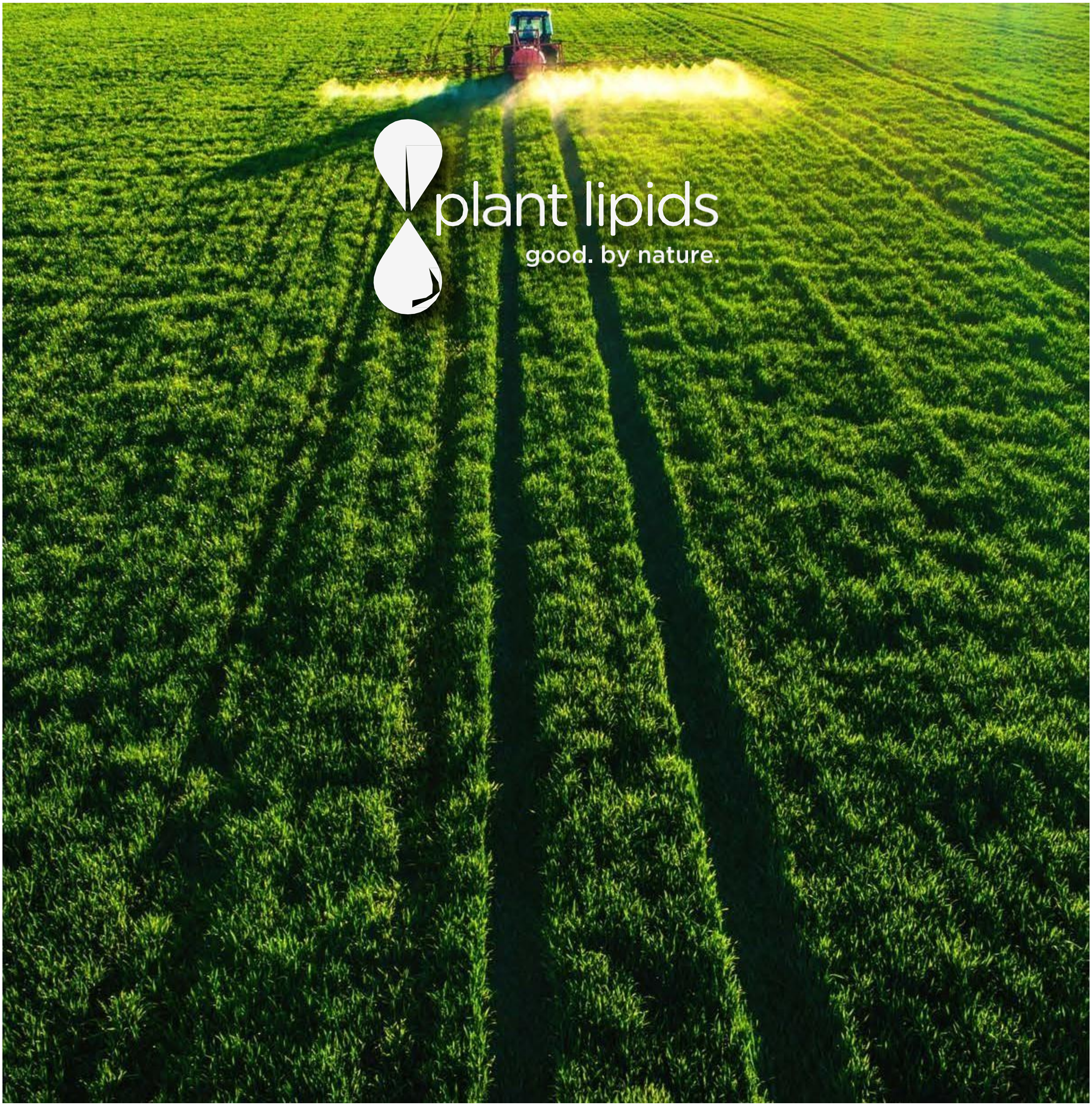

MARKET REPORT

MARCH 2017

BLACK PEPPER

SRI LANKA

Black Pepper crop in Sri Lanka is over. We look forward to major crop season in May 2017. Sri Lanka black pepper price is highly influenced by Indian black pepper prices. It has to be noted that Indian Black Pepper price is currently trading at USD 9.00 per kg (USD 10.50 per kg in Dec 2017). We are looking forward to favorable pricing in May season. We are expecting a 40% higher crop in May 2017 season.

Sri Lanka	2013	2014	2015	2016	2017 E
BP ('000 MT)	16	11	19	13	18

INDONESIA

Indonesia Black Pepper crop season is over. At source, there are hardly any Black Pepper volume available for sale. We are hearing pesticides risk in upcoming Indonesia crop. Harvest is expected to start from August 2017. We are expecting a 15 – 20% larger crop in July 2017 season.

Indonesia	2014	2015	2016	2017
BP ('000 MT)	13	32	26	31

VIETNAM

2017 Vietnam crop has started. Vietnam experienced incessant rainfall in months of October – December. This has adversely affected yields in major growing areas. But it has to be noted that larger area of new plantations has come up in Vietnam. Production from the same would be offsetting the loss incurred from rainfall. We are expecting 10 – 15% larger crop in 2017 season.

Vietnam	2013	2014	2015	2016	2017 E
BP ('000 MT)	128	154	150	175	195

CAPSICUM

Capsicum crop harvest has started from month of January 2017.

CAP	2013	2014	2015	2016	2017 E
Vol. (in '000 MT)	1200	1307	1310	1105	1350

Capsicum chilli is mainly grown in Andhra – Telangana, Karnataka, Madhya Pradesh & other regions in India. Karnataka is a major paprika growing region in India. But recently farmers are shifting to hybrid capsicum chilli because of higher production yields. Madhya Pradesh was a major chilli growing region in India 3 years back. But due to non – crop rotation and virus attack, the crop in Madhya Pradesh have been seriously affected in the last 3 years. This was one of the major reasons for higher price increase of Capsicum chilli in 2016 season. This year, farmers have shown increased interest in Capsicum chilies because of higher prices in 2016 season. We are expecting a 15 – 20% larger crop in 2017 crop season.

CAP	2013	2014	2015	2016	2017 E
AP - Tel	465	600	635	585	690
Kar	160	187	200	140	210
MP	225	170	125	30	50
Others	350	350	350	350	400
Vol. (in '000 MT)	1200	1307	1310	1105	1350

PAPRIKA

China Paprika crop harvest is over. Majority of the material are now in the hands of pellet manufacturers and Extractors. It has to be noted that customers around the globe have forward contracted majority of the material and prices have strengthened by 10 – 15 % from October prices. Major players in China are closely watching Indian Paprika market for forward pricing.

PAP	2013	2014	2015	2016	2017
China (‘000 MT)	78	48	100	120	122

Indian Paprika harvest started from month of January. Currently we are approaching the fag end of season. Paprika in India is majorly grown in state of Karnataka. It has to be noted that Karnataka is facing one of the worst droughts in the last 20 years. Majority of the farmers have shifted to hybrid chillies instead of the traditional KDL chilli (KDL – Chilli used for Paprika Oleoresin Extraction). Farmers are getting a higher production yield for hybrid chillies (2.50 MT per acre) than traditional KDL chilli (1.5 – 2.0 MT per acre). Indian Paprika crop is 10% lower than 2016 season.

PAP	2013	2014	2015	2016	2017 E
India ('000 MT)	116	145	156	122	114

Turmeric

2017 Turmeric season in India has started. There is fewer carry forward stock in India than last season. It has to be noted that carry forward stocks are at historically low volume.

INDIA ('000 MT)	2013	2014	2015	2016	2017 E
Carry Forward	168	315	260	100	95
Crop Production	396.8	393	403	303	427
Total	564.8	708	663	403	522

Turmeric is mainly grown in the following regions: Maharashtra, Nizamabad, Cuddapah, Duggirala, Warangal, Tamil Nadu and other growing areas. We are expecting a 30% crop increase in 2017 season.

INDIA ('000 MT)	2013	2014	2015	2016	2017
Maharashtra	108	63	122	90	168
Nizamabad	112	91	102	74	98
Cuddapah	17.5	21	25	16	15
Duggirala	26.3	22	34	30	30
Warangal	28	28	25	18	21
Tamil Nadu	77	140	56	42	60
Others	28	28	39	33	35
Crop Production	396.8	393	403	303	427

Extraction grade Turmeric availability is very limited. Extractors mainly source Turmeric of higher curcumin content. With larger number of new entrants in Curcumin powder market, raw material prices are speculatively kept at higher levels than last year.

GINGER

INDIA

Indian Ginger season has reached the fag end of the season. Indian Ginger had subdued demand in 2016 – 2017 season. This has mainly kept the prices at lower levels.

NIGERIA

We are expecting a total crop of 15,000 – 18,000 MT Nigerian Ginger crop for the next crop season. This is similar to the volumes of last year. Decrease in prices of Indian ginger has played a major role in pricing of Nigerian Ginger. Nigerian Ginger is also available at a discount of 15% to last season.

NUTMEG

INDONESIA

Indonesia is the largest producer and exporter of Nutmeg contributing to 80% of global demand. Currently Nutmeg is traded at 25% premium to last season. This is mainly because of the diminishing stocks with major farmers and farmers holding surplus stocks waiting for better prices. Above all major companies are aggressive to secure their position for meeting their oil and oleoresin needs.

INDIA

Indian Nutmeg season has started. Crop production is expected to be same as 2016 season. Nutmeg in India is facing subdued demand due to restrictions on sale of tobacco & related products. It has to be noted that Tobacco segment was the major consumer of Nutmeg. We are expecting prices to remain stable in 2017 season.

CARDAMOM

2016 – 17 Cardamom season is over. Cardamom is majorly grown in state of Kerala. Kerala is facing one of the worst droughts in 100 years. South West Monsoon in June – August is critical for Cardamom production. In 2016, Kerala had a 70% rainfall shortage from South West Monsoon. North East monsoon from October – December used to provide a late second crop in Cardamom. This year, we have witnessed 80% rainfall shortage in north east monsoon as well. The acute water shortage has severely affected Cardamom crop. Cardamom prices are currently traded at more than double the price of 2015 – 16 season.

Industry is eagerly looking towards onset of 2017 south west monsoon in June. Another year of failure can open up an interesting situation for the industry.

CELERY SEED

2016 Celery seed season is over. Industry is eagerly waiting for the new crop season in May 2017. Majority of farmers have shifted to wheat because of higher minimum support prices for the crop. Our RM Market Intelligence team would be doing a field survey in mid - April 2017.

CUMIN SEED

Indian Cumin seed season has started. Brisk arrivals would start from end of March 2017. Major crop growing areas of Rajasthan & Gujarat experienced milder winter in 2016 – 17. Cumin crop requires moderate weather in morning and cold weather at night for higher productivity.

We are expecting a 10% reduction in Cumin seed crop.

	2014	**2015**	**2016**	**2017**
Production	396	332	352	330
Carry Forward	63	78	44	38
INDIA (‘000 MT)	**459**	**410**	**396**	**368**

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