

# Rob's Crystal Ball



Trilogy is in a strong position to help with many varieties of oleoresin including black pepper and paprika!



**MARKET REPORT**

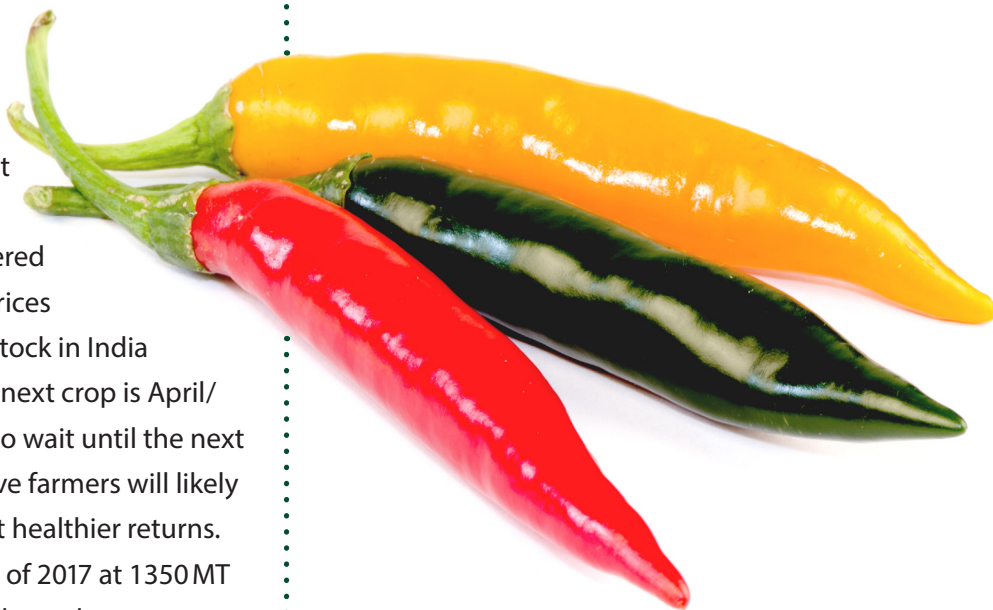
**DECEMBER 2018**



## Capsicum Oleoresin

As we reported in the last Crystal Ball, the high heat chili output was drastically less than previous seasons which caused prices to heat up considerably! Those customers who work closely with us were covered through 2018 with advantageous prices as we took advantage of the extra stock in India while the news was filtering in. The next crop is April/May 2019. Our recommendation is to wait until the next crop cycle to buy because we believe farmers will likely increase their acreage due to recent healthier returns. Let us see if the significant volumes of 2017 at 1350 MT versus the size of 800 MT for 2018 rebound.

As always, Trilogy is in a strong position to help on all varieties of oleoresin capsicum with various levels of heat and color.



## Paprika Oleoresin

Until recently, the Chinese paprika crop was appearing healthy and similar to last year. We just received reports of below-normal-color yields, some end-of-season disease and a halt in production at one of the large Chinese processors due to a fire. In China, it was also said that the sowing of high color chilies is similar to last year. In India, the weather looks favorable and prices seem to be aligned with those of last year at the start of the season. Our recommendation is to take a small position now and check back again in March once the Indian crop is at its peak.

In the USA, the supply and demand are in balance and prices usually follow, at a healthy premium, to the Indian prices.

As we all well know, a boon for one and a bust for another is quickly homogenized into a global market price.



## Black Pepper Oleoresin

Black pepper oleoresin can be a bit tricky to navigate when comparing it to the ground spice market. After 9 months of slowly declining prices, we see oleoresin prices at an historical 10 year low. This fact alone could be the threshold where prices stabilize and begin to firm. While Vietnam has the most significant pepper crop in the world and Sri Lanka has the smallest growing crop, the Sri Lankans pick a unique extraction-grade, high quality light-berry black pepper. Therefore, we carefully monitor the modest Sri Lankan December crop and the peak May/June harvest forecasts.

Another thought to consider while trying to understand the black pepper oleoresin market is that the Sri Lankan & Indian rupee are so weak that this, too, could be a sign to take a longer-term position. At this point in time, we would suggest taking advantage of the low prices today and covering at least 50% of your needs now and the rest in June. However, one could just as easily argue that taking a full year position today means you have less to do come June.

We are in contact with India on a daily basis and will continue to keep our customers up-to-date.



## Black Pepper Oil

Similar to the last report, prices should drift slightly lower or remain stable for the next year. We have special positions on black pepper oil and invite your inquiries.



## Ginger Oleoresin

While the crop in India was expected to be normal, the news-making recent floods in Kerala have changed the landscape. To counterbalance this news, the Nigerian and Ethiopian crops look to be normal. Together, these facts point to modest price increases. We have stock of high quality oleoresin ginger and are here to help with your requirements.



## Celery Oleoresin

While it is 6 months away from the May-June harvest, it is reported that the 2019 sowing of celery is similar to last year. Farmers will soon decide if they will plant celery or wheat, which is another crop well-suited for cultivation in this part of the world. Therefore, there is a possibility of higher prices. We will have more news heading up to the May-June harvest.





## Nutmeg & Mace Oleoresin

Indonesia is the major producer of nutmeg in the world. We have heard the spice market prices are up 5% in Sri Lanka, mostly due to the catastrophic losses in Kerala, India. This year may be a good time to cover while supplies last and prices remain stable. This is another product where the spice price doesn't always sync with the price for the oleoresin.

## Turmeric

This spice harvested from February to April is trading in the normal range for the off-season. While the next crop looks favorable, it is far too early to make any predictions. We will keep our turmeric customers informed. Trilogy always has 10% to 7% curcumin water soluble qualities on hand. Please inquire.

