

SPICES

July 03 - July08, 2006

Overview:

- **Red Chilli Arrivals Recede In Guntur**

News Highlights:

Red chilli price continue to rule strong in the Guntur market despite the recent fall, with the result that the Andhra Pradesh State Co – operative Marketing Federation Ltd. Is staying away from the market. Last year, the federation was an active player in the market around this time, having almost 10000 tonnes from different mandis in Andhra Pradesh at an average Rs. 2300 a quintal. Currently, Red chilli is being traded at Rs. 4800 per quintal in the Guntur mandi. Players say that market sentiments are also ruling strong as some buying interest is being seen from Sri Lanka and Bangladesh though no fresh deal was confirmed. The Guntur market had reopened after the summer vacations in early June on a slightly bearish undertone. However, this trend seems to

have been reversed following the interest shown by Bangladesh and Srilanka, though traders say that they are sitting on the sidelines waiting for the prices to ease. They say the buying requirement of these countries is obvious and that is why sentiments continue to rule strong. Even if prices ease, both will move up again. Export quality red chilli is currently available at Rs. 4400-4800 per quintal. Thus, there is little possibility of any one-sided weakness. In fact, prices are seen moving up in the coming days because good quality red chilli is not available in abundance. Arrivals in Guntur mandi have now declined to 10000 – 14000 bags from 20000 – 24000 bags, with supplies from farmers declining to 2000 – 3000 bags.

Domestic Prices For the week ending 01.07.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (01.07..06)	Price (RS/KG) For The Week (24.06.06)	Last Month (RS/KG)Same Week (03.06.06)	Last Year Same Week (RS/KG) (02.07..05)
Black pepper*	Malabar garbled (mg-1)	Cochin	71.83	69.10	69.17	61.75
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	210.68	206.00	214.18	259.83
Cardamom	Cardamom (large Bada Dana)	Gangtok	120.00	120.00	120.00	90.00
Chilli	Non -cold storage	Guntur	35.00	34.80	Closed	16.40
Ginger	Best	Cochin	55.00	57.00	55.00	120.00
	Medium	Cochin	45.00	47.00	47.00	100.00
Turmeric	Alleppey finger (AFT)	Cochin	45.00	45.00	45.00	50.00
	Rajapuri	Mumbai	55.50	55.50	54.50	51.25
	Duggirala	Mumbai	26.00	26.25	26.25	24.13

Coriander	Indori 5%	Mumbai	28.75	29.25	30.25	18.63
	Kanpuri M/C	Mumbai	32.50	33.00	33.50	20.75
Cumin	1%	Mumbai	70.63	70.63	69.38	75.63
	4%	Mumbai	65.63	65.63	64.38	70.63
Clove		Cochin, Nagarcoil	330.00	330.00	343.33	219.16
			375.00	330.00	370.00	245.00
Cinnamon		50.00	50.00	50.00	50.00	47.50

Source: Spices Board

International Spot Prices for the week ending 23.06.2006:

Spice	Origin/Grade	Market	Price For The Week (23.06.06) (US\$/TON)	Price For The Week (16. 06. 06) (US\$/TON)	Last Month Same Week (26.05.06) (US\$/TON)	Last Year Same Week (24.06.05) (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 (AGEB)	Saudi Arabia	8290	8290	7740	10630
Chillies	Indian sannm-4 (stem less)	New York	1940	1830	1830	1213
Ginger	India cochin	New York	2029	2029	2029	3418
	Chinese peeled	New York	1830	1830	1830	3087
Turmeric	India Alleppey finger	New York	1852	1852	1852	2051
Garlic	Chinese	New York	2977	2977	2977	1808
Coriander	Canada	New York	772	772	772	772
Cumin	Syrian	New York	1808	1808	1852	1810
	Indian		1808	1808	1852	2029
Fennel	Indian (Asta)	New York	1808	1808	1786	1411
	Egyptian		1610	1654	1654	1367
Fenugreek	India/turkey	New York	816	794	794	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	4961	4961	4961	3859
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	4630

Source: Spices Board

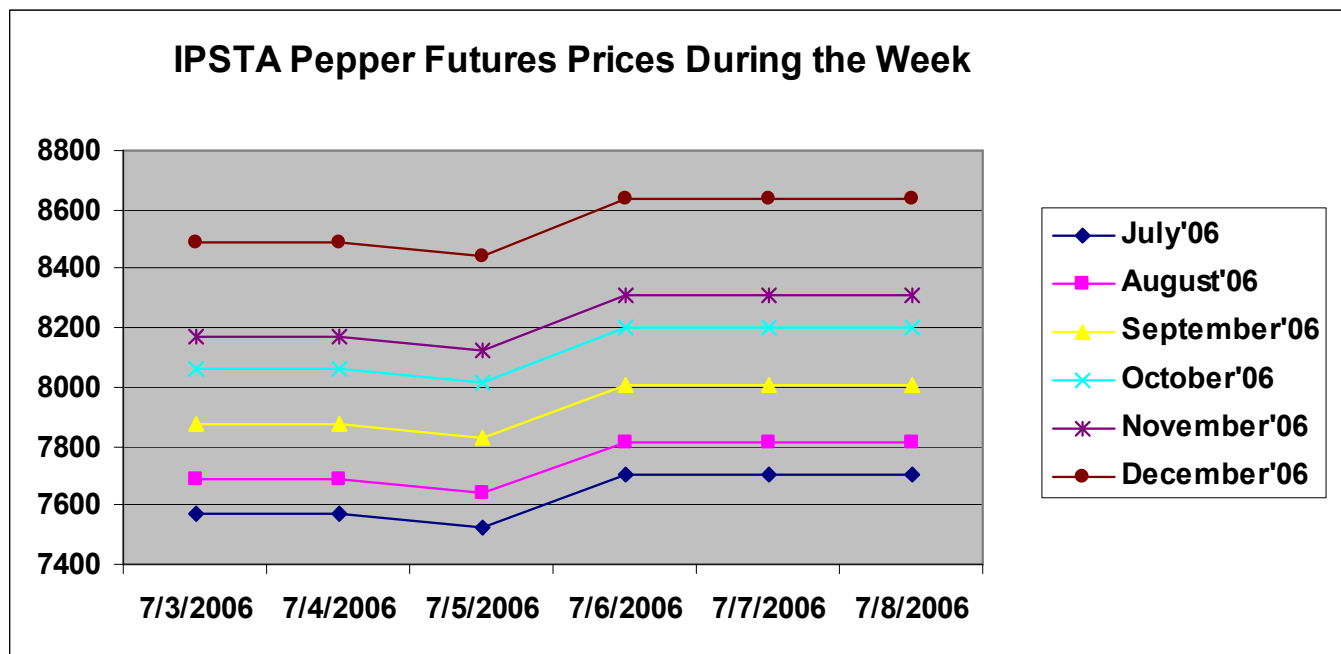
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Fundamental Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for July, August, September, October, November and December month contracts at the IPSTA during the week. The Prices remained volatile during the mid week and thereafter became steady following spot market sentiments. The prices would most likely to remain slightly firm.



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

Pepper	7/ 03/ 2006	7/ 04/ 2006	7/ 05/ 2006	7/ 06/ 2006	7/ 07/ 2006	7/ 08/ 2006
Ungarbled	7050	7100	7100	7200	7200	7200
Garbled	7450	7500	7500	7600	7600	7600

Black Pepper at the Kochi market traded at firm prices throughout the week. The prices increased on lack of selling interest in the market and high demand for the commodity on better position of India in international markets. The Indian prices are competitive and Vietnam has already sold a large part of its produce. In Kochi market Garbled Grade by the weekend traded Rs. 150 firm at Rs. 7600 per quintal as against Mondays Rs. 7450 a quintal. Similar rise was observed in Ungarbled grade and the price at the weekend was Rs. 7200 as against last weeks Rs. 6950 a quintal. The total volume traded during the week declined and was of just 10 MT's. Brazil and Indonesia has estimates of less pepper production this year. The prices of pepper might remain slightly firm in the coming days.

Delhi Market

Black Pepper prices at Delhi market remained steady to slightly firm this week on bullish advices from

primary markets. The traders are unwilling to sell at current prices in expectation of fetching higher prices later. Pepper prices might continue to be slightly firm in coming days.

	June 26 - July 24	July03 - July08
Golden Unpolished	80 – 83	83 - 105
11.5	88 – 100	88-100
No. 12	105	105-110

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices at Erode market after its previous bearish sentiments recovered slightly this week as the market saw slightly improved demand. The arrivals during this period increased from 3000 bags

to around 4500 bags. However improved demand particularly from markets of North India did not let the prices to decline. The market still lacks international demand. According to market sources sowing in Karnataka is complete and the acreage has expanded by around 15 – 20 percent. Sowing in Tamil Nadu is in progress and is expected to complete by the end of the current month. Turmeric prices might continue to remain steady to range bound.

	June 26 - July 24	July03 - July08
Loose Finger	2350 - 2480	2400-2520
Loose Gattah	2280 - 2380	2300-2470

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

Nizamabad Mandi:

Turmeric prices at Nizamabad market continued to trade steady to range bound. The arrivals during this period declined and were in the range of 500 – 1000 bags. During the week some sale from stockists side was also observed. However demand for turmeric remained proportionately steady during this period. The prices are expected to move range bound for few days.

	June 26 - July 24	July03 - July08
Nizamabad Finger	2050 - 2350	2000-2075
Nizamabad Gattah	1950 - 2150	1950-2055

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

Delhi Mandi:

In Delhi market the prices of turmeric for most of the grades improved slightly on slight improvement in demand. The prices also improved on buying interest seen in the market. The prices are expected to remain range bound to slightly firm for few days.

	June 26 - July 24	July03 - July08
Nizamabad finger	2600	2700
E.Finger mini Selam	3350	3500
E. Single polish Gattah	2750	2900
E. Double polish Gattah	3500 – 3550	3500-3600
Warangal polish	2600	2700
Selam Finger	4350	4400

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Jeera prices at Unjha market after previous weeks steady prices recovered slightly on decrease in arrivals in the market due to heavy rains in the region. Arrival of jeera in the market declined to 350 bags due to rains in the region and the daily average arrivals were in the range of 3000 –3500 bags. The off take during this period were in the range of 6000 – 7000 bags each day reflecting buyer's interest in the market. Exporters from Mumbai are buying the commodity and the prices are expected to remain firm for few days on improvement in demand. The crop in other major producing nations like Syria and Turkey is expected to be less this year and also their stocks are low, this is coupled with reports of poor quality of jeera from Syria.

	June 26 - July 24	July03 - July08
Kisan Mal-FAQ (New)	1300 - 1350	1300-1380
Ganesh	1300 - 1360	1310 - 1390
M/c. Cleaned	1450 - 1560	1460 - 1600

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Jeera prices at Delhi market followed bullish sentiments prevailing in primary markets. The consumption of jeera is expected to increase and the prices are expected to remain slightly firm for few days.

	June 26 - July 24	July03 - July08
Ganesh New	73.00 - 74.75	75.00
FAQ	69.75 - 99.75	74.00
M/c. Cleaned	69.75 - 89.75	80.00
M/c Cut	69.75 - 89.75	85.00

Red Chillies:

Guntur Mandi. :

Red chilli prices at Guntur market remained range bound with slightly bearish inclination during the week as arrivals were high as against the demand for the commodity. The average daily arrivals were between 15000 – 20000 bags. The market has a stock of around 40 lakh bags of chilli. Thus hefty stock, high arrivals and sowing activity with

expectation of greater acreage might try to subside prices. However rains might reduce arrivals in the market and international demand from markets of Bangladesh, Srilanka and Malaysia along with slightly improved domestic demand might help the prices to recover as production this year was low. Red chilli prices might remain range bound for few days on market uncertainties.

Grades	June 26 - July 24	July03 - July08
(LCA 334 loose) Cold storage	4300 - 4550	4200-4600
(LCA 334 loose) Non Cold storage	3500 - 4150	3200 - 4200

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

Delhi Mandi:

Red chilli prices for most of the grades at Delhi market remained range bound during the week. The

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

	June 26 - July 24	July03 - July08
Guntur Pala	4800 – 5000	5000
Guntur Fullcut	6000 - 6600	6000
Guntur Packing	5200 - 5500	5200 – 5300
Nagpur Pala	4500 - 5200	4800 -5200
Nagpur Fullcut	5400 - 5800	5500 – 5800
Nagpur Packing	5000 - 5200	5200

Note: Prices are in Rs/Qtl

Technical Analysis:

Commodity: Black Pepper

Exchange:NCDEX

Contract Month: August 2006

Candlesticks are reflecting indecision. MACD is in positive zone. Stochastic oscillator has made bearish

crossover in neutral region. Moving Averages are indicating prices might recover. The contract might see firm sentiments during the week.



Recommendation: Go for Long position at lower levels. The Prices might move in the range of 7572 – 7903 this week.

Commodity: Turmeric
Exchange: NCDEX
Contract Month: August 2006

Candlesticks are reflecting indecision. MACD is in negative zone. Stochastic is in neutral region. 18

days EMA is indicating bearish sentiments. The prices might decline in the beginning of the week.

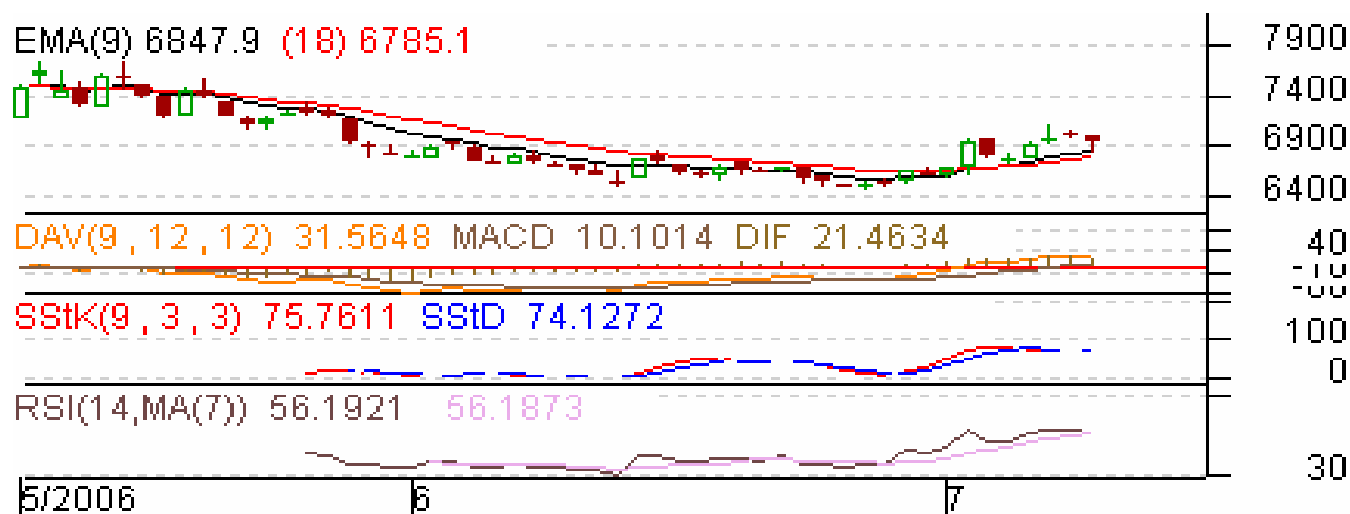


Recommendation: Go for short position. The prices are most likely to be in the range of 2401 - 2514 this week.

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

Candle sticks are indicating bearish sentiments. MACD is in positive zone and stochastic is in neutral

region. Moving averages are indicating prices might recover. The contract might see recovery in prices.

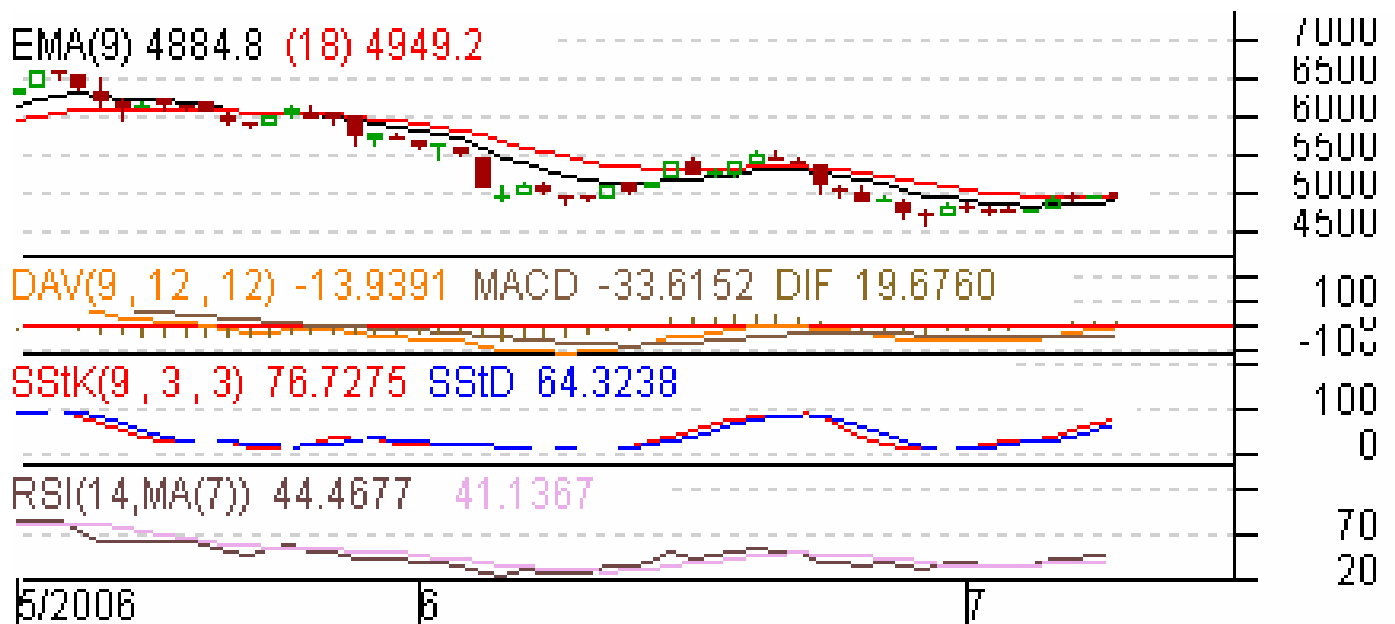


Recommendation: Go for long position at lower levels. The prices might remain in the range of Rs. 6780 to 7115 during this week.

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

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

The prices might remain range bound during the week.



Recommendation:. The prices might remain in the range of 4766 – 5016 during this week.

WEATHER WATCH (As on 07.07.06)

Monsoon Watch

Model prediction suggests that the subdued rainfall activity is expected over peninsula except Tamilnadu, Central India and plains of northwest India. Widespread with heavy to very rainfall activity is likely over Sub-Himalayan West Bengal, north-eastern States and foot hills Indogangetic plains. The chief amounts of rainfall (cm) reported at different parts of country are: Jalpaiguri-25, Cooch Behar-18, Dibrugarh-9, Porbandar-8, Mahabaleshwar & Passighat-7 each, Bhira-6, Nalia & Okha-5 each.

Heavy Rainfall Warning:

Heavy to very heavy rainfall is likely over Northeastern States, Sub-Himalayan West Bengal & Sikkim, Nepal and adjoining Uttar Pradesh and Bihar (along foot hills of Himalayas) during 3-4 days. Flood situation may develop over north Bihar.

Zone-wise weather forecast

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

Scattered rainfalls are likely over J&K H.P. and Uttaranchal. Isolated thundershowers are likely over Punjab, Haryana and West U. P. during next 3-4 days.

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

Widespread rainfall with isolated heavy to very heavy rains are likely over Sub Himalayan West Bengal, NE States and north Bihar. Scattered to fairly widespread rainfalls are expected over south Bihar, East Uttar Pradesh and Gangetic West Bengal. Isolated rainfall is expected over Orissa and Jharkhand.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Isolated rainfall is likely over Madhya Pradesh, Vidharbha and Chhattisgarh.

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

Fairly widespread rainfall is expected over Tamilnadu during next 4-5 days. Scattered rainfall is likely over Kerala and coastal Karnataka and isolated over remaining area of the region during next 4-5 days.

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

Maharashtra, Gujarat, East Rajasthan and Vidarbha are also likely to receive isolated rainfall during next 4-5 days. West Rajasthan is likely to be dry.

Source: NCMRWF, GOI

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