

BLACK PEPPER

Fundamentals:

Today's Update:

- Steady to weak sentiment was witnessed in Black pepper spot market on Friday.
- Today prices in Kochi market reported marginally down by 0.20% on subdued demand in domestic market and increased arrivals, up by 15.38%.
- Vietnam Pepper price as on date in the domestic market decreased slightly in some places compared to yesterday. Specifically, the price of pepper in Dak Lak and Dak Nong today continued to be purchased at 66,500 VND/kg; Pepper price today in Gia Lai remained stable at 66,000 VND/kg; in Dong Nai is still flat, continuing to buy at 66,000 VND/kg; in Ba Ria - Vung Tau decreased slightly by 500 VND/kg, to 68,000 VND/kg - still keeping the highest pepper purchasing level in the country today.
- As for Binh Phuoc pepper price today, it traded at VND 67,000/kg, unchanged from yesterday. The domestic pepper market is mostly flat, only Ba Ria - Vung Tau is down slightly by 500 VND/kg compared to yesterday.
- Domestic pepper prices continue to be influenced by the rising USD and in the context that the Fed will strongly raise interest rates in the adjustment phase that will take place on September 20-21.
- *The strong USD will force the price of VND to decrease, which causes the export price of our country's pepper to decrease continuously in the past 1 month. Compared to 15th August our country's export black pepper price has decreased by 400 USD/ton, currently only 3,350 USD/ton with 500 g/l black pepper; white pepper price is down to 5,300 USD/ton; down 300 USD/ton. According to experts, weak demand is still the factor that restrains the recovery of pepper prices in the following months. Especially the two markets, Europe and America, where our country's largest pepper consumption is.*
- As per VPA, in the world market, today's pepper price is still quite stable. However, under the pressure of a strong USD and high expectations of the Fed raising interest rates, the world pepper market may decrease in the coming time. The Fed is continuously raising interest rates to limit inflation, which has pushed the dollar back into the US. And leading to many countries being short of USD and forced to restrict foreign currency for importing non-essential goods, including pepper.
- Some countries such as Pakistan and Egypt, which have been the major export markets of Vietnam's pepper in recent years, are experiencing this situation. Leading economists fear that the simultaneous raising of the basic currency interest rates by many central banks around the world will accelerate the global economic recession even further. Thus, today's pepper price on September 15, 2022 in the world market is quite stable.

Previous Update:

- According to trade sources, the crop in the **Brazilian** state of Pará is expected to be harvested in September, now stockists are liquidating before the new crop arrivals. This has pushed Brazil's black pepper prices down 12% month-on-month and down 15% year-on-year.
- In **Vietnam**, favorable weather conditions during the flowering and fruiting period in most of the main production areas support the upcoming crop. The initial estimate of the 2023 crop production is around 200,000-210,000 tons, an increase of about 10-15% compared to 2022. However, there are wide variations across production regions, with Gia Lai expected to continue its downtrend while Dak Lak appears to be recovering well from last year's decline.
- Harvests in **Indonesia** and **China** are also underway. In Indonesia, Lampung black pepper production is similar to last year while Muntok white pepper production is expected to be 15% lower.
- According to some sources, in **India**, more than normal rainfall in July may affect pepper plants during fruiting period. Meanwhile, Sri Lanka's pepper harvest is in its final stages.
- As per current situations, AgriWatch expected India's pepper productions for 2021-22 likely to go down by 8 to 10% compared to last year. Last year (2020-21) India's Pepper production was 62,000 MT.

Black Pepper Spot Market Prices (Loose): (Rs/Qtl)					
State	Centre	Grade	16-Sep-22	15-Sep-22	Change
Kerala	Kochi Benchmark market	Ungarbled	49900	50000	-100
		Garbled	51900	52000	-100
Karnataka	Chikmagalur	Ungarbled	50000	50000	Unch
Delhi	New Delhi	Unpolished	54000	54000	Unch
		550 GL	55000	55000	Unch
		Number 11.5	56000	56000	Unch
	Arrivals & Off-take in Tons				
State	Centre	Parameter	16-Sep-22	15-Sep-22	Change
Kerala	Kochi	Arrivals	22.5	19.5	3
		Off-take	22.5	19.5	3

Black Pepper FOB Prices (USD/MT)						
Date	Brazil ASTA 570	ex Kochi (India) ASTA	Lampung (Indonesia) ASTA 570	Kuching (Sarawak, Malaysia) ASTA	Ho Chi Minh (Vietnam) 500g/l	Ho Chi Minh 550g/l
08-09-22	2900	--	4141	5900	3450	3700
09-09-22	2900	6532	4157	5900	3350	3600
12-09-22	2900	6551	4159	5900	3350	3600
13-09-22	2900	6542	4153	5900	3350	3600
14-09-22	2900	6547	4136	5900	3350	3600
15-09-22	2900	6515	4142	5900	3350	3600
16-09-22	2900	--	--	5900	3350	3600

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