



Pepper



Key takeaways



Price outlook



- Global production is expected to be similar to last year. Supply will be slightly below demand at ~510KMT. Global stocks have decreased but are still just above annual demand.
- Unfavorable weather during berry setting in Vietnam is partially balanced by good crops in other origins.
- Over the medium-long term, prices are expected to increase to a level that could encourage long term stockholders to liquidate their old pepper stocks, thereby temporarily buffering upward price movement.

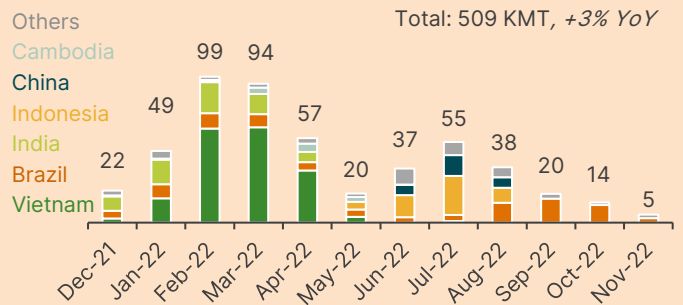
- Short term: ➡
- Medium term: ➡
- Long term: ⬆

Supply dynamics



- The harvest in Vietnam will start a few weeks later than usual. Crop arrivals will peak in March and last until May. Weather conditions have varied between regions, resulting in big differences in yields. The total crop size is estimated at ~188 KMT, approximately 10% lower than last year.
- For the YTD Nov-21, Vietnam exported c. 250KMT, 5% lower YoY, driven mostly by a 22% lower demand from China. Vietnam exported significantly in excess of its 20/21 crop volume.
- The EU imposed new regulations for pepper from Brazil, in addition to the 50% official controls for salmonella, all consignments should have an official testing certificate stating the absence of salmonella starting Jan-22.

Next twelve months crop arrivals (KMT)

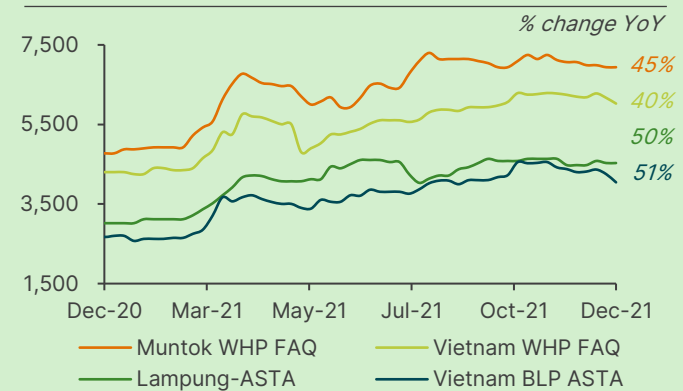


Price trends



- Price softened about 6% vs last month after a steady increase from Apr-Oct. Local traders and exporters who suffered losses this year are hesitant in offering forward. In contrast, stockholders that are nervous about the new crop arrival create some selling pressure.
- The continuing high freight rates add difficulties for the supply chain, not only for the pepper business but also for other commodities.
- The current period can be viewed as the calm before the storm, with small volumes being traded now. Starting early 2022, both buying and selling pressure is expected to shoot up, as the new harvest comes in, while this is also the moment many buyers have been waiting for. The demand from China could be crucial to tip the volume scales, and subsequently drive the price trend.

Pepper prices – FOB (US\$/MT)

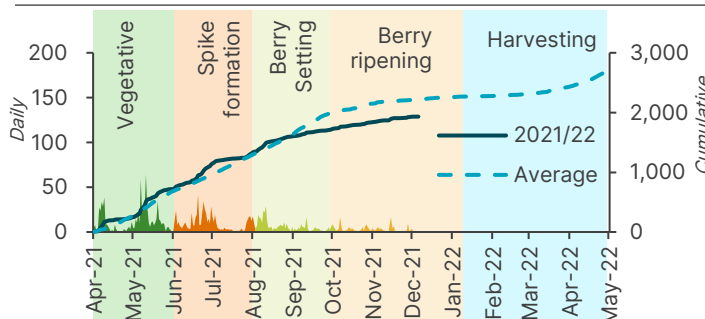


Key quality price levels¹



Quality	US\$/MT	Change
BP Vietnam ASTA	4,044	(6.0%)
BP Brazil ASTA	4,000	(3.0%)
BP Lampung ASTA	4,572	1.2%
BP MG1	7,923	2.2%
WP China FAQ	6,850	-
WP Indonesia Muntok FAQ	6,976	(1.8%)
WP Vietnam DW	6,022	(2.8%)

Rainfall distribution in Dak Nong (mm)





Ginger



Key takeaways



Price outlook



- The ginger harvest in India is in full swing, the total acreage increased some 20% YoY, but unseasonal rainfall damaged the standing crop due to water logging.
- Chinese ginger prices are down 30% YoY, as old materials were discounted ahead of the new crop harvest. However, prices could stabilize on account of good demand at destinations.
- Nigeria ginger will finish its harvest in Mar-22. Exporters were offering discounts for forward offers in an attempt to offset the difficulties caused by logistical issues at the ports. Most recently, prices have started to creep up again.

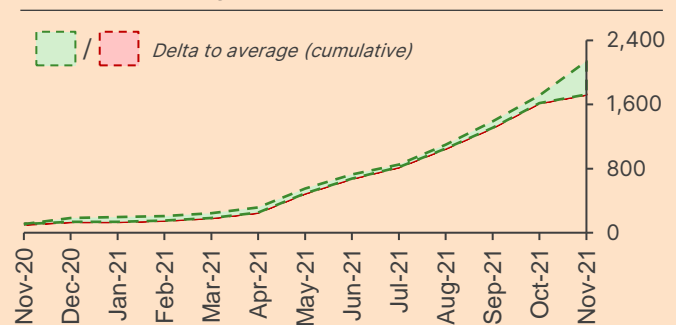
- Short term:
- Medium term:
- Long term:

Supply dynamics



- The Indian crop is being harvested now. Unseasonable late rains were reported in the main growing area of Karnataka. This can also cause quality issues and affect the dehydration efficiency. Overall, the increased acreage still results in a good crop this year.
- The harvest is well underway for Chinese ginger. The main production areas have reported an expansion of their acreage for this season. In Yunnan and Shangdon the new crop is reported to be good in terms of quality as well as quantity.
- Good yields in Nigeria enabled another decent harvest season in the country. Sunny weather has been supporting both the production and the drying of sliced ginger.

Rainfall vs average pattern: Karnataka - India (mm)

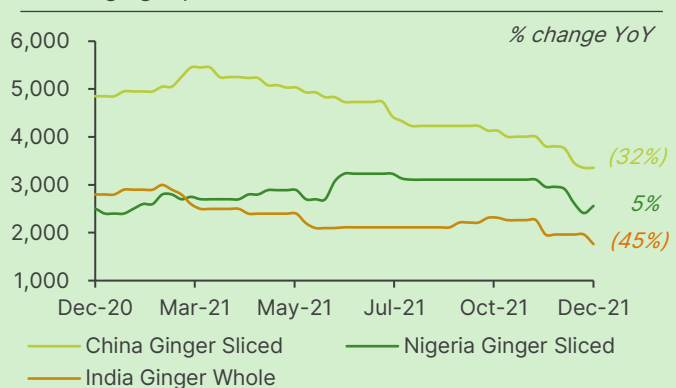


Price trends



- The market in India offers at c. US\$ 1,800/MT, down by c. 10% vs last month. The competitive prices shifted some overseas demand to India, buffering the downward trend on the short term. Nonetheless, the increasing selling pressure during harvest time leads to discounts. The unfavorable weather conditions likely affect the availability of compliant materials.
- The increased acreage and good yield expectations set a downward price trend for Chinese ginger during the second half of 2021. The current export price is around c. US\$ 3,400/MT. The demand of Chinese's dried ginger is still good ahead of the upcoming holiday period.
- The Nigerian market went down from Oct onwards, but has stabilized now. Prices are at c. US\$ 2,600/MT. Traders offer discounts for forward offers (plus lead time 2-3 months) to prevent logistical issues caused by excess stock holding.

Dried ginger prices – FOB (US\$/MT)

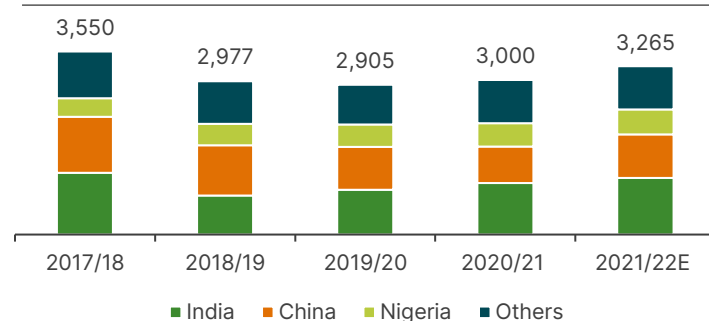


Key quality price levels¹



Quality	US\$/MT	Change (%)
Indian Ginger Whole Guaranteed	1,865	(9.7%)
Chinese Ginger Sliced Guaranteed	3,405	(11.7%)
Chinese Ginger Sliced Non Gtd	2,150	-
Chinese Ginger Whole Peeled HPS	3,650	-
Nigerian Ginger Split Guaranteed	2,660	(13.1%)
Nigerian Ginger Split Non Gtd	1,400	(9.7%)

Fresh ginger production by origin (KMT)





Cassia



Indonesia

The Cassia harvest is ongoing. Heavy rains have impacted crop arrivals during few past weeks. It's expected that more volumes will arrive from this month when weather conditions become more favorable.

Prices are at US\$ 5,600/MT for KA quality and c. US\$ 4,900/MT for KB quality. Prices have been stable over the past few weeks. However, the market could firm up after the peak of the harvest, on the account of limited total production.

Vietnam

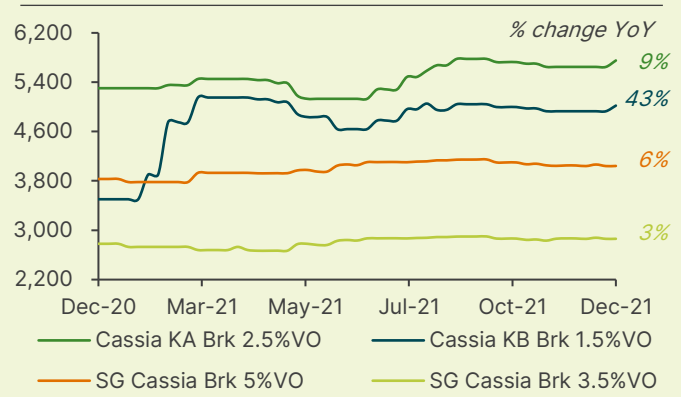
The harvest of high oil cassia in the North of Vietnam is just about finished. Crop arrivals were slow during recent weeks due to low temperatures and heavy rains. The total supply for this season likely exceeds demand on the account of good collecting, driven by decent price levels.

For the YTD Nov-21, Vietnam exported c. 70 KMT, down by c. 1% YoY. Slow demand from India is compensated by demand from the USA and Indonesia, the latter likely for re-export. Due to competitive prices, demand has shifted from Indonesia to Vietnam since last year. Cassia 3.5% oil is quoted at US\$ 2,900/MT FOB, which is c. 50% lower than Indonesian KA quality. Prices are expected to remain steady to soften over the coming month on selling pressure caused by new crop arrivals.

China

Due to low prices during last year, collecting volume is estimated to decrease c. 10% vs last year, resulting in decreased export volumes via the border trade to Vietnam. Chinese farmers are more interested in star anise crops because of attractive prices.

Cassia prices – FOB (US\$/MT)



Turmeric



India

Market arrivals of turmeric were reported to be c. 361 KMT for the YTD Nov-21 period, up 30% YoY. Farmers maintained their turmeric acreage because of favorable prices for both fresh and dried turmeric. While Andhra Pradesh, Maharashtra (Sangli) and Tamil Nadu report good standing crops without disease, other regions like Basmat and North-Kanataka report crop damage due to water logging. Some estimates indicate a 30% yield drop overall.

Good domestic and overseas demand has resulted in low remaining carry-over stocks. Good quality materials from cold storage have been trading at higher prices over the past few weeks. The new harvest will begin from Jan-22 and last until April.

At the Nizamabad market, turmeric arrivals are traded c. US\$ 1,200/MT, up by c 37% compared to the same period last year. The other markets in Andhra Pradesh traded at c. US\$ 1,050/MT, c. 25% higher than last year.

The reported crop damage due to unseasonable rains will likely drive an upward trend in prices in the short term, but the volumes from areas with good weather conditions might compensate for this effect during harvest time.

The EU introduced new checks on pesticide residues for spices from India, which includes turmeric, 20% of all incoming shipments will be kept for detention and released only once tested and cleared by the authorities. This will typically cause a delay of two weeks before materials are placed on the market.

Turmeric prices – FOB (US\$/MT)

