

Current Market

Increased local demand and speculative trading have been pushing up the market in Vietnam. Prices have steadily moved up as exporters try to cover material. Material available with farmers is also limited. Prices in Brazil have also moved up following the trend in Vietnam and sellers have also pushed up their prices. Other countries have remained mostly stable.

Global Crop Conditions

INDIA: Harvesting will start in January in Kerala, and in Feb-Mar in Karnataka. Good production is expected. Scattered rains in May-June led to good flowering, followed by favorable rains during July-Aug which resulted in very good berry setting also in most areas.



Crop situation in South Karnataka. Dec 2023.



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VIETNAM: Initial picking will start by end-Dec. Weather conditions have been mostly favorable. However, farmers have started planting other crops like coffee and fruit trees, which will have an impact on acreage in future. A slight decrease in total production of pepper of about 2-5% is estimated this year.

INDONESIA: Dry conditions reported in Sumatra during Aug-Sep. After the dry spell, rains started in Nov, and this could be good for the catch-crop production expected in Jan-Feb. The situation could become clearer over the coming month.

BRAZIL: Heavy rains have affected many parts of southern Brazil in November, while the northern regions have been abnormally dry. The El Nino could continue to have an impact on the region.

MALAYSIA: Extended rains earlier in the year had resulted in delayed flowering. This has caused a delay in harvesting also, and late picking continued in Sarawak in Oct-Nov. Normal production has been observed this year.



Crop situation in Sarawak. Nov 2023.

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Market Scenario

BEARISH FACTORS:

- Stocks remaining with growers in India & Brazil.
- Selling pressure ahead of the Chinese New Year and new season harvesting in India & Vietnam.

BULLISH FACTORS:

- Stocks remaining in Vietnam are mostly with traders and speculators, and speculative activity could continue to support the market
- The impending El Nino could affect the production side.
- Any increase in demand from consuming countries, especially if there is demand from China, could have a bullish impact.

Price Forecast

Prices could continue moving up if demand picks up. This could continue till new arrivals start in Vietnam. Speculative support could have an impact in the short to medium term. Markets could settle a bit once the current speculative trend cools down. Though the current upward movement is mainly supported by speculative trading, it has the potential to take the market to a higher price level if there is an increase in buying support, especially from China.

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Coverage Recommendation

Considering the bullish trend prevailing, it would be advisable to have adequate coverage. Any selling pressure before the Tet festival could be an opportunity for extended coverage.

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