

Sesame Seeds Market Report

By Viral International – Pune India

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The report in general for Sesame seeds in India. After experiencing a month of drastic fluctuation in Sesame Seeds market in India, everyone now might be starching their heads wondering were is the market headed in India. After performing a detailed survey of the farms and interacting with the farmers the report of this year's estimate crop of Sesame Seeds and the market trend that we have predicted is:

Current Situation:

Firstly we thank the Almighty that this year the Indian regions where the Sesame Seed is grown received a good amount of rainfall that was favorable for the sesame seeds production. This year the crop as well as the quality arriving in the market would be really good especially in the regions of UP/MP.

Initially there was heavy rainfall in the month of June 2010 and around 30%-40% farmers had done their sowing in this month. The crop that was sown in the month of June 2010 was damaged due to heavy rains. So the crop was re-sown by these farmers again in mid-July 2010. Almost 60%-70% farmers had done their sowing in the Month of July 2010 and early August 2010. In the month of July till September the rainfall was average as usual and was very favorable for the Sesame Seeds crop. Therefore the crop in India and its quality this year that we are expecting is going to be really good.

Apart from this the amount of area under cultivation has increased as the prices the farmers are getting are good. Another reason for the good amount of cultivation this year is that the other products (commodities) rates are going down where as the initial input/investment required for the cultivation of Sesame Seeds was less due to good amount of rainfall received in the span of first month of Monsoon in India.

Adding to the above statements there were some regions in U.P./M.P. where the crop has been damaged due to flood situation in the some parts of UP & MP. But as per the survey no major damage has been recorded in other regions.

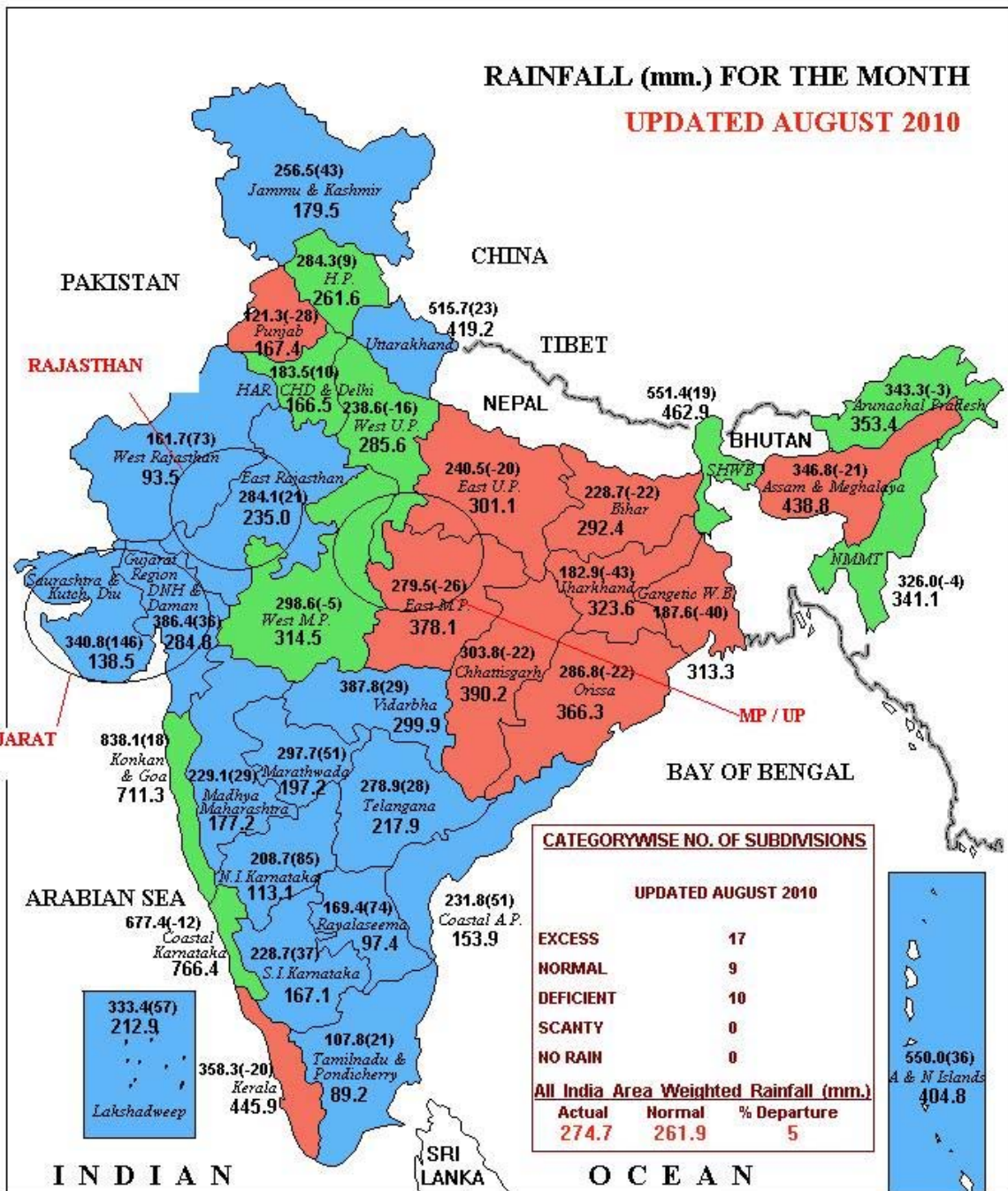
However this year due to good rainfall in all parts of India the crop has arrived early and 70% farmers have already harvested the crop in the early October. The arrival pressure of new crop seen in the market right is not much as the farmers have already stocked the new crop and are planning to introduce it only after the Diwali festival which will end on 7th November 2010. Another reason for the stable market is that there is not much demand seen flowing in from the international markets. Meanwhile there was constant fluctuation in the prices even daily as good demand was seen in patches from the Chinese importers.

Now though the harvesting is over almost everywhere the arrival pressure for new crop as expected is less and therefore the market is also stable since last 6 to 7 days and no much rise and fall has been noticed. Somewhere in between we noticed that the demand from China as well as other parts of the world has been lowered down as the market was very much unstable and companies were waiting for the market to stabilize first, as it was a tough guess for all, where the market would be headed. Finally it settled on the lower levels and is stable currently.

For the reference of the readers please find below the updated rainfall map of India which will give you a proper insight about the Sesame Seeds cultivating regions in India that are indicated by an eclipse.

1. In Gujarat region you can observe that the amount of rainfall was in excess as compared to the average rainfall recorded year on year basis. In short the situation was favorable in Gujarat this year for the Sesame Seeds cultivation.
2. Part of the UP/MP region where Sesame Seeds is cultivated got a deficient amount of rainfall in the month of end July and August. But the same was compensated during early July and September end wherein the heavy rainfall was recorded. As you might be aware that the two main stages where the water is required for the sesame seeds are during the cultivation and just before some days of harvesting. So the rainfall received that time was very favorable.
3. Rajasthan region recorded good amount of rainfall overall in all the months. So the crop estimated this year is good. But in the North-East part of Rajasthan there were few districts which were affected by floods and the rumors about crop damage was heard. But in our survey we found that it was not in total. The damaged that was seen was the blacking of the most of the crop in those regions.

भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



LEGEND: ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT (-20% TO -59%)
■ SCANTY (-60% TO -99%) ■ NO RAIN (-100%) NO DATA

NOTES:

- [a] Rainfall figures are based on operational data.
- [b] Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

New Crop Prediction:

As of now from what we have heard and surveyed, India's crop distribution should be as follows:

Region	District Surveyed	Farms Surveyed	Local Market Surveyed	2009 Crop	2010 Crop Estimates(MTS)
U.P.	11	144	20	60,500 MT	85,000 MT
M.P.	9	81	22	81,200 MT	92,000 MT
Rajasthan	14	131	26	97,300 MT	1,30,000 MT
Gujarat	8	103	8	70,000 MT	63,000 MT
Total	42	459	76	3,10,000 MT	3,70,000 MT

Table 1: Estimated Crop Size

Region	Area Cultivated in Lac Ha in 2009	Area Cultivated in Lac Ha in 2010	% Increase	Yield / Ha In 2009 (KGS/Ha)	Yield / Ha In 2010 (KGS/Ha)	% Increase
U.P.	2.05	2.11	2.92	295	404	37
M.P.	2.42	2.67	9.40	317	342	7.88
Rajasthan	5.98	5.02	-15.20	163	326	200
Gujarat	2.15	2.34	8.64	380	276	-27.36
Total	12.60	12.14	-3.65	-	-	-

Table 2: Estimated Area and Yield

Please find below the findings of the survey in the various sesame cultivating states that are mentioned above.

1. **U.P.:** As you can observe that in the above tables the crop estimation this year is really very good as compared to the last year. This year there is an increase in the amount of crop by around 25000MT only from UP state i.e. 40% increase. The reason behind the rise in crop estimation is due to the 37% of increase in avg. yield/Ha and minimal amount of rise in cultivation area. So the main reason for good amount of crop is due to rise in the Yield which is good this year due to good rainfall received.
2. **M.P.:** The scenario in this state is similar to that of U.P., as these 2 states are adjoining to each other and have similar conditions. This year there is an increase in the amount of crop by around 11000MT i.e. 14% increase. Also the reason behind the rise in the crop estimation is because of rise in both **Area** as well as avg. **Yield/Ha** .
3. **Rajasthan:** This is the state to watch for. Last time due to scanty rainfall in this state the crop was less and also due to heavy heat streams the crop was damaged and the effect was on the quality of Sesame Seeds. This year this state is going well ahead of everyone in area of cultivation as well as a 200% whooping rise in the avg. Yield/Ha. This year the rainfall recorded was very good and this is the reason, the avg. yield/Ha has been estimated as high as 326 Kgs/Ha as against 163 Kgs/Ha last year. Also there is a reduction in the cultivation area as last year farmers suffered a huge loss due to less yield and scanty rainfalls. Out of 1,30,000MT almost 30000MT seeds will be of crushing quality and black color seeds. So the quantity useful would be around 1,00,000MT.
4. **Gujarat:** This state is not doing well this year. Though there is a rise in the area of cultivation the amount of avg. yield/Ha is on the lower side. Now one might get confused and raise a question, on my report, asking that the rainfall is good and area under cultivation has gone up then why is the avg. yield/Ha gone down???? The answer to this is that this year the farmers in Gujarat have done an intercropping of Sesame seeds on a large scale. Almost 70%-80% farmers have done intercropping of Sesame either with Cotton or Millet. So for the same reason the yield has gone down and this state is scoring low on the total production of Sesame Seeds.

International Market:

Let me also give you a brief idea about the crop in various other countries.

- China as usual will play an important role this year. As you all might be aware that the crop in China has been damaged on a large scale due to heavy floods in the months of August and September and also due to various climatic pattern changes. Due to this the amount of crop that is damaged is approx 25%. Also in the main region where most of the crop in china is cultivated, the cultivation by the farmers this year is almost 10% on the lower side. Therefore China's production has reduced by whooping 35% margin. Now as you all know that China's annual local consumption of Sesame Seeds is around 8 Lac MT. This year's crop estimation of China is approx 3.5 Lac MT. Thus they are falling short of 4.5 to 5 Lac MT.
- Pakistan, Myanmar (Burma) are also going through the same situation as China, in these countries also the crop has been damaged due to climatic changes and flooding.
- African countries are doing great this year again and the estimated crop all over Africa is good. The new crop of Tanzania and Mozambique has been already harvested and Mozambique has already sold off its new crop. The new crop from Sudan and Ethiopia will come in the month of November or December so it is pretty early to comment on these countries crop. But the news is that the crop is good as well as the quality.
- The South American countries are not doing well in the sector of Sesame Seeds. This year the crop in these countries is very less and also the quality is not up to the mark. As USA is the major procuring nation from these South American countries, now USA will have to look for some other sources.
- Over all if you add the entire crop estimate from all the countries the world of Sesame Seeds is looking good. But the prices of a particular country will now depend on the demands from various other countries which are falling short of the stock from their existing suppliers.

Market Prediction/Conclusion:

Now the ultimate question that arises in every ones mind is that "Where is the market headed?" The answer to this is really difficult to draft. But looking at the overall scenario world wide, the prices will depend only on the demand that will arise from different countries like China and other big nations consuming Sesame Seeds. So even after the crop estimates this year is good, so initially there is a correction predicted in the sesame seeds market in India that was drastically increased in the last 2-3 weeks.

After this correction the market is said to stay stable and will rise only if the demand will flow in suddenly say may be from China. As the New Year is approaching and during this period the

consumption of Sesame Seeds is on rise by the Chinese local public, the only option favorable to China is African countries and India to fulfill its total sesame seeds consumption. So at this stage we just have to wait and watch about the demand inflow.

If China enters into the Indian market the prices will surely go up and the prices will remain on the higher side till the month of January 2011.

My answer to the ultimate question regarding the market trend is

STABLE (30%) : If China does not enter the Indian market
RISE (70%) : Will rise by around 200-250 USD approx PMT if China will buy from India

I hope the above report and views will help you to predict and get a good perception about the Indian market of Sesame Seeds.

I hope the report will help your business decisions and will be profitable. Will definitely appreciate your comments on this report.

**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.