

SPICES

July 17 - July22, 2006

Overview:

- **STCL to Set up New Spice Processing Plants**
- **IPC to Hold Annual Session in Srilanka**

News Highlights:

STCL to Set up New Spice Processing Plants

Spice Trading Corporation Ltd. after launching its Flavourit brand of spices is now expected to expand in domestic markets. STCL is expected to set up chilli and pepper processing plants this fiscal. According to market sources the chilli processing plant is to be setup in Byadgi in Haveri district of Karnataka and pepper processing plant in Siddapur of Kodagu district.

IPC to Hold Annual Session in Srilanka

Srilanka Government has approved a memorandum presented by the Agriculture Development Minister regarding holding of 34th annual session of International Pepper Community. Srilanka, India, Vietnam, Indonesia, Brazil and Malaysia are the members of International Pepper Community (IPC). The annual session will be held for four days in the month of September '06. The session is likely to witness 200 participants including producers, traders, and exporters of pepper from across the world.

Domestic Prices For the week ending 15.07.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (15.07..06)	Price (RS/KG) For The Week (08.07.06)	Last Month (RS/KG)Same Week (17.06.06)	Last Year Same Week (RS/KG) (16.07..05)
Black pepper*	Malabar garbled (mg-1)	Cochin	76.92	75.42	69.00	60.25
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	220.79	209.17	219.48	283.63
Cardamom	Cardamom (large Bada Dana)	Gangtok	120.00	120.00	118.75	95.00
Chilli	Non -cold storage	Guntur	34.80	35.00	33.50	15.00
Ginger	Best	Cochin	55.00	55.00	57.00	120.00
	Medium	Cochin	45.00	45.00	47.00	100.00
Turmeric	Alleppey finger (AFT)	Cochin	45.00	45.00	45.00	50.00
	Rajapuri	Mumbai	55.50	55.50	55.50	51.25
	Duggirala	Mumbai	26.00	26.00	26.25	24.13
Coriander	Indori 5%	Mumbai	29.00	29.00	29.75	19.75
	Kanpuri M/C	Mumbai	32.88	32.50	32.50	20.75

Cumin	1%	Mumbai	76.25	73.13	75.63	-
	4%	Mumbai	70.00	68.13	69.38	69.38
Clove		Cochin, Nagarcoil	330.00	330.00	330.00	225.00
			360.00	365.00	360.00	250.00
Cinnamon		Delhi	50.00	50.00	50.00	47.50

Source: Spices Board

International Spot Prices for the week ending 07.07.2006:

Spice	Origin/Grade	Market	Price For The Week (07.07.06) (US\$/TON)	Price For The Week (23. 06. 06) (US\$/TON)	Last Month Same Week (09.06.06) (US\$/TON)	Last Year Same Week (08.07.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	1852	1764	1764	1698
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian (AGEB)	Saudi Arabia	7920	7810	7940	9750
Chillies	Indian sannm-4 (stem less)	New York	1830	1940	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	2205
Coriander	Canada	New York	772	772	772	772
Cumin	Syrian	New York	1808	1808	1808	1810
	Indian		1808	1808	1808	2029
Fennel	Indian (Asta)	New York	1808	1808	1808	1411
	Egyptian		1654	1610	1654	1367
Fenugreek	India/turkey	New York	794	816	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

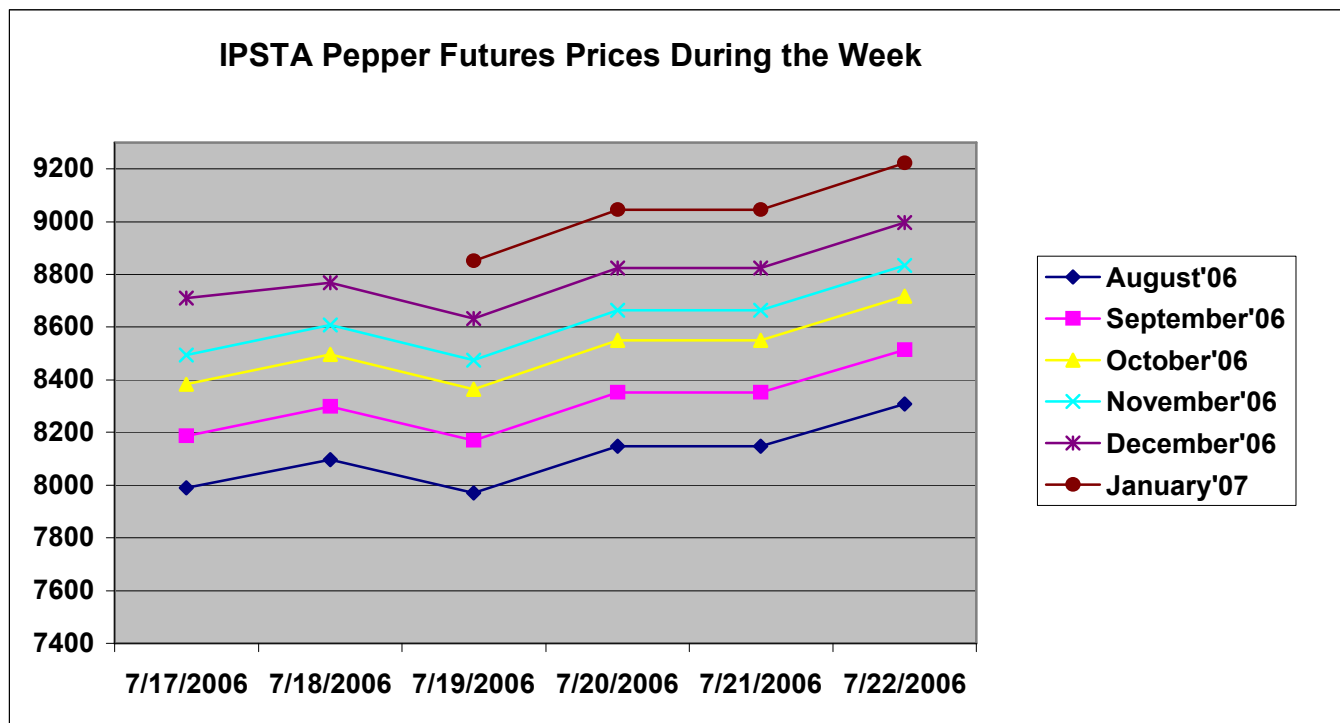
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Fundamental Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for August, September, October, November December and January month contracts at the IPSTA during the week. The Prices remained firm during the mid week following bullish spot market sentiments. The prices are most likely expected to remain firm.



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

Pepper	7/ 17/ 2006	7/ 18/ 2006	7/ 19/ 2006	7/ 20/ 2006	7/ 21/ 2006	7/ 22/ 2006
Ungarbled	7450	7450	7500	7650	7750	8050
Garbled	7850	7850	7900	8050	8150	8450

Black Pepper at the Kochi market traded at astronomical high levels this week. Black pepper continued to trade firm throughout the week on promising position of Indian pepper in world market and on low supplies in both India and World this year. The prices are increasing on better position of India in international markets and increasing exports of its pepper. The total quantity traded during the week aggregated to only 40 MT's of pepper most of which was sold at higher prices. In Kochi market Garbled Grade by the weekend traded Rs. 600 firm at Rs. 8450 per quintal. Similar rise was observed in ungarbled grade and the price at the weekend was Rs. 8050 a quintal. The market seemed to be flooded with bullish news throughout the week. Vietnam has sold a large part of its produce and market has some

reports of loss to its pepper crop in South-eastern Vietnam due to loss of supporting trees in the area. According to sources Vietnam has stopped selling its black pepper and is selling white pepper in the market with a view to fetch high prices. Sellers are still holding back their produce in anticipation to cash in at further increased prices. Exporters bought from commodity exchanges to fulfill their earlier promises to the buyers of the commodity. Harvesting in Sri Lanka, Brazil and Indonesia is in progress and has estimates of poor crop with low carry over stock. The supply side is short and the demand is high. According to market sources the stock of pepper are declining in commodity exchanges of India. The prices of pepper might remain firm in the coming days.

Delhi Market

Black Pepper prices at Delhi market traded mostly firm this week on bullish scenario of pepper in world market. The demand for pepper is high and the prices might improve in coming days.

	July10 - July15	July 17 - July 22
Golden Unpolished	83	85-90
11.5	88-100	90-105
No. 12	94 - 110	107-120

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices at Erode market after its previous weeks slight recovery in prices traded range bound to slightly bearish on similar S&D position. The average daily arrivals increased this week and were of nearly 5000 bags Vis – a - Vis 3500 – 4000 bags. The demand during this period was around 60 – 70 percent of the total inflow. The buyers were mainly from the markets of North India particularly from Delhi market and local buyers from Erode also bought the commodity. Turmeric prices might continue to remain range bound.

	July10 - July15	July 17 - July 22
Loose Finger	2500 - 2550	2450 - 2500
Loose Gattah	2450 - 2500	2400 - 2450

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

Nizamabad Mandi:

Turmeric prices at Nizamabad market remained range bound with slight bearish inclination. Slight rains in the mid week helped the sowing to continue and brought the prices down a bit. The prices are declining on low demand for the commodity particularly in local markets of the area. The market has high stock and less demand. The market saw increased arrivals during this period and was in the range of 600 – 1700 bags. The buyers were from the markets of North India. Sowing of Turmeric in Andhra Pradesh is complete with reports of similar acreage as of last year. The prices are expected to remain range bound.

	July10 - July15	July 17 - July 22
Nizamabad Finger	2050 - 2250	2050 - 2175
Nizamabad Gattah	2000 - 2200	2000 - 2170

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

Delhi Mandi:

Turmeric prices in Delhi market for most of the grades remained steady to range bound. The prices are expected to remain steady to range bound for few days on slightly reduced demand due to rainy season.

	July10 - July15	July 17 - July 22
Nizamabad finger	2700	2700
E.Finger mini Selam	3400-3500	3400
E. Single polish Gattah	2850-2900	2900
E. Double polish Gattah	3500-3600	3600
Warangal polish	2600-2700	2650
Selam Finger	4000-4400	4100

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Jeera prices at Unjha market surged this week continuing with its previous rise in prices on increased demand. Promising export scenario of India due to lower crop in other major producing nations helped the prices to recover. The arrivals of Jeera declined to 3000 bags by the weekend as against inflow of 10000 bags at the beginning of the week. The off take remained higher than supply thus reflecting strong interest of buyers in the market. The market has demand from Export front and is improving in domestic markets. The demand is coming from the Jeera exporters of Mumbai with Dubai and Singapore being their prime destinations. Demand is expected to remain good due to fair chances of good exports this year as most of the major jeera producing countries including Syria and Turkey are short of their normal production and harvesting in turkey (delayed) is expected to complete only by August. The domestic demand is also expected to increase in coming days. The prices might remain slightly firm for few days.

	July10 - July15	July 17 - July 22
Kisan Mal-FAQ (New)	1340 - 1390	1410-1480
Ganesh	1350 - 1450	1470 - 1500
M/c. Cleaned	1500 - 1710	1480 - 1800

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Jeera prices at Delhi market followed bullish sentiments prevailing in primary markets. The demand for Jeera increased and consumption of jeera is expected to improve due to festival season. The prices are expected to firm for few days.

	July10 - July15	July 17 - July 22
Ganesh New	75 - 78	78-81
FAQ	70 - 73	75
M/c. Cleaned	74 - 95	77-100
M/c Cut	72 - 95	77-100

Red Chillies:**Guntur Mandi. :**

Chilli at Guntur market continued to trade at steady prices in the absence of any fresh inputs. The average daily arrivals were of around 25000 bags comprising of 1000 – 2000 bags of fresh chilli. The off take was near around 50 – 60 percent. Most of the buying was from export front particularly from Bangladesh. According to market sources the market has a hefty stock of chillies. Hefty stock, high arrivals, low demand and sowing activity with expectation of greater acreage might try to subside prices. However absence of rains might help the prices to recover on fear of delay in seeding of crop. Red chilli prices might remain steady to range bound for few days on market uncertainties.

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: August 2006

Candlesticks are reflecting bullish sentiments. MACD is in positive zone. Stochastic oscillator is in overbought territory. Moving Averages are indicating

Grades	July10 - July15	July 17 - July 22
(LCA 334 loose) Cold storage	4400 - 4500	4400 - 4600
(LCA 334 loose) Non Cold storage	3200 - 4100	3700 - 4100

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

Delhi Mandi:

Red chilli for most of the grades at Delhi market continued to trade at range bound to slightly higher prices 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.

	July10 - July15	July 17 - July 22
Guntur Pala	NA	5300-5500
Guntur Fullcut	6200-6500	6600-6800
Guntur Packing	5000-5200	5800-5700
Nagpur Pala	NA	5200-5300
Nagpur Fullcut	5800-6000	6200-6300
Nagpur Packing	5000-5200	5200-5500

Note: Prices are in Rs/Qtl

prices might recover. The contract might see some profit booking and thereafter recovery in prices.



Recommendation: Go for Long position at Price dips. The prices might move in the range of 8642 – 9245 this week.

Commodity: Turmeric

Exchange: NCDEX

Contract Month: August 2006

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

region. Moving Averages are indicating bullish sentiments. The prices might remain volatile.



Recommendation: The prices are most likely to be in the range of 2450 - 2561 this week.

Commodity: Cumin (Jeera)

Exchange: NCDEX

Contract Month: August 2006

Candle sticks are indicating indecision. MACD is in positive zone and stochastic is bullish in overbought

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



Recommendation: Go for long position. The prices might remain in the range of Rs. 7170 to 7592 during this week.

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

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

Averages are indicating bearish sentiments. The prices might recover initially and thereafter decline.



Recommendation: Go for Short Position at Higher levels. The prices might remain in the range of 4770 - 5100 during this week.

WEATHER WATCH (As on 23.07.06)

MONSOON WATCH & WEATHER OUTLOOK

Low pressure area over central parts of north Madhya Pradesh and adjoining Uttar Pradesh now lies over northwest Madhya Pradesh and adjoining east Rajasthan. The seasonal trough passes through Jodhpur, center of low pressure area, Umaria, Ambikapur, Daltonganj, Shantiniketan and thence southeastwards. Under its influence widespread rainfall activity with isolated heavy to very heavy falls are likely over West Madhya Pradesh, Gujarat, East Rajasthan, Konkan & Goa and Madhya Maharashtra during next 48 hours. Model predictions suggest that monsoon trough is likely to be south of its normal position during next 2-3 days. Rainfall activities may be less over Indo-Gangetic plain, NE States and more over Central and Peninsula India. Model predictions also suggest that another **low pressure area** is likely to form over NW Bay of Bengal around 28 July. It may intensify further and rainfall activities may enhance over Orissa, West Bengal and Jharkhand. Isolated rainfall is expected over Rayalseema and Tamilnadu during next 3 days.

Heavy Rainfall Warning:

Heavy rainfall is likely at a few places over Konkan & Goa (including Mumbai), Madhya Maharashtra, West Madhya Pradesh, Gujarat, and East Rajasthan.

Zone-wise weather forecast

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

Fairly widespread rainfall is likely over H.P., Punjab and Haryana during next 48 hrs. Scattered rainfall is expected over west U.P. and Uttaranchal during next 3-4 days.

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

Scattered to Fairly widespread rainfall are likely over West Bengal, Jharkhand and Orissa next 2-3 days then it may increase. Scattered rainfall are likely over East U.P., Bihar and NE States during next 3-4 days.

CENTRAL INDIA [M, CHATTISGARH, VIDARBHA]

Fairly widespread with isolated heavy rainfall is likely over Madhya Pradesh, Chhattisgarh and Vidharbha during next 2-3 days. Then rainfall activities may reduce.

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

Fairly widespread rainfall with isolated heavy rains is likely over Kerala, Karnataka, Telangana and Cosatal Andhra Pradesh during next 2-3 days. Isolated rainfall is likely over Tamilnadu and Rayalseema during 2-3 days.

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

Widespread rainfall with isolated heavy fall is likely to continue over Konkan & Goa. Madhya Maharashtra and Marathawada are also likely to receive fairly widespread rainfall with isolated heavy fall during next 2-3 days. Widespread rainfalls with isolated heavy falls is likely over Gujarat and East Rajasthan during next2 days and reduce subsequently.

Source: NCMRWF, GOI

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