



Pepper

KEY TAKEAWAYS

- > The harvest in Indonesia is over, the downward trend in overall harvest volumes in the country continues.
- > In Brazil, the divide between sun-dried and machine-dried materials is increasing. The crop size in Para continues to decrease, while exports from the southern provinces are on an upward trend, especially to Africa and the Middle-East.
- > The first reports from Vietnam suggest a smaller crop next year, mostly driven by reduced acreage. Farmers have switched to alternative crops and very little new planting has been reported in recent years.

PRICE OUTLOOK

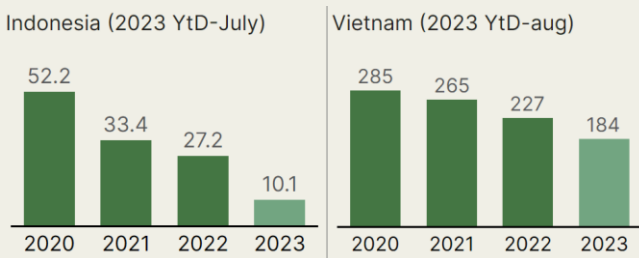
short term →

medium term ↑

long term ↑

SUPPLY DYNAMICS

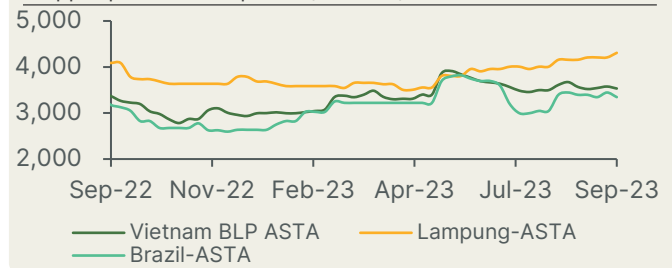
Vietnam & Indonesia yearly exports (KMT)



- > The harvest in Indonesia is over, the overall crop size in this origin continues to decrease. Export volumes YtD-Jul were 10.1KMT, down 46% YoY. At the current rate, Indonesia will lose its position as major player in the international pepper trade.
- > In Brazil, the divide between sun-dried and machine-dried materials is increasing. While machine dried materials from Espírito Santo and Bahia are readily available, the northern province of Para has seen volumes decline for the past five years and the availability of sun-dried materials produced there is tight.
- > The first estimates being reported for the '23/'24 crop season in Vietnam suggest a 15% smaller crop. The weather conditions over the coming months will be crucial.

PRICE TRENDS

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



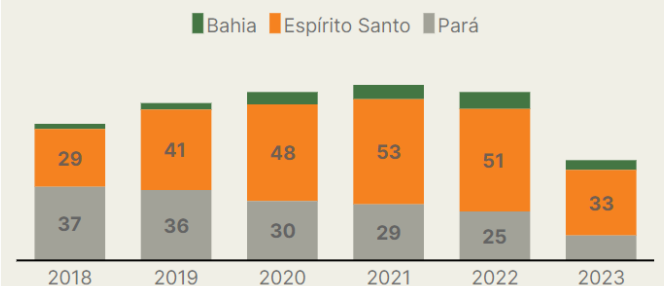
- > Prices in Vietnam and Brazil have been fluctuating within a small bandwidth in recent weeks. Market liquidity in Vietnam is low. In Indonesia, prices have been moving up even through the peak harvest, due to the limited supply.
- > Demand from China has dwindled as consumer spending is down and local prices are still below those in Vietnam.
- > In India, prices shot up by ~30% since July, as interest in growing pepper has dwindled, farmers in Kerala favor cardamom. The total crop size was just 55KMT in '23, down from 65KMT in '21. Domestic demand remains high.
- > Long term supply and demand dynamics remain unchanged, with planted acreage decreasing in Vietnam and Indonesia in particular, and no significant relief from other origins expected.

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

Quality	US\$/MT	Change
BP Vietnam ASTA	3,500	(2.7%)
BP Brazil ASTA	3,400	(2.9%)
BP Lampung ASTA	4,300	3.6%
BP MG1	9,000	1.1%
WP Indonesia Muntok FAQ	6,200	1.0%
WP Vietnam DW	5,100	(3.0%)

PEPPER EXPORTS BRAZIL

Yearly exports per state in KMT (top 3 states), 2023 YtD-Aug



1) FOB prices. Change shown vs last month. Source: Nedspice research, price data as per 12-Sep-23

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