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## Pepper to remain firm on demand

**fe Bureau**

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Pepper prices are likely to remain firm and rally a bit because of rising domestic demand. Traders and analysts said that with the farmers and traders holding on to stocks, the prices are likely to remain steady.

The pepper market may touch the Rs 135-140 per kg mark before rebounding.

Faiyaz Hudani at Kotak Commodity Services is bullish on the short-run on the availability factor and feels that the prices can move up again by 8-12% due to the

gap between supply and demand. Most of the analysts are relying on the short supply of crop in India and the lower carry over stocks. The domestic demand is pegged between 40,000 to 50,000 tonne, while the production for 2008-09 is estimated around 50,000 tonne.

The rough estimates from the Spices Board reveals that import of pepper during the current financial year has been lower by almost 3,000 tonne, when compared to the previous year.

Lesser carry-over stocks and lower imports would naturally compound the sup-

ply situation, a trader at the terminal market of Kochi said. Up-country traders are also building up their inventory fearing a stronger rally.

Angel Commodities reports that foreign buyers may look at India due to the strategy of Vietnam to sell the product in a staggered manner, so as not to cause a downward pressure.

In the long-term, the market would depend on the willingness of Vietnam and other origins to sell at lower levels. Some experts are also worried that Vietnam is looking at the Indian exchanges for cues."