

Turmeric

Domestic Scenario

The major changes mark in production from last three years, India produces about 37 lakh bags of turmeric in 2014-15 lower than 89 per cent produced in 2012-13 about 70 lakh bags. The last year production was seen 52 lakh bags which is 34 per cent lower than the 2012-13 year production. Major producing states in India are Andhra Pradesh, Tamil Nadu, Orissa, West Bengal, Karnataka, and West Bengal. Andhra Pradesh is the major producer and contributes about 36 per cent of total production. Tamil Nadu and Orissa place themselves at the second and third position sharing 26 per cent and 14 per cent respectively. Due to strong export demand coupled with steady off take of turmeric by exports will reduce the total supplies for the next season and also drag the ending stocks to record lows. The total ending stocks of turmeric for 2014-15 are projected to reach record lows of 9 lakh bags (Each bag is 75 Kg) due to weak domestic production and steady demand in local mandies.

Sowing Summary

The sowing of the Turmeric crop is expected to pick up gradually as rains in growing areas in Andhra Pradesh and Tamil Nadu kept possibilities of improved sowing. The farmers are bringing limited medium variety for sale amid lesser price and subdued demand.

The IMD may raise this season's rain forecast to 90-91% of the long period average, as the condition of the southwest monsoon has been positive so far. Also, farmers in Telangana have sown turmeric across 1264 ha as on Jun 17, up from 991 ha a year ago. The normal area for turmeric is 49691 ha, according to the state agriculture department.

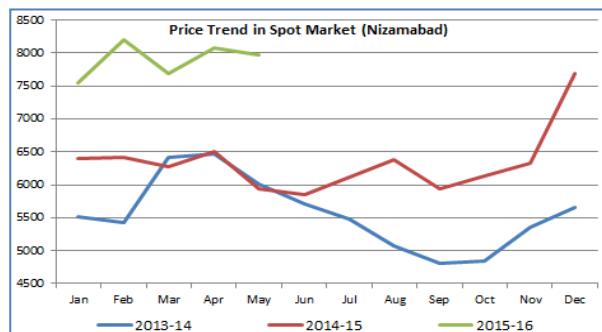
Turmeric Exports from India

The major destination of Indian turmeric is U.A.E., Japan, Iran, Malaysia, U.S. and U.K. Overseas demand has a significant impact on the prices in the domestic market. Indian Turmeric exports have witnessed a significant jump during the financial year (FY) 2010-11 and 2013-14 and the trend is expected to continue in the year 2014-15 too. India's export of turmeric in 2014-15 was an all-time high. In 2014-2015 the country's turmeric exports grew 38.91 per cent over last six years from 2009-10 to 70 thousand MT. During this period the maximum export was seen in Iran (12.47 per cent), U.A.E. (7.75 per cent) and Malaysia (6.78 per cent).

Important Factors Driving Turmeric Prices

- The arrivals of quality crop are less as farmers are holding back their stocks in anticipation of better prices in the coming days. However, no sharp gains may be seen as prices may come under downside pressure once the arrivals of the new season crop picks up momentum and enters the markets in full swing. Also, spot market traders expect fresh export demand April onwards, thus prices may again take cues from the same, if any.
- The IMD may raise this season's rain forecast to 90-91% of the long period average, as the condition of the southwest monsoon has been positive so far.
- As per the recent report from Spices Board of India, shipments of turmeric rose 11 per cent in 2014-15 (Apr-Mar) to 86000 MT, from previous year.
- Fresh export demand which might support the prices to move higher. Export for the year 2015 is estimated at 0.78 lakh MT mainly to UAE, Bangladesh, Japan and Malaysia.

Prices Trend Analysis



The turmeric market price variation study indicates that the price volatility is on the rise since August 2009 owing to reports of higher export demand. Turmeric market is a structural bull market which has been unveiled with hint of strong growth in domestic and export demand especially with the booming economy and increasing disposable incomes in the hands of consumers, resulting

in steep growth in demand thus supporting the price sentiments. The export demand is still supporting prices and much would depend on the winter rains.

The adjacent price curve indicates that prices tend to decline from July to October on account of slackening demand and increased supplies. Moreover, the demand from domestic and overseas markets is expected to improve by the month of October, which would support the bullish moves in the prices. The spot prices at Nizamabad are currently subdued but are expected to move up on support from the increased export demand and reports of lower supplies in the global market.

Spot Market Rate in Nizamabad (Rs. /Q)			
Month	2013-14	2014-15	2015-16
Jan	5519	6398	7550
Feb	5420	6422	8202
Mar	6414	6276	7683
Apr	6463	6502	8087
May	6002	5937	7977
Jun	5715	5859	
Jul	5475	6114	
Aug	5070	6376	
Sep	4804	5931	
Oct	4850	6131	
Nov	5362	6332	
Dec	5664	7689	

Source: NCDEX Spot

Price Expectation

The market is expected to find strong support at the levels of 6400 on the downside and has good potential of testing 9800 and 12000 on the higher side by end of November 2015.

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