

Performance Review of Cardamom Contract

Cardamom

Background

- a. Brief about the commodity such as sample picture, lifecycle and various varieties/grade of the commodity found in India

Brief about Cardamom

Cardamom is a spice grown in the forest region of Western Ghats in southern India. There are two kinds of cardamom small and long. Small cardamom is grown in India, commercially in plantations, under the shade of tall forest trees at moderately high altitudes in the evergreen forests of the Western Ghats. India is a major producer and consumer of cardamom, holding the second spot in world production; Guatemala taking the top slot. With no domestic consumption, Guatemala also becomes the largest exporter in the world.

Cardamom is widely used as spice, renowned for its flavour and aroma. In south Asia, green cardamom is largely used in traditional Indian sweets and in the making of tea; in Arabia it is used in the preparation of 'gahwa'—a strong cardamom coffee that is used to welcome guests; in northern Europe, it is an essential ingredient in sweet foods. Therapeutically, Cardamom finds varied uses, such as in the treatment of teeth and gum infections, digestive disorders, throat trouble, and skin problems. Cardamom is also used for making perfumes, Massage Oils, etc.

Sample Picture of Cardamom



Lifecycle

Cardamom is a perennial shrub plant. However, plants are removed & new plants are re-planted under commercial farming after 7-8 years. Post that the yields start dipping drastically. Cardamom plants normally start bearing fruits two to three years after planting.

Performance Review of Cardamom Contract

The major production season in India is from August to March / April (peak season: Sep – Jan.). Season commencement can be early / late depending on monsoon. During Sep-Jan, plucking can be done every 40-45 days. Apart from that plucking is done every 90 days. Plant requires intermediate rains with periods of good sunshine for good yields.

Varieties/Grade of Cardamom

There are three distinctive types of Cardamom grown in India, namely Malabar, Mysore and Ceylon wild. The Malabar type also known as Alleppy green Cardamom is famous and preferred. It is the best grade available in the world. Indian Cardamom is slightly smaller but more aromatic. Two varieties of Cardamom plants are identified, and they are Elettaria cardamomum maton variety which is the major variety comprising of wild indigenous types from Sri Lanka and Eletrraria cardamomum Maton variety which is the minor variety comprising of indigenous types like Mysore, Malabar and Vazhukka. These types are grown in different tracts and are mostly identified based on the nature of panicles, size of plants and other morphological characters. Cardamom varieties are highly location specific.

The quality parameters of Cardamom include colour, maturity of seeds, percentage of seeds, percentage of seed counts and litre weight (gms). These are the major criteria used in the market

- b. **Commodity fundamentals and balance sheet as per the following format (to be prepared based on publicly available information on best effort basis):**

Table – Fundamentals & Balance sheet

Global Scenario (MT)	2018-19	2019-20
Opening Stocks	NA	NA
Production	45,000 – 47,000	42,000 – 45,000
Others (If any)	NA	NA
Consumption	NA	NA
Closing stocks	NA	NA

Source – Market sources

NA – Not available

Performance Review of Cardamom Contract

Indian Scenario (MT)	2018-19	2019-20*
Opening Stocks*	500 – 1000	0-500
Production	12,940	12,000 - 14,000
Imports*	1,500 - 2500	2,000 - 2,500
Total Supply	14,440 – 15,440	14,000 – 16,500
Exports	2,850	0 – 1000
Domestic consumption*	13,000	14,000
Closing stocks*	0-500	500 – 1000

Source - Spices Board of India and market sources; * - Market Sources

Top major producing countries (MT)	2018-19	2019-20*
Guatemala*	30, 000 – 32,000	28,000 – 30,000
India	12,940	12,000 – 14,000

Source - Spices Board of India and market sources; * - Market Sources Guatemala & India constitute major portion of the global production

Top major consuming countries (MT)	2018-19	2019-20*
NA	NA	NA

NA – Not available

Performance Review of Cardamom Contract

2- Trading related parameter

a) Monthly and Annual traded volume (quantity in appropriate units) –

Not Applicable

b) Annual traded volume as proportion of total deliverable supply (quantity in appropriate units)-

Not Applicable

c) Annual traded volume as proportion of total annual production (quantity in appropriate units) –

Not Applicable

d) Annual average Open interest as proportion of total production-

Not Applicable

e) Annual average Open interest as proportion of total deliverable supply-

Not Applicable

f) Monthly and Annual value of trade (in Rs. Crores) –

Not Applicable

g) Monthly and Annual quantity of delivery (in appropriate units)-

Not Applicable

h) Monthly and Annual value of delivery (in Rs. Crores) –

Not Applicable

i) Monthly and Annual Average Open Interest (OI) (in appropriate units)-

Not Applicable

j) Annual average volume to open interest ratio-

Not Applicable

k) Total number of unique members and clients who have traded during the financial year-

Not Applicable

l) Ratio of open interest by FPOs/farmers/Hedge/VCP positions to total open interest (Annual average as well as maximum daily value)-

Performance Review of Cardamom Contract

Not Applicable

m) Number of unique FPOs / farmers and VCPs/hedgers who traded in the financial year –

Not Applicable

n) Algorithmic trading as percentage of total trading

Not Applicable

o) Delivery defaults -

i) Number of instances-

ii) Quantity involved

iii) Value involved

Performance Review of Cardamom Contract

3- Price movements

- a) **Comparison, correlation and ratio of standard deviation of Exchange futures price vis-à-vis international futures price (wherever relevant comparable are available).**

Not Applicable

- b) **Comparison, correlation and ratio of standard deviation of Exchange futures price vis – à - vis international spot price (wherever relevant comparable are available) and domestic spot price (exchange polled price).**

Not Applicable

- c) **Correlation between exchange futures & domestic spot prices along with ratio of standard deviation.**

Not Applicable

- d) **Correlation between international futures & international spot prices along with ratio of standard deviation (wherever relevant comparable are available).**

Not Applicable

- e) **Comparison of Exchange polled price and mandi price (in case of agricultural commodities) / other relevant price (in case non - agricultural commodities) at basis centre.**

Not Applicable

- f) **Maximum & Minimum value of daily futures price volatility and spot price volatility along with disclosure of methodology adopted for computing the volatility.**

Maximum spot price volatility	Minimum spot price volatility
13.24%	-15.90%

- g) **Number of times the futures contract was in backwardation/contango by more than 4% for the near month contract in the period under review**

Not Applicable

Performance Review of Cardamom Contract

4- Other parameters

- a) Qualitative and quantitative measure for Hedge effectiveness ratio and basis Risk (Volatility of Basis) along with disclosure of methodology adopted for such calculations.**

Not Applicable

- b) Details about major physical markets of the commodity vis – à - vis market reach in terms of availability of delivery centres (information to be provided state – wise and UT - wise).**

Not Applicable

- c) Details about major physical markets of the commodity and average Open Interest for each month generated from those regions.**

Not Applicable

- d) Details, such as number and target audience, of stakeholders' awareness programmes carried out by the exchange.**

Not Applicable

- e) Steps taken / to be undertaken to improve hedging effectiveness of the contracts as well as to improve the performance of illiquid contracts.**

Not Applicable

- f) Any other information to be disclosed as deemed important by the exchange or as suggested by the PAC.**

Not Applicable

Performance Review of Cardamom Contract

Disclaimer: This Report is meant solely for limited purpose . This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of the entities. This Report is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. This Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICEX to any registration or licensing requirement within such jurisdiction. ICEX, its directors, officers, analysts or employees do not take any responsibility, financial or otherwise, for any losses or damages that may be sustained due to the investments made or any action taken on the basis of this Report. While all efforts have been taken to check the accuracy of the information provided herein, we do not warrant that is free from any technical inaccuracies or typographical errors. ICEX shall not be liable for damages of any kind arising out of or in connection with the use of the information in this publication.