

## SPICES

January 23- January 28, 2006

### Overview:

- China: Trying to Expand in Chilli Global Market
- Turmeric Prices Decline in Major Markets
- Indian Spice & Spice Product Exports Figures
- Union Government: To Impose Restriction on Import of Pepper

### News Highlights:

#### China: Trying to Expand in Chilli Global Market

India is the largest producer of chilli across the world and holds a 45 percent share in the total world chilli production. It is a major exporter of spice oil and oleoresins. Chinas market share is around 20 percent but it is increasing its production to occupy a prominent place in chilli market of the world. Indian production this year is low due to climatic disturbances and over the past few years it remained constant. However Chinas chilli producers came up with fluctuations in production. But their exports increased by around three times during a period of 2002 to 2004. However Indian chilli doesn't enjoy any price advantage when compared to China.

#### Turmeric Prices Decline in Major Markets

Turmeric prices declined in both major spot markets. Turmeric at Nizamabad market continued to trade bearish. The inflow of fresh crop is increasing and around 2900 bags reached market and all were sold. This comprised of 400 bags of fresh crop. Also fresh turmeric has moisture of around 5 percent. The demand for turmeric is moderate for both Finger and Gattah variety. The carry over stock of turmeric across the country is high and crop expectation

this year is more. Turmeric prices in Erode market remained steady today. Inflow was of around 2000 bags comprising of 200 bags of fresh turmeric. Each bag contains 70 Kgs of turmeric. The demand and arrivals of turmeric is expected to improve next week. The prices may remain steady to weak in coming days on increased supplies and improved demand.

#### Indian Spice & Spice Product Exports Figures

India's export of Spice and Spice product for the year 2003-04 was of 254382 tonnes which increased by around 35 percent next year at 335488 tonnes, fetching dollar earning for the country worth 490.60 million. The current years spice and spice products export so far is upto 244666 tonnes.

#### Union Government: To Impose Restriction on Import of Pepper

Indian government is planning to impose a ceiling on pepper imports from Srilanka. This ceiling will be under comprehensive economic promotion agreement (CEPA) between India and Srilanka. The tariff is to be imposed with an intention to prevent imports in India at cheaper rates and to protect Indian domestic pepper trade. The tariff rate is to be decided in a month's time.

### Domestic Prices For the week ending 21.01.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (21.01.06)	Price (RS/KG) For The Week (14.01.06 )	Last Month (RS/KG)Same Week (24.12.05)	Last Year Same Week (RS/KG) (22.1.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	67.67	68.70	73.60	69.20
Cardamom	(Small) Ungraded	Vandanmettu	198.77	212.21	223.32	334.97
Cardamom	Cardamom (large)	Gangtok	93.75	96.25	98.13	81.25
Chilli	Non -cold storage	Guntur	17.00	17.00	18.00	29.50
	Cold storage		24.51	26.00	29.00	30.00
Ginger	Unbleached (new)	Cochin	64.17	62.50	81	97.50
Turmeric	Alleppey finger (AFT)	Cochin	47.50	49.00	50.00	45.00
	Rajapuri	Mumbai	54.50	54.50	55.50	55.25
	Duggirala	Mumbai	27.50	27.63	28.50	28.25
Coriander	Indori 5%	Mumbai	22.50	22.50	22.75	20.13
Cumin	4%	Mumbai	64.38	64.38	64.38	67.75
Clove	Grade 1	Cochin,	235.00	235.00	225.00	300.00
		Nagarcoil	245.00	245.00	245.00	250.00
Cinnamon		Delhi	51.00	51.00	51.00	49.50

## International Spot Prices for the week ending 20.01.2006:

Spice	Origin/Grade	Market	Price For The Week (20.01.06)(US\$/TON)	Price For The Week (13.01.06) (US\$/TON)	Last Month Same Week (23.12.05) (US\$/TON)	Last Year Same Week (21.01.06) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	1720	1720	1720	1610
Cardamom * (small)	Fancy green Indian Asta (8 mm)	New York	8820	8820	8820	8820
		Saudi Arabia	7980	7870	7830	11200
Chillies	Indian sannm-4 (stem less)	New York	1477	1477	1477	1300
Ginger	India cochin	New York	3418	3418	3418	3308
	Chinese peeled	New York	2866	2866	2977	3197
Turmeric	Indian ground India Alleppey finger	New York	1213	1213	1213	1213
			2051	2051	2051	1985
Garlic	Chinese	New York	2756	2756	2756	1566
Coriander	Canada	New York	772	772	772	772
Cumin	Syrian India	New York	1808	1808	1808	2029
			2315	2315	2315	2073
Fennel	Indian (Asta) Egyptian	New York	1521	1521	1521	1279
			1367	1367	1.367	1300
Fenugreek	India/turkey	New York	750	750	750	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	3814	3814	3748	4079
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon (soft bark)	New York	5733	5733	5292	4630

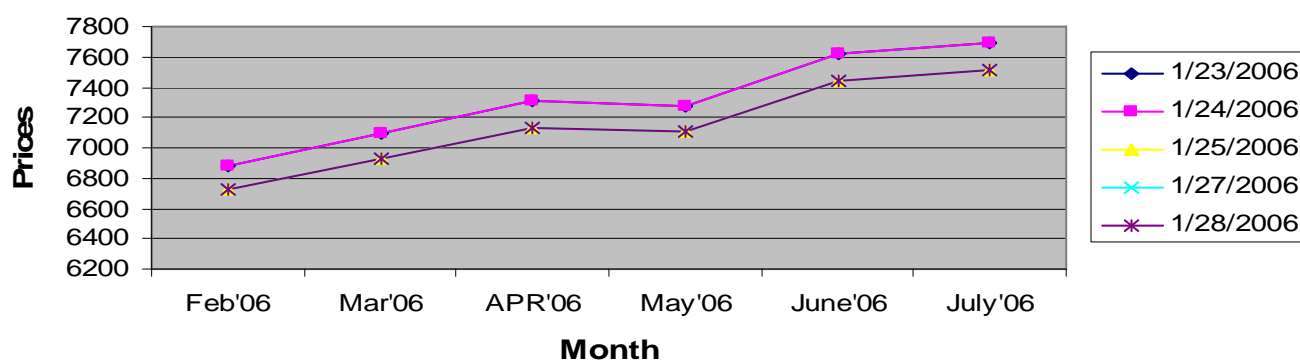
## Market Analysis:

### Pepper:

#### A Brief Weekly Fundamental Analysis of IPSTA Pepper Futures Trading

The graph below is presenting the closing prices for different contract months at the IPSTA in the week. Prices showed steady to bearish trend throughout the week for almost all the contracts. In February and March contract prices remained steady on first two days of the week and then declined in all the contracts. The prices would most likely to move steady to firm sentiments in coming days.

## IPSTA Futures Weekly Price Trend



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

Pepper	1/23/2006	1/24/2006	1/25/2006	1/26/2006	1/27/2006	1/28/2006
Ungarbled	6400	6400	6350	closed	6300	6300
Garbled	6800	6800	6750	closed	6700	6700

The prices of both Garbled and Ungarbled declined during the week by Rs 100 per quintal. The decline in prices was due to release of heavy stock of pepper by stockiest in North India. Another reason for lower prices was price disparity of Indian pepper as against that offered by other major exporting countries. This was further pushed down by spread of news of poor quality of pepper being in the stock of some big commodity exchanges of India and Fresh arrivals from some parts of Kerala and Karnataka increasing the supply in market. Traders are expecting demand may increase in coming days. In coming week market may see steady to firm sentiments in prices.

### Delhi Market

At Delhi market Black Pepper prices remained steady to low during this week due to release of stock of around 2500 tonnes of pepper by some stockists of North India, heavy stocks of inferior quality of pepper with several major commodity exchanges and by reason of lack of Indian pepper in parity with other major pepper exporting nations. The demand for Indian pepper is likely to improve in both domestic and international markets. Another reason is less production expected this year by India and Vietnam. The traders are expecting the prices to be steady to firm in coming days.

	Jan 16-21	Jan 23-28
Golden Unpolished	74	73-74
11.5	85-90	85-88
No. 12	95-100	95-100

Note: Prices are in Rs. Per Kg.

### Turmeric:

Erode mandi: During the week turmeric prices declined by Rs. Rs.100- 150 per quintal as against previous week prices. Average Arrivals of turmeric in Erode were reported between 3000 bags daily during this week. Daily off take was of around 70 percent. According to Trade sources the prices are expected to remain steady to weak and may decline gradually in near future. The fresh crop has started arriving in market and is expected to peak in coming days.

	Jan 16-21	Jan 23-28
Loose Finger	2500 - 2650	2400-2450
Bilty	2700-2850	2600-2650
Loose Gattah	2500-2550	2400
Bilty	2700-2750	2550
Loose SP Gattah	2600-2700	2600
Bilty	2900	2800
Loose DP Gattah (Salem)	-	2800
Bilty	-	3000

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

### Nizamabad Mandi:

Turmeric prices at Nizamabad market during the week declined sharply for both the grades. The decline in prices was observed mainly due to increased arrivals as harvesting season of turmeric is in progress and is likely to peak in coming days. The demand for fresh turmeric is more due to color and aroma in it. The carry over stock is high and thus increasing the supply. The Daily arrivals and off take of fresh crop was of 2000-4000 bags in Nizamabad and of old was of 400-500 bags. The supply is expected to increase in coming days resulting in weak prices.

	Jan 16-21	Jan 23-28
Nizamabad Gattah (old)	2325-2425	2000-2350
Nizamabad Gattah (New)	NR	1850-2300
Nizamabad Finger(old)	2425-2550	2225-2400
Nizamabad Finger(New)	NR	1900-2250

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

Delhi Mandi:

The Prices at Delhi market remained weak for almost all the grades of turmeric. However for Warangal polish prices remained steady. The prices declined on increasing arrivals at major turmeric markets. The demand for turmeric remained low. The, talks of sufficient stock coupled with increased arrivals and weak demand kept prices low. The prices are expected to be steady to weak in coming week.

	Jan 16-21	Jan 23-28
Nizamabad finger	3000	3000-2900
E.Finger mini Selam	3500	3500-3300
E. Single polish Gattah	3000	3000-2800
E. Double polish Gattah	3500	3500-3300
Warangal polish	3000	3000
Selam Finger	4000	4000-3900

Note: Prices are in Rs/ Qtl.

**Clove:**

Delhi mandi:

Delhi clove market witnessed high activity as prices elevated for all the grades during the week. The demand for cloves was high in anticipation of rise in prices in future time. Traders and stockists started holding the stock as the crop in Srilanka is less by around 25 percent and in Indonesia and Zanzibar less by 40 - 50 percent. The crop in Srilanka arrives in February month. The demand for cloves increased due to negligible imports from Nepal. Traders are expecting improvement in prices in coming weeks following the low production reports from the origin countries and increase in demand.

	Jan 16-21	Jan 23-28
Indonesia	210-212	210-240
Ketan	215	215-245
Colombo	188	188-225
Madagascar	190	190-225
Zanzibar	215	215-245

Note: Prices are in Rs/Kg

**Cumin:**

Unjha Mandi:

Cumin prices at Unjha market remained weak during the week. Sowing of jeera in Gujarat and Rajasthan region is complete and in Rajasthan it is 1.5 times of the previous year. Minute arrivals of jeera crop have started coming in

the market and the crop arrivals are expected to increase in the first week of February month and peak in March month. The climate for jeera crop remained suitable. The demand for jeera is improving and the prices are expected to remain steady to weak in coming week.

	Jan 16-21	Jan 23-28
Kisan Mal-FAQ	1100-1280	1070 - 1250
Ganesh	1180-1300	1160 - 1200
M/c. Cleaned	1250-1550	1175-1300
Sup. M/c. Cleaned	1400-1650	N.A.

Note: Prices are in Rs/20 Kg

**Red Chillies:**

Guntur Mandi. :

Red Chilli prices at Guntur Chilli Market remained steady to firm in different grades. The demand for chilli was moderate throughout the week. The fresh crop has started coming in the markets and may peak in February month. According to market sources the crop this year is less by around 40 - 50 percent. The chilli prices are expected to decline slightly and then remain firm in coming days.

Grades	Jan 16-21	Jan 23-28
COLD	2000-2950	2600-2900
WHB	2400-2650	2500-2650
Guntur Fullcut	4000-4200	4000-4250
Phatki	1100-1200	1100-1200
Tejaseed	3000-3100	NA

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

Delhi Mandi:

Chilli prices remained high this week for most of the grades. The demand for Chili was good as traders are expecting a rise in prices in coming days on reduced crop this year. According to market sources the crop is likely to be less by around 40 percent this season. The carry over stock is high. The prices for chilli are expected to trade steady to firm in coming days.

	Jan 16-21	Jan 23-28
Guntur Pala	3000	3000-3200
Guntur Fullcut	4000	4000-4500
Guntur Packing (new)	3300-3500	3300-3600
Nagpur Pala	2700-2900	2700-2900
Nagpur Fullcut	3400-3500	3400-3700
Nagpur Packing	4000	3200-3400

Note: Prices are in Rs/Qtl

## Cardamom:

### Delhi Mandi

Cardamom prices for most of the varieties remained steady to low this week. The quality of cardamom in Guatemala is inferior to that of India. In India the crop outflow this year is more and most of the major markets in Karnataka witnessed heavy inflow of Cardamom. Cardamom prices are expected decline on increased arrivals in coming days.

	Jan 16-21	Jan 23-28
Panwali	195-205	195-200
Colour Robin	195-205	195-200
C Bold 6.5mm	210-230	205-225
Extra Bold 7mm	230-250	225-250
Ex Bold 7.5mm	325-350	320-350
Handpicked	440-480	440-480

Note: Prices are in Rs/kg

### Technical Analysis:

Commodity: Black Pepper

Exchange:

Contract Month: February 2006

Candlesticks are showing bullish opening is likely followed by weakness in market but thereafter the prices may witness a slight bounce back. Stochastic oscillator is in neutral region and is likely to recover slightly. MACD is in oversold region. The prices may remain bearish and

## Coriander:

### Delhi Mandi

Coriander prices at Delhi market remained steady this week. The demand for coriander is steady to low. In the coming week prices may remain steady. The demand will improve once the coriander seed crop starts coming in the market.

Coriander Grade	Jan 16-21	Jan 23-28
FAQ (Chalu)	2500-2600	2500-2600
Medium	2800-3300	2800-3300
Green	3200-3600	3200-3600
Extra Green	3600-4500	3600-4500

Note: Rate Per Quintal

NCDEX

thereafter improve by midweek and may end slightly low by the weekend.



Recommendation: The prices most likely may open bullish and then may then be bearish however slight firmness can be seen during the week. The prices would be in the range of 6855 - 6506 in this week.

## Commodity: Turmeric

Exchange: NCDEX

Contract Month: April 2006

Candlesticks showing bullish sentiments and stochastic oscillator is in oversold region, MACD is in negative region. The prices are expected to trade firm in the beginning of the week and may observe slight technical correction by late

trading hours of Thursday or on Friday and thereafter may end bearish at the weekend. The Prices are expected to move range bound from steady to firm in the beginning.



Recommendation: Go for very Short term as well as intra day buying near support levels in the week and intra

day selling near resistance levels. The prices would be in the range of 2182 - 2001 this week.

## Commodity: Cumin (Jeera)

Exchange: NCDEX

Contract Month: February 2006

Most of the indicators are showing bullish sentiment in the market. Stochastic oscillator has taken bullish crossover and is moving towards neutral region. Moving averages are

showing bearish sentiments to prevail. MACD is in negative zone.



Recommendation: Go for Long positions on short term and intra day basis in the beginning of the week. Thereafter prices may decline and one can take short position on initial

price decline. At the weekend the prices may end slightly low. Prices may move in the range of 5460 -5460 in this week.

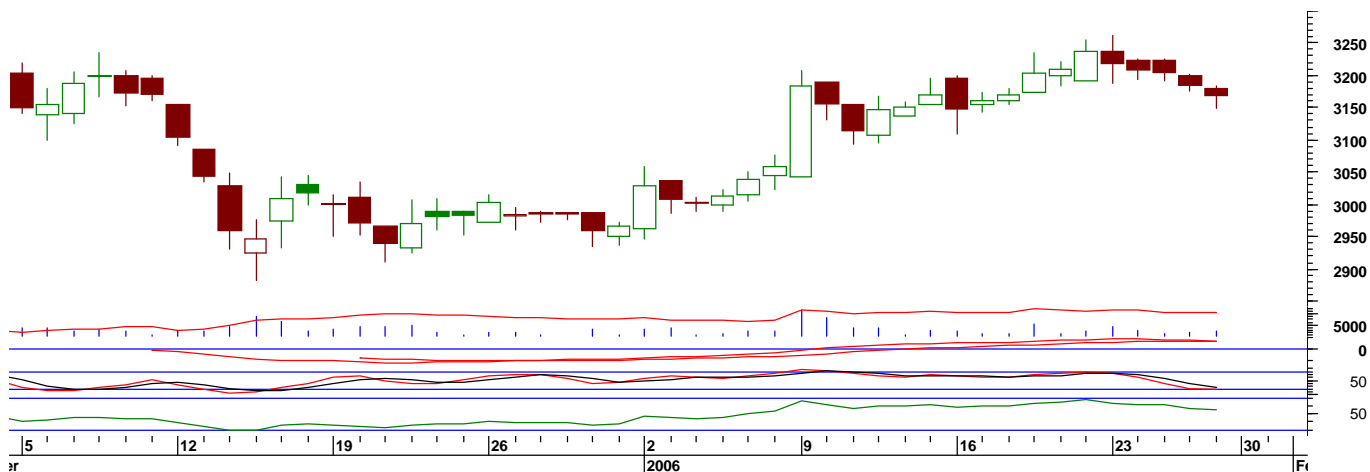
Commodity: Red Chili

Exchange: NCDEX

Contract Month: March 2006

Candlesticks showing bearish sentiments. The prices may trade bearish during the week however at the end of the week prices may witness slight correction. Stochastic

Oscillator is in oversold region. MACD has made a bearish crossover in positive zone.



Recommendation: The prices are most likely to move on lower side in the beginning of the week and thereafter may improve slightly by the end of the week. Market would move in the range of 3274 - 3076 in this week.

#### WEATHER WATCH (As on 29.01.06)

#### ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

##### Weather Outlook

Yesterday's western disturbance continues to persist over J&K and adjoining hilly regions. It is likely to move away in eastward direction in next 24 Hrs. With its movement in eastward direction, the ongoing snowfall/ rainfall activity over J&K, H.P. and Uttaranchal is likely to reduce in next 24 Hrs. Cold wave conditions continued to prevail over parts of Marathwada and Telangana. Predictions suggest rise in both day and night temperatures by about 3-4 degC over most parts of Central and Northwest India during next 3-4 days leading the temperatures towards normal over the said regions. A fresh Western Disturbance is likely to affect NW India on 1 and 2 February, 2006. It may cause scattered snowfall/rainfall over the hilly region of NW India during the above period.

#### NORTH & NORTH NORTHWEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Scattered to fairly widespread snowfall/rains are likely over J&K and H.P.; scattered rainfall/snowfall over Uttaranchal during 24 hours. Thereafter, J&K and H.P. are likely to receive scattered snowfall/rains during 1-2 February 2006 too.

#### EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

The region is likely to experience mainly dry weather during next 5 days.

#### CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

#### SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Mainly dry weather over the entire region except isolated rains over Kerala in next 24 Hrs. and over south coastal Tamilnadu during 1-2 February.

#### WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Mainly dry weather is expected to prevail. Temperatures are likely to become normal and above during next 4 days.

Source: GOI (NCMRWF& IMD)

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