



# Commodities Weekly

*The Best Commodities Coverage in India*

SPICES

April 17 - April 22, 2006

## Overview:

- [Chilli: The Prices Taking Breather to March Ahead](#)
- [Vietnam Pepper Expands Share in Indian Market](#)

## News Highlights:

### Chilli: The Prices Taking Breather to March Ahead

Lower production coupled with loss of quality due to rains are keeping the red chilli prices hot even in the peak arrival season this year. Lower than normal arrivals in the month of Feb and March were observed in the largest chilli market Guntur and thus there is still a lot of air left in the cold storages waiting for red-hot chillies. Though the prices have fallen to some extent in the recent time they are still up as compared to normal levels this time around. The chilli prices have seen a quantum jump of Rs 1100-1200 during the last couple of months. The prices of Guntur Pala surged to 4000-4200 during this period from the earlier Rs 2800-3300 per quintal. Though Guntur market is witnessing arrivals of around 1-lakh bags these days, the prices are not feeling much pressure of these arrivals and are steady instead of falling. As the production is expected to be lower by 35-40% this year and quality of some produce have deteriorated by rains, there is little chance for the prices to fall sharply. According to market sources the total production in the current season is estimated at 5.5 lakh tonne as compared to the record 12-lakh tonnes last year. Some bearish tone is oozing out of export market as there would some setback to chilli export this season since export market is not favorable as it was in last fiscal. During 2004-2005, India exported 1, 38, 000 tonne of chilli valued at Rs 499.01 crore, a record. However, due to higher prices of Indian chilli this year as compared to other major producing countries like China, Mexico and Peru, importers are likely to deviate from Indian market. China is expected to produce bumper crop this year, whereas Peru and Mexico have normal crop. Thus

export are not expected to pick momentum this year as it did in the last fiscal since other countries might offer chilli at much cheaper price tag. However, the equation is still in favour of higher chilli prices despite lower expected export this year. As expected production of 5.5 lakh tonnes is far below the country's own consumption to the tune of 6.5-7.0 lakh tonnes, some short fall in export might not be sufficient to calm down the prices. Experts feel that although there would be a slight fall at the current stage, market will have a turning point next month and it might pick up once the season is over, but the stock level will decide the price line.

### Vietnam Pepper Expands Share in Indian Market

The exports data released by Vietnam Pepper Association revealed Vietnamese pepper exports to India were maximum among the total exports made by it during the period March 1'2006 to April 9'2006. Vietnam exported a total of 18996 tonnes of pepper that comprised of 2168 tonnes of white pepper. Vietnam had a share of around 60 percent in the total worlds pepper exports for March month. The reason behind this was most of the other major pepper exporting nations offered their produce at higher prices than Vietnam. On comparing Indian pepper prices and Vietnam ASTA currently a difference of around \$360 tonnes is visible. As the pepper is available at lower prices Indian oil and oleoresin producers imports it to further process and re export and earn greater profits. Vietnam is quoting at the lowest at \$1340 and India is offering at \$1700 per tonne.

### Domestic Prices For the week ending 15.04.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (15.04..06)	Price (RS/KG) For The Week (08.04.06 )	Last Month (RS/KG)Same Week (18.03.06)	Last Year Same Week (RS/KG) (16.04.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	71.88	71.50	71.50	68.00
Cardamom	(Small Auction Price ) Ungraded	Thekkady	193. 62	200.46	187.03	290.78
Cardamom	Cardamom (large Bada Dana)	Gangtok	96.25	100.00	100.00	70.00
Chilli	Non -cold storage	Guntur	34.33	34.50	34.50	21.67
Ginger	Best	Cochin	47.00	47.00	47.00	110.00
	Medium	Cochin	37.00	37.00	37.00	100.00
Turmeric	Alleppey finger (AFT)	Cochin	47.50	47.50	47.50	50.00
	Rajapuri	Mumbai	54.50	55.50	55.50	49.25
	Duggirala	Mumbai	24.75	26.75	26.75	24.88
Coriander	Indori 5%	Mumbai	29.00	30.00	30.00	18.63
	Kanpuri M/C	Mumbai	30.00	31.00	31.00	20.75
Cumin	1%	Mumbai	60.00	60.00	60.00	73.75
	4%	Mumbai	55.63	55.63	55.63	66.88
Clove	Grade 1	Cochin, Nagarcoil	285.00	285.00	285.00	215.00
			255.00	275.00	270.00	230.00
Cinnamon		Delhi	50.00	50.00	50.00	48.50

Source: Spices Board

### International Spot Prices for the week ending 14.04.2006:

Spice	Origin/Grade	Market	Price For The Week (13.04.06) (US\$/TON)	Price For The Week (07.04. 06) (US\$/TON)	Last Month Same Week (17.03.06) (US\$/TON)	Last Year Same Week (15.04.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	1720	1720	1720	1654
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian 7mm bold	Saudi Arabia	7750	7950	7720	10830
Chillies	Indian sannm-4 (stem less)	New York	1654	1610	1610	1257
Ginger	India cochin	New York	2381	2381	2536	3528
	Chinese peeled	New York	1985	1985	2072	3197
Turmeric	Indian ground India Alleppey finger	New York	NIL	NIL	1213	1213
			1852	1852	NIL	1985
Garlic	Chinese	New York	2866	2845	2756	1610

Coriander	Canada	New York	772	772	772	772
Cumin	Syrian India	New York	1764	1764	1764	1830
			1808	1808	1808	2073
Fennel	Indian (Asta) Egyptian	New York	1698	1698	1742	1279
			1610	1610	1610	1300
Fenugreek	India/turkey	New York	750	750	750	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	4740	4740	4740	4123
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon (soft bark)	New York	5843	5843	5843	4630

Source: Spices Board

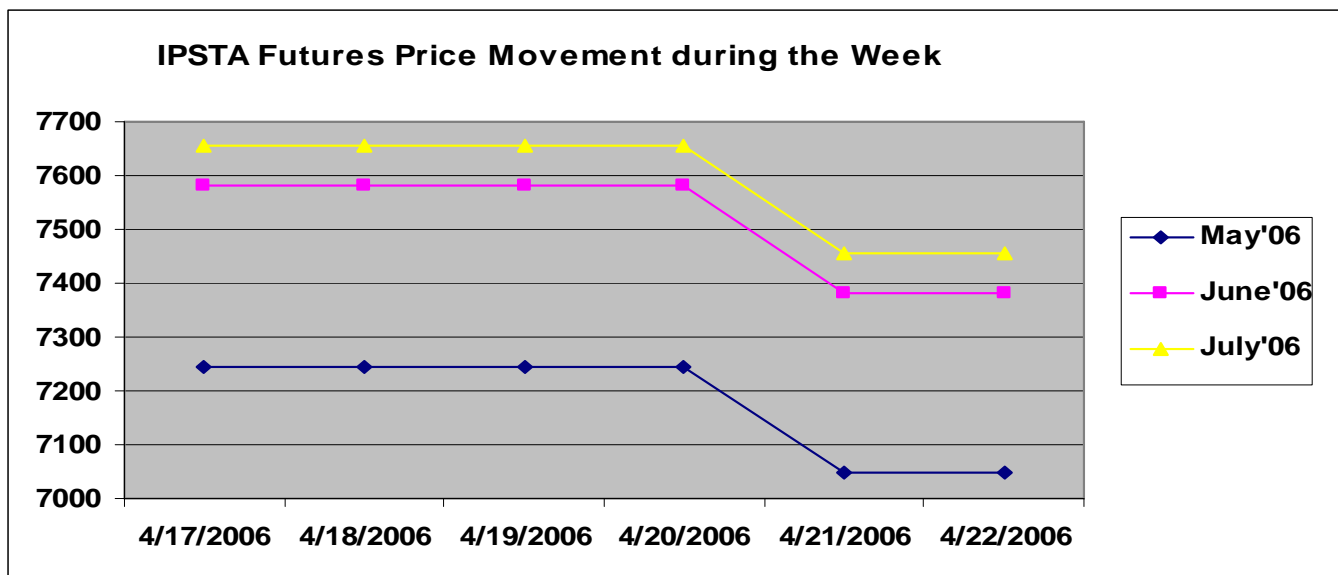
### Market Analysis:

Pepper:

### Kochi Market:

#### 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 remained almost steady throughout the week with a slight decline by the weekend. The prices would most likely to continue to move steady to range bound in coming days.



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

Pepper	4/17/2006	4/18/2006	4/19/2006	4/20/2006	4/21/2006	4/22/2006
Ungarbled	6750	6750	6800	6800	6750	6750
Garbled	7150	7150	7200	7200	7150	7150

The prices of both Garbled and Ungarbled grades remained mostly steady during the whole week. The total arrivals and off take during the week were of 11 tonnes. The prices remained steady, as the market is still indecisive on lack of any fresh news. Most of the EOU's and SEZ are still not allowed with any extension of Export subsidy. The harvesting in Vietnam and Karnataka crop are at their Peak. The issue of higher Indian prices in the absence of subsidy to EOUs and SEZ's are still keeping country's pepper prices higher in comparison with its other major competitors. The market might see mixed sentiments in the near term and some buying reports from Multi National Companies also came in. The traders are expecting some export demand likely to be seen in coming days and further extension of subsidy to EOU's and SEZ's might give a boost to the pepper prices. The market is eyeing on talks in The India Srilanka Comprehensive Economic Partnership Agreement (CEPA) to be held in Colombo. The talk is expected to discuss certain controversial issues, of which shipments of pepper will be an important matter of discussion. According to trading sources the crop is less by around 50 percent this year. In the coming week market may steady to range bound movement in prices.

#### Delhi Market

Black Pepper prices at Delhi Mandi remained mixed this week. The market is indecisive on demand supply uncertainties. The traders are expecting the pepper prices to show mixed sentiments and move range bound in coming days.

	April 10 - April 15	April 17 - April 22
Golden Unpolished	77 - 78	75 - 78
11.5	85 - 90	85 - 90
No. 12	100 - 105	100 - 105

Note: Prices are in Rs. per Kg.

#### Turmeric:

##### Erode Mandi:

At Erode market the prices of turmeric this week continued to improve on high demand and reduced arrivals due to rains. The arrivals were on an average in the range of 10000 – 12000 bags. The supply of turmeric is expected to decrease and the demand is likely to shift to other markets of Andhra Pradesh and Maharashtra as the arrivals in that market might increase thereby lowering the prices. At Erode market the prices might remain range bound with bearish undertone.

	April 10 - April 15	April 17 - April 22
Loose Finger	2150 - 2300	2300 - 2400
Bilty	2400 - 2550	2500 - 2600
Loose Gattah	2150 - 2200	2150 - 2250
Bilty	2350 - 2500	2350 - 2550

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

##### Nizamabad Mandi:

Nizamabad market saw steady to slightly low turmeric prices by the end of this week. The fresh crop arrivals in the market are increasing day by day and arrivals during the week were in the range of 25000 – 10000 bags as against previous week's average arrivals of 8000 bags. The demand for turmeric is high and stockists are buying at current prices and export demand is also seen at present. The traders are expecting arrivals will further increase in the market along with a simultaneous increase in demand this might keep the prices of turmeric steady to range bound in the coming days.

	April 10 - April 15	April 17 - April 22
Nizamabad Gattah (New)	1750 - 1900	1675 - 1900
Nizamabad Finger (New)	1900 - 2150	1825 - 2100

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

##### Delhi Mandi:

Turmeric prices for most of the grades at Delhi market remained steady to weak this week. Continuous increase in supply of turmeric along with stable demand resulted in fall in prices. The crop in Warangal and Sangli is arriving in the market and is gaining pace. The prices are expected to continue weak in the coming days.

	April 10 - April 15	April 17 - April 22
Nizamabad finger	2575 - 2625	2450 - 2575
E.Finger mini Selam	2925 - 3000	2875 - 3000
E. Single polish Gattah	2625 - 2675	2475 - 2625
E. Double polish Gattah	2975 - 3000	2875 - 3000
Warangal polish	2550	2425 - 2550
Selam Finger	4000	3950 - 4000

Note: Prices are in Rs/ Qtl.

Clove:

#### Delhi mandi:

Clove at Delhi market traded firm this week for most of the grades. According to market sources the crop in major clove producing region is less this year. Srilanka crop is less by around 25 percent and in Indonesia and Zanzibar less by 40 – 50 percent. India is an importer of Cloves and with lower domestic production the prices are expected to improve in coming days. The prices of cloves are increasing on high demand on fear of less supply and on high demand ahead of marriage season. Traders are expecting prices to remain steady to slightly firm in the coming days.

	April 10 - April 15	April 17 - April 22
Indonesia	270 – 288	285 - 310
Ketan	275 – 293	290 - 315
Colombo	245 – 263	255 - 275
Madagascar	245 – 263	253 – 275
Zanzibar	275 – 293	300 - 330

Note: Prices are in Rs/Kg

Cumin:

#### Unjha Mandi:

Cumin prices at Unjha market remained mixed this week. In the beginning of the week prices declined slightly and then became steady and by the weekend a recovery was seen. The arrivals of jeera are decreasing however Monday market saw increased arrivals of around 15000 - 18000 bags of jeera which by Saturday declined to an average of 10000 bags of 55 Kgs each. According to trading sources exporters and stockists are buying jeera. Export demand is from Singapore and Dubai. The exporters from Mumbai are buying the commodity. Harvesting is almost complete in Gujarat and Rajasthan the arrivals might decrease with high demand for jeera resulting in slight increase in prices.

	April 10 - April 15	April 17 - April 22
Kisan Mal-FAQ (New)	1140 - 1200	1100 - 1200
Ganesh	1120 - 1200	1100 - 1200
M/c. Cleaned	1150 - 1550	1220 - 1450

Note: Prices are in Rs/20 Kg

#### Delhi Mandi:

Cumin prices at Delhi market remained weak for most of the time. Moderate demand coupled with high supply pushed the prices slightly. The prices are expected to be steady to range bound.

	April 10 - April 15	April 17 - April 22
Ganesh New	61.25-61.50	59.50 - 61.50
FAQ	55.25 - 55.50	54.40 - 55.50
M/c. Cleaned	59.25 - 59.50	58.50 - 59..50
M/c Cut	65.25 - 65.50	64.50 - 65.50

Red Chillies:

Guntur Mandi. :

Red Chilli prices for different grades at Guntur Chilli Market continued slightly firm during this week. The prices improved on high demand of stockists and processors from the markets of Delhi, Mumbai, Uttar Pradesh and Rajasthan. According to market sources ITC is purchasing jeera and also export demand from Singapore is also present in the market. The daily average arrivals during this period were in the range of 50000 – 60000 bags as against previous weeks average of 60000 – 80000 bags. According to trading sources chilli crop this year is less by around 40 – 50 percent. With reducing supply and high demand the prices might continue to recover.

Grades	April 10 - April 15	April 17 - April 22
(LCA 334	3300 - 3600	3600 - 3700
(LCA 334)export quality	3700	3700 - 4100

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

#### Delhi Mandi:

Chilli at Delhi market traded at high prices during this week. The prices improved on high demand and reducing supply at growing regions. The demand for chilli is expected to remain high. Therefore the prices are expected to remain be firm for few days.

	April 10 - April 15	April 17 - April 22
Guntur Pala	4400 - 4500	4500 - 4700
Guntur Fullcut	5100 -5200	6100 - 6300
Guntur Packing (new)	4500 – 4600	5000 - 5300
Nagpur Pala	3500 – 3600	4300 - 4500
Nagpur Fullcut	4700 – 3700	4300 - 5700
Nagpur Packing	N.A.	4500 - 4700

Note: Prices are in Rs/QtI

#### Cardamom:

Delhi mandi

Cardamom prices for most of the varieties remained steady this week. The demand for cardamom remained steady and was in parity with supply for most of the time. Thus keeping the prices steady to range bound. According to the trade sources the total production is expected to be of around 14000 - 15000 tonnes as against 12000 tonnes earlier estimated by spices board. In India the crop outflow this is year is more and most of the major markets in Karnataka witnessed heavy inflow of Cardamom. Also the production of cardamom this year is high in other major producing countries like Guatemala, Tanzania, Srilanka, El Salvador, Vietnam, Laos, Cambodia. The prices are at lowest levels in producing centres. Cardamom prices are expected to remain range bound in the coming days.

	April 10 - April 15	April 17 - April 22
Panwali	185 – 190	185 – 190
Colour Robin	185 – 200	185 – 200
C Bold 6.5mm	195 – 215	195 – 215
Extra Bold 7mm	220 – 240	220 – 240
Handpicked	355 – 470	355 – 470

#### Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: May 2006

Candlesticks are reflecting bullish sentiments. Stochastic oscillator is in oversold region. MACD is in negative zone and bearish. Moving averages are

Note: Prices are in Rs/kg

#### Coriander:

Delhi Mandi

The prices of Coriander at Delhi market remained steady to range bound during this week also. The estimates of crop production this year is less and according to trade sources, the quality of the crop has damaged due to rains in major growing areas. Coriander seed crop is arriving in the primary markets as harvesting in Rajasthan, Bihar and Uttar Pradesh is under progress. The prices of Coriander might remain steady to range bound during this week on moderate demand and supply.

Coriander Grade	April 10 - April 15	April 17 - April 22
FAQ (Chalu)	3100 – 3300	3100 – 3300
Medium	3400 – 3500	3400 – 3500
Green	4200 – 4800	4200 – 4800
Extra Green	5000 – 5400	5000 – 5400

Note: Rate Per Quintal



**Recommendation:** Go for short term Long position at lower levels and book profits at short intervals. The prices are most likely to be in the range of 7019 – 7273 in this week.

Commodity: Turmeric

Exchange: NCDEX

Contract Month: May 2006

Candlesticks are reflecting indecision. MACD is in negative region and bearish. Stochastic is in neutral region and is indicating bearishness. Moving

averages are indicating bearish sentiments. The contract might trade bearish during the week.



**Recommendation:** Go for Short position at higher levels. The prices are most likely to be in the range of 2241 – 2154 this week.

Commodity: Cumin (Jeera)

Exchange: NCDEX

Contract Month: May 2006

Candlesticks are reflecting indecision. MACD is in negative zone. Stochastic oscillator is in neutral region. Stochastic oscillator and MACD are indicating

divergence and a trend reversal is likely. Moving Averages are indicating bearishness.



**Recommendation:** Risk Lovers can go for short position and book profits at short intervals however trend reversal is likely. The Prices may move in the range of 5554 – 5858 this week.



Commodity: Red Chilli

Exchange: NCDEX, Contract Month: June 2006

Candlesticks are indicating bullish sentiments.

Stochastic is bearish in overbought region and is

MACD is in negative zone. Moving averages are

indicating bullish sentiments. The prices might improve in the coming week.



**Recommendation:** Go for long position at lower levels. The prices might range between 4915 – 5518 during this week.

#### WEATHER WATCH (As on 22.04.06)

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

##### Weather Outlook:

Most parts of the country are likely to continue experiencing mainly dry weather conditions except south peninsula, north-eastern states where isolated to scattered rain/ thundershowers may continue to occur during next 3-4 days. Hilly regions of NW India viz. J&K and Himachal Pradesh may also experience isolated rains/snowfall during next 24 Hrs. The prediction further suggests for formation of a low pressure system in the south-east Bay of Bengal in \next 24-48 Hrs. North and central India may continue to experience rise in day and night temperatures for next 4-5 days leading the day temperatures over parts of NW and central India above normal by about 3-4 degree C.

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

Isolated rainfall/snowfall is expected over Jammu & Kashmir and Himachal Pradesh during next 24 Hrs. Parts of Punjab and Haryana may experience cloudy conditions during this period.

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

Isolated to scattered rains are expected over Arunachal Pradesh, North Assam and Sub Himalayan West Bengal. Isolated rain/thundershowers are likely over rest areas of the region except East UP and Bihar where mainly dry weather may prevail. Slight increase in rainfall activity is likely over NE States after 23rd April, 2006.

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

Mainly dry weather is likely over the region.

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

The region is likely to experience isolated rainfall activity during next 4-5 days.

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

Mainly dry weather conditions are likely to prevail.

**Source: GOI (NCMRWF& IMD)**

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