



AVT McCORMICK INGREDIENTS PVT.LTD.

Ginger & Turmeric – July1, 2010

Dry ginger price peaks on low global output

The prices of dry ginger in India have almost doubled in a year due to a shortfall in the global production and supply.

The domestic price of best quality dry ginger is currently quoted at US\$ 4500/Mt. against US\$ 2550/Mt. last June.

Prices may rise further as the shortage is likely to continue till the next crop season, which begins in December. Indian ginger is back in favour because of poor Chinese crop and high price. With Indian ginger at par with China, USA and Europeans are looking at more imports from India.

Local producers, in Kerala and Karnataka, are not willing to release the available stock in anticipation of higher prices.

Production in China, world's largest producer of dry ginger has been affected and it has increased its prices to \$4100- 4200/Mt. Farmers in China, are also planting less ginger after years of low prices. India quotes \$4500 - 4600/Mt.

Demand for fresh ginger has increased in the Indian domestic markets substantially in the recent past. Volume of fresh ginger transported to North-India has increased drastically. Entry of big retailers and refrigeration facilities is also leading to increased demand for fresh ginger.

The main constraint for dry ginger is that even at this price level it is very difficult to procure quality material. It is because of the steep rise in the demand of fresh ginger across the country. Ginger growers are not keen on making dry ginger as they get higher price for fresh ginger. Lack of skilled workers also forces them to sell ginger at the production level itself, as fresh ginger.



Cochin dry ginger-2010

consignments were of poor quality and destroyed. The latest offer by Nigeria is at US\$2900-2950/Mt levels.

Production of dry ginger is highly labour intensive, though is 4-5 times expensive than fresh ginger. Loss of weight and keeping in wet condition are also serious concerns for farmers. The current monsoon, followed by the winter season will further add pressure on the demand and may lead to increase in prices.

Weak supply is not an issue in India alone, but also in China and other leading producers like Nigeria and Ethiopia. Though Nigeria and Ethiopia offer much lower prices, quality is a serious concern for import from these countries.

Exporters of Nigeria had defaulted orders several times because of the galloping prices. A good percentage of

Due to the sharp increase in prices, the export demand is rather weak at present. Exports to Middle East, where Indian ginger is much in demand, have declined compared to last year. But there is a good local demand which is likely to strengthen owing to seasonal advantage.



AVT McCORMICK INGREDIENTS PVT.LTD.

Ginger & Turmeric – July1, 2010

India's 2009-10 ginger production is estimated to be 25-30% more largely due to high price of ginger in the past few years. With ginger prices touching record levels due to shortage of the commodity, farmers have again started growing ginger. However, global production is on the lower side due to erratic weather in the Far East.

Turmeric: Futures market today slipped slightly amid low demand as buyers mostly opted to stay on the sidelines. The trend in spot markets also dragged the sentiment down. Turmeric contracts are likely to stay range bound amid thin supply in spot markets.

However, expectation of firm export demand and thin arrivals of fresh stocks in spot markets due to rains are expected to keep the market firm during the coming weeks.

Farmers and stockists still hold a portion of their produce since they have already realized a good return for their investment. They still believe and expect the market to go up from the current levels.

Low carry over stocks, estimated at around 7,000 Mts. are also likely to help take rates higher. Current offers for farm quality MFT (Salem/ Erode) is at US\$ 3550-3575/Mt.

India's turmeric export during April 2010 rose to 5300 Mts. from 4675 Mts. a year ago. Turmeric sowing is in process. The timely and distributed rains may accelerate the operation.

In the long to medium term (July onwards) prices is likely to take cues from the demand from domestic and overseas market.



Alleppey turmeric drying-2010

Oooooo0oooooO