

## SPICES

June 05- June10, 2006

### Overview:

- Sri Lanka in Efforts to Revive Cinnamon Cultivation
- Indian Spices Exports at a New High

### News Highlights:

#### Sri Lanka in Efforts to Revive Cinnamon Cultivation

Srilanka earns a handsome sum of money from export of its Spices in international market but is facing trouble holding its position in Cinnamon trade in the World markets. China's Cinnamon is becoming a threat for the Sri Lankan commodity as most of the Srilankan crop got badly hit by the Tsunami in the region. The department of export agriculture of Srilanka in collaboration with Spanish Red Cross has already commenced efforts to revive the growth of cinnamon plantations. Besides Srilanka Cinnamon is produced mainly in China, Indonesia and India. The programme aims at providing training to impart knowledge of planting and processing as the price of cinnamon is directly related to the quality. Processing mainly involves peeling from bark, cleaning and rolling the cinnamon.

#### Indian Spices Exports at a New High

According to the Spices Board, the total export of spices from India has broken through the \$500 million levels for the first time during the last fiscal. According to the Spices Board Chairman, Mr V.J. Kurien, exports were about Rs. 2295 crores or \$517 million last year representing a 4.3 percent growth in rupee terms and 5.5 percent growth in dollar terms. However in volume terms, exports declined by 4.5 percent from 3.35 lakh tonnes. This indicates that the price realizations have been better during this year. For the year 2006- 07, the board is targeting exports worth Rs. 2400 crore, roughly 4.6 percent higher in value terms.

### Domestic Prices For the week ending 03.06.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (03.06..06)	Price (RS/KG) For The Week (27.05.06)	Last Month (RS/KG)Same Week (06.05.06)	Last Year Same Week (RS/KG) (04.06.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	69.17	70.92	68.25	63.42
Cardamom	(Small Auction Price ) Ungraded	Vandanmettu	212.07	214.18	201.02	310.19
Cardamom	Cardamom (large Bada Dana)	Gangtok	120.00	120.00	102.50	62.50
Chilli	Non -cold storage	Guntur	Closed	Closed	42.00	Closed
Ginger	Best	Cochin	55.00	51.67	50.00	120.00
	Medium	Cochin	47.00	41.67	39.00	100.00
Turmeric	Alleppey finger (AFT)	Cochin	45.00	46.67	47.50	50.00
	Rajapuri	Mumbai	54.50	54.50	53.50	50.50
	Duggirala	Mumbai	26.25	27.25	25.38	23.88

Coriander	Indori 5%	Mumbai	30.25	31.25	29.25	17.88
	Kanpuri M/C	Mumbai	33.50	33.50	33.50	20.75
Cumin	1%	Mumbai	69.38	72.50	72.50	70.63
	4%	Mumbai	64.38	66.88	66.88	65.63
Clove	Grade 1	Cochin, Nagarcoil	343.33	350.00	350.00	220.00
			370.00	360.00	360.00	230.00
Cinnamon		50.00	50.00	50.00	50.00	47.50

Source: Spices Board

#### International Spot Prices for the week ending 02.06.2006:

Spice	Origin/Grade	Market	Price For The Week (02.06.06) (US\$/TON)	Price For The Week (26 05. 06) (US\$/TON)	Last Month Same Week (05.05.06) (US\$/TON)	Last Year Same Week (03.06.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	1764	1764	1764	1698
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian 7mm bold	Saudi Arabia	7740	7740	7640	10350
Chillies	Indian sannm-4 (stem less)	New York	1830	1830	1742	1213
Ginger	India cochin	New York	2029	2029	2161	3528
	Chinese peeled	New York	1830	1830	1874	3198
Turmeric	India Alleppey finger	New York	1852	1852	1874	2051
Garlic	Chinese	New York	2977	2977	2977	1632
Coriander	Canada	New York	772	772	772	772
Cumin	Syrian	New York	1852	1852	1808	1764
	Indian		1852	1852	1852	2051
Fennel	Indian (Asta)	New York	1742	1786	1698	1411
	Egyptian		1654	1654	1610	1367
Fenugreek	India/turkey	New York	794	794	750	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	4961	4961	4740	3859
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	4630

Source: Spices Board

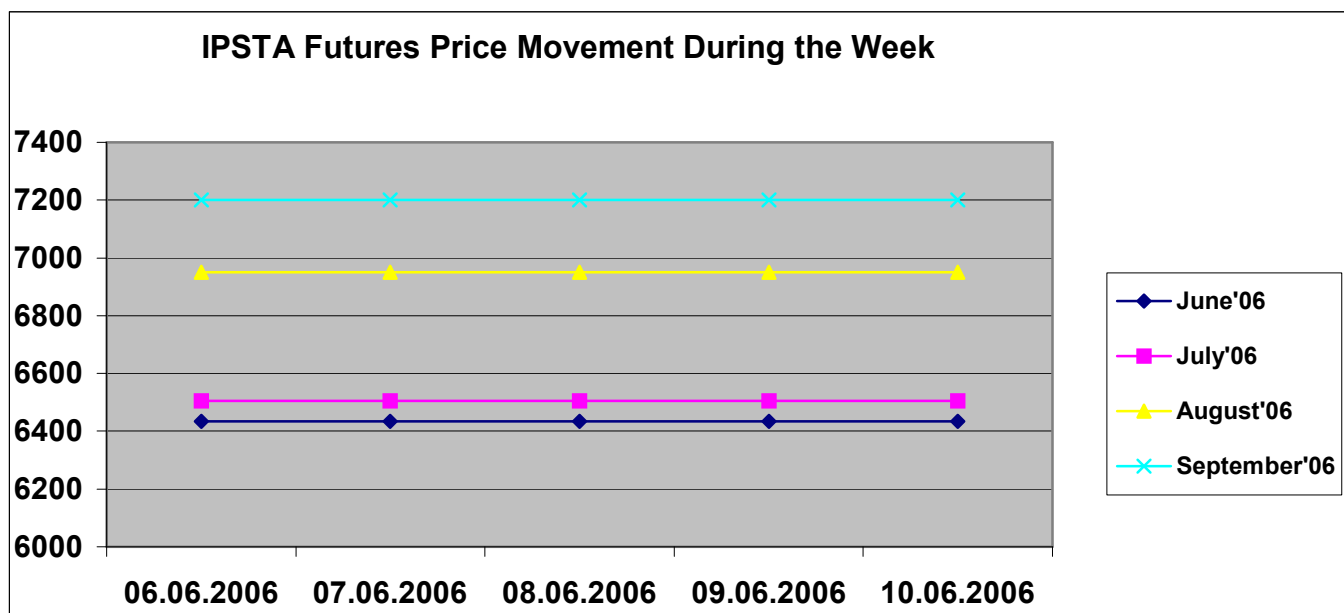
## Market Analysis:

### Pepper:

#### Kochi Market:

#### A Brief Weekly Fundamental Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for June, July, August and September month contracts at the IPSTA during the week. The Prices continued to remain 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	6/ 05/ 2006	6/ 06/ 2006	6/ 07/ 2006	6/ 08/ 2006	6/ 09/ 2006	6/ 10/ 2006
Ungarbled	6500	6500	6500	6500	6500	6500
Garbled	6900	6900	6900	6900	6900	6900

Black Pepper Prices at the Kochi market remained steady throughout the week on no fresh news to encourage movements in markets. The market is still in the stage of complete indecision on lack of fundamentals in any particular direction. During the week Garbled grade traded at Rs. 6900 a quintal and the same line ungarbled grade traded at Rs. 6500 per quintal. The market sources reported some enquiries were seen during the week however this did not help the prices to recover as Harvesting in Srilanka is in progress and it is offering at the lowest prices. India's prices are in parity with that of other competitors but still the international buyers are waiting for the prices to decline further. The demand from retailers is almost negligible due to reduced consumption of Black pepper in rainy season. The market also eyes on harvesting of Indonesia's crop. The government has announced that it will come up with some strategies to tackle cheap imports from Srilanka

under the FTA. The prices might remain range bound to slightly bearish in coming days.

#### Delhi Market

Black Pepper prices at Delhi market continued to trade range bound with slightly bearish inclination. The market is still indecisive on demand supply uncertainties and lacks due to coming rainy season. The traders are expecting the pepper prices to move range bound with slight bearish inclination in coming days.

	May 29 - June 03	June 05 - June 10
Golden Unpolished	75 - 78	77 - 78
11.5	80 - 90	85 - 90
No. 12	90 - 100	95 - 105

Note: Prices are in Rs. per Kg.

### **Turmeric:**

#### **Erode Mandi:**

Turmeric at Erode market continued with range bound movement of prices with bearish inclination. The harvesting is complete and the average arrivals were in the same range of 5000 – 6000 bags. Erode market saw some demand from Srilanka, however this was unable to help the prices to recover. Turmeric prices might continue to remain steady to range bound with bearish inclination.

	May 29 - June 03	June 05 - June 10
Loose Finger	2450 - 2600	2450 - 2500
Loose Gattah	2450 - 2500	2350 - 2450

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

#### **Nizamabad Mandi:**

Turmeric prices at Nizamabad market mostly traded range bound. The arrivals in the market during the week were of around 2500 – 3000 bags. The demand for turmeric was less from domestic markets ahead of rainy season. However some buying was seen from export front during the week. According to trade sources harvesting is complete and sowing of new crop is in progress. The prices of turmeric might remain range bound to slightly bearish in coming week.

	May 29 - June 03	June 05 - June 10
Nizamabad Gattah (New)	2000 - 2125	2075 - 2150
Nizamabad Finger (New)	2000 - 2125	2025 - 2150

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

#### **Delhi Mandi:**

Turmeric prices for most of the grades at Delhi market remained bearish on reduced demand for the commodity ahead of rainy season and lower arrivals from producing centers. The prices are expected to be range bound with slightly bearish sentiments in coming days.

	May 29 - June 03	June 05 - June 10
Nizamabad finger	2550 - 2675	2550 - 2800
E.Finger mini Selam	3300 - 3475	3325 - 3500
E. Single polish Gattah	2700 – 2825	2725 - 2900
E. Double polish Gattah	3300 – 3425	3325 - 3600
Warangal polish	N.A.	2750
Selam Finger	3950 - 4125	3975 - 4075

Note: Prices are in Rs/ Qtl.

### **Cumin:**

#### **Unjha Mandi:**

Cumin prices at Unjha market remained mostly steady to range bound with bearish inclination throughout the week. The prices improved on demand from export front particularly to Singapore. Earlier Jeera prices declined on reduced demand due to less summer season demand and arrival of Mango crop in the market. The arrivals are decreasing day by day as harvesting season is complete and will further decline with the onset of rains in the area in coming days. The domestic demand might improve with the arrival of rains and once the mango season ends, export demand might also gain pace in about a fortnight's time. This year surplus with other producing countries is not large and their crop expectation is less thus providing bright chances for Indian exports. The prices are likely to remain firm in the long term, however currently the prices might remain steady to range bound and thereafter recover.

	May 29 - June 03	June 05 - June 10
Kisan Mal-FAQ (New)	1300 - 1450	1330 - 1400
Ganesh	1300 - 1500	1350 - 1500
M/c. Cleaned	1400 - 1600	1400 - 1550

Note: Prices are in Rs/20 Kg

#### **Delhi Mandi:**

Jeera prices in Delhi market declined on low demand due to less consumption of jeera in summer season. The prices are expected to be range bound to slightly bearish in coming days on moderate demand and less supply from primary markets.

	May 29 - June 03	June 05 - June 10
Ganesh New	75.05 - 75.30	73.00- 75.30
FAQ	70.05 - 70.30	69.00 - 70.30
M/c. Cleaned	70.05 - 97.30	69.80 - 97.30
M/c Cut	72.05 - 102.30	70.00 - 102.30

### **Red Chillies:**

#### **Guntur Mandi. :**

Guntur market the hub for red chilli trading reopened after long summer holidays on Monday. The market got painted in red on hefty arrivals of 50000 bags of chillies on the first day of the week followed by an average arrival of 35000 bags on each subsequent day. The demand for chilli was less during this period and daily off take on an average was of around 30 – 40 percent only. Farmers are selling their crop, which

comprised a major portion of the total arrivals. Thus indicating farmers are not anticipating any further profit in holding and selling at later stages. Moreover the acreage this year for chilli is expected to widen this year. The market has a stock of around 40 – 42 lakhs bags of red chillies. With hefty stock, low demand ahead of rainy season, unconfirmed news of some imports from China, high arrivals the prices might continue to decline for few days.

Grades	May 29 - June 03	June 05 - June 10
(LCA 334 loose) Cold storage	Closed	4000 - 4600
(LCA 334 loose) Non Cold storage	Closed	3600 - 4000

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

#### Delhi Mandi:

The prices of red chilli at Delhi market declined on Monday and thereafter remained steady throughout

#### Technical Analysis:

**Commodity: Black Pepper**

**Exchange: NCDEX**

**Contract Month: July 2006**

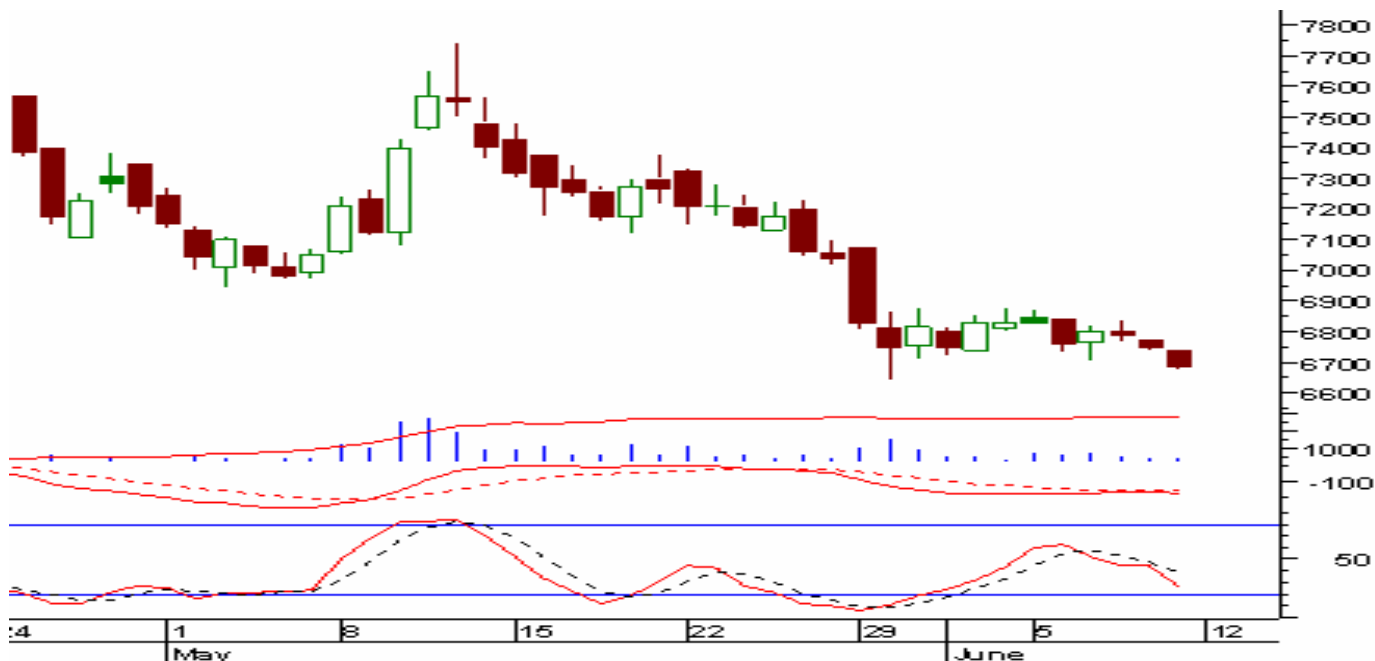
Candlesticks are bearish sentiments. Stochastic oscillator is in neutral region. MACD is in negative

the week for most of the grades. The demand for chilli is expected to remain moderate ahead of monsoon season. The prices are expected to trade range bound to bearish for few days.

	May 29 - June 03	June 05 - June 10
Guntur Pala	4700 - 5000	4550 - 4900
Guntur Fullcut	6300 - 6500	6000 - 6200
Guntur Packing (new)	5200 - 5400	5050 - 5200
Nagpur Pala	4700 - 4800	4550 - 4800
Nagpur Fullcut	5600 - 5700	5450 - 5800
Nagpur Packing	5000 - 5500	4850 - 5200

Note: Prices are in Rs/Qtl

zone. Moving averages are indicating bearishness. Black pepper July contract might decline.



**Recommendation:** Go for Short position at the beginning of the week. The prices are most likely to be in the range of 6490 - 6832 in this week.

**Commodity: Turmeric**

**Exchange: NCDEX**

**Contract Month: July 2006**

Candlesticks are reflecting indecision. MACD is negative zone. Stochastic is in neutral region. Moving averages are indicating prices might decline. The

prices might remain range bound with bearish inclination.



**Recommendation:** The prices are most likely to be in the range of 2364 – 2550 this week.

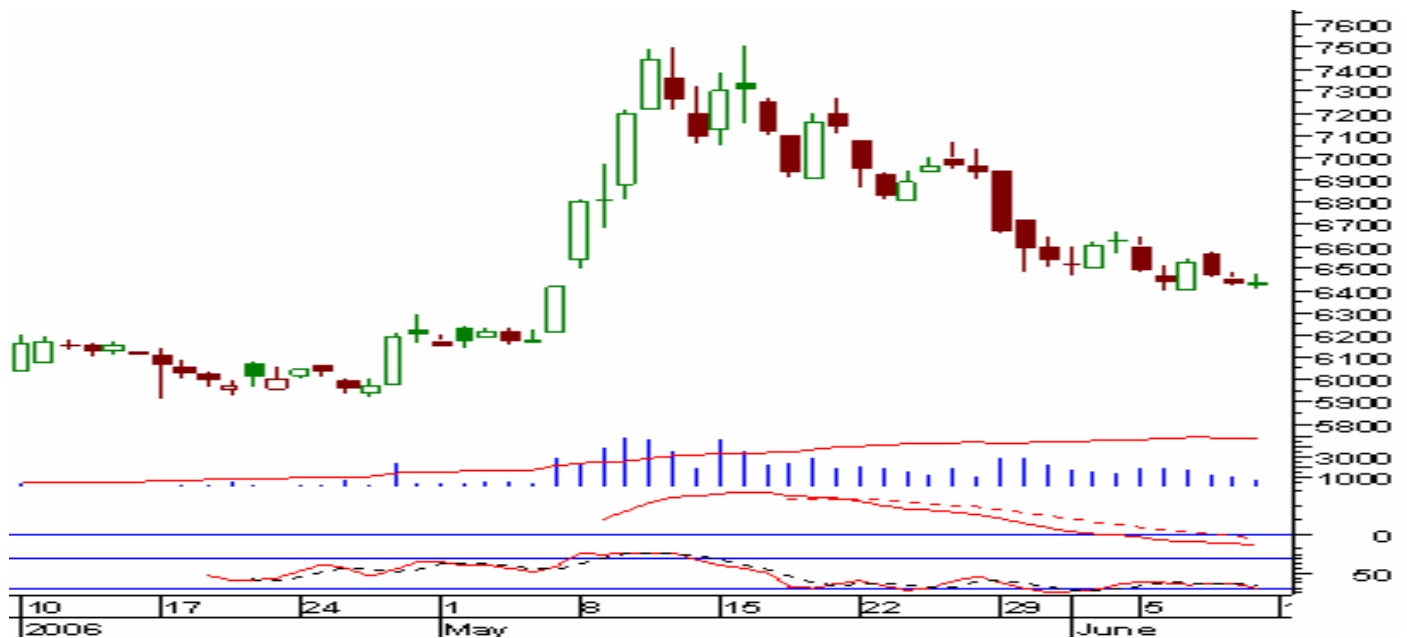
**Commodity: Cumin (Jeera)**

**Exchange: NCDEX**

**Contract Month: July 2006**

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

oversold region. Moving Averages are indicating prices might decline. The contract might trade weak.



**Recommendation:** Go for Short position at higher levels. The Prices might move in the range of 6240 - 6602 this week.

**Commodity: Red Chilli**  
**Exchange: NCDEX,**  
**Contract Month: July 2006**

Candlesticks are indicating complete indecision. Stochastic has made bearish crossover in neutral region and is MACD is in negative zone. Moving

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



**Recommendation:** Go for Short position at higher levels or price recoveries. The prices might range between 4359 – 4899 during this week.

### WEATHER WATCH (As on 10.06.06)

#### Monsoon watch:

Southwest monsoon continues to be in weak phase with subdued rainfall activity prevailed over most parts of the country except NE states where fairly widespread rainfall activity continues. Model prediction continues to indicate continuance of such a scenario and little chance of revival of monsoon till 16th June. A large part of North-west and Central India continue to witness mainly dry weather conditions with day temperature of soaring in 42-44°C range. With the continuance of such scenario for next 5-7 days, it is expected that day temperatures may rise further leading to development of heat wave conditions over some parts of northwest India. The eastern parts e.g. Bihar, Jharkhand, Orissa and West Bengal may also experience rise in temperatures beginning from tomorrow.

#### Weather Outlook

Chief amount of rainfall (cm) during past 24 hours reported at 08.30 am today are: Cherrapunji- 11, Gadag-8, Agartala-7, Mayabander & Passighat-4 each, Dibrugarh, Kailashahar & CanningTown -3 each. A prevailing western disturbance over J&K may

cause isolated to scattered rains/snowfall over hilly regions of NW India during next 48 hours before moving eastward.

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

Under the influence of a western disturbance, J&K, H.P. and Uttaranchal are likely to receive isolated rainfall/snowfall during next 2 days.

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

Fairly widespread rains / thundershowers are likely over West Bengal and NE States, isolated over Orissa and mainly dry over rest areas of the region during next 4-5 days.

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

Isolated rains /thundershowers are expected over the region during next 3-4 days.

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

Fairly widespread rainfall is likely over Andaman & Nicobar Islands and scattered rains in Kerala,

Lakshadweep and Coastal Karnataka and isolated over rest areas of the region.

likely to experience mainly dry weather during this period.

**Source: NCMRWF, GOI.**

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

Konkan & Goa, Madhya Maharashtra and Marathawada may receive isolated to scattered rains during next 3-4 days. Other areas of the region are

**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.