



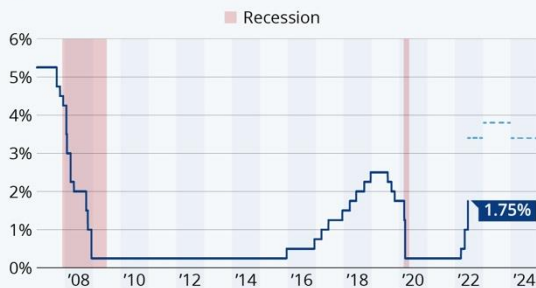
# Spices Market Report

## JUNE 2022



### Fed Issues Most Aggressive Rate Hike Since 1994

Upper limit of the U.S. federal funds target rate range\*



\* dotted lines indicate median projections of the midpoint of the appropriate target range for the federal funds rate at the end of the specified calendar year  
Source: U.S. Federal Reserve



statista

### GENERAL FACTORS

US Fed Rates have been hiked by **0.75%**, the highest since 1994. Indian RBI MPC hikes key interest rate by 50 bps to 4.9%; retail inflation forecast at 6.7% for FY23

Indian central bank RBI has hiked interest rate by 90 basis points in the last two monetary policies. In May, RBI raised the repo rate by 40 basis points and further increased it to 50 basis points in June 2022 policy.

The Indian Wholesale Price Index Inflation hit a record high of **15.9%** on costly Food and Fuel.

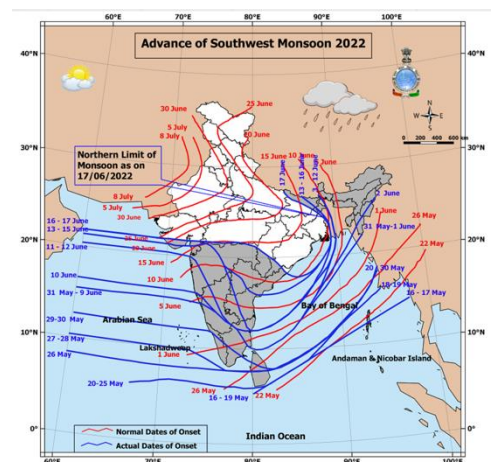
Agri Inflation (*AGFLATION*) has been hitting one and all. Nobody is insulated from this. Fuel Prices, Increased costs of living, rising interest rates and tightening of Credit by the Banks. Serious Liquidity crunch, because prices have doubled, and Bank limits are not synching in line with that. Climate Change/Global Warming is here to stay and I will share some impacts it has created.

### Monsoons

The monsoon has just started and seem to be progressing well. Though there is a little delay but can be caught up as we progress.

**Fun Fact** – 58% of India’s Population depends on the Agri Sector that 60% of Agriculture in India depends on rain fed crops.

- Small and fragmented land-holdings:
- (2.7 acre / 1 hectare)
  - 60 % - marginal (below 1 hectare)
  - 20 % - small (1-2 hectare)
  - 15 % - medium (2-10 hectare)
  - 5% Large holdings (above 10 hectare)

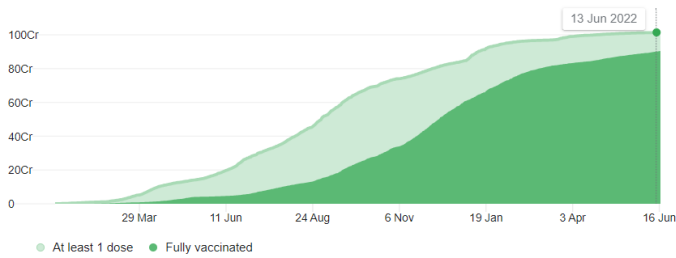
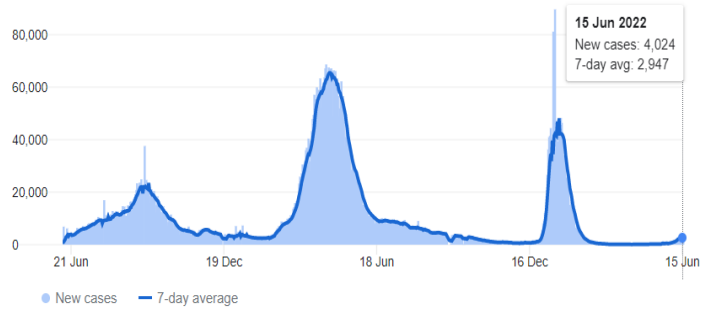


**Containers** movement is slow which adds to the increasing regulatory requirements and numerous testing’s needed especially for the EEU consignments, that also adds to delays, in cargo movement and money turn arounds. For one and all in the trade.

## COVID UPDATES

India's new Covid cases at 13,216, cross 10K-mark, 1st time after Feb India's daily positivity rate has slightly jumped to 2.35 per cent.

India's active COVID-19 caseload currently stands at 68,108 the Health Ministry said.

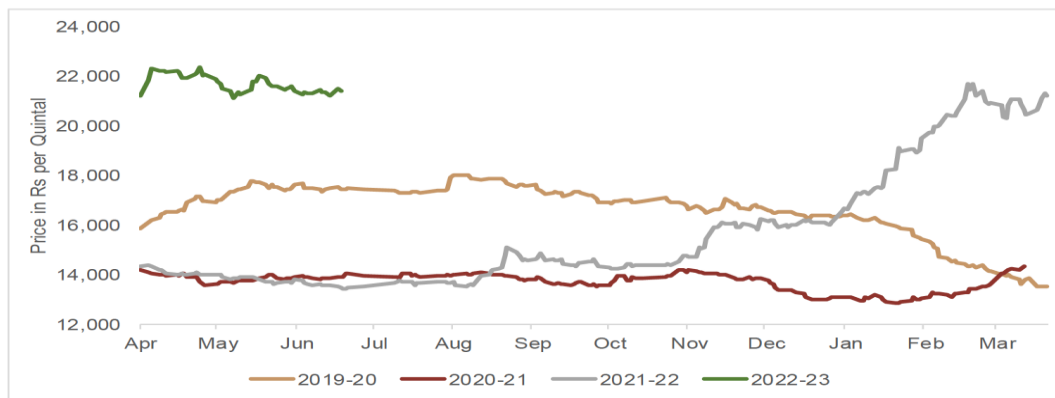


India's Cumulative COVID-19 Vaccination Coverage exceeds 1956 million. Over 35.4 million 1st dose vaccines administered for age group 12-14years.

## CUMIN

We had a Core issue of lower planting this season. Add to this we saw a strong summer setting in very quickly, which impacted the yields, which was already compounded by the lower acreage planted. Temperatures are now touching anywhere between 45 to 49 Deg C in the farmlands.

Seasonal Price Chart



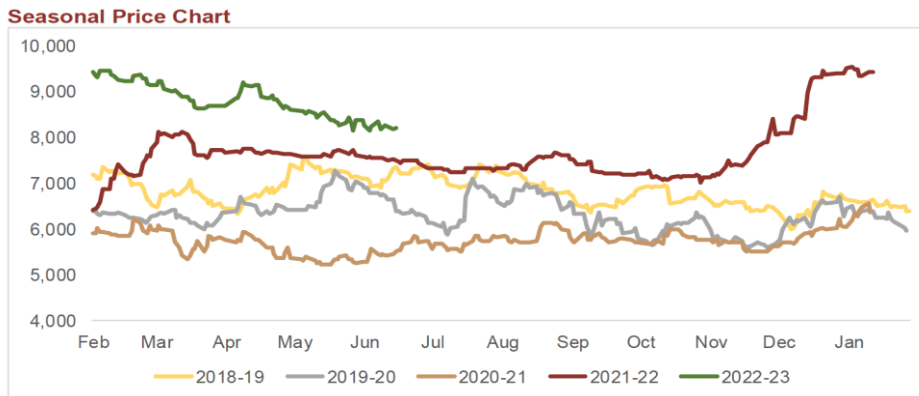
Prices had **hit a High**, that we have not seen in many years but did slide back a little, due to profit taking. Money crisis and high prices have also impacted the demand. Reports are coming that Chinese buying has commenced again and an excess of 100 containers have been recently traded. This will add to the sentiment of strength to the market also.

I don't see serious bullishness soon – so we recommend –stay Hand to mouth this season. **IPM Stocks** should be **covered immediately** as there is a severe shortage of materials.

## TURMERIC

Crop is now fully sold out. Farmers have been happy with the prices they realized. Traders keep saying that prices will rise after End July, but I would rather wait for the Monsoon rains to start and impact the growing areas.

Monsoon so far has been albeit erratic and progress has been slow. On the other hand, we are still just in the Middle of June and need to wait and see how it moves and the behavior.



## CHILLIES



Guntur market has just reopened post the summer Holidays. Due to the summer with temperatures around **43/44 Deg C**, it becomes very difficult to handle this product, especially the High Heat varieties. Arrivals were around 40-45,000 Bags and around 8-10,000 non-Cold storage arrivals.

Prices have already started rising due to the pent-up demand. The farmers continue to look for even higher prices and are refraining from selling.

**Cold Storages** are only 55-60 % full compared to last year where they were almost 100 % Full. A strong indicator of the stocks position. Shortage of IPM material, continues and will be a keen factor till the end of the year. ETO Cleared Pass rate continues to be low and hence the demand for **IPM & ETO Cleared** material continues to be scarce and a **large challenge**.

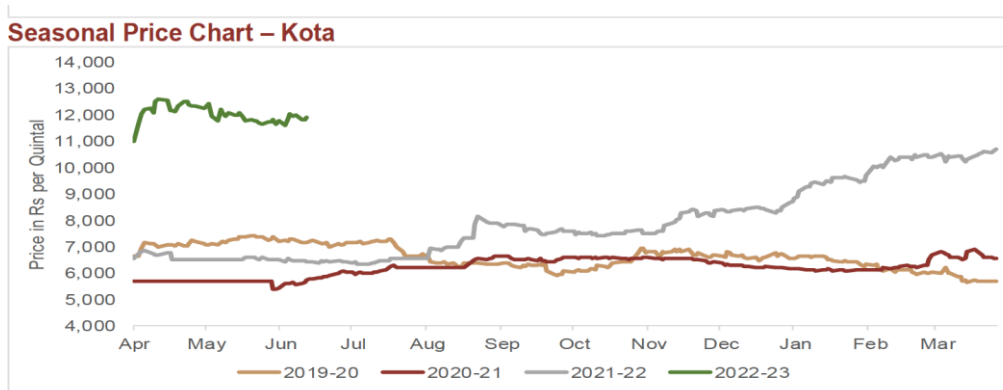
Various Trade associations along with the Spices Board have filled a petition through the Ministry of External Affairs to DG Sante, to increase the ETO Limit on Chillies and Ginger from 0.02 PPM to 0.1 PPM to be in line with the other Spices.

Planting of Nurseries will be quite large for 2023 crop, looking at the current prices. It really all boils down to how and what the Monsoon Season will bring to their farms. Transplanting in the Madhya Pradesh area has already started as they prepare for the monsoons.

## CORIANDER

Prices are double of what they were in 2021. What impact this will have on the 2023 crop will again depend how the Monsoon rains will play out. Demand continues to be good in the domestic markets. Exports so far have been brisking because of disruption of supplies from Canada and also the Russian - Ukrainian conflict. We are holding some lots of East European Coriander so please reach out to us for specific requirements.

Prices are **not going to decline** this season, but honestly, I see room for the price to rise another 10/15% as the season progresses. **Stay covered** wherever possible.



## CELERY

Here again whilst we had seen an increase in Acreage, the premature and strong summer impacted the standing crop and seeds ripened prematurely, thus affecting the yields by **20/25%**. Result has been that prices have risen 15% over last year's levels.

I know this is not one of the Normal reports of the past, but today the factors at play are not just the standard – **SUPPLY/DEMAND** equations, but also the external factors mentioned above.



**IMC**  
Chamber of Commerce and Industry

The IMC CEO Conclave  
**'Reigniting Growth and Accelerating Social Equity'**

Tuesday, 14<sup>th</sup> June 2022 | 3:00 p.m. to 6:30 p.m.  
Online Platform: Zoom

Session - I  
Reigniting Growth

Esteemed Speakers:

Moderator:  
**Dr. R. Ramakrishnan**  
Chairman  
Industry and Trade Committee  
IMC

**Mr. Dharmakirti Joshi**  
Chief Economist  
CRISIL

**Mr. KVS Manian**  
President – Corporate,  
Institutional & Investment Banking  
Kotak Mahindra Bank Limited

**Mr. A. Balasubramanian**  
Managing Director and  
Chief Executive Officer  
Aditya Birla Sun Life AMC Limited

**Mr. Harjiv Singh Swani**  
Director  
Swani Spice Mills Pvt. Ltd.

**Harjiv S. Swani** addressed the Indian Merchant Chambers of Commerce and Industry at the CEO Conclave as a Speaker.

He spoke about how Sustainable Farming uplifts the small marginal farmers economic developments over a period. It largely improves the yields and prepares the land for better fertility. Agriculture in India grows at **3.9% vs the GDP Growth of around 8%**.

This accelerates the over growth of the Nation and accelerates Social Equality and Equity.

If you need any further information - please feel free to ask.

With best Wishes, & regards

Sincerely

**Kirandip S Swani**  
Managing Director.