

Black Pepper

1. Background

- a) Brief about the commodity such as sample picture, lifecycle and various varieties/grade of the commodity found in India

Black pepper is the dried, mature but unripe berry (fruit) of *Piper nigrum*, a branching vine or climbing, perennial shrub. It is the most important spice of India and world due to its day-to-day use. Black pepper, green pepper and white peppercorns are derived from the same fruit (*Piper nigrum*); the difference in their colour is a reflection of varying stages of development and processing methods. India is the largest consumer of pepper in the world and the second largest producer after Vietnam.



It is mostly found in hot and moist parts of Southern India. Kerala alone contributes about 90% of the total production in India followed by Karnataka. The rest is contributed by Tamil Nadu, Pondicherry and Andaman & Nicobar. Within Kerala, Calicut, Cannanore, Kottayam and Idukki districts account for 67 % of the total acreage. Major markets of pepper in India are Cochin, Alleppey, Calicut, Nedumangad, Konni, Adoor, Pala, Alwaye, Thodupuzha, Chalakudy, Badagara, Cannanore, Tellicherry, Kanjangad, Kasargod and Mumbai.

There are different varieties of Black pepper and their names are originated from the localities where they grown or from ports through which they are being exported, e.g. Malabar, Alleppey (Kerala), Lampang, Saigon and Singapore. Majority of the cultivated varieties are monoecious i.e. male and female flowers found in the same spike. Peppers differ slightly in their physical and chemical characteristics; colour, size, shape, flavour and bite. In plain area, the harvesting season extends from November to January and in hills from January to March. But in Kerala

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plants flower in the month of May-June. The crop takes about 6-8 months from flowering to harvest.

Pepper price variations are influenced by many factors like international prices, domestic production and consumption; and export – import policies. It has been estimated that pepper production in India is likely to remain at 60000 tonnes for current season.

b) Commodity fundamentals and balance sheet as per the following format:

Table - Fundamentals & Balance sheet (quantity in MT)

Global Scenario	Previous FY	Current FY
Opening Stocks	NA	NA
Production	NA	NA
Others (if any)	NA	NA
Consumption	NA	NA
Closing Stocks	NA	NA

Indian Scenario (MT)	Previous FY	Current FY
Opening Stocks		
Production	48000	61000
Imports		
Total Supply		
Exports	13540	16250
Domestic Consumption		
Closing Stocks		

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Top 10 Major Producing Countries	Previous FY	Current FY
India		
Vietnam		
Brazil		
Combdia		
IndonesiA		
Srilanka		

Top 10 Major Consuming Countries (MT)	2018	Current FY2019
Vietnam	166000	
India	86000	
USA	68000	

Top 10 Major Exporting Countries (MT)	2018	Current FY
Vietnam	142000	
Brazil	73000	
Indonesia	36000	
India	17000	
Germany	16000	
Sri Lanka	15000	
Malaysia	12000	
Mexico		

Top 10 Major importing Countries	2018	Current FY
US	75000	
Vietnam	35000	
Germany	32000	
India	31000	

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Top 10 Major Producing States in India (MT)	2018-2019	2019-20
Karnataka	21000	30000
Kerala	17000	20000
Tamil Nadu	3000	3000

c) Major changes in the policies governing trade in the spot markets of the commodity :

No Changes

d) Geo political issues in the commodity and its impact on Indian scenario:

Nil

2. Trading related parameter

a) Monthly and Annual traded volume (quantity in appropriate units)

Month	Volume (In MT)
April-19	0.00
May-19	1852
June-19	5200
July-19	6666
August-19	5965
September-19	5678
October-19	1561
November-19	78
December-19	4
January-20	0.00
February-20	0.00
March-20	0.00
Grand Total	27004

b) Annual traded volume as proportion of total deliverable supply (quantity in appropriate units):

0.36

c) Annual traded volume as proportion of total annual production (quantity in appropriate units):

0.44

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d) Annual average Open interest as proportion of total production :

0.38%

e) Annual average Open interest as proportion of total deliverable supply :

0.31%

f) Monthly and Annual value of trade (in Rs. Crores) :

Month	Value in Rs Crores
April-19	0.00
May-19	68.33
June-19	188.23
July-19	235.33
August-19	207.88
September-19	189.46
October-19	49.91
November-19	2.37
December-19	0.13
January-20	0.00
February-20	0.00
March-20	0.00
Grand Total	941.64

g) Monthly and Annual quantity of delivery (in appropriate units)

Month	MT
April-19	
May-19	
June-19	
July-19	12
August-19	6
September-19	6
October-19	
November-19	
December-19	
January-20	
February-20	
March-20	
Grand Total	24

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h) Monthly and Annual value of delivery (in Rs. Crores)

Month	Rs Crs
April-19	
May-19	
June-19	
July-19	0.42
August-19	0.21
September-19	0.20
October-19	
November-19	
December-19	
January-20	
February-20	
March-20	
Grand Total	0.83

i) Monthly and Annual Average Open Interest (OI) (in appropriate units)

Month	OI in MT	Average Open Interest (OI) (in appropriate units)
April-19	0	0.00
May-19	321	13.96
June-19	1735	86.75
July-19	1193	51.87
August-19	512	24.38
September-19	748	35.62
October-19	307	13.35
November-19	101	4.81
December-19	10	0.48
January-20	0	0.00
February-20	0	0.00
March-20	0	0.00
Grand Total	4927	231.21

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j) Annual average volume to open interest ratio

5.48

k) Total number of unique members and clients who have traded during the financial year

Unique members: **18**

Unique Clients: **162**

l) Ratio of open interest by FPOs/farmers/Hedge/VCP positions to total open interest (Annual average as well as maximum daily value);

Nil

m) Number of unique FPOs / farmers and VCPs/hedgers who traded in the financial year

Not available

n) Algorithmic trading as percentage of total trading:

Nil

o) Delivery defaults : Nil

i) Number of instances

ii) Quantity involved

iii) Value involved

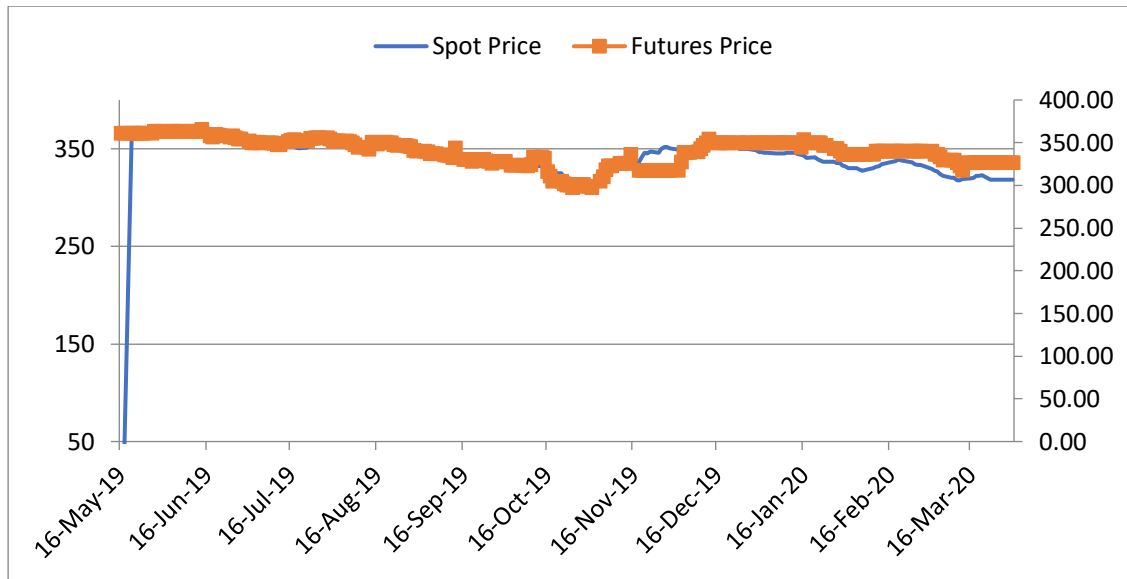
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3. Price movements

- a) Comparison, correlation and ratio of standard deviation of Exchange futures price vis-à-vis international futures price (wherever relevant comparable are available).

Not available

- b) Comparison, correlation and ratio of standard deviation of Exchange futures price vis – à - vis international spot price (wherever relevant comparable are available) and domestic spot price (exchange polled price).



- c) Correlation between exchange futures & domestic spot prices 0.21 along with ratio of standard deviation. 2.07

- d) Correlation between international futures & international spot prices along with ratio of standard deviation (wherever relevant comparable are available).

Not available

- e) Comparison of Exchange polled price and mandi price (in case of agricultural commodities) / other relevant price (in case non - agricultural commodities) at basis centre.

Not available

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- f) **Maximum & Minimum value of daily futures price volatility and spot price volatility along with disclosure of methodology adopted for computing the volatility.**

	Futures Price Volatility	Spot Price Volatility
Maximum	3.39%	2.06%
Minimum	-5.8%	-1.4%

- g) **Number of times the futures contract was in backwardation/contango by more than 4% for the near month contract in the period under review**

Contango	28
Backwardation	0

4. Other parameters

- a) **Qualitative and quantitative measure for Hedge effectiveness ratio and basis Risk (Volatility of Basis) along with disclosure of methodology adopted for such calculations.**

Not available

- b) **Details about major physical markets of the commodity vis – à - vis market reach in terms of availability of delivery centres (information to be provided state – wise and UT - wise).**

Not available

- c) **Details about major physical markets of the commodity and average Open Interest for each month generated from those regions.**

Not available

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d) Details, such as number and target audience, of stakeholders' awareness programmes carried out by the exchange

Sr.No.	Month - Year	Product	Event Name	Event Date	Venue	Location
1	May-19	Black pepper	Awareness Programme cum Re-launch of the Black Pepper Contracts	Monday May 20,2019	IPSTA Board Room, Mattancherry, Cochin	Cochin
2	Jun-19	Black pepper	Awareness Programme of the Black Pepper Contracts	Wednesday June 19,2019	SICILIA HOTEL, Thodupuzha, Cochin	Cochin
3	Jun-19	Black pepper	Awareness Programme of the Black Pepper Contracts	Friday June 14, 2019	HOTEL HILL TOWN, Kattappana IN Idukki District, Cochin	Cochin
4	Jun-19	Black pepper	Awareness Programme of the Black Pepper Contracts	Friday June 7,2019	Hotel Regency, Sulthan Bathery, Cochin	Cochin
5	Jul-19	Black pepper	Awareness Programme at Chickmanglore for Black pepper	Friday 12th July 2019	Chickmanglore, Karnataka	Chickmanglore, Karnataka

e) Steps taken / to be undertaken to improve hedging effectiveness of the contracts as well as to improve the performance of illiquid contracts.

Not available

f) Any other information to be disclosed as deemed important by the exchange or as suggested by the PAC

Not available

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