

ASTA Pepper Crop Report





Crop Overview Vietnam (Feb – Apr 2013)

Province	Crop Estimate 2013 in Mt
Gia Lai	27,500
Dak Nong	16,700
Dak Lak	16,700
Binh Phuoc	30,200
Dong Nai	12,200
Baria	11,500
Others	13,000
Total	127,800



Crop Overview India (Jan – Apr 2013)

	Crop Estimate 2013 in Mt
Karnataka	30,000
Idukki (Kerala)	12,500
Wynad (Kerala)	5,000
Tamil Nadu	5,000
Total	52,500



Crop Overview Indonesia (Jul – Sep 2013)

	Crop Estimate 2013 in Mt
Sumatra (Lampung)	45,750
Bangka (white pepper)	19,000
Kalimantan & Sulawesi (white pepper)	7,400
Total	72,150



Crop Overview Malaysia (May – July 2013)

	Crop Estimate 2013 in Mt
Sarawak (black pepper)	12,200
Sarawak (white pepper)	6,000
Total	18,200



Crop Overview Brazil (Aug – Nov 2013)

	Crop Estimate 2013 in Mt
Para (black pepper)	28,000
Para (white pepper)	1,500
Espirito Santos (black pepper)	8,000
Total	37,500

Crop Overview Others Areas

	Crop Estimate 2013 in Mt
Sri Lanka (black pepper)	15,000
Thailand (black pepper)	7,000
Cambodia (black pepper)	5,500
China (white pepper)	24,000
Madagascar (black pepper)	1,500
Ecuador (black pepper)	3,000
Total	56,000

Black Pepper Production 2013e

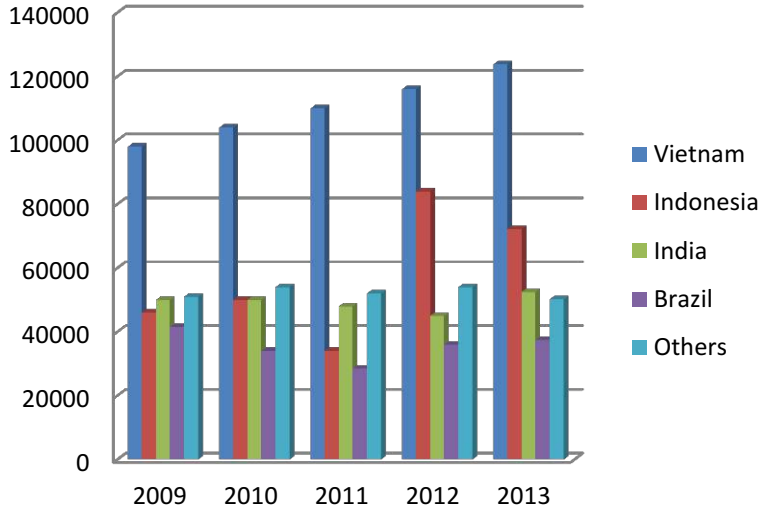
	Crop Estimate 2013 in Mt
Vietnam (incl. conversion losses for white pepper)	98,800
Indonesia	45,750
India	52,500
Brazil	36,000
Sarawak	12,200
Others	32,000
Total	277,250

White Pepper Production 2013e

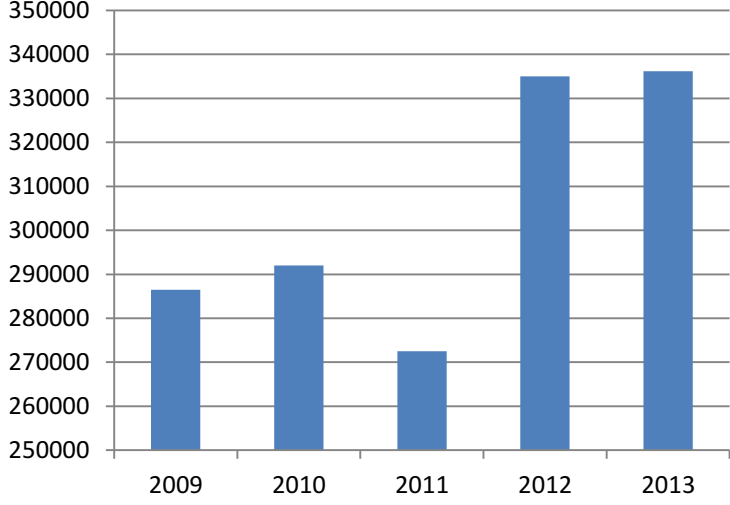
	Crop Estimate 2013 in Mt
Vietnam	25,000
Indonesia	26,400
Malaysia	6,000
Brazil	1,500
China	24,000
Total	82,900

Black & White Pepper Production 2009 – 2013e

**Total Production Black & white pepper in Mt
2009 – 2013e**



**Total Production Black & White pepper in Mt
2009 – 2013e**



Carry Over as per Jan 2013e

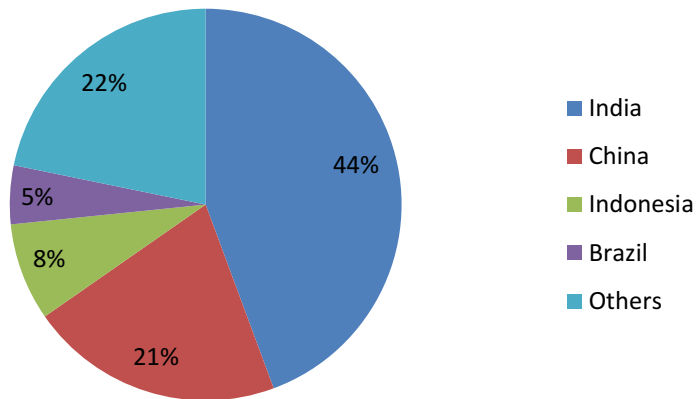
Black Pepper in Mt		White Pepper in Mt	
Vietnam	7,000 Mt	Vietnam	1,500 Mt
Indonesia	8,000 Mt	Indonesia	6,000 Mt
Malaysia	4,000 Mt	Malaysia	2,000 Mt
Brazil	15,000 Mt	Brazil	500 Mt
India	14,000 Mt	China	4,000 Mt
Others	4,000 Mt		
Total	52,000 Mt	Total	14,000 Mt

Availability 2013e

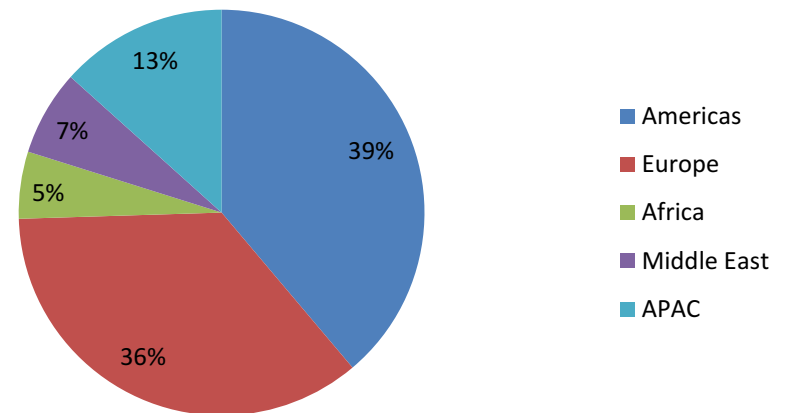
Black Pepper in Mt		White Pepper in Mt	
Production	277,250 Mt	Production	82,900 Mt
Carry Over	52,000 Mt	Carry Over	14,000 Mt
Total Availability	329,250 Mt	Total Availability	96,900 Mt
Availability Black & White combined		426,150 Mt	

Consumption of pepper in 2013e = Total 340.000 Mt

Consumption Producing Countries = 128.000 Mt

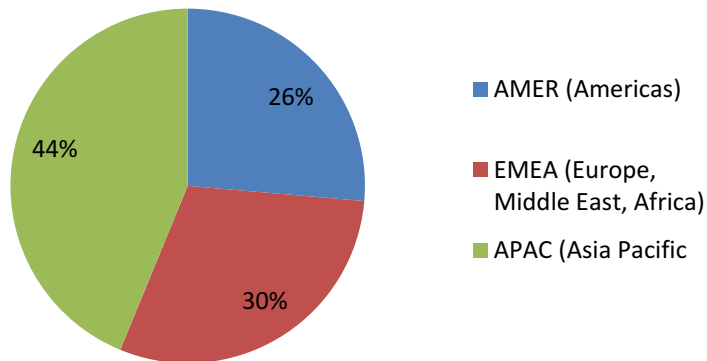


Consumption Non Producing Countries = 212,000 Mt

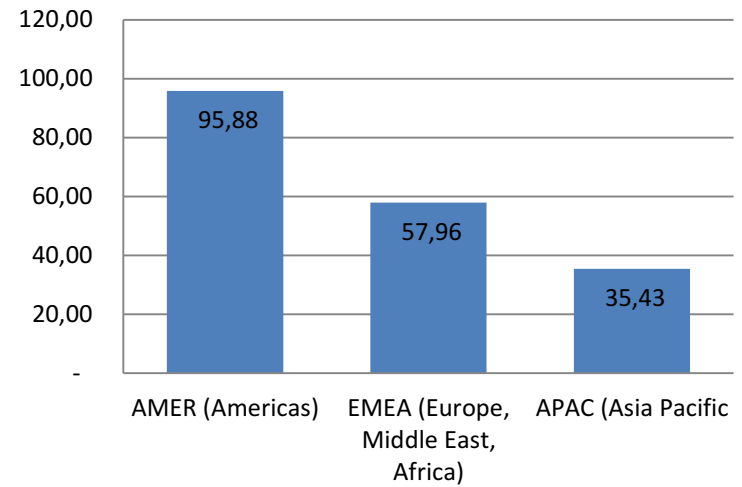


Consumption (continued)

**Total Consumption =
340,000 Mt**



**Pepper consumption per
capita (in grams / year)**



Pepper Surplus / Deficit 2013e

Production	360,000 Mt
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Consumption	340,000 Mt
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Surplus	20,000 Mt
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Carry over	66,000 Mt
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Total surplus availability	86,000 Mt
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= 3 months of global consumption

Issues Impacting Supply

- Diseases (rotten root due to fungus / quick death due to virus)



- Weather: global warming more extreme weather patterns
- Competing crops such as coffee, rubber, cocoa, palm oil, tapioca etc (less risky than pepper)
- Tropical farming land availability limited

Issues Impacting Supply (continued)

- Pepper farming is labor intensive
- Financial holding power of farmers improved over the years – many farmers are rich these days

Issues Impacting Price

- Farm land prices in Asia sharply up in the last decade
- Soaring labor cost in Asia
- Increasing production costs: fertilizer / irrigation / energy / freight / packing material
- Water shortage
- Growing demand in Asia: packaged food category in BRIC countries will grow at a compound annual growth rate (CAGR) of 15.88% between 2010 and 2015.
- The world supply (pepper) is vulnerable to diseases and weather related factors (drought, excessive rainfall, typhoons etc). As long as we do not see a drastic improvement in global production there seems to be more upward than downward risk in prices.

Food Safety/Quality

- Pesticide residues becoming an issue, especially in Europe & Japan. Most problematic residue is Carbendazim which is frequently used in pepper farming.
- Demand for 'sustainable pepper' is growing

Conclusion

- Production slightly ahead of the consumption, but remains to be seen if it keeps pace with the increasing global demand
- Carry over stocks in producing countries are relatively thin (only 3 months of global consumption). Stocks in consuming centers are also thin.
- Black pepper MLSV ASTA at US\$ 2.80 – 3.20 per lb CNF NY for the last 12 months, down from the historic high (US\$ 4.00 per lb. in 2011). In the current market there seems to be an equilibrium between supply & demand.