

SPICES

August 28–September 02, 2006

## Overview:

- Karnataka to set up AEZ for Vanilla**

### News Highlights:

#### Karnataka to set up AEZ for Vanilla

The Karnataka government is setting up an Agri Export Zone (AEZ) for cultivation of vanilla. A memorandum of understanding to this effect was signed between the Agricultural & Processed Foods Exports Development Authority (APEDA) and the

Department of Horticulture, Karnataka. The AEZ would cover South Kanara, North Kanara, Udipi, Coorg, Chikmagalur, Hassan, Shimoga and Belgaum.

### Domestic Prices For the week ending 26.08.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (26.08..06)	Price (RS/KG) For The Week (19.08.06)	Last Month (RS/KG)Same Week (28.07.06)	Last Year Same Week (RS/KG) (27.08..05)
Black pepper*	Malabar garbled (mg-1)	Cochin	101.17	98.60	94.00	63.00
Cardamom	(Small Auction Price ) Ungraded	Vandanmettu	395.68	289.28	NA	257.01
Cardamom	Cardamom (large Bada Dana)	Gangtok	136.25	138.75	130.00	90.00
Chilli	Non -cold storage Cold Storage	Guntur	35.67 55.00	35.67 48.00	35.00 47.80	10.00 15.00
Ginger	Best	Cochin	62.00	62.00	56.75	120.00
	Medium	Cochin	52.00	52.00	46.00	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	26.50	25.75
Coriander	Indori 5%	Mumbai	29.75	29.75	31.75	18.88
	Kanpuri M/C	Mumbai	33.00	33.00	32.88	19.75
Cumin	1%	Mumbai	83.75	80.00	80.63	73.13
	4%	Mumbai	76.88	75.00	75.63	65.63
Clove		Cochin, Nagarcoil	328.33 340.00	342.00 340.00	330.00 340.00	235.00 230.00
Cinnamon		Delhi	72.50	65.50	53.50	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:

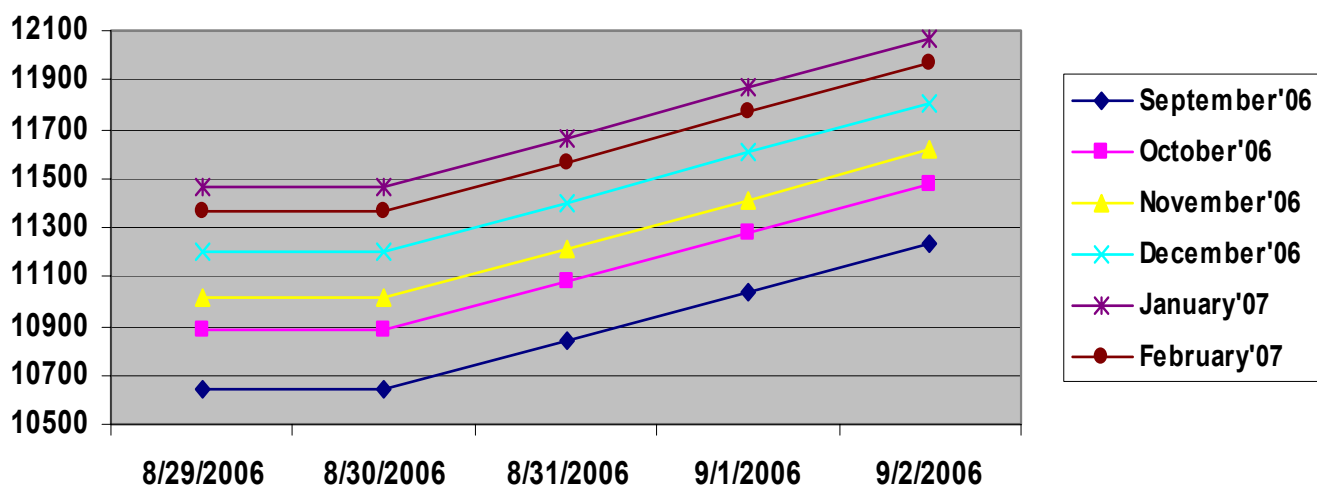
### Pepper:

#### 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 remained stable initially and thereafter surged throughout the week. The prices are most likely expected to trade bullish.

## IPSTA Pepper Price Movement During the Week



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

Pepper	8/ 28/ 2006	8/ 29/2006	8/ 30 2006	8/ 31/ 2006	9/ 01 2006	9/ 02/ 2006
Ungarbled	NA	10500	10500	10500	10500	10800
Garbled	NA	10900	10900	10900	10900	11200

Black Pepper prices at Kochi market continued firm throughout the week on bullish sentiments prevailing in the market due to high demand from international and domestic markets. The prices are rising on global supply crunch. MG1 Grade increased by Rs. 300 to Rs. 10800 a quintal followed by similar rise in ungarbled grade at Rs. 10200 a quintal. The market saw trade of around 325 MT's of pepper during the week. Competitors are increasing price of their pepper thus hinting towards bullish sentiments to prevail for Indian pepper. Harvesting of pepper in Indonesia is complete and that of Brazil is likely to gain pace in the month of October. The domestic demand in North India's markets might improve ahead of festival season and buying can be visible in October and November months from overseas markets due to celebration of Christmas and New Year. 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 and high demand for commodity from international and domestic markets. 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 remain firm.

	Aug 21 - 26	Aug28 - Sep02
Golden Unpolished	97 - 113	110-112
11.5	120 - 130	117-130
No. 12	130 - 135	130-135

Note: Prices are in Rs. per Kg.

#### Turmeric:

##### Erode Mandi:

Turmeric prices in Erode market remained mostly range bound in the beginning of the week and increased later during the week on improved demand from most of the domestic consumption centres. The markets saw average daily arrivals of around 3500 – 4000 bags of turmeric and off take were high at about 75 - 80 percent due to improved demand for the commodity. According to trading sources market has a hefty stock of around 6 lakh bags of turmeric and the arrivals are expected to increase in coming days. The demand is also likely to improve due to end of rainy season and ahead of festival season. Turmeric prices might remain range bound to slightly firm.

	Aug 21 - 26	Aug28 - Sep02
Loose Finger	2400 - 2500	2400-2525
Loose Gattah	2375 - 2450	2350-2450

range bound.

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

#### Nizamabad Mandi:

Turmeric prices at Nizamabad market remained mostly firm this week on high domestic and export demand. The market arrivals increased from 500 bags in the beginning of the week to 2000 bags by the weekend. According to trading sources, Nizamabad market has a stock of around 2.25 – 2.50 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 to slightly firm.

	Aug 21 - 26	Aug28 - Sep02
Nizamabad Finger	2300 - 2400	2250-2425
Nizamabad Gattah	2100 - 2125	2100-2200

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

#### Delhi Mandi:

Turmeric in Delhi market for most of the grades traded at increased prices on high demand for the commodity. The prices are expected to remain range bound to slightly firm as domestic demand might improve on upcoming festival season in coming days.

	Aug 21 - 26	Aug28 - Sep02
Nizamabad finger	2750	2750-2825
E.Finger mini Selam	3450-3500	3475 - 3575
E. Single polish Gattah	2950-3000	2950-3075
E. Double polish Gattah	3500-3600	3500-3675
Warangal polish	2750	2750 – 2825
Selam Finger	4000-4400	4000 - 4475

Note: Prices are in Rs/ Qtl.

#### Cumin:

##### Unjha Mandi:

Jeera prices at Unjha market increased during the week on high demand for jeera from domestic as well as overseas markets. The market saw increase in arrivals from 3500 bags in the beginning of the week to around 5000 bags by the end of the week. However demand also increased thus keeping the offtake to around four to five 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. Most of the other producing nations have low stocks of jeera. Traders from North India are expecting demand to increase due to end of monsoon and on upcoming festival season. The prices might remain firm for few days.

	Aug 21 - 26	Aug28 - Sep02
Kisan Mal-FAQ (New)	1420 - 1590	1480 - 1630
Ganesh	1500 - 1600	1560 - 1670
M/c. Cleaned	1650 - 1780	1650 - 1760

Note: Prices are in Rs/20 Kg

#### Delhi Mandi:

Jeera prices in Delhi market traded firm this week 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.

	Aug 21 - 26	Aug28 - Sep02
Ganesh New	83 - 84.50	84.25 - 90.25
FAQ	78 - 79.50	79.25 - 85.25
M/c. Cleaned	80 - 111.50	81.25 - 117.25

Note: Prices are in Rs/ Kg

#### Red Chillies:

##### Guntur Mandi. :

Red Chilli prices in Guntur market increased due to high demand from both domestic and international markets. The market saw arrivals in the range of 15000 – 25000 bags of chillies and offtake was high at around 90 to 100 percent. Chilli stocks are depleting, particularly of superior quality and the crop is expected to delay due to weather concerns and reseedling in some growing regions. Rains in Madhya Pradesh might further give a boost to prices. Bangladesh is still buying Indian chilli and domestic demand is likely to improve due to upcoming festivals and end of monsoon season. The prices are expected to remain firm for few days.

Grades	Aug 21 - 26	Aug28 - Sep02
(LCA 334loose)Cold storage	5200 - 6000	5200-6200
(LCA 334 Builty)	5800 - 6700	5800-6500

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

#### Delhi Mandi:

Red Chilli prices in Delhi market remained mostly range bound during the week. The demand is expected to improve on bullish sentiments from primary markets and on upcoming festival season.

Chilli prices are expected to trade range bound to slightly firm for few days.

	Aug 21 - 26	Aug28 - Sep02
Guntur Pala	6000 – 6400	6200 - 6400
Guntur Fullcut	7200 – 7800	7500 - 7800

Guntur Packing	6200 - 6800	6500-6800
Nagpur Pala	6000 – 6200	6200
Nagpur Fullcut	7000 – 7200	7200
Nagpur Packing	6000 - 6500	6500

Note: Prices are in Rs/Qtl

### Technical Analysis:

**Commodity: Black Pepper**

**Exchange: NCDEX**

**Contract Month: October 2006**

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

bullish crossover in overbought zone. Prices Closed above Moving Averages. The contract might continue to remain bullish.



**Recommendation:** Go for Long Position at price dips. The prices might move in the range of 12095 – 13440.

**Commodity: Turmeric**

**Exchange: NCDEX**

**Contract Month: October 2006**

Candlesticks are indicating bullish sentiments. Stochastic has made bearish crossover in neutral region and MACD is about to enter positive zone.

Prices Closed above EMA's thus prices might continue to recover.



**Recommendation:** Go for Long Position at price dips. The prices are most likely to be in the range of 2745 – 2830 this week.

**Commodity: Cumin (Jeera)**

**Exchange: NCDEX**

**Contract Month: October 2006**

Candlesticks are indicating bullish sentiments in the market. Stochastic is flat in overbought region. MACD is in

positive zone. Prices Closed above Moving Averages are indicating prices might remain firm.



**Recommendation:** Go for long position at lower levels. The prices might remain in the range of Rs. 8820 to 9425 during this week.

**Commodity: Red Chilli**

**Exchange: NCDEX,**

**Contract Month: October 2006**

Candlesticks are showing bullish sentiments. Stochastic has made bearish crossover in overbought 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 a slight correction in prices giving opportunity for fresh buying.



**Recommendation:** Go for Long Position at price dips. The prices might remain in the range of 6140 - 6540 during this week.

## WEATHER WATCH (As on 03.09.06)

### MONSOON WATCH & WEATHER OUTLOOK

Low-pressure area over Haryana & neighborhood has become less marked. However, under the influence of a western disturbance, fairly widespread rainfall with isolated heavy to very heavy falls may continue over western Himalayan region for another 24-36 Hrs. As models predicted for formation of a low-pressure area over Bay of Bengal, today, low-pressure area has formed over North Bay of Bengal off north Orissa- West Bengal coast. The system is likely to intensify further and move in a west northwestward direction. Under its influence, Orissa and Gangetic West Bengal are likely to experience widespread rainfall with isolated heavy to very heavy falls during next 2 days. Fairly widespread rainfall with isolated heavy to very heavy falls is also likely over Jharkhand and Chhattisgarh from tomorrow onwards. Chief amounts of rainfall (cm) during past 24 hours are: Jammu-14, Amritsar-13, Banihal, Cannings and Kolkata (Alipore)-9 each, Quazigund-7 and Digha-5. Yesterday's western disturbance over hilly regions of NW India persists. Under its influence, ongoing rainfall activity over the region is likely to continue during next 24-36 Hrs. and reduce thereafter. Model predictions suggest that another western disturbance is likely to approach NW India on 6 September.

#### Heavy Rainfall Warning:

Heavy to very heavy falls at a few places are likely over Orissa and Gangetic West Bengal during next 48 hours. Isolated heavy to very heavy falls are also likely over Jharkhand and Chhattisgarh from tomorrow onwards.

#### Zone-wise weather forecast

##### **NORTH & NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**

Hilly regions of NW India viz. J&K, H.P. and Uttranchal are likely to receive fairly widespread rains

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during next 24-36 Hrs. then scattered to fairly widespread during 5-6 Sept. Rest of the region is expected to receive isolated rains.

##### **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]**

Chhattisgarh and east MP are likely to experience increase in rainfall to widespread during from tomorrow and afterwards. Vidarbha is likely to have scattered to fairly widespread rains

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

Costal A.P. is likely to experience increase in rainfall during next 24-48 Hrs. Rainfall activities over Talangana and Karnataka are likely to increase after 24 hrs. Kerala is likely to experience scattered rains. Isolated rainfall is likely over Rayalseema and Tamilnadu and further to increase from 5 September onward.

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

Fairly widespread rainfall is likely over Konkan & Goa in next 24 hours and scattered thereafter. Scattered rainfall over Madhya Maharashtra and Marathwada is likely to increase during next 24 Hrs. Rainfall activity over north Rajasthan is likely to decrease now.

Source: NCMRWF, GOI