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Black Pepper Market Update – January 5, 2011

Pepper turns hot on shortage

Pepper market in India shot up by the close of year 2010 on reported non-availability of sufficient material.

There were more buyers than sellers on the spot as well as on the futures and the availability was limited. Sellers withdrew as the market moved up.

Rains in the black pepper growing areas have delayed the harvesting and drying of the berries already harvested.

Normally, the new crop arrives at the market in late November. Added to this, the carryover stock is very low and limited, created a tight availability. Situation in other origins is also not different.

This has changed the sentiments of the market and made it very bullish. There is scarcity of physical pepper in the market both in India and overseas.

Spot prices shot up by more than US\$ 100/ MT. on strong demand amid limited availability. Currently it remains at US\$ 4950/MT levels. Indian parity in the international market was at US \$ 5550/MT (CNF) and it appears to be out-priced in the world market now.

Prices increased in India, Vietnam and Sarawak. In India, prices increased by around 5-7 per cent and in Vietnam 2-3 per cent. In Sarawak, local price increased by 2 per cent but in fob the price was stable. A stable price was also recorded in Lampung and Sri Lanka. Vietnam is reportedly to export the same volume of Pepper it exported last year.

Local prices of **white pepper** increased in Sarawak and Vietnam, while in Bangka and Hainan the prices were stable. Fob prices at all origins were recorded stable.