

# The Sesame Seed Price is at an All-Time High! What Went Wrong?

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Sesame Seeds this season has been a season of surprises, confusion, unpredictability, and a roller coaster ride for most stakeholders connected to the Sesame Industry.

Now the biggest question in everybody's mind is, what went wrong? Why could no one predict the scenario, is production less, Does Demand increase, Recession, Inflation, Currency fluctuation, Covid – 19 in China, & above all, why a sudden rise in prices at the origin?

To answer this question, we need to understand each origin and each destination separately. Let us start with destinations first.

## Destination-Side Story

**China** is going through its challenges; port stocks are reasonably good but never bought with aggression and always showed the slightest interest as a buyer; even though they are the biggest buyers, their buying pattern has changed in the last few years. Agents of big companies directly buying from origins, processors get ready stocks at ports, port stocks are maintained at decent levels, and ports are filled with unsold cargoes. Due to the uncertainty of COVID never got a clear view of the biggest buyer of Sesame Seeds, and that is where the confusion started.

**Turkey** has slowly imported sesame seeds in the initial stages due to recession, inflation in European countries, and currency Fluctuation. Demand was less, so buying was slow, and the market shot up drastically. Origin prices went up, supply was less, and due to fluctuation, few origins started defaulting, supply shrank, and replacement costs went up.

**Indian** crop got damaged due to heavy rains at the time of harvest, which resulted in low yield, low production and inferior quality cargo which was of no use, Markets shot up in the initial days of arrivals, and a shortage of crops was visible very clearly, Import trade started with good volumes, but Africans have seen Indian buyer's as opportunists as India was buying after a gap of three years which in turn delayed the shipments. Moreover, shipments to Indian buyers were on last priority from a few origins, and due to these, prices in India again shot up as local demand was good and there was a real shortage of goods. Believe it or not, directly or indirectly, India plays a very crucial role in deciding prices in the world market.

**Japan / South Korea / Europe:** - These countries are facing the problem of recession, Inflation and other geo-political challenges, so before they could even understand, markets were skyrocketing, and they had to buy the cargo at whatever price it was available and dictated by the supplier.

### Origin Side Story – A Crucial Part Of The Story

**Nigeria / Burkina Faso:-** No carry forward stocks, no forward trades and low arrivals from the beginning; Nigeria and Burkina Faso started with meagre supply, but buyers were slow to buy, and demand was not picking up, so the initial few months, it was hand to mouth kind of a situation, but the crop was short by 15 to 20 per cent and arrivals were slow, So when a little bit of demand came in the market origin started to move upwards with total momentum and a situation has come where there are no offers in the market and supply has almost diminished, Whitish Cargo has completely vanished from the Burkina Faso market after few days of arrival.

**Sudan:** Started with a positive note. Arrivals were good, price levels were good, and trades were good. But after a few days of arrival, port issues are reported which

affected the shipments. Egypt got reasonably good quantities of Red Sesame, Middle east also got reasonable quantities of white sesame; 15 per cent crop seemed to be short, and prices started to rise as supply started to shrink and demand increased, which resulted in havoc in the market and prices went almost to an all-time high.

**Pakistan:** If what was expected from Pakistan's crop had been confirmed, the story would have been entirely different. Initially, crop estimation was coming somewhere around 200 thousand tons, and untimely rains and cyclones destroyed the crop. It ended up only 1/3rd of what was expected, with inferior quality.

### Conclusion Or The Beginning

Supply was short, so demand was slow, but as soon as there was a little bit of an increase in demand, prices erupted volcano, and supply subsequently dwindled;

there were reasons for Covid – 19, recession, inflation, and the impact on the HORECA sector, less / slow demand etc. But there are also reasons for short supply, less production, currency fluctuation, shipment issues, panic buying, replacement buying, etc.

All said and done now, the fact remains that the market has moved up drastically, and the supply side is undoubtedly in a crunch. The most significant challenge now is that we still have to pass four more months with this short supply, and new crops in Tanzania, Mozambique & India will come only after four months. So, whether the market will remain stable, rise, or come into correction mode, one has to wait and watch.

