

Market Report

Dec 2020

Dear Friends,

As we approach the start of the Christmas Season, and the close of 2020, I am sure a lot of us want this Terrible Year of the Pandemic to go away quickly, although there is no Signs of this Pandemic going away soon , but let us hope that the Vaccine comes to the Forefront, to fight and harness this terrible Virus.



Let's leave the year with a more positive thought that there is now finally hope and Light at the End of the year (and the Tunnel).

A Lot of queries have also been coming through to us on the **Farmers Agitation** in North India. Fortunately, this does not affect our Spice supply chain - Except for Celery ,which comes from this Region. This is partly because the Farmers don't want change, and Corporate Farming, and insist that the Minimum Support Prices still continue to remain in place - Especially for Grains and Cereals. In corporate farming the farmers are responsible for the promised yields and if they dont deliver, they have to make good the quantity which leaves them exposed to ever changing climatic conditions and weather disturbances.

These agitations can gather momentum quite easily & attract political support from opposing parties. As of this morning, the Government wants to open a dialogue and keep communication channels open. Let's hope they use the channel to resolve the conflict amicably.

Chilly

Initial arrivals have started to improve now in Karnataka, and Andhra, but these are still early pickings. Arrivals from new crops are around 20,000 bags per day and 50,000 Bags from the Cold Storages.

There have been some reports of damage with the recent 2 cyclones, but nothing that would really impact the overall situation. Arrivals will get delayed because of the Rains, and some of the early pickings to come in next fortnight will have rain touched Pods, and some discoloration, but that remains to be seen.



Overall sentiment from Mid Jan onwards is that prices should start to decline – but this will be slow because there is still a lot of pent up demand, especially for the IPM materials yet to be fulfilled. General feeling in the Trade is that prices will decline by about 10 - 15% after Mid Feb.
Picture taken by our Agri-Team - Farm grade material being dried & sorted.

Recommendation – Buy only Hand to Mouth , till Feb, and then review the situation.

Cumin

Planting is down by about 15% in the state of Gujarat due to the Low prices this season. The Barmer area in Rajasthan has a reduced planting due to lack of water. From the normal we can expect 50% - 65% reduction in planting. Rainfall in this area has evaded this area for the 3rd year in succession. Tube wells are well below 300 ft dept in the region and beyond this depth the water is saline and not suitable for Cumin cultivation.

Other areas have reported an increase in acreage. Due to favourable weather conditions of the early / on time onset of winter, it is favorable for Cumin planting, germination & early heath of the crop. Expect a 10 – 15% increase in these larger areas.

We continue to keep our Fingers crossed and Bless the plants, so they grow well, and pray for favorable weather in the coming Months.



Celery

Planting has just commenced. Our Agri Team believes that after talking to the farmers that they will plant a larger Acreage this season because of the good prices they got for their 2020 crop. Let's hope that will keep the market now from running away.

Our View is that we should stay covered now until March 2021, and then wait to see if there is a decline. Then take your chances later on the market. New Crop will commence only in May 2021.

Coriander

Planting in Gujarat is 70% higher than last year (although the total contribution is smaller compared to Rajasthan & MP).

Planting in MP is much lower this year, expectation is below 50% due to lack of water. Other crops are gaining favour on account of better revenue realization compared to Coriander.

Current sowing priority in MP for farmers is as follows;

1. Garlic
2. Green Gram
3. Coriander seed
4. Fenugreek Seed

Rajasthan (in the coriander region) sowing preference of farmers is as follows;

1. Yellow Mustard
2. Black Mustard
3. Psyllium Seeds
4. Green Gram
5. Coriander
6. Fenugreek

Wheat is a staple and continues to be grown as per water availability.

Overall, planting in MP & Rajasthan are looking lower than last year which was a smaller than normal crop size. However, Gujarat will be the saving grace this time around (again).

We are keeping a very close eye on this commodity as it could call for early action in the buying season.



Turmeric

There is really no further excitement to report from the last commentary.

Planting has been good, though about 15% lower than last year in the Sangli region (Lemon Yellow quality), but there is overall enough carry over, which as of today stands at 6,500,000 bags (70 kgs each), which will take care of any shortfall in 2021 crop. Market is stable and demand is Normal.

There is no rush to do anything until you reopen Post Christmas- Just do your immediate requirements before you go away for the Holidays.

Picture from our Agri Division – Organic & Sustainable Turmeric.



Fennel

As reported earlier, the planting is Less, as reported by our Ground staff of the Agri Division. Having reached that Fait Accompli, now just keep hoping for good weather , through the growing period so we end up with a Good quality crop for the 2021 season. I recommend coverage now upto Feb 2021 because as reports of the lower planting start filtering into the Trade, market prices will start to firm up, as stocks also are rather limited currently.

Ginger

Notwithstanding what the farmers might say , I definitely believe that the farmers must have allocated larger acreage to Ginger looking at the current price levels . There are no weather issues yet on Ginger, although there were some rains last weekend in Kerala (From the remnants of the Cyclone) but I don't believe that this can impact the planted Rhizomes .

Stay covered at least for the next 6/8 weeks and then wait for the Newcrop and see how it fans out – Prices can only decline, or at Worst stay stable .

Cardamoms

Prices are holding stable for now , traders are still able to encash higher prices today , on the bad news of the Guatemala crop . Reports out of Guatemala are still very sketchy on the extent of the damage , so I would prefer to just stay covered and not play the risks of the market .It looks like that these high prices will stabilize for this season also .

Of late a lot of concerns have been raised on ETO treated materials finding their way into the EU (Mainly Sesame) so below our Head of QA's comments for you.

Handling of ETO Treated Products. Piece of Mind for our Clients.

*Out of total sterilised material that we export 60% is steam sterilised and **only** 25 % is ETO treated. ETO being a chemical sterilisation, more and more customers have switched over to steam sterilisation where there is no risk of any residue in the product.*

The ETO treatment is NOT done in our plant and is being outsourced from a certified 3P ETO sterilisation plant. Once the material is ready in our plant in final bags, it is sent to the ETO facility.

After ETO sterilisation, the lot is sampled by trained samplers from the ETO facility, and our QC representatives. Only the samples are sent to our lab for testing. Till then the material is stored in the ETO facility warehouse till final clearance and dispatch. The material is shipped from the ETO facility itself.

Therefore the ETO treated material never comes to our premises eliminating the chances of any cross contamination between ETO and non ETO products. We are intermittently testing our ETO and Non ETO treated products for ETO/ECH residue which is always within the acceptable limits for ETO treated products and not detected in non ETO treated products.

Additionally we are in the process of upgrading our laboratory testing skills by introducing ETO residual testing also in the coming months. This will aid us to increase our testing frequency which in term will help us to have a better hold of the current situation.

Dr. Sonika Puttoo / Technical Manager.

Sustainability & Zero Wastage.

DBS Bank has featured Swani Spice Mills on Companies with a Sustainable foot-print. Under our sustainable initiative “The Green Footprint”, Parneet was featured in the article below.

<https://www.thebetterindia.com/244440/social-enterprise-food-waste-management-zero-waste-dbs-bank-india/>



Let's resolve to focus on the planet, the environment and personal health all in the same thought as we move into 2021.

I wish to sign off for 2020 on this hopeful note.

Merry Christmas & New Year Wishes from all of us at Team Swani.

Kirandip Singh Swani
Managing Director