

SPICES

August 21-26, 2006

Overview:

- **Onion Suffers Loss from Floods**

News Highlights:

Onion Suffers Loss from Floods

Production of onion in major growing districts of Andhra Pradesh has suffered some loss due to heavy rains and floods in the region. Kurnool district that covers around ten thousand hectares of area under onion cultivation has suffered loss in terms of quality of onion produced. Onion prices in Bhimunipatnam are ruling between Rs. 500 – 700 a

quintal and in Gudimalkapur between Rs. 200 – 400 per quintal. Gudimalkapur market is witnessed arrivals of around 40 - 42 MT's of onion. Traders are expecting prices to recover as stock of onion declines. In Kurnool market onion traded in the range of Rs. 400 – 550 a quintal.

Domestic Prices For the week ending 19.08.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (19.08..06)	Price (RS/KG) For The Week (19.08.06)	Last Month (RS/KG)Same Week (22.07.06)	Last Year Same Week (RS/KG) (20.08..05)
Black pepper*	Malabar garbled (mg-1)	Cochin	98.60	100.50	80.42	64.00
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	289.28	267.32	228.87	252.08
Cardamom	Cardamom (large Bada Dana)	Gangtok	138.75	136.25	123.75	92.50
Chilli	Non -cold storage	Guntur	35.67	37.20	35.00	12.00
	Cold Storage		48.00	47.00	46.00	18.25
Ginger	Best	Cochin	62.00	62.00	55.00	120.00
	Medium	Cochin	52.00	50.00	45.00	100.00
Turmeric	Alleppey finger (AFT)	Cochin	45.00	45.00	45.00	50.00
	Rajapuri	Mumbai	55.50	55.50	55.50	52.25
	Duggirala	Mumbai	26.63	26.63	26.25	25.00
Coriander	Indori 5%	Mumbai	29.75	29.75	29.00	18.63
	Kanpuri M/C	Mumbai	33.00	33.00	32.88	19.75

Cumin	1%	Mumbai	80.00	81.25	78.75	73.13
	4%	Mumbai	75.00	76.25	73.13	66.88
Clove		Cochin, Nagarcoil	342.00	346.67	330.00	235.00
			340.00	330.00	340.00	240.00
Cinnamon		Delhi	65.50	65.50	53.50	46.50

Source: Spices Board

International Spot Prices for the week ending 18.08.2006:

Spice	Origin/Grade	Market	Price For The Week (18.08.06) (US\$/TON)	Price For The Week (11. 08. 06) (US\$/TON)	Last Month Same Week (21.07.06) (US\$/TON)	Last Year Same Week (19.08.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	2426	2426	1940	1698
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian (AGEB)	Saudi Arabia	9840	9130	7800	9000
Chillies	Indian sannm-4 (stem less)	New York	2028	1940	1940	1213
Ginger	India cochin	New York	1962	1962	2029	3087
	Chinese peeled	New York	1830	1830	1830	3198
Turmeric	India Alleppey finger	New York	1852	1852	1852	2050
Garlic	Chinese	New York	2867	2844	2910	2844
Coriander	Canada	New York	772	772	772	770
Cumin	Syrian	New York	2249	2205	1896	1808
	Indian		2315	2249	1984	2029
Fennel	Indian (Asta)	New York	2007	2007	1940	1455
	Egyptian		1654	1654	1610	1367
Fenugreek	India/turkey	New York	816	816	816	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

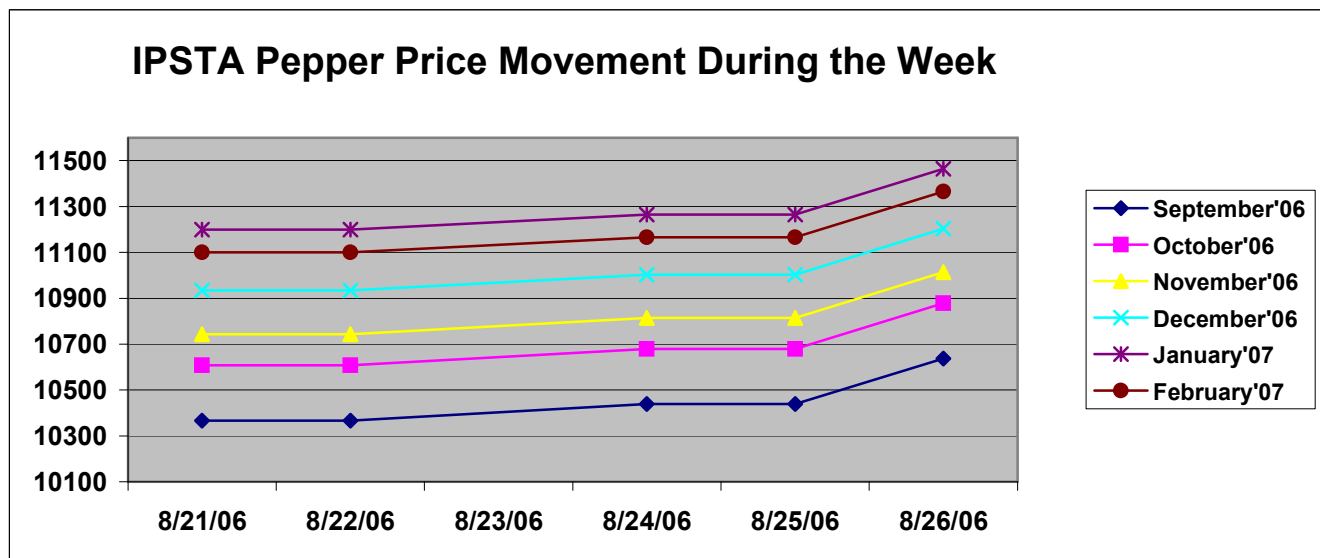
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for September, October, November December, January and February month contracts at the IPSTA during the week. The Prices remained firm throughout the week. The prices are most likely expected to trade bullish.



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

Pepper	8/ 21/ 2006	8/ 22 2006	8/ 23 2006	8/ 24/ 2006	8/ 25/ 2006	8/ 26/ 2006
Ungarbled	9600	9600	9600	9700	9900	10200
Garbled	10000	10000	10000	10100	10300	10600

Black Pepper prices at Kochi market after witnessing previous weeks range bound movements finally managed to recover again. MG 1 Grade saw a quantum rise of Rs. 600 as it increased from Rs. 10000 last week to 10600 a quintal this week. In the same line Ungarbled grade also traded firm by Rs. 600 and changed hand at Rs. 10200 a quintal by the weekend. The market saw arrivals of 177 MT's of pepper during the week and offtake was also of similar quantity. Brazil is selling its pepper forward and has increased the price. Other major producing nations have also raised their price thus helping India's pepper export conditions to improve. During the week market saw exporters buying the commodity and the domestic demand was also high. India has offered a tariff concession on import duty on import of pepper in India from ASEAN. India has also restricted Srilankan export of pepper by introducing 2500 MT's of quota. The domestic demand in North India's markets might improve ahead of festival season. World production is low and the markets are facing supply crunch. Most of the producing nations have very low stocks. The prices

are expected to remain range bound to slightly firm for few days.

Delhi Market

Black Pepper prices in Delhi market improved following bullish sentiments prevailing in Kochi market. The demand for pepper is expected to improve in coming days on upcoming festival season and due to near end of rainy season. The prices might move range bound to slightly firm.

	August 14 - 19	August 21 - 26
Golden Unpolished	97 - 108	97 - 113
11.5	120	120 - 130
No. 12	130	130 - 135

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices in Erode market remained steady to range bound throughout the week. However Friday market saw a slight decline in prices. The arrivals in the market increased during this period as the

average daily arrivals increased from 4000 bags last week to 7000 bags. The offtake was of near around 75 – 80 percent. According to trading sources the market has a stock of around 6 – 7 lakh bags of turmeric. The demand is likely to improve in coming days on end of rainy season and ahead of festival season. However traders are expecting arrivals are also likely to increase. Turmeric prices might remain

	August 14 - 19	August 21 - 26
Loose Finger	2450 - 2500	2400 - 2500
Loose Gattah	2400 - 2450	2375 - 2450

range bound.

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

Nizamabad Mandi:

Turmeric prices at Nizamabad market remained mostly range bound and saw slight improvement in price of Gattah grade by the end of the week. The market saw average daily arrivals of 1500 bags as against previous week's range of 1500 – 2000 bags. According to trading sources, Nizamabad market has a stock of around 2.50 – 2.75 lakh bags of turmeric. The traders are expecting slight improvement in demand could be seen in coming days and stockists might sell at higher price levels. Sowing is complete with greater acreage this year and weather is suitable for growth of crop. The prices are expected to remain range bound.

	August 14 - 19	August 21 - 26
Nizamabad Finger	2300 - 2400	2300 - 2400
Nizamabad Gattah	2100 - 2150	2100 - 2125

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

Delhi Mandi:

Turmeric prices in Delhi market for most of the grades remained steady in similar range during this week. The prices are expected to remain range bound to slightly firm as domestic demand might improve on upcoming festival season in coming days.

	August 14 - 19	August 21 - 26
Nizamabad finger	2750	2750
E.Finger mini Selam	3450-3500	3450-3500
E. Single polish Gattah	2950-3000	2950-3000
E. Double polish Gattah	3500-3600	3500-3600
Warangal polish	2750	2750
Selam Finger	4000-4400	4000-4400

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Jeera prices at Unjha market declined improved during the week as the demand for jeera increased with improvement in weather in the area. The international demand during this period was high as most of the commodity was bought by exporters and the domestic demand also improved. The market saw increase in arrivals from 1500 bags in the beginning of the week to around 3000 bags by the end of the week. However demand also increased thus keeping the offtake to around two to three times that of inflow. The demand for the commodity is continue to increase on better position of India as against other producing nations in terms of quality and price. Traders from North India are expecting demand to increase on upcoming festival season. The prices might remain firm.

	August 14 - 19	August 21 - 26
Kisan Mal-FAQ (New)	1420 - 1560	1420 - 1590
Ganesh	1500 -1540	1500 - 1600
M/c. Cleaned	1620 - 1750	1650 - 1780

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Jeera traded firm in Delhi market on improved demand and bullish cues from primary markets. The demand for Jeera is expected to improve ahead of festival season. The prices are expected to remain slightly firm.

	August 14 - 19	August 21 - 26
Ganesh New	81	83 - 84.50
FAQ	77-78	78 - 79.50
M/c. Cleaned	77-110	80 - 111.50
M/c Cut	77 - 110	80 - 111.50

Note: Prices are in Rs/ Kg

Red Chillies:

Guntur Mandi. :

Red Chilli prices in Guntur market continued to trade at improved prices as the demand for the commodity increased in both domestic and international markets. The international buyers were mainly from Bangladesh and Srilanka. Trading sources reported by the weekend fresh export to Bangladesh was not made as the processors were busy dispatching the consignment. Traders are expecting demand from international markets is likely to continue. The average daily arrivals during the week were hefty and in the range of 30000 – 60000 bag as against previous weeks 15000 – 20000 bags of chillies. High

demand for the commodity did not let the prices to decline. Sowing is near completion with an expectation of increased acreage this year. The demand is expected to improve due to end of rainy season and on improved festival season. The prices might remain slightly firm for few days.

Grades	August 14 - 19	August 21 - 26
(LCA 334loose)Cold storage	4700 - 5200	5200 - 6000
(LCA 334 Builty)	5600	5800 - 6700

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

Delhi Mandi:

Red Chilli prices in Delhi market witnessed a sharp rise during the week on improved demand following high consumption demand ahead of festival season and bullish signals from primary markets. The

demand is likely to increase on upcoming festivals. The demand for chilli is expected to improve thus pushing up the prices.

	August 14 - 19	August 21 - 26
Guntur Pala	5400 – 6200	6000 – 6400
Guntur Fullcut	6700 – 7200	7200 – 7800
Guntur Packing	5700 – 6500	6200 - 6800
Nagpur Pala	5500 – 6000	6000 – 6200
Nagpur Fullcut	6400 - 7000	7000 – 7200
Nagpur Packing	5800 - 6200	6000 - 6500

Note: Prices are in Rs/Qtl

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: September 2006

Candlesticks are indicating bullish sentiments. MACD is in positive territory, Stochastic is in overbought

zone. Moving Averages are indicating prices might remain bullish.



Recommendation: Go for Long Position at price dips. The prices might move in the range of 11016 – 11900.

Commodity: Turmeric

Exchange: NCDEX

Contract Month: September 2006

Candlesticks are indicating bearish sentiments. Stochastic has just entered in oversold region and MACD is in negative zone. Moving Averages are

indicating bearish sentiments. The prices might remain range bound.



Recommendation: The prices are most likely to be in the range of 2550 - 2622 this week.

Commodity: Cumin (Jeera)

Exchange: NCDEX

Contract Month: September 2006

Candlesticks are indicating indecision in the market. Stochastic is in neutral region. MACD is in positive zone.

Moving Averages are indicating prices might increase.



Recommendation: Go for long position at lower levels. The prices might remain in the range of Rs. 8075 to 8355 during this week.

Commodity: Red Chilli

Exchange: NCDEX,

Contract Month: September 2006

Candlesticks are showing indecision. Stochastic is in oversold region. MACD is bullish in positive zone. Moving Averages are indicating prices might recover. The

prices are most likely to remain firm with possibility of slight bearishness in the beginning of the week.



Recommendation: Go for Long Position. The prices might remain in the range of 5415 - 5670 during this week.

WEATHER WATCH (As on 27.08.06)

MONSOON WATCH & WEATHER OUTLOOK

An upper air cyclonic circulation extending up to Mid-tropospheric level lies over North Bay of Bengal off north Orissa & West Bengal coast. It is likely to intensify into a low pressure area during 24 hrs. Under its influence fairly widespread rainfall with isolated heavy to very heavy falls are likely over Orissa & Gangetic West Bengal during next 48 hours. The rainfall activities is expected to extend towards Jharkhnad, Chhattisgarh, East Madhya Pradesh subsequently. Low pressure area over Jharkhand and adjoining Gangetic West Bengal & Bihar has become less marked. The western end of the monsoon trough continues to lie close to the foothills of the Himalayas, however, its eastern end passes through Darbhanga, Asansol, Digha and then southeastwards to northeast Bay of Bengal. Chief amounts of rainfall (cm) during past 24 hours are North Lakhimpur-10, Gorakhpur-9, Gangtok-8, Balasore-7, Kolkata (Dum-Dum) and Chennai (AP)-6 each, Passighat, Patna and Varansi-5 each, Bhagalpur, Ranchi, Tadong and Behraich-4 each. Model prediction indicate monsoon trough is likely to shift southwards near normal position and monsoon is expected active to vigorous eastern part and Central India.

Heavy Rainfall Warning:

Isolated heavy to very heavy falls are likely over Orissa & Gangetic West Bengal during next 24 hours. Subsequently rainfall activity likely to increase with heavy to very heavy falls at a few places over these regions. Isolated heavy to very heavy falls are also likely over Chhattisgarh and Jharkhand from tomorrow onwards.

Zone-wise weather forecast

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

Isolated to scattered rainfall is likely over the region.

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

Widespread rainfall with isolated heavy fall is likely over Orissa Gangetic West Bengal and Jharkhand during next 2 days. Bihar and East U.P may likely to experience scattered to fairly widespread rainfall during next 3-4 days.

CENTRAL INDIA [M, CHATTISGARH, VIDARBHA]

Widespread rainfall with isolated heavy to very heavy rains is likely over Chhattisgarh and Madhya Pradesh during 29-31 August. Scattered to fairly widespread rains are expected over Vidharbha during next 4-5 days.

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

Rainfall activities over Coastal A.P., Talangana, Karnataka and Kerala are likely to increase after 24 hrs. Isolated rainfall is likely over Rayalseema and Tamilnadu during next 4-5 days.

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

Ongoing fairly widespread rainfall activities over Konkan & Goa are likely to continue. Scattered rainfall is likely over Marathwara and Madhya Maharashtra. Rainfall activity over Rajasthan and Gujarat may increase after 3-4 days.

Source: NCMRWF, GOI

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