

Price Forecast of Black Pepper for May, June and July 2015

Pepper prices to increase

Black pepper, the 'King of spices' is a perennial crop grown for its berries, which is usually dried and used as spice. Vietnam is the largest producer and exporter of black pepper. India is one of the major producer and the largest consumer among the black pepper producing countries in the world. As per the International Pepper Community, the global output of pepper in 2015 is estimated as 3,74,500 tonnes. The production in India during 2015 is forecasted to be around 70,000 tonnes which is almost double the production in 2014. Though the domestic consumption in India is projected to be around 48,000 tonnes with an annual growth of 7 to 8 per cent, the global consumption is expected to grow only at 4 per cent annually due to the lower growth in consumption of 2 to 3 per cent in developed countries.

Harvesting of pepper in India extends from early December to late March. Kerala and Karnataka account for more than 80 per cent of the production of black pepper in India. The output in Kerala in 2015 is expected to be higher than the previous year. According to Spices Board, the production in Karnataka is expected be 30-35 per cent more than the normal production. The major share of arrivals in markets in the recent months was from Karnataka rather than Kerala.

Lower production and higher prices in 2014 have almost exhausted the previous stocks and hence the traders were expecting an upward movement in pepper prices from May 2015. But the unfavourable weather in major growing regions of the state and the uncertainty regarding the open market release of more than 6000 tonnes of tainted pepper from warehouses after cleaning and testing have raised concerns over the availability of the product.

India, which is among the largest consumers of black pepper, exported 14,500 tonnes during the period from April to December 2014 and had been importing mainly from Vietnam, Srilanka and Indonesia. The pepper import to India has been estimated to be in the range of 18000 to 20000 tonnes in 2014-15. Import of pepper from Vietnam to India in 2014-15 increased by more than 50 per cent over the previous year and it was mainly to meet the needs of the manufacturers of high end value added products. Though India was the major source of ground pepper for US in 2014, the country imported less of pepper from India in 2014 as

Price Forecast of Black Pepper for May, June and July 2015

compared to the previous years. The better crop prospect for pepper in India is expected to make it more competitive in the export market.

Price of black pepper was expected to decline especially in the first quarter of 2015 because of increase in production in all the producing countries with the exception of Vietnam where the production is estimated to be slightly lower as compared to the previous year. The price disparity among producing countries has also narrowed down in 2015 and the drop in prices in the first quarter of 2015 in India could be attributed to the harvesting season and post-harvest arrivals. Even though production has increased in India, a major share of the increased production will be absorbed because of strong internal demand, especially for industrial uses. Due to limited stocks in India and most of the other producing countries, pepper harvested in the year will be easily absorbed by the market and the price is expected to remain firm in the later months of the year. Considering the overall production and market information, with increasing domestic consumption as well as exports, there is an expectation of revival of prices from May 2015 unless significant changes occur in demand-supply situation.

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 bullish phase in black pepper will continue during the months of May, June and July 2015. 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)
May 2015	550-590
June 2015	570-610
July 2015	590-640

Research Team

Dr.Jesy Thomas K., Dr.Anil Kuruvila, Dr.Chitra Parayil, Mr.Vinil Ravi and Ms Rohini K

ICAR -Network Project on Market Intelligence

College of Horticulture, Vellanikkara,

Kerala Agricultural University, Thrissur