

Monthly Report On **SPICES**

JUNE 2022

02nd June, 2022



Moneywise. Be wise.

Factors to watch

- Sowing progress of turmeric in the country
- Weather in the turmeric growing areas
- Exports demand from middle- east and Bangladesh
- Demand from domestic Masala industry and stockists
- Stock positions with the farmers and traders and imports

NCDEX Turmeric - Daily Chart



Source: Reuters & SMC Research

Price performance and Fundamentals

- Turmeric prices continue its corrective move for the fourth consecutive month and closed lower by more than 6.5% on NCDEX, turmeric (farmer polished) ended below ₹8,000 a quintal for first time in year 2022. Similarly, at the Erode agricultural produce marketing committee (APMC) yard in Tamil Nadu, prices of the (farmer polished) turmeric fall to ₹8,274 a quintal from ₹8,523 at the start of May.
- Since the start of New Year 2022, turmeric futures are down by more than 17% or ₹16600 per quintal due to sufficient stocks and lower exports from the country. Moreover, farmers are holding their crop in expectation more prices in the second half of the year due to improving exports. Indian exports turmeric to more than 145 countries of the world in the FY 2021-22. According to the data by commerce ministry, country has exported turmeric worth Rs. 14,000 crore to Gulf, Europe union, US and Bangladesh.
- As per the government data, turmeric exports in FY 2021/22, down 16.7% at 1.53 lakh tons compared to last year but higher by 10% compared with 5-year average for the same period. However, exports of turmeric for Jan to Mar 2022, down by 1.15% y/y at 36,750 tonnes Vs 37175 tonnes last year same months.
- Sowing of turmeric crop has started in the irrigated areas in Maharashtra and Tamil Nadu but new crop is about 9-10 months away. The area under turmeric in coming season could remain stable, though there are chances of farmers shifting to either soybean or cotton, which have given growers attractive returns.

Outlook

Turmeric futures expected to trade sideways to higher in the coming months as we have observed strong support at 7800 levels. Responsive buyers are looking to buy at these levels on expectation that export demand will improve in next two months. Currently, prices are depending on export demand from the country. As per the seasonality chart, prices expected to trade on positive note in July and August on expectation of improving seasonal exports during the month of Jun – Jul. NCDEX turmeric (Jul) prices may trade higher towards 8400 with support is seen at 7800.

Technical Levels

Contract	CMP	S1	S2	PIVOT	R1	R2
Jun	8,012.00	7,460	7,735	8,100	8,385	8,760
Jul	8,106.00	7,550	7,828	8,200	8,480	8,860

Month Closing (Rupees per 100 kg)



Source: Reuters

Monthly Heat Map and Seasonality for Turmeric Futures



Source: Reuters

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

NCDEX Jeera - Daily Chart



Source: Reuters & SMC Research

Price performance and Fundamentals

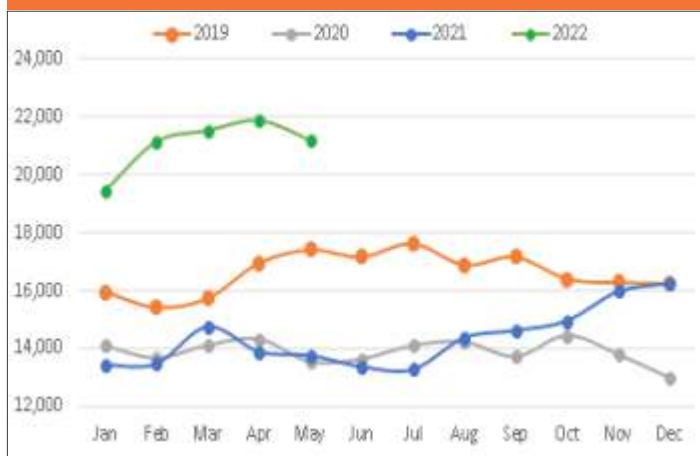
- On NCDEX, Jeera futures gave negative closing for the first time in 2022 to close more than 3% lower as it faced stiff resistance at 22000 levels. Moreover, limited export demands at 4-years high levels also pressurize prices in the month of May. Currently jeera is trading at more than 50% higher compared to last year prices. In 2022, prices have increased more than 28% as prices have jumped close to 19% in Jan itself due to lower production and good demand from the bulk buyers.
- Due to higher prices, domestic demand for jeera from the bulk buyers and stockists were lower by almost 50% thus the stocks with the masala makers and exporters are lower as they are purchasing as per the requirements.
- Indian cumin export is very sluggish during the first 3 months of 2022. As per the govt. data, country exported about 43,250 tonnes, down by 37% on year. Last year exports were more than 68,000 tonnes during same period. At present, the price of Indian cumin is about \$2900 to 2950 per tonne in the international market. In FY 21-22, cumin exports were down by 27% on year at 2.16 lakh tonnes compared to close to 3 lakh tonnes last FY.
- The jeera demand in European countries is limited this year due to higher prices compared to last year. Moreover, due to war situation between Russia and Ukraine, European traders are not interested to stock jeera due to uncertain demand situation. The major export destination for the Indian jeera is China, Bangladesh and US, which account for about one-third volumes of export. Jeera is export to 144 countries in the world during 2021/22.

Outlook

Jeera futures expected to trade sideways to lower on expectation of selling pressure from the higher levels. Moreover, lower domestic demand and sluggish export volumes may keep prices under pressure in coming months. We have observed that during the monsoon season the demand for jeera decreased every year while higher prices are also a reason for slow domestic demand. However, as per seasonality chart, jeera prices expected to move higher during Jun-Jul but still depend on the export numbers. Jeera (Jul) may trade lower towards 20000/19800 if it sustain below 20470.

Contract	CMP	S1	S2	PIVOT	R1	R2
Jun	21,410	19,550	20,480	21,400	22,330	23,250
Jul	21,595	19,805	20,700	21,600	22,500	23,400

Monthly Closing prices (Rs/100 kg)



Source: Reuters

Monthly Heat Map and Seasonality for Jeera Futures



Source: Reuters

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

NCDEX Coriander Price - Daily Chart



Price Performance and Fundamentals

Source: Reuters & SMC Research

- Dhaniya futures corrected for the first time in last 8 month to close 8% lower on profit booking at higher levels. Moreover, increase in arrivals in the mandis and normal demand at higher prices has pressurized prices last month. Coriander prices on NCDEX are higher 62% y/y and jumped about 26% since January on reports lower production and good domestic demand from the bulk buyers and spices industries.
- According to the seasonality, every year it is observed that the coriander price decreases due to heavy heat in the month of Apr-May. In the last one month, the spot market of Coriander has declined by ₹10-12 per kg while in Coriander Futures it has decreased by ₹ 2100.
- According to the market sources, in Gujarat, Rajasthan and Madhya Pradesh about 80-85% of crop is already arrived in the market. Most of the stocks are hold by the stockists while Spices industries are purchasing it as per the requirement as prices are 60-65% higher this season compared to last year.
- Arrival of new coriander crop will start in other coriander producing countries like Russia, Bulgaria, Ukraine, Romania, Morocco etc. in the month of July, but the production is expected ti be lower than the previous crops particularly in Ukraine, Syria and Iran.
- As per data release by Govt., coriander exports in Jan – Mar 2022 is down by 22% Y/Y at 11100 tonnes compared to 14250 tonnes while for FY 2021/22 export volume is down by 15.24% at 48,600 tonnes Vs 57,350 tonnes last year and lower by 9.5% as compared to the 5-year average. Major coriander seed are exported to Bangladesh, Nepal and UAE, accounting for 70% of export volume while coriander in powdered form is mostly supplied to South Africa, UK and USA.

Outlook

Dhaniya futures is expected to trade sideways to lower as we witness some pressure due to higher arrivals of coriander from Madhya Pradesh and Rajasthan. Moreover, the demand is still not improving at these levels from the spices industries on expectation of further corrections owing to lower export demand and sufficient stocks with the traders and farmers. Moreover, as per the seasonality, prices tend to correct during May-Jun before it start moving higher. We expect the Coriander Jul prices to trade towards 10200/10000 levels, if it sustains below 11150.

Contract	CMP	S1	S2	PIVOT	R1	R2
Jun	11,322	9,960	10,640	11,500	12,180	13,030
Jul	11,368	10,050	10,710	11,590	12,250	13,130

Month Closing (Rupees per 100 kg)



Source: Reuters

Monthly Heat Map and Seasonality for Coriander Futures



Source: Reuters

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