



Vietnam pepper monthly round-up

October 2023

Market

Many experts in the industry are speculating a price surge for pepper as of the yield reduction possibility posted by reducing pepper plant area. Unfavourable climate in the past few weeks can also be a factor constituting to lower yield as it made the trees more prone to pesticide.

The current conflicts among many different regions have also posed a threat to lowering of demand across the world, which could constitute to

Export

According to preliminary statistics of VPA, in October 2023, Vietnam exported 19,193 tons, an increase of 15.4% compared to September. In which, black pepper reached 16,963 tons, white pepper reached 2,097 tons. Total export turnover reached 72.7 million USD, black pepper reached 61.3 million USD, white pepper reached 10.7 million USD.

By the end of October 2023, Vietnam exported 223,578 tons of pepper of all kinds, of which black pepper reached 200,571 tons, white pepper reached 23,007 tons. Total export turnover reached 750.8 million USD, black

Will pepper price spike once again? The recent investigation has sparked this question as the pepper plant area has been reduced for other alternatives, plus the unfavorable climate. The first glance at the 23/24 crop in Vietnam suggest a 10-15% smaller yield.



pepper reached 640.2 million USD, white pepper reached 110.6 million USD. Compared to the same period last year, export volume increased by 14.6%, but export turnover decreased by 11.7%. The average export price of

black pepper in 10 months reached 3,553 USD/ton, white pepper reached 5,082 USD/ton. Compared to the same period last year, export prices decreased by 17.6% for black pepper and 15.6% for white pepper.

The US market in October accounted for 26.9% of Vietnam Pepper's exports reaching 5,169 tons and increased 34.5% compared to the previous month. Next, exports to China decreased by 21.9% to 1,738 tons, India increased by 31% to 1,300 tons...

China is still Vietnam's largest pepper export market reaching 57,723 tons, accounting for 25.8% market share and increasing 265.3% over the same period, however, China's import volume in recent months is decreasing after purchasing enough pepper from the first 2 quarters of the year. Exports to India reached 10,538 tons, down 8.5%; UAE reached 10,025 tons, down 29.8%. Exports to Korea, Japan, and Pakistan also decreased while exports to the Philippines, Thailand, Iran, and Saudi Arabia increased over the same period.

Logistics

Most foreign companies have greater financial potential and therefore can afford to provide cheap shipping fees, while local logistics service companies are facing more difficulties due to lack of capital and even high costs. Capital costs are also much higher than foreign businesses because of higher interest rates. In addition, economies of scale help large businesses with continuous and abundant sources of goods reduce unit costs (costs/products), thereby helping them achieve better profit margins or avoid losses in competition for low prices. But race has led to the closure of smaller companies that cannot keep up with companies that are heavily backed by foreign parent companies.

In October 2023, the situation in Israel and Palestine is being closely monitored by logistics service providers in Europe, to determine the impacts on sea and air transport. Transport companies, especially air transport, have increased the frequency of updating market information and notifying customers of the latest information as soon as it is available. Meanwhile, road and rail transport services still operate stably in Europe.

Since the beginning of 2023, the Chinese economy has been continuing to recover. Especially in the third quarter of 2023, when a series of policies to stabilize growth were gradually implemented, the upstream and downstream supply chains of many industries have had positive changes.

Logistics demand generally maintains stable growth. The Chinese logistics market is expected to develop strongly, with operational efficiency and overall coordination level improving. Logistics companies in the country have taken many measures to promote the high-quality development of the logistics industry through resource integration, digital transformation and other upgrading measures.

Inventory and crop

The flood situation in July is estimated to affect the upcoming pepper harvest, combined with the forecast of the El Nino phenomenon occurring at the end of the year, which could lead to Vietnam's 2024 pepper output to decrease compared to 2023.

As per our investigation in the pepper supply in Vietnam, one of the world's largest producers, it is dwindling due to low crop yields and reduced farming interest. The current stock is estimated at only 20,000 to 25,000 tonnes, and the next harvest is expected to be around 140,000 – 150,000 metric tonnes, a significant drop from previous years. Many farmers have shifted to other crops that offer more frequent and higher income, such as durians. Other remaining plantation areas consist of a large number of old trees which do not provide good

yield. The abundant rain in the past few weeks have also caused some major concern regarding pesticide control. This trend has also affected other pepper-growing regions in other parts of the world. As a result, the global demand for pepper is likely to exceed the supply, driving up the prices to unprecedented levels.

Farmers

In the rainy season, large amounts of water and high air humidity directly impact the growth and development of the pepper farms. This is the stage when plants are susceptible to harmful pests and diseases, directly affecting plant growth.

Providing nutrition for pepper trees by supplementing mineral fertilizer containing high components of Potassium, supporting even fruit growth, and firm pepper beans, bio-organic fertilizer products are highly recommended to apply to enhance the capacity of nutrition absorption and fruit raise.

Pruning for those farms that plant living poles to create ventilation, create favourable conditions for pepper growth and development, and limit pests and diseases. Some pests namely black pepper lace bugs, aphids, mosquito bugs, ... are considered serious diseases, therefore farmers should take immediate action to eliminate them thoroughly to ensure the productivity and quality of pepper trees.



A pepper and coffee farm in DakLak

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