

# NEDSPICE

## Pepper Crop Report 2022

ESA general assembly meeting  
November 2021



WE HAVE CUSTOMERS IN **60** DIFFERENT COUNTRIES

 **729**  
EMPLOYEES  
GLOBALLY

 **4000+**  
FARMERS  
IN NEDSPICE FARMERS  
PARTNERSHIP PROGRAMME

REVENUE

**\$121,01  
MILLION**

IN 2020

SALES VOLUME

**28,977  
MT**

IN 2020

**LARGEST**  
PRODUCER &  
EXPORTER



OF GROUND  
BLACK & WHITE  
PEPPER IN  
VIETNAM

Factory



Warehouse



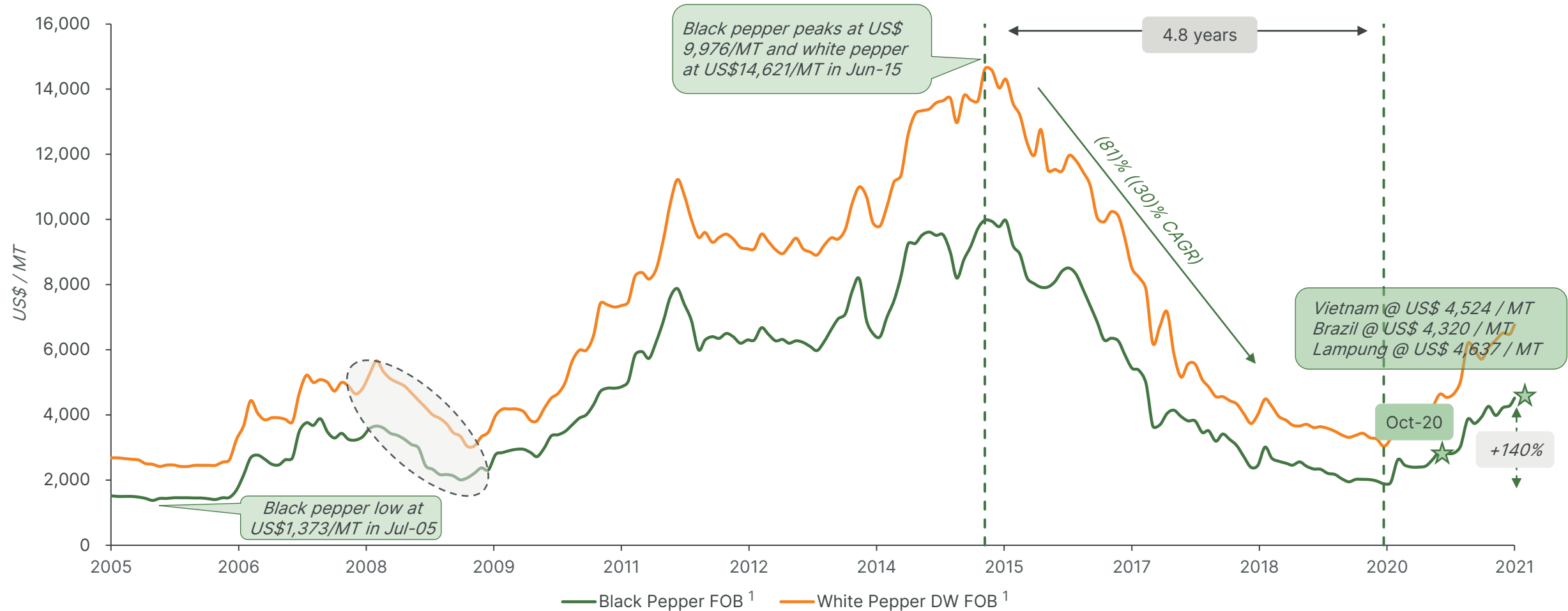
Sales office



Customer countries



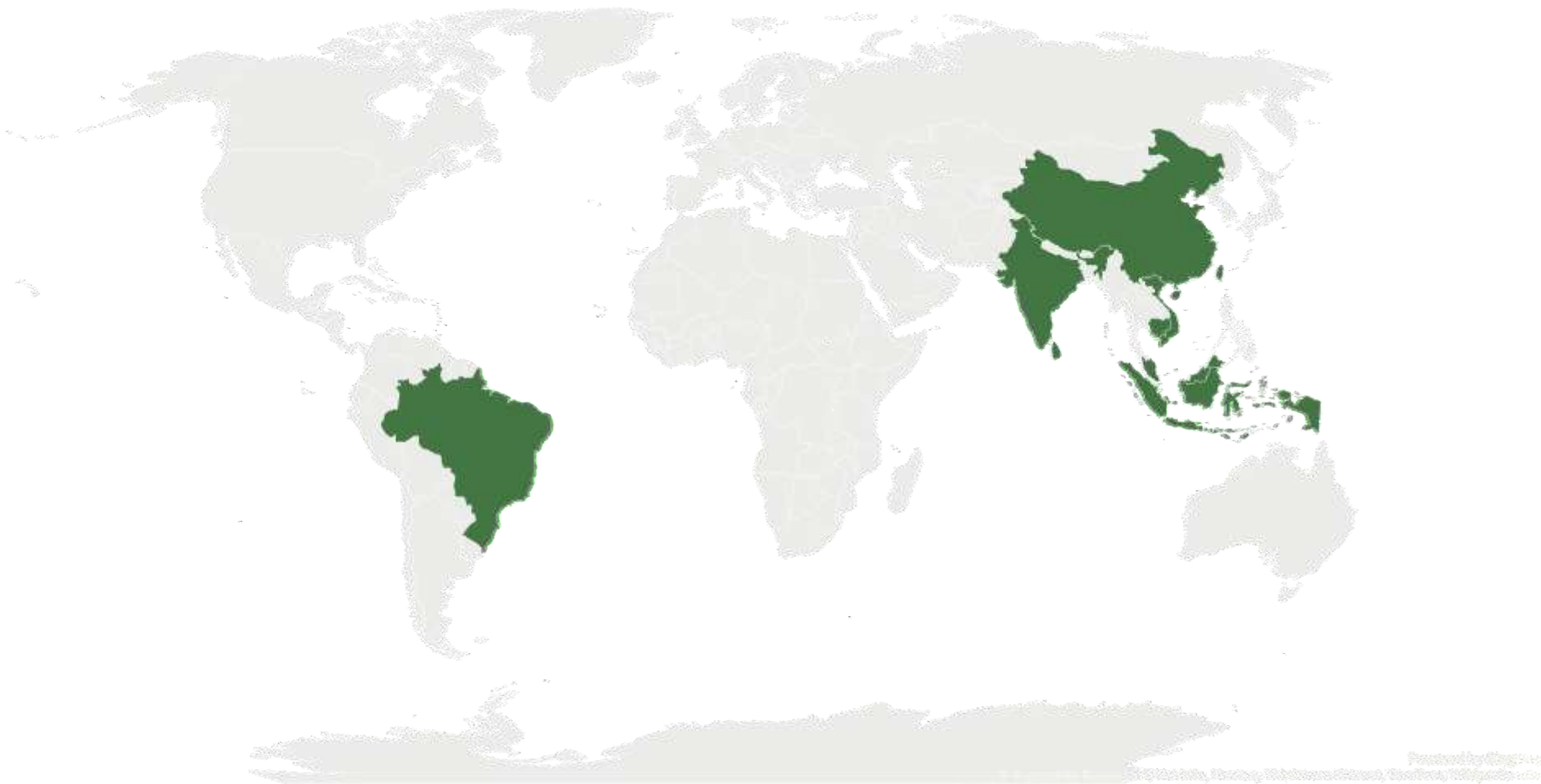
## Will prices continue to increase this season?



# NEDSPICE

## Global production

Others
Sri Lanka
Malaysia
China
Cambodia
Indonesia
India
Brazil
Vietnam

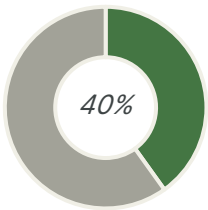


Note: Based on 2020/21 production estimates.  
Source: Nedspice research.



Towards sustainable development of pepper plants, supported by large processing companies

Top #1 origin, producing mainly black pepper



Vietnam vs RoW



Intercropping and sustainable farming

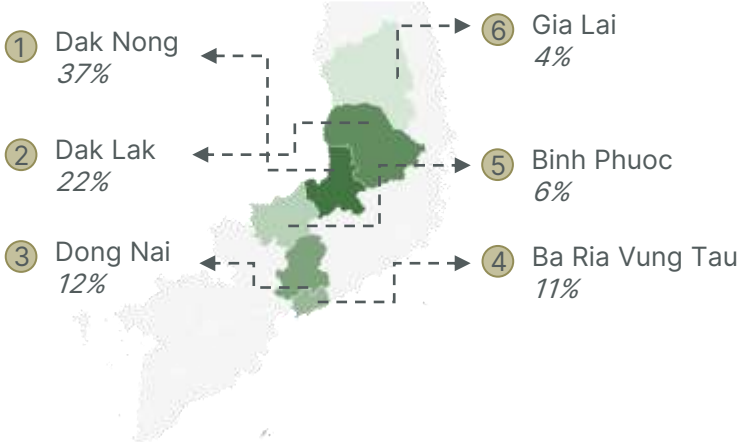


100% sun dried

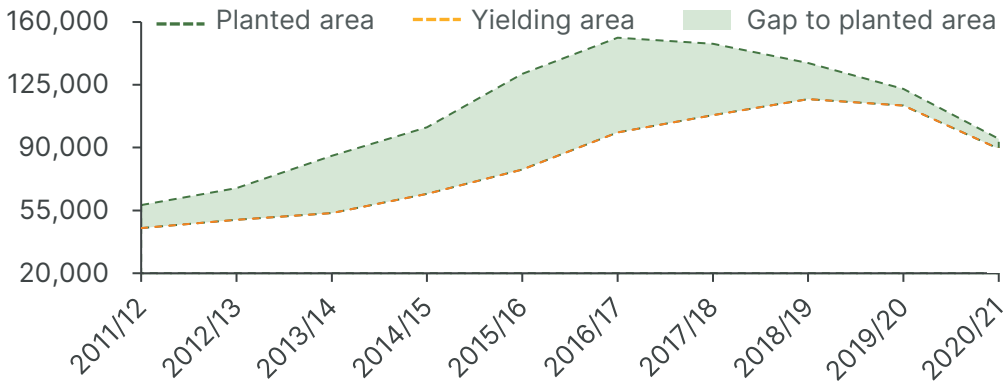


MC decorticated white pepper

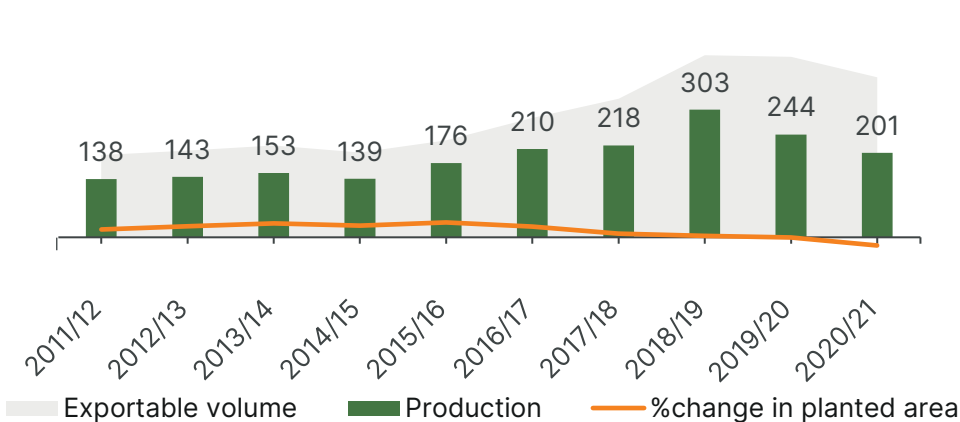
Production per key area



Change in planted area (Ha)



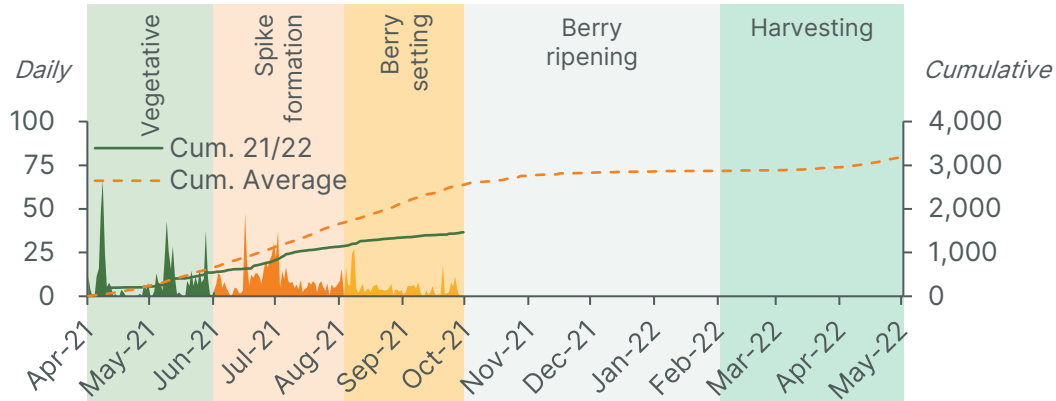
Production over time (KMT)



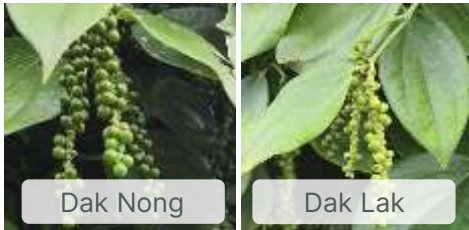
## Vietnam

Crop yield is expected to drop slightly, driven by less rainfall during the spike formation stage

Rainfall distribution in Dak Lak (mm)



Crop development 2021/2022 season



**10%**

Death ratio

**1%**

New planting

**188KMT** (6%)

Production volume

**84,106 ha**

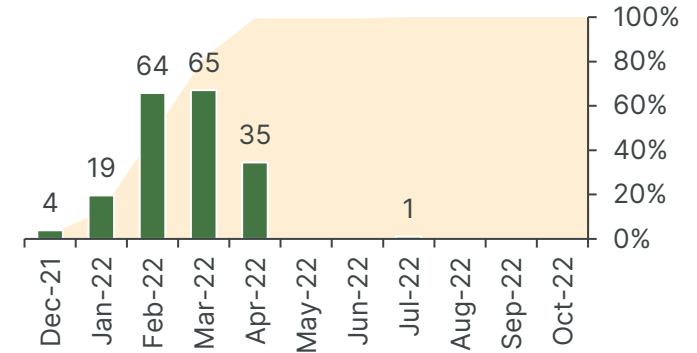
Total yielding area

**2.3MT/ha**

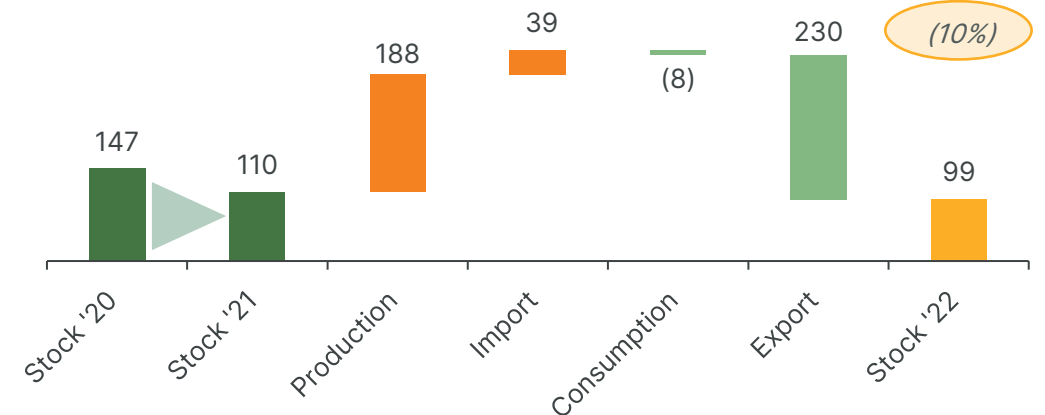
Yield forecast

Crop arrivals 2021/22 season (KMT)

- The harvest is expected to start in December, peaking during Feb-Mar next year.
- Only 10-15% of black pepper is processed later into white.



Stock development<sup>1</sup> (KMT)

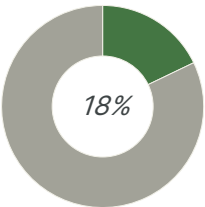




Brazil

Planted areas continue to expand, though at a conservative rate

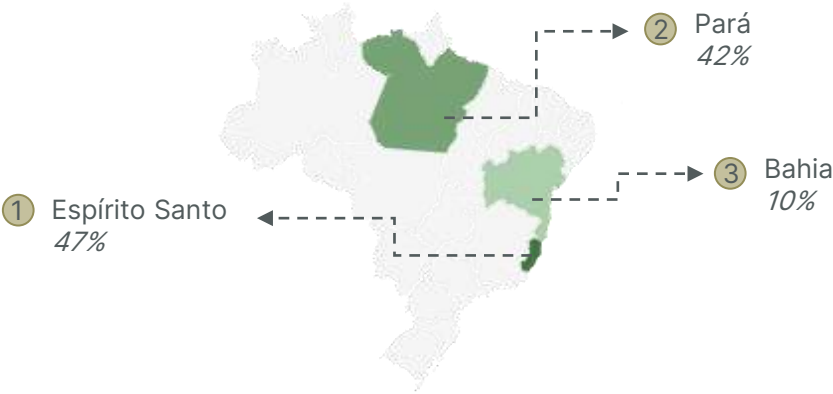
Brazil has meaningfully increased production vs other origins



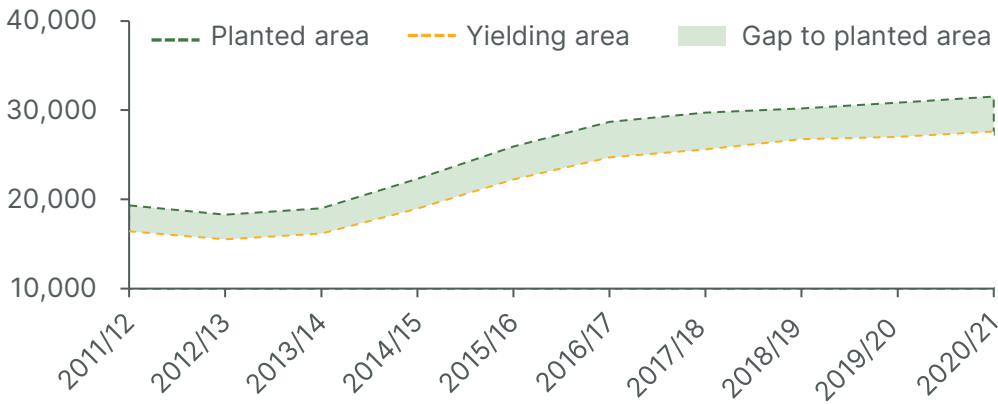
Brazil vs RoW



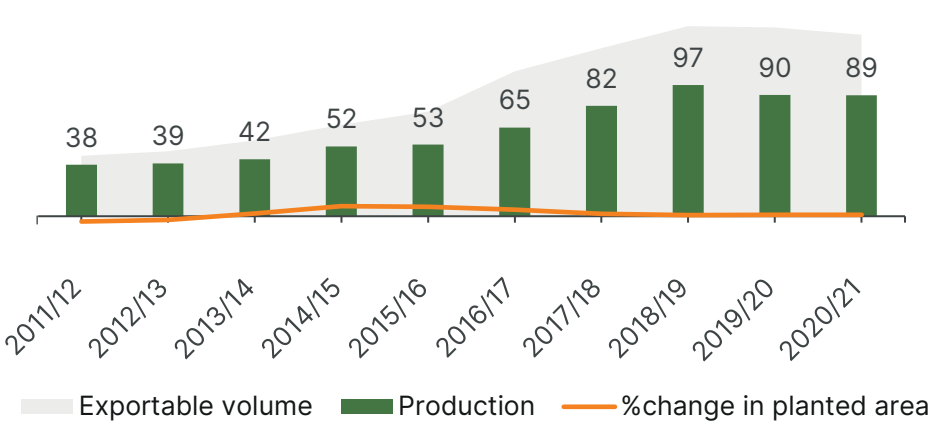
Production per key area



Change in planted area (Ha)



Production over time (KMT)



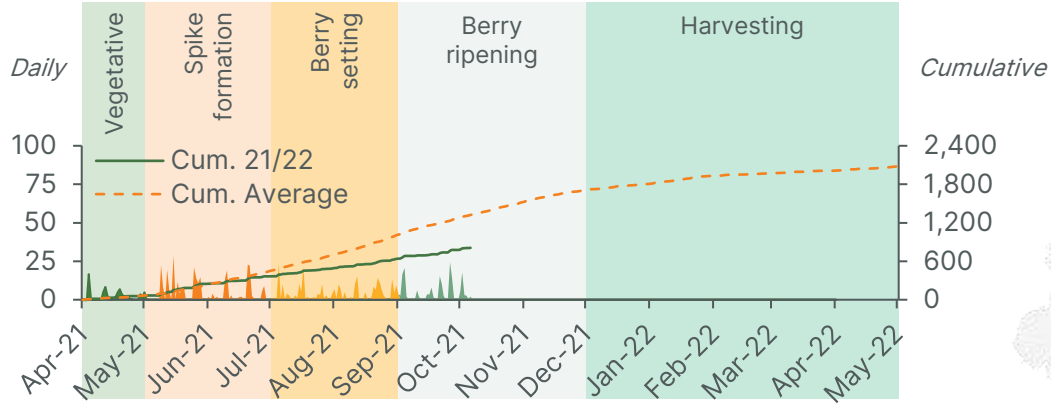
Note: Based on 2020/21 production estimates.  
Source: Nedspice research.



## Brazil

About 98KMT is estimated to be harvested this crop season, up 10% YoY

Rainfall distribution in Espirito Santo (mm)



Crop development 2021/2022 season



**10%**

Death ratio

**5%**

New planting

**98KMT +10%**

Production volume

**28,280 ha**

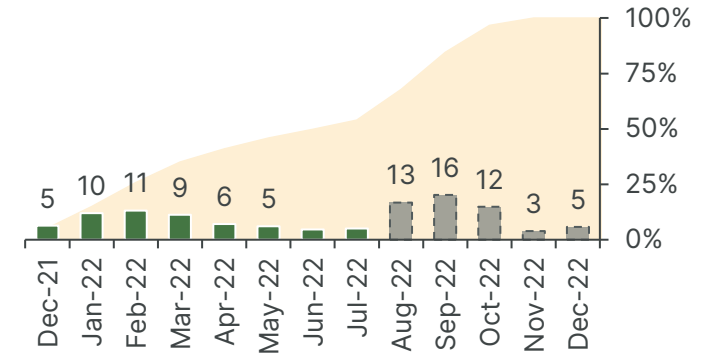
Total yielding area

**3.5MT/ha**

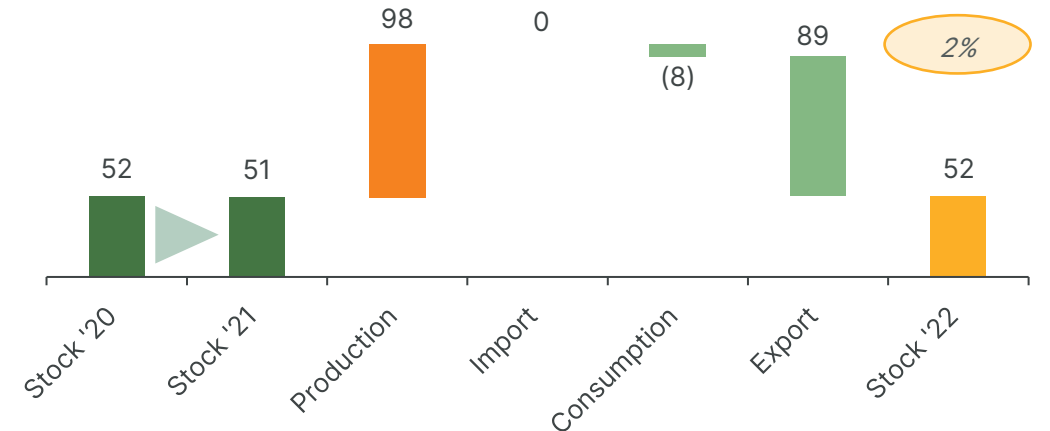
Yield forecast

Crop arrivals 2021/22 season (KMT)

- The harvest is expected to start in December, with the first bits coming from Espirito Santo.
- Pepper from Para will come later in September.



Stock development<sup>1</sup> (KMT)

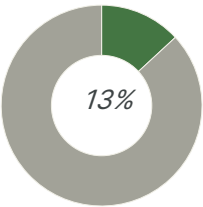




India

The crop size is relatively stable, expected lifetime of the vines is > 20 years

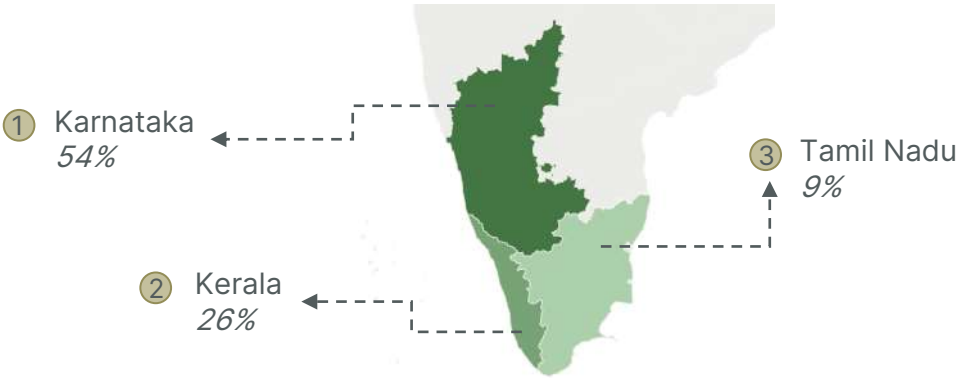
India is well-known for its Tellicherry pepper & oleoresin businesses



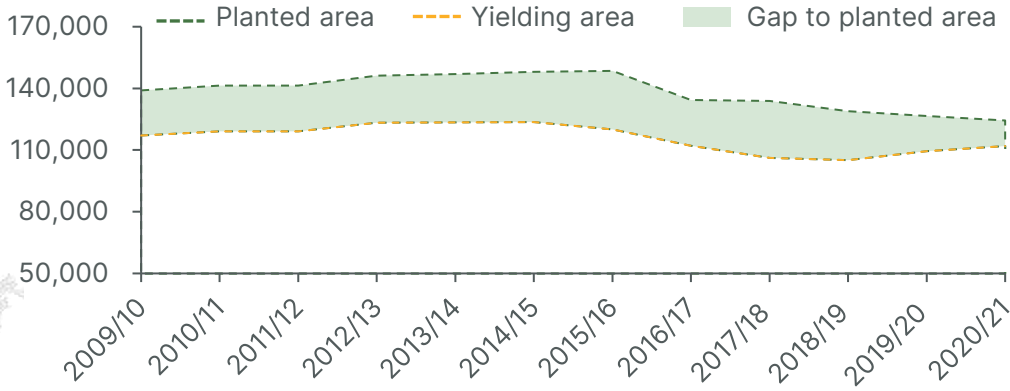
India vs RoW



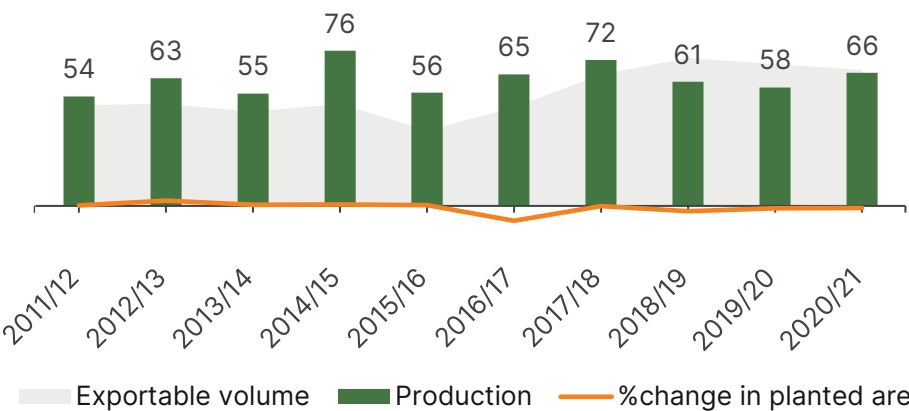
Production per key area



Change in planted area (Ha)

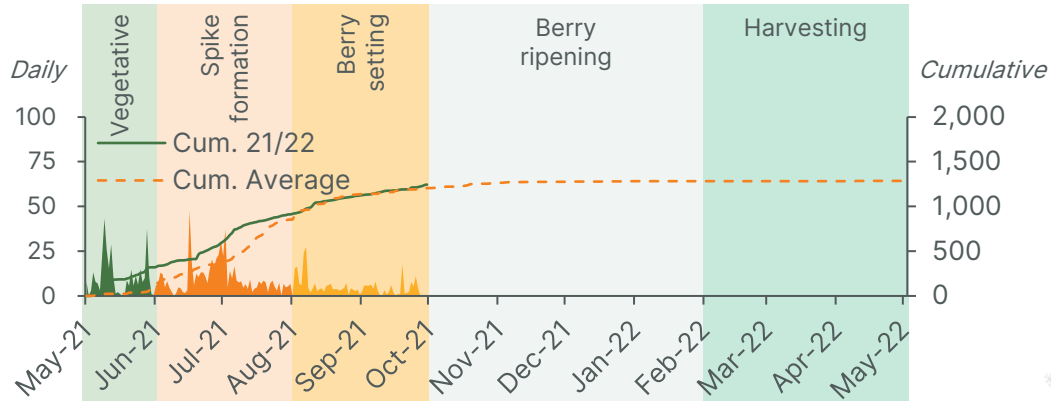


Production over time (KMT)



Good rainfall distribution will likely support production this season

### Rainfall distribution in Karnataka (mm)



### Crop development 2021/2022 season



**5%**

Death ratio

**-%**

New planting

**68KMT +4%**

Production volume

**109,900 ha**

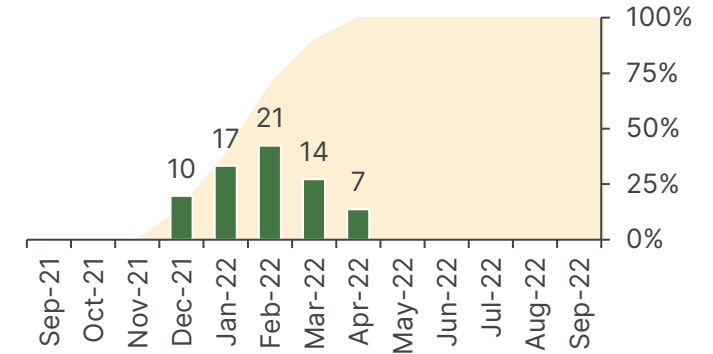
Total yielding area

**0.6MT/ha**

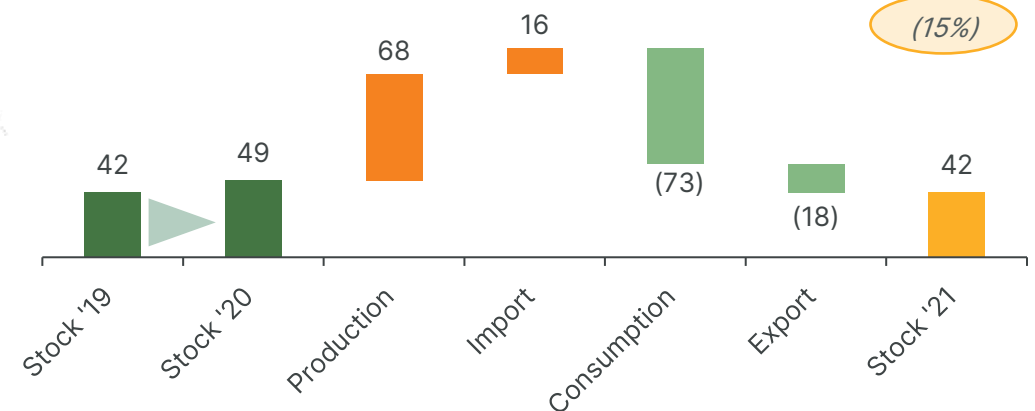
Yield forecast

### Crop arrivals 2021/22 season (KMT)

- The harvest is expected to start in December, peaking during Feb-Mar next year.
- Only 10-15% of black pepper is processed later into white.



### Stock development<sup>1</sup> (KMT)



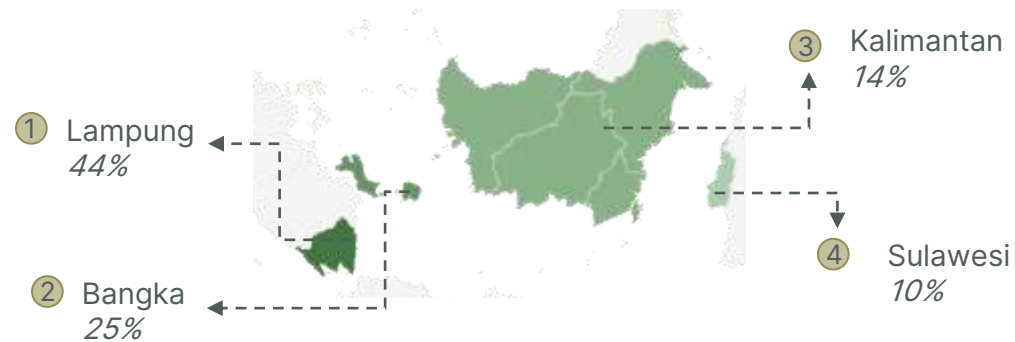
## Indonesia

Well-known for several signature products, black pepper is becoming dominant

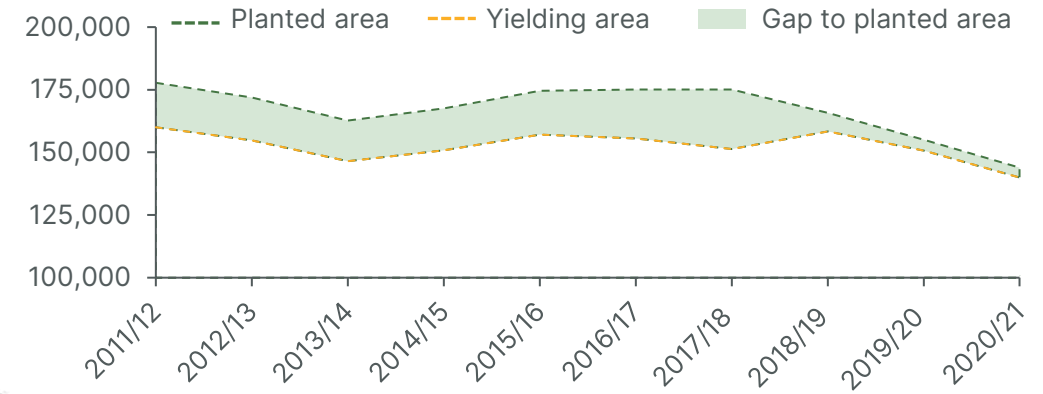
### Indonesia and key signature pepper products



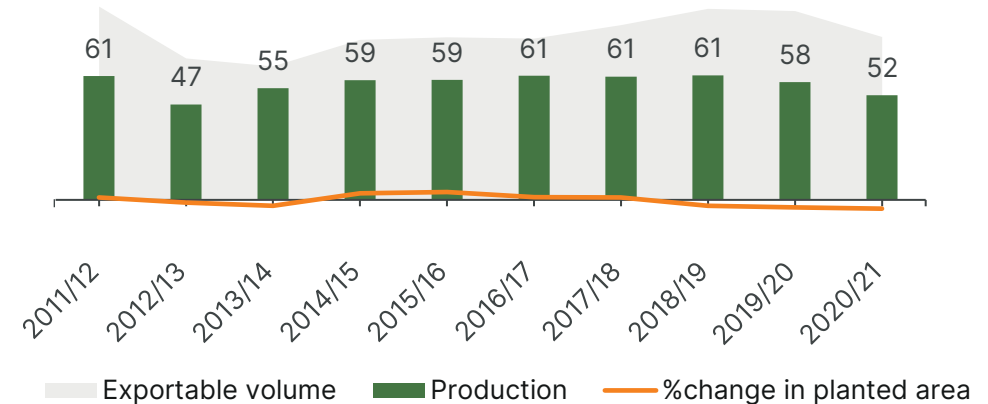
### Production per key area



### Change in planted area (Ha)

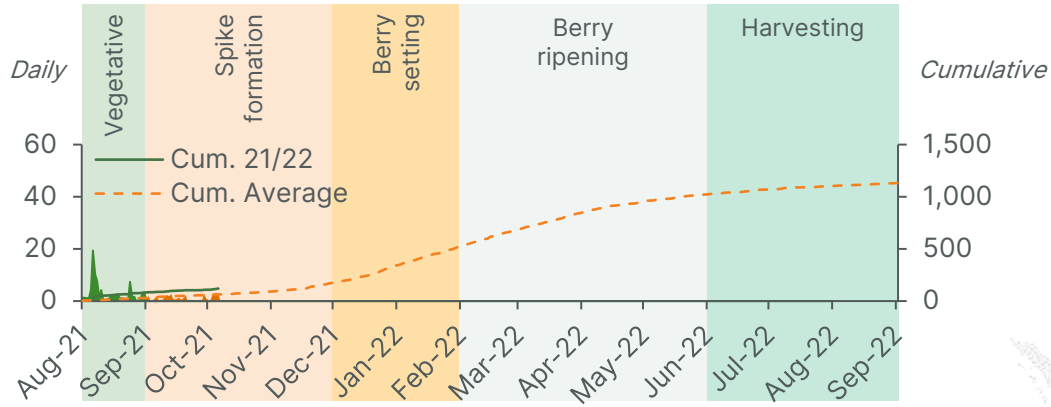


### Production over time (KMT)



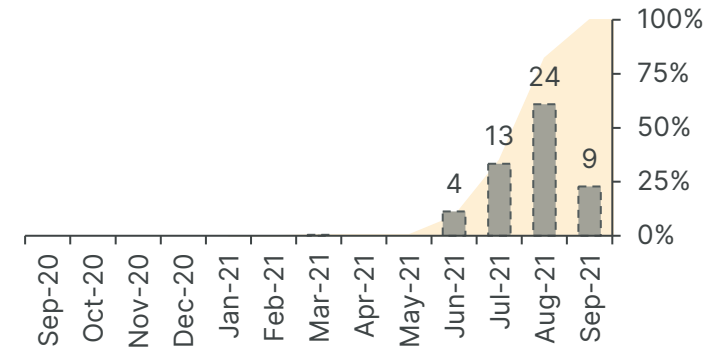
Production is estimated to improve, current market prices are attractive for farmers

Rainfall distribution in Lampung (mm)

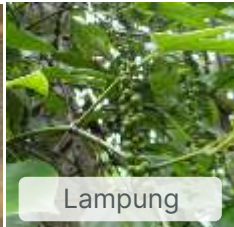
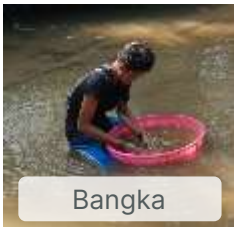


Crop arrivals 2021/22 season (KMT)

- The harvest will start in summer 2022 and the current crop is in early spike formation stage
- White pepper process is 100% done by the fermentative method, soaking in water for c. 2 weeks.



Crop development 2021/2022 season



**8%**

Death ratio

**3%**

New planting

**57KMT +10%**

Production volume

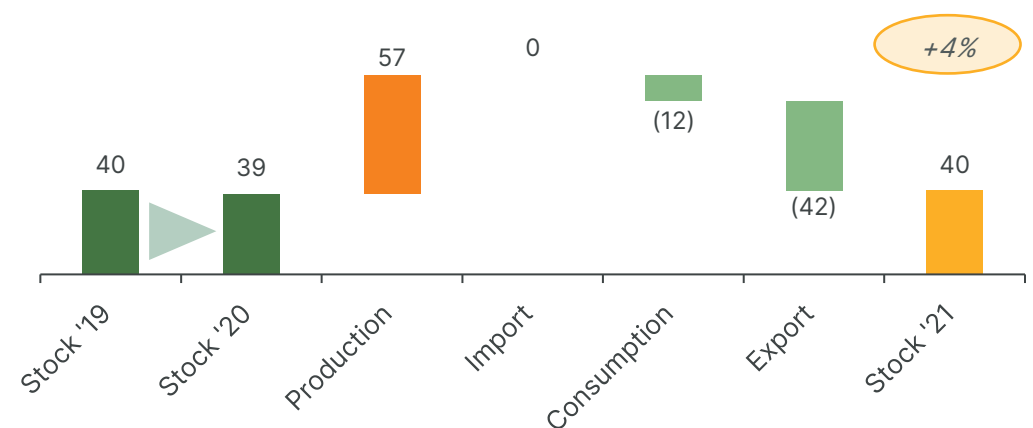
**135,800 ha**

Total yielding area

**0.4MT/ha**

Yield forecast

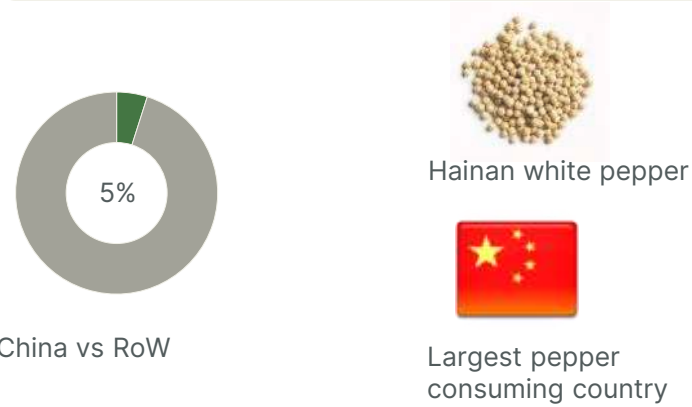
Stock development<sup>1</sup> (KMT)



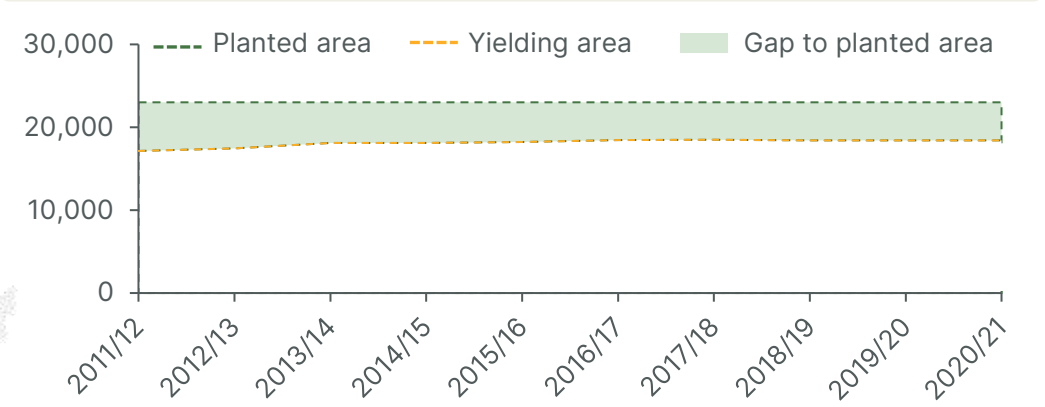
China

China produces almost exclusively white pepper, grown on the southern island of Hainan

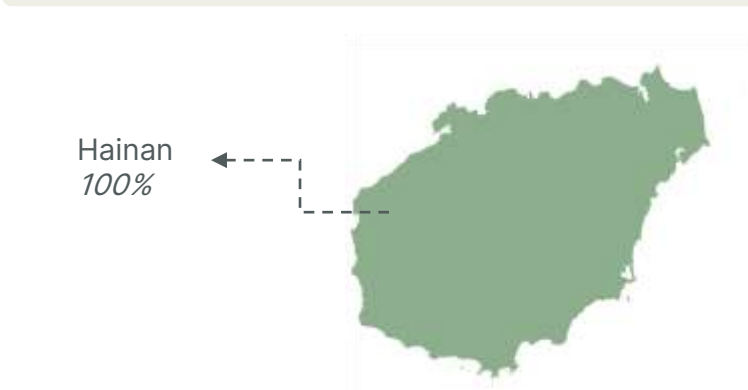
The largest consuming country in the world



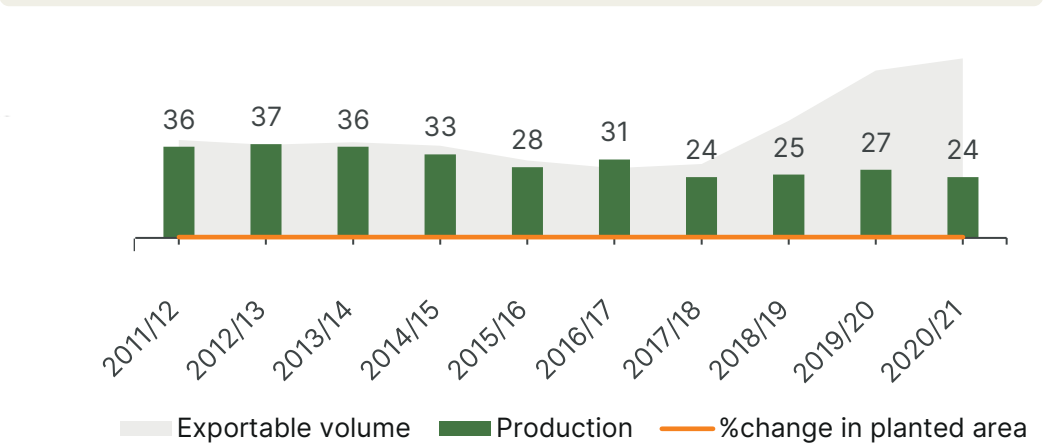
Change in planted area (Ha)



Production per key area



Production over time (KMT)

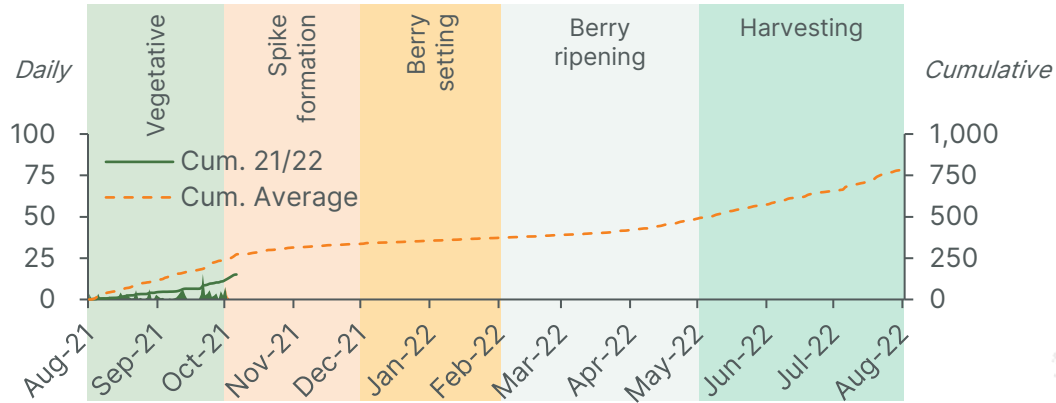


Note: Based on 2020/21 production estimates.  
Source: Nedspice research.



Production remains at c. 25-28KMT per annum

Rainfall distribution in Hainan (mm)



Crop development 2021/2022 season



**8%**

Death ratio

**-%**

New planting

**25KMT +4%**

Production volume

**18,400 ha**

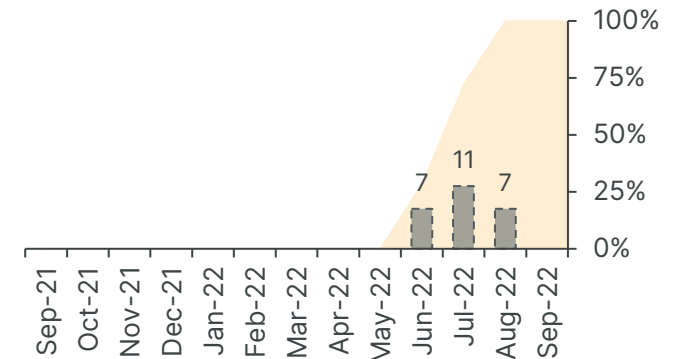
Total yielding area

**1.4MT/ha**

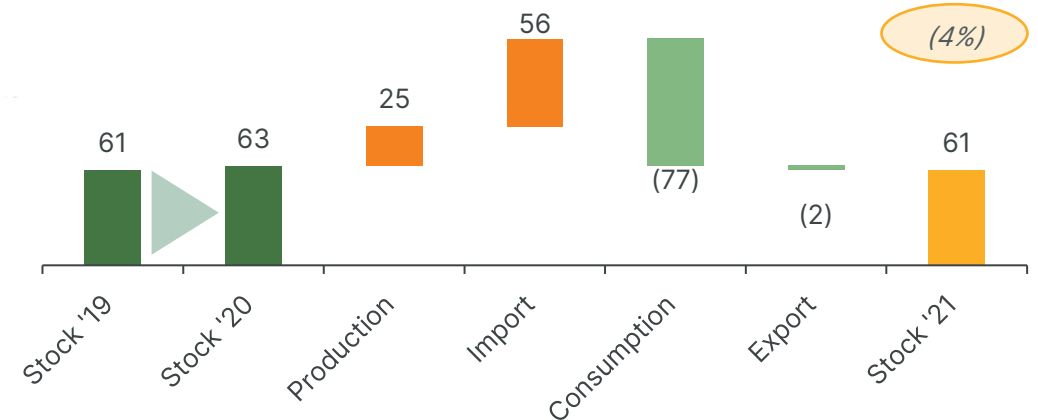
Yield forecast

Crop arrivals 2021/22 season (KMT)

- The harvest will start in summer 2022 and the current crop is in early spike formation stage
- 90% of harvested pepper is processed into white pepper by soaking method.



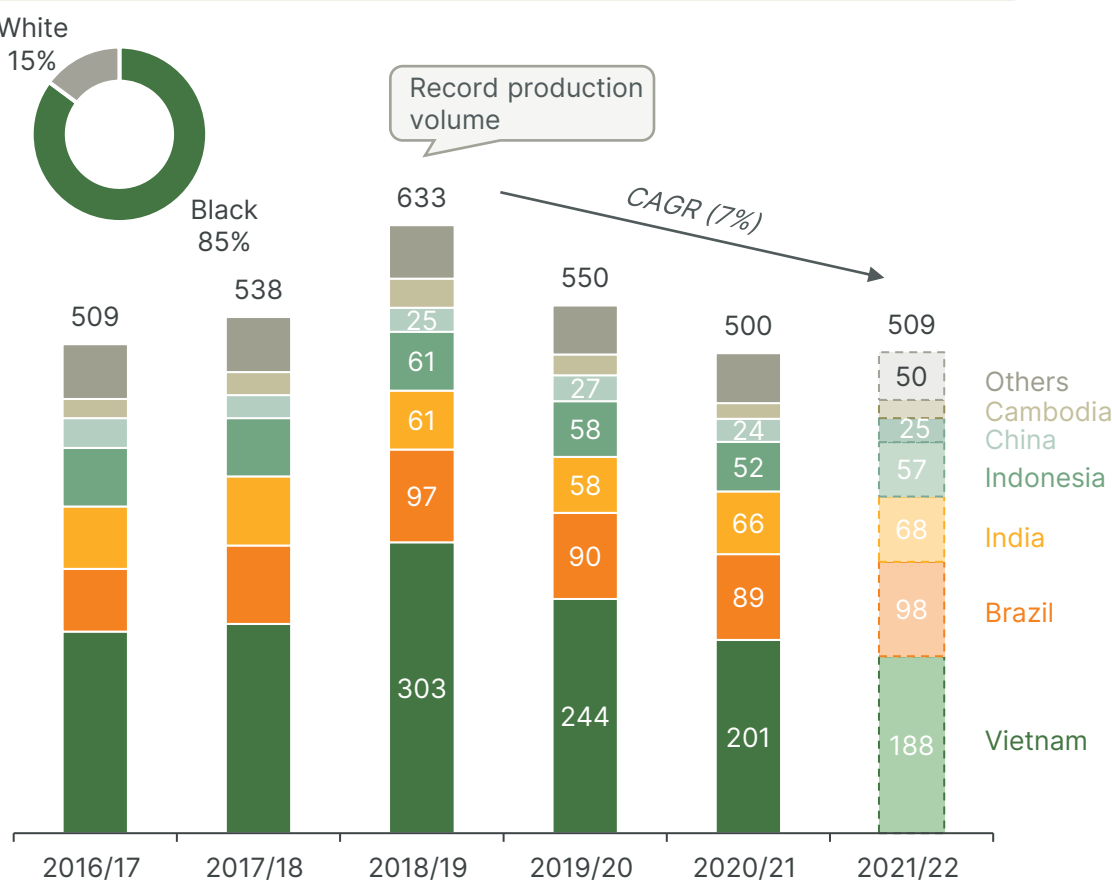
Stock development<sup>1</sup> (KMT)



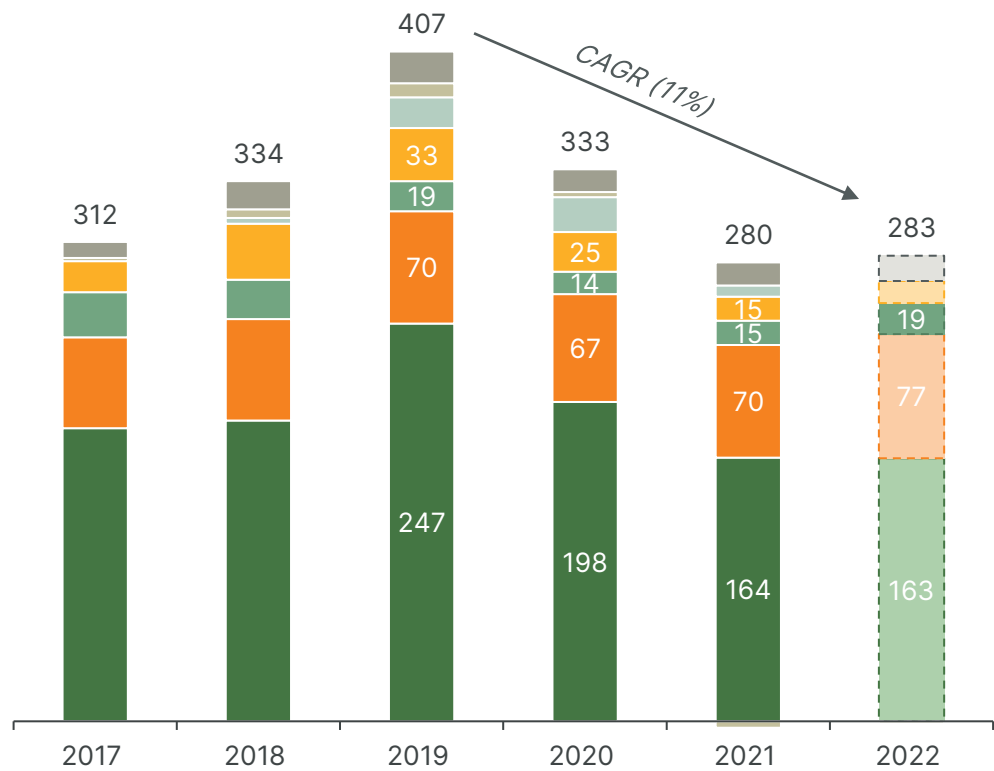


Total global production will be about equal to this year at ~510KMT. Availability of material remains sufficient

Global pepper production (KMT)



Exportable production from origin<sup>1</sup> (KMT)



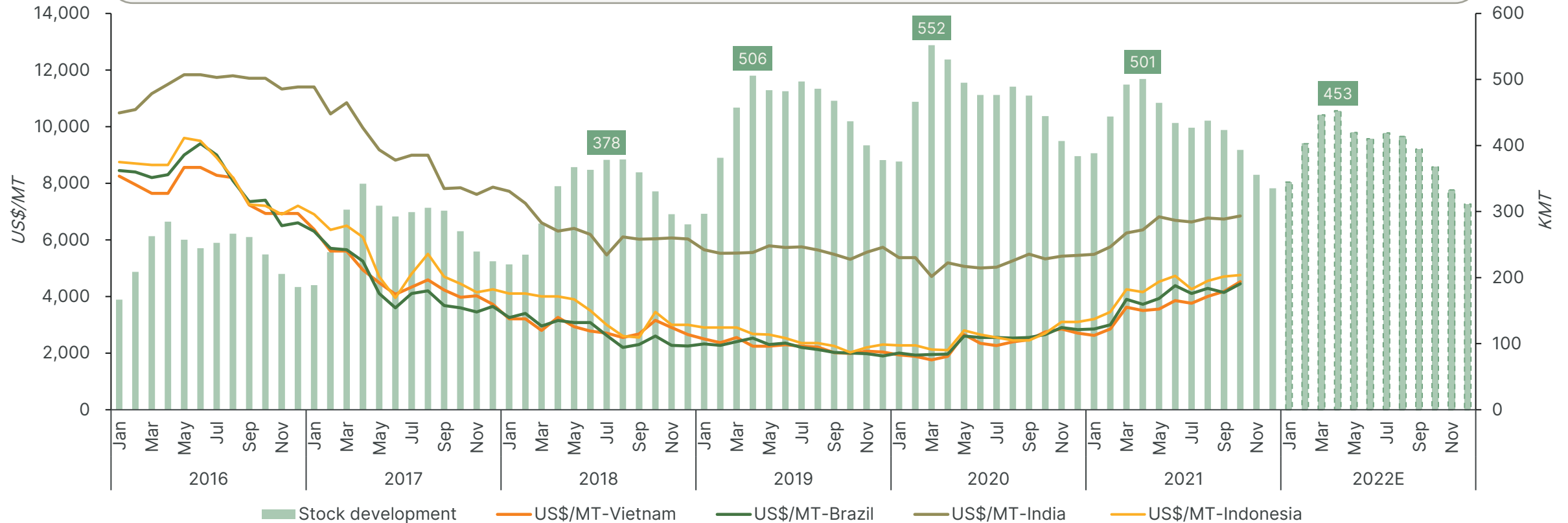
1) Include imports and exports within producing countries.  
Source: Nedspice research.



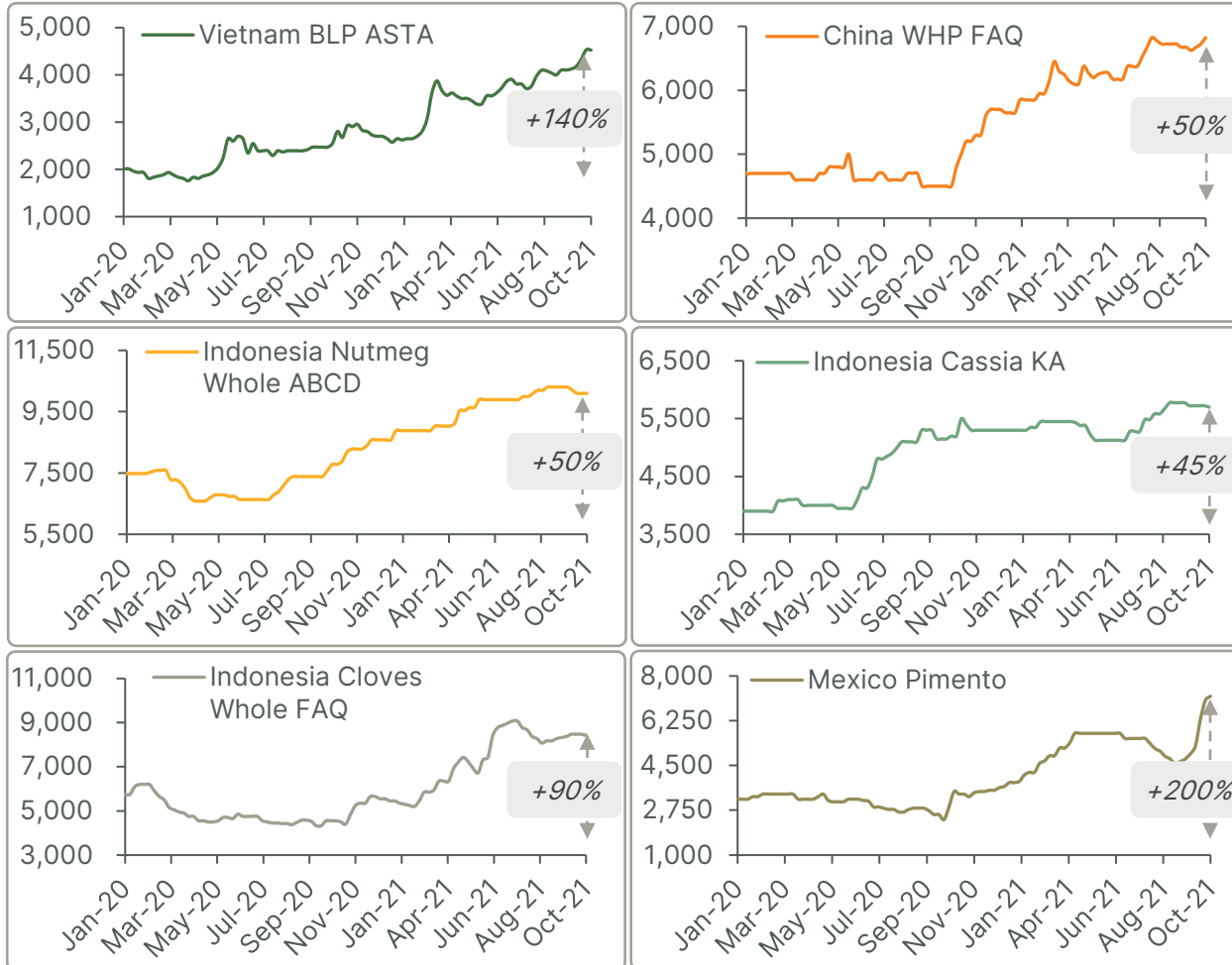
## Stock development at origin and prices

Prices shot up significantly over the past year, even higher than 2018's level, though the current stock levels are higher. Key factors are:

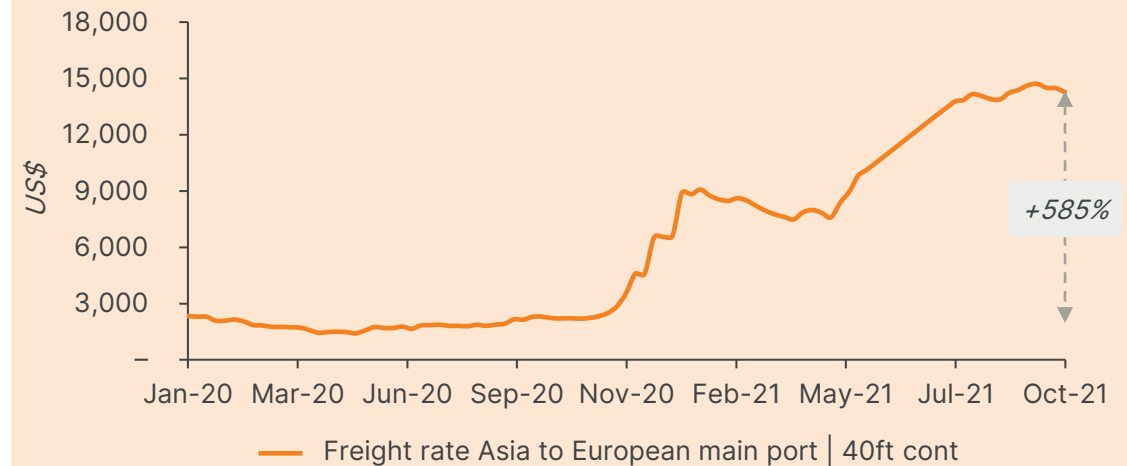
- Stocks are at strong hand of some big traders/ speculators, reducing liquidity
- The uncertainty triggered short-term demand and earlier shipments to destination markets in anticipation of possible disruptions
- Shipment delays and container shortages resulted in a longer than usual supply chain
- Increasing freight rates from origin to destination
- Covid restrictions impacted overall processing and trading activities as well as internal logistics



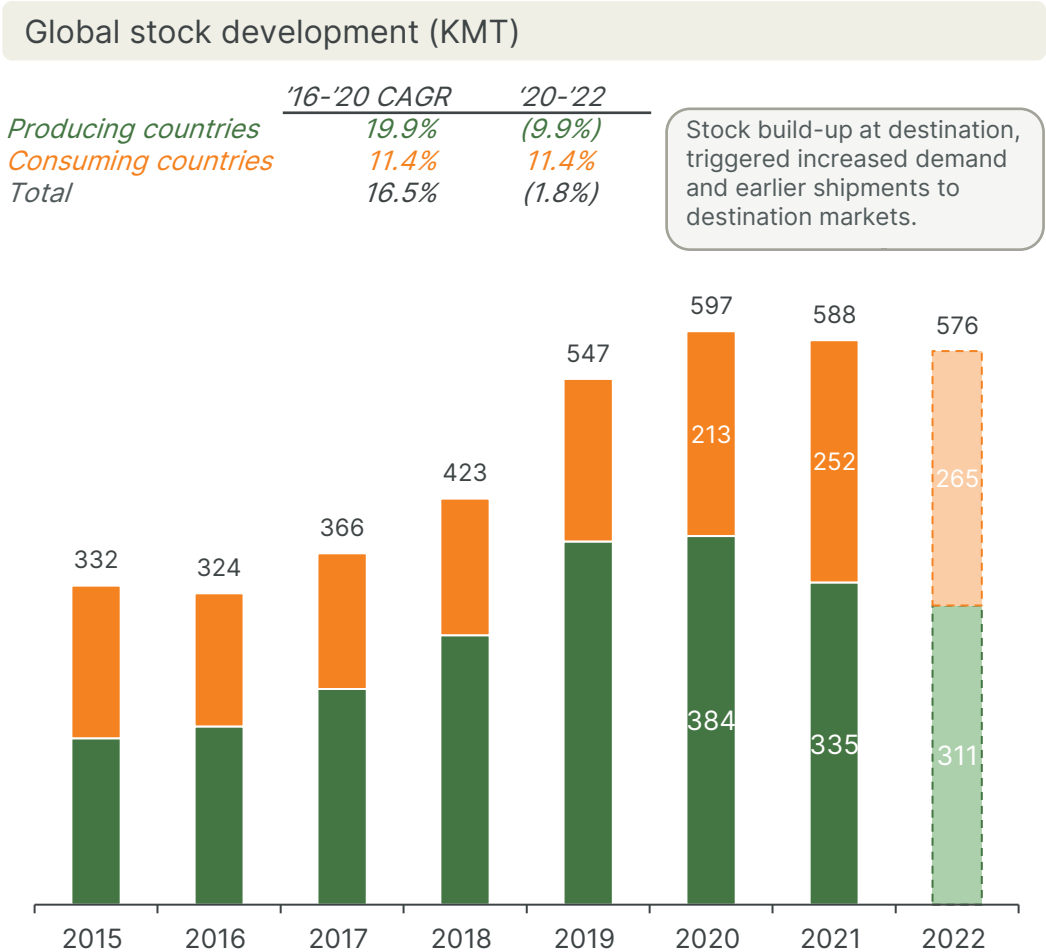
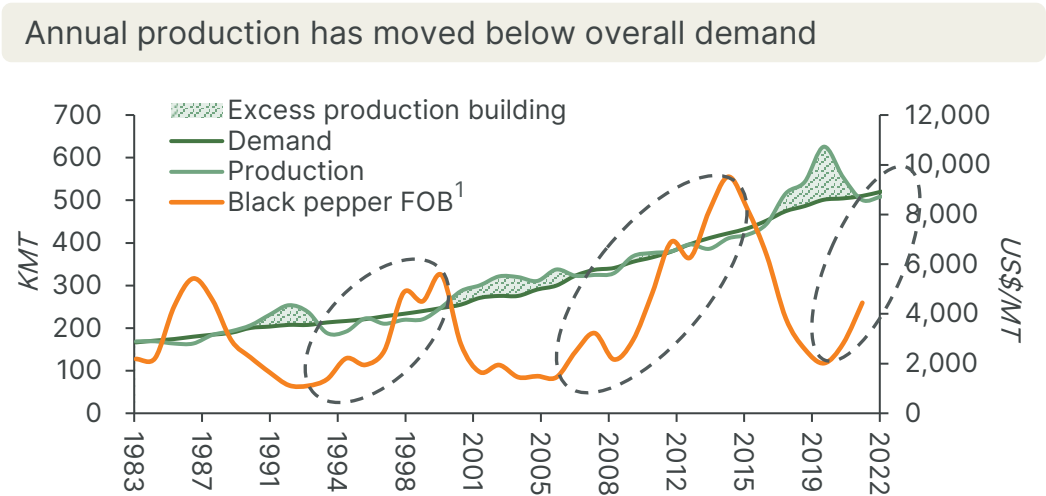
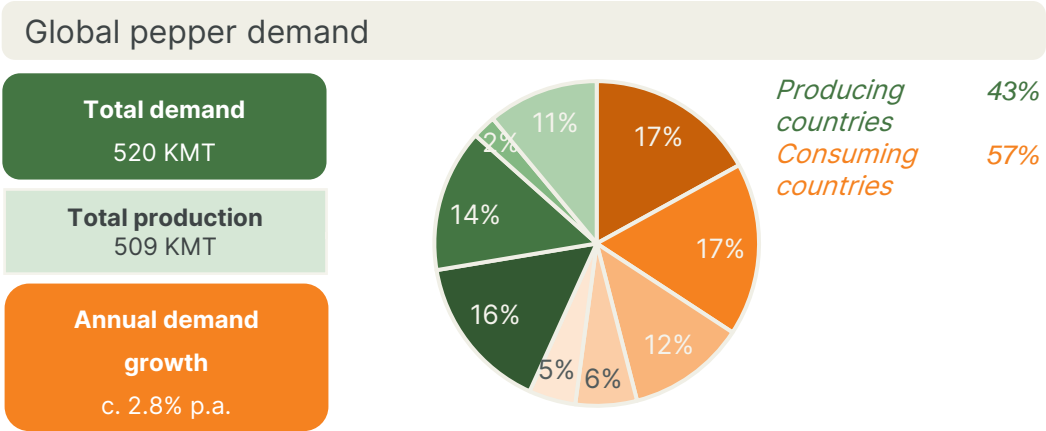
## The impact of disrupted supply chains and inflation



- Prices shot up significantly over the past year. This was true for most other spices as well
- Freight rates have been in records high since Mar-20, plus > 500% over one year. Container shortages are expected to remain an issue. Energy and packaging prices are up globally as well.
- On the demand side food service requirements are expected to remain lower, however food retail is likely to continue to fill the gap in most markets. We do see a risk in a potential temporary slowdown in demand as destination markets seem to have covered for longer periods. This could lead to increased price volatility.



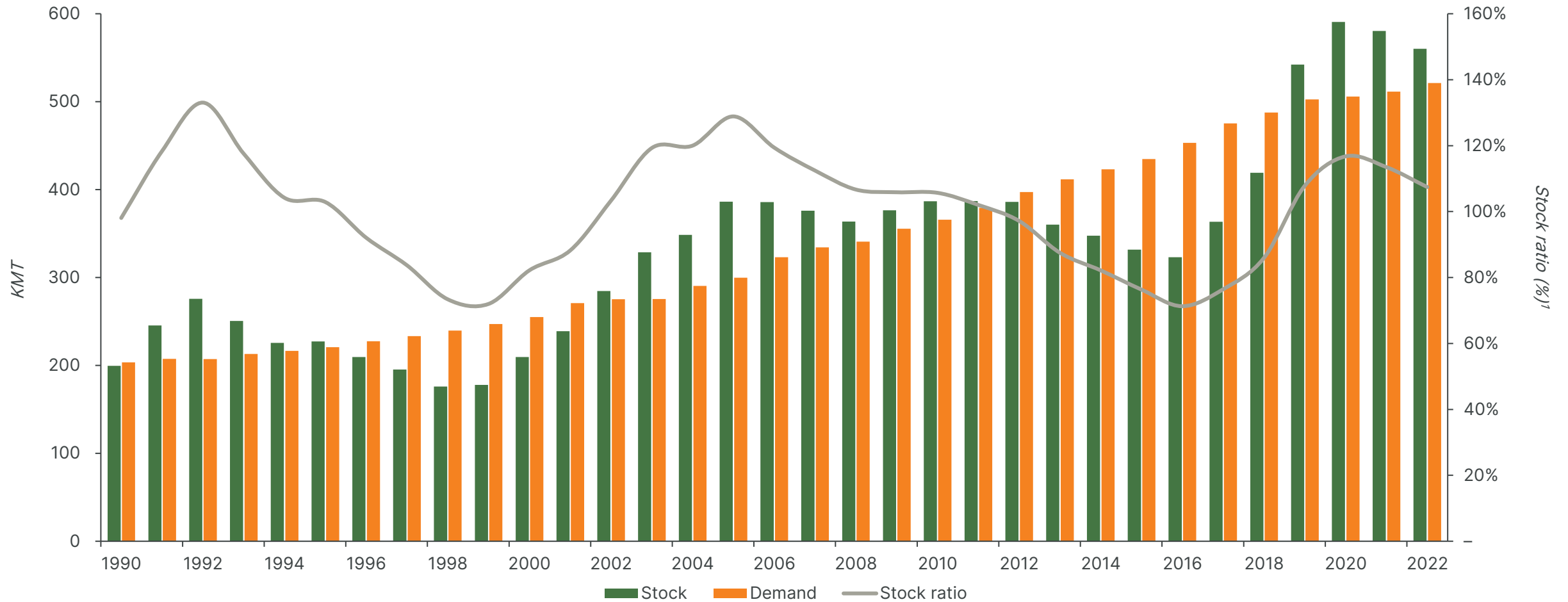
Demand remains resilient, at c. 520KMT currently, global stocks have decreased but are still above annual demand



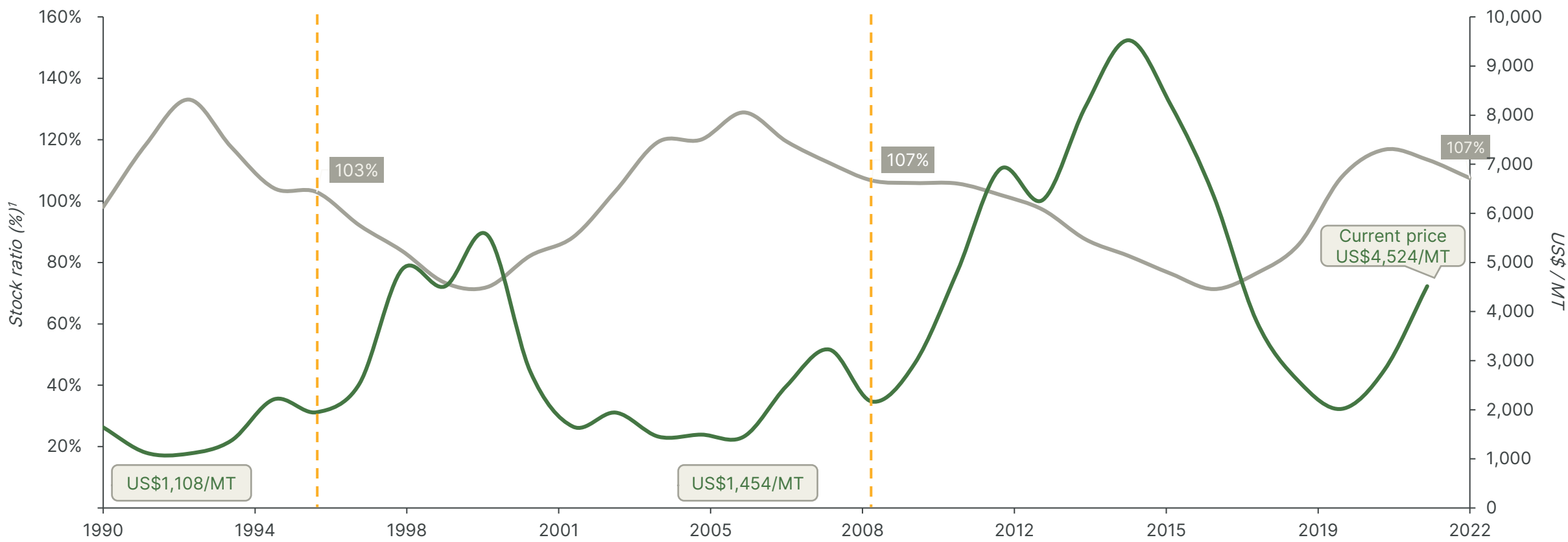
1) Market price as per 21-Oct-21. Average of Vietnam, Indonesia and Brazil ASTA quality.  
Source: Nedspice research.



## The stock ratio reversed direction, a clear signal of new bull cycle?



Or could sufficient stock levels at destination markets provide a buffer?



Note: Market data as per 21-Oct-21.  
1) Defined as global stock position / global demand.  
2) Average of Vietnam, Indonesia and Brazil ASTA quality  
Source: Nedspice research.





## Concluding summary

- Global production is expected to improve slightly, to c. 509KMT this season. Unfavorable weather during berry setting in Vietnam is balanced with good crops in other origins.
- Total production of c. 509KMT vs demand of c. 520KMT drives some decrease in global stocks. Overall carry-over stocks are estimated to be at c. 576KMT, above one year of the global demand.
- Market fundamentals have pushed prices in a new direction. However, it should be noted that volumes held by speculators will likely buffer sharp upward price movements, as we have seen in recent weeks. Potential slowing of demand on the account of sufficient stocks at destination, and the fact that most other origins are not decreasing, could partly off-set the lower Vietnam crop as well.
- Considering all factors above, the market is fragile and price volatility can be expected.

# Thank you for your attention



## Signature products



## Organic products



## Sustainable products

