

The sesame market has again taken everybody by surprise. The market has firmed substantially during last month on rumors about the Chinese sesame crop being hit by heavy rains & floods. It is projected that this year the Chinese new crop will be at least 25% less compared to last year.

The African origins were the first to firm up on hearing the news about China & later India also joined the group. In regard to India, it was not only the China factor but the poor monsoon due to which there was complete uncertainty about the new crop.

As we all know, *Sentiments are stronger than logic*, and thus, before anybody could figure out what was happening, the prices went up by more than 15% within a week's time.

Monsoon in India

The monsoon situation in India has significantly improved in last 10 days & currently, the Indian market is firm & somewhat steady with some movement of 2-3% either ways. Just for your information, a Korean Tender of 7000 MT has been announced & there are very good chances that the Total Quantity would awarded to India. A support to the prices is expected.

As we all know, it is not possible to time the market & confidently comment on the future price trends but what we can do is assess the current & likely trends which might facilitate all of us to somewhat plan our future business strategy.

We offer our comments as follows:

- ❖ It is confirmed news that this year, the new crop in **China** will be at least 25% less than last year. Many sources assess the deficit to 40-50% but since it is too early to reach conclusion, we would be going by a modest figure of 25% deficit.
- ❖ The prices at all **African** origins are very firm. No doubt, the prices will calm down from the current levels on arrival of its new crop in November but one should not expect the prices of the new crop to open below USD 1150 PMT FOB. Thus, if the prices at one of the largest sesame growing country (I have considered Africa as a country) remain firm, then it is surely going to have an impact on the prices worldwide.
- ❖ This year, there is confusing news about the sowing in **India** as well as the production estimate. But looking at the poor realization to farmer during last year, one can assume that the sowing will be less. In regard to production / yield it is difficult to comment as it is too early.

Overall, in the current scenario the new crop size is said to be similar to last year or slightly lower. Here, it is important to note that last year the Indian crop size was said to be around 250,000 MT, which is not a good quantity.

- ❖ Other small world origins like **Pakistan** are also said to be hugely hit by the floods & heavy rains. This might get some additional pressure on the prices.
- ❖ There is some news of crop damage in **Myanmar** but it is still not confirmed. *If you have any good sources please check & let us know.*
- ❖ The carry forward stock situation is also not very encouraging. Similarly, the buyers are buying hand to mouth & do not have huge covers. They will need cargo for September & onwards.

In view, of the above factors, we don't expect the prices to go down drastically during the new crop. Rather, there are good chances that the market may get support after the initial calm after the arrivals.

Note: The exchange rate is also an important factor to watch.

Our Conclusion

Best regards,

For Bora Agro Foods,

*Rutuparna Dole,
Pune, India.*

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