



# Pepper



### Key takeaways

- The harvest in Vietnam, Cambodia and India is in progress. Over the last months prices decreased somewhat as the harvest progressed, triggering an increase in export volumes as well.
- The harvest in Espírito Santo, Brazil is almost finished. Prices remain in line with Vietnam.
- As the price movement downward is weakening already and production will be somewhat lower in the next months, a more steady period may be ahead in the short to medium term.
- Over the longer term global stock levels will remain high, which will continue to put downward pressure on prices.



### Price outlook



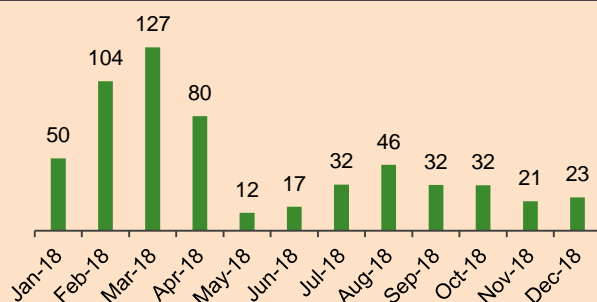
- Short term: ➡
- Medium term: ➡
- Long term: ⬇

### Supply dynamics



- Vietnam and Brazil export volumes were 32% and 65% higher respectively for the YTD Feb-18 period versus last year.
- Brazilian crop in Espírito Santo is at the end of its harvest, while the harvest in India will finish first half of April.
- Due to lower yields and low prices, farmers in Vietnam and Cambodia harvest their pepper in one go instead of the usual two times, to save harvesting cost.
- As a result, the harvest this year will finish earlier than in previous years. Production will therefore be lower in April to June, decreasing availability of new material in that period.

Forecasted global pepper production pattern 2018 ( KMT)

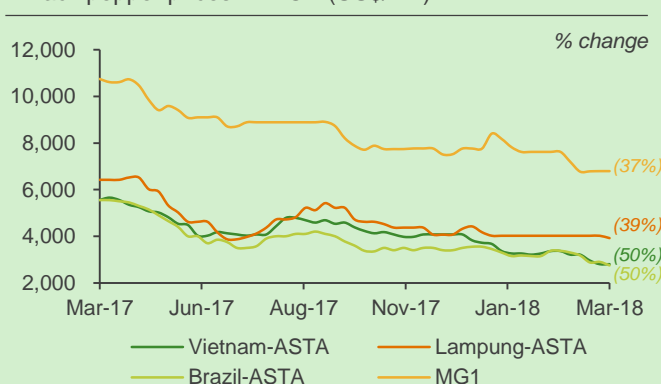


### Price trends



- In Brazil, selling pressure remained high due to increased production and relatively high stock levels. Prices are expected to remain similar to Vietnam, however some upward pressure could arise from stock levels decreasing due to the significant increase in export volumes for this origin.
- The bumper crop in India this year triggered an increase in selling pressure. Indian pricing lowered by 37% yoy, despite the minimum import price issued by the government.
- Selling pressure is expected to remain high this year, hence the overall downward trend is expected to continue.
- Despite the fact that the largest price drop may be behind us (prices decreased by c. 70% since the Jun-15 high), data suggests that the bottom of the market has not been seen yet.

Black pepper prices – FOB (US\$/MT)

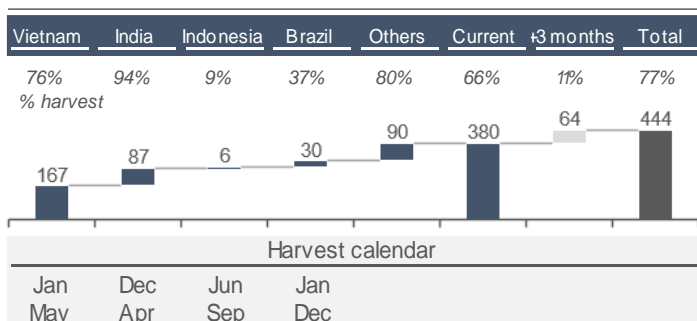


### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change (%)
BP Vietnam FAQ 550gl	2,750	(12.7%)
BP Brazil FAQ 550gl	2,650	(17.2%)
BP India FAQ 550gl	5,863	(6.5%)
BP Lampung FAQ 550gl	3,720	(2.6%)
WP China FAQ	6,000	(7.7%)
WP Indonesia Muntok FAQ	4,820	(4.0%)
WP Vietnam DW	4,300	(10.4%)

### Exportable stock estimate (KMT)<sup>2</sup>





## Cumin



### Key takeaways



### Price outlook



- The harvest is in progress in all major growing areas, with threshing to continue until mid Apr-18.
- Cumin production is estimated to have increased 15-20% compared to last year.
- Prices had risen last year due to the scarcity of stock in Syria and Turkey. Farmers shifted to cumin from other crops, which led to an increase of production.
- This has put downward pressure on prices recently, but overall demand remains good, hence we expect prices to stabilise over the longer term.

Short term:

Medium term:

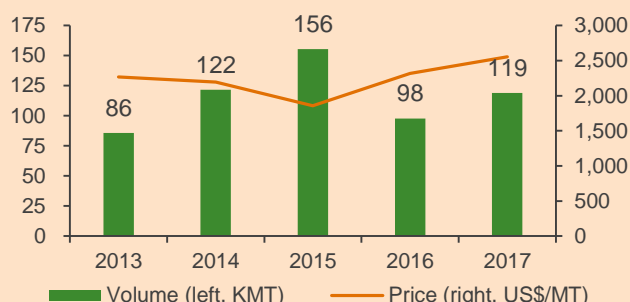
Long term:

### Supply dynamics



- In Rajasthan and Gujarat the harvesting started earlier this year due to the high day temperatures, therefore arrival of new material has started at the market from these areas.
- Although some areas were impacted by aphid attack more than usual (see NFPP updates), yield and arrivals are reported to be good this season so far.
- Overall, export volumes and prices have shown a strong increase since 2015.

Export statistics from India

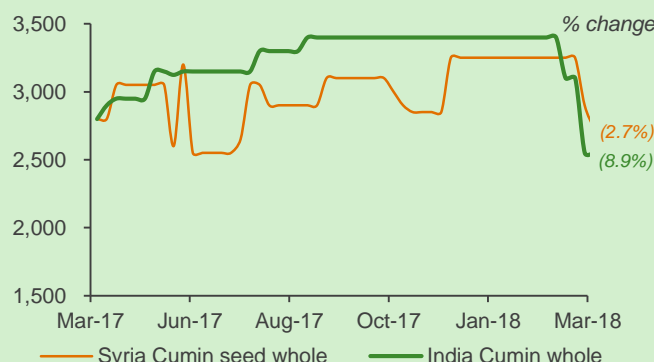


### Price trends



- Currently, prices are showing a downward trend in the market due to good arrivals. FOB prices have lowered by 9% versus last year.
- Prices for farm grade material are ranging from US\$ 2,425/MT to US\$ 2,700/MT and dropped between 8 – 14% in the major markets.
- Prices are expected to remain steady after the market has corrected downward for the new crop arrivals.
- Farmers are already becoming more reluctant in liquidating their stocks at present price levels and traders are increasingly picking up new crop arrivals.

Cumin prices - FOB (US\$/MT)

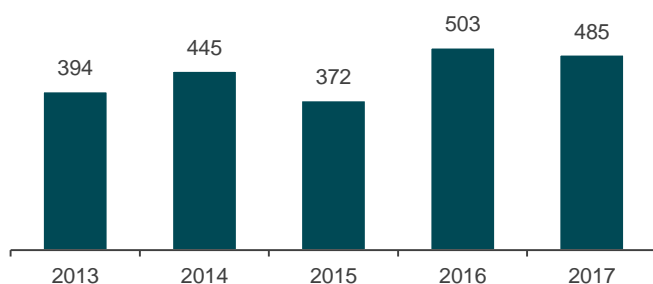


### Key quality price levels<sup>1</sup>



Terminal Market	US\$/MT	Change (%)
Unjha	2,471	(13.8%)
Rajkot	2,425	(12.1%)
Jodhpur	2,700	(7.7%)

### Production in India (KMT)



### Various

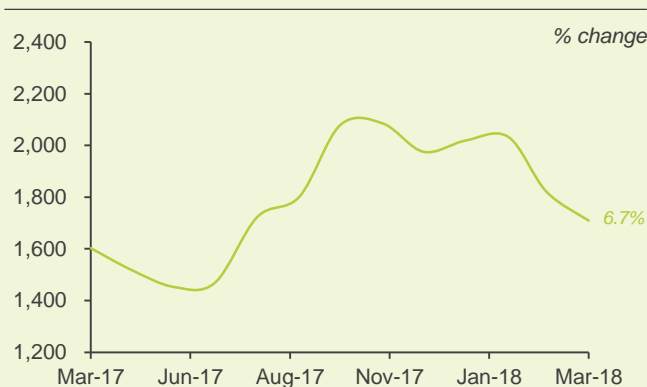


### Turmeric



- In India, new crop arrivals have started. Early supplies from Kadapa, Nizamabad, North Karnataka & Maharashtra are reported to be up by 10 - 15% compared to last year. The new crop arrivals will continue till end of March / early April. Overall prices eased following the good arrivals, however prices are still some 7% higher versus last year.
- Also in Kerala, the high curcumin turmeric (Alleppey variety) arrivals started from early Feb-18. This year the growing areas witnessed good rains supporting a solid yield, with a total production of c. 5,000 MT. The new arrivals will continue till end of Apr-18.
- The crop from the main growing areas of Tamil Nadu is expected to be lower by 15 - 20% when compared to last year.
- Also in Karnataka, new crop arrivals continued and reported an average arrival of 2,500 (65kg) bags against 3,500 bags compared to last year (a downward trend of c. 40%).
- Overall, production this year is expected to be at a similar to slightly lower level compared to last year.
- In terms of prices, the downward pressure is expected to ease in the short term. In the medium to long term prices may move up further as production decreased while demand for turmeric is growing.

Turmeric prices - FOB (US\$/MT)



### Cassia



- **Vietnam:** The spring crop will start from mid April onwards. Demand from China and India is solid at the moment, while new crop will only become available in 1-2 months. Hence, prices firmed somewhat and are expected to stay above the lower levels of last year.
- **Indonesia:** There was a lot of rain in Korintji recently, creating difficulties for harvesting and drying. As Ramadan 2018 will begin mid May we expect that there will be more selling activity in the near term as farmers need cash for the festivities. This could ease the market in April. Due to high demand for export vessels, there might be some congestion at the harbors first half of May, resulting in delays. Buyers are expected to cover from other origins such as Vietnam and China at more competitive prices. For example, Vietnam 3% oil cassia is bought as the alternative to Indonesia KA cassia. As the Indonesia cassia price is expected to be relatively high, farmers start to harvest to maximum levels, going deep into the forest. The local price range now is c. US\$ 2,185 – 2,765 / MT. As result, the total Indonesian cassia production in 2018 is expected to increase. The start of replanting activities has already been observed recently.
- **China:** The spring crop will come available as of April. The crop is expected to be smaller than last year because last year it was over harvested, leading to low prices. The Chinese Yuan is around 8% stronger against the US\$ than last year, which could put upward pressure on export prices. Exporters expect the price can move up in parallel with this currency movement.

Cassia prices - FOB (US\$/MT)

