

**SPICES**

**April 10 - April 15, 2006**

**Overview:**

- **Government to Release Rs. 2 Crore Transport Subsidy on Pepper**
- **China: Shows Interest in Pepper Market**
- **Spice Board Introduces System to Train Resource Persons**
- **Australia Shows Commercial Interest in Pepper & Chilli**

**News Highlights:**

**Government to Release Rs. 2 Crore-Transport Subsidy on Pepper**

The Centre in consultation with the Spices Board of India has decided to release Rs. 2 Crores for transport subsidy on all pepper exports that were made in the last five months of the year 2005 -06. The subsidy will be released within a week's time. However, this subsidy will be provided only on the exports of pepper of Indian origin made after October 26, 05. During the period of October 27'05 to March 31'06 the total exports made were of 4000 tonnes and the subsidy worth 2 crores will be made available on these exports. The release of this subsidy might provide some relief to Indian pepper exporters who had been facing a financial crunch recently.

**China: Shows Interest in Pepper Market**

China these days is trying to emerge as a major producer of pepper and is planning to expand its share in world pepper production. The country has an annual consumption of around 25,000 tonnes and expects production this year to increase to around 30,500 tonnes. The 2006 Chinese Pepper Forum emphasized on implementation of pepper culture in the country. Other factors that were part of the talks in the forum were introduction of a global pricing system for the commodity, boosting organic cultivation of pepper and ensuring proper packaging and marketing of pepper so as to provide fine quality pepper at affordable prices to the consumers.

**Spice Board Introduces System to Train Resource Persons**

The Spices Board of India has come up with a specially designed scheme for training farm resource persons as an alternative extension mechanism for development of agriculture and rural youths of India. These farm resource persons will be placed in rural communities and will be fully conversant with good agricultural practices. The trainees will serve as a liaison between the Spices Board and the spice exporters. This year the board expects to start three training programmes and has allotted different time schedules for different regions. The first training programme will be held in Kerala during March to May 06, the next states to be covered are Karnataka, Tamilnadu and Andhra Pradesh from August 06 to October 06. The Third training programme is expected to be held from November 06 to January 07 for Northeastern states of India. The training will disburse knowledge of Good Agricultural Practices for various major export oriented spice crops.

**Australia Shows Commercial Interest in Pepper & Chilli:**

Southwest Australia is looking forward to grow chilli and paprika for commercial purpose, as the country aims towards the export of these commodities. A Pepper Extracts Company these days is making trials for production of chilli in southwest region. The company is running similar business in Zimbabwe and is looking at a future for pepper and chilli production in Australia. However there are certain constraints for the company like non-availability of labour and high cost of production in Australia.

### Domestic Prices For the week ending 01.04.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (01.04..06)	Price (RS/KG) For The Week (25.03.06 )	Last Month (RS/KG)Same Week (01.03.06)	Last Year Same Week (RS/KG) (02.04.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	71.17	70.80	73.50	68.05
Cardamom	(Small) Ungraded	Vandanmettu	195.58	196.71	186.94	290.58
Cardamom	Cardamom (large)	Gangtok	100.00	95.00	95.63	68.13
Chilli	Non -cold storage	Guntur	35.00	35.40	33.00	23.75
	Cold storage		NIL	33.60	32.50	NIL
Ginger	Best	Cochin	47.00	48.50	52.50	110.00
	Medium	Cochin	37.00	38.80	42.50	37.00
Turmeric	Alleppey finger (AFT)	Cochin	47.50	47.50	47.50	50.00
	Rajapuri	Mumbai	51.50	51.50	53.50	49.25
	Duggirala	Mumbai	26.75	26.75	25.75	25.00
Coriander	Indori 5%	Mumbai	28.75	28.75	22.75	19.00
	Kanpuri M/C	Mumbai	29.00	29.00	25.50	21.25
Cumin	1%	Mumbai	60.00	60.00	61.25	73.75
	4%	Mumbai	53.75	53.75	56.25	68.13
Clove	Grade 1	Cochin, Nagarcoil	285.00 280.00	285.00 275.00	285.00 270.00	230.00 225.00
Cinnamon		Delhi	50.00	50.00	51.00	52.50

### International Spot Prices for the week ending 24.03.2006:

Spice	Origin/Grade	Market	Price For The Week (24.03.06) (US\$/TON)	Price For The Week (17.03. 06) (US\$/TON)	Last Month Same Week (24.02.06) (US\$/TON)	Last Year Same Week (24.03.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	1720	1720	1720	1676
Cardamom (small)	Guatemala Fancy green	New York	7950	8820	8820	8820
	Indian 7mm bold	Saudi Arabia	7720	7720	8000	10830
Chillies	Indian sannm-4 (stem less)	New York	1654	1610	1477	1257
Ginger	India cochin	New York	2381	2536	3197	3528
	Chinese peeled	New York	1985	2072	2456	3197
Turmeric	Indian ground India	New York	NIL	1213	1213	1213
	Alleppey finger		1852	NIL	2051	1985
Garlic	Chinese	New York	2845	2756	2756	1610
Coriander	Canada	New York	772	772	772	772

Cumin	Syrian India	New York	1764	1764	1808	1940
			1808	1808	2021	2073
Fennel	Indian (Asta) Egyptian	New York	1698	1742	1521	1300
			1610	1610	1477	1300
Fenugreek	India/turkey	New York	750	750	750	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	4740	4740	4851	4123
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon (soft bark)	New York	5843	5843	5843	4630

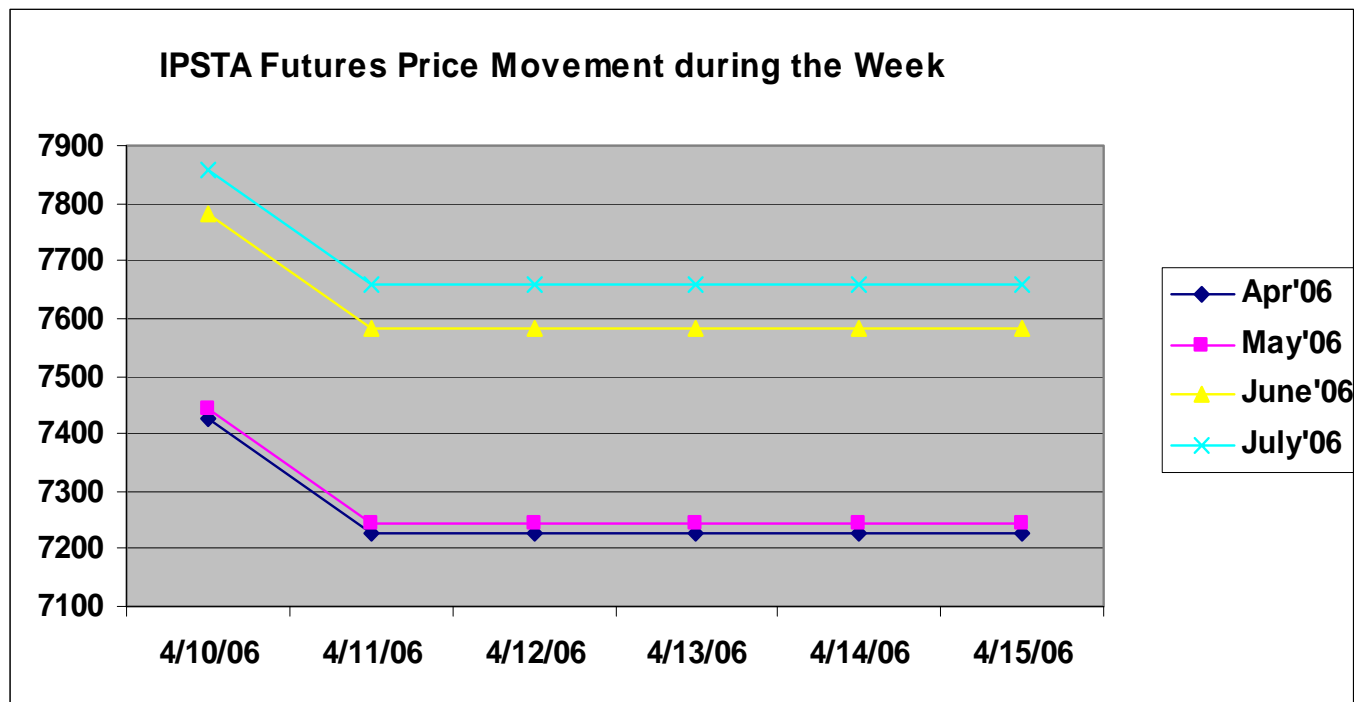
### Market Analysis:

#### 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 slightly bearish at the beginning of the week and thereafter remained steady throughout the week. The prices would most likely to move range bound in coming days.



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

Pepper	4/10/2006	4/11/2006	4/12/2006	4/13/2006	4/14/2006	4/15/2006
Ungarbled	6800	6800	6800	6750	Closed	Closed
Garbled	7200	7200	7200	7150	Closed	Closed

The prices of both Garbled and Ungarbled grades remained steady during the whole week. The prices remained steady on indecision amongst buyers and sellers in the market. The pepper market is still waiting for any vital news to react. The prices did not react much on the centers decision to extend subsidy on exports of black pepper and its value added products made by Indian exporters. The market did not get any strength as most of the EOU's and SEZ are still not allowed with any such extension. The harvesting in Vietnam is now at its peak and in Karnataka crop is still arriving in the market. According to the market sources the government has refunded sales tax to the traders and a part of the subsidy has already been refunded to exporters. The issue of higher Indian prices in absence of subsidy to EOUs and SEZ's are still keeping country's pepper prices higher in comparison with its other major competitors. Also there is news in the market, China is showing keen interest in developing its pepper industry and this year China's pepper crop estimates are higher than its average annual consumption. 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 almost steady to range bound 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 03 - April 08	April 10 - April 15
Golden Unpolished	76 - 80	77 - 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 improved slightly as the market reopened after a series of holidays. The demand for turmeric in the

market did not let the prices fall. The arrivals during the week were in the range of 8000 – 12000 bags that was less than the expectations of traders. The supply of turmeric is expected to increase and prices might decline for few days.

	April 03 - April 08	April 10 - April 15
Loose Finger	Closed	2150 - 2300
Bilty	Closed	2400 - 2550
Loose Gattah	Closed	2150 - 2200
Bilty	Closed	2350 - 2500

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

##### Nizamabad Mandi:

Nizamabad market remained mostly closed this week. However in the beginning of the week some decline in prices was seen. The average arrivals during the week were of around 8000 bags as against previous week's 12000 – 15000 bags. The demand for turmeric is present in the market and the traders are expecting arrivals will further increase in the market and a further fall in prices can be seen.

	April 03 - April 08	April 10 - April 15
Nizamabad Gattah (New)	1900 - 2020	1750 - 1900
Nizamabad Finger (New)	2100 - 2250	1900 - 2150

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

##### Delhi Mandi:

Turmeric prices for most of the grades at Delhi market remained slightly weak this week. The increase in supply of turmeric resulted in slight fall in prices. The crop in Warangal has started arriving in the market and market might continue to see further fresh inflow of Warangal polish grades this week. The prices are expected to remain weak in coming week.

	April 03 - April 08	April 10 - April 15
Nizamabad finger	2750 – 2725	2575 - 2625
E.Finger mini Selam	3100 – 3075	2925 - 3000
E. Single polish Gattah	2800 – 2775	2625 - 2675
E. Double polish Gattah	3100 – 3075	2975 - 3000
Warangal polish	N.A.	2550
Selam Finger	4000	4000

Note: Prices are in Rs/ Qtl.

**Clove:****Delhi mandi:**

Clove prices at Delhi market remained steady to firm 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. Traders are expecting prices to remain steady to slightly firm in the coming days.

	April 03 - April 08	April 10 - April 15
Indonesia	275	270 – 288
Ketan	280	275 – 293
Colombo	250	245 – 263
Madagascar	250	245 – 263
Zanzibar	280	275 – 293

Note: Prices are in Rs/Kg

**Cumin:****Unjha Mandi:**

Cumin prices at Unjha market remained range bound this week. Monday market saw increased arrivals of around 18000 – 19000 bags of jeera and thereafter was in the range of 12000 – 18000 bags of 55 Kgs. The inflow of jeera increased and the demand for jeera is high and daily offtake of the commodity was of around 95 – 100 percent. According to trading sources exporters and stockists are buying jeera. However with increasing arrivals and high demand the prices might be range bound towards a slightly lower side.

	April 03 - April 08	April 10 - April 15
Kisan Mal-FAQ (New)	950 - 1160	1140 - 1200
Ganesh	1125 - 1200	1120 - 1200
M/c. Cleaned	1150 - 1550	1150 - 1550

Note: Prices are in Rs/20 Kg

**Delhi Mandi:**

Cumin prices at Delhi market mostly remained steady to weak this week. The supply of jeera is increasing in major trade centres and thus resulting greater supply in Delhi market also. The prices are expected to be steady to slightly bearish.

	April 03 - April 08	April 10 - April 15
Ganesh New	62 - 61.75	61.25-61.50
FAQ	56 - 55.75	55.25 - 55.50
M/c. Cleaned	59 - 58.75	59.25 - 59.50
M/c Cut	66 - 65.75	65.25 - 65.50

**Red Chillies:****Guntur Mandi. :**

Red Chilli prices for different grades at Guntur Chilli Market traded slightly firms during this week. The prices improved on high demand and stockists demand. The daily arrivals during this period were in the range of 60000 – 80000 bags as against 150000 – 65000 bags previous week. According to trading sources chilli crop this year is less by around 40 – 50 percent. With increasing supply and high demand the prices might be recover.

Grades	April 03 - April 08	April 10 - April 15
(LCA 334	3200 - 3400	3300 - 3600
(LCA 334)	NIL	3700

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

**Delhi Mandi:**

Chilli prices in Delhi market declined during this week. The prices declined following increasing supply at major chilli markets. The demand for chilli remained moderate. The traders are expecting the prices to remain steady to range bound for next few days.

	April 03 - April 08	April 10 - April 15
Guntur Pala	4500	4400 - 4500
Guntur Fullcut	5200 – 5300	5100 -5200
Guntur Packing (new)	4600 – 4700	4500 – 4600
Nagpur Pala	3600 – 3700	3500 – 3600
Nagpur Fullcut	4700 – 3800	4700 – 3700
Nagpur Packing	N.A.	N.A.

Note: Prices are in Rs/Qtl

## Cardamom:

### Delhi mandi

Cardamom prices for most of the varieties continued to trade steady to slightly firm this week also. 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 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. However the demand for cardamom in Delhi market is high. Cardamom prices are expected to remain range bound in the coming days.

	April 03 - April 08	April 10 - April 15
Panwali	180 - 185	185 – 190
Colour Robin	180 - 185	185 – 200
C Bold 6.5mm	190 - 195	195 – 215
Extra Bold 7mm	215 - 220	220 – 240
Handpicked	350 – 405	355 – 470

Note: Prices are in Rs/kg

## Technical Analysis:

**Commodity: Black Pepper**

**Exchange: NCDEX**

**Contract Month: May 2006**

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

## Coriander:

### Delhi Mandi

The prices of Coriander at Delhi market this week also remained steady to range bound. 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 during the week may remain steady to range bound.

Coriander Grade	April 03 - April 08	April 10 - April 15
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

indicating weakness. Black pepper April contract in the beginning of the week might continue to decline and thereafter recover slightly.



**Recommendation:** Go for short position at higher levels. The prices would be in the range of 7108 – 7314 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. Moving averages are indicating bearish

sentiments. The contract might trade bearish during the week. However slight recovery might be seen by the weekend.



**Recommendation:** Go for Short position at higher levels. The prices would be in the range of 2175 – 2244 this week.

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

Candlesticks are reflecting bearish sentiments. MACD is in negative zone. Stochastic oscillator is in

neutral region. The prices may remain bearish during the week.



**Recommendation:** The prices are expected to be bearish go for short position at higher levels. Prices may move in the range of 5747 – 5881 in this week.



**Commodity: Red Chili**

**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 4395 – 4710 during this week.

#### **WEATHER WATCH (As on 15.04.06)**

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

##### **Weather Outlook**

During past 24 hours rainfall has occurred at a few Places over Kerala and isolated Places over Northeastern states Gangetic west Bengal and Chhattisgarh. As predicted, enhanced rain/thundershower activity started in South peninsular India, eastern parts of peninsular and central India from today, under the influence of an easterly wave. Chief amounts of rainfall (in cm) reported during past 24 hours include: Kodikanal- 6, Alleppy -3, Champa, Bankura, and Medikeri- 2 each. Under the influence of an approaching western disturbance, scattered to fairly widespread rain/snow activity likely to commence over Jammu & Kashmir and extend subsequently into Himachal Pradesh and Uttaranchal on 16<sup>th</sup> and 17<sup>th</sup> April, 2006. Adjoining plains of NW India viz. Punjab, Haryana and west Uttar Pradesh are also expected to have isolated rains/ thundershowers during above period. As indicated earlier, due to combined impact of easterly wave affecting southern India and western disturbance affecting NW India and moving eastward, entire south peninsular India (viz. Tamilnadu & Pondicherry, Kerala, Karnataka, and Andhra Pradesh), eastern parts of Central India (viz., East

MP, Vidarbha, Chhattisgarh), East India (East UP, Bihar, Jharkhand, Orissa and West Bengal) and NE States, are likely receive enhanced rainfall and thundershower activity during next 2-3 days. With the result, day temperatures in these areas are likely to fall significantly (by 3-4 deg C) during the above period and rise subsequently.

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

Scattered to fairly widespread rains/snow are likely over J&K, Himachal Pradesh and Uttaranchal during 15-17 April, 2006. Plains of NW India viz. Punjab, Haryana and west Uttar Pradesh are expected to have isolated rains/ thundershowers during the same period.

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

Scattered to fairly widespread rain/thundershowers are likely over NE States and West Bengal & Sikkim during next 3 days. Bihar, Orissa, Jharkhand regions are also expected to receive scattered rains during 16-18 April, 2006.



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

East MP, Chattisgarh and Vidarbha are likely to experience scattered rains and thundershowers during next 48 Hrs. Isolated rains are also likely over West MP.

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

Scattered to fairly widespread rains are likely over most parts of the region viz. Tamilnadu, Kerala,

Andhra Pradesh and Karnataka beginning from 15<sup>th</sup> April till 17<sup>th</sup> April, 2006.

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

Isolated rains are expected in parts of Maharashtra; mainly dry weather may prevail over the rest areas of the region.

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

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