



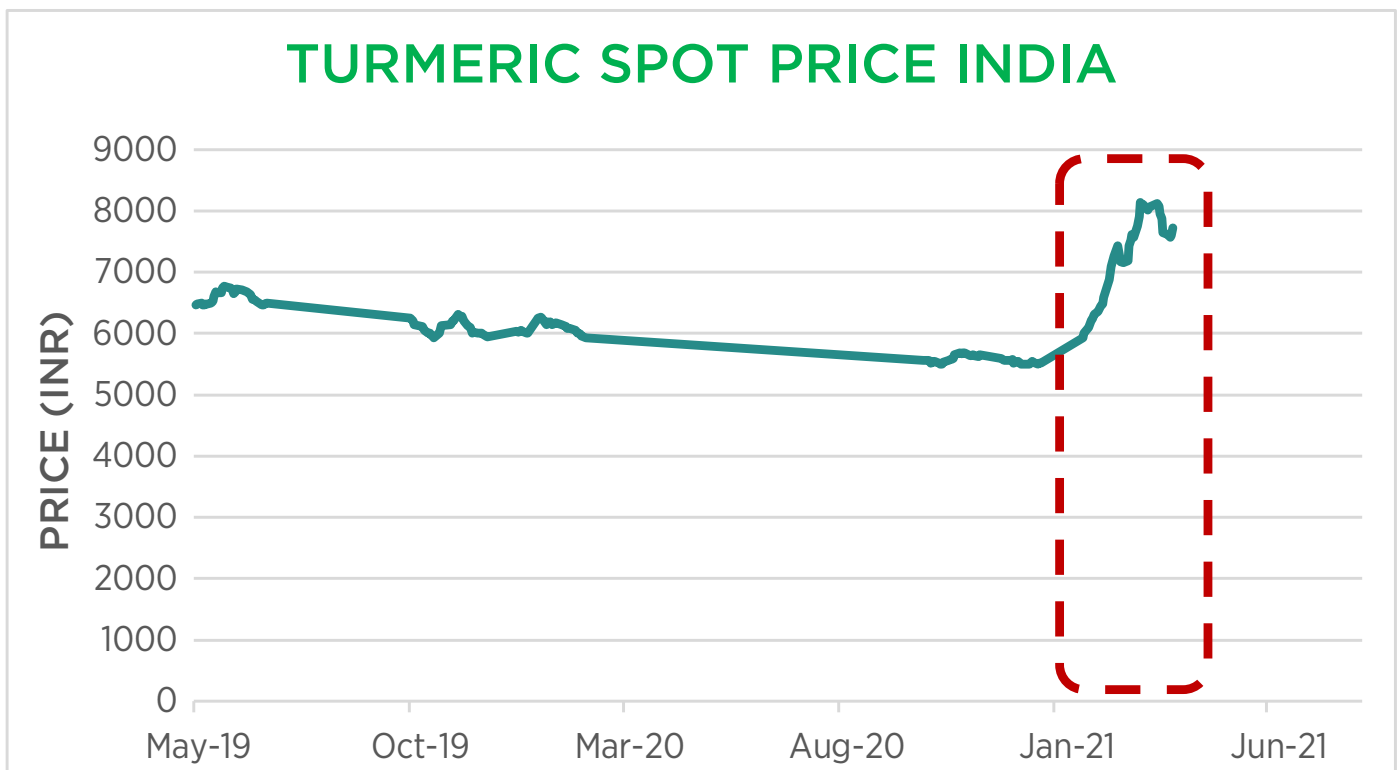
TURMERIC & GINGER REPORT

MARCH 2021

Turmeric

Current Market

INDIA: Export demand has moved up during the past month, with increased interest from the US and EU markets. Ramadan requirement has also increased demand from Bangladesh. Curcumin supplements have gained attention around the world due to the COVID-19 pandemic. There has also been an increase in domestic demand. Increased demand, together with low stock levels, have pushed up prices by around 15% over the past month.



INDONESIA: With the advent of rains, new arrivals have gradually declined. Harvesting is over in all growing areas.

Crop Conditions

INDIA: New season crop harvesting has started in all the major growing areas. Primary market arrivals have started in the states of Telangana, Maharashtra and Karnataka, and peak arrivals are expected within the coming month. Production in the current season is estimated to decline by about 10% compared to 2020. With prices remaining low since 2017, farmers have not been finding turmeric cultivation very attractive, which has resulted in the decline in production. Besides, above-normal rainfall has been reported from the major growing areas of Maharashtra, Telangana and parts of Orissa. The unseasonal rains have resulted in some crop damage and increased the incidence of diseases.

INDONESIA: Harvesting is over in all areas and new crop sowing will start after the rains. Most regions of the country are now in the peak rainy season, with flooding and deadly landslides reported in some parts of the country. The La Nina weather pattern, currently active over South East Asia, is expected to affect the rainfall pattern over the country, with increased possibility of rain clouds in several regions. The Meteorology and Geophysics Agency (BMKG) has predicted a delayed arrival of the dry season this year with La Nina weather conditions seen prevailing till May in most parts of the country, with a risk of extreme wet weather in some regions.

Market Scenario

INDIA: Increased demand for curcumin supplements following the COVID-19 outbreak has pushed up domestic and export demand during the past few months. There has been an increase in demand from pharmaceutical companies, considering the immunity-boosting properties of turmeric. The increase in demand, together with the shortfall in production, have resulted in an increase in prices.

INDONESIA: Export and domestic demand has been quite strong. Though there had been some correction during the peak arrival period, prices have been mostly stable afterwards since arrivals have started decreasing.



Price Forecast

A 10% decline in production is expected this year in India. With carry-over stocks remaining at almost the same level as last year, available supply is expected to decline. At the same time, demand is expected to remain strong in the medium term. These factors together can be expected to continue having a bullish impact on prices, which had been running at the lowest levels recorded during the past few years.

Meanwhile in Indonesia, with material arrivals slowly declining, prices are expected to remain firm. The new season production situation will be clear only during the coming months.

Coverage Recommendation

After ruling at very attractive levels at the beginning of this year, prices have started increasing. Considering the shortfall in production and tight overall supply situation, together with firm demand, any downward correction in prices looks unlikely. It is advisable to have adequate long-term forward coverage since the market is expected to stay bullish and we could see increased buying interest if there are any price dips.

Ginger

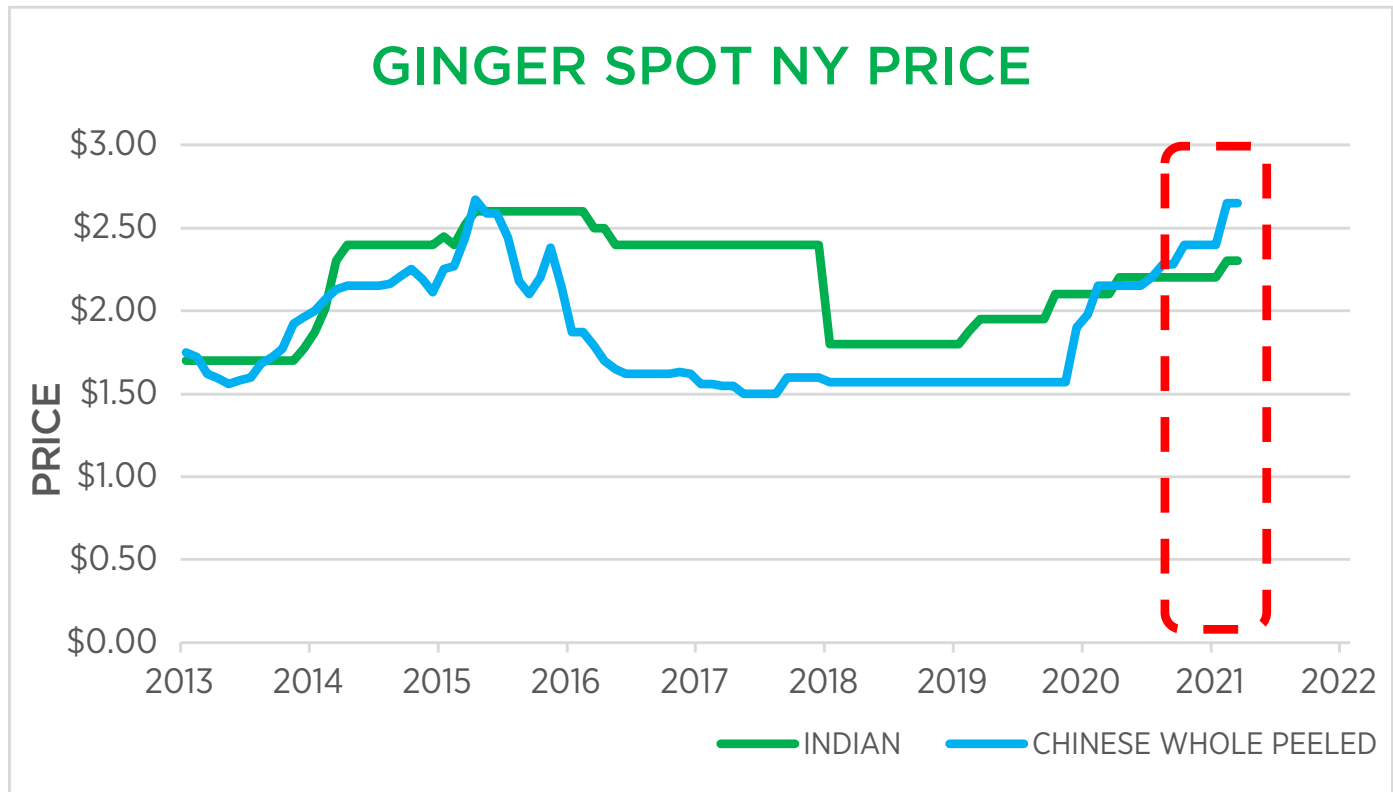
Current Market

INDIA: Prices have been supported by good domestic demand. Domestic demand has gone up since ginger remains an attractive home remedy for virus infections. At the same time, stock levels remain low.

CHINA: Good domestic demand for fresh produce continues to keep prices firm. Demand for fresh material has limited the availability of material for dehydration; new crop dehydration is done before the Lunar New Year. Processing and transportation have been affected by the coronavirus pandemic, hindering availability of material and pushing up prices. At the same time, with other producing countries severely affected by the pandemic, there has been good export demand from the Middle East, Europe and South Asia for Chinese ginger.



NIGERIA: New crop arrivals have started and an increase in production is estimated. Stock levels are low. Supply of material has been severely affected by the COVID-19 outbreak, with transportation and processing activities impaired. At the same time, with Nigerian ginger attractively priced compared to other origins, there has been an increase in demand.



Crop Conditions

INDIA: Harvesting started at the beginning of the year. This season, production is estimated to increase by nearly 20% compared to last year. Adequate rains in the growing regions provided favorable conditions during the initial crop development stages. Stock levels are currently very low.

CHINA: Harvesting is mostly over. Production has been lower than expected. Stock levels have been low due to a reduction in production last year also.

NIGERIA: Harvesting started in December. It is estimated that current season production will be nearly 20% higher than that during the last season. Strong global demand, together with limited carry-over stock levels, have supported prices.



Market Scenario

INDIA: Domestic and export demand remains very strong. There has been increased usage in culinary preparations due to reports about the anti-viral properties of ginger. Increased production during the current season could have an impact on the market.

CHINA: As the traditional ginger dehydration period ends with the Lunar New Year, shortage of material has affected availability for dehydration. Besides, export prices have moved up due to the effect of freight issues on the market.

Price Forecast

With good quality material limited in producing countries, prices are expected to remain firm. New arrivals have been slow in picking up, even though an increase in production is expected in India and Nigeria. Low current stock levels, together with increasing consumption, is expected to provide support to prices. Freight uncertainties could also add to the bullishness.

Coverage Recommendation

The market is expected to remain taut with uncertainties remaining on both the supply and demand fronts. Considering that availability of good quality material is expected to continue limited till the situation improves, forward coverage is recommended.

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