

# Monthly Report On **SPICES**

**MARCH 2022**

14th March, 2022



Moneywise. Be wise.

# TURMERIC

## Factors to watch

- Domestic demand from the upcountry buyers
- Exports demand from middle- east and Bangladesh
- Prices in the International market
- Stock positions with the farmers and traders
- Arrivals in the spot market like Nizamabad, Sangli etc.

## NCDEX Turmeric - Mar-2022



Source: Reuters & SMC Research

## Fundamentals

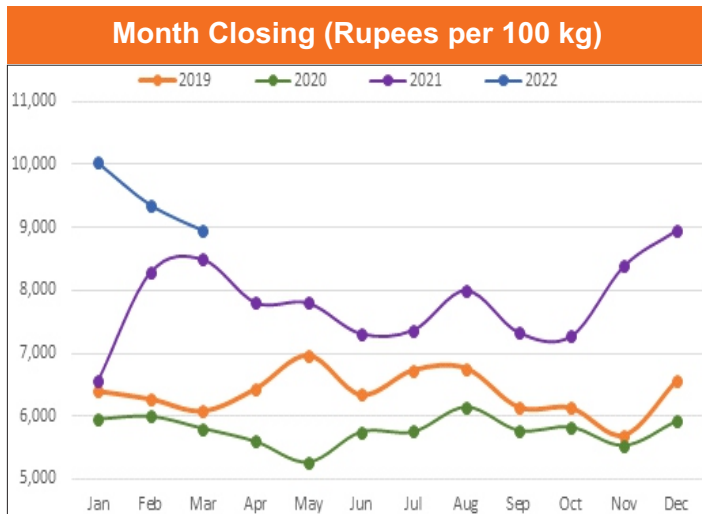
- Turmeric prices have been correcting since the month of Feb 2022 after it touched all-time high of 11148 in Jan 2022. Since Feb 2022, it has slipped more than 11% from 11400 levels to current trading at 8950 levels, due to new season arrivals and lower exports demand.
- In the NCDEX, the most active April contract is trading higher by about 44% y/y during Jan is now trading almost at the same levels as last year. This year turmeric production has reduced due to bad weather in almost all major turmeric-growing areas. Thus, farmers having the quality turmeric are sold at the rate of Rs 9,000 to Rs 10,000 per quintal in the mandi of Sangli district of Maharashtra.
- Nizamabad spot prices quoted by NCDEX were ₹8,500 while at Erode APMC, the finger variety turmeric was quoted at ₹7,200 per quintal.
- Despite lower production prospects, turmeric prices have not picked up because of slow export demand at higher prices.
- During Corona period, people have started using turmeric as an immunity booster. Therefore, its value has increased since the last two years. Its demand has also increased in the international market. Traders say that this year, due to the decrease in production, prices have continued to rise since the beginning of the season and will continue to do so.
- In the start of the season, the prices were very attractive for the farmers so the arrivals have increased in the physical mandies. According to market sources, the arrival of 8 to 9 thousand sacks of Rajapuri Haldi and Parpethe Haldi has started in Sangli Mandi.
- Export of turmeric has been lower in FY 2021/22. As per the government data, in the first 10-months (Apr-Jan) of FY 2021/22, exports down 15.5% to 1,53,574 tons compared to last year but higher by 9.2% compared with 5-year average. The major export destination for turmeric is Bangladesh, Iran and UAE.

## Outlook

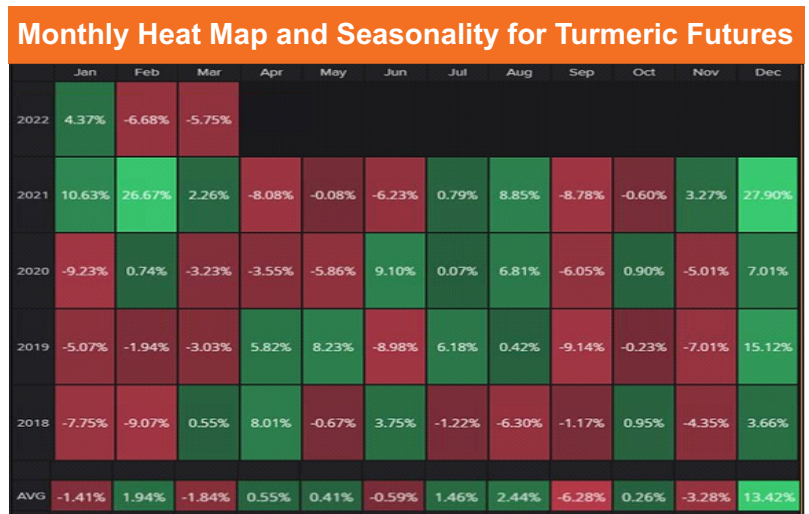
We have witnessed corrections in NCDEX turmeric (Apr) prices due to new season arrivals and lower export demand. Farmers are bringing their produce in the market, as the prices are higher this year compared to last. The local demand has been good but higher arrivals pressurize the prices recently in the physical markets. Export demand has not yet picked up due to higher prevailing prices in the domestic market. As per the seasonality chart, the turmeric prices may correct further in coming month due to peak arrival season. Prices are likely to trade lower towards 8000 levels at least until April, after which the trend will depend on domestic and export demand.

## Technical Levels

Contract	CMP	S1	S2	PIVOT	R1	R2
Apr	8,820.00	7,264	8,042	9,246	10,024	11,228
May	8,928.00	7,409	8,169	9,333	10,093	11,257



Source: Reuters



Source: Reuters

# JEERA (Cumin)

## Factors to watch

- Production estimates for the current year
- Arrival volumes in the physical markets
- Stocks with the farmers and traders
- Export demand for the Indian Cumin
- Production prospects in other cumin growing countries

## NCDEX Jeera - Mar-2022



Source: Reuters & SMC Research

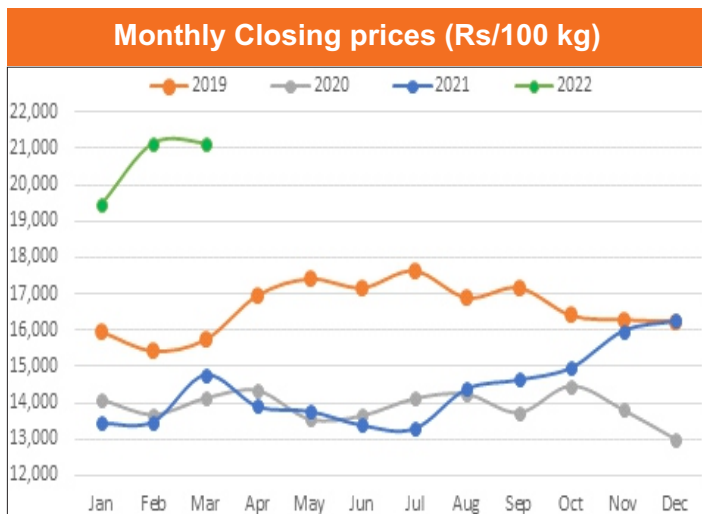
## Fundamentals

- Jeera futures on NCDEX climb to all-time high of Rs. 22,585 per quintal in February 2022. The futures prices surged by 8.8% since Feb 2022, the prices jumped by close to 30% in the year 2022, on reports that the production will be lower due to 50% reduction in the planting area in the country.
- The most active Jeera Apr contract prices have been little volatile since the Start of February. The prices increased from 19400 to its highest levels of 22,585 and then it slipped again to 19300 levels during the 1st week of March and now recovered currently to trade at 21140.
- Prices of jeera (cumin) have given good returns in the start of season as farmers in Rajasthan and Gujarat — the two large producing States — have shifted some of their area to oilseed crops such as mustard and castor this rabi season.
- In the annual meeting of 'Federation of Indian Spice (FISS), jeera output estimate in the country was cut by 37% to 3.01 lakh tonnes i.e. 54.78 lakh bags (one bag = 55 kg) this year while last year production estimates were about 87 lakh bags of cumin in the country.
- According to Federation, the production in Gujarat will decrease by about 44% while in Rajasthan the production estimates cut by about 32% compared to last year.
- Due to higher existing prices doing the FY 2021/22; the jeera exports are lower compared to last Financial Year. As per Govt. data, exports of jeera for Apr-Jan down by 23% Y/Y at 1.88 lakh tonnes compared to 2.44 lt last year. The major export destination for the Indian jeera is China, Bangladesh and US, which account for about one-third volumes of export. Jeera is exported to 151 countries in the world during 2021/22.

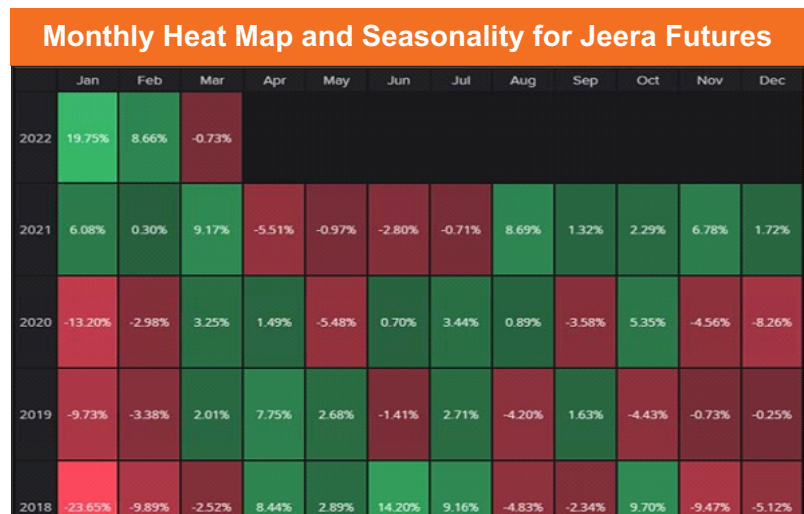
## Outlook

Current jeera prices is witnessing some consolidation at the record prices and seen some corrections also after it touched its all-time higher prices of 22585 in Feb 2022. The most active Apr delivery contract on NCDEX slipped to one-month low to 19350 on profit booking but again recovered to trade at 20890 levels. The recovery is mainly on supply constraints and good domestic demand. As India is the only source for the jeera in the world, we expect jeera (Apr) to trade higher in the range of 21000 – 24600 levels with major support at 19350 levels. As per the seasonality also the prices may remain in uptrend on anticipation of less supplies and higher demand from the physical market players.

Contract	CMP	S1	S2	PIVOT	R1	R2
Apr	21,205.00	17,502	19,353	21,077	22,928	24,652
May	21,415.00	17,852	19,633	21,307	23,088	24,762



Source: Reuters



Source: Reuters

# DHANIYA (Coriander)

## Factors to watch

- Export demands from India
- Arrivals in the physical market across Gujarat, Rajasthan and Madhya Pradesh
- Domestic demand at the prevailing higher prices
- Stocks with the farmers and traders

## NCDEX Coriander Price - Mar-2022



Source: Reuters & SMC Research

## Fundamentals

- Dhaniya futures closed higher by about 6% on Feb 2022 and given positive closing for the 5th consecutive month on reports lower production compared to last year as farmers have shifted to other crops due to low returns during previous years. Currently prices are higher by 55% y/y and up 23% since January as there is good demand on expectation of lower supplies.
- Moreover, unfavorable weather in the growing areas of Rajasthan, Gujarat and Madhya Pradesh also helps coriander prices to move higher in the current financial year. The prices have touched more than 6-year highs of Rs. 11300 per quintal in Feb 2022.
- According to FISS survey, coriander production in FY201/22 will be less by 25.8% at 72.70 lakh bags (1 bag = 40 kg) which is 25.23 lakh bags lower compared to previous year output. Coriander production in Gujarat will be lower by 18.3% while Rajasthan and Madhya Pradesh coriander production decreased by about 33 to 34%.
- Coriander is mainly produced in the country in Gujarat, Rajasthan and Madhya Pradesh. Apart from this, there is a slight production of coriander in other states including West Bengal, Orissa, Bihar, Andhra Pradesh. According to the FISS survey report, sowing of coriander in the country was reduced by 25.4% in which in Gujarat area was down 15.6%, while Rajasthan and Madhya Pradesh the were down by 37.5 and 58 % respectively.
- As per Department of Commerce data, coriander exports in seeds and powdered form have been down 15% during first 10-month of FY 2021/22 (Apr-Jan) period at 41,100 tonnes compared to 48,350 tonnes last year but 11% higher compared to 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.

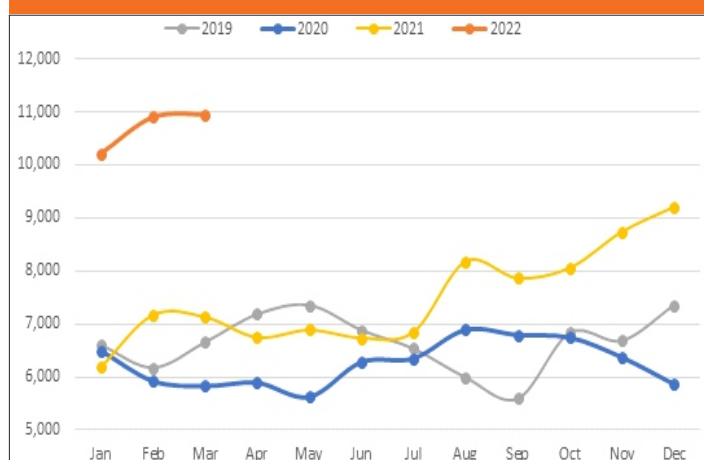
## Outlook

Dhaniya futures are currently trading at 6-year high levels and are now consolidating in the month of March. Most active Dhaniya (Apr) contract has support 10300 levels and resistance at 11300 levels. We expect the trade higher towards 12100 levels if it breaks its immediate resistance due to persistence demand and lower than expected production in coming season. New season coriander has arrived in the physical market. As per the seasonality, the prices during Mar-Apr prices tends to correct as new season arrivals put pressure on the prices and likely trade in the broad range of 9970 - 11500. The export volume of coriander will have impact on prices and may support as this season market is expecting lesser than the normal arrivals.

## Technical Levels

Contract	CMP	S1	S2	PIVOT	R1	R2
Apr	10,820.00	9,110	9,970	10,633	11,500	12,150
May	10,926.00	9,195	10,061	10,713	11,579	12,231

## Month Closing (Rupees per 100 kg)



Source: Reuters

## Monthly Heat Map and Seasonality for Coriander Futures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	14.80%	7.94%	0.29%									
2021	5.56%	15.97%	-1.00%	-5.04%	2.08%	-2.15%	1.63%	18.69%	-3.30%	2.72%	5.92%	2.88%
2020	-5.28%	-8.86%	-1.60%	1.08%	-4.52%	11.66%	1.11%	9.83%	-2.61%	-0.74%	-5.52%	-7.97%
2019	3.97%	-6.48%	7.75%	7.93%	2.38%	-6.40%	-5.08%	-8.31%	-6.69%	22.27%	-2.19%	2.62%
2018	8.21%	-7.17%	-8.90%	-6.68%	-7.95%	8.38%	9.06%	-8.40%	3.98%	19.74%	11.10%	-1.78%
AVG	5.45%	0.28%	-0.69%	-0.68%	-2.00%	2.87%	1.68%	2.95%	-2.16%	11.00%	2.33%	-1.06%

Source: Reuters

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