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Black Pepper Market Update – May 06, 2010

Black Pepper prices likely to move up

Indian Black Pepper prices are likely to move up in the coming weeks since there seems to be crunch in the availability. The domestic demand would keep the Indian market firm.

The market is highly volatile on bullish activities said to be based on reports that Vietnam was firmer. In Vietnam pepper prices reportedly hit two-year record high at VND52,000/kg.

Currently, black pepper is offered only by India and Vietnam. With Vietnam holding on to its price and the complete absence of other countries in the trade at present, the pepper market is likely to firm up in the short-run.

Restrictions put by US FDA in Vietnam pepper is hindering exports from Vietnam to US. Vietnam has, of late, become the major supplier of pepper to the US and therefore, the FDA restrictions might have a negative impact on the Vietnamese pepper exports to its biggest importer.

Vietnam has increased the price in the last ten days and is seen taking up a strategic position of staggered selling to realize maximum revenue. Official reports here say that Vietnam has sold 52,000 Mts. of pepper during January-May. At present, Vietnam has about 50,000-60,000 Mts. of the commodity left with them.

They are likely to sell in staggered lots to avoid depressing the market. They can continue to hold the market firm until the new Indonesian crop arrives in the market.

Indonesia has sold most of its current crop. The new Indonesian crop is expected only in July.

Indian pepper is quoted at a premium and exporters are covering from other origins. The Indian pepper remained totally out priced in the international market at US\$4,000-\$4,100/Mt (c&f). Indian imports are likely to increase in the coming months and that would add more firmness to the global market.

Brazil is expected to enter the global pepper trade by September.

Appreciation of the Rupee has affected the market.