

# Pepper Weekly Update

- 1. Watch out for currency moves – they could significantly impact your purchasing decisions.**
- 2. Keep buying Indonesian pepper. The great prices may not last for long.**

Aug 26th, 2024



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- A. Price
- B. Supply
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## A. Price

### Macro:

Expected Rate cuts by FED have already started impacting currencies worldwide. In September if there is a meaningful rate cut, we can expect currencies in pepper growing origins to further appreciate leading to rise in USD price of Pepper.

	<b>Vietnam</b>	<b>Brazil</b>	<b>Indonesia</b>	<b>India</b>
<b>Date/Currency</b>	USD/VND	USD/BRL	USD/IDR	USD/INR
<b>1-Aug-2024</b>	25500	5.80	16188	84
<b>25-Aug-2024</b>	24978	5.54	15401	83.81
<b>Change</b>	2.05%	4.40%	4.86%	0.22%

Now a 1% improvement in currency is close to 70 USD/MT or 3 cents/lb approximately. A 4% increase is almost 280 usd/mt or 13 cents/lb. So what Mr. Powell will decide.... will definitely rock pepper markets as well. The market may be expecting a 0.25% rate cut but we would not be surprised if it is a 0.5% cut. This will be good news for stock markets, but nominal pepper prices will rise in USD terms in September.

**Moral of the story: Watch out for Currency moves.**

## Vietnam Black pepper Prices :

<b>Vietnam Pepper Market Report (Farm gate)</b>				
<b>FOB farm gate prices</b>				
Period	Today	Previous day	Last Week	
Date	8/25/2024	8/24/2024	8/18/2024	
Grade	Price	PD*	LW*	Change LW%
500 FAQ	<b>6,056</b>	6,056	5,974	1.36%
550 FAQ	<b>6,359</b>	6,359	6,273	1.36%
500 MC	<b>6,480</b>	6,480	6,392	1.36%
550 MC	<b>6,710</b>	6,710	6,618	1.36%
570 MC	<b>6,844</b>	6,844	6,751	1.36%
5mm	<b>7,049</b>	7,049	6,953	1.36%
ASTA CNF NY	<b>3.26</b>	3.26	3.22	1.29%
ASTA ETO CNF NY	<b>3.30</b>	3.30	3.26	1.28%
500 gl HTST	<b>6,730</b>	6,730	6,642	1.31%
550 gl HTST	<b>7,067</b>	7,067	6,974	1.31%
WP FAQ	<b>9,520</b>	9,520	9,520	0.00%
WP MC	<b>9,620</b>	9,620	9,620	0.00%
* All Rates are in FOB USD /MT except ASTA CNF NYK . exporter margins not included.				
*PD: previous day, *LW : Last week, *LM :Last month pesticide guarantees add 200 USD/MT				
USD/VND	EU/USD	USD/BRL	USD/IDR	USD/INR
24978	1.12	5.54	15401	83.81
* source google finance				
<b>Trend 500 FAQ Middle East FOB HCMC</b>				
Date	8/25/2024	8/24/2024	8/18/2024	7/26/2024
Grade	Today	PD	LW	LM
500 FAQ	6,056	6,056	5,974	6,164
% change		0.0%	<b>1%</b>	-2%
<b>Trend ASTA USA CNF New York</b>				
Date	8/25/2024	8/24/2024	8/18/2024	7/26/2024
Grade	Today	PD	LW	LM
ASTA CNF NYK	3.26	3.26	3.22	3.32
% change		0.0%	<b>1%</b>	-2%
<b>Trend 500 MC EU Fob HCMC</b>				
Date	8/25/2024	8/24/2024	8/18/2024	7/26/2024
Grade	Today	PD	LW	LM
500 MC	6,480	6,480	6,392	6,595
% change		0.0%	<b>1%</b>	-2%

## **B. Supply**

### **Indonesia:**

Clearly the favorite right now .... Markets have turned towards covering from this origin. Even if you buy from Vietnam, be rest assured it will be hedged against purchase in Indonesia. Large companies who have bases in Indonesia are covering cargo in this origin quietly for the past 3 weeks. ASTA 570 fob levels were available as low as 6100, raw material was close to 5500 USD/MT. This has moved up now by close to 300 USD/MT due to improvement in local currency.

This origin apparently has a better than expected crop. Farmers here are earning almost 100% more than what they made last year and flow seems to be good.

How long will this last? There is a short window. Indonesia traditionally exports 15-20k Black Pepper annually. This is not even 15 days of exports from Vietnam.

ASTA 570 Lampung CNF USA main ports can be purchased for Oct-Dec at 6900 USD/MT = 3.13 USD/MT. This was at 2.96 USD/lb levels 2 weeks back. As peak harvest progresses, currencies rise, and continuous buying we expect Indonesia to go out of flavour very soon.

### **Brazil:**

ASTA Brazil had dipped to 6100 USD/MT levels for a few days and then suddenly rose to 6500 and then all offers just stopped. Brazilians have been telling everyone that the crop is not good and the Sep harvest in Para is expected to be on the much lower side.

### **Vietnam:**

Any small buying raises prices very soon. This is because stocks are in few hands and perhaps not much stock left. People say once coffee harvest starts dealers may want to liquidate due to sudden cash requirements. This may happen in November and there is long time for that. Till then Vietnam is expected to remain very firm.

## C. Demand

Speculative forces are back after a break of almost 3 months. We see prices in Middle east rising again. Industry has been buying from Indonesia and we expect markets in Indonesia to rise. Many seem to wait and be confused... as to what to do for 2025 purchasing which has to start soon.

## D. Our View

**Keep buying Indonesian pepper . The great prices may not last for long.**

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

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