

# Monthly Report On **SPICES**

**MAY 2022**

04th May, 2022



Moneywise. Be wise.

# TURMERIC

## Factors to watch

- Exports demand from middle- east and Bangladesh
- Demand from domestic Masala industry and stockists
- Sowing progress of turmeric in the country
- Arrivals in the physical market like Nizamabad, Sangli etc.
- Stock positions with the farmers and traders

## NCDEX Turmeric - May-2022



Source: Reuters & SMC Research

## Fundamentals

- In April 2022, turmeric prices continue to correct for the third consecutive month closed lower by more than 3% on NCDEX, turmeric (farmer polished) ended at ₹8,450 a quintal for May delivery down by 270 per quintal. Similarly, at the Erode agricultural produce marketing committee (APMC) yard in Tamil Nadu, prices of the (farmer polished) turmeric fall to ₹8,630 a quintal from ₹9,000 at the start of April.
- Currently we are witnessing lower offtake in the domestic market, which is dragging the prices down. Moreover, farmers are holding their crop in expectation of increase in prices from June onwards due to improving export in coming months. There is a good demand is expected after the Ramadan for turmeric. Indian exports turmeric to more than 140 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, in the first 11-months (Apr-Feb) of FY 2021/22, exports down 20% at 1.37 lakh tons compared to last year but higher by 8% compared with 5-year average for the same period. Exports of turmeric in Feb, down by 17% y/y at 10,403 tonnes Vs 12575 tonnes last year same month.
- 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 some farmers shifting to either soybean or cotton, which have given growers attractive returns.

## Outlook

Turmeric futures sideways to lower in the coming months on expectation that the seasonal demand goes lower in the month of May and June while the prices mainly depends on the export demand from the country. Over 80% of turmeric crops have arrived in the physical market due to higher prices of turmeric during the start of the season. As per the seasonality chart, the turmeric prices expected to be in a range during the month of June while the prices expected to trade higher in July and August. NCDEX turmeric (Jun) prices may trade in a range with support is seen at 8000 while the resistance towards 9700 levels.

## Technical Levels

Contract	CMP	S1	S2	PIVOT	R1	R2
May	8,502.00	7,500	8,000	8,970	9,480	10,450
Jun	8,702.00	7,600	8,160	9,130	9,670	10,640

## Month Closing (Rupees per 100 kg)



Source: Reuters

## Monthly Heat Map and Seasonality for Turmeric Futures



Source: Reuters



# JEERA (Cumin)

## Factors to watch

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

## NCDEX Jeera - May-2022



Source: Reuters & SMC Research

## Fundamentals

- Jeera futures on NCDEX mostly traded sideways to positive during the month of April and closed higher by about 1.85% to close at 21885 levels. The jeera prices continue to trade higher for the 4th successive month in April on persistent physical demand from the spices industry while the arrivals have been limited this season.
- The arrival of jeera in the physical mandis did not improve despite higher prices compared to last year. The physical arrival of old and new crop in Unjha during the April were around 15000 – 20000 bags (1 bag = 55 kg) daily as compared to more than 30000 bags in previous years.
- This year jeera prices have been higher by more than 50% year-on-year but arrivals are on lower side because of lower production of the spice in the country as farmers shifted to more lucrative commodities.
- The export demand of cumin in 2022 is lower as compared to the previous year. Cumin exports were below normal as foreign buyers were not interested in buying cumin at record prices. Jeera exports in Jan- Feb 2022 down by 13% y/y at 28670 tonnes compared to 33150 tonnes last year for the same period. Similarly, exports are down by 23% Y/Y in FY 2021/22 (Apr-Feb) at 2.02 lt compared to 2.63 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

Jeera futures are expected to trade sideways to lower on expectation of continuation of profit booking from higher levels. We have witnessed jeera prices trading under pressure during the month of April though it closed in positive. The prices have slipped from the high of 23500 levels to currently trading at 21800 levels. As per seasonality chart, jeera prices will expect some corrections in the month of April – May before making further moves as the season progresses. Most of the farmers have sold their crops due to higher prices this season while the prices still move based on the export demand. Jeera (Jun) contract has the major support at 21720 levels and sustain below will take prices to 20600 levels.

## Jeera Technical Levels

Contract	CMP	S1	S2	PIVOT	R1	R2
May	21,885.00	20,500	21,190	22,200	22,900	23,950
Jun	22,270.00	20,600	21,450	22,450	23,300	24,300

## 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 higher prices from the country
- Arrivals in the physical market across Gujarat, Rajasthan and Madhya Pradesh
- Stocks with the farmers and traders

## NCDEX Coriander Price - May-2022



## Fundamentals

Source: Reuters & SMC Research

- Dhaniya futures continue to trade positive for the seventh consecutive month in April and closed about 8% higher on good persistent domestic demand. Coriander prices on NCDEX are higher 80% y/y and jumped about 40% since January on reports lower production compared to last year as farmers have shifted to other crops due to low returns during previous years.
- Coriander futures crossed the Rs 13000 level for the first time in April after 7 years on concerns over lower production in the country and other competitors such as Russia, Ukraine and Bulgaria. Moreover, higher prices and limited exports from other major coriander sourcing countries during the 2022 due to war in the region may turn Indian coriander which keeping prices higher. However, the exports have not picked up in first two month of 2022.
- As per data release by Govt., coriander exports in Jan – Feb 2022 is down by 17% Y/Y at 7000 tonnes compared to 8400 tonnes while for FY 2021/22 (Apr-Feb) export volume is down by 22.5% at 44,435 tonnes Vs 57,350 tonnes last year but at par with 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.
- Last year, coriander acreage was lower by almost 10-15 per cent due to deficient monsoon rainfall in Gujarat and most parts of Rajasthan while farmers have opted for other rabi crops such as wheat, chana in rabi 2018-19 for more profits. Moreover, in Madhya Pradesh, which is the largest coriander, producing state also witnessed significant loss in area to pulses and Wheat this year.

## Outlook

Dhaniya futures is expected to trade sideways as we witness some pressure in last two weeks after it touches 13300 levels due to profit booking at higher levels while the demand in physical market normal as prices are higher on year. We expect some corrections in coming weeks if exports from the country did not improve. Moreover, as per the seasonality, the prices during May-Jun, prices tend to correct due to lower domestic demand coupled with subdued exports from the country. We expect the Coriander Jun prices to trade towards 11500/11350 levels, as it is experiencing resistance near 12500 levels.

## Technical Levels

Contract	CMP	S1	S2	PIVOT	R1	R2
May	12,190.00	10,080	11,130	12,200	13,270	14,350
Jun	12,340.00	10,360	11,350	12,350	13,330	14,320

## Month Closing (Rupees per 100 kg)



Source: Reuters

## Monthly Heat Map and Seasonality for Coriander Futures



Source: Reuters

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