

SPICES

July 10 - July15, 2006

Overview:

- A New Era of E-bidding is to start Soon in Cardamom Auction
- Cardamom (Small) Production Might Decline on Inadequate Rains

News Highlights:

A New Era of E-bidding is to start Soon in Cardamom Auction

The new season in cardamom auction is going to see some innovation. Spices Board is likely to put an end to the open outcry system in cardamom auction like many other commodities and a new era of electronic bidding will then start at all the seven auction centres. The proposal for introducing electronic auction for cardamom was taken during the recent board review meeting. The board planned to introduce the system in all the centres by August when the auction season started. The board's EDP division centre will ready the software soon with the support of an outside agency, so that the whole programme can be introduced around the start of auction season or at least by the time the season picks up. A big screen at

the centres will display the prices and the lots. Dealers logging in at the centres can bid for the commodity. Steps will be taken to ensure that the secrecy of the bidder be maintained.

Cardamom (Small) Production Might Decline on Inadequate Rains

Unsuitable weather conditions for production of cardamom (small) in its major producing regions are hinting towards fall in production this year. Kerala and Tamil Nadu received inadequate rains in the month of June affecting the cultivation of Cardamom. The climate remained hot and dry Traders resulting in loss of berries. The cultivators are estimating a fall of around 25 percent as against last years crop however there are possibilities of change in figures.

Domestic Prices For the week ending 08.07.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (08.07..06)	Price (RS/KG) For The Week (01.07.06)	Last Month (RS/KG)Same Week (10.06.06)	Last Year Same Week (RS/KG) (09.07..05)
Black pepper*	Malabar garbled (mg-1)	Cochin	75.42	71.83	69.00	60.00
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	209.17	210.68	227.87	273.18
Cardamom	Cardamom (large Bada Dana)	Gangtok	120.00	120.00	122.50	88.75
Chilli	Non -cold storage	Guntur	35.00	35.00	36.80	16.00
Ginger	Best	Cochin	55.00	55.00	56.00	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	54.50	51.25
	Duggirala	Mumbai	26.00	26.25	26.63	24.13

Coriander	Indori 5%	Mumbai	29.00	28.75	29.75	18.63
	Kanpuri M/C	Mumbai	32.50	33.00	33.50	20.75
Cumin	1%	Mumbai	73.13	70.63	69.03	75.63
	4%	Mumbai	68.13	65.63	64.38	70.63
Clove		Cochin, Nagarcoil	330.00	330.00	333.33	215.00
			360.00	375.00	350.00	240.00
Cinnamon		Delhi	-	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

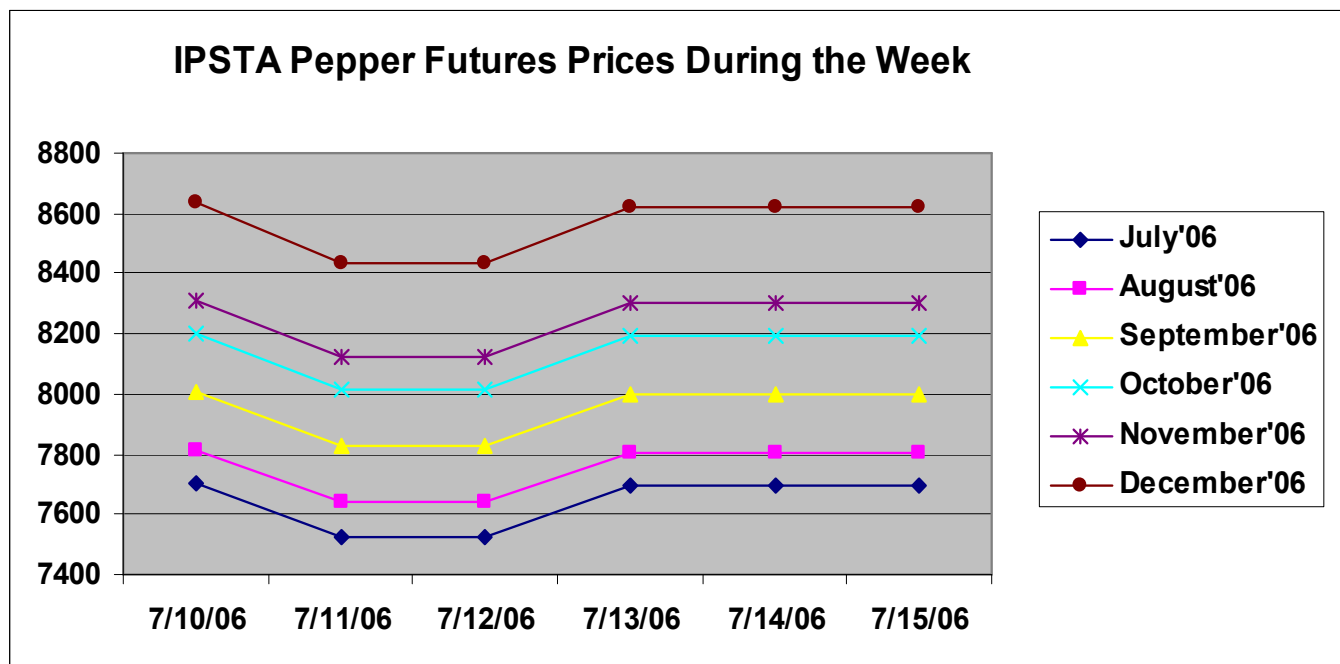
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Fundamental Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for 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/ 10/ 2006	7/ 11/ 2006	7/ 12/ 2006	7/ 13/ 2006	7/ 14/ 2006	7/ 15/ 2006
Ungarbled	7100	7250	7350	7350	7350	7350
Garbled	7500	7650	7750	7750	7750	7750

Black Pepper at the Kochi market continued to trade at firm prices throughout the week. 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 47 MT's of pepper most of which was sold at higher prices. In Kochi market Garbled Grade by the weekend traded Rs. 250 firm at Rs. 7750 per quintal. Similar rise was observed in ungarbled grade and the price at the weekend was Rs. 7350 a quintal. Vietnam has sold a large part of its produce and market has some reports of loss to pepper crop in South-eastern Vietnam due to loss of supporting trees of pepper vines. Market sources revealed harvesting in Srilanka has begun and India is importing immature pepper from Srilanka. The grinders and oleoresin companies are buying Srilankan pepper as the market has unconfirmed reports of higher oil content in Srilankan Pepper. However crop in Srilanka is short this year. The

condition is favourable for Indian grinders as they get some concessions on such imports. Harvesting in Indonesia is in progress but reports of Tsunami are bringing bullish expectations. Brazil and Indonesia has estimates of poor crop with low carry over stock. The prices of pepper might remain range bound to slightly firm in the coming days.

Delhi Market

Black Pepper prices at Delhi market remained mostly steady to range bound this week on some what similar S&D situation. The demand for pepper is high and the prices might improve in coming days.

	July03 - July08	July10 - July15
Golden Unpolished	83 - 105	83
11.5	88-100	88-100
No. 12	105-110	94 - 110

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices at Erode market after its previous weeks slight recovery in prices remained steady to firm this week. The price improved as sowing is complete in Karnataka and is nearly complete in TamilNadu. The arrivals increased this week and were in the range of 3500 – 4000 bags daily. The demand was of around 75 percent of the total inflow. Turmeric prices might continue to remain range bound.

	July03 - July08	July10 - July15
Loose Finger	2400-2520	2500 - 2550
Loose Gattah	2300-2470	2450 - 2500

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

Nizamabad Mandi:

Turmeric prices at Nizamabad market increased due to dry patch seen in the area as no rains were seen in the region. The demand for turmeric also improved due to clear weather. The market saw increased arrivals during this period and were in the range of 600 – 1500 bags. Market has hefty stock of Turmeric. The buyers were from the markets of North India. Sowing of Turmeric in Andhra Pradesh is expected to continue for another 15 – 20 days. The prices are expected to improve slight especially looking at the weak monsoon situation.

	July03 - July08	July10 - July15
Nizamabad Finger	2000-2075	2050 - 2250
Nizamabad Gattah	1950-2055	2000 - 2200

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.

	July03 - July08	July10 - July15
Nizamabad finger	2700	2700
E.Finger mini Selam	3500	3400-3500
E. Single polish Gattah	2900	2850-2900
E. Double polish Gattah	3500-3600	3500-3600
Warangal polish	2700	2600-2700
Selam Finger	4400	4000-4400

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Jeera prices at Unjha market followed its previous week's recovery in prices. The prices of Jeera increased this week on improved demand despite increased arrivals in the market. The daily average arrival of Jeera was of around 3500 – 4000 bags as against 3000 –3500 bags previous week. The off take was high and even more than the fresh arrivals and were in the range of 6000 – 7000 bags each day reflecting buyer's interest 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.

	July03 - July08	July10 - July15
Kisan Mal-FAQ (New)	1300-1380	1340 - 1390
Ganesh	1310 - 1390	1350 - 1450
M/c. Cleaned	1460 - 1600	1500 - 1710

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. The prices are expected to remain slightly firm for few days.

	July03 - July08	July10 - July15
Ganesh New	75.00	75 - 78
FAQ	74.00	70 - 73
M/c. Cleaned	80.00	74 - 95
M/c Cut	85.00	72 - 95

Red Chillies:

Guntur Mandi. :

Red chilli prices at Guntur market remained steady to range bound during the week on similar S& D situation. The arrivals increased and the daily average arrivals were of 25000 bags of chilli. The off take was near around 50 – 60 percent. According to market sources the market has a stock of around 40 lakh bags of chilli. Sowing of chilli is in progress and the recent dry patch of weather is not going to affect the chilly crop in a big way as it is mostly grown in the irrigated areas. However, in rainfed areas the sowing pace might be affected. Hefty stock, high arrivals, low demand 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 steady to range bound for few days on market uncertainties.

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: August 2006

Candlesticks are reflecting bearish sentiments. MACD is in positive zone. Stochastic oscillator has made bullish crossover and has just entered in



Recommendation: Go for Long position at lower levels. The Prices might move in the range of 7912 – 8250 this week.

Grades	July03 - July08	July10 - July15
(LCA 334 loose) Cold storage	4200-4600	4400 - 4500
(LCA 334 loose) Non Cold storage	3200 - 4200	3200 - 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 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.

	July03 - July08	July10 - July15
Guntur Pala	5000	NA
Guntur Fullcut	6000	6200-6500
Guntur Packing	5200 – 5300	5000-5200
Nagpur Pala	4800 -5200	NA
Nagpur Fullcut	5500 – 5800	5800-6000
Nagpur Packing	5200	5000-5200

Note: Prices are in Rs/Qt

overbought territory. Moving Averages are indicating prices might recover. The contract might see firm sentiments during the week.

Commodity: Turmeric
Exchange: NCDEX
Contract Month: August 2006

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

Moving Averages are indicating bearish sentiments. The prices might recover and then decline.



Recommendation: Go for Short Position at Higher levels. The prices are most likely to be in the range of 2428 - 2502 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 overbought 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. 7259 to 7589 during this week.

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

Candlesticks are indicating bearish sentiments.
Stochastic has made bullish crossover in neutral

region and is MACD is in negative zone. The prices might remain bearish during the week.



Recommendation: Go for Short Position at Higher levels. The prices might remain in the range of 4770 - 5054 during this week.

WEATHER WATCH (As on 18.07.06)

MONSOON WATCH & WEATHER OUTLOOK

Presently a low pressure area lies over Jharkhand and adjoining southeast Uttar Pradesh. It is likely to move slowly in a west-northwesterly direction. Under its influence fairly widespread rains with heavy to very heavy falls are likely over Vidarbha, Chhattisgarh, Madhya Pradesh and adjoining Maharashtra. The rainfall activity over West Madhya Pradesh, East Rajasthan, and Konkan & Goa including Mumbai, Madhya Maharashtra and Gujarat is likely to increase during next 2-3 days. The axis of the seasonal trough passes through Anupgarh, Churu, Agra, Kanpur, center of the above low pressure area and thence southeastwards. Under its influence scattered to fairly widespread rains are likely over northwest India. A western disturbance is likely to approach Northwest India around 21-22 July; 2006. It is likely to interact with monsoon flow. Under its influence rainfall activity may increase from 21st July over Northwest India. Fairly widespread rains with isolated heavy to very heavy falls are also likely over north-eastern States during next 2-3 days. Chief amounts of rainfall (cm) observed during past 24 hours are: Nagpur-17, Mahabaleshwar-7, Karwar-5, Silchar, Wardha, Champa, Hoshangabad, Jabalpur, Gangtok & Keonjhar-3 each; Tehri, Raipur, Kochi & Ranchi-2

Heavy Rainfall Warning:

Heavy to very heavy rainfall is likely at a few places over Madhya Pradesh Vidarbha, and NE States. Isolated heavy rainfall also likely over Konkan & Goa, Marathawara, Madhya Maharashtra, Haryana (Delhi) and Uttaranchal.

Zone-wise weather forecast

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

Scattered rainfall is expected over northwest India during next 3 days. Rainfall activity may increase from 21 July, 2006

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

Widespread rainfall with isolated heavy rains is likely over East U.P., Jharkhand and NE States during next 48 hours and subsequently likely to decrease. Scattered rainfalls are expected over Bihar, West Bengal and Orissa.

CENTRAL INDIA [M, CHATTISGARH, VIDARBHA]

Fairly widespread to widespread rainfall with isolated heavy falls is likely over Madhya Pradesh, Vidarbha

and Chattisgarh during next 24 hrs ,then it may reduce subsequently. Scattered rainfall may continue over region.

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

Fairly widespread rainfall is likely over Kerala and coastal Karnataka during next 48 hrs. Scattered rainfall is likely over Tamilnadu and South Interior Karnataka and coastal A.P. NIK, Telangana and Rayalaseema.

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 isolated heavy rainfall during next 2 days. Rainfall activity may decrease thereafter. Fairly widespread rainfall is likely over South Gujarat, Saurashtra and East Rajasthan during 48 hrs, and then it may reduce as scattered.

Source: NCMRWF, GOI

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