



TURMERIC

CURRENT MARKET

INDIA: The COVID-19 outbreak continues to affect the market, with trading suspended due to the nationwide shutdown. Before the lockdown was imposed, prices had been fluctuating with a slight upward tone. Prices have been at their lowest compared to those during the past few years, and coverage by speculators had resulted in the slight bullishness. However, with all trading discontinued, the market has been very silent.

INDONESIA: Harvesting of the new crop will start only during the latter half of the year. Currently, the market has been mostly stable with not much new arrivals. With demand fluctuating, prices continue to waver.

CROP CONDITIONS

INDIA: This is the peak harvesting period in India. Harvesting has started in all major growing regions and arrivals have started. Markets had been very active till the third week of March. However, with the nationwide lockdown imposed from March 24, all trading activity has been halted.

This year's production is estimated to be marginally lower than the 525,000 tons produced last year. Floods during August-September in Western India, viz. Sangli region of Southern Maharashtra, Duggirala area of Andhra Pradesh, and also in North Karnataka have resulted in about 10% damage to the crop. Apart from this, weather conditions have been quite favourable in most areas and good production has been reported in many areas.

INDONESIA: The new crop harvesting will start only by July-August. Last year, the material was of good quality, having lower moisture and having good appearance due to the dry conditions earlier in the year.

MARKET SCENARIO

INDIA: Turmeric is grown by thousands of small holding farmers, and with the lockdown imposed, movement of material from fields to markets and to processing centres has been severely affected. However, a major part of this year's production had been harvested and processed by the time the lockdown was imposed. This has helped in keeping supply lines running even though trade has been hit in many parts of the country.

Stock levels are slightly higher than last year's levels resulting in good availability of material.

INDONESIA: Markets have been mostly firm due to limited new material arrivals. At the same time, there is good demand, both for export and for domestic consumption.

PRICE FORECAST

This season, total material availability is estimated to be quite similar to that in the 2019 crop season. Adequate stock availability is expected to provide stability to the market though farmers are not willing to sell at lower levels. Once the current restrictions are removed, increased arrivals could have a bearish impact on prices.

Meanwhile in Indonesia, prices are expected to remain firm with material arrivals slowly declining. The new season field situation will be clear only after the rains are over.

COVERAGE RECOMMENDATION

Supply chain disruptions could affect availability of material. Harvesting activities as well as transportation of material continue to be affected. With the supply-side uncertainties expected to continue, forward coverage is recommended. The situation could vary with changing demand; adequate coverage is recommended.

GINGER

CURRENT MARKET

INDIA: With the coronavirus outbreak and subsequent lockdown hitting the market just as new crop arrivals were starting, trade activity has been dampened. Most farm activities have been affected. Before the restrictions came into force, limited availability of material, together with good demand for green ginger during winter, had contributed to keeping prices firm.

CHINA: In Shandong Province, central to ginger production and dehydration, the Coronavirus outbreak, which came close on the heels of the Lunar New Year holidays, has resulted in a virtual economic shutdown. With supply chains disrupted, local prices have moved up.

CROP CONDITIONS

INDIA: Though new crop harvesting has started in some patches, farm activity has been severely affected by the lockdown. Harvesting and post-harvest operations have been affected. Heavy rains had affected most of the ginger growing areas of South India during the latter half of last year. Many areas, especially south Karnataka, had been hit by landslides and flooding. Development of the new season crop had been affected by two consecutive years of floods in the growing areas. Faced with heavy rains, some farmers had even uprooted their ginger plants and sold the material as green ginger. In some areas, diseases have been reported, with rhizomes remaining submerged. A decline in production was seen in Hassan and Shimoga regions of Karnataka, while not much decline is expected in Wynad and Palakkad in Kerala.

CHINA: Production is estimated to decrease by around 15-20% this year due to floods, compared to the production last year. Harvesting is over in many areas. The most common varieties are Yunnan ginger and Shandong ginger. Prices of the Yunnan variety have moved up this season due to limited carry-over stocks. Prices have been firm due to a fall in yield this year, along with good demand for fresh ginger. With workers told to stay at home, labour shortages in farms and distribution networks have pushed prices up.

NIGERIA: Farmlands have been submerged and crops destroyed due to abnormally heavy rainfall between May and September last year in many states of central Nigeria including Bauchi, Nasarawa and the main ginger producing state of Kaduna. In some parts of the north and central states, the rainy season was followed by a dry spell, having a negative effect during the critical crop stages. Prices have moved up due to the decrease in yield and delay in harvesting caused by the abnormal weather pattern.

MARKET SCENARIO

The coronavirus outbreak which has affected many producing regions including the major exporting countries, viz. China, India, has seriously impacted the global ginger market, pushing up prices in South-East Asia and the Middle East.

CHINA: Supplies have been affected due to labour shortages and disruption of the transportation systems. Delays in container shipments due to the virus outbreak have also affected exports from China, the largest global exporter of ginger. High temperatures followed by extended rainfall and flooding in many areas during the initial crop season has limited availability of material. The quantity available for dehydration has been limited due to good demand for fresh ginger during the Lunar New Year holiday season. Besides all this is the trade disruption caused by the pestilence which has affected material availability.

INDIA: The quantity of material available has been affected by the decline in production this season. The nationwide lockdown has also affect farm operations and trade activities at a time when peak activities should have been in progress.

PRICE FORECAST

With good quality material limited due to disruptions caused by the COVID-19 outbreak in the major exporting countries, viz. China and India, prices are expected to remain firm. Adverse weather conditions in all the major growing countries is estimated to have caused a decline in global output. Availability of new season material is expected to be limited for some time, and the global tightness could keep prices firm till the supply side improves. With supply from China affected, demand from Europe is expected to keep prices strong. Demand for ginger, used in drinks and other preparations, is expected to increase as Ramadan starts later this month, having a bullish effect on the market, especially in the Middle East and Asian countries. Demand will also be boosted by recent studies stating that consumption of ginger beverages increases immunity to diseases.

COVERAGE RECOMMENDATION

Availability is expected to be thin till the uncertainty in the major producing countries clears up. With developments on both the supply and demand sides continuing to be in a state of flux, forward coverage is recommended.



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