

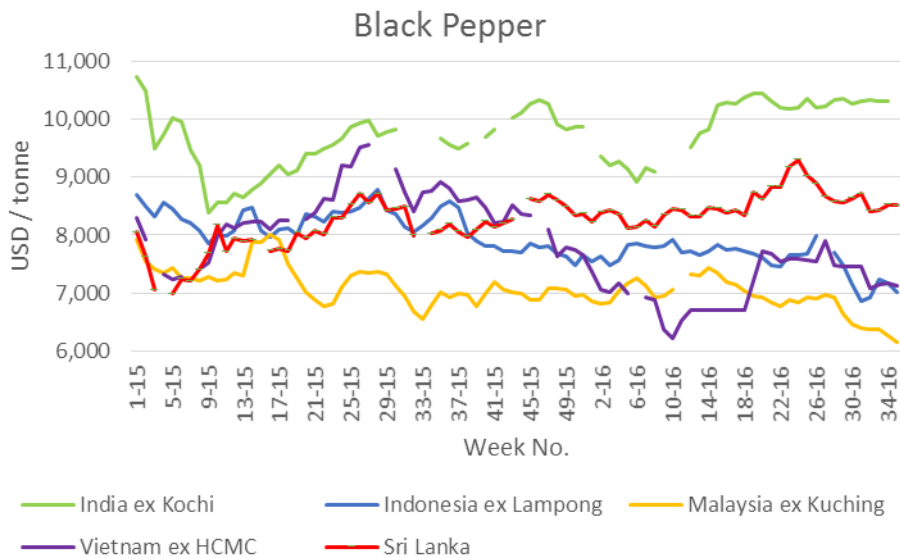
Market Dynamics

Trade reports a general weakness in spice prices, with justification provided by supply side availability, demand side the overall macro-economic and currency situation and a more immediate quietening down for the Eid festivals. That is the fundamentals. Bucking the trend are garlic and vanilla both in wild territory with much speculative support.

Pepper – Prices in the destination markets weakened with slack demand.

The 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

Chilies – reports from India suggest good arrivals of current crop coupled with a reasonable outlook for new plantings.

Cloves, coriander, cumin, pimento, turmeric – Prices softening

Garlic – Now up even further with prices in the north America going beyond USD10/kg while still in single digits in Europe buy heading north.

Ginger – No change.

Vanilla – Prices still at super high levels. The fundamentals do not seem to support these levels, and there is now concern of the impact on long term demand if prices go higher and users start to alter their recipes. The levels cannot be sustained but for how long? Whether prices hold up for the whole season as new crop comes available in October or whether the nerve breaks and prices come back down to earth as the crop comes to market is the big question. Scary times for those long in the market.