



**HARRIS SPICE**  
A HARRIS FREEMAN ENTERPRISE

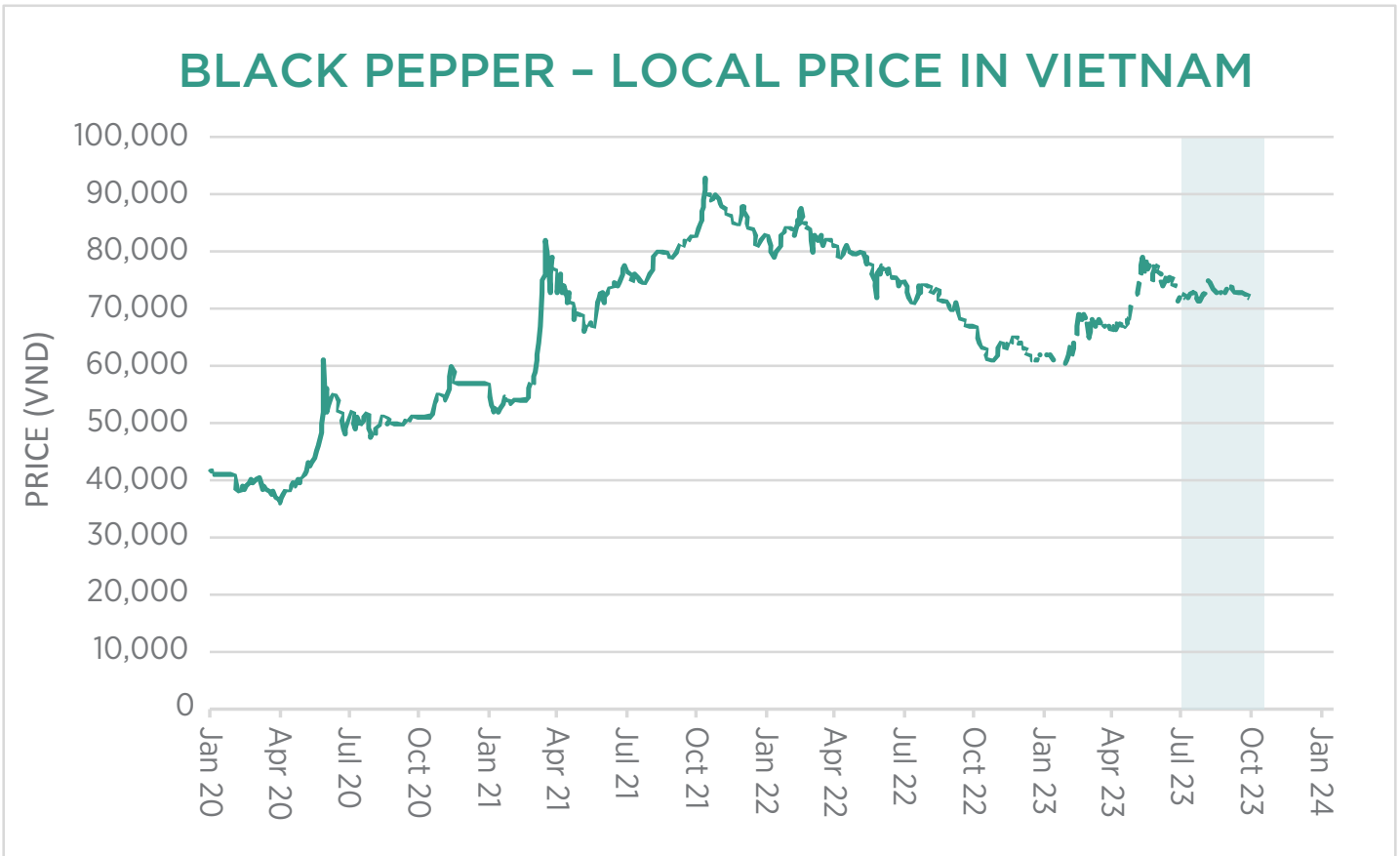


# BLACK PEPPER REPORT

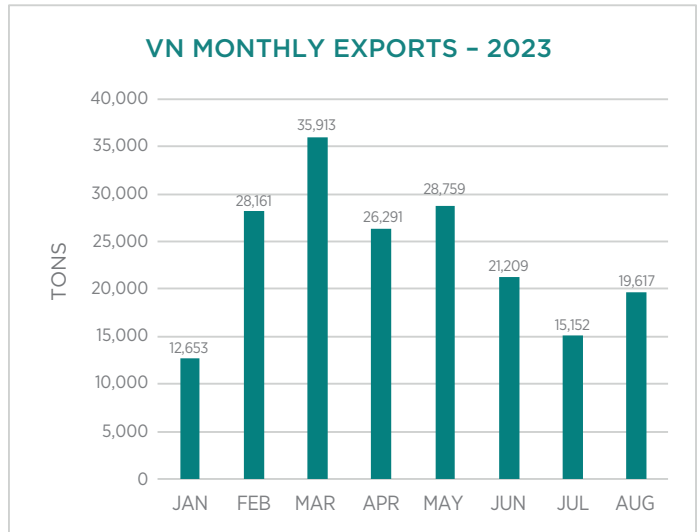
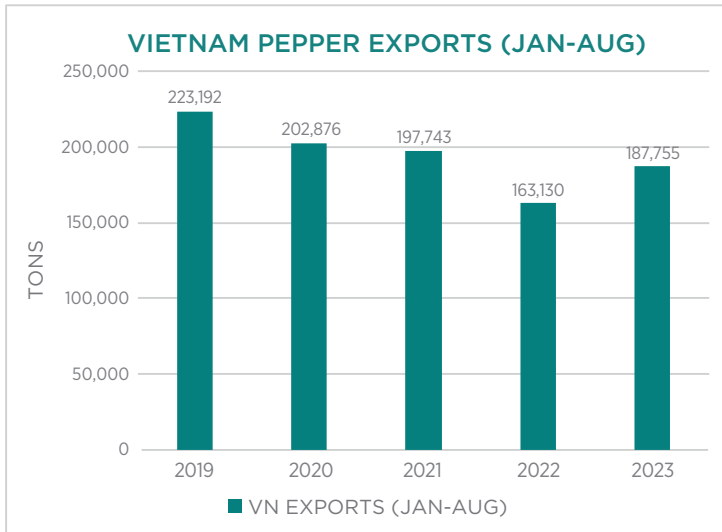
# SEPTEMBER 2023

## Current Market

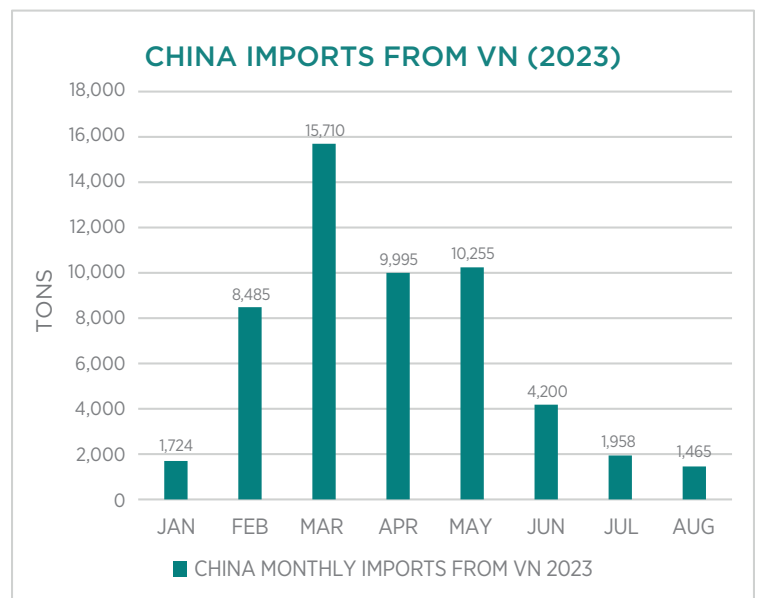
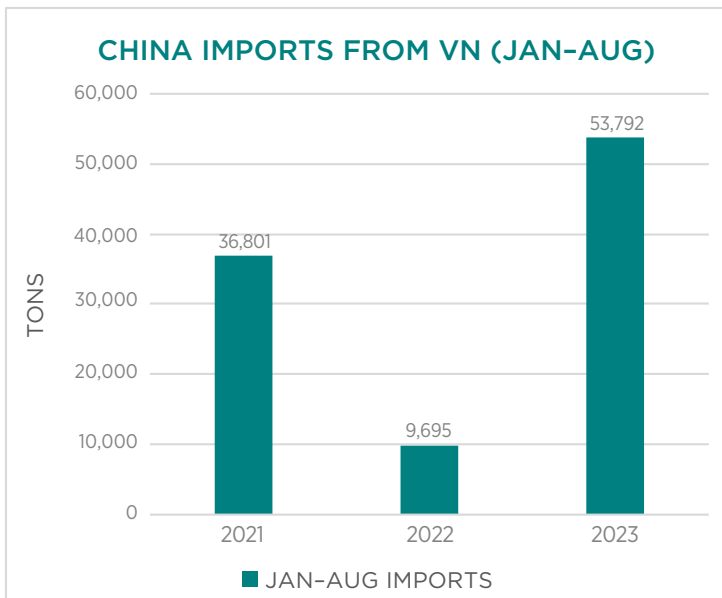
Markets have been mostly inactive during the past month, with increased selling pressure and weak demand resulting in feeble bearish sentiments in Brazil and India. At the same time, buyers remained on the sidelines, mainly due to adequate availability of material in the major importing countries.



**VIETNAM:** Exports continue to recover after the decline caused by the pandemic, and have come back to pre-pandemic levels. Compared to exports of 163,130 tons in Jan-Aug 2022, Vietnam has exported a total of 187,755 tons of pepper in Jan-Aug 2023, an increase of over 24,000 tons over an eight-month period.



After remaining strong during the first 5 months of the year, demand from China has weakened over the past 3 months.



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Compared to imports of 9,695 tons from Vietnam in Jan-Aug 2022, China imported a total of 53,792 tons of pepper from Vietnam in Jan-Aug 2023. However, during the past 3 months, imports have been steadily declining, partly due to the new import regulations that have come into place.

**BRAZIL:** New arrivals continue, creating selling pressure in Brazil. Demand from Asia and the Middle East continues to provide support.



**INDIA:** After moving up during end-July, prices have slowly decreased over the past month. Weak demand at higher prices has contributed to the decline. Market activity continues to be limited in the other pepper producing countries. In Indonesia, as harvesting continues, weak demand has impacted the black pepper market.

## Global Crop Conditions

**VIETNAM:** Berry setting is complete in most of the growing areas. After some shortfall reported during July-August, rains have again picked up in the growing areas. Good rains continued during September also in most areas. With weather conditions remaining mostly favorable, production is expected to remain stable in most areas this season also.

**INDONESIA:** Harvesting is underway in all growing areas. Uneven flowering and berry setting has been reported due to the extended rainy season this year, which resulted in rains even in June. This has resulted in production of more light berries, and delayed harvesting in many areas. Good production has been reported from West Lampung and South Sumatra, areas with many young plantations.

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**BRAZIL:** Harvesting is mostly complete in the southern province of Espirito Santo. The damage to vines caused by flooding in Dec-Jan has resulted in a decline in production of about 15-20% this year. Though there was good flowering, berry setting is quite low. Harvesting has been slow due to shortage of workers and high cost of labor. In the northern province of Para, initial picking started in Jul-Aug. About 40% harvesting is complete, and production is reported to be nearly the same as last year's levels.

**INDIA:** After the break in end-July and August, good rains have been reported during September in most pepper growing areas. Copious showers over the past month have made up for some of the deficit reported earlier in the season. The new season crop has reached the berry setting stage, and weather conditions during the coming months will be important.



**INDIA:** Good flowering and berry setting is seen in the Idukki region. [Photograph taken in end-Sept 2023]

## Market Scenario

### BEARISH FACTORS:

- New arrivals continue as harvesting slowly gets over in southern Brazil, and initial pickings commence in Para. Peak harvesting also continues in Indonesia. There could be some selling pressure due to the increased availability of material.
- There are significant stocks remaining in both the producing and consuming countries. This will affect both the supply and demand sides.
- Demand from China could continue to be weak in the short term, with the country having imported significant quantities during the first half of the year. The economic situation in the country could have a significant impact on consumption trends.

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- Weak demand from western consuming countries could continue to affect buying. Global economic uncertainties will continue to have a dampening effect on demand and will also curb speculative trading activity.
- Origin currencies in the main pepper producing countries, including Brazil, Indonesia, India and Vietnam, have weakened against the USD over the past month (Aug-Sep).

**BULLISH FACTORS:**

- Imports to the western consuming countries could increase once economic activity picks up.
- Stocks in producing countries are mostly in strong hands, held by farmers and speculators expecting higher prices. These stocks are unlikely to be released at lower prices, and this could provide some stability to the market.
- The decline in production estimated in southern Brazil and Indonesia will lead to reduced pressure on the supply side.

## Price Forecast

**SHORT TERM:** Stocks remaining in the consuming countries as well as in the producing countries, especially Vietnam and Brazil, will have a stabilizing effect on prices. With new import regulations coming into effect, demand from China could continue to remain weak in the short term, especially considering the large quantities imported during the past few months.

**MEDIUM TERM:** Adequate availability of material can be expected during the coming months due to arrivals from northern Brazil and Indonesia. The selling pressure due to the new arrivals could keep prices mostly stable.

**LONG TERM:** Production early next year from Vietnam and India, two major pepper producing countries, will have a major impact on the supply side. On the demand side, consumption patterns in the major importing countries will have a significant impact on the supply-demand balance.



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## Coverage Recommendation

There is a possibility of an upward price movement if market sentiments turn supportive or if there is any change in current market fundamentals. At the same time, the downside potential remains limited. It would be advisable to be adequately covered for forward requirements, considering the long-term bullish potential.

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