

Spice Market Outlook September 2024



Black Pepper



Vietnam



Supply Update

- **Current Price:** USD 7/kg for Vietnam Black Pepper 550 g/l. +6% from the previous week.
- **Crop Area Decline:** Decreasing area under black pepper cultivation due to reduced new plantations and aging vineyards, leading to lower output per hectare.
- **Crop Shift:** Farmers are transitioning from black pepper to durian and coffee, driven by higher returns from these alternative crops.

Demand Update

- **Strong Chinese Demand:**
- **Annual Requirement:** Approximately 50,000 MT.
- **Supply in 2024:** Less than 10,000 MT in the first 8 months.
- **Pending Orders:** Nearly 4,000 MT to be shipped from Vietnam within 20 days.
- **Domestic Price Surge in China:** +10%, now at 51 RMB.
- **Strong Middle Eastern Demand:** Increased demand from the Middle East is contributing to higher prices.

Cost Update

- **Strengthening US Dollar:** The strengthening of the US dollar against the Vietnamese Dong is increasing the cost of black pepper in USD terms.
- **High Pepper Prices:** Elevated prices for heavy pepper discourage farmers from harvesting lighter berries, leading to higher costs for quality raw material.

Harvest Calendar - Vietnam

J

F

M

A

M

J

J

A

S

O

N

D

Harvest Calender-India



Sri Lanka



Supply Update

Sri Lanka's black pepper harvest this year reached 30,000 MT. Despite the large crop, prices for light berries remain high as farmers avoid harvesting immature berries. A minor Kandy season is expected from December to January 2025 with a crop size of 500 MT.

Demand Update

Current offers are USD6.50/Kg for 7% ASTA Piperine light berries and USD 7/Kg for black pepper 550 g/l. Demand from Indian powder manufacturers and traders, who have trade relaxations, is robust. Additionally, there is strong extraction demand from India for high piperine raw material.

Cost Update

Key factors driving high prices include:
Indian Demand: Increased demand from Indian companies due to duty-free import allowances.
Price Parity: Comparable pricing between light and heavy berries.
Extraction Needs: High demand for high piperine content from Sri Lanka.
Limited Supply: Most harvested produce is heavy pepper, reducing light berry availability.

India



Supply Update

The Indian black pepper season has concluded, with production for 2023-24 at 70,000 MT. However, production is expected to decrease by 30% in the 2024-25 season due to excessive rainfall in Kerala, particularly in Wayanad. The cultivated area in Wayanad has declined significantly, from 20,955 hectares in 2005-06 to 10,307 hectares in 2019-20, impacting yields.

Demand Update

India imported 4,045 MT of black pepper under the Free Trade Agreement, including 2,500 MT of Sri Lankan pepper duty-free and 8% duty on the excess. Additional imports included 597 MT from Vietnam, 36 MT from Brazil, 27 MT from Ecuador, and 20 MT from Madagascar.

Cost Update

Key factors affecting costs include:
Import Disruptions: Low-quality pepper imports impacting prices.
Production Decline: Expected 30% drop in production due to weather.
Reduced Cultivation: Significant decrease in cultivation area in Wayanad.
Productivity Loss: Ongoing productivity issues from climatic changes.
 RM Black Pepper MG1 – USD 8.3/Kg
 RM Black Pepper 500 g/l – USD 8/Kg.

Harvest Calender-Sri Lanka





Pungent Chilli

Supply Update

Chilli sowing in Andhra Pradesh and Telangana is underway. Direct sowing of OPV varieties is 60% complete, with nursery transplants expected to finish by October. Recent floods in Vijayawada destroyed 20% of nurseries, but replanting is possible. Reservoirs in the Krishna and Godavari basins are full, benefiting the upcoming season. The crop area is projected to be down by 25% compared to last year, but ample cold storage stocks should mitigate the impact.

Demand Update

Seed sales for F1 Hybrids, particularly Syngenta's 5531 and 2043, have declined by 35% as farmers shift to Teja and 334 varieties due to price parity. Prices for major chilli varieties are stable and expected to remain steady in the medium term

Cost Update

Cost pressures are influenced by:
 Flood Damage: Impact on nursery operations and potential replanting costs.
 Reduced Crop Area: 25% decrease in area affecting overall supply.
 Seed Substitution: Shift from 5531 to Teja due to price differences.
 Current prices are:
 Teja Deluxe: USD 2.12/Kg
 Syngenta 5531 Medium: USD 1.53/Kg.
 334 Best: USD 1.65/Kg.
 Syngenta 2043 Best: USD 2.00/Kg.

Harvest Calendar

J

F

M

A

M

J

J

A

S

O

N

D

Chilli



Colour Chilli

Supply Update

Karnataka's color chilli areas have received ample rainfall, and sowing of KDL Paprika and Dabbi is complete. Reservoirs are full, and Bellary farmers will have canal water until December. Seedlings in Bagalkot, Hubli, Ballari, and Raichur are at 60 days. A varietal shift from KDL and Dabbi to 334 is noted in some areas. The crop area is expected to drop by 40%, but 70 cold storages in Karnataka hold 150,000 MT, sufficient until February 2025. Net arrivals for the 2024-25 season are estimated at 400,000 MT.

Demand Update

The market demand remains stable with current prices reflecting this. The major chili varieties available from storage are:
KDL Paprika 180 ASTA CU
Dabbi KDL 250 ASTA CU

Cost Update

Key cost pressures include:
Reduced Area: 40% drop in crop area.
Varietal Shift: Shift to 334 variety in some regions.
Storage Availability: Ample cold storage mitigating supply concerns.
Prices for major chili varieties are stable, with KDL Paprika and Dabbi KDL offered at USD 2/Kg and USD 3.2/Kg, respectively.

Harvest Calendar



Turmeric



Supply Update

•Turmeric planting for the 2024-25 season in India is nearly finished, showing a 35% increase in area compared to the previous year. The carryover stock has decreased by 20%, now at 135,000 MT. This season's favorable weather conditions and adequate reservoir levels are expected to support a strong new crop. New crop supplies are expected to begin arriving by the end of January.

Demand Update

The rise in planting area is driven by heightened demand and the lucrative prices farmers achieved for their previous harvest, which has encouraged more turmeric cultivation.

Cost Update

There is significant cost pressure this season, with turmeric seed prices rising 70% to INR 80 per kg. Current market prices for major turmeric varieties are:
Turmeric Rajapuri Finger Double Polished: USD 1.89 per kg.
Turmeric Desi Cudappah: USD 2 per kg.
Turmeric Nizamabad Polished: USD 1.83 per kg.

Harvest Calendar

J F M A M J J A S O N D

Ginger



Supply Update

The area dedicated to ginger cultivation in India has expanded by 45% this year. The current crop is reported to be healthy, and farmers are expecting higher yields. The new harvest is anticipated to begin by the end of October. Key growing regions in Karnataka include Hunsur, Hassan, Shimogga, Shikaripura, and HD Kota. New supplies are expected to enter the market by late October.

Demand Update

With the increase in cultivation area, demand is being met more effectively, contributing to stabilized prices in the market.

Cost Pressure

Prices for major ginger varieties are currently stable, with the following market offers:

Dry Ginger Tsunami: USD 1.53 per kg
Dry Ginger Rigoddi: USD 2.98 per kg
Dry Ginger Himachal: USD 3.78 per kg

Harvest Calendar

J

F

M

A

M

J

J

A

S

O

N

D

Cardamom



Supply Update

Cardamom prices in India have remained stable despite the ongoing harvest season. This stability is due to significant supply constraints, including a 20% reduction in the standing crop from January to May in the Devikulam, Kumily, and Kattapana regions of Idukki district, caused by prolonged heat waves. Additionally, per-acre output has decreased by 15% to 300 kg/acre. Overall production for the year is projected to be around 20,184 MT.

Demand Update

The consistent crop coverage area of 70,000 hectares has not alleviated the impact of adverse weather and reduced productivity. Furthermore, reports of a 25% decrease in Guatemala's current-year production have heightened speculation and driven demand in the Indian market.

Cost Pressure

The combination of reduced local production and international supply concerns has led to increased price pressure. Stockists are holding large volumes in anticipation of higher returns, particularly in markets like Bodinaikkanur. Current auction prices for major cardamom grades are:

Green Cardamom Bulk: USD 27.20 per kg
Green Cardamom 8 mm: USD 32 per kg

Harvest Calendar

J

F

M

A

M

J

J

A

S

O

N

D

Nutmeg



Supply Update

The Indian nutmeg harvest is currently at its peak, and this year's crop is reported to be normal with no significant abnormalities. The favorable climate has benefited the standing crop. However, the availability of Afla-compliant material is limited due to heavy rainfall, which has disrupted drying operations for small-scale farmers.

Demand Update

Demand for nutmeg is currently weak, resulting in controlled prices. Stockists are largely inactive in the market, as prevailing prices are not compelling enough to encourage bulk purchasing.

Cost Pressure

Despite a stable supply, price pressure persists due to low demand and challenges with Afla compliance. Current market rates for major nutmeg grades are:

Nutmeg BWP: USD 1.53 per kg
Nutmeg Without Shell: USD 6.30 per kg
Mace Whole Red: USD 19.50 per kg
Mace Whole Yellow: USD 21.20 per kg

Harvest Calendar

J

F

M

A

M

J

J

A

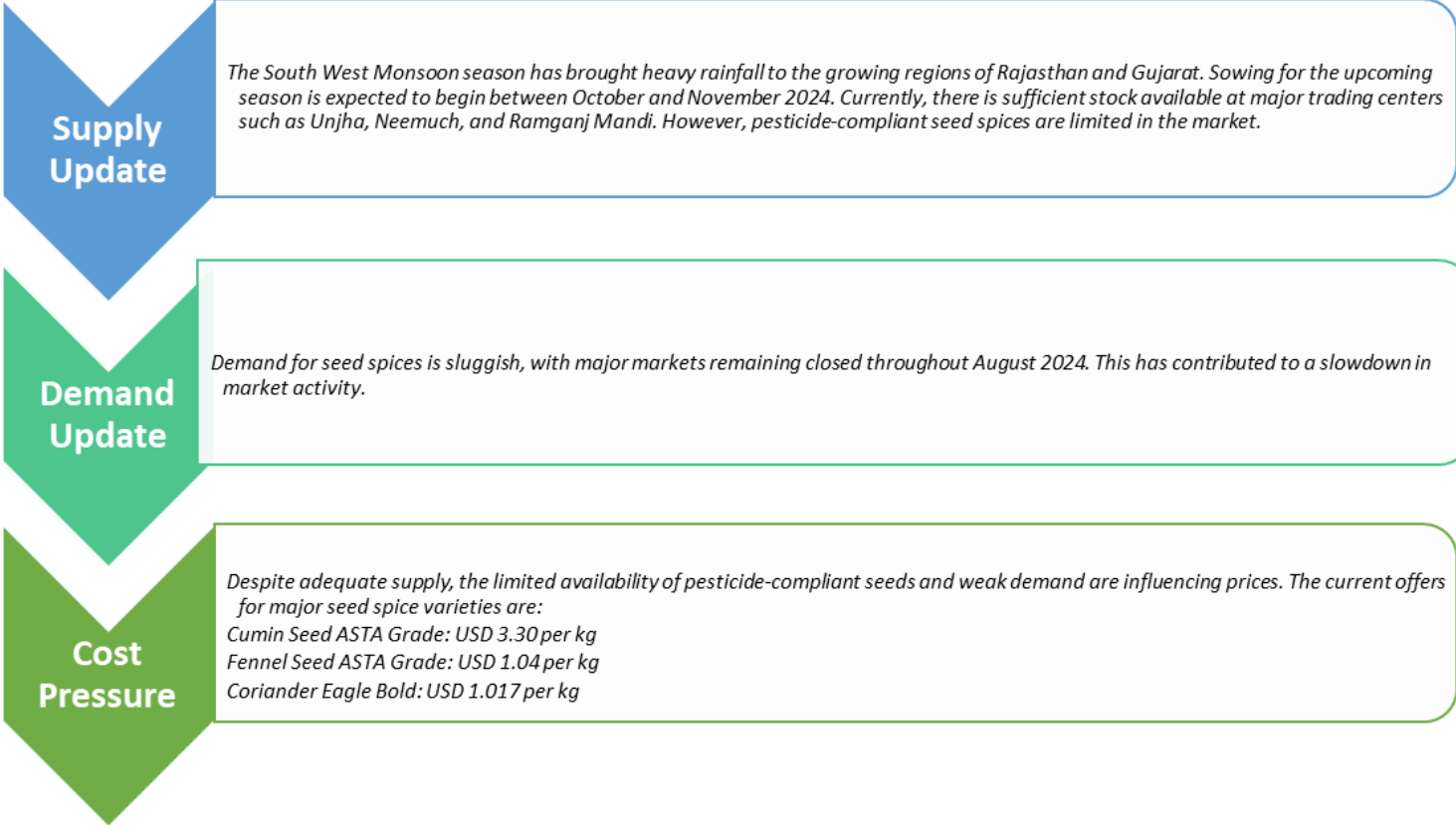
S

O

N

D

Seed Spices



Harvest Calendar



BIOFARM Turmeric Crop Status August 2024





GET IN TOUCH WITH US

sales@bioingredia.com



Bioingredia
Source Simplified

