

# Sesame Seeds Market Report – November 02, 2010

Bora Agro Foods, India

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Dear customers,

We all are aware of the shocks & surprises “Sesame Seeds” is capable of giving. This new crop year was also no different with very high volatility at the start of the season which kept everyone confused about the prices as well as their buying & selling strategies for the coming months.

This year, many importers were looking for news about the New Crop in India, especially in the backdrop of the news that China crop was in deficit of at least 30%.

Even though the export demand for Indian natural sesame seeds has gone down in the last 2 years; India is still one of the major producer & exporter of Sesame seeds in the world, offering a quality product at very competitive prices, especially for Hulled sesame seeds.

## ***Indian Sesame Seeds: The New Crop Story***

The harvest had started 20 days ago but the arrivals increased only in last 10-12 days. The **product quality is much better than the last year & good quantities of 98x2 and 99x1 type cargo can be available this year.** The hullers will have better quality raw material for processing which will result in good quality finished product i.e. Hulled Sesame seeds.

**There was lot of rumors about rains in many growing areas,** and thus, everyone was confused about the production figures for the New Crop. Though it is not possible to accurately settle down to any exact figure, the information available from various sources suggest that the **Indian crop should be around 300,000 to 315, 000 tons.** This is not an impressive figure but it is better than last years’ sesame seed production.

**IOPEPC, Mumbai carried out a survey,** and estimated the crop size at **around 375, 000 to 400,000 tons.** In reality, most of the Indian exporters, traders & farmers that we have spoken to, **do not agree with these figures.** The reason we have mentioned this is because we want everyone to know the developments taking place related to sesame seeds.

The farmers are hesitant to sell at lower prices & accordingly adjust their arrivals in the markets. The arrivals will be slow in coming days due to "Diwali festival" during early November. The markets are closed during this time & people are in holiday mood.

## ***International Market:***

- The African prices of Natural sesame seeds are very firm & are quoted above USD 1450 PMT FOB level for Sudanese & Ethiopian natural white sesame seeds.
- The new crop in Africa will be harvested by end of November & prices of this new crop are not expected below USD 1350-1400 PMT FOB.
- The crop in China, which is one of the largest consumer of sesame seeds in the world is down by minimum 30%, thus, they will require around 350,000 – 400,000 tons (they import around 250,000 to 275,000 tons in normal course & about 125,000 - 150,000 tons on account of crop deficit this year).
- From the data available, China prefers to buy about 70-80% of its requirement from Ethiopia. Thus, if we assume that China would continue this buying pattern, the prices of African origin seeds should remain firm.
- It has been noticed that in the past few years that demand for African product is increasing due to various other factors, which has created markets for even small African origins & their prices have firmed up.
- If prices of the largest producing country “Africa” (considering Africa as a single country) are expected to remain firm; then even India, which too is also one of the largest producer of Sesame, should continue to have firm prices, too.
- The “Korean Tender” requirement is another important factor which can further support the Indian market. It expected that India will have very good chances of winning the Tender henceforth due to good quality & competitive prices compared to African origin.
- There are absolutely no carry forward stocks at most of the origins, thus, only the new crop can offer some support.
- All the buyers are covered hand to mouth & would require goods for November/ December & onwards, thus, there will be good demand.
- If China comes into the market to cover-up their requirement, then the market may get support & prices may suddenly go up.  
While we cannot comment on the China’s timing to start buying, the latest news available with us is that the Chinese are in market for fairly good volumes. But due to change in trading mechanism in Ethiopia, (they have made it mandatory to deal all the Sesame seeds trade through centralized commodity exchange) not many major contracts are concluded. It is expected that in about 10-12 days’ time, the exact mechanism will be finalized in Ethiopia.

- India is the largest producer & exporter of Quality hulled sesame seeds at a very competitive price. At present, there is exceptionally high demand for good quality & as a result, a scarcity/ spot shortage of the same, but we expect the situation to normalize in next 3-4 weeks' time.

At present price levels of USD 1750 – 1850 PMT FOB, there are good & firm enquires for near term shipment for next 3-4 months.

**Conclusion:**

**We expect the market to remain firm & steady.** We don't expect the market to get bearish, but nor do we anticipate too much bullishness as it would slow down demand.

*As usual, currency fluctuation is a vital influencing factor.*

*Best regards,*

*For Bora Agro Foods,  
Rutuparna Dole,  
Pune, India.*

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