

TURMERIC & GINGER REPORT

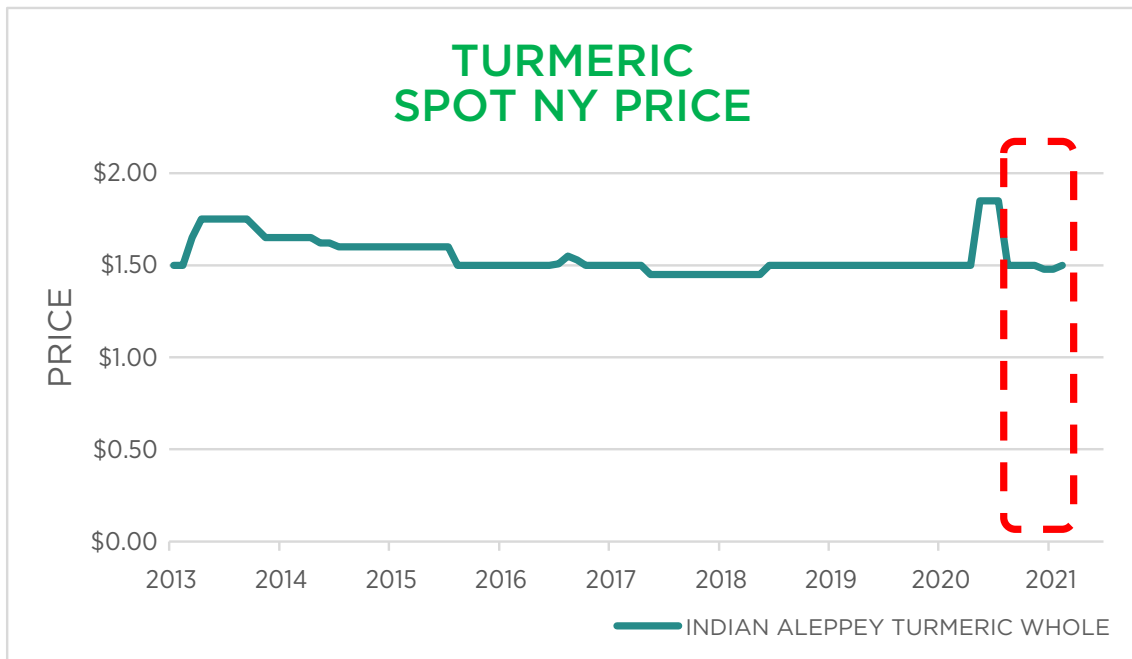
FEBRUARY 2021

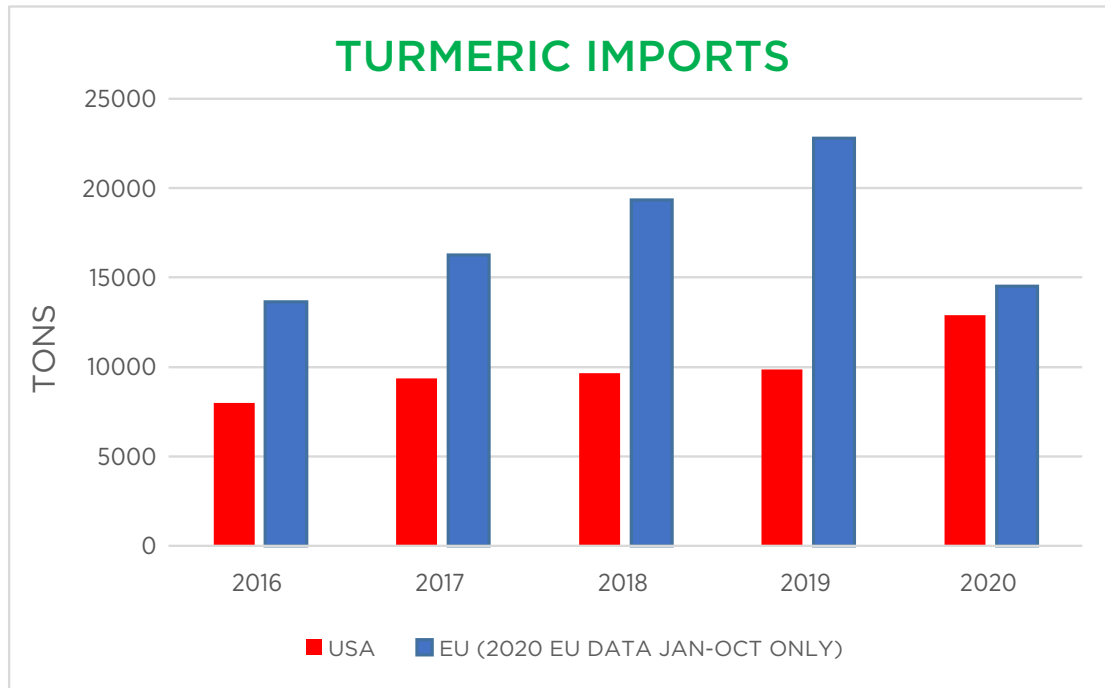
Turmeric

Current Market

INDIA: There has been a slight increase in prices during the past month, mainly due to an increase in export demand from both US and EU markets with curcumin-supplements gaining attention around the world due to the coronavirus pandemic. Besides, there has also been an increase in domestic demand. Current stock levels are almost the same as last year's levels. Prices have continued at their lowest compared to those during the past few years.

INDONESIA: Harvesting is over in all growing areas. New arrivals have declined with the arrival of rains.





Crop Conditions

INDIA: Above-normal rainfall has been reported from the main growing areas of Maharashtra and Telangana. The unseasonal rains have resulted in some crop damage and increased the spread of diseases. Harvesting has started in parts of Karnataka and Maharashtra, and primary market arrivals have started in some areas of Telangana. Harvesting of the Alleppey variety in Kerala will start towards the end of this month, while harvesting in the state of Tamil Nadu will start in March. With prices continuously remaining low, farmers have not been finding turmeric cultivation very attractive, and initial estimates indicate that production in the current season will be about 10% lower than that during 2020, mainly due to the damage caused by unseasonal rains.

INDONESIA: Harvesting is over in all areas. As per an advisory from the Meteorology, Climatology and Geophysics Agency (BMKG), most regions of the country are now entering the peak rainy season. According to the agency's analysis, the unstable dynamics of the atmosphere in the next few days could increase the potential growth of rain clouds in several regions of Indonesia. As a result of this, heavy rainfall is expected in many parts of the country. The La Nina weather pattern, currently active over South East Asia, has brought above-normal rains to many regions.



Market Scenario

INDIA: Export demand has slowly gone up during the past few months, supposedly fueled by increased demand for curcumin supplements following the coronavirus outbreak. Demand from pharmaceutical companies has increased, considering the immunity-boosting properties of turmeric. The increase in demand, along with low yield expectations for 2021, could have a bullish effect on the market.

INDONESIA: There has been good export and domestic demand. During the peak arrival period, there had been some market correction. However, with harvesting over now and arrivals decreasing, prices have been mostly stable.

Price Forecast

A slight decline in production is expected this year. At the same time, demand is expected to be strong in the medium term. These factors together can be expected to have a bullish impact on prices, which have 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

Prices this year have been remaining at quite attractive levels compared to those during the past few years. Considering the possibility of an increase in demand during the coming months, along with a decline in production in the current season, it is advisable to have adequate long-term forward coverage. A downswing from current price levels seems unlikely in the near term.

Ginger

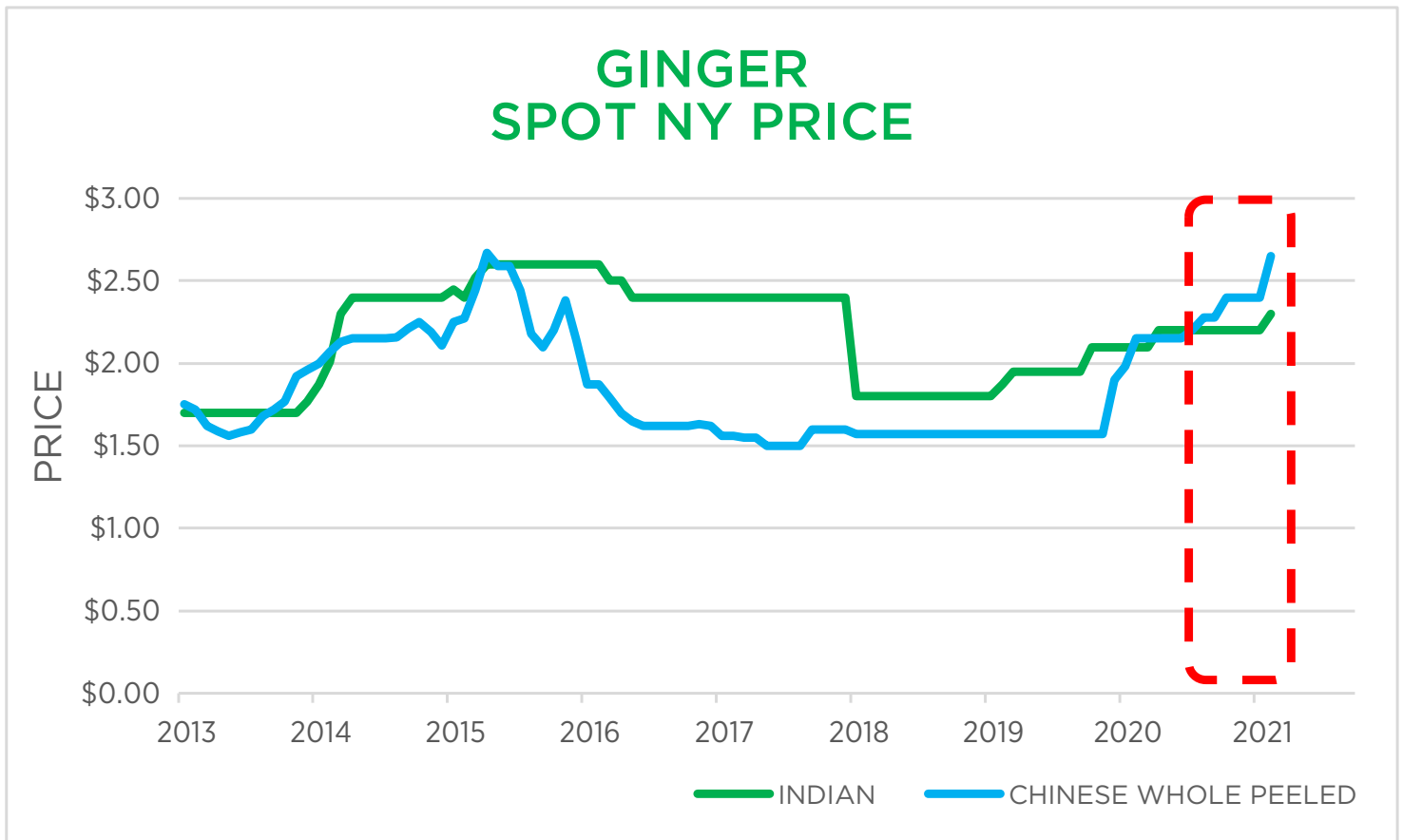
Current Market

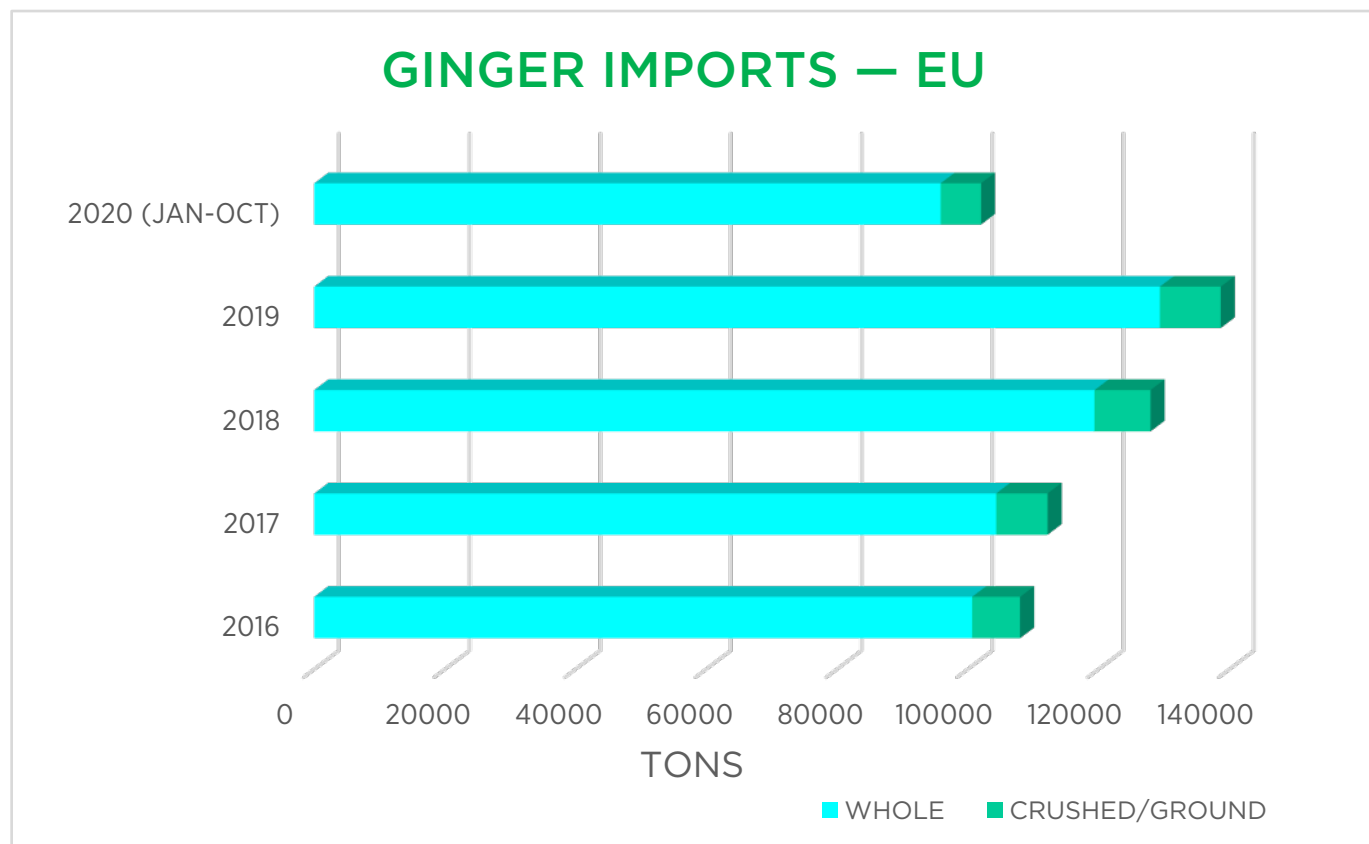
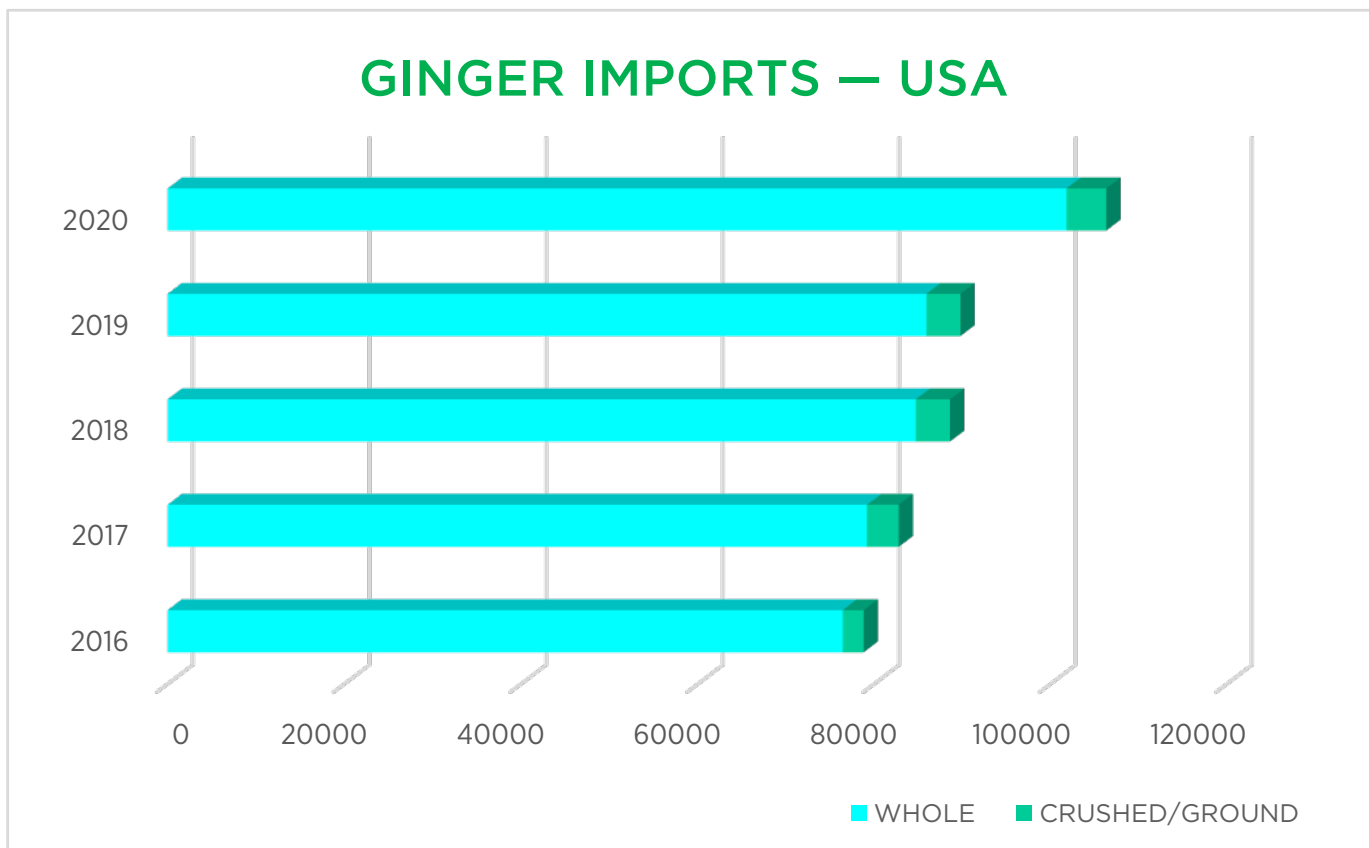
INDIA: Good domestic demand continues to provide support to prices. With ginger remaining an attractive home remedy for virus infections, domestic demand has gone up. Stock levels remain low.



CHINA: Good domestic demand for fresh produce continues to keep prices firm. New crop dehydration is done just before the Lunar New Year; good domestic demand for fresh material has limited the availability of material for dehydration. 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, but stock levels are low. Transportation and processing activities have been severely impaired by the COVID-19 outbreak, affecting supply of material. At the same time, there has been an increase in demand with Nigerian ginger attractively priced compared to other origins.





Crop Conditions

INDIA: Harvesting has started. Compared to last year, production is estimated to increase by nearly 20% this season. 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 limited the availability of material.

Market Scenario

INDIA: Increased production during the current season could have an impact on the market. At the same time, demand remains very high. Reports about the anti-viral properties of ginger have led to increased usage in culinary preparations.

CHINA: As the traditional ginger dehydration period ends with the Lunar New Year, shortage of material has affected availability for dehydration. Besides, freight issues continue to affect the market, pushing up export prices.

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Price Forecast

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

Coverage Recommendation

With uncertainties remaining on both the supply and demand fronts, the market is expected to remain tight. Availability of good quality material is expected to continue limited till the situation improves. Forward coverage is recommended.

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