



Pepper



Key takeaways



Price outlook



- Global production is estimated to grow by c. 6% this season, Vietnam contributes 45% of the total volume. The recent Usagi typhoon in Vietnam has only slightly impacted the pepper growing areas in Dong Nai and Ba Ria Vung Tau.
- The Brazilian market showed a discount of 500-600US\$/MT vs the Vietnamese market due to the depreciation of local currency and selling pressure before upcoming year-end holidays.
- Overall, prices will likely move downward after a short recovery since Sep-18 when most of the origin countries enter the harvest stage.

Short term:

Medium term:

Long term:

Supply dynamics



- The harvest in Vietnam is going to start next month, production is estimated at c. 273 KMT which is c. 25% higher than the previous season. In Espirito Santo, Brazil, the harvest already started, with also an expected increase to 91 KMT in this country.
- Vietnam exported c. 217 KMT for the YTD Oct-18, up 13% yoy. Export volumes increased significantly to Asia & M.East of c. 19% yoy, the main importers are China, India, Pakistan and United Arab Emirates.
- A small volume of Cambodian pepper also arrived to the market. The crop is expected to be promising, at c. 30KMT this season.

Forecasted global pepper production 2018/19 (KMT)

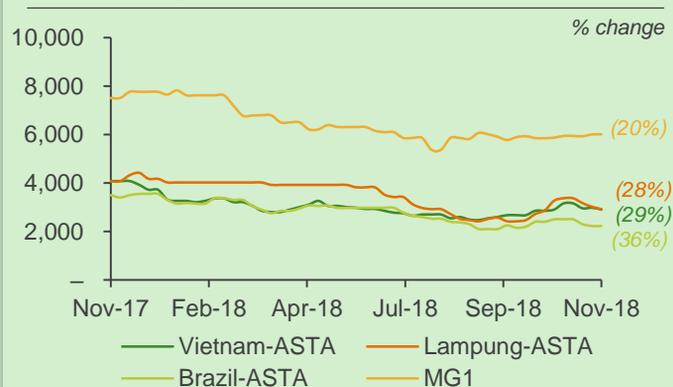


Price trends



- Brazil is the lowest priced origin at the moment. Due to a continuing downtrend in prices, many exporters in Vietnam took short positions, buying pepper from Brazil at lower prices to cover the orders. Unfortunately traffic congestion in Victoria and Belem ports caused delays in shipments. Hence exporters turned to buy Vietnamese pepper to fulfil the contract orders which pushed the market up in the short term.
- Vietnamese black pepper prices firmed 14% since the start of September, pushing other origins up too. This reversal lasted for c. 2.5 months. Currently, prices are moving downward again.
- Brazilian pepper prices are usually lower than Vietnamese pepper prices during its peak harvest period between Sep – Jan.

Vietnam 550g/l black pepper price – FOB (US\$/MT)

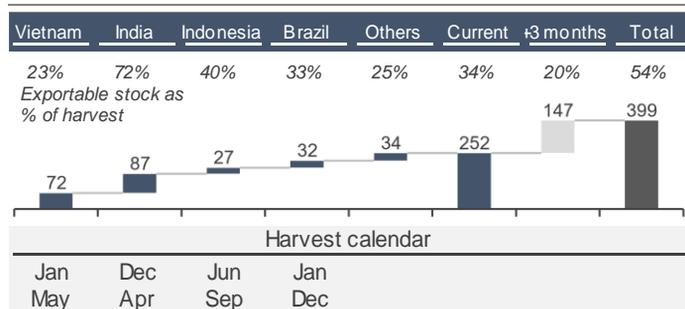


Key quality price levels¹



Quality	US\$/MT	Change (%)
BP Vietnam FAQ 550gl	2,850	(5.0%)
BP Brazil FAQ 550gl	2,125	(11.5%)
BP India FAQ 550gl	5,493	1.3%
BP Lampung FAQ 550gl	2,820	(13.8%)
WP China FAQ	5,000	8.7%
WP Indonesia Muntok FAQ	3,920	(13.5%)
WP Vietnam DW	4,200	(2.3%)

Exportable stock estimate (KMT)²





Ginger



Key takeaways

- Production is expected to be lower by c. 15-20% this season, driven by smaller crop sizes in the main producing countries (India, China and Nigeria). Hence, prices are expected to stay firm.
- Limited offers and tight shipping schedules in Nigeria made local prices increase somewhat, however it remains the cheapest origin.
- Lower quantity of ginger is expected to be used for dehydration due to lower overall production and attractive price offered for fresh ginger.



Price outlook



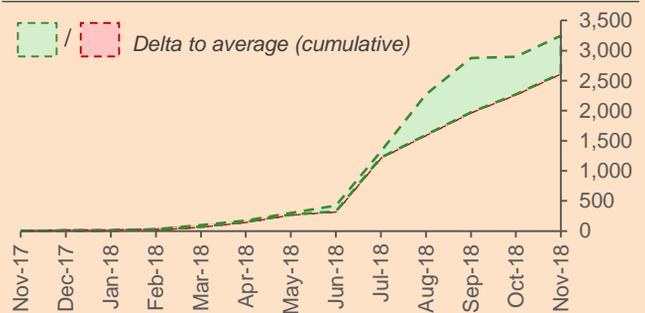
- Short term:
- Medium term:
- Long term:

Supply dynamics



- India's crop is expected to be lower by c. 20% vs last season, mainly driven by Kerala due to unfavorable weather during vegetative and rhizome formation stages. Fortunately, the crop in Karnataka showed a good development so far.
- In China, the old stocks are well stored and maintained in good conditions. The crop is expected to be smaller by at least 5% compared to the previous year though. Dehydration will mainly be done in Dec/Jan.
- Nigerian ginger from the new crop is gradually arriving in South Kaduna and contains high moisture levels due to the recent heavy rains.

Rainfall vs average pattern: Kerala - India (mm)



Price trends



- Indian ginger price went up sharply during the Aug-Sep period after the floods. Farmers prefer selling fresh ginger due to the good price offered. Hence, less quantity will be used for dehydration. New materials will arrive to the market from next month onwards.
- Nigerian ginger prices increased somewhat, at c. 5% vs last month's prices. Vessels in Lagos are fully booked for Dec/Jan shipments. Exporters are hesitant to offer, also waiting for better prices.
- Chinese dried ginger of the new harvest is not available yet. The market prices are currently flat. However, due to a lower crop size, prices will likely firm. Dehydration is planned earlier this year due to lower stock quantity and an expected price increase.

Dried ginger prices FOB (US\$/MT)

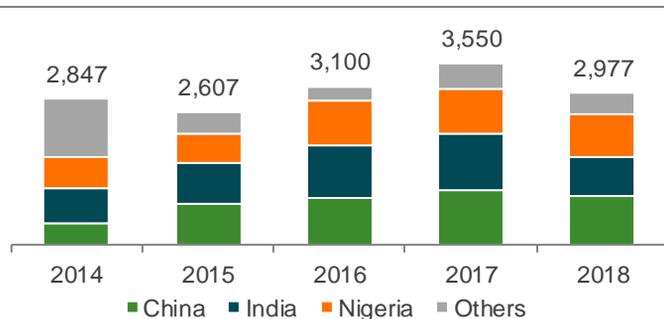


Key quality price levels¹



Quality	US\$/MT	Change (%)
Indian Ginger Whole Guaranteed	2,600	-
Chinese Ginger Sliced Guaranteed	2,800	-
Chinese Ginger Sliced Non Gtd	2,150	-
Chinese Ginger Whole Peeled HPS	3,650	-
Nigerian Ginger Split Guaranteed	2,300	4.5%
Nigerian Ginger Split Non Gtd	1,400	(9.7%)

Production fresh ginger by origin (KMT)²



Various



Nutmeg



Indonesia

The harvest in India already finished while it just started in Indonesia. Hence, prices of Indonesian nutmeg lowered somewhat during the first week of November. However, the market strengthened again due to strong demand from India and China.

New materials will arrive to the market next month. However, it is expected to be just enough to cover the short term demand. The peak harvest of Indonesian nutmeg is expected to be from Mar to Apr-19. The weather has been favorable so far. Due to the expectation of price increase, the buying demand even increased further for Indonesian nutmeg ABCD and shrivel quality.

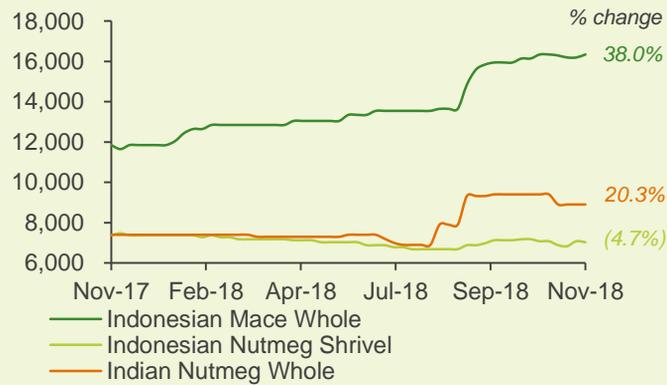
The Indonesian rupiah has strengthened against the US Dollar which does not support the export prices. In addition, demand from Chinese buyers is expected to be lower from January to February (New Lunar Year). Hence, the market will likely remain stable.

Tight supply of mace whole quality and strong demand from India triggered a significant increase of local prices, up 38% yoy and being quoted at c. US\$ 16,350/MT.

India

The market showed a shortage of Indian nutmeg due to the impact of heavy rains and floods during August which significantly influenced crop size and quality. The market was up by c. 35% until end of last month. The upcoming harvest will begin from May-19 and prices are expected to weaken somewhat.

Nutmeg and mace prices - FOB (US\$/MT)



Turmeric



The turmeric crop size in India is expected to be c. 1.6 million MT which is higher than the previous season due to the significant increase of cultivation areas across the main growing regions in Telangana, Andhra Pradesh, Tamil Nadu, etc.

The crop is expected to be good in Andhra Pradesh owing to sufficient rainfall compared to last year. Short term demand due to the recent local festivals had strengthened prices somewhat. Prices ranged between US\$ 1,055 - 1,095/MT at Cuddapah terminal market, up by c. US\$ 27 - 68/MT for good quality materials.

Similar in Tamil Nadu, the crop is expected to be promising. Prices range between US\$1,120/MT - 1,163/MT at Erode market.

Prices are ruling between US\$ 1,063 – 1,120/MT at Nizamabad market.

In Kerala, high curcumin turmeric variety is not presently available due to excessive rains and floods in Aug-18, a significant crop loss is expected. Indicative price for small lots was c. US\$ 2,056/MT, delivered to Cochin. Also, in Karnataka and Maharashtra, c. 10-20% loss is expected owing to limited rainfall during October.

Overall, prices are likely to stay firm only for a short period due to the festive season. Following this, the big crop size from the upcoming harvest is expected to ease prices somewhat. New materials are expected to arrive gradually from next month until the crop enters its peak harvest in March/April.

Turmeric prices - FOB (Nizamabad, US\$/MT)

