

Spices Market Report

Jan – 2021



COVID 19

Fortunately, India seems to be getting things under control. Vaccination has started and India has crossed the 1 Million Mark in inoculating the Health Care workers after the initial euphoria and slow up take in volunteers.

So, keeping our fingers crossed that we don't get into a Second wave like Europe and the US.

Local Trains in Mumbai the lifeline has started but timings are regulated.

Whilst we are all still working from Home, since the end of March, 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.

FARMER PROTESTS

The three bills were tables during the lockdown in September 2020.

1. The Farmers Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020,
2. The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Service Bill, 2020, and
3. The Essential Commodities (Amendment) Bill, 2020 - have now become acts.

The government claims that the bills will ensure a higher profit for the farmers as they would be able to sell their produce to whomever and wherever they want.

"They have the power to sell their fruits or vegetables to anyone, and anywhere. It is this power which is the foundation of their growth, now the same power has been given to farmers across the country.

They have got the freedom to sell not only fruits and vegetables but grains, sugarcane, mustard and anything that they grow, they can now sell to anyone and anywhere they like," PM Modi said.

Fortunately, this does not affect our Spice supply chain - Except for Celery, which comes from this Region. This is partly because the Farmers do not want change, and Corporate Farming, and insist that the Minimum Support Prices continue to remain in place - Especially for Grains and Cereals.

In corporate farming the farmers are responsible for the promised yields and if they do not 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 us hope they use the channel to resolve the conflict amicably.

Dear Friends,

We hope that you are keeping well and healthy.



The **ISC 2021** has started this year and is an online event. As always, we are proud to be a sponsor for the event. Please do register and check local timing for the sessions. The next session is on **17th Feb, 2021** which will focus on the impact of Sustainability in Spice Business.

BUSINESS SESSIONS

Beyond Traditions: Shaping a New Spice World

** The sessions and speakers are subject to change*

January 13, 2021

January 27, 2021

February 17, 2021

February 24, 2021

March 11, 2021

Session III-Part B

Positive Impact of Sustainability In Spice Business

Panel Discussion- Positive Impact of Sustainability in Spice Business



Mr Parneet Swani

CEO

Swani Spice Mills Pvt Ltd

ISC 2021 Virtual Exhibition

Starts From 24th February to 11th March 2021

Please do visit our Virtual Booth during these dates.

Overall demand in 2020 – Post Lockdown have been especially Brisk especially for Turmeric and Ginger etc, this trend will continue to stay in 2021 too.

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

Summarizing from this, I am strongly of the view that Chili Prices in India will decline but not before April/May. Reasoning for this is that the harvesting will be in stages only, with Early arrivals and Seasonal arrivals and Late arrivals (Based on when the planting was done, or there was a replanting due to Early Rain damage etc etc).

First pickings in some areas were damaged due to untimely Rains and the quality was not really fit for Grinding either. Pressure on the market will not build up as there will be no pressure from farmers to sell.

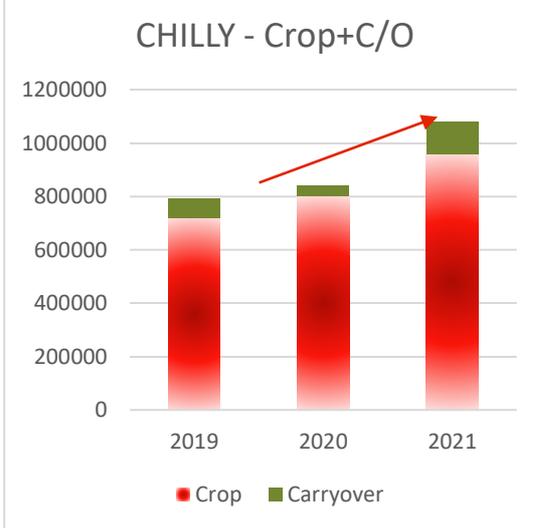
Areas where IPM varieties are grown traditionally, won't drying stages. The Whole Export demand will converge on it when it starts to arrive so I don't see any relief in March either.

Let's also not forget that the Domestic market is also waiting to buy, and especially the Big Brands etc will also be waiting to buy fresh New crop material too.

Recommendation:

Cover your needs until April and then wait and watch the market.

Plunge in on every dip in price to average out your Buying prices.





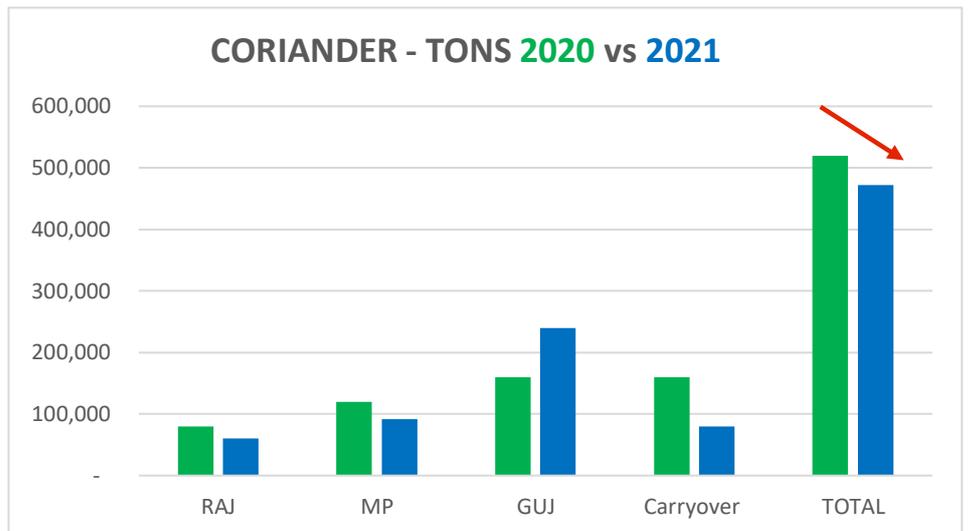
CORIANDER

As we reported earlier, planting in Madhya Pradesh (MP) and Rajasthan are lower, and Parneet has just returned from his Field visits last week, and he, and his Agri Team have again validated that comment.

Gujarat on the other hand has a much bigger planting and crop expectation.

Details are below:

Crop	2020 MTS	2021MTS
RAJ	80,000	60,000
MP	120,000	92,000
GUJ	160,000	240,000
Crop Size	360,000	392,000
Carryover	160,000	80,000
TOTAL	520,000	472,000





Consumption Estimates	40 kgs/Bag	MTS
Domestic	10,500,000	420,000
Exports	2,000,000	80,000
TOTAL	12,500,000	500,000

As mentioned in my earlier reports, its due to the lack of water rather than price that farmers in MP & Rajasthan areas have not increased their allocation.

For the largest part the composition is as follows

- Green Gram which needs no water & can germinate and survive with soil moisture or even one irrigation
- Garlic – due to the high prices
- Wheat – favoured crop as the best quality come from here & demands a premium.
- Mustard – price reward per acre was higher than Coriander last year
- Coriander
- Fenugreek

The Colour of the Seeds also will be especially Good this season (Provided there is no inclement weather after Mid Feb until Harvesting.)

Result of the above is that Coriander Prices have now already fallen about 10/12% in the past 5 weeks, and we think that prices can now only drop another 5% max.

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.

Export demand will also pick up in March when the New crop arrivals come in.

Recommendation

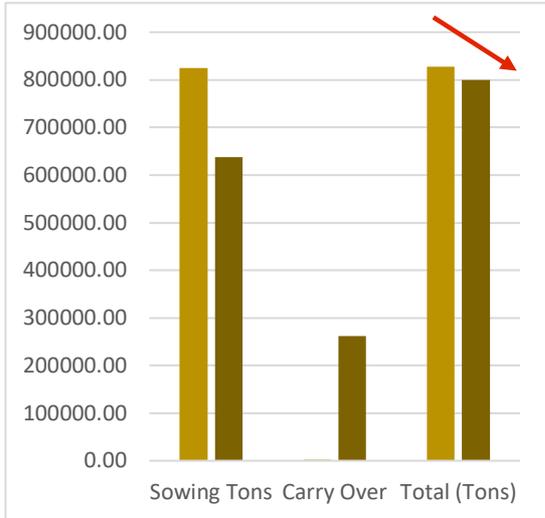
Consider to start your Coverage now in Feb onwards for the season, and you can divide your buying in 2 or 3 phases to buy some quantities every month.



TURMERIC

This is again becoming a controversial commodity.

Prices have increased by about 20% from the Bottom that we saw until the End of 2020.



YEAR	Sowing (Bsgs)	Carry Over (Bags)	Total Bags (75Kgs)	MTS
2020	1,10,00,000	30,000	11,030,000	827,250
2021	8,500,000	3,500,000	12,000,000	900,000
		Due to Grub	Reduce 15%	800,000

Fact is that there is some Disease (Grub) affecting the crop this year and that is reducing the yields in Maharashtra for sure by about 10-15% for the 2021 crop.

Other regions of Andhra and Telangana are also reporting some issues but not as severe as Maharashtra.

Fact also remains that planting this year is slightly smaller than 2020.

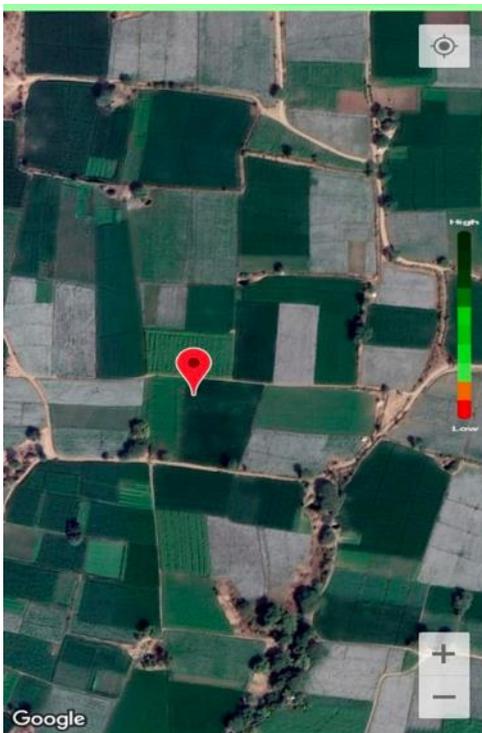
Fact also is that prices have languished very low and we felt sorry for the Farmers who barely covered his costs in by about 20/25%. With rising prices to the current level, I think is a good thing for the Farmer, because he needs to be supported and uplifted being the back bone of our business.

Turmeric, since decades of the past has always been driven more by Sentiment rather than actual reality of Supply/Demand and today the Sentiment is definitely bullish. Traders too are overplaying the Disease damage and you will even hear of reports as high as 30% of the planted crop.

My view is that – if we missed the Bus at the bottom, it is still not too late now to start covering - Demand is really brisk on Exports, and Domestic demand will also come to their Peak in March, April and May.

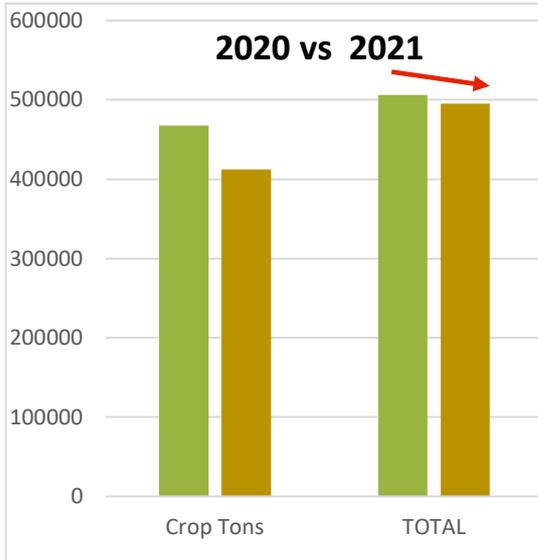
This will further fuel the Bullish sentiment when the crop starts to arrive after Mid Feb (In Nizamabad region).

Recommendation: Stay covered and stay risk free.



CUMIN

Planting this year, is definitely lower by about 10/15%.



YEAR	Crop Tons	Carry Over	TOTAL
2020	467,500	38,500	506,000
2021	412,500	82,500	495,000

Some regions in Rajasthan are lower primarily due to drought and lack of water for planting.

Gujarat is down by 15%
Kutch is higher by about 15% which makes it up.

Prices so far are holding stable, and the weather is good and favourable. Early sowings were not growing well due to lack of Winter and we hope that these will catch up as the season progresses.

Critical periods are usually from Mid Feb onwards until Harvest in End March, when Spring starts to get in and brings with it, its problems of Cloudy weather, Dew formation on the budding Seeds, Aphid attacks etc.

Just keeping our Fingers crossed and hoping. Mother Nature will be kind to the crop this season.

Recommendation

Prices are still so attractive that honestly, I can't see any reason to wait and not cover this now itself.

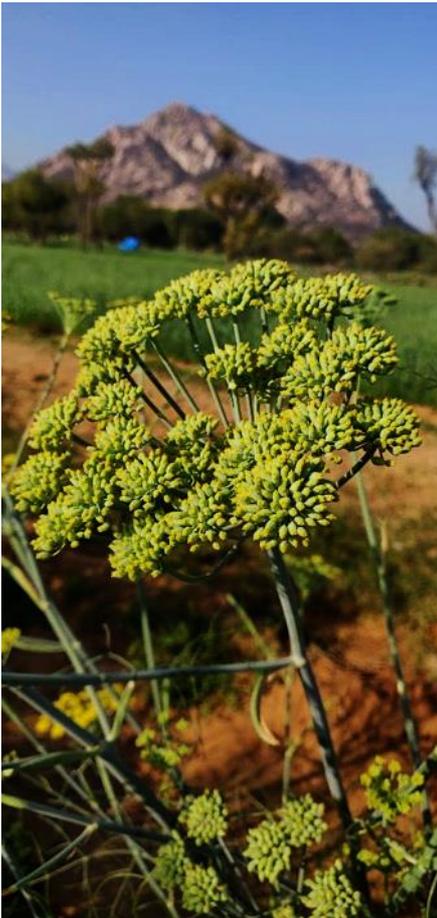


FENNEL

Planting this year is definitely lower by about 20%, and the carryover is also down from 500,000 bags to only 150,000bags into the 2021 crop.

I expect that we will definitely see firmer prices this season – In fact prices have already bounced back by about 15% from the Seasons lows seen earlier this season.

Getting ready for the Winter harvest in Fennel.



CELERY

Season so Farmers are allocating a higher acreage to Celery this season.

It's too early to see the reality as yet, but by March we Market prices -so we just have to wait and watch. Prices have already come their Peak by about 8% now.

Coverage until April should be should be considered and then you can wait for the New crop to come.

Due to the Farmer Agitation, we have not been able to get the accurate numbers. There is min 2 people per family who are at the agitation and their family members are not in a happy space mentally.



GINGER

2020, part of this was due to a smaller crop, and most part of this was demand driven due to the surge in demand for Ginger as an Immunity Booster. Prices have already now softened from their Peak by about. 20% now.

This season is a bit different – Demand for Fresh Ginger from South India has been lower -probably due to a lot of fresh Ginger production in the Local regions - considering the High prices.

Planting this year has definitely been larger, and we are now waiting to see the impact of this in Second Half Feb when the arrivals actually pick up.

Frankly prices have already dropped a bit, but I would prefer to wait until Mid Feb to see how the prices fan out before I formulate a coverage plan.



FENUGREEK

Prices have already dropped about 20% from their Peak, but I would still prefer to wait for the New crop in March before deciding on Additional coverage for 2021.

Waiting will not hurt in terms of pricing as Market is already under pressure.

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 in 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 contingencies about implemented water conservation in 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.

