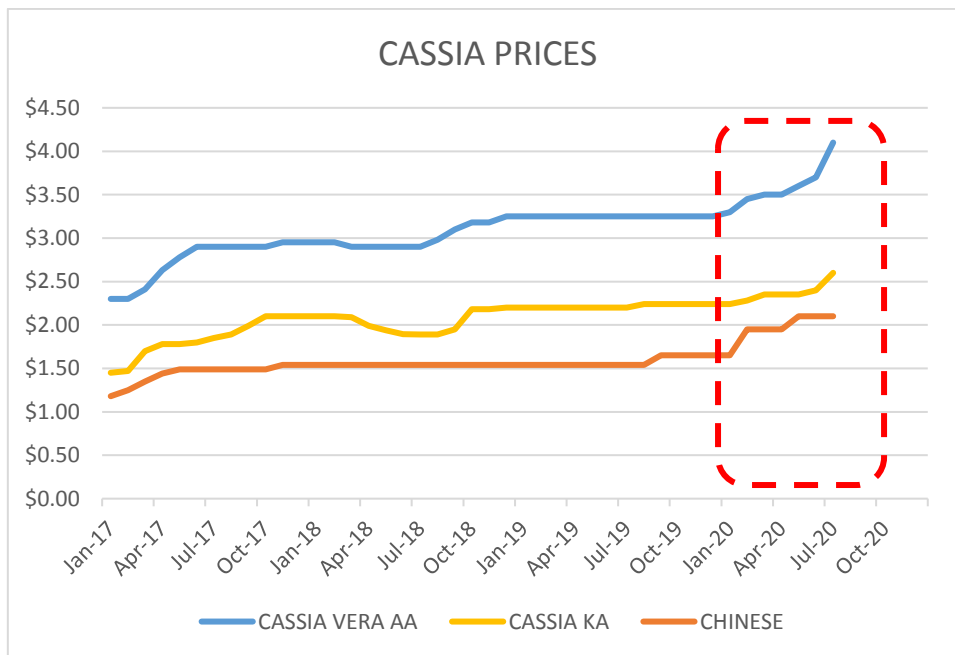
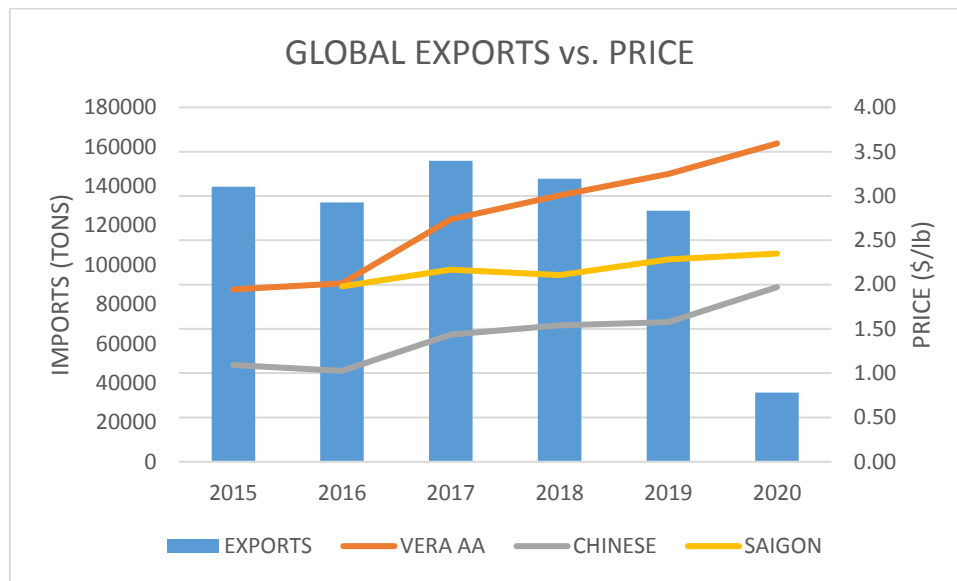



**CURRENT MARKET**

With uncertainties continuing on the supply side, markets have been firm this year. Market sentiments in origins continue to be bullish with raw material access and availability continuing to be crucial. As older trees are getting cut down, availability of high oil material is particularly limited. Travel restrictions in the growing regions are also taking a toll on the supply chain, with cassia being a labour intensive crop, and processors are hesitant to make forward commitments.



**Prices have continued moving upwards steadily. This increase is more pronounced in higher-quality grades.**



**Exports have declined during the past 3 years, with the reduction in available material having a bullish impact on prices.**

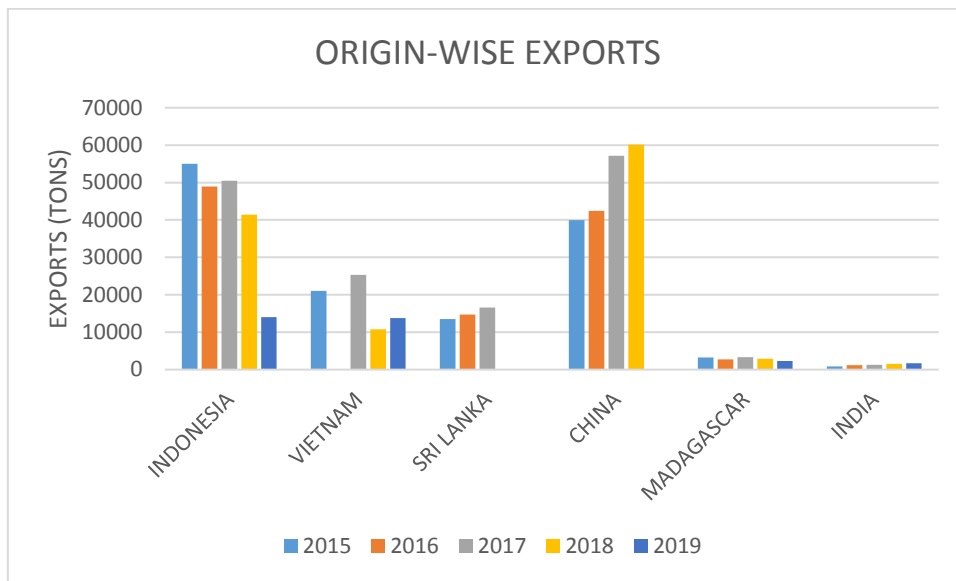
## CROP CONDITIONS

**INDONESIA:** Unseasonal heavy rains have affected the harvesting and drying operations. Harvesting becomes more arduous as access to the growing areas becomes increasingly strenuous in West Sumatra. With both Ramadan and Eid over, there is not much urgent need for cash to take physical risks and harvest trees in interior mountainous areas. Besides, even if harvesting is delayed, trees will grow bigger and can be harvested later. Access to the growing areas remains a problem, and high-quality older trees are limited. Though new trees have been planted, it will be years before they can be harvested.

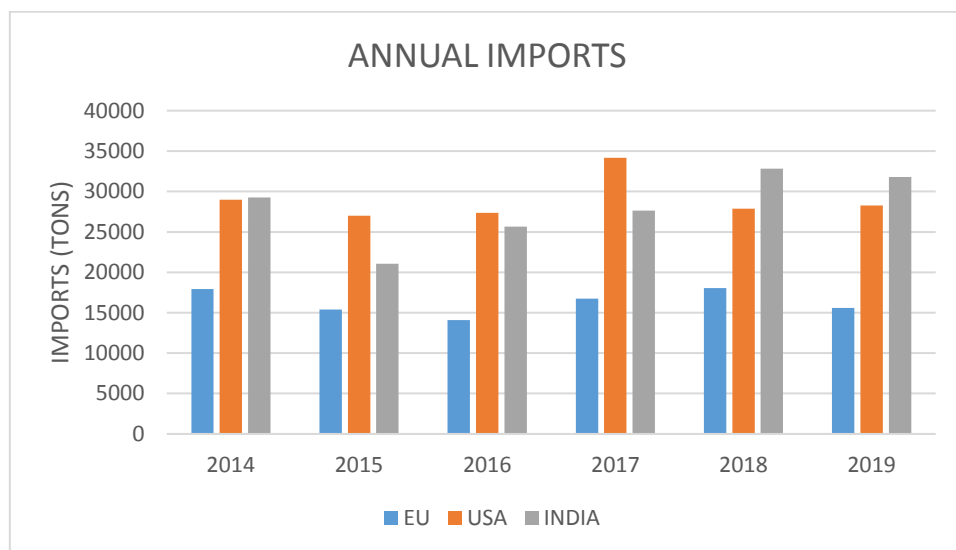
**VIETNAM:** There is sufficient availability of material in the northern region. In Yen Bai province, one of the largest growing areas for cassia, new trees are being planted. Stocks are high due to good harvesting during the summer crop during April-June this year. Harvesting of the autumn crop, which extends from September to November, will commence later in the year. There has been excess rainfall during the past two months, which has affected the harvesting operations.

## MARKET SCENARIO

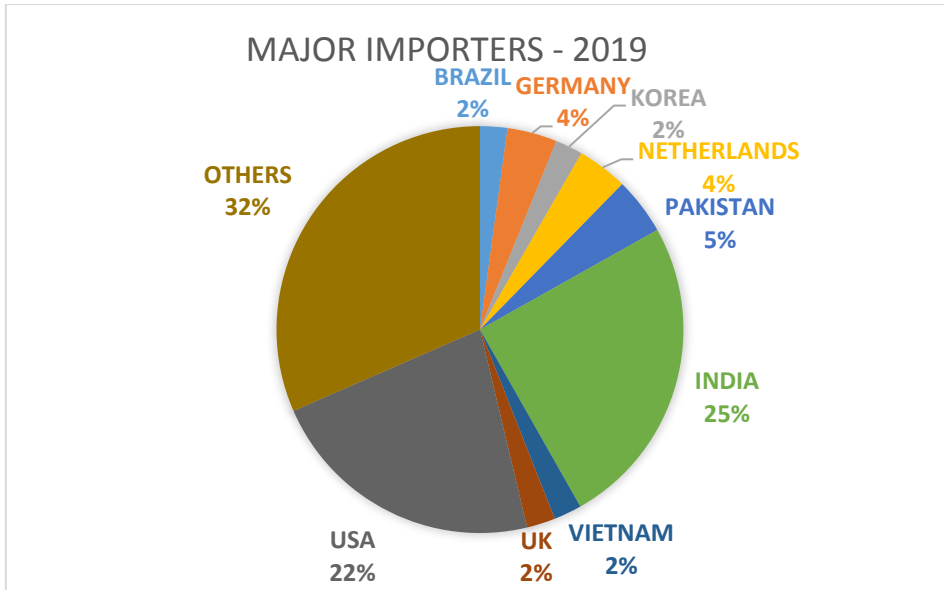
Exporters in origins have refrained from keeping stocks due to financial constraints involved in holding inventory at higher price levels, with prices moving up. Availability remains limited, especially for higher quality grades. Harvesting of the autumn crop in Vietnam will start in September and extend till November. Apart from this, there has also been an increased quantity of Chinese cassia traded across the border.



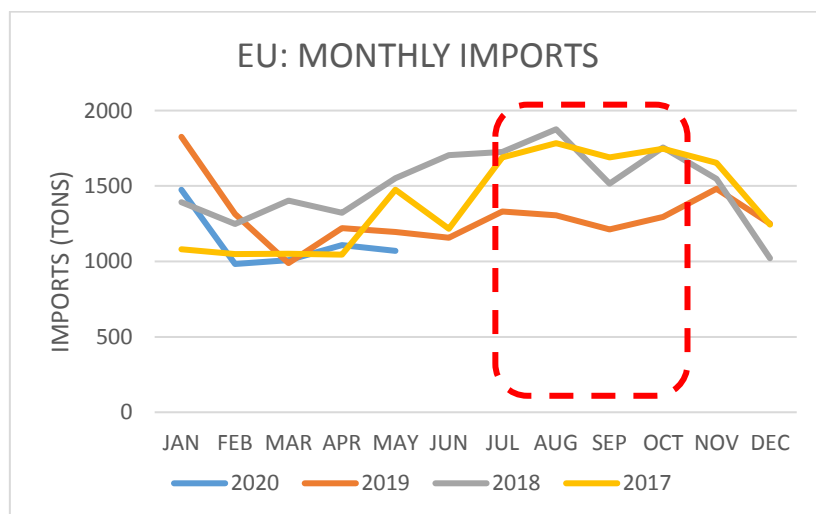
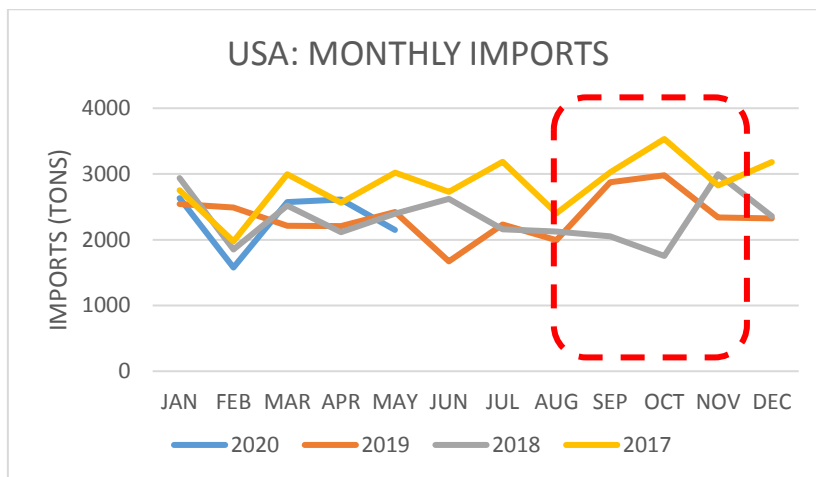
**Exports from Indonesia have been declining, while those from China and Sri Lanka have been increasing.**



**With imports of over 31800 tons, India was the largest importer in 2019, followed by USA which imported 28200 tons, and the EU which imported 15500 tons.**



Demand is expected to remain strong as buyers look at stocking up for the Christmas festival season.

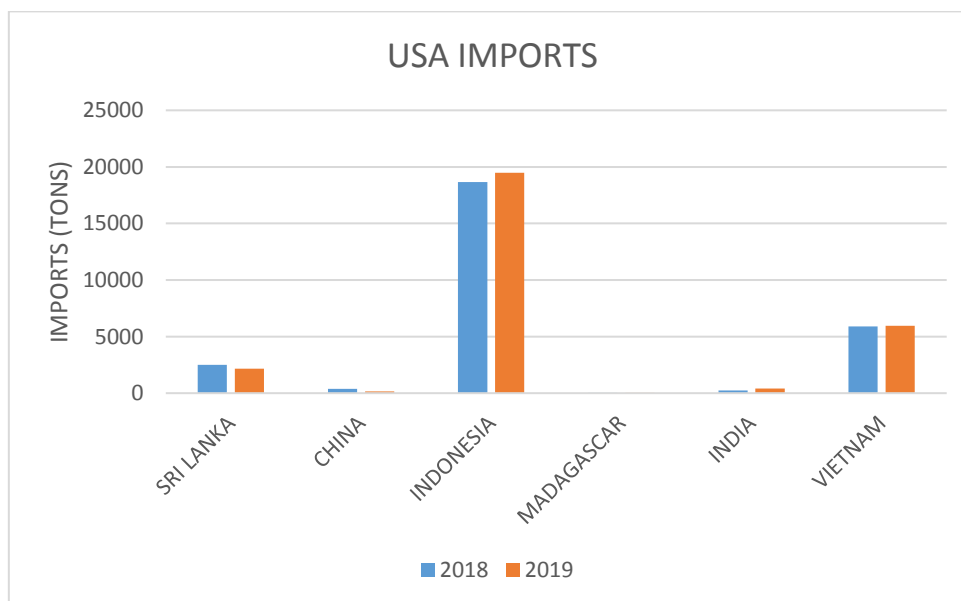
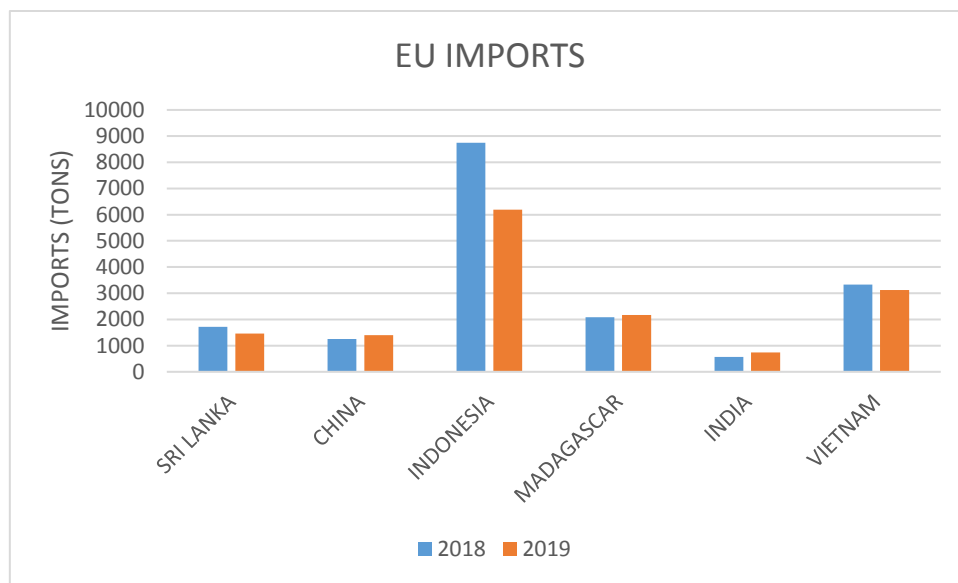


Traditionally, imports by the USA and EU have been strong during the latter half of the year.

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## PRICE FORECAST

The global supply situation remains tight, with the three major origins, viz. Indonesia, China and Vietnam, bullish on pricing. Year-end demand is expected to have a bullish effect going forward. Supply could be a restricting factor for Indonesia. Commencement of harvesting in Vietnam next month could have a bearish effect on low-oil cassia prices. Arrivals from China via border trade could also push down the market. However, prices for high-oil content material can be expected to remain firm due to limited supply.



**EU imports from Indonesia and Vietnam have declined over the last year. At the same time, US imports from Indonesia have increased marginally.**



Young cassia trees in Yen Bai Province, the main production region for cassia in Vietnam. It will take several years for the trees to grow up and be ready for harvest.

## COVERAGE RECOMMENDATION

Considering the supply-side constraints and the possibility of demand continuing to remain strong, it is recommended to have adequate coverage going forward, at least till the beginning of next year, especially for higher grade material.

**QUERIES? PLEASE CONTACT.....**

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