

SPICES

September 19 -24, 2005

Overview:

- **Spices Board Suggested Increase in Import Duty on Pepper and Cardamom**
- **Chilli Cropped Area Declined due to Excess Rainfall in Karnataka**
- **Cardamom Prices Declined due to Bumper Production**
- **Turmeric Prices Firm**

News Highlights:

Spices Board Suggested Increase in Import Duty on Pepper and Cardamom

Spices Board has encouraged the commerce ministry to increase duty on pepper and cardamom imports with port restrictions to check falling prices in the domestic market and boost exports. Seeking World Trade Organization (WTO) compatible subsidy for exports, the board has recommended 100 percent duty on imports of pepper and cardamom from the present 70 percent to prevent further fall in prices due to supplies exceeding demands and consumptions declining. The import tariff has to be based on average domestic prices and in line with the WTO provisions. Ports of entry for both commodities should be confined to Kochi in Kerala and Visakhapatnam in Andhra Pradesh. Spices Board chairperson C.J. Jose told in press meet in Tamilnadu that Spice Board also urged the ministry to fix a minimum value addition for re-export and a cap on imports from Sri Lanka under the FTA (free trade agreement) based on its production. The board has put a ban on export-oriented units selling about 50 percent of value added products processed from spices imported duty free. Under the new exim policy, the government has banned advance licence for importing spices that attract import tariff above 30 percent. Indian pepper and cardamom known the world over for their aromatic flavours and spicy qualities. Exports for these have also been on the decline since the last two fiscal years in terms of quantity, prices and unit value realisation. Pepper imports from about 10 countries have increased by about 23 percent to 17725 tonnes in 2004-05 from 14334 tonnes in 2003-04 under advance license. Similarly, cardamom imports shot up by a whopping 465 percent to 469 tonnes this year from a mere 83 tonnes last year.

Chilli Cropped Area Declined due to Excess Rainfall in Karnataka

The chilly crop grown area has shrunk due to excess rainfall in Karnataka. Karnataka comes among the major chilly producing states like Andhra Pradesh and Tamilnadu. Chilly cultivation has taken place in 96617 hectares as against 173650 hectares previous year. Chilly growing districts in Karnataka are Dharwad, Haveri, Gadag, Belgaum, Hassan and Chitradurga. In Hassan district around 22 hectares of crop has been damaged due to heavy rains. In Dharwad no major crop loss has been reported. In Gadag and Bangalore rural districts area under chilli has increased due to good monsoon rains. In Belgaum district 181.90 hectares has been affected due to heavy rains. But In Shimoga area under chilli has come down due to increase of maize cultivation. The decline in Chilly cropped area may give positive effect on chilly prices in near future.

Cardamom Prices Declined due to Bumper Production

Cardamom prices declined sharply and reached at lowest level due to the estimates of bumper production in India as well as in the world. Main cardamom producing states Kerala, Tamilnadu and Karnataka Having bumper crop as well as early picking due to timely and sufficient rainfall. The production of cardamom is expected to be around 15000 tonnes against the 10000-12000 tonnes .Due to early picking this year there is shortage of Handpicked category (8.00 mm). There is also news of increase in cardamom production at the level of 27000-30000 tonnes in Guatemala, which is leading producer of cardamom in the world. In near future there are maximum chances that price would remain steady on current level. In case of Brown Cardamom there are estimates of a sharp decline of about 80000 tonnes in production. According to Market sources there are maximum chances of Rs. 30-40 per kg increase in prices of Brown Cardamom.

Market Analysis:

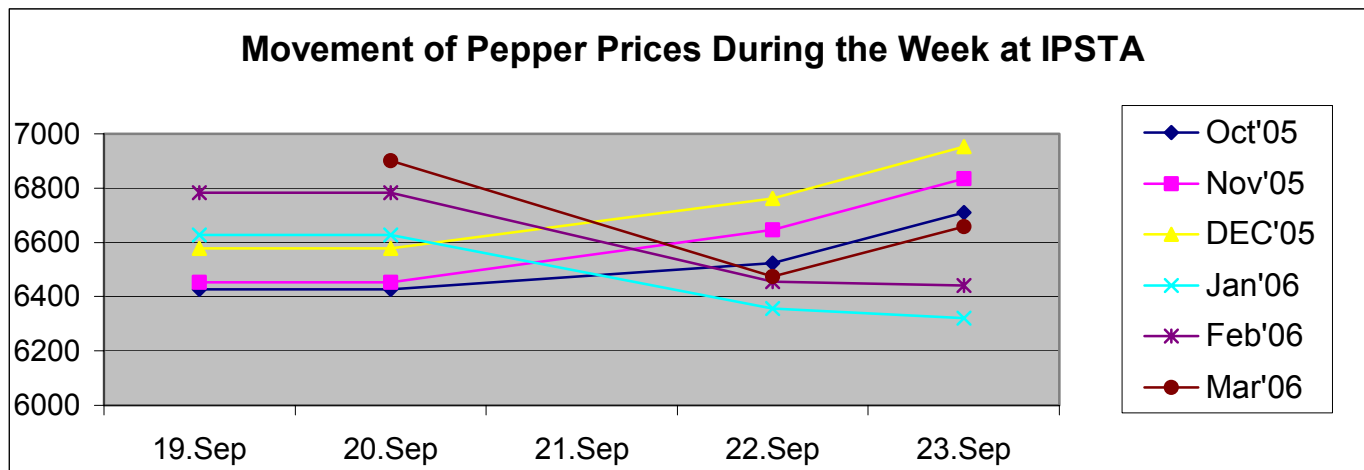
Price Trends Analysis:

Pepper:

A Brief Weekly Fundamental Analysis of IPSTA Pepper Futures Trading

The graph below is showing the closing prices for the different contract months at the IPSTA in the week. Hopes of export subsidy and unconfirmed reports of likely increase duty on import from Sri Lanka were the bullish factors.

Prices taken upward trend from the second day of the week in October, November and December contracts but January, February contracts remain bearish up to the end of the week and march contract taken bullish movement on fourth day of the week.



Movement of Garbled and Ungarbled prices at Kochi during the week (Rs/quintal):

Pepper	19.08.05	20.08.05	21.08.05	22.09.05	23.09.05	24.09.05
Ungarbled	6000	6000	Closed	6000	5950	5950
Garbled	6400	6400	Closed	6400	6350	6350

The prices of garbled and ungarbled varieties of pepper declined slightly in Kochi market during the week. Production of Black Pepper in the country is expected to decline by 25% i.e. expected to remain at around 65,000 tonnes. Demand for black pepper remained confined from local consumption centres. Demand from the export remained low.

Delhi terminal mandi

Activities in Delhi market remained low due to persistent rains for 2-3 days of the week in northern regions. Prices of black pepper slightly declined due to sluggish demand. Traders are expecting its demand to improve for festival season ahead. Reports of likely increase of duty on pepper import from Sri Lanka would be an added bullish impact in the market in coming week.

Pepper	Sep 12 - 17	Sep 19 - 24
Golden Unpolished	65 - 67	65 - 68
11.5	90 - 95	75-90
No. 12	100 - 103	90-100

Note: Prices are in Rs. Per Kg.

Erode mandi: Turmeric prices improved by Rs. 50-100 per bag except in case of double polish gattah from the previous week level. Arrivals of turmeric in the Erode were reported between 3000-4000 bags daily during the week. Since, demand is increasing from north India due to festivals of deepawali and Dushehra, trade sources reported that prices would remain firm with slight range bound movement on positive side in near future.

DATES	Sep 12 - 17	Sep 19 - 24
Loose Finger	2850	2850-2950
Bilty	3100	3100
Loose Gattah	2750-2800	2800-2850
Bilty	3000	3050
Loose SP Gattah	2850-2900	2950
Bilty	3200	3150-3200
Loose DP Gattah (Salem)	3100	3000
Bilty	3500	3300
Kolkata Quality Bilty (75 kg)	2150	2200-2250

Prices are in Rs/ Qtl.; NR: Not Reported;(1 bag=75 Kg)

Nizamabad Mandi

Turmeric:

Weather situation in turmeric growing areas is perfect for crop growth. Harvest of turmeric starts in January. Traders are expecting crop this year to reach at 50-55 lakh bags. According to trade sources, stock of turmeric in different producing markets like Erode, Nizamabad and Sangali etc is aggregated at 12 lakh bags. Apart from that, sufficient stock is reported in terminal markets. So, off take from producing centers till fresh harvest is likely to remain around 8 lakh bags. Arrivals in Nizamabad were reported between 1000-1200 bags during the week.

DATES	Sep 12 - 17	Sep 19 - 24
Nizamabad Gattah	2400	2500
Nizamabad Finger	2350-2400	2400-2500

Note: Prices are in Rs/ Qtls.; NR: Not reported

Warangal mandi: Market activities thinned down due to festival mood. Prices for turmeric in the market continued to hold steady levels. Prices of gattah and finger were quoted at Rs 2350-2450 per qtls.

Delhi Mandi: Trading activities in Delhi were dull due to continued rains for 2-3 days. Demand for turmeric was slightly improved due to increased demand of spicy stuff with the weather change. Prices had also increased by Rs. 50-2000 in different grades of turmeric. However, talks of sufficient stock would keep the upward movement of prices under control i.e. range bound in coming week.

DATES	Sep 12 - 17	Sep 19 - 24
Nizamabad finger	3000-3100	3050-3300
E.Finger mini Selam	3600-3800	3600-3800
E. Single polish Gattah	2950-3000	3100-3200
E. Double polish Gattah	3600-3650	3550-3650
Warangal polish	2650-2700	2850-3000
Selam Finger	4250-4300	4100-4300

Note: Prices are in Rs/ Qtl.

Clove:

Delhi mandi

Downtrend persisted in the Delhi clove market due to its poor demand from the consumer end. Traders are expecting improvement in its prices in coming week or so following the low production reports from the origin countries.

DATES	Sep 12 - 17	Sep 19 - 24
Indonesia	202-205	200
Ketan	210	205
Colombo	180	180
Madagascar	185-190	185
Zanzibar	210	205-210

Note: Prices are in Rs/Kg

Hyderabad mandi continued to see the downtrend following poor demand from the retail end. Indonesian clove grade was offered at Rs. 190-195 per kg. While Colombo grade was traded at Rs. 175 per kg. The price of Zanzibar was recorded at Rs 195-200.

Cumin:

Unjha Mandi :Unjha market continued to see dull trend. Average trade of cumin in Unjha were reported at 6000 - 7000 bags daily with average arrivals of 3000 bags per day. Stock of cumin is comfortably good. Current stock of Cumin is pegged at 11-12 lakh bags. Traders are expecting likely decline in farmers' inclination towards this crop owing to sluggish trend in the markets. Sowing of cumin crop would start in October/November. Prices would remain steady to slightly bullish in next week.

DATES	Sep 12-17	Sep 19 - 24
Kisan Mal-FAQ	1250-1450	1100-1500
Ganesh	1360-1380	1325-1330
M/c. Cleaned	1400-1500	1350-1450
Sup. M/c. Cleaned	1575-1625	1450-1550

Note: Prices are in Rs/20 Kg

In **Hyderabad mandi** the rates of Kisan mal-FAQ grade was reported between Rs.1350-1360/20kg.during this week also. Prices are likely to see slight improvement in the coming week.

Delhi Mandi:

In the Delhi mandi cumin prices were found more or less same on lower side with firm demand. Prices would remain steady in next week.

Grade	Sep 12 - 17	Sep 19 - 24
Chalu	66-68	64-68
Ganesh	73-75	71-74
M/Cleaned	70-85	65-82
Best	85-90	83-91

Red Chillies:

Guntur Mandi:

Daily average arrivals were in the range of 15-20 thousand bags per day. Chilly markets have been struggling with bumper harvest this year. Chilly crop in 2004-05 is pegged at 12 million bags, almost double as compared to last year crop. As now a days festive season in north India the demand is picking up. So the prices had seen a significant increase of Rs.100-200 per quintal from the previous week. Marker sources also reported that there is still chance of further increase in prices in coming week.

DATES	Sep 12-17	Sep 19 - 24
COLD	1500-2150	2000-2300
UNCOLD	800-1500	1300-1500
WHB	2200	2400
Byadgi	2400-2600	2600-2800
Sannam Best	2100	2300
Sannam Med. Best	1500	2000-2100
Namdhari	1800-2150	2000-2300
273	2000-2100	2000-2100
Guntur Fullcut	3250	3500
Ankur	2400-2500	2600
Phatki	600	900
Indo5	2200-2300	2300

Tejaseed	2400-2500	2600
Roshni	1800-2000	2000

Note: Prices are in Rs/Qt, NR-Not Reported

Delhi Mandi:

Delhi market demand of chilly started picking up. News of chilly crop damage due to excess rain in producing areas of AP and Karnataka give a push to the prices. Traders are expecting slight bullish trend to persist in short to medium term. .

DATES	Sep 12- 17	Sep 19 - 24
Guntur Pala	2200-2450	2350-2700
Guntur Fullcut	3400-3950	3500-4000
Guntur Packing (new)	2500-2800	2700-3100
Nagpur Pala	2000-2100	2100-2400
Nagpur Fullcut	2900-3000	3000-3300
Nagpur Packing	2200-2450	2300-2600

Note: Prices are in Rs/Qt

Cardamom:

Delhi mandi

Talks of fresh arrivals of early harvest in key centres in Tamilnadu and Kerala weighed on values in terminal markets as well. Weather situation has been favourable for crop, so far. Traders are expecting crop to reach at 15000 tonnes. Traders in Delhi have started aggressive buying from the sources markets to build up inventory ahead of festivals. Prices were down by Rs 5-10 per kg except in Panwali and Handpicked grade. The prices would remain firm on current level in coming week.

DATES	Sep 12-17	Sep 19 - 24
Panwali	205-210	205-210
Colour Robin	210-220	210-215
C Bold 6.5mm	225-235	220-230
Extra Bold 7mm	295-315	290-310
Ex Bold 7.5mm	330-360	330-350
Handpicked	430-470	430-470

Note: Prices are in Rs/kg

Hyderabad Mandi

Prices were steady to some upward trend in Hyderabad markets, but demand is not picking up. Downtrend in global markets also had negative impact on the prices. Harvesting of Current crop in Guatemala is expected to start in December. Traders in Singapore have been offering Guatemala cardamom (old crop) at \$6 per kg. Prices would remain steady in coming week.

DATES	Sep 12-17	Sep 19 - 24
Colour Robin	185	180-205
C Bold 6.5mm	200	210-225
Extra Bold 7mm	240	250-260

Ex Bold 7.5mm	300	300-330
8.00 mm	450	450-470

Note: Prices are in Rs/kg; IO=Indian origin

Coriander:

Delhi Mandi

Delhi market continued to see dull trade. Total stock in the country was reported at 40-45 lakh bags. Prices of coriander are unlikely to move up amidst comfortable stock-situation. Prices remain more or less same in comparison to previous week except slight increase were seen in FAQ and Medium grades.

Coriander Grade	Sep 12-17	Sep 19 - 24
FAQ (Chalu)	2000-2250	2000-2300
Medium	2800-3150	2800-3200
Green	3500-3700	3500-3700
Extra Green	4400-4600	4400-4600

Note: Rate Per Quintal

Rajasthan Mandi

Demand for coriander remained dull in Rajasthan markets. Traders are putting average monthly consumption of coriander at 5 lakh bags. Harvest of new crop will start in March. Prices started moving slightly upward. Arrivals of coriander in Ramganj mandi were reported between 1200-1500 bags daily. Arrivals in Guna mandi remained 1000 bags daily, while Kota mandi received 2000-2200 bags daily.

DATES	Sep 12- 17	Sep 19 - 24
Kota Badami (40 kg)	720 - 730	730 - 740
Kota Eagle (40 kg)	780	790-800
Ramganj Badami (loose per quintal)	1500	1560
Ramganj Eagle (loose per quintal)	1600-1650	1650
Kota Badami (loose per quintal)	1500	1560
Kota Eagle (loose per quintal)	1650	1650

Methi

Kota mandi:

Methi markets observed steady trend through the week. Increased selling interest offset its demand. Demand for Methi in northern belt will pick up after diwali. Customarily, Methi is fed to buffaloes in northern belt in November. It's believed that methi enhances fertility and act as an appetizer,

Methi price at Kota Mandi

Methi Grade	Sep 12 - 17	Sep 19 - 24
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Methi (Uncleaned)	1200-1550	1200-1550
Methi (Cleaned)	1450-3250	1450-3250

Note: Rate Per bag (90 Kg. each)

Prices of Methi moved upward by Rs. 150-250 per quintal through the week. Delhi market witnessed firm trade. The prices would remain firm on positive side in coming week.

Methi price at Delhi Mandi

Methi Grade	Sep 12 - 17	Sep 19 - 24
Chalu	1350-1500	1500-1600
Jabara	2150-2450	2400-2750
Better	2500-3200	2800-3200

Note: Rate Per quintal

Prices of Major Spices available in Major Rajasthan Mandi as on 26th September, 2005:

The prices of major spices in major Rajasthan mandis remain steady to increasing trend this week as compared to the last week. At the Jaipur grain mandi the prices of Jeera and Chilly dry showed increasing trend throughout the week. Arrivals of Chilli (dry) and cumin remain nil in Jaipur mandi except chilly dry 8 qtls on Monday. Arrival of Methi was recorded only three days, which were 7,2 and 4 quintals, with firm upper side prices.

Prices of Major Spices

Name of Spice	Place	Rate (Rs. Per quintal)
Chilly Dry	Jaipur (Grain) Mandi	2500-2650
Jeera (Cumin)	Jaipur (Grain) Mandi	5850-6250
Methi	Jaipur (Grain) Mandi	1250

Others Spices during week at Delhi Mandi

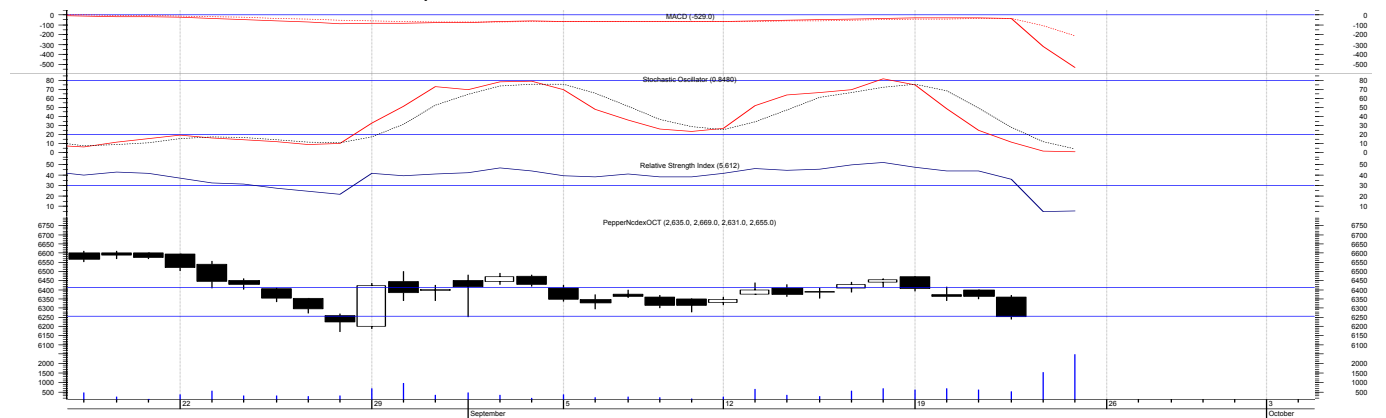
At the Delhi mandi the prices of other spices remained steady during this week as compared to the last week except in Cardamom brown (Jhundiwali), Mace and Nutmeg prices increased significantly and decreased in case of poppy seed. It is expected that the prices of other spices in Delhi mandi would maintain steady trend in the coming week.

Other Spices	Rs. Per quintal	
	Sep 12 - 17	Sep 19 - 24
Bishop's weed (Ajwain)-Jawara	4000-4400	4000-4400
Bettlenut (Mettaplayam)	8800-9200	8800-9200
Cardamom brown (Jhundiwali)	10700-10800	11300-11400
Cardamom brown (Kanchicut)	12000-15000	12000-15000
Tamarind (seedless)	1800-3200	1800-3200
Dry ginger (superior quality)	16000-16500	16000-16500
Amchur (Khapta)	1800-2000	1800-2000
Mace (Jabetri)-(Cochin)	35500-36000	42500-43000
Nutmeg (Jaifal)-(Cochin)	19500-21500	23500-24500
Kalaunji	3600-4200	3500-4000
Poppy seed (Turkey)	18500	17800
Saffron (Irani)	15000-16000	15000-16000

Technical Analysis:
Commodity: Black Pepper
Contract Month: October 2005
Exchange: NCDEX

The all indicators are showing weakness in the market, as stochastic oscillator in oversold condition but taken slight upward direction. RSI is also in oversold position but taken slight upward direction. But MACD is bearish and negative zone. Overall there are chances of upward correction on

the basis of technical and fundamental prices are likely to go slightly up in the coming week.



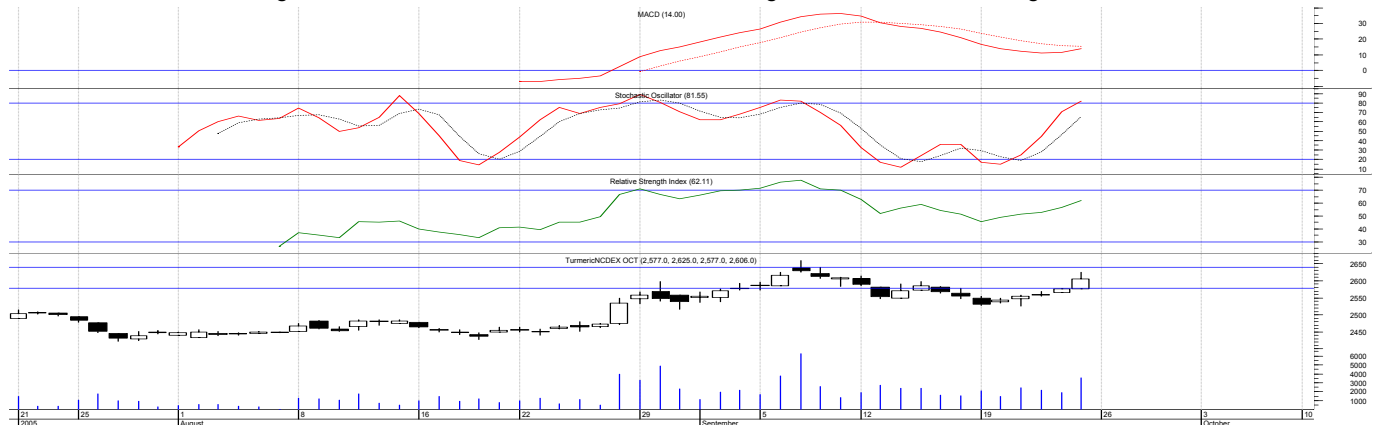
Recommendation: as there are maximum chances of positive correction in prices so one can maintain the long

position as well as make profit in short tem too. The prices would be in the range of 6254-6411 in the week.

Commodity: Turmeric
Contract Month: October 2005
Exchange: NCDEX

All the indicators are Bullish. Prices would improve further in the coming days. As stochastic oscillator already entered in over sold region. MACD is also in Oversold

region. RSI also showing upward movement. So overall bullish sentiment prevails in prices with fair chances of negative correction during mid or end of the week.



Recommendation: As market is overall bullish with fair chances of negative correction. Go for Short term

as well as intra day position in the week. The prices would be in the range of 2577-2639 in the week.

Commodity: Cumin (Jeera)
Contract Month: October 2005
Exchange: NCDEX

All the indicators are still showing further weakness in the market. RSI is indicating bearish sentiments in the prices. Stochastic oscillator is in neutral zone but likely to take negative correction in 2-3 days. MACD is already in

Negative zone showing the weakness in market. Overall all the technical indicators showing bearish movement in the prices.



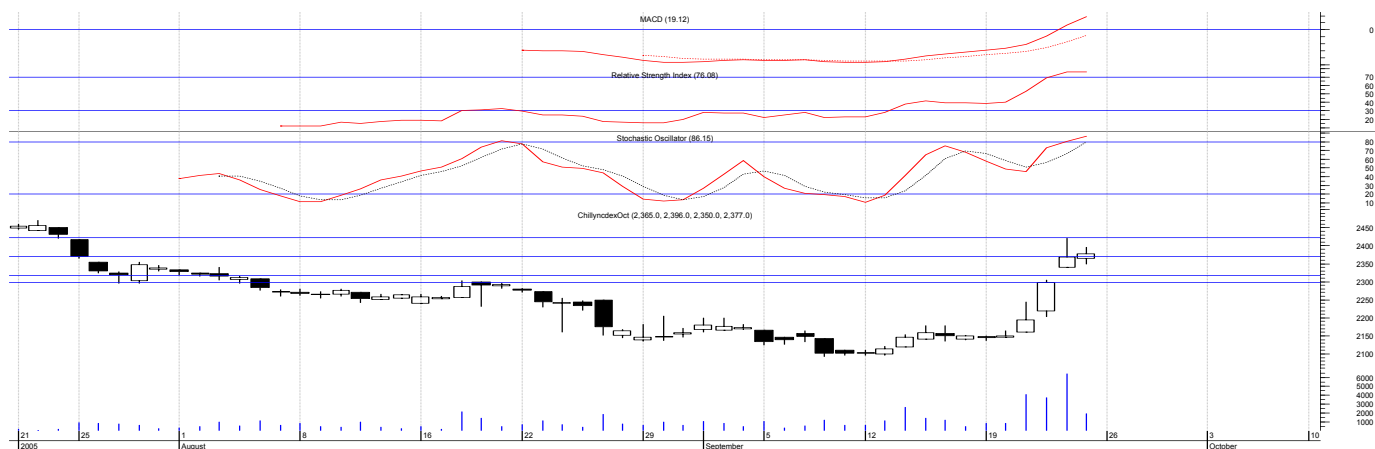
Recommendation: As the market fundamentals as well as technical showing bearishness in the market. So one can

go for sell in short run. Market would move in the range of 6287-6462 in the week.

Commodity: Red Chili
Contract Month: October 2005
Exchange: NCDEX

Stochastic Oscillator, %K line is above the % D at line 86.15 point and reached in oversold region so there are maximum chances of trend reversal, which would be a bearish signal. RSI is bullish but taken horizontal path at

last; it also indicates the chance of negative correction. Candlesticks also indicating the trend reversal. Overall technical and fundamentals showing the bearish sentiments with range bound movement in the prices.



Recommendation: As per Fundamental and technical analysis, market would move range bound with bearish

Sentiments. One can go for short-term profit. Prices would be in the range of 2297-2422 in the week.

WEATHER WATCH (As on 26.09.05)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Monsoon Outlook

During last 24 hours, rainfall has reduced significantly over Uttaranchal, Himachal Pradesh and Jammu & Kashmir. Scattered light to moderate rainfall has also occurred over East Uttar Pradesh, northeastern States, parts of Madhya Pradesh, Chhattisgarh, Orissa and Konkan & Goa. Mainly dry weather prevailed over Gujarat, Rajasthan, Punjab, Haryana, and most parts of interior Maharashtra. Yesterday's low-pressure area over West Uttar Pradesh and adjoining Uttaranchal has become less marked. The western disturbance as an upper air system and the trough in westerlies are moving away northeastwards. A north-south trough runs from Sikkim to north Bay of Bengal and extends upto 4.5 km a.s.l. Under its influence, scattered rainfall activity is likely to continue in northeastern states. Model prediction indicates that the anti-cyclonic circulation at 700 hPa level (3.1 km above mean sea level) may start dominating over West and North-west India during next 2-3 days thus creating favourable conditions for withdrawal of monsoon from these regions.

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Isolated to scattered rains are expected over hilly areas of NW India. Mainly dry weather may prevail over rest areas of the region during next 4-5 days.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]
Scattered rains are likely over NE States and Sub-Himalayan West Bengal and isolated over rest areas of the region during next 2-3 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]
Isolated to scattered rains are expected over the region during 2-3 days.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]
Isolated to scattered rains are expected over the region during next 2-3 days.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]
Isolated to scattered rainfall are likely over the region except Rajasthan and Gujarat where mainly dry weather is likely to prevail during 3-4 days.

Source: GOI (NCMRWF& IMD)

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