

SESAME SEEDS MARKET REPORT

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Global Economic Uncertainty

This may turn out to be a very unpredictable year due to economic uncertainty & insecurity prevailing in the western world. The repercussions of the recession are being felt by every person, irrespective of the country or profession they belong to.

Though it is difficult to comment on what situation may arise in the future, one thing is quite certain that a huge amount of 'will power' and effort will be required from every person across the world to help it come out of recession mode.

Coming back to Sesame Seeds...

Since the past one month, the market has been flooded with rumors regarding production figures of India's New Sesame Crop. Even today, as the new crop has started arriving in the market, the confusion regarding crop estimate prevails.

Recently, the 'Indian Oilseeds & Produce Export Promotion Council, Mumbai' conducted a Trade Meet & their survey projected the production of the Indian New Crop of White Sesame Seeds at about 310,000 MT, about 20,000 MT less compared to last year.

We do not fully agree with their projections & expect the crop to be around 250,000 - 260,000 MT, which is about 70,000 - 80,000 MTs less compared to last year. The crop yield has been greatly affected by continuous & heavy rainfall, thereby reducing the production even while the sowing area (mainly in Uttar Pradesh state) was more than last year.

Factors Which Will Directly Impact Future Prices of Indian Sesame Seeds:

Demand from China

With more than 500,000 MTs of imports, China is the largest importer of Sesame Seeds in the world. China's own crop last year was around 420,000 MTs, thus its total consumption was more than 900,000 MTs. & is expected to surpass 1 million MTs in couple of years.

Given its massive consumption, China is a very prominent factor in the world market for Sesame Seeds and can turn the tables for any origin. Last year, there was good demand from China for Indian Natural as well as Hulled Sesame Seeds. If the Vietnam route remains active this year too, then China may import good quantities from India, which will provide support to Indian prices. Though from the past experience, it is difficult to state when China would start buying.

Currently, the domestic demand in China is very slow & the stock levels are sufficient for them to prolong their buying to next month.

Production in Africa

Today, the total production of the African continent easily reaches 1 million MTs. This is a huge production figure and will as a counterweight to keep world prices in control.

This year, Sudan is said to be down by around 25% compared to last year. If this is true, then Turkey & Egypt will have to make some alternate arrangements to fulfill their requirements. India may have a good chance if such scenario arises.

Production in all other African origins is expected to be normal.

Mind-set of Buying Countries

It is observed that buyers are very hesitant to accept the high prices. So if Indian prices increase substantially, the resulting reduction in export demand will again soften prices.

Mind-set of Indian Traders & Stockists

Considering the less crop size, some traders & Stockists may become active & try to cover aggressively during beginning of the new crop, thereby supporting the market.

Currency Exchange Rate

The US dollar had appreciated mainly due to its shortage. If this continues in the future, export pricing from India will be more competitive.

Conclusion

Considering the less crop in India, China & Sudan, the Indian market may get support. On the other hand, low morale of the buying countries and huge back-up from the African continent will prevent any substantial increase in prices.

Regards,

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Disclaimer: The above mentioned estimates are based on rational thoughts & observations, but the actual situation may not be the same. This is our personal view of the Sesame Seeds Market in particular and on agricultural products in general.