
Son Ha Spices & Flavorings Co., LTD.



MARKET UPDATE

DECEMBER 2023



PEPPER MARKET UPDATE

PRELIMINARY SURVEY IN VIETNAM

- The weather is favorable now for pepper, the rainy season has ended in the Central Highlands.
- Binh Phuoc and Dak Nong areas are expected to have good harvest. Output is forecasted to increase by 5-10%. In Dak Lak area, productivity increased by 5%, but area decreased by 20% (due to the shift from pepper to durian), total output is expected to decrease by 15%. In Gia Lai area, productivity increased by 15%. However, the area decreased by 30% (Shift to durian)), total output is forecasted to decrease by 10%. The total harvest output is expected to decrease by 5 - 10% compared to the previous year.
- The crop is forecasted to be delayed by about half a month compared to last year. Dak Nong area will have the harvest first and is expected in January 2024.

BRAZIL HARVEST SITUATION

- The December 2023 crop harvest in Vitória is expected to be 30% lower than the previous year.
- High temperatures and drought due to El Niño could affect the July 2024 crop in Espírito Santo State.

PRICE TREND

- At this stage, there is a short supply of raw material due to low inventory and also, the material from the new season is still not available. The price increased a lot from the end of November until the end of December. Price movements are expected to continue as we go forward.
- Price trend may continue to be unstable until the new pepper harvest in Vietnam officially begins and supply situation improves.



SURVEYOR FROM SON HA AT AN ORGANIC PEPPER FARM



CEO MR. KEIJI TANIGUCHI WELCOMED ORGANIC PEPPER FARMERS AT SON HA FACTORY.

CASSIA MARKET UPDATE

PRELIMINARY SURVEY IN VIETNAM

- Winter season has started in Yen Bai, which is influenced by cold winds and causing the temperature to drop below 23oC, with fog and more rain appearing in the early morning. This weather affects the Cassia harvest and drying.
- Farmers gradually reduced the volume of Cassia harvest and focus on drying it. The Autumn season for cassia is already over by the end of December.

PRICE TREND

- **High oil Cassia:** Quantity has improved. The price is stable.
- **Low oil Cassia:** Prices increased slightly by around 4%. Buyers focus on continuous coverage to ensure that there is enough raw material available while waiting for the new crop for Spring season. The Spring season of 2024 is expected to start by the end of March 2024, and the stable demand at the moment is causing the inventory to gradually decrease.
- **Broken Cassia:** Price is stable, quantity available is not too much. The quality of the available material is also not good at the moment
- **Cassia Sticks:** At the end of the main Autumn season, farmers stop production. They focus more to sell the stick which is already in stock. The price is showing an upward trend.



CASSIA IS BEARING FRUIT. FARMERS WILL HARVEST IT TO GROW NEW SEEDLINGS



FARMERS DRYING CASSIA



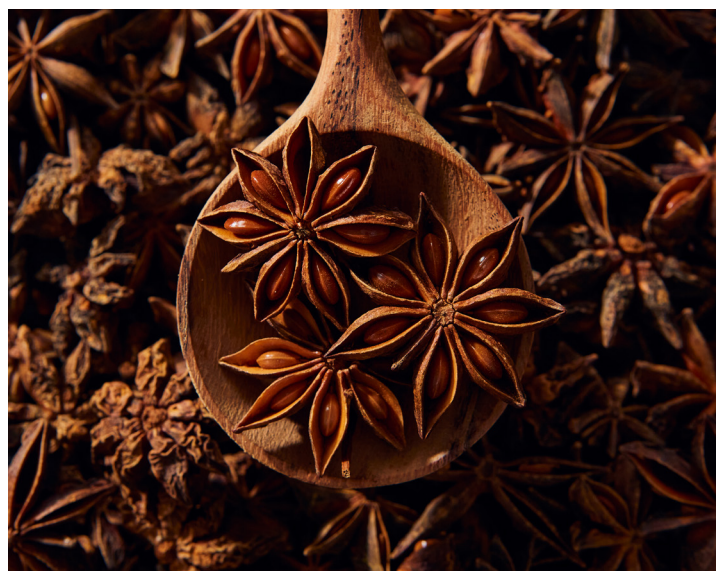
STAR ANISE MARKET UPDATE

PRELIMINARY SURVEY IN VIETNAM

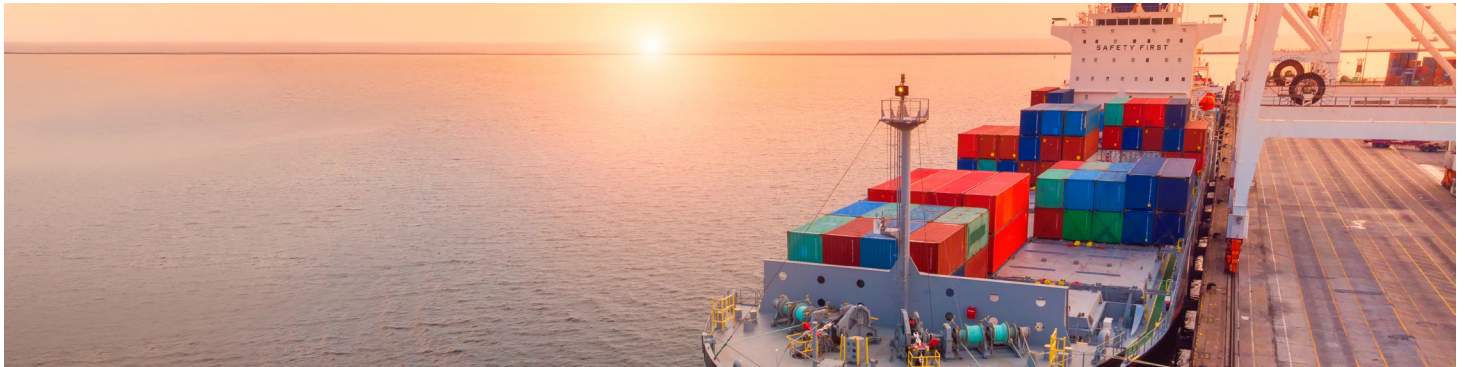
- Lang Son's is going through winter. Because of strong cold wind, there is a lot young Star Anise fruit falling down from the tree.
- Expected harvest output in spring season 2024 is better than spring season 2023, but lower than Autumn season 2023.
- It is expected that in January 2024, farmers will begin harvesting young Star Anise. The quantity of harvest could account for around 40% of the total crop. After the Lunar New Year (mid-February), the quality of star anise will be the best.

PRICE TREND

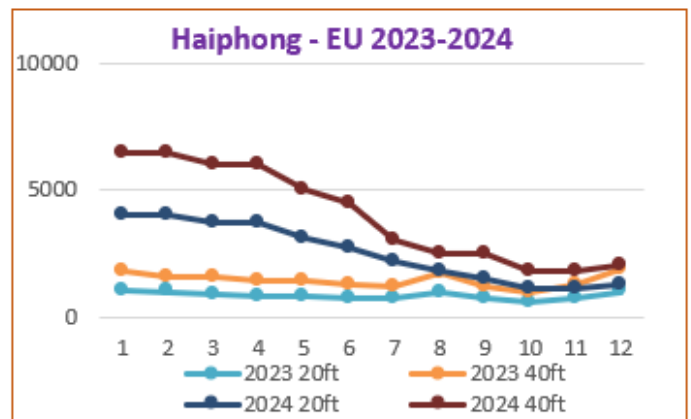
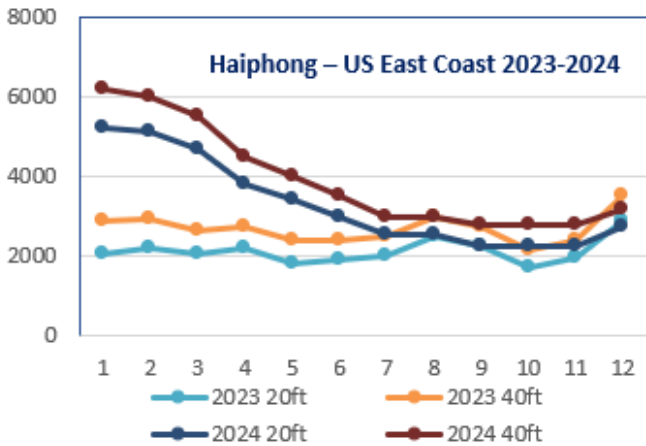
- Prices have not changed much compared to last month.
- The amount of high smoke raw material in stock among farmers is still large.
- Inventory is decreasing rapidly; farmers are trying to sell more to prepare for the new harvest.
- China has increased buying Star Anise from Vietnam



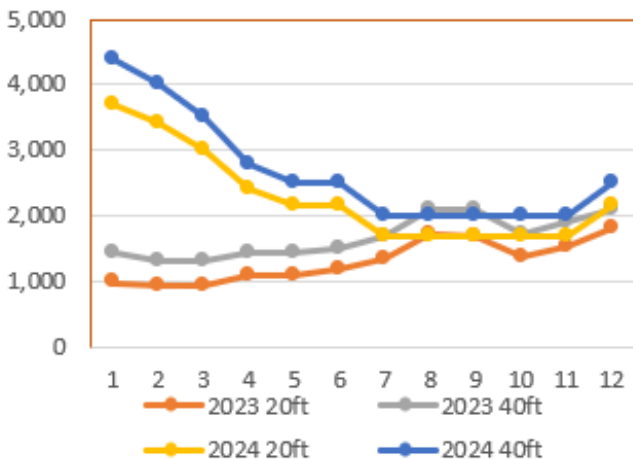
GENERAL & SHIPPING UPDATE



- The rate has increased around 40~60% to US destinations and to EU destinations by around 50% compared to November
- Rate trend for Jan.2024 :To US East Coast, the Panama canal situation has still not improved. The number of vessels through Panama has reduced by about 70%. The average rate for January is around USD 7,000/feu. And to US West Coast, the rate is around USD 5,000/feu. The rates are fluctuating very frequently under the current situation.
- EU: Freight rates are impacted from early January because of the situation in Red Sea.
- The average rate for January is estimated to be around USD +6,000 /feu.
- The availability of vessels are impacted & sailing time is also longer than usual.
- Mediterranean: This route through Suez canal is also impacted by the attack in the Red Sea The expected rate is USD +/7,800/feu in January.2024 With the current situation, the rates to all the destinations to US & EU are expected to increase in the coming days until the Chinese New Year. We will have to wait and see if the situation improves after that.



Haiphong - West Coast 2023-2024



**Haiphong to Mediterranean 2023-2024
(Barcelona, Valencia, Fos-Sur-Mer)**

