

Current Market

Prices have shifted to a higher orbit as activities picked up in Vietnam after the Lunar New Year holidays. Limited selling pressure from other producing countries has also provided support to the market. At the same time, increased arrivals have resulted in some bearishness in India.

Global Crop Conditions

INDIA: Harvesting is in progress in almost all the growing areas. The growing areas of Kerala and Tamil Nadu are moving towards the last rounds of picking, while harvesting is slowly gaining pace in Karnataka. Good production is reported from all the growing areas. There was less demand for green pepper during the initial stages, which resulted in the production of more mature black pepper. With arrivals increasing and demand remaining weak, prices have moved down over the past fortnight.

VIETNAM: Peak harvesting is in progress in the southern regions of the highlands, as well as in Dong Nai and Ba Ria-Vung Tau. Initial rounds of picking have been reported from Gia Lai and the northern parts of Dak Lak. Even though harvesting progresses, selling pressure is limited, partly due to bullish local reports which have resulted in farmers holding back material expecting prices to move up.

INDONESIA: Heavy rains have been reported from many parts of Sumatra. Good flowering has been seen in most of the growing areas of Lampung and South Sumatra. The present rains are expected to be favorable for the current season's crop development.

BRAZIL: Scattered rains have been reported from the growing areas in the south. Most of these areas had reported very dry conditions last year, which had affected

flowering. The current rains are expected to provide favorable conditions for new-season crop development.

Market Scenario

Harvesting continues in two major origins, viz. India and Vietnam, and increased arrivals are expected to have a bearish impact.

At the same time, strong bullish sentiments prevail in the market. There is not much selling pressure as farmers in Vietnam continue to hold back material, expecting prices to move up since local government and trade bodies report a significant drop in production this year. Very good prices for cocoa and coffee, two alternate crops grown along with pepper, have increased the holding capacity of farmers. Besides, the major buying countries, including China, could slowly start covering, which could have a significant impact on the market.

Price Forecast

As arrivals continue in Vietnam, increased availability of material will have a short-term stabilizing effect. However, increased buying support, especially from China, could have a bullish impact. Besides, farmers are expected to start holding back material once peak harvesting is over.

Coverage Recommendation

The arrivals during the peak harvesting period should be seen as an opportunity for extended coverage. With not much selling pressure expected from other producing countries during the coming months, there is a strong upside potential, and it would be advisable to have adequate coverage.

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