

Market Viewpoint

Sesame Weekly: 06/02/17

For import inquires and the latest information, please get in touch via e-mail (cparrott@blueniletrade.com), WhatsApp (+852 5560 0359) or WeChat (ID: cparrott).

- Last week, Humera price were up c. 4% whilst Wollega remained flat
- Weekly trading volumes have recovered to c. 7,000 MT per week
- Ethiopia exported 410,000 MT of sesame in 2016, earning 430m USD

1. Sesame prices remain elevated as demand returns

Ethiopian sesame prices have remained firm in the last two weeks. Even with the Chinese New Year holiday last week and pressures on the Turkish Lira (two large importers), there exists strong demand (Exhibit 4).

Humera prices remain elevated and near one-month highs (Exhibit 1, Price %tile Rank). The recent decline in the US Dollar, down nearly 4% in 2017, has supported commodities (oil remains at 18-month highs) and forms the macro picture. With exports below the historical run-rate we find it hard to see how prices can form new highs.

Exhibit 1: Sesame FOB export prices

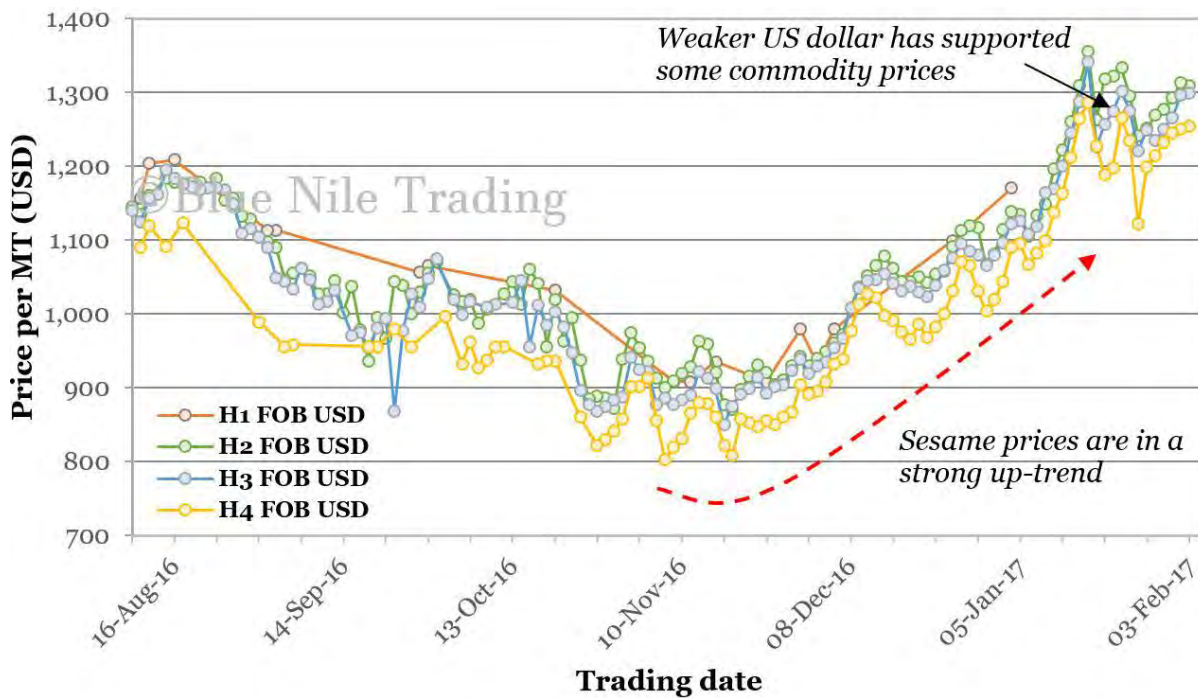
As of 03 February 2017, one-month date range

Type	Purity	FOB Price (USD)	Price %tile Rank	Range (%)	Volume (MT)	% Total Volume
H2	97%	1,309	76%	19%	6,525	23%
H3	95%	1,299	90%	18%	11,380	40%
H4	93%	1,255	86%	17%	2,685	10%
W2*	97%	1,211	56%	12%	145	1%
W3	95%	1,203	76%	23%	4,765	17%
W4*	93%	1,177	65%	18%	1,440	5%
W5*	90%	1,141	44%	24%	1,250	4%

* did not trade in previous session

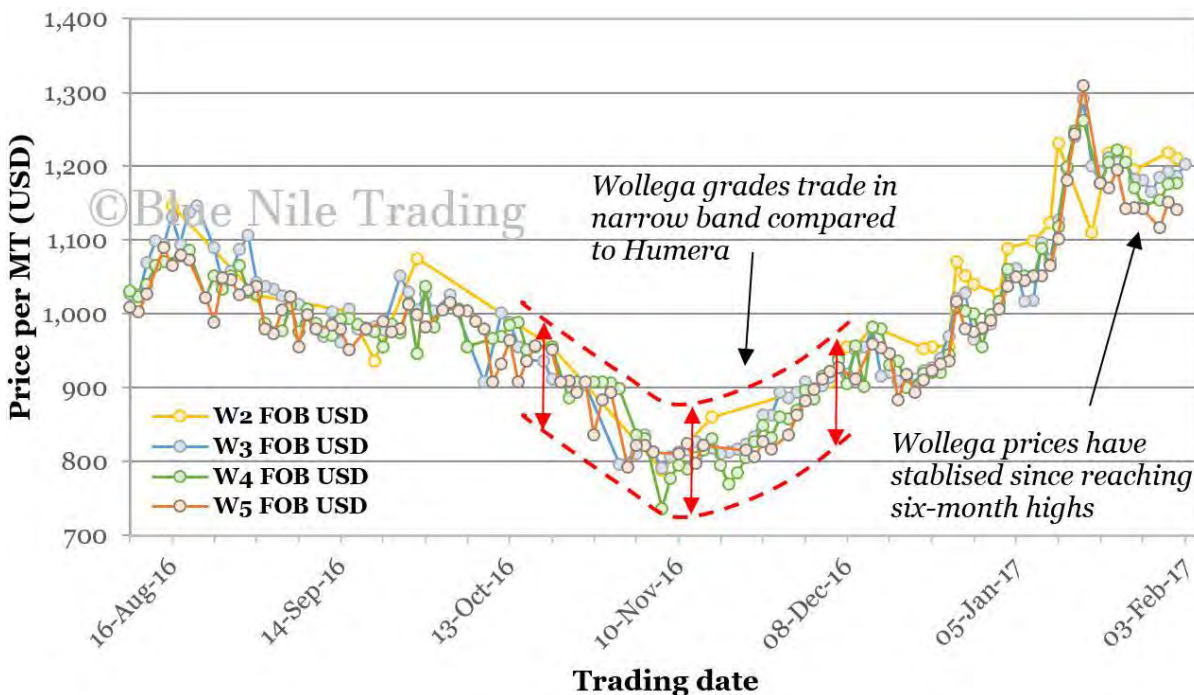
Source: Blue Nile Trading Ltd., Ethiopian Commodity Exchange

Exhibit 2: Humera six-month FOB price trend



Source: Blue Nile Trading Ltd., Ethiopian Commodity Exchange

Exhibit 3: Wollega six-month FOB price trend



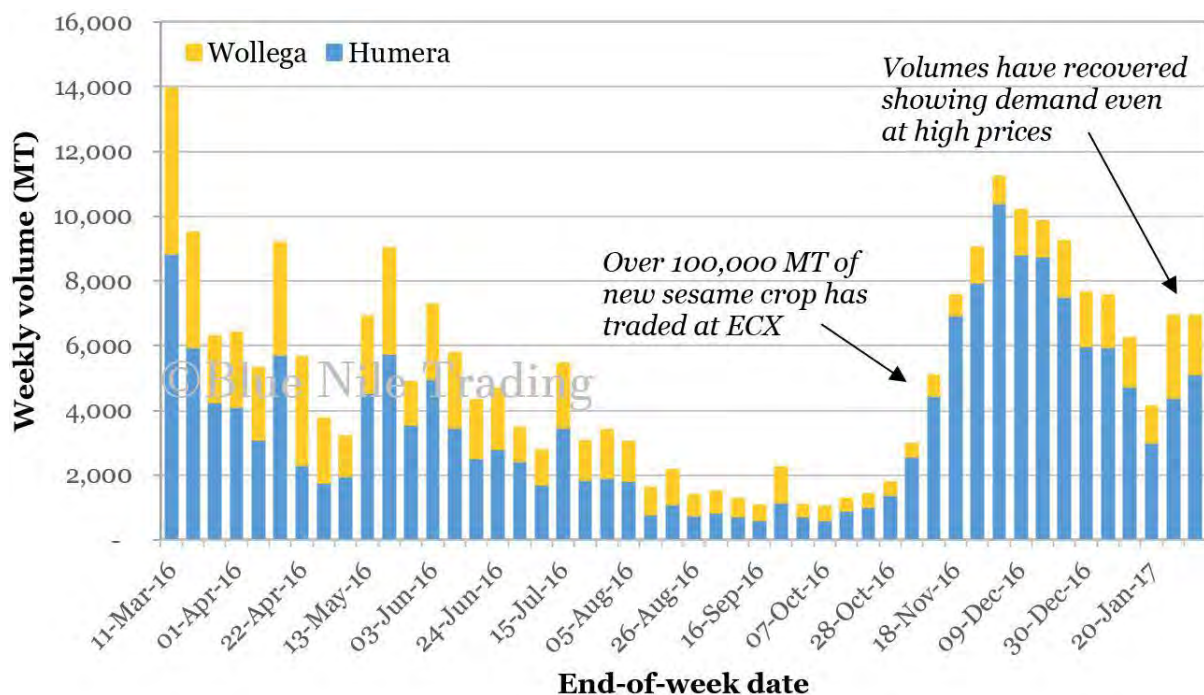
Source: Blue Nile Trading Ltd., Ethiopian Commodity Exchange

2. Trading volumes have stabilised but still lower than the December highs

ECX trading volumes have recovered from the lows of c. 4,000 MT per week in mid-Jan to c. 7,000 MT per week over the last two weeks. Humera still dominates and forms 70% of all sesame trading on ECX.

Historically, February and March are high-volume trading months and, with stable prices, forecast volumes to remain at these levels for the following weeks.

Exhibit 4: Weekly ECX export volumes



Source: Blue Nile Trading Ltd., Ethiopian Commodity Exchange

3. Vietnam is an emerging centre for sesame powder processing

Ethiopian sesame export volumes were 410,000 MT in 2016 and up c. 30% year-on-year. Even with weighted-average sesame prices falling in 2016, export earnings increased c. 6% to 430m USD.

By studying the sesame export destinations for December, an indication of new crop demand, we can see some clear trends. China remains the largest destination and buyer, but places such as Vietnam have emerged as sesame processing centres – creating sesame powder for re-export to other Asian markets.

Exhibit 5: December 2016 Ethiopian sesame export destinations

#	Destination	FOB Value (m USD)	FOB Value (%)	Vol. Wavg. Price (USD)
1	China	20.3	58%	1,003
2	Israel	4.9	14%	1,046
3	Vietnam	1.4	4%	975
4	Turkey	1.4	4%	972
5	U.A.E.	1.3	4%	959
6	Japan	1.2	4%	1,119
7	Yemen	1.1	3%	917
8	Greece	0.9	3%	981
9	Mexico	0.4	1%	1,065
10	United Kingdom	0.4	1%	958
11	Other	1.8	5%	1,057
	Total	35.1	100%	n/a

Source: Blue Nile Trading Ltd., ERCA

Thank you for reading and if you have any views, comments or trading inquiries then please get in touch using my details below!

Intended for the clients of Blue Nile Trading Ltd.

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