

SPICES

January 30- February 4, 2006

Overview:

- **Burmese Turmeric is Challenging Indian Haldi**
- **NCDEX: Jeera Prices Shoots Up on Relief Rally**
- **Jeera & Fennel Output Expected High this Year**
- **Indian Spices Gains Popularity on Quality**

News Highlights:

Burmese Turmeric is Challenging Indian Haldi

India is one of the largest producers of Turmeric in world and the country consumes about 80% of its production. India produces around 4-5 lakh tonnes of turmeric in a year. The country is a dominant player in the global market as far as turmeric export is concerned. The export during last three years has increased gradually from 32400 MT in 2002-03 to 43000 MT in 2004-05. But, we are going to see some challenges from the Burmese curry powder in the global market as producers in Burma start offering crops for some of the world's cheapest prices. Turmeric is becoming popular among growers in Burma due to the low production costs and huge global demand. As the production fell about 30% last year due to poor levels of rainfall, the prices skyrocketed, making the Burmese cheaper turmeric attractive in the international market. However, as the production is expected to be good (around 5.5-6.0 lakh tonnes) this year, our Haldi will be competitive enough on the price front to cope with any challenges ahead. Proving the same, we have exported 37.5 lakh tonnes of Haldi during April - December.

NCDEX: Jeera Prices Shoots Up on Relief Rally

Jeera prices at NCDEX futures market surged due to relief rally and profit booking. The February contract opened Rs. 13 up at Rs. 5720 as against yesterday's close of 5707. The prices touched a high of 6008 today and settled at Rs. 5971. At Unjha market jeera traded slightly firm to range bound today. Arrivals were of around 1200 bags and around 3500-4000 bags were sold today. Traders are expecting arrivals to increase by 5000 bags in coming days. The Demand from North India is moderate and expected to improve in coming days. The demand for old jeera is low. The crop is in seed formation stage and climate is suitable for its growth. The fresh crop may come in market after 15 - 20 days. The prices at spot markets are expected to remain steady to range bound in coming days.

Jeera & Fennel Output Expected High this Year

Jeera (Cumin seed) production this year is expected to be more this year as against last year as acreage this year has increased. Gujarat the leading producer of jeera in the country is likely to come up with 1.54 lakh tonnes this year. Rajasthan may come up with around 1.00 lakh tonnes of jeera. The supply side has more weight, as carry over stock is also high at around 38500 tonnes. Fennel seed acreage increased this year and there are no carryover stocks. The production this year is expected to be of around 41500 tonnes.

Indian Spices Gains Popularity on Quality

Indian spice is becoming popular among the importers these days due to its good quality. Recovering from the 'Sudan red 1' issue some time back, the Indian spice has extended its global reach. India had exported around 3.35 lakh tonnes of spices and spice products valued at over Rs 2,000 crore during 2004-05, It was more than 30% increase in volume when compared to the export to the tune of 2.5 lakh tonnes in the previous year. In terms of dollar earnings, the export during 2004-05 was near \$490 million as against \$415 million (approx) in the previous year. Still we are exporting only 8% of our produce. During the current financial year, we are keeping our export alive and have exported spices and spice products to the tune of 244,666 tonnes valued at Rs 1,676 crore. Despite good performance on the export front, some quality issues are still there to take care of, in order to increase the market share of the Indian spices in the global markets. In order to cope with the quality issues like Sudan Red 1, the Spices Board has now made mandatory checks for every consignment of chillies that leaves the Indian shore to get certification for quality. The board also has a scheme to financially support organic farmers of spices and help them with certification and marketing. Both the producers and the consumers should be aware of quality norms so that testing could be minimized.

Domestic Prices For the week ending 28.01.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (28.01..06)	Price (RS/KG) For The Week (21.01.06)	Last Month (RS/KG)Same Week (31.12.05)	Last Year Same Week (RS/KG) (29.1.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	67.50	67.67	71.00	68.33
Cardamom	(Small) Ungraded	Vandanmettu	207.39	198.22	222.71	322.59
Cardamom	Cardamom (large)	Gangtok	93.75	93.75	100	81.25
Chilli	Non -cold storage	Guntur	26.25	25.38	16.60	29.50
	Cold storage		27.75	24.51	28.00	31.50
Ginger	Best	Cochin	65.00	64.17	70.42	91.25
	Medium	Cochin	52.50	53.75	60.00	81.25
Turmeric	Alleppey finger (AFT)	Cochin	47.50	47.50	50.00	45.00
	Rajapuri	Mumbai	54.25	54.50	55.50	55.25
	Duggirala	Mumbai	26.50	27.50	28.13	28.00
Coriander	Indori 5%	Mumbai	22.13	22.50	22.75	21.00
	Kanpuri M/C	Mumbai	22.50	23.50	23.50	21.25
Cumin	1%	Mumbai	65.88	67.50	68.75	71.38
	4%	Mumbai	59.38	64.38	64.38	67.75
Clove	Grade 1	Cochin, Nagarcoil	235.00	235.00	230.83	300.00
			250.00	245.00	240.00	250.00
Cinnamon		Delhi	51.00	51.00	51.00	49.50

International Spot Prices for the week ending 27.01.2006:

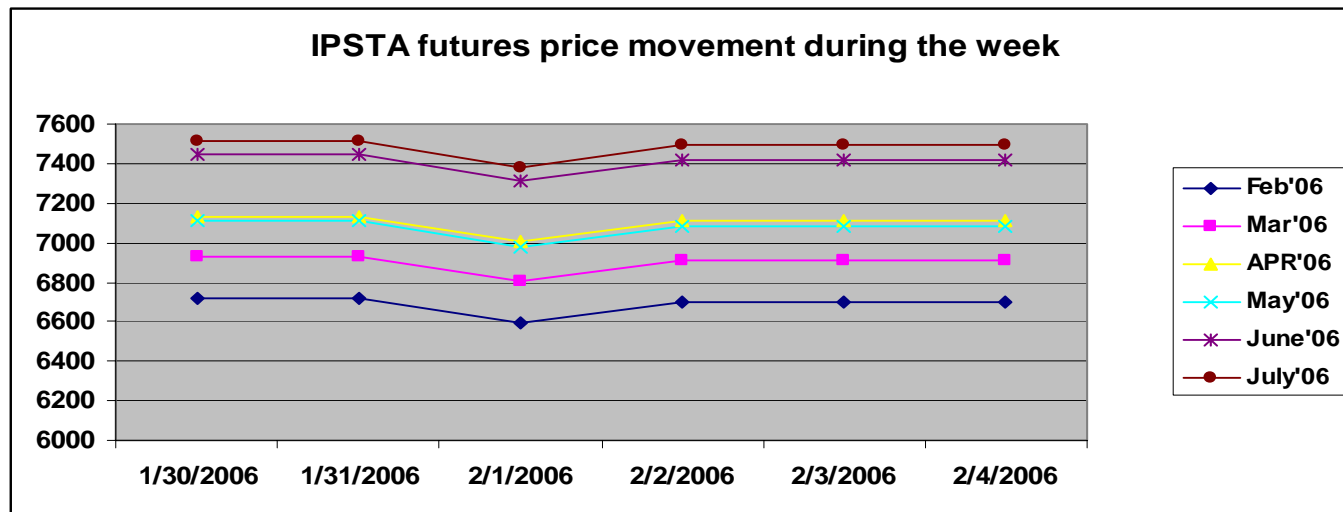
Spice	Origin/Grade	Market	Price For The Week (27.01.06) (US\$/TON)	Price For The Week (20.01. 05) (US\$/TON)	Last Month Same Week (30.12.05) (US\$/TON)	Last Year Same Week (27.01.05) (US\$/TON)
Black pepper	Malabargarbled (mg-1)	New York	1720	1720	1720	1610
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
		Saudi Arabia	7980	7880	7840	11450
Chillies	Indian 7mm bold	New York	1477	1477	1477	1300
	Indian sannm-4 (stem less)					
Ginger	India cochin	New York	3418	3418	3418	3308
Turmeric	Chinese peeled	New York	2866	2866	2866	3197
	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	772
Cumin	Syrian	New York	1808	1808	1830	2029
	India		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	7122
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 slightly bearish trend in the middle of the week for almost all the contracts. The prices would most likely to move steady to firm sentiments in coming days.



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

Pepper	1/30/2006	2/2/2006	2/3/2006	2/4/2006	2/5/2006	2/6/2006
Ungarbled	6300	6400	6350	6350	6400	6500
Garbled	6700	6800	6750	6750	6800	6800

The prices of both Garbled and Ungarbled fluctuated during the week in the range of Rs 50-100 per quintal. The prices improved on Markfed's decision of release of its stock of pepper. Vietnam's crop this year is expected to be short and is expected to hit the market by April first week also the carry over stock of Srilanka this year are reported to be less. Traders are expecting demand may increase in coming days as exporters are making trade enquiries. In coming week market may see steady to firm sentiments in prices.

Delhi Market

Black Pepper prices at Delhi Mandi remained steady to firm during this week due to 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. 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 23-28	Jan 30-Feb04
Golden Unpolished	73-74	72-77
11.5	85-88	85-90
No. 12	95-100	95-100

Note: Prices are in Rs. Per Kg.

Turmeric:

Erode Mandi: During the week turmeric prices remained steady to weak and fluctuated by Rs. 50- 100. Average Arrivals of turmeric in Erode were reported between 4000 - 6000 bags daily during this week. Daily off take on an average 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 March.

	Jan 23-28	Jan 30-Feb04
Loose Finger	2400-2450	2400-2450
Bilty	2600-2650	2600-2650
Loose Gattah	2400	2300-2400
Bilty	2550	2500-2550
Loose SP Gattah	2600	2500
Bilty	2800	2700
Loose DP Gattah (Salem)	2800	2900
Bilty	3000	3100

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 as prices had

declined to very lower rates. By Monday old stock was completely depleted and only new crop arrived throughout the week. 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 on an average ranged from 4000 - 9000 bags of 90 Kg each. The supply is expected to increase in coming days resulting in weak prices.

	Jan 23-28	Jan 30-Feb04
Nizamabad Gattah (old)	2000-2350	2000-2200
Nizamabad Gattah (New)	1850-2300	1900-2090
Nizamabad Finger(old)	2225-2400	2400
Nizamabad Finger(New)	1900-2250	2000-2500

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

Delhi Mandi:

The Prices at Delhi market remained weak following a decline in prices in other major markets for almost all the grades of turmeric. 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 23-28	Jan 30-Feb04
Nizamabad finger	3000-2900	2700
E.Finger mini Selam	3500-3300	3200
E. Single polish Gattah	3000-2800	2850
E. Double polish Gattah	3500-3300	3200
Warangal polish	3000	N.A.
Selam Finger	4000-3900	3800

Note: Prices are in Rs/ Qtl.

Clove:

Delhi mandi:

The prices at Delhi clove market elevated for all the grades during the week. Traders are buying in anticipation of rise in prices in future time. The crop in Srilanka is less by around 25 percent and in Indonesia and Zanzibar less by 40 - 50 percent. Traders are expecting improvement in prices in coming weeks following the low production reports from the origin countries and increase in demand.

	Jan 23-28	Jan 30-Feb04
Indonesia	210-240	220-270
Ketan	215-245	230-275
Colombo	188-225	200-235
Madagascar	190-225	210-235
Zanzibar	215-245	235-275

Note: Prices are in Rs/Kg

Cumin:

Unjha Mandi:

Cumin prices at Unjha market remained firm during the week. Acreage in Rajasthan is 1.5 times of the previous year. Fresh Jeera crop have started coming in the market and the crop arrivals are expected to increase after mid February 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 slightly weak in coming week.

	Jan 23-28	Jan 30-Feb04
Kisan Mal-FAQ	1070 - 1250	1235-1365
Ganesh	1160 - 1200	1160-1200
M/c. Cleaned	1175-1300	1310-1515

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 23-28	Jan 30-Feb04
COLD (LCA334)	2600-2900	2500-2700
WHB	2500-2650	2400-2600
Guntur Fullcut	4000-4250	N.A.
Phatki	1100-1200	N.A.

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

Delhi Mandi:

Chilli prices traded firm 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. The demand from grinders and Srilanka is coming up. 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 23-28	Jan 30-Feb04
Guntur Pala	3000-3200	3000-3200
Guntur Fullcut	4000-4500	4000-4800
Guntur Packing (new)	3300-3600	3500-3800
Nagpur Pala	2700-2900	2800-3000
Nagpur Fullcut	3400-3700	3400-3600
Nagpur Packing	3200-3400	3000-3400

Note: Prices are in Rs/Qt

Cardamom:

Delhi mandi

Cardamom prices for most of the varieties remained steady 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. The demand for Cardamom is steady to low. Cardamom prices are expected to remain steady in coming days.

	Jan 23-28	Jan 30-Feb04
Panwali	195-200	195-200
Colour Robin	195-200	195-200
C Bold 6.5mm	205-225	205-225
Extra Bold 7mm	225-250	225-250
Ex Bold 7.5mm	320-350	320-350
Handpicked	440-480	440-450

Note: Prices are in Rs/kg

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 to low. Coriander seed crop starts coming in the market by mid February thus increasing the supply.

Coriander Grade	Jan 23-28	Jan 30-Feb04
FAQ (Chalu)	2500-2600	2500-2600
Medium	2800-3300	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: February 2006

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

territory. RSI is positive and 9 days and 18 days MA are indicating bullishness. The prices may remain bullish throughout the week with slight correction likely in mid week.



Recommendation: The prices most likely may open bullish and then may then may see slight correction and again be firm. The prices would be in the range of 7354 - 6876 in this week.

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

Candlesticks showing bearish sentiments and stochastic oscillator is in neutral region, MACD is in negative region. RSI is giving bearish signal. Moving averages are indicating

bullishness. The Prices are expected to move range bound from steady to firm in the beginning.

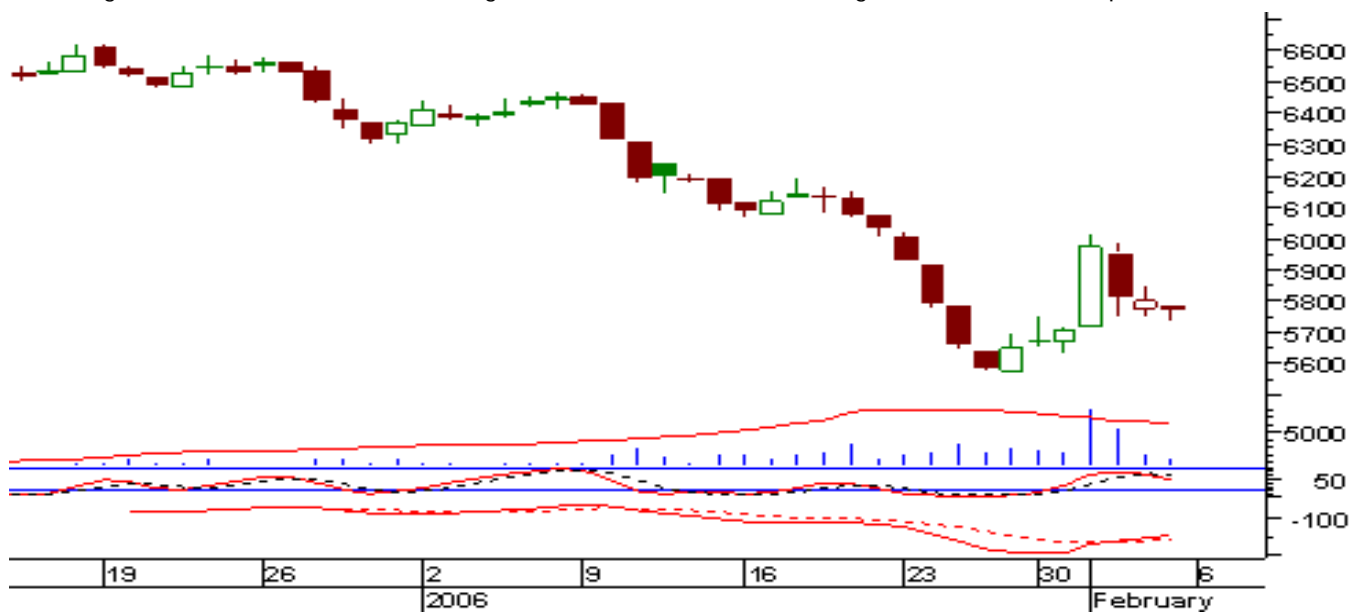


Recommendation: Go short at higher levels. The prices would be in the range of 2171 - 2050 this week.

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

Candlesticks are reflecting slightly firm sentiments. MACD is in negative zone and RSI is indicating bearishness

Stochastic oscillator is in neutral region. Moving averages are showing bearish sentiments to prevail.



Recommendation: Go for Long positions on short term and intra day basis at price dips. Prices may move in the range of 5900 - 6297 in this week.

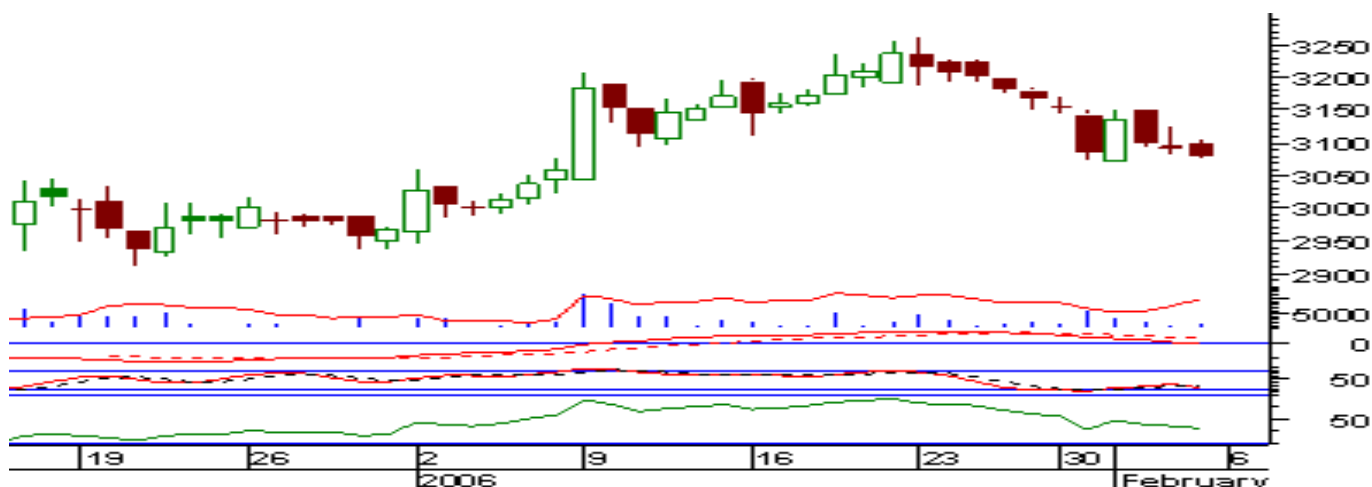
Commodity: Red Chili

Exchange: NCDEX

Contract Month: March 2006

Candlesticks are showing bearish sentiments. The prices may trade bearish during the week. Stochastic Oscillator is

in neutral region and moving towards oversold region. MACD is in positive zone.



Recommendation: The prices are most likely to move on lower side during the week. However slight recovery can be seen as correction in prices by midweek. The Market would move in the range of 3112 - 2990 in this week.

WEATHER WATCH (As on 05.02.06)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Weather Outlook

Most parts of the country except parts of NE states and south peninsular India are experiencing mainly dry weather conditions. Such a situation may continue for another 3-4 days. Most parts of the country continue to witness above normal day and night temperatures. The predictions suggest fall in night temperature over North and Central India during next 24 hours. Northeastern parts of the country may also experience fall in day and night temperatures during next 2 days. A weak western disturbance is likely approach NW India by 7th February which may cause isolated rainfall/snowfall in hilly region of NW India. Under its influence, there could be slight rise in night temperatures over NW India beginning from 7th February, 2006.

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

Night temperatures are expected to fall by 1-2 deg C during next 24 hours. Another western disturbance is likely to approach NW India by 7th Feb., 2006 causing isolated rain/snowfall in hilly region beginning from 7th Feb.

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 except isolated rains in Arunachal Pradesh, Assam, Sub-Himalayan West Bengal & Sikkim during next 24 hours. The region may experience fall in day and night temperatures during next 2 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail. Slight fall (1-2 Deg C) in night temperature is expected during next 24 hours.

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

South Tamilnadu is likely to receive isolated rain during next 24 hours. Remaining parts may experience mainly dry weather condition.

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

Mainly dry weather is expected to prevail. Night temperatures are likely to fall by 1-2 deg C during next 2 days.

Source: GOI (NCMRWF& IMD)

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.