M.A.M. TRADING CORPORATION

Deep Dive Market Report | July 2026 | Q3-Q4 Outlook

Black Pepper • Cloves

FULL REPORT

Expanded price tables, origin-level data, forecasts and trade desk strategy.
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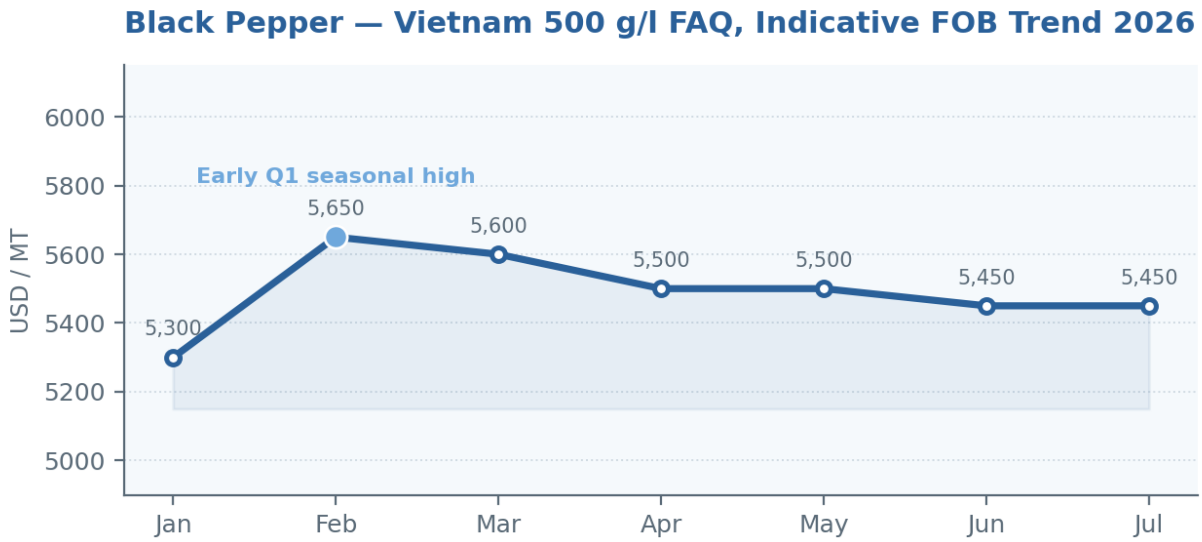
CONTENTS

1. EXECUTIVE SUMMARY

Both markets covered in this report have moved firmly into supply-constrained territory through the first half of 2026. Black Pepper's tightness is a story of weather-hit harvests and depleted carryover stocks across Vietnam and India, only partly offset by rising Brazilian volumes. Cloves' story is more dramatic: a genuine origin-level supply shock in Madagascar — the world's largest clove exporter by value — has removed an estimated 10,000+ tonnes of expected 2025/26 supply from the market, layered on top of Indonesia's structurally limited exportable surplus. The sections that follow break down price trends, origin-level production and trade data, demand drivers, and our forward-looking price scenarios for both commodities.

Commodity	Current FOB Range (USD/MT)	Q3-Q4 Bias	Key Risk
Black Pepper	5,450 - 6,200 (grade dependent)	Firm to bullish	Vietnam/India stock depletion
Cloves	7,300 - 7,800 (origin dependent)	Firm to bullish, upside risk	Madagascar crop shortfall

2. BLACK PEPPER — PRICE TREND & ORIGIN DATA

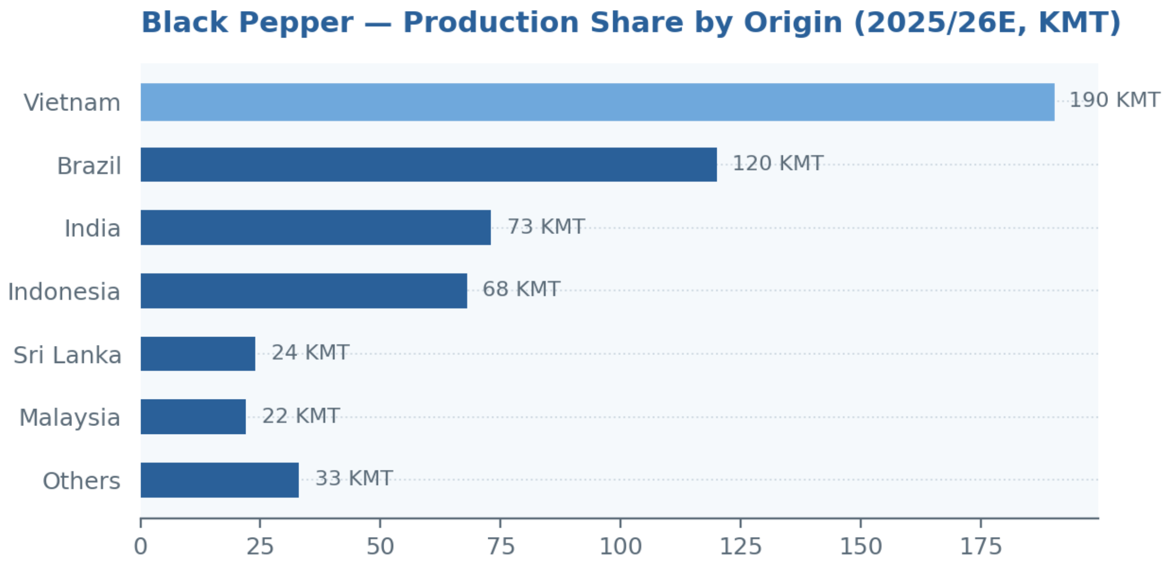


Indicative Vietnam 500 g/l FAQ FOB trend, USD/MT, Jan-Jul 2026.

Vietnamese pepper eased from an early Q1 seasonal high near USD 5,650/MT in February to a USD 5,450-5,500/MT plateau for benchmark 500 g/l FAQ by mid-year, as fresh harvest volumes reached the market. Pricing is now clearly grade-stratified: cleaner, higher-density lots command a meaningful premium over base FAQ, with 500 g/l MC at USD 5,950/MT, 550 g/l MC at USD 6,025/MT, 570 g/l MC at USD 6,100/MT and 5mm Bold reaching USD 6,200/MT. Buyers should price by grade rather than a single blended benchmark this quarter — the spread between FAQ and top MC grades is currently running close to USD 750/MT.

Indicative FOB Price Levels — July 2026

Origin	Grade	FOB Price (USD/MT)	Note
Vietnam	500 g/l FAQ	5,450	Benchmark grade
Vietnam	500 g/l MC	5,950	Cleaner, moisture-controlled
Vietnam	550 g/l MC	6,025	Higher density, premium
Vietnam	570 g/l MC	6,100	Higher density, premium
Vietnam	5mm Bold	6,200	Top-grade bold berry
Vietnam	White Pepper	9,000	Processed premium
Brazil	ASTA 570	5,750 - 5,800	Rising volumes, stabilizing
India	Garbled / MG1	8,100 - 8,400	Tight domestic supply, high premium



2025/26E production estimates by origin. IPC's official 2026 global estimate is ~530 KMT (~380 KMT from IPC member countries plus ~150 KMT from non-member origins); some broader market reports cite higher totals using different methodology.

Origin	Est. Production (KMT)	Global Share
Vietnam	190	36%
Brazil	120	23%
India	73	14%
Indonesia	68	13%
Sri Lanka	24	4%
Malaysia	22	4%
Others	33	6%

Vietnam remains the dominant origin at roughly a third of global supply, but with the smallest cushion of carryover stock. Brazil has quietly become the market's balancing force, with exports now running at roughly 8-10 KMT a month — an annualized pace well above its ~80 KMT in 2025. India is the wildcard for 2027 — a more normal 2025 monsoon (wet enough to feed the vines without triggering fungus or fruit rot) points to a production recovery, though aging vines and limited replanting remain structural constraints.

3. BLACK PEPPER — DEMAND, STOCKS, FX & FREIGHT

Black Pepper — Global Import Demand by Region

Global import demand by region — Asia and Europe together account for roughly two-thirds of world import volume.

Carryover Stock Levels

Origin	Carryover Stock (KMT)	Note
Vietnam	~33	Multi-year low; primary export origin
India	~27	Constrained by high domestic consumption
China	~40	Largely consumption-oriented, limited export availability

FX & Freight Factors

Factor	Current Reading	Trade Impact
USD/VND	~26,295 (Jul 9, 2026)	Broadly stable; limited near-term currency tailwind for buyers
Trans-Pacific 40ft freight (ex-Vietnam)	USD 1,800 - 3,500	Rates climbed sharply since mid-June on capacity tightening
Landed cost pressure	+ USD 150 - 300 / MT (approx.)	Adds to buyer cost beyond FOB price moves

The US is the single largest pepper importer by value (~20% of global import value), followed closely by the EU (~20-22%, with Germany, France and the UK making up ~58% of regional consumption). Demand for certified, traceable, residue-tested pepper is growing fastest in these developed markets, while the Middle East and China's large but largely domestic demand are increasingly important swing factors.

4. BLACK PEPPER — FORECAST SCENARIOS

Scenario	Q4 2026 - Q1 2027 Range (USD/MT FOB, Vietnam 550 g/l MC)	Narrative

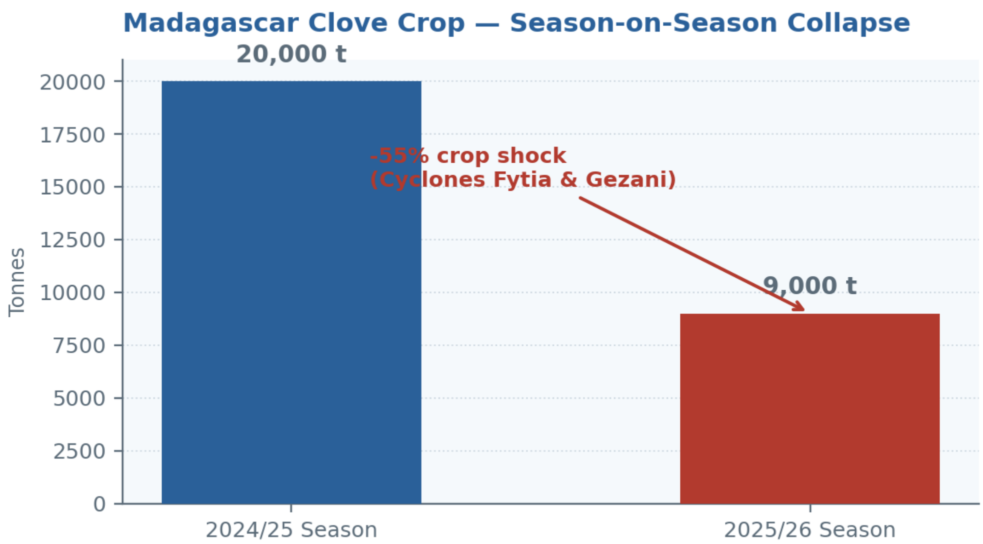
Bull	6,700 - 7,100	Further weather disruption in Vietnam/India, low stocks trigger a genuine squeeze.
Base	5,850 - 6,200	Prices hold near current plateau through Q3, soften modestly in Q4 as Brazil's larger crop reaches market.
Bear	5,400 - 5,600	India production rebounds on favorable monsoon; demand normalizes in China/Middle East, easing prices toward Q1 2027.

MAM view: we assign the highest probability to the base case, with a bullish skew — stock buffers are thin enough that any additional shock (weather, logistics, or a further acreage decline in Vietnam) pushes the market toward the bull scenario faster than it would ease toward the bear case.

5. CLOVES — PRICE TREND & THE MADAGASCAR SHOCK

Indicative Indonesia mid-point FOB trend, USD/MT, Jan-Jul 2026.

Clove prices were already firm entering 2026 on tight Indonesian export availability, then Cyclone Fytia made landfall in northwestern Madagascar on 31 January 2026, followed eleven days later by the far more destructive Cyclone Gezani on 10 February, striking the east coast near Toamasina — closer to the core clove-growing regions. Between plantation destruction, landslide-driven uprooting and damaged warehousing, new-crop expectations fell to just 8,000-10,000 tonnes against ~18,000-22,000 tonnes the prior season, a 50-70% shortfall. Damage assessments through February and March (ACAPS, OCHA) progressively confirmed the scale of the loss, which is why the price response built through Q1 and crested in Q2.



Madagascar clove crop, season-on-season.

Sri Lanka exports are down 60-70%+ YoY and Madagascar itself down sharply in value terms (reflecting drawdown of existing stock against the larger production collapse). Tanzania (Zanzibar) remains a volatile, opportunistic origin rather than a clean substitute — its own exports have swung sharply on oversupply and climate pressure. Comoros is the origin to watch most closely this quarter: its new crop is only just coming online, and early signals from that harvest will do more than most to determine how much relief the market gets before 2027. With Indonesia also keeping 85-90% of its crop domestic, the pool of dependable exportable supply has narrowed sharply just as demand has stayed resilient.

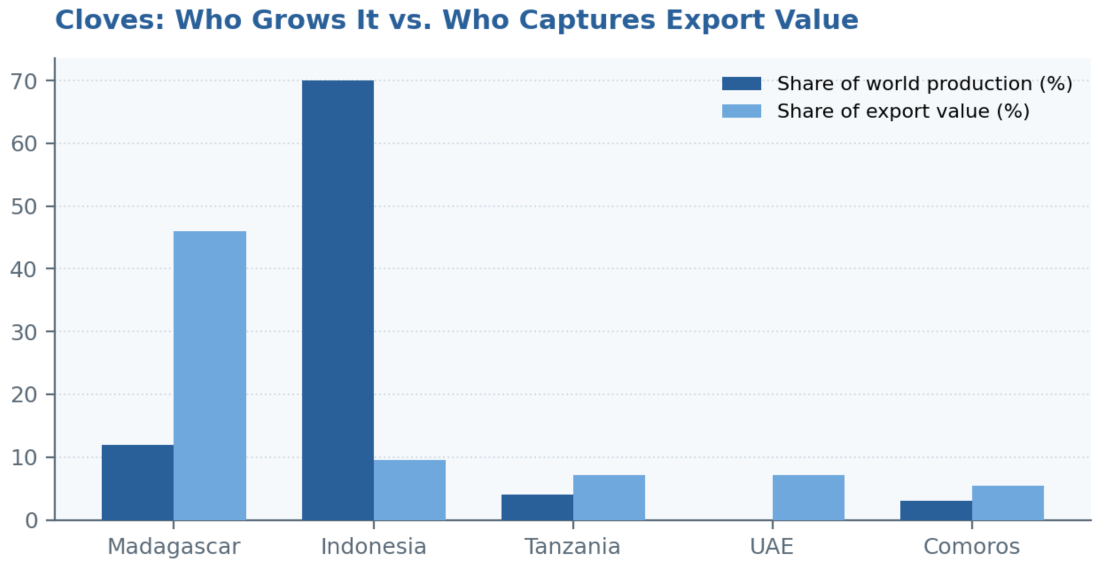
6. CLOVES — ORIGIN, EXPORT & IMPORT DATA

Indicative FOB Price Levels — July 2026

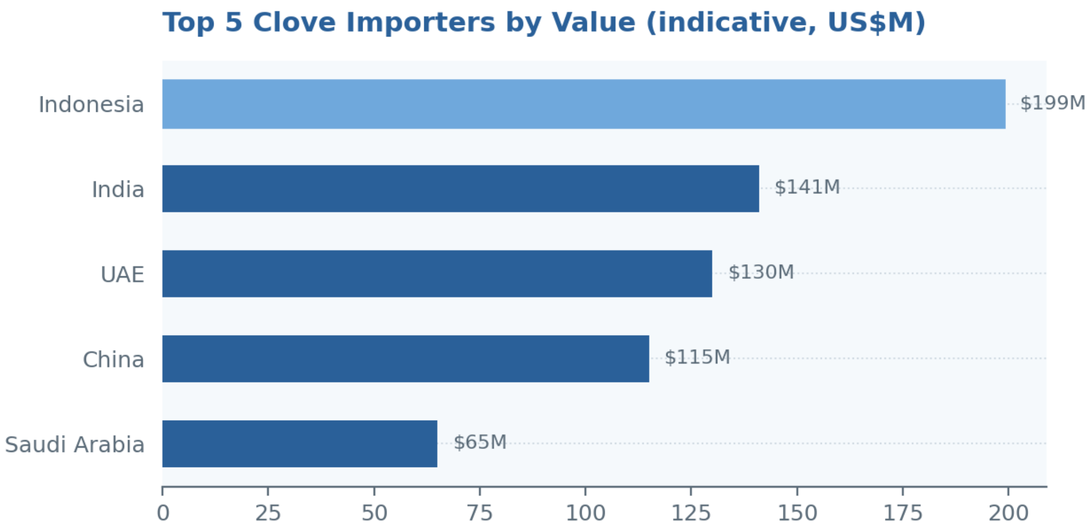
Origin	FOB Price (USD/MT)	Note
Indonesia	7,500 - 7,800	Premium grade, tight availability
Madagascar	7,300	Sharply reduced post-cyclone availability
Brazil	Not competitive	Priced above export parity at current levels
Tanzania (Zanzibar)	5,600 - 5,900	Discount origin, highly volatile availability
Comoros	New crop opening	Pricing not yet established — closely watched origin
Sri Lanka	Minimal availability	Exports down 60-70%+ YoY

Production by Origin

Origin	Production (tonnes)	Note
Indonesia	134,000-146,000	62-70% of world output; ~85-90% retained domestically
Madagascar	8,000-10,000	2025/26E — down from ~18,000-22,000 t prior season
Tanzania (Zanzibar)	6,000-9,000	Estimated; exports highly volatile amid oversupply and climate pressure
Comoros	7,000-7,500	Relatively stable production; exports down sharply in most recent reporting
Sri Lanka	~5,700	Exports down ~71% YoY
China	~1,300	Largely domestic use



The structural quirk of this market: Indonesia grows ~70% of the world's cloves but captures under 10% of export value, since almost all of it is consumed domestically. Madagascar, by contrast, produces a fraction of Indonesia's volume but has historically captured close to half of global export value — which is exactly why its crop shock matters so disproportionately to world trade.



Top clove importers by value (indicative, compiled from global trade data aggregators).

Top Importers

Importer	Est. Value (USD M)	Demand Driver
Indonesia	$199M	Kretek cigarette industry — sourced
India	$141M	~31,000 t/yr; food, ayurveda, kretek-style tobacco — sourced
UAE	$130M	Regional re-export hub — estimated
China	$115M	Food & TCM demand, imports up ~235% YoY (2023-24) — estimated
Saudi Arabia	$65M	Food & retail demand — estimated

India is the world's second-largest clove consumer at ~31,000 tonnes/year, sourced almost entirely from Madagascar, Indonesia and Comoros, which together account for ~95% of India's import value. Notably, Indonesia itself appears among the top importers by value — its kretek sector's raw material appetite outstrips even its own large domestic crop in high-demand years.

7. CLOVES — FORECAST SCENARIOS

Scenario	Q4 2026 - Q1 2027 Range (USD/MT FOB)	Narrative
Bull	8,500 - 9,500+	Further logistics/warehouse damage or an active 2026/27 cyclone season deepens the shortfall.
Base	7,300 - 8,000	Prices stay elevated near current levels through Q4 as the Madagascar shortfall persists; Comoros' new crop offers only partial relief.
Bear	6,500 - 6,800	Indonesia releases a larger domestic surplus in an alternate-bearing 'up' year; Comoros' new crop comes in stronger than expected.

MAM view: we see the base case as most likely through year-end, with real bull-case risk given how much of Madagascar's shortfall is now baked into physical unavailability, not just price. Clove trees also take several years to reach full bearing after cyclone or landslide damage, so this is a multi-season story rather than a one-quarter event — we do not expect meaningful mean-reversion before mid-to-late 2027 at the earliest.

8. M.A.M. TRADING DESK VIEW & STRATEGY

Black Pepper

Lock in coverage both now and on dips; diversify between Vietnam and Brazil to manage origin risk; prioritize certified/traceable lots for developed-market resale.

Cloves

Secure available Indonesian and Comoros lots early; treat any Madagascar offer on merit of quality and documentation given warehouse damage risk. Brazil is not competitive at current levels and Tanzania remains opportunistic rather than reliable given its own supply volatility, so verify documentation and current availability on every offer. Comoros' new crop is the origin to watch most closely this quarter — early volumes and pricing from that harvest will shape how much relief the market gets before 2027.

Across both commodities, traceability and origin diversification are becoming as important as price in securing consistent supply. Buyers who move early on clean, documented lots — rather than chasing the market on strength — will be best positioned through Q3 and into 2027.

9. METHODOLOGY, SOURCES & DISCLAIMER

This report compiles publicly available trade data, industry press and market intelligence from sources including IPC quarterly and daily price publications, Vietnam and India trade press, Tridge, IndexBox, CBI, OEC trade-flow data, and UNICEF/OCHA/ACAPS cyclone impact reporting, cross-referenced with M.A.M. Trading's own trade desk pricing and origin contacts as of July 2026. Hard-sourced figures include IPC's official 2026 global pepper production estimate

(~530-540 KMT), Vietnam carryover stock levels, USD/VND and freight-rate readings, and the confirmed landfall dates of Cyclones Fytia (31 Jan 2026) and Gezani (10 Feb 2026). Monthly price trend series are constructed by MAM's trade desk from available anchor points rather than daily exchange ticks, since no single public source publishes a continuous verified FOB series for these grades; production, export and import figures are best-available estimates and may be revised as official statistics are published.

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