

Current Market

Markets have been mostly silent with holidays in Vietnam. After moving up earlier in the year, prices have been mostly steady. Material available with farmers is limited. Some bearishness seen in India as arrivals increased.

Global Crop Conditions

INDIA: Harvesting has started in the southern states of Kerala and Tamil Nadu. Pickings will start in Karnataka during the coming weeks. Good production is seen in almost all the growing areas, and arrivals are expected to increase during the coming month.

VIETNAM: Mostly inactive due to the New Year holidays. Harvesting will start later this month, after the holidays. This year, weather conditions have been mostly favorable, and good rains have been received almost throughout the crop season in many areas. A slight decline in total production of pepper of about 2-5% is expected this year.

INDONESIA: Scattered rains have started in Sumatra. After the dry spell during Aug-Sep, the new rains have induced good flowering in most areas of Lampung and South Sumatra. If rains continue, this could provide favorable conditions for the coming season.

BRAZIL: After the dry conditions reported last year, scattered rains have started in most growing areas in the south. While flowering has been affected to some extent due to the drought, the current rains could be good for new season crop development.

Market Scenario

The new season harvesting coming up in two major origins, viz. India and Vietnam could have a bearish impact on the market.

However, demand from consuming countries could provide support. Any activity from China could have a major impact. With bullish sentiments prevalent, speculative trading could also be important. Besides, the El Nino could affect the production side, especially in Brazil.

Price Forecast

As new arrivals commence in Vietnam, increased availability of material could have a short-term stabilizing effect. However, increased buying support, especially from China, could have a bullish impact. Uncertainty about the supply situation could also provide support to the market.

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Coverage Recommendation

Increased arrivals during the coming months could provide an opportunity for extended coverage. Some selling pressure could develop as harvesting approaches, and considering the upside potential, it would be advisable to have adequate coverage.

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