

Vietnam Pepper Update

1. **Pepper markets will remain strong despite coffee price drops, potentially driving increased demand.**
2. **China's interest in white pepper signals bullish sentiments, supporting sustained or increased prices.**
3. **Post-holiday buying in Vietnam suggests stable or rising pepper demand.**
4. **Global heatwaves affect pepper production, further supporting price stability or increases.**

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A. Price:

Vietnam Black Pepper Market prices	
for 6 May 2024	
FOB	USD/MT
<u>Indonesia (US/MT)</u>	
ASTA Lampung	4950
Muntok White	6000
<u>Vietnam (USD/MT)</u>	
White Pepper 630 Clean	6550
Black Pepper 5MM	4900
Black Pepper 570 Clean	4800
Black Pepper 550 Clean	4725
Black Pepper 500 Clean	4625
Steam sterilisation	+ 175
EU MRL pass	+ 150
ETO	+ 70

Freights to:

- NYK/BM : add 150 USD/MT
- Chicago / Canada : add 200 USD/MT
- If 550 MC : Less 80 USD/MT from ASTA 570

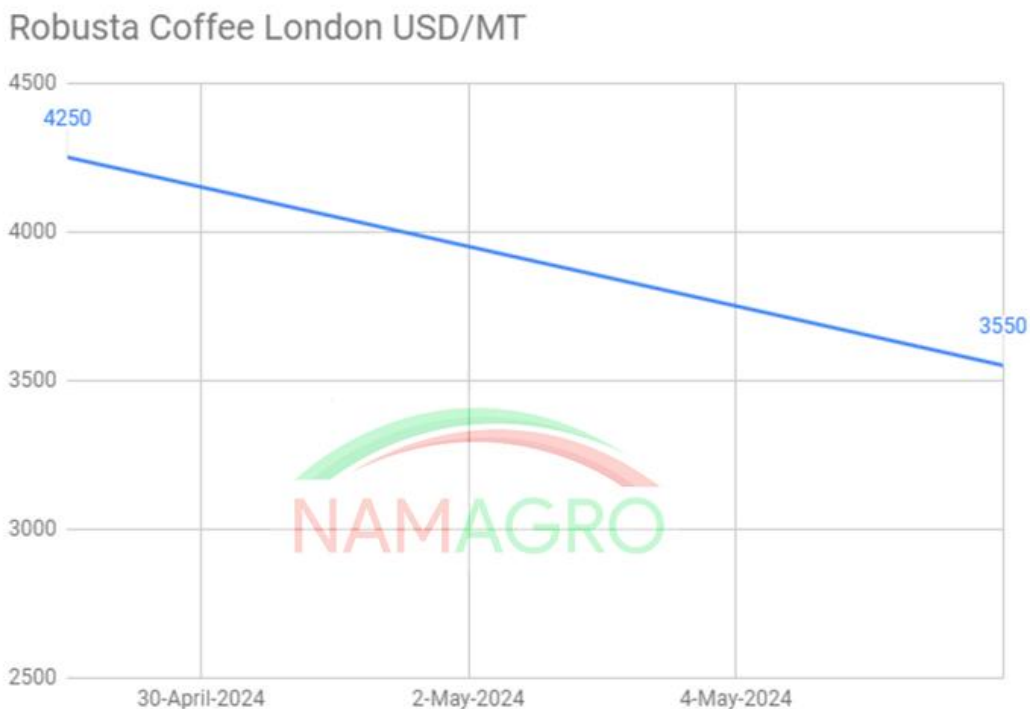
B. Supply

Adjacent commodity impact:

1. Coffee

Everyone was saying Coffee prices are moving up so farmers are seeing good cash flows and now they hold pepper.

Now that Coffee prices have come down by 17% over the weekend. Will the same thing happen to Pepper?



Well there was certainly a spill over effect but the inherent strength in Pepper was and is there on a stand alone basis.

In Fact, we feel people will now get out of coffee and buy more pepper.

2. Cashews

Coffee may have moved up 2 times and is now correcting, on the other hand cashews have moved up 15% and are ready to soar even more.

Once again no bubble here. There is a genuine shortage of raw materials as quality deteriorates massively.

C. Demand

1. China Factor

The dragon was seen sniffing for white pepper and just this led to sudden rise in prices on the weekend. Some corporations with very new purchasing teams get panicked and start covering cargo in all origins and this gives a bullish signal to farmers.

2. VN prices post holidays

In Vietnam pepper prices moved as high as 105K VND/kg just after the holidays, buying did follow.

3. Heat wave

We don't have to tell you that this year was hotter than last and pepper vines are also suffering the same heat across the globe.

It is a shame they don't have air conditioning to conserve water. Ironically we use air conditioning to remain cool and heat up the climate.

D. Our View on pepper markets

- Well most evidence suggests that pepper markets will remain strong and there will not be much of a correction.
- Now that we have crossed the 100K vnd/kg mark and are well above it .. we may see markets trade around 100k.
- So how much will one save by waiting, may be 2-5 cents that all. So don't bother; keep buying.

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