



# Pepper



### Key takeaways



### Price outlook



- The harvest is peaking this month. The biggest producer, Vietnam will finish its harvest in April which is earlier than usual as farmers preferred to harvest in one go to reduce labor costs.
- Low price levels supported export volume from Vietnam and Brazil, showing a 20% increase yoy for the YTD Feb-19 period.
- Global stock levels remain high. Although production costs are in excess of market prices in some origins, some further pressure is expected over the coming period.

Short term:

Medium term:

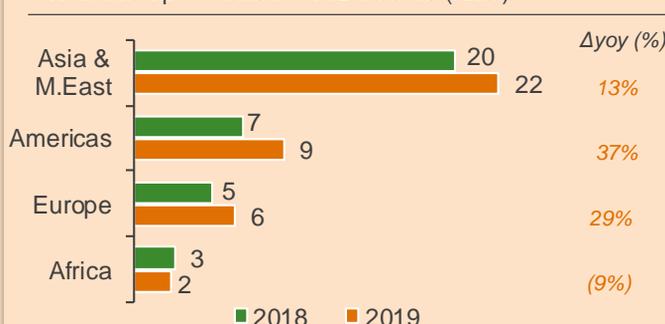
Long term:

### Supply dynamics



- The main harvest of this season is ongoing and will finish in Apr/May. About 50% of total production volume was harvested up to now.
- The upcoming harvest from Indonesia and China will start in Jul/Aug. Despite favorable weather, the production is expected to remain similar to last year as farmers have put less effort into their pepper farms.
- Vietnam and Brazil exported c. 40 KMT and 15 KMT YTD Feb-19 respectively, a 20% increase yoy. Exported volumes of Vietnamese pepper showed strong growth to the Americas and Europe.

Vietnam export statistics YTD Feb-19 (KMT)

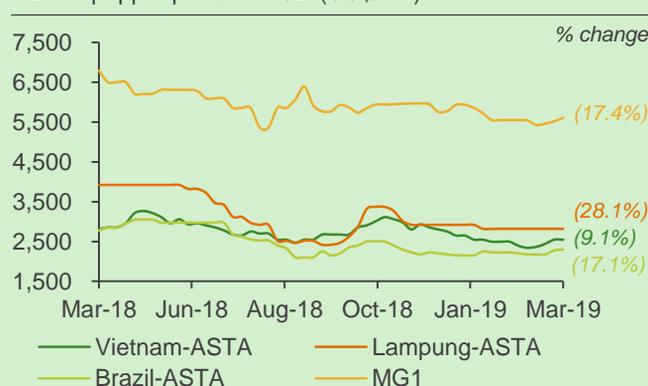


### Price trends



- Vietnamese black pepper prices strengthened by some 9% versus last month's prices due to good demand from Chinese speculators. Brazil followed the trend and prices increased by c. 6%. This reverse is expected to remain only until Chinese buyers fulfill their demand, after which a further decline is expected again.
- The stock level is estimated to remain high in the next few months, putting pressure on actors in some origins to liquidate their stocks.
- As prices are already close to or below production costs in some origins, price trend is expected not to show any significant drop, but downward pressure is expected to remain.

Black pepper price – FOB (US\$/MT)



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



Quality	US\$/MT	Change (%)
BP Vietnam FAQ 550gl	2,500	8.7%
BP Brazil FAQ 550gl	2,200	6.0%
BP India FAQ 550gl	4,900	(2.2%)
BP Lampung FAQ 550gl	2,820	3.7%
WP China FAQ	4,900	(2.0%)
WP Indonesia Muntok FAQ	3,970	(0.7%)
WP Vietnam DW	3,350	(2.9%)

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





## Cumin



### Key takeaways

- India is the most important origin with an 85% share of global production. The harvest started this month and a 10% higher production is expected this season due to an increase of sowing areas. Last year India exported c. 50% of its production volume.
- Other smaller origins are Iran, Syria and Turkey, representing only 10% of total production.
- Prices are expected to soften during harvest, then stabilize over the longer term as overall demand remains good.



### Price outlook



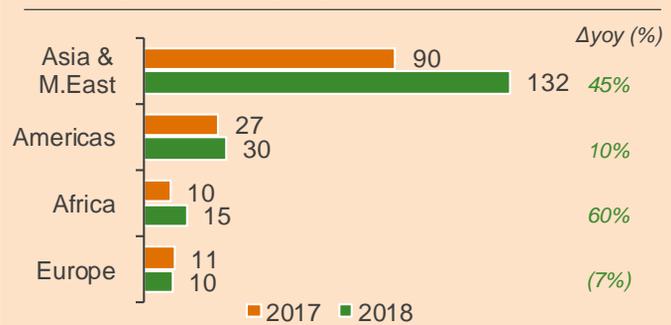
- Short term:
- Medium term:
- Long term:

### Supply dynamics



- The harvest started in India. In Gujarat, growing areas were estimated at c. 35 million hectares, reduced by 5% vs last season due to poor rainfall during sowing stage in Nov-18. However a 10% increase of sowing areas has been observed in Rajasthan.
- An increase of sowing areas in India and the better yields expected likely support overall production to reach a level of c. 420 KMT this season, 10% higher than last year.
- Syria produces only 2-3% of global production. The harvest will start from May/June. Export volume strongly decreased due to the impact of geopolitical issues.

India export statistics (KMT)

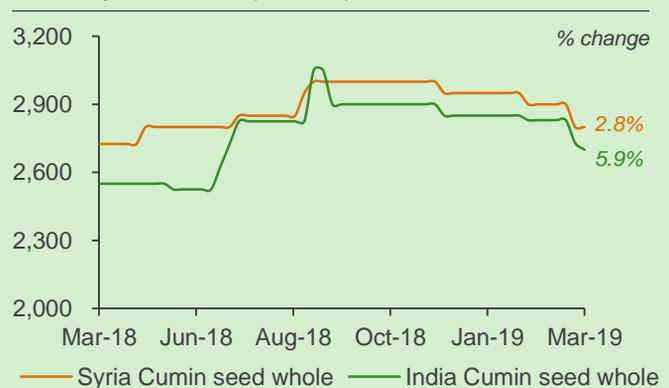


### Price trends



- Indian cumin prices slightly decreased when the harvest started in Gujarat and Rajasthan states. Daily market arrivals were reported to be lower than the previous year. In Unjha, farm gate quality was offered at c. US\$ 2,109/MT, 4% lower versus last month.
- Indian cumin whole IPM sortexed quality is being offered at c. US\$ 3,400/MT which is c. 7% lower versus last month. Prices will continue to soften when more materials arrive in April.
- Syria offered a higher price compared to India, at c. US\$ 2,900/MT. The market is relatively small, hence could not have much influence on the global market. Its main importer is India.

Cumin prices - FOB (US\$/MT)

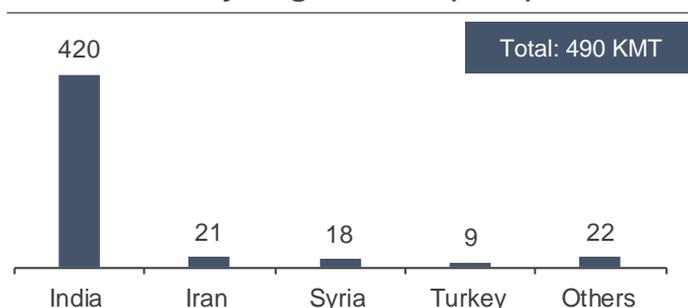


### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change (%)
India Cumin Whole IPM Sortexed	3,400	(6.8%)
India Cumin Whole Non Gtd	2,700	(7.7%)
Syria Cumin Whole 99.5%	2,900	(9.4%)
Cumin Siftings Gtd	1,500	-

### Production by origin 2019E (KMT)



### Various



#### Turmeric



##### India

The harvest started in all growing areas. Good crop is expected due to a significant increase of sowing areas in Maharashtra, Telangana and Andhra Pradesh states. Total production is estimated to increase by 15% to c. 525 KMT this season. Turmeric is being traded at lower prices than expected due to high moisture content. High demand is observed for good quality materials with attractive offered prices.

In Tamil Nadu, the peak harvest was in mid-March. The local market offered higher prices versus other regions, prices ranged between US\$ 1,070 – 1,319/MT.

The market is highly active in Nizamabad with good selling and buying activities, market arrivals sometimes reach a high level of c. 50,000 bags per day. Prices are ruling between US\$ 952 - 1,172/MT.

In Gundalpet, Karnataka, extraction companies are buying curcumin materials in large quantities, the local market prices are being offered between US\$ 1,055 - 1,099/MT.

##### China

The harvest finished in December, sowing will start in Apr/May. Chinese traders are being active in Indian market to look for premium quality materials. Local market offered high price levels at c. US\$ 2,200 - 2,700/MT.

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



#### Cassia



##### Indonesia

High oil cassia KA quality is presently less available in the market, hence KA prices are being quoted at least 50% higher than KB and KC quality, at a level of c. US\$ 3,900/MT.

Local market prices dropped by some 10% versus last month and prices are expected to stay in this trend as harvest has just started and there will be more selling activities during Mar/Apr before Ramadan.

##### Vietnam

High demand from India and US has supported the local market prices, 5% oil quality cassia is being offered at c. US\$ 2,700/MT and 20% higher value for organic materials. This offer is more attractive than Indonesian cassia.

The spring crop will start next month. However, Vietnamese farmers only harvest when seeing good profit. Therefore, the local market is expected to remain firm.

##### China

The upcoming harvest will also start next month. The market stayed firm with strong demand from Vietnam, India and Middle East.

Cassia prices - FOB (US\$/MT)

