

Kunal Shah

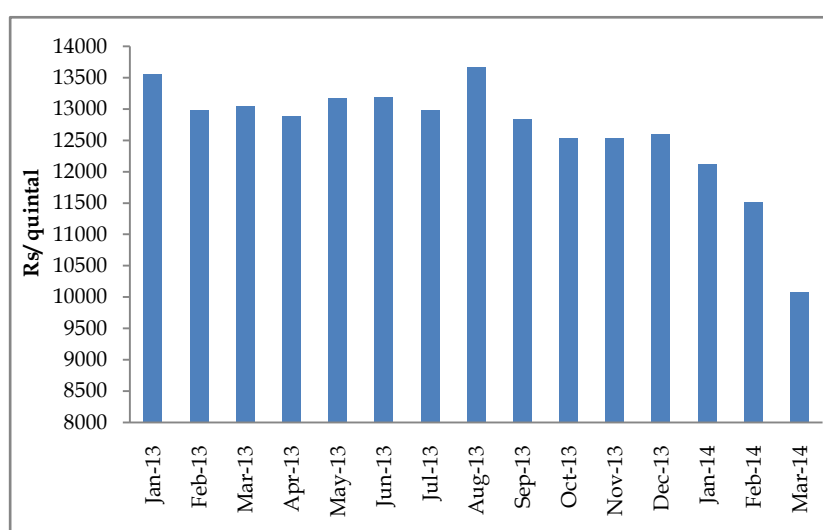
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ravi.dsouza@nirmalbang.com[m](#)**Price Performance:**

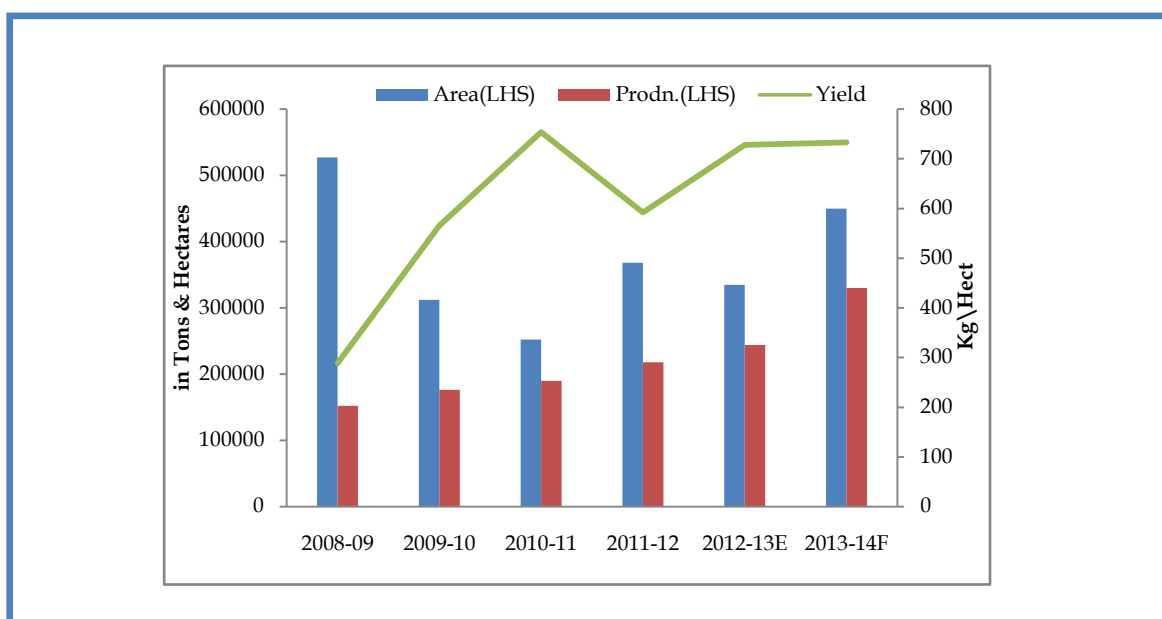
Year 2013-14, has been a lucrative year for Jeera exporters, as exports of the commodity have seen a significant rise over the last couple of years. The geopolitical tension in the Middle East has shifted importers to India. Increased demand for the spice has given farmers an incentive to grow the crop and has resulted into higher production in the recent past. Jeera prices have remained strong throughout 2013 on the back of robust export demand.



Source: NCDEX

Prices have remained supportive and traded in the range of ₹14,500 per quintal - ₹13,500 per quintal from January'13 - September'13 due to strong export numbers. However, the trend has changed since October'13 as prices have drifted lower with the onset of sowing season and higher acreage in key growing areas of Gujarat. Further with the arrival of the new crop in the market prices continued to remain under pressure and tested a low of ₹9785 per quintal.

Production:



Source: Spice Board of India, Traders, NB Research

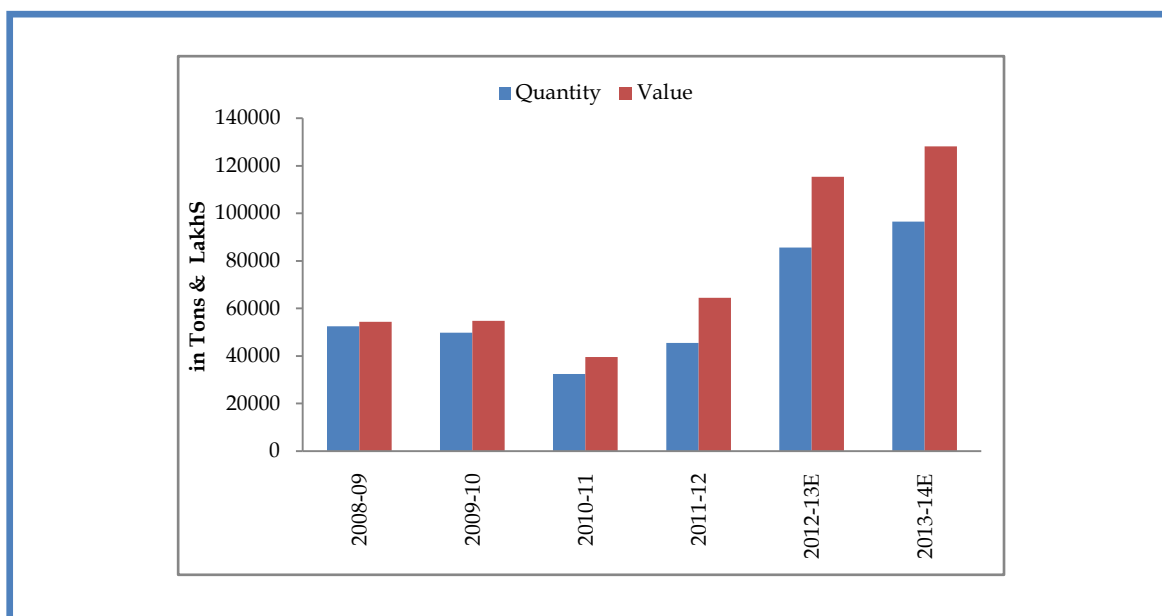
Good monsoons this year has helped improve soil moisture in key growing regions which has given farmers an incentive to increase acreage towards Jeera. Acreage in Gujarat has risen by 1.05 lakh hectares to 4.54 lakh hectares this year as per reports from Gujarat Agriculture Board. Production of Jeera in 2013-14 is estimated to rise by 26 percent to 3,30,000 tons as compared to 2,44,160 tons in 2012-13. Higher acreage and conducive weather condition pre and post sowing have contributed to the rise in production this year.

Supply & Demand Balance Sheet:

Particulars(in tons)	2008-09	2009-10	2010-11	2011-12E	2012-13E	2013-14E
Opening Stocks	82350	46800	35550	41050	35000	19500
Production	152000	176500	190000	218000	244160	330000
Dom. Consumption	135000	138000	152000	168000	179760	188000
Exports	52550	49750	32500	45500	79900	120000
Closing Stock	46800	35550	41050	35000	19500	41500

Source: Traders, NB Research

India Export Scenario:



Source: Spice Board of India

India's Jeera exports have almost doubled this year touching record levels of 96,500 tons from April'13 to December'14 while exports during the same period last year were only 50,944 tons. Exports for the financial year 2013-14 are expected to cross one lakh tons and touch 1,20,000 tons. In value terms, Jeera exports have risen by 83 percent this year valued at ₹ 1,282 crore.

India's exports have surged over the last couple of years due to the geopolitical tensions in the Middle East. Syria and Turkey the second and third largest producers have been unable to meet their export demand due to the enduring political unrest in these nations. India has emerged as the preferred destination for most of the international buyers. Countries like Jordan and Iraq which usually import Jeera from Syria and Turkey have been importing from India this year.

Outlook

Robust export demand from India over the past few years is expected to offset the higher production this year. Exports of Jeera are expected to remain higher this year as well due to the ongoing geopolitical tension in Syria and Turkey. Export demand is likely to pick up in the coming months as Middle East usually ramps up imports ahead of Ramadan.

Prices trading near to the five year low levels are likely to attract bargain buying in the near term. Going forward we expect the arrival pressure to ease in the local markets, which will be supportive for prices. We expect prices to move up in the near term and touch ₹ 11,000 per quintal to ₹ 11,500 per quintal.

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