

Pepper Weekly Update

We may not have enough pepper till New Crop Vietnam, this is March 2025.

Just go and buy in the cheapest origin at the moment which are Indonesia and Brazil.

Start building the book for Q1 2025 or it will be too late.

Sep 24th, 2024



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A. Price:

Recently, pepper prices have experienced significant fluctuations. Prices surged but then dropped back, fluctuating around 150,000 - 151,000 VND per kilogram. These fluctuations may be related to global economic factors, including U.S. interest rate policies and changes in demand from various countries.

	Vietnam	Brazil	Indonesia	India
Date/Currency	USD/VND	USD/BRL	USD/IDR	USD/INR
25-Aug-2024	24978	5.54	15401	83.81
23-Sep-2024	24615	5.51	15225	83.54
Change	1.45 %	0.54 %	1.14 %	0.32 %

The Fed continues to lower interest rates, and this move by the Fed is expected to positively impact the global pepper market, as the U.S. is currently the largest consumer and importer of pepper in the world. A weakening USD will strengthen the currencies of other pepper-producing countries, driving pepper prices even higher.

Vietnam Pepper Market Update:

Grade	Price (USD/MT)
500 FAQ	6600
500 MC	6925
550 MC	7100
570 MC	7225
5MM	7300
WP 630	10.050
Price is FOB Ho Chi Minh, October shipment	

B. Supply

Let's talk about numbers and then build a view. Once again read the entire analysis and especially the end.

1. Global Demand of Black Pepper: Nobody knows.
2. Global Supply of Black Pepper: Nobody knows.
3. Carry in and Carry forward: Nobody knows.

There were reports from various parties on Black pepper 2024 crop estimates:

Vietnam

1. 130 KMT
2. 170 KMT
3. 190 KMT

(Above were some of the numbers projected)

Brazil

1. 110 KMT
2. 80 KMT
3. 70 KMT

(Above were some of the numbers projected)

In between some people said - Drought, too much Rain, farmers not interested, plants have died etc ... Suddenly in between India said its demand was not 70K as reported for several years but is around 120KMT.

2024 started with prices (USD/MT) close to 4000 ... then moved to a peak of 8500 and then to 7500 and now around 7000 FOB for a cleaned 550 or 570 product.

Then there are many surveys presented, videos made, pictures of pepper vines, farmer interviews. If you ask a farmer how the crop is? - standard reply I got for 10 years. It is down by 30-50%. At this rate pepper should have been over by now.

Now people are asking what should we do .. should we start buying 2025 or should we wait.

Basically, too much confusion. Usually in such times I go back to facts that one can rely on:

1. Shipment data

2. Actual Weather Pattern (compared to historical conducive distribution)

3. Price movement.

Everything else seems to be an estimate with huge standard errors.

So, what should one do now? Let's look at the facts one by one in the reverse order:

3. Price movement:

We are back in the times of clear arbitrage. Origins in harvest manifest as the cheapest.

This is a clear indication of very tight inventory levels. Size of the origin is no longer a factor. Vietnam cheapest in harvest, Indonesia cheapest in harvest, and now Brazil drops to become the cheapest origin in harvest. So buy at whatever level during peak harvests.

2. Weather:

Well we have several hundred data points captured on each growing location to depict patterns. We have seen that while the amount of rainfall or heat has not changed on an overall basis, the distribution has changed drastically. This has no doubt an adverse impact but we still cannot quantify.

1. Shipment data:

For the past few years, globally shipped (not traded but shipped) volume is close to 400 KMT annually == 33k MT each month.

Now till the next big supply ... Oct Nov Dec Jan Feb = 5 months == $5 * 33 = 165$ KMT

Let's say Brazil north crop will be in full swing and perhaps be 40-55 KMT (this is assuming no drought, good crop etc). Indonesia story seems to be over but assuming they will ship 15-20 KMT in this period. (annual exports of Black pepper of Indo)

Some may argue that with white pepper it is larger and close to 30-35 KMT. Let's take this number.

Vietnam will ship 10 kmt each month atleast = $10 * 5 = 50$ KMT (they have already shipped 185 k mt in the first 8 months) ... if they were to ship more either it has to be imported from Brazil or Indonesia, so we have taken care of double counting.

In the best case one can expect 110-120 KMT Oct Nov Dec Jan Feb ...

Even if I stretch completely, we **will not have 165 KMT**

(Some may argue that each month is not correct as it is more shipped in the First half and less in second half.... this error will be taken care by the carry over)

C. Demand

Currently, purchasing demand is slowing down while buyers are getting ready to purchase stock for the coming year.

D. Our View

We may not have enough pepper till New Crop Vietnam, this is March 2025.
So what are we waiting for? To buy after everyone else has bought??

Just go and buy in the cheapest origin at the moment which are Indonesia and Brazil. Even if you buy from Vietnam, they will cover Indonesia and Brazil as locally they don't have much cargo.

Start building the book for Q1 2025 or it will be too late.

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

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3 days left to save!

Early Bird registration ends September 15th, to enjoy discounted rate!
Register now!

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Dear International Pepper Community Friends and Family!

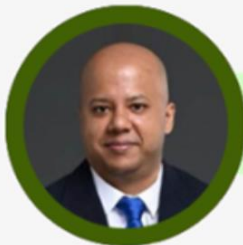
Exciting news! We're thrilled to announce that due to popular demand, the deadline for the early bird registration has been extended to **September 15th, 2024!**

This means that you still have a **CHANCE** to secure your spot at a **discounted rate**.

Don't miss out on this opportunity to save big on our exciting event!

SAVE THE DATE and don't miss out this opportunity and I hope to see you in Colombo, Sri Lanka, soon!

Below is **The 12th Business Sessions Speakers** will be participating at the 52nd Annual Session and Meetings of IPC and International Spice Exhibition (52ND IPC ASM ISE) 2024. Join us now!



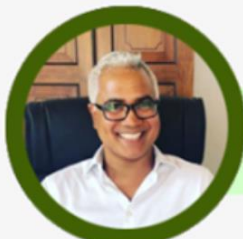
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**Global Pepper Market:
Supply & Demand and Price Stability**



Mr. Ruchika Nishantha Samarawickrama
Director
Worldwide commodities (pvt) Ltd

**World Wide Commodities:
Role in Regenerative Farming**



**Sri Lankan Pepper Industry:
Exporters Perspective**