

Price Forecast of Black Pepper for February, March and April 2015

Pepper prices to decline on increasing arrivals

Black pepper, the 'King of spices' is a perennial crop grown for its berries. Vietnam is the largest producer and exporter of pepper accounting for more than one-third of the world production. 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 that of 2014 production. The domestic consumption in India is projected to be around 46,000 tonnes, which in turn is expected to grow annually at four to five per cent.

Kerala and Karnataka account for more than 80 per cent of production of black pepper in the country. The output in Kerala is expected to be higher than that in last year due to favourable weather conditions during the year. According to Spices Board, the area under pepper in Karnataka was 21,060 hectares with a production of 16,000 tonnes in 2011-12, which has more than doubled since then and in 2015, it is expected be 30-35 per cent more than the normal production. Harvesting of pepper in India extends from early December to late March. The downward trend in market prices of pepper both in Karnataka and Kerala could be attributed to increased post-harvest arrivals. The upcountry buyers have also slowed down buying as they anticipate huge supply from Karnataka in the coming days. Unlike Kerala, pepper in Karnataka is also found to be less sensitive to monsoon as it is mainly grown in irrigated conditions

Traders were expecting a downward price movement in pepper because of the increased arrivals in the post-harvest phase of the crop in February, March and April. They expect that cheaper pepper will become available from Karnataka from February as the harvesting commences there in February. There is also a chance of open market release of more than 6000 tonnes of tainted pepper from warehouses after cleaning and testing in the coming months.

India, which is among the largest consumers of black pepper, is importing mainly from Vietnam, Srilanka and Indonesia. Import of pepper from Vietnam to India during April to November 2014, in both quantity and value terms, increased by more than 50 per cent over the previous year which was mainly to meet the needs of the manufacturers of high end value added products.

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Price of black pepper is expected to steadily decline 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. 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. The drop in prices in the first quarter of 2015 could be attributed to the harvesting season and post-harvest arrivals. Due to limited stocks in the 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, there is an expectation of revival of prices by the beginning of 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 bearish phase in black pepper will continue during the months of February, March and April 2015 with an expectation of revival from May 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)
February 2015	610-650
March 2015	560-600
April 2015	480-530

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