

Vietnam Pepper Update

1. **Currently, pepper prices are holding steady without any indication of a decrease.**
2. **The rising demand in the end of the year is expected to either maintain the current price levels or drive them up further.**

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A. Price

FOB farm gate prices - 15/07/2024	
Grade	Prices (USD/MT)
500 FAQ	6355
500 MC	6850
550 MC	6950
5MM	7250
WP MC	9600
All Rates are in FOB USD/MT All offers are subject to final confirmation	

The average domestic pepper price has settled around 150,000 VND/kg, establishing a new range that is unlikely to decline further. Additionally, sea freight congestion and rising shipping costs are expected to contribute to higher pepper prices in the future.

B. Supply

In Vietnam

According to the Vietnam Pepper and Spice Association (VPSA), the primary reason for the sharp increase in pepper prices is the prolonged drought, which has reduced domestic pepper production by 10%, leaving the total output at approximately 170,000 tons – the lowest in the past five years. Production in other major producing countries is also expected to decrease due to the impact of El Niño and reduced cultivation areas.

In Brazil

With the decline in domestic supply, Vietnam have increased pepper imports from countries like Brazil. However, this year, Brazil's pepper prices have also risen rapidly, following the general market trend. The harvest season in Brazil is anticipated to be challenging as well due to bad weather. Furthermore, high transportation costs due to global political instability have complicated the import of Brazilian pepper. It is predicted that Brazil's pepper production in 2024 may decrease by 20-25% compared to 2023. As a result, there has been a notable increase in pepper imports from Southeast Asian countries to Vietnam, particularly Indonesia and Cambodia.

C. Demand

Seasonally, demand for goods, including pepper, is expected to rise both domestically and globally towards the end of the year. This increase is typically driven by holiday seasons and year-end festivities, which boost consumption and require higher inventory levels.

D. Our View

- **The pepper market is currently experiencing a phase of stabilized prices with no immediate factors suggesting a decline.**
- **Increased demand towards the year-end will likely sustain or even push prices higher.**

For any questions or comments please feel free to contact our team:

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