

SPICES

September 11-16, 2006

Overview:

- **Jeera gets Hints of a Fling**

News Highlights:

Jeera prices have recently been surging on high export demand from Gulf countries, China, America and Singapore however the prices stabilized and consolidated a bit on slightly reduced demand from Gulf countries as most of the buying ahead of Ramzan is nearly complete now. However in the beginning of October month some fresh buying could be seen from the markets of Europe and US. This might once again give a boost to Indian jeera prices. Indian jeera is known for its high quality and reasonable prices across the globe. India faces threat from Syria, Turkey and Iran however this year low production in these countries coupled with less stock

that too of inferior quality and high prices are keeping off buyers and shifting the buying interest towards India. The domestic demand for jeera is high and is expected to increase in coming days on upcoming festivals and for sowing purpose in late October near Diwali. The recent estimate from trading sources reveal a total stock of around 13 – 14 lakh bags of jeera of which Unjha market has 8.5 bags of jeera of 55-60 kgs each. Sowing of Jeera might be less this year on high moisture in soil from recent heavy rains and flood like conditions that might not help in good cultivation of jeera.

Domestic Prices For the week ending 09.09.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (09.09..06)	Price (RS/KG) For The Week (02.09.06)	Last Month (RS/KG) Same Week (12.08.06)	Last Year Same Week (RS/KG) (10.09..05)
Black pepper*	Malabar garbled (mg-1)	Cochin	118.00	109.60	100.50	63.30
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	438.83	382.76	267.32	252.59
Cardamom	Cardamom (large Bada Dana)	Gangtok	137.50	136.25	136.25	83.75
Chilli	Non -cold storage	Guntur	40.25	40.00	37.20	12.33
	Cold Storage		61.50	55.00	47.00	18.33
Ginger	Best	Cochin	65.00	64.40	62.00	120.00
	Medium	Cochin	55.00	54.00	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	52.75
	Duggirala	Mumbai	27.50	26.63	26.63	26.50

Coriander	Indori 5%	Mumbai	29.75	29.75	29.75	18.88
	Kanpuri M/C	Mumbai	33.00	33.00	33.00	19.75
Cumin	1%	Mumbai	92.50	87.50	81.25	73.13
	4%	Mumbai	85.63	81.25	76.25	66.88
Clove		Cochin, Nagarcoil	320.00	320.00	346.67	234.17
			350.00	340.00	330.00	240.00
Cinnamon		Delhi	86.00	77.50	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	New York	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

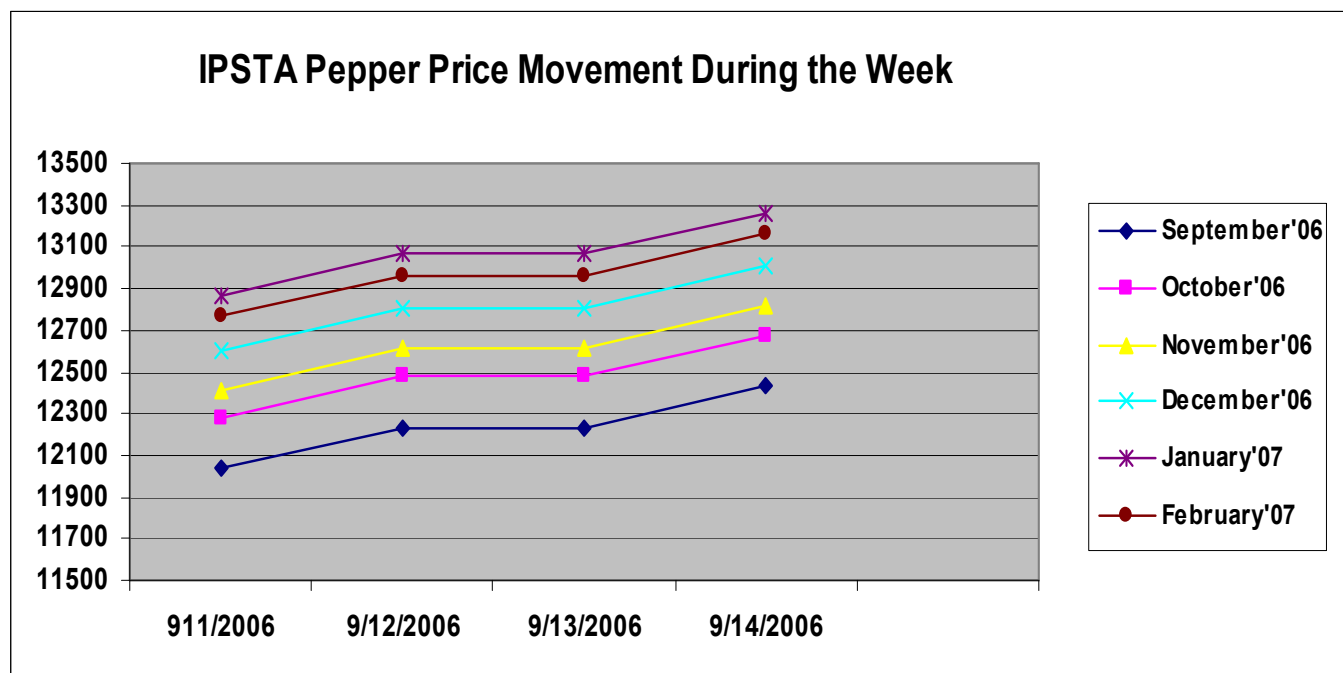
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for September, October, November December, January and February month contracts at the IPSTA during the week. The prices increased mostly during the week on bullish cues from global market on fear of decline in pepper production.



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

Pepper	9/ 11/ 2006	9/ 12/2006	9/ 13/2006	9/ 14/ 2006	9/ 15/ 2006	9/ 16/ 2006
Ungarbled	11500	11700	12000	Closed	12200	12500
Garbled	11900	12100	12400	Closed	12600	12900

Black Pepper prices at the Kochi market continued to surge on favourable position of Indian pepper in world market amid global supply shortage and on reports of fall in estimates of world pepper production by 4% for the year 2006-07. MG1 Grade traded firm at Rs. 13200 a quintal and ungarbled grade is firm at around 12900 a quintal. The week saw Kerala Marketfeds auction of pepper this also could not help the prices to get some relief. 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. However arrival of Brazil crop might bring some fall in prices

initially. Indian pepper crop is expected to enter markets in November.

Delhi Market

In Delhi market Black Pepper prices recovered and traded range bound to slightly firm on bullish sentiments in primary markets. The demand for pepper is expected to improve on upcoming festival demand. The prices might remain slightly firm.

	Sep 04 - Sep 09	Sep 11- Sep16
Golden Unpolished	115 – 126	122-123
11.5	125 – 135	135
No. 12	135 - 150	145

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices in Erode market remained range bound during the week on increased arrivals and increasing demand. The buyers of turmeric are from across the country and buyers were from local markets of South India. The market has a hefty stock of turmeric. The arrivals increased from 4000 bags in the beginning of the week to 9000 bag late during the week. The off take was also high at around 80 percent of the inflow. The prices might remain range bound for few days.

	Sep 04 - Sep 09	Sep 11- Sep16
Loose Finger	2450-2550	2450-2550
Loose Gattah	2400-2500	2400-2500

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

Nizamabad Mandi:

Turmeric prices in Nizamabad market continued to increase on increasing domestic demand ahead of festivals. The market also saw some exports during this period. Buying was seen for hedging purpose due to difference in spot price and prices in NCDEX far month contract. Traders believe domestic demand might continue to be high and some export demand might be again seen in the short term. The market saw arrivals of around 1500 – 2500 bags daily as against last weeks 1000 – 2000 bags of turmeric. Weather is suitable for the growth of crop and water at this stage might help in better growth of crop. The prices might remain steady to range bound for few days.

	Sep 04 - Sep 09	Sep 11- Sep16
Nizamabad Finger	2375-2425	2420-2550
Nizamabad Gattah	2125-2200	2225-2350

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

Delhi Mandi:

Turmeric prices recovered following higher prices at the primary market. The demand for turmeric is high on upcoming festival season. The prices might remain range bound for a few days.

Note: Prices are in Rs/ Qtl.

	Sep 04 - Sep 09	Sep 11- Sep16
Nizamabad finger	2825-2975	2975-3050
E.Finger mini Selam	3525-3725	3675-3825
E. Single polish Gattah	3025-3225	3175-3325
E. Double polish Gattah	3575-3825	3725-3925
Warangal polish	2825-2975	2975-3025
Selam Finger	4075-4625	4225-4725

Cumin:

Unjha Mandi:

Jeera prices in Unjha market declined slightly on reduced export demand as the prices reached very high levels earlier. The arrival however decreased by the weekend as the traders are holding back jeera with an intention to sell later at higher prices. Buying from gulf countries is almost over however fresh buying from Europe might be seen shortly. Traders estimate stock of jeera to be of around 13-14 lakh bags out of which 8.5 lakh bags is in Unjha market. Trading sources informed the sowing might delay this year and the acreage might reduce due to presence of high moisture in soil from recent heavy rains. The domestic demand might increase on upcoming festivals. The prices might remain range bound to slightly firm for few days and thereafter recover.

	Sep 04 - Sep 09	Sep 11- Sep16
Kisan Mal-FAQ (New)	1620-1820	1660-1760
Ganesh	1700-1850	1720-1790
M/c. Cleaned	1790-1900	1780-1900

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Jeera traded on a slightly bearish side on bearish signals from Unjha. 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 04 - Sep 09	Sep 11- Sep16
Ganesh New	92.25-95.25	92.00-94.50
FAQ	87.25-95.50	95 - 97.50
M/c. Cleaned	89.25-122.25	100.00-105.00

Note: Prices are in Rs/ Kg

Red Chillies:

Guntur Mandi. :

Red Chilli prices in Guntur market traded range bound to slightly firm during the week on improved demand for the commodity from domestic markets and some exports to the international markets. The average daily arrivals during the week declined from 50000- 60000 bags of chillies late during the previous week to 25000 – 30000 bags during the week. The market these days has some demand from Bangladesh and Malaysia and the domestic demand for the commodity particularly from south India is high. According to market sources the stock of red

chillies in the market is around 15 lakh bags. Sowing is complete with increased acreage this year. Recent rains have helped in better growth of crop. The domestic demand for chillies is expected to improve due to end of rainy season and on festival season. The prices might remain slightly firm for a few days.

Grades	Sep 04 - Sep 09	Sep 11- Sep16
(LCA334loose) Cold storage	5800-6000	5800-6400
(LCA 334 Builty)	6500-7000	6200-7000

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

Delhi Mandi:

Red Chilli prices in Delhi market remained range bound on some what similar S&D position. However

the demand is likely to improve in the coming days and prices might remain slightly firm for few days.

	Sep 04 - Sep 09	Sep 11- Sep16
Guntur Pala	6800	7200-7400
Guntur Fullcut	8000-8500	8000-8500
Guntur Packing	7300-7400	7400
Nagpur Pala	6800	6800
Nagpur Fullcut	7500	7200
NagpurPacking	6800	6500 - 6700

Note: Prices are in Rs/Qtl

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: October 2006

Candlesticks are reflecting bearish sentiments in the market. MACD is bending in positive territory; Stochastic has made a bearish crossover in overbought region. Prices closed above moving

averages indicating firm sentiment in the market. The contract is most likely to witness slight profit booking and thereafter bounce back.



Recommendation: Go for Long Position. The prices might move in the range of 14140– 15470.

Commodity: Turmeric

Exchange: NCDEX

Contract Month: October 2006

Candlesticks are reflecting bearish sentiments in the market. Stochastic is in neutral region. MACD is declining in negative zone. Prices closed below

EMA's. The contract is most likely to see bearish movement of prices.



Recommendation: Go for short position. The prices are most likely to be in the range of 2645 - 2720 this week.

Commodity: Cumin (Jeera)

Exchange: NCDEX

Contract Month: October 2006

TECHNICALS

Candlesticks are indicating bearish sentiments in the market. Stochastic is bullish in neutral region. MACD

is bearish in positive zone. Prices closed below EMA's. The prices might recover and bounce back.



Recommendation: The prices might remain in the range of Rs. 8865 to 9235 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 far behind its signal line in

positive zone. Prices closed below moving averages. Open interest and volumes are increasing.



Recommendation: Go for Long Position near lower level. The prices might remain in the range of 6032 – 6405 during this week.

WEATHER WATCH (As on 18.09.06)

MONSOON WATCH & WEATHER OUTLOOK

A low pressure area lies over north Coastal Andhra Pradesh and neighbourhood. Under its influence, widespread rainfall with isolated heavy to very heavy falls are expected over north Coastal Andhra Pradesh and Telangana during next 2-3 days. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over south Orissa and south Chhattisgarh during next 2-3 days. Rainfall activity decrease thereafter. Another low pressure lies over east central Arabian Sea and adjoining north Konkan & south Gujarat coasts. An off shore trough runs from this system to Kerala coast. Under its influence, widespread rainfall activity with heavy to very heavy falls at a few places are likely over Konkan & Goa (including Mumbai) and Madhya Maharashtra during next 3 days. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over south Gujarat, Coastal Karnataka and Kerala during same period. Chief amounts of rainfall (cm) during past 24 hours are : Bhira-9, Mahabaleshwar, Kakinada, Ramagundam, Cooch Behar & Aurangabad-7 each, Long Islands-6, Harnai-5, Rajkot-4. Models prediction suggest that a western disturbance is likely to approach over J&K and adjoining area during 19-21 September. Under its influence scattered rainfall is expected over hilly region and adjoining plains of northwest India.

Heavy Rainfall Warning:

Heavy to very heavy falls at a few places are likely over Konkan & Goa (including Mumbai), Madhya Maharashtra, Coastal Karnataka and Kerala. Isolated heavy to very heavy falls are also likely over south Gujarat, Marathawada, south Orissa, south Chhattisgarh, north Coastal Andhra Pradesh, Telangana and Andaman & Nicobar Islands.

Zone-wise weather forecast

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

The hilly regions viz. J&K, H.P. and Uttaranchal are likely to receive scattered showers during 19-21 Sept. Isolated rainfall is expected rest of the region.

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

Fairly widespread rainfall is likely over Sub-Himalayan West Bengal & Sikkim, Nagaland, Manipur, Mizoram & Tripura during next 3-4 days. Fairly Widespread rainfall with isolated heavy rains is likely over South Orissa and scattered over Jharkhand. Isolated rainfall is expected over East U.P. and Bihar during next 3-4 days.

CENTRAL INDIA [M, CHATTISGARH, VIDARBHA]

Fairly widespread rainfall is likely over Vidarbha and Chhattisgarh during next 3-4 days. Scattered to fairly widespread rainfall is expected over Madhya Pradesh during next 3-4 days.

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

Widespread rainfall with isolated heavy rains is likely over Coastal Andhra Pradesh and Telangana during next 2 –3 days then reduce thereafter. Fairly widespread rainfall is likely over Lakshadeep Islands, Andaman & Nicobar Islands and fairly widespread

over coastal & South Interior Karnataka, Tamil Nadu & Pondicherry and Kerala during next 2-3 days.

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

Konkan & Goa is likely to experience widespread rainfall with isolated heavy rains during next 2-3 days. Madhya Maharashtra and Marathwada are likely to receive enhanced rainfall activity during next 2-3 days.

Source: NCMRWF, GOI

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