

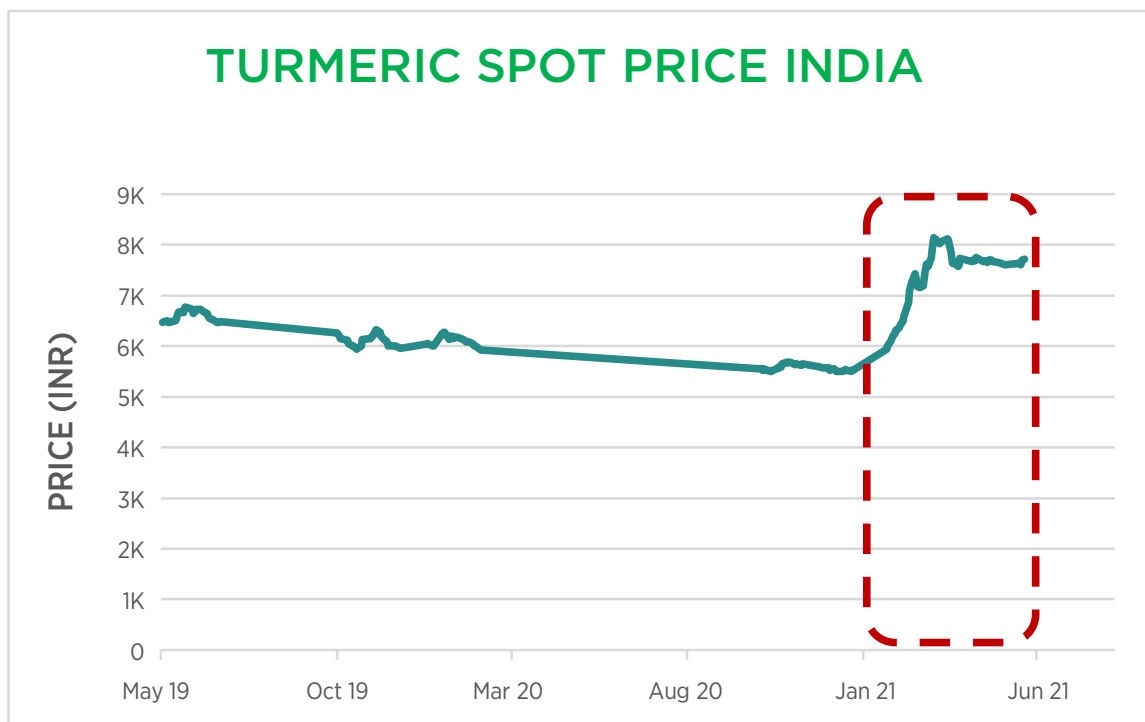
TURMERIC & GINGER REPORT

MAY 2021

Turmeric

Current Market

INDIA: Demand has been weak during the past month, a fallout of the restrictions imposed following the recent wave of coronavirus infections, which have impacted both trading and logistics operations. A large number of states throughout the country have been facing complete or partial lockdown conditions, which have hampered market activity. Export volumes had gone up sharply in 2020, and export demand is expected to remain strong this year also with increased interest from the US and EU markets. The Indian Rupee has strengthened slightly against the USD, gaining about 3% over the past month, providing support to export prices.



INDONESIA: Market arrivals have been low. Most areas have witnessed above-normal rains which have affected availability of material.

Crop Conditions

INDIA: Harvesting is complete in all the major growing areas. Primary market arrivals had started in the states of Telangana, Maharashtra and Karnataka, but market operations have been adversely affected by the Covid-19 lockdown. Compared to 2020, production in the current season is estimated to decline by about 10-15%. With prices remaining low since 2017, farmers had 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.

With the pre-monsoon summer showers extending beyond normal, early sowing has been reported in some areas. Many parts of peninsular India received good rains during the past week as a result of cyclone Tauktae, which moved along the western coastline bringing heavy rains to Kerala, Karnataka and Maharashtra. Another low-pressure system currently developing over east-central Bay of Bengal is expected to intensify into a very severe cyclonic storm Yaas, bringing heavy rains to the eastern coastal states, including Telangana, Odisha and West Bengal during the coming days. According to the Indian Meteorological Department (IMD), good monsoon rains are expected in India this year, starting from early-June. Adequate soil moisture levels will have a favorable effect on new-crop sowing, which will start in June/July

INDONESIA: Most regions have been affected by heavy rains and thunderstorms during the past months. Flooding and deadly landslides were reported during the peak rainy season. A delayed arrival of the dry season is predicted 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. New crop sowing will start after the rains.

Market Scenario

INDIA: Export demand had gone up sharply in 2020, partially fueled by increased demand from pharmaceutical companies, considering the immunity-boosting properties of turmeric. This strong demand, together with speculative trading



activities ahead of the lower crop this season, had pushed up prices during end-2020. However, prices started weakening recently as speculators started liquidating stocks. New season arrivals have also added to the bearishness. The lockdown restrictions imposed following the recent wave of coronavirus infections have also had a dampening effect on market activities.

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

Increased new-crop arrivals together with reduced domestic demand due to lockdowns are expected to exert downward pressure on the market. This could continue to keep prices weak in the short term. However, with a 10-15% decline in production expected this year, the limited availability of material is expected to support the market once arrivals slow down. Acreage under new-season planting, which will start within a few months, will give a clear indication on the market direction.

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

Coverage Recommendation

After moving up in mid-March, prices have moved down over the past few weeks. Considering the shortfall in production and good demand later in the year, there is a possibility of price fluctuations going forward. It is advisable to have adequate long-term forward coverage since we may see increased buying interest if there are any price dips.

Ginger

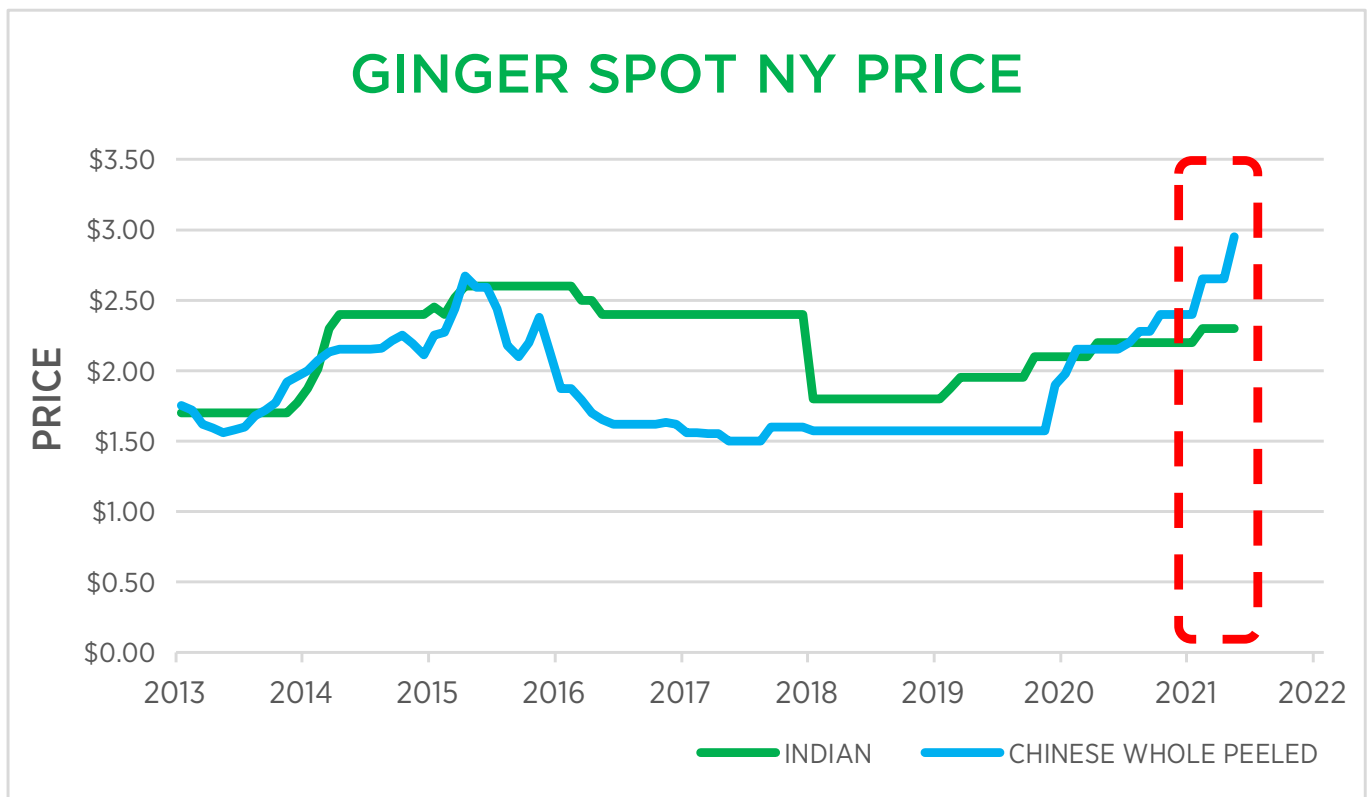
Current Market



INDIA: Strong domestic demand has provided support to prices. With ginger being used as a popular home remedy for virus infections, domestic demand has gone up. At the same time, stock levels remain low.

CHINA: Prices remain firm supported by good domestic demand for fresh produce. Demand for fresh material earlier in the year has limited the availability of material for dehydration; new crop dehydration is mostly done before the Lunar New Year. There was substantial carry-over of older stocks which limited dehydration of new crop material. These stocks had contributed to keeping prices stable, but now most of the older material has been used up. The Covid-19 pandemic has affected processing and transportation, 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 are mostly over. Though an increase in production is estimated this year, stock levels are low due to limited carry-over stocks. With transportation and processing activities impaired due to the Covid-19 outbreak, supply of material has been severely affected. There has been an increase in demand, with Nigerian ginger attractively priced compared to other origins.



Crop Conditions

INDIA: Harvesting is complete in all the growing regions. It is estimated that production has increased by nearly 20% this season compared to last year. There were favorable conditions during the initial crop development stages due to receipt of sufficient rains in the growing regions. Stock levels are currently very low.

New crop planting has started in the southern states including Kerala and Karnataka. The lockdown and restrictions imposed on travel have affected initial farm operations including trenching and application of fertilizers, and farmers are apprehensive that production could be affected if these operations are not carried out on time.

CHINA: Harvesting is over in all areas. Production has been lower than expected. Stock levels have been low due to a reduction in production last year also. Reports indicate that farmers could increase acreage during the upcoming season, buoyed by attractive prices during the past few years. New season harvesting will start in October/November.

NIGERIA: Harvesting started in December and is mostly complete now. An increase in production of nearly 20% is estimated during the current season. Prices have remained firm due to strong export demand coupled with limited carry-over stock levels. Besides, exporters are not very eager to sell forward, considering issues that have affected the domestic supply chain, including freight challenges.



Market Scenario

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

CHINA: Freight-related issues have affected the market, having a bullish effect on export prices. Besides, with the traditional ginger dehydration period ending with the Lunar New Year, shortage of material has affected availability for dehydration.

Price Forecast

Prices are expected to remain firm due to the limited quantity of good quality material available in producing countries. In spite of increased production, available of new season material has been limited in both India and Nigeria. Current low stock levels, together with increasing consumption, is expected to provide support to prices. Freight uncertainties could also add to the bullishness.

Coverage Recommendation

Demand is expected to remain high, while supply could continue to remain limited due to the tight stock levels in producing countries. Forward coverage is recommended, considering that the availability of good quality material is expected to continue to be limited.

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