

## **Price Forecast of Black Pepper for August, September and October 2016**

### **Pepper prices to increase**

India is the third largest producer of black pepper after Vietnam and Indonesia. The Spices Board estimated the production in India during 2014-15 as 70,000 tonnes. Karnataka is the major producer of black pepper in India accounting for about, 47 per cent of the production, followed by Kerala which accounts for 40 per cent. Due to drought and other erratic weather conditions in Kerala and Karnataka, the black pepper output in India during 2015-16 is expected to decline to about 50,000 tonnes. The production in Indonesia and Srilanka are also expected to fall due to severe drought and erratic weather conditions and with the exception of Vietnam the production in all other countries is expected to fall in 2016.

The average price of ungarbled black pepper in Kochi market increased from ₹ 618 per kg in March 2016 to ₹ 685 per kg in April 2016. The increasing pattern of prices from March to April 2016 could be attributed to growing demand against tight supply. In spite of the new marketing season, the arrivals in the markets were comparatively low and hence, the prices were ruling in the range of ₹ 685 to 700 per kg during the period from May to July 2016. Due to lower estimates of production in 2016, the farmers who are having stock of black pepper are holding back in anticipation of further increase in prices in the coming months.

Low arrivals of black pepper at the terminal markets and growing internal demand have resulted in shortage and hence import to India has been increasing. Out of the 22,312 tonnes of black pepper imported to India from April 2015 to March 2016 for value addition, about 39 per cent was from Srilanka and followed by Vietnam which accounted for 34 per cent of the imports. In the month of April 2016 itself, 2350 tonnes of black pepper was imported to India with Vietnam accounting for about three-fourth of this import. As per the initial estimates of Spices Board, India exported 28,100 tonnes of black pepper during 2015-16, an increase of about 30 per cent over the previous year.

The study of the seasonality pattern in black pepper prices has revealed that, in most of the years after 1995, the prices increase in the month of July and this increasing trend is to continue up to October. Futures prices are also exhibiting a slight increasing to stable pattern for contracts maturing up to September. Considering the overall production and market information, at the prevailing demand-supply situation, there is an expectation of moderately increasing trend in black pepper prices during the period from August to October 2016.

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With the above market sentiments, the econometric analysis of monthly prices in Kochi market for ungarbled pepper (for a period of 21 years from 1995) and traders' survey conducted as part of the the ICAR - "Network project on market intelligence" found that the black pepper prices will be showing a moderately increasing pattern from August to October 2016. As this forecast will prevail only with the above market sentiments and could vary with changes in the market situation, the farmers are advised to take suitable selling decisions.

The ranges of forecasted prices are as follows:

<b>Months</b>	<b>Forecasted Price (₹ per Kilogram)</b>
August 2016	690-730
September 2016	710-750
October 2016	720-760

### **Research Team**

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