

SPICES

September 18-23, 2006

Overview:

• Jeera Sellers Holds Stock, Anticipates Higher Prices

News Highlights:

Jeera prices in Unjha market improved on reduced arrivals and high demand for the commodity. The arrivals declined to 2500 bags as against Mondays 4000 bags and the off take was around 2 – 2.5 times the inflow. Sellers are dominant players in the Jeera market at the stage and are holding the stocks in anticipation of more lucrative prices. Export demand for jeera is still moderate however India these days is selling to Gulf nations and Singapore at \$ 2000 – 2200 offering to US and Europe at higher prices at \$

2500. Turkey has less stock of around 4000 tonnes and is selling to US at \$ 2400. According to exporters of jeera Syria has a stock of around 13000 tonnes however quality of its jeera is still doubtful. The domestic demand might increase in the near term as markets of Eastern India are expected to purchase after the end of Navratras. Jeera crop might be late this year on account of higher ground moisture levels and any rains might further delay sowing. Farmers will begin its sowing once Groundnut harvesting completes.

Domestic Prices For the week ending 16.09.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (16.09..06)	Price (RS/KG) For The Week (09.09.06)	Last Month (RS/KG) Same Week (12.08.06)	Last Year Same Week (RS/KG) (17.09..05)
Black pepper*	Malabar garbled (mg-1)	Cochin	123.80	118.00	98.60	63.88
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	406.18	438.83	289.28	257.03
Cardamom	Cardamom (large Bada Dana)	Gangtok	127.50	137.50	138.75	101.25
Chilli	Non -cold storage	Guntur	42.40	40.25	35.67	12.00
	Cold Storage		61.60	61.50	48.00	18.40
Ginger	Best	Cochin	65.00	65.00	62.00	120.00
	Medium	Cochin	55.00	55.00	52.00	100.00
Turmeric	Alleppey finger (AFT)	Cochin	45.00	45.00	45.00	50.00
	Rajapuri	Mumbai	55.50	55.50	55.50	53.50
	Duggirala	Mumbai	27.50	26.63	26.63	28.38
Coriander	Indori 5%	Mumbai	29.25	29.75	29.75	18.88
	Kanpuri M/C	Mumbai	32.25	33.00	33.00	20.00

Cumin	1%	Mumbai	91.00	92.50	80.00	72.50
	4%	Mumbai	83.13	85.63	75.00	66.50
Clove		Cochin, Nagarcoil	320.00 350.00	320.00 330.00	342.00 340.00	230.00 235.00
Cinnamon		Delhi	87.50	86.00	65.50	46.50

Source: Spices Board

International Spot Prices for the week ending 08.09.2006:

Spice	Origin/Grade	Market	Price For The Week (08.09.06) (US\$/TON)	Price For The Week (25. 08. 06) (US\$/TON)	Last Month Same Week (11.08.06) (US\$/TON)	Last Year Same Week (09.09.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	2977	2602	2426	1698
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian (AGEB)	Saudi Arabia	11550	11360	9130	9320
Chillies	Indian sannm-4 (stem less)	New York	2028	2028	1940	1213
Ginger	India cochin	New York	1962	1962	1962	3484
	Chinese peeled	New York	1830	1830	1830	3462
Turmeric	India Alleppey finger	New York	1852	1852	1852	2050
Garlic	Chinese	New York	2867	2867	2867	2822
Coriander	Canada	New York	838	838	772	770
Cumin	Syrian	New York	2514	2249	2205	1808
	Indian		2514	2315	2249	2029
Fennel	Indian (Asta)	New York	2095	2095	2007	1455
	Egyptian		1654	1654	1654	1367
Fenugreek	India/turkey	New York	816	816	816	750
Clove	Mad/zanz/com/ Indo	New York	4961	4961	4961	3859
	Sri Lanka (hand picked)		7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	4630

Source: Spices Board

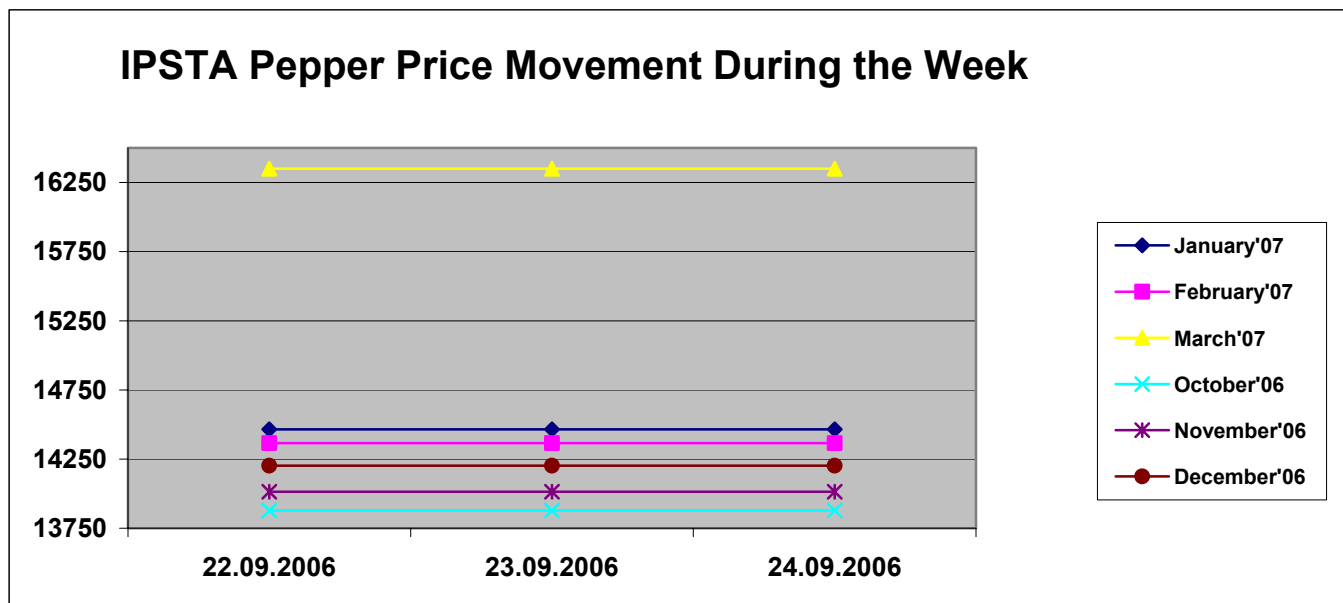
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for October, November December, January February and March month contracts at the IPSTA during the week. The prices remained mostly steady during the week on indecision in the market following mixed sentiments prevailing in the market.



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

Pepper	9/ 18/ 2006	9/ 19/2006	9/ 20/2006	9/ 21/ 2006	9/ 22/ 2006	9/ 23/ 2006
Ungarbled	12800	12800	13000	Closed	12800	12600
Garbled	13200	13200	13400	Closed	13200	13000

Black Pepper prices at the Kochi market mostly traded steady to range bound on mixed sentiments prevailing in the market. The fundamentals for pepper in the long term are still strong on supply concerns for the commodity as the estimates for world pepper production reveals a 4 percent fall in pepper production for the year 2006- 07. The prices dipped on reports of commencement of harvesting in Brazil. During the week MG1 Grade of pepper traded in the price band of Rs. 13000 – 13400 a quintal. In the same line the price of Ungarbled grade traded between Rs. 12600 – 13000 a quintal. The volumes traded during the week aggregated to 208 MT of pepper. There were reports of China selling its white pepper at reduced prices during the week. Brazil is offering at reduced prices and at lower quotes than India however it has already sold most of its pepper forward. Stocks with Vietnam and Indonesia have depleted and they do not have sufficient commodity to offer in the world market. Trading sources are expecting fewer crops this year from Karnataka due to damage to crop from heavy rains in pepper growing areas and attack of crop disease. The demand for pepper is expected to increase from

international as well as domestic markets on upcoming festival demand. Hefty buying could be seen from US and European markets. Indian pepper crop is expected to enter markets in November. However arrival of Brazil crop might bring some tentativeness in prices.

Delhi Market

In Delhi market Black Pepper prices traded range bound to slightly firm on lack of demand and mixed sentiments prevailing in primary markets. The demand for pepper is expected to influence by S&D scenario in international markets. The prices might remain range bound for a few days.

	Sep 11- Sep16	Sep 18- Sep23
Golden Unpolished	122-123	123-126
11.5	135	135
No. 12	145	145

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices in Erode market moved unlike that in Nizamabad. The prices for turmeric declined here on reduced demand from domestic markets particularly from the markets of Eastern India including West Bengal, Orissa and Bihar. The demand these days are from the markets of south India. The average daily arrivals during this period were around 6000-7000 bags of turmeric. The offtake decreased from 70 – 80 percent in the beginning of the week to 60 percent by the weekend. The market has hefty stock of turmeric and the crop condition in the nearby cultivating areas is good. The prices might remain range bound with slight bearish inclination for few days.

	Sep 11- Sep16	Sep 18- Sep23
Loose Finger	2450-2550	2375-2550
Loose Gattah	2400-2500	2450-2500

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

Nizamabad Mandi:

Turmeric prices in Nizamabad market improved on domestic demand from the markets of Madhya Pradesh, Maharashtra and Uttar Pradesh. However demand from export front was moderate during the week. The market saw daily arrivals and off take in the range of 600 – 2000 bags of turmeric. Turmeric growing regions of Andhra Pradesh and Maharashtra witnessed rains during the week that proved beneficial for growth of turmeric crop. The market has sufficient stock to meet expected consumption demand. Buying was seen for hedging purpose due to difference in spot price and prices in NCDEX far month contract. The prices might remain steady to range bound for few days.

	Sep 11- Sep16	Sep 18- Sep23
Nizamabad Finger	2420-2550	2420-2600
Nizamabad Gattah	2225-2350	2225-2400

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

Delhi Mandi:

Turmeric prices for most of the grades declined on reduced demand for the commodity due to Shraad. The demand for turmeric is expected to remain moderate and the prices might remain range bound for a few days.

	Sep 11- Sep16	Sep 18- Sep23
Nizamabad finger	2975-3050	2925-3000
E.Finger mini Selam	3675-3825	3625-3775
E. Single polish Gattah	3175-3325	3200-3275
E. Double polish Gattah	3725-3925	3700-3875
Warangal polish	2975-3025	2950-3025
Selam Finger	4225-4725	4275-4725

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Jeera in Unjha market traded firm this week on high demand for the commodity from domestic as well as overseas markets. The daily average arrivals decreased to 3000 - 3500 bags of jeera on supplier's anticipation of fetching higher prices in the near term. The offtake was higher at around 2 – 2.5 times that of arrivals. Stock of jeera is declining and the farmers are expecting delay in sowing this year due to increased moisture in soil. The domestic demand might increase on upcoming festivals. The prices might remain slightly firm for a few days.

	Sep 11- Sep16	Sep 18- Sep23
Kisan Mal-FAQ (New)	1660-1760	1680-1890
Ganesh	1720-1790	1750-1790
M/c. Cleaned	1780-1900	1800-1925

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Jeera prices increased in Delhi market following high prices for the commodity in Unjha market. The demand for jeera is expected to increase in coming days particularly due to festival season. The prices are expected to recover on improved demand and might trade firm in the near future.

	Sep 11- Sep16	Sep 18- Sep23
Ganesh New	92.00-94.50	92-93.75
FAQ	95 - 97.50	95-96.75
M/c. Cleaned	100.00-105.00	100-106.75

Note: Prices are in Rs/ Kg

Red Chillies:

Guntur Mandi. :

Red Chilli prices in Guntur market traded mostly steady to slightly bearish on low demand from

Eastern India due to Navratri, coupled with reduced demand from export front. However fundamentals for chilli are strong on reports of floods in China's chilli producing belt. Indian crop in AP the largest producer is likely to get delayed and might arrive in the markets by the month of February next year. The stock position is alarming as the market has a stock of 15 lakh bags of chilli that might fall short of demand. This might help the prices to move up in coming days. During the week market saw decrease in arrivals to 10000 bags daily as against last weeks average daily arrivals of 25000 – 35000 bags of Chilli.

Grades	Sep 11- Sep16	Sep 18- Sep23
(LCA334loose) Cold storage	5800-6400	5800-6300
(LCA 334 Builty)	6200-7000	5800-6900

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

Delhi Mandi:

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: October 2006

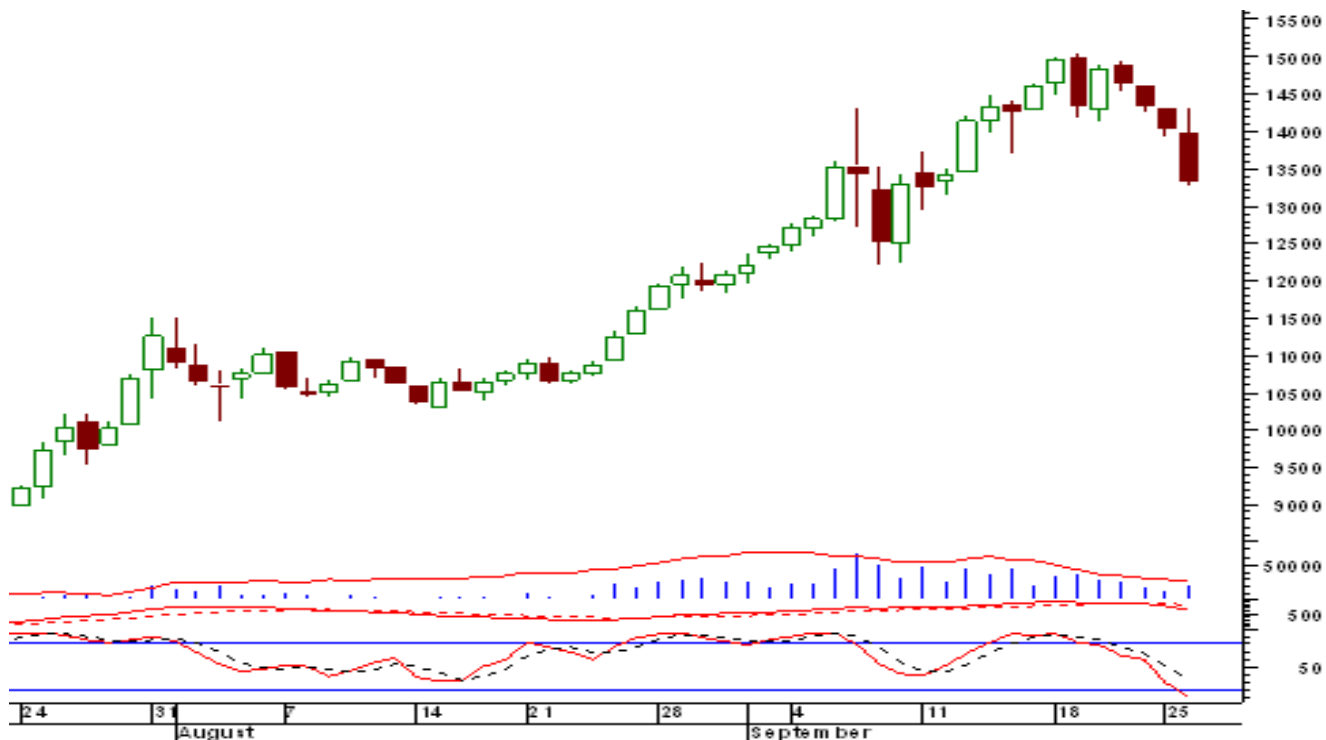
Long black candlestick shows presence of bearish sentiments in the market. MACD has made a bearish crossover in the positive territory; stochastic is

Red Chilli prices in Delhi market remained range bound to slightly firm for certain grades. The demand for chilli improved slightly ahead of festival season. The demand is likely to improve in the coming days and prices might remain slightly firm for a few days.

	Sep 11- Sep16	Sep 18- Sep23
Guntur Pala	7200-7400	7200-7500
Guntur Fullcut	8000-8500	8000-8600
Guntur Packing	7400	7400-7500
Nagpur Pala	6800	7200-7300
Nagpur Fullcut	7200	7500-7600
Nagpur Packing	6500 - 6700	6500-7100

Note: Prices are in Rs/Qtl

bearish in oversold region. Prices closed below moving averages indicating bearishness in prices. The contract is most likely to witness volatile price movements.



Recommendation: The prices might move in the range of 12500– 14370.

Commodity: Turmeric

Exchange: NCDEX

Contract Month: October 2006

Candlesticks are indicating bearish sentiments in the market. Stochastic has made a bearish crossover in neutral region. MACD is moving southwards in

negative zone. Prices closed below EMAs indicating weakness in the market. The contract may see bearish sentiments during the week.



Recommendation: Go for short position. The prices are most likely to be in the range of 2630 - 2705 this week.

Commodity: Cumin (Jeera)

Exchange: NCDEX

Contract Month: October 2006

TECHNICALS

Candlesticks are indicating bearish sentiments in the market. Stochastic is bearish in neutral region. However MACD is bearish in positive territory. Prices

closed below EMA's, showing bearishness in prices. The contract might see volatile price movements with some further selling.



Recommendation: The prices might remain in the range of Rs. 8475 to 8950 during this week.

Commodity: Red Chilli

Exchange: NCDEX,

Contract Month: October 2006

Candlesticks are indicating bearish sentiments in the market. Stochastic has made a bearish crossover in neutral region. MACD is declining and is far away

from its signal line. Prices closed below moving averages indicating bearishness in the market. The prices are most likely to remain volatile.



Recommendation: The prices might remain in the range of 5820 – 6140 during this week.

WEATHER WATCH (As on 25.09.06)

Heavy Rainfall Warning:

Isolated heavy to very heavy falls are likely over Bihar and Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya, Kerala, Lakshadweep and Andaman & Nicobar Islands

Zone-wise weather forecast

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

Scattered to fairly widespread rainfall is likely over hilly regions viz. J&K, H.P. and Uttaranchal during next 36-48 hours.

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

Widespread rainfall with isolated heavy rains is likely over Bihar, Sub-Himalayan West Bengal & Sikkim during next 36-48 hours. Fairly widespread rainfall is likely over East Uttar Pradesh, Jharkhand, Gangetic West Bengal and NE States during next 2-3 days.

CENTRAL INDIA [M, CHATTISGARH, VIDARBHA]

Scattered rainfall is likely over Vidarbha and Chhattisgarh during next 24-48 hours. Isolated rainfall may continue over the region after 2 days.

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

Widespread rainfall is likely over Kerala, Lakshadweep and Andaman & Nicobar Islands during next 2-3 days. Fairly widespread rainfall is likely over Tamilnadu and Coastal Karnataka during next 2-3 days. Scattered rainfall is likely over Andhra Pradesh and rest Karnataka during next 2-3 days. Rainfall activity is likely to enhance over Coastal Andhra Pradesh from 28 September.

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

Scattered rainfall is expected over Saurashtra & Kutch, Gujarat region Konkan & Goa, Madhya Maharashtra during next 24-36 hours. Rainfall activities may reduce thereafter. Marathwada is likely to receive scattered rainfall activity during next 2-3 days.

Source: NCMRWF, GOI

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