



Pepper



Key takeaways



Price outlook



- Vietnam imposed strict Covid-19 measures, which lead to logistical difficulties and decreased activities of exporters. At the same time, stocks at farmers are limited. As a result, the liquidity in the **black pepper** market is low.
- The crop in Para, Brazil will be harvested in September, the crop size is estimated at 35-37 KMT. Approximately 30% of that volume is already booked.
- Low yield estimates in China and Indonesia have driven prices of **white pepper** up recently. It is peak harvest time now though, and the resulting selling pressure could stabilize prices. The current price level incentivizes farmers to harvest and invest in their farms.

Short term: ➡

Medium term: ↑

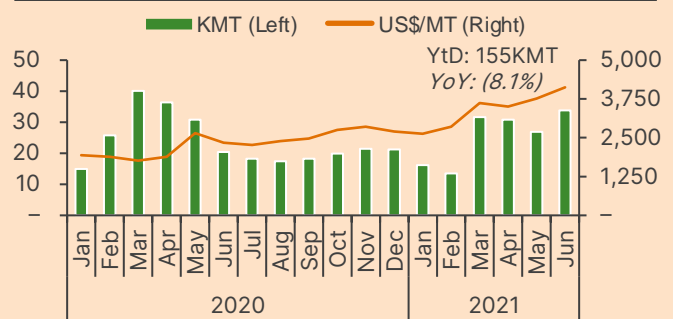
Long term: ↑

Supply dynamics



- Although **Vietnam** export volumes were significantly higher in June, the total YtD volume is still 8% lower compared to the high numbers seen in 2020. Covid-19 restrictions slowed pepper transportation out of the highlands.
- A large part of the upcoming crop in Para state (Sep-Nov) is already booked. **Brazil** has an advantage in freight costs to consumers compared to Asian producers.
- **Indonesia's** harvest was delayed by a month. Volumes are ~15% lower due to bad weather and farm abandonment. However, conditions are improving during peak harvest time.
- **China's** production is expected to be lower this season, caused by droughts during the berry setting stage.

Vietnam – Monthly exports

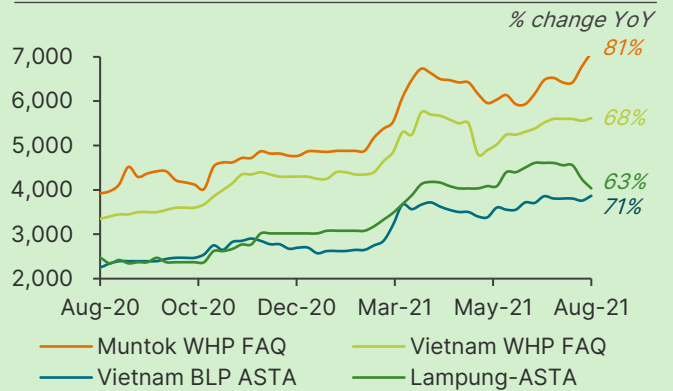


Price trends



- The Covid-19 restrictions in Vietnam impacted internal logistics and processing. However, stocks are in strong hands and prices are expected to rebound when demand picks up again. Prices for VN pepper are firm in China due to logistical restrictions that impact trucking.
- Prices for Indonesian and Brazilian black pepper softened c. 7-12% over the past month, on the account of new arrivals and weak demand from destination countries.
- The smaller white pepper crop in Indonesia keeps prices high even during peak harvest. Muntok white pepper prices increased 8% on buying support from China.
- In China, farmers are reluctant to sell as they expect a further price increase. Domestic demand keeps prices high, at around 6,775 USD/MT, the highest level in over three years.

Pepper prices – FOB (US\$/MT)



Key quality price levels¹



Quality	US\$/MT	Change
BP Vietnam ASTA	3,869	(1.0%)
BP Brazil ASTA	3,990	(6.8%)
BP Lampung ASTA	4,074	(12.4%)
BP MG1	6,480	(1.7%)
WP China FAQ	6,775	5.4%
WP Indonesia Muntok FAQ	7,130	7.8%
WP Vietnam DW	5,619	(0.5%)

Vietnam export statistics YTD Jun-21



Region	KMT	YoY BP	YoY WP	YoY Total
Asia	64	(24%)	28%	(20%)
Americas	39	26%	(15%)	22%
Europe	28	(6%)	(10%)	(7%)
MEA	24	(10%)	32%	(8%)
Total	155	(10%)	4%	(8%)



Cassia



Key takeaways



Price outlook



- Heavy rains and tightening Covid-19 related transportation restrictions delayed the harvest in Indonesia. However, weather conditions are now favorable for harvest and drying, and prices are expected to soften over the short term. From October onwards, the rainy season will affect market arrivals, which will also depend on the willingness of farmers to harvest.
- The cassia harvest season finished in the north of Vietnam, demand and supply remain balanced with good quality. The added supply from China in the past two years has lowered local market prices overall.

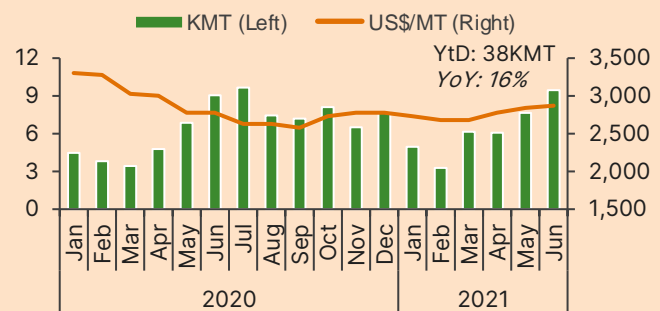
- Short term:
- Medium term:
- Long term:

Supply dynamics



- The harvest is ongoing in the main growing areas of West Sumatra, with favorable weather conditions recently. Nevertheless, the supply of Korintje Grade A (KA) quality is limited as most plantations are in the first years of production. It will likely take another 3-5 years to get sufficient good quality volumes.
- In Vietnam, the autumn harvest will start from Sep-21 onward, producing mostly high oil cassia. Export volume from Vietnam increased by c. 16% YoY, with good quality. Due to less availability of Indonesian KA, importers from China and India replaced some volumes with Saigon cassia.

Export volume and price – Vietnam YtD Jun-21

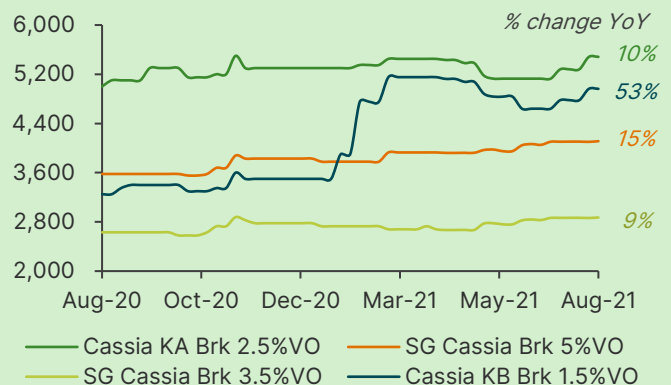


Price trends



- Indonesian farmers prefer processing cassia sticks which provide higher income, hence the supply of local broken cassia is lower than previous years. KB prices increased substantially during Q1-21, and are now stable at c. US\$ 4,960/MT, only 10% lower than KA quality.
- Due to the increased price gap, demand has partly shifted from Indonesia to Vietnam since last year. Saigon cassia 3.5% oil is quoted at c. US\$ 2,873/MT FOB. Prices remained at a low level due to the added supply of Chinese cassia into the local market via border trade.
- The ongoing disruptions in sea container freight are affecting prices and getting space on ships is difficult.

Cassia prices – FOB (US\$/MT)

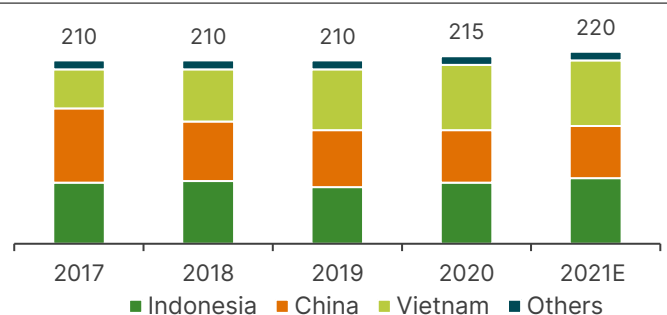


Key quality price levels¹



Quality	US\$/MT	Change (%)
Cassia KA 2 -2.5%	5,483	3.9%
Cassia KB 1.5 - 2%	4,960	3.9%
Cassia KCBC	4,685	3.9%
Saigon Cassia 3.0%	2,760	0.2%
Saigon Cassia 3.5%	2,873	0.3%
Saigon Cassia 5%	4,113	0.3%

Global cassia production 2021E (KMT)





Cumin



India

The harvest finished in all growing areas. Market arrivals were slow during Apr-May-21, caused by Covid-19 restrictions. The crop is estimated to be c. 5-10% smaller, affected by high temperatures in some growing areas during the seed setting stage. However, carry-over stocks from the previous season add c. 480-490 KMT of production, thus supply should remain sufficient.

In the second half of Jul-21, local markets reopened after the easing of Covid-19 restrictions. Farmers are selling large volumes in preparation for planting the kharif crop. Prices are at a low level, c. US\$ 1,650/MT FAQ Unjha and will likely soften further in the short term, on the account of good supply. The availability of EU compliant materials is slightly better than last year and is concentrated with exporters that run effective farmer programmes.

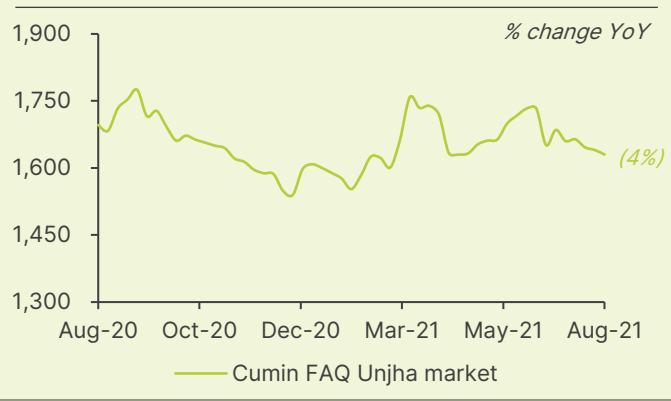
Syria

The harvest will finish shortly. War, conflicts and political instability in the country have severely affected the Syrian cumin cultivation. Farmers have reduced their planting areas, leading to a drop of c. 25% in production. New crop materials are being offered at a high price level of c. US\$ 2,800 – 3,100/MT, with limited compliant quality. The price trend remained stable during the harvest period but could improve further on low supply.

Turkey

In Turkey, the promotion of sustainable agricultural practices carried out by public and private organizations in key growing areas boost cumin cultivation across the country. Turkey is expected to produce ~17 KMT of cumin this crop season.

Cumin prices – FOB (US\$/MT)



Ginger



China

Sowing was completed in Jun-21. Farmers expanded their growing areas following high demand during the pandemic. The upcoming harvest is expected to start from Nov/Dec-21.

The country received good demand from overseas, and when added to the domestic demand this has led to an increased price gap between Chinese ginger and other origins.

Prices are being quoted at c. US\$ 4,700/MT and are expected to stay firm over the coming months till the crop enters its peak harvest in Dec/Jan-21.

India

India has become the lowest priced origin since the country entered the harvest period in Feb-21. Due to the good prices of fresh and dried ginger for the past two years, farmers expanded their planted areas this season. Some areas recorded a doubling in crop size. However, unfavorable weather conditions during the rhizome development stage limited the total harvest increase. Local FAQ prices are being quoted at c. US\$ 2,150/MT, which is significantly lower than the price levels of other origins. Most buyers prefer China and Nigeria, which have different quality characteristics.

Nigeria

Farmers finished sowing for the new crop last month. Nigerian exporters offered lower prices, but logistical issues meant it was difficult to ship materials. These issues also impact quality, as full containers are stuck at ports for too long. Nigerian prices are currently firm for prompt shipment at destinations, on account of material shortages. Sliced quality prices ranged between US\$ 3,200 – 3,300/MT. On the medium term, shipments are expected to finally arrive at destinations and the material shortages are expected to be solved. Combined with lower demand at destination market, prices will likely soften.

Ginger prices – FOB (US\$/MT)

