



HARRIS JAYANTI SPICE REPORT

Turmeric- Markets gear up for modest gains...

AFT – Alleppey Finger Turmeric

Current season crop is almost over. Prices are unreasonably high even for odd lots with no curcumin guarantee. AFT production has been on a decline due to labour problems for the past few years. Next season crop is anticipated to be 50% lower due to unreasonable and untimely rains.

AFT is mostly preferred for its high curcumin content by pharma manufacturers and oleoresin extractors. Indicative quotes for AFT with 4-4.5% curcumin levels are ₹170/- (US\$ 2.5/Kilo)

Outlook – Prices are likely to surge higher on back of declining crop numbers.

Spot Price at New York – Alleppey 5 Curcumin US\$1.45/lb for week ended August 2017 (Source: Spice Board)

MFT

Markets in Sangli, Maharashtra also reported minimal activity and remained closed for more than a month as brokers protested the introduction of new trading system at the auction centers. Turmeric from all trading centers were being brought to Erode for sales. Traders had expected festive months sales to improve but this year has been different. Upcountry demand failed to pick up even during festivities. Arrivals were low while prices recovered marginally.

Next crop is likely to bear the brunt of irregular monsoon and water scarcity during the crucial sowing period. Production in Sangli is likely to fall by 25%. Other key growing regions in Erode and Salem in Tamil Nadu coping with water scarcity have reported 25% drop in production area. Nizamabad is likely to have a normal crop season.

Outlook

Uncertain markets bred restrained trading. Prices have staged a modest recovery but the ambitious breach of ₹ 100/ kg is still awaited. Indian exports have continued to surge against all odds. According to the most recently released government data, turmeric exports during first four months in 2017 were at 42,855 tonnes, up 40.7% compared to last year same period. On the futures exchange prices have recovered nearly 7-8% over the last three months on short-covering and production challenges posed by monsoon irregularities. Though still early to gauge the outcome, area under Turmeric has declined due to early drought while yield may be better in certain regions that received late monsoon rains. How the plants have coped up with the extreme temperature and humidity fluctuations is yet to be seen. While production drop is almost certain, it may not immediately translate into big price gains, as past crop inventory remains huge and is expected anywhere around 2 million bags (70 Kgs).

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Ginger

India

Being off-season Stockists are left with limited stocks. Prices are ruling high. Karnataka ginger is selling in the neighbouring markets at higher prices as the preferred Cochin Ginger is unavailable.

Next season crop will be lower as much of Kerala ginger has been damaged due to untimely rains. Drought during sowing months followed by incessant rains has resulted in stunted rhizome growth as many young plants submerged in water-logged fields have turned yellow and died a premature death.

Karnataka crop is likely to be better as farmers have continued to plant ginger on larger areas. Rain damage has been limited. Prices are likely to soar higher and may even touch ₹ 200/- a kilo if production fails to meet robust internal demand.

Current Trading Levels

Natural Ginger price range: ₹ 140/Kg. (\$2.15/Kg) | Sulphur Ginger prices are around 145/Kg. (\$2.23/Kg)

China

Chinese exports have been hit not due to demand-supply dynamics but due to forced shut-down of many processing units not meeting environmental safety norms. While demand persists, exporters are finding it difficult to deliver against tight deadlines. Prices have continued to surge.

Spot Price at New York – Cochin -US \$2.40 /lb. for week ended August 07, 2017 (Source: Spice Board). OTHERS:
Chinese Whole Peeled Spot Price at New York – US \$1.50/lb.

Nutmeg & Mace

Kerala had a lower crop due to excessive rains in February-March. Tamil Nadu crop was better. Both internal and export demand has slackened this season pulling prices lower.

Exports during 2016-17 rose 25% year-on-year to 5,070 tonnes. China was one of the biggest buyers from India. This season with China sourcing from Indonesia, export demand for Nutmeg has plummeted. Also post introduction of GST demand for Nutmeg and Mace from North India too has failed to pick up.

Nutmeg quotes: ₹ 350-500/kg (\$8/kg) onwards. Mace flowers quotes are around ₹1000-1400/Kilo (\$21/kg).