

SHORT SUPPLY AND ROBUST DEMAND TO KEEP CARDAMOM PRICES HIGH

The Agricultural Market Intelligence Centre (AMIC) of Kerala Agricultural University under the ICAR assisted NAIP project had released the first price forecast for cardamom at the beginning of this season on 26-07-2010. The forecast had clearly indicated a fall in prices from October 2010 and advised farmers to take initial price advantage by taking short positions. Cardamom prices in India witnessed unprecedented speculation in October due to the unfounded news about the arrival of about 20,000 MT of Guatemalan cardamom.

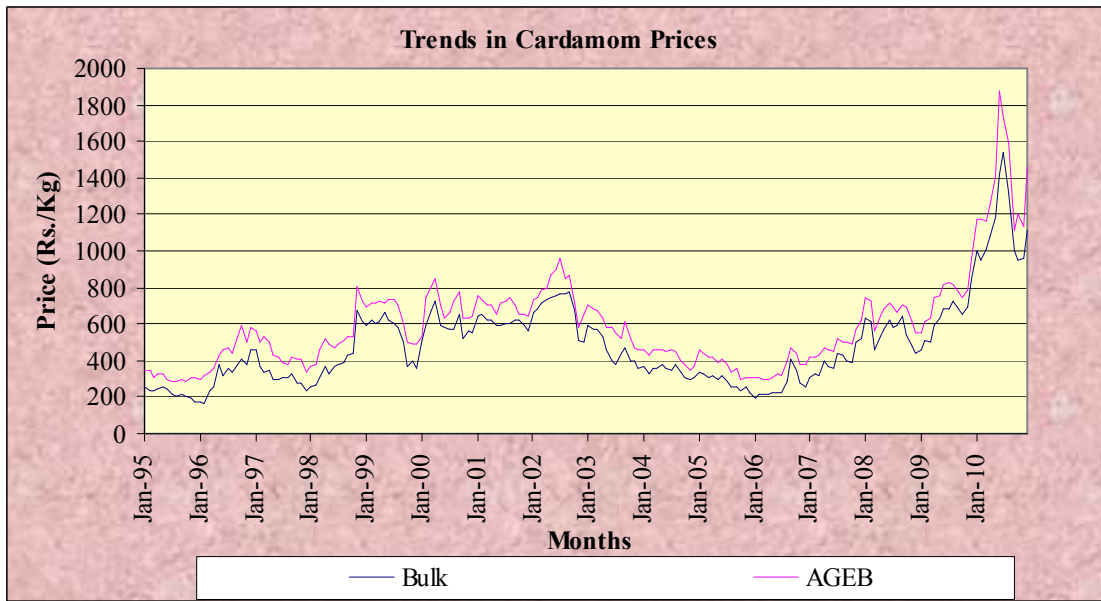
Based on the latest market sentiments and traders survey, the Agricultural Market Intelligence Centre (AMIC) of Kerala Agricultural University in its second price forecast for the season brings out the following highlights:

- The speculation about the arrival of 20,000 MT of Guatemalan cardamom has been proved wrong. There is no possibility of importing stock from Guatemala during this season and the Guatemala's cardamom production is also very meager this season also. This situation strengthens the domestic cardamom market.
- With the production prospects of cardamom in Kerala being reckoned at 9500 MT due to continuous heavy rains, the fourth round of picking also points out this factor. Market arrivals are also slowing down as around 55-60 per cent harvest has already been off loaded, and there is practically no selling pressure.
- The trade circles indicate good domestic demand. Demand from Northern India will also remain high till the festival season ends with Holi in the third week of March. With the procurement of cardamom from Guatemala is a remote possibility, countries like Saudi Arabia has started placing orders from India.
- Large cardamom, which is used by restaurants and bakeries in view of spiraling small cardamom prices, is also facing supply crunch. According to the Spices Board, the price of large cardamom touched Rs.1000/- per kg at the auction centre of Kalimpong on 04-12-2010. It rules out the possibility of large cardamom substituting small cardamom unattractive.

The widening demand supply gap is thus expected to perk up cardamom prices further. Based on the above market sentiments, the following prices are expected to prevail for the next 3 months for the Alleppy Green Extra Bold (AGEB), and the non-graded cardamom lot (bulk):

Month	Commodity Form	Forecasted price (Rs/Kg)	Commodity Form	Forecasted price (Rs/Kg)
January'11	Cardamom (AGEB)	1500- 1700	Cardamom (Bulk)	1500-1700
February'11		1600-1800		
March'11		1800-2000		

As the prices are likely to stay high, the cardamom growers are advised to time their selling accordingly to their advantage.



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