

SEED SPICES REPORT

SEPTEMBER 2020

CUMIN

Current Market

After moving up slightly in June, prices have remained mostly stable during July and August, with some weakness apparent towards end-August on account of weak export demand. Trade activity at primary markets has come back to normal after the lockdown due to the pandemic. Harvesting is over in all areas, and a significant quantity of material still remains with farmers. It is estimated that about 50-60% of the harvested material has been marketed so far, while about 40-50% still remains with farmers.

Crop Conditions

INDIA

In both Rajasthan and Gujarat, harvesting is complete. There were many challenges during the crop season this year. The late sown crop in southern Rajasthan and north Gujarat faced a severe attack by locust swarms during November - December 2019. Aphid attack was reported in Rajasthan during the flowering and seed setting stages, and untimely rains during the harvesting and threshing period. Availability of IPM material has been affected by higher usage of pesticides due to the locust and aphid attacks.

Total production has gone up by nearly 25% compared to about 416,600 tons last year, despite the adverse conditions. Total acreage has also increased by about 25% to 1.03 million hectares.

TURKEY

Harvesting is currently underway. Normal yield is expected this year. Favorable weather conditions have prevailed, with good rains during the pre-harvest months. It is very important that there is no precipitation in the growing areas during the harvest period as this can affect the harvesting operations. There has been a significant reduction in acreage this season.

Market Scenario

With harvesting over, market arrivals have gradually slowed down. Farmers in Rajasthan are reportedly holding significant stocks, while most of the harvested material in Gujarat has been already sold. Both farmers and stockists are actively bringing material to the primary markets now. With export demand rather low, prices have remained weak.

Price Forecast

A large quantity of material is expected to be carried-over this year. It is estimated that carry-forward stocks this year will be over 90,000 tons, compared to about 40,000 - 50,000 tons at the end of last year. The large stock levels will have a bearish effect on prices. At the same time, the domestic festive season is starting off, and will extend till end-November. This will push up domestic demand. Considering the low prices this year and large carry-out expected, it is likely that farmers could shift to alternate crops, bringing down the cumin acreage next season. Sowing is normally during November - December. Any reduction in acreage could have a stabilizing effect on prices.

At the same time, availability of pesticide-compliant material is limited due to excess use of chemicals earlier in the season to control the locust and aphid attacks.

Coverage Recommendation

Increase in domestic demand could put some pressure on the market in the short term. With IPM material limited in quantity, prices are expected to remain firm and coverage is recommended for forward requirements.

CORIANDER

Current Market

With harvesting over in all areas, market arrivals have started declining. Decrease in market arrivals, together with a rise in domestic and export demand, has resulted in



a slight increase in local prices. Old stocks are estimated to be lower by almost a third compared to last year's levels. At the same time, with weather conditions favorable, production has increased by over 30% this year, resulting in an increase in total supply

Crop Conditions

During the last season, good weather conditions and daytime temperature have resulted in an increase in production of about 40%. This year also, good rains have been received in the coriander growing states of Gujarat, Rajasthan and Madhya Pradesh. Total rainfall in these states is nearly 20% more than last year's levels. With good moisture remaining in the soil, sowing is expected to start on time for the new season.

Market Scenario

Overall availability of material is higher due to the increase in production this year. At the same time, there is good domestic and export demand, which is contributing to keeping prices firm. With the domestic festival season slowly starting, demand is expected to steadily increase.

Price Forecast

During the coming months, good domestic demand is expected to keep prices firm. The market greatly depends on domestic demand, with curry masala companies being significant buyers. These processors had not been able to cover much material during the first half of the year. At the same time, market arrivals could slow down as farmers start holding back expecting better prices.

Coverage Recommendation

With good quality material limited and demand expected to keep markets supported, it is recommended to cover for forward requirements.

FENNEL

Current Market

Market activity has mostly recovered after the slowdown caused by the COVID-19 outbreak. Over 50% of the material harvested this year has been sold so far, largely picked up by stockists due to limited domestic and export demand during the past few



months. While there has been good demand for green fennel earlier in the season, difficulties in the post-harvest stage has led to production of more brownish grades. There has been a bearish trend, with prices ruling at low levels.

Crop Conditions

INDIA

Harvesting is complete for the current season crop. Production has increased by about 10% due to increased acreage and favorable weather conditions. The quality of material has been affected by a shortage of labor in the growing areas during the post-harvest stage, limiting the availability of good quality green fennel. There has been production of more brownish grades due to this.

TURKEY

Initial harvesting has started in some areas. Weather conditions have been normal, and there are no reports of any pest or disease incidences. Reports indicate that sowing in the region has been reduced by almost 70% compared to last year.

Market Scenario

Due to the lockdown, market arrivals in India were low during the initial harvest period, and only about 50% of the harvested material has been sold so far. Export demand has been weak. There is adequate availability of material, and prices have remained low.

Price Forecast

For conventional material, prices are expected to remain range-bound since there is sufficient supply of material, and trading activities are limited. However, for IPM material as well as good-colored higher quality material, there could be limited availability due to higher pesticide application in some regions.

Coverage Recommendation

Prices of conventional and lower quality material is expected to remain range-bound due to limited market activity. However, prices of IPM and good color material could move up, considering the limited supply. Forward coverage is recommended.

FENUGREEK

Current Market



With most of the new material going to stockists, trading activity is limited. Even though lockdown restrictions have been removed, market arrivals continue to be low.

Crop Conditions

Harvesting is complete in all areas. Production has been good this year due to favorable weather conditions which resulted in improved yields in almost all growing areas. Good rainfall has been received across the growing areas, which will be favorable for new season sowing.

Market Scenario

Carry-forward stocks were limited at the beginning of the year. Besides, even though harvesting is complete, arrivals have been low, affecting availability of material. All these have had a slight bullish impact on the market.

Price Forecast

Prices can be expected to remain range-bound as long as demand remains limited. However, with the domestic festival season approaching, some bullishness can be expected as demand increases.

Coverage Recommendation

With availability of material limited, it is recommended to cover for forward requirements. Domestic demand could provide support to prices.

CELERY

Current Market

Prices have moved up due to limited availability of material. Availability of good quality material is limited, pushing up prices due to active buying by traders and speculators.

Crop Conditions

Harvesting is over in all areas. There has been a decline in acreage of about 30%, resulting in a fall in production of about 30%, since farmers have preferred alternate crops having higher yield and shorter crop durations. Rainfall this year has been higher than normal, which could affect new season cultivation.



Market Scenario

Market arrivals from the new season harvest is at normal levels. Over 95% of the material harvested last season is estimated to have been sold so far. Partly due to increased costs incurred due to the lockdown, farm-gate prices have moved up slightly.

Price Forecast

Market arrivals have been normal so far. On the supply side, the decline in production will impact availability of material. At the same time, traders have stepped up buying, anticipating increased demand during the coming months. These factors together could result in a bullish effect on the market.

Coverage Recommendation

It is recommended to follow the market closely and cover, particularly for higher quality materials. Dips in the market can be seen as opportunities for extending coverage.

NEW FARM BILLS IN INDIA

Three new agriculture bills have been dominating headlines in India during the past few weeks. The bills have been passed by both Houses of Parliament, and will become laws once the President approves them, which is a formality at this stage. The bills have made news with the debates and opposition that they have generated: India's Union Minister of Food Processing Industries resigned from the union cabinet protesting against the bills, eight opposition members were suspended following the pandemonium that erupted during the discussion of the bills in Parliament, and farmer outfits have been taking out huge rallies across the main agricultural states, calling for a nationwide strike on September 25.

What are the three bills?

- Farmer's Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020.
- Essential Commodities (Amendment) Bill.
- Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020.



What are the changes envisaged by these Bills?

- **Farmers' Produce Trade and Commerce Bill:** The bill on agricultural markets allows farmers to sell their produce outside the primary wholesale markets to whoever they want - agricultural businesses, online grocers or large retailers. Most farmers currently sell most of their produce at government-monitored wholesale primary markets (locally called 'mandis') at assured minimum prices. These markets, run by committees consisting of farmers, traders, brokers and other middlemen, besides assuring a minimum price, also provide benefits of collective bargaining, together with non-price services related to grading, weighing, moisture measurement, etc., since all the material is traded through these markets.
- **The Essential Commodities (Amendment) Bill:** Aims to remove commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes from the list of essential commodities. There were earlier stock-holding limits on these items by private parties, as a measure to prevent hoarding of essential commodities. The bill will end the imposition of stock-holding limits on these commodities.
- **Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill:** The bill on contract farming allows farmers to have a contract with agricultural firms or retailers on pre-agreed prices for their produce.

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The seed spices wholesale market in Unjha, Gujarat.

What does the Government say?

The government says that these reforms will accelerate private sector investment in building infrastructure and supply chains for farm produce. Farmers will get better prices by selling directly to agricultural businesses, and also save on transportation costs (which would have been incurred while taking their material to the primary markets). The contract-farming reforms will help small farmers to invest in technology to improve the productivity of farms. The government also says that the wholesale market system will continue, and the minimum purchase prices that are currently being offered will not be withdrawn.

Why are farmers protesting?

- *Farmer's Produce Trade and Commerce Bill*: Farmers are concerned that, with the proposed changes, most of the trade will happen directly from farms, eventually leading to the end of wholesale markets and assured prices. (Currently, farmers can sell to private players in many states, but if they are not satisfied with prices, they always have the wholesale markets, offering an

assured minimum price, as a back-up option. They are also able to use the wholesale market prices as a bargaining chip in their negotiations with private parties). If most of the trade moves out of the wholesale markets, states will start losing commissions and market-fees, eventually leading to closure of the markets. Once the markets shut down, the private players could start exploiting the farmers who would then have no other option to sell off their produce

- *Essential Commodities (Amendment) Bill*: Opponents to this bill are concerned that this bill will legitimize hoarding, with the government unable to know even the quantity of stocks lying with various parties in different locations. While this bill is aimed at attracting private investment in post-harvest infrastructure, opponents fear that it could lead to market manipulation by private players cornering huge stocks.
- *Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill*: Farmers are concerned that, while this bill states that farmers can come to a contract-farming agreement with private companies, it is difficult to cope if there are disagreements later, with all the terms and conditions attached. They fear that if a small farmer gets into a dispute regarding his contract with a huge private corporation, it would be very difficult for the farmer to have the dispute settled in his favor.

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Weighing and auctions underway at the seed spices market in Unjha, Gujarat. (Left). The chilies wholesale market in Guntur, Andhra Pradesh. (Right).

Which spices are currently being traded through the wholesale markets?

Currently, most seed spices (cumin, coriander, fennel, etc.) and chilies are traded through these primary markets. Changes in the functioning of these markets could affect the supply dynamics of these spices.

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