

Price Forecast of Black Pepper for November, December 2016 and January 2017

Pepper prices to decrease marginally

The world production of black pepper decreased from 4,16,000 tonnes in 2015 to 3,97,000 tonnes in 2016 (IPC, 2016) which has been attributed to fall in production India, Indonesia and Srilanka due to severe drought and erratic weather conditions. With the exception of Vietnam, production in all other countries has decreased in 2016. The production of black pepper in India, the third largest producer after Vietnam and Indonesia, during 2015-16 was estimated by the Spices Board as 48,500 tonnes. Kerala is the major producer of black pepper in India accounting for about 45 per cent of the production, while Karnataka accounts for about 43 per cent (Spices Board). Due to erratic weather conditions in Kerala and Karnataka, the black pepper output in India reduced from 70000 Tonnes in 2014-15 to 48500 in 2015-16.

The arrivals of black pepper 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 October 2016 and the increasing pattern of prices is due to growing demand against tight supply. The price in Kochi market declined from ₹ 690 in September to ₹ 681 in October 2016. Due to lower estimates of production in 2016, the farmers were holding back the limited stock of black pepper in anticipation of increase in prices.

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, followed by Vietnam which accounted for 34 per cent of the imports. Out of 8955 tonnes imported to India from April to July 2016, about three-fourth was from Vietnam. 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. Exports during April-June 2016 fell to 4300 tonnes from 10,350 tonnes in the corresponding period in 2015 which has been attributed to higher export prices in India as compared to other countries.

The study of the seasonality pattern in black pepper prices has shown that in most of the years after 1995, the price was highest in the month of October and from the end of October onwards the prices have shown a declining pattern up to February. Futures prices for contracts maturing up to January 2017 are also exhibiting a decreasing pattern. Considering the overall production and market information, at the prevailing demand-supply situation, there is an

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expectation of moderately decreasing pattern in black pepper prices during the period from November 2016 to January 2017.

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 decreasing pattern from November 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:

Months	Forecasted Price (₹ per Kilogram)
November2016	650-680
December 2016	630-660
January 2017	610-640

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