



NEWS &  
MARKET  
REPORT

JULY  
2022



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## US BANS GOODS FROM XINJIANG IN CHINA

The US law banning imports from China has come into effect, essentially prohibiting imports made by forced labor among the Uyghur minority in Xinjiang. The Uyghur Forced Labor Prevention Act (UFLPA) assumes that any product partly or wholly made in Xinjiang, northwest China is linked to the region's labor camps. As per this law, the companies need to identify any supply chain links to Xinjiang and exit the region or risk violating US law, resulting in the detention of their goods at the US border. This ban will particularly impact the fashion industry as around 20% of the world's cotton comes from China, out of which 80% is produced in Xinjiang. Hence this ban can create ripples in the global cotton supply chain. Xinjiang is also one of the producers of paprika chillies in the world.

## Upcoming Exhibitions



**IFT** : **first**  
: JULY 10-13, 2022



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Plant Lipids will be exhibiting a diverse portfolio of clean label ingredients for your formulations. Crafted from pure ingredients using advanced process technologies, our products are **natural, pure, and sustainable**. Our unique and authentic line of products includes **Butterfly pea extract** (for natural blue colour), **Ashwagandha extract** (well known for its stress alleviation effects), **Vanilla extract**, and a lot more. **Visit us at IFT to know more about the products.**

## BLACK PEPPER

Trading prices for black pepper have been trending slightly lower across all the regions. Due to a potential recession forecast and unpredictable Covid situation in countries, many importers and exporters have refrained from engaging in aggressive trading practices. In addition to that, logistical problems have been affecting the trade negatively.

**Vietnam :** Pepper harvesting in Vietnam is completed. There has been a 30% reduction in crop output. The availability of light pepper with high piperine content is limited as of now. The pricing is on a downward trend due to low demand from Chinese buyers owing to the stringent policies adopted by the Chinese government to tackle the Covid crisis. However, we expect the prices to increase in the long term.

In Indonesia, harvesting in all provinces has started by the end of June, and arrivals are expected to increase in the domestic markets by July.

**Sri Lanka:** Sri Lanka has been grappling with one of the worst economic crises it has ever witnessed. The collapse of LKR against USD has significantly affected the pepper pricing in the region. With the constant inflow of goods into the domestic market, black pepper is trading at a low price. At present, the material available in the market has low piperine content. In addition to that, with fuel shortages, primary processing and logistics have been severely affected. With multiple crises enveloping Sri Lanka, we expect fluctuation in the prices.

30%  
↓ Vietnam  
Production



## PAPRIKA CHILLI - CHINA

New crop sowing has just been completed. The planting area for paprika chilli has reduced by 3% from last year; however, the proportion of hybrid varieties is higher than last year. The total planting area of chilli and paprika is about 8% less than last year. This year, the Chinese government for its food security has allocated parts of paprika growing regions in Xinjiang for corn and maize production. However, since the farmers had better price realizations in the previous year, they are interested in paprika cultivation in the available areas for the coming seasons. One major factor that can affect the yield is the weather, we will have a clear picture of the same by August or September.

## CAPSICUM CHILLI

When the major chilli markets in South India reopened, the better quality red chillies were being pulled out from cold storage stocks at higher than the season prices. Fresh export demand is coming from Bangladesh and Malaysia with nominal quantities at the Guntur market which may likely improve further in the coming days. Cold storage stocks are reportedly lower during the current season. In comparison with the previous year, cold storage stock is down by 25%. Currently, normal export demand is reported for premium varieties. We expect that normal export demand to continue as we move forward. If there is an abrupt increase in export demand, the prices may trade higher than our forecast range. With cotton prices going up and chilli seed sowing not yet in full swing, the farmers may lean towards allocating more area for cotton as compared to chillies.

In central India, around 50% of the sowing activity is under progress. Currently, sowing activity is reported slowly due to lower rainfall. The chilli sowing area is likely to go down by 5% to 10% current season in central India, as per initial reports. This can be attributed to higher farmer realization from other competitive crops like cotton and maize this season when compared to last year.



10-15%  
↓  
cultivation  
area

## CUMIN SEED

The harvesting of cumin is nearly completed. New crop arrivals to the market have slowed down significantly due to low crops. In comparison, the crop output is lower than the previous year. We have observed that the price of the commodity has remained strong with high rates. Crops that comply with pesticide residue standards (IPM) make up only a small portion of the total crop. Hence, due to a rise in demand and a shortage of supply, prices for cumin that is free of pesticide residues have gone up and are expected to increase further in the future. We have also observed that farmers wanting to take benefit of the rising prices tend to hold onto their stocks are hesitant to sell their products now, thereby positively impacting the prices. The carry-forward stock is low and the prices are expected to increase.



## FENUGREEK SEED

There has been a 10% increase in the crop level productivity of fenugreek seed in the major growing regions. With strong arrivals in the market, the prices are on a downward trend, with a 9.9% decrease from the start of the financial year. The new crop arrivals are also reported to be in good volumes with good yellow color material available in the market. However, the upcoming rains in the growing regions will potentially hurt the arrival as well as the quality of the commodity which will eventually affect the pricing. Fenugreek export demand has been reported to be modest, however, this could change in the future.

10%  
↑ crop level  
productivity

## TURMERIC

The harvest process is almost completed in major growing regions in India. The farm-level productivity has increased by 5%. Sowing has started for the next season and almost 70% of the process has been completed. There is rainfall still in the growing regions. The price levels have come down and are expected to remain steady.

05%  
↑ Production

## INDONESIAN TURMERIC

The season for Indonesian turmeric has started. Currently, darker shade curcumin material (ASTA 5 -5.5%) is present in the markets. Throughout July, the curcumin of the raw material is expected to be more of a lighter shade (ASTA 4 - 4.5%). The different shades seen in the material can be attributed to the influence of rain. The availability of material is expected to be consistent. However, buyers need to be mindful of container shortages that will result in logistical complications, which can influence the price of the commodity. Currently, it is priced at USD 1.20 - USD 1.25 CIF.



## NUTMEG

The current season of nutmeg has begun in India. We have observed that the production has reduced by 20% and the yield is low. Material arrival to the market is also less due to low rains. However, the bulk of it is anticipated to enter in the coming days. With low yield, the prices are expected to increase in the future.

20%  
↓ Production



## INDIAN DRY GINGER

There has been a shortage in the availability of raw materials. This year, the production has been reduced by 15%. There are very little carry forward stocks. There has been continuous and heavy rainfall in Karnataka, one of the major growing regions. As a result, the raw material has a high moisture level decreasing its V.O levels. The prices are expected to remain consistent.

## NIGERIAN GINGER

The season of Nigerian Ginger has come to an end. The carry-forward stocks are limited. Most of the materials have started to arrive in destination markets like Dubai. The prices are slightly decreasing and are expected to remain stable till the next season which starts in November 2022.

## ROSEMARY

The harvesting process started in early June instead of May in Morocco. The new crop is expected to be smaller owing to drought and bad weather. There is limited availability in the open market and the carry forward stock is also low. One major challenge is the increased freight charges as the transportation cost inland and ocean has reached record levels. Along with that, the domestic price is also increasing steadily at the early stages of harvesting. All of this indicates a surge in pricing. We have already witnessed a 3% jump in the mid of June. When compared to last year there has been a 25% increase in pricing to date. The prices may increase further this year.



## CELERY

Celery has started arriving in the market and, it has reached its full capacity. This year, the yield has decreased significantly due to the intense heat waves. The crop size has also decreased by 30%, as many farmers shifted to wheat cultivation due to high MSP (Minimum Support Price). The carry forward stock is expected to be at the bare minimum, with a 15% shortfall compared to the previous year. The farmers' anticipation of good pricing for the commodity has also influenced the arrivals to the market. The prices witnessed a higher trend during the start of the season but currently, the prices are stabilized with a 3% decrease when in comparison with the start of the season. However, when compared to the previous year there has been a 23% increase in pricing. We expect the prices to remain consistent for a moderate period.

23%  
↑ price

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