

Black Pepper Market Update



M. A. M. TRADING
CORPORATION

- In our previous pepper reports we have been advising our buyers to keep buying in local market due to a big gap between origin price and their local price and this arbitrage gives them good profits. Most of the buyers ask us whether they should buy from Brazil and my reply is that the if the goods are shipped in November/ December then it will reach at buyer's destination in Feb/March and since the Vietnam crop situation is not very clear, as of now it is difficult to predict the prices for early next year.
- Our recommendation would remain the same to keep buying whenever we see a good correction in prices in the market as the fundamentals still looks stable to good.

Market Overview

Over the past few weeks, the pepper market hasn't been very peppery!

Brazil: Pressure to purchase from the shippers has resulted in Black Pepper prices in the field remaining very firm at BRL 32/- 32/50per kg. Large quantity releases were resisted by farmers.

Vietnam: At the supplier level, very little quantity is offered, and prices there have also been very firm. Export quantity in October to be around 20,000 MTS.

Indonesia: Most of the quantity at farmer level market is now fully sold out and goods now in strong hands with limited quantity with major quantity already exported out.

Sri Lanka: There is less demand from India.

Price:

COUNTRY	PRICE UPDATE
Brazil	The market is extremely firm with an upwards bias; the FOB (Freight On Board) price being offered at USD 6,500/- PMT and prices have been comparatively firmer than they were about two weeks ago. The Bottom price two weeks ago was USD 6,350/- FOB levels.
Vietnam	<p>The Vietnamese market has been very firm too, with local Dong prices ranging from VND 146,000/- to VND 148,000/- and exporters cannot offer lower due to no selling pressure from farmers and having limited availability.</p> <p>The ideal FOB price for some of the grades of Vietnamese Black Pepper are as follows:</p> <p>500 FAQ - USD 6,050/- PMT 500 MC - USD 6,400/- PMT 5mm Bold - USD 6,800/- PMT WP - USD 8,200/- PMT</p>
Indonesia	The market in Indonesia is stable at USD 6,600/- PMT - USD 6,700/- PMT, FOB for 550 MC quality.
Sri-Lanka	The market has been weaker, with price idea around USD 6,550/- PMT, FOB levels but once again with very limited quantity available.

Demand

The most surprising aspect is that Vietnam exporters have arrived to purchase from Brazil. Vietnam in recent weeks has bought big quantities from Brazil, which to a certain extent is a blessing as it has controlled the downside. The grapevine news is that Vietnam exporters have sold forward in USA markets for FH 2025 and are buying from Brazil to hedge against the forward sales.

However, the main question is why they are purchasing now? If the goods are shipped in November/December, they will arrive in January/ February/March when the new crop begins in Vietnam. What are the Vietnam Shippers planning? Is the Vietnam crop going to be short in 2025? Maybe there will be some clarity on the new crop situation of Vietnam in the coming weeks, by December, but the news that is coming in at present is the crop is going to be same as 2024 and some say will be less by 10-15% compared to 2024 crop...



Demand

The demand has been slowly coming back with price gap between the buyer's spot market price and the origin price, which was formerly approx. USD 600/- in countries like the United Arab Emirates, Pakistan, etc., has now decreased to USD 300/- to USD 400/-. This indicates that in the buyer's market Stocks are declining and the buyers are now looking around to purchase limited quantity at lower levels, and the shippers too are holding back by making very limited offers. So, we can say a cat and mouse game is getting played, the buyers come to buy the sellers go into hiding, releasing limited quantities and raising prices immediately.

China market has to be watched closely as they have bought very less quantity this year (from Vietnam around 8,000 MT and Indonesia?) and the reports coming is that their own crop in Hainan is affected due to recent storm and cyclones and with the upcoming requirement for the Chinese New Year if they enter Vietnam market to buy, then the prices can sky rocket immediately and lead to higher price levels as big quantities are really not available in Vietnam.

Supply

Brazil: The Para and Espirito crops in Brazil began to flow in August, this year's crop is lower by around 40%, therefore the farmers are holding back by offering very limited quantity. It is difficult to gauge the supply situation in Brazil at present as when demand stops, the shippers start to drop prices and little demand takes it up immediately.

Vietnam: The crop is almost over and surprisingly in the past few weeks Vietnam has been the biggest buyer of Brazil. So, the question needs to be asked is Vietnam expecting less crop next year? Once again there are very few exporters offering competitive prices or you can say less than the current local price for reasons only, they would know better.



Our View:

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Our recommendation would remain the same to keep buying whenever we see a good correction in prices in the market as the fundamentals still looks stable to good.

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. We are proud to say that we have 0% default, even after the market went up by more than 100% this year and we have shipped all our orders as per contract terms without any issues.

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