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alimhd@rathi.com

Turmeric

Exchange : Ncdex

Month : August

Risk : **Moderate**

Target Price:

Rs.4,800/4,860/4,920

Recent Trend:

Bullish

Volume:

Raising

Open Interest:

Raising

Contact Us

www.rathi.com

2nd floor, Victoria House,
Kamala Mill Compound,
Pandurang Budhkar
Marg, Lower Parel (W),
Mumbai – 400016.
INDIA

Ph: +91-22-6626 6666

Fundamental Scenario

- Reduced acreage and unseasoned rains during 2008 resulted in reduced output to 4.2 million bags of 70 kg each from 5.4 million bags a year ago. As a result of which even arrivals in Nizamabad spot market dropped by 14.76 percent to 49,091 tones in first half of 2008, compared to the same period last year (57,589 tones). June was the last month of arrivals and after which stockiest will be the only source of supply.
- During June'2008, arrivals fell by 42.81 percent to 1,731 tones, compared to 3,027 tones in the same period previous year. And at present stockiest are not releasing their stocks aggressively on expectation of better prices.
- As a result of which Turmeric prices spiraled and have almost doubled as compared to previous year. During May 2007, the average spot price stood at Rs.1,850/quinatl per 100 kg and at present average prices have been hovering at Rs.3,600-3,750/quinatl. This is primarily on the back of above mentioned reason and support from Markfed to farmers pertaining to procurement at Rs.3,000/quinatl.
- According to Tamilnadu Agricultural University's (TNAU) Domestic and Export Market Intelligence Cell (DEMIC) there is five-year price cycle of turmeric. Last year (2007) was the end of bear cycle and from the current year five year bullish cycle will start. This is very much evident looking at the price rise.
- Normally in the month of mid July-August there is good overseas demand especially from Middle East. These countries normally cover their positions before holy month of Ramadan. And this year Ramadan is expected to start from mid September. So before that good export demand is expected to come to India which will support turmeric prices.
- Turmeric cultivation starts in June, when monsoon reaches the southern and western states of India. Even though monsoon was on time but at present due to deficient rainfall in the main Indian turmeric growing states cultivation has been halted. Andhra Pradesh, Tamil Nadu and Karnataka and Maharashtra are main producers of turmeric and rains have been halted all of them.
- At present it very early to say how much crop would be produce but if weak monsoon persists acreage might fall this year. In our short term spices outlook we expected August contract to touch Rs.4,750/4,800 levels. But if current dry condition continues for a week or so than we can see prices touching Rs.4,860/4,920 levels.

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