



## Pepper



### Key takeaways

- The harvest finished in Vietnam, the biggest growing country. Prices are expected to remain stable in the coming months despite significant stocks on the account of solid import demand.
- Indonesia and China will start harvesting in June/July. Favorable weather supported black pepper crop in Lampung while lower yield is expected for Muntok white pepper.
- Over the long term, prices might soften when Brazil starts its harvest and farmers in Vietnam will release more stock.



### Price outlook



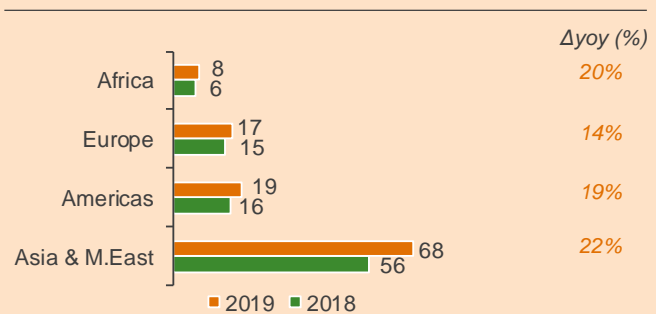
- Short term: ➡
- Medium term: ➡
- Long term: ⬇

### Supply dynamics



- The harvest in Vietnam has just finished. Vietnam exported c. 112 KMT for the YTD Apr-19 period, up 20% yoy. The biggest volume went to Asia, where leading importers are China and India.
- Brazil exported c. 36 KMT YTD Apr-19. Some Salmonella issues have limited export volumes to several markets. The upcoming harvest in Para state will start in Sep-19.
- The upcoming harvest in Indonesia will start in June. Lampung black pepper crop is expected to increase by c. 23% vs last year. In Bangka, less investment from farmers led to a significant drop of white pepper production volume (c. 36% lower yoy).

Vietnam – YTD exports (KMT)

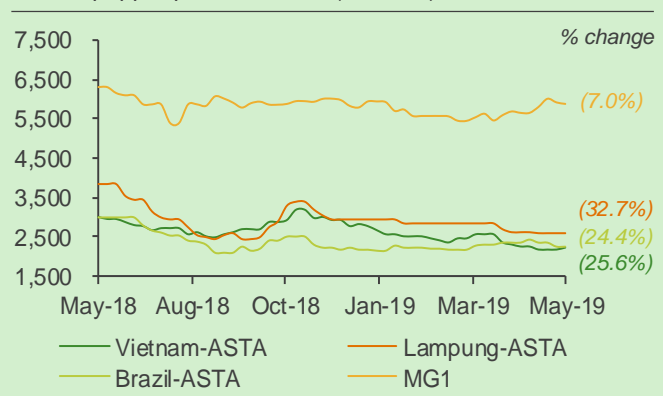


### Price trends



- Vietnamese pepper prices remained stable over the past month. Although this country is holding the biggest stocks among origins, the demand from big markets will likely continue to support local market prices.
- Brazilian pepper export prices softened somewhat to follow Vietnamese prices and local currency weakened by c. 7% against US Dollar in the past 2 months.
- Muntok white pepper prices eased by US\$ 100-150/MT as this origin is going to start its harvest soon. However, prices are expected to stay firm as lower production is estimated. Vietnam producers offer more attractive prices for white pepper decorticated quality.

Black pepper prices – FOB (US\$/MT)

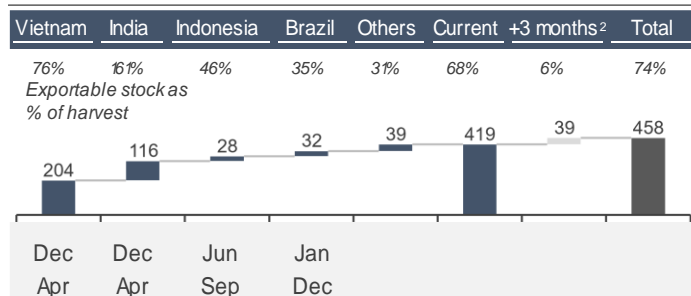


### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change (%)
BP Vietnam FAQ 550gl	2,175	(1.1%)
BP Brazil FAQ 550gl	2,150	(7.5%)
BP India FAQ 550gl	5,137	4.4%
BP Lampung FAQ 550gl	2,570	(1.0%)
WP China FAQ	4,800	(4.0%)
WP Indonesia Muntok FAQ	4,020	(3.6%)
WP Vietnam DW	3,225	(0.8%)

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





# Nutmeg and Mace



## Key takeaways



## Price outlook



- Indonesian nutmeg arrivals were slower than expected as farmers are not really active in harvesting. Farmers will return only after Ramadan. The crop is estimated to cover demand from China and India which are the major markets, hence prices may soften somewhat as India enters its harvest.
- The harvest in India is expected to start later from mid-Jun due to a delay of monsoon. Local prices are relatively stable as limited availability of stocks.

Short term:

Medium term:

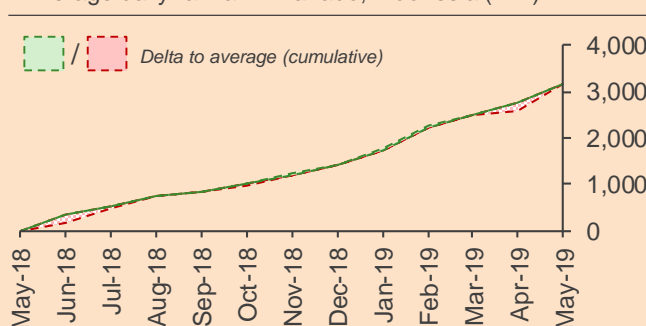
Long term:

## Supply dynamics



- Indonesia started its harvest in April, however harvesting activities are slowing at the moment due to Ramadan. Farmers will return after 10-Jun, coinciding with the beginning of the clove harvest. Hence, market arrivals of nutmeg and mace are reported to be slower vs last year.
- The harvest in India is expected to start later in mid-June due to a delay of monsoon. The crop is estimated at an average size of c. 10-12KMT. Local stock is limited, impacted by heavy rains and floods last year. India has imported c. 5KMT of nutmeg from Indonesia and Nepal since Aug-18 to cover their local demand.

Average daily rainfall – Manado, Indonesia (mm)

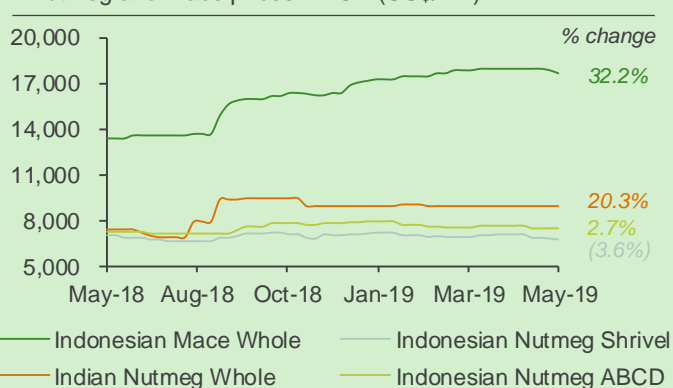


## Price trends



- Indonesian nutmeg prices stayed firm even during its harvest last year due to strong demand from India and China. The coming materials are expected to cover export demand. Prices are expected to ease somewhat during the upcoming period.
- Indian nutmeg prices remained at the same level over the past months. Prices are expected to ease somewhat when the harvest starts in June. The local market offered 15-20% higher prices compared to Indonesia.
- Current mace stock is not enough to cover demand from India. Local prices are being offered at c. US\$ 26,523/MT. Hence, India had to buy big volumes from Indonesia, pushing up mace prices since last year.

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



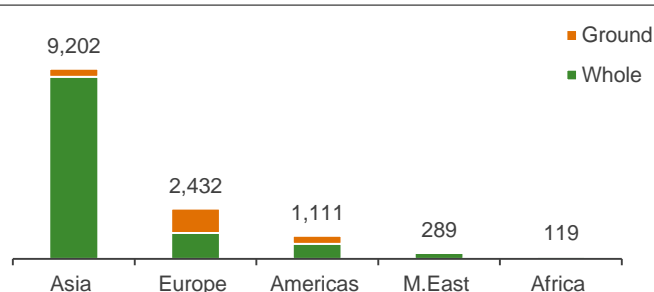
## Key quality price levels<sup>1</sup>



## Indonesia nutmeg export 2018 (MT)<sup>2</sup>



Quality	US\$/MT	Change (%)
Nutmeg Indonesia SS	6,780	(4.2%)
Nutmeg Indonesia ABCD	7,480	(2.0%)
Nutmeg Indonesia BWP	4,280	(4.5%)
Nutmeg India Whole	8,900	-
Mace Indonesia Whole	17,650	(1.7%)
Mace Indonesia Broken	14,850	(1.7%)
Mace India Whole	26,523	1.2%





## Coriander ↓ → →<sup>1</sup>



### India

India exported c. 46KMT in 2018. The harvest started in March and will finish shortly. Smaller crop is estimated this season as sowing areas were reported to be lower in Madhya Pradesh, Rajasthan and Gujarat. Overall production is expected to be at c. 460KMT. Market arrivals were reported of c. 270 KMT for the YTD May-19 period, a 15% drop yoy.

Suppliers are holding onto stocks as higher prices are expected for the coming months. Local market remains firm at c. US\$ 1,525/MT since last month.

### Russia

It is reported that c. 20% of the crop in the southern area was damaged due to spring frost. However, production is estimated to be up due to a 5-10% increase in overall sowing area. The harvest is expected to come 2-3 weeks later due to a cold spring. Stock is limited with non-guaranteed quality.

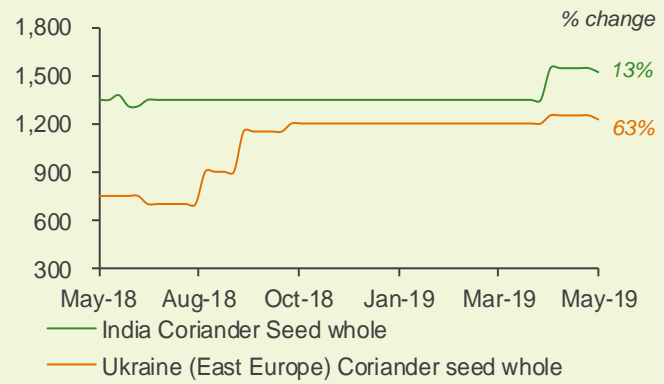
### Ukraine

Sowing area increased by c. 20% vs last year. Due to cold winter, the crop is expected to come later than usual. Stock is limited and the market is offering old materials from last year. Prices stayed below Indian prices by c. 20%.

### Bulgaria

The harvest is expected to come in Aug-19 with a crop size of c. 5-6 KMT. Farmers hold limited stock due to low prices from the previous seasons. The market is quiet without any offers from exporters.

Coriander prices – FOB (US\$/MT)



## Pink Pepper ↓ → ↑<sup>1</sup>



### Brazil

The harvest is continuing until end of next month with favourable weather so far. Production is expected to be higher than the previous year.

About 60% of pink pepper will come from natural areas and 40% from cultivation.

Processing activities have started in the origin with shipments offered from Jul onwards.

Prices eased by some 8% compared to last month and are being quoted at c. US\$ 11,900/MT. Over the longer term, prices are expected to firm up as limited stocks of first-grade quality may be available.

### Madagascar

Production is expected to be lower this season due to adverse effects from tropical cyclones from early this year. Prices for the first-grade quality stayed firm and are relatively expensive (mainly offered for French and Japanese markets). Prices are being offered at above € 23/kg for Aug/Sep shipments with HTST grade I quality.

### Reunion Islands

The harvest is on going with little rains. The crop is estimated to reach c. 100 MT. Pink pepper from here is mainly used for extracting oil. Prices are being offered at a high level of above US\$ 22,500/MT as less availability of good materials.

Brazilian pink pepper price – FOB (US\$/MT)

