

---

# Spices Weekly Research Report

---

## Contents

- ❖ Arrivals Scenario
- ❖ Spot Market Prices
- ❖ Spot price Outlook
- ❖ International Prices
- ❖ Black pepper, Cumin Seed FOB & FOR Prices
- ❖ NCDEX Stock Position
- ❖ Agriwatch Red Chilli and Turmeric Production Estimate 2021-22
- ❖ Agriwatch Coriander and Jeera Production Estimate 2020-21
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Futures Market)

## RED CHILLI

### Spot Market Recap

- Steady to firm sentiment witnessed in Chilli spot market during the last week, despite old stocks being released before the new crop arrives, which is expected to be larger than the 2019-20 crop.
- Due to this unseasonal rainfall new crop supply reported delayed by 15 – 20 days which supported the prices, but there is a decline in quality
- Normal export demand reported from Vietnam, Malaysia and Indonesia at Guntur market, though the arrivals are lower of the Teja Deluxe variety.
- Chilli prices are likely to correct from higher levels in the spot market from January onwards on the expectation of higher production in coming marketing period. We expect Chilli prices likely to correct Rs.1,000 – 1,500/-qtl from current levels during January, if no more untoward weather events take place.

### Fundamental Analysis

Currently, cold stores stocks continue to arrive at Guntur spot market at the rate of 55,000 bags (1 bag = 45kgs) per day from Guntur cold storages, where around 90,000 MT (and 112,500 MT in all of AP) stocks are still stored, compared to 63,000 MT last year.

New chilli arrivals of all varieties at around 20,000 to 25,000 bags reported at Byadgi spot market, which is lower than expected.

From the 1st January 2020 to 03rd December 2020, red chilli supply in Guntur market is reported to add upto around 461,700 MT as compared to last year's 517,275 MT, down by 10.74% as most of the time, market was closed due to lockdown.

In Madhya Pradesh, new chilli crop continued at Bedia mandi around 1,500 to 1,550 bags (1 bag = 35 Kgs) on daily basis. Current year production likely to be around 65,245 MT compared to last year 52,500 MT.

### Red Chilli Spot Price Outlook (Guntur, 334 variety)



Candlestick chart formation indicates bullish sentiment in the market. Red Chilli 334 variety prices are moving at Rs.13,500 – 14,500/-qtl. We expect prices (cold storage) likely to correction from higher levels and to move in a range between Rs.12,500 – 15,000/- in coming days.

## TURMERIC

### Spot Market Recap

- Mixed sentiments witnessed in Turmeric spot market during the last week.
- Turmeric prices reported down at Duggirala market compared to others like Kadapa and Nizamabad over some quality issues.
- The farmers plan on releasing their stocks only at higher prices and buyers are not active at those prices.

### Fundamental analysis

- Due to higher stocks in domestic markets, prices have not moved upwards as expected. Before March 2020, when the global covid-19 lockdowns began, all India ending stocks were expected to be 0.74 lakh MT for 2020-21 marketing period, but now it is estimated at 0.98 lakh MT due to lower domestic consumption and exports.
- For 2021-22 marketing period, all India Turmeric production is expected to be lower due to decrease in sowing area in major growing regions.
- Agriwatch estimates the All India production of turmeric for 2021-22 at 4.46 lakh MT. Last year's production was 4.53 lakh MT. For 2021-22, Agriwatch estimate of Turmeric (Dry) production in Andhra Pradesh is around 43,523 MT (previous year it was 45,534 MT) and in Maharashtra Turmeric production would be around 62,809 MT (previous year it was 52,341 MT). In Karnataka, production likely to be around 38,010 MT (previous year it was 32,098 MT).
- Turmeric standing crop reported well in major growing regions in AP, Telangana, Tamil Nadu and Karnataka.
- In Erode spot market, turmeric supply is arriving at an average of 1,400 – 1,500 bags daily.
- In Nizamabad market during current year (2020), Turmeric arrivals are reported around 96,838 MT from 2nd January till 03rd December compared to last year same period 108,234 MT, -10.53% down from last year.

### Fundamental Price Outlook

Turmeric (finger, NCDEX quality) in Nizamabad is trading at Rs.5,800/quintal. We expect that prices may not increase much further from current levels amid lack of good demand at higher levels. **We expect prices to move in a range between Rs.5,500 – 6,000/-qtl in coming days.**

### Turmeric weekly Future Price Chart (Apr Contract)



| Strategy: Buy     |     | S2   | S1         | PCP  | R1   | R2   |
|-------------------|-----|------|------------|------|------|------|
| NCDEX             | Apr | 5700 | 5800       | 5930 | 6100 | 6150 |
| Weekly Trade Call |     | Call | Entry      | T1   | T2   | SL   |
| NCDEX             | Apr | Buy  | Above 5920 | 6000 | 6050 | 5800 |

Candlestick chart pattern reveals range bound movement in the market. RSI moving down in neutral zone in the market. Volumes are supporting the prices.

### JEERA (CUMIN SEED)

#### Spot Market Recap:

- Continued mixed sentiment witnessed in Jeera spot market during last week.
- Jeera sowing continued in Gujarat and Rajasthan growing regions, current year area likely to go down due to lower prices, however how much go down it will clear after 10 – 15 days.
- Jeera traded till now in Gujarat in major market like Unjha, Rajkot, Patan, Dhrol, Gondal- around 82 – 84%.
- In Rajasthan – Jodhpur, Nagaur- Harvesting has been completed, 81 - 85% traded, balance produce is in farmer's hand.
- In Unjha benchmark market new crop supply reported at around 3,500 bags on an average daily basis.
- As of now at Unjha mandi around 158,126 MT (from February 2020 to 10<sup>th</sup> Dec) new crop traded.

#### Fundamental analysis

In Unjha indicative market during current year (2020), Jeera arrivals reported around 167,201 MT from 2nd January till 10th Dec compared to last year same period 157,533 MT, 6.14% reported up from last year due to higher production.

As per Agriwatch Final production estimate Jeera production for 2020-21 (marketing period) is estimated at 451,451 MT (around 82 lakh bags {1 bag = 55 kgs}) compared to previous year's 385,334 MT (70 lakh bags).

We expect Jeera NCDEX quality prices to trade in a range between Rs.13,800 – 14,400/-qtl in coming days.

#### Jeera (Cumin Seed) weekly Future Price Chart (Apr Contract)



Candlestick chart pattern indicates bearish sentiment in the market, however prices may take support from lower levels. RSI moving down in neutral zone in the market. Volumes are supporting the prices.

| Strategy: Buy     |     | S2    | S1          | PCP   | R1    | R2    |
|-------------------|-----|-------|-------------|-------|-------|-------|
| NCDEX             | Apr | 13750 | 13800       | 13990 | 14200 | 14250 |
| Weekly Trade Call |     | Call  | Entry       | T1    | T2    | SL    |
| NCDEX             | Apr | Buy   | Above 13980 | 14120 | 14150 | 13850 |

## BLACK PEPPER

### Spot Market Recap

- Continued steady to firm sentiment witnessed in Black Pepper spot market during last week.
- As on 9th December, new pepper 500 G/L traded at Rs.32,400/-qtl, steady from previous day.
- Agriwatch estimate, pepper production in current year (2020) 65,000 tons which will be higher than last year (2019) 45,000 tons.
- As per trade sources, the total pepper output in the 2019-2020 crop year is estimated at 558,000 tons, still significantly higher than the total consumption demand of 496,000 tons.

### International Scenario

Vietnam pepper prices go sideways in many surveyed provinces. Provinces including Dak Lak, Dak Nong, Ba Ria - Vung Tau, Binh Phuoc and Dong Nai are stable in the range of 55,500 - 57,500 VND / kg. Gia Lai province alone increased slightly by 1,000 VND / kg, recording 56,000 VND / kg today.

In the first 11 months of 2020, Vietnam pepper export was estimated at 263 thousand tons, worth \$ 596 million, down 1.7% in volume and 11.5% in value over the same period in 2019. Average pepper export price in November 2020 is estimated at 2,543 USD / ton, an increase of 3.6% compared to October 2020 and an increase of 8.1% compared to November 2019. Generally in the first 11 months of 2020, the average export price of pepper was estimated at 2,268 USD / ton, down 10% over the same period in 2019.

### Black Spot Price Outlook (Kochi, Garbled)



Candlestick chart formation indicates range bound movement sentiment in the market. RSI is moving down in neutral region. Currently black pepper prices are moving at Rs.35,400/-qtl. We expect that prices are likely to move in a range between Rs.35,000 – 35,800/-qtl, in coming week.



## CARDAMOM

### Spot Market Recap

- Continued firm sentiment witnessed in Cardamom spot market as buyers reported active in the spot market.
- Buyers reported active due to good and increasing supply in the spot market.
- Agriwatch estimates for 2020-21, India's Cardamom production would be around 22,000 – 23,000 MT, due to favourable weather conditions.

### Fundamental Analysis:

New Cardamom quality supply entering into the market. Current year Cardamom production likely to go up due to favourable weather condition in Kerala and Tamil Nadu. Last year (2019-20) production was around 18,000 – 19,000 MT due to unfavourable weather.

Current season which was officially starts from 1<sup>st</sup> August 2020 to till 10th Dec arrivals reported 6,766 tons and sales 6,577 tons, last year same period it was 3,376 tons and sales 3,240 tons due to higher production.

### Cardamom Weekly Price Outlook (Dec Contract)



Candlestick chart pattern reveals bearish sentiment in the market. RSI moving down in neutral zone in the market indicates prices may go down in short term. Volumes are supporting the prices.

| Strategy: Sell    |     | S2   | S1         | PCP  | R1   | R2   |
|-------------------|-----|------|------------|------|------|------|
| MCX               | Dec | 1420 | 1450       | 1500 | 1570 | 1580 |
| Weekly Trade Call |     | Call | Entry      | T1   | T2   | SL   |
| MCX               | Dec | Sell | Below 1510 | 1470 | 1460 | 1550 |

## CORIANDER SEED

### Spot Market Recap

- Continued mixed sentiment witnessed in Coriander spot market during last week.
- Coriander sowing continued in Rajasthan, Madhya Pradesh and Gujarat growing regions. As per trade information, area may go down in MP and Rajasthan, however in Gujarat sowing area reported higher.
- We expect 2021-22 marketing year likely to be good for Coriander.
- As per Agriwatch final production estimate, Coriander production for 2020-21 (marketing period) is estimated at 352,316 MT (88 lakh bags) compared to previous year's 268,957 MT (67 lakh bags, 1 bag = 40 kg).
- We expect buyers likely to active in the spot market from prevailing prices level.

### Fundamental analysis

In Madhya Pradesh – Guna, Neemuch and Mandsaur regions till date around 82 - 85% traded; rest of the produce is in farmer's hand. Rajasthan – Kota, Ramganj, Baran, Bhawani- Jhalawar harvesting completed, 80 - 82% traded till now. Gujarat – Gondal, Jamnagar, Porbandar harvesting completed, 82 - 84% traded till now.

### Coriander Weekly Price Chart (Jan Contract)



Candlestick chart pattern indicates bearish sentiment in the market. Volumes are not supporting the prices. RSI moving down in neutral zone in the market.

| Strategy: Sell    |     | S2   | S1         | PCP  | R1   | R2   |
|-------------------|-----|------|------------|------|------|------|
| NCDEX             | Jan | 5750 | 5800       | 6052 | 6300 | 6350 |
| Weekly Trade Call |     | Call | Entry      | T1   | T2   | SL   |
| NCDEX             | Jan | Sell | Below 6100 | 5900 | 5850 | 6250 |

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2020 Indian Agribusiness Systems Ltd.