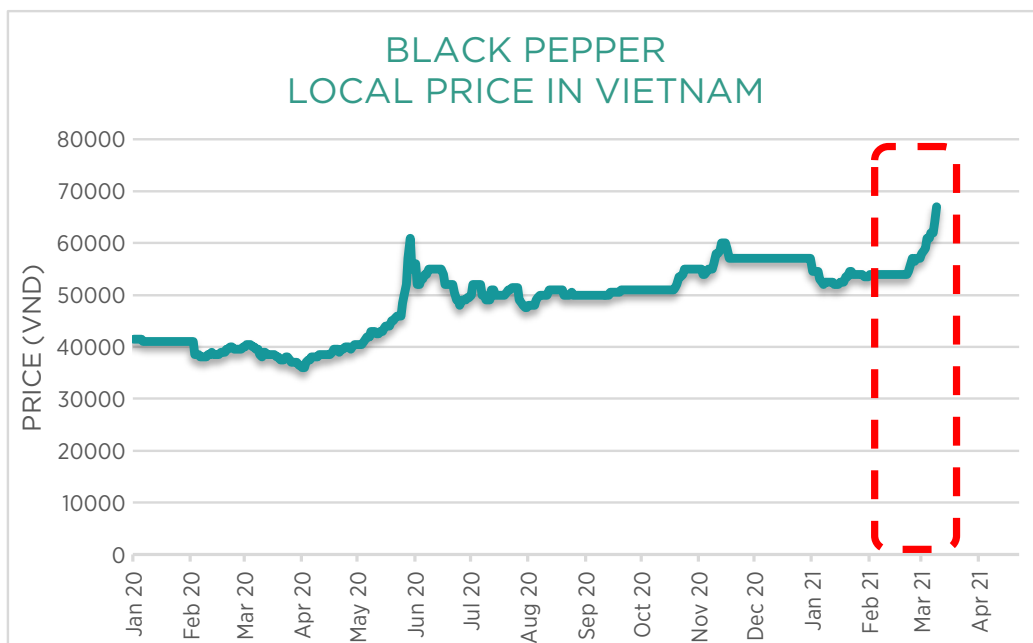


# BLACK PEPPER REPORT

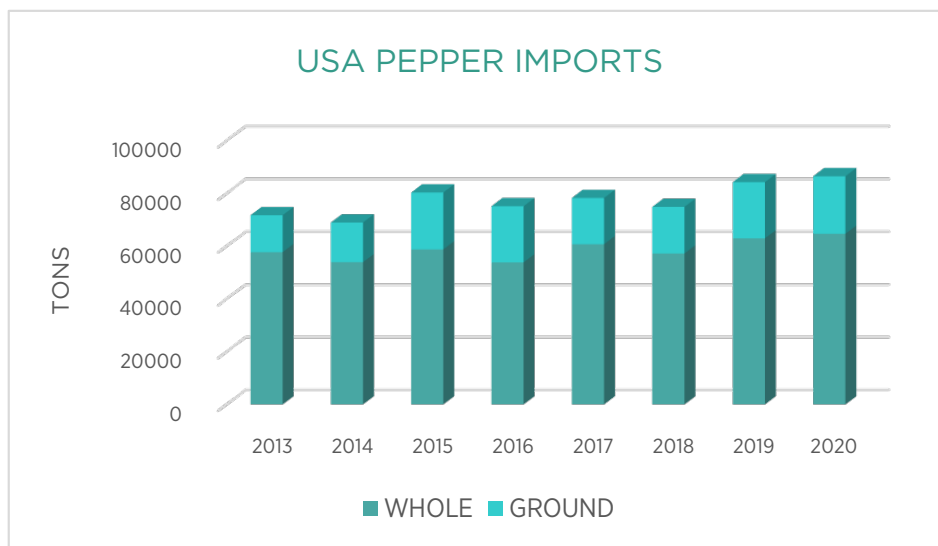
MARCH 2021

## Current Market

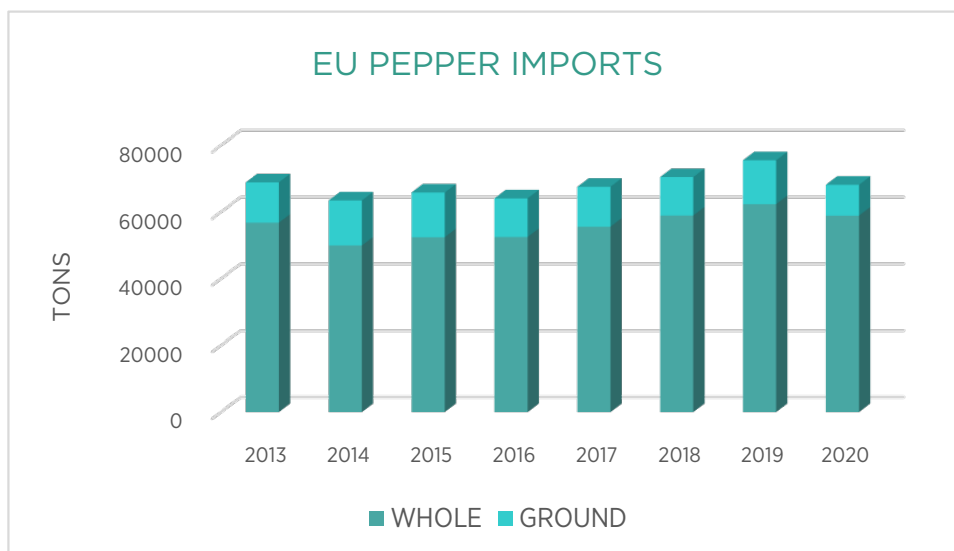
- Markets have become active as buyers returned after the Lunar New Year holidays and trading activity gathered steam.
- In Vietnam, markets have moved up sharply after the Tet holidays. Speculative demand, together with limited arrival of new material, has been responsible for the upward trend. Even though exports in Jan-Feb 2021 have been significantly lower than those during the same period last year, buyers are slowly becoming active. Chinese speculators are also reported to be covering at source.
- Prices have started edging upwards in Brazil also as new arrivals are slowly drying up. There is good support from buyers in Europe and the US.



- Origin currencies have weakened against the USD during the past fortnight. The Brazil Real continues to weaken against the USD, a trend that has been continuing since mid-December, while the Indonesian Rupiah and Indian Rupee moved down towards end-February, making export prices competitive.
- After an initial downswing caused by Covid-19 restrictions, US pepper imports picked up during the latter half of 2020 and ended the year with a 3% increase over the total imports in 2019. Both whole and ground pepper imports recorded an increase compared to previous years.



- Total imports to the EU in 2020 declined by 9% compared to the previous year. The decline was reflected in both whole and ground pepper imports.



## Global Crop Conditions

- **INDIA:** Harvesting is slowly getting over in the states of Kerala and Tamil Nadu. The unseasonal rains received in December-January have slightly delayed the commencement of harvesting in some regions and also led to more vegetative growth of vines, which could have an effect on flowering later this year. Harvesting will start in Karnataka later this month. Weather conditions have been favorable, and good production is expected.
- **BRAZIL:** Harvesting is drawing to a close in southern Brazil also. Good demand, both from domestic traders and from buyers in Europe and Asia, continues. Local processors have been actively covering material for export, to meet forward shipment commitments.
- **INDONESIA:** There is not much selling pressure. With Ramadan 2021 coming up in April-May, anticipated festival demand is leading to some stock building. There has also been some interest from buyers who have turned to this origin as prices in Vietnam started increasing.
- **VIETNAM:** Harvesting has started in all areas after the Tet holidays. Good production is reported from the south-eastern provinces. However, berry setting is not very good in the highland provinces due to inadequate rainfall earlier in the growing season. With buyers remaining cautious, export volumes this year have been below normal levels.

## Market Scenario

### **BEARISH FACTORS:**

- With consumption in major importing countries affected by the Covid-19 pandemic, economic activity continues to be weak.
- The major producing countries, including Vietnam and Brazil, still have sufficient material remaining. Besides, arrivals are expected to pick up in Vietnam during the coming month.
- With buyers preferring to wait for increased arrivals from Vietnam and India, demand continues to be feeble.



**BULLISH FACTORS:**

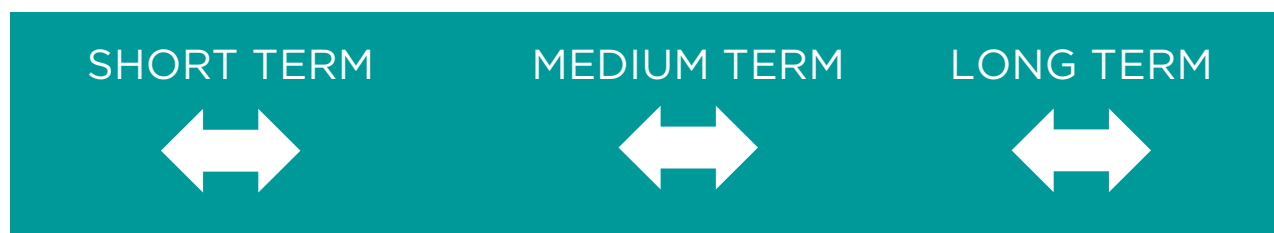
- Recovery in market activity could gradually lead to a revival in demand as coronavirus vaccines slowly become available globally.
- New crop arrivals have been slow in Vietnam, further reinforcing previous bullish reports. This could continue to push up prices as speculators step in.
- There will be good demand from buyers who have been waiting to cover from Vietnam.
- Freight rates continue to be affected by uncertainties in the global freight situation. CNF prices from Asia could be affected due to increased pressure to move cargo out.

**Price Forecast**

**SHORT TERM:** Strong bullish sentiments prevail as new arrivals remain limited, while speculators and buyers are slowly becoming active in both India and Vietnam. At the same time, increased selling pressure can be expected as harvesting picks up in Vietnam and farmers try to sell off at least a portion of the harvested material initially.

**MEDIUM TERM:** Once farmers in Vietnam have sold sufficient quantities initially, they will start holding back material. There are also many buyers waiting to cover for long-term requirements, and this demand will also provide support to the market.

**LONG TERM:** With COVID vaccines expected to slowly start making an impact, the demand side could be influenced by consumption rallying as the economy tries to recover from the impact of the pandemic, having a bullish effect on the market in the long-term. As current restrictions are gradually removed, the resulting economic recovery could lead to an increase in global consumption.



## Coverage Recommendation

Limited availability of material in Vietnam will continue to have a bullish effect on prices, though increased arrivals during peak harvest period could provide some stability. It is advisable to cover at the beginning of the year for requirements through Q3, and partially through Q4 if conditions are attractive. As more material becomes available with increased arrivals from Indonesia, Malaysia, Sri Lanka and northern Brazil towards the middle of the year, coverage can be extended further.

CURRENCY	SPOT	CHANGE		
		1 MONTH	1 YEAR	2 YEAR
USD/IDR	14301	2.12%	0.50%	1.37%
USD/INR	73.28	0.49%	0.60%	3.23%
USD/VND	23023	-0.03%	-0.91%	-0.75%
USD/MYR	4.06	0.50%	-3.33%	-0.25%
USD/CNH	6.47	0.15%	-7.04%	-3.58%
USD/BRL	5.69	5.96%	27.29%	50.93%

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