



Plant Lipids®



# MARKET REPORT

August 2016

## BLACK PEPPER

### SRI LANKA

*Sri Lankan Pepper season in major growing areas is completed. The total Sri Lankan Black Pepper crop was only 16000 MT in comparison to 22000 MT last season. It has to be noted that Sri Lanka received a bumper crop of 28,000 MT in 2013 and afterwards the crop volumes have only decreased. This year major oleoresin makers were able to cover only limited volumes and the quality was also comparatively not good. We are looking towards the minor crop season which starts from end October. Volume forecast is currently 30 - 40% lower than last season.*

### INDONESIA

*Indonesian crop is estimated to be lower this year in the range of 50,000 MT with carry-over stock estimated at 2000 MT. Out of 50,000 MT we expect exports volumes of 25000 MT Black Pepper and 15,000 MT White Pepper. European*



*customers prefer Indonesian Pepper over Vietnam Pepper due to pesticide compliance issue. Pepper cultivation in Indonesia extends from Sumatra to Java and beyond that to Kalimantan. Lampung in Sumatra is well known for Black Pepper production.*

### VIETNAM

*Vietnam Black Pepper season is over and 70% of the crop volumes have already been sold out. Vietnam also holds the record for the highest productivity among other pepper producing nations. Countries like USA, Canada and India consumes a fair share of the pepper exported from Vietnam. It has to be noted that Vietnam is the cheapest source for Black Pepper now.*

## PAPRIKA

*Paprika crop in China & India in the upcoming season is expected to be better than previous year. Oleoresin manufacturers in India are overbooked and we are expecting zero carry forward stocks going into next season. Paprika crop in China is expected to start coming from October and the expectation is larger crop than last year. Indian Paprika crop is expected in January. Till the new crop comes in, prices of the crops are expected to remain high.*



## CAPSICUM

*Seed sowing activities are currently underway in key growing areas of Chilli. Our RM Market Intelligence Team has made a primary assessment and the key impact factors to note are as such:*

- *Key growing areas have received 20 – 35% above normal rainfall from Indian Monsoon. Dams located in the area are full and we are expecting water to be released to irrigation canals shortly.*
- *Government has announced crop holiday to Cotton because of unsustainable prices of the commodity. As a result, large tracts of Cotton cultivation land is expected to be shifted to other alternate crops. Chilli faces competition from pulses, Turmeric & Tobacco crops. We believe that 2016 season prices for Chilli crop has attracted large number of farmers towards Chilli cultivation. We have*



*noticed 25–30% increase in primary sowing areas for Chilli.*

- *Seed companies of Chilli has increased prices for seed due to increased demand. Currently price of seeds stands at INR 450 / 10 gm in comparison with INR 220 / 10 gm last year*
- *Land lease rates have increased by 25 – 30% over last year due to increased demand from farmers for Chilli cultivation*

*Leading Oleoresin players are maintaining lower stock levels to minimize carry forward volumes into next crop season. The new crop season is expected to start in the month of February 2017. With six months to go, prices are expected to remain firm in short term.*

## TURMERIC

*Turmeric season in all key growing areas in the world is over. There is fewer carry forward stock in India than last season. Indonesia Turmeric season is expected to start in August. Due to incessant rains in the growing areas, crop arrivals have been limited. This situation has been exploited by traders to keep the prices high. We believe Indonesia Turmeric prices to remain firm in near future.*

*Turmeric planting has started in India. Crop areas in key growing areas are similar. Farmers are facing dilemma in switching to profitable crops like Chilli and pulses. Key Growing areas have received above normal rainfall from Indian Monsoon.*



## Nutmeg

### INDONESIA

*Indonesia is the largest producer and exporter of Nutmeg contributing to 80% of global demand. Currently Nutmeg is traded at 25% premium to last season. This is mainly because of the diminishing stocks with major farmers and farmers holding surplus stocks waiting for better prices. Above all major companies are aggressive to secure their position for meeting their oil and oleoresin needs. We believe Nutmeg prices are expected to remain firm in short term.*

### INDIA

*Indian Nutmeg seemed to lose its flavor while reaching at the far end of the season. The state of Kerala is the largest producer of the commodity in India, producing more than 95% of the crop. The crop area had substantially increased to more than 20000 hectares. But the increased import of the commodity from countries like Indonesia has put the prices to remain lower in India. Indian Nutmeg is currently the cheapest nutmeg available in the world and this has attracted Chinese buyers to Indian market. In short term, we expect prices to remain firm and future prices would be depended on market demand.*



## Cardamom

*Based on primary research conducted by our RM Market Intelligence Team, we expect Cardamom crop production to be lower by 20% as compared to last season. We have prepared a list of key impact factors which would be key points to watch in the days going into Cardamom season:*

- *Indian Cardamom is the only crop for which the harvest comes during Monsoon season in India. This year, Indian monsoon is expected to be normal and this fact should possibly delay the onset of harvest. It has to be noted that it is not advisable to have rains during Cardamom harvest.*
- *Indian Cardamom export is highly depended on*



*Guatemala crop pricing. In the event of a good harvest in Guatemala, Indian Cardamom export demand is expected to be bearish.*

- *India annually exports 4000 MT of Cardamom of which 75% of the volumes go to Saudi Arabia. Indian Cardamom competes with Guatemala for the export demand from Saudi Arabia.*

**Price Forecast:** *Cardamom is expected to trade at a premium of 15-20% higher than last season level.*

## CELERY SEED

*Indian Celery Seed season is over. There was brisk arrivals of RM till end of June. Farmers and stockists are holding on stocks at the moment. Prices of RM have moved up from USD 0.9 per kg to USD 1.40 per kg. We have estimated 5000 MT crop production this year of which we believe 80% of the RM is already traded. Celery Seed prices are expected to remain firm till 2017 season.*



## CUMIN

*Indian Cumin Seed is currently going a volatile phase. Indian Cumin Seed season is from April – June. Currently there is very minimum market arrivals. Global demand for Cumin seed is met by India, Syria and Turkey. With recent political unrest in Turkey and growing instability in Syria has dramatically reduced Cumin seed export supply from these markets. It has to be noted that the year 2016 saw record*



*Exports of Indian Cumin. This has adversely affected Indian Cumin prices and we have experienced price rise from USD 2.10 per kg to USD 3 per kg in a period of 2-3 months.*