



JULY 2020

PRICE HISTORY

The 7th month of 2020 saw the price index with a mix response. The price index of black pepper was reported at 34.47 points, recording a decrease by 5.3% as compared to the previous month or a slight decrease by 1% when compared with the same month in 2019. In contrast, price index of white pepper for the 7th month of 2020 was reported with an increase by 1.16 point as compared with June 2020 to 37.42 points (Table 1). When compared with the same month in 2019, price index of white pepper was reported with an increase of 3%.

Table 1. IPC Price Index (Base price: Average 2011-2015)

Month	Black Pepper	White Pepper
Jun-20	36.41	36.26
Jul-20	34.47	37.42
Jul-19	34.88	36.48

Losing USD 145 per Mt in July 2020, the composite price of black pepper was reported at USD 2,564 per Mt as it compared with the previous month. Prevailing against black pepper, the composite price of white pepper for the 7th month of 2020 was reported at USD 3,872 per Mt. Thus, recording an increase by 3% as compared to June.

Table 2. Composite Price of Black and White Pepper (US\$/Mt)

Month	Black Pepper			White Pepper		
	2018	2019	2020	2018	2019	2020
January	3,785	2,642	2,509	5,234	3,959	3,598
February	3,643	2,425	2,192	5,279	3,853	3,320
March	3,241	2,410	2,159	4,867	3,776	3,194
April	3,238	2,365	2,134	4,739	3,708	3,136
May	3,170	2,371	2,316	4,745	3,588	3,349
June	3,146	2,604	2,709	4,477	3,766	3,752
July	2,827	2,594	2,564	4,289	3,775	3,872
August	2,700	2,586		4,150	3,811	
September	2,673	2,534		3,943	3,684	
October	2,781	2,477		4,175	3,668	
November	2,821	2,470		4,219	3,643	
December	2,727	2,505		3,993	3,575	

Pepper prices in the 7th month of 2020, showed a mixed response. The farm gate price of black pepper in India was reported with a decrease of 2% as opposed to June, averaging at USD 4,069 per Mt (Table 3). In the local currency farm gate price of India black pepper was reported at an average of INR 304 per Kg which was a decreased from INR 313 per Kg in the previous month. The decrease of India black pepper local price could be contributed to the rising pepper imports during the first half of the current year as imports from Sri Lanka for domestic use had shot up. Pepper from Sri Lanka has a concessional import duty of only 8% as per the bilateral agreement between India and Sri Lanka.



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The price of black pepper in Indonesia (Lampung black pepper) was reported with an increase of 5% as opposed to the previous month, averaging at USD 2,239 per Mt. The increase of Indonesia black pepper could be contributed to the increase of demand while the stock was limited. In local currency, the price of Indonesia black pepper increased to an average of IDR 32,591 per Kg from IDR 30,524 per Kg in June.

The farm gate price of Malaysia's black pepper for the 7th month of 2020 was reported with a significant increase of 19% when compared to the previous month averaging at USD 2,148 per Mt. The increase of Malaysia black pepper could be contributed to the increase of demand. In local currency, the price of Malaysia black pepper increased to an average of MYR 9,226 per Kg from MYR 7,782 per Kg.

Furthermore, farm gate price of black pepper in Viet Nam was reported with a decrease by 4% as compared to the previous month, averaging at USD 2,043 per Mt. In local currency, the price of Viet Nam black pepper decreased to an average of VND 48,609 per Kg from VND 50,250 per Kg in June.

As the harvest came in full swing, the farm gate price of Sri Lankan black pepper was reported with a decrease of 2% as opposed to June and was reported at an average of USD 2,645 per Mt. Sri Lanka black pepper in local currency decreased to an average of LKR 492.29 per Kg from LKR 498.65 per Kg in June.

Table 3. Farm Gate Prices of Black Pepper (US\$ per Mt)

Week Ending on	Malabar UG	Lampung Gate	Sarawak Grade 1	Viet Nam 500 g/l	Sri Lanka
5 th June 20	4,143	1,930	1,728	2,156	2,711
12 th June 20	4,167	2,134	1,762	2,199	2,722
19 th June 20	4,141	2,182	1,834	2,135	2,689
26 th June 20	4,153	2,250	1,909	2,042	2,643
Average	4,151	2,124	1,808	2,133	2,691
3 rd July 20	4,084	2,289	1,906	2,072	2,600
10 th July 20	4,046	2,348	2,064	2,080	2,569
17 th July 20	4,005	2,328	2,195	2,053	2,554
24 th July 20	4,088	2,039	2,275	2,040	2,644
31 st July 20	4,122	2,193	2,301	1,970	2,858
Average	4,069	2,239	2,148	2,043	2,645

FOB price of black pepper for June 2020 continued the trend of the farm gate price with only Indonesia origin was reported with an increase. India traded its Malabar black pepper internationally with the same decrease by 2% when compared to June, averaging at USD 4,336 per Mt (Table 4). Furthermore, the FOB price of Indonesian black pepper was reported with an increase of 5% as opposed to June, averaging at USD 2,718 per Mt. FOB price of Malaysian black pepper was reported stable with a slight decrease at an average of USD 3,508 per Mt. As the global pepper trade being affected with the looming threat of the second wave of the Corona Virus pandemic, FOB price of Viet Nam black pepper 500 g/l and 550 g/l were reported with a decrease of 4% respectively as compared to the previous month averaging at USD 2,380 per Mt and USD 2,461 per Mt respectively.



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Table 4. FOB Prices of Black Pepper (US\$ per Mt)

Week Ending on	Malabar MG1	Lampung ASTA	Sarawak Grade 1	Viet Nam 500 g/l	Viet Nam 550 g/l
5 th June 20	4,408	2,369	3,685	2,530	2,604
12 th June 20	4,431	2,605	3,601	2,540	2,620
19 th June 20	4,404	2,657	3,350	2,490	2,570
26 th June 20	4,417	2,735	3,420	2,408	2,488
Average	4,415	2,592	3,514	2,492	2,571
3 rd July 20	4,349	2,777	3,420	2,380	2,461
10 th July 20	4,313	2,843	3,420	2,380	2,461
17 th July 20	4,271	2,819	3,545	2,380	2,461
24 th July 20	4,355	2,488	3,545	2,380	2,461
31 st July 20	4,390	2,665	3,609	2,380	2,461
Average	4,336	2,718	3,508	2,380	2,461

Farm gate prices of white pepper in July 2020 showed a mixed response (Table 5) with only Indonesia and Malaysia origin were reported an increase. Indonesia Muntok white pepper was reported with an increase of 7% as compared to the previous month at an average of USD 3,365 per Mt. In local currency, the price of Muntok white pepper was reported at an average of IDR 49,136 per Kg, an increase of IDR 4,184 per Kg when compared with the previous month. Similar to black pepper, the increase of Indonesia white pepper could be contributed to the increase of demand while the stock was limited. Farm gate price of Malaysia white pepper was reported with a significant increase of 10% as opposed to June at an average of USD 3,504 per Mt. Furthermore, Viet Nam white pepper was reported with a decrease of 5% when compared to the previous month, averaging at USD 2,822 per Mt. China white pepper was reported with a decrease of 2% as opposed the previous month and was traded at an average of USD 4,113 per Mt locally.

Table 5. Farm Gate Prices of White Pepper (US\$ per Mt)

Week Ending on	Indonesia	Malaysia	Viet Nam 630 g/l	China (Hainan)
5 th June 20	3,158	3,101	2,939	4,163
12 th June 20	3,166	3,141	3,023	4,225
19 th June 20	3,132	3,205	3,066	4,225
26 th June 20	3,164	3,275	2,854	n.a
Average	3,155	3,181	2,971	4,204
3 rd July 20	3,260	3,269	2,854	4,225
10 th July 20	3,453	3,421	2,854	4,085
17 th July 20	3,424	3,548	2,828	4,085
24 th July 20	3,262	3,626	2,828	4,085
31 st July 20	3,426	3,655	2,745	4,085
Average	3,365	3,504	2,822	4,113



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FOB price of white pepper also showed a mix response with Indonesia and Viet Nam origin was reported with an increase. Continuing the trend of the farm gate price, FOB price of Indonesia white pepper for July 2020 was reported with an increase of 6% when compared to June, averaging at USD 3,975 per Mt. Contrary with its local price, FOB price of Malaysia white pepper was reported with 2% deficit as compared to the previous month averaging at USD 4,945 per Mt. Furthermore, FOB price of Viet Nam white pepper was reported with an increase of 3% when compared to the previous month at an average of USD 3,900 per Mt. China white pepper was reported with 2% deficit as opposed to June and was traded at an average of USD 4,313 per Mt internationally (Table 6).

Table 6. FOB Prices of White Pepper (US\$ per Mt)

Week Ending on	Indonesia	Malaysia	Viet Nam 630 g/l	China (Hainan)
5 th June 20	3,749	5,275	3,808	4,363
12 th June 20	3,761	5,156	3,850	4,425
19 th June 20	3,721	4,800	3,800	4,425
26 th June 20	3,757	4,870	3,760	n.a
Average	3,747	5,025	3,805	4,404
3 rd July 20	3,860	4,870	3,900	4,425
10 th July 20	4,075	4,870	3,900	4,285
17 th July 20	4,040	4,995	3,900	4,285
24 th July 20	3,858	4,995	3,900	4,285
31 st July 20	4,044	4,996	3,900	4,285
Average	3,975	4,945	3,900	4,313

Entering the 6th month of global pandemic, FOB pepper price for July 2019 and July 2020 fluctuated. India black pepper in July 2020 was reported with 16% deficit as compared to July 2019 at an average of USD 4,333 per Mt. Furthermore, Indonesia black pepper was reported with an increase of 11% as compared to July 2019 averaging at USD 2,714 per Mt whilst Indonesia white pepper was reported with 2% deficit as compared with July 2019 averaging at USD 3,981 per Mt. Malaysia black and white peppers for July 2020 were reported with a decrease of 5% and 6% respectively as compared to July 2019 at an average of USD 3,511 per Mt and USD 4,950 per Mt respectively. Furthermore, Viet Nam black pepper 500 g/l, 550 g/l and Viet Nam white pepper were reported with an increase of 4%, 4% and 13% respectively as opposed to the same period in 2019 at an average of USD 2,380 per Mt, USD 2,461 per Mt and USD 3,900 per Mt respectively. China white pepper was reported with 13% deficit when compared to July 2019 and was traded at an average of USD 4,301 per Mt (Table 7).



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Table 7. Average FOB Price of Pepper in Producing Countries June 2019 and June 2020 (US\$ per Mt)

Country	July 2019	July 2020
Black Pepper		
India	5,161	4,333
Indonesia	2,451	2,714
Malaysia	3,685	3,511
Viet Nam 500 g/l	2,294	2,380
Viet Nam 550 g/l	2,359	2,461
White Pepper		
Indonesia	4,082	3,981
Malaysia	5,275	4,950
Viet Nam	3,444	3,900
China	4,952	4,301

HIGHLIGHT ON SRI LANKA

Production and Productivity

Sri Lanka which also known as Ceylon is one of pepper producing countries in the world. Since 2009, Sri Lanka has recorded an annual average production around 20,000 Mt. Sri Lanka produces a very distinctive black pepper which resulted to a substantial selling price just behind Malabar black pepper. Although Sri Lanka is known for its black pepper, it also produces white pepper in a small scale.

During 2009 to 2013 the area under pepper cultivation in Sri Lanka had shown an increasing trend. An increase of 5% in term of area of pepper cultivation was reported when comparing 2009 and 2013. In 2014, the area under pepper cultivation in Sri Lanka shown a decreasing trend, a drop of 2% was reported when compared to 2013. As from 2014, the area of pepper cultivation in Sri Lanka had continuously increased to 2019. In 2019, Sri Lanka planted pepper on 41,000 Ha of area, recording a 34% increase over the course of 11 years (Table 8).

In addition, the area of pepper cultivation for 2020 was projected to increase slightly by 0.2% to 41,100 Ha. The increase of the area of pepper plantation would be contributed to the support Sri Lanka government for multi-pronged approach to boost pepper export as well as pepper productivity.

Pepper production of Sri Lanka had fluctuated since 2009 with a rather positive trend. Pepper production of Sri Lanka was reported to have recorded an increase of 23% in the past 11 years as it recorded to have produced a total of 19,360 Mt in 2019 which comprised of 19,110 Mt of black pepper and 250 Mt of white pepper. The highest production of Sri Lankan pepper in the past 11 years was reported in 2017 with 29,545 Mt which comprised of 29,145 Mt of black pepper and 400 Mt of white pepper. The high production in 2017 could be contributed to increasing trend of the local price of Sri Lankan black pepper starting from 2015 and reached its peak in 2016 at an average of LKR 1,246 per Kg which is the highest in the past 10 years. Thus, motivated farmers to open new area and plant more during that period. In addition, the production of Sri Lankan pepper for 2020 was projected with an increase of 13% when compared to 2019 at 21,800 Mt.



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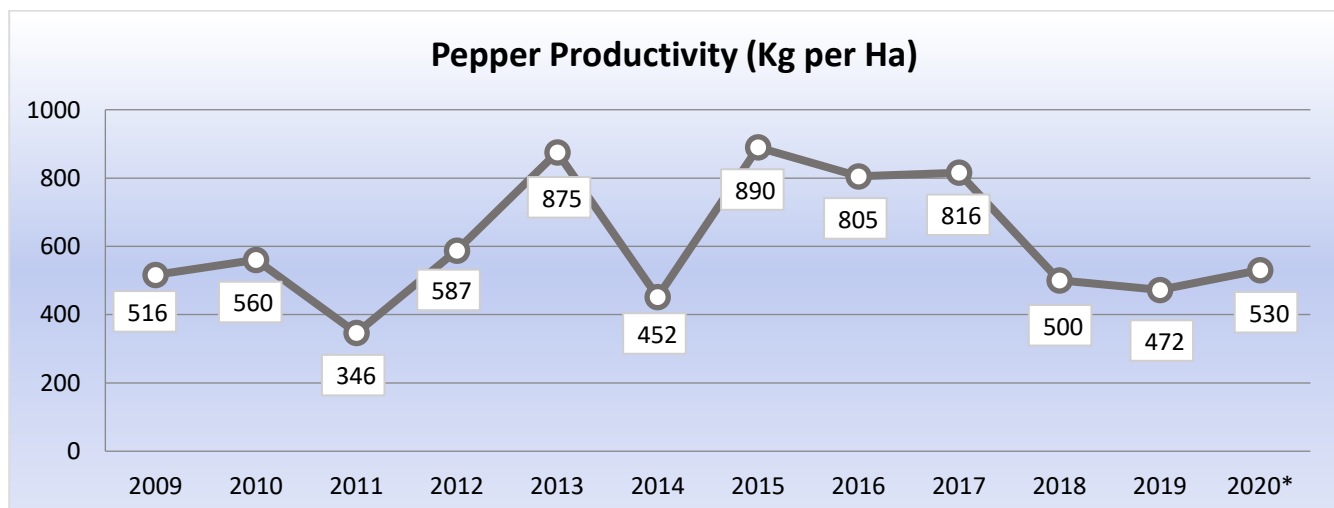
Table 8. Area under Pepper Cultivation and Pepper Production in Sri Lanka

Year	Area Under Pepper Cultivation (Ha)	Production (Mt)		
		Black Pepper	White Pepper	Total
2009	30,528	15,717	50	15,767
2010	30,931	17,232	100	17,332
2011	31,296	10,829	5	10,834
2012	31,667	18,589	15	18,604
2013	31,997	27,900	100	28,000
2014	31,296	14,029	110	14,139
2015	31,670	28,027	150	28,177
2016	34,997	28,027	150	28,177
2017	36,221	29,145	400	29,545
2018	40,241	19,935	200	20,135
2019	41,000	19,110	250	19,360
2020*	41,100	21,500	300	21,800

**Note: Figures are projected, subject to revision*

During 2009 to 2019, Pepper productivity in Sri Lanka fluctuated with a slightly negative trend. In 2019, pepper productivity in Sri Lanka was reported to have decreased by 9% to 472 Kg per Ha when compared with 2009.

In 2020, pepper productivity of Sri Lanka was projected with an increase of 12% as compared with 2019 to 530 Kg per Ha. In the past 12 years, the highest pepper productivity in Sri Lanka was reported in 2015 with 890 Kg per Ha whilst the lowest occurred in 2011 with 346 Kg per Ha.



**Note: Figures are projected, subject to revision*



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Pepper Export from Sri Lanka

As one of pepper producing country, Sri Lanka had managed to steadily achieve an average export around 11,000 Mt of pepper annually. Since 2009 until 2019 there had been a 19% increase in number of exports from Sri Lanka. Furthermore, during 2009 to 2019 pepper export from Sri Lanka was mainly dominated with black pepper with an average of 99% of the total export figures. Furthermore, the highest pepper export occurred in 2013 with 21,328 Mt whilst the lowest export occurred in 2011 with only 5,057 Mt (Table 9). In 2019, pepper export from Sri Lanka was reported at 7,813 Mt which comprised of 7,735 Mt of black pepper and 78 Mt of white pepper, thus, recording a decrease of 40% as opposed to the previous year.

In addition, total Sri Lanka pepper export including oleoresin pepper and pepper oil in 2017 roughly at 16,840 Mt. Whilst, in 2018 it was reported at 16,858 Mt recording a marginal increase of 0.1% as compared to the previous year. As of 2019, it was reported at 11,113 Mt recording a decreased of 34% when compared to 2018.

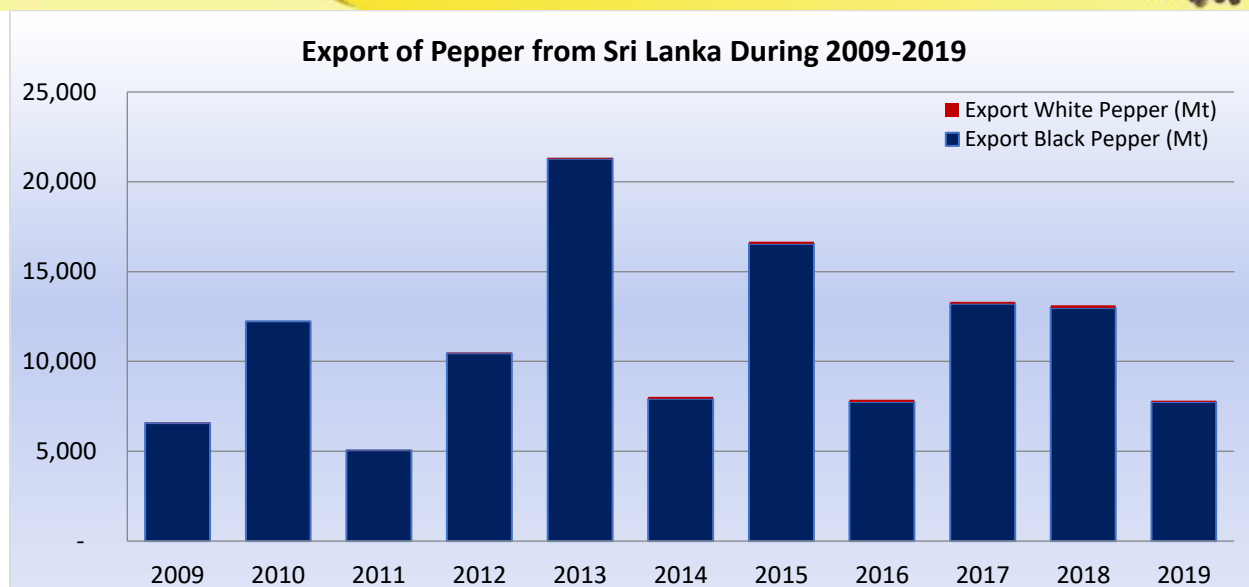
Table 9. Export of Pepper from Sri Lanka 2009 – 2019

Year	Export Black Pepper (Mt)	Export White Pepper (Mt)	Total (Mt)
2009	6,568	8	6,576
2010	12,225	0	12,225
2011	5,052	5	5,057
2012	10,459	29	10,488
2013	21,278	50	21,328
2014	7,929	102	8,031
2015	16,550	110	16,660
2016	7,743	132	7,875
2017	13,210	103	13,313
2018	12,988	130	13,118
2019	7,735	78	7,813

Source: International Trade Centre (ITC) - Geneva



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Pepper products from Sri Lanka are exported to various countries around the world. Alongside the export of whole and ground pepper, Sri Lanka also exports pepper oil as well as pepper oleoresin. In the past 3 years, the countries of destinations for both Sri Lankan whole and ground pepper were dominated by India, Germany, Russia, Ukraine and United States of America (Table 10). In 2019, the top 4 country of destinations for both Sri Lankan whole and ground pepper were reported to be India with 5,440 Mt (Contributed to 70% of the total Sri Lanka whole and ground pepper export in 2019), Germany with 825 Mt (11%), Russia with 462 Mt (6%) and Ukraine with 231 Mt (3%).

During 2017 to 2019, the countries of destinations for Sri Lanka pepper oil were dominated by United States of America, Germany, India, Netherlands, China, Spain and United Kingdom (Table 11). In 2019, the top 5 country of destination for Sri Lanka pepper oil were reported to be United States of America with 21 Mt (Contributed to 33% of the total Sri Lanka pepper oil export in 2019), Germany with 20 Mt (31%), India with 16 Mt (25%), Netherlands with 5 Mt (8%) and China with 3 Mt (4%).

Furthermore, during 2017 to 2019, the countries of destinations for Sri Lanka pepper oleoresin were dominated by United States of America, India and European countries (Table 12). In 2019, the top 5 country of destinations for Sri Lanka pepper oleoresin were reported to be United States of America with 117 Mt (Contributed to 39% of the total Sri Lanka pepper oleoresin export in 2019), India with 111 Mt (37%), Germany with 39 Mt (13%), Netherlands with 18 Mt (6%) and United Kingdom with 15 Mt (5%).

Table 10. The Top 4 Countries Destination Export Whole & Ground Pepper from Sri Lanka 2017-2019

Country	2017	Country	2018	Country	2019
India	11,041	India	10,473	India	5,440
Germany	545	Germany	714	Germany	825
United States of America	457	Russia	506	Russia	462
Ukraine	324	United States of America	346	Ukraine	231
Others	946	Others	1,079	Others	855
Total	13,313	Total	13,118	Total	7,813

Source: International Trade Centre (ITC) – Geneva



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Table 11. The Top 5 Countries Destination Export Pepper Oil from Sri Lanka 2017-2019

Country	2017	Country	2018	Country	2019
United States of America	11	Spain	24	United States of America	21
Germany	10	India	18	Germany	20
India	10	Germany	13	India	16
Spain	6	United States of America	4	Netherlands	5
Netherlands	4	United Kingdom	2	China	3
Others	8	Others	6	Others	-
Grand Total	49	Grand Total	67	Grand Total	65

Source: International Trade Centre (ITC) - Geneva

Table 12. The Top 5 Countries Destination Export Pepper Oleoresin from Sri Lanka 2017-2019

Country	2017	Country	2018	Country	2019
Germany	114	Germany	96	United States of America	117
United States of America	109	India	84	India	111
India	39	United States of America	66	Germany	39
Estonia	17	Estonia	20	Netherlands	18
Spain	15	Austria	17	United Kingdom	15
Others	89	Others	77	Others	-
Grand Total	382	Grand Total	360	Grand Total	300

Source: International Trade Centre (ITC) - Geneva

Pepper Price

The local price of Sri Lanka black pepper had fluctuated with rather negative trend. In 2018, the average local price for Sri Lanka black pepper was reported at LKR 616 per Kg with the highest price recorded in December with LKR 673 per Kg whilst the lowest price was reported in July with LKR 533 per Kg

In 2019, the average local price of Sri Lanka black pepper was reported with a decrease of 12% when compared to the previous year and was reported at LKR 542 per Kg. The highest price was recorded in December with LKR 686 per Kg whilst the lowest price occurred in September with LKR 435 per Kg.

In the course of January until July 2020, the average local price of Sri Lanka black pepper were reported at LKR 524 per Kg, thus recording an average decrease of 6% as compared to the same period in 2019 (Table 12).



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Table 13. Monthly Average Local Price of Pepper in Sri Lanka (LKR per Kg)

Month	Black Pepper		
	2018	2019	2020
January	597	576	587
February	612	588	532
March	619	606	528
April	607	597	517
May	608	557	515
June	593	531	499
July	533	456	492
August	586	446	
September	655	435	
October	651	470	
November	658	553	
December	673	686	
Average	616	542	524

Source: International Pepper Community (IPC)

Source:

- Brazil, Unofficial source (Coreimex, CSG Trade)
- India: AISEF, NCDEX, Indian Chamber of Commerce & Industry
- Indonesia: Unofficial source
- Sri Lanka: Sri Lankan Pepper Board
- Sri Lanka: Department of Export Agriculture
- Viet Nam : Viet Nam Pepper Association, HCMC
- China: Hainan Pepper Association, China Spice Association
- A.A. SAYIA & Company
- International Trade Centre (ITC) - Geneva

Note: Some of the data in this publication are from the IPC database. The data are obtained from official reports and correspondence between the IPC and Sri Lanka and have been processed based on statistical norms that can be accounted for.