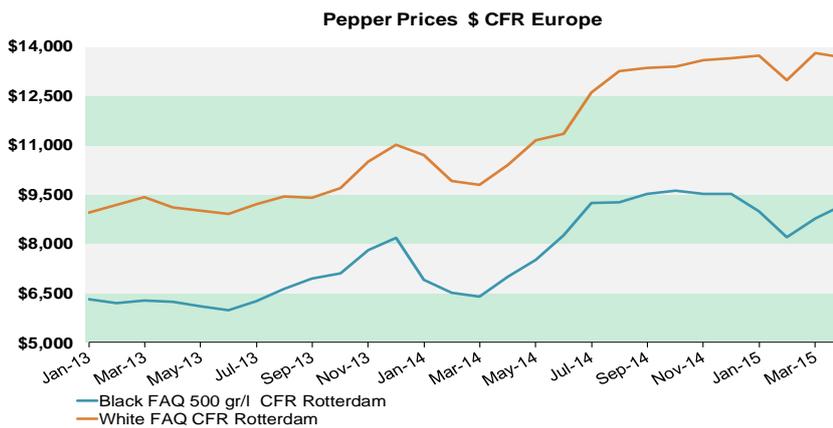


Market Update May 2015 Spices

Pepper



Vietnam

Pepper prices edged higher in March and April 2015. Vietnam entered the new crop of 2015-16 with lower arrival compared to last year. During the peak of the harvest many farmers claimed that their crop lost 30-40% yield against last crop, especially areas like Binh Phuoc, Ba Ria Vung Tau and Dong Nai. Given this news we have lowered our estimate of the crop to 145,000mt, compared to 160,000mt last year.

After a sudden drop in February, the market rebounded again in March and prices continued to remain firm during April. The reasons for this are as follows:

Many overseas customers, who had postponed their buying in anticipation of Vietnam lowering prices in the peak of its harvest were forced to buy at higher prices to replenish depleted stocks. Meanwhile, Vietnamese farmers had been strengthening their financial ability. Furthermore, farmers' interpretation of the yearly cycle that better prices can be obtained during the 2nd half of the year prompt them to hold back their pepper until then.

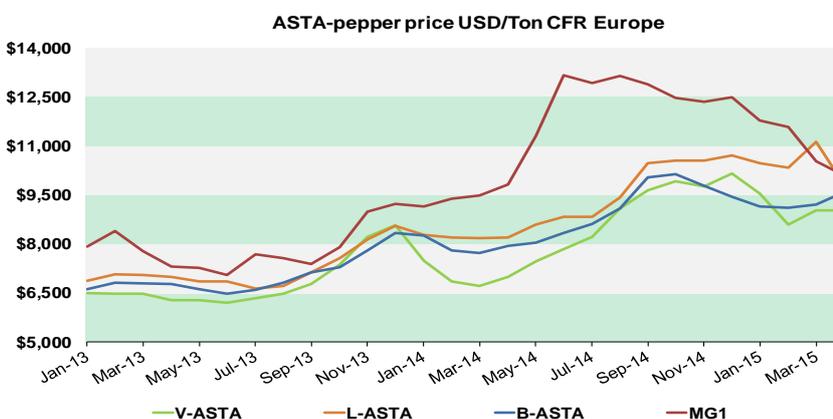
Export destinations from Vietnam (Jan-Apr 2014-2015)

Regions	2014	2015	Diff	%Diff
Americas	14,704	4,973	-9,731	-66.18%
Europe	17,978	10,368	-7,610	-42.33%
Asia & M.East	39,708	47,070	7,362	18.54%
Africa	5,108	909	-4,199	-82.20%
Grand Total	77,498	63,320	-14,178	-18.29%

Chinese speculators seem to have been more active this year when compared to previous years, not only are they buying bigger quantities but they seem also to manipulate the market to book profit.

Exports during March and April point at lower volumes. Jan-Apr exports are at 63,320mt, which is 18.29% below last year. We also see significant changes in the destination of the exports. Exports to the

Americas and Europe decreased 66.18% and 42.33%, respectively, whilst exports to Asia and the Middle East increased 18.54%.



Indonesia

Indonesian pepper prices also increased in price, similar to Vietnam. It is an obvious signal of the very tight availability, whilst the harvest of the new crop will not be until 3-4 months.

Production of black pepper in Lampung for the 2015-16 crop is estimated to be better. Weather conditions in Lampung from September to March were favourable for the pepper flowering process. However, currently we expect that the coming Indonesian crop for black pepper will not exceed 50,000 tons. White

pepper output is estimated at 20,000 tons.

Brazil

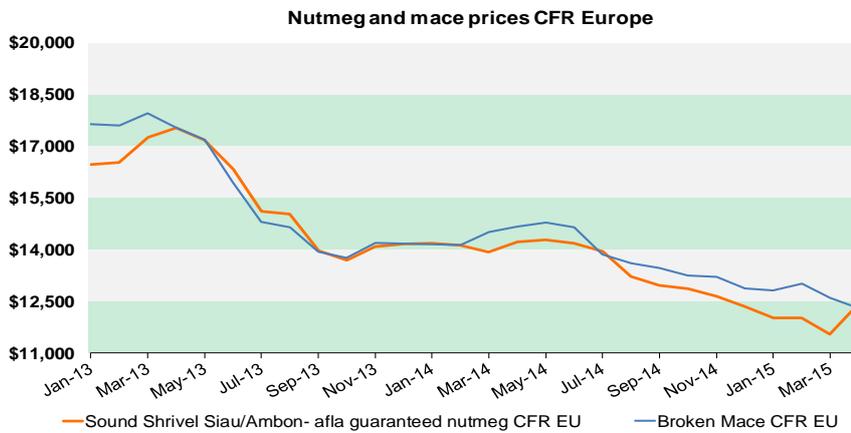
Owing to prevailing higher prices in 2014, compared to the previous year, pepper exports from Brazil have seen an upward trend. It is estimated that Brazil exported 34,000mt pepper in 2014, compared to 30,500mt in 2013. Brazilian pepper is sought after by European processors as a substitute for pepper from Vietnam. Stocks in Brazil seem to have been depleted. Only limited offers available at high prices.

India

It is clear that the Indian pepper shrugged off a 6 year decline in production. Indian pepper prices slipped significantly during 2nd half 2014 and into the early months of 2015. However, over the last couple of weeks prices bounced back to higher levels comparable with Brazil. Tight availability in Vietnam and higher domestic demand is reported to have pushed up the prices

With countries like Brazil, Indonesia and India sitting on low inventories Vietnam is likely to be the only source of pepper until the new Indonesian crop will arrive during July and August. We expect the market to remain tight during the next couple of months as pipeline stocks in importing countries of Europe and USA are just sufficient to meet requirements.

Nutmeg and mace



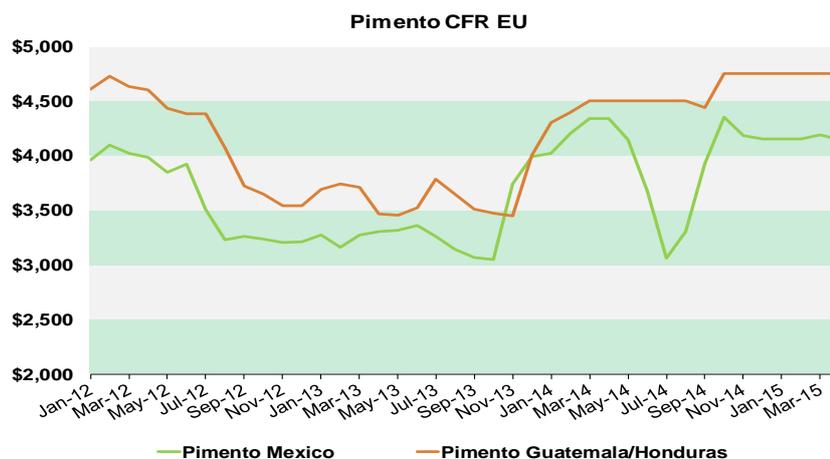
Indonesia

Prices for nutmeg and mace continue to slip. The imbalance in the supply-demand equation for nutmeg and mace could become more favourable over time. The recent drop in nutmeg and mace prices was triggered by increasing supply and sluggish demand. Indonesia's Rupiah continued to weaken against the US dollar. Euro weakness against the US\$ however had a negative impact on demand in Europe as it made prices in Euro currency increase. All of those factors together pulled prices down.

India

A significant decline in production compared to last crop is estimated due to prolonged heavy rain during the pollination process in all major plantation areas. Indian nutmeg and mace do not play an important part in the export market, therefore the shortage in India may not influence the export market prices significantly.

Pimento



Mexico

Despite the stock available being recorded as very thin, some exporters that switched their focus into coffee liquidated their stock to get cash. That triggered the market to lower its offer prices.

Guatemala/Honduras

The market price is steady at the moment. Physical stock available is reported very limited. It is anticipated that sooner or later, buyers that usually buy pimento from Guatemala/Honduras will be forced to buy pimento from Mexico and it will help to boost the Mexican pimento price.

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