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Indian Turmeric – Sep23, 2010

Turmeric firm on lower arrivals, high demand

Turmeric spot prices remain high following a heavy demand compared to the futures market in India. Low arrivals at the Erode market coupled with demand from local buyers are expected to keep turmeric prices firm during this week.

Erode/Salem turmeric varieties fetched good price and in 10 days, prices have increased by US\$300/Mt. This is because of the good demand from other States, especially from the North. The market ignored the higher production estimation.



Auction centre- Erode, 2010

Near month contract, on the other hand may not witness sharp fall as the farmers are hoarding the stocks of turmeric and are not ready to sell at lower levels. So, any revival of demand from the domestic and overseas will support prices to strengthen in short term (until September).

Turmeric prices in the medium term (October onwards) will depend on growth of the sown crop. Further, demand from the domestic and overseas buyers will also determine the price trend in the above period.

In long term (November onwards), prices are likely to take cues from stocks of turmeric in India and demand from overseas and domestic buyers. Higher

output estimates and weak export demand is likely to have bearish impact on long term.

Current offer for turmeric raw material is at US\$ 3450/Mt, for delivery at Cochin.

Turmeric production is estimated higher at 450-475,000 Mts. in2010-2011 against 275,000 Mts. in last year. The arrivals start from February 2011, but peak season can be seen in April month.

Area under turmeric in southern states of Andhra Pradesh and Karnataka have risen by more than 30% in 2010/11 as the spice gave higher returns last year. The two states account for more than half of the total production in India, the world's biggest producer of the spice.

India's turmeric exports fell 16 percent to 18,350 Mts. April-July 2010 from the same period a year ago.



Turmeric intercrop with onion- Erode,2010