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REPORT

OCTOBER
2021

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Content

Black Pepper	4
Capsicum Chilli	5
Paprika Chilli	5
Ginger	6
Turmeric.....	6

Nutmeg	6
Cardamom	7
Celery Seed	7
Cumin Seed	7
Coriander	8

BLACK PEPPER

In our last report we had indicated that the Vietnam crop output was down by around 25% and to add to the woes the Indonesia black pepper season is complete and the crop is shorter by 10%. White Pepper crop in Indonesia is smaller and with a lower carry forward stocks. Current price of Indonesia origin White Pepper is USD 7.00 per kg [2020 price – USD 3.80 per kg]. This has pushed Black pepper price by 40% as compared to January 2021 price and has increased by more than 100% as compared to October 2019 price. Current price for Black Pepper from Vietnam is USD 4.90 per kg [Oct 2019 – USD 1.90 per kg, Jan 2021 – USD 2.70 per kg]. We are expecting international black pepper prices to keep increasing for the next 3 – 4 years. This will have a major impact in the commodity price for the next year.

Major black pepper season in Sri Lanka is complete with 40% reduction in crop production. Sri Lanka was in lockdown from April 2021 till June 2021 and there was minimal interest from farmers and traders in plucking and processing black pepper due to covid related restrictions. This lead to green pepper getting mature and not feasible for extraction purpose. The delayed harvest has adversely affected the production of light berries for extraction industry and we had 60% lower crop availability of light berries as compared to 2020 season. Minor season in Sri Lanka will start from November and end by December. We are expecting intense competition from Oleoresin manufacturers as carry forward stocks with manufacturers are lower.

Shipping container freight from key growing areas like Indonesia, Vietnam and Sri Lanka has increased by 3 – 4 times as compared to 2020 season. We are seeing a USD 0.3 – USD 0.4 / kg impact in pricing of black pepper due to increased container freight cost. In our last market report, we mentioned about the adverse impact of covid-19 in Vietnam, Indonesia and Sri Lanka. The conditions have improved from then and we are looking at reopening of the key growing regions soon.



CAPSICUM CHILLI

We have been following the sowing of chilli seeds for 2022 harvest which started in July and will continue till October. Red chillies have been highly profitable crop for farmers in last 2 years and there is increased interest in farmers to cultivate red chillies. Initial estimates indicate 20-25% larger sowing area for capsicum chilli for 2022 season. Weather conditions have been conducive for the crop. Carry forward stocks available in cold storage is higher. Price for chilli is staying firm at higher price level as farmers are expecting better prices from export demand for red chillies. There was minor price decrease in September 2021 and we are expecting further decrease in price after December 2021. We would recommend our customers to cover their requirements till February 2022.

20-25%
↑
crop area

PAPRIKA CHILLI

India: Sowing of paprika chilli for 2022 season is completed. Initial estimates indicate 25% larger sowing area of paprika chilli for 2022 season. There is larger carry forward stocks available in Indian paprika chilli. This should help to reduce the price of Paprika from India and get it closer to the price out of China. Harvest season of India paprika will start from January 2022.

China: China paprika chilli harvest season is from October to December. The markets have just opened after the autumn holidays. There are very limited carry forward stocks available in China. Paprika chilli extractors have started advance booking of chillies and pellets anticipating shortage of paprika chilli during harvest. The price of pellets have already shot up to RMB 0.77 from the last year starting price of RMB 0.62. This will definitely impact prices for 2022 season.



GINGER

Our field work team estimates a 10% lower sowing area as compared to last season. Price for India ginger in 2020-21 season was one of the lowest in last 4 years. It has to be noted that many of the farmers have not harvested ginger last season due to low price realization and the same would be harvested in 2021-22 season. Currently Indian ginger price is cheaper than china and Nigeria origin ginger.

10%
↓ crop area

Logistic issues were the main issues with Ginger from Nigeria. Unless the covid situation improves and the global shipping crisis alleviates the prices and availability of Nigerian Ginger will be an issue. China ginger crop of 2020-21 season is lower than 2019-20 season. Global customers have started buying Nigeria ginger in place of China ginger. Nigeria ginger is currently traded at historically high price level - USD 2.65 per kg [Apr 2020 - \$1.70 per kg, Apr 2019 - \$1.45 per kg]. Extractors are working on a minimum lead time of 5 months for ginger to reach from Nigeria to India.

TURMERIC

The Turmeric sowing for 2022 season is complete. Price for Turmeric in 2021 season was one of the highest in last 3 years. Initial estimates indicate 15% larger sowing area for 2022 season. Higher curcumin turmeric carry forward stocks are expected to be lower. We expect slightly lower prices than 2021.

15%
↑ crop area

NUTMEG

India faced second wave of coronavirus pandemic during the harvest period and lockdown restrictions have adversely affected the production. There is acute shortage of Indian nutmeg oil in the supply chain. Indian nutmeg is traded at 20% higher price as compared to 2020 season.

20%
↑ price



CARDAMOM

Ongoing coronavirus pandemic has decreased the demand for cardamom in domestic and export markets. Indian cardamom prices have decreased drastically and is currently trading at USD 12 per kg [Jan 2020 – USD 53 per kg, Apr 2020 – USD 30 per kg]. Cardamom farmers have increased plantation areas for Cardamom due to better price realization in 2018 – 20. We can expect larger production in Indian cardamom in the next 3 – 4 years.

CELERY SEED

2021 Celery seed season is completed. Sowing for Celery seed for 2022 season will start from October 2021 onwards. Celery seed was traded at 5% lower season than 2020 season. Celery seed farmers are not happy with the price realization from celery seed crop as competing crops like Wheat and rice are getting better price realization.

5%
↓ price

CUMIN SEED

Sowing of cumin seed for 2022 season will start from October 2021. Pricing for cumin seed has been on lower side for last 2 years and farmers were not happy with the price realization. The growing regions have received very low rainfall and it is expected to adversely affect the production yield. Carry forward stocks in cumin seed is expected to be lower. We are expecting cumin seed prices to trade at higher level in the next 1-2 years.



CORIANDER

Sowing of Indian coriander seed for 2022 season will start from October 2021. The growing regions have received very low rainfall and is expected to adversely affect the production yield. Carry forward stocks in coriander is expected to be lower.

Russia coriander seed harvest season started in August and the prices are stable. There is limited carry forward stocks available in growing region. Shipping container freight cost is expected to play a larger role in pricing of coriander from Russia origin.



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