



# Pepper



### Key takeaways

- After years of increasing supply, global production is estimated to drop by c. 11% upcoming season, largely driven by yield loss in Vietnam. Nevertheless, the situation of excess supply is expected to remain this season.
- Local currency fluctuation against US Dollar weakened Brazilian export prices. The local market will likely soften somewhat more over the coming months due to high production volume.
- Overall, further selling pressure is expected to continue during peak harvest.

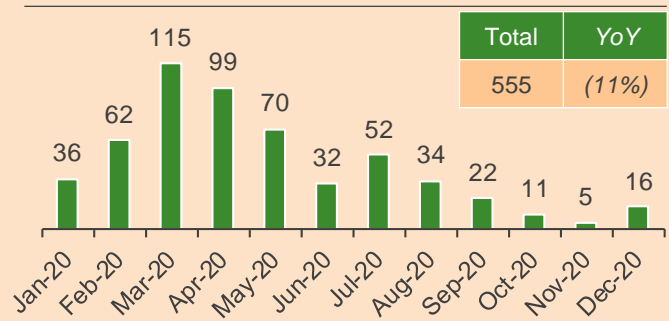
### Price outlook

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

### Supply dynamics

- The harvest started in some origins, but will peak in Mar-May. Although global production is estimated to drop by 11% next year, to c. 555 KMT, this is expected to be still well above the total market demand.
- The drop of production volume versus last year is mainly driven by unfavorable weather in Vietnam. For the 2019/20 season, Vietnam is estimated to produce c. 246 KMT, 18% lower than last year.
- Brazil's production will likely remain above 90 KMT this season. The expansion of Espirito Santo state in the recent years has provided a notable input, average yield is expected to be c. 4-5 MT/ha.

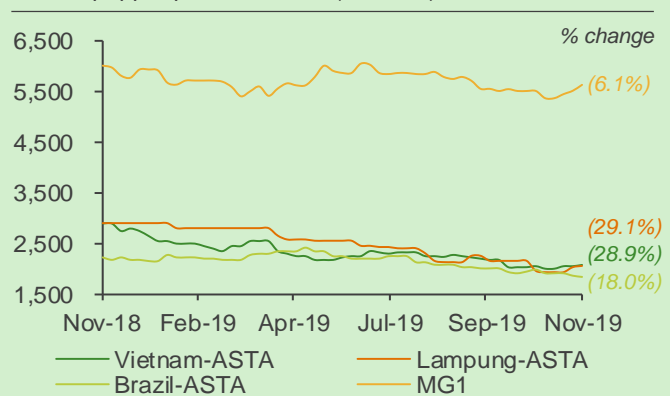
Forecasted global pepper production 2020E (KMT)



### Price trends

- Vietnamese price remained firm due to an anticipation of lower production upcoming harvest. The market is offering at c. US\$ 2,064/MT.
- Brazilian Real weakened by c. 5% against US Dollar vs last month, leading to a lower export price. FOB export price is at US\$ 1,825/MT for ASTA machine dried quality which is c. 10% lower than Vietnam ASTA quality.
- Organic market prices are c. 40-50% higher than conventional market. Volumes are expected to increase upcoming season which may result in further pressure on prices.
- Muntok white pepper eased somewhat and stayed higher than Vietnam quality by c. 15%, largely because of lower production volumes. Last year, Muntok price moved below Vietnam white pepper price.

Black pepper prices – FOB (US\$/MT)

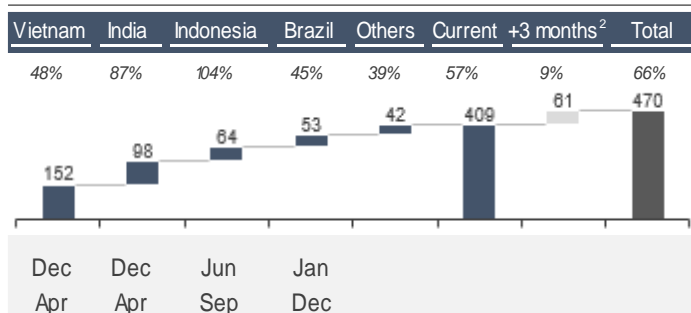


### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change (%)
BP Vietnam ASTA	2,064	2.5%
BP Brazil ASTA	1,825	(5.2%)
BP Lampung ASTA	2,070	6.4%
BP MG1	5,641	4.7%
WP China FAQ	4,700	-
WP Indonesia Muntok FAQ	3,520	(2.8%)
WP Vietnam DW	3,025	0.8%

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





### Ginger



#### Key takeaways

- The harvest started in China and Nigeria last month, India will commence in Jan-20. Overall production is estimated to be similar to last year, which is considered as an unfavorable season.
- Supply of new crop is expected to be sufficient from Dec/Jan onwards. Old stock materials are not much available in the market.
- Prices increased by c. 5-10% in most growing origins over the past month. High demand for fresh ginger would likely impact conversion business this season.



#### Price outlook



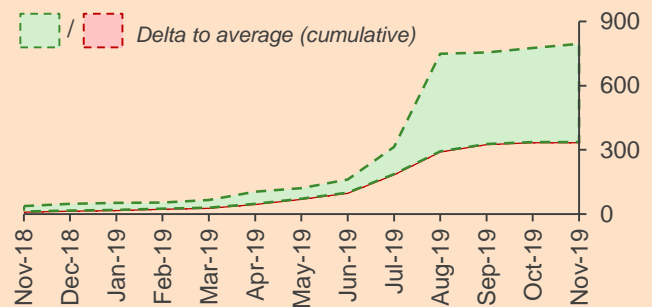
- Short term:
- Medium term:
- Long term:

#### Supply dynamics



- The harvest started last month in China. Production is expected to drop by c. 10-15%, driven by unfavorable weather in the main growing areas of Shandong province which produces mostly fresh ginger. The crop in the South, the main dehydration region, showed better development.
- Market arrival of dried ginger in India is reported to be c. 95KMT, down 35-40% vs last year. The main ginger growing areas in Karnataka were impacted by excess rainfall from Jun-Oct-19, causing rhizome rot.
- Nigerian new crop is gradually arriving in the South Kaduna. Recent morning dew and heavy rains may impact moisture level of raw material.

Rainfall vs average pattern: Shandong - China (mm)

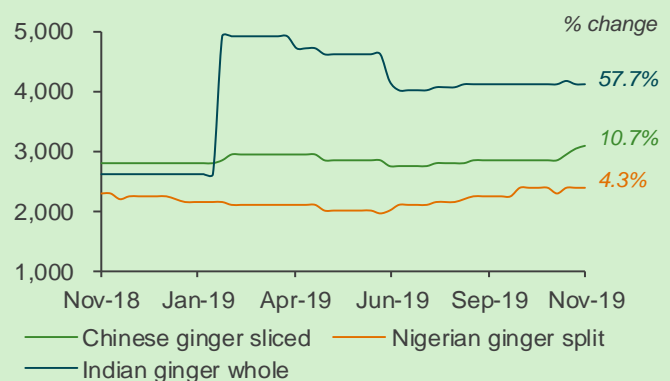


#### Price trends



- Chinese fresh ginger price increased somewhat due to lower production in Shandong, pushing dried ginger price up by c. 8-10% over the past month. Forward offers are being quoted at c. US\$ 3,400-3,500/MT which is c. 10% higher than the current market price.
- Indian fresh ginger prices remain at high levels. This likely impacts the conversion business this season. Local market offered at c. US\$ 4,100/MT.
- Nigerian market is showing an upward trend, price increased by c. 5% vs last month. This origin is offering the lowest price among origins, at c. US\$ 2,400/MT. China and India buyers are looking for some volumes due to price advantage. However, Nigerian ginger appearance is often darker than Chinese quality.

Dried ginger prices FOB (US\$/MT)

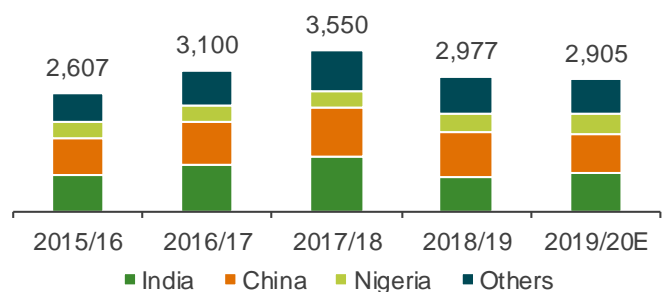


#### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change (%)
Indian Ginger Whole Guaranteed	4,100	-
Chinese Ginger Sliced Guaranteed	3,100	8.8%
Chinese Ginger Whole Peeled HPS	3,750	-
Nigerian Ginger Split Guaranteed	2,400	4.3%
Ginger organic	3,300	-

#### Fresh ginger production by origin (KMT)



### Various



### Cassia



#### - Indonesia

The market is showing a tight supply for cassia KA high oil quality. Prices remained firm over the past month, quoted at c. US\$ 3,900/MT.

More supply was reported for cassia KB and KC quality due to high percentage of young cassia farms. Collectors/traders are offering a 30-40% lower prices for low oil quality.

#### - Vietnam

The harvest of autumn crop finished. Overall production is not as good as expected, influenced by rainy weather. Price of 4.5% oil cassia is at c. US\$ 3,580/MT.

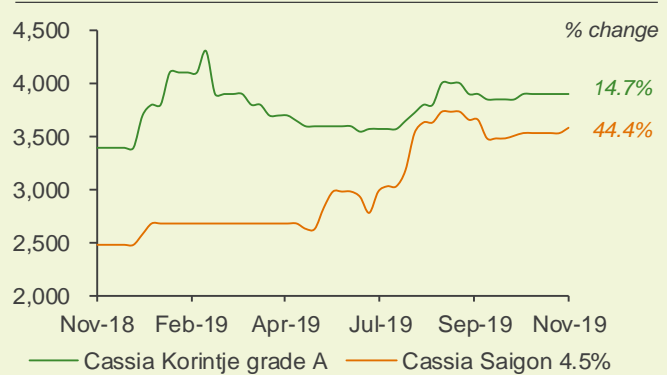
Over the past year, the increase of market prices supported farmers to expand their farms, especially in the North of Vietnam. High oil cassia is however still less available. There is more supply of low oil cassia, which is harvested from young farms.

The upcoming spring crop is expected to be from Apr - Jun-20, producing low oil cassia only, hence the market may soften somewhat. Nevertheless, price for high oil cassia is expected to remain firm.

#### - China

Planted areas of cassia have decreased year over year. Chinese farmers are more interested in planting star anise because of attractive market prices. Star anise market is having good local demand, with prices being quoted at c. US\$ 10,000/MT.

Cassia prices - FOB (US\$/MT)



### Turmeric



#### - India

Turmeric market arrival was reported to be c. 550 KMT for the YTD Nov-19 period, up 25-30% yoy. This season, overall production in India is estimated to decrease by c. 15% on the account of unfavorable weather conditions during the early planting stage. The harvest is expected to be from January to April.

In the main growing areas of Maharashtra state, heavy rains during Jul/Aug damaged c. 20% of the total crop. Fortunately, the standing crop is growing well. Local market was at c. US\$ 936 - 1,277/MT.

The crop in Telangana is showing healthy growth. Sowing areas increased somewhat compared to the previous season. As of Sep-19, total planted area was reported to be over 48,000 hectares. Nizamabad market price softened somewhat, with prices at c. US\$ 1,500/MT.

In Andhra Pradesh, sowing delayed by 2-3 weeks and planted areas are estimated to decrease by c. 20-25% due to lower rainfall during Jun/Jul-19. The harvest is expected to start by early Mar-20.

Only inferior qualities are available with traders in Kerala. The local market price is at c. US\$ 1,928/MT for Alleppey finger and US\$ 1,857/MT for Alleppey bulbs. The harvest is expected to start earlier than other regions, by mid of Jan-20.

Overall supply is slowing down in the market as traders are holding back and waiting for better prices.

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

