPER, SPICES AND HERBS

Pepper prices have raising trend. There is reduction in planted acreage and expectations of lower yields. Global production is forecasted to decrease appr. 10 %. Current situation in high sea freight prices is also affecting peppers. There will be new harvest in Vietnam in the spring. Pimento prices increased in different origins due to poor crop. Ginger and coriander prices have also increased due to tighter supply. Paprika prices have been stable. Basil and marjoram have increased due to poor crop.