



Pepper

KEY TAKEAWAYS

- > The harvest in Vietnam and India is complete, while new crop materials are arriving in Cambodia, Malaysia and Southern Brazil. Globally, the peak of the harvest season is behind us and selling pressure has reduced.
- > There has not been strong demand from destinations so far this year, with different underlying reasons for each region.
- > Although Vietnam saw a smaller crop this year, the decreased demand has led to a slight downward price trend over recent months. In the short term, the market is expected to fluctuate around the current price level until a clear picture of the 2023 crop becomes apparent.

PRICE OUTLOOK

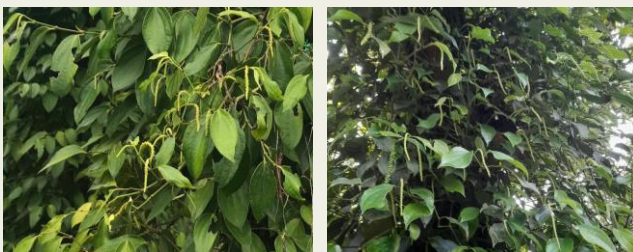
short term →

medium term →

long term →

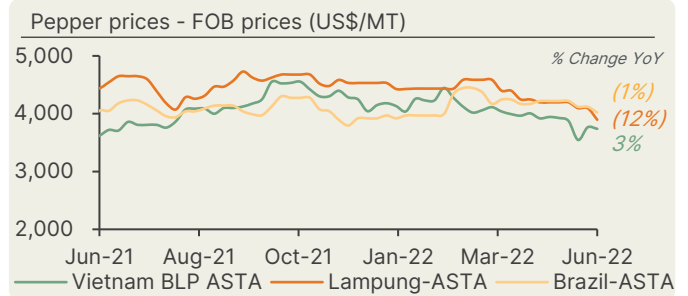
SUPPLY DYNAMICS

Crop development in Dak Nong - Vietnam



- > Exports from Vietnam to the US and Europe increased (YtD-Apr), feeding already sizeable stocks. In contrast, exports to Asian destinations were sharply down, mostly on account of China (-86% YoY). Although the border has re-opened for trade, import activity is still limited.
- > Production in Brazil is expected to be comparable to last year, but exports from Brazil decreased by 16% (YtD-Apr). Local market players have been holding on to volumes in anticipation of expected price increases.
- > The crop size of India is similar to last year, at ~65KMT.
- > The first signs for the 2023 Vietnam crop are positive. The rainy season arrived timely, and pollination looks better than last year. However, it is still too early to estimate next year's crop size.

PRICE TRENDS

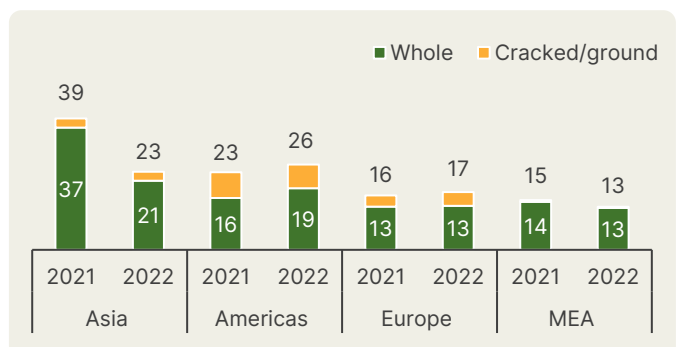


- > Prices have been relatively stable over the past months, because stock levels are sufficient to cover demand. Whenever prices did show sharp up- or downward movement, this was followed by a correction. Speculators join the market after downward movements, while large stockholders release volumes following price increases.
- > Chinese buyers and the big exporters in Vietnam are mostly quiet, while farmers and local traders tend to hold on to their stock in anticipation of higher price levels.
- > The expected lower global production, coupled with the sharp price increase seen during harvest in 2021, attracted more speculators this year. As prices stay flat and interest rates increase, some face cash flow problems now, in particular those with debt-leveraged financing.

KEY QUALITY PRICE LEVELS¹

| Quality | US\$/MT | Change |
|-------------------------|---------|--------|
| BP Vietnam ASTA | 3,739 | (5.3%) |
| BP Brazil ASTA | 4,100 | (5.7%) |
| BP Lampung ASTA | 3,936 | (7.1%) |
| BP MG1 | 7,661 | (0.7%) |
| WP China FAQ | 6,650 | (3.3%) |
| WP Indonesia Muntok FAQ | 6,358 | (2.8%) |
| WP Vietnam DW | 5,665 | (1.0%) |

VIETNAM EXPORT STATISTICS YTD APR-22 (KMT)



1) FOB Prices. Change shown versus last month. Source: Nedspice research, price data as per 07-Jun-22



Nutmeg and mace

KEY TAKEAWAYS

- > The prolonged rainy season has impacted the nutmeg supply chain in Indonesia, and delayed arrivals from many regions. However, new materials from some growing areas are available now, while the peak of the harvest season is expected for June and July.
- > Like last year, the nutmeg crop in India is expected to be ~15% smaller than normal. The harvest has started, and fresh materials are arriving at processors.
- > Indonesian mace prices are fluctuating on account of good demand from the biggest importer, India, coupled with limited availability of high-quality materials.

PRICE OUTLOOK

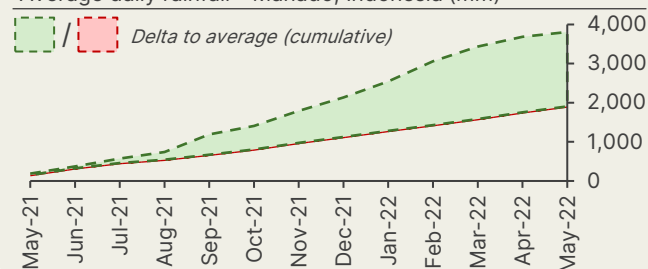
short term →

medium term ↓

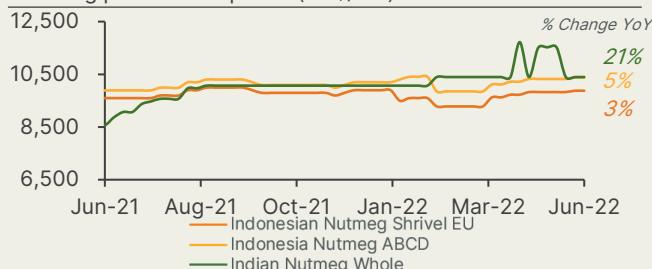
long term →



Average daily rainfall – Manado, Indonesia (mm)



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

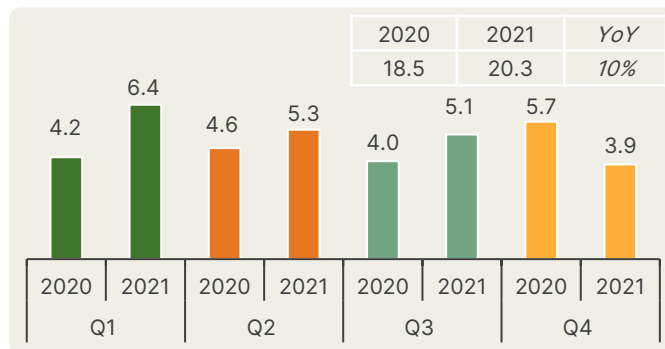


- > Due to heavy rain during the past few months, Indonesian nutmeg and mace arrivals have been slow across most islands. The last quarter of 2021 saw a large drop in export volumes. However, as the dry season finally approaches, we see increased arrivals of dried material.
- > The overall planted area of more than 200k hectares is predicted to supply sufficient materials for the market in the long run. However, the nutmeg supply chain as a whole is sensitive to disruptions and subsequent market upsets.
- > The harvest started in India, a 15% smaller crop is estimated, mostly due to poor flowering. The total growing area has increased over the past few years, which is expected to improve supply in the future. However, this could be offset by an increase in domestic consumption.
- > Indonesian nutmeg prices have been firm on account of slow supply during the past months. After Ramadan and towards the end of the rainy season, harvesting intensity increased. Prices could soften somewhat during peak harvest in July, but are not expected to move much. Currently, shrivel grade is quoted at c. US\$ 9,800/MT.
- > Indian nutmeg prices are at US\$ 10,400/MT, a 11% drop versus last month, as traders offered discounts ahead of the new crop arrivals.
- > Indonesia mace prices are stable due to slow demand from the biggest importer, India. Currently quoted at c. US\$ 23,000/MT, price are expected to remain firm due to the high stock price from previous crops. The supply of guaranteed quality remains tight.

KEY QUALITY PRICE LEVELS¹

| Quality | US\$/MT | Change |
|-----------------------|---------|---------|
| Nutmeg Indonesia SS | 9,880 | 0.5% |
| Nutmeg Indonesia ABCD | 10,380 | 0.5% |
| Nutmeg Indonesia BWP | 6,910 | 0.7% |
| Nutmeg India Whole | 10,400 | (11.0%) |
| Mace Indonesia Whole | 22,850 | - |
| Mace Indonesia Broken | 19,050 | - |
| Mace India Whole | 27,150 | (0.4%) |

INDONESIAN NUTMEG EXPORT STATISTICS (KMT)

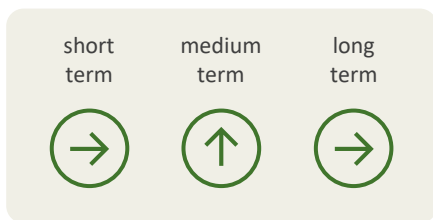


1) FOB Prices. Change shown versus last month.
Source: Nedspice research, price data as per 07-Jun-22

Coriander



PRICE OUTLOOK



ORIGINS

> **India**

The harvest started in March and will finish shortly. Market arrivals of ~230 KMT were reported for the YtD May-22 period, accounting to a 15% drop YoY so far.

Despite it being peak harvest time, good domestic demand supported prices to remain firm during recent weeks. The local market is quoted at c. US\$ 1,450/MT. Traders are holding onto stocks, as higher prices are expected for the coming months when international demand starts to pick up.

Due to the intense heatwave in some key growing areas, the availability of compliant materials is reported to be very limited. Therefore, price levels for compliant quality coriander is expected to stay firm.

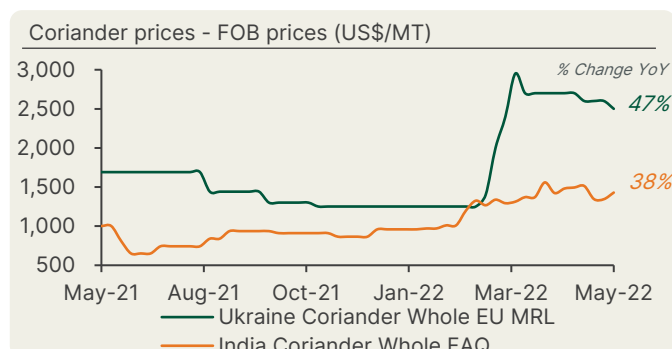
> **Ukraine**

Due to the war in Ukraine, movement of goods is restricted in this origin. As a large part of the sowing areas is in currently occupied territory, availability is expected to remain tight. The market is offering mostly old materials from previous seasons. Availability of EU compliant coriander is very limited. Prices stayed at c. US\$ 2,700/MT, up 61% vs last year.

> **Bulgaria**

The harvest is expected to come in Aug-22. The crop size of this origin is c. 5-6 KMT per annum. The market is quiet currently, without any offers from exporters.

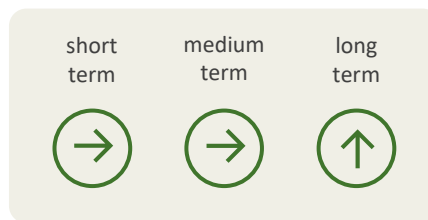
PRICE TRENDS



Pink Pepper



PRICE OUTLOOK



ORIGINS

> **Brazil**

Harvesting and processing activities started in May. The first shipments will start from Jul-22 onwards.

About 60% of pink pepper will come from natural areas, with 40% from cultivation.

Weather conditions were good for the crop development. Production is expected to slightly increase vs last year's crop. However, increasing costs for processing and transportation may keep price remain at high level, even through the upcoming peak harvest.

Prices remained unchanged during early 2022 and are quoted at c. US\$ 11,800/MT for first grade quality. Over the longer term, prices are expected to be firm as stocks are limited.

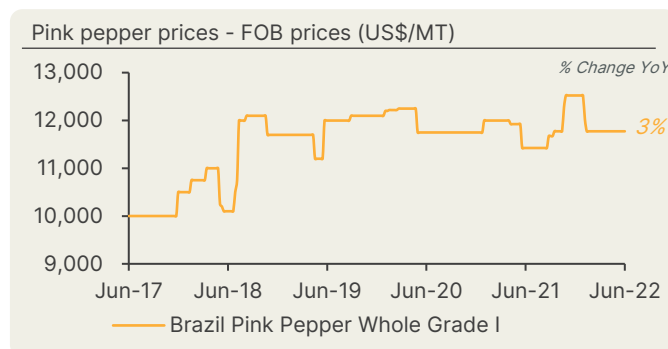
> **Madagascar**

Due to adverse effects from tropical cyclones during early this year, production is expected to be lower for this season. Prices for the first-grade quality stayed firm and are relatively expensive.

> **Reunion Islands**

The harvest is continuing despite light rain weather. The crop is expected to total over 100 MT. Pink pepper from this origin is mostly used for oil extraction. Prices are at a high level, above US\$ 20,000/MT.

PRICE TRENDS



Source: Nedspice research, price data as per 07-Jun-22