

Overview:

• Pepper Moves on a Northward Journey

News Highlights:

Pepper Rides in a Roller Coaster

According to market talks the prices declined yesterday as some brokers were found involved in manipulating the prices at exchanges particularly spices. The said brokers were rigging the prices by taking huge buy positions on the NCDEX without giving any margin money. Pepper prices slumped on the news, but the strong fundamentals of the commodity supported prices to crash. The prices again bounced back on the last trading day of the week as strong buying came at lower prices.

Pepper is witnessing supply crunch this year with most producing nations reported lower crop in the last season. In the international scene, Brazil, India and Indonesia are the only left suppliers of the commodity at the stage. Vietnam is left with a very small stock, which might be swallowed by the country itself. Brazilian crop will hit the market in October and

the country has already sold almost eighty percent of its produce, and remaining stuff is expected to be sold off in a fortnight or so. The country is currently quoting pepper at \$2575 - 2600 (FOB). Indians are enjoying their usual premiums and quoting its good quality pepper around \$2975-3000 (C&F). So, finally after Brazilians sell their produce entirely, its India only to supply the international pepper consumers with its leftovers until new crop peeps in mid November. Even beyond that, the country will be the main supplier for next five months as the Vietnam's crop will come only by February next year. Adding to the current crunch, trading sources are estimating crop this year will be short. Last year production was already low at around 52 – 55 thousand tonnes. All in all the Indian harvesting season is not expected to ease the prices much this season.

Domestic Prices For the week ending 02.09.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (02.09..06)	Price (RS/KG) For The Week (26.08.06)	Last Month (RS/KG) Same Week (05.08.06)	Last Year Same Week (RS/KG) (03.09..05)
Black pepper*	Malabar garbled (mg-1)	Cochin	109.60	101.17	102.67	63.25
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	382.76	395.68	NA	254.21
Cardamom	Cardamom (large Bada Dana)	Gangtok	136.25	136.25	137.50	83.75
Chilli	Non -cold storage Cold Storage	Guntur	40.00	36.67	35.40	12.40
			53.80	55.00	47.40	18.00
Ginger	Best	Cochin	64.40	62.00	60.00	120.00
	Medium	Cochin	54.40	52.00	50.00	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	26.38	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	87.50	83.75	82.50	73.13
	4%	Mumbai	81.25	76.88	77.50	66.88
Clove		Cochin,	320.00	328.33	343.33	235.00
		Nagarcoil	350.00	340.00	330.00	240.00
Cinnamon		Delhi	77.50	72.50	67.50	46.50

Source: Spices Board

International Spot Prices for the week ending 25.08.2006:

Spice	Origin/Grade	Market	Price For The Week (25.08.06) (US\$/TON)	Price For The Week (18. 08. 06) (US\$/TON)	Last Month Same Week (28.07.06) (US\$/TON)	Last Year Same Week (26.08.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	2602	2426	2161	1698
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian (AGEB)	Saudi Arabia	11360	9840	8500	9000
Chillies	Indian sannm-4 (stem less)	New York	2028	2028	1940	1213
Ginger	India cochin	New York	1962	1962	1962	3087
	Chinese peeled	New York	1830	1830	1830	3308
Turmeric	India Alleppey finger	New York	1852	1852	1852	2050
Garlic	Chinese	New York	2867	2067	2844	2844
Coriander	Canada	New York	838	772	772	770
Cumin	Syrian	New York	2249	2249	1940	1808
	Indian		2315	2315	2029	2029
Fennel	Indian (Asta)	New York	2095	2007	2007	1455
	Egyptian		1654	1654	1610	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

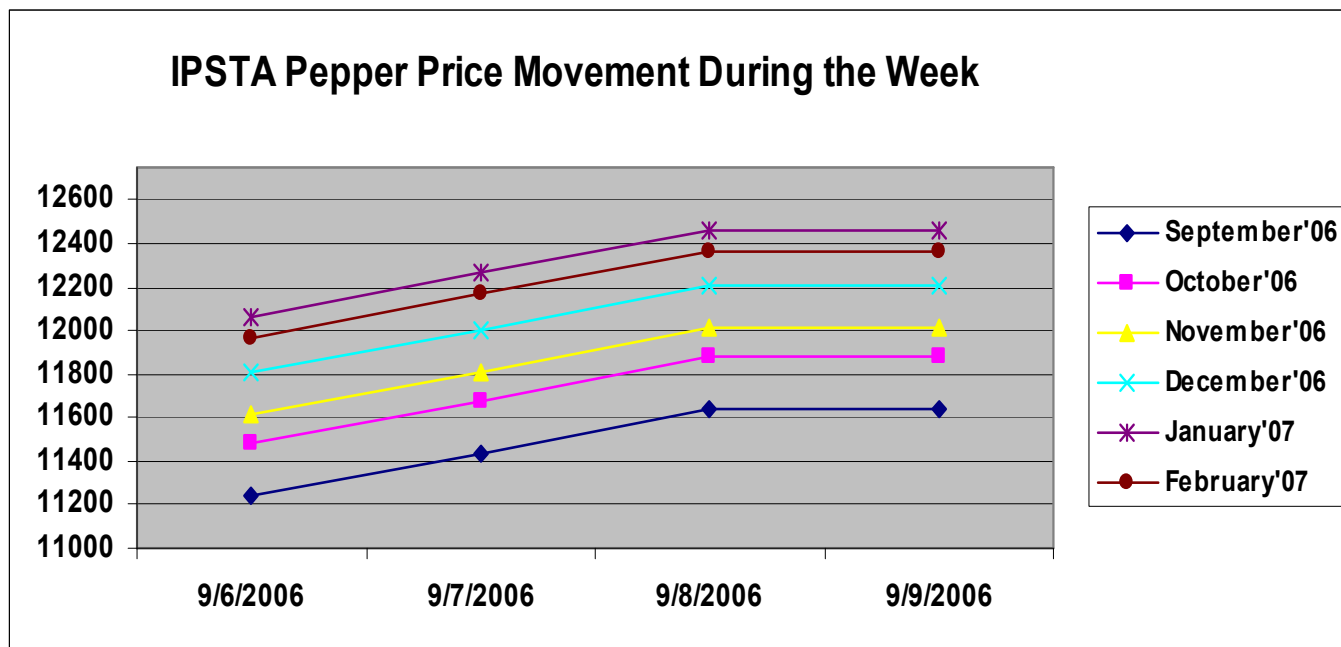
Market Analysis:

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 and then turned stable this week. The prices are most likely expected to trade bullish



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

Pepper	9/ 04/ 2006	9/ 05/2006	9/ 06/2006	9/ 07/ 2006	9/ 08/ 2006	9/ 09/ 2006
Ungarbled	10800	Closed	11200	11700	11200	11500
Garbled	11200	Closed	11600	12100	11600	11900

Black Pepper prices at the Kochi market after witnessing previous week's recovery traded mostly firm during the week. MG 1 grade crossed 12000 mark and traded maximum at Rs. 12100 during the week. Ungarbled black pepper traded highest at Rs. 11700 a quintal. The fundamentals for pepper are still very strong on global supply shortage this year coupled by expectations of further less production for the coming crop. India is enjoying a favourable position as it's the major supplier of pepper for few months as its crop will start arriving sometime late November. Most of the competitors have nearly exhausted their stocks thus giving India enough opportunity to expand in international market. Moreover the demand for pepper usually increases in October and November months for celebrations of Christmas and New Year. India's pepper output is expected to be less than 50000 MT's in 2007. The

prices are expected to remain slightly firm for few days.

Delhi Market

Black Pepper prices in Delhi market remained firm 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 end of rainy season. The prices might move range bound to slightly firm.

	August 28 - Sep 02	Sep 04 - Sep 09
Golden Unpolished	110-112	115 - 126
11.5	117-130	125 - 135
No. 12	130-135	135 - 150

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices in Erode market remained firm throughout the week on high demand for the commodity from across the India. However market did not witness any buying interest from international markets. Traders are expecting domestic demand to improve in coming day however some range bound movement might be visible as the prices are on high levels. The market has a hefty stock of turmeric. The arrivals were in the range of 4000 – 5000 bags during the week and off take was near around 80 percent of the inflow. The prices might remain range bound for few days.

	August 28 - Sep 02	Sep 04 - Sep 09
Loose Finger	2400-2525	2450-2550
Loose Gattah	2350-2450	2400-2500

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

Nizamabad Mandi:

Turmeric prices in Nizamabad market increased on export demand from Dubai. The sources reported around 500 MT's of turmeric have recently been exported. The domestic demand for turmeric is also high ahead of festivals. 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 1000 – 2000 bags of turmeric. Weather is suitable for the growth of crop however water at this stage might help in better growth of crop. The prices might remain steady to range bound for few days.

	August 28 - Sep 02	Sep 04 - Sep 09
Nizamabad Finger	2250-2425	2375-2425
Nizamabad Gattah	2100-2200	2125-2200

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

Delhi Mandi:

Delhi market got influenced by high prices prevailing in primary markets and as a result the prices increased in Delhi market also. The demand for turmeric is high on upcoming festive season coupled with end of rains. The price might continue to recover.

	August 28 - Sep 02	Sep 04 - Sep 09
Nizamabad finger	2750-2825	2825-2975
E.Finger mini Selam	3475-3575	3525-3725
E. Single polish Gattah	2950-3075	3025-3225
E. Double polish Gattah	3500-3675	3575-3825
Warangal polish	2750-2825	2825-2975
Selam Finger	4000-4475	4075-4625

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Jeera prices in Unjha market increased on high demand for the commodity from domestic as well as export front. The demand for the commodity was on an average 3 – 5 times higher than fresh arrivals in the market. The major international buyers were Singapore and Gulf countries. The domestic demand too was high on upcoming festivals. The market saw daily arrivals in the range of 4000 – 8000 bags of jeera. The prices might remain range bound for few days and thereafter recover.

	August 28 - Sep 02	Sep 04 - Sep 09
Kisan Mal-FAQ (New)	1480-1630	1620-1820
Ganesh	1560-1670	1700-1850
M/c. Cleaned	1650-1760	1790-1900

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Jeera followed bullish sentiments prevailing in Gujarat markets and traded firm on high demand. The demand for Jeera is expected to improve ahead of festival season. The prices are expected to remain slightly firm.

	August 28 - Sep 02	Sep 04 - Sep 09
Ganesh New	84.25 - 90.25	92.25-95.25
FAQ	79.25 - 85.25	87.25-95.50
M/c. Cleaned	81.25 - 117.25	89.25-122.25

Note: Prices are in Rs/ Kg

Red Chillies:

Guntur Mandi. :

Red Chilli prices in Guntur market traded firm in the beginning of the week on improved demand for the commodity from both domestic and international markets. However by the weekend the market turned in an indecisive mood on slightly reduced export demand. However domestic demand is still high and is expected to pick up. The average daily arrivals during the week were hefty and in the range of 20000 – 60000 bags of chillies. According to trading sources market has a stock of around 24 – 25 lakh bags of chillies. Sowing is complete with increased acreage this year. The domestic demand for chillies is expected to improve due to end of rainy season and on improved festival season. The prices might remain range bound to slightly firm for few days.

Grades	August 28 -Sep 02	Sep 04 - Sep 09
(LCA334loose) Cold storage	5200-6200	5800-6000
(LCA 334 Builty)	5800-6500	6500-7000

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

Delhi Mandi:

Delhi market continued to see rise in red chilli prices during the week on improved demand following high consumption demand ahead of festival season and bullish signals from primary markets. The demand for chilli is expected to improve thus prices might remain slightly firm for few days.

	August 28 - Sep 02	Sep 04 - Sep 09
Guntur Pala	6200 - 6400	6800
Guntur Fullcut	7500 - 7800	8000-8500
Guntur Packing	6500-6800	7300-7400
Nagpur Pala	6200	6800
Nagpur Fullcut	7200	7500
Nagpur Packing	6500	6800

Note: Prices are in Rs/Qtl

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: October 2006

Candlesticks are reflecting indecision in the market. MACD is flat in positive territory; Stochastic is bearish in neutral region. Prices closed above moving averages and Open interest along with Volumes

increased. The contract is most likely to witness volatile price movement with bullish bias.



Recommendation: Go for Long Position. The prices might move in the range of 12515– 14300.

Commodity: Turmeric

Exchange: NCDEX

Contract Month: October 2006

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

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



Recommendation: The prices are most likely to be in the range of 2715 - 2825 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. MACD

is bearish in positive zone. Prices closed below EMA's indicating prices might decline slightly. The prices might move side ways.



Recommendation: The prices might remain in the range of Rs. 8825 to 8512 during this week.

Commodity: Red Chilli

Exchange: NCDEX,

Contract Month: October 2006

Candlesticks are indicating bearish sentiments in the market. Stochastic is bearish in neutral region. MACD is in positive zone. Prices closed above moving

averages indicating bullishness in the market. Open interest and volumes are decreasing. The prices are most likely to remain range bound to slightly firm.



Recommendation: Go for Long Position at lower level. The prices might remain in the range of 6205 – 6585 during this week.

WEATHER WATCH (As on 10.09.06)

MONSOON WATCH & WEATHER OUTLOOK

During past 24 hours, fairly widespread rainfall has occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim, Tamil Nadu & Pondicherry, Kerala, Coastal Karnataka, Lakshadweep and Andaman & Nicobar Islands. The current meteorological analysis suggests that enhanced rainfall activity is likely to continue over the above areas during next 2-3 days. Chief amounts of rainfall (cm) during past 24 hours are: Passighat-11, Jalpaiguri and Raipur-8 each, Minicoy and Lengpui-7 each, Amini Devi-6, Bhubaneswar, Madikeri, Dhubri and Alapuzha-5 each and North Lakhimpur-4. Model predictions continue to suggest that another cyclonic circulation is expected to form in middle troposphere over west central Bay of Bengal during 10-11 Sept. that may descend down subsequently and a low-pressure area may form on 12 September over west-central Bay of Bengal. Model predictions suggest that the conditions may build up for withdrawal of monsoon from extreme West Rajasthan from 11 th September and onward.

Heavy Rainfall Warning:

Heavy to very heavy falls are likely at a few places over Arunachal Pradesh, Assam & Meghalaya, Sub-Himalayan West Bengal & Sikkim and Lakshadweep. Isolated heavy falls are also likely over Bihar &

adjoining East Uttar Pradesh, Tamil Nadu & Pondicherry, Kerala and Coastal Karnataka.

Zone-wise weather forecast

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

Scattered rainfall is expected over the region during next 48 Hrs. Then only isolated rains are expected over the region.

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

Rain/thundershowers are likely at most places over Sub-Himalayan West Bengal & Sikkim; at many places over Bihar and East Uttar Pradesh and at a few places over the rest region. Rain/thundershowers are likely at most places over the region outside Nagaland, Manipur, Mizoram & Tripura where it may be at many places.

CENTRAL INDIA [M, CHATTISGARH, VIDARBHA]

Isolated to Scattered rainfall is expected over over M.P. during next 3-4 days. Isolated to scattered rainfall activity is likely to continue over Vidarbha and Chattisgarh.

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

Fairly widespread rainfall is likely over Lakshdeep Islands, Andaman & Nicobar Islands, coastal & South Interior Karnataka, Tamil Nadu & Pondicherry and Kerala. Scattered rainfall is expected over Coastal A.P. Rayalseema during 10-12 Sept.

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

Konkan & Goa is likely to experience Scattered to fairly widespread rains during next 24-48 Hrs. and reduce thereafter. Madhya Maharashtra and Marathawada are likely to receive isolated to scattered rains. South Rajasthan is likely to experience widespread rains with isolated heavy falls during next 24-48 Hrs. and reduce significantly thereafter.

Source: NCMRWF, GOI

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