

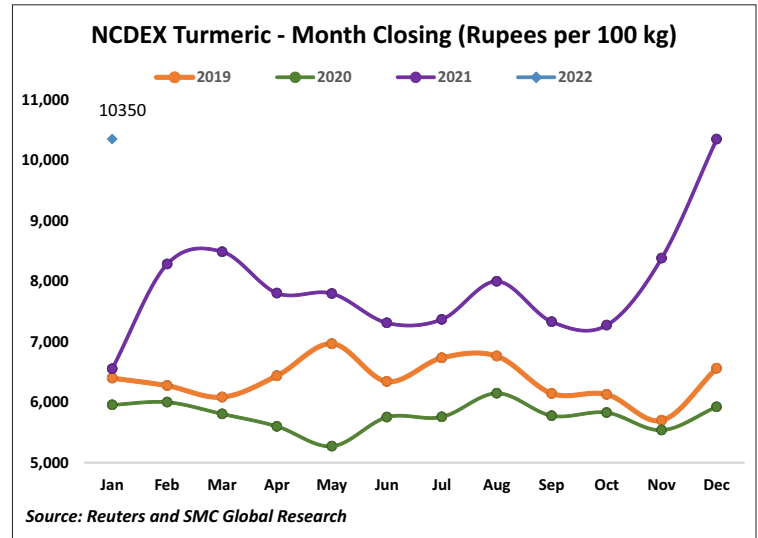
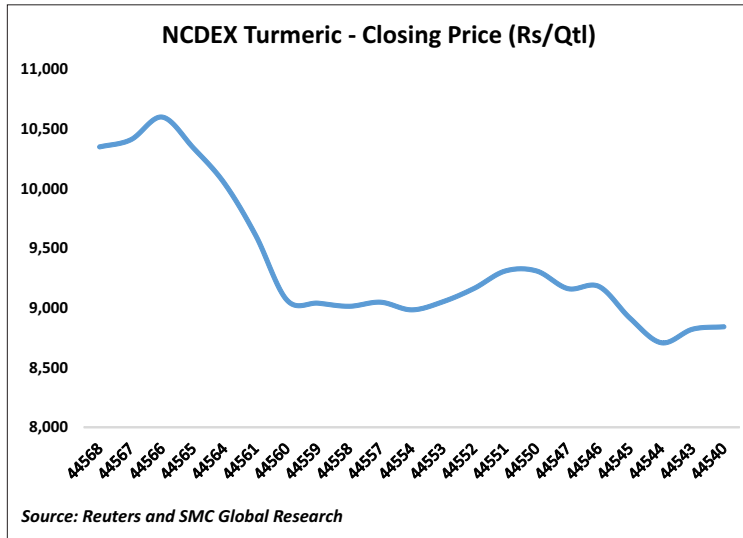
**SPECIAL REPORT ON**

# TURMERIC



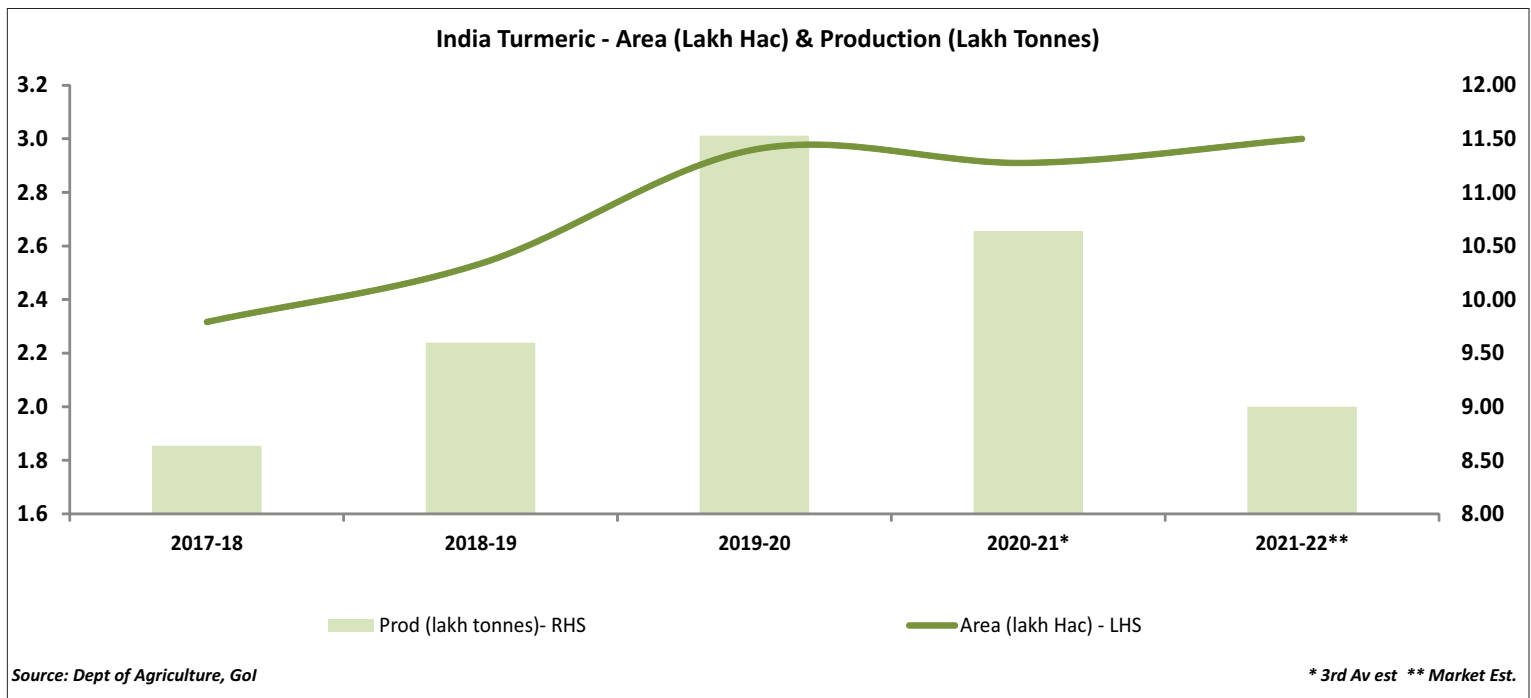
**Turmeric futures are held near their highest in 7-years boosted by improving domestic demand for the new season crop amid reports of lower production prospected in the coming season due to adverse weather conditions during the growing season.**

The most active Turmeric April 2022 contract is up more than 9% in 2022 at ₹10,500 per quintal having touched highest for the contract (₹10,960 per quintal) in the first week of new year. Turmeric prices have surged more than 35% in last one month while it is higher by about 69% on year when the market is expecting arrivals of new season crop in months' times.



## Turmeric production concern

As per market estimates the area under turmeric in 2021/22 was higher due to good prices of turmeric during the year 2021. However, the production may not be higher due to adverse weather conditions during the growing and ripening season. Thus, the production may be lower by around 15-20% at 8.5-9.0 lakh tonnes in 2021/22. Last year, in 2020-21, the turmeric production that the production was lower by about 7% at 10.64 lakh tonnes (lt) compared to previous year of 11.53 lt due to lower area as prices were not encouraging for the farmers, as per the estimates published by the National Horticultural Board.



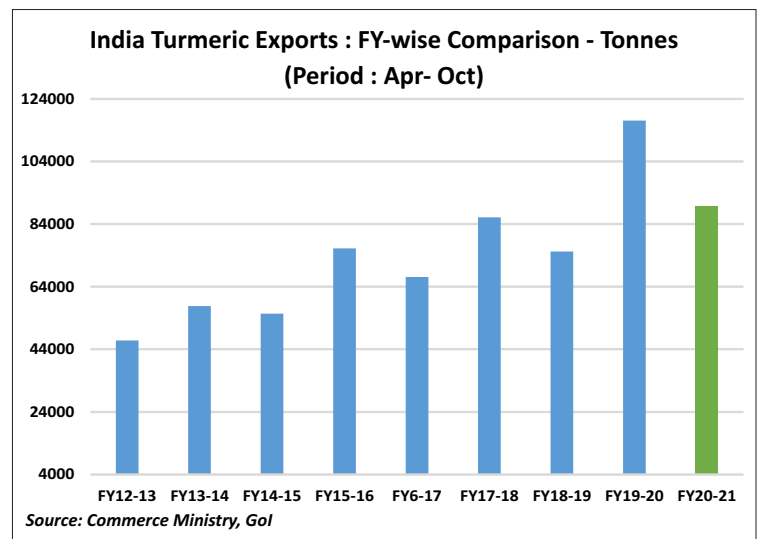
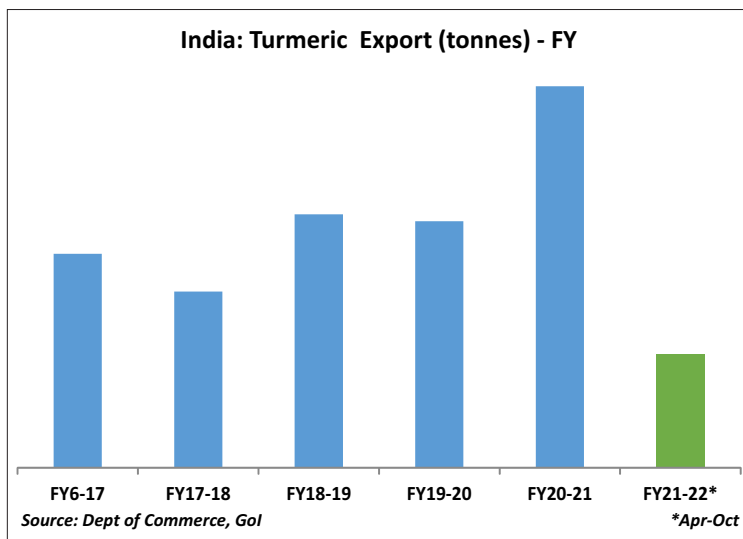
In 2021/22 season, area reported in major growing regions in Telengana, Andhra Pradesh, Tamil Nadu and Karnataka have improved compared to last year on expectation of better price realization.

## New arrivals delayed in 2022

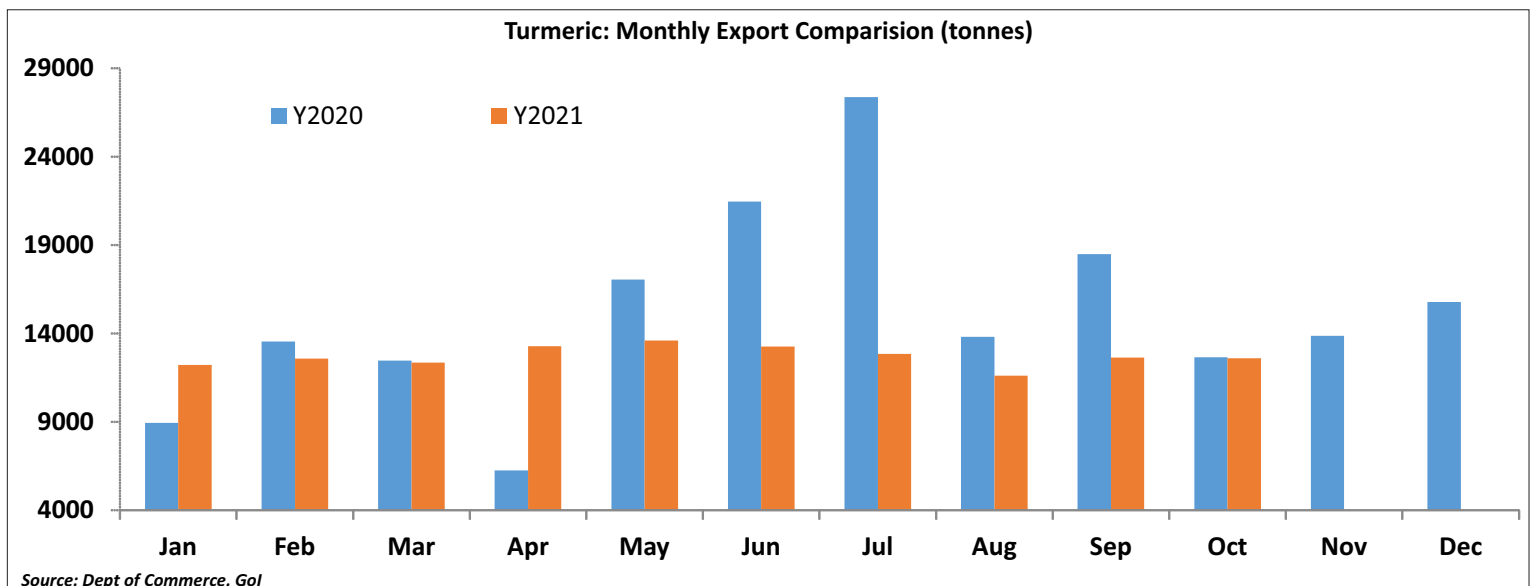
In view of the heavy rains in the growing areas, particularly Maharashtra and Telangana, the yield is expected to be lower and the new turmeric crop is expected to hit the market by the first week of February 2022 due to the rains in October and November which delayed harvesting and post harvesting procedures by two to three weeks. Since export demand is also strong, there is a bullish mood and had export demand from all quarters, particularly Bangladesh and Gulf countries.

## Exports in 2021/22

As per the data release by Dept of Commerce, GoI, turmeric exports during the first 7-months of FY 2021/22 till Oct is down by 23.25% at 89,830 tonnes compared to 1,17,000 tonnes last year. The average export price per quintal is more than 11, 100 per quintal this FY 2021/22 compared to 9370 per quintal during the last FY 2020/21. Higher prices in the domestic market is keeping check in the exports this year.



In 2020-21, India had exported 1.71 lakh tonnes of turmeric compared to 1.37 lakh tonnes of the previous year. The export demand of turmeric witnessed a rise as orders are pouring in from the Middle East, USA, Europe and Southeast Asia. Major export destinations for turmeric are Bangladesh UAE, Iran USA and Morocco.



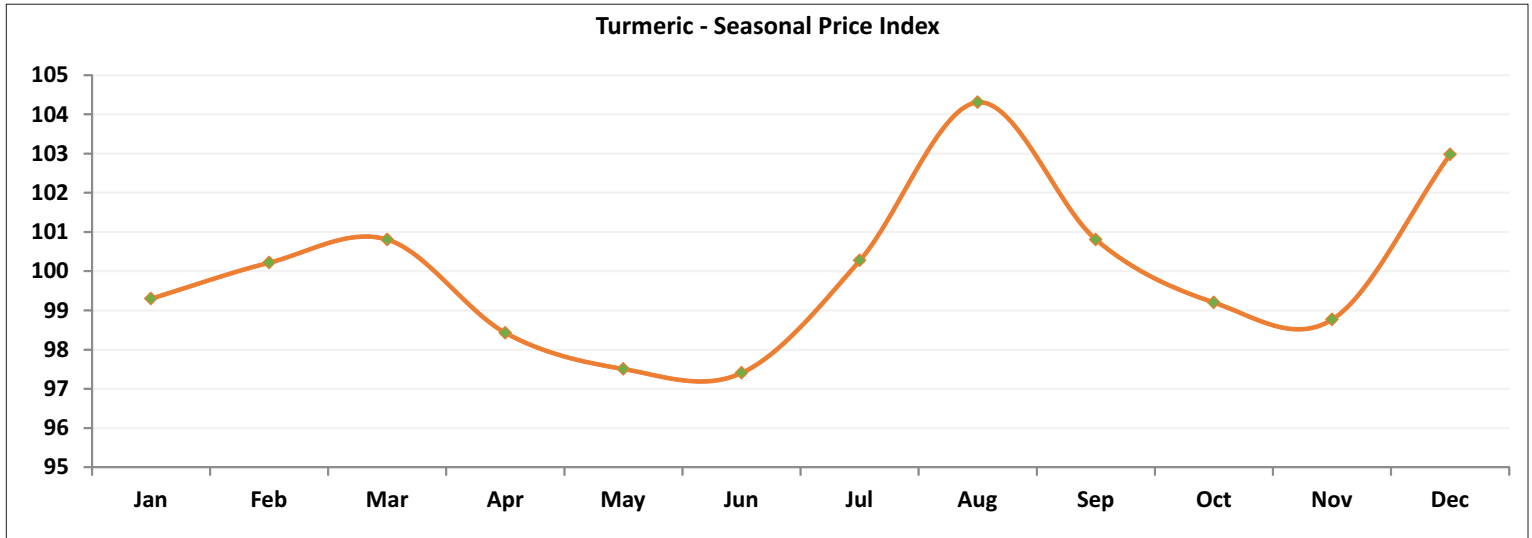
## Outlook

### Fundamental

Going forward, turmeric prices will get support from physical demand as the new season turmeric arrive in the market. Since last month the prices have increased more than 1500 rupees per 100 kg as new season arrivals of turmeric delayed this year and there is increase in physical demand. The price sentiment improved recently on reports of damage to the crop in Telangana and Andhra Pradesh along with Maharashtra where the crop harvesting is delayed due to unseasonal rains. The ending stocks are also lower at 17-18 lakh bags compared to 25 lakh bags last year

In addition, the trader is now concerned over reports of a disease outbreak in the turmeric crop in Karnataka. The production could be lower by about 25 per cent in Karnataka due to disease, primarily since it will affect the yield.

Going forward, turmeric prices could rule high gaining further higher towards 11,500 over the next month or so. Technically, turmeric futures, had support at ₹9,100, while they could meet resistance at ₹10,700. The trend on NCDEX for April futures might see some corrections during April-May.



Source: Reuters and SMC Global Research

### Technical

Based on monthly charts NCDEX Turmeric has moving upside from last couple of months after a long consolidation. Chart structure suggests further upside can see in coming month also as RSI reads at 78.44 in weekly basis, which indicates the strength in future. If the price will correct from here, then can see around 10000/ 9414 level as the retracement zones are 23.6%/ 38.2% respectively. Now the short-term resistance is seen around 10960 and support has seen around 9770 levels. If the price sustained below the support level of 9770 then we can see the downside move towards 9200/8500 levels and if sustained above the resistance levels of 10960 then again will move upside towards 11600/12300 mark very soon. Thus, buy on dips is suggested from the lower levels.



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