



**NEWS &
MARKET
REPORT**

**June
2022**

INDIA'S WHEAT EXPORT BAN TO HAVE A CASCADING EFFECT ON THE GLOBAL FOOD SUPPLY

Indian government's ban on the wheat export has worsened the already existing global food insecurity, caused by the Russia-Ukraine war. The policy change can be attributed to the intense heat waves that affected the major wheat-growing states in India, which cut down the harvest prospects. The ban is also aimed to curb the rising domestic prices. The international wheat market which was already in a volatile state has now witnessed record-high rates post the export ban. This increased rate will reflect in the prices of consumer products. Rising prices of food and energy are aggravating inflation around the globe.

The farmer population is also bearing the brunt of this change in policy as it has negatively impacted their income. The farmers were already troubled by the low prices and production losses, which they hoped to recover when the wheat prices soared before the export ban. The ban has resulted in a fall in domestic prices, adding to the woes of the farmers.

Please note that there have been no reports of an increase in the sowing area of wheat as yet. However, there were early reports of a drop in the sowing area of wheat and an increase in growing areas of mustard, onion, garlic, etc.

RISING INFLATION ACROSS THE WORLD

The Russian-Ukraine war has triggered a significant slowdown in global growth, worsening worldwide inflation. The global financial situation was already in shambles due to the unprecedented COVID crisis and the consequent lockdown. Now, the Institute of International Finance has slashed its 2022 growth outlook for global output in half, owing to the economic consequences of Russia's invasion of Ukraine, China's stringent measures to curb the Omicron wave, and tighter monetary policy adopted by the U.S government. The IMF (International Monetary Fund) is also revising its global growth projections for the year 2022 due to conflict and the fallout from sanctions. The Global Economic Outlook Session has indicated a possible recession due to the ongoing situation. Authorities have raised concerns about the current food price shocks and growing food insecurity among the countries.



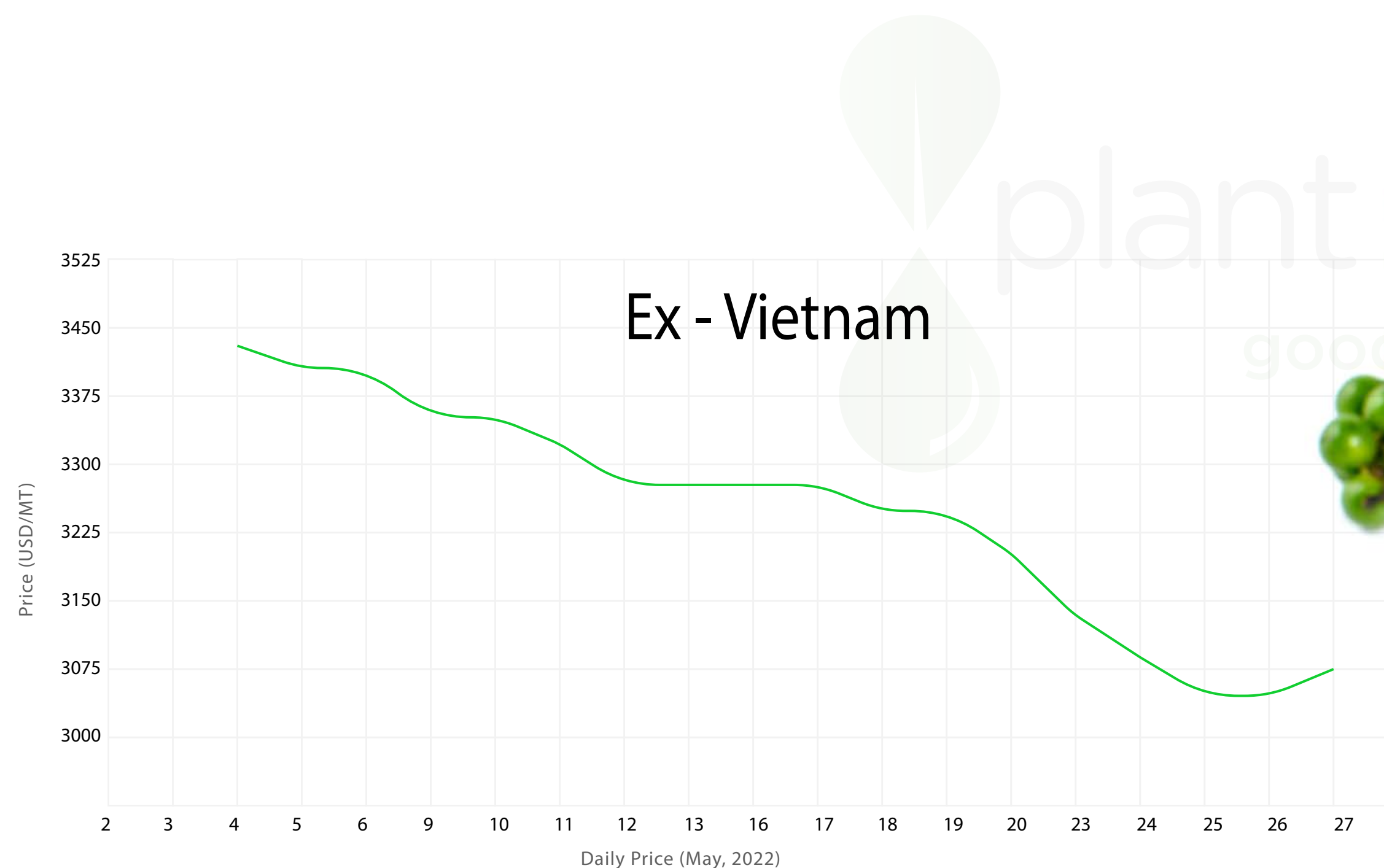
Content

Black Pepper	5
Celery	7
Rosemary	7
Cardamom	8
Paprika Chilli	8

Dry Ginger	9
Turmeric	10
Nutmeg	10
Cumin Seed	11
Fenugreek Seed	11

BLACK PEPPER

Vietnam: The harvesting in Vietnam is completed. The availability of light berries with high piperine content is limited. It has been observed that pricing is in a downward trend as the trade with China has been limited owing to the 'Zero Covid' policy adopted by their government. Being one of the major Vietnam pepper importers, this decline in trade has significantly affected the pricing. In addition to Vietnam, India and Indonesia are also witnessing a decline in prices. The Indonesian harvest is expected to start by the 2nd week of May, and we expect at least a 20% shortfall in crop production. As a result, prices for the same might increase.



Sri Lanka: The active season is going on in Sri Lanka and it is reported that there has been a 50% reduction in crop output. We witness an increasing trend in pepper prices attributed to several factors. As indicated in our last report, the pricing of black pepper has been significantly impacted by Sri Lankan economic crisis. The worsening crisis has only surged the pricing. With a very high rate of inflation and scarcity of essential goods and services including fuel and energy, this island nation is also facing logistical challenges, inevitably impacting the supply chain. Hence the product pricing is in a fragile situation, susceptible to inflation.

50%
↓ Production

CELERY

Celery has started arriving in the market. It has been observed that the crop yield is low owing to the region's high temperature and lack of rain. A 30% decline in crop size has been reported. This is primarily because many farmers have switched to wheat cultivation due to the increased MSP (Minimum Support Price) for wheat. The yield has also significantly decreased due to the intense heatwaves in India. Carry forward stock is expected to be minimum, with a 15% shortfall compared to the previous year. Hence, we are expecting an upward trend in prices. In comparison with the previous year, there has already been a 23% increase in pricing.

23%
↑ price

ROSEMARY

Morocco: There is limited availability of Rosemary in the open market as it is currently offseason. The season is expected to start from the 1st week of June. The crop area has increased by 15% in 2022. Regardless of this, the yield has reduced due to the drought from Sep 2021 to Early March 2022. It has been observed that the yield was reduced by 35% than expected. Now, the total crop expected is around 25000 MT. Carry forward stock is low. In addition to that, freight charges from Morocco to South Asia have increased by 89% in comparison to the previous year. Hence we expect a 44% increase in commodity pricing this year.

15%
↑ Crop Area

35%
↓ expected Yield



CARDAMOM

Cardamom season has come to an end. The price of cardamom was subjected to fluctuation in May, with a drop in pricing followed by an upward trend. Currently, the low-yield crop is arriving in the market, which includes old stock materials and mid-summer pickings. This will continue until the commencement of next season in August. With early rains and no report of crop damage, we are expecting a good crop ahead.



PAPRIKA CHILLI

Chilli markets have been closed since the second week of May. Currently, the material being sold is from cold storage. Hence, only medium quality and poor quality materials are coming into the market, resulting in a decline in demand. As for the next season, traditional chilli growing regions have received mild rainfall in the last two weeks, which is expected to have a positive impact on the yield. We are expecting an increase in growing areas due to the high price trends, provided preventive measures are adopted to tackle black thrips attacks. Cotton being a competitive crop has fetched the highest prices during the ongoing season. There are high chances for some of the growing areas to shift to cotton cultivation in the coming season.



DRY GINGER

In India, material arrival is extremely low due to the heavy rainfall in Karnataka. Regardless, of a 20% increase in crop area, the yield is also relatively low. In addition to that, farmers have stopped selling new material, demanding high prices for purely dried material. We also expect the rise of Black fungus and Aflatoxin concerns in crops. However, the prices are expected to remain stable.

20%
↑ crop area



TURMERIC

The harvest process is almost completed in the Karnataka region and is ongoing in Maharashtra & Andhra regions. There has been a 10% increase in the crop area and a 5% increase in farm-level productivity compared to last year. Hence, we expect a downward trend in pricing. However, it is to be noted that, the material with high curcumin levels will be available only till the end of June. The prices are higher compared to last year and it is supportive of higher arrivals to the market. The weakening of export demand on account of the global slowdown has pushed the prices downwards in the last couple of weeks.

10% ↑ crop area



NUTMEG

India: Harvesting of nutmeg has begun and is expected to continue in full swing until September. Due to unexpected rain in the early stages of the season, we are witnessing a low yield. As per the farm reports, the yield is expected to be 10%-20% short. Hence, there could be an upward trend in pricing.

10 - 20% ↓ Production

CUMIN SEED

Harvesting of Cumin is almost completed. The arrival of the new lot to the market has reduced significantly owing to the low yield. It has been observed that farm-level productivity has decreased by 30%. As more farmers switched to mustard production, crop area under cultivation declined. Currently priced at 3.3 USD/Kg, the price of the commodity has remained stable at high rates. However, the price of IPM Cumin is expected to increase as more countries are shifting from conventional to pesticide-free crops. The carry forward stock is low and the prices are expected to increase.

FENUGREEK SEED

New crop sowing has improved in the major growing regions of all the three states of Madhya Pradesh, Rajasthan, and Gujarat, as the farmers saw good price realization right from the beginning of the year. The farm-level productivity has increased by 10%. The material arrival to the market is in full swing. We are expecting a downward trend in pricing; there has already been a 13.2% decrease in the price at the beginning of the year. However, it is to be noted that upcoming rains in the growing region might negatively impact the arrivals and the quality of the commodity.

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