



Pepper



Key takeaways



Price outlook



- The harvest in Vietnam, Cambodia and India is expected to finish next month. Vietnam crop size in a range of 200-210 KMT.
- The current price increase was triggered by unprecedented speculative buying by some Vietnamese traders, stimulating farmers to hold back on releasing new crop, causing upheaval and defaults in the local market.
- Vietnamese stocks as well as global stocks are still at relatively high levels, providing enough buffer to correct any short-term imbalances between supply and demand.

Short term:



Medium term:



Long term:

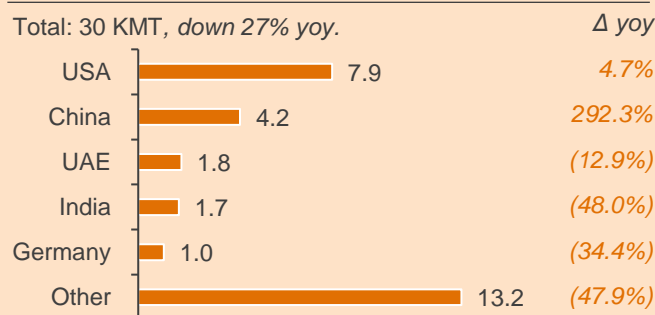


Supply dynamics



- Vietnam exported 30KMT YTD Feb 2021, down by c. 27% yoy. International buying interest at the increased price level is low.
- Vietnam's harvest completed by c. 50%, crop is delayed by a month due to the weather. Crop arrivals during the coming few weeks will be sufficient to cover any pent-up demand.
- The harvest is ongoing in other origins such as India, Brazil and Cambodia. Indonesia is expected to begin harvesting during June.
- Significant international buying interest has shifted from Vietnam to Brazil. These volumes will be lost for Vietnam exports for 2021. Imports of Brazil pepper into Vietnam are expected to be substantial during the next months.

Vietnam export statistics YTD Feb-21 (KMT)

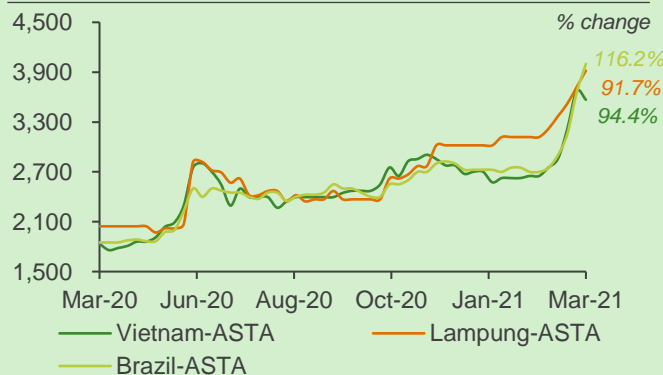


Price trends



- The recent price increase in Vietnam was triggered by unprecedented speculation by some smaller and larger local traders. Exporters have been largely absent from the market. Brazil has followed Vietnam's lead, taking the opportunity to sell decent volumes at attractive price levels.
- Despite the lower crop in Vietnam this year, stock build-up over the last couple of years in Vietnam and elsewhere has been significant and will be more than adequate to fill demand. Exportable stocks from origins are at above 500KMT which is sufficient to cover more than one year of consumption.
- It is expected that the market will lose its speculative support in the short term and prices are likely to weaken. As of today, Vietnam's prices are at US\$ 3,567/MT ASTA, down 10% compared to the previous high's last week.

Black pepper prices – FOB (US\$/MT)

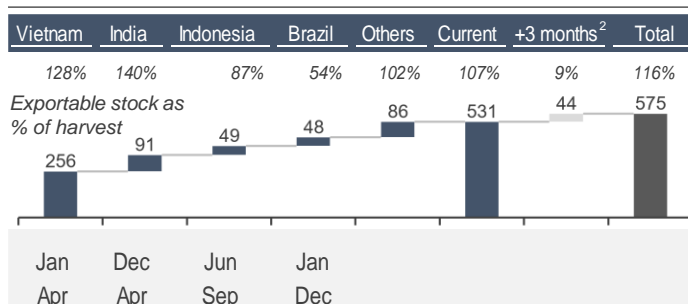


Key quality price levels¹



Quality	US\$/MT	Change (%)
BP Vietnam ASTA	3,567	29.6%
BP Brazil ASTA	4,000	45.5%
BP Lampung ASTA	3,920	21.7%
BP MG1	6,126	13.7%
WP China FAQ	6,050	7.1%
WP Indonesia Muntok FAQ	6,520	24.9%
WP Vietnam DW	5,250	19.3%

Exportable stock estimate (KMT)²





Cumin



Key takeaways

- The major cumin growing areas in Rajasthan and Gujarat have witnessed a production drop of c. 5-10%, which resulted from unfavorable weather conditions over the past few weeks.
- farmers started harvesting their cumin this month, and will continue to do so throughout April. . The recent price increase is likely to be limited by the coming new crop arrivals. Furthermore, high stock levels from the previous year are expected to keep the market at a relatively low price level.



Price outlook



Short term:



Medium term:



Long term:

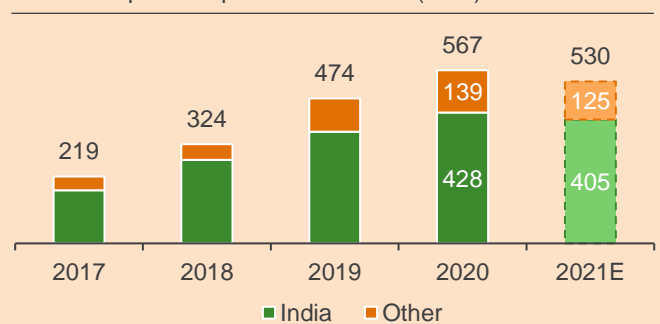


Supply dynamics



- The harvest started across the main growing areas in India. Although farmers expected to have a better yield this season, the recent high day temperature has damaged some areas which are in the seed setting stage. Hence, crop yield is estimated to drop by c. 5-10%. Overall, the expected harvest is c. 480-490KMT this season.
- With an export demand of c. 200KMT per annum, carryover stocks and new crop arrivals are expected to be sufficient to cover both domestic and export demand. For the YTD Mar-21, new crop arrivals were reported to be c. 135 KMT. This is much higher than the same period last year, when the country was in lockdown.

Global exportable production 2021E (KMT)

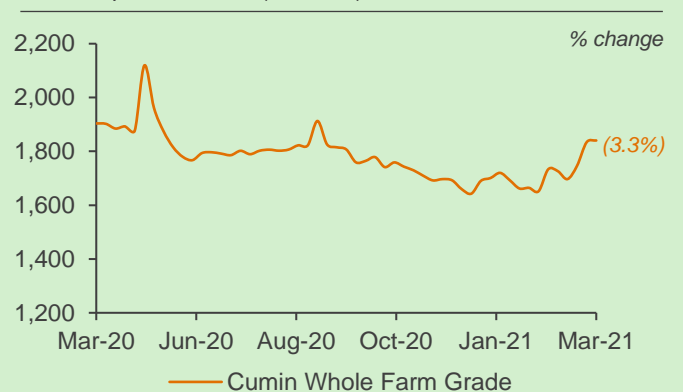


Price trends



- India's cumin prices have gone up by c. 10% since Jan-21 as local traders started to hold on to their stocks following the reduced crop estimate.
- Speculators are being active to collect materials at the current price level. However, the coming sufficient crop arrivals are unlikely to drive prices up further. Note the current level is still lower than last year.
- Prices are at c. US\$ 1,800 – 1,900/MT Farm Grade FOB, about 10-20% is added for premium quality. Nevertheless, the availability of compliant materials is limited. This is especially concentrated with exporters who run effective farmer programs.

Cumin prices - FOB (US\$/MT)

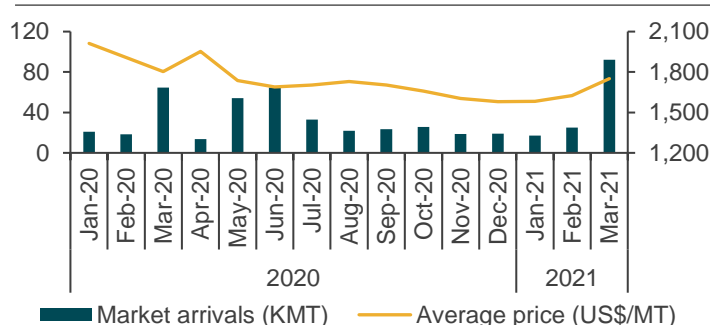


Key market price levels¹



Quality	US\$/MT	Change (%)
India Cumin Single Sortexed	2,080	3.5%
India Cumin Farm Grade	1,800	(0.6%)
India Cumin EU MRL	1,970	(0.5%)
India Cumin Machine Clean	1,970	4.8%

India market arrivals and average price²



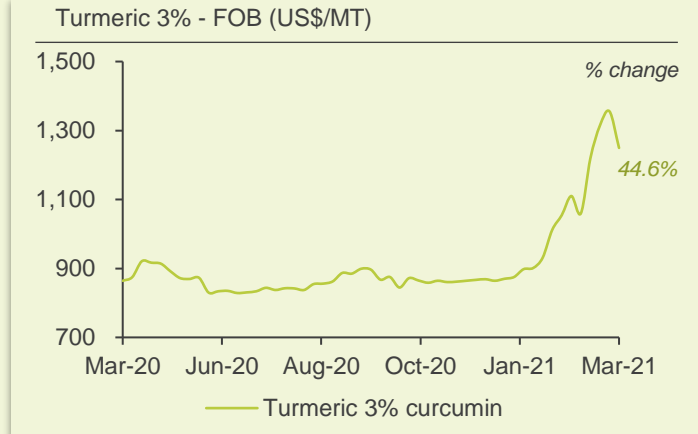
Various



Turmeric



- **India**
- Excess rainfall during Oct-20 had caused diseases like root rot and leaf blotch, affecting the development of rhizomes in the main growing areas of Andhra Pradesh and Maharashtra states.
- In addition, prolonged wet weather is expected to hit standing crops and create high moisture during harvest. Overall, India's production is estimated to drop by at least 20% this season. Harvested dry materials are expected to reach c. 400KMT.
- India export volumes during 2020 were above 130KMT, an increase of 40% compared to the previous year. This strong demand triggered speculative activities ahead of lower crop this season. Prices went up sharply by c. 60% within 6 months, reaching above US\$ 1,300/MT and US\$ 1,800/MT for 3% and 5% curcumin quality in early Mar-21.



- Nevertheless, prices have dropped recently as traders are taking profits from early purchased volumes. Additionally, the new crop arrivals are adding some pressure on the local market. Prices softened by c. 5-7% over the past week. Turmeric 3% curcumin is being traded at c. US\$ 1,250/MT.
- Market arrivals are expected to reach above 130KMT for the YTD Mar-21, peaking within the next 3-4 weeks. Hence, prices will likely weaken over the short term. After that, the new crop sowing, which starts in Jun/Jul, will provide a clearer indication of where prices might go.

Cassia



- **Vietnam**
- For the YTD Mar-21, Vietnam is expected to export c. 13-15 KMT, slightly lower yoy. Though export volumes have increased to the US and Indonesia, the lower export demand from India has limited the increase.

During Jan-Mar-21, Vietnam expects to receive some 3KMT of low-grade quality cassia from China via border trade. More volumes will arrive in Apr/May. This is to be exported to India and the Middle East later.

Due to high offered prices for cassia vera, farmers have shown more interest in processing this quality. Hence the availability of broken and ground quality is not as much as compared to the previous years. Fortunately, as new crop arrivals are due from next month, selling pressure can be expected.

The autumn crop will start in Sep-21 onward, producing mostly high oil cassia. Local traders and collectors currently provide limited offers for high oil quality. Prices remained at a high level, at c. 40-50% higher than low oil materials.

- **Indonesia**
- Exporters are offering high prices with limited quantity. Farmers are also more interested in making cassia vera sticks which apparently provide higher income. Due to the price gap between Indonesia and Vietnam, the export of Saigon cassia has increased versus Indonesia yoy.

Local market prices remained firm for all qualities. Cassia KA prices remained above US\$ 5,400/MT FOB.

