



# Pepper



### Key takeaways



### Price outlook



- The harvest in Indonesia is ongoing and will peak until Aug-19. The crop is expected to be similar as last year. The harvest in Para, Brazil will start next month and it's expected to be a good crop.
- Global stock levels are expected to remain high. Although Vietnam finished its harvest, Brazil and Indonesia will increase stock levels in origin, while significantly increased exports have filled buffers in destination markets and may limit export demand going forward.
- Prices softened by c. 2-3% over the past month and may soften somewhat more until end of the year still. The upcoming crop in Vietnam will be key for the market direction.

Short term:



Medium term:



Long term:

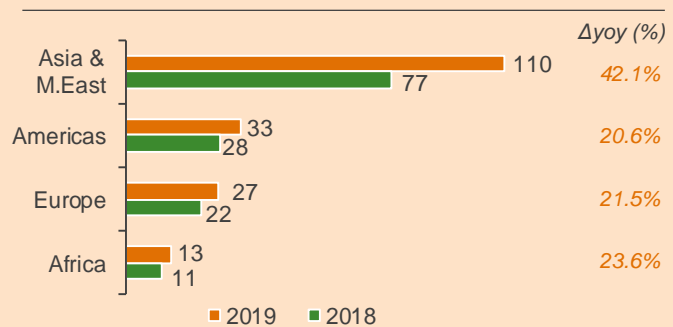


### Supply dynamics



- Vietnam and Brazil are the biggest export origins and shipped volumes increased significantly for the YTD Jun-19 period. During the first 6 months, Vietnam and Brazil together exported c. 230 KMT, up 33% and 45% yoy respectively.
- The harvest is peaking in Indonesia, total crop volume is estimated to be c. 61 KMT which is similar to last year. Brazil will enter its harvest soon in Para state and is expected to contribute at least 85 KMT in the crop season 2019/20.
- Stocks are building up quickly in destination markets, but also in India and China to meet local consumption and speculative demand.

Vietnam – YTD exports (KMT)

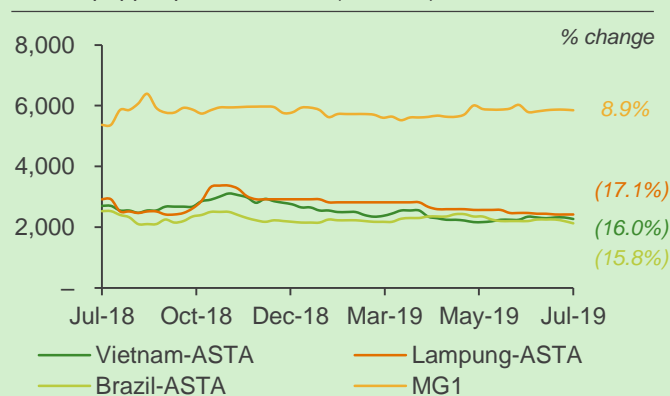


### Price trends



- Vietnamese prices softened somewhat due to low demand from China. It's expected that Chinese buyers will slow down their buying activities in Vietnam for the coming month and focus more on white pepper in Bangka, Indonesia.
- Brazil is the lowest priced origin, black pepper ASTA guaranteed quality is being quoted at c. US\$ 2,125/MT which is c. 5-7% lower than Vietnam.
- Lampung organic black pepper is being offered at c. US\$ 3,900/MT which is c. 60% higher than FAQ quality. Muntok white pepper increased slightly over the past month and is lower than Hainan WP by c. 15%. Vietnamese WP decorticated is still most attractive in terms of price.
- The new crop from Indonesia and Brazil will likely put further pressure on prices in the coming months.

Black pepper prices – FOB (US\$/MT)

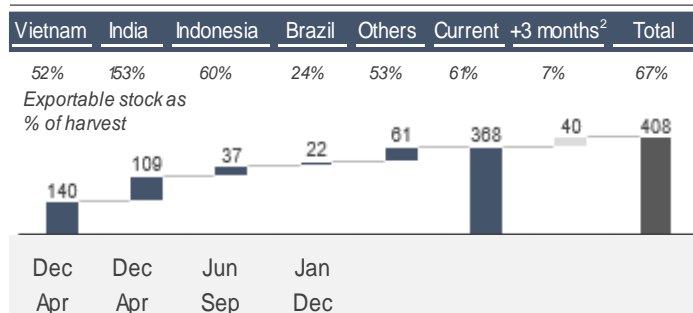


### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change (%)
BP Vietnam FAQ 550gl	2,225	(2.2%)
BP Brazil FAQ 550gl	2,025	(3.6%)
BP India FAQ 550gl	5,119	(3.1%)
BP Lampung FAQ 550gl	2,420	(1.0%)
WP China FAQ	4,800	-
WP Indonesia Muntok FAQ	4,120	3.8%
WP Vietnam DW	3,200	(4.5%)

### Exportable stock estimate (KMT)<sup>2</sup>





# Cassia



### Key takeaways

- Stocks of Indonesian cassia with high oil content are less available in the market. Buyers have to look for alternative product from Vietnamese cassia, pushing up local prices over the last month.
- Vietnamese cassia from the upcoming autumn crop will arrive from Sep/Oct-19 which may help to soften the market. However, the market arrivals still depend heavily on weather conditions and the willingness to harvest from farmers.
- Market prices are expected to stay firm over the long term.



### Price outlook



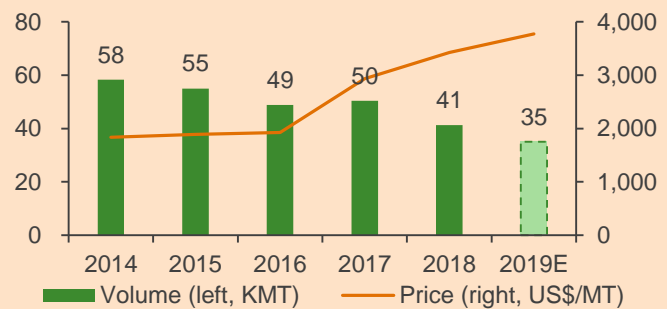
- Short term:
- Medium term:
- Long term:

### Supply dynamics



- Indonesia's export volumes decrease yoy. Production has dropped since 2014 due to several consecutive years of low prices. The local market showed a tight supply for high oil cassia grade A as most planted areas are in early ages of their production. It will likely take another 5-7 years to get sufficient good quality volume.
- Due to less availability of Indonesian KA, importers from China and India are looking for Saigon cassia with similar oil levels as an alternative. The upcoming harvest in Vietnam will commence from September.
- Due to an increase in demand for organic cassia, some suppliers/collectors together with farmers are building up this channel to reach a higher level of export quality.

Export volume and price from Indonesia

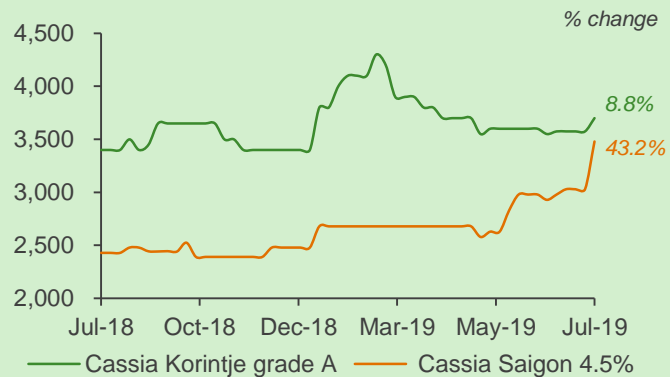


### Price trends



- Indonesian prices softened by c. 5-7% when Vietnam entered its harvest in March. However, the local market was quiet over the past month as Indian buyers were more active in the Vietnamese market. KA prices are being offered at c. US\$ 3,700 - 3,750/MT. The market is offering mostly KB/KC quality with lower oil, lower density and darker colour, compared to KA.
- Saigon cassia prices were up by c. 20-25% versus last month due to strong demand from India, especially for the 2-3% oil quality. Cassia 4.5% oil is being quoted at c. US\$ 3,450 – 3,500/MT. Vietnamese collectors/ farmers are offering competitive prices for organic quality.
- Limited stocks and speculative demand is likely to drive market prices up in the short term.

Cassia prices – FOB (US\$/MT)

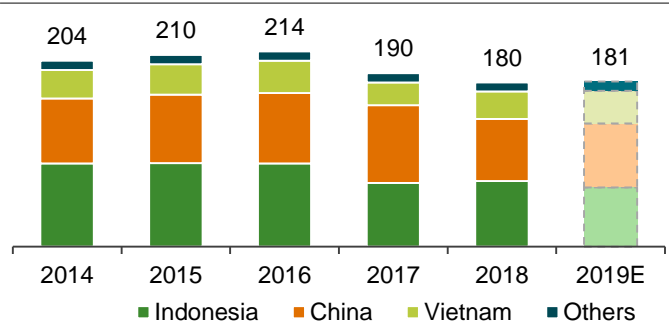


### Key quality price levels<sup>1</sup>



Quality	US\$/MT	Change (%)
Cassia KA 2 -2.5% (CAS)	3,800	3.4%
Cassia KB 1.5 - 2%	2,400	4.3%
Cassia Vera stick	5,050	(2.9%)
Cassia KBKC	2,150	4.9%
Saigon Cassia 3.0% (CASSGN)	2,900	18.4%
Saigon Cassia 3.5% (CASSGN)	3,100	19.2%
Saigon Cassia 4.5% (CASSGN)	3,500	25.0%

### World production of Cassia (KMT)<sup>2</sup>



### Various



#### Cumin



##### India

The harvest finished in all growing areas. Cumin market arrivals were reported to be c. 265 KMT for the YTD Jun-19 period, which is 65% more than last year. Most materials are used for local consumption. Unfavorable weather during Mar/Apr-19 caused severe aphid infestation across growing areas, which further impacted quality of the materials and quantities available for export. Hence, materials with compliant allergens and pesticides are not much available at the moment.

Local market is offering low prices for conventional quality of c. US\$ 2,220 – 2,370/MT which is c. 30-40% lower than guaranteed quality cumin. Prices increased c. 15% after the harvest due to slow supply of good material and are expected to remain in an upward trend for the coming period.

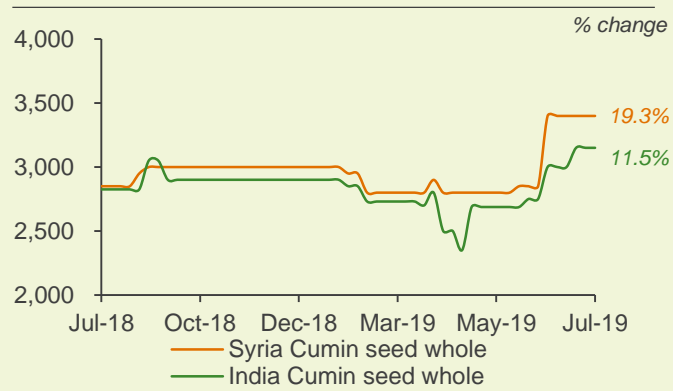
##### Syria

The harvest finished last month. New crop materials are being offered at a relatively high price level of c. US\$ 3,400 – 3,500/MT, up c. 20% over the past 2 months. Prices are expected to remain firm as there is limited availability. Traders/collectors are active in this origin to look for compliant material.

##### Turkey

First quality (grade A) is selling at premium prices, at c. US\$ 3,700 – 3,800/MT due to limited stocks. Second and third grade qualities are being offered at attractive prices of c. US\$ 2,690/MT and US\$ 2,470/MT respectively.

Cumin prices – FOB (US\$/MT)



#### Ginger



##### China

Sowing was completed in June. Due to low prices, farmers reduced sowing areas by at least 20%. The upcoming harvest is expected to start from Nov/Dec-19.

Local stock is limited due to less processing activities. New materials will be available from Dec/Jan. Chinese production is mostly used for local consumption.

Local market prices are being quoted at c. US\$ 2,800 - 2,900/MT and are expected to stay firm over the coming months.

##### India

Due to a late monsoon, sowing was delayed for 15 days. This year, prices for fresh ginger ranged between US\$ 725 - 1,015/MT. Farmers prefer selling as fresh materials, seed rhizomes become less available for planting.

Market arrivals for raw dry materials were reported at c. 53 KMT for the YTD Jul-19, down 30% yoy. Local FAQ prices are being quoted at c. US\$ 4,000 – 4,100/MT which is significantly above price levels of other origins. Buyers are looking for more materials from China and Nigeria.

##### Nigeria

Sowing finished in May/June. Although local market prices remained at low levels, farmers still maintain their crop sizes as other crops like cocoa bean and cashew do not provide better income. Prices ranged between US\$ 2,100 – 2,200/MT for the split quality.

Ginger price – FOB (US\$/MT)

