

Price Forecast of Black Pepper for February, March and April 2016

Pepper prices to decrease and then increase marginally

The global output of black pepper estimates for 2015 as per the statement of world pepper market scenario released by the International Pepper Community (IPC) was 4,07,158 tonnes. India is the third largest producer of black pepper after Vietnam and Indonesia. The production of black pepper in India during 2014-15 was about 70,000 tonnes as per the Spices Board, out of which, 33,000 tonnes was produced in Karnataka and 28,000 tonnes in Kerala. The emergence of Karnataka as the major producing state in the country is mainly attributed to the initiatives by the producers including the expansion of area under the crop which were mainly induced by the higher prices of black pepper in the recent past and fluctuations in coffee prices. The pepper output for 2015-16 in India is expected to be lower by more than 30 per cent over the previous year due to the erratic weather conditions in Kerala and Karnataka.

The prices of black pepper showed an increasing pattern from August to November 2015 owing to strong demand against tight supply. As forecasted, the prices started declining from December 2015 due to the expectation of increased market arrivals after the harvest. In spite of the new market season, the prices are still ruling in the range of ₹630 to 650 per Kilogram as the arrivals in the markets are low. Due to the lower estimates of production in 2016, the producers who are in possession of the previous stock are also holding back in anticipation of increasing prices in the coming months.

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 10,100 tonnes of black pepper imported to India from April 2015 to September 2015 for meeting the needs of high end value added product manufacturers and re-export, the major share has been from Srilanka followed by Vietnam.

The prices of black pepper in past two months (December 2015 and January 2016) were decreasing and traders were expecting marginal decline in prices up to March 2016. The study of the seasonality pattern in black pepper prices has revealed that in most of the years after 1995, the prices were lowest in the month of February, with the exception of few years where the lowest prices were recorded in March. Futures prices are also exhibiting a decreasing pattern for contracts maturing up to March 2016.

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

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demand. There is an expectation of slightly decreasing trend in black pepper prices until March 2016. Considering the overall production and market information, at the prevailing demand-supply situation, the price is expected to increase marginally after March 2016.

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 the ICAR - "Network project on market intelligence" found that the black pepper prices will continue to decline up to March 2016 and then start increasing marginally from April 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)
February 2016	600-650
March 2016	590-640
April 2016	640-690

Research Team

Dr.Jesy Thomas K., Dr.Anil Kuruvila, Dr.Chitra Parayil, Noushad A K and Ms.Rohini K
ICAR -Network Project on Market Intelligence
College of Horticulture, Vellanikkara,
Kerala Agricultural University, Thrissur