

Sesame Seeds Market Report – March 23rd, 2011

Bora Agro Foods, India

Dear Customers,

Greetings!

Sesame markets worldwide are currently going through a hibernation phase with demand being very slow from all buying countries. We would discuss the market scenario with respect to major exporting & consuming countries as below:

China

The Dragon of Asia was short on supply this year, but rather than buy aggressively, China tried to cover its requirement gradually without fueling the world market. In the initial months of the new crop, Ethiopia was going through the initial turbulence of the Commodity Exchange Board at that time, so China covered its requirements mainly from Sudan & Nigeria.

As we all know, Africa is China's favorite supplier due to abundance of raw material, import duty benefit & above all, good taste. These factors have put Indian Sesame Seeds at the last position in China's shopping list.

In the past 3 years (including some period of this year), the demand from China for Indian Natural Sesame Seeds have been very poor, and thus, prices of Natural Sesame in India remained weak due to lack of Chinese support.

The growing Chinese demand has not left any African origin unexplored. Even sources like Somalia are gaining ground in China and prices have shot up as a result. Thus, it would not be wrong to state that except India, the Chinese demand has supported all other major origins.

Currently, the demand for Sesame Seeds is very slow in China & huge stocks are reported to be lying at the port, waiting for the buyers to accept them. Good quantities in transit are expected to reach China soon, thus major import demand from China is not expected in near future.

India

One of the largest exporters of Natural & Hulled Sesame is slowly losing its ground in the international market, especially for Natural Sesame Seeds. This year the crop was not good enough in terms of quality & production, but even then, the prices did not get the expected support. The reasons for this have already been cited above.

The only demand seen this year for Indian Hulled Sesame Seeds world-over was mainly from the USA market. Today, India is the most competitive origin available in the world for good quality Hulled Sesame Seeds. Other competition origins like South & Central Americas, Africa etc. couldn't compete with India due to their high cost of raw material. Thus, it can be said that Hulled Sesame seeds saved the face of India in the international market.

Considering the world market scenario, we don't find any reasons for the Indian Sesame Seeds prices to firm up in immediate future, but the demand for Hulled Sesame Seeds will surely remain with India.

The stock levels in India are not very good & getting good quality 99x1 is a problem. Currently the market is weak & the traders & intermediates are selling their stocks in panic, eventually affecting the market adversely. The current prices in India are very attractive for the buyers.

The Indian summer crop is will be harvested by end April / May & everyone is looking forward for it. It is difficult to comment about the sowing area as farmers are opting for other options due to poor realization during this crop year.

Africa

The demand is slow for the moment. Stock levels are reasonably good, thus Africa can supply good quantities for coming months. Prices have softened a bit mainly with Sudan, but Ethiopia still remains around the level of USD 1360 FOB. Africa is the origin buyers would look forward to.

South America & Central America

These countries are facing very tough competition from Indian Hulled Sesame Seeds & have also lost some share to it. The price of raw material is very high at the moment, making it quite difficult for them to sell their product. Unfavorable political situation in some countries is also leading to inconsistency in their supplies. Buyers in USA are getting uncomfortable due to uncertainty in export policies.

Other Origins

Demand for Pakistani Sesame is slowly growing as they are able to offer natural sesame seeds & the taste of the same is preferred by Chinese. Unfavorable weather led to poor production last year, but the sowing & production is expected to grow in coming years.

Conclusion

In view of the above, it seems that there would not be much momentum in the Indian market in coming days & good quality Hulled Sesame Seeds will be offered at competitive prices resulting in good demand for it. The current prices for Hulled are very attractive compared to what other countries are pricing similar products.

Best regards,

Rutuparna Dole,

*For Bora Agro Foods,
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