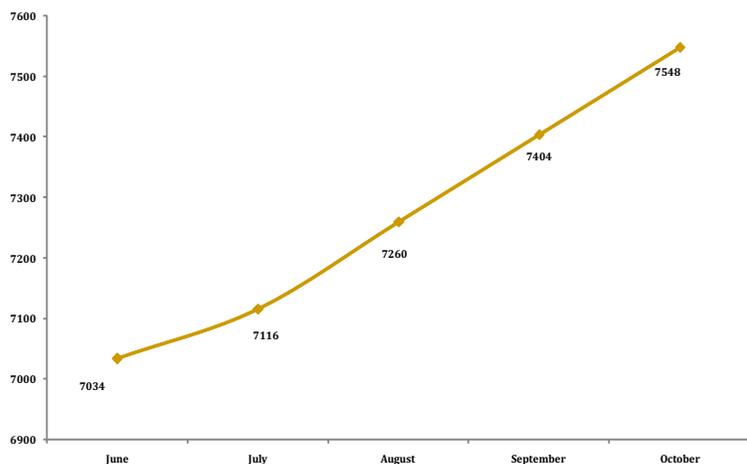


Monthly Report On **SPICES** June 2018



Forward curve of Turmeric futures



Source: NCDEX

Closing as on 4th June, 2018

Historic returns of Turmeric futures during month of June



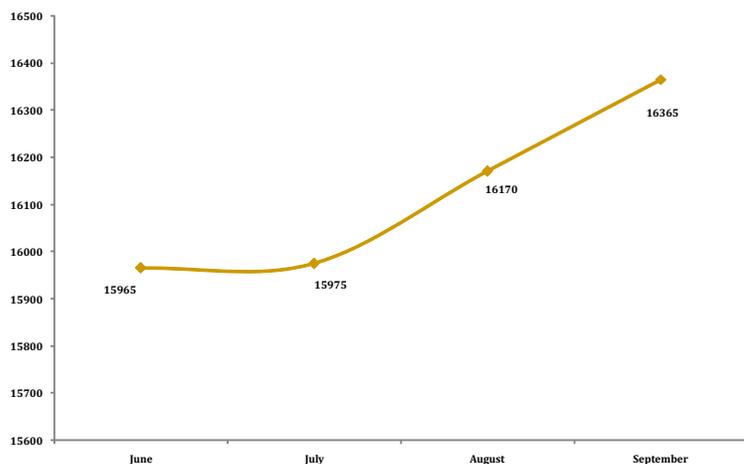
Source: Reuters & SMC Research

S2	S1	Pivot	R1	R2
6660	6926	7348	7614	8036

Fundamentals

- Turmeric futures (July) is expected to trade with a negative bias in the range of 6600-7400 levels. In coming weeks, if the counter breaks the support near 7000 levels, then 6800-6600 will be the next target on the downside. In days to come, more of bearishness is likely to prevail owing to the prospects of higher output this season supported by favorable monsoon.
- According to the Release of 2017-18 (Second Advance Estimates) of Area and Production of various Horticulture Crops, area under turmeric is expected to be 2.37 lakh hectares & output of nearly 11.63 Lakh tons, as compared to 2.23 lakh hectares & output of 10.56 lakh tons in 2016-17.
- On the spot markets, prices of turmeric have been trading on bearish path amidst the monsoon forecast, as farmers and traders are looking at the early trends of monsoon, which is favourable for high yield, but in the report of IMD it has been said that rainfall may be less than normal in key producing states, i.e. Maharashtra, Andhra Pradesh and some parts of Tamil Nadu. If the prediction of IMD is proved to be true, it may be possible to see a decline in production in the coming year too.
- Significantly, the arrival of turmeric is decreasing day by day. Farmers do not want to sell their produce at current prices.
- In the major markets of India, about 75 percent of turmeric has been arrived while, the rest of the produce is left with farmers. Some part of this can be sold by the farmers till June 15, because during this time money is required for the seeding/sowing. In the coming weeks, a slight rise in arrivals can be seen.
- The demand supply figures highlight that after adding consumption from domestic and export fronts, the total average consumption is about 82 to 84 lakh bags. If we focus on the current data, then the production is of 62 lakh bags and after adding old stocks of 20 to 22 lakh bags, the total supply is expected to be about 82 to 84 lakh bags.
- According to sources, the total stock of turmeric is likely to be about 8 to 9 lakh bags (2-3 lakh bags in Erode, 2 lakh bags in Nizamabad, 2-3 lakh bags in Maharashtra, 1 lakh bags in Warangal, Duggirala and Kadapa about one lakh bags in Kadapa). And during an upcoming uptrend, the said stock can come in the market, due to which volatility can be seen again.

Forward curve of Jeera futures



Source: NCDEX

Closing as on 4th June, 2018

Historic returns of Jeera futures during month of June



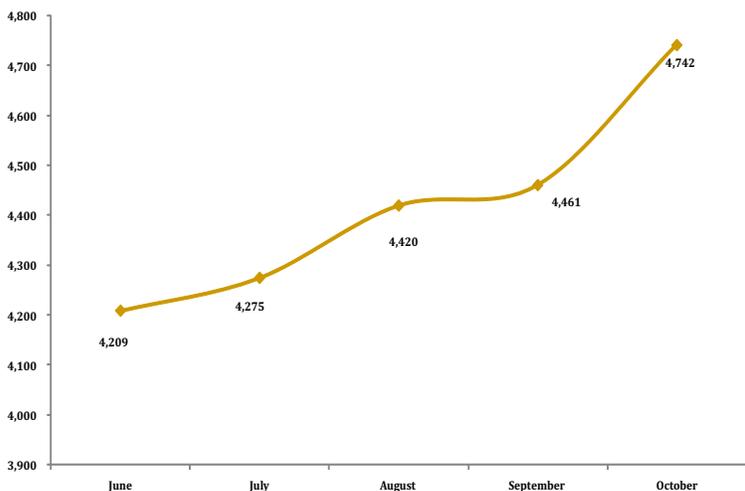
Source: Reuters & SMC Research

S2	S1	Pivot	R1	R2
15015	15605	16020	16610	17025

Fundamentals

- **Jeera futures (July) is expected to trade with an upside bias in the range of 15400-16400 levels. However, since the beginning of the month the counter is witnessing profit booking from higher levels, but any sharp downside may remain restricted due to supportive fundamentals.**
- Presently, the trading activities are not being seen at markets as traders and farmers are sitting silently due to early arrival of monsoon.
- The prices are expected to move up on rising exports, but this year bumper production is causing pressure on the prices, due to which there is a possibility of limited range trade.
- The second advance estimates released by the Ministry of Agriculture showed that during the year 2017-18, cumin production in India is likely to be 5 lakh tons as compared to 4.93 lakh tons in 2016-17.
- According to the third advance estimate for Gujarat, this year production estimated at 292,000 tons, up by 47.5 per cent primarily on higher acreage and favourable climate.
- Despite record domestic prices, jeera exports have not slowed in 2017-18 season. As per the commerce department, in FY17-18, the country exported about 127,000 tons of cumin (jeera) during April-February, up by 13.2 per cent against last year's exports of 112,000 tons.
- According to market sources, exports of jeera are likely to have risen to 132,000 tons in 2017-18 (April-March), up 11 per cent on-year, because of the fall in domestic prices.
- The export volumes are considered to be encouraging due to the fact that the prices have been on lower side for the new season crop due to record production.
- In 2017-18, jeera worth Rs.2,144.6 crore was exported in seed and crushed form at an average price of Rs.16,700 per 100 kg for the seeds and Rs.19,934 per quintal for the crushed (powdered) form. The major jeera (seed) export destinations are Vietnam, Bangladesh, the UAE and the USA, which account for about 55 per cent of all cumin exported from India. In powdered form cumin is mainly exported to the USA, the UK, South Africa and Australia.
- The number of countries importing Indian cumin has grown over the year. In 2014-15, 119 countries were buying cumin from India and this went up to 139 in 2017-18.
- Jeera prices are expected to trade higher in long term despite good production and higher stocks available amid higher export demand.

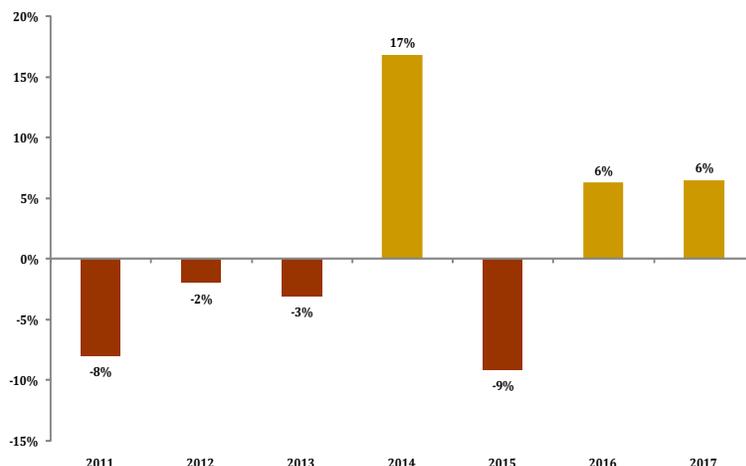
Forward curve of Coriander futures



Source: NCDEX

Closing as on 4th June, 2018

Historic returns of Coriander futures during month of June



Source: Reuters & SMC Research

S2	S1	Pivot	R1	R2
3996	4190	4555	4749	5114

Fundamentals

- Coriander prices are trading near to its 4-year low of 4186 levels owing to the large inventories & heavy imports. In days to come, more of a downside towards 3800 levels is seen in this counter. At this time there is pressure on the prices due to the arrival of old crop amid the arrival of new crop.
- In medium term, the market participants are recommended to keep a watch over this counter & cover their short positions near 3800 as a strong bounce back can be seen near this level.
- According to some traders, there may be a pause in the fall during the next one or two weeks, because prices have become more vulnerable than they should be, due to which the traders can stock the spice at the lower level, which can ultimately stop the decline. In August, the market expects a rise in prices as both domestic and overseas demand may pick up.
- Presently, Spot coriander prices trading mostly bearish at key market yards in Madhya Pradesh and Gujarat, while quoted weak at major markets in Rajasthan.
- Buyers have also been staying away from the market as they expect prices to decline further in coming days.
- There are a few takers for the premium quality green-colored coriander seeds, largely grown in Gujarat, but that is not enough to push prices across the market.
- The carryover stock from last season is pegged at 4-5 million bags, largely comprising of imports.
- According to traders, this year the coriander crop is low, but due to bumper crop last year, good quantity of carry forward stock has left. In the year 2017-18, 7,72,797 quintals of coriander had arrived, which is highest in arrived in 5 years.
- Weakness in the prices of Badami and Eagle varieties is increasing but stability can be seen in good quality and green coriander.
- The second advance estimates released by the Ministry of Agriculture showed that during the year 2017-18, coriander production in India is likely to be 9.23 lakh tons as compared to 8.83 lakh tons in 2016-17.
- In news, last month NCDEX had raised the stockholding limit for coriander to 3,000 tn for additional charges from 1,000 tons earlier.

Daily spread chart of Turmeric futures (June & July)



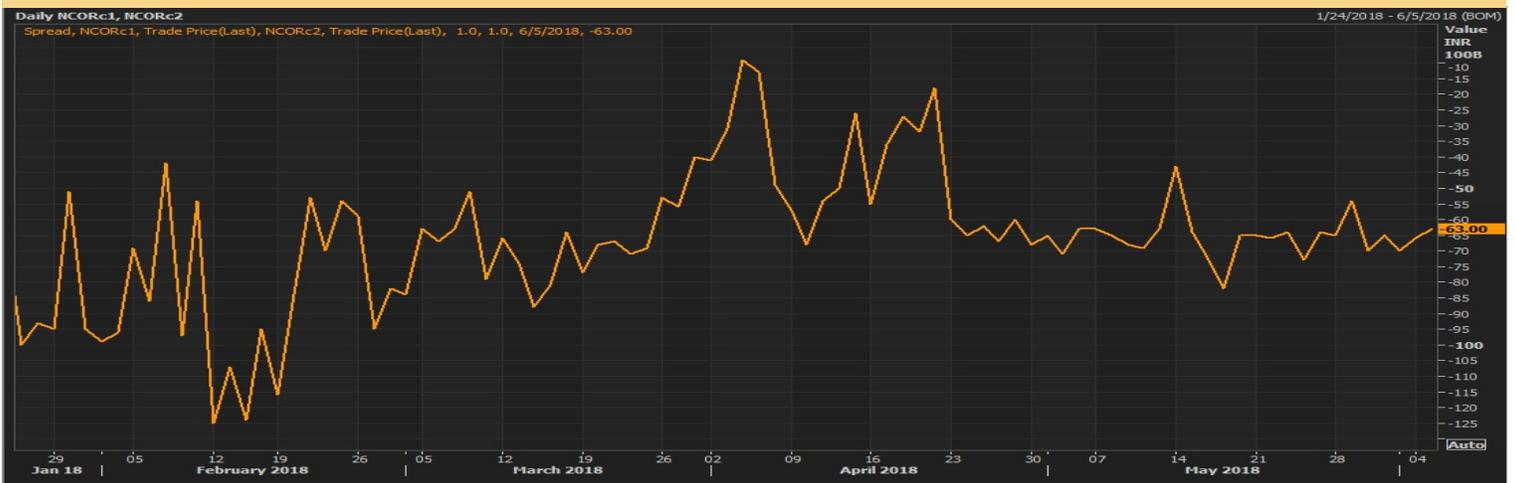
Source: Reuters

Daily spread chart of Jeera futures (June & July)



Source: Reuters

Daily spread chart of Coriander futures (June & July)



Source: Reuters

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