



HARRIS JAYANTI SPICE REPORT

Black Pepper – More is no longer Merrier...

During the last quarter markets remained shrouded in the apathy of bigger crop numbers and made no attempt to pacify sellers looking for a respite from the price erosion onslaught. The downturn was slow and gradual but definite. Sporadic, temporary bouts of recovery surfaced during July-August as Chinese speculators entered Vietnamese markets reviving hopes of a recovery but that remained an uneventful masquerade like in the past. The bigger picture saw fewer buyers being chased by more sellers who detested their plight but could ill-afford a wait.

Higher imports from Cambodia into Vietnam has further increased the threshold of Vietnam exports to never seen before numbers. 181,000 MT of Pepper is reported to have been shipped during the first nine months of 2017 as compared to 148,000 MT during the corresponding period last season.

Besides, the traditional markets of US and Europe, this season saw even Asian markets being flooded with Vietnamese produce.

Indian farmers were agitated with increasing low-priced imports from Vietnam through the FTA route originally meant for Srilankan Pepper imports. India with a modest production and high internal demand was hoping for more stable prices but that was not to be as cheap imports dominated market sentiments.

Indonesia has had a lower crop year, but Vietnamese Pepper found its way through Papua Guinea, mainly for re-exports. Brazil is harvesting a bigger crop which essentially means prices will continue to remain under pressure for a while now.

Lately though, Vietnam has seen a period of introspection with focus shifting from quantity to quality on all trade forums. Next season is likely to be cyclical lower crop year. India may continue to have a near-normal crop as rains, though delayed have augured well for crop development according to initial reports.

Black Pepper Indicative Offers

Grade	US\$ /PMT FOB
Vietnam ASTA	4,000
Brazil ASTA	3,500
Lampung ASTA	4,500
Srilankan 550 GL	5,300
Malabar Black Pepper 500 GL	7,400