

Monthly Report On **SPICES**

OCTOBER 2021

11th October, 2021



Moneywise. Be wise.

TURMERIC

Factors to watch

- Crop progress in South India and Maharashtra
- Domestic and Exports demand
- Arrivals in the spot market
- Stocks with traders and Quality of turmeric arrival

Highlights

- YTD prices higher by 35%
- Turmeric production for 2021-22 (marketing year) is estimated at 11.5 lakh Tons Vs 11.02 lakh MT last year
- Exports of turmeric higher for Jan-May period
- Turmeric export down 53% y/y in July
- Demand is expected to be good for its medicinal purposes
- New season turmeric will arrive in December

NCDEX Turmeric - Sept-2021



Source: Reuters & SMC Research

- In September, we witnessed correction in prices by about 8% due to expectations of higher production in the next season coupled lower exports demand at higher prices. Currently, turmeric prices are higher by more than 30%. In September last year, turmeric prices were at 5800 levels but this year it is trading at 7600 levels.
- Turmeric futures fell from the prices of 8000 levels to about 7400 levels. According to the market sources, the production will be higher than the last years production of 11.02 lakh tonnes. There is good domestic demand due to opening of majority of states from lockdown but the stocks are also good with the traders and farmers.
- Export demand for turmeric normally gets sluggish after the month of July. As per the government data, turmeric exports were down by 53% to 12,800 tonnes compared to 27,350 tonnes last year. Moreover, during the first 4-months of new FY 2021/22 (Apr-Jul), the exports are down by 26% to 53,000 tonnes vs 72,100 tonnes last year. The major export destination for turmeric is Bangladesh, Iran and UAE.
- This year area under turmeric is good due to comparatively higher prices and good monsoon rains. Telangana, Maharashtra and Karnataka are the largest turmeric producing states which receives near normal rainfall this season. This will increase production of turmeric for the next season but the demand for its medicinal values will keep the prices at higher levels. With good monsoon rains and favourable weather conditions in the major growing areas, the farmers have expanded the area under turmeric anticipating better and remunerative prices which is in good demand during the ongoing covid-19 pandemic season.

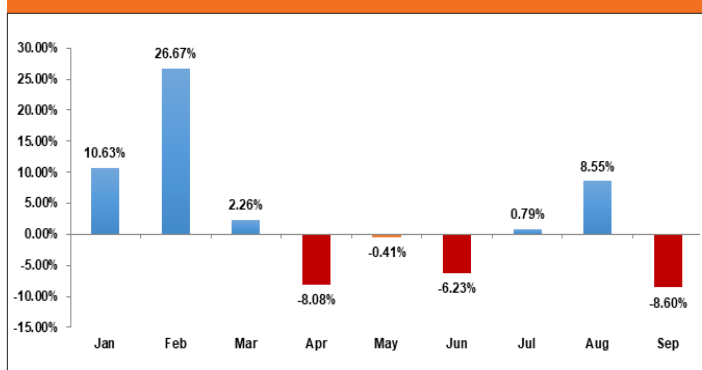
Outlook

Turmeric prices are expected to be in the range as the harvesting season is nearing. As per the seasonality chart, the turmeric prices have been at the lowest during the last three month of calendar year. Currently the prices depend on the last year arrivals of the turmeric and the demand from the up country buyers as exports demand will coming only when the new season turmeric is harvested. We expect NCDEX turmeric (Nov), prices to trade in a range of 7300 – 8000 as production is expected to be good next season and therefore old stocks will be released by the traders in the domestic market in the coming weeks.

Technical Levels

Contract	CMP	S1	S2	PIVOT	R1	R2
Oct	7,220	5,935	6,630	7,330	8,030	8,730
Nov	7,360	6,600	7,056	7,620	8,070	8,630

Monthly price movement of Turmeric futures (%)



Source: Reuters

Monthly Heat Map and Seasonality for Turmeric Futures



Source: Reuters

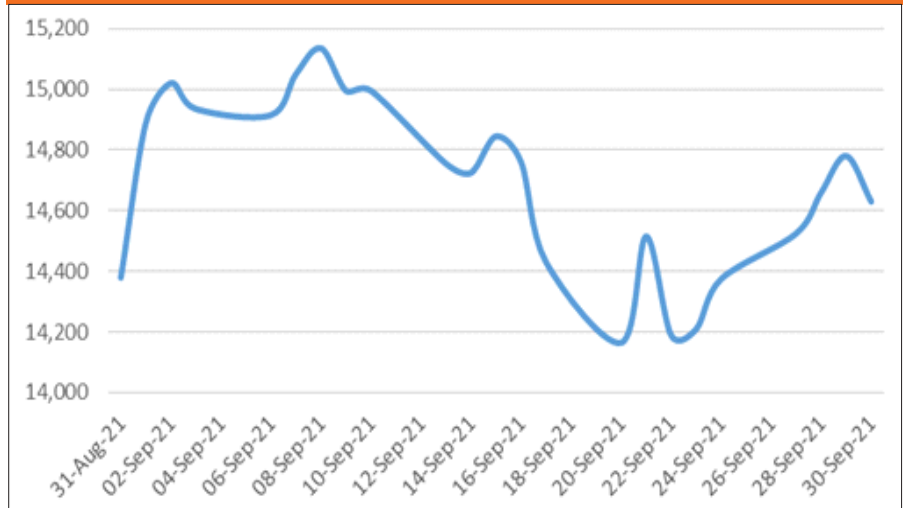
Factors to watch

- Domestic demand and export enquiries
- Stocks left with the farmers and traders
- Rainfall during the Oct in Gujarat
- Production in other countries like Syria, Turkey etc.

Highlights

- YTD price higher by 15.2%
- Exports are down by 12.7% in Apr-Jul
- Domestic demand is improving as lockdown is relaxed
- Production last year was at record 4 lakh tonnes in Gujarat
- Lower production in Syria and Turkey may increase jeera exports from India.

NCDEX Jeera - Sept-2021



Source: Reuters & SMC Research

- In September, we have witnessed above 15000 levels but the prices did not sustain above that for long due to sufficient stocks with the farmers and prices have corrected on heavy arrivals on the physical market.
- Earlier in the season due to deficient rains in Gujarat – the largest jeera producing state, the prices have touched 20-months high of Rs. 15915 per quintal this season but soon the prices have corrected to 14200 due to profit booking by the market participants on reports that there will be above normal rains during Sep-Nov period. The late monsoon rains just before the sowing will be very beneficial for the Jeera crop.
- Country exported more than 1 lakh tonnes of jeera in first 4 months of FY2021/22 (Apr-Jul) down 12.7% compared to last year. If we see exports in 2021 (Jan-Jul), the exports are higher by 5% to 1.75 lakh tonnes. Despite good exports farmers and traders have sufficient quantity of stocks with them due to higher carryover stocks and good production last season. Last year, production was higher compared to previous two years due to favourable weather conditions and higher acreage.
- Jeera market expected to gain as the export is increasing continuously and market sources said that export would increase further in the coming months due to lower supply from producing countries like Afghanistan and Syria. Normally, new production from Turkey and Syria comes in Aug – Sep therefore demand for Indian cumin will be less. Currently the price is mainly driven by the local demand during coming months.

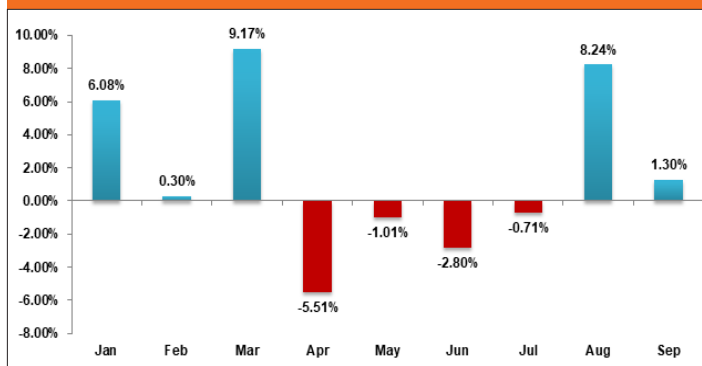
Outlook

We expect jeera (Nov) to trade in a range of 14025 – 15200 with major support at 14360 levels while the resistance 14900. We have witnessed balanced fundamentals of good demand and higher stocks with the farmers. As per price seasonality, jeera prices peak during Jul-Aug and then decline gradually as exports demand also goes down. However, expectation of good festival demand and normal exports during coming weeks will keep prices above 14000 levels. But higher rains in the month of September brighten the prospects of another good crop in coming season. Therefore, stockists which hold jeera will try to sell out in the market that keep the prices under control till the new season sowing commenced in November.

Technical Levels

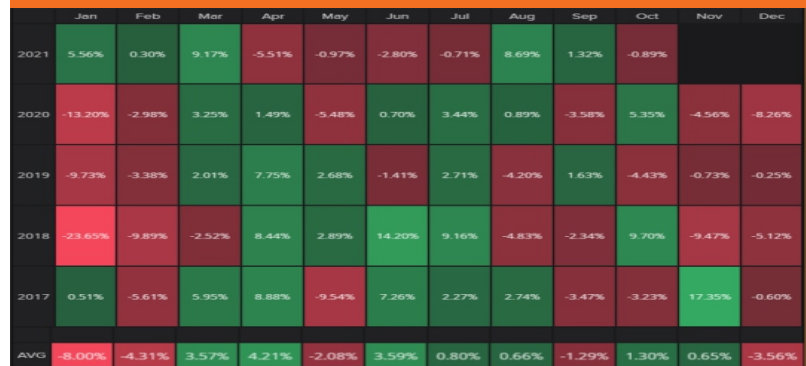
Contract	CMP	S1	S2	PIVOT	R1	R2
Oct	14,460.00	13,410	14,020	14,430	15,040	15,450
Nov	14,555.00	13,440	14,075	14,660	15,295	15,880

Monthly price movement of Jeera futures (%)



Source: Reuters

Monthly Heat Map and Seasonality for Jeera Futures



Source: Reuters

DHANIYA (Coriander)

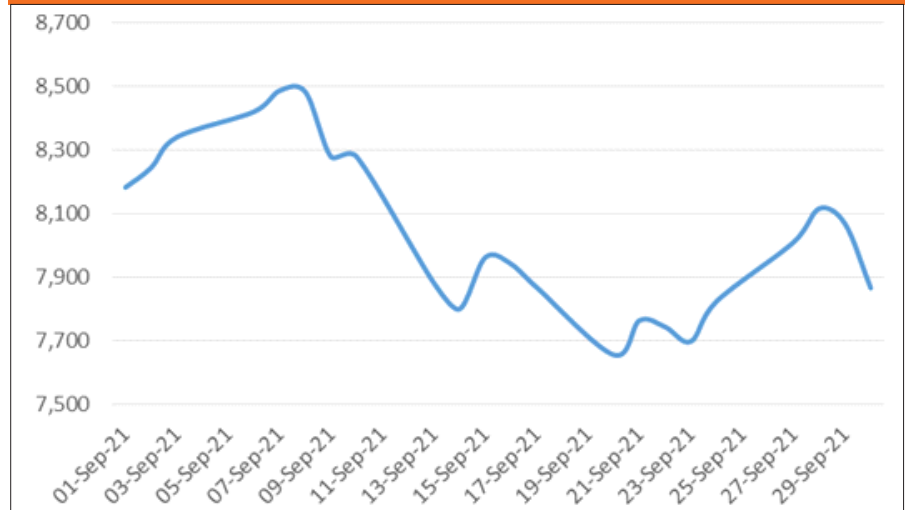
Factors to watch

- Domestic demand and export enquiries
- Stocks with the farmers and traders
- Rainfall during the Sep and Oct in western and Central India
- Arrivals in spot market in Gujarat, Madhya Pradesh and Rajasthan

Highlights

- YTD prices are higher by 34.2%
- Exports are higher by 5.7% in Jan-Jul
- Domestic demand is improving as lockdown is relaxed
- Production last year was at record 8.22 lakh tonnes in country

NCDEX Coriander- Sept-2021



Source: Reuters & SMC Research

- Dhaniya futures have consolidated in a broad range during September and closed 3% lower after it traded 5-year high. The prices are trading higher due to increase in demand from the south and eastern part of India. Prices have surged on the expectations of lower crop in the coming rabi season as Rajasthan and Gujarat both have received deficient rainfall in the first three months of monsoon season but with good rains in the September the prospects of rabi sowing increased. Coriander prices have been higher this season by about 15% despite higher production.
- Coriander exports are up 5.7% at 32100 tonnes during Jan-Jul compared to last season same time. We have witnessed decrease in exports for Apr-Jul period at 17800 tonnes down 10% compared to last year exports of 19800 tonnes. The exports are lower mainly on higher prices and good domestic demand.
- The demand for coriander increased as the stocks with the retailers and traders were low across the country. Due to opening of lockdown the demand from the hotel industries also increasing. However, as per market sources, the stocks have been sufficient with the farmers and stockists as the production last year was good in Country. Spices board has estimated higher production of coriander during the last year at 8.2 lakh tonnes.
- Rajasthan and Madhya Pradesh are the two largest coriander producing states contributing about 80 percent of total production. Rajasthan's contribution stands at 60 percent of which major production is seen from the Southeastern regions like Baran, Kota, Ramgarh mandi and Jhalawar. Good rains in the September in the main sowing area will result in increased area under coriander next season, as prices have been higher in 2020/21 season.

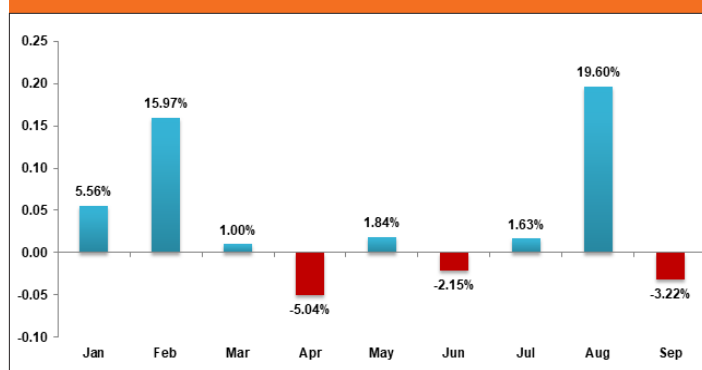
Outlook

Dhaniya futures traded lower last months in September as rains have been good in the Rajasthan, Gujarat, Madhya Pradesh which will be beneficial for the rabi crops. It has earlier touched 6-year high in the month of August due to deficient rains and good demand. In September, it has witnessed some correction from the higher levels due to increased arrivals in the spot markets on reports that the production may be good next season and higher stocks with the stockist. As per the seasonality, the prices may remain stable in coming weeks well balanced fundamentals. Dhaniya (NOV) contract is expected to trade lower towards 7500 with immediate support at 7850 levels and resistance is seen at 8200 levels.

Technical Levels

Contract	CMP	S1	S2	PIVOT	R1	R2
Oct	8,042.00	7000	7,200	7,845	8,000	8,500
Nov	8,108.00	7,450	7,800	8,050	8,200	8,700

Monthly price movement of Dhaniya futures (%)



Source: Reuters

Monthly Heat Map and Seasonality for Coriander Futures



Source: Reuters

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