

Cardamom (small) Seasonal Report 2021-22

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Eventell Global Advisory Pvt. Ltd

#155, Brahmalingeshwara Complex,
HAL Airport Road, Kodihalli,
Bangalore – 560008 INDIA Tel: +91-80-41535476
Fax: +91 080 25276154
Mail: swapna@eventellglobal.com,
Web: www.eventellglobal.com

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1. Executive Summary

Global small cardamom production in 2021-22 is forecast at 62,000 Mt as against 52,500 Mt in the last season, an increase of 18%. Production in India is forecast to increase significantly by 37% compared to the previous season, backed by increased area and yield.

Table 1: Small Cardamom production in Guatemala and India

Production in Mt			
Country	2021-22	2020-21	% Change
Guatemala	38,000	35,000	8.6
India	24,000	17,500	37.1
Total	62,000	52,500	18.1

Indian small cardamom

This season, the area under cardamom in Idukki reached 41,000 to 42,000 hectares compared to 38,000 to 40,000 hectares in the last season, attributed to new crop plantation in 2018. Historical high rainfall is reported in Idukki during Northeast Monsoon this season. However, no significant impact is reported in cardamom growing areas. Cardamom yield this season is expected to increase by 20-23% cumulatively in all the picking rounds, resulting in five-year high production.

Total supply is forecast at 28.8% more than last season despite five-year low carry forward stock. Domestic consumption is forecast to increase by 5% as the Pan masala, and other industries are back to normalcy at present. On the other hand, Arab countries are expected to book new orders for the upcoming Ramadan festival. Given the prevailing lower price, export is forecast to increase by 10%. India exported 2293 Mt from July to Oct 2021 compared to 1137 Mt in the same period last year.

Table 2: Indian small cardamom – Supply and Demand

Indian Small cardamom Supply and Demand (July to June)					
Particulars	2017-18	2018-19	2019-20	2020-21	2021-22*
Opening stock	3633	3,433	2,141	1,941	1,341
Production	21,000	15,500	13,500	17,500	24,000
Import from Guatemala	380	539	1400	300	100
Total supply	25,013	19,472	17,041	19,741	25,441
Exports	5780	2531	1500	4400	4800
Domestic consumption	15,800	14,800	13,600	14,000	14,700
Total Consumption	21,580	17,331	15,100	18,400	19,500
Closing stocks	3,433	2,141	1,941	1,341	5,941

*Forecast

Source: Trade estimates/Eventell research

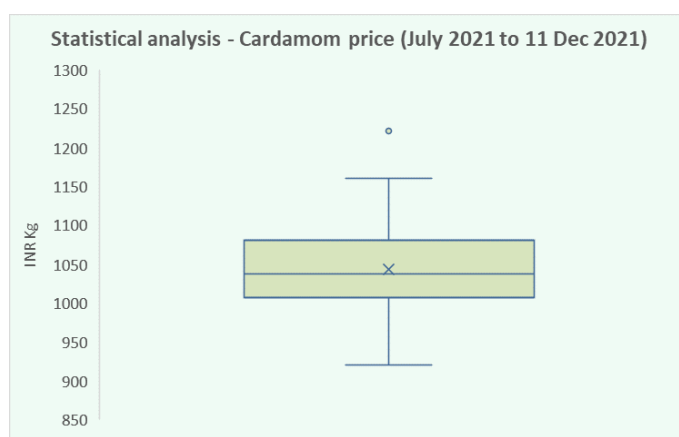
2. Fundamental review on price movements (July 2021 to 11 Dec 2021)

1. Cardamom price on 15 Dec 2021 stood at INR 928 per kg, which is close to the season's minimum level of INR 921 per kg, indicating a downward trend in prices.
2. Given the sufficient total supply, the price is unlikely to breach the median level of INR 1038 per kg for the next two months.
3. Considering the same, the price till Feb 2022 is expected to range between INR 920 to Quartile 1 INR 1007 per kg.
4. Pre-monsoon in March and April 2022 needs to be watched as it plays a vital role in off-season price movements and is a prominent factor for harvest next season.

Table 3: Statistical review on price

Particulars	INR per kg
Minimum	921
Quartile 1	1007
Median	1038
Quartile 3	1080
Maximum	1222
Mean	1043
Inter-quartile range	74
Lower outlier limit	897
Upper outlier limit	1191

Chart 1: Fundamental review – Price range



3. Overview on Guatemala small cardamom

Production

- Expected production during 2021-22 is 37,000 to 38,000 Mt, 10-12% higher than last year.
- Harvest started from beginning Oct 2021 (it usually starts from the third week or end-Oct 2021), thanks to favourable weather conditions.
- Second picking round started end-November. It is expected to continue till the end-Dec 2021.

Export

- Guatemala exports 90-95% of the total cardamom production.
- The country exported 34,200 Mt of cardamom from 2020-21 (Oct to Sept; Note: Sept 2021 data unavailable).
- The quality of the crop is expected to be well that is expected to keep the export demand stable.
- The price of Guatemala cardamom in Indian currency ranges between INR 680-720 per kg (Indian cardamom INR 1100 to 1200 per kg).

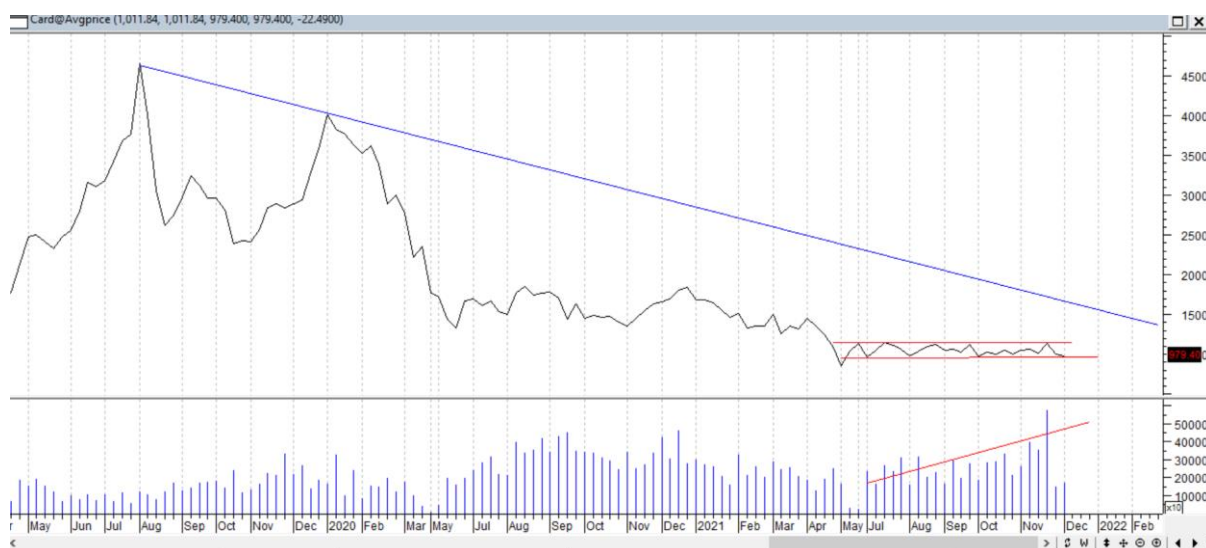
Guatemala's initiative to support cardamom planters

1. Global humanitarian organization Mercy Corps, in partnership with the Guatemala Cardamom Association, has launched the "Cardamom Support Program".
2. The program targets encouraging the planters to expand the area under cardamom.
3. This initiative is seen as a prominent factor for the increase in production this year.

4. Technical review and Procurement Strategy

Cardamom (Small) auction price (Rs/kg) and quantity sold (quintals)

Chart: 2 Technical review



Important events in recent price history:

I peak – Rs. 4665/kg during the first week of August 2019

II peak – Rs.4015/kg during the first week of January 2020

2020 low – Rs. 1335/kg during the third week of June 2020

2021 low – Rs. 861/kg during the first week of May 2021

- ✓ Since May 2021, cardamom (small) price has varied in a narrow band of Rs. 200/kg between Rs. 960/kg and Rs. 1160/kg.
- ✓ Quantity sold during the period indicates a steady increase. Relative Strength Index (RSI) is in the neutral zone.
- ✓ Price action and quantity sold together can be interpreted as 'market has entered an accumulation zone'.
- ✓ One possibility is that it may remain in the zone for an extended period. The other possibility is that it breaks the ceiling of Rs. 1160/kg and move towards Rs. 1350/kg to Rs. 1600/kg levels. In both cases, we believe that the support of Rs. 860/kg level should hold.

Traders and industrial users of cardamom (small) can consider buying between the current level (Rs. 970/kg) and Rs. 900/kg level and cover the next three to five month's requirements. Downside risk in price movement from here on is minimal.

5. Factors that influenced the production levels

- The area under cardamom in Idukki in 2020-21 stood at around 38,000 to 40,000 hectares.
- In 2017-18, most of the area was impacted by landslides due to excess rainfall.
- Due to the same, the new crop plantation commenced in 2018, and also the crop has been planted in new areas. Usually, the newly planted crop gives output in 2 to 3 years.
- Considering the same, the estimated area in 2021-22 is around 41,000 to 42,000 hectares.
- On the other hand, yield levels in all the picking rounds increased by 20-23% cumulatively compared to last year.

Cardamom (small) yield in Idukki – 2021-22 and 2020-21

- Yield in the first three picking rounds increased by 10% compared to last year.
- Fourth picking round is expected to continue till end-Dec 2021, and the yield is expected to be 30-40 Kg above last year levels.

Table 4: Yield in various stages of picking

Estimated yield per acre (kg) (dry basis)				
Picking round	2021		2020	
	Min	Max	Min	Max
1st Round	60	80	60	80
2nd Round	80	120	70	100
3rd Round	100	130	90	120
4th Round*	100	140	90	100
5th Round*	80	100	40	60
Total	420	570	350	460
Yield range	Yield per acre			
2021	420 to 570 Kg			
2020	350 to 460 kg			
% Increase	20 to 23%			

**Expected yield*

Source: Primary survey/Eventell research

6. Influence of rainfall in various stages of picking

- Idukki received the higher ever rainfall in history during the Northeast monsoon this year, which resulted in floods in Idukki.
- However, the heavy downpours have not impacted the cardamom growing areas.
- Overall, rainfall remained well above the normal levels.
- Heavy downpours in July 2021 impacted the pollination process delayed the first picking round by 7-10 days.
- Currently, the fourth picking round is in progress. Upcoming rainfall is expected to be favourable (01-08 Dec 2021 – Actual 65.8 mm, Normal 16.08 mm).

Chart 3: Northeast monsoon – 4 year comparison

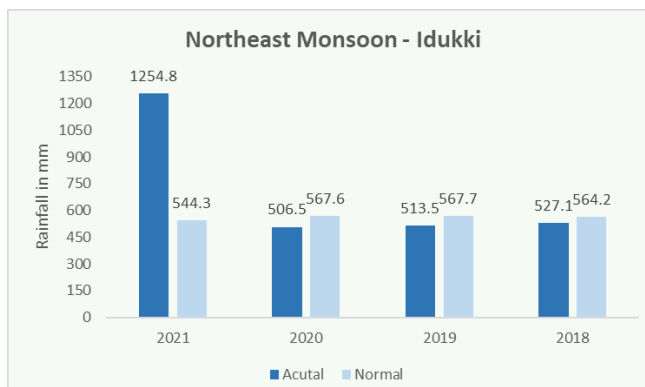


Chart 4: Rainfall – First picking round

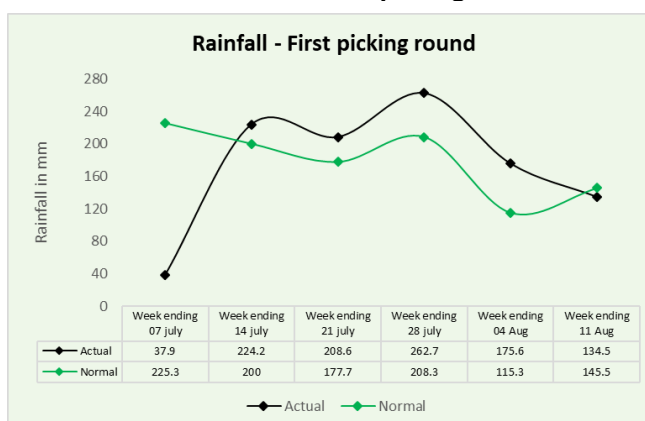


Chart 5: Rainfall – second picking round

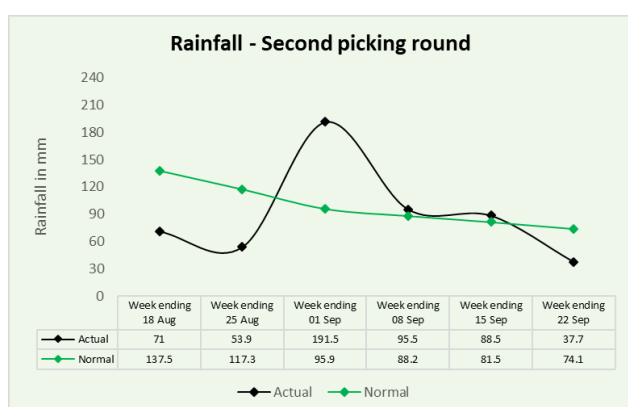
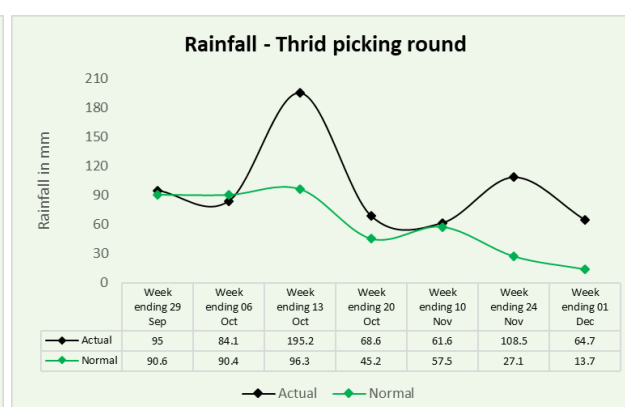


Chart 6: Rainfall – Third picking round



7. Arrivals and Price – Idukki

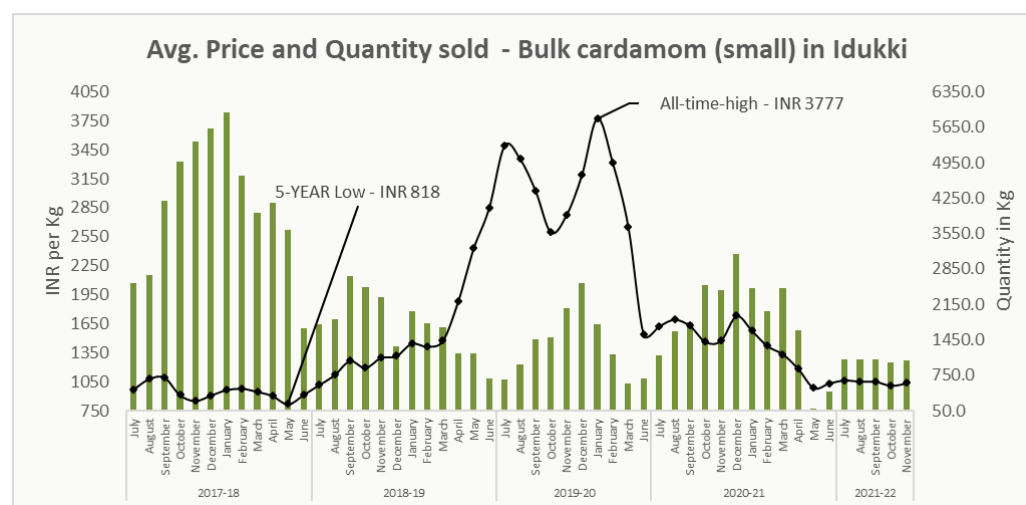
1. About 42% of the estimated production has already been sold in the various auction centres in Idukki.
2. Estimated production in 2021-22 is five-year-high.
3. More arrivals are expected in December 2021 and January 2022.
4. Cardamom price this season has fallen gradually to INR 1036 per kg (Avg. price Nov 2021), from INR 1478 per kg last year same period, thanks to the steep increase in production.
5. Demand for Indian cardamom in Arab countries is expected to increase because of the Ramadan festival in April 2022. However, the higher production levels are expected to keep the prices stable.

Table 5: Quantity sold to Production (July to November)

Volume in Mt (July to November)				
Particulars	2018-19	2019-20	2020-21	2021-22
Quantity sold	11,078	6,667	9,506	10,152
Production	15,500	13,500	17,500	24,000*
Actual quantity to production %	71	49	54	42

***Estimated production**

Chart 7: Arrivals and Price – 2017-18 to 2021-22



8. Export of Indian small cardamom (Alleppey Green)

Demand for Indian cardamom in the Arab countries this season (2021-22) is forecast to reach 4800 Mt, thanks to the prevailing lower prices.

Export volume and Unit price

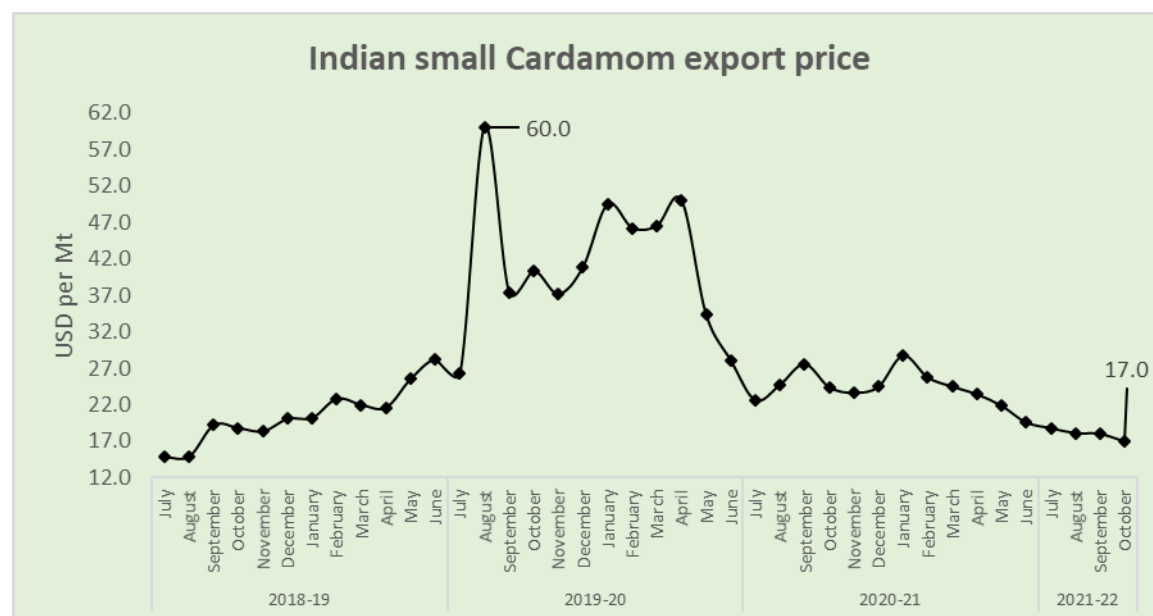
1. Season 2019-20 was exceptional when the price skyrocketed to USD 60 per kg, impacting export volume.
2. Cardamom export value in 2020-21 reached USD 107 million, an all-time high in value terms.
3. For the ongoing season 2020-21, export volume is forecast at 4800 Mt, thanks to a fall in prices coupled with strong demand from overseas.

Table 6: Alleppey Green cardamom export from India

Year (July to June)	Volume in Mt	Export price (USD per Mt)	
		Min	Max
2018-19	2531	14.9	28.2
2019-20	1500	26.3	60
2020-21	4400	19.6	28.7
2021-22	4800*	17**	18.8**

*Forecast **July to October

Chart 8: Cardamom export price in India – 2018-19 to 2021-22



9. Cost of Cultivation

This season's cost of cultivation per acre is estimated at INR 415 to 563 per kg compared to INR 530 to 645 kg in the last season, thanks to the improved yield levels.

Table 7: Cost of Cultivation per acre in Idukki

Particulars	No: of labours	Cost per labour	Values (INR)
Fixed Cost			
Apportioning fixed cost			25,000
Managing footpaths	4	600	400
Weeding	15	650	1500
Irrigation cost	2	600	200
Subtotal			27,100
Farm Yard management			
Cattle manure 5.5 MT @INR 4500/MT			24,750
Labour cost	20	650	13000
Neem oil cake 1000 kg @INR20/kg			20,000
Vermicompost 2.5 MT kg @INR 5450/mt			13,625
Bone meal 1000 kg @ INR 35/kg			35,000
Subtotal			1,06,375
Fertiliser application			
Urea 150 kg @ INR 6/kg			900
Phosphorous 150 kg @ INR18/kg			2700
Potash 300 kg @ INR15/kg			4500
Subtotal			8100
Plant protection			
Insecticides			7500
Fungicides			6000
Labour cost	40	600	24,000
Subtotal			37,500
Post-Harvest cost			
Harvesting	80	700	56,000
Loading cost			200
Transportation			1100
Unloading			200
Subtotal			57,500
Total			2,36,575
Expected yield from 5 pickings			420-570 Kg
Cost of production per kg			INR 415 to 563 per kg

***Disclaimer:** The report is based on the research done at Eventell Global Advisory Pvt. Ltd, Bangalore, based on available secondary data and information collected directly from market participants. Due care has been taken to check the accuracy of the data. All technical and fundamental outlook on markets is arrived at based on objective analysis. Eventell or its employees do not trade in any of the commodities presented in the report. Eventell or its employees will not be responsible for any losses incurred by any subscriber directly or indirectly.*

