

SPECIAL REPORT ON

01 September, 2020

JEEERA



Summary

In the first quarter of the year, jeera futures crashed from high of Rs.15850 to 12750 a quintal, because of the corona virus outbreak in China, which is considered as the largest buyer of the spice commodity from India. Secondly, the supplies were also quite high during March/April, due to the newly harvested arrivals. Thereafter, hovering sideways it stabilized and witnessed a steady recovery till 14580. The major factor that pushed the prices up were competitive Indian parity in the international market, export deals getting materialized. India has fulfilled the increasing international demand for its quality spices in the face of tough competition in global markets. In view of the global pandemic situation, the demand for quality Indian spices is on the rise for their immunity-boosting properties. In 2019-20, cumin was the second-most exported spice, recording an increase of 16% in volume and 12% in value.

Caution ahead

Going ahead, we may witness some weakness in jeera, the reason being a Rabi crop & requiring good soil moisture for better yield, this year monsoon has almost fulfilled this requirement. Jeera grows well in both tropical and sub-tropical climate and it comes up well in all types of soils but well drained sandy loam soils are best suited. It thrives well between 9o to 26o C and annual rainfall of 30 to 270 cms. Crop duration is 110-120 days depending on the variety. In India it is mainly sown in October to November and harvested in February and March.

Crop Cycle (India)											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sowing			Harvesting								

Monsoon – The Catalyst

Overall, throughout the country this is the highest rainfall in the month of August since 1973 when the tally was a shade higher at 27 per cent. The surplus rains have not only compensated a deficit-July, but it has gone beyond to take the season to a possible ‘excess’. The exclusive feature of the month includes a recording of above-average rainfall on a daily basis for 25 days. This includes an excess of 50 per cent rain on 10 days with the highest score of 97 per cent on August 21, says data put out by Skymet Weather.

This year monsoon has brought so much of rain to Rajasthan, Gujarat, and parts of North-West and adjoining Central India that flooding conditions were reported from many areas. Hence, there is an expectation that the sowing area may increase this season. But, this year cumin will also face a tough competition against mustard & chana, as both of these commodities have shown a stellar performance.

Demand-supply scenario

Last year, estimated production for the season 2019-20 (Oct-Sep), was at 5,35,500 tonnes as against 4,16,600 tonnes in 2018-19. The total area under jeera had increased by about 25% at 10,25,600 hectares. Of the two jeera producing states, Gujarat witnessed 40% jump in the acreage to 4,39,830 hectares as against 3,15,000 hectares 2018-19 (Oct-Sep). While Rajasthan reported a modest 16 per cent increase in the cuminseed area at 5,85,770 hectares as against 5,06,000 2018-19 (Oct-Sep). The overall yield was estimated to be in the range of 522 kg per hectares for the season 2019-20 (Oct-Sep).

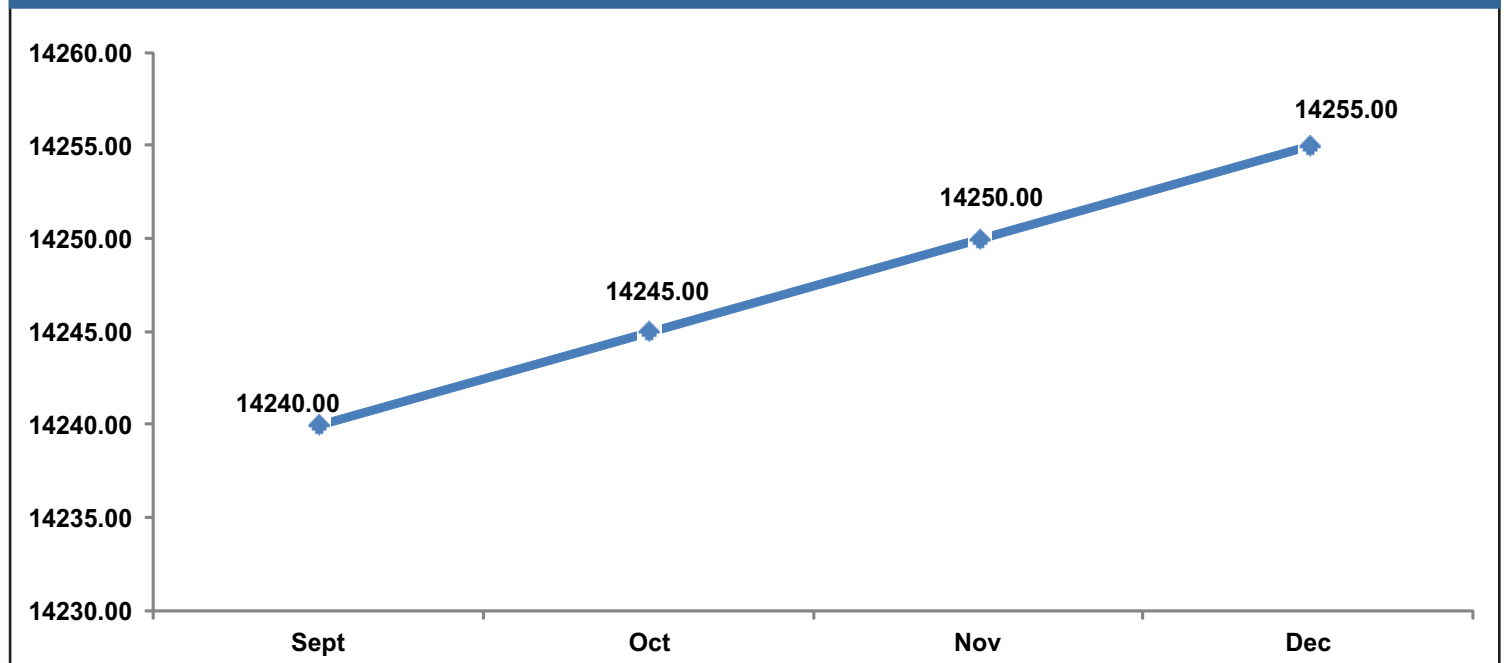
On the demand side, the producers will be definitely eyeing the export demand in the international market, as Indian jeera is much in demand as compared to Syria & Turkey owing to the good quality. Along with China, UAE and Vietnam have also witnessed an incline in demand for Indian Jeera. Moreover, export buying from the European Nations for Indian cumin seed is also expected to pick up, as the production in Syria has been reported to be lower, since past few years.

Seasonality

Now, if we take a closer look at the seasonality taking into consideration data of 13 years, its seen that many times jeera has given a negative return. The reason is that the market takes cues from the sowing figures and reacts accordingly.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Jan	-8%	3%	-3%	10%	-19%	3%	-8%	-8%	-4%	-8%	-7%	1%	-24%	-10%
Feb	0%	24%	-5%	-3%	-3%	18%	-4%	-4%	-5%	0%	4%	-6%	-10%	-3%
Mar	-1%	12%	-12%	9%	-2%	-10%	-15%	0%	-13%	0%	11%	6%	-3%	2%
Apr	2%	-2%	20%	1%	14%	-3%	3%	-1%	5%	21%	12%	9%	8%	8%
May	8%	-2%	13%	-14%	-7%	-7%	5%	2%	6%	-1%	-6%	-10%	3%	3%
Jun	3%	5%	5%	2%	7%	4%	4%	0%	1%	-9%	10%	7%	14%	-1%
Jul	27%	-9%	8%	10%	13%	9%	13%	-2%	-1%	-5%	9%	2%	9%	3%
Aug	2%	-11%	-11%	-6%	-7%	-2%	-6%	5%	0%	7%	-10%	3%	-5%	-4%
Sep	-1%	-9%	-5%	3%	0%	-6%	-6%	-6%	-4%	-3%	-3%	-3%	-2%	2%
Oct	5%	15%	-1%	11%	-4%	-2%	5%	-2%	4%	2%	1%	-3%	10%	-4%
Nov	-2%	-14%	-4%	29%	11%	-6%	-1%	0%	7%	-1%	6%	17%	-9%	-1%
Dec	6%	10%	0%	-11%	0%	19%	3%	1%	29%	-9%	-3%	-1%	-5%	0%

Forward curve of Jeera futures



Source: NCDEX

Closing as on 31st Aug, 2020

In the present scenario, the forward curve is showing a minor uptrend as the supplies are less available on the spot markets due to COVID-19 and flood situation in the major producing states, whereas the demand is sustaining at the current price level. But, going ahead, we may see a bearish trend evolving as soon as the sowing will begin next month. The export demand will also probably slow down as the moisture content will rise.

Monthly chart of Jeera futures (October)



Source: Reuters

Outlook: Hence, it would be advised to sell Jeera futures (October) on rise, as it is facing resistance around its recent previous high's 14490 & 14580. In days to come, we are expecting a correction and it would deepen towards 13000, if it breaks the previous month low of 13830.



Moneywise. Be wise.

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