

## Market Update January 2017 Alleppey Finger Turmeric

### Introduction:

AFT (Alleppey Finger Turmeric) is the original genuine high curcumin turmeric. It is very popular in the US and other countries and has curcumin percentages of min. 5%. This generic variety of turmeric is grown only in Kerala state.

Once a thriving production variety; today it has started to become marginalized. Out of the total turmeric production in India, domestic consumption is almost 80% and the domestic market consumes mostly the Madras Turmeric with lower curcumin percentages of 1.5% to 3%. The high curcumin AFT is mostly used for export purposes and for oleoresin extraction. The oleoresin industry starts to use other origin high curcumin turmeric as it has been much cheaper for almost a decade. With the demand shrinking for over a decade, the production became unviable.



We have seen farmers stopping with AFT production and shifting to other crops that earn better. On top of that Kerala labor cost is the highest in the country and the average farm holding is just below 2 acres. The combination of these three factors makes AFT commercially unviable.

Our estimates are that AFT production is currently around 1000 mt. The sourcing and supply chain control has become difficult. Nedspice is proud to have a dedicated supply source and we do approximately 250 mtons of genuine AFT 5%.

It might be coming as a surprise that big shipments still come into the US with min. 5% curcumin called AFT, but most often it's not genuine Alleppey Finger Turmeric. These varieties also have min. 5% curcumin but they have a much darker brown color than the orangish yellow of the genuine AFT. This is not only a case of miss-branding but it is also sold at prices of genuine AFT. This turmeric is a lot cheaper as the Indian domestic market does not prefer such dark color turmeric and therefore it can't be sold on the Indian domestic market.

At Nedspice we source 100% from dedicated farmers/collectors who collect in the season. We procure the entire quantity in the season only. This is the only quantity that we offer to our selected customers. We don't buy from the stockists as they generally mix with off grade turmeric and sell during the very end of the season as AFT.

### Production / Crop acreage:

AFT crop during 2016-17 has been consistent. We do not see any increase in the acreage area. The rainfall was adequate and no major disease was reported during the crop cycle. Having a nine-month crop life, AFT is being harvested currently.



Lots of early harvest is coming into the market, but the good quality and peak arrivals will start from end of January until March.

### Recommendation:

Please cover your turmeric volumes for AFT during the season for the whole year to secure consistent quality supply. The prices will not come down in tandem with the general turmeric market.