

SPICES

MARKET OVERVIEW

OCTOBER 2020

A monthly summary of the crop conditions and precipitation during the growing seasons of all the spices we offer from different parts of the world where they are at its best.

INDIA – WEATHER FORECAST

In the month of June, the rainfall was 18% and above, followed by 10% deficiency in July, thereby consuming the surplus and monsoon count starting from zero-zero. However, August turned out to be the rainiest in the last 4 decades, recording 27% and closing the month at 110% of LPA (Long Period Average). **September, the penultimate month of monsoon has rained rather well in the second half of the month to cross the normal limit. As on 25th September, it recorded**

156.4mm rainfall against the normal figure of 149.5mm. Due to a combination of cyclonic circulation in Bay of Bengal and Arabian seas, the monsoon turbulence is expected to continue over coastal and south Interior Karnataka, Kerala and Konkan to get heavy rains during next fortnight. Scattered and heavy rains are possible in North – Eastern states of India, as per IMD. By second week of October, most of the Indian states are expected to experience sunny weather.

BLACK PEPPER

Global Market Scenario

Black pepper markets in many origins reported a mixed response during the month. However, **Black pepper markets in India and Vietnam reported an increase in price of 2% - 3% in September.**

White pepper prices in general reported a steady to marginal decrease in Indonesia, China and Malaysia. In Sri Lanka, pepper prices have shown a



steady to firm trend since August 2020. Indonesian black pepper has been steady with marginal increase during the month.

INDIA

Black pepper crop is in its flowering and berry setting stages in the major pepper growing states of India like Kerala and Karnataka. Hence, we can expect a good yield in 2021. New crop harvesting is likely to start in December and the estimate is around 65000 tons - 67000 tons.

Market trend:

Black pepper prices in India continued its upward trend throughout the month giving hope to farmers for a better price in future. The rise in pepper prices by 5% - 6% during the month, forced farmers and dealers to hold back their stocks, anticipating further rise in prices. **India black pepper prices in international market reported an 2% increase as compared to the previous month.**

INDONESIA

Almost 85% of the pepper harvesting in Indonesia is complete. Black pepper arrivals to the domestic markets have increased from new crop after post-harvest operations.

Market trend:

Good quality light berry arrivals are limited as of now since pepper is already matured and become bold. Indonesia black pepper was reported stable with a marginal increase while **Indonesia white pepper reported a 2% decrease compared to previous month.**



VIETNAM

In Vietnam, pepper berry settings are almost completed in most of the pepper farms. Light berries would be available from December 2020 onwards as per the latest farm reports from secondary sources.

Market trend:

Vietnam black pepper prices for 500 GL, 550 GL have increased by 2%-3% during the month. Vietnam white pepper reported a price increase of 2%.



SRI LANKA

Black pepper crop from Kandy region is getting ready for harvesting. Kandy pepper area includes Kegalle, Gambola, Mawanalle regions. Light pepper harvesting is likely to start from October 2nd week onwards and expected to arrive in the market during early November. Kandy crop is estimated to be around 3000 tons of which 750 tons - 900 tons would be light berries.

Market trend:

After Sri Lanka elections, **black pepper prices have increased considerably** because of government intervention. Hence, farmers are expected to hold their stocks and demand high prices for light berries during the Kandy season which is a small crop.

CAPSICUM

Chilli transplantation in almost all the growing regions have been complete. Some of the earlier transplanted farms which were damaged due to floods are being re-planted now. The area under chilli cultivation has increased compared to last year as some of the cotton farmers have switched their lands for chilli cultivation since it gave high returns during this season.



Madhya Pradesh chilli crop is reported to be good this year. As per government data, the annual chilli production in Madhya Pradesh is reported to be around 2.18 lakh tons, which includes 25% mainly from five districts in Nimar region, namely Khargone, Dhar, Khandwa, Barwani and Alirajpur. One of the largest Chilli Mandi is situated in Khargone district at Bediya.

Market trend:

Aggressive chilli coverage from China and Bangladesh continued during September hence, chilli prices have increased in domestic markets considerably. **For Teja red chillies, almost 25% - 30% increased against seasonal prices.**

Chilli prices are expected to show a price correction downwards in the long term due to two main reasons, the cold storage stock inventory being good, close to 85 - 90 lakh bags as of now i.e. almost 3.50 - 3.60 Lakh tons and the expectation of a good crop next year.

Paprika

Indian paprika is reported to be good this year and harvesting would likely to start towards first half of December. Since carryover stocks are limited, **prices would be high at start of the season.**

Market trend:

Paprika prices remained at higher levels during the month.



TURMERIC

Turmeric crop is at the vegetative stages in all the major growing regions in India. Weather conditions are favourable as of now hence we can expect a good crop during next season.

Market trend:

The yellow spice has lost its colour and flavour due to declining prices and less demand. Arrivals have increased in terminal markets and prices declined as well.



Panangali & Kocha

Panangali and Kocha turmeric availability is reported nil from domestic markets.

INDONESIA

Turmeric crop harvesting in Indonesia continues and dry turmeric availability has increased at main markets in Indonesia. Importers from India were aggressive during the month and good volumes have been exported to India.

Market trend

Indonesian turmeric prices have shown a steady to declining trend during September due to less export demand. Imports of turmeric to Indian ports are facing hurdles due to stringent norms from FSSAI even though it is imported against obligation.

DRY GINGER

Good weather conditions are reported from ginger growing regions in India as of now and if the ideal weather continues, a good quality crop can be expected from the next season which starts from December 2020 onwards. Farmers have started harvesting fresh green ginger from farms, which would be used as go for vegetables and at a high price due to good demand.



Market trend:

Dry ginger prices remained at higher levels during September, this trend would likely to continue in the medium term as well.

CELERY

Celery seed availability is good since farmers and speculators are holding the stocks anticipating a higher price. **Currently, celery seed prices have dropped marginally** as demand from exporters and oleoresin industry is less.



NUTMEG & MACE

Nutmeg and mace availability have reduced at the domestic markets due to limited arrivals and huge demand from North Indian buyers and curry powder manufacturers. Prices have shown a firm trend during the month for all grades of nutmeg and mace. **Nutmeg and mace prices would further increase in medium run.**

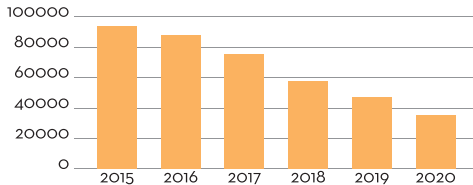


CASSIA

Availability of good quality cassia is very less and prices have remained at high levels.

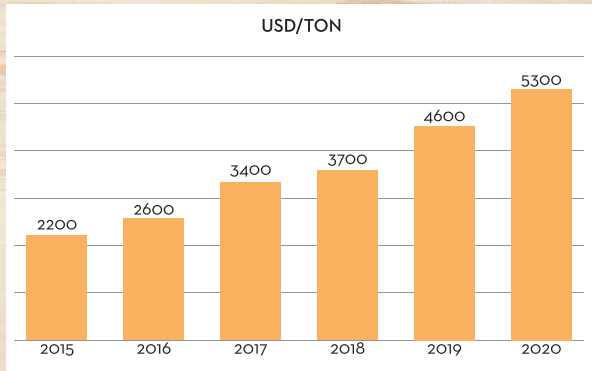


ANNUAL INDO CASSIA PRODUCTION IN TONS



As per the given chart, Cassia cultivation and wild collection have declined drastically during last five years. Total cassia production in Indonesia during 2015 was around 95000 tons whereas, when we reach to 2020, production was dropped by 60% - 65% to reach 36000 tons.

Price trend of Cassia:



PRICES FORECAST FOR SHORT AND MEDIUM TERM

SPICES RM	VARIETY	SHORT TERM	MEDIUM TERM
Black Pepper	Sri Lankan	Firm	Firm
	Indonesian	Steady	Firm
	Vietnam	Firm	Steady
Chilli	Teja Red	Firm	Steady
Turmeric	Erode, Panangali	Steady	Steady
Ginger	Shimoga	Firm	Firm

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