



# AVT McCORMICK INGREDIENTS PVT.LTD.

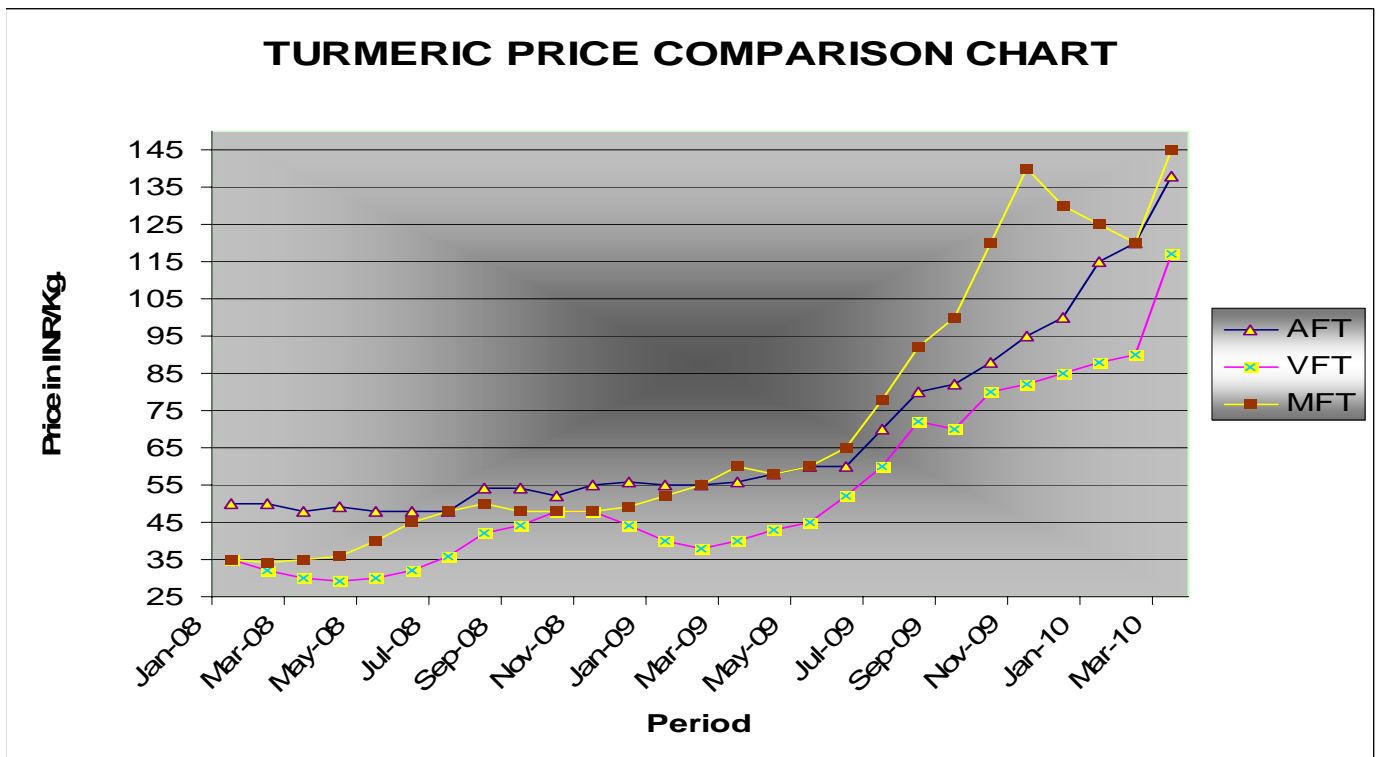
Spice Market – April 7, 2010

**Turmeric:** Turmeric market was anticipating a sharp fall in prices due to expected heavy arrivals in the month of March. During January 2010, difference between spot and futures price was huge indicating the bearish sentiments prevailed throughout the trade. In contrast, market started firming up by the beginning of March when the arrivals started peaking up. There happened to be a squeeze in supply. Domestic demand and low carryover stocks supported the prevailing firm trend. It is now believed that the raw material prices at the terminal markets may surge further from the current levels of US\$ 3225/Mt to US\$ 3500/Mt as pipeline is empty and demand is robust

Currently, turmeric prices are ruling high in global and domestic markets on good demand. Spot turmeric prices have risen 13 percent so far in 2010 after surging more than 200 percent in 2009. Last year prices were US\$ 875/Mt in the start of the season and most of the farmers had sold their produce in the range of \$ 850-1250/Mt. After that prices rose significantly.

Cultivation usually starts at the fag end of May and continues till August. The lengthy harvesting process begins from January, gains momentum from March and peaks in May-June.

Against an estimated demand of 430,000 Mts. this year, putting together the projected domestic consumption of 380,000 Mts. and an export target of 50,000 Mts., the total availability is estimated at 400,000 Mts. including 15,000 Mts. of carry-over stock.



A drop in carry forward stocks to 15,000 Mts. for 2010, down from 35,000 Mts. a year ago, is making it attractive bet for traders this year as well. Supply position may remain tight this season. Farmers/stockists are not willing to sell at



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current Levels as they have seen quite high prices last year. This year farmers will not clear off their whole stock and may hold 15-20 percent of the produce with them.

India's turmeric production in 2009-10 is likely to rise 10 percent as farmers lured by higher prices increased acreage but their will be shortage in the market due to low opening balance. Also, the rise in production is said to be not in sync with the expanded acreage as patchy monsoon rains in growing areas hit the crop and trimmed yields.

India is the biggest producer, exporter and consumer turmeric. The southern Indian states of Andhra Pradesh, Karnataka and Tamil Nadu and the western state of Maharashtra are major producers of the crop.

There has been a proportionate increase in the Alleppey turmeric prices too. Average production was around 3000 Mts. It has come down to 2000 Mts. level during 2009 and year 2010 for AFT was even worse with an output of less than 1500 Mts.



AFT bulbs, separated from fingers are sliced & then boiled for better drying

Lack of demand from the extraction industry along with the increased production from Vietnam has been pointed out as the main reason. Vietnam's turmeric has emerged as a replacement for AFT since the curcumin content and other parameters were found similar to AFT. Prices were also attractive than AFT and the extractors have started showing more interest to Vietnam's turmeric.

The price for farm quality AFT now remains at US\$ 3100/Mt. Availability is almost nil since most of the crop has been converted as MFT to take a better price advantage. Vietnam's offers are also at these levels due to the lower stock levels in both the countries.

**Red pepper** arrivals at Guntur market touched its peak levels of approx 100000 bags+ (4200 Mts.) a day during end March. During 1<sup>st</sup> week of April, due to the holidays and three days of strike called by the commission agents in the market, the material brought for trade had piled up. This could induce an oscillatory weak trend for a very short period.

On the other hand, the cold storages at Guntur are only 45 to 50% full. This gives the farmers plenty of opportunity to store their material in case they do not get the expected price in the market. Hence we cannot expect a forced selling pressure in the future. Added to that, both domestic and export demand is keeping the market quite active.

Long term market indications are that the prices for hybrids might firm up once the arrivals start dipping.

A guideline on the current prevailing price for Medium heat chillies is given below;

Red Pepper Variety	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
334 Med Heat Stem on (15-25 K SHU)	1152	Steady	Easy
334 Med Heat Stem off (15-25 K SHU)	1500	Steady	Easy
Hybrid Med Heat Stem on (20-60 K SHU)	1195	Steady	Firm
Hybrid Med Heat Stem off (20-60 K SHU)	1478	Steady	Firm



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**Cumin:** Peak arrival of cumin seed in Indian markets is almost over. Healthy crop and fair arrivals together maintained the market steady during this season. Fundamentals were weak on higher output estimates, weak physical demand and sufficient stocks. However, speculators activity and coverage through the futures market kept the market active. It seems, most of the main buyers have safely covered their requirements.

Cumin Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
ASTA- Sortex	2850	Steady	Steady

**Coriander:** Indian coriander market arrivals have peaked up. An estimated increase of 15% crop have pulled down the prices. Trading during the fortnight was mostly steady.

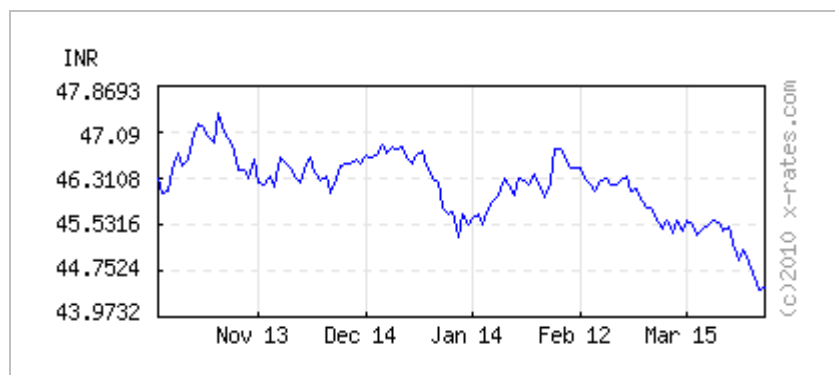
Coriander Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
With 25 % Splits	750	Easy	Steady

**Fenugreek:** Indian fenugreek market arrivals were at its peak during last fortnight. Reports from fenugreek tracts (Rajasthan, Madhya Pradesh and Gujarat) indicate that crop size is lower by 25-30%. Average fenugreek crop size ranges between 225 to 250,000 Mts. It is estimated to be lesser than 175,000 Mts. this year. Price is expected to remain firm due to this. Fenugreek prices remained steady over the past years on account of a steady crop.

Fenugreek- Indian	Current Price US\$/Mt CNF, Cochin	Trend short term	Trend Long term
ASTA- Sortex	850	Firm	Firm

## India rupee at 19-month high on buoyant shares, inflows

The Indian rupee strengthened to a 19-month peak as local shares closed at their highest level in 25 months, and accumulated dollar inflows from holidays last week underpinned sentiment. Foreign capital into local stock markets is a key driver of the rupee.



Since there were some holidays last week, lot of inflows were pending, which are coming in now, leading to the rupee's rise.

The rupee had risen 2.7 percent in March, its biggest monthly gain since May last year on the back of foreign portfolio inflows. Analysts and traders expect the Indian currency to strengthen further in the current fiscal year that began on April 1.

Asian currencies were stronger against the dollar.