

SPICES

February 13- February 18, 2006

Overview:

- **MCX Allows Cardamom Futures Trading**
- **Lower Stocks Underpin Fennel Prices**
- **CMC Instructed to Discontinue Cardamom Auctions**
- **China Gaining Ground in Global Chilli Market**

News Highlights

MCX Allows Cardamom Futures Trading

The Multi Commodity Exchange of India Ltd. (MCX) this Monday launched trading of Cardamom futures. At present the cardamom futures are also traded at National Multi-Commodity Exchange (NMCEX). MCX is to begin Cardamom futures trading from 16 th of February 2006. The duration of the contract will be of 5 months. The contract expiry will be on 15th of the contract month. The contract specification includes an initial margin of 7 % and the lot size would be 100 Kgs. The maximum order size will be of 5000 Kgs. The tick size is of 10 paise per kg with a Daily price range (DPR) of 6%. The delivery of the commodity can be obtained from the warehouse of Kerala State Warehousing Corporation located at Vandanmedu in Idukki district of Kerala. This place has the best-suited climatic conditions required for proper storage of cardamom. The exchange will trade 7 mm grade and above Aleppey Green Extra Bold (AGEB) grade with a litre weight of 400 gms and above. MCX expects cardamom futures to be an effective tool for price risk management as it may facilitate traders to decide where to sell their produce. This would make it possible for them to observe price differences at various auction centers and at MCX.

Lower Stocks Underpin Fennel Prices

Fennel prices are skyrocketing these days on delayed crop and lower stocks. The prices are almost double as compared to its normal range during this period. Generally the fennel prices hovers around Rs 800 per bag (20kg). But this year fennel prices caught fire on lower stocks and it touched Rs 1300 per bag levels in Unjha market. Carryover stock of fennel this year is mere 0.25 lakh quintals, and as the crop has delayed this year due to winter. India consumes about 4 lakh quintals of fennels annually. Last year fennel production was near 3 lakh quintals and carryover stock was 1.25 lakh quintals, this left only 25000 quintals of stock after consumption. However, production of fennel this year is expected to match our consumption level of 4 lakh quintals, thanks to increased acreage this year. The acreage of the fennel seed has increased by 1.5 times

as compared to previous year. The main producing areas in Gujarat are Abu road, Visnagar, Banaskantha, Surendra nagar district, Sabarkantha and Kheda. Crop condition in these areas is good, though some damage is reported in Visnagar area. Harvesting season is nearing and some arrivals of fresh crop can be seen in March. Market may then witness some cooling in prices from March onwards when the arrivals of fresh fennel seeds will start, which will see peak of around 600 tonnes in April. Prices are likely to come down to its usual levels by then, provided the conditions remains normal for the harvest of the crop. As production is expected to be high this year some export to countries like Europe, America and Gulf countries is expected.

CMC Instructed to Discontinue Cardamom Auctions

The Cardamom Marketing Corporation of Vandanmedu in Kerala's Idukki district has been directed by the Spices board to discontinue cardamom auctions. The Board was compelled to do so as it found the corporation in some serious financial crisis due to mismanagement and diversion of funds. No auction of cardamom was evident during the past few weeks. The crisis occurred on non - reimbursement of public deposits worth Rs. 120 crores.

China Gaining Ground in Global Chilli Market

China is fast becoming a competitor to India's dominance of the global chilli market. Currently India has a 45 percent market share and china has a 20 percent share. However the position is fast changing with India struggling to maintain its position - production that has remained constant in recent years may decline this year due to climatic disturbances. Against this, china is rapidly increasing its production - its exports trebled between 2002 and 2004. Also Indian chilli has little price advantage over chilli from China.

Domestic Prices For the week ending 11.02.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (11.02..06)	Price (RS/KG) For The Week (04.02.06)	Last Month (RS/KG)Same Week (14.01.06)	Last Year Same Week (RS/KG) (12.02.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	67.50	67.50	68.70	64.67
Cardamom	(Small) Ungraded	Vandanmettu	209.76	202.49	212.21	331.62
Cardamom	Cardamom (large)	Gangtok	96.75	93.75	96.25	71.25
Chilli	Non -cold storage	Guntur	27.00	26.80	17.00	27.20
	Cold storage		26.75	27.20	26.00	28.30
Ginger	Best	Cochin	60.00	61.52	62.50	94.17
	Medium	Cochin	50.00	50.42	55.00	90.50
Turmeric	Alleppey finger (AFT)	Cochin	47.50	47.50	49.00	47.00
	Rajapuri	Mumbai	55.50	54.25	54.50	50.50
	Duggirala	Mumbai	25.75	26.00	27.63	28.25
Coriander	Indori 5%	Mumbai	21.88	22.13	22.50	18.88
	Kanpuri M/C	Mumbai	22.38	22.00	23.50	22.00
Cumin	1%	Mumbai	64.50	67.50	67.50	71.63
	4%	Mumbai	59.38	61.88	64.38	68.13
Clove	Grade 1	Cochin, Nagarcoil	235.00	235.00	235.00	270.00
			245.00	250.00	240.00	240.00
Cinnamon		Delhi	50.00	51.00	51.00	49.50

International Spot Prices for the week ending 11.02.2006:

Spice	Origin/Grade	Market	Price For The Week (10.02.06) (US\$/TON)	Price For The Week (03.02. 06) (US\$/TON)	Last Month Same Week (13.01.06) (US\$/TON)	Last Year Same Week (11.02.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	1720	1720	1720	1610
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian 7mm bold	Saudi Arabia	8000	8010	7870	11730
Chillies	Indian sannm-4 (stem less)	New York	1477	1477	1477	1300
Ginger	India cochin	New York	3418	3418	3418	3263
	Chinese peeled	New York	2646	2646	2866	3197
Turmeric	Indian ground India	New York	1213	1213	1213	1213
	Alleppey finger		2051	2051	2051	1985
Garlic	Chinese	New York	2756	2756	2756	1566
Coriander	Canada	New York	772	772	772	816
Cumin	Syrian	New York	1808	1808	1808	1985
	India		2205	2315	2315	2073
Fennel	Indian (Asta)	New York	1521	1521	1521	1279
	Egyptian		1367	1367	1.367	1300

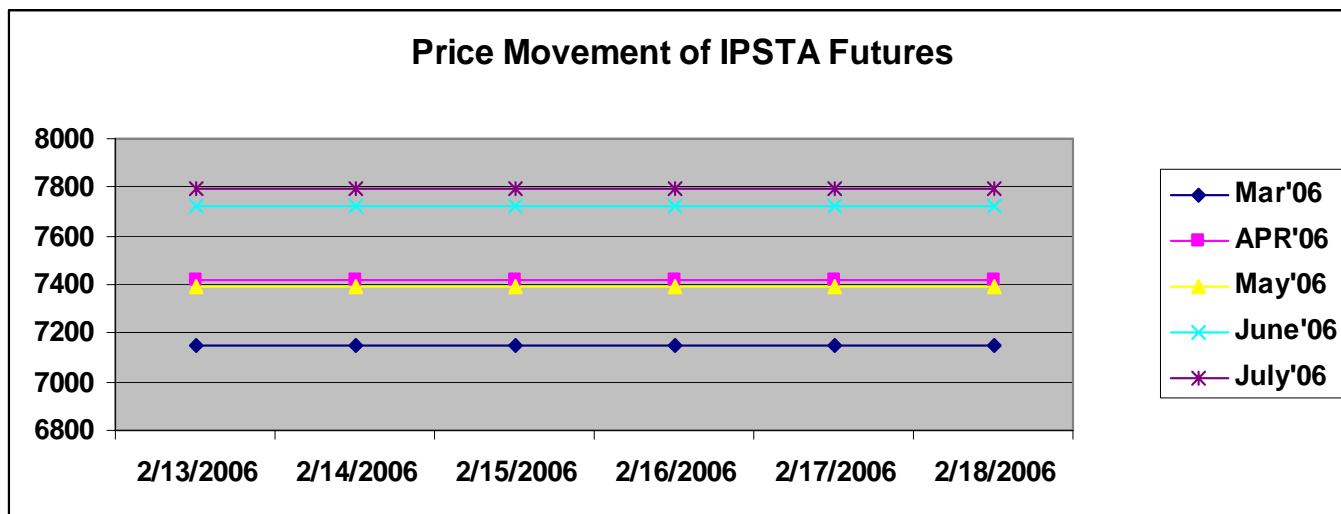
Fenugreek	India/turkey	New York	750	750	750	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	4520	4299	3814	4123
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon (soft bark)	New York	5843	5843	5733	4630

Market Analysis:

Pepper:

A Brief Weekly Fundamental Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for different contract months at the IPSTA during the week. Prices followed spot market sentiments and remained steady throughout the week. The prices would most likely to move with steady sentiments in coming days.



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

Pepper	2/13/2006	2/14/2006	2/15/2006	2/16/2006	2/17/2006	2/18/2006
Ungarbled	6550	6550	6550	6550	6550	6550
Garbled	6950	6950	6950	6950	6950	6950

The prices of both Garbled and Ungarbled in the beginning of the week remained steady throughout this week, as producers are not coming up with their crop at current prices. The demand for black pepper is high and traders and producers are anticipating the prices to move up this year. The anticipation of further rise in prices in future coupled with strong holding capacity of farmers is not letting the market to see any arrivals. Another reason of holding back stocks is the government of India's intentions to impose a cap on imports from Srilanka. The carry over stock of Srilanka this year is reported to be less however in the recent years its major share of exports were made to India. Traders are expecting demand may increase in coming days. In coming week market may see steady to range bound movement in prices.

Delhi Market

Black Pepper prices at Delhi Mandi remained steady to firm during this week due to increased demand and low arrivals at Kochi and other major spot markets as farmers were unwilling to sell their produce as they fetched good prices from rubber and coffee crops this year thus their holding capacity is strong this year. This buying was also the

outcome of news of government's intentions to restrict the imports of black pepper from Srilanka. The traders are expecting the prices to be steady to firm in coming days.

	Jan 06-Jan11	Jan 13- Jan 18
Golden Unpolished	75-77	79
11.5	85-90	90
No. 12	95-100	100

Note: Prices are in Rs. Per Kg.

Turmeric:

Erode Mandi: During the week turmeric prices remained steady to slightly firm and increased by Rs. 50- 100. Arrivals of turmeric in Erode were reported between 6500-9000 bags daily during this week. The demand improved resulting in a daily average off take of around 75 to 80 percent. The price increase was due to demand for turmeric from Jammu, Delhi, Punjab and Bihar. The demand is likely to continue. The prices are expected to be steady to slightly firm if demand continues. The fresh crop has started arriving in market and is expected to peak in March.

	Jan 06-Jan11	Jan 13-Jan 18
Loose Finger	2400-2500	2400-2550
Bilty	2600-2650	2600-2650
Loose Gattah	2300-2450	2400-2500
Bilty	2500-2600	2600-2550
Loose SP Gattah	2500- 2550	2500-2600
Bilty	2700	2750
Loose DP Gattah (Salem)	2900	N.A.
Bilty	3100	N.A.

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

Nizamabad Mandi:

Turmeric prices at Nizamabad market during the week improved for both the grades. The recovery in prices was observed mainly due to increased demand from North India ahead of Shivratri festival. The Daily arrivals and off take of fresh crop on an average ranged from 3000 - 4000 bags of 90 Kg each. However on Monday market witnessed arrivals of 10000 bags but the demand was quite high thus maintaining the stability in prices. The prices are expected to remain steady and in the peak time may however decline.

	Jan 06-Jan11	Jan 13-Jan 18
Nizamabad Gattah (New)	1950-2120	2050-2200
Nizamabad Finger (New)	2150-2530	2350 - 2400

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

Delhi Mandi:

Turmeric prices at Delhi market remained steady throughout the week. The demand for turmeric was visible in the market however increased supply maintained the earlier price levels in the market. The prices are expected to be steady in the coming week.

	Jan 06-Jan11	Jan 13-Jan 18
Nizamabad finger	2675	2675
E.Finger mini Selam	3200	3200
E. Single polish Gattah	2800	2800
E. Double polish Gattah	3200	3200
Warangal polish	N.A.	N.A.
Selam Finger	3800	3800

Note: Prices are in Rs/ Qtl.

Clove:

Delhi mandi:

Clove at Delhi market traded range bound throughout the week for all the grades. The crop in Srilanka is less by around 25 percent and in Indonesia and Zanzibar less by 40 - 50 percent. India is the importer of Clove and with lower production the prices are expected to improve in coming days. Traders are expecting prices to remain steady to slightly firm in the coming days.

	Jan 06-Jan11	Jan 13-Jan 18
Indonesia	265	255-275
Ketan	270	260-280
Colombo	235	225-245
Madagascar	235	225-245
Zanzibar	270	260-280

Note: Prices are in Rs/Kg

Cumin:

Unjha Mandi:

Cumin prices at Unjha market traded almost steady during the past week. Crop expectation this year is high and acreage in Rajasthan and Gujarat has increased. Fresh Jeera crop has started arriving in the market and is increasing day by day. Fresh crop arrivals this week increased from 3000 - 4000 bags to 6000 - 9000 bags of 55 Kg each. The crop arrivals are expected to peak in March and April month. The demand for jeera is moderate and with increase in arrivals the prices are expected to remain steady to slightly weak in coming week.

	Jan 06-Jan11	Jan 13-Jan 18
Kisan Mal-FAQ (old)	1200-950	950-1200
Kisan Mal-FAQ (New)	1300-1100	1130-1300
Ganesh	1200	1150-1200
M/c. Cleaned	1220-1350	1150-1400

Note: Prices are in Rs/20 Kg

Red Chillies:

Guntur Mandi. :

Red Chilli prices for different grades at Guntur Chilli Market remained steady to firm. The demand for chilli was high during the week. The fresh crop has started coming in the markets and may peak in by March end to April month. The average daily arrivals during this period were of 20000 - 30000 bags from cold storages and 4000-7000 bags of fresh chilli. According to trading sources Srilanka is buying chilli from India and the domestic demand is also high. Grinders from Uttar Pradesh, Madhya Pradesh, Gujarat, Maharashtra and Calcutta are the major buyers. The crop this year is less by around 40 - 50 percent. The chilli prices are expected to remain steady to slightly firm in coming days.

Grades	Jan 06-Jan11	Jan 13-Jan 18
COLD (LCA334)	2500-2700	2500-2800
WHB	2400-2600	2400-2700

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

Delhi Mandi:

Chilli prices traded in Delhi market remained firm for most of the grades. The demand for Chili was high as traders are expecting prices may increase in future. According to market sources the supply figures this year are less as the crop is likely to be less by around 40 percent this season and the carry over stock is high. The traders are expecting a rise in prices on reduced crop this year. However in the short term due to increase in arrivals the prices for chilli are expected to trade steady in next few days.

	Jan 06-Jan11	Jan 13-Jan 18
Guntur Pala	3000-3200	3000-3400
Guntur Fullcut	4000-4700	4600-4800
Guntur Packing (new)	2500-3600	3800-3900
Nagpur Pala	3000-3200	3200-3300
Nagpur Fullcut	3000-3500	3600-3900
Nagpur Packing	3200-3500	3400-3800

Note: Prices are in Rs/Qt

Cardamom:

Delhi mandi

Cardamom prices for most of the varieties remained steady this week. The demand for Cardamom was moderate. The quality of cardamom in Guatemala is inferior to that of India this may encourage Indian market. However 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 to remain steady in coming days.

	Jan 06-Jan11	Jan 13-Jan 18
Panwali	195-200	195-200
Colour Robin	195-205	195-205
C Bold 6.5mm	210-225	210-225
Extra Bold 7mm	230-250	230-250
Ex Bold 7.5mm	325-350	325-350
Handpicked	440-480	440-480

Note: Prices are in Rs/kg

Coriander:

Delhi Mandi

Coriander prices at Delhi market remained steady this week. Coriander seed crop has started arriving in the primary markets as harvesting in Bihar and Uttar Pradesh is under progress. The demand for coriander is steady to low. The prices of Coriander during the week may remain low.

Coriander Grade	Jan 06-Jan11	Jan 13-Jan 18
FAQ (Chalu)	2500-2600	2500-2600
Medium	2800-3000	2800-3000
Green	3200-3600	3200-3600
Extra Green	3600-4500	3600-4500

Note: Rate Per Quintal

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: March 2006

Candlesticks are showing bullish sentiments. Stochastic oscillator is in neutral region. MACD is in negative territory.

MA is indicating bullishness. The prices may remain bullish during the week and by the weekend may observe slight correction in prices.



Recommendation: The contract may most likely be bullish so go for Long positions. The prices would be in the range of 7278 - 6886 in this week.

Commodity: Turmeric**Exchange: NCDEX****Contract Month: April 2006**

Candlesticks are reflecting indecision and stochastic oscillator is in normal region likely to observe a bullish crossover, MACD is in negative region. Moving averages

are indicating bearishness. The Prices are expected to be firm in the beginning and then may end bearish by the weekend.

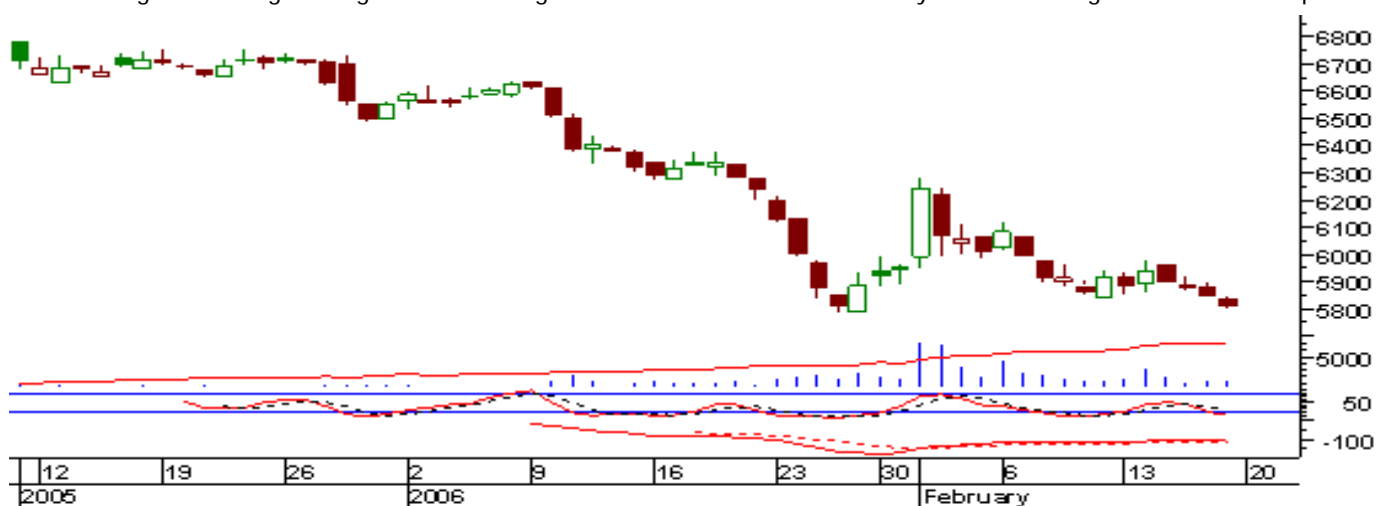


Recommendation: Go short at higher levels. The prices would be in the range of 2169 - 2084 this week.

Commodity: Cumin (Jeera)**Exchange: NCDEX****Contract Month: March 2006**

Candlesticks are reflecting bearish sentiments. MACD is in negative zone. Stochastic oscillator has just entered a oversold region. Moving averages are showing bearish

sentiments to prevail. The prices may move bearish in the beginning of the week and see new lows and by the end of the week may witness slight bounce in prices.



Recommendation: Go for Long positions on short term and intra day basis at price dips. Prices may move in the range of 5970 - 5692 in this week

Commodity: Red Chili**Exchange: NCDEX****Contract Month: March 2006**

Candlesticks are showing bullish sentiments. The prices may trade bullish during the week. Stochastic Oscillator is in neutral region. MACD is in positive zone. Moving

Averages are indicating bullishness in prices. The prices are most likely expected to move bullish.



Recommendation: The prices are most likely to move on higher side during the week Go for Long position at dips. The Market is most likely expected to move in the range of 3300 - 3135 in this week.

WEATHER WATCH (As on 20.02.06)**ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS****Weather Outlook**

Baring J&K, Himachal Pradesh, Uttaranchal and plains of NW India (Punjab, Haryana), where isolated to scattered rain/snowfall activity is observed under the influence a western disturbance, almost entire country is experiencing mainly dry weather conditions. Prediction suggests that by and large such a situation may continue for another 3-4 days. Isolated thunderstorm activity is also likely over Northeastern states, sub-Himalayan West Bengal & Sikkim during next couple of days. Most parts of country continue to witness warmer than normal day and night temperatures for past 2 weeks. During past 24 hours, day temperatures were 6- 8°C above normal over Himachal Pradesh, Uttaranchal and parts of north Rajasthan whereas they were 4-6°C above normal over rest Rajasthan, Gangetic Plains and central India. The prediction suggests that there could be slight fall in day temperatures in NW India during next 1-2 days, no large change is expected over rest of the places. Night temperatures were also 6-8°C above normal over west Rajasthan and 4- 6°C above normal over rest Rajasthan, Gangetic Plains, Central India and Northeastern state, during past 24 hours. No large change in the situation is likely during next 3-4 days.

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

Isolated to scattered rain/snowfall is likely in J&K and Himachal Pradesh and Uttaranchal during next 24-48 hours. Another pulse of disturbed weather is expected to affect hilly region beginning from 23rd Feb.

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

Northeastern states and Sub-Himalayan West Bengal may receive isolated rains/thundershowers during next 1-2 days. Mainly dry weather is likely over rest regions. Slight fall in day temperatures is likely in NE States during next 2 days.

**CENTRAL I INDIA INDIA [MP,
CHATTISGARH, VIDARBHA]**

Mainly dry weather is likely to prevail during the week.

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

Andaman & Nicobar Islands may receive isolated rain/thundershowers during next 2 days. Mainly dry weather is likely to prevail over remaining areas during next 4-days.

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

Mainly dry weather is expected to prevail.

Source: GOI (NCMRWF& IMD)

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