

SPICES

May29 - June03, 2006

Overview:

- India Pak Agrees to Trade Coriander
- Rains Help Dry Ginger Prices to Surge

News Highlights:

India Pak Agrees to Trade Coriander
India Pakistan foreign ministries have recently decided in a treaty to conduct trade of raw materials and not value added products in divided J& K. This will include trade of number of items including spices like coriander. Further the governments are intending to allow trade of other spices like garlic and onion.

Rains Help Dry Ginger Prices to Surge
Price of Dried Ginger is surging on end of the trading season. According to market sources the prices have increased by around Rs. 1000 a quintal during the past 50 days. Despite high stocks of ginger in the country the prices recovered on supply constraints due to pre monsoon rains in most of the ginger producing regions. In India ginger is mostly produced in North-eastern Indian states of Arunachal Pradesh,

Meghalaya, Mizoram, Sikkim, and Eastern Indian states of Orissa, West Bengal and in South Indian states like Andhra Pradesh, Tamil Nadu. Traders believe, the prices of Ginger might increase further in July due to increase in routine seasonal demand from markets of North India. The international scenario is in favour of Nigeria, which is one of the major producers of ginger and has bumper crop this year. In the world market Nigeria is offering at \$1050 per tonne this is far below the other major ginger producers. China is offering at \$ 1200 per tonne, India is offering at \$ 1190 a tonne and Ethiopia at \$ 1100 a tonne. India also imports from Nigeria to replenish raw material for its oleoresin and oil producing companies.

Domestic Prices For the week ending 27.05.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (27.05..06)	Price (RS/KG) For The Week (20.05.06)	Last Month (RS/KG)Same Week (29.04.06)	Last Year Same Week (RS/KG) (28.05.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	70.92	70.42	70.50	64.17
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	214.18	221.70	205.67	301.18
Cardamom	Cardamom (large Bada Dana)	Gangtok	120.00	100.00	112.50	63.75
Chilli	Non -cold storage	Guntur	Closed	Closed	39.20	Closed
Ginger	Best	Cochin	50.00	50.00	50.00	120.00
	Medium	Cochin	39.00	39.00	39.00	100.00
Turmeric	Alleppey finger (AFT)	Cochin	47.50	47.50	47.50	50.00
	Rajapuri	Mumbai	54.50	53.50	-	50.75
	Duggirala	Mumbai	27.25	27.00	-	22.25

Coriander	Indori 5%	Mumbai	31.25	31.75	-	23.88
	Kanpuri M/C	Mumbai	33.50	33.50	-	20.25
Cumin	1%	Mumbai	72.50	74.38	-	70.63
	4%	Mumbai	66.88	68.13	-	65.63
Clove	Grade 1	Cochin, Nagarcoll	350	350.00	255.00	220.00
			360.00	390.00	290.00	240.00
Cinnamon		Delhi	-	50.00	50.00	47.50

Source: Spices Board

International Spot Prices for the week ending 26.05.2006:

Spice	Origin/Grade	Market	Price For The Week (26.05.06) (US\$/TON)	Price For The Week (19. 05. 06) (US\$/TON)	Last Month Same Week (28.04.06) (US\$/TON)	Last Year Same Week (27.05.05) (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	7790	7750	10140
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	1874	1874	3198
Turmeric	India Alleppey finger	New York	1852	1852	1852	2051
Garlic	Chinese	New York	2977	2977	2977	1632
Coriander	Canada	New York	772	772	772	772
Cumin	Syrian	New York	1852	1852	1764	1742
	Indian		1852	1852	1764	2072
Fennel	Indian (Asta)	New York	1786	1830	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	5072	4740	3924
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	4630

Source: Spices Board

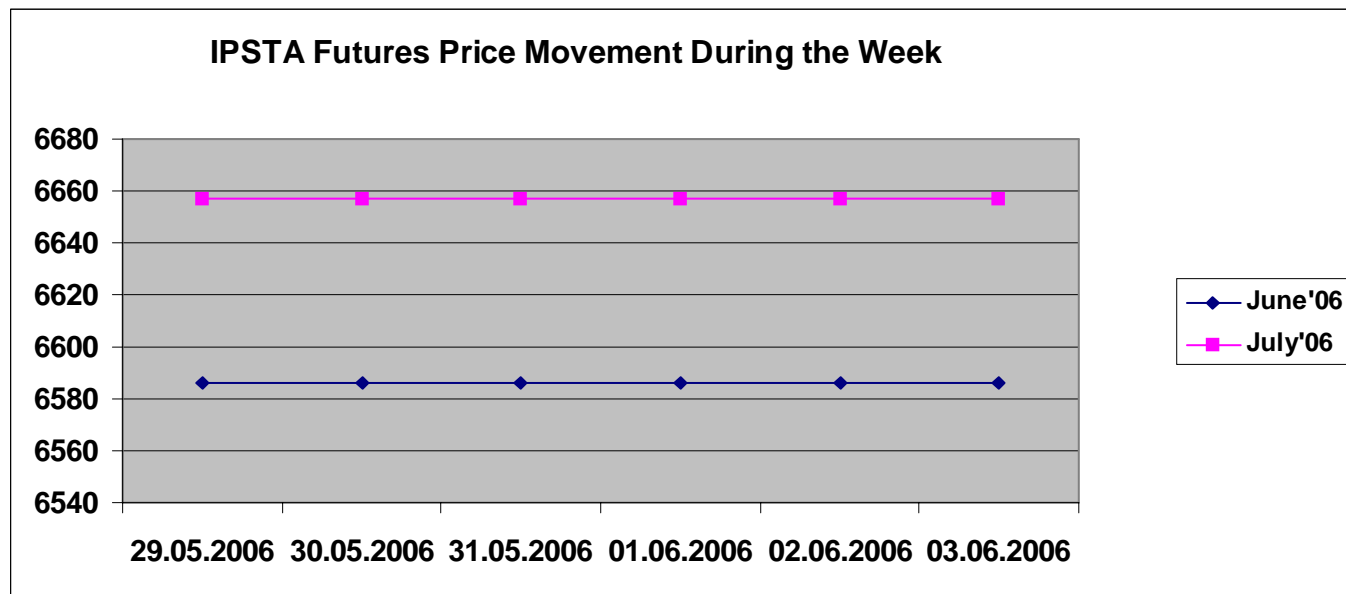
Market Analysis:

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 month contracts at the IPSTA during the week. 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	5/ 29/ 2006	5/ 30/ 2006	5/ 31/ 2006	6/ 01/ 2006	6/ 02/ 2006	6/ 03/ 2006
Ungarbled	6600	6500	6500	6500	6500	6500
Garbled	7000	6900	6900	6900	6900	6900

Black Pepper Prices at the Kochi market declined by Rs. 100 in the beginning of the week and thereafter remained steady throughout the week. The market is still in the stage of complete indecision on lack of fundamentals in any particular direction. Garbled grade traded at Rs. 6900 a quintal and Ungarbled grade traded at Rs. 6500 per quintal. The total arrivals during the week were of 6 MT's. The market saw some buying interest and export enquiries are from the markets of U.S. According to market sources the exporters are showing some interest to take delivery of pepper from the exchanges and then reprocess it and sell at higher prices. However the quantity to be purchased will remain a vital factor in movement of prices in future. The market eyes on harvesting of Indonesia's crop. The prices might remain range bound.

Delhi Market

Black Pepper prices at Delhi Mandi remained range bound with slightly bearish inclination. The market is

still indecisive on demand supply uncertainties. The traders are expecting the pepper prices to show mixed sentiments and move range bound in coming days.

	May 15 - May 20	May 29 - June 03
Golden Unpolished	74 - 77	75 - 78
11.5	85 - 90	80 - 90
No. 12	95 - 105	90 - 100

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices at Erode market showed range bound movement of prices with bearish inclination. The harvesting is complete and average arrivals have come down to 5000 – 6000 bags as against week's average arrivals of 8000 bags of turmeric. However

demand also reduced due to arrival of rains in turmeric growing regions and on reports of increase in acreage of turmeric this year. Turmeric prices might continue to remain steady to range bound.

	May 15 - May 20	May 29 - June 03
Loose Finger	2475 - 2625	2450 - 2600
Loose Gattah	2400 - 2525	2450 - 2500

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

Nizamabad Mandi:

Turmeric prices at Nizamabad market traded range bound this week. The arrivals in the market are decreasing and have come down to 3000 – 2500 bags as against earlier 4000 – 2500 bags. The demand for turmeric declined during the week as domestic demand reduced on rainy season. However the prices for Gattah grade improved and came in line with the prices of finger grade. According to trade sources harvesting is complete and sowing of new crop has begun. The prices of turmeric might remain steady to range bound in coming week.

	May 15 - May 20	May 29 - June 03
Nizamabad Gattah (New)	1800 - 2080	2000 - 2125
Nizamabad Finger (New)	1850 - 2175	2000 - 2125

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 and lower arrivals from producing centers. The prices are expected to be range bound with slightly bearish sentiments in coming days.

	May 15 - May 20	May 29 - June 03
Nizamabad finger	2750 – 2800	2550 - 2675
E.Finger mini Selam	3500 – 3600	3300 - 3475
E. Single polish Gattah	2900 – 2950	2700 – 2825
E. Double polish Gattah	3500 – 3550	3300 – 3425
Warangal polish	N.A.	N.A.
Selam Finger	4150 - 4300	3950 - 4125

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Cumin at Unjha market after last weeks bearish sentiments traded steady to slightly firm as the prices declined to their lowest levels and some demand was seen from foreign countries like Singapore and U.S.

Also the prices recovered on rumour of damage to cumin crop in Turkey thus improving the chances of India's export. The arrivals are decreasing day by day and will continue to decrease due to rains in coming days. Also, the surplus with the other producing countries is not large and their crop expectation is less this year thus providing bright chances for 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 15 - May 20	May 29 - June 03
Kisan Mal-FAQ (New)	1250 - 1420	1200 - 1450
Ganesh	1300 - 1460	1300 - 1500
M/c. Cleaned	1400 - 1580	1400 - 1600

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Cumin prices at Delhi market remained mostly range bound with bearish inclination on less consumption demand. 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 primary markets.

	May 15 - May 20	May 29 - June 03
Ganesh New	76.80 - 78	75.05 - 75.30
FAQ	71.80 - 73	70.05 - 70.30
M/c. Cleaned	71.80 - 100	70.05 - 97.30
M/c Cut	73.80 - 105	72.05 - 102.30

Red Chillies:

Guntur Mandi. :

Red chilli market at Guntur remained closed due to annual summer vacations in the market. The price for red chilli in Guntur market improved slightly in the beginning of the week and then remained steady throughout. Guntur cold storage has a stock of around 40 – 42 lakh 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 decline for few days on supply pressure on reopening of the market and reduced demand in this season.

Grades	May 15 - May 20	May 29 - June 03
(LCA 334	Closed	4400 - 4600

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

Delhi Mandi:

Red chilli prices at Delhi market declined for various grades and mostly remained steady to range bound for other grades. The demand for chilli is expected to remain moderate ahead of monsoon season and might decline due to fall in prices at the primary markets. Therefore the prices are expected to trade range bound to bearish for few days.

	May 15 - May 20	May 29 - June 03
Guntur Pala	4900 – 5000	4700 - 5000
Guntur Fullcut	6500	6300 – 6500
Guntur Packing (new)	5400	5200 - 5400
Nagpur Pala	4700 – 4800	4700 – 4800
Nagpur Fullcut	5600 – 5700	5600 - 5700
Nagpur Packing	5000 - 5500	5000 - 5500

Note: Prices are in Rs/Qtl

Cardamom:

Delhi mandi

Cardamom prices for most of the varieties recovered on improved demand in summer season particularly from Pan making companies. The production of cardamom this year is high in major producing countries including in India. Cardamom prices are expected to be steady to range bound in coming few days.

	May 15 - May 20	May 29 - June 03
Panwali	175 – 185	190 – 195
Colour Robin	180 – 190	190 – 195
C Bold 6.5mm	190 – 215	205 – 215
Extra Bold 7mm	215 – 235	215 – 235
Super Extra Bold 7.5 mm	300 – 335	320 – 340
Handpicked	370 - 465	435 - 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 initially trade range

bound to slightly firm and then decline 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 6393 – 6801 in this week.

Commodity: Turmeric
Exchange: NCDEX
Contract Month: June 2006

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

The prices might recover initially and thereafter decline.



Recommendation: The contract is expected to see volatile movements during the week. Go for short position in the beginning of the week. The prices are most likely to be in the range of 2251 – 2492 this week.

Commodity: Cumin (Jeera)
Exchange: NCDEX
Contract Month: June 2006

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

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



Recommendation: Go for Short position. The Prices might move in the range of 6057- 6510 this week.

Commodity: Red Chilli
Exchange: NCDEX,

Contract Month: June 2006

Candlesticks are indicating bearishness in prices. Stochastic is in neutral region and 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 the beginning of the week. The prices might range between 4360 – 5093 during this week.

WEATHER WATCH (As on 03.06.06)

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. The northern limit of monsoon still continues to pass through 22°N/60.0°E, 22°N/68°E, Porbandar, Rajkot, Ahmedabad, Baroda, Pune, Sholapur, Kurnool, Ongole, 17° N/85.0°E, 20°N/89° E and Gangtok. Satellite and conventional observations have shown considerable decrease in rainfall activity over west coast during past 24 Hrs. Model predictions further indicate for weakening of monsoon current over Arabian Sea. Conditions are favourable for formation of a low pressure area over head Bay of Bengal during next 24-36 Hrs. Model predictions suggest that the system may slightly move in west-northwest direction. However there is little chance of this system moving much in land. Majority of models indicate of overall weakening of the monsoon system over the country during next 4-5 days.

Weather Outlook for Next 5 days

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

Uttaranchal may continue to have fairly wide spread rains with isolated heavy rainfall during next 24 Hrs. Scattered rainfall is likely over J&K, Himachal Pradesh and Uttaranchal during 9-10 June 06.

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

Fairly widespread to widespread rains / thundershowers are likely over Bihar, Orissa, West Bengal and NE States. Scattered to fairly wide spread rains/ thundershowers are likely over east U.P. during next 24 –36 Hrs.

CENTRAL INDIA [MP, CHHATTISGARH, MADHYA PRADESH]

Entire region is likely to experience mainly dry weather except isolated to scattered rainfall activity during next 24 hours.

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

Fairly widespread with isolated heavy falls are likely over coastal Karnataka and Andaman & Nicobar islands. Scattered rains are likely over Kerala, Interior Karnataka and south coastal AP. Isolated rains are

expected over rest areas of the region during next 3-4 days. Rainfall over Kerala may increase from 8 Jun06.

The region is likely to experience mainly dry weather conditions.

Source: NCMRWF, GOI.

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

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