MCX
METAL & ENERGY
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CARDAMOM



Cardamom is known as the "Queen of Spices". It is one of the most highly priced and exotic spices in the world. It is a perennial tropical herb plant belonging to the ginger family (Zingibaraceae) and grows from a thick rootstalk up to around 6-10 feet. It is indigenously grown in the evergreen forests of the Western Ghats in South India.

APPLICATIONS

The commercial part of cardamom is the fruit (capsule) of the plant that is used as a spice and a flavoring agent. It is considered to be a versatile spice, as it is used in both sweet and salty foods. Oil from the seeds and the leftover resin have their usage in processed foods, tonics, liquors and perfumes. The fruit also finds significant usage in Ayurvedic medicines for dental infections, digestive disorders, etc., as it has healing properties.

GLOBAL SCENARIO - DEMAND AND SUPPLY

Cardamom is generally produced in the tropical regions of the world. Gautemala is the largest cardamom producing country followed by India. The total world production of this spice is around 55,000 MT per annum (source: USDA). Consumption of cardamom has sharply increased throughout the world during the last two decades. The major consuming countries of cardamom are the Middle Eastern countries, India, Pakistan, European countries, the US, and Japan. Middle Eastern countries such as Saudi Arabia and the United Arab Emirates, and South Asian countries such as India, etc., account for more than 60% of the world's consumption.

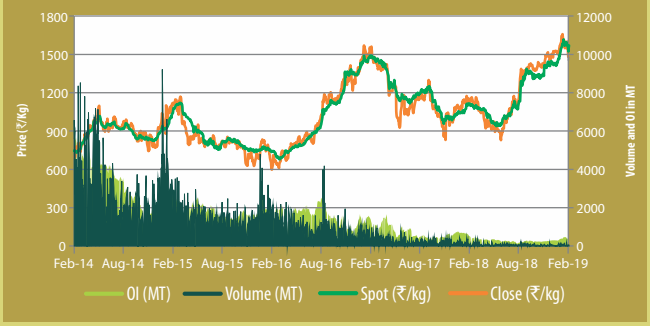
Saudi Arabia is the single largest importer of Indian Cardamom in the world, followed by UAE. The other major importers of Indian small cardamom are as follows:

1. Kuwait | 2. USA | 3. Japan | 4. Qatar

INDIAN SCENARIO – DEMAND & SUPPLY

Till 2000, India used to be the largest producer of Cardamom, and thereafter, Guatemala pushed her to the second position. Cardamom cultivation is concentrated on the Western Ghats in the country; and the Western Ghats are also known as "Cardamom Hills". In 2017-18, as per provisional estimates, of Spices Board of India's production is around 20,640 MT.

Cardamom: Prices



INDIAN CARDAMOM: PRODUCTION AND EXPORTS

YEAR	PRODUCTION (MT)	EXPORT (MT)
1999-2000	9,330	676
2000-01	10,480	1,545
2001-02	11,365	1,031
2002-03	11,920	682
2003-04	11,580	690
2004-05	11,415	620
2005-06	12,540	863
2006-07	11,235	655
2007-08	9,450	500
2008-09	11,000	750
2009-10	10,075	1,975
2010-11	10,380	1,175
2011-12	15,000	4,650
2012-13	14,000	2,372
2013-14	16,000	3,600
2014-15	18,000	3,795
2015-16	23,890	5,500
2016-17	17,990	3,850
2017-18*	20,640	5,680

Source: Statistics,Spices Board of India | *estimate





Following states are the major producers of cardamom in India:

1. Kerala – 89%
2. Karnataka – 5%
3. Tamil Nadu – 6%

Idukki district in Kerala is the major cardamom-producing area and places such as Udumbanchola taluka, Peermede taluka and Devikulam taluka are important centres in Idukki district.

Cardamom is traded as a bulk and graded produce. Cardamom is graded by using sieve and fetches different prices based on their size, colour and freshness, command varied prices. The 7-mm and above grade with fancy green colour commands a premium over other grades.

Cardamom finds its place in every kitchen in the world. Cardamom goes into tea, coffee, snacks, sweet dishes, rice preparations, soft drinks - almost all favorite food items of the world. Guatemala produces around 30,000* MT yearly, the largest in the world, accounting for almost 66% of the total global production.

INDIAN SCENARIO – PRODUCTION & CONSUMPTION

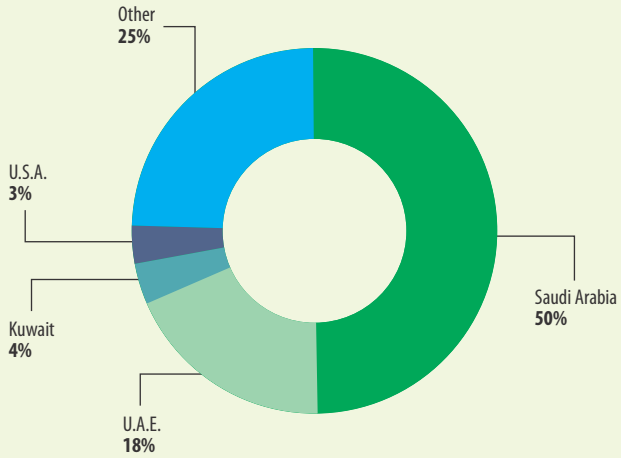
India consumes almost 90% of the domestic production with almost 45% of the demand coming from the western part of the country followed by the northern India with 35%. As India's production is capable of satisfying the domestic consumption demand, it does not import any cardamom from outside countries. However, cheaper Guatemalan cardamom finds its way into the country and is preferred for low value uses like pan masala. The leftover cardamom produce is exported every year. India exports 5-8% of its total production, mostly the premium grade. India also exports by-products of cardamom such as cardamom oil and oleoresins to European countries.

Following are the major countries that import cardamom and its by-products from India:

Major importers of Indian cardamom, 2017–18 (in tonnes)

	Imports (MT)		
Country	**2015-16**	**2016-17**	**2017-18***
SAUDI ARABIA	3,969	2,500	2,923
U.A.E	493	494	1,084
KUWAIT	198	153	214
U.S.A	119	96	196
Other	722	607	1,459
TOTAL	5,500	3,850	5,680

Source: Statistics, Spice Board of India | *estimate



Saudi Arabia is the largest market for Indian cardamom with a share of around 55% followed by UAE, Kuwait and USA. Guatemala reduces India's export market competitiveness by providing cardamom at cheaper rates owing to the nation's high productivity.



FACTORS INFLUENCING PRICE OF CARDAMOM

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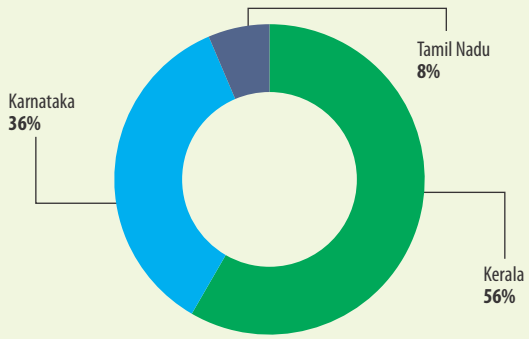
Freshness, colour, aroma and size
Production in competing countries such as Guatemala
Annual production in India
Seasonal variations and time of arrival of the crop in the market
Weather conditions in India
Domestic festival demand



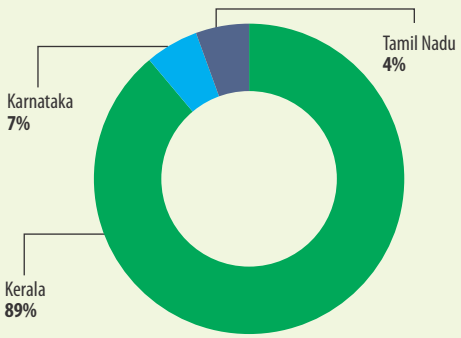
MAJOR TRADING CENTRES

- Vandanmedu (Kerala)
- Bodinayakanur (Tamil Nadu)
- Kumily (Kerala)
- Nedumkandam (Kerala)
- Puliyanmala (Kerala)
- Mumbai
- Delhi
- Kanpur

Major Indian producing states (by area) 2017–18*



Major Indian producing states (by production) 2017–18*



Source: Statistics, Spice Board of India | *estimate

BENEFITS OF TRADING ON MCX

The MCX Cardamom futures contract is one of the most liquid contracts on the Exchange based on compulsory delivery. As the cardamom crop is highly sensitive to weather, and subject to high price fluctuation, the contract can be effectively used by the cardamom value chain – growers, planters, traders, exporters, and even retailers to hedge price risks.



CONTRACT SPECIFICATIONS OF CARDAMOM

The underlier of the MCX Cardamom contract is Elettaria cardamom, also known as small green cardamom, grown in the southern states of Kerala, Tamil Nadu and Karnataka. Amomum cardamom, also known as black cardamom grown in North Eastern states is not tradable on the MCX platform.

SYMBOL	CARDAMOM
Description	CARDAMOMMMYY
Contract Listing	Contracts are available as per the Contract Launch Calendar
Contract Start Day	Contract launch date shall be the 16th day of contract launch month. If 16th day is a holiday then the following working day.
Last Trading Day	15th of the contract expiry month. If 15th is a holiday then preceding working day.
TRADING	
Trading Period	Mondays to Fridays: 9.00 am to 5.00 pm
Trading Unit	100 KG (1 quintal)
Quotation/Base Value	₹/Kg
Price Quote	Ex- Vandanmedu, Dist. Idukki, Kerala (exclusive of all tax and levies)
Maximum Order Size	5000 KG (50 quintals)
Tick Size	10 paisa/Kg
Daily Price Limits	Initial slab: 3% | Enhanced slab: 1% | Total DPL: 4% DPL shall have two slabs – Initial and enhanced slab. Once the initial slab limit is reached in any contract, then after a period of 15 minutes this limit shall be increased further by enhanced slab, only in that contract. The trading shall be permitted during the 15 minutes period within the initial slab limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.
Initial Margin	Minimum 5% or based on SPAN whichever is higher
Maximum Allowable Open Position	For individual clients: 100 MT For a member collectively for all clients: 1000 MT or 15% of the market wide open interest, whichever is higher. Near Month Limits For individual clients: 25 MT Near month member level position limit shall be equivalent to the one fourth of the overall member level position limit.
DELIVERY	
Delivery Logic	Compulsory
Staggered Delivery	The staggered delivery tender period would be the last 10 days (including tender period expiry day) of the contracts. If 5th of the month happens to be a holiday or Saturday at the Exchange, the period would start from the next trading day. During the tender period, each day sellers' (short holders) shall have options to give delivery intention accompanied with valid quality certificate and proof of deposit of goods in the accredited warehouse / cold storage.
Delivery Centre(s)	At Exchange designated warehouse at Vandanmedu in Idukki Dist of Kerala State
Delivery Unit	100 Kg, and direct multiples thereof.

Note: *Please refer to the exchange circulars for latest contract specifications.*

**Genuine hedgers having underlying exposure that exceed the prescribed OI limits given in the contract specifications can be allowed higher limits based on approvals.*

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