

# Monthly Report On **SPICES**

**OCTOBER 2022**

12th October, 2022



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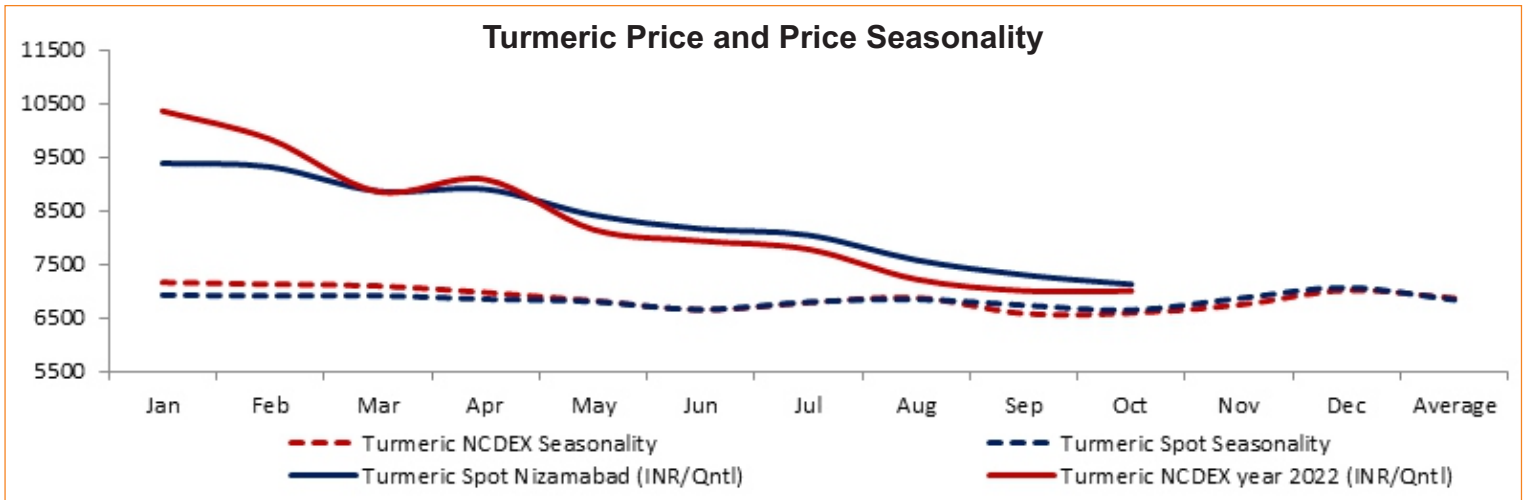
# TURMERIC

## Major Price Drivers:

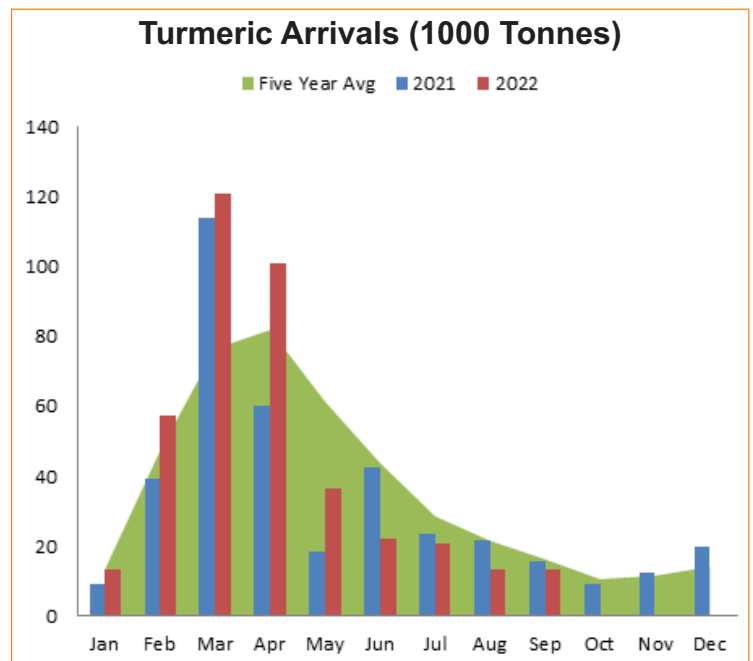
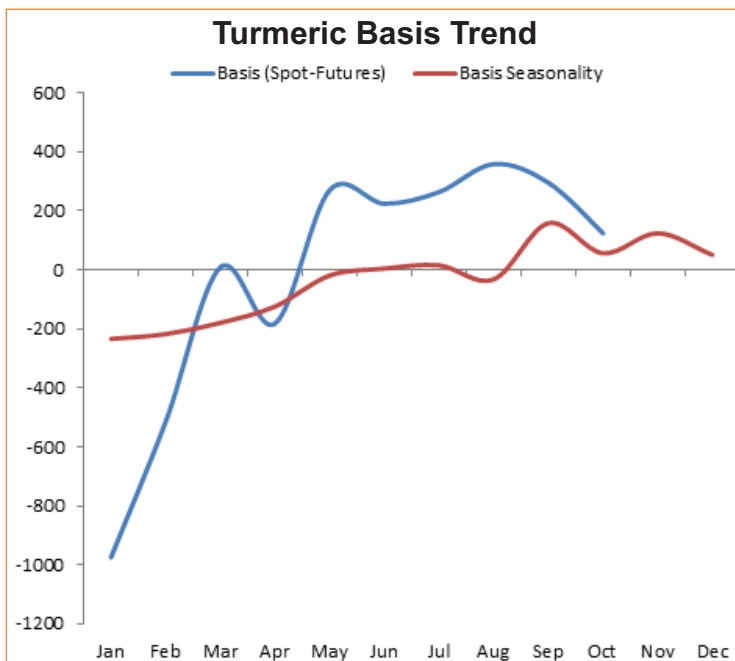
- Shrinking arrivals – Off season
- Surging exports
- Festive and wedding season demand ahead
- Lower acreages in Andhra Pradesh

## Price Performance and Fundamentals

Turmeric prices kept its bearish trend intact in Sep'22 and plunged 2.9% M-o-M due to lukewarm demand at physical market. Stockiest stayed away from bulk buying in anticipation of rise in production for upcoming season. After touching the yearly high of 11148 in Jan'22, turmeric prices slumped 40% till end of Sep'22. Prices have started showing sign of recovery in Oct'22 and moving in line with seasonal trend tracking emerging demand at lower level. Correlation between spot prices and futures prices 97% in year 2022.



Basis is also ruling positive and likely to remain positive in wake of rising spot demand of turmeric. Price seasonality of turmeric suggests that spot prices of turmeric will remain elevated due to off season of arrivals ahead. With commencement of festive season in India, demand of turmeric has also improved at prevailing levels. Stockiest are showing buying interest in optimism of better price outlook backed by supply tightness as new crop is still far away by 5-6 months.



Source: Agmarknet

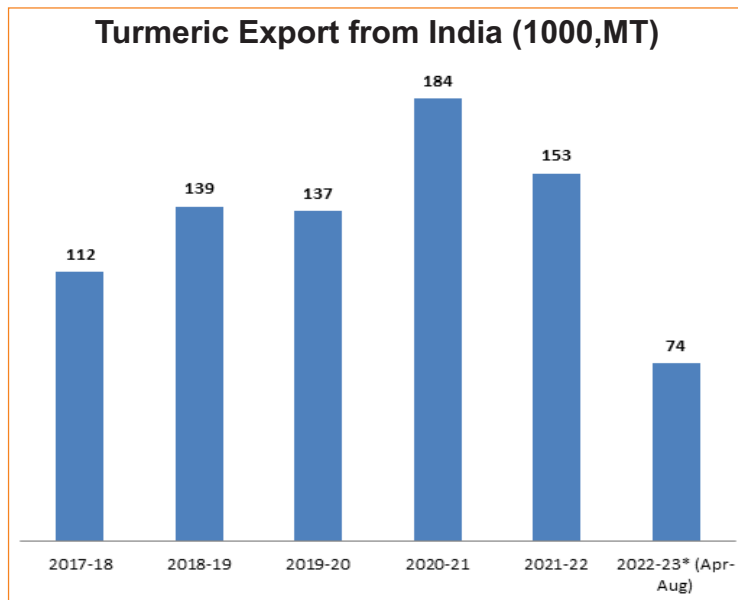
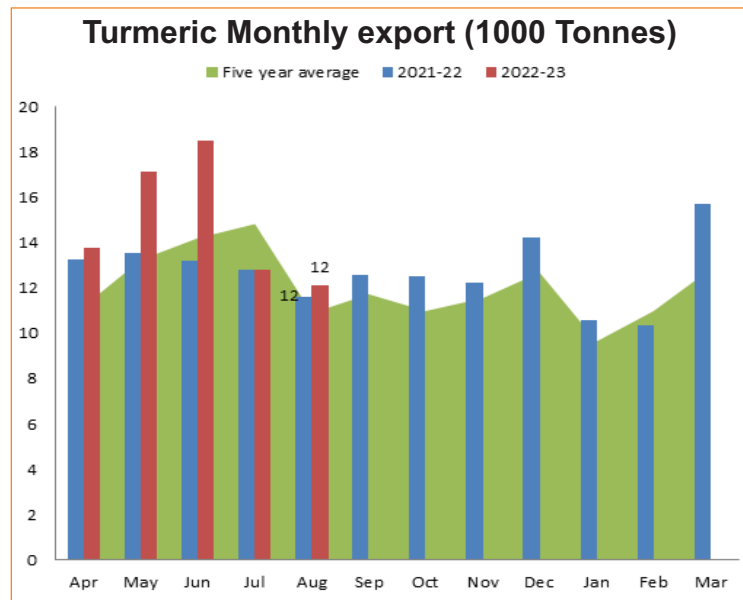


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Arrivals which were higher by 36% during Jan-May, has now dropped 33% during the time period of Jun- Sep. Turmeric arrivals were down by 16 % Y-o-Y in Sep'22 and reported lower by 2% Y-o-Y so far in Oct'22. About 2.82 thousand tonnes were arrived during 1-11 Oct'22 against the 2.89 tonnes of previous year. Considering the arrival seasonality, arrivals are likely to be remaining bleak in upcoming months that will cap the major downfall in prices.

Turmeric export surged up by 5% Y-o-Y in Aug'22 and increased by 15% Y-o-Y so far in year 2022. India has exported around 74 thousand tonnes of turmeric in Jan'22-Aug'22 compared to 64 thousand tonnes of previous year where Bangladesh, UAE, Iran and Morocco are the major buyers.



Source: DGFT

## Outlook:

Going forward, prices are likely to track the ongoing sowing activities in southern states which have reached its last stage. Sowing activities slowed down in Andhra Pradesh as overall area under turmeric has been lower by 13% Y-o-Y till Oct'22 reported at 16921 Hec compared to 19376 Hectares of previous year. Festive as well as the wedding season demand is likely to improve in coming weeks that will support firmness in prices. Arrivals are likely to remain lower due to lean arrival season. Considering the above fundamentals, Prices are likely to hold the support of 6710 and likely to move up gradually towards the 8000 level in coming weeks.



Turmeric NCDEX Nov	S2	S1	Pivot Point	R1	R2
	6444	6718	7094	7368	7744

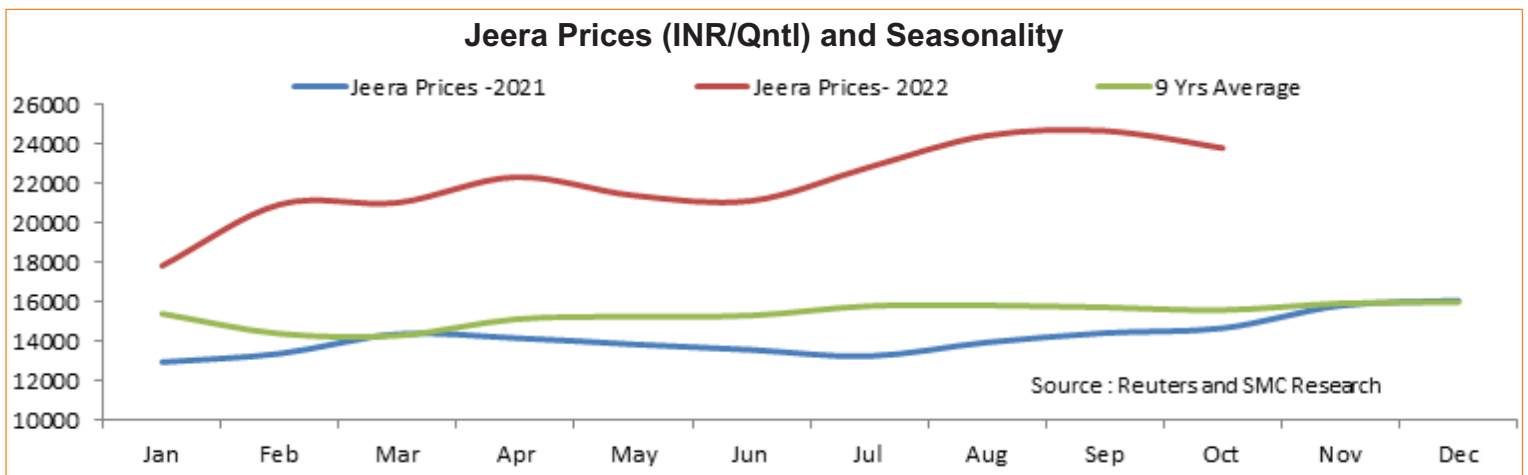
# JEERA (Cumin)

## Major Price Drivers:

- Lower supplies at major trading centers
- Rising export demand from China
- Festive and wedding season demand ahead
- Muted demand from marginal traders due to above normal prices
- Expectation of rise in area for upcoming season

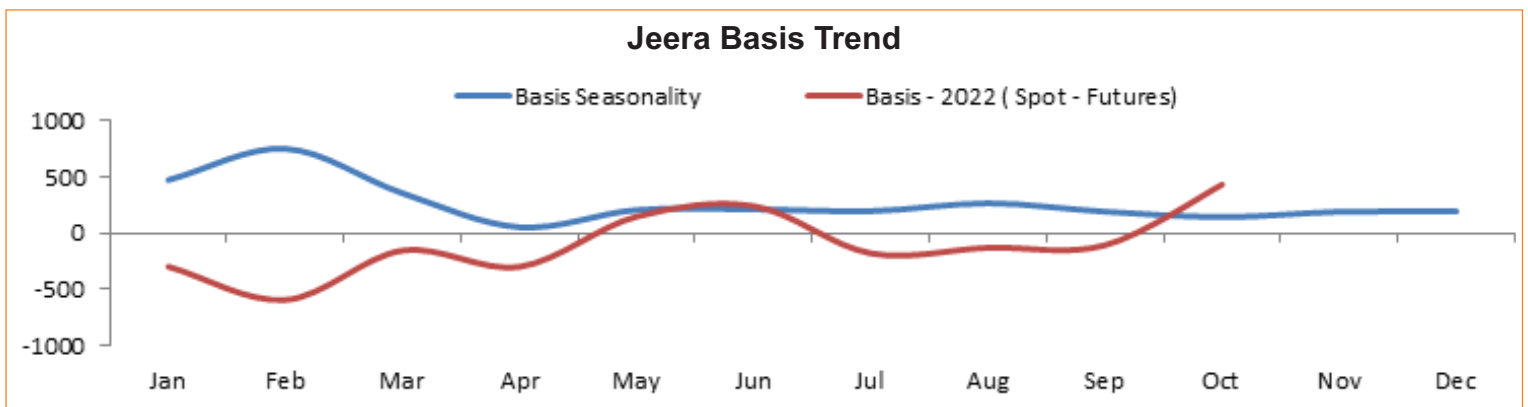
## Price Performance and Fundamentals

Jeera prices witnessed sharp correction in Sep'22 tracking sluggish buying at local market. Need based off take by stockiest and spices makers triggered profit booking at futures platform. After touching the high of 25860 in Aug'22, jeera prices has started cooling down in Sep'22 and closed the month at 24585. Jeera prices extended its losses in Oct'22 as well due to subdued demand at physical market. Jeera prices are still ruling much higher compared to last year as well as from the 9 years average price level due to supply shortage in the market that is keep marginal buyers away from heavy buying.



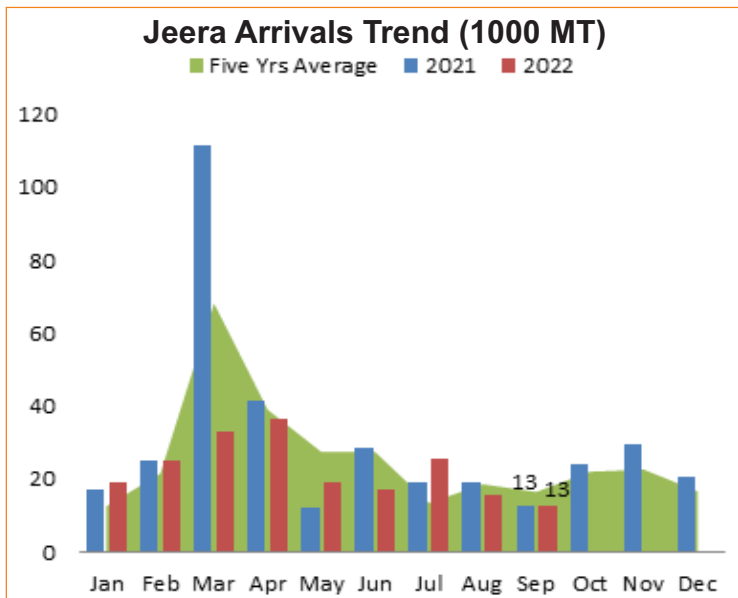
Source: Reuters and SMC Research

Jeera spot prices are trading at premium above INR 400 over Jeera NCDEX Nov contracts mainly due to supply tightness in spot market. Considering the current supply situation, premium of spot prices over futures is likely to increase further. Firmness in spot prices will also cap the downfall in futures as well.

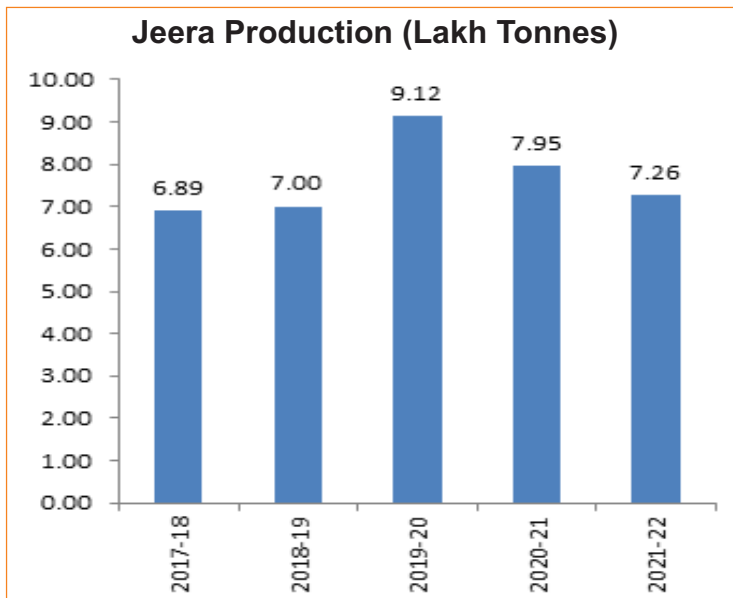


Jeera arrivals has been down by 28% Y-o-Y till Sep'22 end reported at 205 thousand tonnes. Arrivals were reported down mainly due to fall in production in major producing states. Untimely rainfall and lower area under jeera has impacted the overall production adversely in year 2022 as total production is estimated to be down by 8% Y-o-Y in year 2021-22. Government estimates shows that only 7.25 lakh tonnes of jeera is estimated to produce in year 2021-22 compared to 7.95 lakh tonnes of previous year.

# JEERA (Cumin)

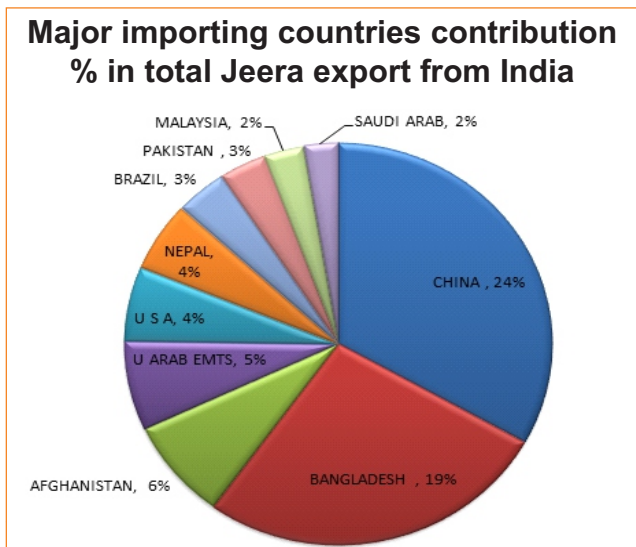


Source: Agmarknet and DGFT



## Outlook:

Going forward, Jeera NCDEX Nov futures may correct further due to surging selling pressure. As Jeera prices are still ruling much higher to the last year as well as normal prices that will attract only big players in the market wherein marginal buyers and stockiest are going for need based buying. However, Jeera prices are likely to rebound soon in wake of rise in festive as well as wedding season demand ahead. Arrivals are likely to remain lower unless new crop touches the market in Feb- Mar of next year. Apart from that, global demand of Indian Jeera will remain stable in coming months as lower production in Syria and other exporting countries will force global buying to import jeera from India. Demand from China has increased in recent months due to supply shortage in China. China accounted for 45% of total Indian export of jeera in Aug'22. Out of the total export of 23.47 thousand tonnes in Aug'22, about 10.62 thousand tonnes of jeera were imported by China.



Source: DGFT



Jeera Nov futures prices are likely to witness some initial correction towards 23000. Losses beyond 23000 are looking unlikely due to supply shortage in domestic market. Prices will sustain the support level of 23000 and will move up gradually towards 25000 again in coming weeks

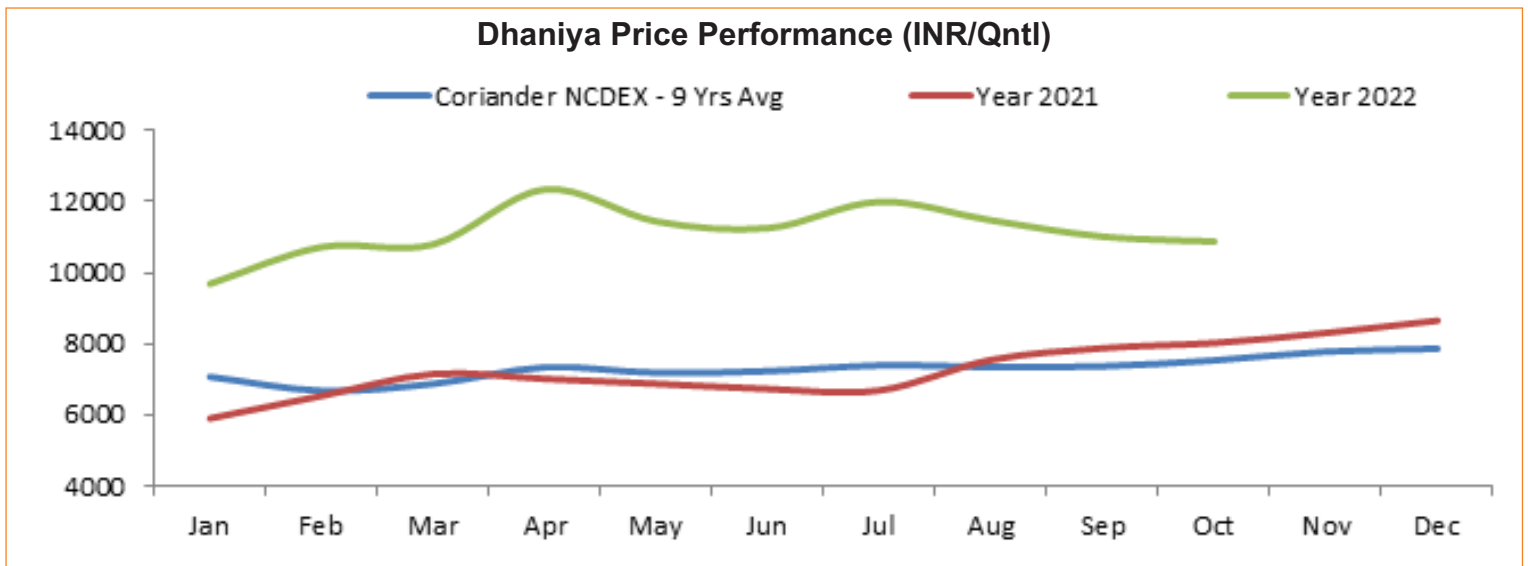
Jeera NCDEX Nov	S2	S1	Pivot Point	R1	R2
	23300	24000	24900	26000	26500

## Major Price Drivers:

- Off supply season
- Uncertainty over imports with ongoing Russia and Ukraine war
- Festive and wedding demand
- Better sowing expectation

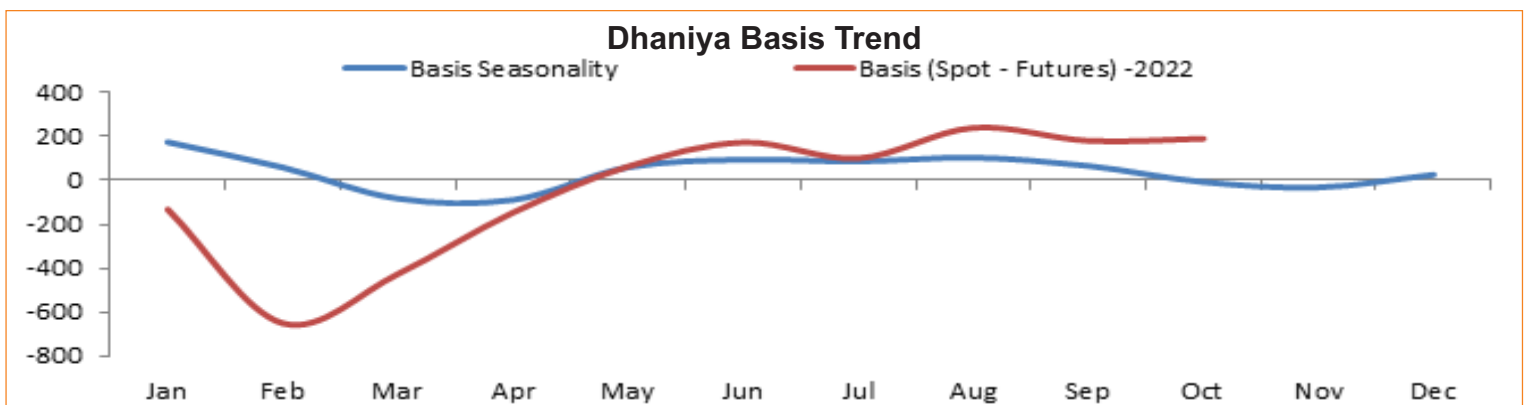
## Price Performance and Fundamentals

Dhaniya futures remained under pressure in Sep'22 mainly due to increased imports. Despite of annual fall in production supplies remained adequate with rise in imports. Local traders and spices maker also went for hand to mouth buying due to adequacy of supply that put pressure on prices. Coriander prices dropped 10 % M-o-M in Sep'22 touched the low of 10300. However, prices have started recovering in Oct'22 mainly due to emerging buying interest at lower levels in wake of increased festive demand. Dhaniya prices are still ruling much higher compared to last year as well as from the 9 years average price level due to increased buying amidst lower production in domestic market.

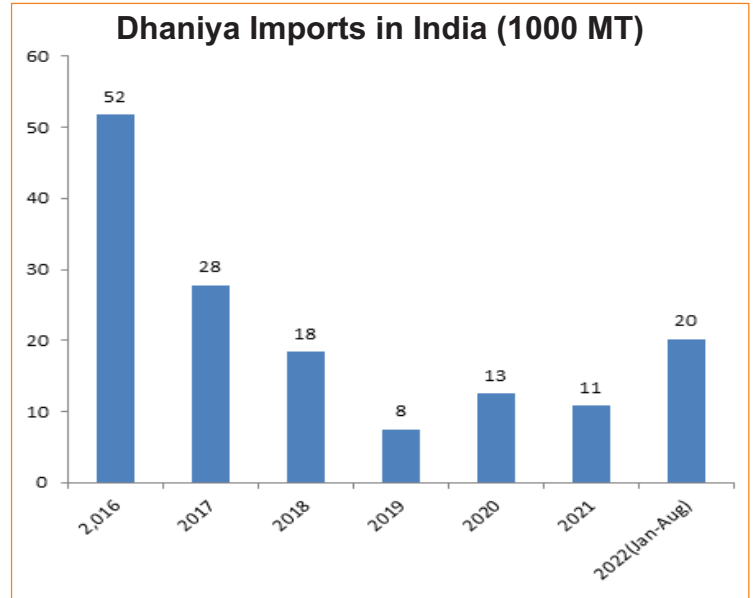
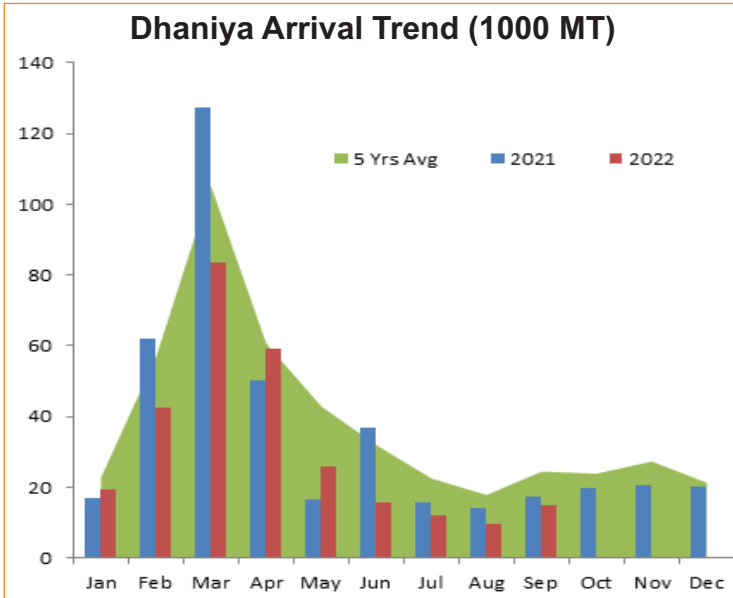


Source: Reuters and SMC Research

Coriander Basis is ruling positive in Oct'22 that depicts the spot demand of coriander is higher compared to futures. In wake of rise in festive and wedding season demand and limited availability of quality produce in domestic market, firmness in spot prices is likely to remain intact in near term. Basis seasonality depicts that basis (Spot-futures) has tendency to be lower in Nov- Dec due to narrowing spread between spot and futures prices.

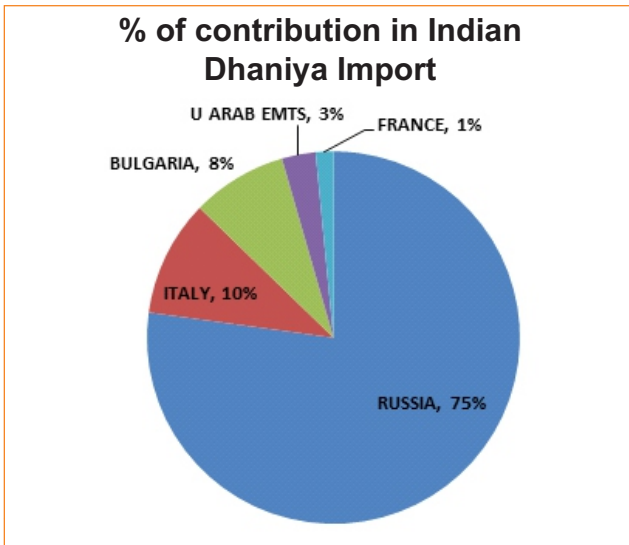


Dhaniya arrivals have been down by 21% Y-o-Y so far in Oct'22 since Jan'22 mainly due to lower production. About 2.85 lakh tonnes of dhaniya arrived during Jan'22-Oct'22 compared to 3.63 lakh tonnes of previous year. Monthly trend of arrivals of dhaniya shows arrivals has been down on yearly basis from June as stockiest were optimistic for further rise in prices in limited availability of premium quality of produce in the market. Going forward prices will track the sowing progress as sowing of dhaniya is likely to commence in Oct and new crop will start arriving from Feb'23 onwards. Considering the current prices trend and better realization on dhaniya prices compared to other competitive crops, farmers will show more interest towards dhaniya that will lead to significant rise in dhaniya acreages for year 2022-23.



Source: Agmarknet and DGFT

With fall in domestic production and arrivals, imports of dhaniya has increased significantly in year 2022. Surging cheaper imports from Russia other global counties is likely to fill the supply gap in domestic market. India has imported about 20.2 thousand tonnes of dhaniya during the time period of Jan'22-Aug'22 compared to 4.5 thousand tonnes of previous year for same period.



Source: DGFT



## Outlook:

Dhaniya Prices are expected to trade mixed to higher in near term mainly due to active festive buying. Upcoming months are off season for arrivals and any uncertainty over imports will restrict the losses. Geopolitical tension between Ukraine and Russia has resurfaced again and any disruption in supplies from Russia will support the domestic dhaniya prices. However, profit booking is likely to be seen by end of Oct as stockiest and farmers are still realizing very good returns on dhaniya. Dhaniya prices are still ruling much higher compared to last year as well as from normal that will prompt stockiest to release their stocks once the sowing activities will pick up by end of Oct. Sufficient moisture levels and better realization on dhaniya will prompt farmers to increase their area under dhaniya. Apart from that, increasing imports will be also cap the gains in prices.

Dhaniya NCDEX Nov	S2	S1	Pivot Point	R1	R2
	9500	10300	11364	11950	12700

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