

Cinnamon – Increased demand for cinnamon is reported as buyers move away from reliance on cassia as a lower priced substitute. Levels of coumarin, a banned chemical component, are lower in cinnamon than in cassia and there have been moves to incorporate cinnamon in blends with cassia in order to lower the overall level of coumarin. With Madagascar cinnamon more competitively priced than the premium Sri Lanka product, buyers have turned their attention to Madagascar, but output there has been affected by the late ending to the rainy season, which made harvesting and drying difficult.

Cloves – Some continued concern in the market on low stock levels with no significant supplies of new crop available internationally until near the end of Quarter 3 when the Madagascar harvest will start.

Pepper – Following upward price moves in March and April, May opened quietly but steady. Early May holidays and the ASTA convention in California may have accounted for some of the lack of interest, but goods in the pipeline and a reluctance to follow the market upwards reduced buying overall. Nevertheless, the tone is still bullish. Vietnamese farmers, ever the barometer of pepper prices, are said to be holding back from selling the remainder of the recent crop.

The International Pepper Community (IPC) reported domestic prices in producing countries as follows:

Producer Prices in USD / tonne*

Items / sources	05-May	06-May	07-May	08-May	09-May	Average		% change
						This week	Last week	
<u>BLACK PEPPER</u>								
Brazil <i>Ex-Belem **)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-
India <i>Ex-Kochi</i>	11,502	11,669	11,919	12,002	n.a.	11,773	10,917	8%
Indonesia <i>Ex-Lampung **)</i>	7,384	7,384	7,374	7,312	7,351	7,361	7,269	1%
Malaysia <i>Ex-Kuching</i>	6,384	6,383	6,402	6,401	6,447	6,403	6,351	1%
Vietnam <i>Ex-HCMC</i>	6,937	6,984	6,984	7,031	7,031	6,993	6,940	1%
Sri Lanka	7,578	7,578	7,578	7,578	7,578	7,578	7,079	7%
<u>WHITE PEPPER</u>								
Brazil <i>Ex-Belem **)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-
Indonesia <i>Ex-Pkl.Pinang **)</i>	10,251	10,251	10,237	10,151	10,205	10,219	10,818	-6%
Malaysia <i>Ex-Kuching</i>	9,454	9,452	9,480	9,478	9,546	9,482	9,412	1%
Vietnam <i>Ex-HCMC</i>	9,351	9,351	9,351	9,351	9,351	9,351	9,356	0%
China <i>Ex-Hainan</i>	12,780	12,780	12,580	12,580	12,580	12,660	n.a.	-

*) converted from local currency at prevailing exchange rate

**) unofficial source