

Monthly Report On **SPICES**

AUGUST 2022

08th August, 2022



Moneywise. Be wise.

TURMERIC

Factors to watch

- Ongoing sowing progress
- Weather in the turmeric growing areas
- Exports demand from middle- east and Bangladesh
- Demand from domestic Spice industry and stockists
- Stock positions with the farmers and traders and imports

Price Performance and Fundamentals

Turmeric prices slumped further in July'22 tracking ample availability at major trading centres. Bumper production in year 2021-22 and huge carry forward stocks kept supply sufficient in the market that reflected as continuous downfall in prices. Turmeric prices ruled near to INR 6000/Quintal level by end of July'22 compared to INR 9500/Quintal reported in Jan'22, down by 38%. Similarly, Turmeric futures prices have dropped by 33% so far in year 2022 from the high of 11148 INR/Quintal reported in Jan'22. Supply remained ample due to higher production as turmeric production in India rose by 18% Y-o-Y in year 2021-22 and reached up to 13.1 lakh tonnes compared to 11.2 lakh tonnes of previous year. Domestic demand were bleak throughout the year as stockiest and major buyers preferred hand to mouth buying in expectation of further fall in prices.



Source: Reuters

Outlook

Going forward downfall in turmeric is likely to be limited in wake of commencement of festive season in India. Demand is expected to pick up in coming months that will restrict the major losses in prices. Prices are expected to find support near 7100 level and will witness fresh buying at this level. Apart from that, emerging export enquires and reports of fall in area and yield losses for upcoming crop due to excessive rainfall in Telangana and Maharashtra is likely to attract fresh buying in coming weeks. Turmeric export in May'22 increased by 26% Y-o-Y jumped to 17.13 thousand tons as per government official data. India exported about 67.6 thousand tons in first five months of year 2022, higher by 6% Y-o-Y. Demand from Middle East countries has picked up due to better price competitiveness of Indian turmeric.

JEERA (Cumin)

Factors to watch

- Arrival volumes in the physical markets
- Domestic demand from spices industries
- Export demand at current prices
- Stocks with the farmers and traders
- Production prospects in other cumin growing countries

Price Performance and Fundamentals

Jeera prices moved up further in July due to prevailing concerns over supply shortage. Jeera prices rose 91% since Jan'22 to record high of 24825 INR/Quintal in Unjha market of Gujarat due to supply crunch. Repercussion of lower production is being seen on Jeera futures prices as well which has witnessed strong rally in year 2022 and jumped up by 47% so far. Gujarat which accounts for 60% of total Jeera production of India witnessed drastic fall in arrivals in so far in year 2022 due to fall in production in the state. Jeera arrivals were reported at 1.80 lakh tons at major mandies across India till first week of August in year 2022 compared to 2.57 lakh tons of last year. As per Government estimates, Jeera production has dropped by 9% Y-o-Y to 7.26 lakh tons in year 2021-22. The downfall in production is attributed to lower acreages under cumin seed and yield losses due to adverse weather condition in major growing states. Area under Jeera dropped by 5% Y-o-Y to 10.37 lakh Ha compared to 10.87 lakh Ha of previous year as farmers in Rajasthan and Gujarat switched to other profitable crops. Apart from this, extended monsoon and unseasonal rain in March this year also affected cumin harvest adversely. Also, heatwaves in cumin growing areas played spoilsport for farmers. Worries over supply shortage will likely to remain intact unless new crop touches the market in Feb'23. Jeera export has also fallen down in year 2022 with fall in production amid lowering demand from China. India exported about 64.1 thousand tons of jeera during Jan'22-May'22 compared to 115.4 thousand tons of corresponding period, down by 44% Y-o-Y.



Source: Reuters

Outlook

Rally in Jeera prices is likely to remain intact due to supply shortage in domestic market. Rise in household demand with commencement of festive season in India and active buying by hotel and restaurant sector followed by fall in Covid cases is likely to keep Jeera prices elevated in coming weeks as well.

DHANIYA (Coriander)

Factors to watch

- Demand from the stockists and spices Industries
- Export demand at current prices from the country
- Production estimates in other producing countries like Syria, russia and Ukraine
- Stocks with the farmers and traders
- Monsoon progress

Price Performance and Fundamentals

Coriander futures traded sideways in July'22 kept bias on positive side tracking limited supply at physical market. Shrinking arrivals in mandies and rise in global prices lent support to domestic prices. After touching the high of 12564 INR/Quintal in July'22, Dhaniya futures closed at 11830 INR/Quintal posted monthly gains of 4%. Similarly, Spot prices of Dhaniya at Kota Market just turned double from 6200 INR/Quintal to 13500 INR/Quintal in last 7 months in year 2022. Dhaniya production is reported down by 10% Y-o-Y in year 2021-22 stand at 8.01 lakh tons compared to 8.91 lakh tons of previous years as per government estimates. Stockiest are reluctant to release their stocks in anticipation of further rise in prices. Spice millers are forced to buy dhaniya at inflated prices due to supply shortage in domestic market. With fall in domestic supply, dhaniya imports have increased significantly in year 2022. India has imported about 11.5 thousand tons of dhaniya in till May'22 in year 2022 compared to 2.4 thousand tons of previous year. Arrivals of new coriander crop has started in other coriander producing countries like Russia, Bulgaria, Ukraine, Romania, Morocco etc but surging logistic prices estimation of lower production in Ukraine, Syria and Iran will keep imports costlier.



Source: Reuters

Outlook

Going forward rally in dhaniya prices are likely to be extended due to better demand prospects. Active buying by spice millers in wake of rising festive demand is likely to support firmness in prices. Apart from that, supply is likely to be bleak unless new season commence in Feb'22.

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