

Spices Market Report

April – 2021



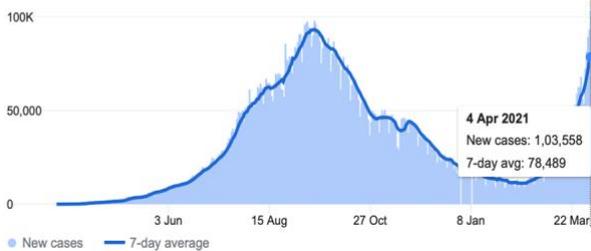
COVID 19 = 2nd Wave

Daily change

New cases

India

All time



India is reporting in excess of 100,000 cases daily, with Maharashtra alone reporting almost 50% of the total cases. The case load has reached last years peak.

Vaccination has started, and India has crossed the 3.7 Million Daily mark and is intensifying the drive to inoculate the population of 1.3 Billion.

Severe Restrictions in Maharashtra have been imposed, private offices are only permitted to operate from home. Curfew has been imposed during the week from 8 PM to 7 AM and from Friday Night till Monday Morning.

The Factory is working at 24 x 7 to catch up with the orders on hand keeping in mind the New Safety Guidelines of Social Distancing also brings its own constraints and challenges.

GENERAL

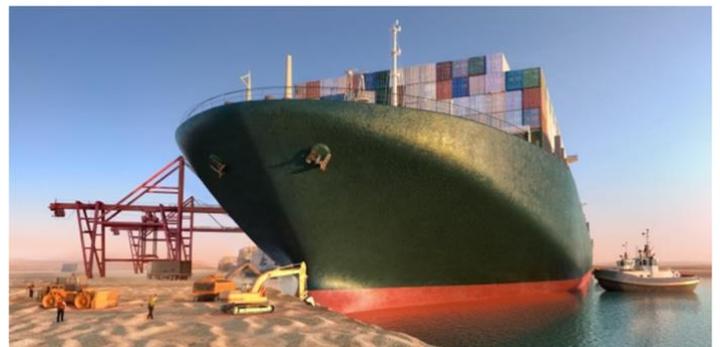
Fact remains that All Govt's worldwide, went in for Stimulus packages to soften the Impact of the Covid pandemic on its populations, to help and support by Printing Currency to support and soften the impacts.

As things started to pick up in the later part of the year, the Stock Markets also went up also. Then came the Second wave of infections.

What I am trying to say is that this was a result of a lot of Surplus cash, added to the fact that there are really No returns on keeping Cash in the Banks either.

A lot of this money came into Commodities , and a classic example is Crude Oil, and various other Commodities. Unfortunately for all of us, Spices were not spared and the result is the turmoil that we are all witnessing. Also the stockists didn't get any opportunity to rally markets during 2020 season.

Evergreen has Given up the banks and has finally sailed through the Suez Canal. Global shipping impacts are yet to be seen as the back log may take a few more weeks to clear up.



Dear Friends,

We hope that you are keeping well and healthy. We also hope that you had a wonderful Easter Holiday weekend.

CHILLIES

Here are some Statistics to give you a clearer insight into the Current crop scenario.

Year	Crop	Carryover	Total (MTS)
2019	720,000	72,000	792,000
2020	800,000	40,000	840,000
2021	960,000	120,000	1,080,000

This is really a paradox in itself this year. Over all the crop production was looking about 15% higher than last year.

Despite that the prices have been holding stable – We are now in the End of March, when arrivals in Guntur market often exceeding 150,000 bags a day. Mon, 6th saw 300,000 bags.

Crops are delayed by Rains, so the arrivals will be spaced out, and it's not creating any pressure on the market either. The rains had destroyed the cotton crops, and the farmers planted Chillies instead. We have multiple sowing times, but flowering doesn't take place once the temperatures cross 38° C, so this will impact yields of the new plantings.

A lot of New Cold Stores have come up now in Guntur, and these New Cold store owners are reducing rentals and encouraging the farmers not to sell now, but to sell later in the off season. Farmers are now selling the low quality material and keeping Quality stocks in Cold stores waiting for higher prices. However, the cold storages are almost full.

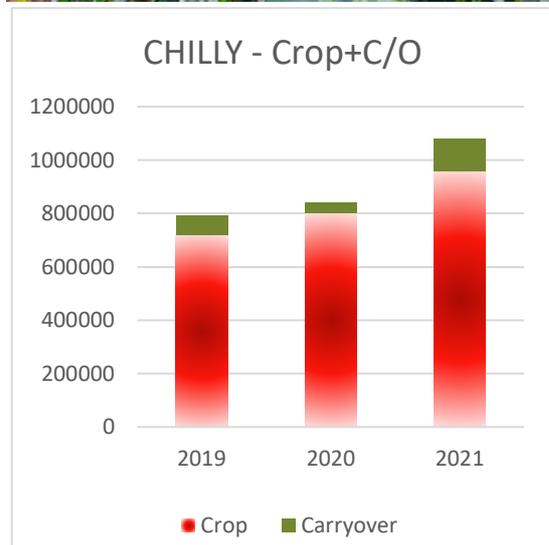
IPM chillies it's a completely different story. There were untimely rains on the standing crop in the IPM growing belts, which has resulted in Leaf Curl Wilt & Virus. See enclosed pic.

Result of this is that the yields have dropped drastically in some of the Belts. Where the Normal yield would be 2.5-3 Tons/Acre, have dropped this year to around 1.5-2 Tons/Acre.

Also in some areas farmers had panicked and sprayed various cocktails of Chemicals to save their fields, which will further affect the availability of IPM materials this year.

We will see two separate Parallels running with different availability and pricing.

IPM on an upward track due to shortage of material which will not clear on Aflatoxin and Ochratoxin, even though it will clear on Pesticide Residues.





NON IPM On a stable or maybe downward track.

Stemless Chillies – Due to the prolonged plucking and drying season this year, along with extended arrivals in Guntur, there will be also be a shortage of labour for De-steaming work so crushed chillies will also take longer than normal to ship out.

Speculative buying in Chillies, by External traders and investors also has already started happening, which might also change the long term sentiment on the market. (Something we can't predict as yet) .

Recommendation :

Stay cautious. And stay covered for this season now. Too many disruptors in the Market place this year.

CORIANDER

Earlier also we had reported that the crop in Gujarat is very good, but planting has been down in Rajasthan and Madhya Pradesh.

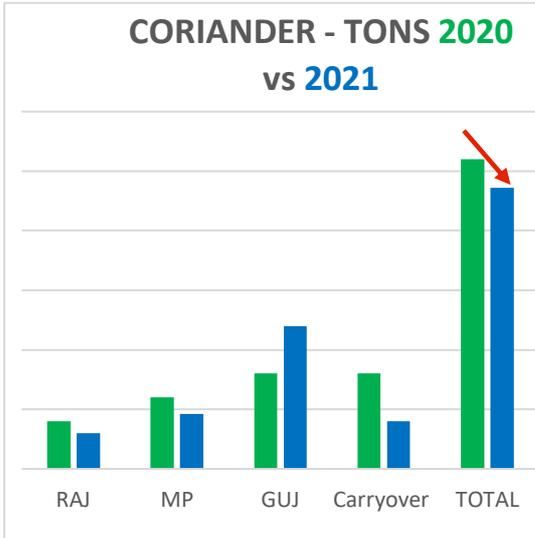
Gujarat crops have been coming in but unfortunately the Terminal markets are just not equipped to handle these Volumes, and every so often they close the Market gates, because various other commodities also are coming like Mustard, Wheat, Cumin, Chick Peas etc.

Result is that the whole impact of the crop and arrivals are not really being felt in the market, and it's not allowing the water to find its own levels now

Prices will continue to get firmer over a period of time now. Again how the pricing move will really depend on the Domestic demand, especially from South India.



Speculators are active and trying to drive up the prices also now, on the back of lower crops in Rajasthan and Madhya Pradesh.



Right now there is selling pressure from the Farmers because of the Fear of Lockdowns being re-imposed again by the Govt, and they had to repay their Bank loans by 31st March also.

There is still no real data coming from the East European traders , but my Gut feeling is Bullish for the season .

Crop Details are below:

Crop	2020 MTS	2021MTS
RAJ	85,000	68,000
MP	145,000	123,000
GUJ	160,000	200,000
Crop Size	390,000	391,000
Carryover	160,000	80,000
TOTAL	550,000	471,000



There is an increase of about 3%, carryover stocks from the earlier years are far lower than in 2020, which will create a supply gap.

Domestic demand will also now kick in vigorously at the current levels, and today India is the cheapest origin compared to Middle East and East Europe, which are all now in the \$ 1100/t ranges.

There is still no real data coming from the East European traders, but my Gut feeling is Bullish for the season.

This is the reason why I am not bearish on Coriander this year at all .

Recommendation

Consider to start your Coverage now onwards for the season, and you can divide your buying in 2 or 3 phases to buy some quantities every month.

TURMERIC

Planting is about 15/20% lower , but that was not a cause of Concern because there is a very Large carry over overhang also.

Last year there were 3,500,000 bags, but this year it has come down to 2,800,000 bags. It is larger, but lower than last year.

Just during the harvesting time around First Half Feb, we saw – this is confirmed by our Agri Teams also on the Ground, that the yields were down by about 15%, due to Leaf Curl virus, that reduced the formation of Rhizomes.

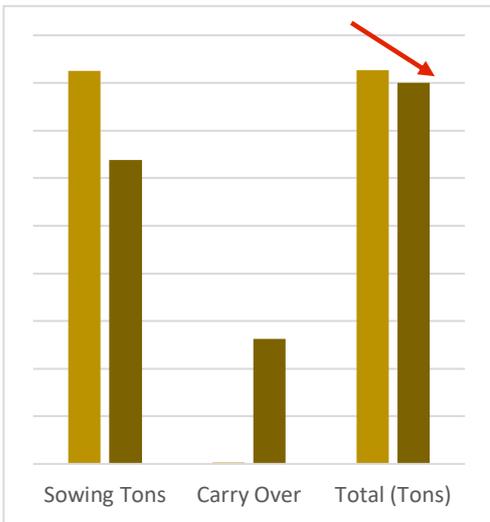
Speculators took the Cue from this, and took the market up from INR 55/kg to INR 90/kg.

The only person to gain from this will be the Farmers who sell early and not hold, and we are starting to see good and strong arrivals commencing now. I expect to see a good force of Arrivals thru April too.

On the other hand we are now coming into the Peak of the Domestic buying , which will continue all the way upto End Of May, and will also take up all the slack, if any, in the Market and not allow Prices to fall.

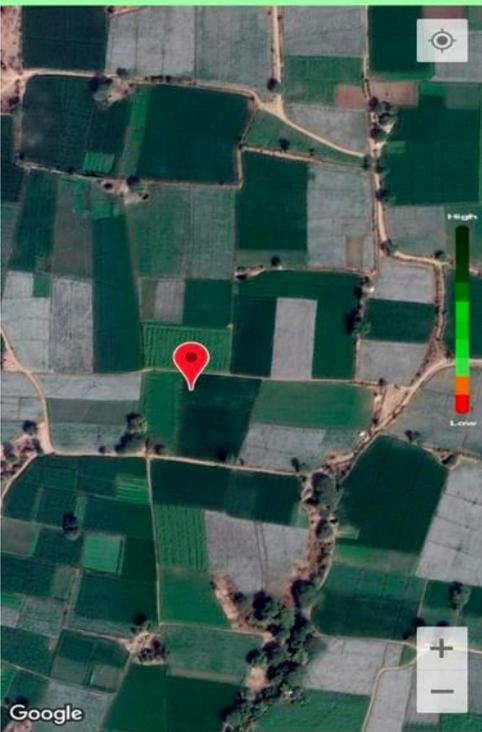
I am hoping that the Domestic buying will not be aggressive this season , because of the rapid jump in prices.

Prices have increased by about 25-30 % from the Bottom that we saw until the End of 2020.



YEAR	Sowing (Bags)	Carry Over (Bags)	Total Bags (75Kgs)	MTS
2020	7,200,000	3,000,000	10,200,000	765,000
2021	6,700,000	2,800,000	9,500,000	712,500



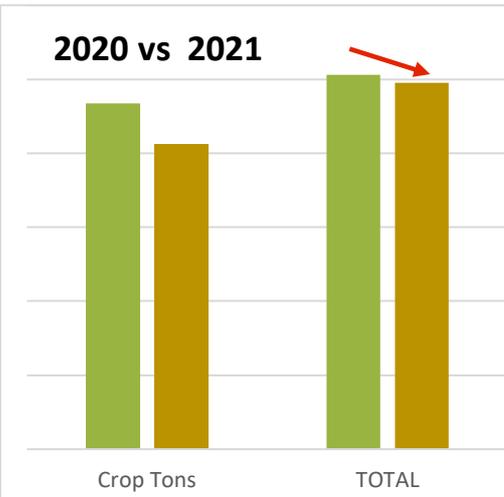


I don't rule out a Mild reaction to the current prices, but I am not willing to bet on it, looking at the Current Scenario. Historically Turmeric has always been driven more by Sentiment and less by reality of Supply Demand. Similar things also happen to Cumin & Chillies, as they are always supported by Domestic buying.

Recommendation :

Cover your requirements Until September, 2021.

We can then wait until July to see how the Monsoon season progresses and take a call accordingly. If rains are good, farmers will definitely plant more turmeric for the 2022 crop as they have realised good returns on Turmeric this season.



CUMIN

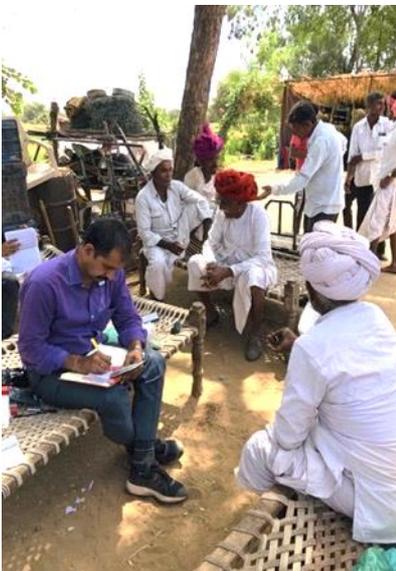
Weather has changed very rapidly this year. We had a much warmer Winter, which also affects the growth of the plants. In early March the weather suddenly turned from Winter to Summer and there has been no Spring at all.

Spring is essential for the plants to grow and bloom. Result is that the early showings are still Okay in their growth, but the late showings did not get any Winter, and very poor spring Season.

This will result in a very stunted growth of the plants, and very poor yields. Normal yield should be around 200 - 225 kilos per acre, our latest data from the Agri team shows farmers are getting between 125 - 165 kg /acre. Production in 2021 = 560,000 tons (This could further drop as it was based on Normal Yields, but the late sowing Yields are very poor this year. Production in 2020 = 600,000 tons.

Estimates that we have from ISC this year are showing the following also Syria 18,000 Tons, Iran 19,000 Tons Turkey 13,000 Tons as their estimated Crops for 2021

Add to this we are experiencing some bad weather in our Growing Belts in Rajasthan ,and we already had a few Dust Storms accompanied by Rain this weekend – Which





will further complicate the situation and market sentiments .

Recommendation

Overall our view is that there is a strong chance of firmness this season. Prices are still so attractive that honestly, I can't see any reason to wait and not cover this now itself.

Cumin is still green in the late sowing (left) while early sowing (right side) is brown and matured for harvest.



FENNEL



Planting as we reported earlier has been lower by about 15/20%, but now even yields are being reported lower for the similar reasons of no Spring when the Plants blossom and the Seed gradually ripens.

Sudden advent of the Hot season is shrinking the yields and now allowing the Seeds to flourish to the standing plants. Yields are also down by about 10% this year compared to 2020.

Outlook is definitely very bullish for the current season and you will definitely be looking at paying around. 30 – 50% higher than what we paid last year .

Recommend coverage to be done around Mid-April when arrivals will also be in Full flow .

Getting ready for the Winter harvest in Fennel.

CELERY



Prices have weakened by about 10% presently, due to lack of demand, and the standing crop is looking good (Harvest is in the End of May). We believe that the planted areas are up by about 25%, but a lot will now depend on how the weather fans out, with Spring Rains, or Dust storms in May just before harvesting which will be devastating for the Standing crops .

My view is that the prices will now start to hold at current levels as there is really not much stock left with the farmers and whatever is there is only with Traders .

Near term coverage would not be a bad idea at the moment, and then you can wait to take your chances and wait for the Newcrop in May/June.

GINGER



Arrivals are good now, and the reason for this is that the crop.

In Karnataka (Which has now become the Main growing reason for Dry Ginger in India) has been good and larger especially in this belt. Area this year has increased by approx. 50% due to high prices last year. Kerala production has been static and mostly in North Kerala only.

Prices have come down from the earlier peaks,(Down by about. 30/35%) and I think we are at a level where we will stabilize now.

Post Covid, consumption of Ginger has jumped up a lot Domestically as well as for Exports. Ramadan is in End April, so Middle Eastern demand will also be strong. Currently Indian Ginger remains cheaper than Chinese or Nigerian, so demand is likely to stay Strong.

Recommendation :

Plan for coverage for 2021 should be considered now at current levels. Exports in 2020 have also jumped by 15%.

FENUGREEK

Crop is looking good so far. Prices are already cheap, and I expect prices to remain fairly stable this year at the current levels.

Recommendation : cover now from New Crop which we will be able to start shipping from End April/First Half May .



CARDAMOMS

dropped from the earlier Highs, and I expect this Scenario to continue until June. Thereafter all Eyes will be on the 2021 Monsoon , how it fans out. If there is an abnormally, then prices will shoot back up again.

My view is that prices are Sensible and reasonable now, so why would I take a risk and stay exposed. Who knows what the Monsoon will bring this year ??

On a final Note, I know that I have not covered all products, but what has been relevant for now , I have reviewed above, but needless to say that you are always free to call for the information.

Always here, at your Service. Stay protected and Stay Safe.



Kirandip S Swani
Managing Director



**Sustainability & Zero Wastage Program:
*From the CEO's Desk.***

We are also happy to announce that some of our customers have joint hands under our banner of The Green Footprint, participating in community upliftment programs where in trainings on Good Agricultural Practices have been implemented.

A small personal note from my travels this time, which is close to me personally.

In a year when water is freely available nobody wants to spend money, resources or even spare a thought to conserve water. However, year 2020 we have all seen the effects of excess rainfall on one side & the scarcity of rainfall on the other.

Undoubtedly, we are unable to change or control the weather. What we need to do on a continued basis is to conserve water, irrespective of the year having adequate or poor rainfall. Using the best methods of irrigation i.e., sprinkler or drip, adequate focus must be given to these methods. All our programs are currently on sprinkler or drip irrigation techniques.

An appeal to all our readers, customers & friends to be their own life.

Any further information required on the above or any other commodities – please feel free to write or ask us.

With best wishes for your Good Health, Stay Safe.

