



Pepper

KEY TAKEAWAYS

- > The harvest season in Vietnam is coming to an end, the overall crop is 15% smaller than last year. Vietnam is now experiencing drought conditions that can affect next year's crop in particular.
- > The upcoming April-June crop from Espírito Santo in Brazil will be minimal due to severe drought conditions caused by high temperatures since Oct '23 .
- > Good arrivals from Cambodia, combined with the height of harvest season in Vietnam, a good crop in India and a lack of import demand from China has stabilized prices since the rapid increase earlier in the year.

PRICE OUTLOOK

short term



medium term

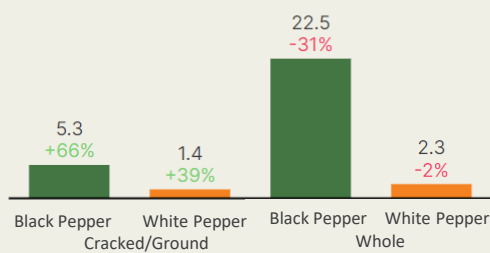


long term



SUPPLY DYNAMICS

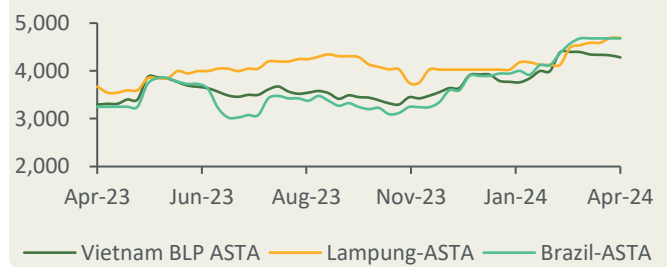
Vietnam exports (YtD-Feb) of black and white pepper (KMT)



- > Vietnam exported 31 KMT YtD-Feb, 23% down YoY. This drop was largely caused by a decrease of whole black pepper exports to China. In contrast, cracked/ground volumes to the U.S. and Europe saw significant growth.
- > As of early April, Chinese buyers are still absent in the Vietnamese market.
- > Extreme temperatures attributed to El Niño in the pepper growing areas of Espírito Santo and Bahia caused a drought, minimizing the April – June crop, lowering estimates of the Brazilian crop size from 110 KMT to 85-90 KMT.
- > While global El Niño conditions are expected to pass soon, the central highland areas of Vietnam have also suffered drought conditions in recent months. This will impact the '25 crop in particular, due to higher death rates and heat stress.

PRICE TRENDS

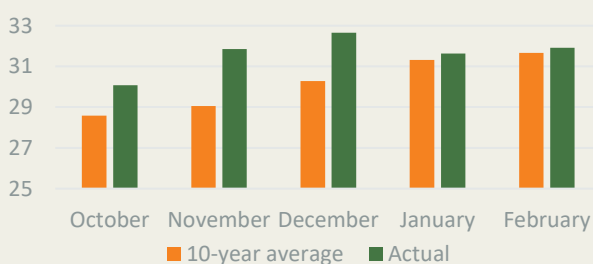
FOB prices (US\$/MT)



- > Indonesia was competitive earlier in the year as the origin was late to react to the price increase in Vietnam. Currently, FOB prices are lowest in Vietnam. Brazil is currently on par with Indonesia.
- > Early in 2024, prices spiked substantially as short holders bought heavily to cover their position.
- > The upward price trend stabilized as arrivals in India, Cambodia and Vietnam peaked, while import demand from China is absent.
- > Due to the drought in Brazil and the reduced acreage in Indonesia over recent years, Vietnam will be the main supplier of EU compliant pepper until September.
- > While China bought decent volumes during the '23 harvest season, those stocks will run out at some point. At that time, markets could react strongly due to tight global supply levels.

TEMPERATURES IN SÃO MATEUS, ESPÍRITO SANTO¹

Average daily maximum temperatures



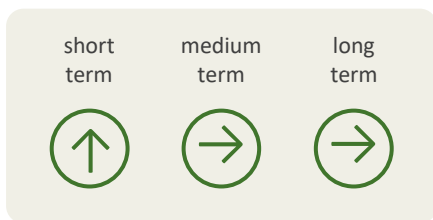
KEY QUALITY PRICE LEVELS²

Quality	US\$/MT	Change
BP Vietnam ASTA	4,200	(3.6%)
BP Brazil ASTA	4,650	(1.1%)
BP Lampung ASTA	4,700	2.2%
BP MG1	6,800	5.0%
WP Indonesia Muntok FAQ	6,200	1.7%
WP Vietnam DW	6,150	(2.4%)

Turmeric



PRICE OUTLOOK



ORIGINS

> **India**

Turmeric prices have risen considerably since the start of the harvest season in India. Supply constraints, primarily attributed to a reduction in planting, has sustained solid price levels. Demand from both domestic and international buyers has been high. Notably, prices have surpassed last year's peak, with spot prices hitting Rs 200 per kg in several locations, exceeding forecasts from late 2023.

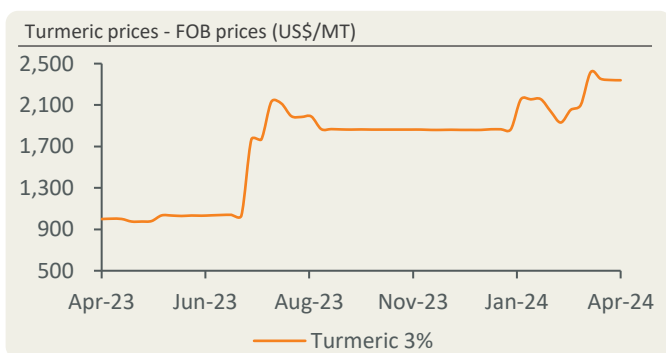
Farmers are retaining substantial seed stocks for future planting, influenced by the current high market prices. This strategy, coupled with reduced planting and yields in 2023, has exacerbated the supply shortage, leading to significant market volatility. Sellers are driving hard bargains, and buyers are forced to comply to secure necessary quantities.

This year's market is distinguished by farmers capturing higher prices at the time of sale, a shift from the previous year when price increases occurred post-harvest, often missing the smaller farmers.

Limited availability of Integrated Pest Management (IPM) certified Turmeric is expected to challenge the market further, with premiums for IPM Turmeric predicted to rise throughout 2024.

In summary, the strategic holding of produce by farmers and the impact of reduced planting strongly affects supply and prices, amidst a backdrop of robust demand and market volatility.

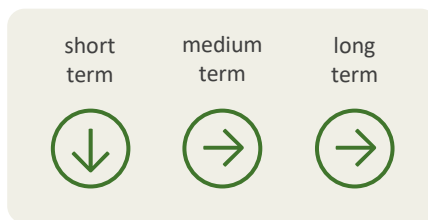
PRICE TRENDS



Cumin



PRICE OUTLOOK



ORIGINS

> **India**

The poor 2023 crop and resulting record prices resulted in a big increase in sowed acreage in India. Weather conditions have generally been favorable and no major pest attacks were observed this year.

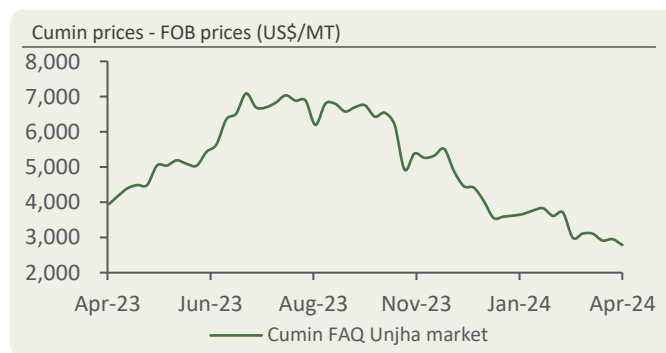
The harvest started in February in Gujarat and is now in full swing in the main IPM growing areas in Rajasthan. Prices for non-IPM materials have seen a sharp decline and are close to the pre-2023 levels. This trend was strengthened by the release of some carry-over stocks from farmers. The downward volatility in the market presented difficulties for parties across the cumin supply chain.

The price of IPM cumin is expected to stay stable, owing to the limited available quantity. Elevated prices from the previous year resulted in excessive use of agricultural inputs to manage pests and diseases, which, in turn, caused an increase in the number of lots not meeting pesticide compliance standards from the harvested crop.

The small '23 crop in India caused supply problems, especially for EU-compliant materials. Many new exporters entered the market who were unable to supply materials that match EU quality requirements, leading to a sharp increase in the number of EU border rejections. Notifications shot up by 87% YoY over the Oct '23 – Mar '24 period. Materials from India and China fail predominantly due to pesticide residues, while for cumin from Turkey, PA compliance remains prohibitive for entry to the EU market.

Stakeholders will have to adapt their strategies to make effective use of the changing landscape on the cumin market, as the harvest progresses, and market conditions are constantly evolving.

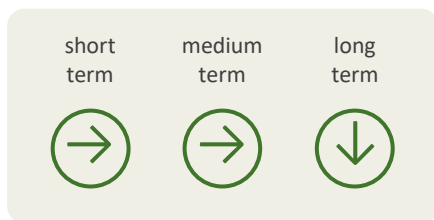
PRICE TRENDS



Ginger



PRICE OUTLOOK



ORIGINS

> **Nigeria**

The ginger harvest in Nigeria was hit hard by a fungal disease, with estimates of the overall volume reduction ranging between 50-80%. The Nigerian government has installed a task force to manage the outbreak. New planting starts this month, and while many farmers will try to take precautionary measures against fungal disease, the expectation is that it might take years before harvest volumes will recover fully. Prices for Nigerian ginger have doubled since last year and with the next harvest many months away, no relief is expected anytime soon.

India

In India, the ginger harvest volume was similar to last year, but good demand for fresh materials means that availability of competitively priced volume for the dried market is limited. Local and export demand is good, supporting prices for the foreseeable future.

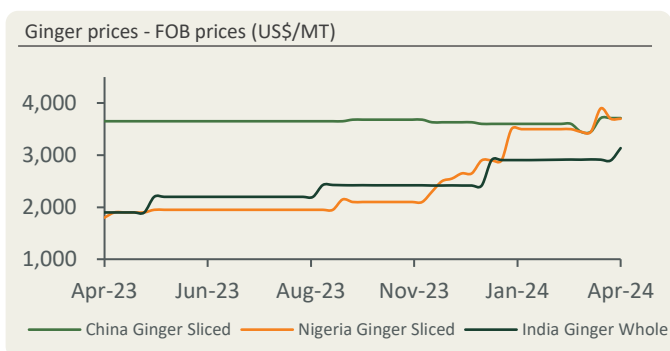
China

The situation in China is comparable to that in India; the harvest this year was decent but the demand for fresh materials is high and little volume is available for dehydration.

Other origins

The tight supply situation in Nigeria has created increased demand for alternative origins, including Peru, Vietnam and Brazil. Prices have increased across the board as supply will take some time to catch up the sudden demand increase.

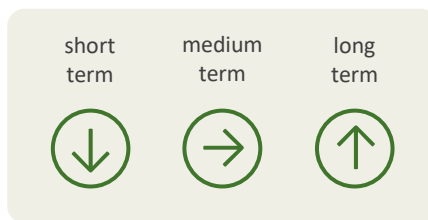
PRICE TRENDS



Nutmeg & mace



PRICE OUTLOOK



ORIGINS

> **Indonesia**

Weather conditions in Indonesia have generally been favorable for nutmeg, and above-average volumes have thus far been harvested. The main harvest season in most areas will start in the next 1-2 months.

Export volumes of nutmeg and mace from Indonesia over the first quarter of 2024 were down 25%. For nutmeg, this decline was almost completely caused by reduced demand from China. While exports to other destination markets were mostly on par with 2023, the reduced interest by Chinese buyers has seen local market prices continue on a downward trend for the past twelve months.

For mace, the reduction in export volumes can be attributed mostly to reduced volumes to India, which saw a good domestic harvest this year.

The availability of EU-compliant mace has improved since the maximum residue levels (MRL) for nicotine were raised to manageable levels.

Mycotoxins, including aflatoxin, remain an issue with nutmeg, as evidenced by the border rejections reported by the EU (18 cases reported in 2023). The drier conditions experienced in the past year, associated with El Niño, should help to keep levels under control. However, if price levels reduce further, the incentive for the labor-intensive harvest practices required for nutmeg might reduce.

PRICE TRENDS

