

New Sesame Crop in India

The new crop was harvested in the last fortnight & as usual, everybody is trying to figure out the price trend - not only for next couple of months but also for the rest of the year.

The price of Natural 95 x 5 quality suitable for hulling is at present USD 1175 PMT FOB which couple of days back was USD 1110 pmt fob. This might be a result of following:

- Arrivals are not picking up as expected.
- Farmers not willing to sell at this price level. They have seen much higher price & are aware that if they convert it into cash, it may be spent for improper reasons. So instead of realizing at USD 1050 – 1100 level, they prefer to hold it.
- Korean tender of 9000 tons is round the corner.
- As usual, the warehouses of most of the end users & intermediates are empty & India is the only supplier before December 1st half.
- Most of the currencies across the globe have appreciated substantially against USD which improved their buying power.

Panic Selling by Indian Exporters

In first few days itself, the Indian exporters panicked as usual & started offering very cheap prices especially for hulled sesame seeds, ranging from USD 1620 – 1720 PMT FOB.

Even though there is no doubt that prices will remain low as compared to last year, we think it was absolutely immature behavior on the part of these exporters.

The prices of all other agri-products like lentils, pulses, beans, rice etc. and also other agri-products are very high because of huge consumption in Asia (4-5 billion people). The prices of potato, onion, fruits & vegetables have also gone up by more than 200%. Yet, the price of sesame has remained flat during the last year.

Unfortunately, the farmers in India are going away from sesame crop every subsequent year due to poor realization of just USD 1050 – 1100 per MT. It is our personal view that this is an extremely poor reward for the farmer's efforts.

India is therefore, becoming an importer of natural white sesame for hulling purposes like China & also to cater its huge domestic demand.

It is only due to larger production in Africa that sesame seed is available to the world. Otherwise, sesame would have been a scarce commodity for all of us.

Considering the above points, we believe that the prices in India will remain firm. They will not soften the way it was expected in first half of October, and also will not move upwards exorbitantly.

Sudan – Ethiopia & China

There are lot of confusion about Sudan & Ethiopia & there is a collective forecast of 375,000 – 460,000 tons. If it is more than 430,000 tons, the global prices may soften after December /January 2010.

But again, the China factor is an important one. Nobody can predict how much China would buy, but everybody is confident that they will buy more than 200,000 tons.

The Chinese crop appears to be better, but the deficit in Myanmar may neutralize this marginal increment.

The world economy is improving slowly & the sentiments are not bearish. The morale is much better as compared to November 2008.

Forecast: It is difficult to predict the future, but we expect that:

- There will be good movement in India & the prices may remain volatile before November end /December 1st week.
- The prices may remain a bit weak in view of the better availability after December.

Other News: 10th Award for Highest Export of Hulled Sesame Seeds from India (08-09).

We take immense pleasure to inform you that “Bora Agro Foods” has been awarded as the highest exporter of Hulled Sesame Seeds from India for the 10th consecutive year by Indian Oilseeds and Produce Export Promotion Council (IOP-EPC), Mumbai, India on 1st October, 2009.

On this occasion, we take the opportunity to express gratitude towards all our customers for showing immense confidence in us & offering their unwavering support.

We look forward for your co-operation & assure you of the best quality & service at all times.

Best regards,

*Rajendra Bora,
Bora Agro Foods*

Disclaimer: *While the above mentioned predictions are based on rational thoughts & observations, 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.*