

SPICES

October 23-28, 2006

Overview:

- **Spices Demand Expected to Improve**
- **China Slashes Price of its Ginger**
- **Jeera Sowing Likely to Begin with in a Week**
- **Black Pepper Fresh Crop to Arrive in November**

China Slashes Price of its Ginger

Ginger prices in domestic markets might have to face tough competition from China as its crop is expected to arrive in the markets by late next month. The arrival pressure might thereafter continue to increase till January next year. According to sources China has already reduced price of its Ginger by around \$ 50-100 for December deliveries and is likely to reduce another \$100 for January month deliveries. China's production is likely to show an increase and it is presently selling its produce at around \$1400 per

MT. Production estimates of raw ginger in India are hinting towards a decline of about 18-20 percent as against previous year's production. This might affect the production of dried ginger in the country particularly with increase in demand in winter season. In Cochin market the price of Ginger Best for the week ending October 14, 2006 declined to 67.50 a Kg as against Rs. 100 same time last year and for Ginger Medium declined to 57.50 a Kg as against same week last years Rs. 90 per Kg.

Spices: Domestic Prices For the week ending 21.10.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (21.10..06)	Price (RS/KG) For The Week (14.10.06)	Last Month (RS/KG) Same Week (23.09.06)	Last Year Same Week (RS/KG) (22.10.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	121.00	119.83	132.00	63.50
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	304.43	310.25	383.07	231.68
Cardamom	Cardamom (large Bada Dana)	Gangtok	110.00	115.00	128.75	96.25
Chilli	Non -cold storage	Guntur	40.40	45.00	41.80	12.60
	Cold Storage		64.80	59.00	61.20	25.00
Ginger	Best	Cochin	65.50	67.50	65.00	100.00
	Medium	Cochin	55.50	57.50	55.00	90.00
Turmeric	Alleppey finger (AFT)	Cochin	40.00	40.00	45.00	50.00
	Rajapuri	Mumbai	54.50	54.50	55.50	56.50
	Duggirala	Mumbai	26.50	26.50	27.50	28.38

Coriander	Indori 5%	Mumbai	28.75	28.75	29.25	18.63
	Kanpuri M/C	Mumbai	31.75	31.25	32.25	19.00
Cumin	1%	Mumbai	85.00	83.75	91.00	60.63
	4%	Mumbai	74.38	75.63	85.00	60.63
Clove		Cochin, Nagarcoil	320.00	320.00	320.00	220.00
			320.00	325.00	320.00	240.00
Cinnamon		Delhi	77.50	80.00	92.50	46.50

Source: Spices Board

Spices: International Spot Prices for the week ending 20.10.2006:

Spice	Origin/Grade	Market	Price For The Week (20.10.06) (US\$/TON)	Price For The Week (18. 10. 06) (US\$/TON)	Last Month (22.09.06) (US\$/TON)	Last Year Same Week (14.10.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	3308	3484	3528	1720
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian (AGEB)	Saudi Arabia	11050	11470	11240	8620
Chillies	Indian sannm-4 (stem less)	New York	2315	2315	2161	1257
Ginger	India cochin	New York	1962	1962	1962	3484
	Chinese peeled	New York	1808	1808	1830	3462
Turmeric	India Alleppey finger	New York	1852	1852	1852	1962
Garlic	Chinese	New York	2624	2624	2867	2822
Coriander	Canada	New York	838	838	838	772
Cumin	Syrian	New York	2426	2426	2470	1808
	Indian		2514	2514	2558	2029
Fennel	Indian (Asta)	New York	2095	2095	2095	1455
	Egyptian		1742	1698	1654	1411
Fenugreek	India/turkey	New York	860	860	816	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	4410	4961	4961	3925
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	4740

Source: Spices Board

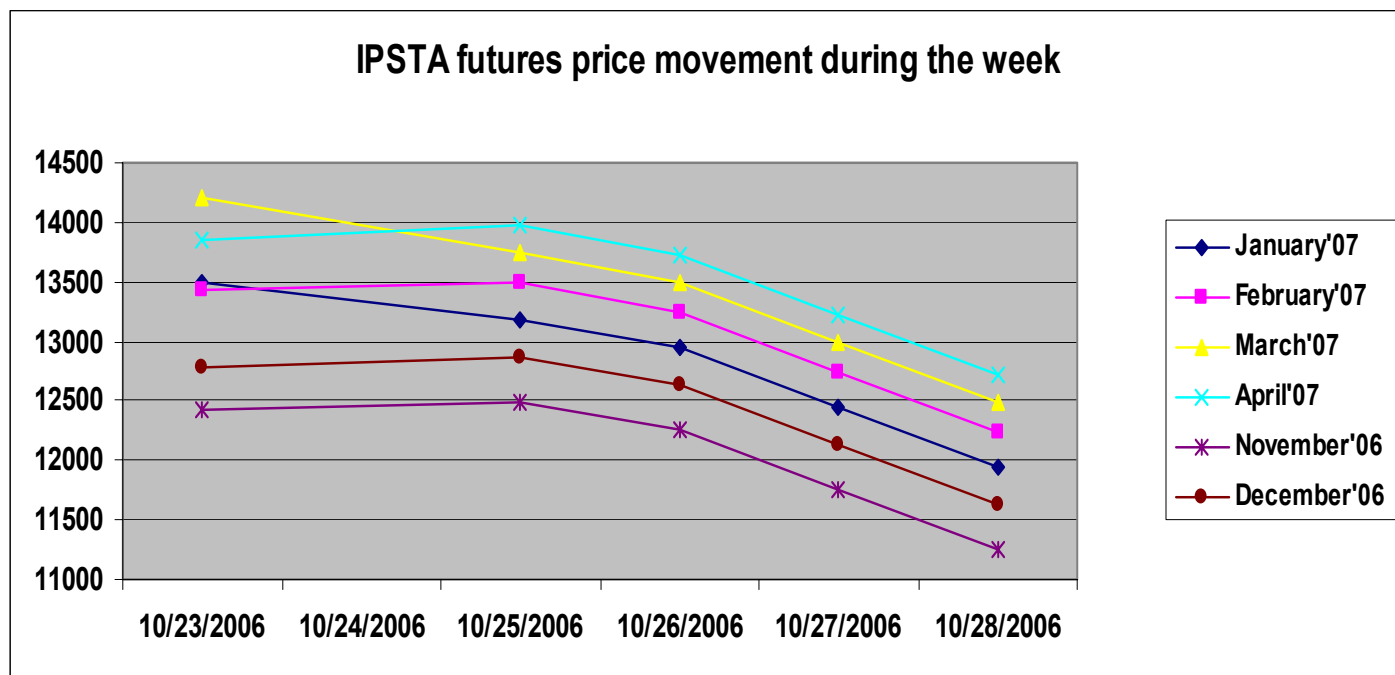
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for November, December January, February, March and April month contracts at the IPSTA during the week. The prices declined sharply on low demand at higher prices ahead of upcoming fresh crop in November month in India.



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

Pepper	10/ 23/ 2006	10/ 24/2006	10/ 25/2006	10/ 26/ 2006	10/ 27/ 2006	10/ 28/ 2006
Ungarbled	11500	Closed	11500	11400	11100	10600
Garbled	12100	Closed	12100	12000	11700	11200

Black pepper prices in Kochi market dropped down on lack of demand from international markets at higher prices. Exporters bought pepper at reduced prices however sellers seem unwilling to sell at bottomed prices. India's position in international market was not competitive in the beginning of the week however steep fall in prices due to heavy speculative selling in futures market made Indian prices competitive by the end of the week. Indian pepper became competitive and was available at around \$2800 (c&f). Brazil quoted its B asta at \$2750 (fob). During the week the market saw arrivals of 25 MT of pepper and off take was of higher quantity of about 45 MT of pepper. Due to sharp decline in prices demand for pepper might be visible from retail end as well as from international markets particularly ahead of their festive season. Most of the major producers are offering at higher prices than

India. India fresh crop plucking is expected to begin by late November month. The prices might improve slightly on improved demand at lower prices and lack of seller's interest at lower levels.

Delhi Market

Black pepper prices in Delhi market eased on reduced demand for the commodity at higher prices. The market saw steep fall in prices by the end of the week thus might attract buyers.

	Oct 16-20	Oct 23-28
Golden Unpolished	118-120	112-120
11.5	125-131	123-130
No. 12	130-140	137-140

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Turmeric prices remained range bound in most of the turmeric trading markets. In Erode market arrivals in the beginning of the week were low but thereafter increased to around 3000 - 3500 bags of turmeric. The demand for turmeric was moderate but increasing arrivals and hefty stocks did not let the prices to recover. According to trading sources sellers are reluctant in selling at reduced prices. Moreover improvement in demand might be visible at lower levels. The prices might remain range bound for a few days.

	Oct 16-20	Oct 23-28
Loose Finger	2300-2425	
Loose Gattah	2300-2350	

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

Nizamabad Mandi:

Turmeric prices in Nizamabad market remained mostly steady and declined by the weekend. The average daily arrivals during the week increased to 1500 bags of turmeric as against 1000 bags in the beginning of the week. The demand for the commodity was low. Trading sources are expecting demand to improve at lower levels however due to hefty stocks and expectation of fresh crop arrivals in January the prices might not stick to higher levels and decline again on stockists selling at improved prices. Crop condition is good and is in its rhizome forming stage. Slight rains might prove beneficial for the crop but increased rains might create water logging and damage rhizomes of turmeric.

	Oct 16-20	Oct 23-28
Nizamabad Finger	2350-2450	2150-2250
Nizamabad Gattah	2150-2275	2050-2150

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

Delhi Mandi:

Turmeric prices in Delhi market remained slightly bearish in most of the grades. The prices declined as a result of fall in prices in major markets coupled with low demand in the market. Traders are expecting the demand for turmeric might improve slightly in coming days. The prices might remain range bound in the

	Oct 16-20	Oct 23-28
Nizamabad finger	2675-2700	2750-2800
E.Finger mini Selam	3375-3485	3200
E. Single polish Gattah	2910-2985	2800
E. Double polish Gattah	3460-3585	3200
Warangal polish	2710-2735	2750
Selam Finger	4335-4485	3400-4300

coming days.

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Unjha market for jeera did not witness much activity as the market reopened on Friday. Jeera prices in Unjha market remained steady to slightly firm this week on improved demand for the commodity. Arrivals increased by late during the week however good demand from domestic market and some fresh export orders helped the prices recover. Sowing of jeera is expected to begin within a weeks time in Rajasthan and then in Gujarat. According to trading sources the acreage of jeera is expected to decline in Saurashtra and Gujarat and improve in Rajasthan this year. However there are some unconfirmed reports of Governments estimates of around 25 percent increased acreage under jeera this year when compared with last year. Thus, creating some indecision in the market however real estimates could be known in a fortnight. According to trading sources the market has a stock of around 10 lakh bags of jeera. The arrivals of jeera increased to 4000 bags as against last weeks average daily arrivals of 1500 bags of jeera. Jeera prices might remain range bound to slightly firm.

	Oct 16-20	Oct 23-28
Kisan Mal-FAQ (New)	1720-1820	NA
Ganesh	NA	1600-1640
M/c. Cleaned	NA	1640-1820

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Jeera prices remained mostly range bound during the week as Unjha market remained closed for most of the time during the week. Traders are expecting demand for jeera to improve from retail end in the coming days. The prices are expected to remain slightly firm for a few days.

	Oct 16-20	Oct 23-28
Ganesh New	89.50-90.50	87 - 88.25
FAQ	82.50-88.50	80-88.25
M/c. Cleaned	86.50-108.50	85-97.25

Note: Prices are in Rs/ Kg

Red Chillies:

Guntur Mandi. :

Red Chillies in Guntur market continued to trade firm as the demand for the commodity improved during the week. The market saw buyers from Bangladesh, Srilanka and Malaysia. The demand from domestic markets also improved particularly when the stocks are low of around 15 lakh bags of chillies. Arrivals increased to 20000 bags per day with an off take of near about 60-75 percent. New crop of chillies is expected to arrive in the market by mid February. The acreage for the crop has increased in Madhya Pradesh as well as in Andhra Pradesh and climate is suitable for the growth of chilli crop. The prices might remain slightly firm in improved demand and depleting stocks in the coming days.

Grades	Oct 16-20	Oct 23-28
(LCA334loose)Cold storage	5000-5800	5500-6600

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

Delhi Mandi:

Red Chilli prices in Delhi market are expected to recover slightly with improvement in prices in primary markets along with expectation of better consumption demand for chillies in the coming days.

	Oct 16-20	Oct 23-28
Guntur Pala	7250	NA
Guntur Fullcut	8000-9000	NA
Guntur Packing	7000-8000	NA
Nagpur Pala	7000	NA
Nagpur Fullcut	7800	NA
Nagpur Packing	7000	NA

Note: Prices are in Rs/Qtl

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: November 2006

Candlesticks are indicating bullish sentiments in the market. The prices closed below 9-day EMA showing bearishness in the market. Stochastic is bullish in the

oversold region and MACD is running downwards in negative zone. The prices are most likely to be volatile.



Recommendation: Go for Long position at Lower levels towards Resistance. The prices might move in the range of 9673– 11912.

Commodity: Turmeric

Exchange: NCDEX

Contract Month: November 2006

Candlesticks are indicating indecision in the market. 9-EMA is indicating bearishness in the market. MACD is falling steeply and favoring bears. Stochastic is about to make a bullish crossover

oversold territory. Volumes and open interest both increased. The contract is most likely to see volatile price movement.



Recommendation: Go short at price recoveries. The prices are most likely to be in the range of 1985 – 2240 this week.

Commodity: Cumin (Jeera)

Exchange: NCDEX

Contract Month: November 2006

TECHNICALS

Candle sticks are showing bullish sentiments in the market. Stochastic is bearish in neutral region. MACD has turned flat in negative zone. Prices closed below 9-EMA indicating bearish sentiments in the market.

Volumes numbers and open interest increased. Prices are most likely to remain volatile during the week.



Recommendation: Go for Long position. The prices might remain in the range of Rs. 8430 to 9225 during this week.

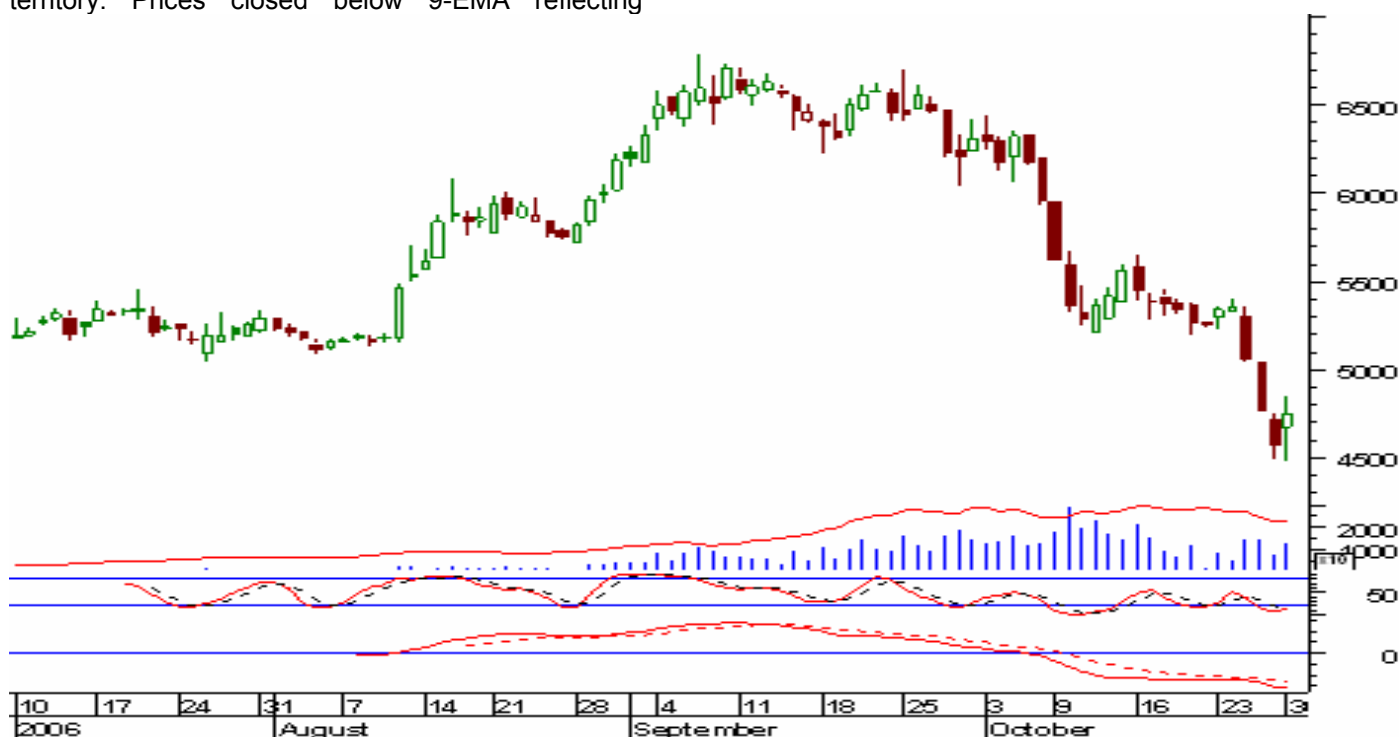
Commodity: Red Chilli

Exchange: NCDEX,

Contract Month: November 2006

Candlesticks are showing bullish sentiments in the market. Stochastic has made a bullish crossover in the oversold region. MACD is falling in negative territory. Prices closed below 9-EMA reflecting

bearishness in the market. Prices are most likely to remain volatile during the week.



Recommendation: Go long at lower levels with caution. The prices might remain in the range of 4480 – 5155 during this week.

WEATHER WATCH (As on 28. 10.06)

WEATHER FORECAST FOR NEXT 5 DAYS

Presently a weak western disturbance is affecting hilly region of northwest India. Under its influence scattered rain/snowfall is expected over J&K, H.P. and Uttranchal during next 2 days. Under its influence of cyclonic circulation, ongoing rainfall activity over south Peninsular India is likely to increase during next 3-4 days. Night temperatures over plains of NW India and Central India are likely to fall by about 2 degree C during next 3 days.

HEAVY RAINFALL WARNING:

Isolated heavy to very heavy rain falls likely over Tamil Nadu & Pondicherry, Kerala, Lakshadweep and Nicobar Islands.

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

Hilly region viz. J&K, H.P. and Uttranchal is likely to receive scattered to fairly widespread rains/snowfall

during next 48 Hrs. Punjab, Haryana and West U.P. are also likely to be mainly dry.

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

Isolated rainfall is likely over West Bengal, Orissa and NE States. Mainly dry weather is likely over East U.P., Bihar, Jharkhand during next 4-5 days.

CENTRAL INDIA [M, CHHATTISGARH, VIDARBHA]

Isolated thundershower is expected over Madhya Pradesh. Vidarbha and Chhattisgarh are likely to experience mainly dry weather condition during next 4-5 days.

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

Fairly widespread rainfall are likely over Andaman & Nicobar Islands, Tamil Nadu and Pondicherry, Kerala, south coastal Andhra Pradesh and Lakshadweep during next 3-4 days. Scattered rainfall is expected over Karnataka and Rayalseem during next 3 days. Isolated rainfall is expected over rest of the region.

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

Rajasthan, Gujarat, Madhya Maharashtra and Marathawara are likely to experience mainly dry weather conditions.

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