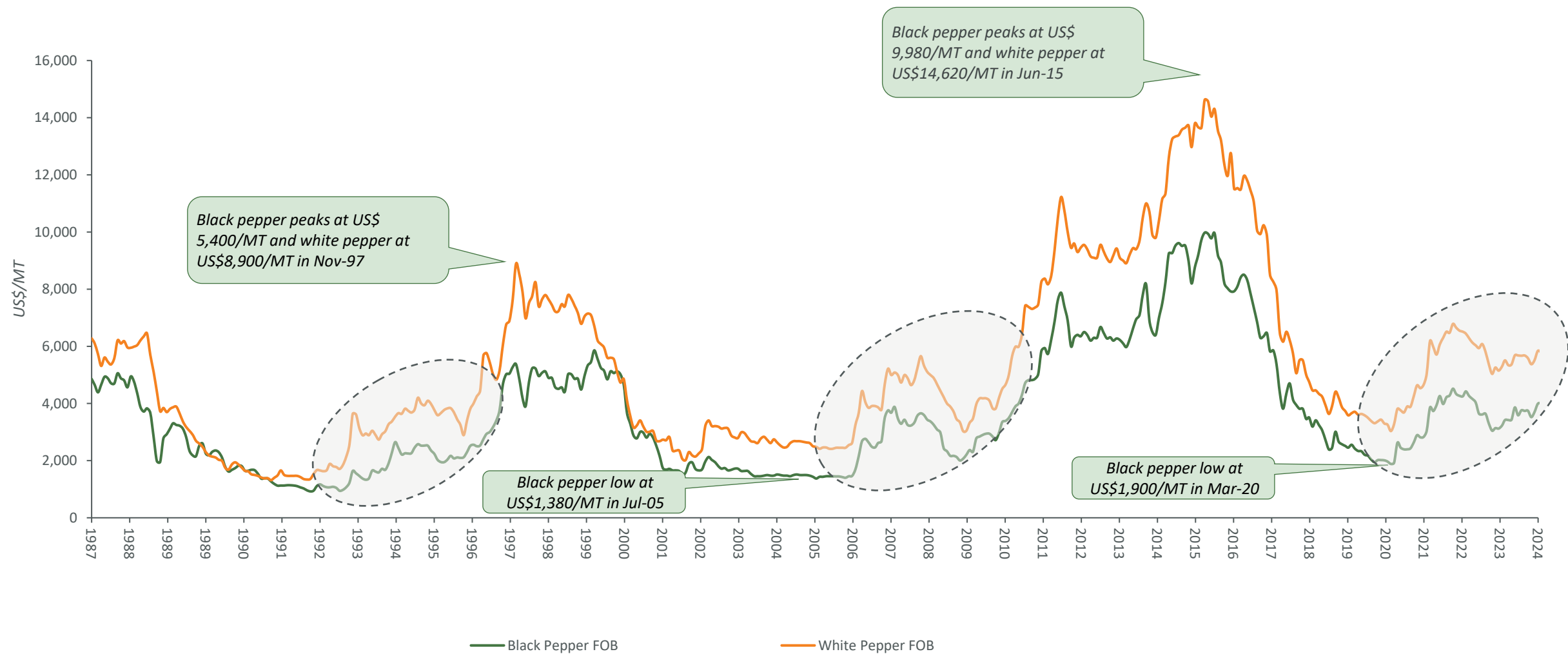


PEPPER CROP REPORT 2024

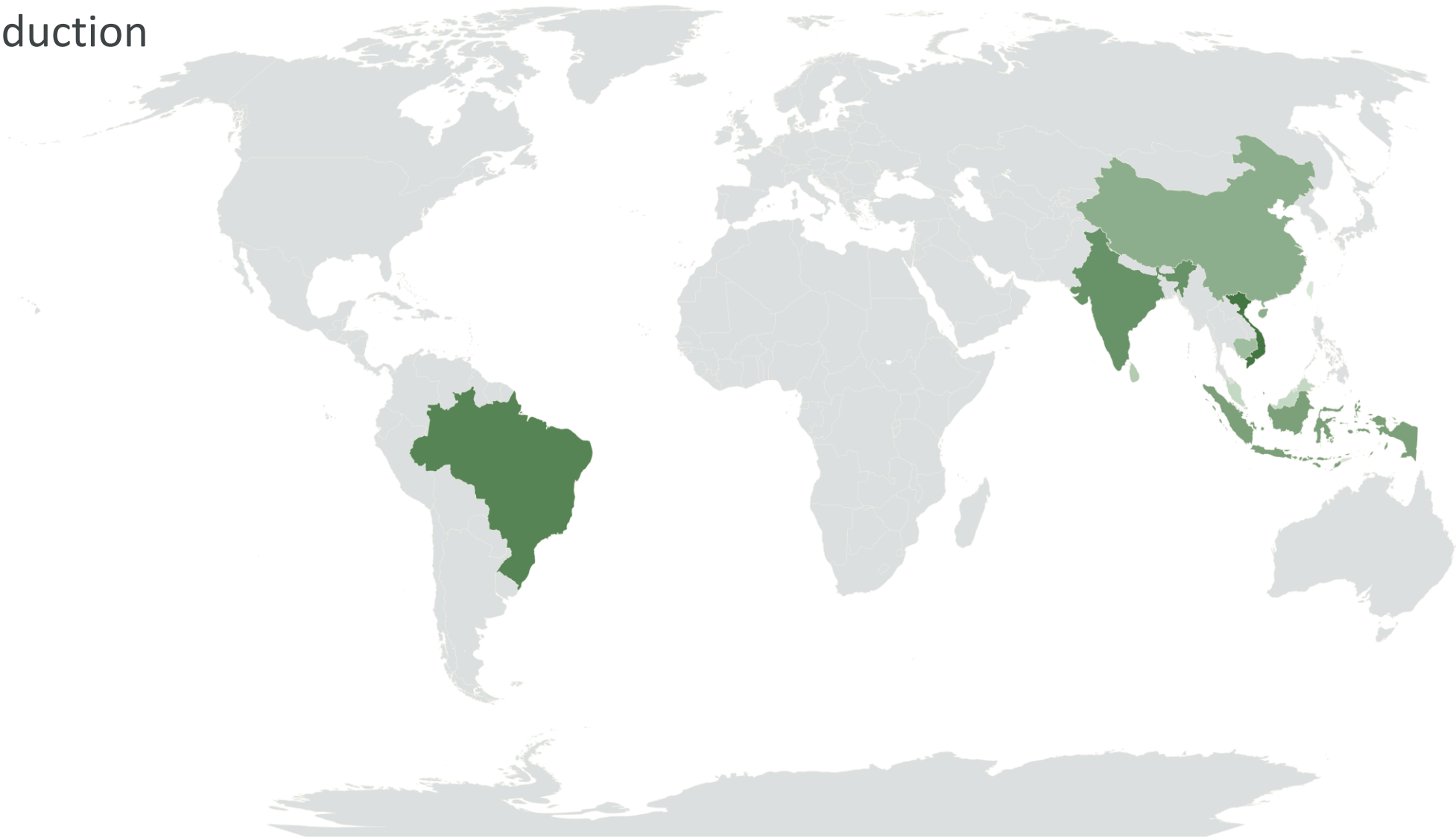
International Spice Conference
March 2024

The long-term price cycle of pepper



Global production

Others
Malaysia
Sri Lanka
Cambodia
China
Indonesia
India
Brazil
Vietnam

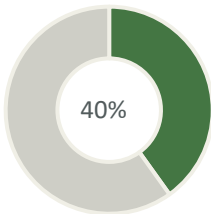


Powered by Bing
© Australian Bureau of Statistics, GeoNames, Microsoft, Navinfo, TomTom, Wikipedia

Vietnam

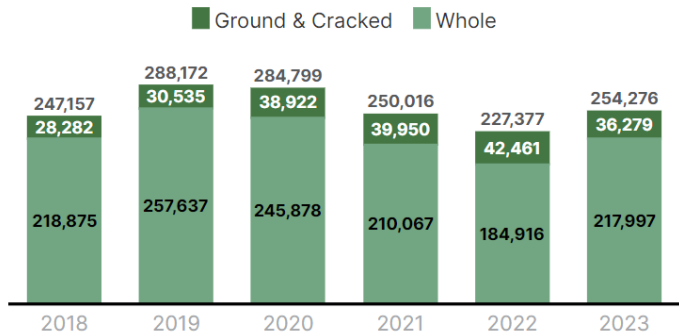
The largest processor and exporter of black and white pepper, limited new plantings past five years

Top #1 origin, producing mainly black pepper

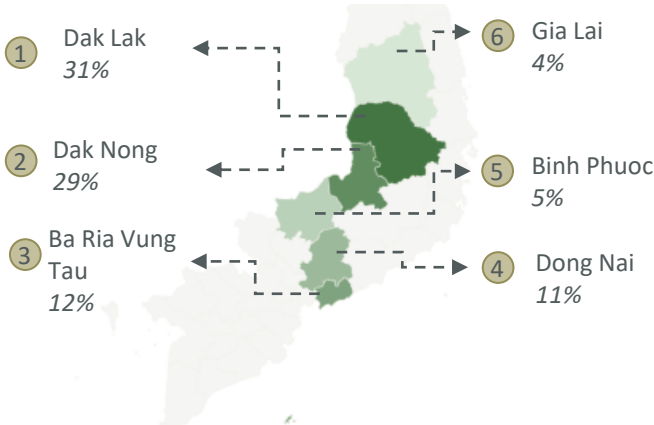


Vietnam vs RoW

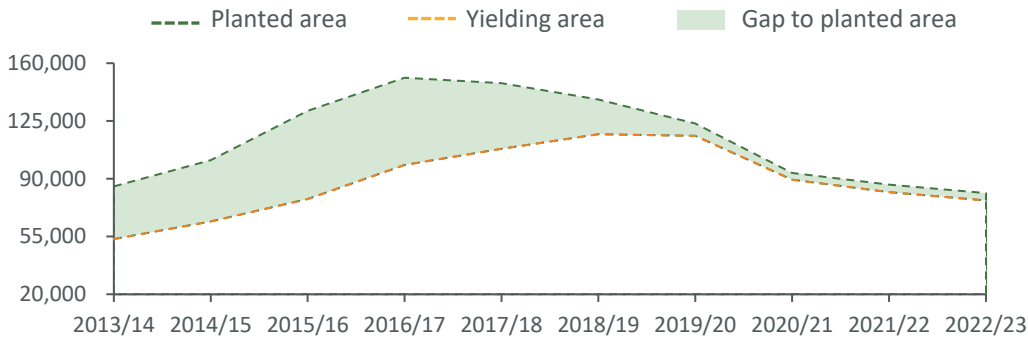
Export volumes Vietnam (KMT)



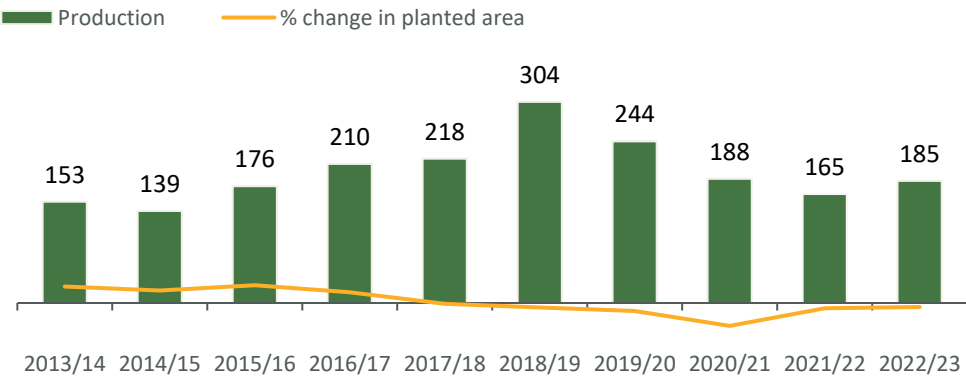
Production per key area



Change in planted area (ha)



Production over time (KMT)



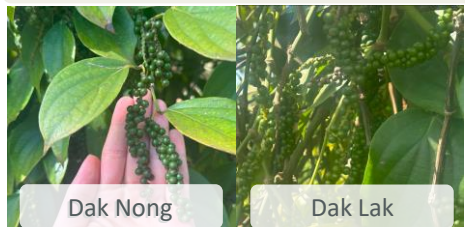
Vietnam

Crop size is expected to drop, driven by decreased acreage and aging vines

Pepper replaced by competing crops like Durian



Crop development 2023/2024 season



9%

Death ratio

4%

Replanting

157 KMT -14.9%

Production volume

72,496 ha

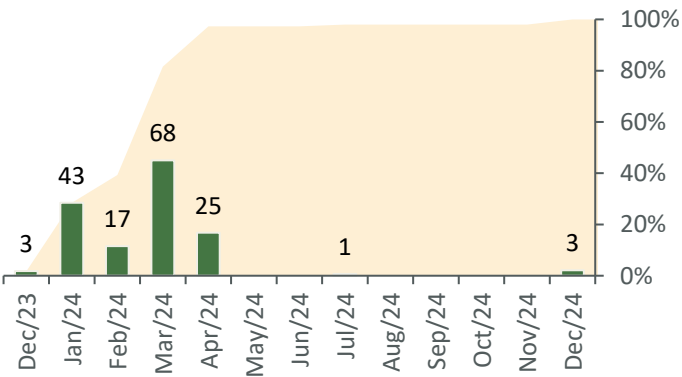
Total yielding area

2.2 MT/ha

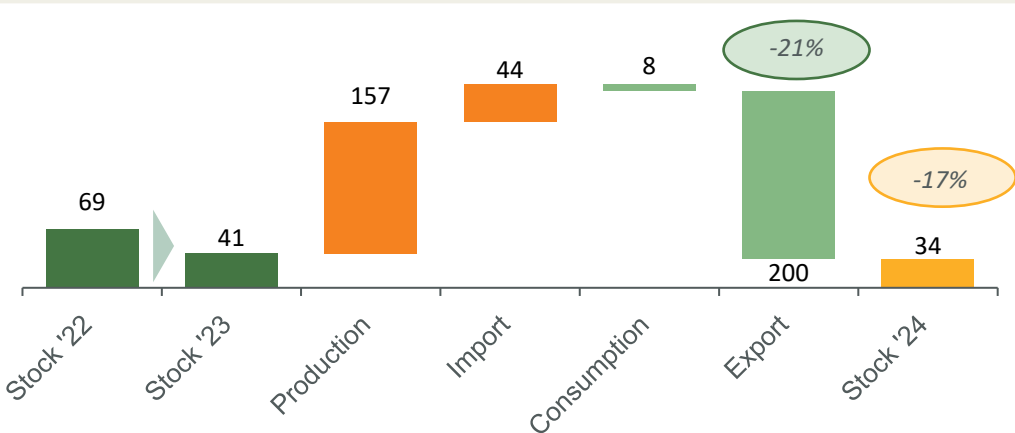
Yield forecast

Expected crop arrivals 2023/24 season (KMT)

- The harvest started in December, will peak in March and continue into April/May.
- February will see limited harvesting due to Tet holiday



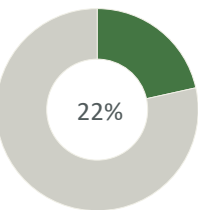
Stock development¹ (KMT)



Brazil

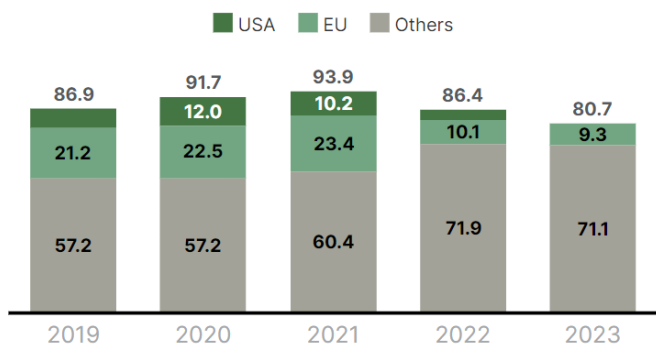
Planted areas continue to expand in the South, reducing in Pará

Import controls redirected exports from the EU and US to other destinations

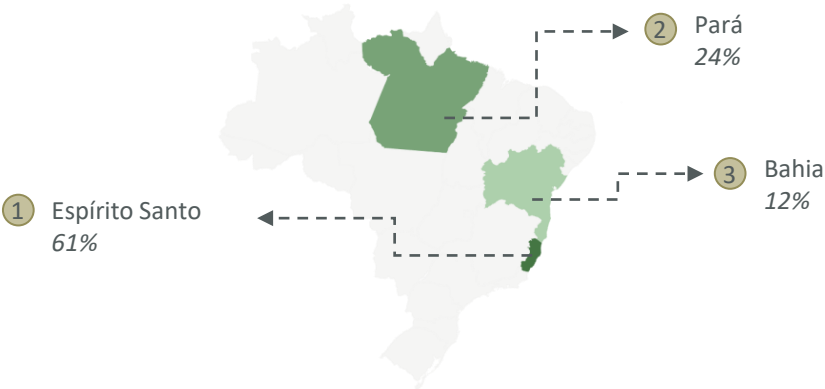


Brazil vs RoW

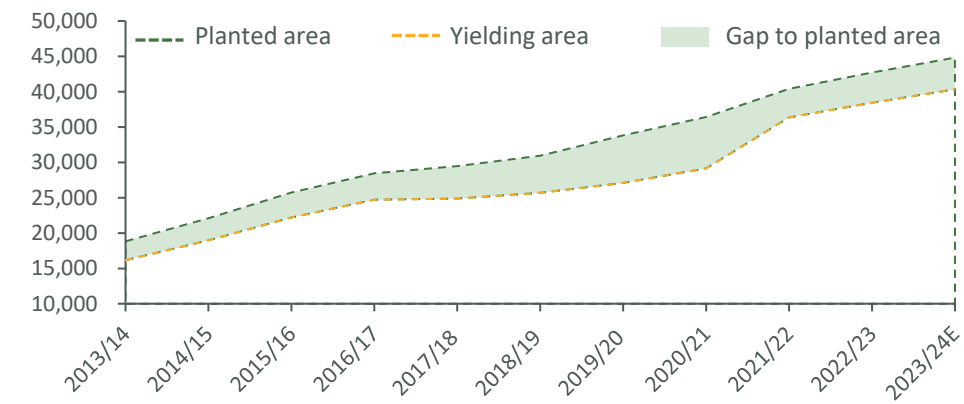
Export destinations Brazil (KMT)



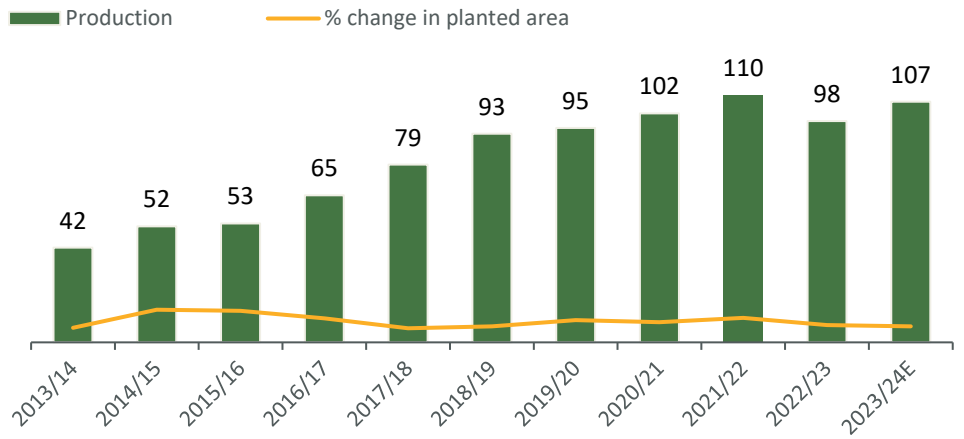
Production per key area



Change in planted area (ha)



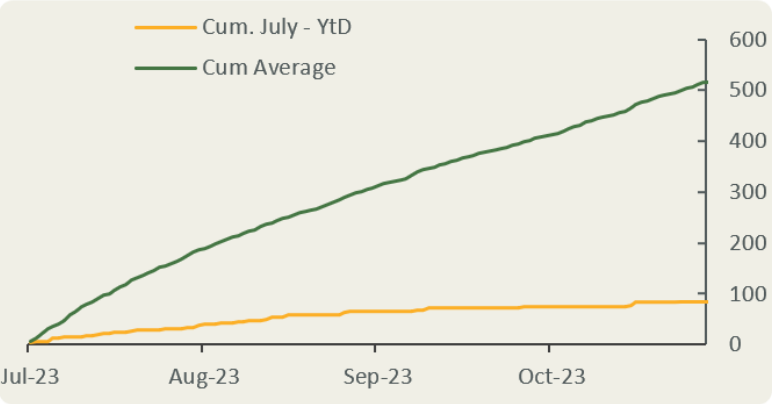
Production over time (KMT)



Brazil

Unfavorable weather – first too wet, then too dry – hurt the crop in Brazil

Cumulative rainfall in Castanhal, Para (mm) vs long-term average



Crop development 2023/2024 season



15%

Death ratio

20%

New planting

107 KMT +9%

Production volume

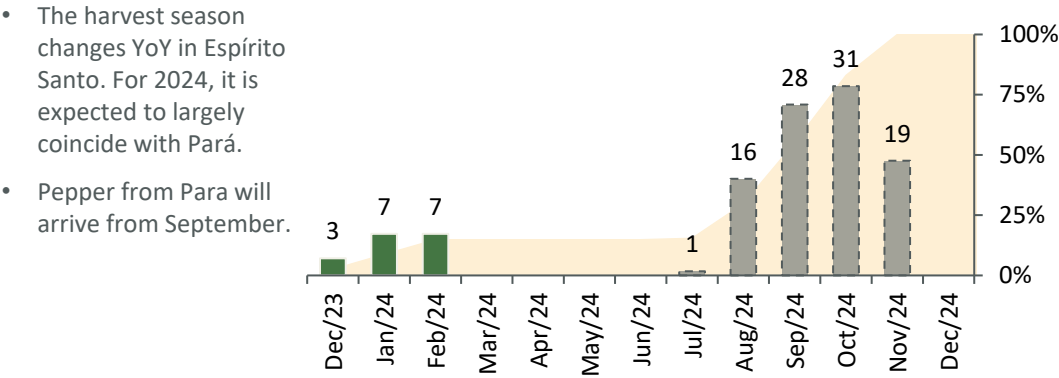
38,503 ha

Total yielding area

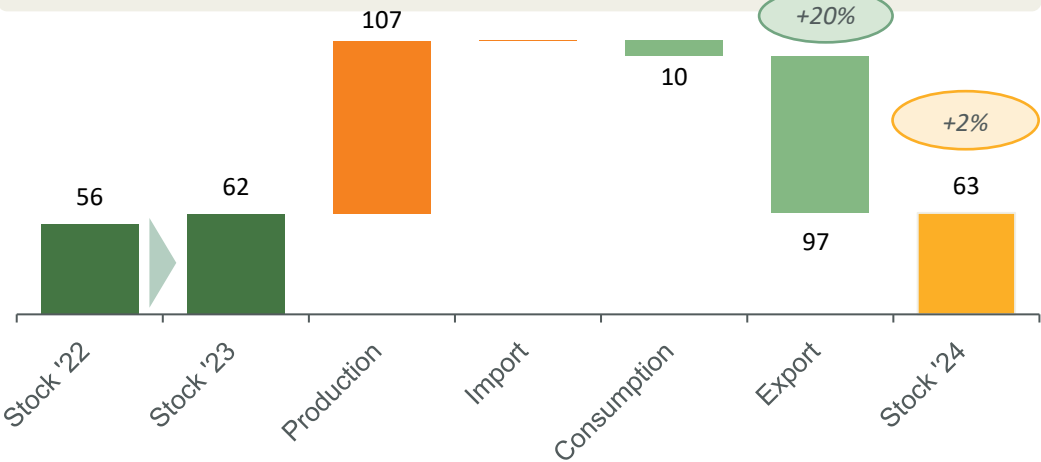
3.2 MT/ha

Yield forecast

Expected crop arrivals 2023/24 season (KMT)



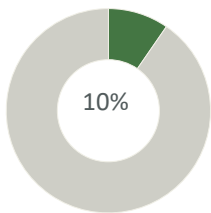
Stock development¹ (KMT)



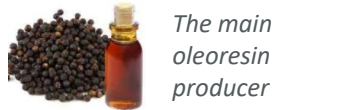
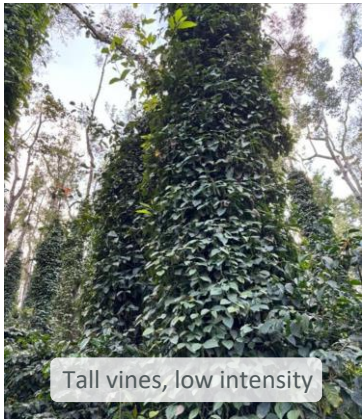
India

The crop size is relatively stable | expected lifetime of the vines is > 20 years

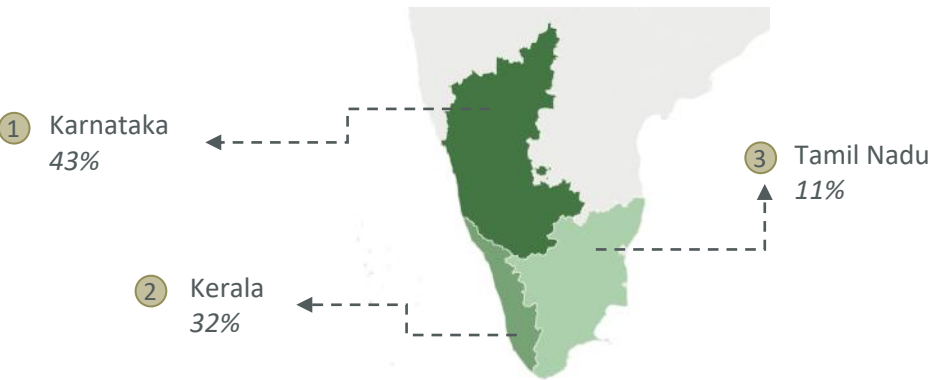
India is well-known for its Tellicherry pepper & oleoresin businesses



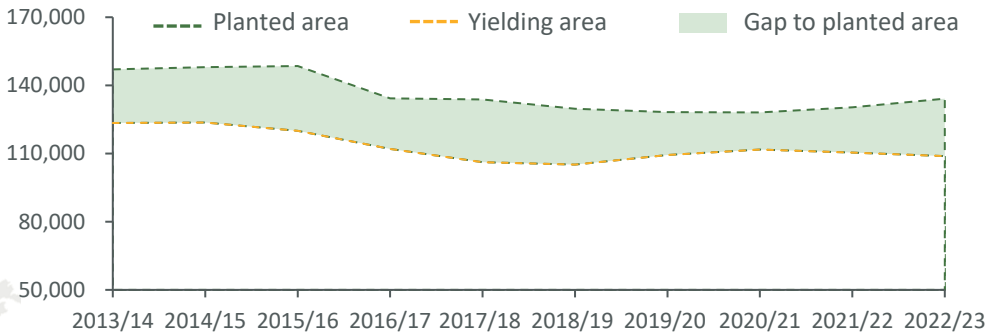
India vs RoW



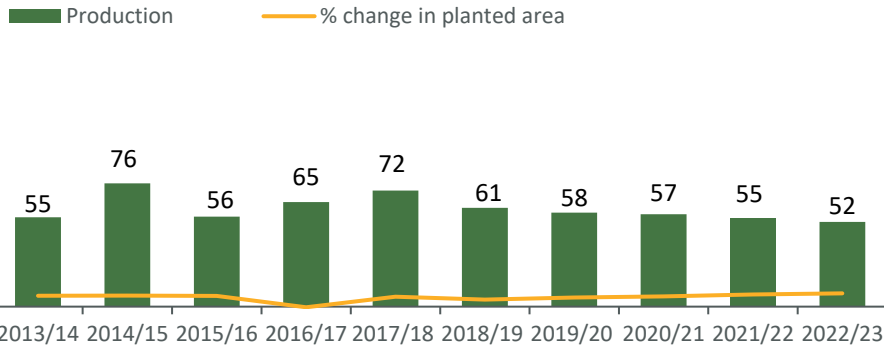
Production per key area



Change in planted area (ha)



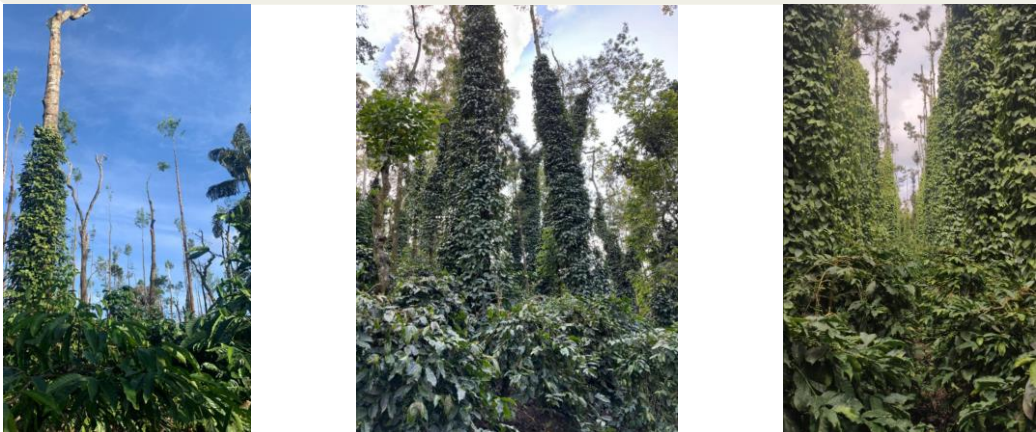
Production over time (KMT)



India

Favorable conditions positively impact the 2024 crop

Tall vines, also intercropping with coffee in some areas



Crop development 2023/2024 season



5%

Death ratio

5%

New planting

60KMT +6%

Production volume

108,481 ha

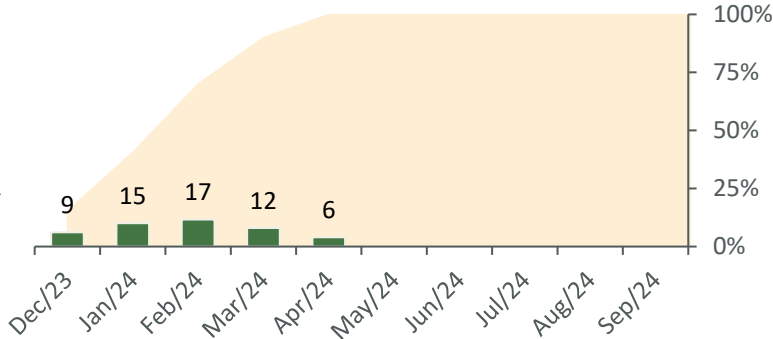
Total yielding area

0.4 MT/ha

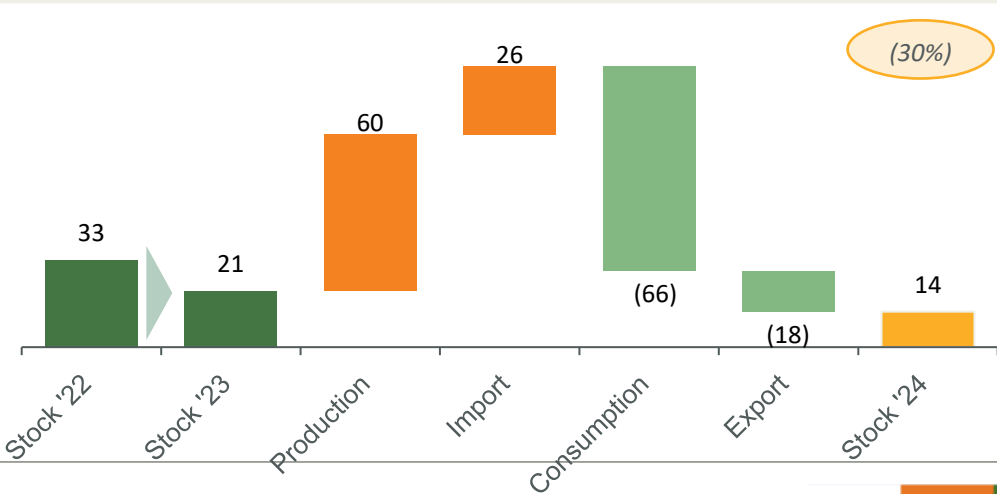
Yield forecast

Crop arrivals 2023/24 season (KMT)

- Pepper harvest in full swing
- Yield unevenly distributed between growing regions
- Good crop expected for 2024



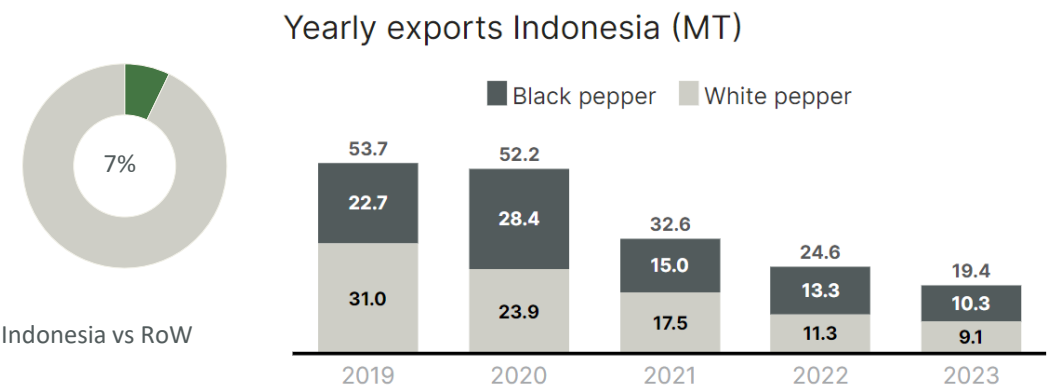
Stock development¹ (KMT)



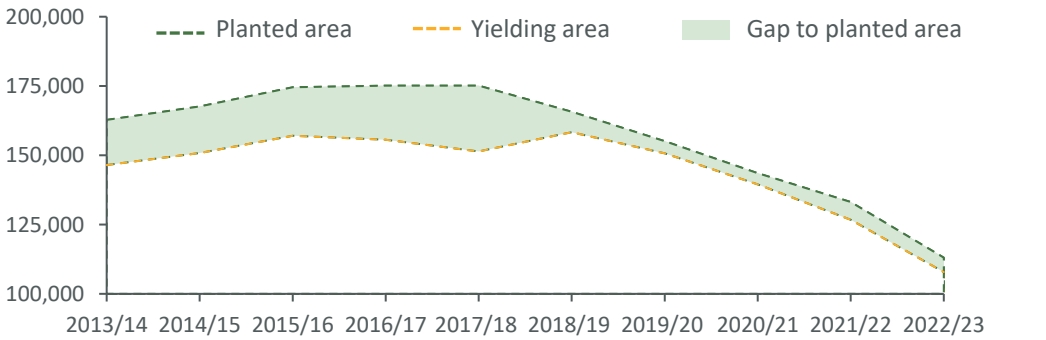
Indonesia

Production has come down over the last four years, especially in Bangka

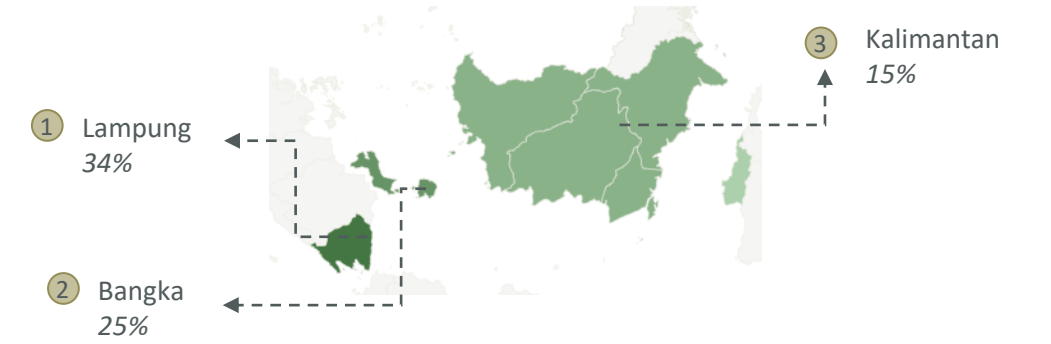
Export volumes from Indonesia have seen a rapid decline in recent years



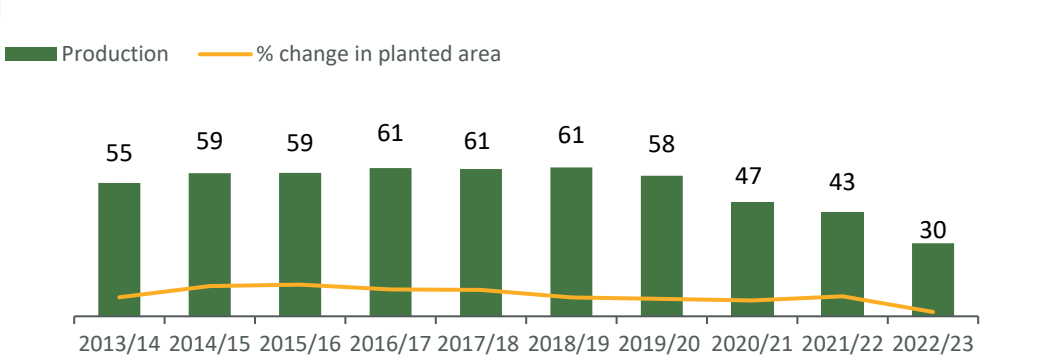
Change in planted area (ha)



Production per key area



Production over time (KMT)



Indonesia

Production is estimated to recover vs 2023, but not close to historical figures

Many pepper vines in intercropped farms died between 2021 and 2023



Crop development 2023/2024 season



9%

Death ratio

7%

New planting

33 KMT +10%

Production volume

111K ha

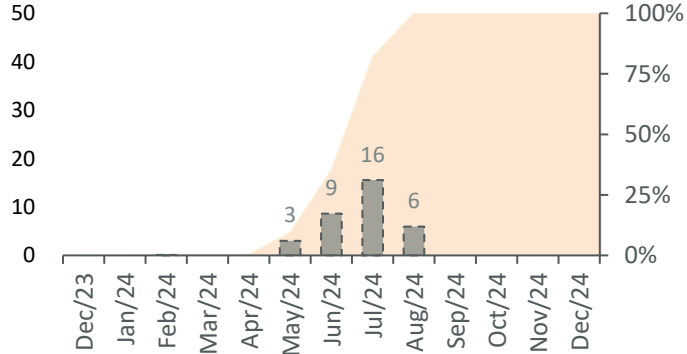
Total yielding area

0.3 MT/ha

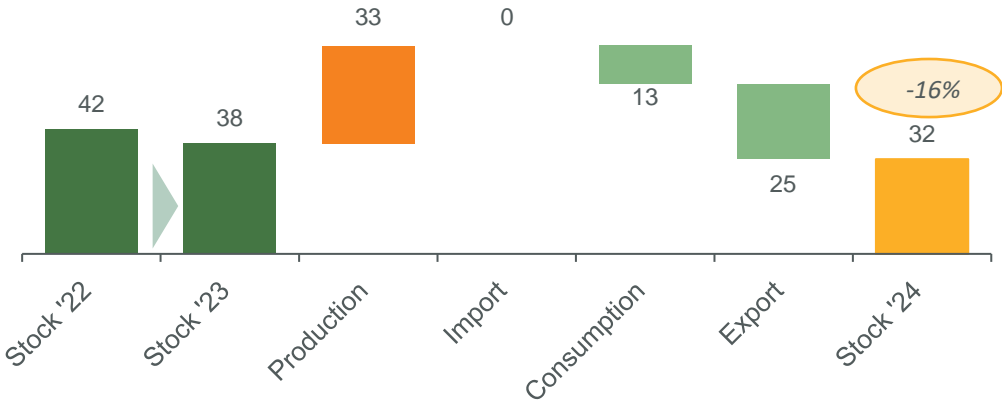
Yield forecast

Crop arrivals 2023/24 season (KMT)

- The harvest will start in May/June, recovering somewhat vs last year when crops suffered from heavy rains, especially in Lampung.
- White pepper process is 100% done by the fermentative method, soaking in water for c. 2 weeks.



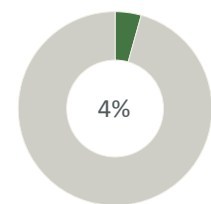
Stock development¹ (KMT)



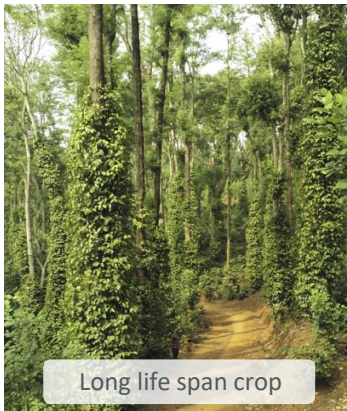
Sri Lanka

The main export destination for Sri Lankan pepper is India. Good production expected for 2024, 27KMT.

Sri Lanka and key signature pepper products



Sri Lanka vs RoW



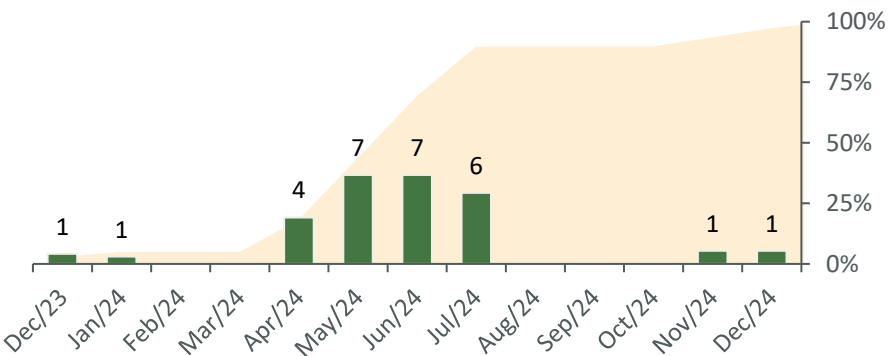
Long life span crop



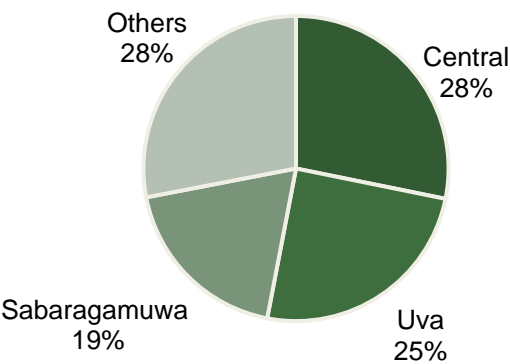
Main export destination is India. Ceylon black pepper has a high piperine content, which is suitable for oil and oleoresin production.



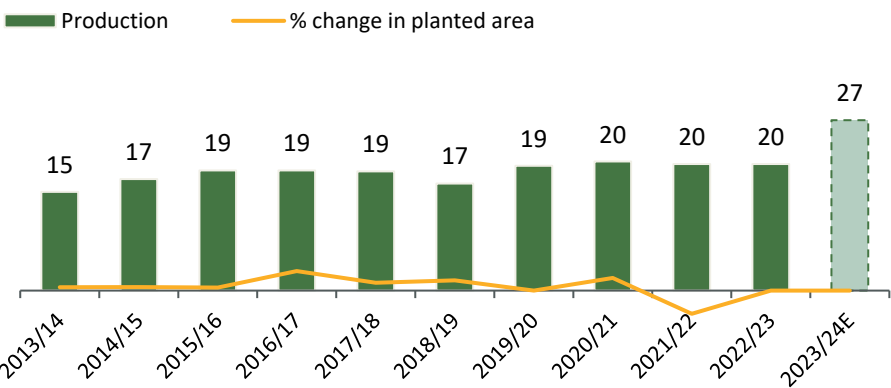
Crop arrivals 23/24 season



Production per key area



Production over time (KMT)



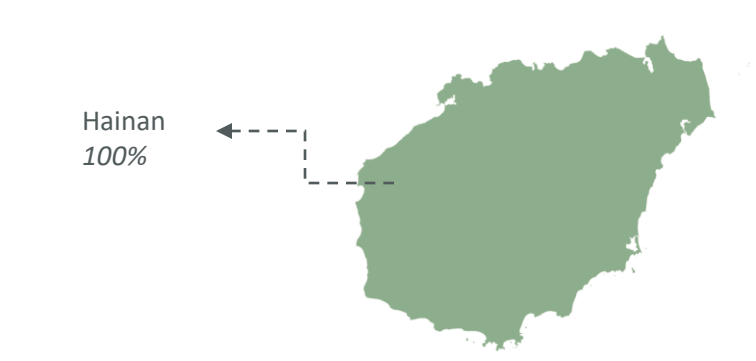
China

China produces almost exclusively white pepper, grown on the southern island of Hainan

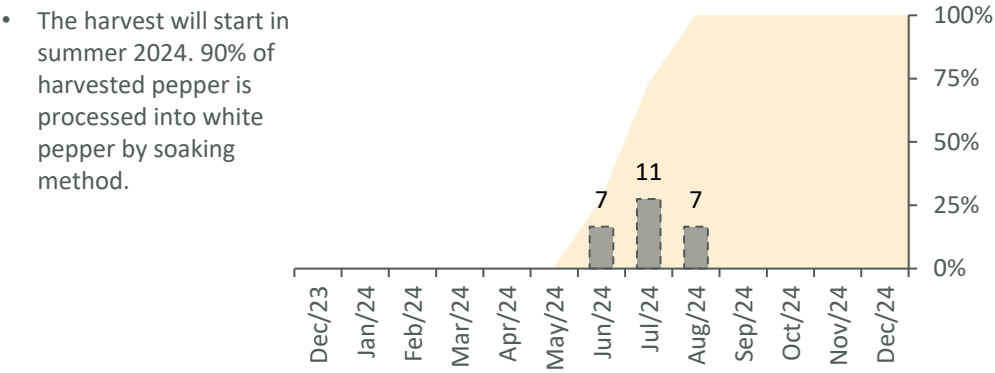
The largest consuming country in the world



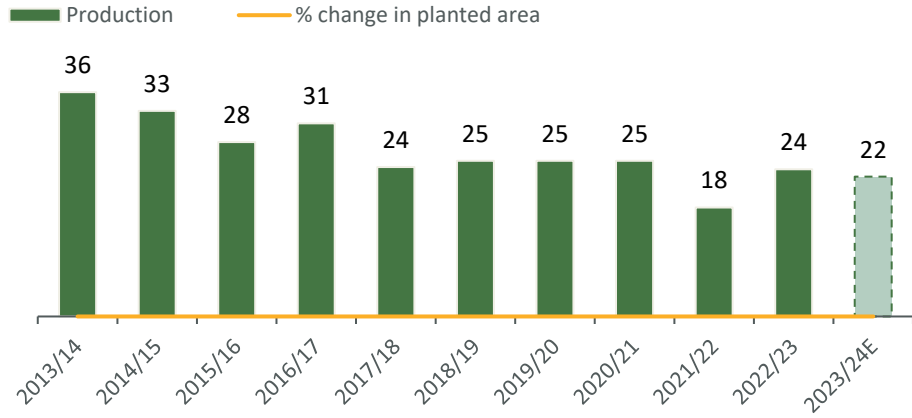
Production per key area



Crop arrivals 2023/24 season (KMT)



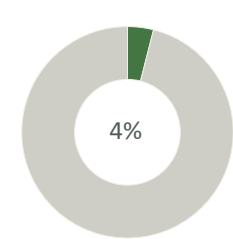
Production over time (KMT)



Cambodia

Cambodia expects a good harvest this year, farmers have also slowly started expanding farms.

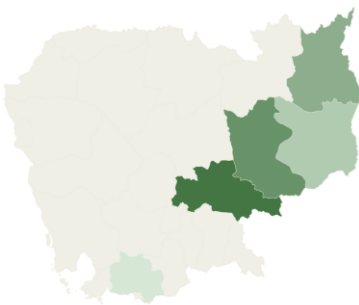
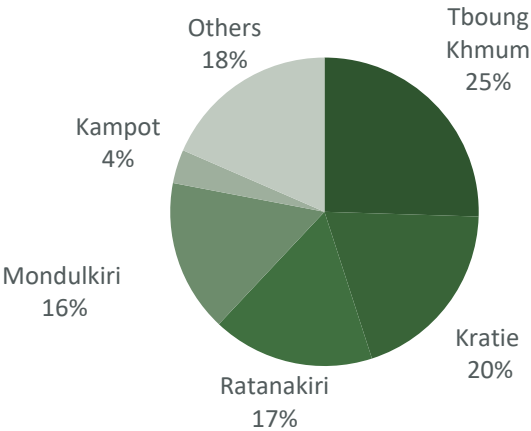
New planting has started, with an estimate rate of 5%



Cambodia vs RoW

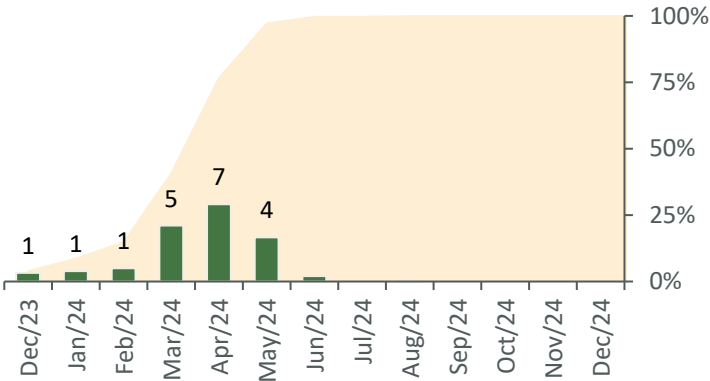


Production per key area

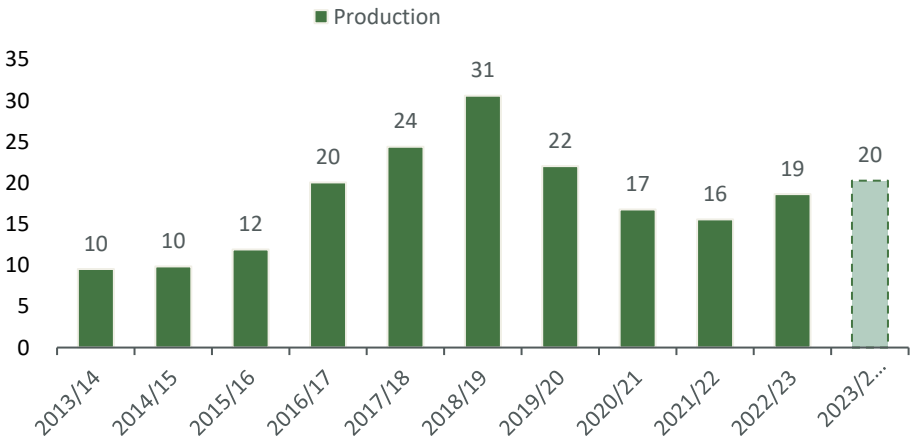


Crop arrivals 2023/24 season (KMT)

- The harvest will peak in April. The majority is exported to Vietnam, with decent volume exported to Thailand as well.
- Weather conditions have been favorable this year.

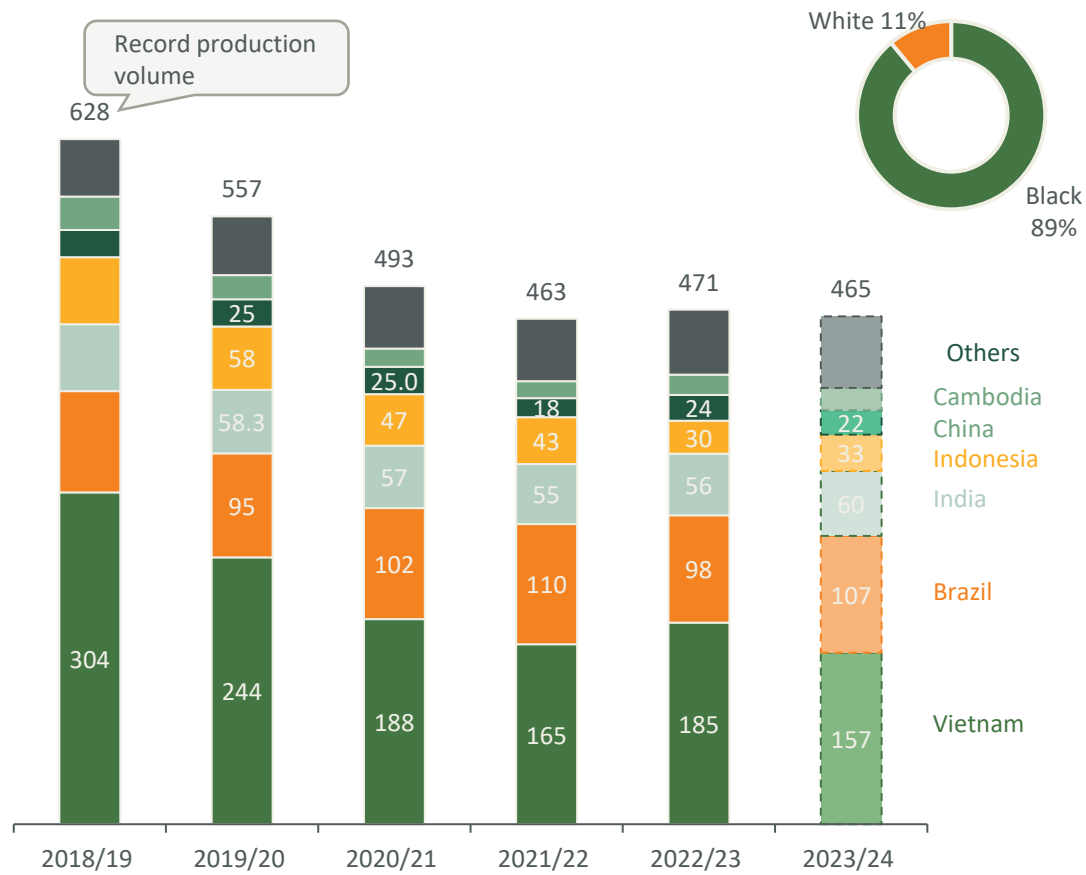


Production over time (KMT)

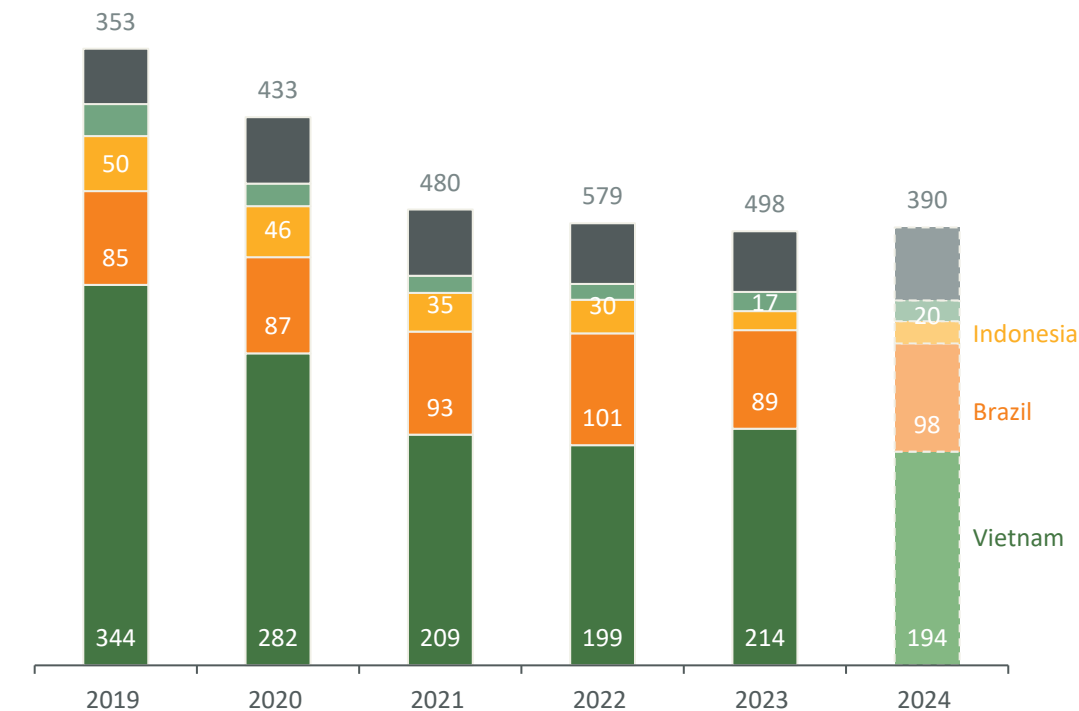


Total global production is on a downward trend, with around 465KMT expected for 2024

Global pepper production (KMT)

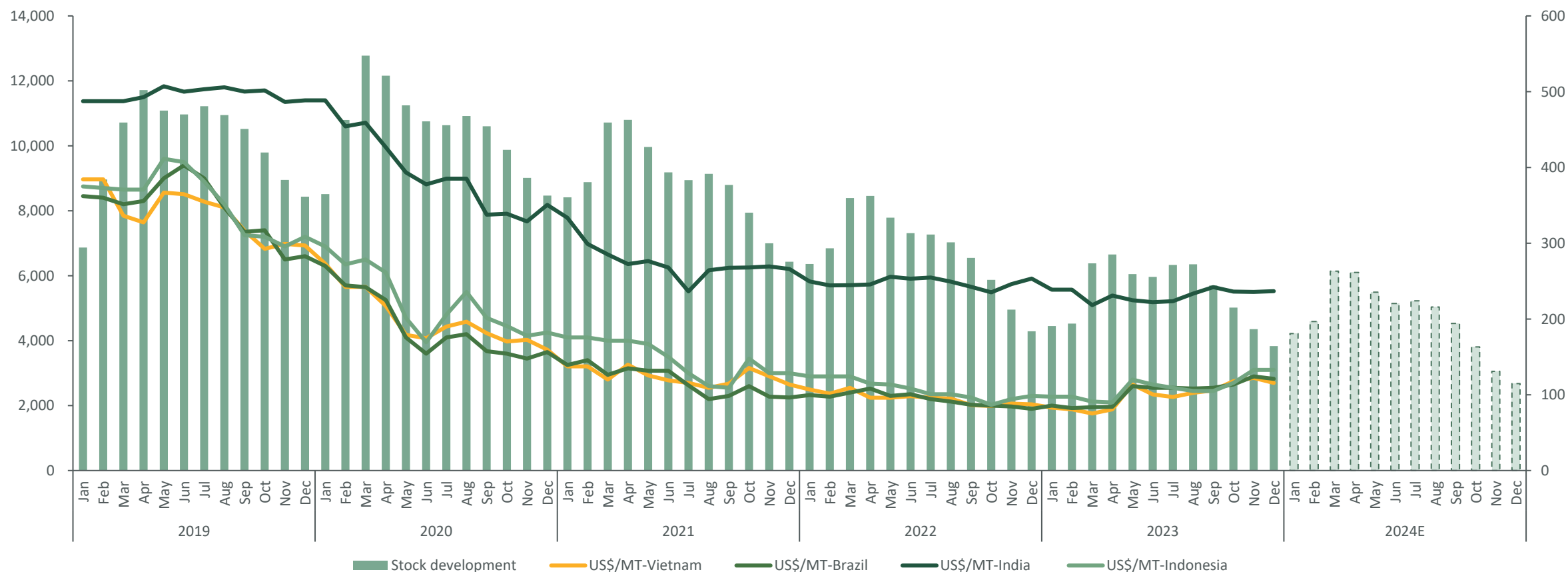


Exportable production from origin¹ (KMT)

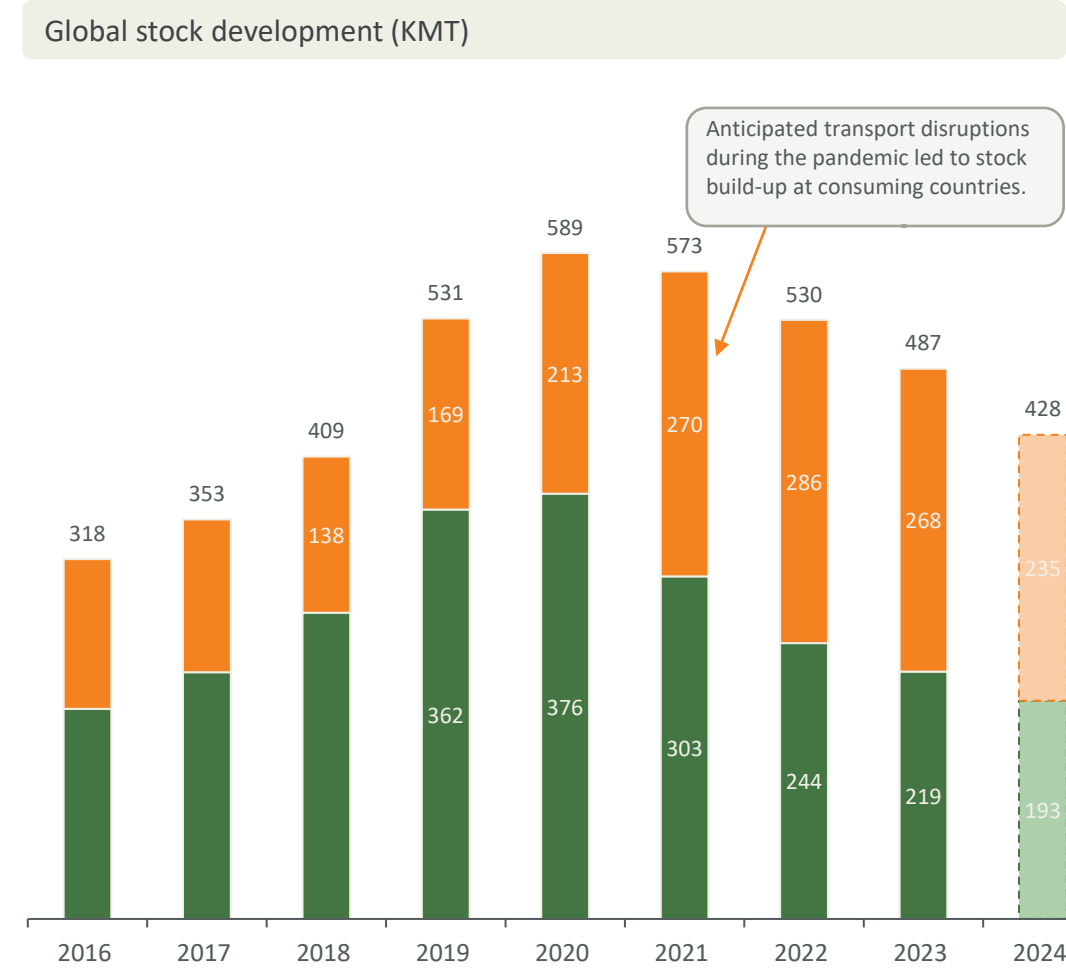
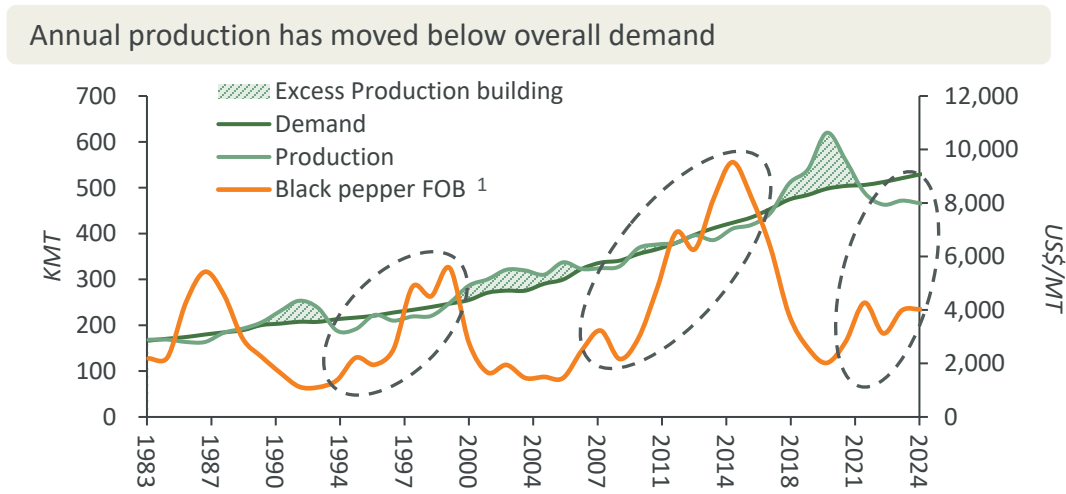
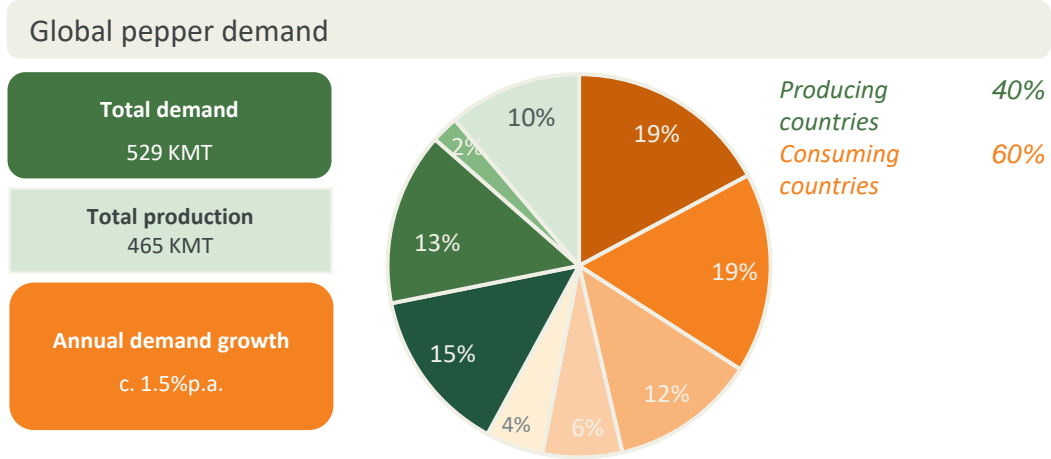


Stock development at origin and prices

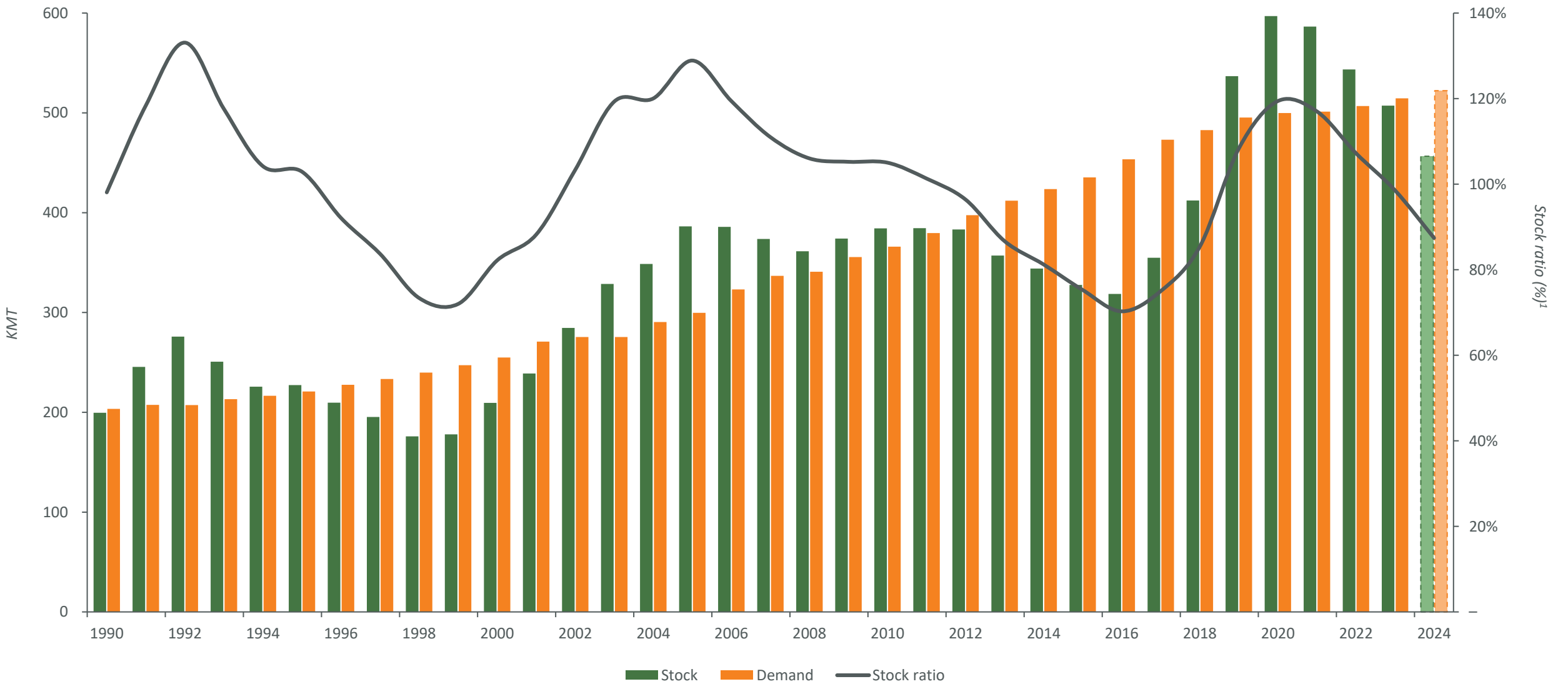
Stocks at origins have been on a downward trend since 2020, one year after production peaked in Vietnam.



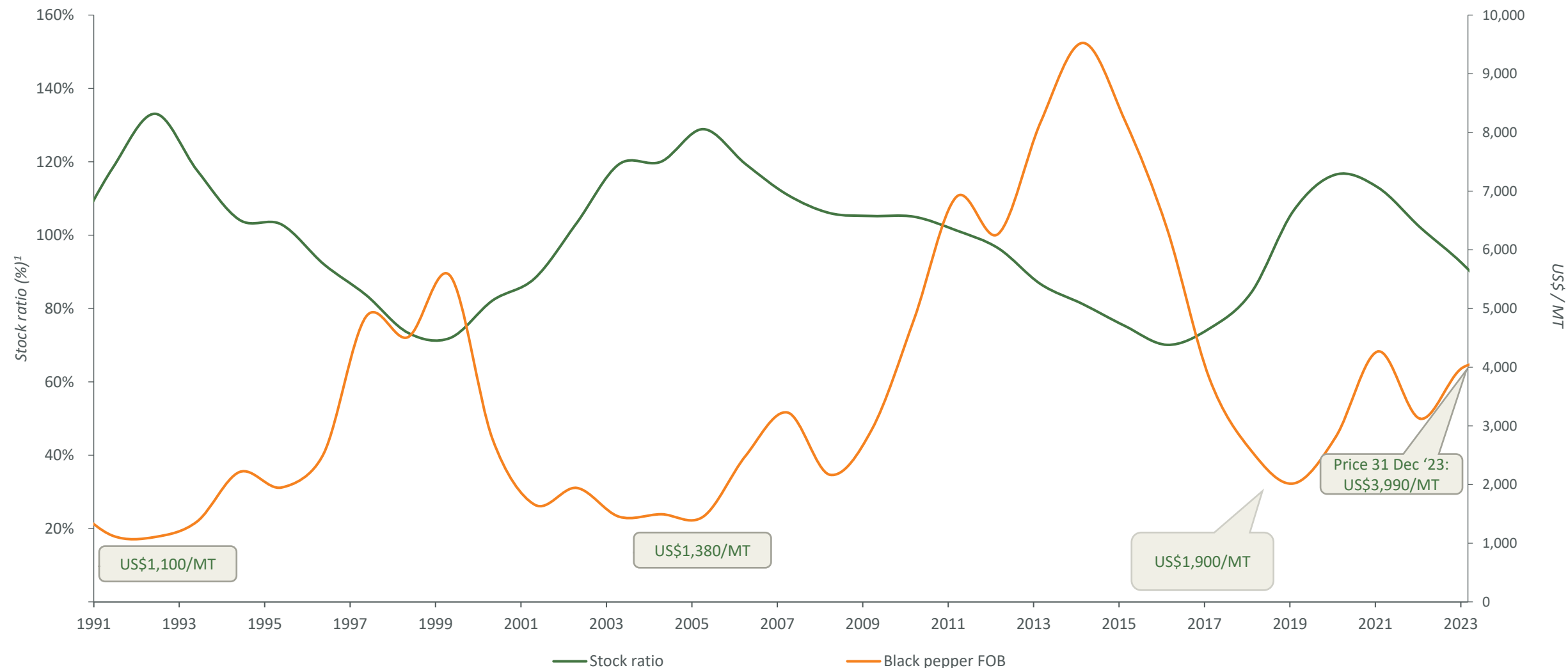
Demand stands at c. 529 KMT currently, global stocks have decreased and are below annual demand



The stock ratio reversed direction, and prices are moving up



How will prices react when stocks at origins fall short of demand?



Concluding summary

- Global production is expected to decrease to c. 465KMT this season. Decreasing acreage in Vietnam and adverse weather in Brazil are the main drivers, with production also down in Indonesia.
- Increasing prices will encourage farmers to intensify their farming efforts, driving up yields per hectare over the coming years.
 - New plantings will take time to come to fruition however, so origins like Vietnam are unlikely to recover soon.
 - Brazil on the other hand could see a very good 2025 crop, if weather conditions are favorable.
- Total production of c. 465KMT vs demand of c. 529KMT drives a further decrease in global stocks. Overall stock levels are estimated to reach 428KMT in 2024, well below global demand.
- The size and timing of new export demand in Vietnam will determine the price direction over the coming months, with an important role for China in particular.
 - Update: a recent (20 Feb) increase in exporter demand in Vietnam caused a sharp market reaction, with the local prices increasing rapidly by 6% in two days.