

# Cloves & Black Pepper Market Update

The  
aroma of  
Cloves is  
around  
us!



M. A. M. TRADING  
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This Pepper  
really  
knows how  
to bring the  
heat!

- Cloves: We feel that the bottom of Cloves from Indonesia is around USD 7,000/mts and all other origins will also start at this level except for Brazil which is lower quality with low price and is not comparable.
- The major quantity of consumption starts from October to April, mostly in winter and we see good demand coming any moment from November, which would keep the market active and may increase too but we feel it will not go above USD 8,000/mts
- Therefore, it will not be a good idea not to be bearish and look to buy whenever you see attractive offers from either Indonesia, Madagascar or Sri Lanka
- Black Pepper: We would advise buyers to start covering your spot requirements and Q1 2025 requirements as one thing is for sure that any increase in demand would result in increase in price as the stock levels in transit and in buyers markets are running low so we do not see any downside in prices at present.

# Introduction:

- In the past few months, buyer has been confused with the behavior in Cloves Market - whether it will go up with other market, stay up or go down. So, lets analyze the market on a fundamental basis.

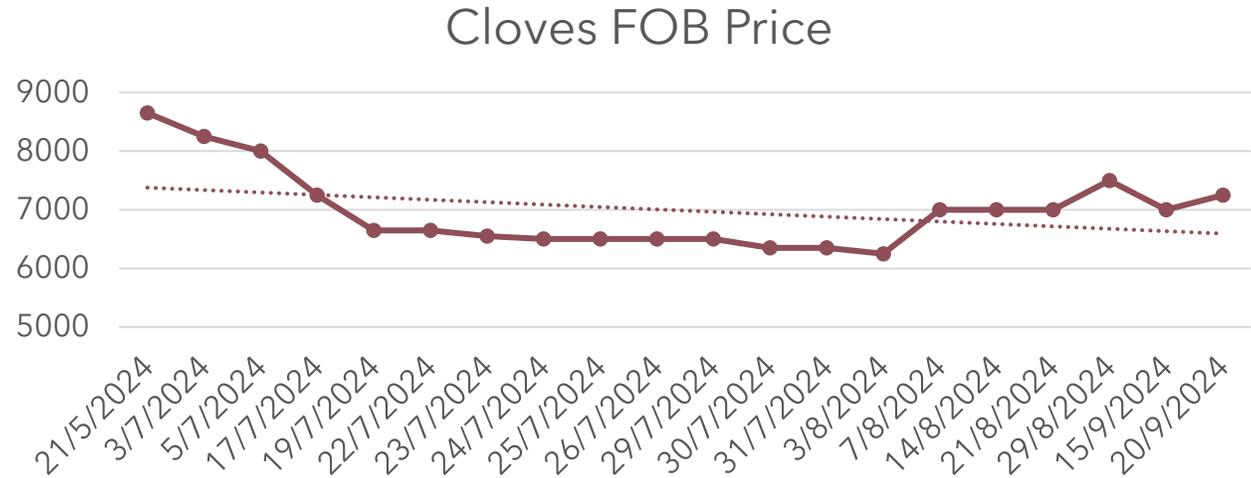


# Market Overview:

- As you know the prices of Indonesian Cloves came down from USD 8,000/mts to USD 6,000/mts about 2 months ago taking all by surprise and has now increased to USD 7,000/mts levels - thanks to the appreciation of the Rupiah. So, now what is going to happen from here is what we are going to analyze and see.

# Price:

Please take a look at the chart of Cloves FOB Price for the past few months, which is self explanatory.



COUNTRY	PRICE UPDATE
INDONESIA	Cloves Lal Pari - USD 7,300/mts Cloves FAQ - USD 6,900/mts
COMOROS	USD 7,500/mts - USD 7,800/mts
MADAGASCAR	USD 7,200 FOB (North Crop)

# Supply:

COUNTRY	SUPPLY UPDATE
COMOROS	Comoros crop is very less this year with the price being non-competitive which is around USD 7,500/mts to USD 7,800/mts
ZANZIBAR	Not too much information available for this origin. The news says that the maximum crop will be around 2,500 MTS - 3,000 MTS and some sales have happened from this origin for shipment September/October but it seems due to less crop, shipment may not happen on time but whatever quantity available will be absorbed by India.
MADAGASCAR	The crop is expected to start in November and the news coming from this origin - the crop is going to be less this year compared to last year which will be around 10,000 MTS.
SRI LANKA	The crop is expected to be good this year starting from November/ December with around 3,500 MTS - 4,000 MTS
BRAZIL	After so many years being in hibernation with no crop since 2021. The crop this year 2024 starting from December/ January is expected to be good with already business taking place from FOB USD 6,200/mts

# Demand:

- The two biggest consumer of this commodity is Indonesia and India who are both at present watching the market with limited buying taking place from Indonesia coming to the market this year (nobody knows the exact crop) but it seems sufficient for tobacco factory requirements and also quantity would be available for exports in international market keeping prices stable.
- India on the other hand has covered very limited quantity in the past few months from Indonesia as this was the only origin available but a competitive price but the coverage is nowhere near the annual requirements and with the stocks running very low and demand being around 18,000 MTS in a year (no more 10,000 - 12,000 MTS) India is looking to jump in the band wagon very soon with the spices season consumption starting from November to April.
- India is looking to buy from Madagascar and Indonesia at the right price levels - the question is at which price is the right price?
- All the international market is running low on stock at present
- So, the million dollar question is - Where will the market go from here?

# Our View:

We feel that the bottom of Cloves from Indonesia is around USD 7,000/mts and all other origins will also start at this level except for Brazil which is lower quality with low price and is not comparable.

The major quantity of consumption starts from October to April, mostly in the winter and we see good demand coming any moment from November, which would keep the market active and may increase too but we feel it will not go above USD 8,000/mts

Therefore, it will not be a good idea not to be bearish and look to buy whenever they see attractive offers from either Indonesia, Madagascar or Sri Lanka



# This pepper really knows how to bring the heat!

Our advise to buyers remains the same - that is to keep looking in the local market to cover your requirements and at the same time keep looking to cover your future requirements from origin at every correction in market prices.



# Price:

COUNTRY	PRICE UPDATE
VIETNAM	It remains a little weak between 154,000 VND - 152,000 VND. Local suppliers looking to sell Black Pepper and buy Coffee, resulting in local prices coming down by around 1%.
BRAZIL	The market has been very stable at FOB USD 6,800/mts levels and the local price remains the same as R\$ 31/KG and R\$ 33/KG. <b>However, the selling pressure at this level is very less and cannot buy big quantity at this level</b> a few interesting statistics of export from Brazil given below: <ul style="list-style-type: none"><li>• JAN-SEPT 2024 48115 MT</li><li>• JAN-SEPT 2023 57652 MT</li><li>• JAN-SEPT 2022 59617 MT</li><li>• JAN-SEPT 2021 61806 MT</li><li>• JAN-SEPT 2020 67512 MT</li></ul>
INDONESIA	There as been a small correction in the market to around FOB USD 6,800/mts levels for 570 GL Asta Quality
SRI LANKA	Prices have been stable with around FOB USD 6,700/mts levels for 525 GL MC with the SL Rupee appreciating against USD.

# Demand:

- During the middle of the week, we have seen some demand coming in from certain consuming markets from Asia and any increase in demand would increase the price. However the recent conflict situation in Middle east could have an impact on demand. We also have to wait and see what impact the recent stimulus package announced by China has on Commodity market and on Black Pepper. USA and Europe Demand has slowed down and with Middle east boiling have to watch the market demand very closely.

# Supply:

- Supply are coming in from Brazil with very limited offers and same goes with Vietnam with prices remaining stable to a little weak. Other origins like Sri Lanka and Indonesia are also offering very limited quantity.

# Our View:

We would advise buyers to start covering your spot requirements and Q1 2025 requirements as one thing is for sure that any increase in demand would result in rapid increase in price and we do not see any big downside in prices at present as the stocks levels in transit and in buyers' market are declining steadily.

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If you have any queries or need any further information which would help your sourcing decisions, please feel free to reach out to us.

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