



Pepper



KEY TAKEAWAYS

- > The harvest is in full swing in Vietnam, Cambodia, India and Southern Brazil.
- > Prices have not seen large swings in recent months, as global production is on a downward trend but carry-over stocks are sufficient to cover demand at destinations.
- > As the global stock ratio moves down and inflation rates increase, expectations are bullish for the years ahead. However, a 2023 bumper crop in Vietnam could provide temporary relief and the current price level incentives farmers to increase investments in their farms.

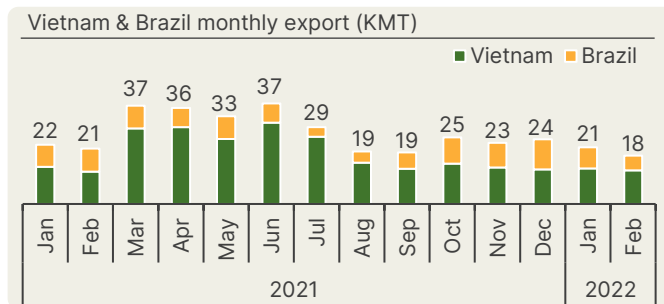
PRICE OUTLOOK

short term

medium term

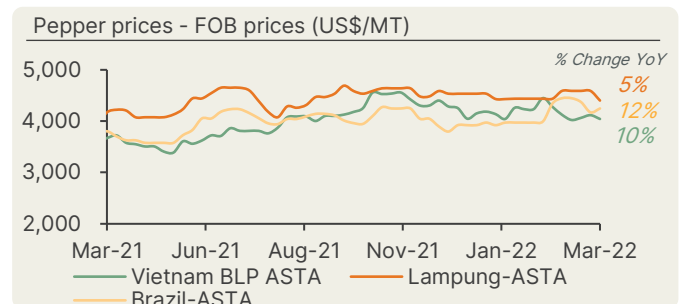
long term

SUPPLY DYNAMICS



- > Exporters in Vietnam are well prepared to deal with a potential tightening of the supply flow. Unlike last year, short holders don't seem to be very active in the market, lowering the risk of panic covering.
- > Demand from China is still weak, as stocks are sufficient to cover local demand. The country is also dealing with a new Covid-19 wave, resulting in tightening border restrictions and several cities currently in lockdown.
- > Over the first two months of 2022 exports from Vietnam were up by 4%, while Brazilian exports went down 20% overall, with the sharpest drop in volumes to EMEA.
- > If the weather stays favourable, Vietnam could see a good 2023 crop, following two years with poor berry setting. The current price level warrants farmer investments.

PRICE TRENDS



- > Usually, global demand picks up significantly at this time of year, since it is peak harvest time in most producing countries. This year, there has not been a surge in demand up to today.
- > India has temporarily removed the import tax on pepper. This has driven increased imports to India from Vietnam, Indonesia and Brazil. Prices in India softened as a result.
- > Despite the lower global production, driven largely by a drop in Vietnam, the current stock levels are still sufficient. On a global scale, the supply chain system seems well prepared for a production decrease.
- > As the war in Ukraine pushes energy prices up, inflation and bank interest rates follow. Increasing interest and storage costs disadvantages long term speculation.

KEY QUALITY PRICE LEVELS<sup>1</sup>

Quality	US\$/MT	Change
BP Vietnam ASTA	4,039	(2.0%)
BP Brazil ASTA	4,325	(4.4%)
BP Lampung ASTA	4,439	(4.1%)
BP MG1	7,789	(4.2%)
WP China FAQ	6,880	(0.3%)
WP Indonesia Muntok FAQ	6,770	(1.5%)
WP Vietnam DW	5,833	(3.1%)

VIETNAM EXPORT STATISTICS YTD FEB-22

Region	KMT	YoY BP	YoY WP	YoY Total
Asia	8	(25%)	(21%)	(24%)
Americas	12	30%	133%	37%
Europe	7	17%	68%	29%
MEA	4	(23%)	(6%)	(21%)
<b>Total</b>	<b>31</b>	<b>(0%)</b>	<b>32%</b>	<b>4%</b>

1) FOB prices. Change shown vs last month. Source: Nedspice research, price data as per 29-Mar-22



Cumin

**KEY TAKEAWAYS**

- > The total cumin crop size in India will be smaller this year as a result of a decrease in sowing areas. The harvest started last month and is currently peaking.
- > Prices have firmed up since local traders started to hold on to their stocks following the reduced crop estimate. Furthermore, good demand from destinations is expected to keep the market at a relatively high price level.
- > This year, prices are not expected to soften significantly even during peak harvest time, as overall demand remains good and selling pressure is limited.

**PRICE OUTLOOK**

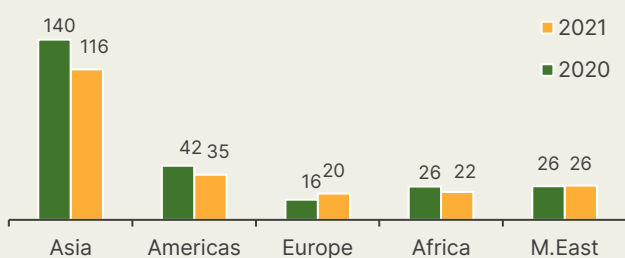
short term →

medium term →

long term ↑

**SUPPLY DYNAMICS**

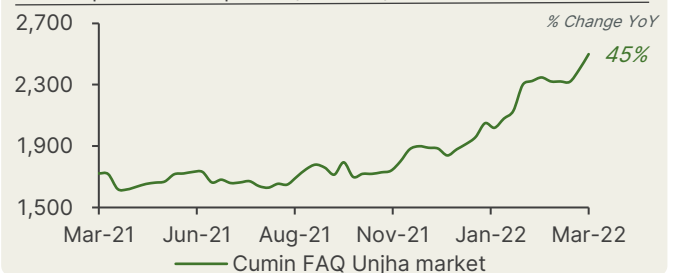
India export statistics (KMT)



- > The India cumin acreage has dwindled because farmers turned to other crops due to low prices last season. The harvest is in full swing and the new crop arrivals are starting to come in. Overall, the expected harvest is some 400 KMT this season.
- > Traders and collectors are trying to speculate, citing the unfavorable weather and smaller crop size. Hence, arrivals to the spot market are limited even though the harvest is in full swing across the main growing areas.
- > We could see farmers selling only limited volumes to cover costs, while holding on to the majority of their stocks in anticipation of further price increases over the coming months.

**PRICE TRENDS**

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

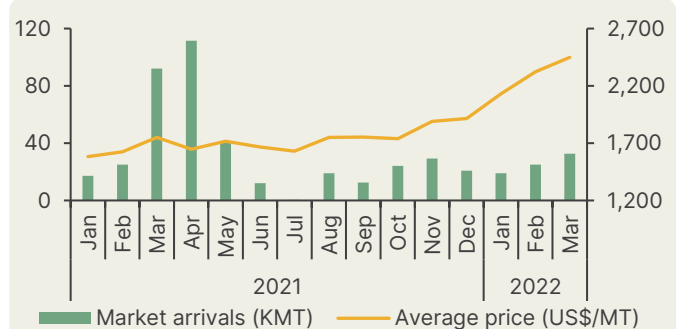


- > Indian cumin prices have trended up even though peak harvests are approaching. Besides the smaller crop size, farmers expect better prices to cover increasing costs for pest management.
- > At spot markets, arrivals are traded c. 45% higher than the same period last year. In Unjha market, farm grade quality was offered at c. US\$ 2,500/MT.
- > China, the largest importer, is under Covid lockdowns. Prices are expected to firm up in the longer term when China starts to pick up their demand. The country has imposed MRL's for nine pesticides, which is expected to drive up the demand for cumin grown applying integrated pest management (IPM).

**KEY QUALITY PRICE LEVELS<sup>1</sup>**

Quality	US\$/MT	Change
India Cumin FAQ	2,500	7.7%
Syria Cumin 99.5%	3,400	(10.5%)
India Cumin single sortexed	2,786	6.8%
India Cumin EU MRL	3,154	7.9%

**INDIA MARKET ARRIVALS AND PRICES (KMT)<sup>2</sup>**

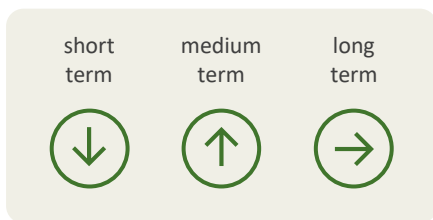


1) FOB prices. Change shown vs last month. Source: Nedspice research, price data as per 29-Mar-22. 2) Average FAQ prices at Unjah market.

**Turmeric**



**PRICE OUTLOOK**



**ORIGINS**

> **India**

Unseasonal rains during rhizome development stage caused water logging across the main growing areas of Andhra Pradesh and Maharashtra states. Unhealthy crops were reported that could drive c. 30% yield loss. However, because the total acreage increased, the total Indian harvest volume is expected to be close to last year.

Prolonged wet weather is expected to create high moisture during harvest, leading to difficulty in drying material. Harvested dry materials are expected to reach c. 400KMT on the account of offset by expanded acreage.

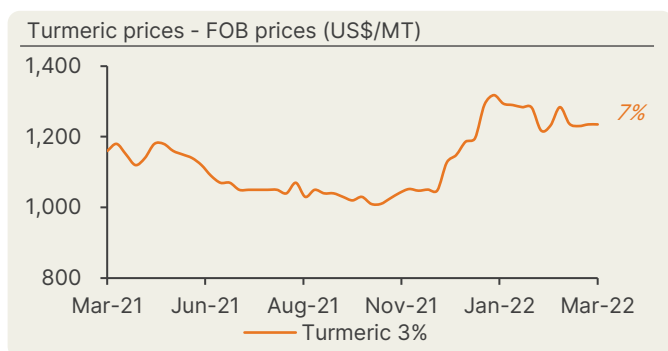
Due to the rumors of decreasing production and strong demand, speculators were active in the market ahead of the harvest season. Prices went up sharply from Dec-21, reaching c. US\$ 1,300/MT and US\$ 1,700/MT for 3% and 5% curcumin quality in Mar-22.

Nevertheless, prices are stable and some discounts have been available recently as the peak of new crop arrivals adds some pressure on the local market. Turmeric 3% curcumin is traded at c. US\$ 1,250/MT.

Market arrivals are expected to reach above 140KMT for the YTD Mar-22. Hence, prices will likely weaken over the short term.

At the Nizamabad market, turmeric arrivals are reported to declined c. 25% yoy, while the other markets in Andhra Pradesh traded c. 15-20% higher than last year. Overall arrivals are equal to the same period last year. Traders and farmers were holding their stocks as they were expecting further price increases over the coming months.

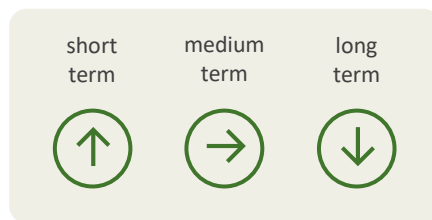
**PRICE TRENDS**



**Cassia**



**PRICE OUTLOOK**



**ORIGINS**

> **Vietnam**

The harvest has started slowly in the North of Vietnam. With the current price level, farmers are eager to harvest more volumes. Weather conditions are improving, benefitting harvesting and drying efforts. Arrivals are expected to peak in May-June.

Severe impacts of the coronavirus during 2021 drove a decline in demand from India, the biggest importer of Vietnamese cassia. However, Indian demand is expected to pick up during peak harvest time this year.

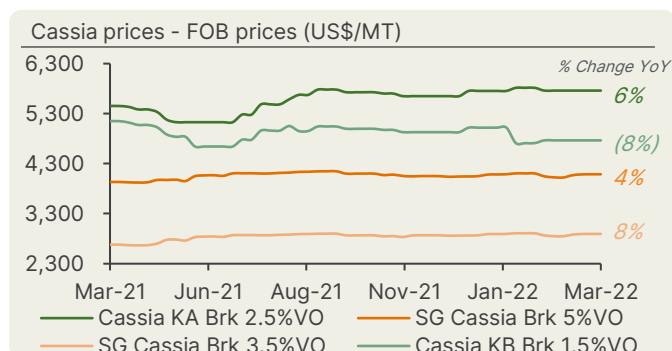
Saigon cassia 3% oil is quoted at US\$ 2,900/MT. Prices are likely to firm in the short and middle term as Covid-19 related restrictions impact border trade volumes from China to Vietnam. However, new cassia trees this year could drive an increase of supply, hence further discounts can be expected in the longer term.

**Indonesia**

Cassia materials are arriving slowly as the holiday season (Ramadan) is nearby. Key players in cassia processing are still looking for material to fulfill demand under a challenging logistics situation and freight price increases. Prices are at c. US\$ 4,760/MT for KB quality. High oil cassia prices stayed at US\$ 5,760/MT.

The price disparity between Indonesia and Vietnam has prompted greater imports of Vietnamese cassia into Indonesia. In addition, Indonesian farmers are more interested in processing cassia vera sticks with a greater income. Hence, the local supply of broken cassia is limited so far. Prices were constant during Q1-22 and are expected to remain at a high level as availability is tight across origins.

**PRICE TRENDS**



Source: Nedspice research, price data as per 29-Mar-22

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