



Pepper



Key takeaways

- The harvest in Indonesia has begun this month. High carryover stocks from speculators have lowered their buying interest. Hence, the Indonesian pepper price has dropped further, being close to the Vietnamese and Brazilian prices.
- The upcoming crop in Para state of Brazil is expected to be good.
- The pollination of Vietnamese pepper is promising and should result in a good crop for the 2018/19 season. It will likely create selling pressure to liquidate current stock before the new crop arrives in December, which is earlier than usual.



Price outlook



Short term:



Medium term:



Long term:

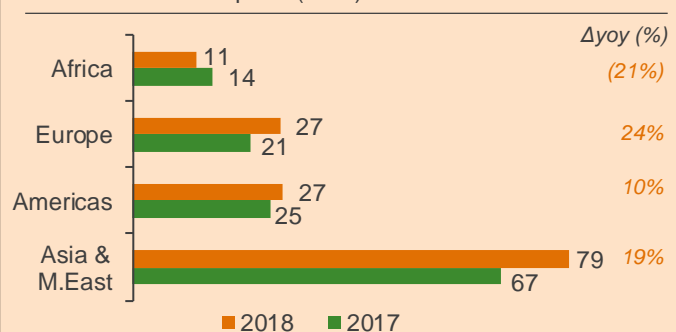


Supply dynamics



- Market arrivals are less compared to previous months as Vietnam, India and Cambodia finished harvesting.
- The export volume from Vietnam was at 144 KMT for the YTD Jun-18 period, which is 13% higher than last year. The highest growth was to Europe, followed by Asia & M. East.
- In Indonesia, the harvest of pepper is in progress. About 45 KMT of pepper is still expected to arrive to the market during August and September.
- The coming harvest of Brazilian pepper in Para will be from Sept-Nov and is expected to add another 44KMT of pepper to the pipeline in that period.

Vietnam – YTD exports (KMT)

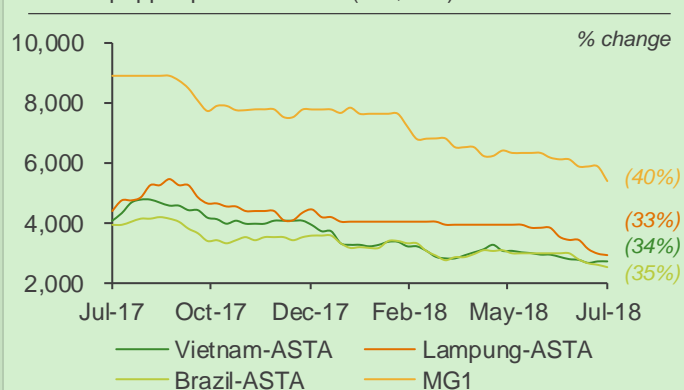


Price trends



- The Indonesian pepper price showed a larger drop compared to Vietnamese and Brazilian prices for the YTD period due to a lower buying interest from big local traders. As new arrivals are coming to the market, the Indonesian price moves closer to prices from other origins.
- The upcoming harvest of Brazilian pepper is promising and explains the forward discount offered today.
- In the fourth quarter speculators from Vietnam will likely attempt to liquidate their holding stocks before the new crop arrives to the market, putting more pressure on prices.
- The relatively high stock levels are likely to continue to keep pepper prices at low levels in the long term.

Black pepper prices – FOB (US\$/MT)

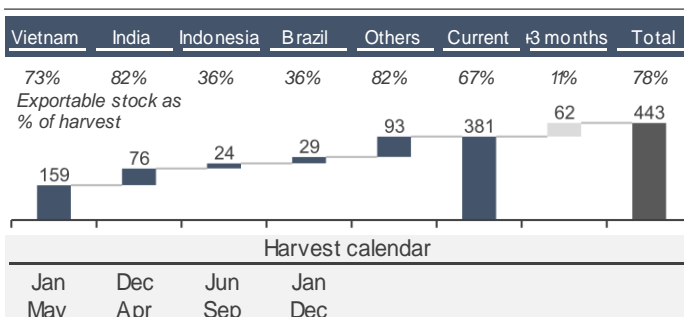


Key quality price levels¹



Quality	US\$/MT	Change (%)
BP Vietnam FAQ 550gl	2,650	(2.8%)
BP Brazil FAQ 550gl	2,425	(15.7%)
BP India FAQ 550gl	4,753	(12.6%)
BP Lampung FAQ 550gl	2,720	(15.5%)
WP China FAQ	5,500	(17.9%)
WP Indonesia Muntok FAQ	4,220	(3.4%)
WP Vietnam DW	4,100	(3.5%)

Exportable stock estimate (KMT)²





Cassia



Key takeaways

- The market prices are expected to increase further in the next few months due to the low stock levels at the moment.
- The availability of Indonesian cassia with high oil content has become less, strengthening the local market prices.
- The Vietnamese cassia of the autumn crop is expected to arrive to the market from Nov/Dec-18 and prices may ease somewhat. However the arrivals still depend heavily on weather conditions and the willingness to harvest from farmers.



Price outlook



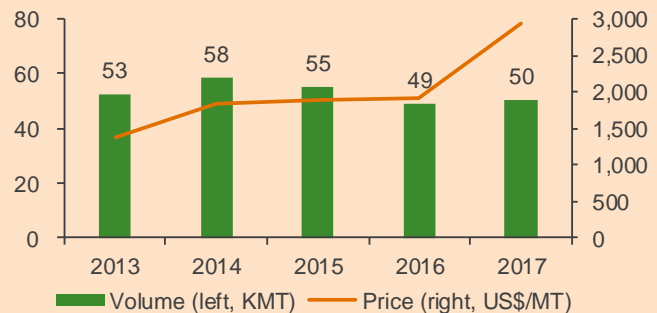
- Short term:
- Medium term:
- Long term:

Supply dynamics



- Indonesian suppliers can not buy any new cassia as farmers will return after the Hajj (24th Aug) and only harvest when they need money. Indonesian cassia volume of essential oil quality product is lower. In the last two years, farmers have largely expanded their crops due to high market prices.
- The Vietnamese cassia plantation has expanded in Yen Bai province. The spring crop price was not attractive for Vietnamese farmers to harvest. Hence, local stock levels are relatively low at the moment. China imported lower volumes of cassia from Vietnam due to a sufficient local production.

Export volume and price from Indonesia

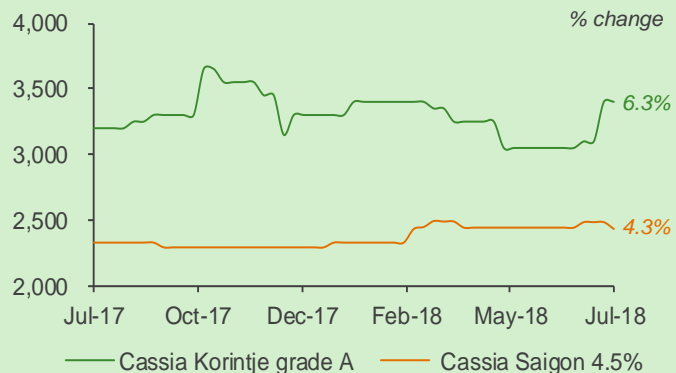


Price trends



- The Vietnamese market is stable due to less production and lower demand from Chinese buyers. New arrivals from the upcoming autumn crop will likely make the market firmer. However, the market much depends on the willingness to harvest from farmers.
- The Indonesian market price increased slightly, up 10% versus last month's price for Korintje Grade A due to a lower harvest from farmers and the strong demand of the high oil quality from overseas. Farmers still require higher prices before planning to harvest.
- By the end of the year, the demand from the US and Europe will likely strengthen prices to higher levels.

Cassia prices – FOB (US\$/MT)

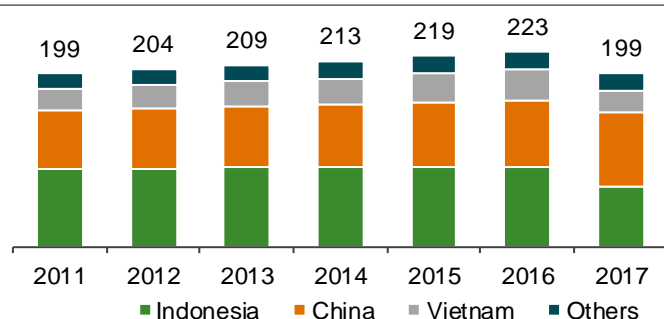


Key quality price levels¹



Quality	US\$/MT	Change (%)
Cassia KA 2 -2.5%	3,450	9.9%
Cassia KB 1.5 - 2%	2,400	0.4%
Cassia Vera stick	4,350	1.4%
Saigon Cassia 3.0%	2,200	2.3%
Saigon Cassia 4.5%	2,450	1.7%
Madagascar Cinnamon	2,700	8.0%
Sri Lanka Cinnamon (Ceylon)	2,550	-

World production of Cassia (KMT)²



Various



Cumin



India

Cumin production is estimated to reach c. 375 KMT for this season. Production is about 15-20% higher in Rajasthan and Gujarat, compared to last year.

Price was slightly firmer over the last months due to the strong export demand. India is expected to export c.160 KMT for this crop year, mainly to Europe, the US and Japan.

This month market arrivals reduced by some 10% in the main market of Unjha, versus the arrival of c. 40,000 - 50,000 bags per day during peak harvest months of April and May.

Farm grade prices firmed up by US\$ 350/MT and are being quoted at about US\$ 2,564/MT - US\$ 2,784/MT depending on the quality. Price is expected to remain at this level or strengthen somewhat until the end of October when the new crop will be sown.

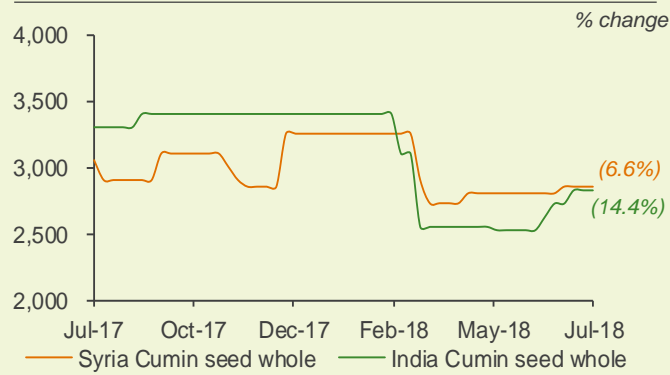
Syria

Dry weather had been favourable for cumin growing during Jan-Apr. Unfortunately, the crop was damaged due to the heavy rain when the harvest started in May, leading to a lower quality of product. The harvest of the Syrian crop usually comes later than the harvest in India and will finish shortly. The Syrian cumin for this season is either a) Very dark b) Mixed dark or c) Green colour. Suppliers are hesitant to offer at the moment.

The current market is tight with offers above US\$ 3,000/MT for good green quality, while dark quality can have a discount of about US\$ 200/MT.

Suppliers can not guarantee allergen free products.

Cumin prices – FOB (US\$/MT)



Ginger



China

The market has been stable in the past few months and is starting to be slightly firmer due to a significant decrease in planting areas. The price of dried sliced ginger has dropped 45% compared to Jul-15, from US\$ 5,200/MT to US\$ 2,850/MT. The fresh ginger price is c. US\$ 250 – 280/MT.

For the past 3 years, farmers have earned less from the ginger crop and they tend to change to other crops which are expected to be more profitable.

Chinese processors hardly compete with processors from other origins such as India and Nigeria as they have cheaper processing techniques. New environmental policies from the Chinese government have made some ginger processors stop their business due to required investments for qualified drying technology.

India

Most of the raw ginger materials have arrived at the market and only a small stock is still available at the farmer level. New arrivals will come in three months. Hence, the market price is firm. The price of dry ginger SO₂ free material is c. US\$ 2,000 – US\$ 2,100/MT.

Nigeria

Stock levels are relatively low at origin, some small volumes were exported to Europe. The local market price increased due to high demand from M. East. Total planting areas have decreased since last year. Farmers sold almost all of their ginger and have kept a limited amount of ginger seeds for planting.

Ginger price – FOB (US\$/MT)

