



Pepper

KEY TAKEAWAYS

- > The harvest in Indonesia and China is in progress, the crop size of Lampung black pepper is similar to last year while Muntok white production is expected to be ~15% lower.
- > The crop in Para (Brazil) will be ready in Sep, with similar yields to last year expected.
- > During 2021 and the first half of 2022, many destinations increased imports significantly, anticipating supply chain disruptions and price increases. As a result, stock level are high.
- > Berry setting of the Vietnam crop is going well, the crop size is estimated to be 10-15% larger than last year.

PRICE OUTLOOK

short term →

medium term →

long term →

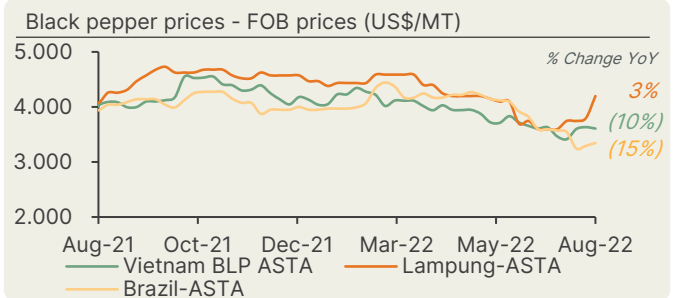
SUPPLY DYNAMICS

Crop development in Dak Nong – Vietnam Jul/Aug-22



- > The crop in Para (Brazil) will be harvested in Sep, speculators are liquidating stocks before the new crop arrival. This has pushed the market down 12% vs last month and 15% vs last year.
- > Weather conditions in Vietnam have been favorable so far. Berry setting in most provinces look promising and early crop estimates range between 200 and 210 KMT. The difference between provinces is large, with production in Gia Lai continuing its downward trend, while Dak Lak seems to recover well from a dip last year.
- > The crop in Indonesia is similar to last year, which was an unusually small crop. Local speculators have entered the market now, anticipating price increases.

PRICE TRENDS

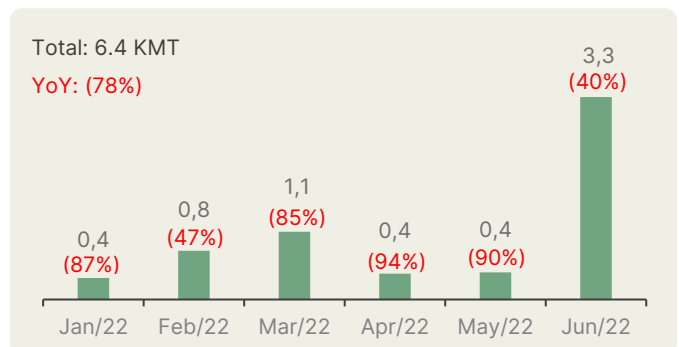


- > After a long period of inactivity, Chinese traders resumed purchasing activities in Vietnam and Indonesia. Volumes are still limited however, and the demand of other regions (US, EU) has not increased. As a result, prices in Vietnam softened again and are currently stable.
- > The softening price trend over the past months has discouraged long holders, especially those using loans to finance their speculation. As interest rates are increasing globally, maintaining a big long position becomes less attractive.
- > The promising signs for Vietnam's next crop, coupled with high costs of keeping stock, has led to a relatively quiet market without much buying pressure.

KEY QUALITY PRICE LEVELS¹

Quality	US\$/MT	Change
BP Vietnam ASTA	3,634	2.1%
BP Brazil ASTA	3,425	(6.8%)
BP Lampung ASTA	3,836	5.5%
BP MG1	7,448	0.4%
WP China FAQ	6,650	-
WP Indonesia Muntok FAQ	6,512	0.8%
WP Vietnam DW	5,445	2.5%

VIETNAM EXPORT TO CHINA YTD JUN-22 (KMT)



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



Cassia

KEY TAKEAWAYS

- > Weather conditions in Vietnam have been favorable for harvesting and drying of the low oil crop, which is now finished. Prices are expected to soften in the short term, as most destinations have fulfilled their demand during the first half of 2022.
- > The autumn harvest in Vietnam, which produces mostly high oil cassia, will commence from September onwards. The main drivers of the total crop volume will be the weather conditions and the price levels.
- > The harvest in West Sumatra (Indonesia) is ongoing, but volumes are limited as most plantations are in the first years of production.

PRICE OUTLOOK

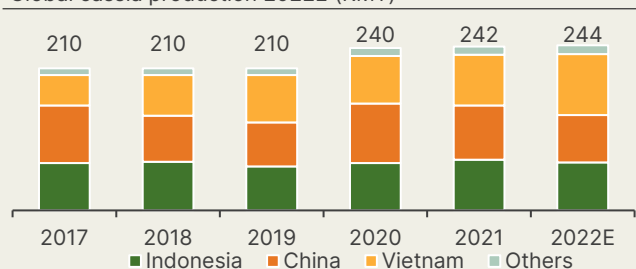
short term 

medium term 

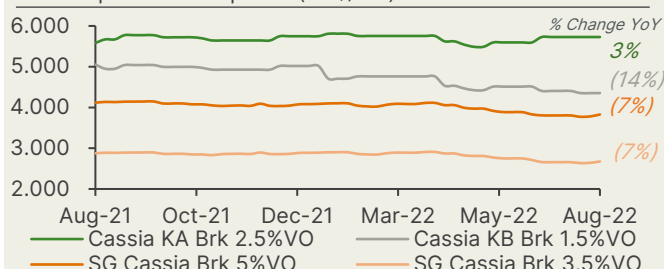
long term 



Global cassia production 2022E (KMT)



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

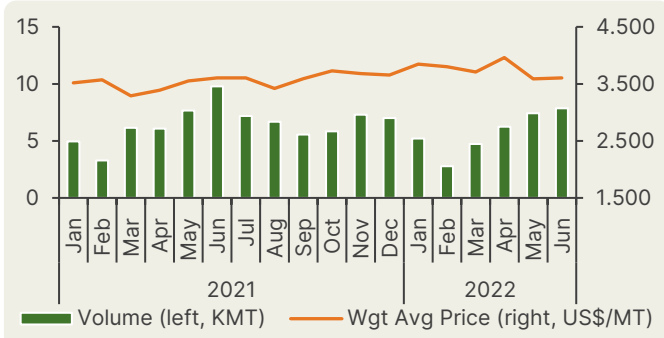


- > The harvest is ongoing in the main growing areas of West Sumatra, with favorable weather conditions recently. Nevertheless, the supply of Korintje Grade A (KA) quality is limited as most plantations are in the first years of production. It will likely take another 3-5 years to get sufficient high-quality volumes.
- > Since Indonesian farmers prefer processing cassia sticks which provide higher income, the supply of local broken cassia is lower than previous years.
- > The autumn harvest in Vietnam will start from Sep-22 onwards, producing mostly high oil cassia. Weather conditions and price levels will determine the total harvest volume, with the latter driving harvest efforts of farmers.
- > Due to limited availability, Indonesian prices remained at a high level, at a significant gap with other origins, c. US\$ 4,350/MT for KB quality and US\$ 5,750/MT for KA quality.
- > The price gap shifted some demand from Indonesian to Vietnamese cassia since last year, stabilizing VN cassia prices even though production increased as new plantations started to produce extra materials. Saigon cassia 3.5% is quoted at c. US\$ 2,650/MT FOB.
- > India imports are down, after large volumes were shipped in previous years. The demand from this destination is expected to pick up in the months leading up to Vietnam's peak harvest (Oct-22), which will be crucial for prices over the longer term.

KEY QUALITY PRICE LEVELS¹

Quality	US\$/MT	Change
Cassia KA 2 -2.5%	5,730	-
Cassia KB 1.5 - 2%	4,352	(1.2%)
Cassia KCBC	4,140	-
Saigon Cassia 3.0%	2,254	(0.9%)
Saigon Cassia 3.5%	2,633	(0.9%)
Saigon Cassia 5%	3,770	(0.9%)

VIETNAM EXPORT STATISTICS YTD JUN-22

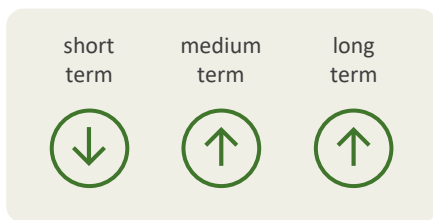


1) FOB Prices. Change shown versus last month.
Source: Nedspice research, price data as per 07-Aug-22

Ginger



PRICE OUTLOOK



ORIGINS

> **China**

Sowing has completed in Jun-22. The upcoming harvest will start from Nov/Dec-22. The local market offered discounts to release carry-over volumes from last year's large crop. However, heavy rainfall in some growing areas is reported to have affected the young plants and speculators expect a smaller crop, potentially fueling upward price pressure in the longer term. China received good demand from consuming countries, widening the price gap with other origins. Prices are being quoted at c. US\$ 3,200/MT.

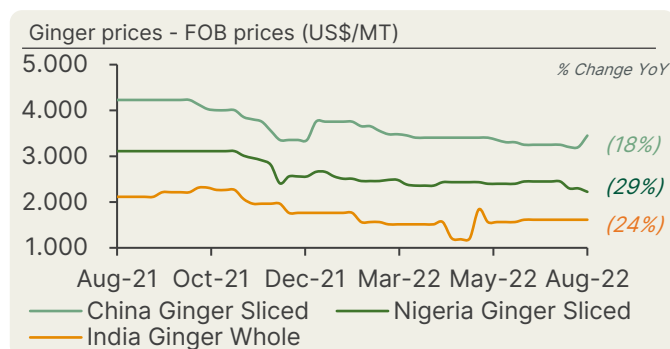
> **India**

India is now the lowest priced origin due to the expansion of planted areas. Some areas recorded a doubling in crop size in 2021, which was driven by good prices of fresh and dried ginger for the past two years. Local FAQ prices are being quoted at c. US\$ 1,650/MT, which is significantly lower than the price levels of other origins. Most buyers prefer China and Nigeria, which have different taste and quality characteristics.

> **Nigeria**

Farmers finished sowing for the new crop last month. Nigerian exporters offered lower prices, but this origin is notorious for its logistical difficulties at the ocean ports. This also impacts quality, as full containers are stuck at ports for too long. Nigerian prices are currently firm for prompt shipment at destinations, on account of material shortages. Sliced quality prices range between US\$ 2,200 – 2,300/MT.

PRICE TRENDS

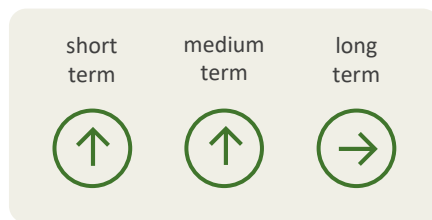


1) FOB Prices. Change shown versus last month. Source: Nedspice research, price data as per 07-Aug-22

Cumin



PRICE OUTLOOK



ORIGINS

> **India**

This year's crop is ~30% smaller than last year. The decline is caused by a combination of a decrease in sowing areas and crop damage due to unfavorable weather. Although there was some carry-over stock available from last season, prices are currently ~60% higher than last year.

Prices were highest during peak harvest in April. Farmers initially sold limited volumes to cover costs only, holding stock in anticipation of further price increases. Since then, prices first softened somewhat, and farmers have sold around 80% of their stocks already. In recent weeks, prices firmed up again, a trend that is expected to continue until the end of the year. While the current price level could incentivize farmers to sow more cumin this year, alternative crops like mustard and oil seeds are also traded at high price levels.

Syria

The harvest will finish shortly. Good demand remains and limited selling pressure will support an upward trend in coming months. The price was stable during the peak harvest period. New crop materials are being offered at a high price level of c. US\$ 4,000/MT, with limited compliant quality material.

> **Turkey**

The sowing season in Turkey was delayed due to cold weather conditions. As farmers switched to sowing other crops, the total planted area decreased by around 25% YoY. The harvest is in full swing currently, but volumes are significantly down vs previous years.

PRICE TRENDS

