

AVT McCormick Ingredients Pvt Ltd.

## Various Spices

### Black Pepper

Black pepper markets continued to increase on a daily basis for the past month. Rates are currently at USD \$6,850/mt for Indian Farm Grade. Overall reports on India, Vietnam, and Brazil suggest a reduction in future crops. Farmers in India are moving towards alternative crops which are more profitable and easier to maintain. Indonesia is not currently making offers from their new crop that is being harvested now. Rates are expected to rise once again. Long term outlook is a continued rising market with the possibility of touching USD \$7,600/mt this year

### White Pepper

Availability is very low, and as a result rates continue to increase. Muntok has crossed an all time high of USD \$10,000/mt, however there are no firm offers being provided by Muntok suppliers. Chinese is USD \$10,000/mt. Offers in the market are very limited.

### Turmeric

MFT (Madras Finger Turmeric) cultivation nearly doubled last year due to historic high market prices. Market rates reacted accordingly and reduced significantly. **It is advisable to book annual volumes at this time.** Rates have decreased further since last month. Those that were previously holding material are now releasing it into the market. Last months rate of USD \$1,950/mt is now USD \$1,625/mt.

AFT (Alleppey Finger Turmeric) Material with 5% + curcumin is currently unavailable.

### Ginger

Indian Ginger - **It is currently a good time to book annual contracts,** however this will not last for long. Arrivals into the terminal market are slowing. Stockists are predicting a rise in the rates due to the festival season and winter. As such, some farmers are currently holding onto material in anticipation of higher returns. Rates are expected to increase in the near future. Prices are now at USD \$3,450/mt

Chinese - Market rates have responded accordingly to the reduced volume as compared to last year. Prices are currently steady at USD 5,650/mt.

Nigerian Ginger - Suppliers of Nigerian ginger are currently struggling to provide product that is free of aflatoxin. At this time, material is currently unavailable.

### Nutmeg / Mace

The prices of nutmeg and mace remain high due to the limited supply in the domestic and international markets.

Unfavourable weather in the growing countries (Sri Lanka, Indonesia, India) have reduced last years output. Untimely rains in Sri Lanka and India damaged the flowers resulting in a 20% reduction in crop size.

Indian nutmeg rates are increasing. Currently afa guaranteed material is at USD \$24,500/mt. Without a guarantee it is USD \$19,500/mt.

Prices are expected to remain firm, possibly well into the next season.

### Cardamom

Favourable climatic conditions have resulted in a strong Indian crop this year. Market rates have reacted appropriately, and are down significantly over last years rates.. Guatemala corp is due in Dec / Jan. Current rates are USD \$19,000/mt for AGEB grade.

### Clove

Offers are very limited as supply is difficult to locate. Rates have again set an all time high, increasing from USD \$21,000/mt last month to USD \$26,000/mt this month.

### Fennel

For 2011 the Indian fennel crop has increase in size and the quality is good. Rates have remained stable for the past month and this is expected to continue.

Egyptian fennel has now exceeded Indian in market price.

### Aniseed

Turkish aniseed has remained steady since the rate increase last month. Current rates of USD \$4,500/mt. No change is expected in the short term.

### Celery

Market rates have reacted positively to this years healthy bumper crop. Rates have eased slightly over last month and are expected to remain steady. Current rate of USD \$1,035/mt.

### Fenugreek

Fenugreek is one of the few items that have remained steady over the past couple of years. This year is no exception and rates are expected to continue without any major fluctuations.

### Dill Seed

The indian market has eased due to a good crop. Rates are expected to remain steady.

## AVT McCormick Recommendations

### Black Pepper

Contract annual volumes now.

### White Pepper

Contract annual volumes now.

### Turmeric MFT

Contract annual volumes now.

### Ginger

Contract annual volumes now.

### Nutmeg /Mace

Contract annual volumes now.

### Cardamom

Contract annual volumes now.

### Clove

Cover as required.

### Fennel

Indian: Contract annual volumes now.

Egyptian: Cover volumes as required, take immediate delivery due to political instability.

### Aniseed

Cover as required.

### Celery

Contract annual volumes now.

### Fenugreek

Contract annual volumes now.

### Dill Seed

Contract annual volumes now. Rates expected to be firm next yr.

### Cumin

Indian: Cover as required.

### Coriander Indian

Cover requirements to Jan

### Coriander EU

Contract annual volumes now.

### Red Pepper

Cover as required.

### Allspice

Contract annual volumes now.

## Various Spices

### Cumin

The Indian cumin season has come to an end. Market rates have remained steady this past month in response to the international crop shortage.

The drought in China resulting in a short supply has impacted the international market as expected.

Syria's economic and political instability have negatively impacted the trade of cumin. There are currently no offers for this origin.

Turkish crop availability is good, however the market remains firm due to Syrian market conditions.

Current market rate for Indian USD \$3,900/mt.  
Turkish USD \$4,400/mt. Chinese USD \$4,000/mt.

### Coriander

Indian coriander remains firm as a result of reduced acreage and damage due to a cold wave this year. Rates are expected to remain at a higher level until the arrival of the new crop in February 2012.

Rates have eased on East European coriander making it more competitive than Indian. This trend will continue until the arrival of the Indian crop in Feb.

### Red Pepper - Market yard chilli

The market rates continue to remain steady. Rates reached an all time high in May of this year due to heavy crop damage and delayed harvest.

With buyers focus being on pesticide controlled materials, sales are currently only 50% of the arrivals into the Guntur market. No immediate fluctuations are expected, but rates may firm up in October / November during the North Indian festival season.

Sowing and nursery operations are in their final stages now. Transplanting operations in Andhra Pradesh was not delayed as there was sufficient rainfall in the growing belt.

If the weather continues to cooperate, the new crop is expected to arrive during January and may peak by March.

Overall acreage is expected to increase in the coming season due to the higher market rates of chilli. More farmers are making positive changes towards cultivating afla free and pesticide compliant material. There has been an increase in the implementation of Integrated Pest Management systems as well. Both Afla and Pesticide residue screened material is VERY limited in availability and pricing reflects this.

Pricing in the spot market by the end of this year will be heavily influenced by the Madhya Pradesh and Chinese crop output.

Current Market Rates:	
Med Heat S/on, Non BI	USD\$2,050/mt
Med Heat S/off, Non BI	USD\$2,400/mt
Med Heat S/on, BI	USD\$2585/mt
Med Heat S/off, BI	USD\$2,900/mt

\*\*BI - Backward Integrated, Afla & Pesticide residue screened material.



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*All prices noted in this report reflect market rates for farm grade Raw Materials. These are not indicative pricing for Processed Finished Goods.*