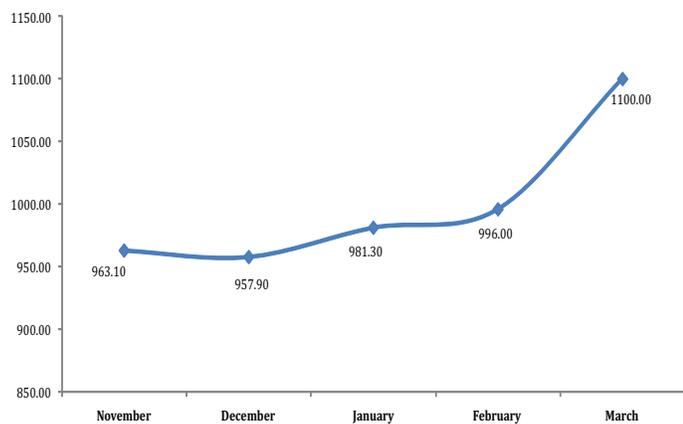


Monthly Report On **SPICES** November 2017



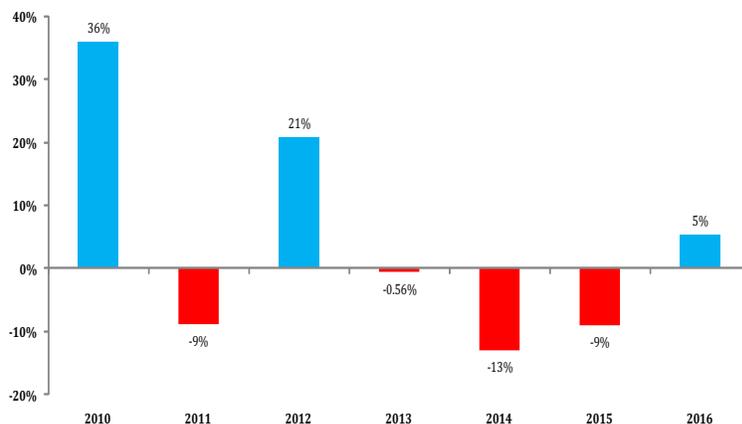
Forward curve of Cardamom futures



Source: MCX

Closing as on 1st November 2017

Historic returns of Cardamom futures during month of November



Source: Reuters & SMC Research

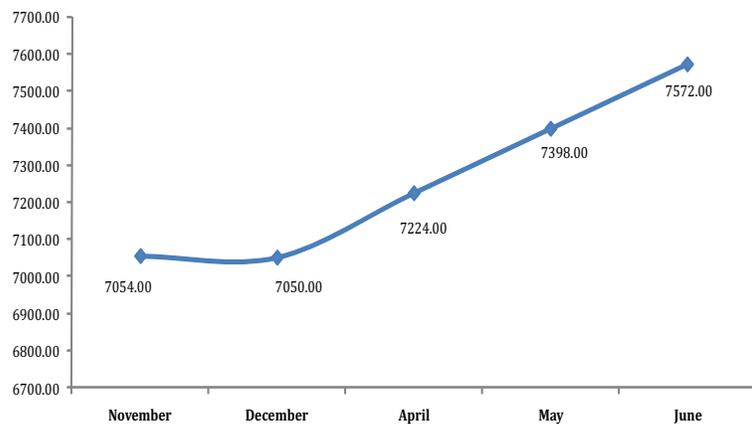
S3	S2	S1	Pivot	R1	R2	R3
683	822	877	1015	1071	1209	1265

Fundamentals

- **The outlook for cardamom has turned bearish after it has broken the major support near 1000 levels. In past two months, the cardamom prices has corrected almost by Rs.350/kg on the national bourse from 1300 levels. It is currently trading at around 950 levels. Cardamom prices have been under pressure since the beginning of this year. Weak demand on the back of increased supply has been keeping the prices under pressure over the last few weeks. In days to come, more weakness is likely to seen in cardamom futures as it can fall further towards 900-850 levels. Any short covering may face resistance near 1020-1070 levels.**
- In the month of October the average price at the auctions didn't crossed Rs. 1,000 a kg.
- The prolonged south-west monsoon has helped raise the cardamom output in the country causing prices to drop by 25% in October.
- The problem faced by farmers in cardamom is labour shortage, which has resulted in the commodity ripening before plucking.
- The crop was low in the first round. Arrivals are averaging 150-200 tons a day. A third round of harvest may be possible which could extend the current arrivals till December.
- Also, a tepid demand is being witnessed due to poor quality arrivals from the third picking of the new crop in Kerala's Idukki district is also weighing on prices.
- Most of the producing centres in Kerala received good rains in October and more rainfall is expected in coming days.
- Harvesting has been severely hit and there is no continuous supply of labour for the past two months. It requires some expertise in plucking ripened beans and traditional women workers are now in short supply. Machines are used to pluck tea leaves these days.
- Harvesting of cardamom beans starts by July end and reaches its peak by September-October. However, many plantations experienced shortage of hands in addition to low yield and poor prices in the current season.
- The cardamom sector is under severe stress because of low production and prices. Now, in some of the plantations harvesting is delayed for want of workers, especially on the Vandanmedu stretch of the Cardamom Hill Reserve (CHR).
- Total arrivals during the current season as on October 21 were at 6,430 tons and sales were at 6,277 tons.

TURMERIC (December)

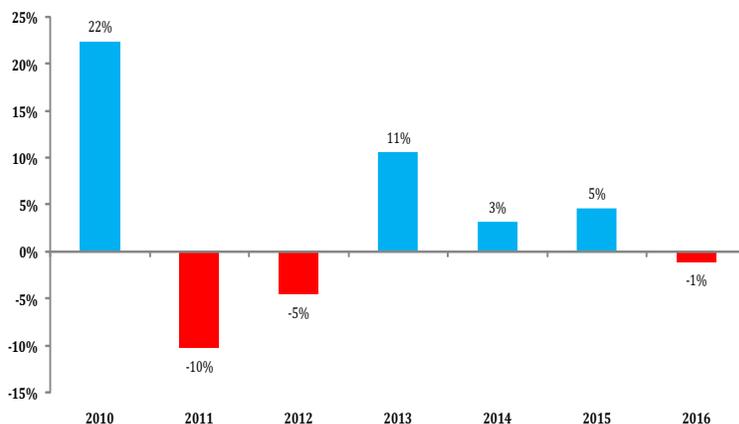
Forward curve of Turmeric futures



Source: NCDEX

Closing as on 1st November 2017

Historic returns of Turmeric futures during month of November



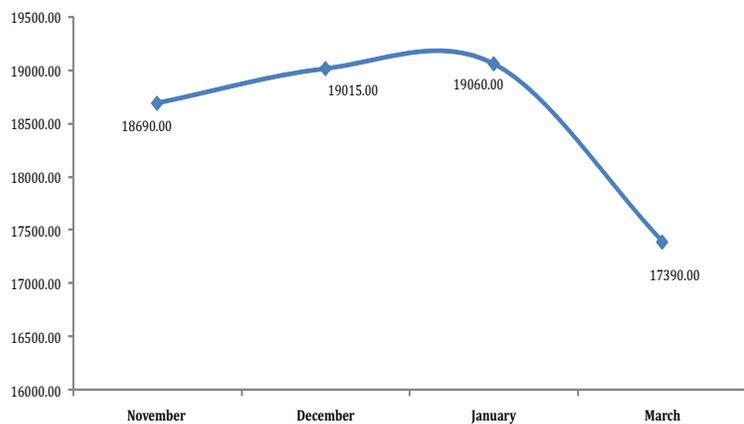
Source: Reuters & SMC Research

S3	S2	S1	Pivot	R1	R2	R3
6122	6512	6784	7174	7446	7836	8108

Fundamentals

- The price trend of turmeric is down for the past three months due to absence of good demand & buyers quoting lower price for the inferior quality of produce that farmers are bringing to the spot markets. In days to come, the bearishness is likely to continue for the fourth consecutive month because the demand is likely to be hand to mouth across the country as there is no major festival in coming months. Turmeric futures (December) trend is likely to trade with a downside bias in the range of 6800-7400 levels.
- Buyers are purchasing very less quantity of turmeric due to absence of demand. At the Erode Turmeric Merchants Association sales yard, finger turmeric sold at Rs.5,841 to Rs.8,131 a quintal and root variety at Rs.5,529 to Rs.7,594 a quintal. At the Regulated Marketing Committee, finger turmeric was sold at Rs.7,109 to Rs.8,255 a quintal and root variety at Rs.6,931 to Rs.7,703 a quintal. .
- The commodity is not able to find good demand mainly due to some financial stress among the industry followed by ample stocks in the country to meet demand.
- The turmeric farmers are in disturbed mood, as the price of the spot turmeric is not improving and also the sale of turmeric is very meager. Such worries are due to the poor daily declining price of turmeric.
- Further buyers are not in mood to make any bulk purchases as new crop is said to be in satisfactory conditions with production expected slightly higher than last year.
- Domestic demand is dull at the moment as the buyers are procuring as per their current requirement and export is down for the first four months of fiscal year 2017-18 to 43,550 metric tons as compared to 49,681 metric tons same period last year.
- Turmeric prices in the near term (1-2 month) is expected to trade tight range with negative bias as stocks in the country is ample followed by slow export and decent crop prospects next season.
- The higher carryover stocks and bumper Turmeric production during the year 2016-17 have constantly kept the prices of the commodity under pressure throughout the season.
- There are sufficient stocks of turmeric in the country to cater demand up to new crop supply, expected from February-March. Further the new crop prospects seem better than last year due to good weather in key growing regions.
- Turmeric stocks in the country is estimated around 35-37 lakh bags (70kg each).
- It is estimated that turmeric new crop could be between 70-75 lakh bags against 65 lakh bags a year ago.
- Turmeric outlook is not very promising as sufficient stock is available in the market, while keeping in mind that the 48,500 metric tons stock with AP Markfed which they was earlier procured in the month of May.
- AP Markfed has started Turmeric liquidation programme from October 9, onwards. It has earlier procured around 48,500 metric tons of Turmeric under PSS. Markfed is selling Turmeric through e-Auction at Agribazar.

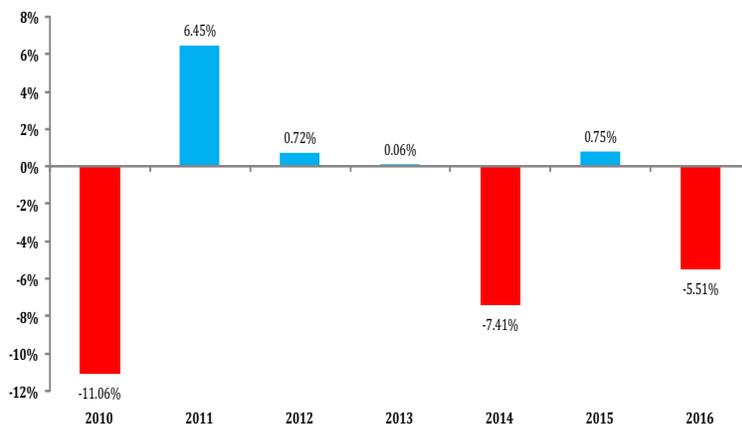
Forward curve of Jeera futures



Source: NCDEX

Closing as on 1st November 2017

Historic returns of Jeera futures during month of November



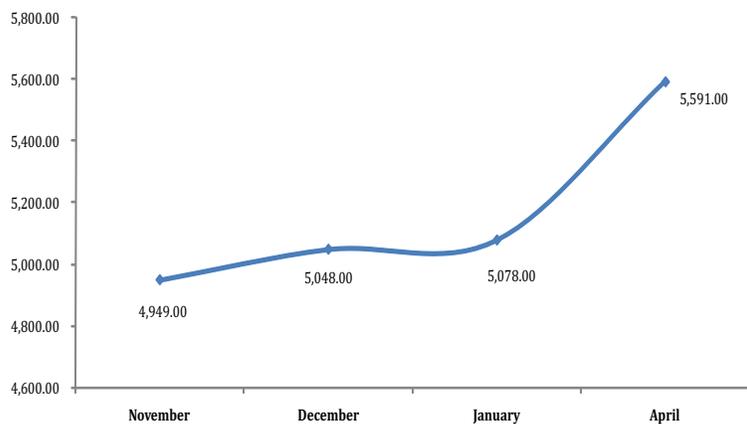
Source: Reuters & SMC Research

S3	S2	S1	Pivot	R1	R2	R3
17730	18220	18540	19030	19350	19840	20160

Fundamentals

- Since past two months, a weak trend is being witnessed in jeera prices on the national bourse as it is facing resistance near 20,000 levels. The market participants are trimming their positions to book profits amid subdued domestic and export demand followed by higher supplies from the producing belts in Gujarat. However, if we see the long term picture, the counter is maintaining its uptrend channel supported by lower stocks in the spot markets. From here on, a cautiousness may emerge among the market participants as the sowing is about to begin in major growing areas. The price trend will majorly depend on the clarity on the figures of area under cultivation. In days to come, Jeera futures (December) is expected to trade in the range of 18350-19500 levels.
- However, not much of a downside is seen as the fundamentals are strong in Jeera as limited stock is left in the markets.
- Jeera sowing will start soon as the farmers are waiting for the temperature to cool down.
- Farmers usually begin Jeera sowing around this time of the year but this year, sowing is delayed as the present temperature is around 35 degree Celsius which is not adequate for the sowing.
- The idea and suitable temperature for Jeera sowing is below 30 degree Celsius. The crop duration of the commodity is 60 days.
- Higher prices and strong export demand are likely to prompt farmers to cultivate more cumin seed (jeera) this year, leading to an increase in its acreage.
- This season, the market participants see cumin seed acreage increasing by about 8-10% in Gujarat and the bordering districts of Rajasthan in 2017-18, following attractive prices that the seed spice fetched farmers last year.

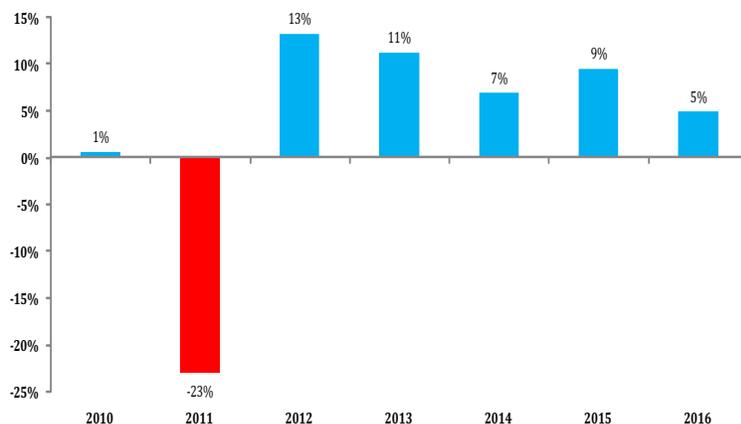
Forward curve of Coriander futures



Source: NCDEX

Closing as on 1st November 2017

Historic returns of Coriander futures during month of November



Source: Reuters & SMC Research

S3	S2	S1	Pivot	R1	R2	R3
4299	4507	4744	4952	5189	5397	5634

Fundamentals

- If we take a closer look, coriander prices have been highly volatile in the past few weeks is consolidating since last five months & making lower high's from the month of August. The reason being, the counter is witnessing a selling pressure after every gain due to profit booking owing to its bearish fundamentals. The price outlook is bleak for days ahead & it is expected that Coriander futures (December) may continue consolidate in the range of 4700-5200 levels, with upside getting capped.
- Coriander fundamentals are weak as sufficient stock is available against subdued demand from domestic and overseas buyers.
- Market fundamentals are weak bearish to ample stock availability in the physical market and decent imports from overseas.
- Sowing of Coriander is expected to start soon and the acreage is expected to decline this year as the prices have plunged around 36% against last year.
- The latest news is that the farmers have begun sowing and the cultivated area is expected to decline this year as farmers are likely to switch to other commodities (Jeera, Chana) for better remuneration.
- Coriander is an annual Rabi crop, sown around the first week of November and harvested from January onwards, crop duration is of 90 days.
- Coriander sowing in the producing belts of Rajasthan is expected to commence from first week of November and sowing progress report will decide future trend for the commodity.
- The temperature at present is still high around 34 Degree Celsius in the Coriander producing belts against required 25-30 Degree Celsius.
- According to initial report received from traders, Coriander acreage is expected to decrease in Rajasthan this season due to lower water availability amid poor rainfall followed by lower rates. Farmers are likely to switch to crop like Mustard seed and Chana due to assured buy back from government at MSP.

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