

## BLACK PEPPER AND CLOVES MARKET REPORT

# B LACK PEPPER



Pepper and cloves market are slowly heating up, making a spice-tacular change and testing buyers' patience!!!!!!

### Market Overview

The black pepper market has been moving within a range of USD 300/- PMT, and the dominant player has turned out to be Vietnam.

Coffee and pepper prices have been correlated, making it essential to monitor their prices together.

### Price

#### ***Vietnam:***

Local prices have fluctuated between 141,000/- DONG and 149,000/- DONG over the past few days, which is approx. 6% and prices dropped by 3% this week but again showing signs of increasing.

Price idea for various grades of Vietnam Black Pepper are as follows:

#### *Vietnam Black Pepper*

Grade	PRICE
500 FAQ	USD 6,100/- PMT, FOB
500 MC	USD 6,400/- PMT, FOB
5MM Bold	USD 6,800/- PMT, FOB

#### ***Brazil:***

Prices for Brazilian Black Pepper decreased to USD 5,900/- PMT, FOB and then increased to USD 6,300/- PMT, FOB, currently being traded at around USD 6,200/PMT FOB.

### Demand

Vietnam has exported approximately 237,000 MT of pepper from January to November 2024 (11 months). Over the past six weeks, Vietnam has been a big buyer of Brazilian Black Pepper, supporting the market.

The USA has been covering its demand for the first and second quarters of 2025, with business reported at USD 6,800/- to 7000/- PMT, CNF, NY basis for Vietnam Black Pepper 570 GL Asta Quality. Due to low stock levels in Vietnam and delayed new crop arrivals in March, Vietnam has been aggressively purchasing from Brazil at competitive prices hedging their forward sales done for 1<sup>st</sup> quarter and 2<sup>nd</sup> quarter 2025.

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### Supply

According to the International Pepper Conference in Sri Lanka (IPC), which we attended, the expected crop production of different origins for 2025 are as follows:

COUNTRY	PRODUCTION (2024) (MT)	PRODUCTION 2025 (FORECAST) (MT)
VIETNAM	170,000	190,000
BRAZIL	70,000	90,000
INDIA	100,000 our estimate (IPC 125,000)	75,000
INDONESIA	63,000	63,000
SRI LANKA	25,000	10,000 our estimate (IPC 18,000)
<b>TOTAL PRODUCTION</b>	<b>4,28,000</b>	<b>4,28,000</b>

The approximate monthly export demand is around 35,000 MT, totaling to 420,000 MT per annum. We have not taken the carry forward stocks and this will almost be equal to the local consumption (B/F stock 340,000 MT local consumption in origin 290,000 MT) so we have ignored both these numbers as they are questionable.

### Our View

We anticipate sufficient supply to meet demand in 2025, leading to stable prices in the 1<sup>st</sup> quarter of 2025 for Brazilian Black Pepper within the range of USD 6,000/- to USD 6,300/- PMT, FOB until Vietnam's new crop arrives in March.

Therefore, we are advising buyers to wait until January or February for clearer picture of Vietnam's pepper crop before planning for your forward bookings. However, with Ramadan approaching and stock levels running low in consuming markets, we may see short-term price increases in consuming markets and resellers market like Dubai, etc. and this would be the opportunity to sell and reduce your stock levels. This view is based on China not entering the market aggressively but if this happens you may see a sharp short-term increase in prices.



# CLOVES



## Market Overview

After the initial euphoria, the cloves market has stagnated due to slow demand from India and other countries.

## Demand

In the past one-month, Madagascar Cloves prices surged from USD 7,200/- to USD 8,400/- PMT, FOB levels when the new crop had just started. Indonesia too was increasing from USD 7,200/- to USD 7,800/- PMT, FOB levels. Brazil followed, from USD 6,100/- to USD 6,500/- PMT, FOB, levels. The primary driver behind these price increases was low stock levels in India and other consuming markets. Aggressive demand from India led to rapid price growth, with business occurring up to USD 8,500/- PMT, FOB levels.

However, over the past 10 days, Indian demand has slowed, putting pressure on Madagascar, Indonesia, and Brazil, resulting in price drops of USD 200/- to USD 300/- PMT.

## Price

FOB price range for Cloves of different origins:

COUNTRY	PRICE RANGE
Madagascar	USD 8,200/- to USD 8,400/- PMT
Indonesia	USD 7,700/- to USD 7,900/- /PMT
Brazil	USD 6,200/- to USD 6,250/- PMT



## Supply

Madagascar's crop has been reported to be around 10,000 MT, while Sri Lanka's crop is expected to arrive in late December or early January, totaling around 4,000 MT. Indonesian tobacco factories are currently purchasing small quantities. So, the supply pressure is going to stay for the next 2 months.

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### Our View

We believe India will re-enter the market to purchase cloves, as they are not sufficiently covered and therefore the prices for Madagascar cloves may not drop below USD 8,000/- PMT, FOB, while Indonesian prices may range between USD 7,500/- and USD 7,700/- PMT. Sri Lankan cloves are unlikely to be sold below USD 8,000/-PMT, FOB due to sufficient demand for Lal Pari Cloves.

Therefore, we advise buyers to cover their needs when they see the first signs of demand coming, but we have also anticipated the prices to range between USD 7,500/- to USD 8,500/- PMT, FOB levels for the next few months basically for the first quarter of 2025.

If you have any queries or need any further information which would help your sourcing decisions, please feel free to reach out to us and we are always available to give the best information to get the timing right to grow your profits. I am sure most of the buyers in our trade have made handsome profits in 2024, with all the information provided by us, and by entering and exiting the market at the right time with pepper prices increasing by almost 50-70% and cardamom prices rising by 100-125%

When I entered this business in 1985, almost 40 years ago, a senior person in the trade told me that in order to be successful and make profits in the commodity business-

*“When you buy, don’t fear; When you sell, don’t be greedy.”*

And with this quote, I would like to wish all our buyers, sellers, and other companies in our supply chain a Merry Christmas and a very happy, profitable, and healthy 2025, filled with peace and happiness. After all, without these, profits have no purpose.

Thanks, and best regards,



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