



INTERNATIONAL PEPPER COMMUNITY

39th Annual Session 22nd – 26th Nov' 2011

Lombok

Indonesia

Black Pepper A retrospect

Black Pepper

- A Retrospect
- Down the history lane

Some Data

- Price movement
- Production
- Consumption
- Balancing

Emerging Trends

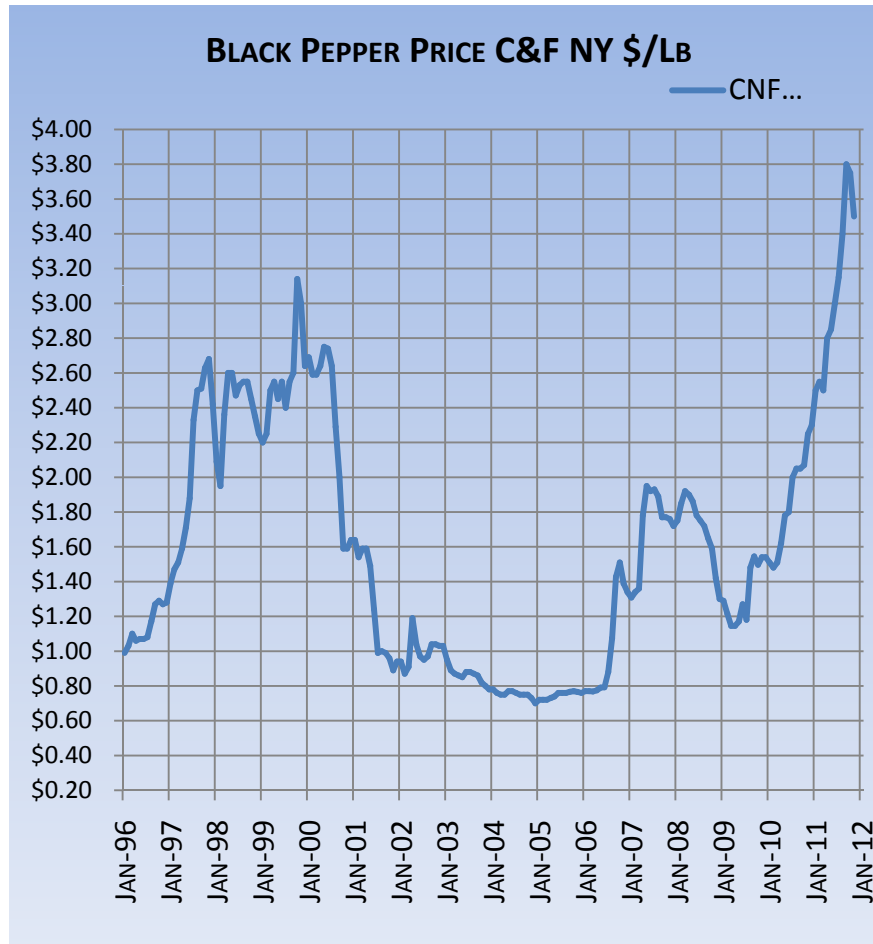
- Price Cycles
- Future- Points to ponder

BLACK PEPPER PRICE C&F NY \$/LB



Compiled : Sibi K Thomas

Black Pepper – A Retrospect



1994-
1996

- Market was at low ebb \$0.80/Lb range

1996>

- Price started to increase

1998-
1999

- Peaked to \$3.10

Black Pepper – A Retrospect



2000

- Market Started to crash

2001-
2006

- Collapsed to \$0.60 Range
- Remained at \$0.65-0.70 Range

2001-
2006

- The fundamental reason for this low price level
- Emergence of Vietnam as the major producer of Pepper
- Large crops from the traditional producing countries like, India, Indonesia and Brazil

Black Pepper – A Retrospect



2006

- Market Started to recover and came out of the bearish phase

2006-2009

- Oscillated at \$1.20-1.80/Lb
- The emergence of Electronic Online Futures Exchanges in India added a different dimension to the trade

2010

- Started to break away from the 10-12 year old

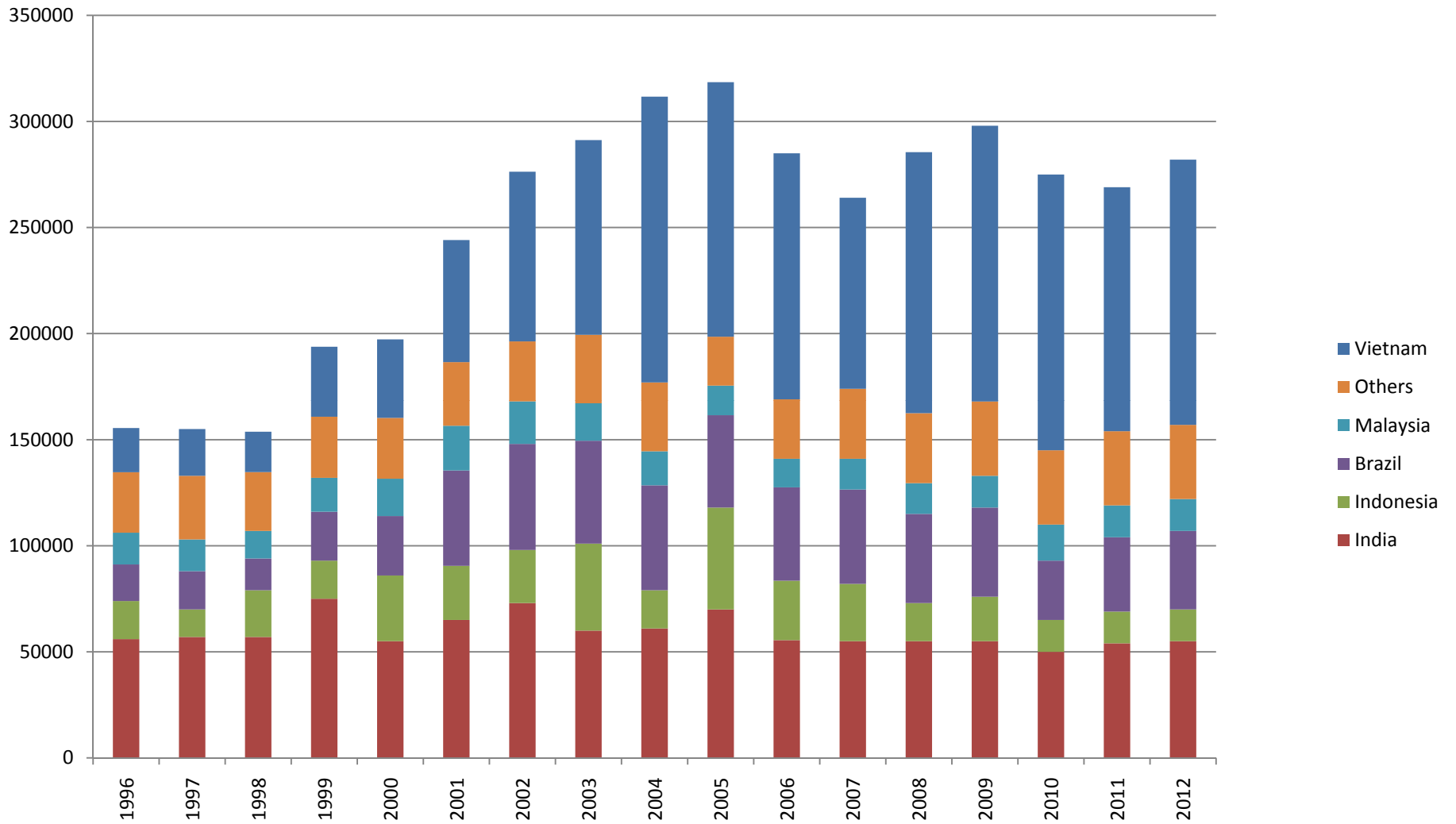
Black Pepper – A Retrospect



2010-
2011

- Gradually recovered finally flared up to \$3.85/ Lb in Oct'11
- The bull phase was catalyzed by the Future's Market speculators In India who are not from the spice trade.. From Stock market!!

Black Pepper Global Production



Compiled : Sibi K Thomas

Black Pepper Global Consumption

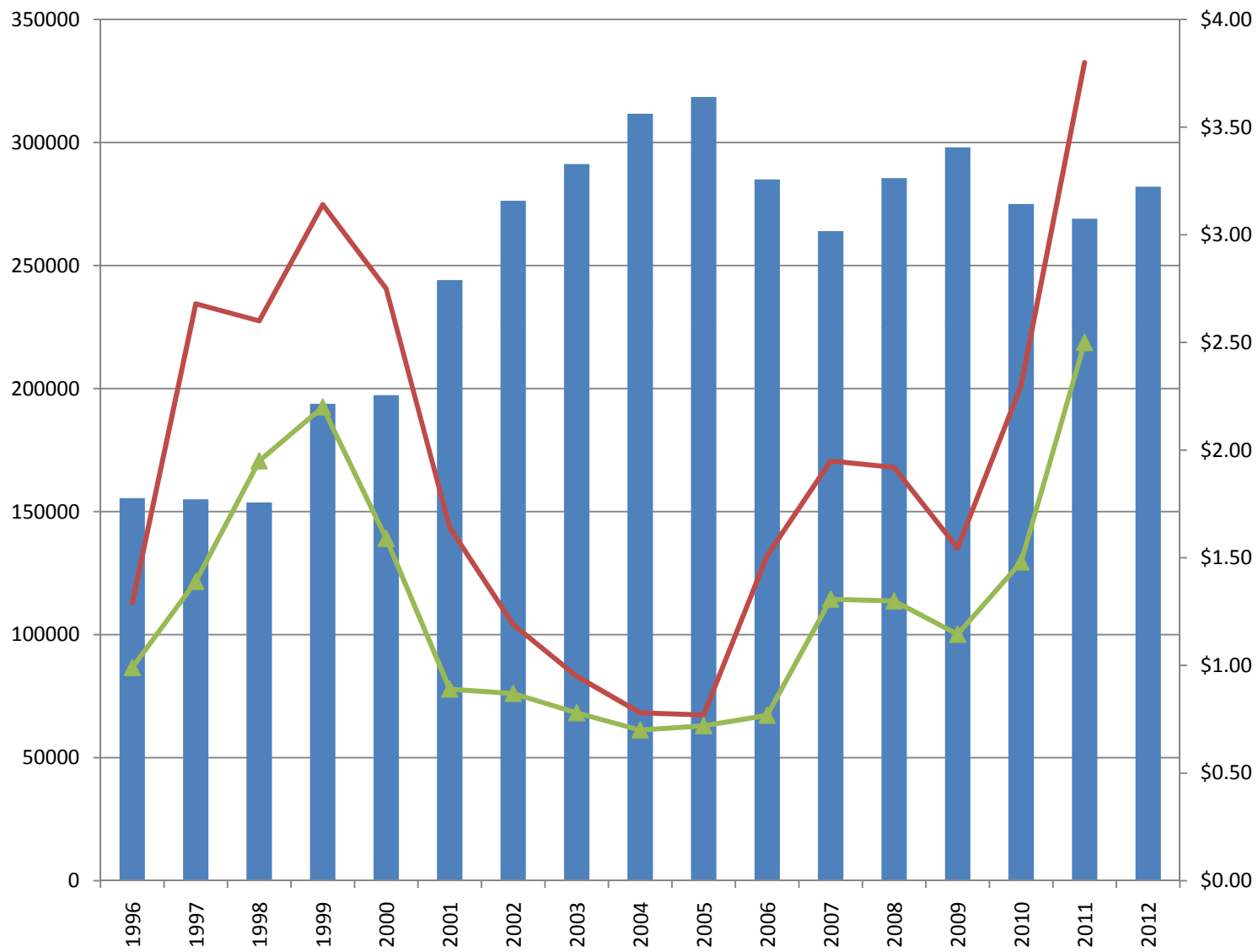
Global Consumption Mt BP>WP De-cortication Mt



Compiled : Sibi K Thomas

Production Mt
Max \$/Lb -C&F NY
Min \$/Lb -C&F NY

Global Production V/s Price

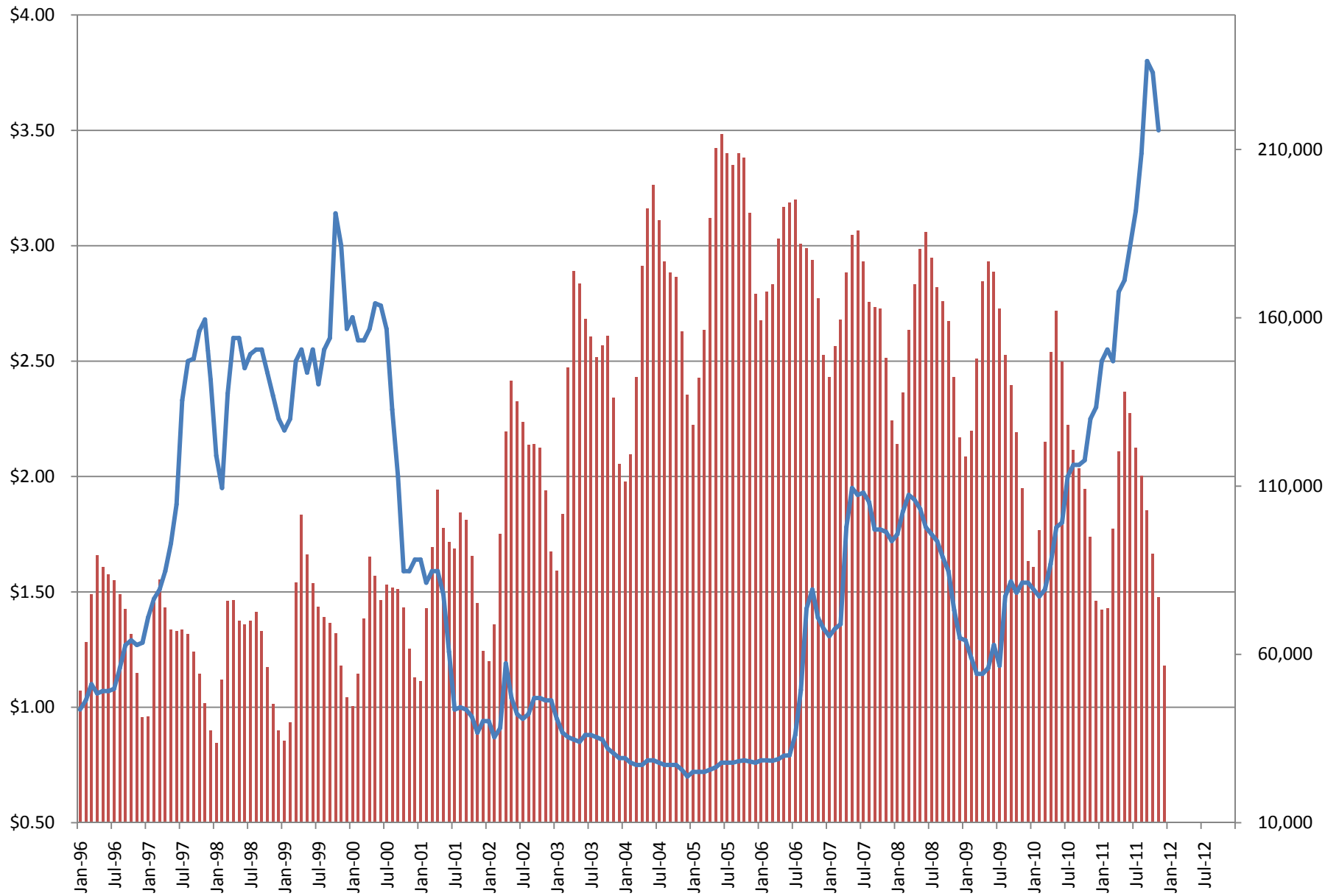


Compiled : Sibi K Thomas

Black Pepper Price Vs Balancing Stock

Balancing Stock- Mt

C&F NY \$/Lb



Compiled : Sibi K Thomas



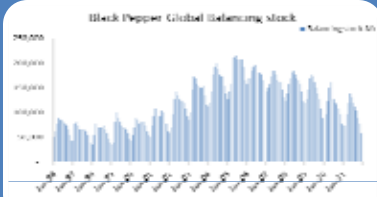
Market Prospects

Challenges

Concerns

Positives

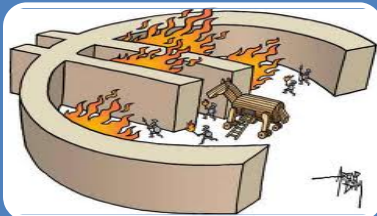




Carry over stock to 2012 season is at all time low
2012 balancing stock scenario is also not so promising



All eyes are on Vietnam and the future price movement is going to depend on it's new crop prospects



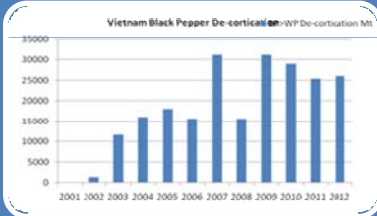
European Financial Turmoil



Declining Muntok WP production from 30000 Mt to <10000Mt

The gap in the global demand & supply is now met from Vietnam Black to White conversion

Chinese WP Producing plants damaged by typhoon



Vietnam Black pepper De-cortication
Volume increased to 30000 Mt



Indian BP crop is just enough to meet the internal demand



Indonesian 2011 crop was just 13000 Mt and the carry over stock to 2012 season may not be more than 4-5000 Mt



Brazil production is constantly maintaining at around 30000 Mt

- 2011 crop was 30000 Mt. it is being catered to North American and EU region.



Rapid Urbanization in Vietnam

Quick Wilt becoming a concern in Vietnam



Cambodia is now producing 7000-8000 Mt and do have a potential to produce significant volumes within the next 5-7 years



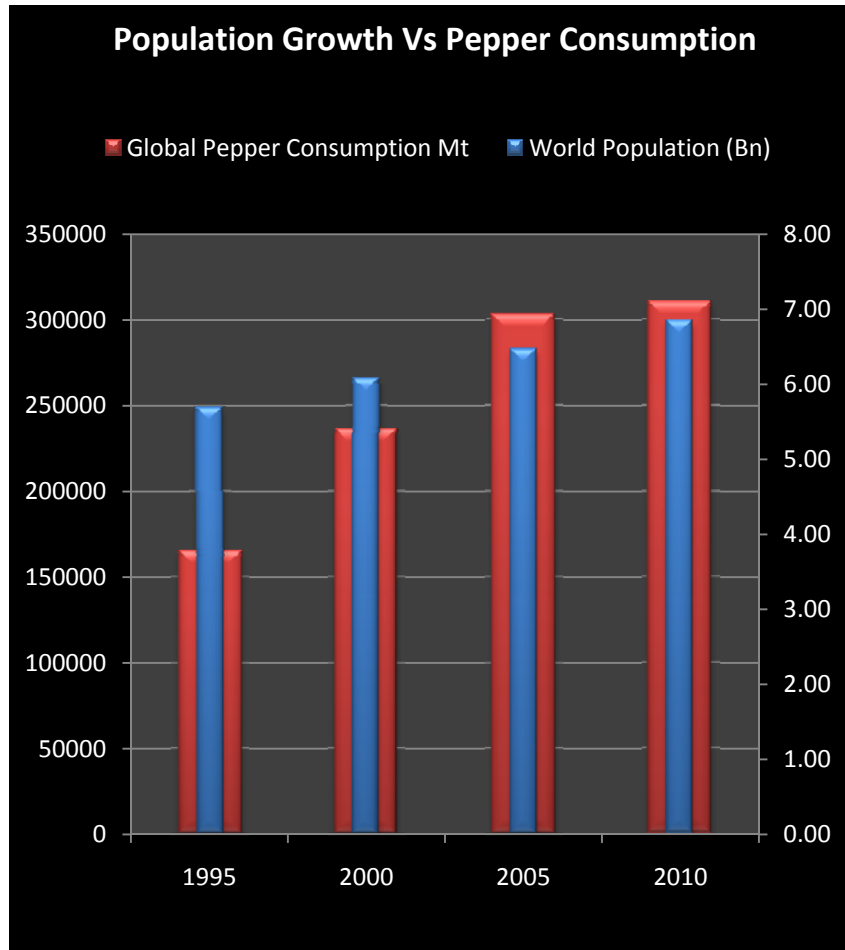
Indian Spices Board's Pepper rejuvenation program

Coorg becoming a major producing hub, new growing areas in North Eastern states in India



African Initiatives by Corporates

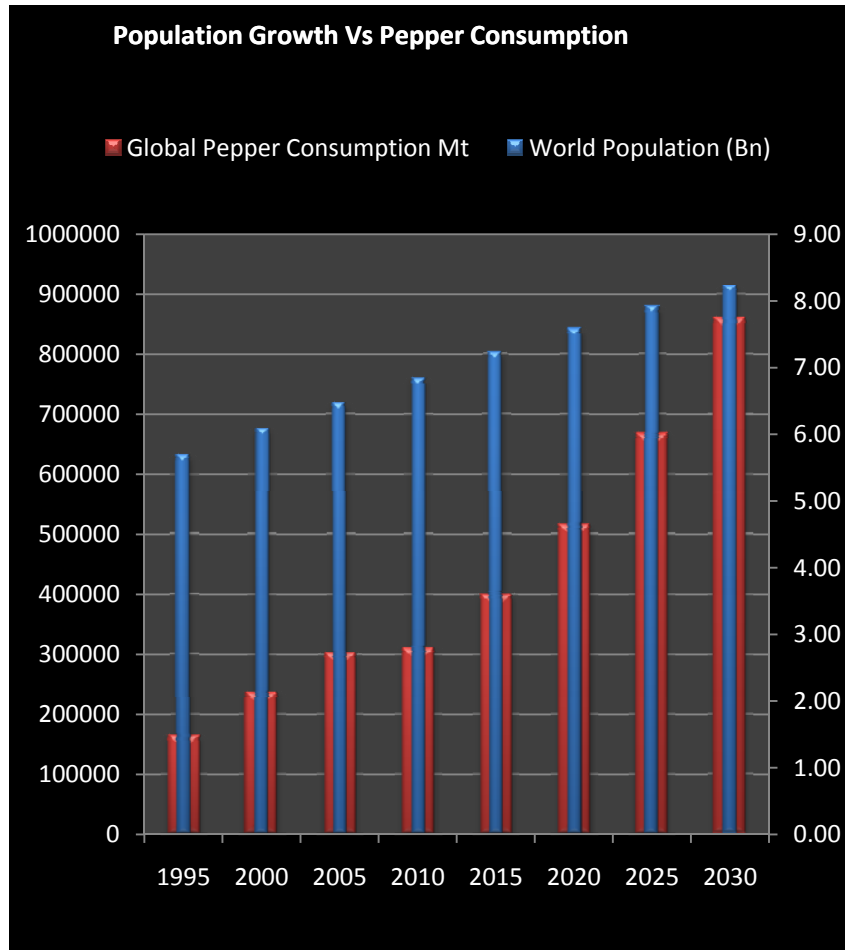
Sustainability????



1995-
2010

- Population Growth 20%
- Pepper Consumption Growth 88%

Sustainability????



Next 20 Yrs

- If the same Growth for Pepper consumption continues for next 20 years!!

!!??

- World need 800000 Mt Of Pepper???!!!

Solutions??

- Whether we have any solutions?



Coffee Shade Trees

- Coorg Model
- Coorg produces 25000 Mt of Pepper mainly from Coffee shade trees

Sustainable

- No depletion of Virgin areas
- More revenue for farmers
- Vast growing regions-South Americas, Indonesia, Vietnam, Africa.....

Thank You

Compiled : Sibi K Thomas