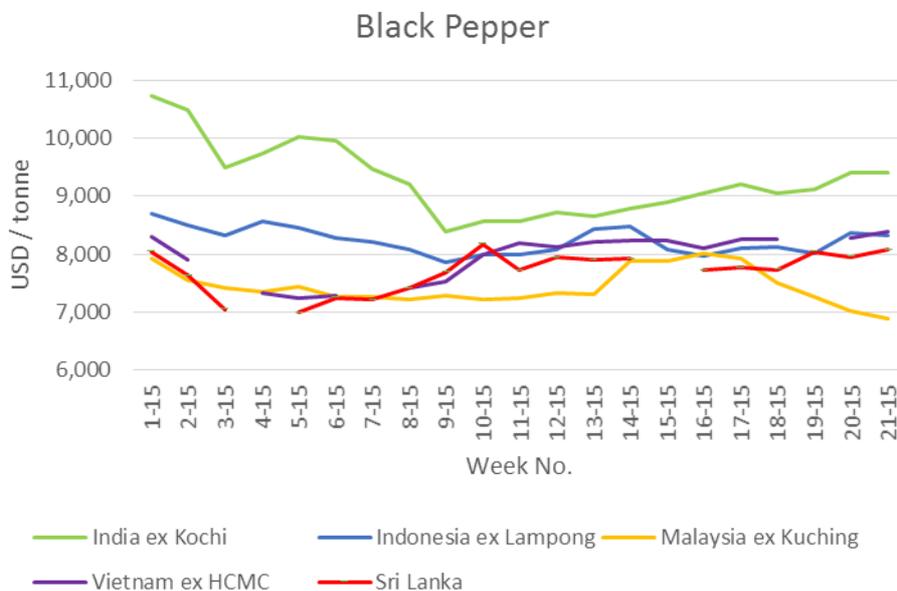


## Market Dynamics

**Pepper** – Since mid to late February prices have continued to firm up with not a lot of trade at the moment. Buyers are holding back in the expectation that producers will have to come to market and sell at some point, but there is little indication so far of that development: the Indian and Vietnamese growers seem set to hold out with a gradual release of stock to drip feed the low volume demand.

The International Pepper Community (IPC) have reported producer prices as follows: (Indicative prices as received by growers. Based on information received from regional reporters)



Source: IPC Weekly Prices Bulletin data

**Cloves** – Prices are easing off in a quiet market. There is a sense among traders that the industry is poorly covered for future needs but that buyers are hesitant to step in a weakening market. Equally the Madagascan trade will need to clear old stock ahead of the new crop and other origins particularly Indonesia will be harvesting sooner. We wait to see who blinks first.

**Chillies** – Malawian offers, which normally begin in April, have been notably rare, suggesting a late crop.

**Coriander** – East European/Bulgarian crop coming in a few weeks' time. No difficulties reported so far.

**Ginger** – Indian price remain firm. Thin availability from Nigeria but some time before the next crop is available in quarter 4.

**Nutmeg & mace** – Prices are gradually easing down from their high altitude levels suggesting easier availability and, perhaps, indicating new planting coming on stream.

**El Niño** – Expectations of weather disruptions are building up in the agricultural commodity trades as national meteorological agencies are advising of a sustained and deeper El Niño phenomenon this year. The El Niño disturbance to typical currents and air flows normally builds up later in the year but this year is already causing concern. Both the Japanese and

the Australian meteorological bureaux have warned recently of a stronger than usual El Niño based on the present level of anomalies in the weather and sea temperature patterns.

An El Niño weather pattern is characterised by abnormally high temperatures and drier conditions in the western Pacific, in other words impacting the growing conditions in East and South East Asia. Simultaneously there is increased rainfall in Central America and the west coast of South America. The effects often go much further afield and drought can be expected in India through quarters 2 and 3 and in south east Africa quarters 3 and 4 are can be dried than normal.

At the moment these are forecasts, though India has been suffering a heatwave and delayed monsoon and coffee traders are already talking of rising prices in dry conditions in the Philippines and Vietnam, but the predictive models are improving and the situation will become clearer in the next few weeks.