



# NEWS & MARKET REPORT

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## FOOD PRICES DEFLATE AS TRADE THROUGH THE UKRAINE-RUSSIA FOOD CORRIDOR RESUMES

The food prices have started declining as the Russian blockade of the Ukraine territorial waters ends. The prices of cereals like wheat and maize fell by 14.5% and 10.7% respectively. There has been a decrease in oil prices including palm oil, rape seed oil, soy oil, etc. It is to be noted that, the price of sunflower oil has dropped markedly as its leading producers Russia and Ukraine have got market access.

## OCEAN FREIGHT RATE DROPS

There has been a drop in ocean freight rates with weak cargo arrivals, dip in shipping volumes and much reduced port congestion levels across the countries. The rates which were astronomically high during the pandemic are now slowly stabilizing. Currently, the prices are 39% lower than it was a year ago. However, the rates are still 4 times more than the pre-pandemic norms.

## FURTHER DECLINE PREDICTED IN FOOD PRODUCTION AND HARVEST IN SRI LANKA

Sri Lanka has been struggling with a devastating economic crisis for the past few months. It has resulted in hyperinflation, food insecurity, and malnutrition. The food production and harvest are expected to drop by at least 40%-50% in the coming months, further worsening the situation. The country is currently looking at an IMF bailout to resolve the crisis. It has been suffering persistent shortages of fuel, food, and other necessities, having run out of foreign currency to bring in essential imports.



## BLACK PEPPER

**Vietnam :** The new season is expected to commence in mid-November with high carry-forward stocks. Vietnam's 2023 black pepper crop is expected to be positive and production areas in pepper growing provinces are likely to have a good harvest in the upcoming season. The global pepper market will be under pressure due to low demands across west and due to the geopolitical tensions in Eastern Europe. The surplus availability and weak demand will keep the pressure on prices to remain stable.

**Indonesia :** In Indonesia, harvesting is ongoing in major growing regions. The crop is reported to be short when compared to last year. There has been an increase in prices owing to high freight rates and depreciation of the local currency (Rupiah) against the USD.





## PAPRIKA CHILLI

**India:** The paprika farmers have decided to plant seedlings to mitigate the risk of seeds being washed away during rains. Transplantation of paprika chilli seedlings has been completed in major growing regions. It is estimated that the sowing area will see a reduction of 10%. The prices have seen a significant increase in the last 3 months and are currently trading at high levels.

**China:** The harvesting of the paprika crop is expected to commence by mid-October. China's food security policy gave much focus to the staple crops resulting in no expansion of paprika acreage and so the area will remain the same compared to last year. Adverse climatic conditions during fruit stage is likely to affect the yield. The export and domestic demand for Chinese paprika have seen a decline over the last year and has resulted in considerable carry forward stocks. We expect the prices to remain stable in the short & medium term.

## CAPSICUM CHILLI

Capsicum chilli farmers too decided to completely shift to sowing seedlings. The farmers across capsicum growing belt are mitigating the risk of rains impacting their entire crop by transplanting chilli seedlings in a staggered manner. It is estimated that the sowing or transplantation activities will run into the month of October. The promise of high prices have brought farmers to even switch back to chilli from cotton and maize which were in their early stages of cultivation.

The prices have risen from last month's levels and are trading at a historic high for most high pungent varieties. Cold storage stocks are depleting and it is estimated that the carry forward stocks will get sold out in the coming months. The prices are expected to increase further due to limited supplies.

10%  
production area





## CUMIN SEED

The harvest of cumin was completed and there is a 30% decrease in the output. The rates have remained firm during this year. We expect the prices to go higher during off-season. There have been reports of carry-forward stocks being traded to exhaust last season's produce. Farmers running IPM Cumin programs had to resort to pesticides due to pest attacks resulting in IPM programs failing at a large scale. Hence prices of IPM cumin have risen with surge in demand and decrease in availability of the same. We expect the cumin sowing area will increase due to higher price realization over the current season.



## TURMERIC

**India:** The sowing of turmeric has been completed in most of the growing regions. The crop size of turmeric remains unchanged when compared with last year. The price continues to remain steady.

**Indonesia:** The harvesting of turmeric is ongoing in Indonesia and is likely to get over by October. It is expected that the output will remain comparable to 2021. Farmers and traders have been complaining of sporadic rains causing challenges for drying the turmeric.





## NUTMEG

Indian nutmeg has resumed arrivals in the market post heavy rains in August in the major growing regions. The material arrival in the market is low and in addition to that, there has been a shortage of good quality nutmeg. The prices are on an upward trend and they could increase in the future.

## GINGER

Currently, green ginger material is available in high quantities in the market. The prices are expected to be steady. The incessant rains in major growing regions had an impact on the standing crop with damages reported. This may result in a lower quantity of high-grade fresh ginger coming to the market.





## FENUGREEK SEED

The harvest season of fenugreek has started in India and is in full swing. The unseasonal rains in the growing region could hurt arrivals and the quality of the commodity. Fenugreek export demand has been reported to be modest. The prices continue to be in a downward trend.

## CELERY

The harvesting has been completed. The crop arrival has decreased significantly due to crop shortage caused by heat waves. The crop size has reduced by 30% compared to last year. At the start of the season in June, the commodity was commanding a higher price. Over the last two months the prices have come down marginally and we expect the prices to remain stable.

30%  
↓ crop size





## CARDAMOM

The material currently being received in the market is a mix of both old and new crops. Cardamom prices have been volatile owing to heavy and continuous rainfall in the last weeks of August in the growing area. Prices are likely to climb if the incessant rains continue through September. There have been reports of the rains damaging the cardamom flowers and high retention of water in the cardamom farms. We are likely to see stability in cardamom prices around October

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