



Pepper

KEY TAKEAWAYS

- > The main pepper harvest has started in Espírito Santo, Brazil. Prices have been on a downward trend in recent weeks as a result.
- > The harvest in Indonesia has also started, although most volumes are expected to arrive in August. The total volume is expected to be significantly smaller than last year.
- > Stock levels are still at decent levels globally, but yearly global production will be below demand for the coming years. Recent interest rate increases do not favor speculation or maintaining large stocks.

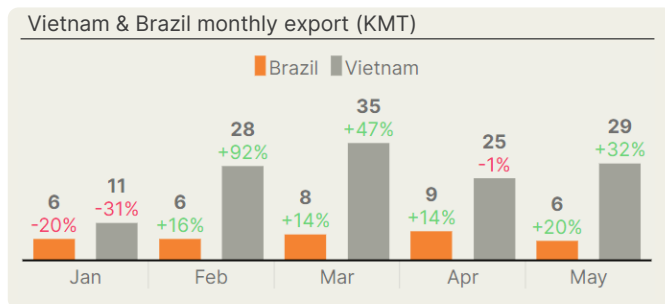
PRICE OUTLOOK

short term →

medium term ↑

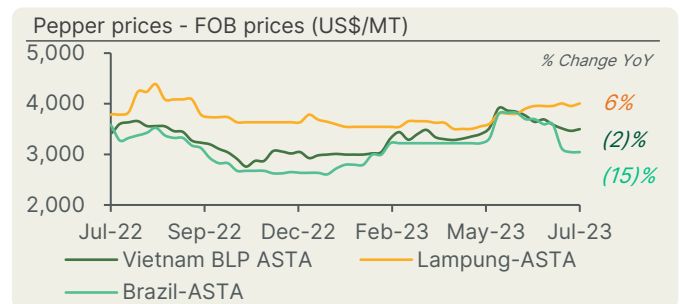
long term ↑

SUPPLY DYNAMICS



- > The harvest in Brazil's largest producing province, Espírito Santo, is in full swing now. Excessive rains earlier in the year caused some damage to the crop, resulting in poor berry setting. However, this was partly off-set by an increase in acreage.
- > Espírito Santo is also a major coffee producing region and the record-high prices for Robusta beans have incentivized some traders to sell their pepper stock in order to finance their coffee trade activities.
- > The crop size in Indonesia continues its downward trend of the past years. Just five years ago, exports of this origin exceeded 50KMT annually. However, total '23 export volumes will likely not exceed 25KMT. For the YtD-April period, exported volumes were 6.9KMT (-43% YoY).

PRICE TRENDS

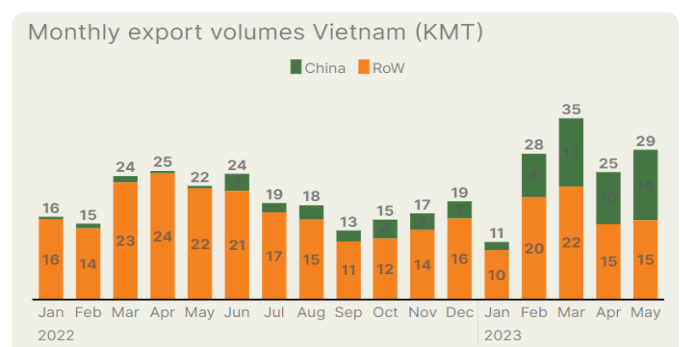


- > While new crop materials are arriving from Brazil and Indonesia, the combined newly available volume for export won't exceed 50KMT over the next 3 months.
- > Vietnam exported 128 KMT YtD-May, an increase of 26% vs 2022, largely driven by demand from China (+775%). Consequently, just around one-third of the 2023 crop remains in stock domestically.
- > Prices have been falling recently, as demand from China came to a halt, stocks at destination markets are still sufficient and new crop arrivals entered the market.
- > Long term supply and demand dynamics remain unchanged, with planted acreage decreasing in Vietnam and Indonesia in particular. Sustained low prices in recent years drove farmers to alternative crops.

KEY QUALITY PRICE LEVELS¹

Quality	US\$/MT	Change
BP Vietnam ASTA	3,465	(6.1%)
BP Brazil ASTA	3,125	(17.2%)
BP Lampung ASTA	3,996	1.3%
BP MG1	7,117	0.7%
WP China FAQ	6,200	(2.0%)
WP Indonesia Muntok FAQ	6,155	3.5%
WP Vietnam DW	5,169	(3.4%)

VIETNAM EXPORTS TO CHINA AND REST OF WORLD



1) FOB prices. Change shown vs last month. Source: Nedspice research, price data as per 13-Jul-23



Cassia

KEY TAKEAWAYS

- > The spring (low volatile oil) crop in Vietnam finished recently, with sufficient volumes harvested to cover demand. Prices are 18% down YoY but are expected to stay stable coming months.
- > The autumn crop is around the corner in Vietnam, harvest volumes will depend on prices. Demand from the USA, the main market for high-VO materials, has been slow.
- > The market in Indonesia hasn't seen much activity in recent months. Collectors are holding relatively large stocks and prices are stable.

PRICE OUTLOOK

short term →

medium term →

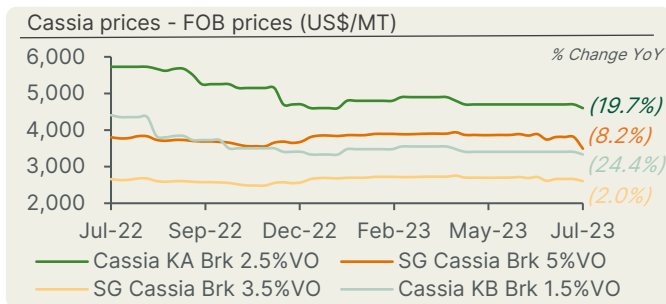
long term ↑

SUPPLY DYNAMICS



- > The spring crop in Vietnam has finished. The crop is comparable to the last year's spring crop, with volumes sufficient to cover demand.
- > The autumn crop will begin in late July. The total volume is expected to be smaller compared to previous year. Farmers will decide how many trees to harvest based on pricing, and demand for high oil materials has been slow recently. There are still many old trees (>20 years) available for harvest, with farmers anticipating higher price levels in the future
- > The Indonesian market has been quiet lately. Suppliers and collectors are trying to clear some larger stock positions. Farmers are harvesting slower than usual.

PRICE TRENDS



- > India and China are the most active in the Vietnam market during the spring harvest season, while the EU and US stayed relatively quiet.
- > Prices for SG Cassia 3.5%VO (broken) and SG Cassia 5%VO remain stable, currently quoted at ~US\$2,600/MT FOB and US\$3,500/MT FOB.
- > During the autumn crop season, prices movement is expected to be limited for both high and low VO materials.
- > Prices for Indonesian cassia have come down YoY, with especially lower oil (KB) materials seeing a drop (-24%). The price gap between KA and KB (broken) materials is now around \$1,300/MT.

KEY QUALITY PRICE LEVELS¹

Quality	US\$/MT	Change
Cassia KA 2 -2.5%	4,600	(2.1%)
Cassia KB 1.5 - 2%	3,331	(2.1%)
Cassia KCBC	3,190	(2.1%)
Saigon Cassia 3.0%	2,187	1.9%
Saigon Cassia 3.5%	2,602	(0.4%)
Saigon Cassia 5%	3,490	(6.7%)

INDONESIAN EXPORTS YTD APR 2023 (MT)

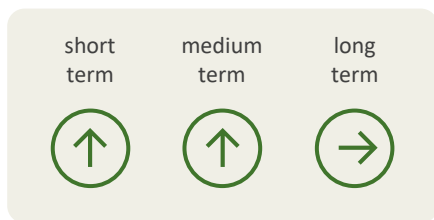


1) FOB prices. Change shown vs last month. Source: Nedspice research, price data as per 13-Jul-23.

Turmeric



PRICE OUTLOOK



ORIGINS

> **India**

The turmeric harvest season ended in April, with good volumes reported initially. However, untimely rain during harvest impacted the final volumes. Increasingly strict regulations on pesticides like chlorpyrifos in the US and EU affect availability for exports.

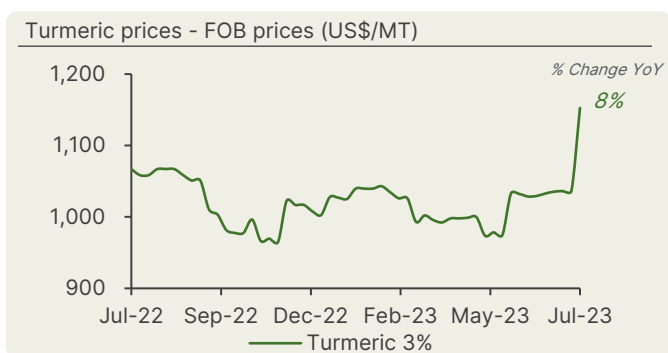
Prices were low for the majority of '22 and '23, driving farmers to grow alternative crops like cotton and maize for coming season. Currently, sowing is underway for next year's crop, and major growing areas in Andhra Pradesh and Maharashtra are projecting a significant decrease of 15-25% in acreage.

In the Sangli district of Maharashtra, sowing activities began two weeks ago, facilitated by favorable irrigation facilities. Similarly, in the Erode district of Tamil Nadu, the gradual onset of monsoon showers has initiated sowing activities in recent days. In contrast, farmers in Warangal (Telangana) have not yet started sowing as they await substantial monsoon showers. In Andhra Pradesh, sowing has begun and is expected to continue until the end of July.

The combination of low prices and unfavorable weather conditions (including a negative outlook related to El Niño) impacted expectations for overall production of turmeric in India. This has led to a steep increase in prices recently as speculation on crop shortages arose. Markets are expected to remain volatile in the short term.

While the price increase might persuade some farmers to reconsider their decision to switch to alternative crops, many of them have already sold the mother rhizomes needed for sowing.

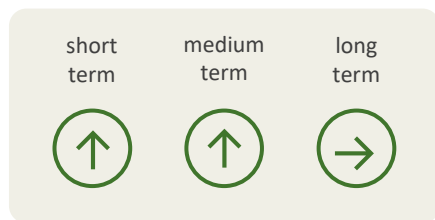
PRICE TRENDS



Cumin



PRICE OUTLOOK



ORIGINS

> **India**

Cumin prices are reaching all-time records, following two years of inadequate crops. The yields in 2023 in particular were very poor. Heat conditions during early sowing inflicted the first hit, and untimely rain during harvest time was the knock-out blow. With the 2022 crop already below annual demand, there was no relief from carry-over stocks. Farmers have now sold most of their materials, with remaining stocks sitting with traders.

Skyrocketing prices have led to subdued demand recently. However, the new harvest seasons does not start before January, and prices are expected to stay firm at least until the new sowing season (Oct-Nov). Cumin FAQ Unjha is currently quoted at ~ US\$7,100/MT.

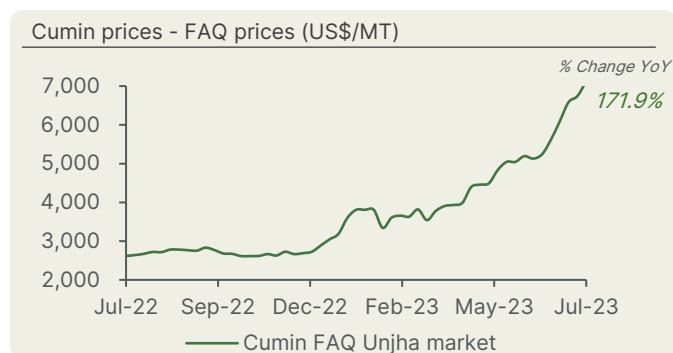
For the first half of 2023, India has exported 92KMT cumin up 2% YoY, with China as main destination (35% of total volume).

Turkey

The record prices in India have led to an eager anticipation of the Turkish cumin crop in the market. The harvest has started now, but there have been some reports of untimely rains which could affect quality, especially for the EU market. The rain promotes weed growth, increasing the likelihood of high Pyrrolizidine alkaloid (PA) levels.

Even a good quality bumper crop wouldn't provide much relief though, with the total volume available for export unlikely to put a serious dent in prices. In 2022, Turkey exported less than 1KMT, compared to ~190KMT exported from India.

PRICE TRENDS



Source: Nedspice research, price data as per 13-Jul-23

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