



Pepper market update

KEY TAKEAWAYS

- > The pepper market has seen unprecedented volatility in recent weeks.
- > A rapid increase to \$8000/MT for ASTA quality black pepper on June 11th was followed by a correction to \$6800/MT the end of June.
- > The short-term price direction is hard to predict, with an important role for farmers in Vietnam, while demand from China is still limited.
- > Global production figures are unlikely to show significant recovery over the coming 2-3 years.

PRICE OUTLOOK

short term



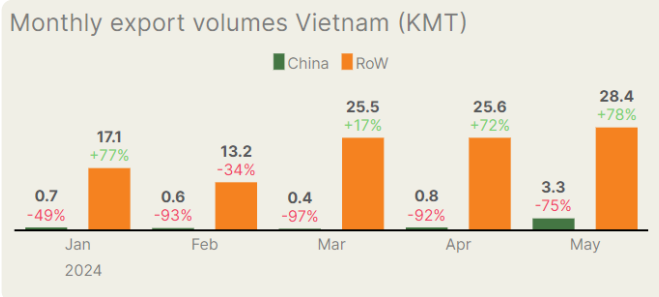
medium term



long term

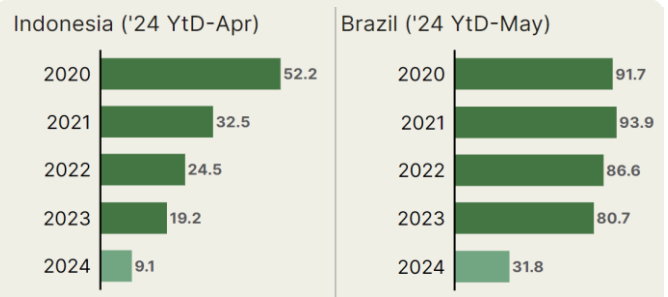


YTD EXPORTS VIETNAM



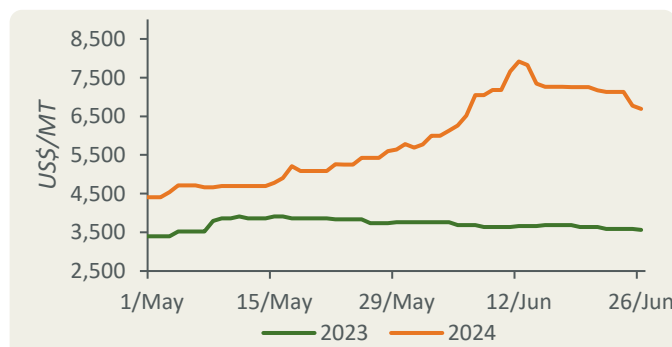
- > Although exports to destinations other than China were up 33% YtD-May, the overall exports of Vietnam dropped 10% YoY, totalling to 116KMT. While there was some Chinese demand for white pepper in May, exported volumes to this destination are still limited as local prices in China are below those in Vietnam.
- > A smaller crop and reduced selling interest from farmers led to price increases towards the end of the harvest season, resulting in panic buying which drove up prices further. The unprecedented rate of increase was followed by a correction, with prices currently relatively stable at around \$6700 for ASTA quality black pepper. Markets have been volatile, with many transactions between speculators but little physical movement of pepper, liquidity is low.
- > Pepper acreage is expected to increase from 2025 onwards, but competing crops like coffee and durian are still more profitable for farmers. It's too early for accurate predictions of the '25 crop but even if weather conditions remain favourable, it will not exceed that of '24.

EXPORTS BY COUNTRY (FULL YEARS, IN MT)



- > High temperatures and droughts in the pepper growing areas of Brazil, attributed to El Niño, resulted in crop damage, lowering estimates of the 2024 Brazilian crop size from 110 KMT to 90 KMT. The long-term outlook is still positive, especially for the provinces Espírito Santo and Bahia. El Niño is now officially over, with a transition to La Niña expected over the coming months (associated with higher rainfall).
- > In Indonesia, the crop size has been on a downward trend for the past five years, as farmers switched to more profitable crops like oil palm. Although the current price levels could incentive new plantings, no recovery is expected in the short term.
- > Other origins like India, Sri Lanka, Malaysia and Cambodia have been relatively stable over the past few years, with no significant impact on the overall change in global supply.
- > Rapid freight cost increases and port congestion in Asia impact prices at destinations and can cause shipping delays.

BLACK PEPPER PRICES VIETNAM (ASTA QUALITY)



LONG TERM PEPPER PRICE GRAPH¹

