



Pepper

KEY TAKEAWAYS

- > The balance between Vietnam’s new crop arrivals and the demand from destinations will be crucial for prices over the coming months.
- > High freight rates and container shortages cause delivery delays from Vietnam.
- > Local speculation and the accumulation of delayed shipments will boost up the trade volume during the peak of Vietnam’s harvest.
- > As the EU tightened control of Brazilian pepper imports, some buyers are triggered to switch to source from other origins, while Brazil is looking to sell their pepper to other destinations.

PRICE OUTLOOK

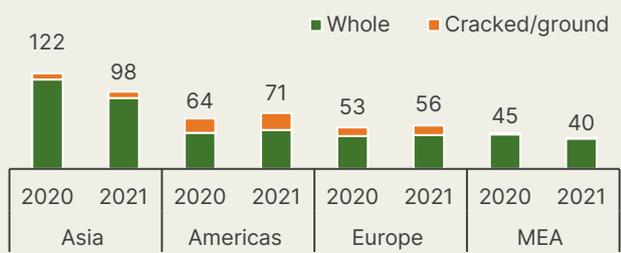
short term

medium term

long term

SUPPLY DYNAMICS

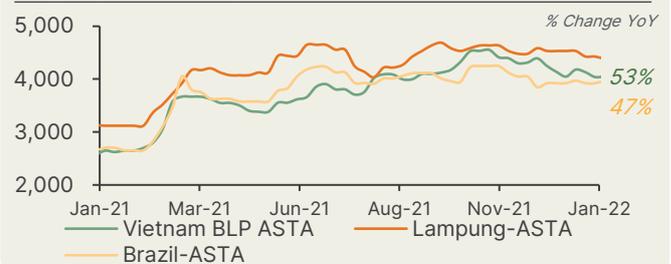
Vietnam export statistics 2021 (KMT)



- > This year we’ll see a decrease in global stocks, as the total production of ~510KMT is less than total demand, estimated at 520KMT. However, stock levels are still sufficient to supplement production to cover demand.
- > Both bullish and bearish factors are present currently, with a smaller expected crop for Vietnam, India and Cambodia, while predictions for Brazil and Indonesia are up.
- > Speculators in Vietnam started building up stock earlier, while crop arrivals are delayed a few weeks and demand from China after the lunar new year will likely cause supply scarcity in the short term.
- > Potential demand could be slowing down on the account of sufficient stocks at destination that have been build during the low price levels in previous years.

PRICE TRENDS

Pepper prices - FOB prices (US\$/MT)

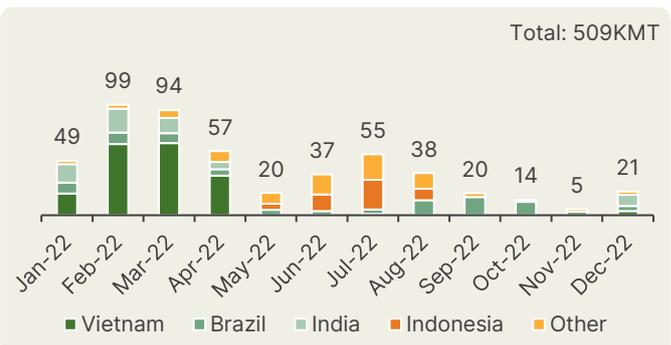


- > As usual, during Q4-2021 the market was slowing down, due to the holiday season in consuming countries and coffee season in production countries, prices softened somewhat. However, as supply is tight, prices showed short peaks during upticks of demand.
- > Many exporters in Brazil seemed to be caught off guard by the new EU regulations, causing Jan shipments to be stuck at ports in Brazil. Discounts to release goods drove Brazil's prices down. EU buyers are looking for Salmonella compliant pepper from other sources.
- > It’s expected that demand from China will pick up after the new year holidays. The balance between Vietnam’s new crop arrivals and the demand from destinations will be crucial for prices over the coming months. Last year, prices shot up during Vietnam’s harvest.

KEY QUALITY PRICE LEVELS¹

Quality	US\$/MT	Change
BP Vietnam ASTA	4,052	0.1%
BP Brazil ASTA	4,050	1.3%
BP Lampung ASTA	4,421	(3.3%)
BP MG1	7,856	(0.6%)
WP China FAQ	6,810	(0.6%)
WP Indonesia Muntok FAQ	6,821	(2.2%)
WP Vietnam DW	5,977	(0.8%)

NEXT TWELVE-MONTH MARKET ARRIVALS (KMT)





Turmeric

KEY TAKEAWAYS

- > The turmeric crop in India is negatively affected by unseasonable rains. Although the total acreage increased 20-25% compared to last year, the total crop size is expected to be smaller this year.
- > The harvest has started in some growing areas but won't be at its peak before the end of March. At that time, an accurate assessment of the crop size can be made.
- > The first new crop materials will arrive shortly. Prices are likely to stay firm but could soften somewhat during the peak of harvest in March.

PRICE OUTLOOK

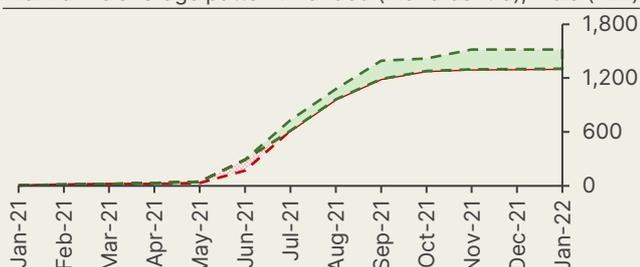
short term

medium term

long term

SUPPLY DYNAMICS

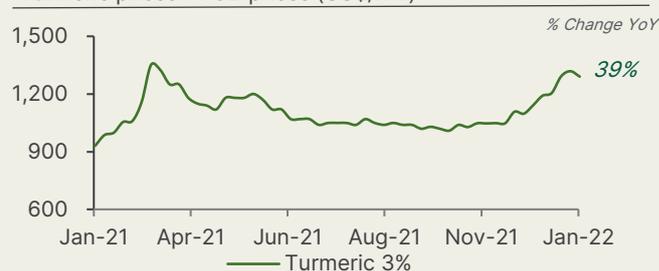
Rainfall vs average pattern: Nanded (Maharashtra), India (mm)



- > The harvest started end of January and will peak in Mar-22. While Andhra Pradesh, Maharashtra (Sangli), and Tamil Nadu report healthy crops, other places, such as Basmat, Nanded, Hingoli and North-Karnataka indicate yield losses of 30%, owing to water logging caused by excess rainfall during rhizome development stage.
- > Rain effected crops can appear healthy above ground but be lacking growth of deeper rhizomes. The quality of turmeric for dehydration could also be impacted by the high moisture levels during harvest.
- > The total crop of Alleppey turmeric (5% curcumin) is expected to be some 30% lower than last year, as farmers switched to different cash crops.

PRICE TRENDS

Turmeric prices - FOB prices (US\$/MT)



- > The market went up from Dec-21 and is presently trading at a firm level due to the unavailability of good grade material. Because of the scarcity of compliant materials, farmers and traders are continuing to stockpile high-quality material and anticipate higher prices in the days leading up to the peak arrival of the new crop.
- > Speculators started purchasing actively due to the rumors of decreasing production and increasing demand. Prices are expected to be firm this season. During peak harvest, prices may ease somewhat.
- > At the Nizamabad market, turmeric arrivals are traded cc 30% higher than the same period last year, while the other markets in Andhra Pradesh traded c. 25% higher than last year. The price of Alleppey fingers is expected to firm up.

KEY QUALITY PRICE LEVELS¹

Quality	US\$/MT	Change
Turmeric 3%	1,290	46.6%
Turmeric 1.5%	990	12.5%
Organic Turmeric 3%	1,390	3.7%
Organic Turmeric 5%	2,120	2.4%
NFPP Turmeric 1.5%	990	5.3%

INDIA MARKET ARRIVALS (KMT)²

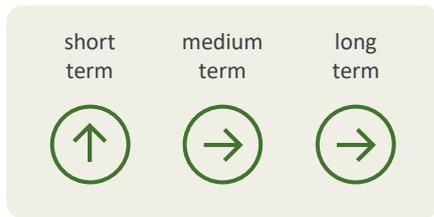


1) FOB Prices. Change shown versus last month. 2) Arrivals of bulb and finger quality. Source: Nedspice research, price data as per 24-Jan-21

Nutmeg



PRICE OUTLOOK



ORIGINS

> **Indonesia**

Nutmeg materials are arriving slowly to the local market since heavy rains have continually impacted the total supply chain. The market supply is expected to be tight over the short term.

The weather is expected to improve over the coming weeks. Farmers are currently only able to harvest in small quantities. Furthermore, Chinese buyers have stopped buying, they will likely join the market after the lunar new year holidays. Since most fruits develop in April/May, this is the peak harvest season in most growing areas.

The local market offered at c. US\$ 9,600/MT nutmeg shrivel aflatoxin guaranteed, c. 15% higher prices are being offered for organic materials. With additional supply from India, prices are expected to weaken during May/Jun-22 period as India will enter its harvest and Indonesia is also expect to have more crop arrivals.

> **India**

The crop is in the flowering stage. The harvest will start in May/Jun-22, after Indonesia's peak harvest. Only small volumes remain for local trading so far, due to the higher prices than Indonesian prices as well as limited availability of guaranteed material in the market.

Mace prices remain firm, with offers currently at c. US\$ 25,000 – 28,000/MT, 10-20% higher than the Indonesian mace price. Good demand from the domestic market has attracted traders to be active in the Indonesian market.

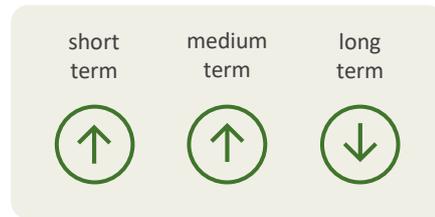
PRICE TRENDS



Cloves



PRICE OUTLOOK



ORIGINS

> **Indonesia**

The overall production is expected to be promising this season, on account of favorable weather during the flowering stage and the biennial nature of flowering in clove trees, given that 2021 saw a poor crop.

Prices have firmed as a result of accumulative speculative and export demand, volumes are quoted at c. US\$ 8,400/MT. Harvested volumes from the 2021 year crop could be sufficient to fulfill general demand over the coming period.

Selling pressure is expected when the harvest season starts in Indonesia, during Q2-2022 as much of the demand has been already covered. However, as prices drop, the cigarette industry will likely enter the market to replenish their stocks, buffering any steep downward trends.

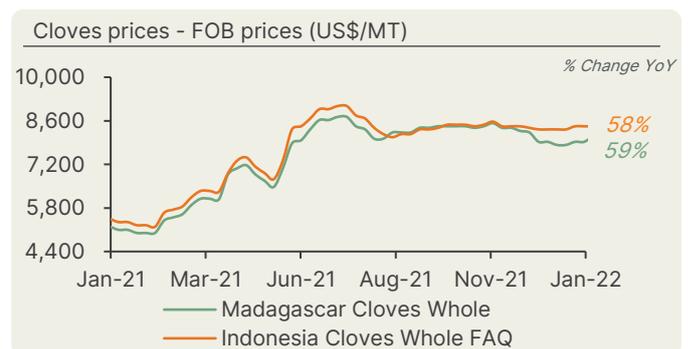
> **Madagascar**

The harvest has just finished. Supply is tight as the country is hit by cyclones. Trading activities are slow, and prices for Madagascar materials are up, both in origin and in trading hubs like Dubai. Currently, Prices are at c. US\$ 9000/MT for prompt shipment, with somewhat lower quotes from directly from origin. The price gap between Madagascar and Indonesian cloves thus narrows, as a consequence of the effects of the cyclone on the general supply chain.

> **Sri Lanka**

The harvest in Sri Lanka will contribute a small quantity to the market. However, these premium quality materials are quoted at ~\$11,000, doing little to ease the market.

PRICE TRENDS



Source: Nedspice research, price data as per 24-Jan-21