

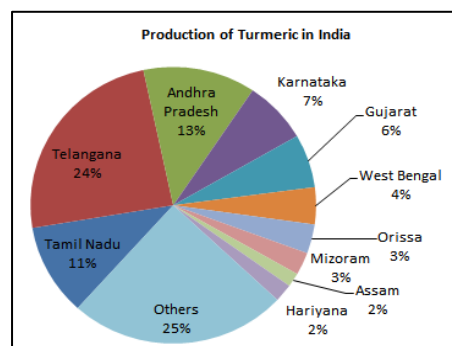
Turmeric

Introduction:

Most of the Spices are native to India and are internationally sought after for their unique texture and aroma. Many of these spices have huge medicinal value and are becoming popular among health conscious consumers especially in the developed countries. Ease in storage, transport and lower time sensitivity further supports good trade prospects for spices. India leads in production of Spices and produces around 50 per cent of global spices and Turmeric is the third largest spice produced in India after Chillies and Ginger. Globally India is the largest producer of turmeric producing around 6 million MT spices every year. India's production of turmeric accounts in 80 per cent of global production and 14 per cent Indian Spice production. China and Myanmar come next in line for production contributing to 8 per cent and 4 per cent of global production respectively followed by Nigeria and Bangladesh.

Domestic Scenario:

Turmeric production is largely concentrated in southern states like Andhra Pradesh, Telangana and Tamil Nadu accounting for nearly 47.72 per cent of total output in the country. Telangana is the single largest producer of turmeric accounting for more than 24.25 per cent of total turmeric produced in the country. Andhra Pradesh is the second largest producer contributing for about 12.75 per cent of output in the country followed by Tamil Nadu, Odisha, West Bengal and Karnataka. The production during 2016-17 reached record high at 10.51 lakh MT due to favorable rainfalls. This year however lower production at 9.31 lakh MT is forecasted due to lower acreage as farmers shifted to sugar cane and cotton which fetched better prices last year.



Production of Turmeric in India

(Lakh MT)

State	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18*
TAMIL NADU	3.68	1.90	1.18	1.05	1.15	1.13	1.37
TELANGANA	0.00	0.00	2.52	2.16	1.84	2.55	1.85
ANDHRA PRADESH	5.07	4.39	1.52	1.43	1.21	1.34	2.04
KARNATAKA	1.28	1.00	0.65	0.77	0.76	0.76	0.71
GUJARAT	0.50	0.50	0.50	0.64	0.69	0.66	0.48
WEST BENGAL	0.39	0.42	0.42	0.42	0.42	0.46	0.34
ORISSA	2.09	0.30	0.30	0.30	0.30	0.36	0.50
MIZORAM	0.29	0.23	0.23	0.25	0.28	0.28	0.21
ASSAM	0.13	0.15	0.16	0.16	0.16	0.17	0.13
HARIYANA	0.00	0.00	0.24	0.24	0.24	0.22	0.19
OTHERS	0.54	0.97	3.20	1.04	2.60	2.59	1.49
TOTAL	13.99	9.87	10.93	8.46	9.67	10.51	9.31

Source: Spice Board of India

Production is expected to go down as acreage reported so far is 8-11 percent lower than last year. Farmers in Maharashtra are exhibiting preference towards sugarcane over turmeric as it didn't fetch satisfactory price previous year. Also formation of tubers was hampered in Maharashtra due to lack of water availability and farmers are concerned it may affect the quality and weight of turmeric after curing. Rain over turmeric growing regions in Telangana, Tamil Nadu, Karnataka and Maharashtra during the first 40 days of the four-month south-west monsoon

was observed below normal according to Indian Meteorological Department (IMD), which may have an adverse impact on the standing turmeric crops. The domestic consumption is fairly 80 per cent of the total production of the total production. Balance sheet of India’s turmeric Supply-Demand clearly shows a steady decline in ending stocks, and owing to lower estimated yields the ending stocks are expected to go down to as low as 0.37 lakh MT. Kerala is a buyer of turmeric as they have plants that extract curcumin from it. But for past two years Kerala is importing turmeric from Indonesia, Cambodia and Vietnam lowering the local demand of turmeric from Tamil Nadu, Karnataka, and Andhra Pradesh.

Turmeric Balance Sheet India

(Lakh MT)

Particulars	2014-15	2015-16	2016-17	2017-18*
Opening stocks	2.24	1.28	1.31	1.11
Production	8.46	9.67	10.51	9.31
Total Supply	10.70	10.95	11.82	10.42
Domestic Consumption	8.56	8.76	8.98	9.20
Exports	0.86	0.89	1.25	0.85
Total Demand	9.42	9.65	10.23	10.06
Ending Stocks	1.28	1.31	1.59	0.37

Source: Industry (Traders & Processors)

International Trade

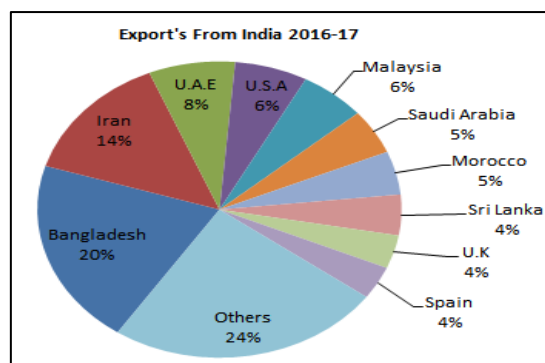
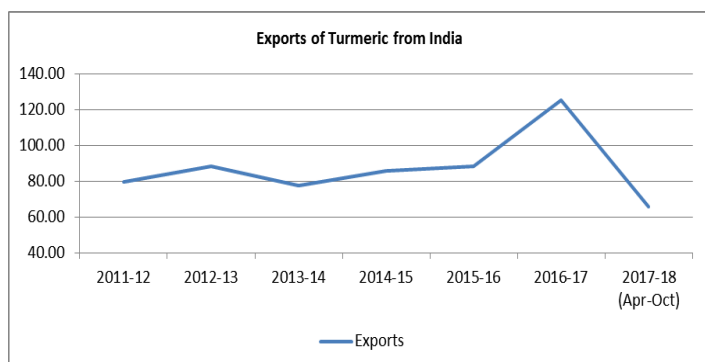
India’s Exports

(000’ MT)

Country	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (Apr-Oct)
Bangladesh	8.57	4.18	1.84	7.28	4.80	21.66	3.53
Iran	3.81	7.64	11.13	10.32	13.14	14.86	8.41
U.A.E	16.73	10.88	6.82	7.26	5.91	8.18	5.01
U.S.A	3.32	6.27	4.25	4.72	5.54	6.90	4.74
Malaysia	4.30	5.93	5.68	5.91	6.38	6.25	4.02
Saudi Arabia	2.95	3.71	3.48	3.41	4.11	5.24	2.37
Morocco	2.70	1.83	2.07	3.00	2.29	5.05	2.18
Sri Lanka	2.81	3.92	4.19	4.84	4.63	4.72	2.81
U.K	2.08	3.44	2.87	3.57	3.94	3.88	2.63
Spain	1.53	2.60	2.75	3.18	2.23	3.83	1.18
Others	18.60	23.44	18.51	21.85	23.08	26.01	15.89
Total	79.50	88.51	77.50	86.00	88.50	125.12	65.69

Source: Ministry of Commerce & Industry

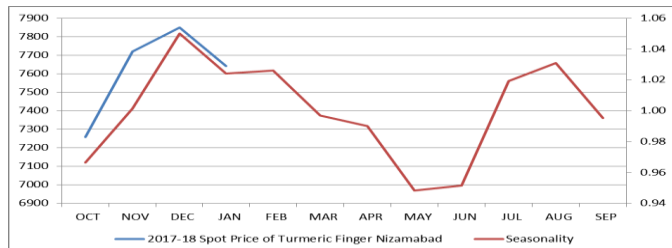
During 2017-18 however owing to lower expected yields the export scenario is also expected to face slump. The total exports up to October 2017 was recorded at 0.65 lakh MT and is estimated to reach 0.85 lakh MT by the end of the year 2017-18 which is a 32 per cent decrease than in 2016-17. India is also imports some amount of turmeric for the purpose of curcumin extraction. Cambodia, Ethiopia, Indonesia and Myanmar are a few countries who are exporting turmeric to India for the past four years. On an average India has imported around 12.62 thousand MT in the past four years and the increasing steadily.



Market Updates

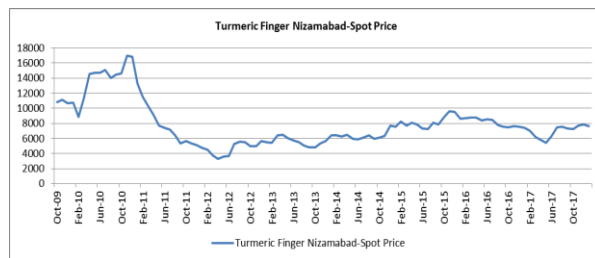
Sowing is observed marginally lower during 2017-18 at 1.78 lakh ha as opposed to 1.93 lakh ha, which is a decrease by 8.45 per cent. Due to insufficient rains, hampered bulb formation and farmers shifting to cotton and Sugar the production is also estimated lower at 9.31 lakh MT.

Price trend Analysis and Seasonality



The adjacent price curve indicates that prices tend to decline from July to October on account of slackening demand and increased supplies. Moreover, the demand from domestic and overseas markets is expected to improve by the month of October, which would support the bullish moves in the prices. Turmeric markets are steady and buyers are choosing to remain passive until fresh arrivals start. Arrivals in Karnataka start by Mid-late January

as farmers here practice early sowing and irrigation due to an existing good water table. Maharashtra and Tamil Nadu observe new crop arrivals during February second week to last week. As local demand from Kerala for curcumin extraction is lowering, traders are suggesting that low production might not affect the prices as much. Export figures will play a vital role an important role as it will decide the local availability of turmeric. Slightly bullish price trend in the beginning due to anticipation of lower yield and eventual fall in prices to the current market level is forecasted as demand will be unable to catch-up.



Technical Recommendation

The market is expected to find strong support at the levels of 5880 on the downside and has good potential of testing 9800 and 11200 on the higher side by end of August 2018.



Price Expectation

Commodity	Units	Current Market (15.01.2018)	Market View	Technical Projections		
				S1	T1	T2
Turmeric (NCDEX)	Rs. / Qtl.	7570	↑	5880	9800	11200

Disclaimer:

This report has been prepared by National Bulk Handling Corporation (NBHC) for the sole benefit of the addressee. Neither the report nor any part of the report shall be provided to third parties without the written consent of NBHC. Any third party in possession of the report may not rely on its conclusions without the written consent of NBHC.

NBHC has exercised reasonable care and skill in preparation of this advisory report but has not independently verified information provided by various primary & secondary sources. No other warranty, express or implied, is made in relation to this report. Therefore NBHC assumes no liability for any loss resulting from errors, omissions or misrepresentations made by others.

Any recommendations, opinions and findings stated in this report are based on circumstances and facts as they existed at the time of preparation of this report. Any change in circumstances and facts on which this report is based may adversely affect any recommendations, opinions or findings contained in this report.

© National Bulk Handling Corporation (NBHC) 2018