

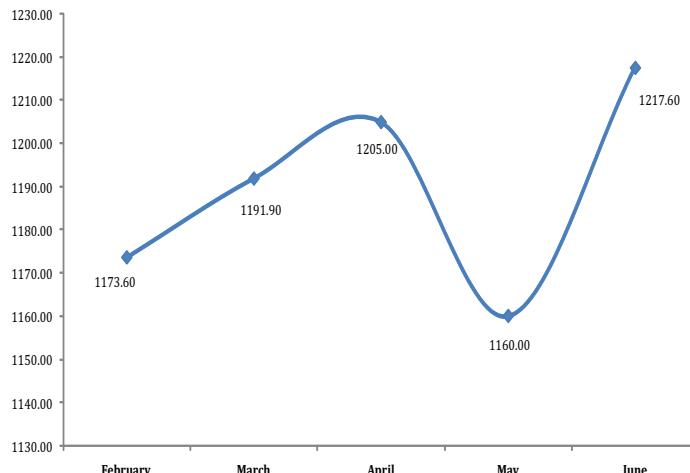
# Monthly Report On **SPICES**

**February 2018**



# CARDAMOM (March)

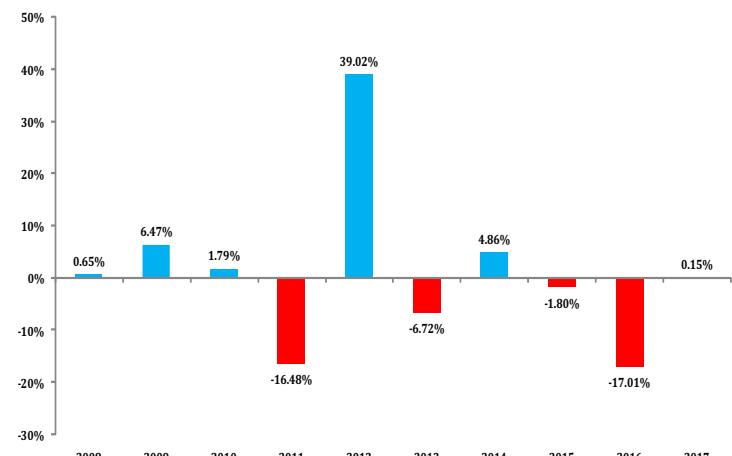
**Forward curve of Cardamom futures**



Source: MCX

Closing as on 31st January, 2018

**Historic returns of Cardamom futures during month of February**



Source: Reuters & SMC Research

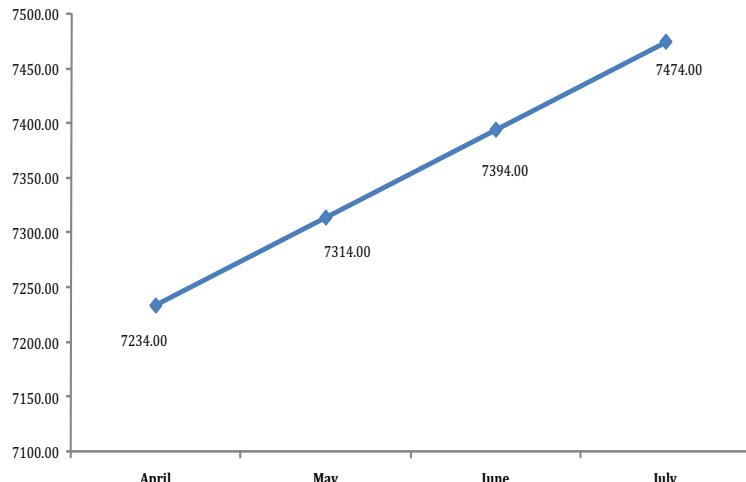
S3	S2	S1	Pivot	R1	R2	R3
1021	1059	1125	1163	1230	1268	1334

## Fundamentals

- Cardamom futures (March) has started to flare up taking support near 1100 levels. A sharp rise can be seen & the counter can test 1250-1280 levels as the supply will get squeezed from here, because the harvesting season has almost come to an end.
- Small cardamom prices are showing a firmer trend at the auctions held in Kerala and Tamil Nadu on a demand-supply mismatch.
- Small cardamom prices are showing a firmer trend at the auctions held in Kerala and Tamil Nadu on a demand-supply mismatch. Prices have crossed Rs.1,000-a-kg mark at auctions held in Tamil Nadu and Kerala. Last time the prices crossed the Rs.1,000 mark was on September 26, 2017, where the auction average stood at Rs.1,020.71/kg.
- Fear of a supply squeeze as the harvesting is almost in the last stages coupled with the present protracted dry weather, has strengthened the demand position.
- A drop in arrivals is expected as the harvesting is entering its last lap which may come to a close by February end while the next crop would start only after June/July depending on the weather conditions in the coming months.
- Empty inventories in the upcountry markets on the one hand and the lean final round of picking expected to end by next month have prompted the buyers both domestic and export to be active in the market
- Besides, the next crop can be expected only after June and that too depending on the behaviour of the ensuing summer.
- Total arrivals during the current season as on January 27 were at 15,974 tonnes and sales were at 15,640 tonnes. The individual auction average of the season was at Rs.959.12/kg.
- Prices of graded varieties (Rs./kg): 8mm green bold 1,300; 7-8 mm: 1,030-1,040; 6-7 mm 940. Good bulk was being traded at Rs.960-1,000 a kg.
- In news, Spices Board will resume the e-auction of small cardamom at the Spices Park in Puttady in Idukki in February after much-needed maintenance operations and technical upgrades are completed. The cardamom e-auctions at Puttady have been temporarily shifted to the facility at Bodinayakanur in Tamil Nadu to prevent disruption of the trade, while the maintenance is under way. It will require a month's time for the upgrades and once the advanced systems are in place, the e-auction system at Puttady will resume in full swing, a statement said.

# TURMERIC (April)

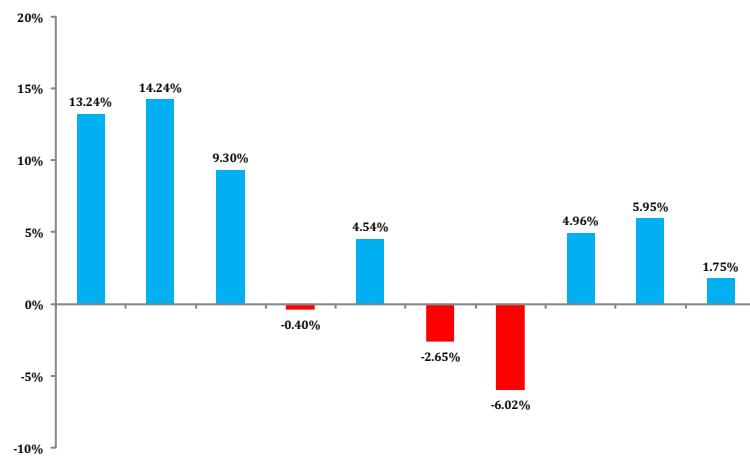
**Forward curve of Turmeric futures**



Source: NCDEX

Closing as on 31st January, 2018

**Historic returns of Turmeric futures during month of February**



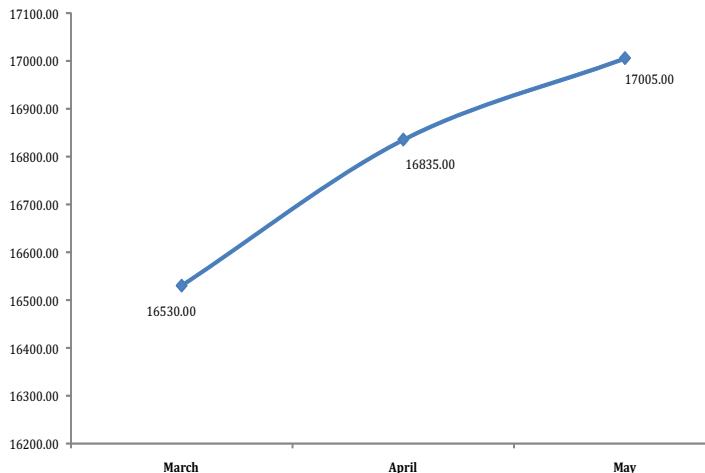
Source: Reuters & SMC Research

S3	S2	S1	Pivot	R1	R2	R3
6198	6662	6948	7412	7698	8162	8448

## Fundamentals

- In days to come, a lower level buying can be initiated in the range of 6900-7000 levels, as the counter may show upside momentum taking support near 6800 levels. Turmeric futures (April) is likely to gain towards 7600 levels as typically, exports of curcumin powder rises in Jan-Mar, when turmeric is harvested.
- Prices of turmeric edged lower last month due to sluggish domestic and export demand followed by pressure by new crop arrival at the market place.
- As per market sources, harvesting will soon and the new crop will start to enter the market from February and extend till March.
- Arrivals from the new turmeric crop have started in the markets of Nizamabad in Telangana and Erode in Tamil Nadu.
- In Erode, which accounts for a quarter of Tamil Nadu's total acreage of the spice, the new crops are being brought into the market in small quantities.
- The supply in Erode is, however, likely to be less than last year, with the local demand expected to be met by purchases from Maharashtra and Andhra Pradesh.
- Traders pegged India's turmeric production in the current crop year ending June down 8-10% from 7.3 million bags the previous year. There will be more demand in the coming days, as the moisture level in the crop declines.
- Further, carryover stock this year is pegged around 22 lakh bags (70kg each) versus 30 lakh bags in previous year.
- As per market sources, out of 7 lakh bags (70kg each) which AP Markfed procured last year 2.5 lakh bags are sold and 4.5 bags are pending.
- On the demand side, the exports are likely to rise owing to increased global demand for turmeric, especially in the pharmaceutical sector.
- India's exports of curcumin, a derivative of turmeric, are seen rising 33% on year to 400 tn in 2017-18 (Apr-Mar).

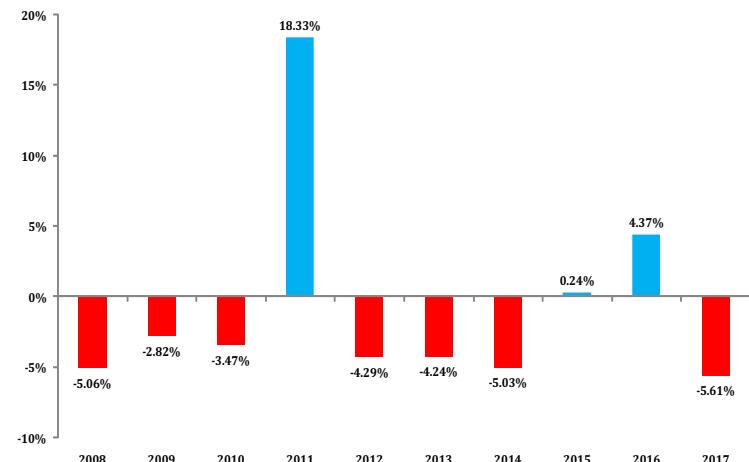
## Forward curve of Jeera futures



Source: NCDEX

Closing as on 31st January, 2018

## Historic returns of Jeera futures during month of February



Source: Reuters & SMC Research

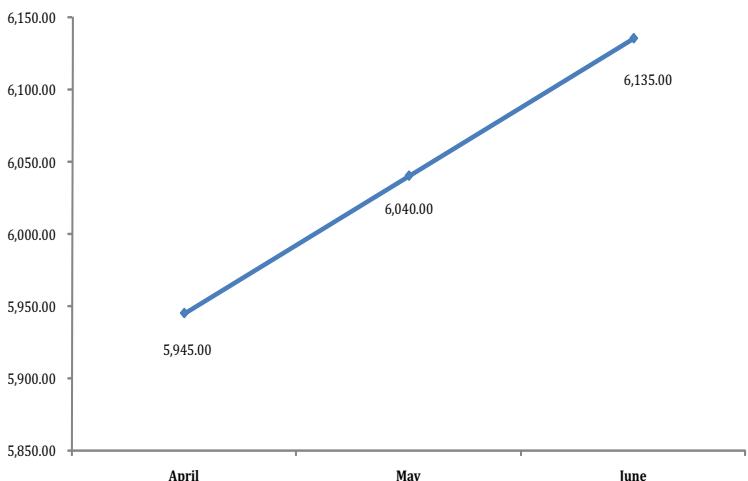
S3	S2	S1	Pivot	R1	R2	R3
14107	15183	15872	16948	17637	18713	19402

## Fundamentals

- In days to come, Jeera futures (March) is expected to take support near 16300 levels & some short covering can be seen towards 17000 levels accompanied with lower level buying.
- Prices of the Jeera declined last month due to higher production prospects followed by entry of new crop arrivals in small quantities.
- The negative factor that may cap any sharp rise is the sowing of jeera which has been recorded higher this season as the farmers has switched from different commodities for better returns.
- Buoyed by the higher prices of last year, farmers in Gujarat turned to jeera (cumin seed) from coriander, resulting in a sharp rise in jeera acreage and almost an equal decline in the coriander sowing.
- Jeera prices had averaged at around Rs.180 a kg last year. Coriander was fetching Rs.45 last year, which prompted many farmers to switch to jeera, resulting into about 35 per cent increase in the acreage for jeera and almost an equal decline in coriander acreage.
- All the major growing districts in Gujarat have recorded higher coverage: Patan (from 40,700 to 68,100 hectares), Banaskantha (from 64,900 to 67,800 hectares) and Ahmedabad (from 12,400 to 19,800 hectares) in north/central Gujarat; Porbandar (from 12,100 to 23,200 hectares), Rajkot (from 4,900 to 22,000 hectares) and Devbhumi Dwarka (from 4,800 to 20,400 hectares) in Saurashtra; and Kutch (from 23,200 to 29,600 hectares).
- Production of Jeera will increase this year due to higher sowing reports and favorable climatic conditions in producing belts.
- According to farmer estimates, jeera production in Gujarat was estimated at around 2.75 lakh tonnes (approximately 50 lakh bags weighing 55 kg each) last year, which is likely to touch 4.12 lakh tonnes this year. The carryover stock is less at about 5,500 tonnes this year.

# CORIANDER (April)

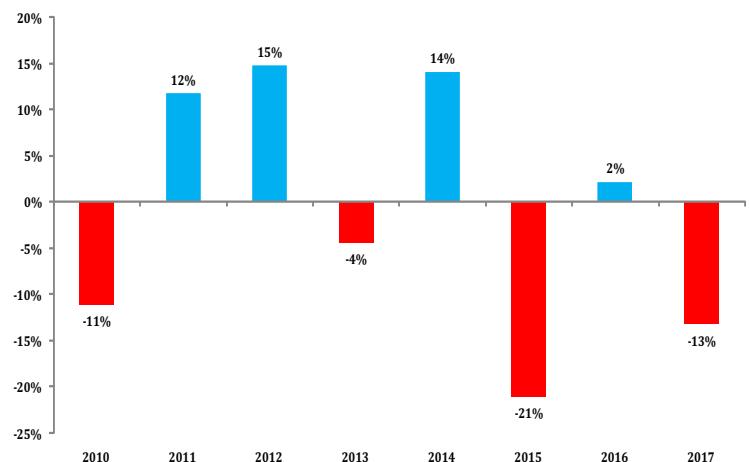
**Forward curve of Coriander futures**



Source: NCDEX

Closing as on 31st January, 2018

**Historic returns of Coriander futures during month of February**



Source: Reuters & SMC Research

S3	S2	S1	Pivot	R1	R2	R3
4897	5256	5601	5960	6305	6664	7009

## Fundamentals

- Coriander futures (April) may witness a consolidation in the range of 5700-6100 levels & the upside may remain capped due to glut production and higher carryover stock from last season.
- Market estimates have put carryover stock at about 50 lakh bags (of 35 kg each) of coriander, with addition to about 80 lakh bags of crop size, the availability will be around 1.2-1.3 crore bags.
- The area under coriander in Gujarat fell 42.79% on year to 67,500 ha, while in Rajasthan, farmers are likely to have sown the crop over 140,000 ha, 10% lower from last year, according to data from states' farm departments.
- Prices of Coriander recovered from lows taking support near 5600 levels, owing to lower level buying from local and upcountry buyers to meet their short term commitments.
- Further, new crop arrivals have started to enter the market but in small quantities and the moisture content in the stock was recorded higher.
- Arrivals of the new coriander crop have started in the spot markets of Rajkot, a key market in Gujarat, since last week, with daily supply at 450-500 bags (1 bag = 40 kg).
- Arrivals are coming from Gondal and Junagadh regions in Gujarat and there is around 20-25% of moisture content in the new crop.
- As of now, demand for the new crop is low as moisture content is more than the ideal level of 7-8%.
- The new crop is only increasing day by day and will rise more by the end of February, when supply may touch 15,000-20,000 bags per day.

# SPREADS

## Weekly spread of Cardamom futures (February - March)



Source: Reuters

## Weekly spread of Turmeric futures (April - May)



Source: Reuters

## Weekly spread of Jeera futures (March - April)



Source: Reuters

## Weekly spread of Coriander futures (April - May)



Source: Reuters

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd.) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities/commodities market.

The views expressed by the Research Analyst in this Report are based solely on information available publicly/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject commodity.

**DISCLAIMER:** This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions.

Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the commodity thereof, mentioned here in or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodities discussed herein(c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.