

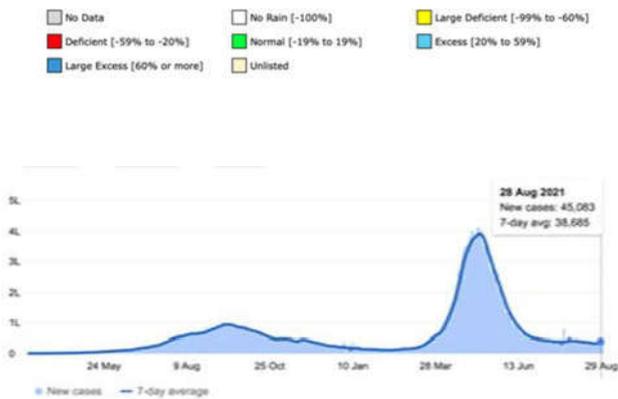


# Spice Report September 2021

Newsletter3



## COVID 19 = 2<sup>nd</sup> Wave

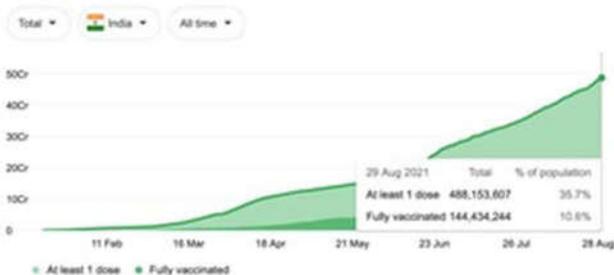


In the last few weeks cases were declining, but now again we are starting to see a slight jump. Whether this is just an anomaly or the beginning of the 3<sup>rd</sup> Wave – only time will tell. Kerala continues to see a high Number of cases even today.

New Safety Guidelines of Social Distancing also bring their own constraints and challenges. India hit an unenviable World Record with over 10 million Vaccine Doses in a Single Day

### Vaccinations

From OurWorldIn Data - Last updated: 2 days ago



## Shipping Rates to stay Sky High. No short-term relief

Container shipping on track to \$100 billion 2021 profit: Drewry

## News & Analysis

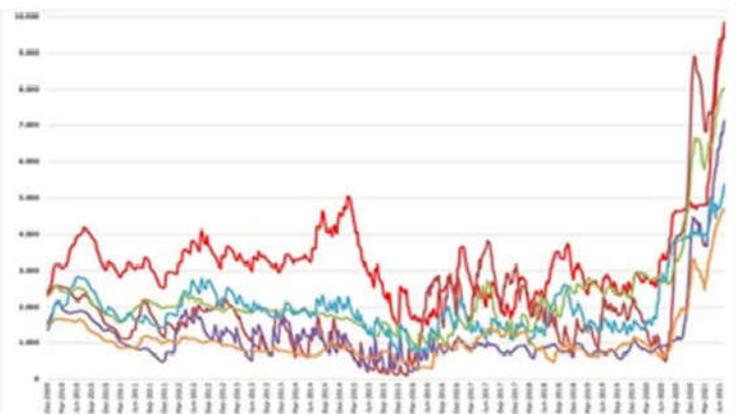


CMA CGM latest carrier to predict continued congestion amid record earnings

27 Aug 2021

Carriers expect another increase in profit in the second half of the year as a lack of available vessel capacity and port and landside congestion, particularly in North America and Asia, continues to push rates up.

In a major upgrade to its \$35 billion forecast of earnings before interest and taxes (EBIT) *made in March*, the shipping research and consultancy firm said spot and contract rates through the second quarter reached record highs, with worsening supply chain disruptions continuing to stoke prices.



Dear Friends,

Hope you're keeping safe, healthy and happy. In this quarter's letter, we must report that all is not harmonious in the world of spice.

Let's first address the **bad news**.

Of serious concern is our Critical Growing areas, North Gujarat and West Rajasthan have had NO rains this Monsoon season. In Western Rajasthan this is the 2<sup>nd</sup> consecutive year of no rainfall. Water Tables which used to be around 600 ft for the Bore Wells have retreated to about a 1100 ft depth.

Please see the Rainfall map to the left downloaded from the Indian Met. Dept. This is a Govt controlled body, which tends to downplay bad news, but compared to the Sky met chart, we believe this one provides a realistic representation.

Prices of the following commodities across the board have shot up in the last 10 days, by about 20% to 25%. The market and NCDEX Exchange is in the firm grip of the Bulls, who have all factors in their favour right now.

So, what with freight costs surging on one side and commodity prices running up the other, expect to see **higher spice prices** in the coming days and weeks.

Here's an outline of the crops and growing areas of concern, as follows:

### CORIANDER:

Green Saffron has a good stock of both milled and whole coriander in our European Spice Hub.

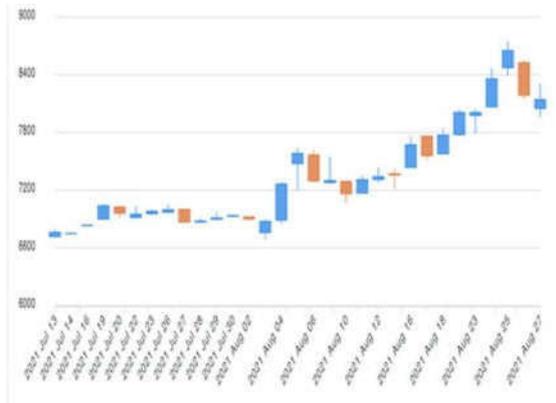
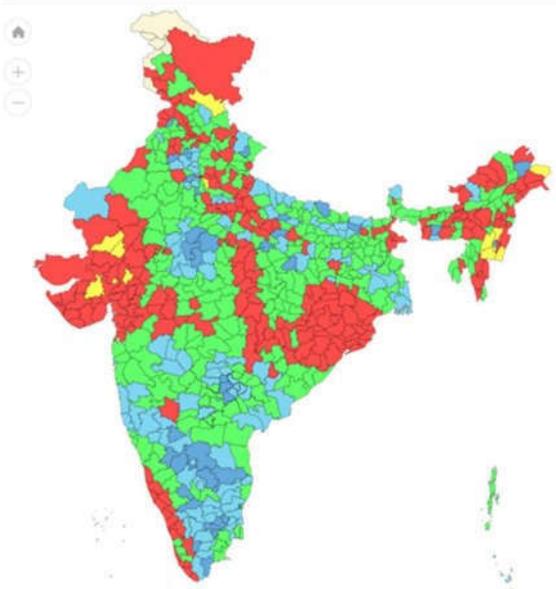
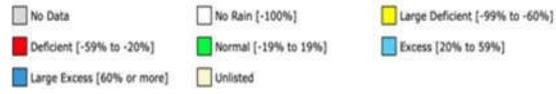
The drought affected growing regions are East Rajasthan, Madhya Pradesh and Gujarat.

In July's newsletter, we mentioned prices had not moved much thanks to a strong total production however, as we move toward the end of Monsoon Season that situation changed due to the lack of rainfall. Prospects for 2022 planting are looking bleak. Carryover stocks will now go into "strong traders' hands" who will not sell until they can be assured of good profits.

EXPORTS also have shown a strong rise to about 57,000 tons against 47,000 tons last year. On the other side, prices from Eastern Europe have dropped with the advent of their new crop, so imports into India are very likely to happen.

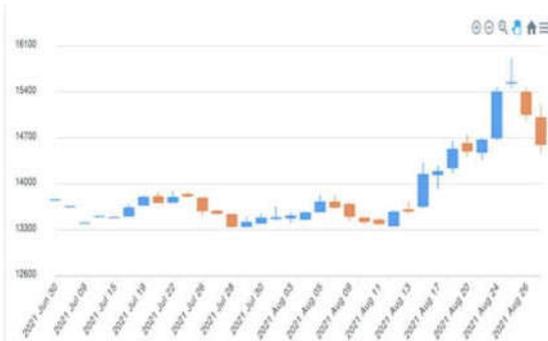
On the planting side, farmers have been opting to plant other, more robust and so more reliable crops in preference to Coriander, which languishse much lower down this year's planting priority list: Mustard, Chickpeas, Wheat and then Coriander. The farmers believe that in years of lower rainfall – the Winter is more severe, and can bring dew and frost like conditions – it's only prudent to sow sturdier crops.

Overall, the sentiment is bullish and you are well advised to please extend your coverage now. Prices have jumped-up already more than 20% and I wouldn't be surprised if it goes up another 15 to 20% before November...



**CUMIN:**

Green Saffron has a good stock of both milled and whole IPM cumin in our European Spice Hub.



Cumin grows in North Gujarat and West Rajasthan, where once again drought conditions have prevailed. Markets are taking the cue from the lack of rains bringing back the Bulls. Markets for this spice have risen 10% (ex-market for conventional products. Long term on the NCDEX Exchange forwards is quoting high premiums, reflecting the current mood of the Trade.

Exports have also jumped to about 300,000 tons this year against 215,000 tons last year representing a jump of about 30%. Fortunately, farmers just sat on their produce and did not sell at the lower priced end of the market. Now, with the increase in prices farmers are starting to slowly release their stocks, so the supply line will remain adequate for the near term.

Overall, the sentiment has changed, so we'd highly recommend you cover your position. What the planting scenario will be in December is anyone's guess. at this stage.!

The only *positive* I see is that in sparse rain years, farmers' sowing choices are limited only to Cumin. The *negative* is that in 2022, sourcing of IPM Cumin will become a very serious challenge too.

**FENNEL:**

Green Saffron has a good stock of both milled fennel in our European Spice Hub.

Grown in the drought affected region of North Gujarat and South Rajasthan. Prices have already jumped significantly, due to a lower yield than forecast in 2020. Whilst market prices stood for a while at mid-level in the summer they jumped up and today we are looking at a further increase of 18 to 20%.

Personally, I think that the market has now seen whatever jump was anticipated and prices should hold at the current levels. Whether, the overall bullish sentiment will fan the flames of further price rises remains a big question. Strongly suggest caution, and sufficient coverage at least for the next 6 months or so. Exports this year are up at. 32,000 tons against 24,000 tons last year.

New crop 2022.

Growing seedlings in Nurseries is common and often yields the best quality product. However, post transplanting into the fields and due to the lack of rain & high temperatures, growth has not been very good.

It has rained recently (while writing this report). Due to this rain, some recovery will takeplace however, just how much is too early to comment right now. Rates have been good during the sowing seasons, so farmers were positive about planting Fennel as per our last survey. Acreage will not fall in our areas however, yields may be lower this time. The recovery will depend on what happens over the Rabi, winter season.



## FENUGREEK

Green Saffron has a good stock of both fenugreek leaves and milled seeds in our European Spice Hub.

Grown also in the drought affected regions of Rajasthan and Gujarat. Similar story as above. Bulls have taken their cue from the facts. This year the crop was lower and now, with the lack of rains, there is every likelihood that planting also will take a serious hit in 2022.

Prices have risen 30% from the start of the season and personally I wouldn't be surprised if this also rises another 15 to 20% by November. Strongly suggest you please take coverage and stay protected at least until the End of the year. There is really no downside on this commodity for now.

Grown in Eastern Rajasthan and Gujarat, a partly drought affected area. Prices here have not jumped a lot, but again this is a smaller crop, and probably not on the radar of the Bulls because it is not really a large commodity - not listed on the NCDEX so not really visible to them. Nevertheless, I would consider that you take coverage now and protect yourselves. It is a cheap commodity and there is no downside risk either.



## ... THE GOOD NEWS

### CHILLIES:

Green Saffron has a good stock of Cayenne Pepper in our European Spice Hub

Rains in Andhra and the surrounding regions have been very satisfactory and with the prevailing prices, farmers are likely to increase acreage on chillies. We would hope that at the end of the year, we could see some softening of prices.

Stay covered for your needs until the end of the year, then wait and watch to see what transpires with the planting and how the market reacts too. There is no panic so 'cover-to- need' basis for now.

Chilli survey recently completed shows higher planting of 15% - 20%. Overall weather conditions are good; however, the lack of rain was beginning to tell on the plants. The recent rainfall will have a positive impact on the chilli plants and also on putting the smile back on some of our farmer friends' faces. Last year in September the crop was hit with a virus attack, due to poor weather. If the cool temperatures post Monsoon continues, things will be looking more under control.

### TURMERIC:

Green Saffron has a good stock of turmeric in our European Spice Hub

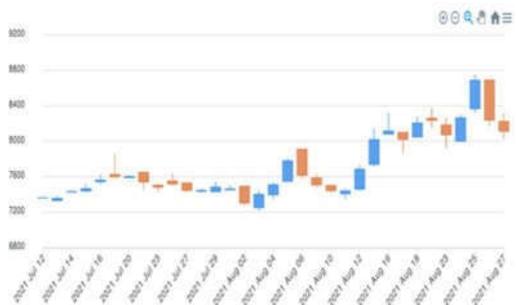
Likewise, the Turmeric growing belts have had good rains and we should see another good crop in 2022, which will keep prices on an even keel for the rest of the year.

The Erode region of Tamil Nadu will definitely see a higher acreage, and about 50% more crop compared to 2021. Planting in Maharashtra has also been good, because of sufficient rains.

Likewise in the Nizamabad region the rains have been good, so planting will not take a hit either.

Whilst there are all kinds of stories to be heard of the more planting in different growing belts, I would definitely like to wait and see how their crops develop from hereonin.

Keep yourself covered, and whilst I don't see a down side until New crop in March 2022, if indeed at all, there is a limited upside. Even if speculators try to bump up prices, it shouldn't sustain in the long term .





**GINGER:**

Crop in 2021 has been very good in Karnataka. Unfortunately, a lot of the main growers of Kerala have moved away from Ginger to (the potentially more lucrative) Pineapple plantations. This slack has been taken up by the farmers in Karnataka.

Recently we have seen some ginger planting in Maharashtra, but this product lacks the pungency of the Karnataka crop. There is still plenty of stock lying in Karnataka so I don't see prices running up until end 2021.

How will planting for 2022 pan out? Good question. Prices have fallen 30 to 40%, depending on the quality, so how this will impact the minds of the planters is yet to be seen. Planting starts in a week's time or so; let's see...

Rains have been very good in Karnataka, so this is a positive for the region going forward.

**CARDAMOMS:**

Harvesting will begin shortly. Planters are claiming that due to the untimely rains in May, there has been damage to the panicles (the branch-ends from which the fruits will grow), they simply broke off with the force of the weather.

Generally, Trade is saying that the 2021 crop will be about 25% lower than 2020, but personally, I would like to wait and watch the tempo of arrivals to be able to hazard a somewhat educated guess.

Prices on the other hand are considerably lower than the peak of 2020. Almost down by 50%. However, festival season is looming, demand will inevitably therefore increase.... Stay covered for the near term, is our suggestion.

So, all in all not the best picture to paint. However, we have good stocks in our European warehouse and are able to offer good prices on the best, safest, most authentic of spice produce available in the market.

Always at your service. Feel free to get in touch. Stay protected, safe, healthy and happy.

All best,  
Arun Kapil

