

SPICES

May15 - May20, 2006

Overview:

- Spices Board Increases Efforts to Maintain Quality & Safety Standards
- Export Demand Keeps Jeera Outlook Bright

News Highlights:

Spices Board Increases Efforts to Maintain Quality & Safety Standards

As an outcome of recently held ASTA meeting it was decided that the Commerce Ministry of India and the spices board will meet the European union technical committee for discussing matters relating to standardizing testing methods for adulterants like Sudan red and aflatoxin. The meeting is supposed to be held in the month of June this year. The Spices Board and spice oleoresin exporters would discuss and decide some standards in this regard. The spices board expects that the US and EU together will come to some uniform quality testing and safety standards. The spices board had earlier made pre shipping testing compulsory for red chilli consignments and since then no case of adulterants in Indian consignments was reported. In its efforts to maintain quality and safety standards the board has also decided to commence issuing of spice house certificates.

Export Demand Keeps Jeera Outlook Bright

Better quality and decreased production in Iran and Syria has led to higher export demand for Jeera (cumin). Already 8 – 9 lakh bags have been exported, according to trade sources. Also, distribution passes

through whole sellers in India and Dubai who usually keep over 1000 tonnes each. Apparently, these stocks are coming to an end and there is a rush for new stock. In previous years, there used to be an old stock sale to renew stocks and prices used to come down in these months. Traders say that quality of cumin is better this year. Production in Gujarat is said to be 17 to 18 lakh bags while total production may be in the range of 22 to 24 lakh bags. With carryover stock of 6 to 7 lakh bags, the overall availability for consumption, seed use and export would be 28 to 30 lakh bags. The greater demand has seen jeera prices rising steadily. Seeing this, producers are not in a mood of releasing stock due to further price rise expectations. Arrivals in the main Unjha market have already reduced to 50 percent of the normal average at this time of the year. Prices have witnessed further rise due to speculative activities in the market. Positive notes from the Unjha spot market are keeping the futures market on the upswing as well. The new crop in Syria is beginning to be harvested and is expected to be between 12000 – 15000 tonnes. Cumin is harvested in the beginning of the year in India and in Turkey, Syria and Iran from now to August.

Domestic Prices For the week ending 13.05.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (13.05..06)	Price (RS/KG) For The Week (06.05.06)	Last Month (RS/KG) Same Week (15.04.06)	Last Year Same Week (RS/KG) (14.05.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	69.75	68.25	71.88	64.67
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	203.72	201.02	193.62	294.85
Cardamom	Cardamom (large Bada Dana)	Gangtok	101.25	102.50	96.25	69.00
Chilli	Non -cold storage	Guntur	41.80	41.25	34.33	19.20

Ginger	Best	Cochin	50.00	50.00	47.00	120.00
	Medium	Cochin	39.00	39.00	37.00	100.00
Turmeric	Alleppey finger (AFT)	Cochin	47.50	47.50	47.50	50.00
	Rajapuri	Mumbai	53.50	53.50	54.50	50.50
	Duggirala	Mumbai	26.88	25.38	24.75	24.63
Coriander	Indori 5%	Mumbai	29.75	29.25	29.00	18.38
	Kanpuri M/C	Mumbai	32.50	32.50	30.00	20.75
Cumin	1%	Mumbai	76.88	62.50	60.00	71.25
	4%	Mumbai	69.38	55.63	55.63	66.88
Clove	Grade 1	Cochin,	270.83	255.00	285.00	220.00
		Nagarcoil	400.00	300.00	255.00	235.00
Cinnamon		Delhi	50.00	49.00	50.00	47.50

Source: Spices Board

International Spot Prices for the week ending 13.05.2006:

Spice	Origin/Grade	Market	Price For The Week (12.05.06) (US\$/TON)	Price For The Week (05. 05. 06) (US\$/TON)	Last Month Same Week (14.04.06) (US\$/TON)	Last Year Same Week (13.05.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	1764	1764	1720	1654
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian 7mm bold	Saudi Arabia	7510	7640	7750	10160
Chillies	Indian sannm-4 (stem less)	New York	1830	1742	1654	1213
Ginger	India cochin	New York	2161	2161	2381	3528
	Chinese peeled	New York	1874	1874	1985	3197
Turmeric	India Alleppey finger	New York	1852	1852	1852	1985
Garlic	Chinese	New York	2977	2977	2845	1632
Coriander	Canada	New York	772	772	772	772
Cumin	Syrian	New York	1852	1808	1764	1720
	Indian		1852	1852	1852	1985
Fennel	Indian (Asta)	New York	1742	1698	1698	1411
	Egyptian		1610	1610	1610	1367
Fenugreek	India/turkey	New York	750	750	750	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	4740	4740	4740	3925
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	4630

Source: Spices Board

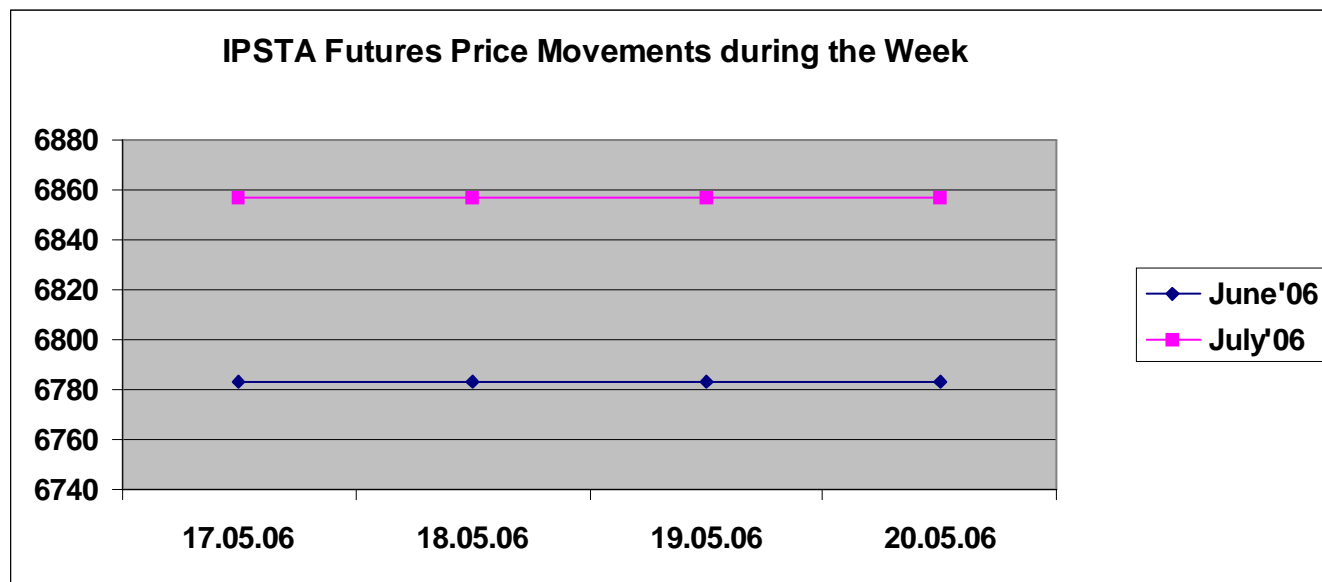
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Fundamental Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for June and July contract months at the IPSTA during the week. Prices remained steady throughout the week. 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	5/15/2006	5/16/2006	5/17/2006	5/18/2006	5/19/2006	5/20/2006
Ungarbled	6650	6650	6650	6600	6650	6650
Garbled	7050	7050	7050	7000	7050	7050

The prices of both Garbled and Ungarbled grades remained steady to range bound during the whole week in absence of any fresh important news that could make the market move. The prices recovered by Rs. 250 per quintal during the week. There were no sellers and buyers in the market during this period and the total trade that took place was of just one Metric tonne. According to trading sources the exchanges still have inferior quality of pepper with them. Vietnam has increased the price of its pepper by \$25 as reported by the trading sources. Also most of the small growers have already sold most of their produce. India has decided to impose a tariff rate quota on import of Black pepper in the country from some of the pepper producing Asean countries. However the ceilings for the same will be decided after a few months of time and the TRQ will be implemented from January month next year. The harvesting of pepper in Karnataka has come to an end and the market has talks of Indian Government to negotiate with Pakistan regarding duty cut or

reduction, on import of black pepper by Pakistan. Presently Pakistan charges 32 percent duty on import of pepper from India and a duty of 5 percent on imports from Vietnam. According to market sources annual intake of Pakistan is about 10000 tonnes. Buyers did not show any interest in the latest Kerela Markfed's auction of pepper, as the prices quoted were very high. The traders are expecting some demand from grinding industry might come in the market. The traders are still worried on lack of any confirmed news in the market and availability of hefty stocks in the country particularly with some major futures exchanges. The uncertainty still prevails in the pepper market due to inferior quality of stock held by some major futures exchanges and on expectations of rise in demand in future. According to pepper trader's change in government in Kerela is another matter of concern for them. The market is still very confused on various unconfirmed news that are trying to make the prices recover. According to trading sources the crop is less by around 50 percent

this year. In the coming week market may see range bound movement in prices.

Delhi Market

Black Pepper prices at Delhi Mandi remained range bound throughout the 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.

	May 08 - May 13	May 15 - May 20
Golden Unpolished	72 – 77.50	74 - 77
11.5	85 - 92	85 - 90
No. 12	91 - 105	95 - 105

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices at Erode market remained firm most of the time due to high demand and less supply. The harvesting is complete and the daily average arrivals have come down to 8000 bags of turmeric. The off take was high during this period and was of around 80 percent. The supply of turmeric is expected to decrease in coming days and the demand is likely to remain moderate. At Erode market the prices of turmeric might continue to remain range bound.

	May 08 - May 13	May 15 - May 20
Loose Finger	2500 - 2600	2475 - 2625
Loose Gattah	2300 - 2450	2400 - 2525

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

Nizamabad Mandi:

Turmeric at Nizamabad market traded mixed with slightly upper side during this week. The arrivals in the market are decreasing and have come down to 4000 – 2500 bags as against past weeks average arrivals of 6000 - 7000 bags. The demand for turmeric was high during the week and stockists, pickle makers, exporters purchased the commodity. According to trade sources harvesting is complete and sowing of new crop has begun. The traders are expecting arrivals will decrease with decrease in demand from Pickle industry and domestic markets due to onset of monsoon. The prices of turmeric might remain range bound in coming week.

	May 08 - May 13	May 15 - May 20
Nizamabad Gattah (New)	1750 - 1975	1850 - 2175
Nizamabad Finger (New)	1900 - 2075	1800 - 2080

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

Delhi Mandi:

Turmeric prices for most of the grades at Delhi market traded range bound to slightly bearish. The prices remained range bound on reduced supply from primary markets and due to moderate demand. The prices are expected to be range bound in coming

	May 08 - May 13	May 15 - May 20
Nizamabad finger	2700 - 3000	2750 – 2800
E.Finger mini Selam	3200 - 3600	3500 – 3600
E. Single polish Gattah	2700 - 3100	2900 – 2950
E. Double polish Gattah	3200 - 3600	3500 – 3550
Warangal polish	2600 - 2750	N.A.
Selam Finger	3600 - 4300	4150 - 4300

days.

Note: Prices are in Rs/ Qtl.

Clove:

Delhi mandi:

The prices of Cloves at Delhi market remained range bound with slightly bearish undertone this week. According to Trading sources crop in Srilanka is less by around 25 percent and in Indonesia and Zanzibar less by 40 – 50 percent. India is importing cloves from international markets. The prices of cloves are declined on less demand due to summer season. Traders are expecting prices to remain range bound in coming days

	May 08 - May 13	May 15 - May 20
Indonesia	365 - 380	315 – 370
Ketan	370 - 390	320 – 375
Colombo	325 - 350	285 – 335
Madagascar	325 – 350	288 – 340
Zanzibar	390 - 415	340 - 400

Note: Prices are in Rs/Kg

Cumin:

Unjha Mandi:

Cumin at Unjha market after last weeks firm sentiments traded range bound to slightly bearish this week on slight fall in demand due to Mango crop season and summer season. The market saw reduced demand from domestic markets particularly from markets of North India. The arrivals are decreasing day by day and will continue to decrease in coming days. The export demand is however high and traders from European nations are buying superior quality of Jeera and traders from Gulf countries are buying comparatively of lower quality of Jeera. The farmers are not willing to sell at current

prices and holding in anticipation of price rise in future. Also, the surplus with the other producing countries is not large and their crop expectation is less this year thus providing good chances for the Indian exports. The prices are likely to remain firm in the long term, however due to slightly less domestic demand, decreasing arrivals the prices might remain steady to range bound and thereafter recover.

	May 08 - May 13	May 15 - May 20
Kisan Mal-FAQ (New)	1290 - 1400	1250 - 1420
Ganesh	1270 - 1450	1300 - 1460
M/c. Cleaned	1390 - 1600	1400 - 1580

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Cumin prices at Delhi market remained mostly remained steady to slightly bearish during the week. The demand declined due to summer season and is expected to remain moderate in coming days. The prices are expected to be range bound in coming days on moderate demand and less supplies from major markets.

	May 08 - May 13	May 15 - May 20
Ganesh New	64 - 78	76.80 - 78
FAQ	62 - 73	71.80 - 73
M/c. Cleaned	63 - 100	71.80 - 100
M/c Cut	64 - 105	73.80 - 105

Red Chillies:

Guntur Mandi. :

Red chilli market at Guntur remained closed due to annual summer vacations in the market. The market will remain closed up to June 06. Guntur cold storage has a stock of around 40lakh bags of chilli of 40 Kgs each. According to trading sources chilli crop this year is less by around 45 – 50 percent. Chilli prices might continue to trade range bound to slightly firm in other major markets due to reducing arrivals, and moderate demand in coming few days.

Grades	May 08 - May 13	May 15 - May 20
(LCA 334	4400 - 4800	Closed

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

Delhi Mandi:

Red chilli prices at Delhi market remained steady to range bound this week. The demand for chilli is expected to remain moderate ahead of monsoon season and due to supply crunch from Guntur market. Therefore the prices are expected to trade range bound for few days.

	May 08 - May 13	May 15 - May 20
Guntur Pala	4800 – 5500	4900 – 5000
Guntur Fullcut	5800 – 6800	6500
Guntur Packing (new)	4000 - 5600	5400
Nagpur Pala	4600 - 5000	4700 – 4800
Nagpur Fullcut	5600 - 5800	5600 – 5700
Nagpur Packing	4400 - 5100	5000 - 5500

Note: Prices are in Rs/Qtl

Cardamom:

Delhi mandi

Cardamom prices for most of the varieties remained steady to range bound this week. According to trade sources exports demand is likely to come up and demand is likely to continue from Pan making companies. The harvesting of cardamom is almost complete. However bumper production this year could not help the prices surge this year. The production of cardamom this year is high in major producing countries. Cardamom prices are expected to range bound with slightly firm sentiments in coming days.

	May 08 - May 13	May 15 - May 20
Panwali	180 - 175	175 – 185
Colour Robin	180 – 185	180 – 190
C Bold 6.5mm	190 – 210	190 – 215
Extra Bold 7mm	215 - 235	215 – 235
Super Extra Bold 7. 5 mm	300 - 335	300 – 335
Handpicked	370 - 550	370 - 465

Note: Prices are in Rs/kg

Technical Analysis:

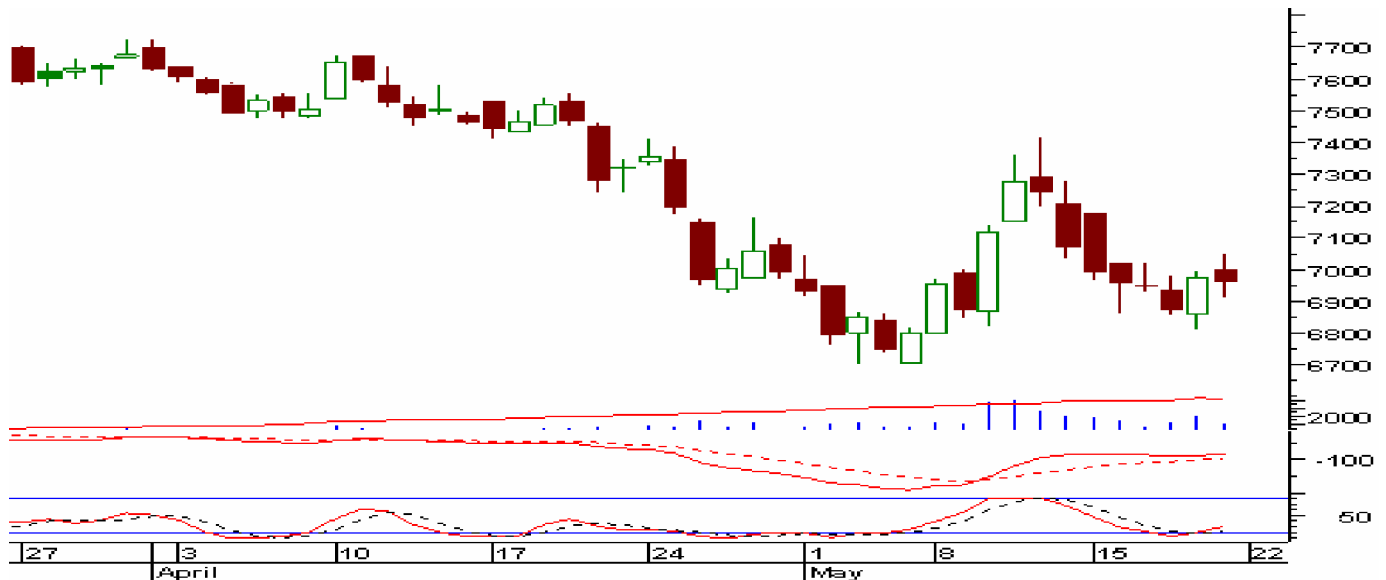
Commodity: Black Pepper

Exchange: NCDEX

Contract Month: June 2006

Candlesticks are reflecting indecision. Stochastic oscillator is in neutral region. MACD is in negative zone. Moving averages are indicating bearishness. Black pepper June contract might trade bearish in the

beginning of the week and might recover by the weekend.



Recommendation: Go for Short position at the beginning of the week. The prices are most likely to be in the range of 6704 – 6994 in this week.

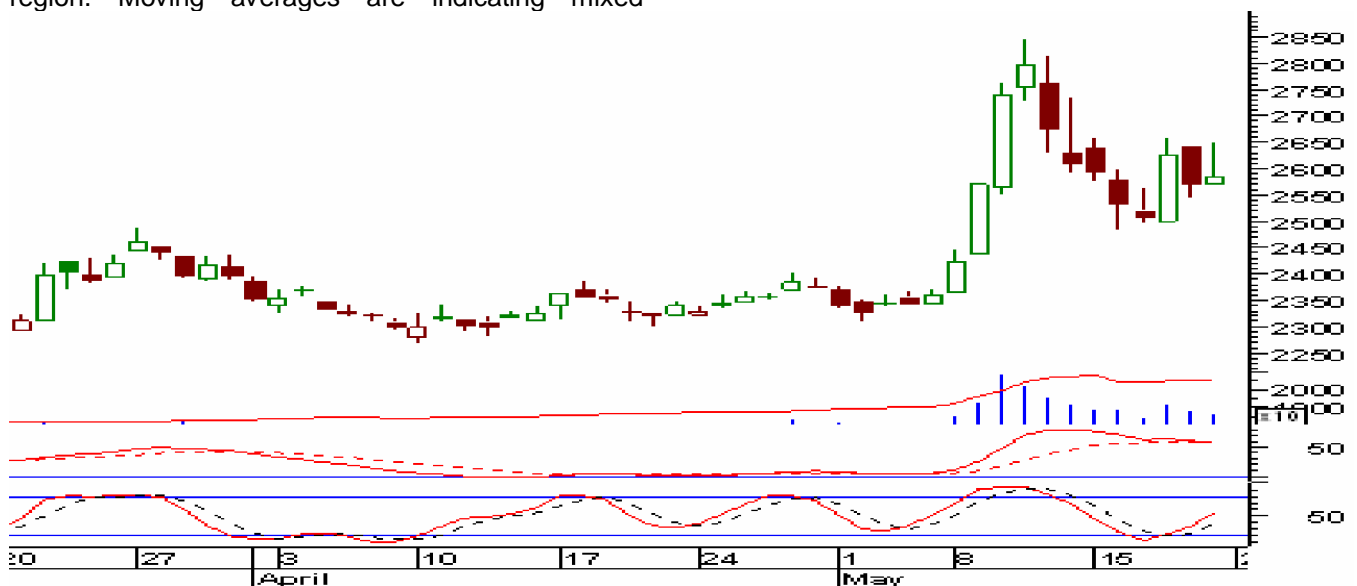
Commodity: Turmeric

Exchange: NCDEX

Contract Month: June 2006

Candlesticks are reflecting indecision. MACD is bearish in positive zone. Stochastic is in neutral region. Moving averages are indicating mixed

sentiments. The prices might decline and thereafter recover.



Recommendation: The contract is expected to see volatile movements during the week. Go for short position at higher levels. The prices are most likely to be in the range of 2483 – 2658 this week.

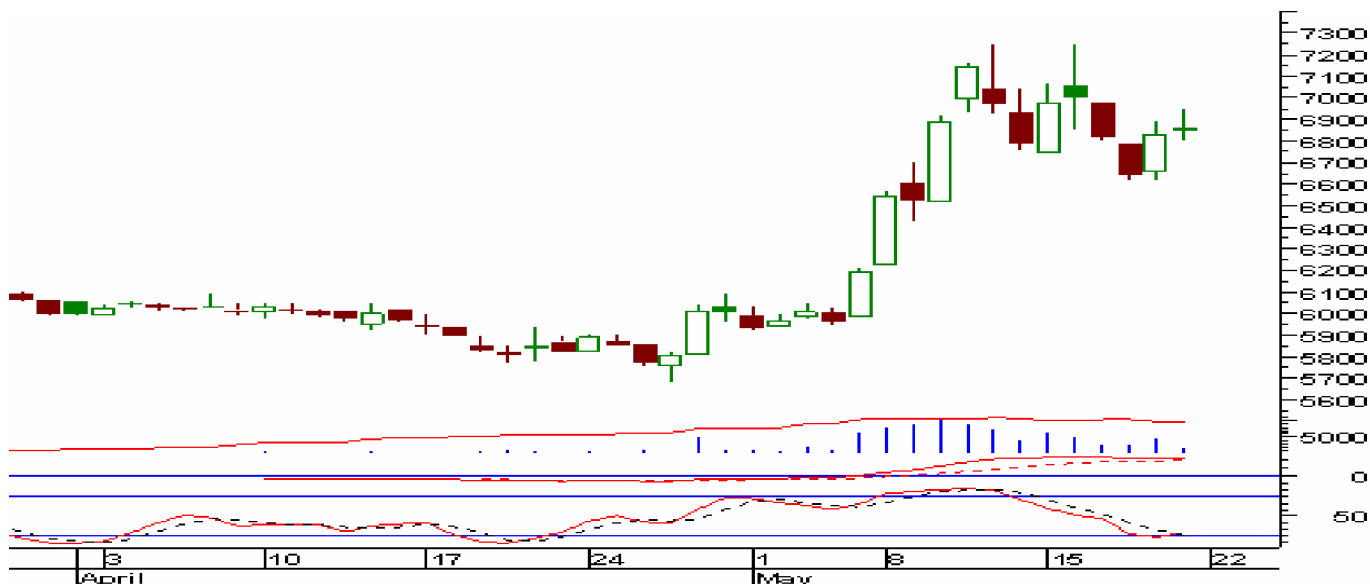
Commodity: Cumin (Jeera)

Exchange: NCDEX

Contract Month: June 2006

Candlesticks are reflecting indecision. MACD is in positive zone. Stochastic oscillator is bullish in neutral region. Moving Averages are indicating prices might

decline in very short term and thereafter improve. The contract might trade weak in the beginning of the week and recover by the weekend.



Recommendation: Go for Short position at the beginning of the week and book profit at lower levels or on slight price recovery. The Prices might move in the range of 6325 - 6701 this week.

Commodity: Red Chilli

Exchange: NCDEX,

Contract Month: June 2006

Candlesticks are indicating bearishness in prices. Stochastic is in neutral region and is MACD is in positive zone. Moving averages are indicating

bearish sentiments. The contract might trade mostly bearish during the week.



Recommendation: Go for Short position at the beginning of the week. The prices might range between 4930 – 5447 during this week.

WEATHER WATCH (As on 19.05.06)

Monsoon watch:

Southwest monsoon has further advanced into some parts of southwest & southeast Bay and Andaman Sea. The Northern Limit of Monsoon passes through Lat 5.0 °N/Long. 80.0°E, Lat 10.0 °N/Long. 87.0°E, Lat 16.5 °N/Long. 97.5°E.

Prediction continues to indicate sustenance of strong lower level wind flow, moisture build up and persistent large-scale rainfall activity over south Bay of Bengal and Andaman Sea region during next 3 days.

Consensus forecast from several models indicate that there could be weakening of Bay of Bengal arm of monsoon current after 21st May, resulting in slight decrease in large scale cloudiness and rainfall over the region. On the other hand, the first indication of Arabian Sea arm of monsoon current, may appear in the form of cross equatorial flow along Somalia (Africa) coast beginning from 23rd May, 2006. This may be followed by strengthening of lower level wind flow over southwest Arabian Sea in subsequent days.

Prediction also suggests, there is likely to be simultaneous excitement of Intertropical convergence zone (representing a band of cloudiness close to equator) and increase in large-scale cloudiness and rainfall activity over south central and south-east Arabian Sea.

Weather Outlook For Next 5 days

There has been slight increase in day temperatures over many parts of northwest India, Uttar Pradesh and adjoining central India and parts of east India during past 24 hours. No large change in day temperatures is expected during next 2-3 days in these areas. During past 24 hours, rainfall has occurred at most places over Andaman & Nicobar Islands, at many places over Kerala and Lakshadweep; at a few places over Tamil Nadu, Uttaranchal and at isolated places over Delhi, Chhattisgarh, West Madhya Pradesh, South Interior Karnataka and Rayalseema. The chief amounts of rainfall (in cm) recorded at 8.30 hrs IST today are: Nedumbaserry-12, Kochi-10, Alleppey & Minicoy-8 each, Cananoor & Kottayam-7 each, Tiruchirapalli-5, Nancowrie, Car Nicobar, Karipur, Karaikal- 4 each, Nagapattanam & Tehri-3 each. The rainfall activity

over NE States may increase within next 24 hours. Isolated rain and thunderstorm activity over some parts of eastern region e.g. Bihar, Jharkhand and Orissa may continue for another 2-3 days. Many parts of peninsular India e.g. coastal Andhra Pradesh, Telangana, Tamilnadu, Kerala, Interior Karnataka and Lakshadweep may receive scattered rainfall activity during next 2-3 days. Parts of Central India (e.g. Chhattisgarh, east MP and Vidarbha) and West India e.g., Madhya Maharashtra may also receive isolated rains and thundershowers during this period.

Zone-wise weather forecast

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

J&K, H.P. and Uttaranchal may experience isolated rainfall/snowfall during next 2-3 days. Isolated rain/thundershowers may occur over plains of NW India during this period.

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

Isolated rains/ thundershowers are likely in Bihar, Orissa and Jharkhand. Rainfall activity over NE States may increase during next 24 hours.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Isolated thunder storm activity is likely over the entire region during next 3-4 days.

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

Fairly widespread rains with isolated heavy falls are expected over Bay islands during next 2-3 days. Scattered thunderstorm activity is expected over Coastal AP, Telangana, Kerala, Tamilnadu, Interior Karnataka, and Lakshadweep during next 2-3 days. Isolated thunderstorm activity is also expected over Rayalseema.

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

Isolated rain accompanied with thunderstorm/duststorm activity is expected in Rajasthan and Madhya Maharashtra. Mainly dry weather conditions are likely over rest areas of the region.

Source: NCMRWF, GOI.

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