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SPICES MARKET OVERVIEW

AUGUST 2020

A monthly summary of the crop conditions and precipitation during the growing seasons of all the spices we offer from different parts of the world where they are at its best.



INDIA – WEATHER FORECAST

At the onset of monsoon, heavy to very heavy rainfall is predicted in Kerala, coastal and south interior Karnataka, Gujarat, parts of Maharashtra, Konkan and Goa. A cyclonic circulation has developed over Bay of Bengal near the coasts of northern Tamil Nadu and adjoining southern Andhra Pradesh.

BLACK PEPPER

Global Market Scenario

Black pepper markets in all major origins responded with a negative outlook during July, 2020. Pepper harvesting has started in Indonesia which has helped to build up their domestic inventory and stock positions. In Sri Lanka, pepper markets have shown an upward trend due to speculation and parliament elections in August. In Indonesia, both black and white pepper prices dropped considerably because of the increased arrivals at terminal markets. Indian pepper markets have showed a marginal increase towards end of July.



INDIA

Moderate rainfall and favourable weather conditions are reported as of now from most of the growing regions except in few parts of North Kerala. However, it is too early to predict and estimate the next crop as of now.

Market trend:

Indian black pepper market remained almost at steady levels throughout the month. Towards end of the month, prices have shown 2 - 3% increase in domestic markets due to availability crunch and import formalities imposed by Government of India.

Prices may go up during short term because of the proposed new rules to include FSSAI standards in imports.



INDONESIA

Black pepper harvesting in Indonesia is in progress and availability is good at terminal markets. Harvesting and post-harvest operations are expected to be in full swing after Eid holidays and arrivals to markets are expected to increase as well.

Market trend:

Black pepper availability from new season crop has increased in terminal markets, mainly light berries. Due to good availability and less demand, Indonesia black and white pepper prices have declined towards end of July.



VIETNAM

Pepper flowering has initiated in all the vines in Vietnam. Following are the major pepper producing regions in Vietnam.

Market trend:

Due to the resurgence of Covid pandemic in Vietnam, black pepper trade is affected badly since supply to markets have decreased. According to the import and export department, the export volume of pepper in May 2020 is estimated to be 29 thousand tons, with a value of US \$ 58 million. Thereby bringing the volume and export value of pepper in the first 5 months of 2020 to 146 thousand tons and US \$ 307 million. Equivalent in volume but down by 18.5% in value over the same period in 2019.

Vietnam Pepper

Producing regions and harvesting time

Region	Area (hectares)	Time
Gia Lai	16,267	Feb, Mar, Apr
Dak Lak	38,616	Jan, Feb, Mar, Apr
Dak Nong	36,300	Jan, Feb, Mar
Binh Phuoc	17,178	Jan, Feb, Mar, Apr
Dong Nai	19,022	Jan, Feb, Mar, Apr
Ba Ria Vung TU	13,161	Jan, Feb, Mar, Apr
Others	8,200	Jan, Feb, Mar, Apr, May, June

SRI LANKA

Crop harvesting is almost complete throughout the growing regions like Matale, Kandy, Kurunegala, Kegalle, Badulla, Rathnapura and Monaragala in Sri Lanka. Availability is good at domestic markets as of now. Currently, farmers are holding their stocks because of the government elections and promises of good price for pepper.

Market trend:

Sri Lanka Parliament elections is expected during first week of August. farmers are holding their pepper stocks due to high expectations from the new government. Due to less arrivals to

market, prices have increased at the domestic markets and export prices have also increased accordingly. Prices would stay at firm levels during short term.

Black pepper prices are not expected to rise in the long run since availability is good from new crop season both in Indonesia and Sri Lanka.

CAPSICUM

Farmers have started chilli seed sowing in nurseries across all the growing regions in Andhra Pradesh, Telangana, Karnataka, Tamil Nadu etc. Transplantations to farms are expected to start from second half of August to mid - September. As per the latest reports from secondary sources, the area under chilli cultivation is expected to rise during next season as chilli prices were high this season.



Market trend:

As per the secondary reports from Agri watch, chilli stock position in cold storages in Andhra Pradesh and Telangana are estimated to be around 540,000 tons, whereas in 2019, chilli stocks were around 405,000 tons during the same period. Good chilli production and limitation in marketing caused due to pandemic this season, made the farmers and traders to keep their stocks at cold storages. The high prices during this season also kept the industry from buying aggressively this season which also lead to increase in the stocks at cold storages.



Paprika

Seed sowing of Paprika and its transplantation is in progress in major growing regions like Hubli, Byadgi, Kundgol, Gadak, Bellary, Raichur etc. in Karnataka. An increase in the area of cultivation is estimated next season due to good result of the previous season. As of now, good climatic conditions prevail in all growing regions with moderate rainfall.

Market trend:

Paprika stocks are less in cold storages in Karnataka. Prices of colour chillies have shown an upward trend during July. As per reports there was a 10 - 15% increase in price during July as compared to June. Prices are likely to move up further in the long run.



TURMERIC

Turmeric seed (Rhizomes) sowing is complete in states like Maharashtra, Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala etc. As per the initial reports from states, area under turmeric cultivation has **decreased by 10 - 15% in India** due to less returns during last few years. Hence, farmers have switched over to other crops like chilli, cotton, pulses, maize etc. which gives more returns compared to turmeric. Currently the weather has been favourable with good rains during the sowing time.



Market trend:

Regular turmeric prices have shown almost a steady trend. As per the reports, April and May recorded huge exports of turmeric compared to previous months.

Andhra Pradesh Government has started procuring turmeric from farmers during June - July months. Prices are expected to be steady in short and medium run. Traders expect a price increase in October during the festival season.

Indian turmeric production during 2020 was estimated to be around 4.75 - 5.00 Lakh tons. Carry forward stocks in India was around 1.40 - 1.50 Lakh tons. Hence, total output is reported to be around 6.50 Lakh tons.



Panangali & Kocha

Panangali and Kocha turmeric availability is almost nil at the markets as of now.

INDONESIA

Turmeric crop harvesting has started in Indonesia from June end onwards. Current year crop is reported to be short by 15 - 20%. Most of the farmers are not harvesting turmeric due to very less prices in the market. As per secondary sources, use of fresh turmeric have increased in pharmaceutical industries domestically due to pandemic issues.

Market trend:

Indonesia turmeric arrivals have started coming to Indian ports and this would put pressure on Indian turmeric prices to a certain extent.

DRY GINGER

Ginger seed (Rhizome) sowing is complete in Karnataka and other states. Ginger cultivation area **has almost increased by 15 - 20%** as per trader's report due to good prices this season. The area under ginger cultivation is expected to increase this year. All the growing areas have received moderate to enough rainfall during the sowing period. There has been incidence of fungal infection in few areas and the impact of it on the production needs to be seen in the long run.



Market trend:

Extraction grade dry ginger prices have increased further due to less stocks and good demand from oleoresin companies and grinding industry. The regular dry ginger demand was high at domestic markets. **The prices are expected to increase in the short and medium run.**

Nigerian dry ginger availability is limited and hence prices are firm.



CELERY

Celery seed availability is limited at the markets in Amritsar and Ladwa since farmers are holding on to their stocks anticipating price increase. As reported, production during the season was almost short by 40%.

Prices have shown a firm trend during July due to good demand and less arrivals.



NUTMEG & MACE

Availability of nutmeg and mace are very less at the domestic markets due to crop shortage, but huge demand is reported from North Indian buyers.

Due to huge demand mace prices has been firm at domestic markets.



CASSIA

Availability of good quality cassia from Indonesia is limited. Prices of cassia from all origins have shown a firm trend due to good export demand from China. Vietnam Cassia is also traded at higher levels.



PRICES FORECAST FOR SHORT AND MEDIUM TERM

SPICES RM	VARIETY	SHORT TERM	MEDIUM TERM
Black Pepper	Sri Lankan	Firm	Steady
	Indonesian	Steady	Steady
	Vietnam	Steady	Steady
Chilli	Teja Red	Steady	Steady
Turmeric	Erode, Panangali	Steady	Steady
Ginger	Shimoga	Firm	Firm

Disclaimer : Please note some of the information and images used have been taken from other sources.