



# MARKET REPORT

MAY 2016

## BLACK PEPPER

### Sri Lanka

*Light berries are the preferred Raw Material choice for Black Pepper Oleoresin Extractors. Sri Lankan light berries season starts from end of April and closes by beginning of June.*

*General expectation of extractors before start of season was a moderate price increase of 5-10%. But in reality, Black Pepper arrivals have been very low. It has to be noted that even 2 weeks after the onset of season, Extractors have procured only less than 10% of their Annual requirement. Black Pepper prices have been rising every day and are currently traded at 25% higher rate than last season price.*

*Based on our market analysis, we are able to conclude on the following facts regarding this sudden increase in Black Pepper prices:*

- > *South Asia experienced one of the harshest summer of the decade. Black Pepper crop yield was significantly affected due to combined effect of heat and lower water availability*
- > *Increased demand for light berries from International exporters to USA, China and India.*



> *Sri Lanka Heavy Pepper prices are influenced by Indian Heavy Pepper prices. Indian Heavy Pepper prices have been firm and is traded at USD 10750 per MT. Sri Lankan farmers have an added incentive of not harvesting light berries as they can get 50% more yield and better price for Heavy Pepper. Sri Lankan farmers expect a suitable premium in price for harvesting light berries. This has been one of the major reasons in recent years for increase in price of light berries.*

*Extractors are having very insignificant carry forward stock and considering the adverse Sri Lankan season, we believe Black Pepper Oleoresin prices are expected to skyrocket in the coming months. Most of the Extractors are already into Plan B and considering procuring material from Indonesian market in the months of August –October. But the lower Piperine content of the Indonesian raw material will not necessarily give a lower price Oleoresin.*

## CAPSICUM/CHILI SEASON CLOSING REPORT

*Chilli growing areas in India is experiencing one of the harshest summer season. Chilli crop was a major failure in India this year. By end of March, all the good quality Chillies were sold out in the market. Majority of the Raw Material available in the market is only second picking or third picking qualities. Also, it has to be noted that cold storage stocks of Chilli is at lowest level. Prices are expected to be firm till next crop season.*



## PAPRIKA SEASON CLOSING REPORT

### India

*Indian Paprika season was completed by the month of April. Indian Paprika was costlier than Chinese Paprika at start of season. But with unexpected shortage in Chinese Paprika, majority of demand came to Indian market only at fag end of season. There are limited carry forward stocks available in the cold storages. Currently all the Extractors are short of material and is aggressively looking forward to buying the material through Cold Storage auctions which come in the month of June.*

*Indian Paprika prices are expected to stay high due to acute shortage in the market.*

### China

*Chinese Paprika season was completed by month of December. Chinese Paprika production was significantly*



*lower than what was expected at start of season. Majority of the forward contracts booked by Chinese manufacturers to Europe, USA, India and other countries are facing defaults. There is growing discontent among major buyers across the world towards ethics of Chinese business as majority of commitments towards end customers stand at risk.*

*Paprika prices are expected to go up in near future and are expected to stay the same till new crop season.*

## INDIA TURMERIC CLOSING REPORT

Indian Turmeric season is from January to April. Currently we are at fag end of season. Demand for Turmeric has been very high from Extractors and Nutraceutical & Pharmaceutical ingredients manufacturers. Sufficient carry forward stocks are available with stockists who are not willing to trade at discounted prices. Next season crop would be heavily depended on monsoon season in India



## GINGER CLOSING REPORT

### India

Indian Ginger season was completed by end of April. Domestic and International demand for Indian Ginger remained subdued at end of season. There is still stock available with farmers & traders which are expected to sold at discounted prices in the market. Speculative buyers and stockists are covering Indian Ginger anticipating higher prices in next season.



### Africa

African Ginger season is closed. Currently Raw Material is available only with stockists. Very limited stock is expected as carry forward stocks. This can be taken as cue for price increase for next season.

## CELERY SEED

Celery Seed season has started from first week of May and would continue till month of July. The crop area and yield was very favorable and bumper harvest is expected for Celery Seed this season. Crop volume is expected to be three times higher than last season. Based on our market insight, we look forward to two possible factors which can play spoilsport to current season:

> North India is currently experiencing pre monsoon showers. Celery Seed growing areas are not currently affected. But in case, the growing areas get affected, harvest may get delayed



and prices can start getting firm.

> Major quantity of Celery Seed gets traded to Exporters, Extractors and Domestic retailers. Currently all of them have insignificant carry forward stocks due to last season's crop failure. So demand is expected to be firm in the market. Already Exporters have covered a sizeable quantity of the crop.



## CUMIN

*Cumin Seed season in India started from beginning of April and is expected to close by June. The size of Cumin Seed crop was 350,000 MT which was 5 – 10% higher than last season crop. Early expectations at start of Cumin Seed season was price decrease. But contrary to expectation, Cumin prices remained firm and was traded at rates similar to last year prices. The main reasons for firm prices of Cumin are as such:*

*> The main growing area for Cumin is the state of Gujarat in*



*India. Currently Gujarat is going through civilian unrest in the form of Patidar Agitation. Cumin markets have faced numerous off days during the season due to the agitation.*

- > High demand from domestic retailers and Exporters*
- > NCDEX (Commodity Futures Exchange) – Speculative covering from NCDEX have kept Cumin markets at firm levels*

## FENUGREEK

*Fenugreek season started in India from month of April and is expected to run till end of June. Fenugreek crop experienced bumper harvest this season. The crop prices are currently traded at 20% discount to last year prices. This is ideal time for covering Fenugreek as we do not expect further discount going forward into next season.*



## FENNEL

*Fennel season started in month of March and is expected to close by month of May. The crop prices are traded at 20% discount to last year prices. Prices are expected to stay firm this season due to demand – supply balance*



# INDIAN WEATHER REPORT

*India experienced one of the harshest summers of the decade. Record level Temperatures are experienced at main parts of the country. Currently India is experiencing pre monsoon showers which have come as a huge relief to drought affected regions.*

*Monsoon season in India starts from last week of May and ends by last week of September. After two years of monsoon shortfall, this year Monsoon forecast is expected to be 5% above normal levels. Please note below our analysis based*

*on Monsoon forecast:*

- > Central and Western India is expected to receive 20% surplus rainfall from the monsoon. The key crops grown in the area are as such: Cumin Seed, Celery Seed, Fenugreek, Fennel, Garlic, Onion*
- > Indian States like Tamil Nadu, Karnataka and North East India is expected to receive 10 – 20% shortfall of rainfall from monsoon and is categorized as at risk location. The key crops grown in the area are as such: Paprika, Ginger, Turmeric, Cardamom etc*