



TURMERIC

CURRENT MARKET

INDIA: The market continues to slowly recover from the effects of the nation-wide shutdown following the COVID-19 outbreak. Most of the major turmeric wholesale markets continue to be closed due to the lockdown even though many of the smaller markets have opened. As arrivals increased, prices have moved downwards during the past month. Prices have been at their lowest compared to those during the past few years.

Turmeric is a natural pH indicator, turning yellow in acidic and neutral solutions and reddish-brown in basic medium. Turmeric paper, saturated with curcumin, is used for quick and easy detection of acids and bases.

INDONESIA: The market continues to be mostly stable without much new arrivals. Harvesting of the new crop will start only during the latter half of the year. With demand fluctuating, local prices continue to waver.

CROP CONDITIONS

INDIA: Harvesting is over in almost all the growing regions. Post-harvest operations are currently in progress. A major portion of the harvested material is yet to be sold. Due to the restrictions currently in place, there is a shortage in availability of labour, adversely affecting post-harvest activities which are labour intensive. Markets have been mostly inactive during the past two months due to the lockdown imposed as a result of the pandemic.

Compared to the 525,000 tons produced last year, production is estimated to fall marginally this 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 regions. In spite of the fall in output, total availability of material is expected to be the same as that recorded last season considering the increase in carry-forward stocks.

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: The lockdown has severely affected movement of material from fields to markets and to processing centres during the past two months. Turmeric is grown by thousands of small holding farmers, and farm operations are heavily dependent on field labour. Fortunately, 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. Availability of material is good due to higher stock levels compared to last year. There could be downward pressure on prices as arrivals increase over the next two months.

INDONESIA: There has been good demand, both for export and for domestic consumption. Markets have been mostly firm due to limited new material arrivals.

PRICE FORECAST

Total material availability this season is estimated to be quite similar to that in the 2019 crop season. Though farmers are not ready to sell at lower price levels, adequate stock availability is expected to provide stability to the market. With the coronavirus pandemic related restrictions being gradually removed, increased arrivals are having a bearish effect 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 over the coming months.

COVERAGE RECOMMENDATION

As arrivals increase, increased availability of material is expected to exert downward pressure on prices. However, as the pandemic related restrictions continue, supply chain disruptions could affect availability of material. Harvesting activities as well as transportation of material continue to be affected. Considering the possibility of supply-side uncertainties affecting material movement, medium-term forward coverage is recommended. Beyond this, coverage can be extended after considering the evolving market situation.

GINGER

CURRENT MARKET

INDIA: Trade activity has been affected this season with the coronavirus outbreak and subsequent lockdown hitting the market just as new crop arrivals were starting. Harvesting and post-harvest operations were adversely affected by the COVID restrictions. Limited availability of material, together with good domestic demand, has kept prices firm.

CHINA: In the main ginger production and dehydration centres, supply chains have been disrupted due to the Coronavirus pandemic. Processing of material has been affected, leading to an increase in local prices.

CROP CONDITIONS

INDIA: Harvesting is mostly over. Farm activity, including harvesting and post-harvest operations, has been affected by the lockdown restrictions this season. Extremely heavy rains during the rhizome development stage in the main growing areas of Kerala and Karnataka has affected production. Some of the major growing areas, especially in south Karnataka, have been hit by landslides and flooding. Two consecutive years of floods in the growing areas has affected development of the crop. Faced with heavy rains, farmers in some areas had even uprooted their ginger plants and sold the material as green ginger. With rhizomes remaining submerged for extended periods, diseases had been reported from some areas. All these factors have resulted in a significant drop in production this season. While there might not be much decline in Wynad and Palakkad in Kerala, a significant decline is estimated in Hassan and Shimoga regions of Karnataka.

CHINA: Compared to last year, production this year is estimated to decrease by around 15-20% due to floods. New crop dehydration was done just before the Lunar New Year. With carry-over stocks limited, prices of the Yunnan variety has moved up this season. Decreased yield together with a reduction in planting area has resulted in an increase in price. There has been good demand for fresh ginger. Labour shortages in farms and processing units has also contributed to the bullish trend.

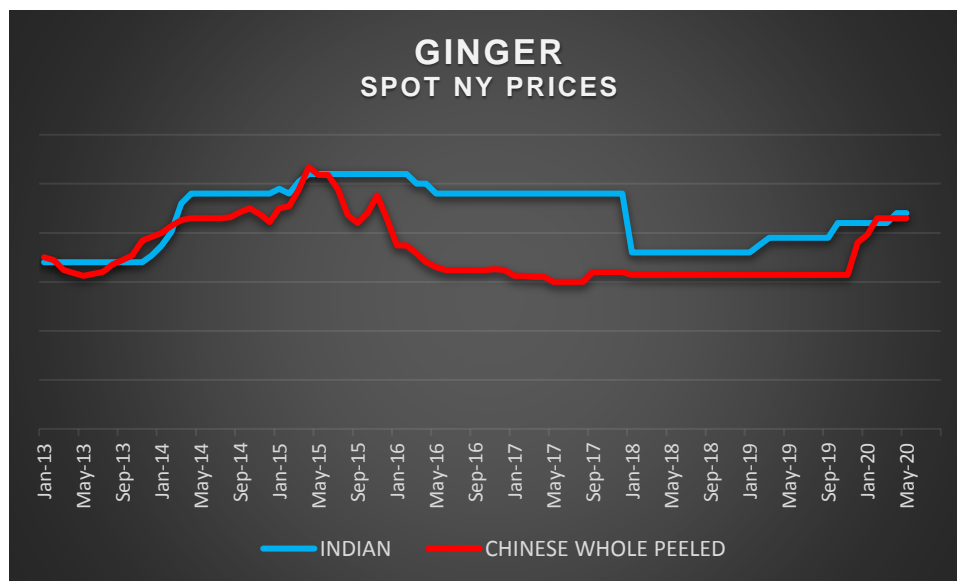
NIGERIA: Abnormally heavy rainfall last year in many states in central Nigeria had submerged farmlands. The dry spell that followed the rainy season also had an adverse effect during the critical crop stages. The unfavourable weather has resulted in some bullish price movement.

MARKET SCENARIO

The global ginger market has been affected by the coronavirus outbreak, pushing up prices in South-East Asia and the Middle East.

CHINA: Labour shortages and disruption of the transportation systems has affected supplies. On top of this, yields have been affected this season by high temperatures followed by extended rainfall and flooding in many areas during the initial crop season, limiting availability of material. Good demand for fresh ginger during the Lunar New Year holiday season has affected the quantity available for dehydration. Some manufacturers reportedly still have stocks remaining from 2018.

INDIA: The decline in production this season has affected the quantity of material available. Output has fallen drastically due to flooding in the initial crop stages. The nationwide lockdown has also affected farm operations and trade activities at a time when peak activities should have been in progress.



PRICE FORECAST

Prices are expected to remain firm with good quality material limited due to disruptions caused by the pandemic in the major exporting countries, viz. China and India. Adverse weather 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. Export and domestic demand in the producing countries will continue to support prices. At the same time, Nigerian ginger continues to be competitive compared to material from the Asian origins.

COVERAGE RECOMMENDATION

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



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