

Price Forecast of Black Pepper for November, December 2015 and January 2016

Pepper prices to increase and then decline marginally

India is one of the major black pepper producing countries in the world and it is cultivated in an area of about 1.2 lakh hectares in the country. The global output of black pepper in 2015 as per the estimates of International Pepper Community was 3,74,500 tonnes and the carry forward stocks from 2015 to 2016 is projected as 60,386 tonnes. As per the estimates of the Directorate of Arecanut and Spices Development, Calicut, the production in India for 2014-15 was about 77,000 tonnes. The pepper output for 2015-16 in India is expected to be lower by about 30 per cent over the previous year and is expected to be around 50,000 tonnes and this reduction is mainly attributed to the erratic weather conditions in Kerala and Karnataka. The domestic consumption in India is expected to grow annually at 4-5 per cent. A major share of the production of black pepper in India is absorbed for meeting strong internal demand.

The prices of black pepper have been increasing since the second fortnight of August 2015, owing to strong demand against tight supply. The prices are still ruling high as the growers who could afford to hold back the crop are doing so in anticipation of higher prices in the coming months due to expectation of lower output in the coming year. Futures prices for the contracts in the coming months are also exhibiting an increasing pattern.

Less arrivals of black pepper at the terminal market in 2015 have caused shortage of supply in India and hence, import to the country has been increasing. Out of the 8,500 tonnes imported to India from April to August 2015, the major share has been from Srilanka followed by Vietnam, primarily to meet the needs of high end value added product manufacturers and re-export.

The prices in the past three months were increasing and traders were expecting marginal increase in prices of pepper up to November 2015. The study of the seasonality pattern in pepper prices has revealed that with the exception of past two-three years, in most of the years after 1995, the prices have a tendency to decline from December.

Since the production of black pepper and consequently the availability and exportable surplus in India is not rising at the same rate as demand, the price is expected to remain at the present level with a slightly increasing trend until significant changes in production and market arrivals take place. Considering the overall production and market information, at the prevailing demand-supply situation, there is an expectation that prices will increase till November 2015.

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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 20 years from 1995) and traders' survey conducted as part of the "ICAR - Network project on market intelligence" found that the black pepper prices will continue to rise in November and then slightly decrease in December 2015 and this marginally decreasing trend is expected to continue in January 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)
November 2015	660-710
December 2015	650-700
January 2016	620-670

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