



Pepper

KEY TAKEAWAYS

- > The harvest in Para state in Brazil has just finished. The region is currently enduring a drought, with the most significant impact anticipated for the 2024 crop.
- > Global export demand was sluggish in Q3, leading to gradually falling prices in Vietnam and Brazil over recent months.
- > Global production continues to be below global demand, leading to a decrease in global stock levels. Prices can be expected to react when demand picks up.

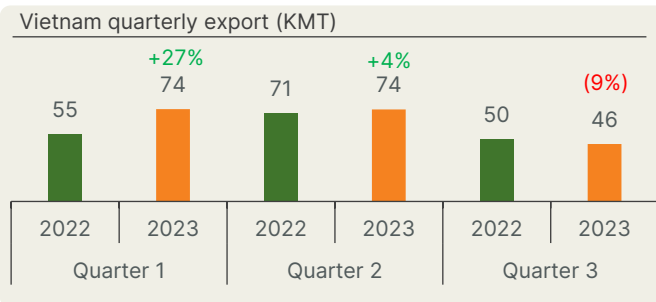
PRICE OUTLOOK

short term

medium term

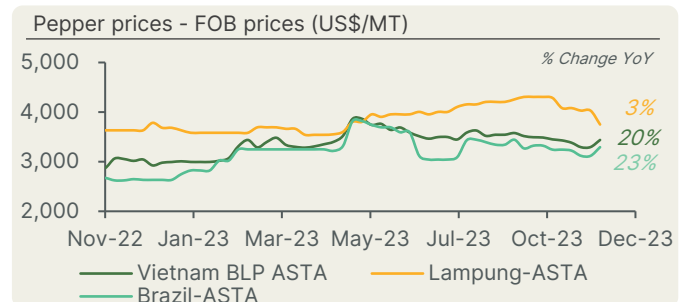
long term

SUPPLY DYNAMICS



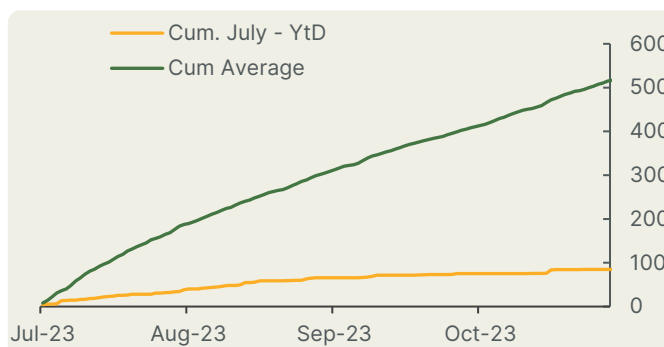
- > Vietnam exported 204 KMT YtD-Sep, an increase of 15% vs 2022. China was the biggest importer at 56KMT, a 4-fold increase, compensating for lower volumes in 2022. However, demand from China has been almost completely absent in Q3. YtD exports to the US and Europe were down by 9% and 7% respectively.
- > Brazil exported 58 KMT YtD-Sep, 4% down YoY. Volumes partly shifted from the US and EU to Africa and Asia. Excess rain in Dec-Feb hurt the Espirito Santo (ES) crop, while Para, where the harvest has just finished, is now suffering from a drought linked to El Niño. Contrastingly, early signs for the 2024 crop in ES are favorable.
- > Globally, pepper production is estimated to decline by 8% YoY, driven mostly by decreasing acreage in Vietnam, India, and Indonesia.

PRICE TRENDS



- > Slow demand coupled with high interest rates and availability of tradeable stocks has led to slowly declining prices in recent months, even though global production has fallen below demand.
- > The arrival of the coffee crop in Vietnam, still priced very high, drives speculators in the highland of Vietnam to liquidate their pepper stock. Coffee trading requires cash, creating short-term selling pressure on pepper.
- > Global stock levels are declining as excess volumes from 2018-2020 are slowly depleting while demand, although fluctuating, stays healthy. In the long term, farmers are likely to start planting pepper again when price levels surpass the break-even point for new plantations. However, it will take 2-3 years before that new acreage will start yielding.

RAINFALL IN CASTANHAL, PARA, BRAZIL (JULY-YTD)



KEY QUALITY PRICE LEVELS¹

Quality	US\$/MT	Change
BP Vietnam ASTA	3,440	0.0%
BP Brazil ASTA	3,375	2.9%
BP Lampung ASTA	3,791	(9.2%)
BP MG1	8,286	(3.5%)
WP Indonesia Muntok FAQ	5,904	(2.5%)
WP Vietnam DW	5,070	1.7%

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



Nutmeg and mace

KEY TAKEAWAYS

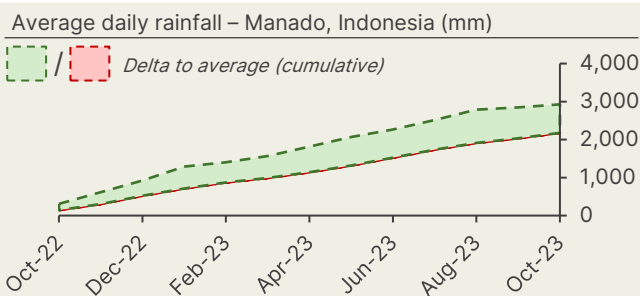
- > This year's production in Indonesia was good and favorable weather conditions resulted in good quality materials overall.
- > The rainy season will start next month in the main growing areas, but exportable volumes are still available. Some areas will have a small harvest in December and January.
- > Indian Nutmeg markets remained stable through the harvest season. Prices were supported by demand from domestic consumption and export demand during the earlier part of the crop.
- > EU regulations on the MRL of nicotine in mace and other spices are set to be adjusted.

PRICE OUTLOOK

short term

medium term

long term

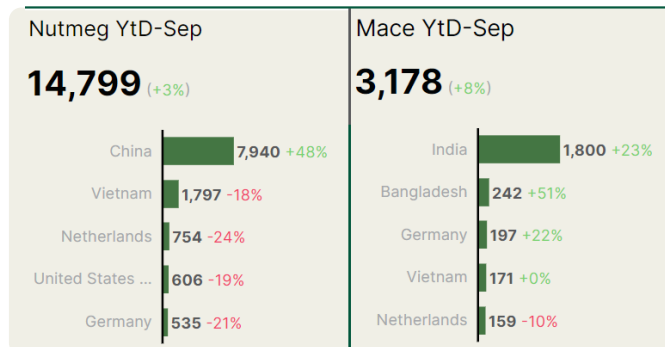


- > The weather conditions in Indonesia have been favorable during the flowering stage, and a good crop for 2024 is expected.
- > India had a good nutmeg crop this year, which saw increased export demand from China and other destinations. Domestic demand remains strong as well and increases yearly as the population grows.
- > Total exported volumes from Indonesia (YtD-Sep) were comparable to last year. Large swings in destinations were apparent though, with Nutmeg exports to China up 48% YoY, while volumes to Europe (-24%) and the US (-17%) were down. Mace exports to the EU were down as well (-8%), compensated by an increase to India (+23%).
- > Indonesian prices for aflatoxin-controlled materials are on a downward trend due to good crop quality this year and less demand from destination markets. Total exports for 2023 are expected to stay flat at 20KMT and 4KMT for nutmeg and mace respectively, with good availability expected for the remainder of '23.
- > Indonesia Nutmeg Shrivel is quoted at US\$ 8,700/MT, which might decrease further as EU guaranteed nutmeg is readily available.
- > Prices for EU compliant mace have decreased now that the MRL of nicotine is set to be revised from 0.07 to 0.3 ppm. EU mace is currently quoted at US\$ 19,000 locally. The price difference between EU quality and standard quality is reducing, but the gap remains significant.

KEY QUALITY PRICE LEVELS¹

Quality	US\$/MT	Change
Nutmeg Indonesia SS	8,700	(3.3%)
Nutmeg Indonesia ABCD	9,100	(3.3%)
Nutmeg Indonesia BWP	5,600	(3.4%)
Nutmeg India Whole	8,900	-
Mace Indonesia Whole	19,500	(3.9%)
Mace Indonesia Broken	19,000	(1.6%)

INDONESIA EXPORT (MT)²



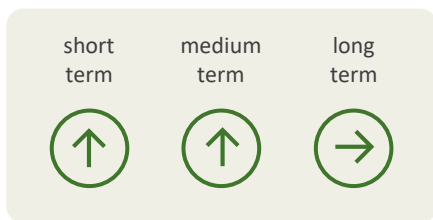
1) FOB Prices. Change shown versus last month.
 2) Top five destinations per origin, Vietnam excluded in Indonesia breakdown.

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

Turmeric



PRICE OUTLOOK



ORIGINS

> India

Turmeric prices saw a record increase this year, as sowing activities for the '24 crop were reportedly down significantly (20-25%) YoY. Farmers shifted to other crops following multiple years of low prices. Since the peak, a price correction has been seen as demand was lacking at the extreme price levels. However, prices vary a lot currently, as the decrease in sowing varies per region and variety.

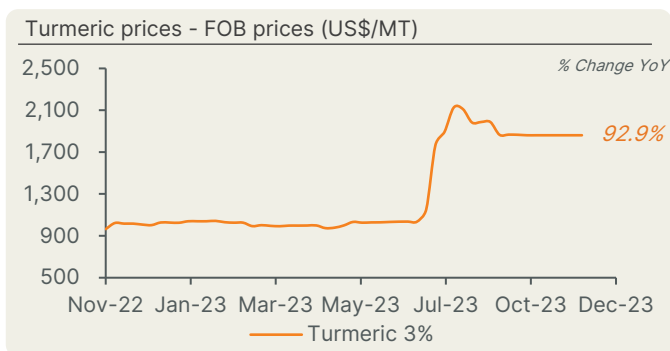
For most farmers, the price increase came too late. They already sold their materials, in many cases including volumes normally reserved for sowing. This meant farmers couldn't adjust and replant turmeric in reaction to the steep price increase.

Early crop expectations for 2024 are 25-30% lower, driven by the reduced sowing and an uneven spread of monsoon rains. Attributed to El Niño, regional variability has been high with some regions wetter than others. Some fields have reported higher temperatures than usual.

Supply will likely fall short of demand in 2024, and most of the carry-in stock will be priced at a premium. The price premium for EU-compliant materials is currently higher than usual.

Markets have been in a corrective mode as demand was slow after the rapid price increase but could firm again when demand returns ahead of the harvest season.

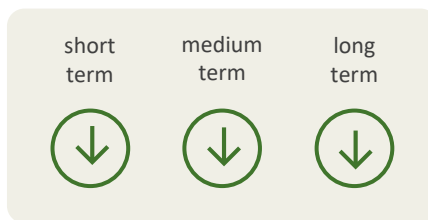
PRICE TRENDS



Cumin



PRICE OUTLOOK



ORIGINS

> India

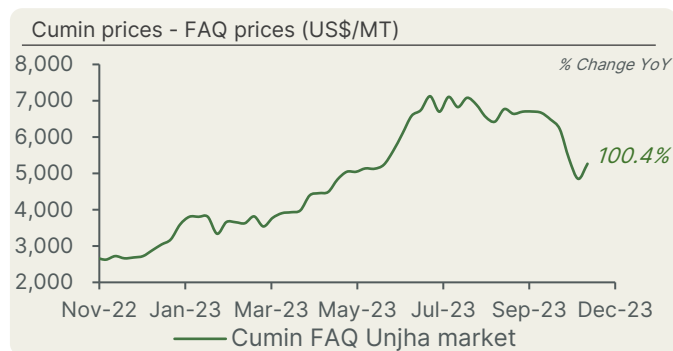
Cumin prices have started to drop on the back of anticipation of higher sowing for the next crop. The prices for this spice too saw historic highs in 2023 and prices remained stable at a high level until September. Since then, a correction of ~25% has taken place as early reports indicate good sowing for the 2024 crop. Some farmers and stock holders have turned sellers, trying to off-load their holdings recently. It is important to note that availability of IPM crop is very limited this late in the season. As a result, EU compliant material is traded with a large price premium.

Early in 2023, exports from India were dominated by China, with 35KMT for the first five months, almost covering their yearly demand. Since then, China has been completely absent, while volumes to other destinations didn't do much to compensate. YtD-Oct, exports were at 128KMT, a 29% decrease YoY. The majority of the relatively small '23 crop was consumed domestically.

The total acreage for '24 should become clear over the next weeks, as sowing is now in full swing. The total acreage sowed will be an important price driver coming months. However, as always, weather will play a critical role in cumin. Sowing for the '23 crop was good, but volumes took a hit due to poor germination caused by adverse weather conditions.

So far, weather predictions are favorable though, with a cooler November expected than last year.

PRICE TRENDS



Source: Nedspice research, price data as per 12-Nov-23

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