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CARDAMOM FARMERS TO ENJOY BETTER PRICES FOR THE SECOND CONSECUTIVE YEAR

The Agricultural Market Intelligence Centre (AMIC) of Kerala Agricultural University under the ICAR assisted NAIP project had in its first price forecast highlighted the possibility of cardamom price crossing Rs.1000/ Kg range after Christmas 2009, when the prices were ruling at Rs.650/ Kg. The second forecast released by the Centre had clearly indicated that this is not a temporary phase as apprehended by many farmers and traders, and cardamom prices would continue to remain volatile till the fag end of the 2009-10 season due to limited supply of cardamom and robust demand.

The Centre has conducted a new analysis at the beginning of the new season, and a trade survey to capture the new market sentiments. The following highlights are worth mentioning:

- Guatemala's cardamom production decisively influences the global price of this commodity because Guatemala is the world's biggest producer and exporter of cardamom since 2000-01. A sharp cut in production of cardamom in Guatemala due to climate change, natural calamities and labour problems were the main reason for the demand shifting in favor of Indian cardamom in the international market even at high prices during the last season.

- The trade circles are of the view that there are no carry over stocks with Guatemala from the last season. Good demand for small cardamom is indicated from the West Asian countries like Saudi Arabia, Kuwait etc. for the Ramzan season in September. The extended El Nino in Guatemala may result in a poor harvest this time due to irregular rainfall coupled with delayed harvest. In view of the fact that large scale cardamom replanting in Guatemala is in the second year now, it may take at least another year for a stable and uninterrupted flow of produce into the international market. This provides ample flexibility for the Indian growers.

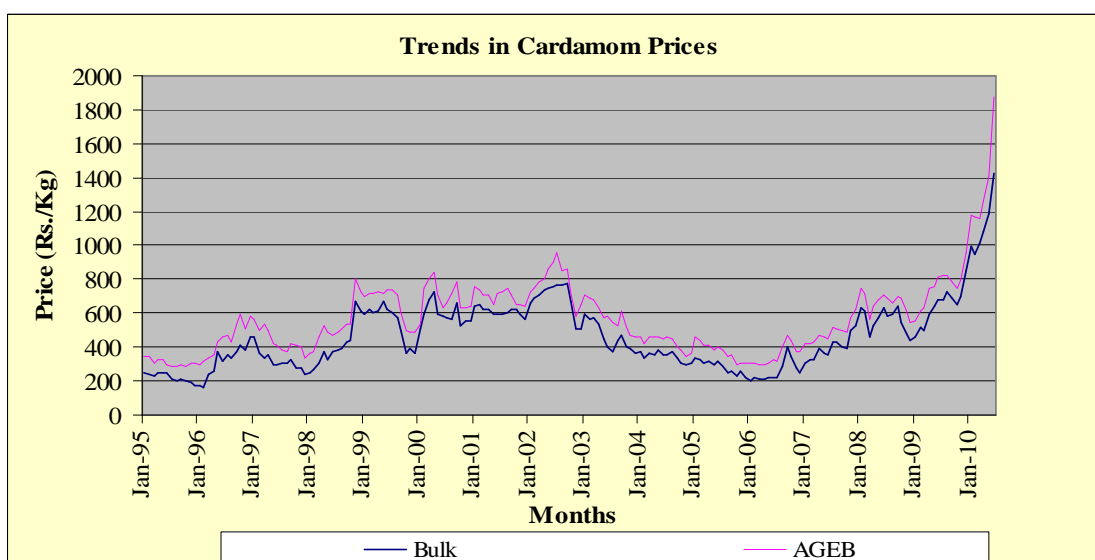
- The monsoon is progressing well in the major cardamom growing regions in India. As a result, crop stand in is good in India due to early and intermittent pre monsoon showers and the unusually high prices in the last season compelling farmers to care their crop well. There are strong reasons to believe the production during the current season may be more than normal.

- With the new harvest season due to start in August, the initial arrivals will be thin. It is widely believed that the market arrivals may pick up by mid September. Domestic demand is also good, and likely to become stronger with the winter season firming up in northern India, and the increased demand on account of Diwali, Dusserah and Id in November.

Based on the econometric analysis and considering the ruling market sentiments, the Agricultural Market Intelligence Centre of Kerala Agricultural University, Vellanikkara considers that the following prices may prevail for the next 3 months for the best grade [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) |
|--------------|------------------|--------------------------|------------------|--------------------------|
| August'10 | Cardamom (AGEB) | 1600- 1800 | Cardamom (Bulk) | 1400-1600 |
| September'10 | | 1700- 1900 | | 1500- 1600 |
| October'10 | | 1500-1600 | | 1300-1400 |

As the prices are likely to stay above Rs.1000/Kg in the short run on account of low arrivals and steady demand, the farmers are advised to take short position by selling the early harvests before October to take initial price advantages.



For more details contact, amickau@gmail.com or 8129628797