

# Spice Market Outlook

## August 2024



# Black Pepper

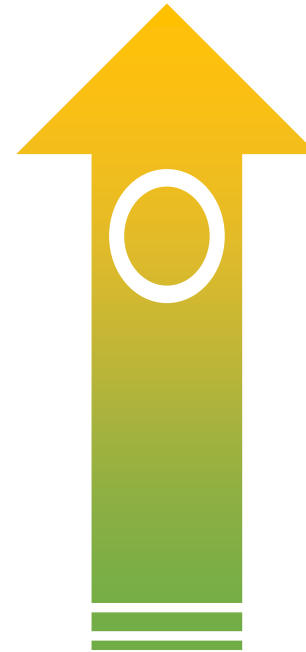
## Vietnam



### Market Dynamics

The Vietnam black pepper market has seen prices surge from USD 4/kg to USD 6.4/kg due to various factors impacting market dynamics.

Extraction grade light berry availability is low and currently at USD 6.4/kg.

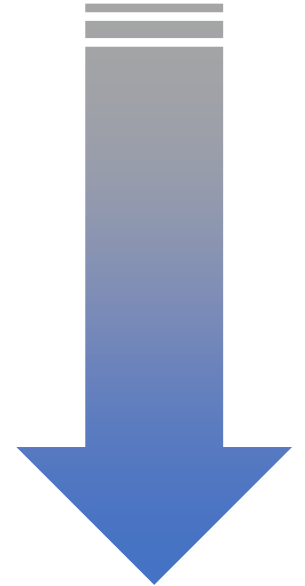


### HIGH IMPACT

- ✓ COFFEE PRICE CRASH: Plunge in coffee price by 30%.
- ✓ CULTIVATION SHIFT: Shift from black pepper to durian cultivation in growing areas.
- ✓ SPECULATION: Speculators exploiting coffee crash to stockpile black pepper.

### LOW/MODERATE IMPACT

- ✓ CHINA'S BUYING: China's resumed buying of white pepper in lower quantity.



### Harvest Calendar



# Black Pepper



## Buying Recommendations for Vietnam

- ✓ **Monitor Coffee Market:** Keep an eye on coffee market trends as they directly impact black pepper prices.
- ✓ **Watch Speculator Activity:** Be aware of speculators' influence on black pepper prices post-coffee crash.
- ✓ **Consider China's Demand:** Monitor China's demand for white pepper as it affects overall market dynamics.
- ✓ **Assess Cultivation Trends:** Evaluate the impact of shifting cultivation to Durian on future black pepper supply.
- ✓ **Prepare for Firm Prices:** Expect firm prices for extraction grade light berries in the medium to long term as high piperine material availability is limited and the current offers are at USD 6.4/kg.



# Black Pepper

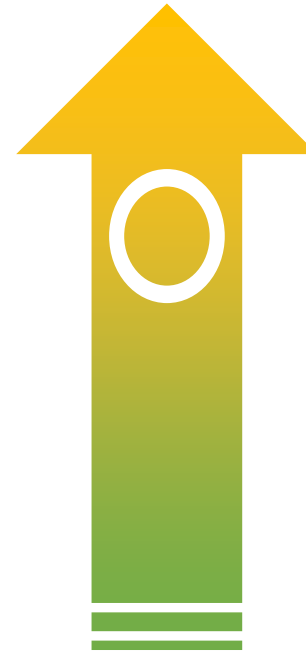
## Sri Lanka



### Market Dynamics

Market trends in Sri Lanka are influenced by farmer preferences for heavy pepper over light berries, with active participation of exporters pushing prices upward.

The heavy pepper market is valued at USD 7.25/kg, while the light berry market with 8% piperine sits at USD 6.8/Kg, with challenges for extraction buyers due to limited availability.



### HIGH IMPACT

- ✓ EXPORT ACTIVITY: Active participation of exporters in heavy pepper market.
- ✓ MARKET PRICE VARIATION: Price variation in heavy pepper price to light berries.
- ✓ EXTRACTION BUYER PRESSURE: Pressure on extraction buyers due to limited availability of heavy pepper.



### LOW/MODERATE IMPACT

- ✓ HARVEST DYNAMICS: Farmer prefer heavy pepper over light berries due to better returns.

### Harvest Calendar



# Black Pepper



## Buying Recommendations for Sri Lanka

- ✓ **Assess Harvest Dynamics:** Understand farmers' preferences for heavy pepper and its impact on market dynamics.
- ✓ **Monitor Price Variations:** Stay updated on price differences between heavy pepper and light berries to make informed buying decisions.
- ✓ **Engage with Exporters:** Establish relationships with exporters active in the heavy pepper market to secure supply.
- ✓ **Address Availability Concerns:** Develop strategies to manage the limited availability of heavy pepper and mitigate price pressure.
- ✓ **Plan for Long-term Firm Prices:** Prepare for sustained firm prices in the long term due to market dynamics.



# Black Pepper

## India

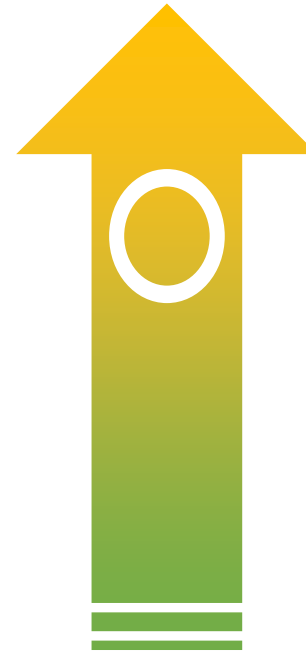


### Market Dynamics

The Indian market continues to exhibit strength driven by heightened demand for powdering and exports, with firm prices expected in the medium term.

Prices have risen in India, with MG1 Grade at USD 8.39/kg, Ungarbled at USD 8/kg, and Garbled at USD 8.28/kg.

Buyers are advised to monitor trends in powdering and export demand, Evaluate price changes for different grades, and plan for medium-term stability in pricing.



### HIGH IMPACT

- ✓ DEMAND DYNAMICS: Escalated demand for powdering and exports.



### LOW/MODERATE IMPACT

- ✓ SEASON CONCLUSION: Conclusion of Indian black pepper season.

### Harvest Calendar

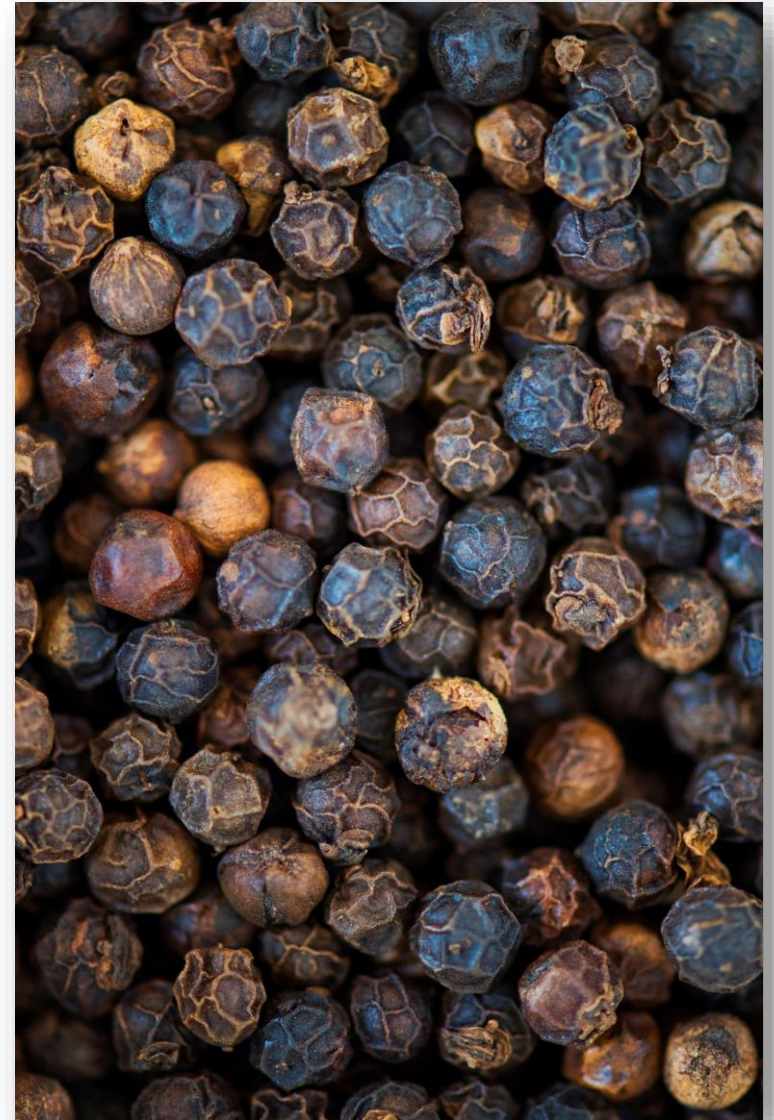


# Black Pepper



## Buying Recommendations for India

- ✓ **Monitor Demand Trends:** Stay informed about trends in powdering and export demand to anticipate market movements.
- ✓ **Evaluate Price Trends:** Analyze price changes for different grades (MG1, Ungarbled, Garbled) to make strategic buying decisions.
- ✓ **Assess Market Strength:** Recognize the firmness in prices for different pepper grades and adjust procurement strategies accordingly.
- ✓ **Plan for Medium-term Stability:** Expect prices to remain stable in the medium term, and plan procurement and pricing strategies accordingly.



# Chilli

## India



### Market Dynamics

Although the acreage expanded from 0.74 to 0.77 million acres compared with the previous year there is downfall in productivity by 8% due to factors such as heatwaves, limited irrigation, and pest infestations.

In the upcoming 2025 season, high production costs and lower returns are driving farmers in Karnataka and Telangana to switch to crops like maize and tobacco, which provide better profitability.

Prices are expected to remain stable in the medium to long term, considering various market challenges faced by growers and buyers.

### Harvest Calendar



### HIGH IMPACT

- ✓ LABOUR COST: Increased manual labour costs due to higher wages and heat wave conditions.
- ✓ ELNINO EFFECT: Heat stress reducing per acre output and increasing cultivation costs.
- ✓ STOCKIST ACTIVITY: Stockists piling up good quality inventory, leading to low availability of quality material in APMC markets
- ✓ FINANCIAL CHALLENGES: Financial challenges for small-scale growers due to reliance on local money lenders and high input costs.
- ✓ PEST INFESTATION: Impact of cyclone Michaung leading to pest infestation and increased pesticide use.
- ✓ COLD STORAGE DEMAND: Increased demand for cold storage space leading to higher costs

### LOW/MODERATE IMPACT

- ✓ PREMATURE HARVESTING: Excessive inflow of commodity due to premature harvesting, leading to inferior quality in pungency and colour values.





# Chilli

## India



### Buying Recommendations

- ✓ Address your IPM needs promptly, as farmers are increasing pesticide use due to thrips infestation.
- ✓ Rates are stable, so purchase according to your requirements.

### Chilli Varieties and Prices

Teja Deluxe – USD 2.18/Kg  
Teja White – USD 1.12/Kg  
Syngenta 5531 – USD 1.5/Kg  
US 341 – USD 1.95/Kg



# Ginger



## India & Nigeria

### Market Dynamics

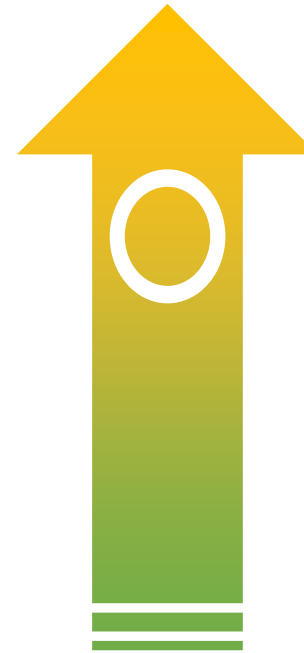
The ginger market in Kerala has experienced significant price increases due to strong foreign demand and insufficient local production. Global factors are influencing these price changes.

Several issues are affecting ginger prices and cultivation decisions, including heatwaves, delayed rainfall, high production costs, and reliance on imports.

### Key Statistics:

- ✓ Current retail price in Kerala: INR 480-500/kg.
- ✓ Last year's price range in Kerala: INR 220-250/kg.
- ✓ Current price in Nigeria: INR 332/kg.
- ✓ Last year's price in Nigeria: INR 108.19/kg (converted from USD 1.3/kg).

### Harvest Calendar -India



### HIGH IMPACT

- ✓ ENVIRONMENTAL AND CLIMATIC CHANGES: Heatwaves, and delayed rains directly impact crop yield.
- ✓ ECONOMIC AND OPERATIOANAL FACTORS: Increase in production cost, reduces accessibility.
- ✓ MARKET DEPENDENCY AND IMPORT ISSUES: Reliance on imports, Nigerian crop failure, scarcity of extraction-grade ginger.

### LOW/MODERATE IMPACT

- ✓ FARMER SENTIMENTS AND MARKET OPPORTUNITIES: Shifts in agricultural practices based on profitability.



# Ginger



## India & Nigeria

### Buying Recommendation

Given the current market trends and projections within the ginger market in Kerala, and considering global influences, this recommendation is aimed at extractors and distillers. With the next season set to commence in February-March, which is 8 months away, and the ongoing depletion of stocks, strategic buying decisions are necessary to navigate potential shortages and price escalations.

**Secure a Six-Month Supply:** Immediately purchase enough ginger to last through the next six months to mitigate risks of price hikes and shortages.

**Monitor Market Trends:** Regularly assess price fluctuations to decide on holding or selling stock.

**Establish Strategic Reserves:** Build a reserve stock to leverage during supply shortfalls or sell during peak price periods.

**Negotiate Forward Contracts:** Secure future ginger supplies at current prices through forward contracts to avoid market volatility impacts.



# Cardamom



## India

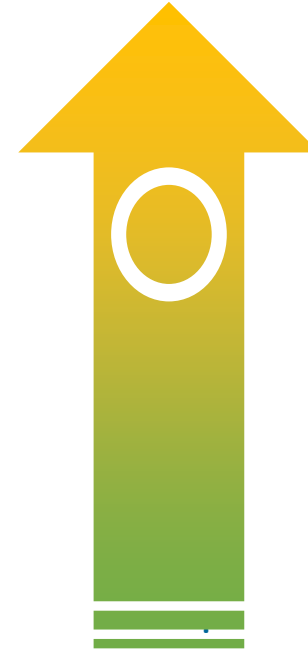
### Market Dynamics

A decline in per-acreage output, adverse climate conditions, and scarcity of fresh crops have intensified price pressures in the cardamom market.

The heatwave has damaged existing cardamom plantations by 20%, leading to price hikes and reduced export and domestic demand. Stockists holding around 300,000Kg inventory are further driving prices up.

This situation is compounded by a decline in per acreage output, dropping from 450 kg to 280-300 kg per acre (Dry), attributed to adverse climate conditions and insufficient rainfall. The scarcity of fresh crops has added pressure on prices, exacerbated by the fact that new plantations will take another 36 months to yield.

### Harvest Calendar



### HIGH IMPACT

- ✓ ENVIRONMENTAL AND CLIMATIC CHANGES: Heatwaves, and delayed rains directly impact crop yield which leads to price surges.
- ✓ ACTIVE STOCK HOLDING: Directly impacting the price.
- ✓ LACK OF DOMESTIC DEMAND: The rise in price resulted in lower domestic demand.

### LOW/MODERATE IMPACT

- ✓ DECREASE IN ESSENTIAL OIL YIELD: High temperature during transport decreases the essential oil yield.



# Cardamom

## India



### Buying Recommendations

- ✓ With the new season commencing in August and frequent showers in the CGH regions of India, we can expect a steady decrease in prices and improved yields, making it an ideal time for purchases.
- ✓ Be cautious, as the recent increase in pesticide use in cardamom-growing areas has resulted in a limited supply of IPM-grade stock.

### Cardamom Varieties and Prices

Small Cardamom 8mm - USD 31.03/kg

Small Cardamom 6-7 mm - USD 26.09/kg



# Turmeric



## India

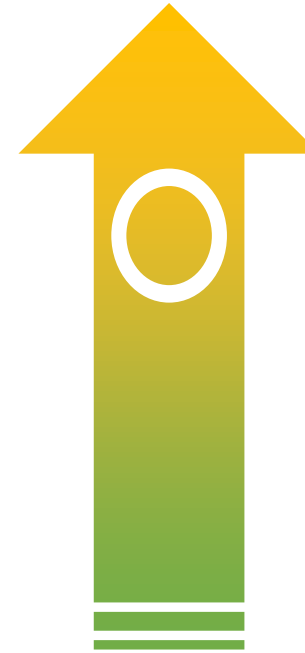
### Market Dynamics

Increasing demand for turmeric in masala production, shifting extraction preferences, and rising domestic demand are shaping the turmeric market landscape.

Indian turmeric season for 2024 has concluded with a 27% reduction in production compared to the previous year. This decline in production has coincided with sustained premium pricing for raw materials across all major turmeric varieties, driven by concerning reports for the upcoming crop season. Turmeric sowing is ongoing for the next season, area under crop coverage is also expected to go up. In Indonesia, harvest began in June but prices increased by 20% from the start of June to the end of June and almost doubled compared to last year.

The heightened prices have prompted farmers to sell seed material in the open market, thereby inflating seed costs for the upcoming cultivation cycle. Moreover, there has been a notable shift in extraction demand from finger turmeric to mother rhizomes, driven by the consistently high prices observed in finger variants

### Harvest Calendar



### HIGH IMPACT

- ✓ ENVIRONMENTAL AND CLIMATIC CHANGES: Heatwaves, and delayed rains directly impact crop yield which leads to price surges.
- ✓ SHIFT IN EXTRACTION DEMAND: Sustained High Prices for Finger Variants.



### LOW/MODERATE IMPACT

- ✓ INCREASED SEED COST : Due to the increase in prices, farmers are selling off the stock that was reserved for seed.
- ✓ RISING DOMESTIC DEMAND: Demand from masala manufacturers domestically impact the price.

# Turmeric



## India

### Buying Recommendations

- ✓ Purchase now to secure your extraction needs, as the next harvest season is six months away and a shortfall in extraction-grade supplies is anticipated.
- ✓ Buy as per your requirement as the prices are stable.

### Turmeric Varieties and Prices

Gundlupet Finger: USD 1.77/Kg

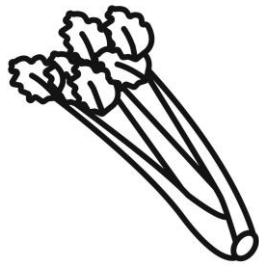
Rajapuri Polished Finger: USD 2.07/Kg

Desi Cudappah: USD 2.3/Kg

Indonesian Turmeric: 1.7USD/kg



# Celery



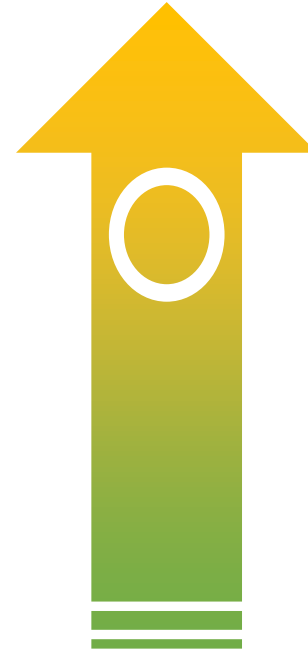
## India

### Market Dynamics

The celery harvest has concluded, with decreased arrivals attributed to farmers prioritizing paddy sowing. Prices are stable, albeit 10% lower than the previous year. Additionally, there is a limited availability of IPM-grade material in the market.

The market price, which was approximately \$1.30 per kg in 2023, has decreased to \$1.18 per kg for 2024.

The average annual production in India is typically 5,000 MT.



### HIGH IMPACT

- ✓ **SHIFT IN CULTIVATION:** Focus on paddy sowing by the farmers.
- ✓ **LIMITED IPM GRADE:** Since cultivation primarily occurs in paddy-growing regions, the soil is heavily contaminated from the overuse of fungicides, leading to a lower grade of IPM (Integrated Pest Management) crops.



### LOW/MODERATE IMPACT

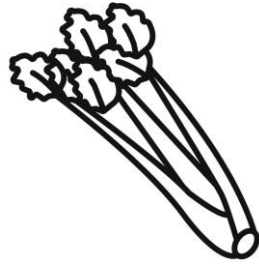
- ✓ **STABLE DEMAND:** The prices remain stable due to consistent market demand.

### Harvest Calendar





# Celery



## India

### Buying Recommendations

- ✓ Harvest season has begun in June, and prices are expected to remain stable for the next few months, creating a favorable situation for purchasing.
- ✓ Ensure to verify the IPM grade of the products, as their availability is limited due to the excessive application of fungicides in the growing regions.





**Bioingredia**  
Source Simplified

