

World Spices Congress

Pune 2012

Crop report Black & White
Pepper



11th World Spice Congress

9 to 11 Feb 2012

The Westin Pune Koregaon Park, Pune, Maharashtra

"Sustainability & food Safety - Global initiatives"

3F

1) **Figures:**

Production & consumption

2) **Facts:**

What impacts supply & demand

3) **Future:**

What can we expect?



Province: Gia Lai

Province	Gia Lai
<u>FY 2011 Crop</u>	
FY 2011 Crop Estimate(MT)	22,075
FY 2011 Production Area(Ha)	5,256
FY 2011 Yield (MT/Ha)	4.2
<u>Weather</u>	
Annual Rain fall	Good
Monthly spread of Annual Rain fall	Normal
<u>Agronomy</u>	
Pest Infestation/Disease	Normal
Death of Trees	Some, but little impact
<u>Farmer View</u>	
Over all Crop	10-15% more
Arrivals	After TET
Peak Flow	March-April
<u>LBA View</u>	
Overall Crop	10% more
<u>FY 2012 Crop Estimate (MT)</u>	
Change in Gathering area(%)	8.0%
Change Yield (%)	17.3%
FY 2012 Gathering Area(HA)	5,676
FY 2012 Yield (MT/Ha)	4.93
FY 2012 Crop Estimate(MT)	28000
Over all Change from 2011 (%)	25.0%



Summary:

Up 20% Change from Last year
2012 Estimate : 28,000 MT

Province: Dak Nong

Province	Dak Nong
<u>FY 2011 Crop</u>	
FY 2011 Crop Estimate(MT)	12,760
FY 2011 Gathering Area(HA)	5,800
FY 2011 Yield (MT/Ha)	2.2
<u>Weather</u>	
Annual Rain fall	Good
Monthly spread of Annual Rain fall	Good
<u>Agronomy</u>	
Pest Infestation/Disease	Normal
Death of Trees	Normal
<u>Farmer View</u>	
Over all Crop	20%higher than last year
Arrivals	After TET
Peak Flow	March- April
<u>LBA View</u>	
Overall Crop	Good
<u>FY 2012 Crop Estimate (MT)</u>	
Change in Gathering area(%)	5.0%
Change Yield (%)	10.0%
FY 2012 Gathering Area(HA)	6,090
FY 2012 Yield (MT/Ha)	2.44
FY 2012 Crop Estimate(MT)	14860
Over all Change from 2011 (%)	16%



Summary:

Estimate : 14,860 MT
16% increase in production

Province: Dak Lak

Province	Dak Lak
<u>FY 2011 Crop</u>	
FY 2011 Crop Estimate (MT)	13,000
FY 2011 Gathering Area (HA)	5,200
FY 2011 Yield (MT/Ha)	2.5
<u>Weather</u>	
Annual Rain fall	Good
Monthly spread of Annual Rain fall	Good
<u>Agronomy</u>	
Pest Infestation/Disease	Normal
Death of Trees	Normal
<u>Farmer View</u>	
Over all Crop	More
Arrivals	After TET
Peak Flow	March- April
<u>LBA View</u>	
Overall Crop	More
<u>FY 2012 Crop Estimate (MT)</u>	
Change in Gathering area(%)	5.0%
Change Yield (%)	5.0%
FY 2012 Gathering Area (HA)	5,460
FY 2012 Yield (MT/Ha)	2.625
FY 2012 Crop Estimate (MT)	14330
Over all Change from 2011 (%)	10.2%



Summary:

2012 Estimate : 14,330 MT
10.2% change in production

Province: Binh Phuoc

Province	Binh Phuoc
<u>FY 2011 Crop</u>	
FY 2011 Crop Estimate (MT)	28,785
FY 2011 Gathering Area (HA)	9,500
FY 2011 Yield (MT/Ha)	3.03
<u>Weather</u>	
Annual Rain fall	Good
Monthly spread of Annual Rain fall	Normal
<u>Agronomy</u>	
Pest Infestation/Disease	Normal
Death of Trees	Normal
<u>Farmer View</u>	
Over all Crop	Not very Good
Arrivals	After TET
Peak Flow	April
<u>LBA View</u>	
Overall Crop	Same as last year
<u>FY 2012 Crop Estimate (MT)</u>	
Change in Gathering area(%)	1.0%
Change Yield (%)	-4.0%
FY 2012 Gathering Area (HA)	9,600
FY 2012 Yield (MT/Ha)	2.9
FY 2012 Crop Estimate (MT)	27,910
Over all Change from 2011 (%)	0.00%



Summary:

The trees in this region are not as good as they were last year. Some dead trees or immature beans falling is reported. Farmer's view is that crop is less 20%. Considering the new acreage grown 3-4 years ago come into full production, we believe total output would be same or little less. 2012 Estimate : 28,000 MT

Province: Dong Nai

Province	Dong Nai
<u>FY 2011 Crop</u>	
FY 2011 Crop Estimate (MT)	14,145
FY 2011 Gathering Area (HA)	6,150
FY 2011 Yield (MT/Ha)	2.3
<u>Weather</u>	
Annual Rain fall	Normal
Monthly spread of Annual Rain fall	Normal
<u>Agronomy</u>	
Pest Infestation/Disease	Higher
Death of Trees	Higher
<u>Farmer View</u>	
Over all Crop	20% less
Arrivals	After TET
Peak Flow	March-April
<u>LBA View</u>	
Overall Crop	20% less
<u>FY 2012 Crop Estimate (MT)</u>	
Change in Gathering area(%)	0.0%
Change Yield (%)	- 20%
FY 2012 Gathering Area(HA)	6,150
FY 2012 Yield (MT/Ha)	1.84
FY 2012 Crop Estimate (MT)	11,300
Over all Change from 2011 (%)	- 20%



Summary:

Farmers are very pessimistic and give an forecast of 40-50% less crop. This decline is attributed to a root rot epidemic as decayed roots and quick death. Though the general mood is very bad, we take a conservative estimate of only 20% less output for entire province as new hectares have also started yielding.
2012 Estimate : 11,300 MT

Province: Baria

Province	Ba ria
<u>FY 2011 Crop</u>	
FY 2011 Crop Estimate (MT)	11,430
FY 2011 Gathering Area (HA)	6,743
FY 2011 Yield (MT/Ha)	1.7
<u>Weather</u>	
Annual Rain fall	More than normal
Monthly spread of Annual Rain fall	Excessive in July and August
<u>Agronomy</u>	
Pest Infestation/Disease	Worse
Death of Trees	Worse than last year
<u>Farmer View</u>	
Over all Crop	Much less than Last year
Arrivals	After TET
Peak Flow	March-April
<u>LBA View</u>	
Overall Crop	No Change
<u>FY 2012 Crop Estimate (MT)</u>	
Change in Gathering area(%)	- 3.0%
Change Yield (%)	- 10.0%
FY 2012 Gathering Area (HA)	6,540
FY 2012 Yield (MT/Ha)	1.53
FY 2012 Crop Estimate (MT)	10,000
Over all Change from 2011 (%)	- 13.0%



Summary:

A lot of dead or ailing trees are seen. Some people say excessive rains are the cause.

Yield is down 10% (people say even 50%), and akerage is down 5%. But new-planted areas can cover 2% loss. We therefore estimate that the region will produce 13% less than it did last year.

2012 Estimate : 10,000 MT

Province: Others

Province	Other
<u>FY 2011 Crop</u>	
FY 2011 Crop Estimate (MT)	11,200
FY 2011 Gathering Area (HA)	7,000
FY 2011 Yield (MT/Ha)	1.6
<u>Weather</u>	
Annual Rain fall	NA
Monthly spread of Annual Rain fall	NA
<u>Agronomy</u>	
Pest Infestation/Disease	NA
Death of Trees	NA
<u>Farmer View</u>	
Over all Crop	NA
Arrivals	NA
Peak Flow	NA
<u>5</u>	
Overall Crop	
<u>FY 2012 Crop Estimate (MT)</u>	
Change in Gathering area(%)	5%
Change Yield (%)	5%
FY 2012 Gathering Area (HA)	7,350
FY 2012 Yield (MT/Ha)	1.68
FY 2012 Crop Estimate (MT)	12,400
Over all Change from 2011 (%)	10%

Summary :

The other regions (including Binh Duong) contribute approximately 10% to the whole output.

This portion remains fairly constant as pepper is a back yard crop in this region. In yrs with higher prices we presume that the farmers will have higher income from pepper. This should translate into better nutrient management, pest control and post harvest care. Moreover there has been no natural calamity that would hamper the crop, and weather last year was overall normal to fine.

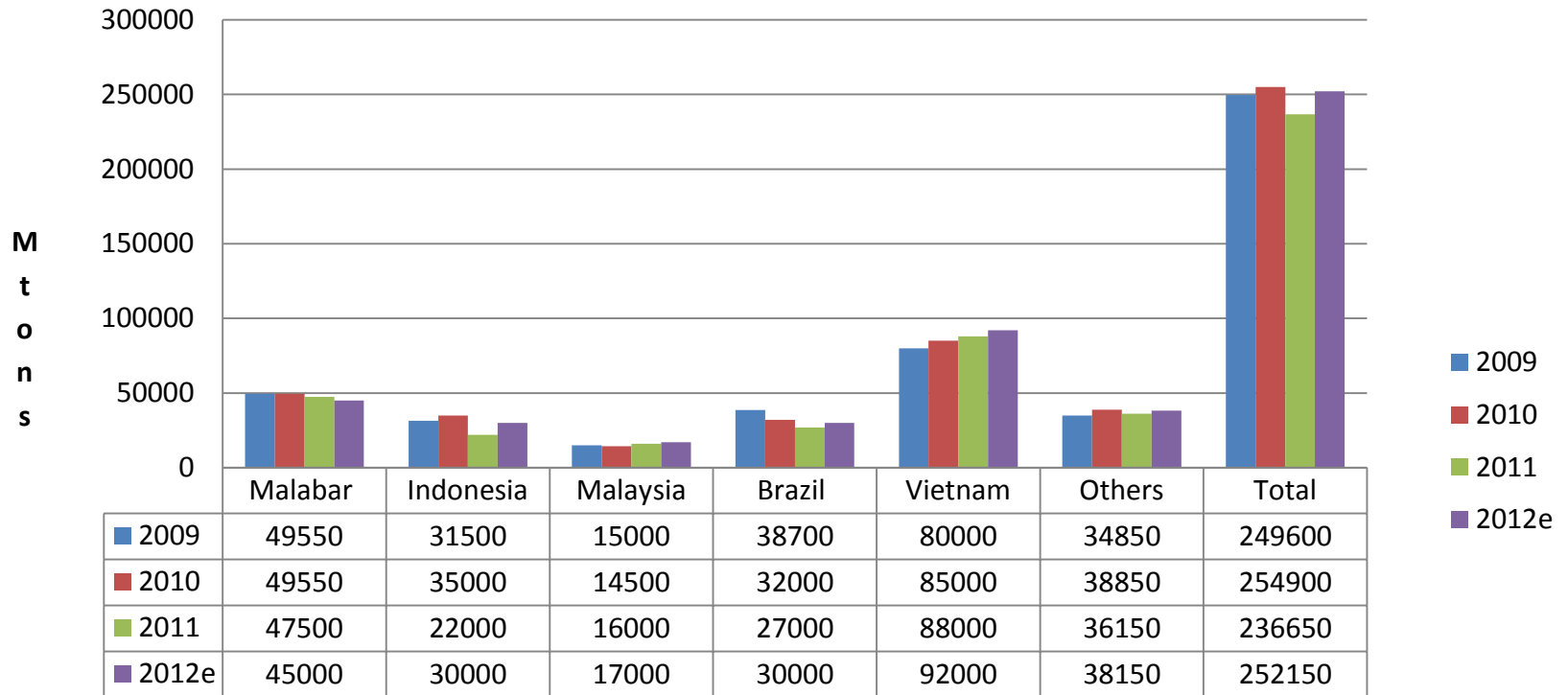
We assume gathering ha and the yield will be increased by 5% each.

So, we expect a total increase of 10% or 12,500 Mts will come from these junior producing regions.

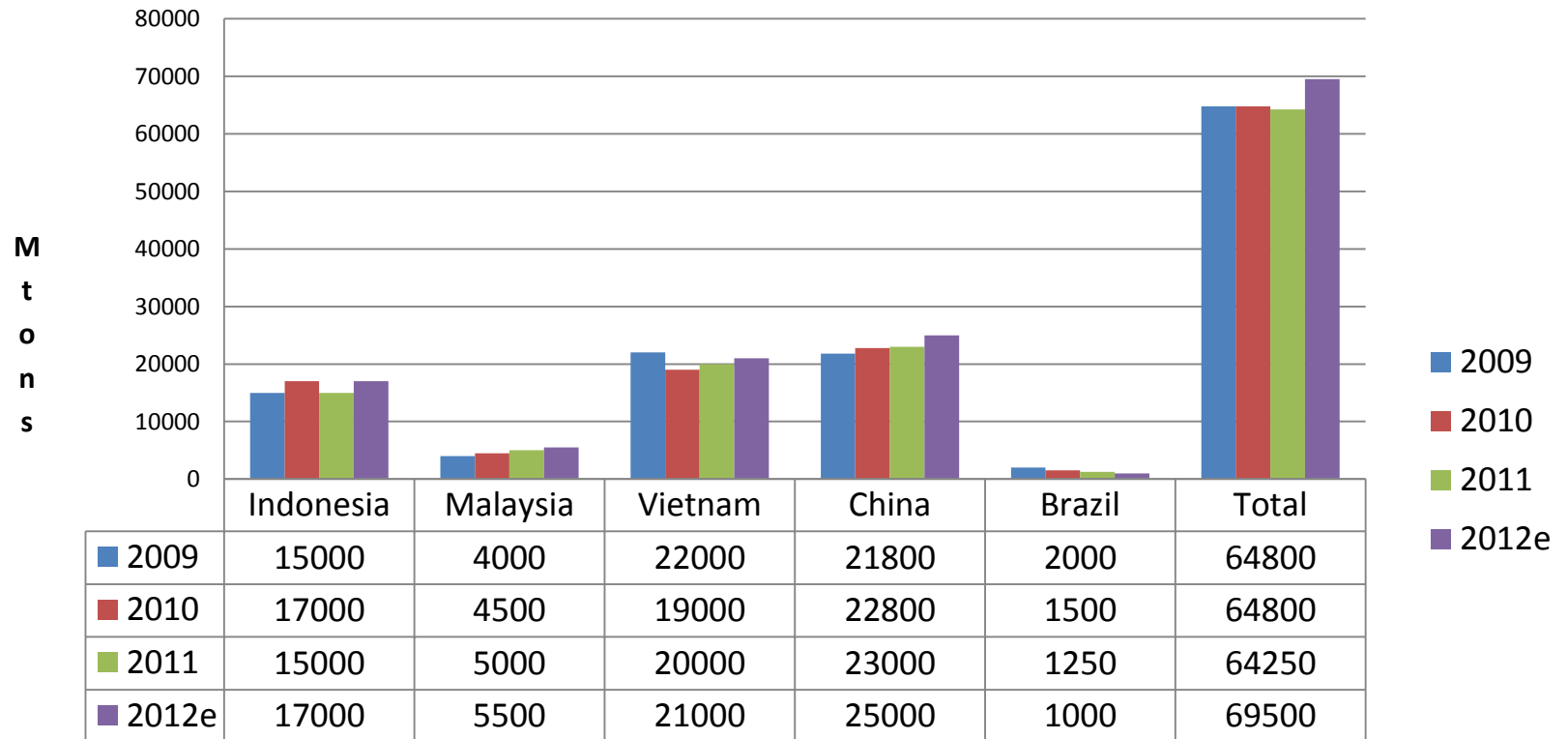
Vietnam 2012 Crop Estimate

Province	Crops Estimate -2012 (MT)
Gia Lai	28,000
Dak Nong	14,860
Dak Lak	14,330
Binh Phuoc	28,000
Dong Nai	11,300
Baria	10,000
Others	12,500
Total	118,000

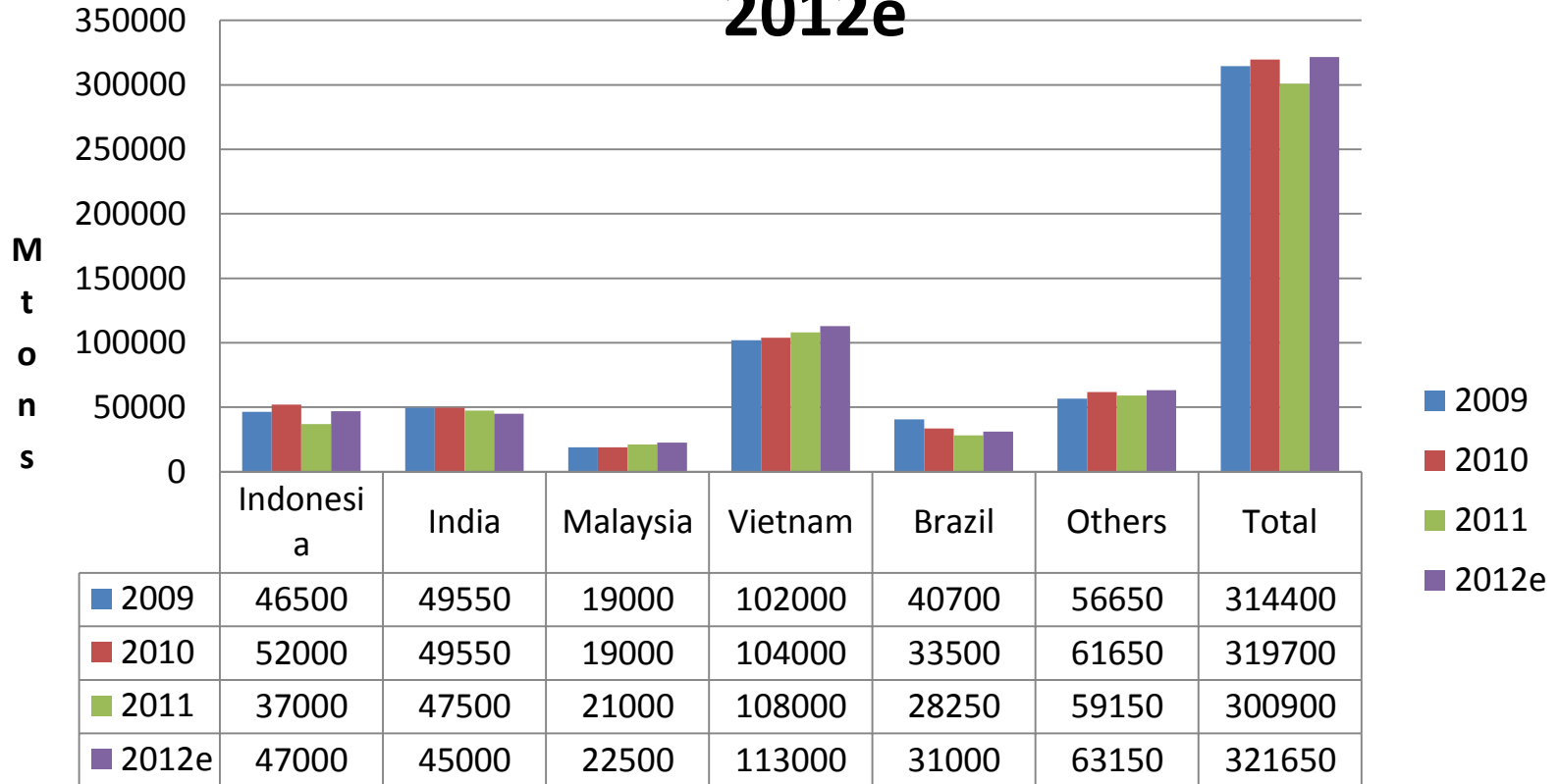
Black Pepper Production 2009 - 2012e



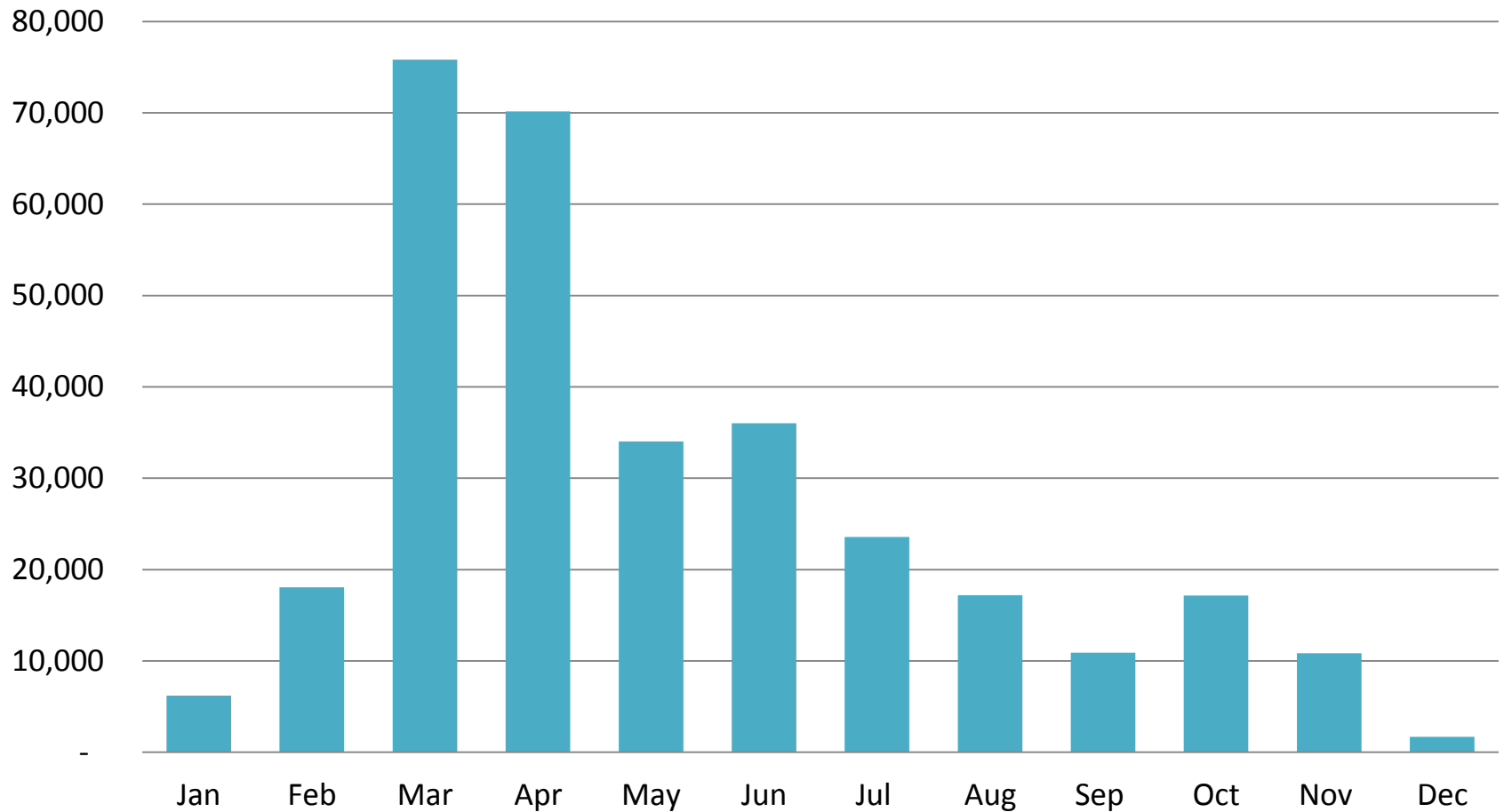
White Pepper Production 2009 - 2012e



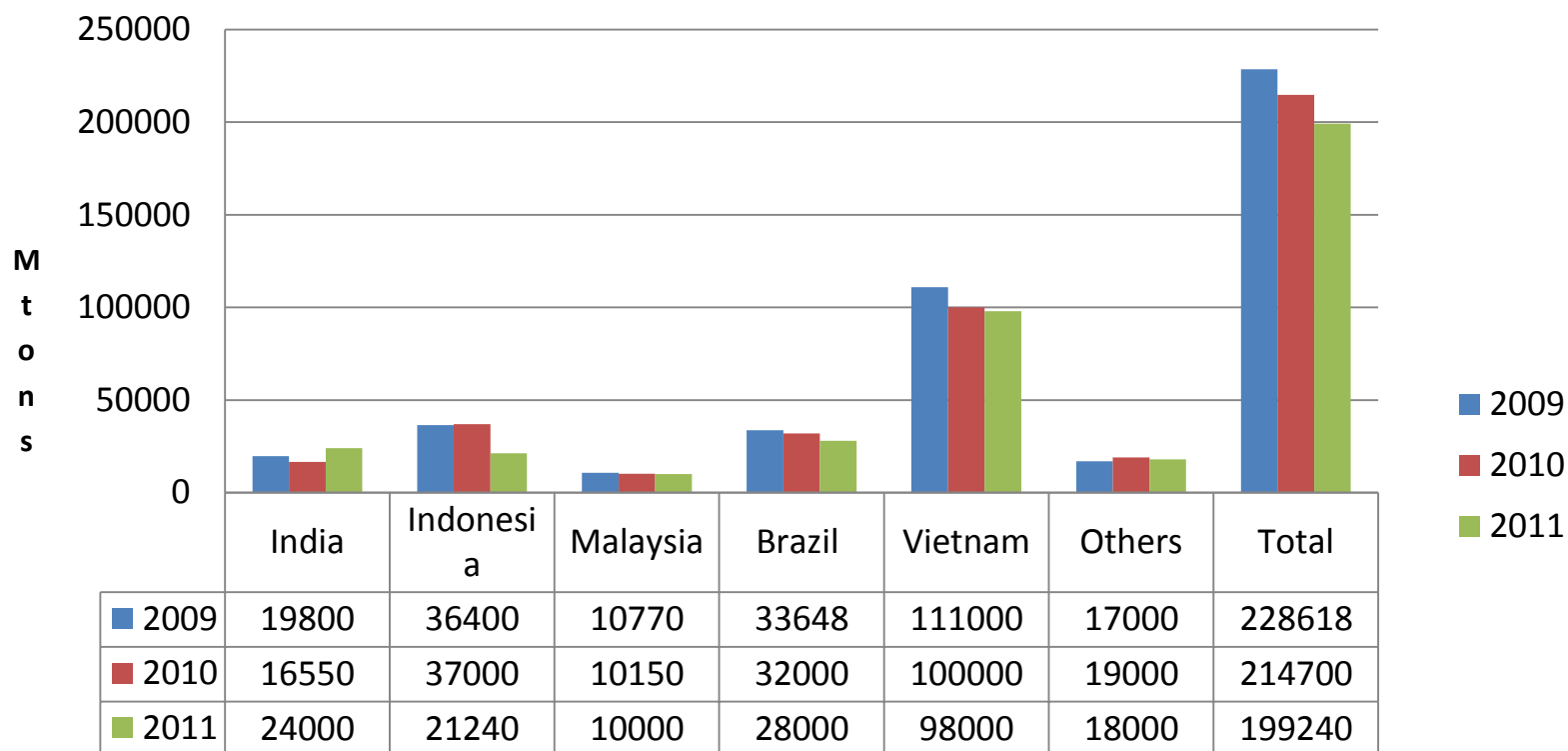
Black & White Pepper Production 2009 - 2012e



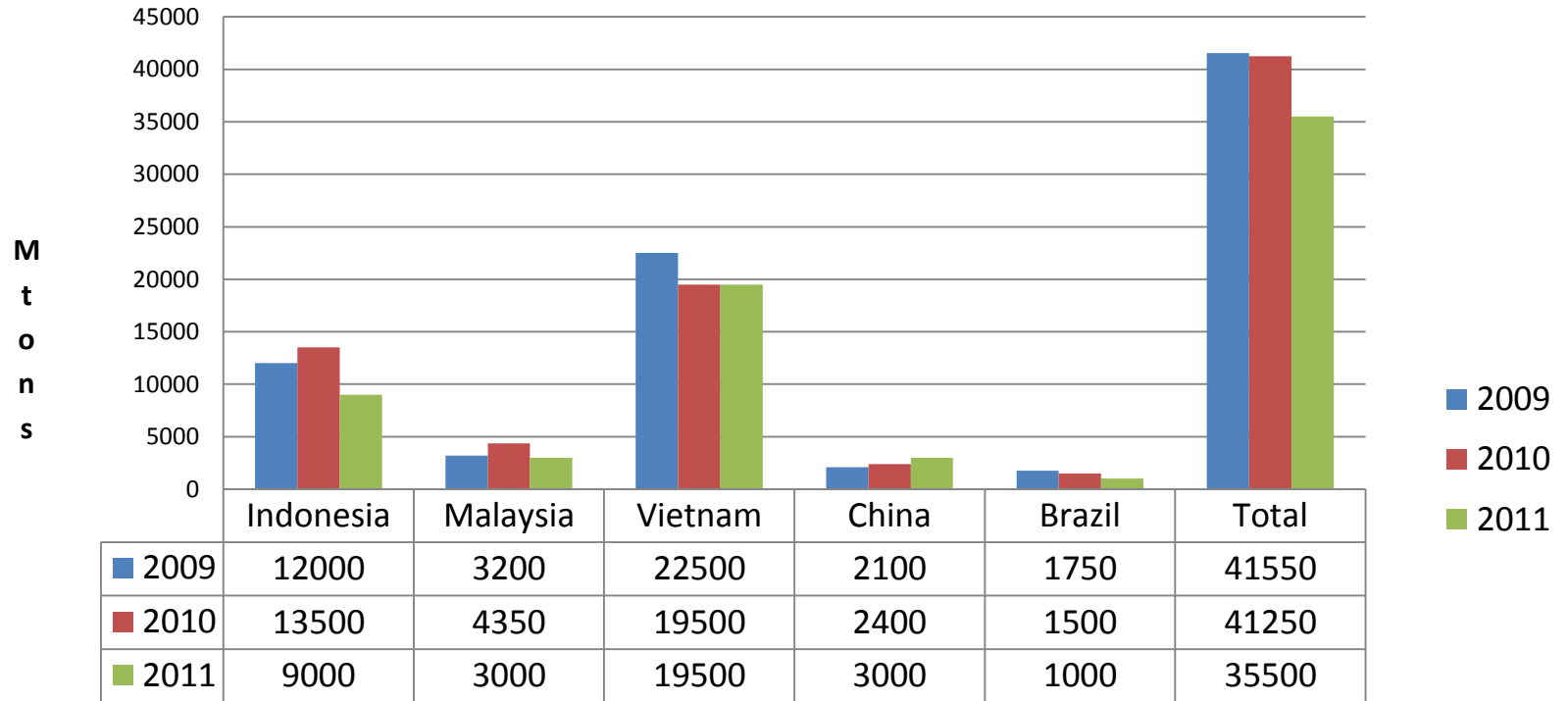
Monthly production of black & white pepper



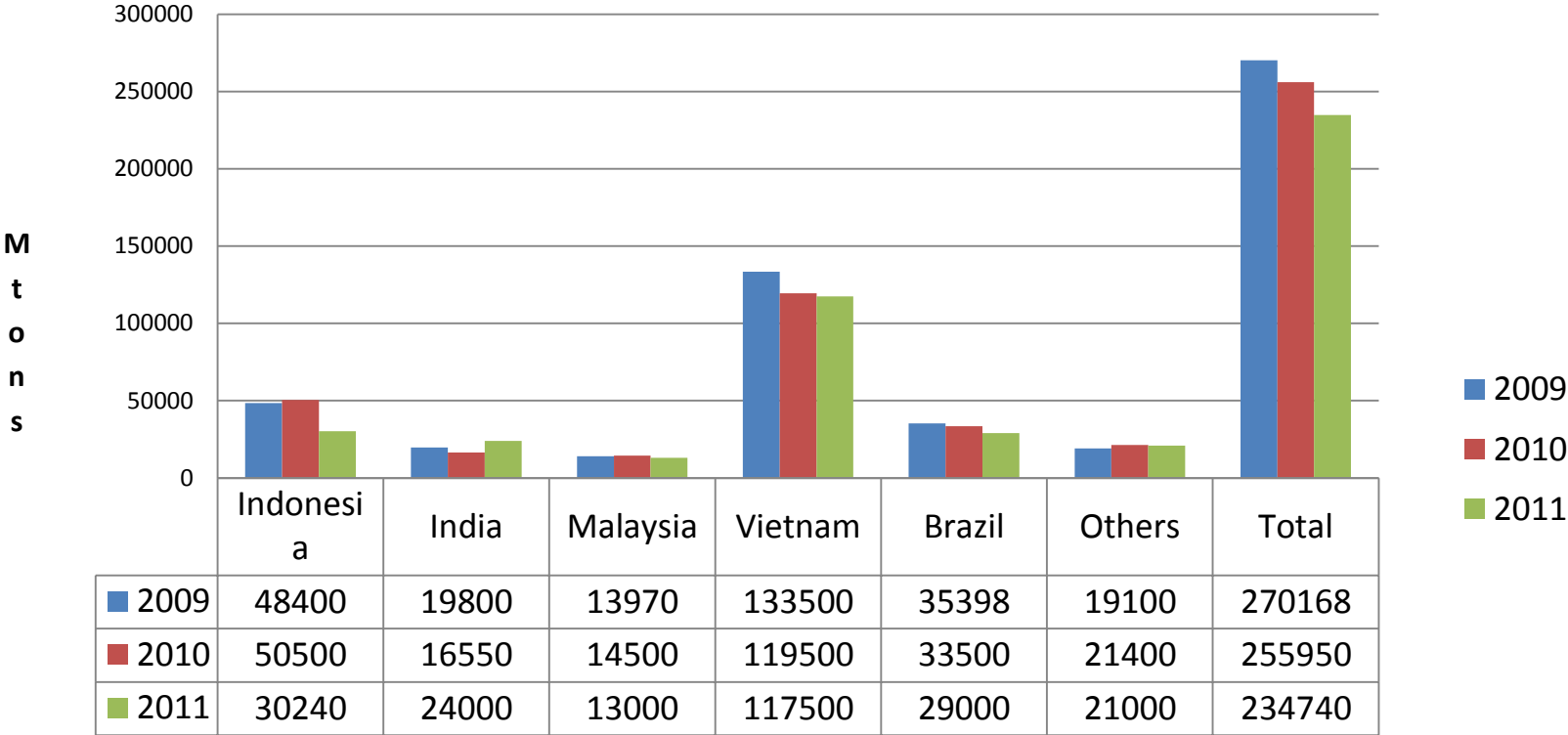
Black Pepper Exports 2009 - 2011



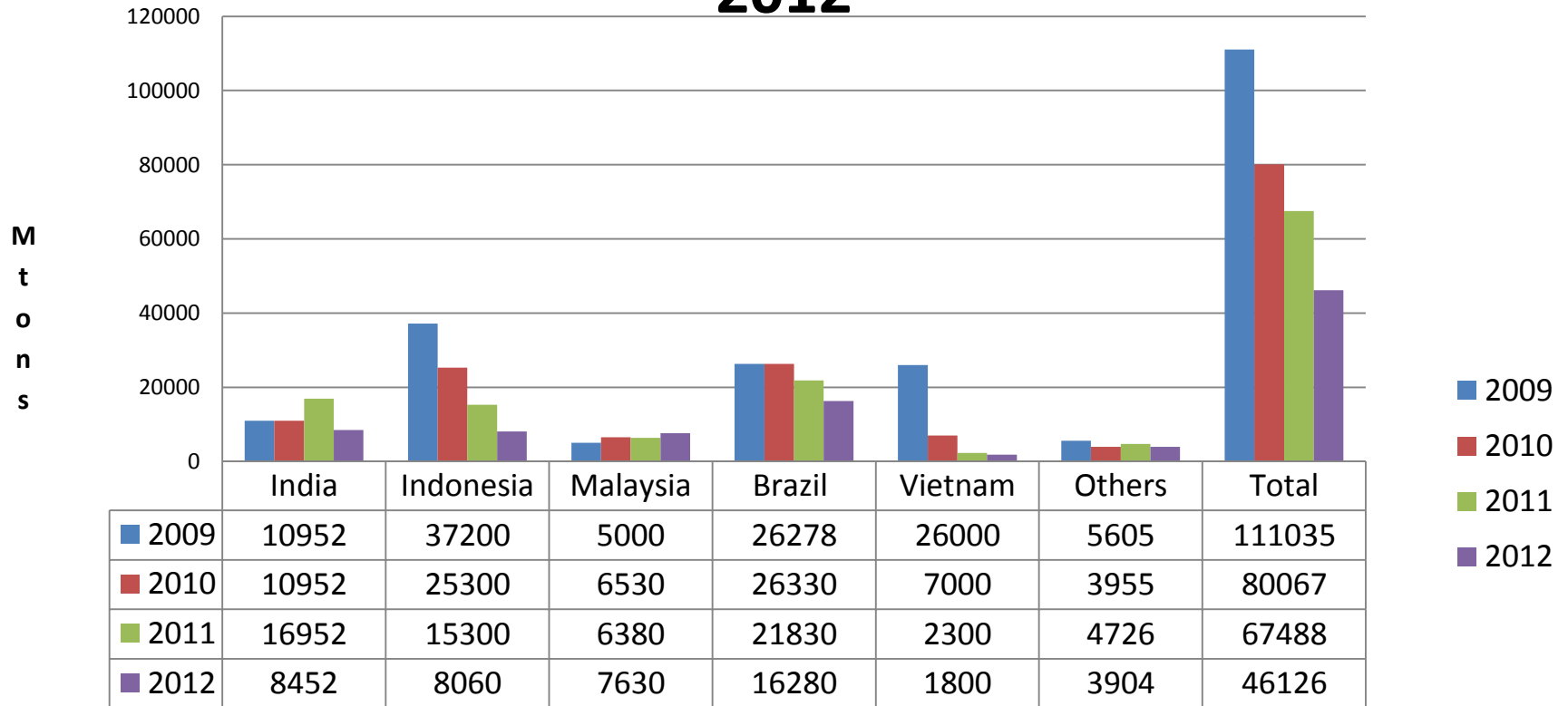
White Pepper Exports 2009 - 2011



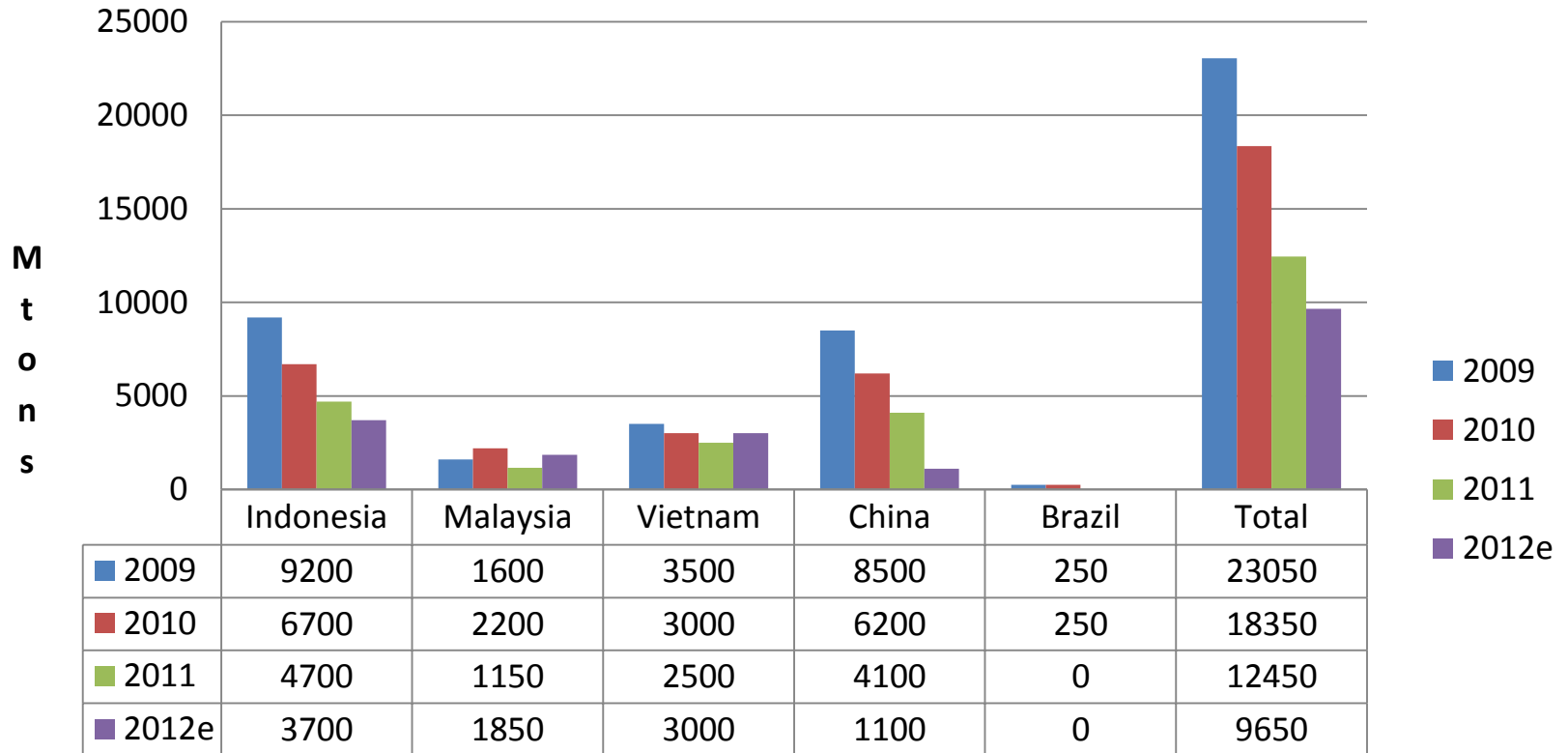
Black & White Pepper Exports 2009 - 2011



Black Pepper Carry Forward Stocks 2009 - 2012

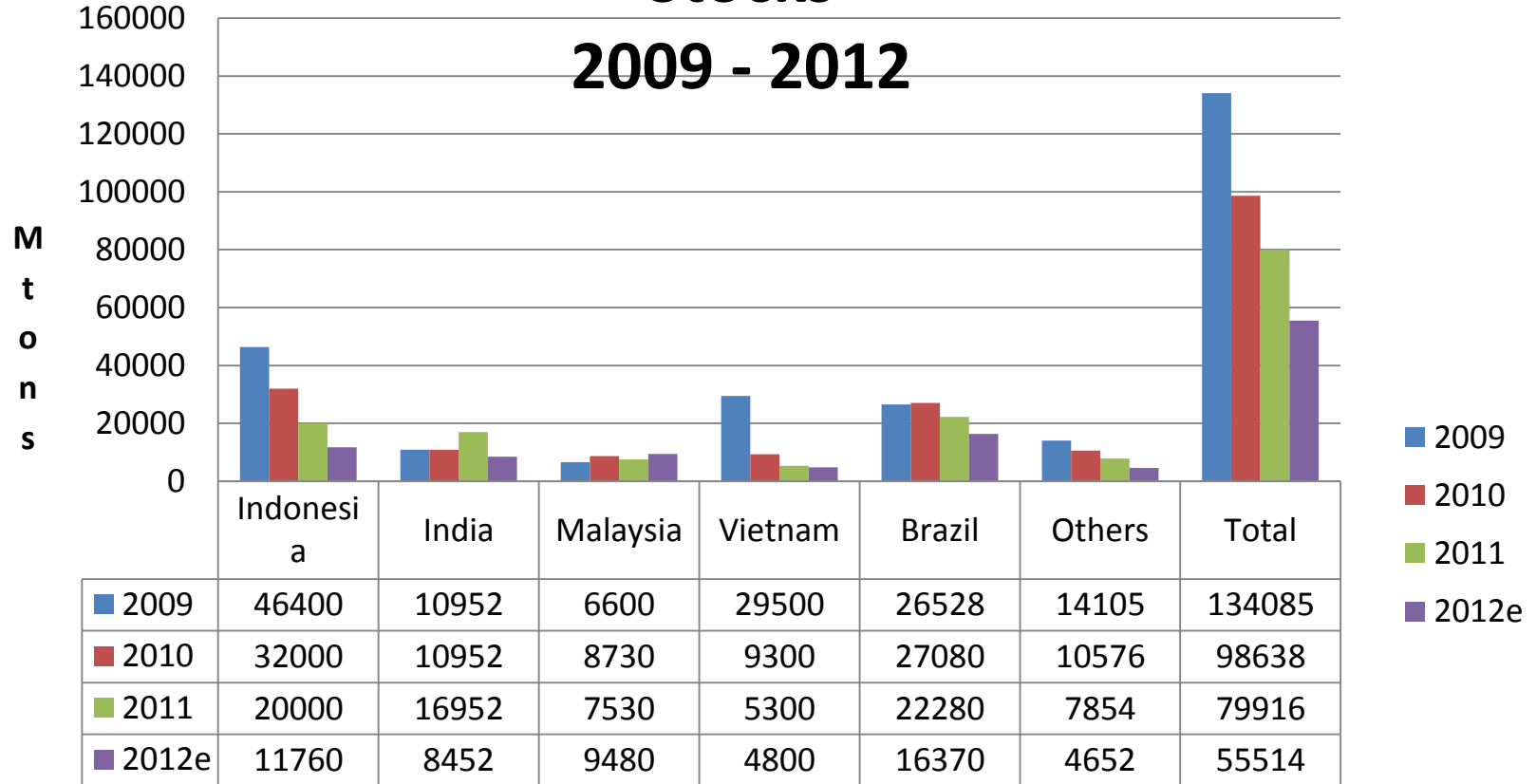


White Pepper Carry Forward 2009 - 2012



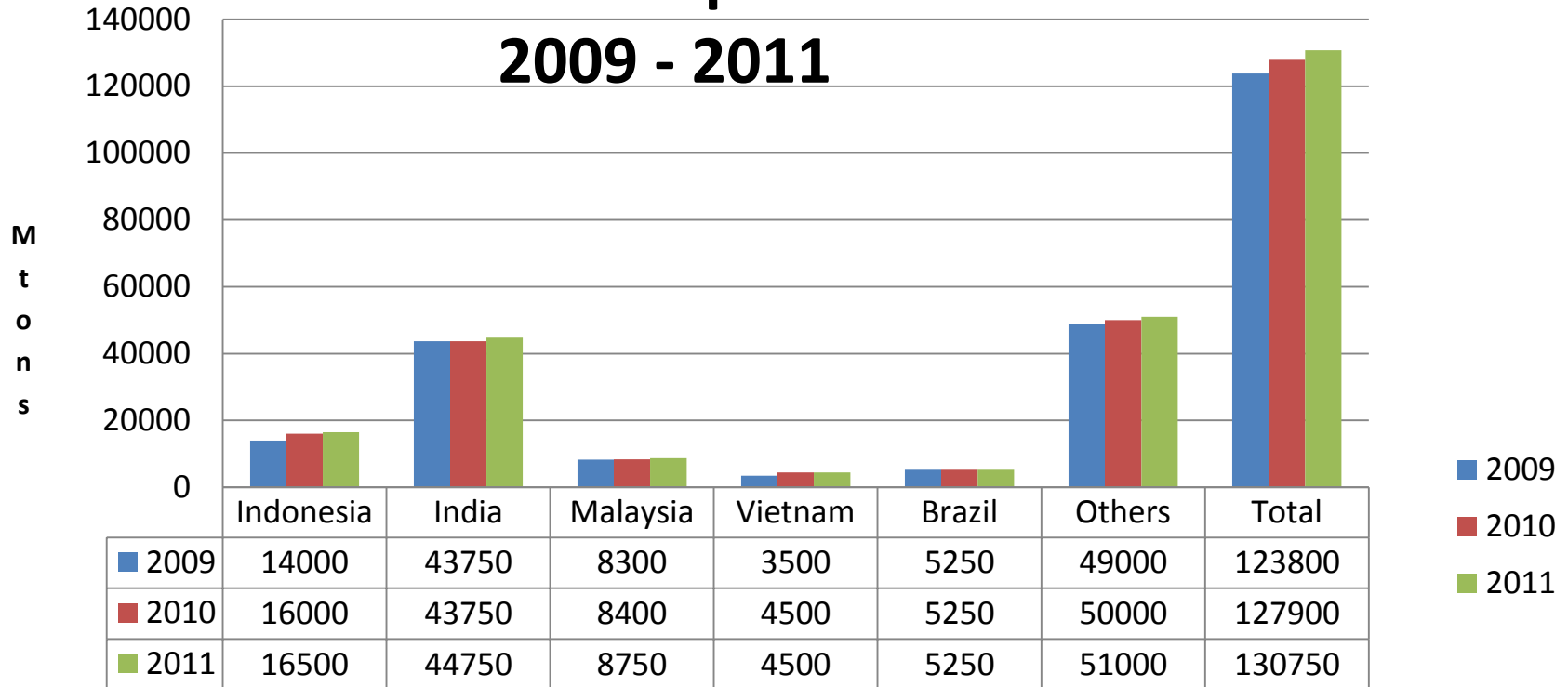
Black & White Pepper Carry Forward Stocks

2009 - 2012



Black & White Pepper Domestic Consumption

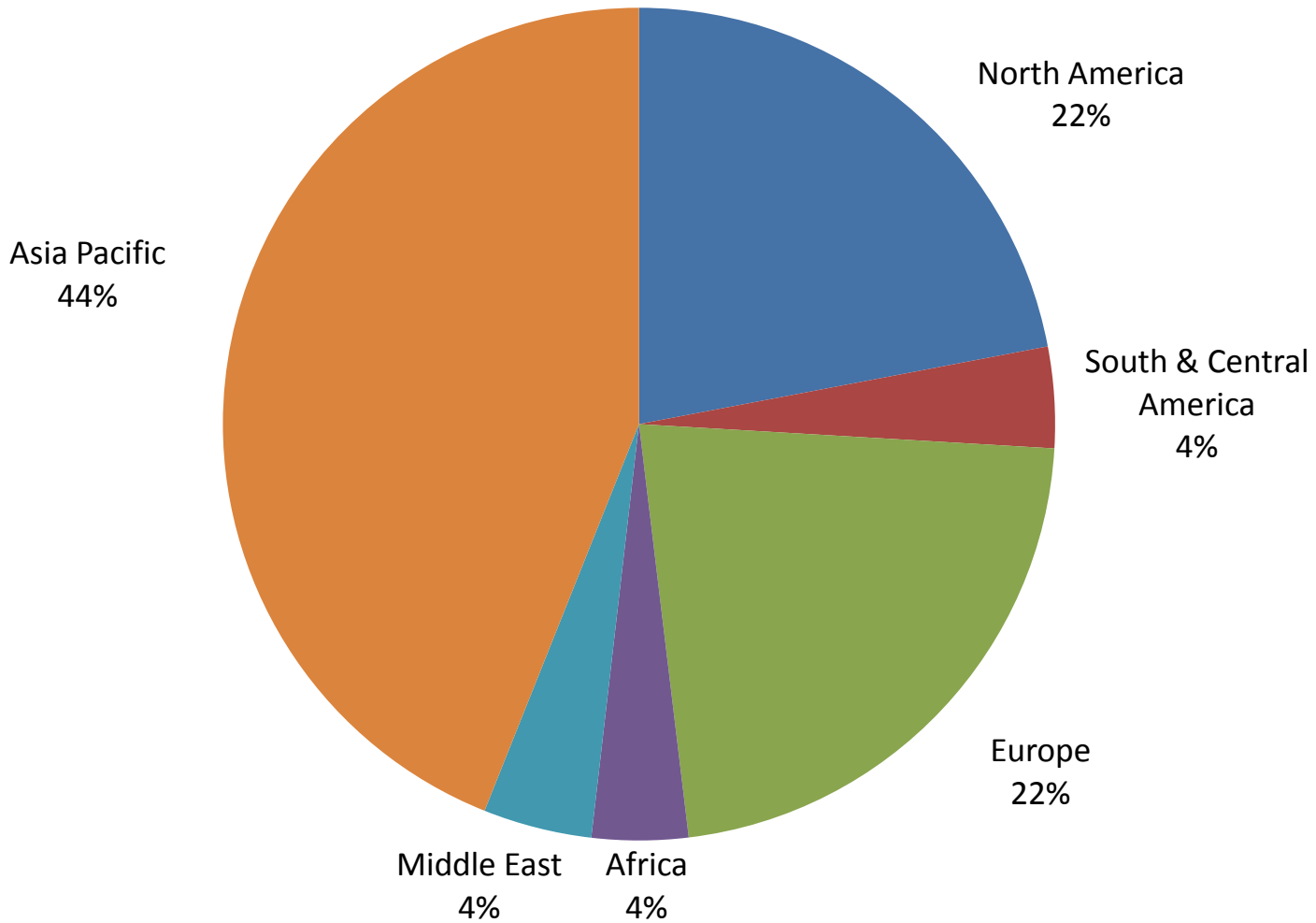
2009 - 2011



2011 CONSUMPTION IN MT

Demand Pepper (Black & White)	Overseas	Domestic	Total Demand
North America	73,000	-	73,000
South & Central America	7,000	6,000	13,000
Europe	73,500	-	73,500
Africa	11,000	1,400	12,400
Middle East	14,000	-	14,000
Asia Pacific	27,500	123,350	150,850
Total	206,000	130,750	336,750

Pepper consumption per region



Production – Consumption = GAP

- Pepper Black 2011 = 237.000 Mt
- Pepper White 2011 = 64.000 Mt
- Total 2011 Production black & White = 301.000 Mt
- Total consumption Black & White = 337.000 Mt
- GAP = 36.000 Mt

2012:

- Crop estimation 2012 = 321.000 Mt (+26.000 Mt)
- Consumption? Drop? Flat? Increase?
- Carry over stocks have dropped sharply from 134.000 Mt (2009) to 55.000 Mt (2012)

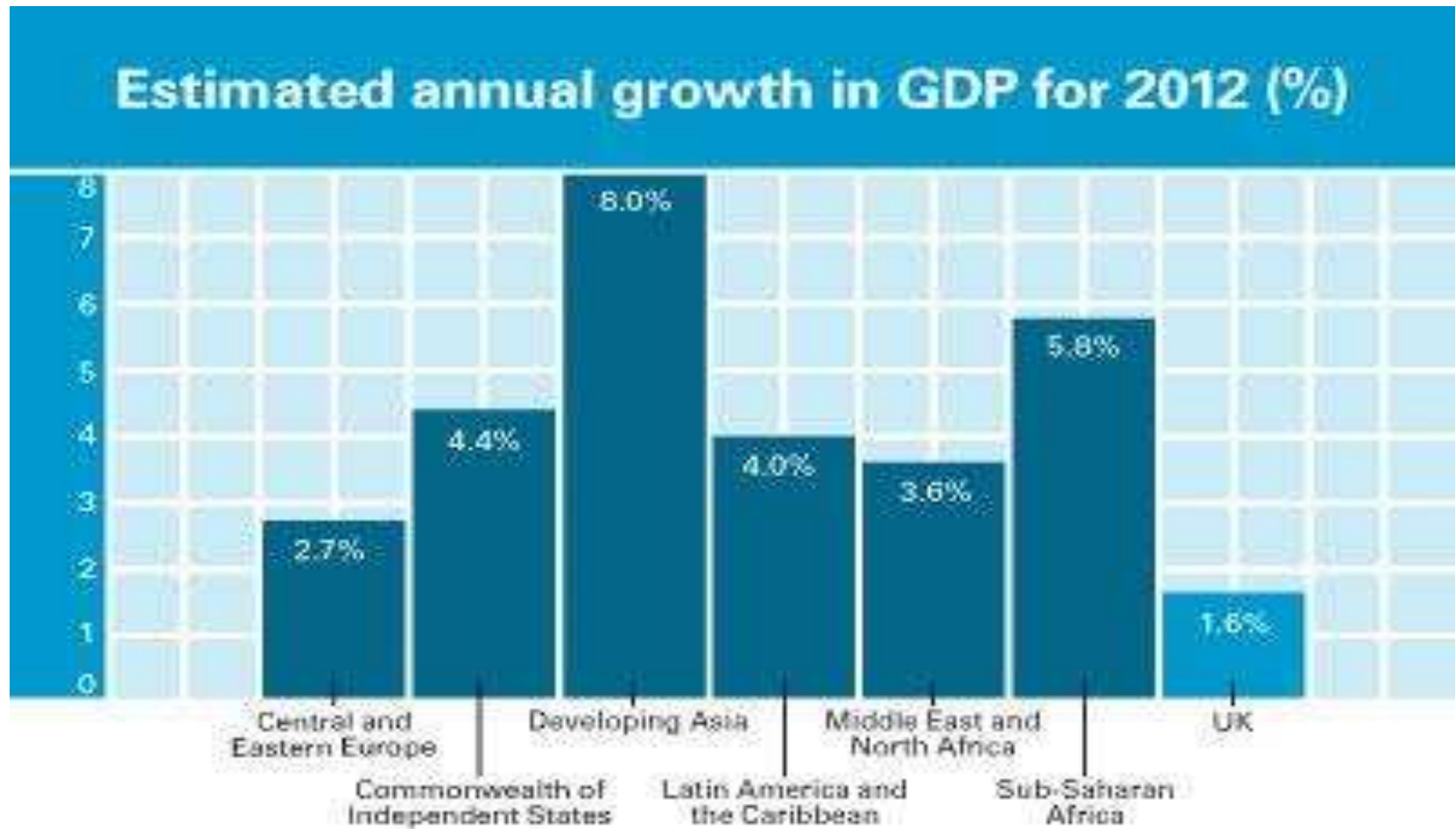
FACTS

- Economy
- Consumption
- Production

World Economy

- Europe is in a recession
- USA is climbing out of a recession
- Other regions show robust growth
- Inflation in Asian producing countries remains a threat
- Strengthening of the USD against other currencies
- Food manufacturers 'can't absorb' price hikes in raw materials

Economic Growth in GDP for 2012



Baltic dry Index = indicator of economic activity

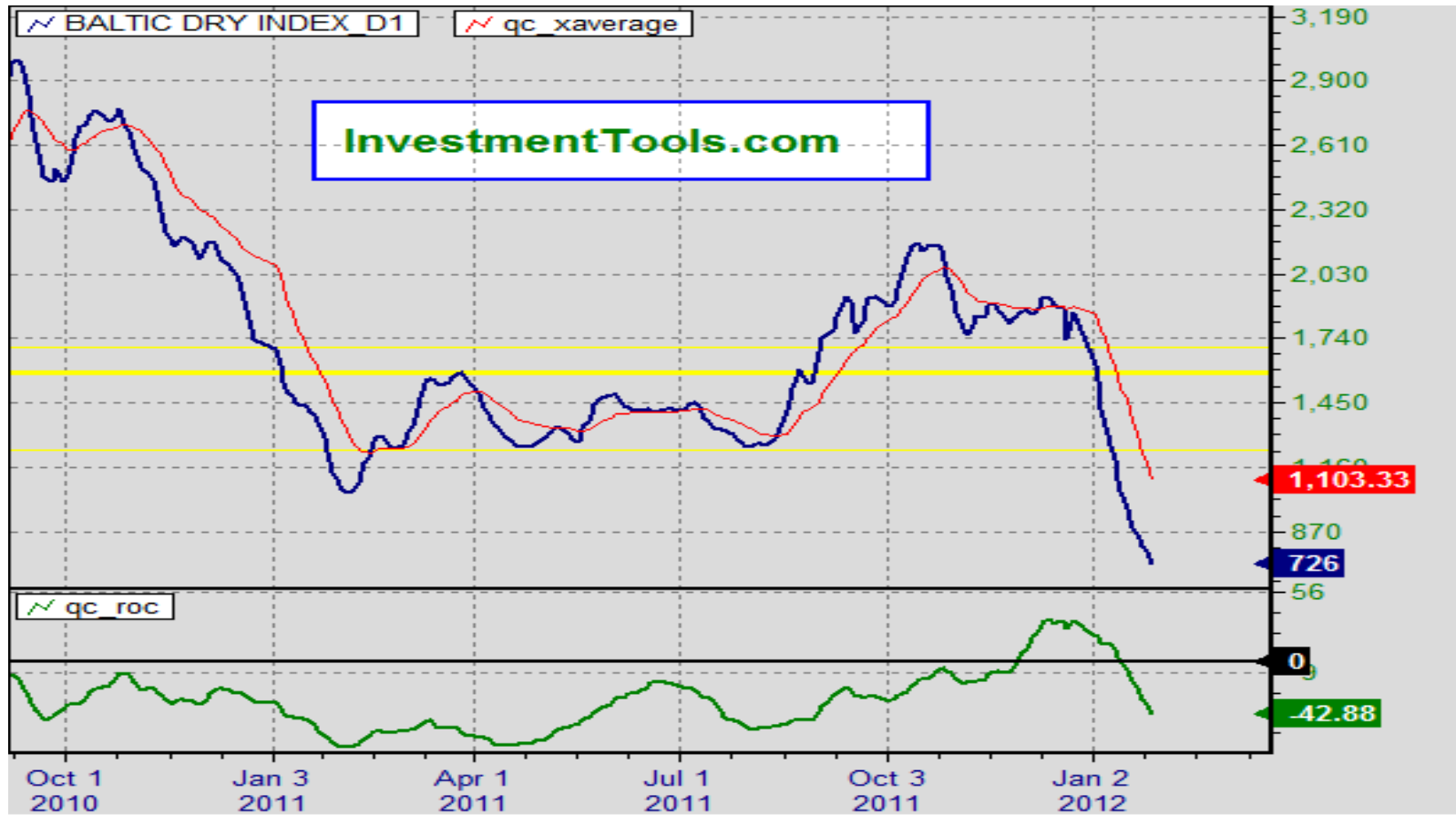


Chart created with NeoTicker EOD © 1998-2007 TickQuest Inc.

Strengthening of the US\$ against EURO



US\$ against Rupee



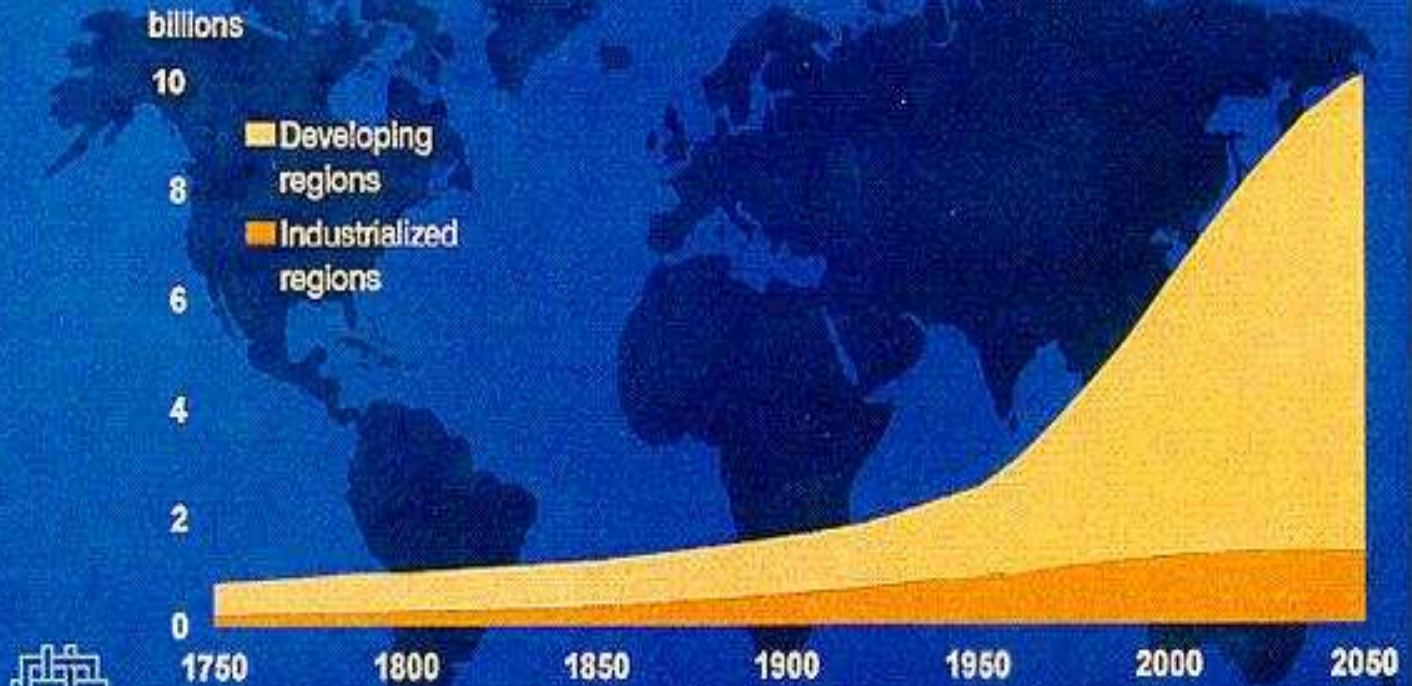
Change in U.S. food inflation vs. price of agricultural products



Consumption

- Growth world population, especially in developing countries & Asia
- Geopolitical unrest in Iran & North Africa may impact (speculative) demand
- Monetary tightening in China to curb inflation
- Pepper demand price inelastic?

World Population Growth



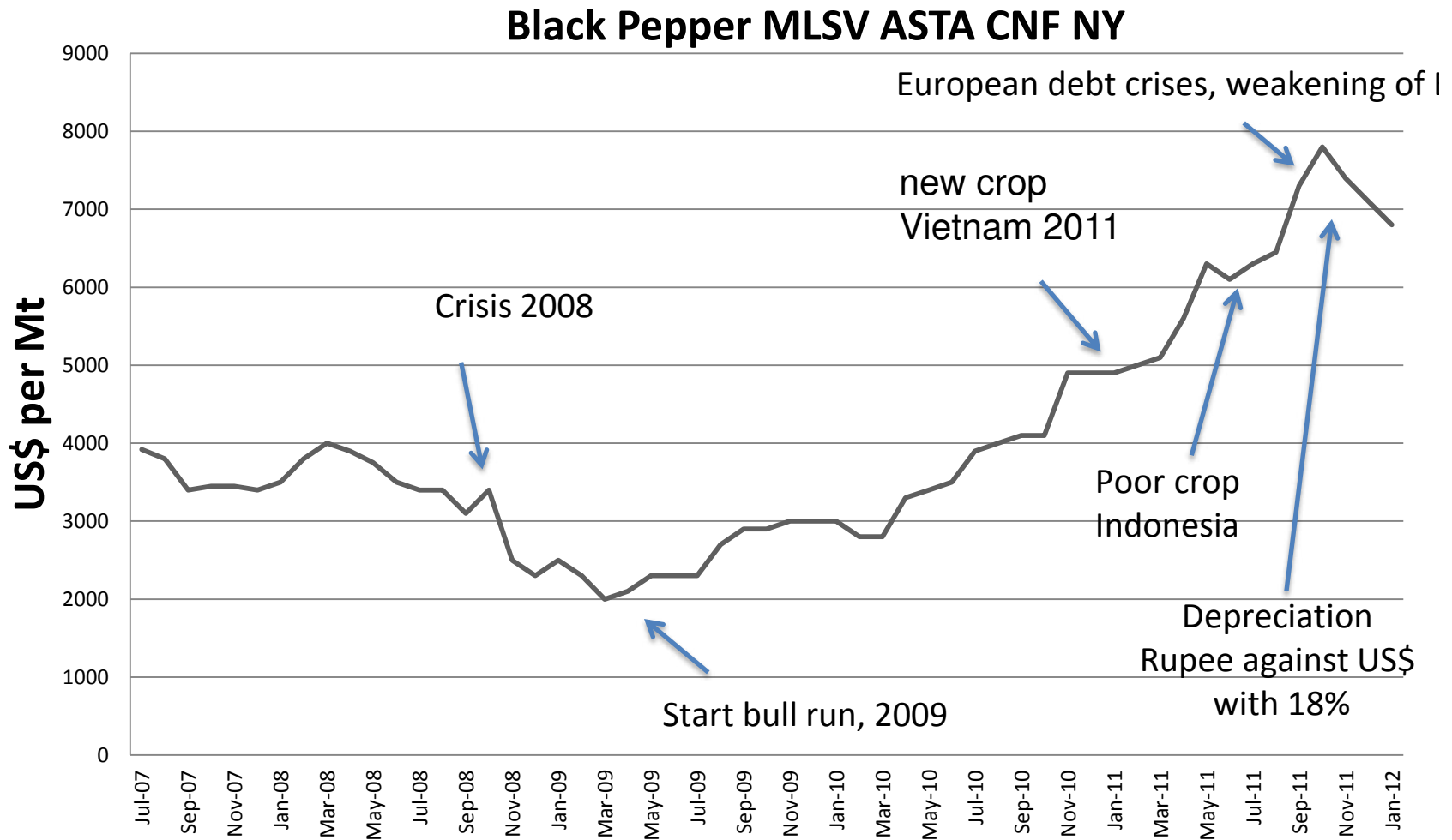

World
Resources
Institute

Sources: United Nations Population Division and Population Reference Bureau, 1993.

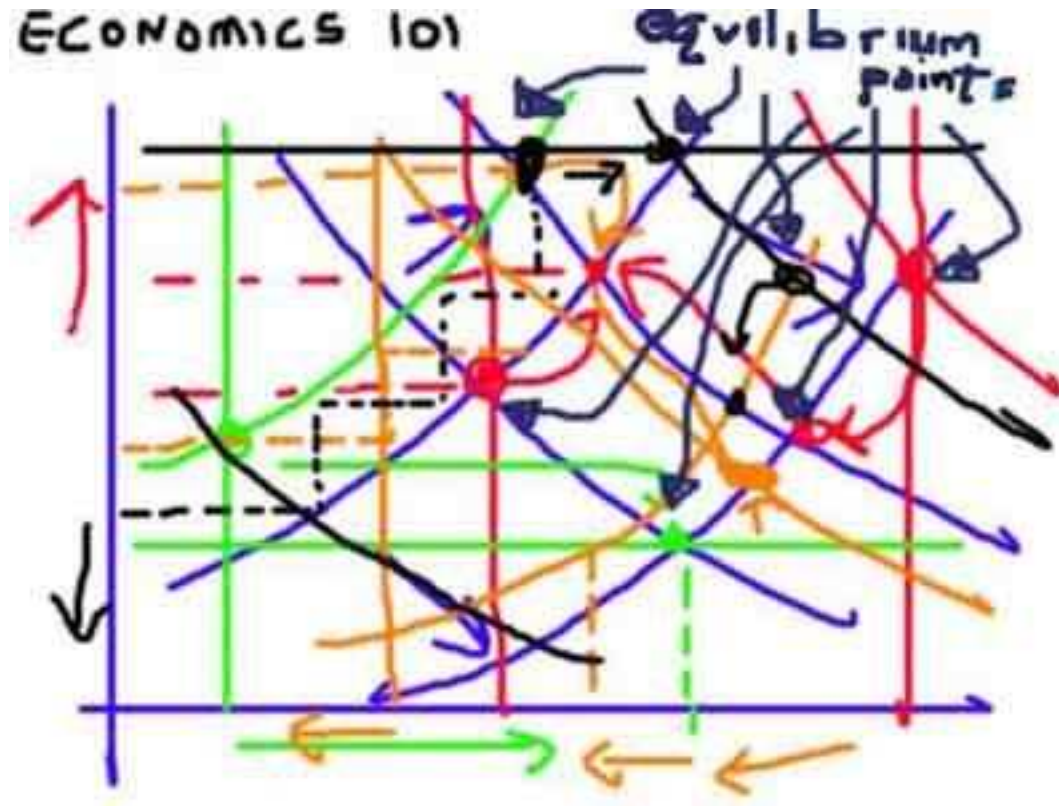
Production

- Land prices and labor cost rising in Asia
- Competing crops (rubber, coffee, tapioca, cocoa)
- Less agricultural land available due to population growth
- Weather impact, global warming, El Niño – La Niña

Sharp rise in pepper prices 2009 - 2011



The Future: Price Expectation?



Questions?

Thank You

