

Ingredient Market Update | Q4 2024



Here's what you should know about the ingredient market, straight from our experts, with boots on the ground in producing countries.

Black Pepper

After entering a supercycle phase post-May, black pepper prices have **surged by 90%** year-to-date due to a fundamental shortage and strong demand.

Vietnam:

- Despite the recent dip, YTD pepper prices remain significantly elevated.
- This substantial price increase can be attributed to a combination of factors, incl. limited supply, increased production costs, and speculative holding by farmers anticipating further price hikes.
- With 4 - 5 months left before the new 2025 crop becomes available, the limited stock volumes will continue to provide bullish undertones to the market.

Brazil:

- Northern harvest is complete; Southern harvest continues until February 2025
- El Niño-related droughts and heatwaves have reduced 2024 production estimates.

Indonesia:

Harvest is over, and stocks are low due to strong bookings in August and September.



Red Pepper

2024 crop harvest/ contracting complete – availability reduced in the off-season.

- Increased acreage with sufficient carryover.
- Output partially offset by erratic weather/ reduced rainfall during the growing cycle, and unseasonal rainfall in November - crop output still 5-10% higher than PY.
- Continued investments in cold storage prevent further deflation.



Paprika

- Global demand is growing at 6% YoY, mainly driven by consumer interest in spicier flavors.
- China: expects a record crop year, forecasting a 30% increase in production due to higher yields.
- In the U.S., good growing conditions are stabilizing prices and indicating there will be no shortages or supply issues.
- Spain continues to focus on high-value paprika and organic paprika for which prices increasing up to 10% due to pest infestations.



Cinnamon

- Key growing regions have started to see early rains which will slow down harvesting.
- After a sustained period of stable prices on low and medium VO, farmers have turned to alternate crops that deliver an easier profit, they are choosing to wait for Cinnamon trees to yield a higher VO in the future.
- Access to high VO material remains challenging.
- Prices benefited from lower freight costs and a stronger USD in 2023 however freight has increased significantly in 2024 due to Red Sea challenges.



Basil

- Inflationary trend seen for 2024 crop as acreages have not returned to 2022 levels.
- Quality issues with first cuttings and increased demand for celery-free basil have also encouraged an upward market trend.
- Manufacturer's inflation at origin impacts the cost of production and associated costs.
- Continued currency devaluation and volatility.



Oregano

- Harvest has been completed for crop 2024.
- Drought conditions preceding the harvest have resulted in a much lower crop output this season, although the dry conditions have yielded a lower volume of weeds and therefore a better ratio of PA-compliant material for EMEA.
- Adulteration is the key challenge – there is a continuing trend of low-cost material entering the market via 3P processors at the field level, driving significant risk.
- Mexican Oregano is highly inflationary - the crop output is lower vs previous years and finding labor willing to collect in the Mountains has been challenging. There was no carry over from the previous crop. Availability is limited and prices are high.



Our team is closely monitoring these commodities markets, as well as many more around the world. We're here to help.