

# ASTA PEPPER REPORT

## APRIL 2010

Presented by Jeremy Holt



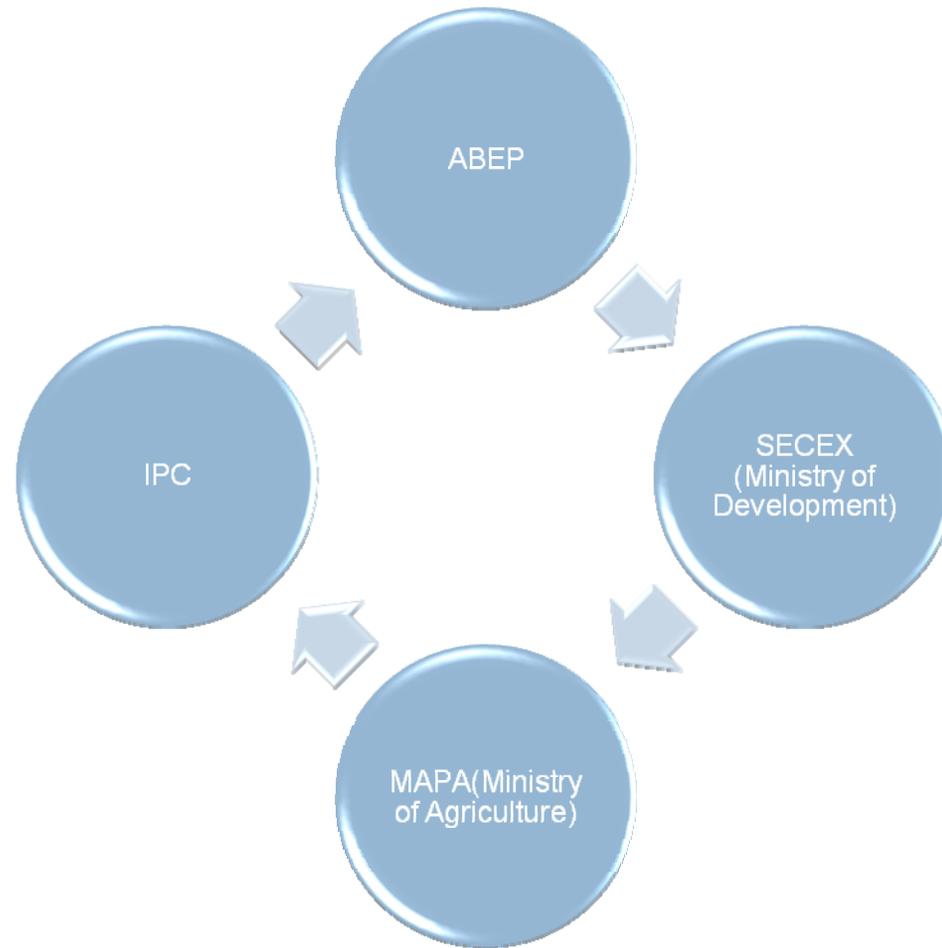
**Amberwood**  
Trading Ltd

# Who Collate The Crop Statistics?



- Crop statistics are centralized with the **IPC**
  - **ABEP** – Brazil
  - **VPA** – Vietnam
  - Trade Associations/Government Institutions
  - **FAO** – Food and Agriculture Organization of the United Nations

# Brazil – Circular Reporting



# Where does the data come from?



## Telephone Surveys

- ▣ “Hey – what’s the weather like down your way?”

## “Looking out the Window” Surveys

- ▣ “A couple of trucks came in this morning, but Pedro says there’ll be no more for a week”

## Agronomists in the field – cross over estimates

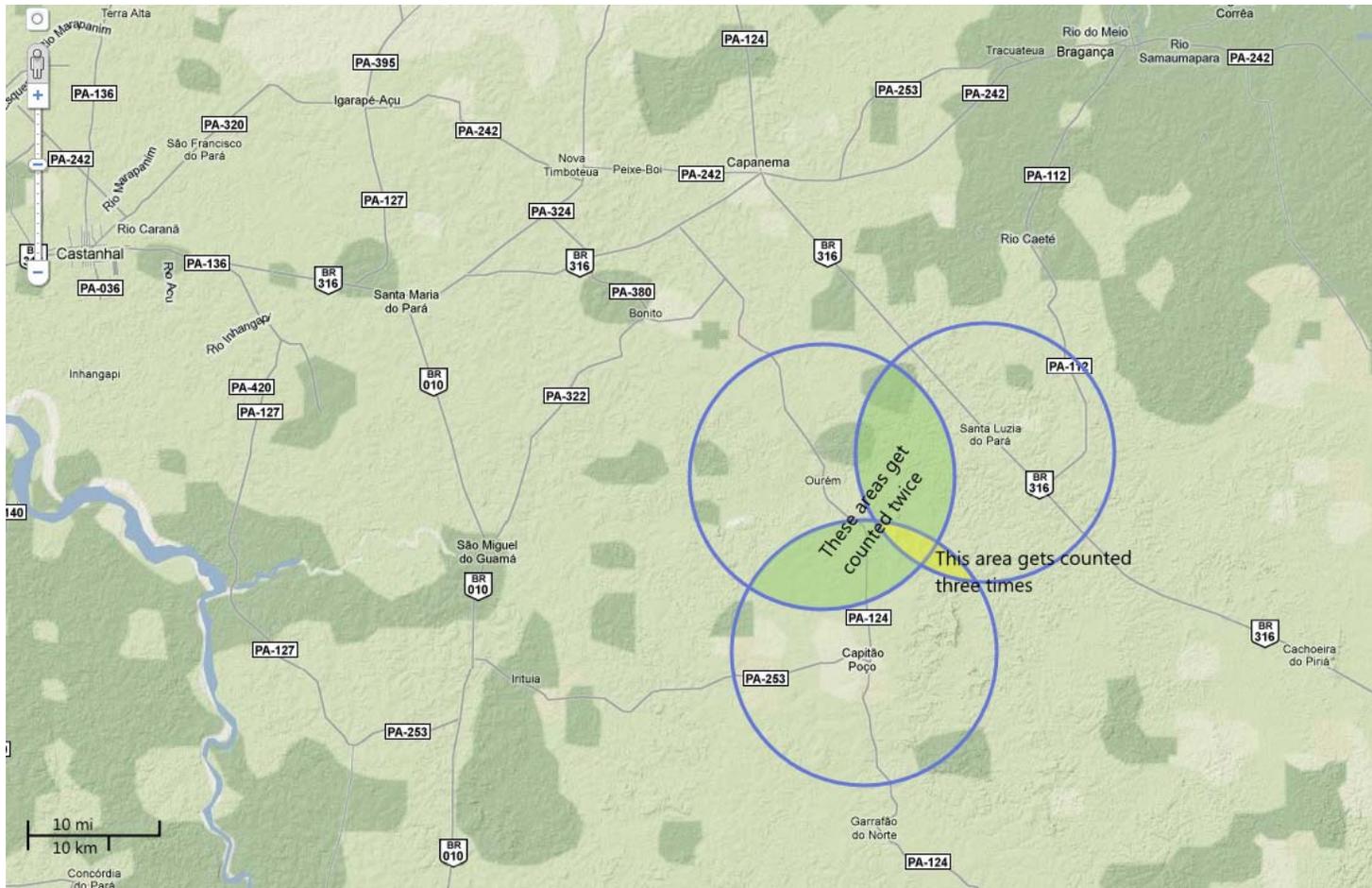
- ▣ “Well .... looking at the yield, the rainfall the position of the sun .....

# Agronomists - Cross Over Estimates



# Capitan Poço – Ourém

## Over estimating





# How reliable are the crop figures?

- Point of View (perspective)
- Indonesian crop report – IPC Belém
- FAO – Fundamental Principles of Official Statistics
  - Principle 2.
    - *To retain trust in official statistics, the statistical agencies need to decide according to strictly professional considerations, including scientific principles and professional ethics, on the methods and procedures for the collection, processing, storage and presentation of statistical data.*
  - Principle 3.
    - *To facilitate a correct interpretation of the data, the statistical agencies are to present information according to scientific standards on the sources, methods and procedures of the statistics.*

# FAO 2008 Crop Figures



Downloaded from <http://faostat.fao.org> on 12<sup>th</sup> April 2010

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**Please note**

Aggregates are the sum of available data.  
For some item aggregates, conversion factors are applied to values when calculating totals. Please see item Metadata for the factors.

country	item	element	year
Belgium	Onions, dry	Area Harvested	2008
Belgium-Luxembourg	Oranges	Yield	2007
Belize	Other Bastfibres	Production Quantity	2006
Benin	Other melons (inc.cantaloupes)	Seed	2005
Bermuda	Papayas		2004
Bhutan	Peaches and nectarines		2003
Bolivia	Pears		2002
Bosnia and Herzegovina	Peas, dry		2001
Botswana	Peas, green		2000
Brazil	Pepper (Piper spp.)		1999

nested by:   
 Y1-axis:     item classification:   
 Y2-axis:   
 X-axis:

units |  flags |  codes |  download |  settings |  print |  Data Quality

**Latest News**  
 Updated: 16 December 2009

**selected parameters** [show/hide]  
 element | Production Quantity |  
 item | Pepper (Piper spp.) |  
 country | Brazil | India | Indonesia | Malaysia | Viet Nam |  
 year | 2008 |

**Production (tonnes)**

country	item	year
Brazil	Pepper (Piper spp.)	68636
India	Pepper (Piper spp.)	50000 F
Indonesia	Pepper (Piper spp.)	79726
Malaysia	Pepper (Piper spp.)	24500
Viet Nam	Pepper (Piper spp.)	98300

F = FAO estimate

**Brazil 2008 = 68,636 mt**

# The dangers of International Meetings!

- Report from an Indian sugar trader 4th March 2010 explaining the fall in world sugar prices
  - ▣ *The people who would off take the production of sugar mills have also shown reluctance to lift up. Analysing reasons for this debacle, it seems that **everybody who was meeting in Dubai at the Sugar Conference placed the Indian sugar production (for 2009-10) between 14.5 million tons and a maximum of 14.7 million tons, while in practice it has turned out to be at least 17 million tons (it could be slightly more). The reasons for this increase are two fold:***
  - ▣ *The farmers who usually save 5% of their land to plant something else like lentils, pulses, maize, barley opted to plant sugarcane fully. Thus the land under sugar cultivation was overlooked ..... etc*

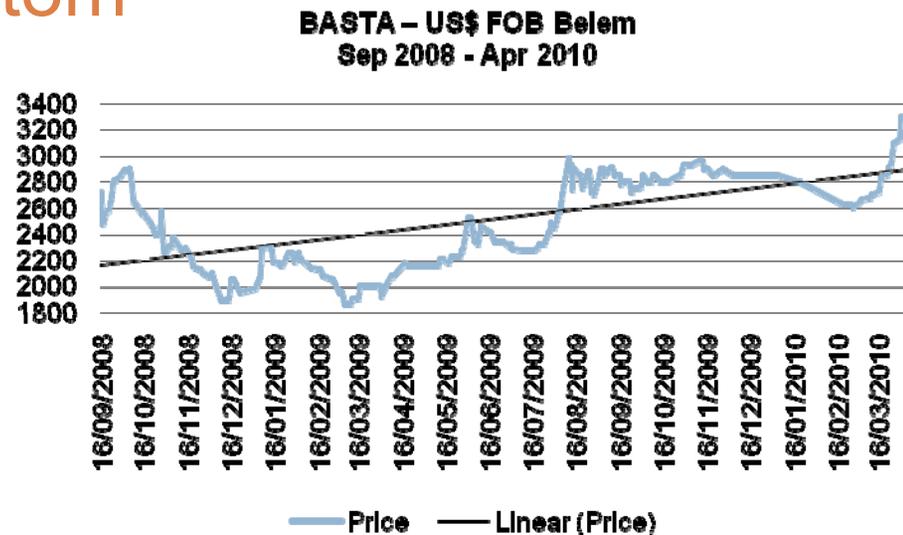
# Conditioning - Triggers



- Currency traders at Sucden
- Pepper market triggers
  - ▣ Indian Commodity Exchange
  - ▣ IPC crop figures

# Past Performance Is No Guarantee of Future Results

- Chartists – “Looking for the trend”
- “A market never looks so strong as when it’s at the top and never looks so weak as when it’s at the bottom”



# Why are we even interested?



- To allow us to predict future prices
- To allow us to predict future prices
- To allow us to predict future prices

# World Consumption Figures



Import figures  $\neq$  Consumption figures

- The LME (London Metal Exchange) report:
  - Daily opening and closing stock totals
  - Daily movement in and out of warehouses and net change
  - Stocks totals per warehouse location
  - Stocks totals per metal grade (where relevant)
  - Reported metric tonnage

# World Production of Pepper

	2008			2009			2010 (wild guesses)	Notes on 2010 crop
	Black	White	Total	Black	White	Total	Total	
<b>Brazil</b>	39,000	2,000	<b>41,000</b>	35,000	2,000	<b>37,000</b>	<b>37,000</b>	I think last year's crop was less
<b>India</b>	48,750	350	<b>49,100</b>	49,650	350	<b>50,000</b>	<b>53,000</b>	Reuters poll 18 Jan 2010
<b>Indonesia</b>	40,000	20,000	<b>60,000</b>	38,000	16,000	<b>54,000</b>	<b>55,000</b>	
<b>Malaysia</b>	15,400	6,600	<b>22,000</b>	16,100	6,900	<b>23,000</b>	<b>23,000</b>	
<b>Sri Lanka</b>	13,333	5	<b>13,338</b>	11,616	8	<b>11,624</b>	<b>11,500</b>	
<b>Vietnam</b>	80,000	10,000	<b>90,000</b>	100,000	22,000	<b>122,000</b>	<b>90,000</b>	VPA crop survey April 2010
<b>China</b>	4,000	33,000	<b>37,000</b>	3,000	20,000	<b>23,000</b>	<b>23,000</b>	
<b>Others</b>	17,500		<b>17,500</b>	17,350		<b>17,350</b>	<b>17,350</b>	
<b>Total</b>	<b>257,983</b>	<b>71,955</b>	<b>329,938</b>	<b>270,716</b>	<b>67,258</b>	<b>337,974</b>	<b>309,850</b>	

Source IPC – November 2009

# Exports of Pepper

	2008			2009		
	Black	White	Total	Black	White	Total
<b>Brazil</b>	34,363	2,000	36,363	33,650	2,000	35,650
<b>India</b>	25,269	1,396	26,665	19,000	1,278	20,278
<b>Indonesia</b>	36,000	16,000	52,000	39,400	11,200	50,600
<b>Malaysia</b>	10,305	3,066	13,371	9,716	2,452	12,168
<b>Sri Lanka</b>	6,237	-	6,237	5,155	-	5,155
<b>Vietnam</b>	79,729	9,976	89,705	108,000	22,000	130,000
<b>China</b>	-	6,000	6,000	-	4,000	4,000
<b>Thailand</b>	6,150	-	6,150	6,000	-	6,000
<b>Total</b>	<b>198,053</b>	<b>38,438</b>	<b>236,491</b>	<b>220,921</b>	<b>42,930</b>	<b>263,851</b>

Source IPC – November 2009

# Margo's the Marrakesh Mystic's Crop prediction for 2010



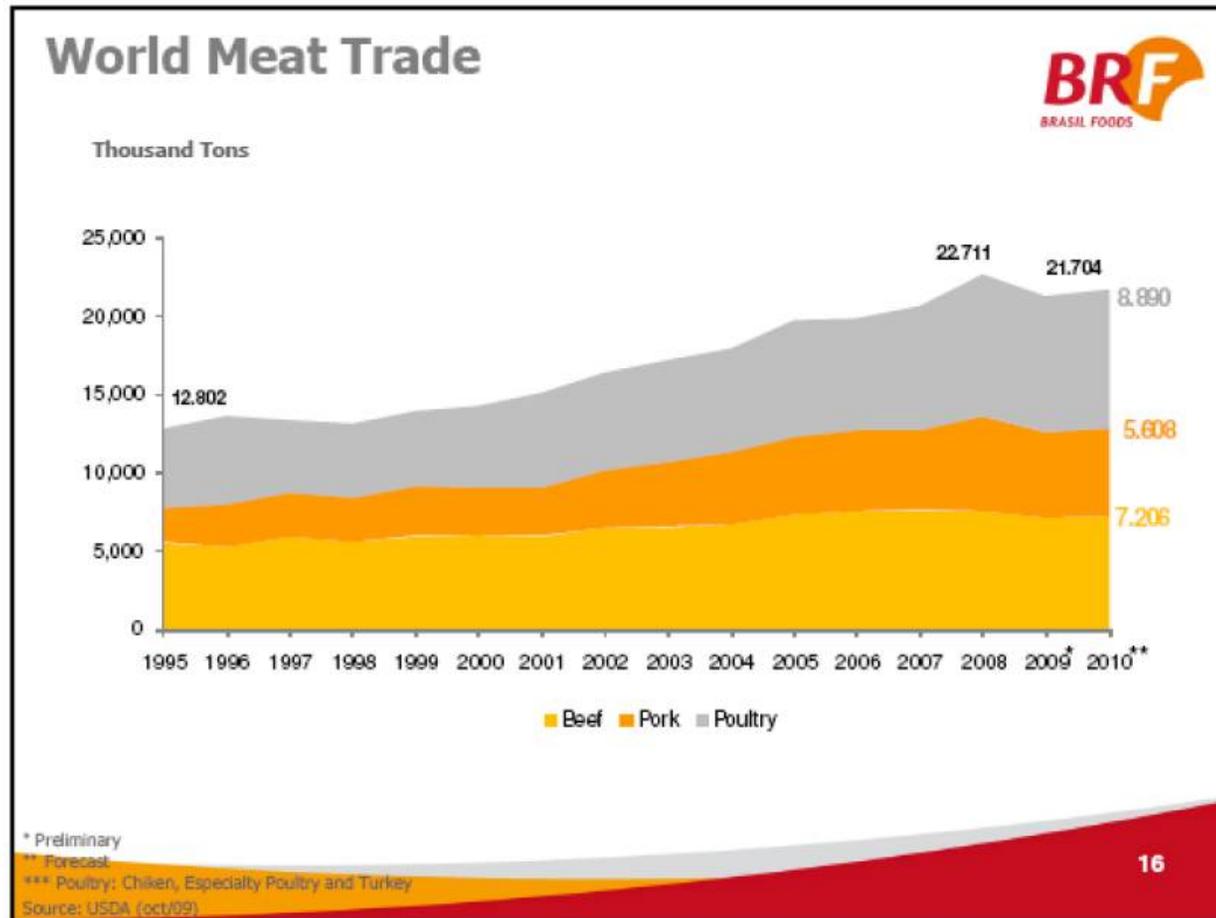
	2008	2009
Domestic consumption	(113,100)	(117,210)
Carryover (IPC)	115,920	<b>108,470</b>

Source IPC – November 2009

	2008	2009	2010
Carry over at start of year	115,920	<b>96,267</b>	53,180
plus Production	329,938	337,974	309,850
less Domestic consumption	(113,100)	(117,210)	(113,100)
less Exports	(236,491)	(263,851)	(263,851)
Stock at end of year	<b>96,267</b>	53,180	<b>(13,921)</b>

Note that the calculated stock at the end of 2008 (**96,267 mt**) does not match the IPC carry over figure into 2009 (**108,470 mt**)

# The Meat Trade



Source Brazilian Foods/USDA – October 2009

# What really bears (or bulls) on the price?



- The availability of finance to producers, exporters and importers
- Exchange rates
- Sentiment
- The numbers

# Summary



Cynicism is good