

Sesame Seeds Market Report

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As I promised in my previous report about Sesame Seeds, I am hereby updating you with the new figures and report about the new crop of Sesame Seeds in India and also about the Global scenario of Sesame Seeds demand and supply. Let me first take you through the Global Scenario about the demand and the crop in various other Sesame producing countries.

Global Scenario:

The scenario of Sesame seeds has changed over the years. This is because the land is getting scarce in countries like India and China for cultivation, which are the largest producing nations of Sesame Seeds in the world.

In these nations the productivity/yield per hectare is reducing due to changing climate pattern. Also cultivation of Sesame Seeds is now not considered as remunerative cash crop, this is the reason farmers are erratic to cultivate sesame seeds.

The scenario in African countries is completely different as seen is Asian Countries. The production of Sesame Seeds is increasing in African countries like Sudan, Ethiopia, Nigeria, Tanzania, Mozambique, etc. and they are now completely focusing on Sesame Seeds cultivation. As they get indirect incentives from their governments for the cultivation of Sesame Seeds. For them this is considered as a remunerative cash crop and the production is increasing every year.

The import statistics for the import by various countries on yearly basis are as follows

Countries	Imports (in MT)
Asia	6,00,000
Turkey, Greece, North Africa, Middle East	2,00,000
North America & Europe	2,00,000

Asia:

As you all know that countries in Asian Continent are the largest producers of Sesame Seeds and also the largest consumers of Sesame Seeds in the world. Over the past 2-3 years the production of Sesame Seeds in Asia was worst because of unpredictable and change in climate patterns over the years, which had led to increase in price levels of Sesame Seeds.

But the situation this year seems to be improved, as the production in the Asian countries has increased as compared to the previous years, especially in India and China.

China:

As the population of China is increasing day by day, it is also the leading consumer and importer of Sesame Seeds in the world. China can play a major role in Sesame Seeds market because of its robust demand. This year the estimated crop in China is as follows

Year	China Production/Yield (in MT)
2008	3,00,000
2009	4,70,000

Year	China (Imports in MT)
2008	2,00,000
2009	2,50,000 (expected)

China's annual consumption is around 6,50,000 – 7,00,000 MT. We have also heard that this year China has done a huge contract farming in the African countries. Most of its need will be fulfilled by the imports from African countries this time.

China imports 70% from Ethiopia and from other African countries. This year it is expected that China can import around 30,000 to 50,000 MT from India. So this year prices are said to remain low in India.

India:

This year the production of Sesame Seeds in India is considered to be more as compared to the last year production figure

Year	India Production/Yield (in MT)
2008	2,45,000
2009	4,00,000

Japan:

Japan imports about 1,70,000 MT annually. This year the demand from Japan is said to remain steady as last year. Japan annually buys 70% crushing grade quality and it buys from Africa. Remaining it buys from Central America which is edible grade.

Korea:

Korea's annual import of Sesame seeds is 1,20,000 MT and it mostly buys from India, Pakistan and Sudan. But this time as every one is aware that recently Korea has passed tenders of African countries leaving India as an option. This factor is also important from Indian point of view for the prices to dip.

Africa:

This time it is estimated to receive the largest crop from African countries ever before. The estimated crop from African countries is said to be around 4,00,000 MT and out of these African countries exports around 90% of their production around 3,50,000-3,70,000 MT. The quality of African Sesame Seeds is fairly accepted in the Asian, Mediterranean and Middle East Countries. The new crop of sesame seeds of Sudan and Ethiopia will be harvested in the month of November 2009 and will be ready to be shipped in the month of December. There is an average crop production increase in Nigeria as well.

Previous year, Ethiopia was a prime source for China & Israel, whereas the requirements of the Middle East, Gulf & Mediterranean were taken care by Sudan. Before 2003-04, India used to have a fairly large crop & it was catering to most of the requirements of Egypt, Turkey & Syria etc. But the size of Indian crop is shrinking rapidly & nowadays it can hardly spare any cargo for these traditional buyers. So these countries were left with no alternative but to rely on Sudan as a prime source.

Global Overview:

The global demand is steady because of global slowdown. International Traders are resorting because of global volatile market.

Today due to slowdown/recession and volatile market the international traders are not keeping any inventory on long term basis. There is no stock in the pipeline for most of these traders at present. The demand from these international traders is just from hand to mouth and no one is currently interested in stocking up sesame seeds in their inventory.

Almost everyone is just waiting for the new crop to arrive and expecting the price levels to go down. As this year the production has increased, surely the prices will come down initially in the short term prospect. Obviously, the short term supply will be more than demand for the immediate future. So the question here arises is that where is Sesame Seeds market headed. **The answer to that is the immediate market is bearish for sure as the demand initially will come in spurts.**

As the world has almost emerged from the global recession international traders having liquidity and demand the market can see more demand coming in initially for the new

crop. After some time as the demand will increase in few months may be a month or two and farmers wants to get the best price for their crop, they will also get the supplies in spurt, which will lead to volatility in the prices as the demand will increase over supply.

Conclusion:

So the conclusion which we can reach from the above global information is that the Indian market will be into the bearish phase, not much initially but only after 15th of November, as International Traders are running out of stock and will buy the new crop as it will arrive in the market which is going create a temporary demand in the market. So initially the prices will dip by around USD 100-150 PMT as the supplies will be good and the demand will be met.

After the demand will be met initially the market can go lower after 15th of November as the new crop of Sudan and Ethiopia will also arrive by that time.

After going through the above report, one may think we are trying to portray a bearish scenario for sesame seeds. But this is a critically analyzed truth.

Best Regards,

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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.