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CORIANDER - CROP SURVEY AND ANALYSIS 2016



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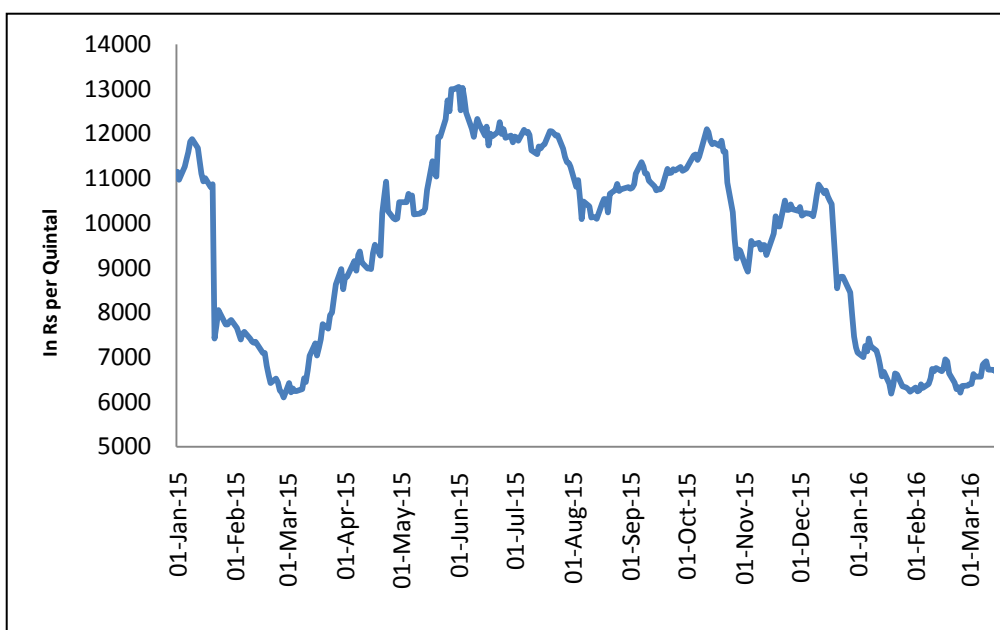
The crop year 2014-15 has been a profitable year for Coriander traders as prices spiralled upwards from ₹6000/- per quintal in March 2015 and hit a high of ₹12700/- in May 2015. In a span of three months we have seen Coriander prices double. Coriander prices continued to remain on the higher end throughout the year as good demand and low availability of quality stocks kept the market supported.

In 2014-15 the Coriander crop has faced adverse weather conditions as unseasonal rains during the harvesting season in Rajasthan and Madhya Pradesh had affected the crop severely. Unseasonal rains had damaged the crop by approximately 30 percent, while 10 percent of the crop was damaged due to disease and pest. The crop year 2014-15 was met with an overall damage of 40 percent during the season.

Coriander prices have witnessed a correction with the onset of sowing season in October 2015. Prices fell from ₹ 12000/- quintal in October 2015 and hit a low of ₹6400/- quintal in January 2016. Higher acreage and favourable weather conditions in the key growing regions of Rajasthan and Madhya Pradesh kept prices under pressure throughout the sowing season.

Coriander prices are likely to remain on the lower end in 2016 as area under Coriander cultivation in major growing areas of Rajasthan, Madhya Pradesh and Gujarat are likely to witness an increase due to higher returns from the crop in the previous year.

Daily Coriander Price:



Source: NCDEX, Reuters

Demand and Supply:

Coriander productivity has been severely affected by weather adversities during the last couple of years. We have witnessed a drastic fall in Coriander production in 2013-14 as excessive rainfall and cold weather during the growth stage drastically reduced Coriander productivity. In 2014-15 we have seen a similar trend as unseasonal rains during the harvesting stage across Rajasthan and Madhya Pradesh had damaged the crop severely.

Coriander production in 2014-15 was recorded at 4.62 lakh tons, while in 2012-13 production was 5.27 lakh tons from a similar acreage. The main reason for a drop in production was the unseasonal rains before and during the harvesting season that damaged the crop to a great extent.

In 2015-16 we expect a rise in production to 5 lakh tons from 4.62 lakh tons recorded in 2014-15. We expect acreage to drop marginally in 2015-16 as severe moisture stress and unfavourable weather conditions dampened farmer's sentiments. The overall acreage for 2015-16 is expected to drop from 5,62,817 hectares in 2014-15 to 5,26,600 hectares in 2015-16.

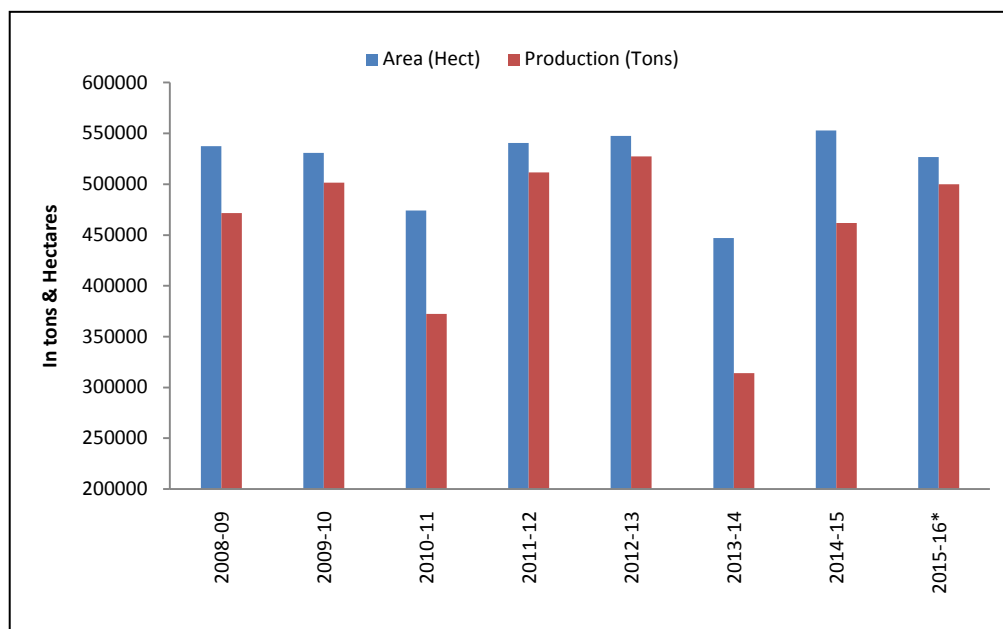
In Gujarat, Coriander sowing has been completed on 88,600 hectares. In Kutch, total 6,700 hectares have been sown, while in Saurashtra regions 80,000 hectares have been reported. Highest area has been reported in Junagadh district of Saurashtra at 42,800 hectares. Last year sowing of Coriander was completed on 92,100 hectares in Gujarat, with a major share reported from Kutch and Saurashtra. In Kutch, coriander was sown on 6,300 hectares while 83,400 hectare was sown in Saurashtra region.

In Rajasthan, Coriander sowing has been completed on 1, 68,000 hectares as compared to 1, 83,400 hectares as of 17th December 2015. In Kota, 41,500 hectares have been reported as compared to 43,400 hectares, Jhalawar region sowing has been completed on 83,900 hectares as compared to 84,300 hectares, Baran sowing has been completed on 38,000 hectares as compared to 50,200 hectares and in Bundi sowing has been completed on 5100 hectares as compared to 5600 hectares. In 2014-15 total area under Coriander sowing was 2,49,310 hectares in Rajasthan, while in 2015-16 with the slow progress of sowing we expect a decline in sowing to approximately 1,98,000 hectares.

In Madhya Pradesh, Coriander sowing has been completed on 2,40,000 hectares in 2015-16 as compared to 2,25,537 hectares in 2014-15.

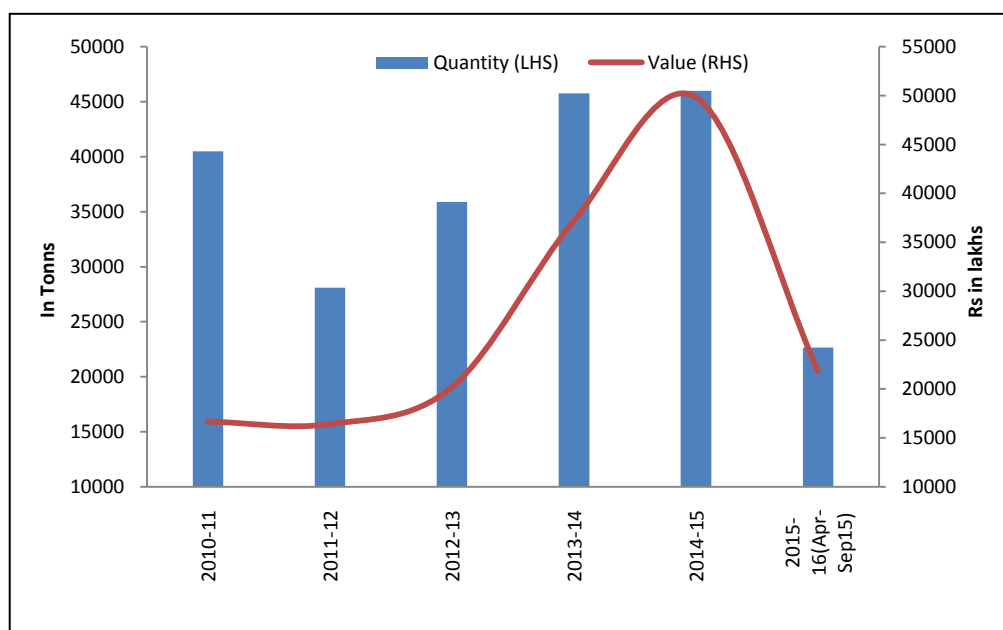
Carry forward stocks are expected to be in the range of 56,000 tons to 58,000 tons in 2015-16 as compared to 88,000 tons in 2014-15. As of January 2016 Coriander stocks were reported at 16,000 tons in Kota as compared to 56,000 tons in 2015.

Area and Production:



Source: Spice Board of India, NB Research, Market sources

Exports:



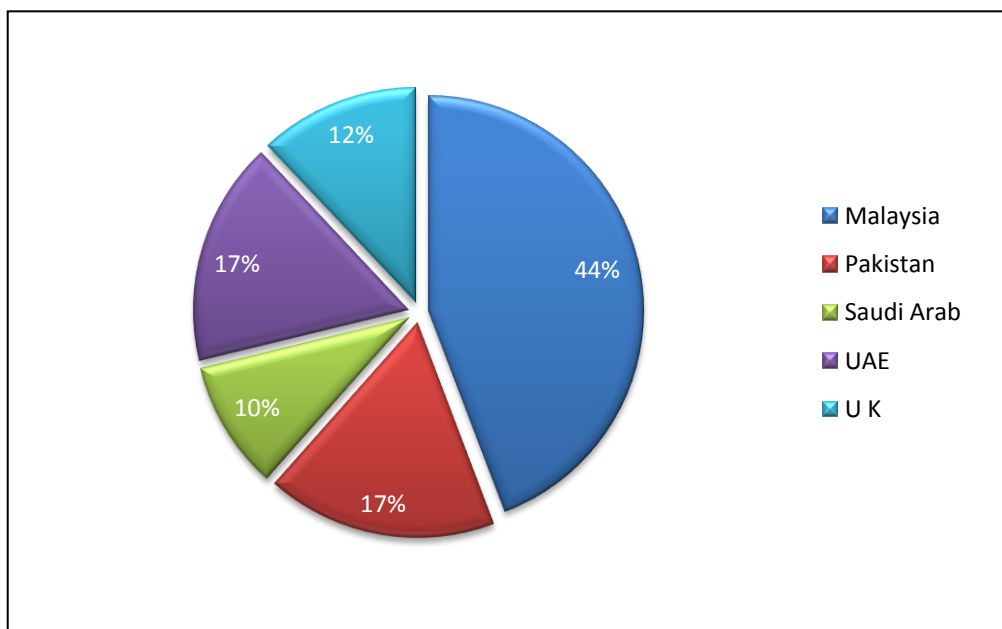
Source: Spice Board of India

India is the largest producer, consumer and exporter of coriander in the world. India accounts for approximately 80 percent of the total world Coriander production.

Coriander exports from India have been rising over last two years as supply from the top two competitors i.e. Bulgaria and Romania have dropped as unfavourable weather damaged most of the produce in these countries. India has take advantage of the situation and ramped up its exports over the last couple of years.

In 2013-14, Coriander exports have risen to 45,750 tons from 35,902 tons in 2012-13. While in 2014-15 we have seen exports keep up with the same pace and touch 46,000 tons. Over the period of two year Coriander exports have surged by 22 percent during the period of 2013-2015.

Top Importers in 2014-15:



Source: Department of Commerce

In 2014-15, Malaysia was the top importer of Coriander from India followed by Pakistan and Saudi Arab. Malaysia's imports in 2014-15 were recorded at 10,378 tons which was lower as compared to 11,152 tons recorded in 2013-14. Coriander exports to Pakistan have witnessed a significant rise from 2,573 tons in 2013-14 to 4069 tons in 2014-15. While exports to UAE and Saudi Arab were recorded at 3,940 tons and 2,264 tons respectively.

However, in 2015-16 exports from India have lost momentum due a crop failure. In 2015-16 we have recorded an export of 22,650 tons between April-September. With the slow pace of exports and low availability of quality stocks it is unlikely that Indian will meet its export target of 45,000 tons for 2015-16 which was set by the Spice Board of India.

Key Observations from our Crop Survey:

Our research team visited the major Coriander growing regions – Kota, Baran and Jhalawar in Rajasthan and Neemuch and Guna in Madhya Pradesh in the Second week of January 2016. We had detailed discussions with each of the VCPs - Farmers, Brokers, Traders, Exporters, etc. which gave a clear picture regarding climatic conditions prevailing there, the crop growth status, the intricacies involved in the Coriander trade, trade opportunities prevailing in the sector and so on.

Rajasthan

The Coriander crop is in good condition in most regions of Rajasthan, except for a few areas like Mandana where we noticed excessive moistures stress. We have noticed that the leaves have turned pale yellow because the overall temperatures have remained higher by 4-6 degrees Celsius higher than the ideal required temperatures.

Pre sowing weather conditions were not ideal as a deficient monsoon in 2015-16 had severely affected soil moisture. However, weather conditions have turned favourable post sowing and the overall crop health is satisfactory. Overall temperate in Rajasthan (Kota) during the Rabi season of 2015-16 has been higher by 5-6 degrees Celsius.

Rajasthan Crop Scenario

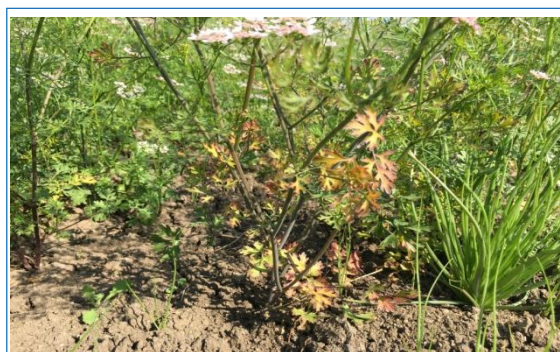
Mandana



Gangarar



Crop under moisture stress-Mandana



Bundi



Madhya Pradesh

Sowing of Coriander in Madhya Pradesh began at a slow pace as weather condition was not ideal at the time of sowing. The overall temperatures have remained higher by 7-8 degrees Celsius higher than the ideal temperatures required for Coriander. We have noticed the overall crop is in good condition in most regions of Madhya Pradesh but, the higher temperatures will definitely have a negative impact on the crop yield this year.

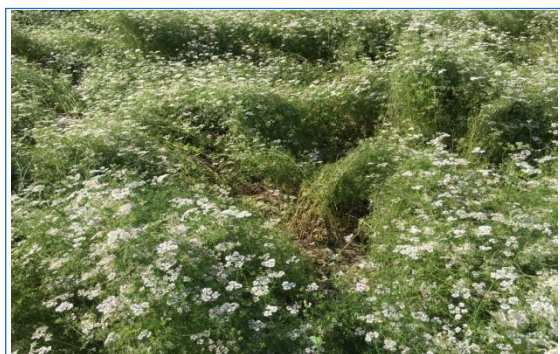
In Neemuch region of Madhya Pradesh we have noticed crop damage in some field due to strong winds. Coriander being a very delicate crop is unable to withstand heavy winds. The crop in these areas has fallen to the side due to heavy winds. No major incidents of pest infestation have been noticed.

Madhya Pradesh Crop Scenario

Guna



Crop Damaged by heavy Wind-Neemuch



Susner



Mandsaur



Outlook:

Coriander prices have witnessed a major downturn since October 2015 as new crop sowing and expectations of a rise in production dampened sentiments. Coriander prices have fallen from ₹11,636 in October 2015 to ₹6,400 in January 2016.

The overall progress of sowing has been slow this year due to severe moisture stress in the key growing regions of Rajasthan and Madhya Pradesh. As per data released by the state departments of India, sowing of coriander in crop year 2015-16 has dropped by 7 percent. While production is expected to rise by 8 percent in the crop year of 2015-16 as post sowing weather conditions have remained conducive during the growth stage. However the recent rain during the second week of March 2016 is likely to affect the quality of the crop.

Looking at the overall demand and supply situation in the Crop year of 2015-16, we are of the view that Coriander price will rise during the second quarter of 2016 we recommend buying Coriander on dips to ₹6,500/ quintal for a target of ₹7,000-₹ 7200/- quintal.

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