

## Various Spices

### Turmeric

Turmeric (MFT) markets continue to ease, but not to the extent that was expected.

Following a bullish phase which began a year ago, the market dipped by \$500/ mt in February with the arrivals of new crop from Karnataka. New crop arrivals typically start mid January and then pick up in March. This will continue onwards into June. While prices eased in February, a more significant drop was expected mid March. This did not materialize for two reasons. First it has been reported that the more wealthy farmers are holding materials in anticipation of higher returns. Secondly, rains early March slowed the arrival of materials into the terminal markets. With the pipelines almost empty, initial volumes were used to replenish the supply chain.

Material is currently flowing into the markets at reasonable volumes. Arrivals are expected to peak early to mid April. At this time many of the farmers who are holding material are expected to release it. A further drop in price is anticipated for April.

The current crop production is reported to be higher by 40-50% over last year. Recent estimates project turmeric output to be 470,000 mt compared to 325,000 mt last year. India contributes 78% to the global production.

AFT (Alleppey Finger Turmeric) has a slightly different story this year. Material with 5%+ curcumin is difficult to locate. Prices have started to increase as extractors have aggressively active in the market. Production of AFT has reduced to only 1,500 mt! Prices have increased to USD 4,300 / mt at the farm level.

### Black Pepper

Black pepper markets continue to rise. Materials from Vietnam are not being released as expected. Moreover both the Rupee and Dong has strengthened against the US dollar.

There has been strong domestic demand as the masala manufacturing sector has become active after waiting for long for the prices to decline.

According to International Pepper Community's (IPC) 2011 projection, the new crop of 2011 is estimated to be lower by 2% at 309,952 Mts. against 316,380 Mts. in 2010 and 318,662 Mts. in 2009. Carry-forward stocks in producing countries are projected to decline marginally to 94,582 Mts. in 2011 from 95,442 Mts. in 2010. Exportable surplus of producing nations is projected to be around 324,292 Mts. in 2011, as against 333,092 in 2010. India is expected to produce 48,000 Mts. followed by Indonesia (37,000 Mts.), Brazil (35,000 Mts.), Malaysia (25,672 Mts.), China (23,300 Mts.), Sri Lanka (17,102 Mts.) and Thailand (9,750 Mts.).

### Red Pepper - Market yard chilli

Arrivals into the market are low compared to last year. Roughly 75,000 bags are arriving daily as compared to 100,000 bags per day last year (each bag is 40-42kgs).

Trade is currently slow / limited as many are buying only on a hand to mouth basis. Farmers are moving material into cold storage on a large scale. They are willing to hold out until they receive their "expected" rates.

### Ginger

Indian Ginger - New arrivals into the market from the north east of India have concluded. There is strong demand for vegetable ginger in the north currently, this is putting pressure on the southern markets. When there is strong demand for vegetable ginger, few farmers will make the effort to convert materials to dry. Prices are moving upwards.

Chinese - Production is estimated to be lower by 40-50% over last year. Prices are currently steady at USD 5,200 / 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.

### Fennel

For 2011 the Indian fennel crop has increase in size and the quality is good. Rates are expected to ease with strong market arrivals, however two primary factors have kept the rates firm.

First, last years carry over stock was poor so many local traders are covering their requirements now.

Second, with the prevailing political situation in Egypt there are no offers for Egyptian material. Therefore exporters are covering their requirements from the Indian market.

Rates are expected to ease, however this may not be realized if the situation in Egypt continues.

### Clove

Erratic weather in India and other producing nations had impacted the price of clove. The international market has almost doubled in less than two months. Prices are currently between USD \$10,000 and \$11,000 per MT.

India's crop was reduced by approximately 20%, and a similar situation is being reported in Indonesia, Sri Lanka, Zanzibar and Madagascar.

Cigar companies are reportedly buying for buffer stocks currently which in turn squeezes the supply further.

## AVT McCormick Recommendations

### Black Pepper

Contract annual volumes now.

### White Pepper

Contract annual volumes now.

### Red Pepper

Contract annual volumes now.

### Ginger

Contract annual volumes now.

### Allspice

Contract requirements up to Aug now. When new crop arrives in July Aug contract remaining.

### Dill Seed

Contract annual volumes now.

### Fenugreek

Contract annual volumes now.

### Coriander EU

Contract now for annual requirements up to new crop in July 2011.

### Coriander Indian

Contract annual volumes now.

### Turmeric AFT

Contract annual volumes now.

### Turmeric MFT

Cover immediate needs until Mid June

### Cumin Syrian

Wait to contract new crop in June/July.

### Fennel

Wait for arrival (Mar 1st wk) Egypt supplies are uncertain at this time, therefore we are advising contracts for Indian.

### Celery

Wait for new crop in May to contract.

### Cumin India

Arrivals now, but price is moving upwards due to speculators. Customer to decide on spot or annual contracts.

### Nutmeg / Mace

Customer to conduct individual risk assessment to decide on spot or annual contract.

## Various Spices

### Cumin

International cumin is remaining firm from last season. This is due to the crop damage in the major cumin tracts of Syria and Turkey. The market is expected to remain firm until the fresh crop arrival in June.

A bumper crop has been reported for Indian cumin this year and peak arrivals are now. Rates for Indian cumin are currently firm due to the global scenario. Moreover, speculators in the On-line futures exchange are keeping rates at a higher level claiming the carry over stock is less than last year. However once speculator activity subsides the market should stabilize. Peak arrivals are expected between mid March and mid April.

### Coriander

Indian coriander remains firm as a result of reduced acreage and damage due to a cold wave. For 2011, pricing and product availability will be a concern.

East European coriander market has been steady, however rates are on par with the Indian.

### Nutmeg / Mace

Currently supplies of Indonesian Nutmeg and Mace are controlled by one or two parties. Therefore market rates have not followed "typical" patterns. There are currently no offers available from Indonesia therefore, afla controlled Indian Nutmeg may be an alternative option.

AVT McCormick suggests that for this product each customer will need to do their respective risk analysis to decide if they want to purchase spot and ride the market, or lock into a contract for the year at the current rate.

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

