



# Pepper



### Key takeaways

- The crop in Vietnam and Cambodia is in the vegetative stage, with early spike formation. Weather conditions have been favorable so far. Over the next months, the global market will receive new crop materials from Indonesia, China, Malaysia and Brazil.
- Prices increased during Feb-Mar-21, mostly driven by speculation. Since then, prices have decreased by 15%, driven in part by lower export demand from Vietnam.
- The crop development over the next few months is the key determinant for price movement. Though it's early to estimate, the higher price level has incentivized farmers to intensify efforts on their pepper farms this season.



### Price outlook



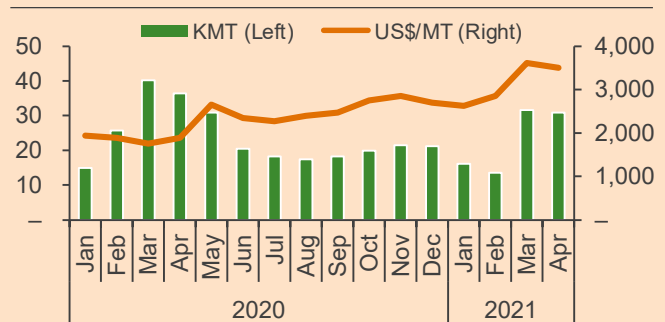
- Short term:
- Medium term:
- Long term:

### Supply dynamics



- For the YTD Apr-21, Vietnam exported c. 94 KMT, down 20% YoY, mainly driven by a drop in whole pepper exports. Nevertheless, export value increased by c. 15%, on account of higher prices and a 28% increase in volume of cracked and ground pepper.
- Brazil is expected to have a good crop, similar to last year (~90KMT). A large number of non-EU-compliances for Salmonella prompted an increase of checks from 20% to 50%, creating pressure for local exporters to look for alternative markets.
- Indonesia's crop size will be 8-10% lower, driven by a drop in production in Bangka and Lampung. Production increased in Kalimantan and Sulawesi, partly compensating the loss.

Vietnam – Monthly exports

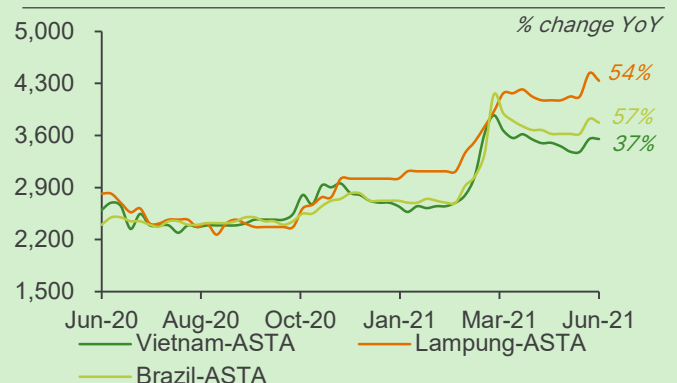


### Price trends



- Supply is tight currently as new crop volumes from Indonesia, China, Malaysia and Brazil are expected to arrive in the coming months. Some price pressure is expected during peak harvest of these origins between July-August. Global stocks are at an adequate level to fulfil demand, but in the short term some price swings can be expected.
- Muntok white pepper prices softened 5% in one month ahead of the harvest season. Selling pressure is mainly influenced by Vietnam's white pepper prices.
- Although the overall market sentiment appears to be bullish as stocks are concentrated at big traders and collectors, the added supply in the upcoming period and the expected good next crop from Vietnam might impact prices this season. A clearer picture for next years crop will be seen in Aug/Sep.

Black pepper prices – FOB (US\$/MT)

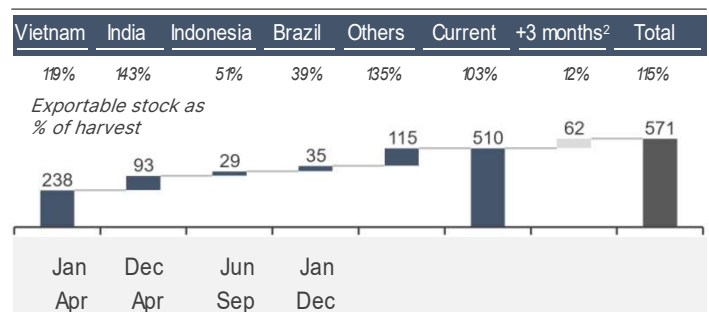


### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change
BP Vietnam ASTA	3,556	1.5%
BP Brazil ASTA	3,775	4.1%
BP Lampung ASTA	4,340	6.5%
BP MG1	6,803	8.8%
WP China FAQ	6,325	(1.6%)
WP Indonesia Muntok FAQ	5,974	(7.5%)
WP Vietnam DW	5,247	(4.6%)

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





### Nutmeg and Mace



#### Key takeaways

- Indonesian farmers have resumed harvest shortly after Ramadan. The local market is expected to receive more materials from the new crop during Jul/Aug-21. Hence, the local market is likely to weaken in the short term.
- The Indian nutmeg crop is expected to be similar to last year. Local market prices went down due to weak demand from overseas and discounts being offered with good arrivals from the early harvested crops.



#### Price outlook

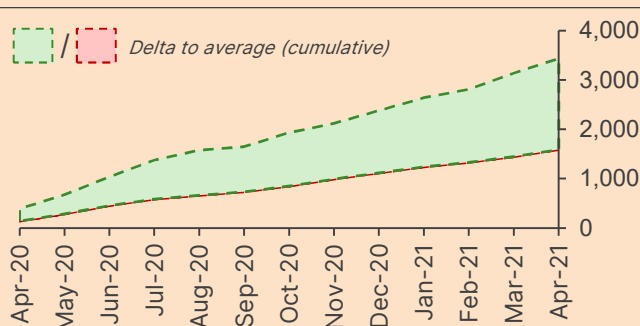


- Short term:
- Medium term:
- Long term:

#### Supply dynamics

- Indonesian nutmeg and mace supply is tight on the account of Covid-19 restrictions and container shortages. The crop size is expected to drop by c. 5% this season, impacted by heavy rains and storms during the past few months. Nevertheless, the total planted area of above 200k ha is expected to produce enough materials for the market over the long term.
- Due to heavy rains and uncertainty regarding lockdown measures, farmers in India started harvesting earlier this season. It is reported that c. 80% of the crop was harvested so far. Production is estimated to be c.12 KMT, similar to last year's crop.

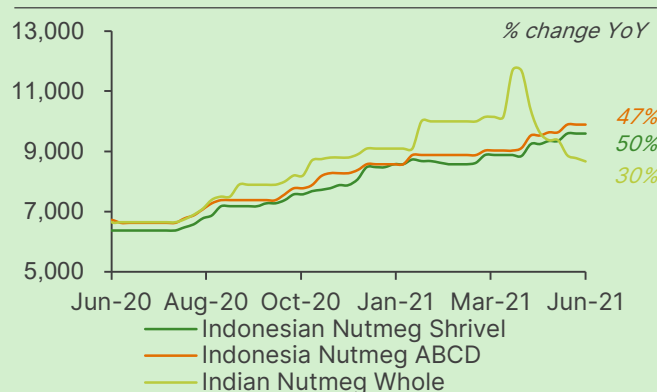
Average daily rainfall – Manado, Indonesia (mm)



#### Price trends

- Indonesian nutmeg prices were firm on account of slow supply during the past months. Chinese buyers are active in the local market because of the Covid-19 situation in India. Indonesian nutmeg prices are expected to weaken, in order to ease old stocks as new crop arrivals come in over the coming months. Prices are at c. US\$ 9,600/MT for shrivel quality. Organic materials are c. 15% higher than conventional quality, with limited volumes being offered.
- Indian nutmeg prices showed a significant drop as traders offer discounts on forward offers in anticipation of new crop arrivals. Prices are down by c. 10% compared to last month.
- Mace prices are firm on the account of good demand from India. Indonesian mace whole is quoted at 26,750/MT FOB.

Nutmeg prices – FOB (US\$/MT)

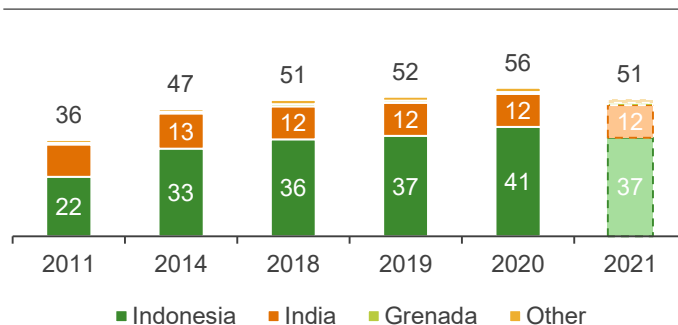


#### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change (%)
Nutmeg Indonesia SS	9,600	3.8%
Nutmeg Indonesia ABCD	9,892	3.8%
Nutmeg Indonesia BWP	6,338	1.1%
Nutmeg India Whole	8,675	(9.9%)
Mace Indonesia Whole	26,750	-
Mace Indonesia Broken	23,750	-
Mace India Whole	27,300	(0.4%)

#### Global nutmeg production 2021E (KMT)



**NEDSPICE** 1) FOB prices. Change shown versus last month.

Source: Nedspice research, price data as per 3-Jun-21.

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## Coriander



### India

Due to India's Covid-19 surge in rural areas last year, the sowing of coriander was late, which has resulted in a delayed harvest that will finish over the next few weeks. Good crop development contributes to an estimated global production of over 600 KMT.

Presently, markets are mostly closed due to Covid-19 issues. Furthermore, extreme storms in Gujarat – one of the key sowing areas – caused widespread logistical difficulties. As a result, there is very limited trading.

Coriander whole FAQ is quoted at c. US\$ 980-1,050/MT. Local market prices are expected to be stable until lockdown restrictions are eased and new crop volumes arrive.

### Ukraine

The harvest is expected to come later than usual, starting in Aug-21 due to the Covid-19 situation. Farmers hold their stock because prices were low last seasons. Stock is limited and the materials being offered currently are mostly from old materials with guaranteed quality. Hence, prices are up by 38% vs last year. New crop materials are expected to soften prices somewhat.

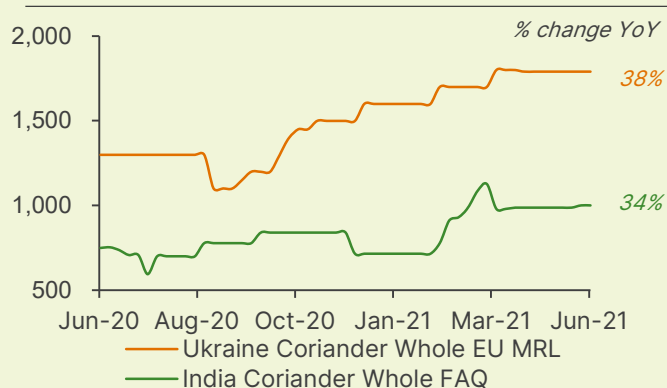
### Russia

The market is offering mainly non-guaranteed materials from the previous crop. Traders are waiting for new crop arrivals.

### Bulgaria

The harvest is expected to come in Aug-21. Crop size is quite similar to last year, c. 5-6 KMT. The local market is quiet without any offers from exporters.

Coriander prices – FOB (US\$/MT)



## Pink Pepper



### Brazil

The harvest will start in Jul-21, crop development has been good. Weather conditions were favorable, supporting both volume and quality in the world's largest pink pepper producing country.

Despite the good crop, prices remained level on the account of increasing costs for production, collecting and transportation. Prices are being quoted at US\$ 11,400/MT in the local market for Grade 1 quality.

Processing activities have started in the origin, with shipments offered from middle of Jul-21 onwards.

### Madagascar

New crop materials will arrive from Jul-21 onwards. Production is expected to be higher this season due to good weather conditions. Currently, Europe and Japan are still the dominant importers of Madagascar pink peppercorns. Prices for Grade 1 stayed firm, this quality is relatively expensive. Prices are being quoted at c. US\$ 26,000/MT.

### Reunion

The harvest is ongoing, with little rain. The crop is estimated to be similar to last year, with c. 110-120 MT. Pink pepper from this origin is mainly used for oil extraction. Currently, local prices are being offered at a high level, above US\$ 20,000/MT.

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

