

SPICES

October 09-14, 2006

Overview:

- **Vanilla Buyers in Bargaining Position**
- **Spices Trade Volatile on Market uncertainties**
- **Traders Expect Spices Demand to Recover Post Diwali**
- **Jeera Sowing Expected to Begin after Diwali**

Vanilla Buyers in Bargaining Position

Vanilla prices are losing flavor these days on increased production of the commodity along with high carryover stocks and inventory. The world production of natural Vanilla is estimated near 3000 MT of which Madagascar the largest producer of Vanilla is expected to contribute 1600 MT of Vanilla. The supplies from Madagascar inclusive of carry forward stocks are expected to be around 2000 MT of Vanilla. Indian production could be around 200 MT of Vanilla. Global supply of the Vanilla is more than sufficient this year, as it seems almost double the demand. Thus, the prices are witnessing beating action on this demand supply mismatch. Buyers of Vanilla like US (Major consumer of Vanilla) are in bargaining position and are waiting for the lower

quotes from the major producer Madagascar. However, Indian produce is still enjoying its due premium compared to its other counterparts, thanks to its quality. The average export price (FOB) for Vanilla from India during August 2006 however increased to Rs. 2545 a Kg as against that of August 2005 Rs. 2287.13 per Kg. The average import price (CIF) for Vanilla into US from India during the month of July was \$ 66.06 A Kg when compared with Madagascar's \$28.97 per Kg. The Madagascar Vanilla traded higher last year in the same month at \$30.25. But the powerful buyers are squeezing the prices this year. According to market sources the markets of US and Europe have shown interest towards Gourmet grade Indian Vanilla, which brings some hope to the Indian vanilla traders.

Spices: Domestic Prices For the week ending 07.09.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (07.10..06)	Price (RS/KG) For The Week (30.09.06)	Last Month (RS/KG) Same Week (09.09.06)	Last Year Same Week (RS/KG) (08.10.05)
Black pepper*	Malabar garbled (mg-1)	Cochin	124.60	127.33	118	64.10
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	281.58	331.46	438.83	238.31
Cardamom	Cardamom (large Bada Dana)	Gangtok	120.00	128.75	137.50	102.50
Chilli	Non -cold storage	Guntur	50.00	45.00	40.25	12.40
	Cold Storage		60.00	56.00	61.50	21.

Ginger	Best	Cochin	67.50	65.00	65.00	100.00
	Medium	Cochin	57.50	55.00	55.00	90.00
Turmeric	Alleppey finger (AFT)	Cochin	42.50	45.00	45.00	50.00
	Rajapuri	Mumbai	55.50	55.50	55.50	56.50
	Duggirala	Mumbai	27.00	27.00	27.50	28.38
Coriander	Indori 5%	Mumbai	28.75	28.75	29.75	18.13
	Kanpuri M/C	Mumbai	31.25	31.25	33.00	19.62
Cumin	1%	Mumbai	87.50	90.00	92.50	70.00
	4%	Mumbai	78.75	82.25	85.63	65.00
Clove		Cochin,	320.00	320.00	320.00	230.00
		Nagarcoil	32000	325.00	330.00	230.00
Cinnamon		Delhi	80.00	82.50	86.00	46.50

Source: Spices Board

Spices: International Spot Prices for the week ending 06.10.2006:

Spice	Origin/Grade	Market	Price For The Week (06.10.06) (US\$/TON)	Price For The Week (29. 09. 06) (US\$/TON)	Last Month (08.09.06) (US\$/TON)	Last Year Same Week (07.10.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	3484	3528	2977	1720
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Indian (AGEB)	Saudi Arabia	10850	11320	11550	8740
Chillies	Indian sannm-4 (stem less)	New York	2249	2249	2028	1257
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	1962
Garlic	Chinese	New York	2624	2844	2867	2822
Coriander	Canada	New York	838	838	838	772
Cumin	Syrian	New York	2426	2426	2514	1808
	Indian		2514	2558	2514	2029

Fennel	Indian (Asta) Egyptian	New York	2095	2095	2095	1455
			1698	1698	1654	1411
Fenugreek	India/turkey	New York	860	816	816	750
Clove	Mad/zanz/com/ Indo Sri Lanka (hand picked)	New York	5027	5027	4961	3925
			7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	4740

Source: Spices Board

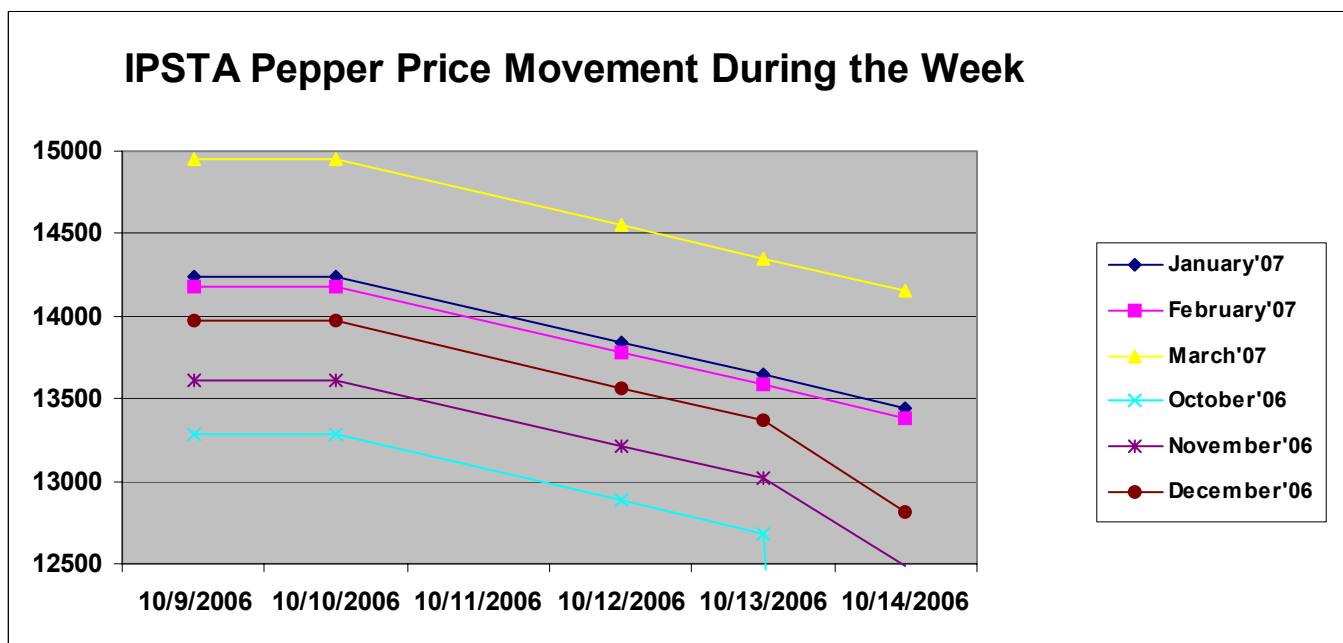
Market Analysis:

Pepper:

Kochi Market:

A Brief Weekly Analysis of IPSTA Pepper Futures Trading

The graph below is displaying the closing prices for October, November, December January, February and March month contracts at the IPSTA during the week. The prices declined sharply for most of the time during the week.



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

Pepper	10/ 09/ 2006	10/ 10/2006	10/ 11/2006	10/ 12/ 2006	10/ 13/ 2006	10/ 14/ 2006
Ungarbled	11600	11600	11500	11600	11600	11600
Garbled	12000	12000	11900	12000	12000	12000

Black pepper prices in Kochi market remained mostly steady to range bound during the week on market uncertainties pertaining to international demand and domestic supply for the commodity at the prevailing prices. MG1 grade traded in the range of Rs. 11900-12000 a quintal. The international buyers made enquiries for November and December month deliveries. Brazil increased price of its pepper thus shifting buying interest towards Indian pepper. Indian crop is expected to arrive in the month of November. Looking at the international S&D scenario the supply side still remains short of demand. However market lacked demand from domestic markets during the week. The total volumes traded during the week increased to 105 MT as against 65 MT traded past week. Traders estimate 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 markets on upcoming festival demand. The market might see volatile movement of prices with some bullishness due to improved demand from domestic and international markets.

Delhi Market

In Delhi market Black pepper prices remained mostly range bound to slightly bearish on lack of demand for the commodity. Black pepper prices might recover following some recovery in primary markets.

	Oct 02 - 07	Oct 09-14
Golden Unpolished	120-125	115-122
11.5	132-133	125-138
No. 12	145-150	137-140

Note: Prices are in Rs. per Kg.

Turmeric:

Erode Mandi:

Erode market for Turmeric witnessed slight improvement in prices towards the weekend. The prices improved on buying interest of local buyers as the prices bottomed down. The daily average arrivals decreased as the sellers did not come forward with much interest to sell at reduced prices. The average daily arrivals decreased to 3000 – 3500 bags as against last weeks average arrivals of about 4000 bags of turmeric. The off take was high at around 70 – percent of the inflow. Traders are expecting the demand from Northern India and Eastern India might improve slightly after Diwali. Erode market has a good stock of turmeric. The crop condition in the nearby cultivating areas is good. The prices might remain range bound for a few days.

	Oct 02 - 07	Oct 09-14
Loose Finger	2300-2425	2250-2400
Loose Gattah	2250-2400	2250-2350

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

Nizamabad Mandi:

Turmeric prices in Nizamabad market declined in the beginning of the week and thereafter recovered on improved buying for the commodity at lower prices. During this period arrivals increased from 700 bags to 1500 bags of turmeric. Trade sources are expecting demand to improve lightly in the coming days particularly after Diwali. According to the sources crop condition is good and is in Rhizome forming stage. The market has a comfortable stock position that can fulfil expected consumption demand. The prices might remain range bound for few days.

	Oct 02 - 07	Oct 09-14
Nizamabad Finger	2425-2550	2350-2500
Nizamabad Gattah	2275	2200-2225

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

Delhi Mandi:

Turmeric prices declined due to low demand for turmeric and reduced prices in primary markets. Traders are expecting the demand for turmeric might improve slightly once festive season ends. The prices might remain range bound for a few days.

	Oct02 - 07	Oct 09-14
Nizamabad finger	2785-2750	2700
E.Finger mini Selam	3460-3535	3410-3485
E. Single polish Gattah	2985-3035	2935-2985
E. Double polish Gattah	3535-3635	3485-3585
Warangal polish	2785	2735
Selam Finger	4410-4535	4360-4485

Note: Prices are in Rs/ Qtl.

Cumin:

Unjha Mandi:

Unjha market of jeera witnessed improvement in prices of jeera as the demand for jeera increased

from domestic markets and slight demand from international market was also visible during this week, the arrivals reduced as the sellers started withdrawing from the market at lower prices this also helped the prices to push up and invite buyers from domestic and international markets. Stock of jeera is declining and the farmers are expecting delay in sowing this year due to increased moisture in soil. Trading sources are expecting sowing to begin after Diwali as the climate is not favourable for sowing. The acreage of jeera might decline this year as the farmers are shifting towards other crops like chana, garlic; isabgol and cotton in anticipation to fetch higher prices from them. Unjha market will remain closed from 19th to 26th of October in celebration of festivals. Traders are expecting some demand might be seen in the sowing season. The prices might remain volatile with bullish bias for a few days followed by some firmness in prices later.

	Oct02 - 07	Oct 09-14
Kisan Mal-FAQ (New)	1640-1740	1620-1780
Ganesh	1700-1740	1720-1780
M/c. Cleaned	1740 - 1880	1700-1900

Note: Prices are in Rs/20 Kg

Delhi Mandi:

Delhi market saw increase in prices following improvement in prices in Unjha market. Traders are expecting demand for jeera to improve from retail end after Diwali. The prices are expected to range bound for a few days.

	Oct02 - 07	Oct 09-14
Ganesh New	86 – 89	86-88.50
FAQ	88-90	80-90
M/c. Cleaned	92 -98.50	84-106.50

Note: Prices are in Rs/ Kg

Red Chillies:

Guntur Mandi. :

Red Chilli prices in Guntur market declined on low demand for the commodity from both domestic and international markets. However during the week the prices tried to recovered on some buying from Bangladesh and Malaysia but could not sustain higher levels as the market saw arrivals of inferior quality of chillies from the exchange. The market has a stock of around 14 – 15 lakh bags of chillies and the new crop is expected to arrive in the market by mid February. The acreage for the crop has increased and climate is suitable for the growth of chilli crop. During the week market saw daily arrivals in the range of 20000 – 40000 bags of chillies. Trading sources are expecting demand to improve after Diwali. The prices might remain range bound for a few days.

Grades	Oct02 - 07	Oct 09-14
(LCA334loose) Cold storage	6000-7000	5700-5800
(LCA 334 Builty)	7100-7800	6000-6200

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

Delhi Mandi:

Red Chilli prices in Delhi market declined for most of the grades. The prices declined on bearish sentiments from Primary markets and low demand for chillies due to festive season. The prices are expected to remain range bound for a few days.

	Oct02 - 07	Oct 09-14
Guntur Pala	7800	7250-7600
Guntur Fullcut	9100	8000-9000
Guntur Packing	7800	7000-8000
Nagpur Pala	7500	7000-7300
Nagpur Fullcut	8500	7800-8300
NagpurPacking	7500	7000-7300

Note: Prices are in Rs/Qtl

Technical Analysis:

Commodity: Black Pepper

Exchange: NCDEX

Contract Month: November 2006

Candlesticks are indicating bearish sentiments. Close below 9-day EMA is indicating some strength in the market. MACD continue to run down in the negative region. Stochastic is likely to make a bearish

crossover in neutral region. Volumes and open interest both are decreasing. The contract is most likely to witness volatile movement of prices with chances of some bearishness initially.



Recommendation: The prices might move in the range of 11886– 13284.

Commodity: Turmeric

Exchange: NCDEX

Contract Month: November 2006

Candlesticks are indicating bearish sentiments in the market. The market saw some recovery in prices on profit booking. Stochastic has made a bearish crossover in neutral region. MACD is bearish in

negative zone. Volumes and open interest both are increasing. The prices closed below EMAs indicating weakness in the market. The contract might see volatile movement of prices with bearish inclination.



Recommendation: The prices are most likely to be in the range of 2257 – 2440 this week.

Commodity: Cumin (Jeera)
Exchange: NCDEX
Contract Month: November 2006

TECHNICALS

Jeera chart is showing tentativeness at higher levels. Candlesticks are indicating indecision in the market. Stochastic is about to make a bearish crossover in overbought region. EMA pattern is indicating

bullishness and MACD is about to make a bullish crossover with its signal line in negative zone. The contract is most likely to witness volatile price movements.



Recommendation: The prices might remain in the range of Rs. 8712 to 9236 during this week.

Commodity: Red Chilli
Exchange: NCDEX,
Contract Month: November 2006

Chilli charts are reflecting mixed sentiments. Candlesticks are showing indecision in the market. MACD is bearish in negative zone; stochastic is rising

in neutral region. 9 and 18 EMA are supporting bears. The prices are most likely to be volatile.



Recommendation: The prices might remain in the range of 5170 – 5695 during this week.

WEATHER WATCH (As on 17. 10.06)

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

Hilly regions of NW India viz. J&K and H.P. are likely to receive isolated showers in next 24 Hrs. Thereafter the hilly region viz. J&K, H.P. and Uttaranchal may receive scattered rains and adjoining plains isolated showers during 19-21 October.

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

Isolated rainfall is likely over NE States during next 2-3 days. East Uttar Pradesh, Bihar and Jharkhand are likely to experience mainly dry weather.

CENTRAL INDIA [M, CHATTISGARH, VIDARBHA]

Mainly dry weather is expected over the region during next 4-5 days

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

Scattered to fairly widespread rainfall is likely over Andaman & Nicobar Islands; Coastal Karnataka and Kerala during next 3-4 days. Tamilnadu is likely to experience scattered rains. Isolated to scattered rainfall activity is likely over Coastal Andhra Pradesh and north-interior Karnataka during next 4-5 days.

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

Isolated to scattered rainfall is expected over Konkan & Goa during next 24Hrs. and reduce thereafter. Rest of the region is likely to have mainly dry weather conditions.

Source: NCMRWF, GOI

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