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MARKET REPORT

JUNE 2020

COVID 19 IMPACT & LOCUST ATTACK

COVID-19 pandemic has disrupted supply chain across the globe. India has been under lockdown from March 25th. Indian government has started relaxing lockdown from 8th June 2020. It has to be noted that agriculture harvest season in India is from February to May and all major spice harvest and sale has been affected by lockdown. Indian agriculture supply chain is labor intensive and restriction in usage of manpower due to social distancing norms is adversely affecting Indian agriculture supply chain. We are expecting long term supply chain disruption in agriculture sector as we will enter into sowing season from June – September. Availability of manpower and agriculture inputs are uncertain for the sowing season.

India is facing attack from swarms of desert locust. Due to favorable weather conditions, swarms of locust has travelled from Africa [Ethiopia, Kenya, Somalia] to Iran to Pakistan and has reached India by end of April. Currently locust swarms have travelled in North east direction and has not affected any of the spice crops. Presence of locust swarms till month of October 2020 can have adverse effect on spice crops like chillies, turmeric, ginger, cumin etc.

PLANT LIPIDS

We are very glad to report that so far, we have had zero cases in all our facilities and all of our team and their families are safe. We went into very strict controls as per the guidelines of our government immediately after the lockdown. Within a week of the lockdown we were allowed to start our operations partially with very limited people and most of our people were working from home. We are slowly opened all our operations and made sure that we were able to take care of all our stakeholders and their requirements. We hope that all of you and your families are safe! Please see the below link to what our teams did during the lockdown showing the power of teamwork and the brilliance of the human spirit.

BLACK PEPPER

Black Pepper season in Vietnam is complete. Black Pepper price in Vietnam has moved up by 40% from middle of May 2020. Black pepper season in Sri Lanka has started. Sri Lanka is in total lockdown due to COVID-19 outbreak and we are seeing major supply chain disruption. Supply chain operations cost like harvesting, transportation, labor and drying costs have gone up due to lockdown. Pricing of Black pepper in Sri Lanka is firm and has increased in line with Vietnam black pepper price movement.

Global Black Pepper prices have touched multi-year bottom in May 2020 and has bounced back by 40%. Vietnam black pepper crop is 75% sold out and farmers will hold and sell in off season to improve their profits. Currently prices are around \$2.90/kg in Vietnam.



NUTMEG

Indian nutmeg crop harvest and distillation has been postponed due to lockdown extension. Incessant rainfall in months of October and November 2020 has adversely affected the flowering in Nutmeg trees. Carry forward stock availability is lower at the source. Nutmeg prices are expected to be firm during 2020 season.





CAPSICUM

2020 chilli crop in India was delayed and harvest was supposed to be from February to May 2020. The delayed monsoon pushed the harvest to March. By the third week of March the Chilli markets were closed due to national lockdown. The average price for chilli was traded at 35 – 40% higher than last season. The problem was made worse by the 30% lower capsaicin content in chillies produced this season. At the moment, there is no standing crop and entire produce has been kept in cold storages by farmers. Stock availability is very less and also pricier. Sowing of chilli seeds for 2021 crop starts from June 2020 and ends by September 2020. We are expecting future prices to trade based on the extent of sowing. Price of Capsicum Oleoresin is traded at historically high price and it is recommended to cover your requirement till 2021 season.

PAPRIKA

India: 2020 season of Indian paprika is completed. There was a larger shift from cultivating traditional KDL paprika to hybrid paprika. Traditional paprika prices is traded at 300% higher than last year prices. Seed sowing for 2021 season will be from June to September 2020. It is still too early to predict the outcome of sowing in India

China: 2019-20 China paprika season is completed. Sowing for 2020 – 21 paprika is ongoing in China. Social distancing norms and manpower restrictions are not encouraging factors to sowing of paprika. Coronavirus outbreak has slowed down the business operations in China from January to March 2020. China has recovered from the pandemic and business operations are slowly returning back to normal. We are expecting 10% larger sowing area for paprika chilli in China as compared to last season.



CARDAMOM

Indian Cardamom season is from August to March. Indian cardamom farms will be expecting monsoon rains from June to September 2020. Optimum monsoon rainfall is key for Cardamom production in India. With COVID-19 outbreak, demand for cardamom from domestic and export markets have reduced drastically. Indian cardamom prices have decreased drastically and is currently trading at USD 19 per kg [January 2020 RM price - USD 55 per kg]. We are expecting cardamom prices to remain weak till August 2020.

GINGER

We are at the end of Indian ginger season. Ginger growing areas had increased by 20% due to higher price realization for the crop. We are seeing increased usage of ginger flavors in culinary requirements of Indian households. At the moment, Indian dry ginger is cheaper compared to Nigeria and Chinese ginger. We are expecting prices to remain stable in 2020 season. Current price of Indian dry ginger is USD 1.40 per kg

We are at the end of Nigerian ginger season. Due to Coronavirus outbreak, global ginger demand has shifted their procurement from China to Nigeria. Chinese supply chain is slowly coming back to normal. Current price of Nigerian ginger is USD 1.75 per kg





CUMIN SEED

Indian Cumin season is delayed and is from March to May. Cumin seed farmers are showing increased interest in the crop due to better price realization. Cumin seed sowing area has increased by 30% as compared to last season. Cumin crop faced locust attack in end December and this has impacted 10% of the crop. Current price of cumin seed is USD 2.10 per kg

TURMERIC

2020 Turmeric harvest season is from February to May. Indian farmers have started losing interest in Turmeric as turmeric price has been steadily decreasing from 2017 season.

Ongoing coronavirus pandemic has increased the demand for curcumin supplements around the world. Pre-lockdown price for turmeric was lower than last season. Sowing of Turmeric for 2021 season is ongoing and will be complete by August 2020. We are expecting 20% lower sowing area as compared to last season due to lower price realization for Turmeric.



CELERY SEED

Indian Celery seed season is from May to July. We are expecting 25% crop decrease in Celery seed in 2020 season due to larger migration of farmers from Celery seed to wheat. Celery seed price is currently trading at 15% higher as compared to last season.

ROSEMARY

Antioxidant industry demand for Rosemary is increasing exponentially. New plantations in new sources are coming up to meet the increasing demand. Prices for Rosemary are expected to be stable.





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info@plantlipids.com
www.plantlipids.com

Cochin, Kerala, India
+91 484 284 4500