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Pepper

KEY TAKEAWAYS

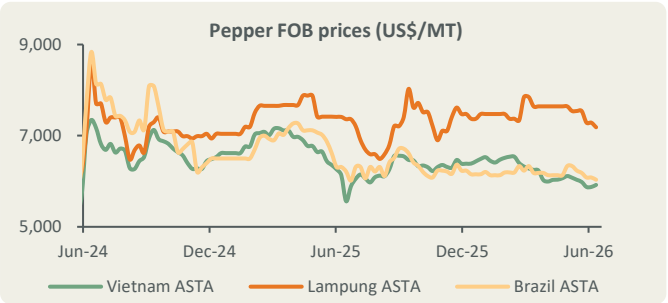
- **Global pepper supply is stable in 2026**, estimated at 462 KMT, close to last year's production, with a ~14% decline in Vietnam, largely compensated by ~7% increase in Brazil.
- **Global demand remains strong**, estimated above ~500 KMT, continuing to exceed annual production.
- **A strong El Niño is predicted** to develop to the end of 2026, causing heat and/or drought in South Asia and Brazil; heat stress during flowering and berry development could reduce yields and further tighten supply after the next harvest.
- **Stocks are declining since 2021** as consumption and inventories are now estimated to be below one year's consumption; next crop could further tighten global supply and support elevated price levels.

PRICE OUTLOOK

short term →
medium term ↑
long term ↑

SUPPLY DYNAMICS

PRICE TRENDS



Vietnam

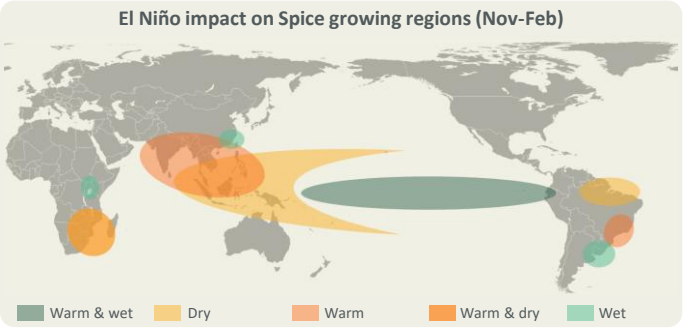
- The production of 2026 is estimated at ~155 KMT, a decline ~14% compared to last year at 180 KMT.
- Imports grew ~70% (YoY Jan-May) at 38 KMT, with Cambodia accounting for ~55% at 21 KMT, followed by Brazil at 11 KMT.
- Exports in 2026 from Jan-May reached 123 KMT (+22% YoY), but volumes in May fell by ~19% compared to April 2026. The US remained the largest destination at ~30 KMT (+23% YoY), followed by China which grew to ~15 KMT (+143% YoY) after years of subdued buying. Despite the conflict in the Middle East, the UAE showed stable imports at ~7 KMT.

Brazil

- The 2026 production is estimated at ~118 KMT, up from 98 KMT driven by increases in both area and yields.
- Exports from Jan-May 2026 reached ~47 KMT (+8% YoY). Exports to Vietnam declined by ~14% YoY to ~14 KMT. Shipments to the Middle East and Africa also decreased, with UAE down 18% YoY and Morocco down 20% YoY. In contrast, exports to other markets increased sharply, such as to Pakistan (+152%) and Egypt (+114%).

Indonesia

- The 2026 production is projected at ~32 KMT, down from last year's production at 37 KMT, due to excessive rainfall in 2025.
- Exports decreased by ~48% YoY (Jan-May) to 8.3 KMT; limited carry-over stocks constrained availability and elevated prices.
- Some planting activities are observed in Vietnam. However, supply is expected to remain tight, as many existing vines are aging and producing lower yields, while newly planted vines will only begin to yield and offset the production decline after ~3 years.
- In contrast, some Indonesian farmers have switched to more profitable crops such as coffee, cocoa, and palm oil. As a result, many pepper plantations receive only minimal maintenance, limiting productivity. Similarly, Brazilian farmers continue to prioritize coffee cultivation, where mechanization improves labor efficiency and profitability.
- A strong El Niño is forecast to develop toward the end of 2026 and is expected to be more intense and longer-lasting than the 2015/16 El Niño event. Key pepper-producing regions including Vietnam, Cambodia, Indonesia, India, and Brazil are expected to face a high risk of drought and hot weather, which could impair flowering and reduce berry set, ultimately lowering yields and, in severe cases, increasing plant mortality.



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Cassia

ORIGINS

Indonesia

> The production in 2026 is expected to remain similar to last year at ~25 KMT.

> Intercropping cassia with coffee, cocoa, fruits, and corn has reduced the density of new plantings. Pesticide usage for intercropping has increased cross contamination risks.

> A slow supply recovery from Kerinci is expected as exporters in Padang promote planting activities, but trees need to grow ~10 years for cassia stick and ~15 years for broken cassia.

> Exports in 2025 reached ~25 KMT, a decrease of ~9% compared to 2024. Exports have stabilized in 2026, with Jan – May volumes reaching ~11 KMT, a ~5% increase YoY.

> Competition from Vietnamese cassia continues to put pressure on Indonesian exporters; current prices declined by approximately 20% compared to last year.

Vietnam

> The spring harvest has ended, while the main autumn harvest will start in August. However, farmers can potentially resume harvesting at any time depending on demand.

> Overall production of 2026 remains similar compared to last year. Despite a ~30% production decrease in the spring harvest in Yen Bai, other sourcing areas such as Quang Ninh, Bac Kan, and Lai Chau balanced out the decline.

> Prices for all grades remained stable throughout the harvest while broken cassia prices increased by 5–10% due to an increase in demand.

> Exports in 2025 reached ~120 KMT, a ~20% increase compared to 2024. Exports stabilized in 2026, with Jan-May volumes at ~49 KMT (2% YoY). India remained the largest importer at ~18 KMT (+10% YoY), followed by the U.S. at ~7 KMT (+25% YoY).

SUPPLY TRENDS

Cumin

ORIGINS

> Global cumin production is stable in 2026, with additional anticipated El Niño weather-related supply risks into 2027. The increased production in China is expected to compensate for lower output from India.

India

> The harvest is completed in India. The sowing area decreased by ~15%, mainly in Gujarat (decreased ~20%) and Rajasthan (decreased ~10%); driven by lower price levels in previous years, farmers switched to mustard and chickpea.

> Although India's 2026 production decreased by ~10% to an estimated ~500 KMT, APMC market arrivals increased, supported by ~80 KMT of carry-over stocks.

> Jan–Apr 2026 exports reached 53 KMT, down 24% YoY. Exports to China declined sharply by ~80%, falling from 7.5 KMT in Jan–Apr 2025 to 1.5 KMT in Jan–Apr 2026.

> For 2026, southwest monsoon is forecast at 10% below normal, potentially affecting 2026-2027 production. In 2014, during the development of the previous strong El Niño, India recorded an unusual monsoon with a rainfall decline of 12%. Combined with low prices, the 2014-15 sowing area declined ~20-30% after a very large crop.

China

> The harvest is in full swing and new arrivals are reaching the market since early June.

> The 2026 production is expected to be a large crop, driven by an increase in intercropping and mechanization.

> Over the past years China grew from an importing country to a self-sufficient producer, with potential volumes for exports. China has reduced import from India in recent years from ~35 KMT in 2023 to ~15 KMT in 2025; this pattern is expected to continue in 2026.

> IPM material remains scarce, especially from China.

PRICE TRENDS