

**The market has been giving confusion signals** from the start of the new crop in October 2009. The volatility in prices has left the buyers confused on their buying decision, and furthermore, cheap offers from various exporters from India have added to the confusion.

Many reasonably good Indian Manufacturer-Exporters started offering unrealistic prices just to compete with the cheap offers coming from other small time Indian exporters. This led to a price war, in which many of the buyers compromised on quality & went for prices.

In last two months, the market has been showing weak sentiments on account of poor domestic & export demand. About 10 days back, the market saw a sudden, drastic correction of around 6% in a very short span of time. However, this was an unrealistic correction – as there was no development in the market to support such a change in prices.

**This correction indeed proved to be unrealistic and the market recovered completely, i.e. the market increased by 6% from the recent fall.**

**The summer crop**, which everyone is looking forward to, is not as good as last year's crop. Many farmers have shifted to other crops due to poor realisation from sesame seeds, from start of the new crop.

While it is difficult to comment on the actual yield of the summer crop, **the sowing area is confirmed to be less as compared to last year.**

**Exchange Rate** is another important factor which is playing a vital role in deciding the export prices. Since February 2010, the Indian Rupee has appreciated by about 4% & this has really affected the export costing.

Further, today Indian Natural white sesame seeds (hulling quality) are priced at USD 1170 per MT, delivered to our factory, which is a reasonably good price according to us. A substantial correction from the current level is not expected.

### **Our Conclusion**

In view of above, we expect the market to remain stable, or get some support at the current levels, but we don't expect a drastic rise in prices. It is difficult to comment on the long term view as the prospective demand trend is yet not clear.

*Best regards,*

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