

SPICES

November 06-11, 2006

Overview:

- FMC Directed to Cut Price Limits on Pepper, Turmeric to 6 Percent
- Red Chillies Prices Surged Up on Crop Concerns; Quality Issues
- NCDEX Deferred Launch of January 2007 Expiry Contract of Chilli

News:

FMC Directed to Cut Price Limits on Pepper, Turmeric to 6 Percent

As per the directives received from the Forward Markets Commission, the NCDEX has informed that the limit on the daily price fluctuation in all currently traded futures contracts in Black Pepper and Turmeric has been reduced from (6% +3%) = 9% to (4% + 2%) = 6% with a cooling off period of 15 minutes at the 4% level. The change in price limits was applicable with effect from the beginning of the

day on Friday, November 10, 2006. Notably, on September 25, 2006 FMC had similarly directed the exchanges to reduce the price limit on chilli to 6 per cent from 9 per cent earlier. Moreover, the NCDEX has also recently informed that launch of January 2007 expiry contract in Chilli on the Exchange is deferred till further notification. Chilli contracts expiring in November 2006 and December 2006 are currently being traded on the NCDEX platform.

Spices: Domestic Prices For the week ending 04.11.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (04.11.06)	Price (RS/KG) For The Week (28.10..06)	Last Month (RS/KG) Same Week (07.10.06)	Last Year Same Week (RS/KG) (05.11.05)
Black pepper	Malabar garbled (mg-1)	Cochin	108.67	118.20	124.60	65.00
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	273.10	306.00	281.58	212.55
Cardamom	Cardamom (large Bada Dana)	Gangtok	103.75	97.50	120.00	90.00
Chilli	Non -cold storage	Guntur	40.25	40.60	50.00	15.50
	Cold Storage	Guntur	66.20	62.00	60.00	29.00
Ginger	Best	Cochin	65.00	65.00	67.50	100.00
	Medium	Cochin	55.00	55.00	57.50	90.00
Turmeric	Alleppey finger (AFT)	Cochin	40.00	40.00	42.50	50.00
	Rajapuri	Mumbai	54.50	38.50-Chennai	55.50	36.50-Chennai
	Duggirala	Mumbai	25.00	32.50-Chennai	27.00	29.13
Coriander	Indori-5%	Mumbai	28.75	40.50-Chennai	28.75	28.50-Chennai
Cumin	1%	Mumbai	83.75	38.50-Chennai	87.50	72.00-Chennai
	4%	Mumbai	75.63	-	78.75	-
Clove		Cochin,	320.00	320.00	320.00	220.00
		Nagarcoil	330.00	295.00	325.00	240.00

Source: Spices Board

Spices: International Spot Prices for the week ending 03.11.2006:

Spice	Origin/Grade	Market	Price For The Week (03.11.06) (US\$/TON)	Price For The Week (27.10.06) (US\$/TON)	Last Month (29.09.06) (US\$/TON)	Last Year Same Week (06.10.05) (US\$/TON)
Black pepper	Malabar garbled (MG-1)	New York	3087	3197	3528	3484
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Guatemala Mixed green	New York	2867	2867	2867	2867
	Indian (AGEB)	Saudi Arabia	10050	11080	11320	10850
Chillies	Indian sannm-4 (stem less)	New York	2315	2315	2249	2249
Ginger	India cochin	New York	1962	1962	1962	1962
	Chinese peeled	New York	1808	1808	1830	1830
Turmeric	India Alleppey finger	New York	1852	1852	1852	1852
Garlic	Chinese	New York	2624	2624	2844	2624
Coriander	Canada	New York	838	838	838	838
Cumin	Syrian	New York	2381	2426	2426	2426
	Indian	New York	2381	2426	2558	2514
Fennel	Indian (ASTA)	New York	2095	2095	2095	2095
	Egyptian	New York	1742	1742	1698	1698
Fenugreek	India/turkey	New York	926	926	816	860
Clove	Mad/zanz/com/ Indo	New York	4190	4190	5027	5027
	Sri Lanka (hand picked)	New York	7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	5843

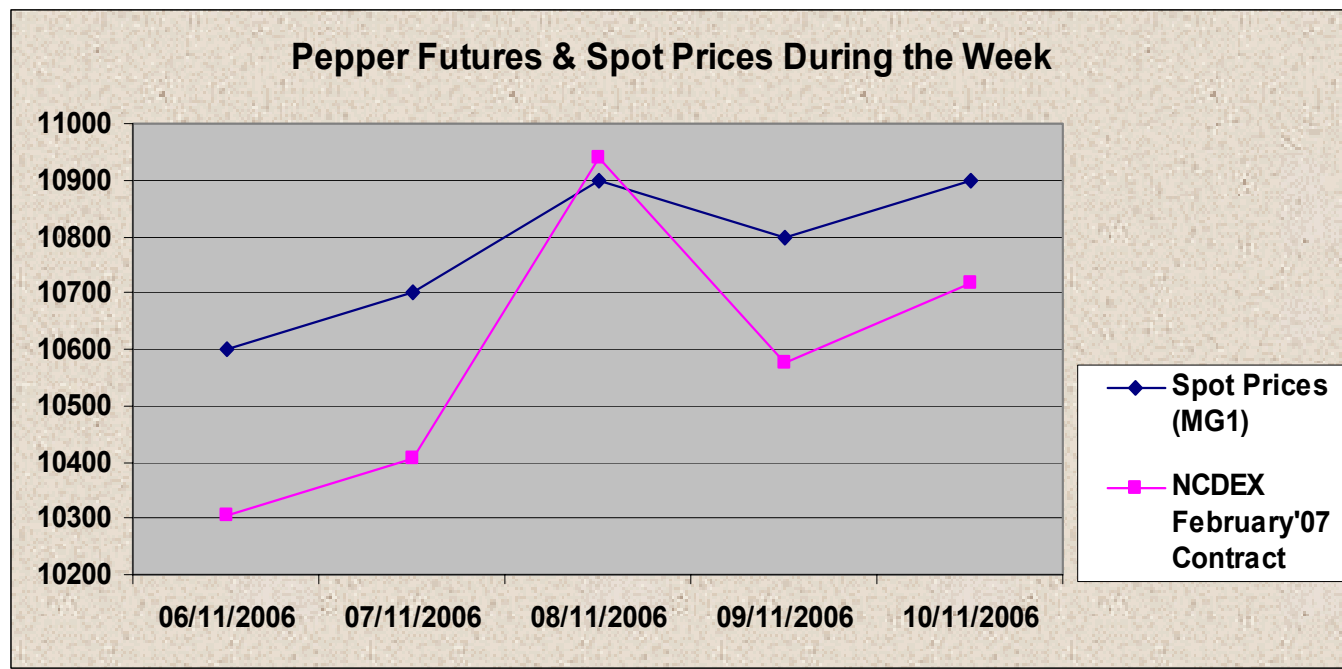
Source: Spices Board

Fundamental Analysis:

Pepper:

A Brief Weekly Analysis of Pepper Spot and Futures Trading

The graph below is displaying the pepper prices in spot market of Kochi and the near-month November contract prices in NCDEX. The near-month futures continue to exhibit backwardation. The November contract prices crossed the spot prices during the mid-week only to finish lower than the spot prices. However, the difference has narrowed than earlier difference of Rs. 293 on Monday to Rs. 268 on Saturday.



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

Pepper	06/11/2006	07/11/2006	08/11/2006	09/11/2006	10/11/2006	11/11/2006
Ungarbled	10000	10100	10300	10200	10300	10300
Garbled	10600	10700	10900	10800	10900	10900

Black pepper traded with higher volatility in Kochi owing to speculative activities in its futures market during this week under review. At Kochi, black pepper MG1 grade was offered in the range of Rs. 10600-10900 per quintal during the week. Market registered total arrival of around 80 Mt of black pepper, while no offtake was reported for the same. Domestic pepper crop has delayed this year and expected to hit the market by late December to early January. The delay in arrival of the crop should give some support to the prices in the short-term. Domestic demand particularly from retail market is expected to improve in the near future. Export demand is also likely to pick up in the coming days. Notably, in the international markets, Indian pepper continues to remain the cheapest source for nearby shipments. Despite its strong fundamentals, black pepper seems following

its futures market trends, where prices are swinging heavily owing to speculative activities in the recent time.

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Nov 06-11	Oct 30- Nov 04
Golden Unpolished	108-112	108-115
No. 11.5	130	130
No. 12	140	140

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric market remains lacklustre owing to lack of any fundamental support and consequently prices remained in a lower range in this week under

review. Arrivals and offtake were reported to be steady in Nizamabad and Erode markets during the week. Market has comfortable stock position at present and the new crop arrivals are expected during mid-January. Recent rainfalls are reported to be beneficial for the crop, though incessant rainfalls in the coming days are not desirable. The acreage under Turmeric in Tamil Nadu is reported to have increased year on year. At Erode, average daily arrivals were 2000-2500 bags, while at Nizamabad it was 300-500 bags.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Nov 06-11	Oct 30- Nov 04
Loose Finger	2150-2275	2150-2350
Loose Gattah	2100-2200	2100-2275

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Nov 06-11	Oct 30- Nov 04
Finger	1975-2050	2000-2100
Gattah	1900-1975	1900-2000

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Nov 06-11	Oct 30- Nov 04
Nizamabad finger	NA	2650-2800
E.Finger mini Selam	NA	3150-3250
E. Single polish Gattah	NA	2750-2850
E. Double polish Gattah	NA	3150-3250
Warangal polish	NA	2700-2800
Selam Finger	NA	3350-3450

Cumin (Jeera):

Jeera traded with a stable sentiment in Unjha market during the week under review. Arrivals as well as offtake were reported to be steady during the week. Market has stock of around 10 lakh bags of jeera. Sowing of jeera has started in Gujarat and might take a months time to complete. Acreage under jeera in Gujarat is expected to reduce in this season, which is likely to have a firm impact on its prices in the near future. However, sowing of jeera in Rajasthan is yet to begin, where acreage is likely to increase. Traders are expecting increase in demand to continue in coming days. At the international perspective, Indian jeera has a competitive edge over the nearby exporting countries at present.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Nov 06-11	Oct 30- Nov 04
Kisan Mal-FAQ (New)	1375-1550	1400-1600
Ganesh	1600-1650	1600-1700
M/c. Cleaned	1700-1800	1640-1850

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Nov 06-11	Oct 30- Nov 04
Ganesh New	86.00-87.00	86.75-88.25
FAQ	81.00-82.00	84.25-88.50
M/c. Cleaned	88.00-90.50	89.75-97.50

Red Chillies:

Domestic red chillies maintain the earlier firmness during the week under review. According to traders, demand for red chillies is seen from international markets and domestic demand for chillies is expected to improve in near future. The market has a comfortable stock of around 15 lakh bags of chillies. Arrivals of around 25000-30000 bags of chillies per day was reported from cold storage. Domestic red chilli crop is delayed and is expected to arrive in the month of February next year. Owing to concerns over the quality of exchange deliverable chillies, the market is witnessing huge price disparity between the physical and futures market. However, exchange officials are reported to have met with traders to sort out the issue. The recent rainfalls over major chilli producing areas of Guntur have raised concerns over timely arrival of the crop. However, traders believe that it is too early to predict the impact of the rainfalls, since the crop starts arriving in the market only during February.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Nov 06-11	Oct 30- Nov 04
(LCA334loose)Cold storage	6200-7000	5800-6700

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Nov 06-11	Oct 30- Nov 04
Guntur Pala	7000-7400	6800
Guntur Fullcut	9200-9800	9200
Guntur Packing	7200-7700	8000
Nagpur Pala	6800-7400	7000
Nagpur Fullcut	8200-8800	8000
Nagpur Packing	7000-7700	7200

Futures Market (NCDEX):

Commodity: Black Pepper

At the NCDEX, black pepper futures traded with higher volatility during the week. The most-active December contract started the week at a lower level and tested this week's low at Rs. 10360 on Monday. However, increased buying interest at the lower levels supported the futures thereafter. The futures traded within a narrow range late during the week. The December contract moved in the range of Rs. 10360-11290 during the week. Volume of trade as well as open interest remained in a higher range during the week.

PRICE DRIVERS:

- Better Export prospects
- Indian pepper cheapest in global market
- Low stocks with competitors
- New crop harvesting in mid-December to early January

OUTLOOK:

Short Term (One Week): Firm on delayed crop, overseas demand

Medium Term (One Month): Firm and then consolidate ahead of new crop arrival

Long Term (Three Months): Ease on new crop arrivals

NCDEX Black Pepper December Contract

Support-1	10376	Support-2	10000
Resistance-1	11724	Resistance-2	12082
Strategy	Go long at corrective dips		

Commodity: Turmeric

At the NCDEX, turmeric futures started the week with a bearish note and traded range bound at lower levels for the rest of the week. The most-active December contract slide to test this week's low at Rs. 1978 on Friday. However, the futures immediately recovered the losses on some buying support at the lower price levels. The December contract traded in the range of Rs. 1978-2082 during the week. Volume of trade has increased, while open interest has declined slightly during the week.

PRICE DRIVERS:

- Hefty stock of turmeric in the market
- New crop to arrive in mid-January
- Weather suitable for growth of turmeric crop
- Moderate demand at the lower price tags
- Demand expected to improve from North India

OUTLOOK:

Short Term (One Week): Moderately firm on improved demand

Medium Term (One Month): Decline on stockist's selling

Long Term (Three Months): Bearish on new crop harvesting

NCDEX Turmeric December Contract

Support-1	1975	Support-2	1934
Resistance-1	2158	Resistance-2	2203
Strategy	Go long at corrective dips		

Commodity: Red Chillies

At the NCDEX, red chillies futures started the week with a huge slide and the most-active December contract extended the weakness further to test this week's low at Rs. 4716 on Tuesday. However, the futures retraced back again owing to its strong fundamentals and traded mostly upwards thereafter. The futures register significant gains during Saturday's trade. The December contract traded in the range of Rs. 4716-5519 during the week. Volume of trade as well as open interest has increased during the week.

PRICE DRIVERS:

- Delayed crop
- Better export demand
- Concerns of availability of inferior quality stock from exchange
- Forthcoming crop is expected good due to higher acreage
- Moderate domestic demand

OUTLOOK:

Short Term (One Week): Range bound to slightly firm on better demand

Medium Term (One Month): Slightly firm on prospective export demand

Long Term (Three Months): Bullish on extending off season

NCDEX Red Chillies December Contract

Support-1	5073	Support-2	4894
Resistance-1	5708	Resistance-2	5909
Strategy	Go for Long position with caution		

WEATHER WATCH (As on 11.11.06)

WEATHER FORECAST FOR NEXT 5 DAYS:

A western disturbance is existing over northern most part of the country. Under the influence of the western disturbance scattered rain/snowfall activity is likely over Jammu & Kashmir and Himachal Pradesh during next 2-3 days. Night temperatures are likely to fall over northwest India after 2-3 days. Under the influence of the easterly wave, fairly widespread rainfalls are likely over Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh during next 2-3 days. Isolated/scattered rain/thundershowers are also likely over adjoining parts south peninsula during the same period. Models predictions suggest that a feeble low pressure area may develop in south central Bay of Bengal around 13th November.

HEAVY RAINFALL WARNING:

Isolated heavy rainfall is likely over coastal areas of Tamil Nadu & Pondicherry, Kerala and Andaman & Nicobar Islands.

ZONE-WISE WEATHER FORECAST:

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

J&K and H.P. are likely to receive fairly widespread to scattered rain/snowfall during next 2-3 days. Punjab

and Haryana may experience isolated showers on 13 November.

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

Scattered rainfall is likely over Jharkhand. Scattered to fairly widespread rains with isolated heavy falls are expected over coastal Orissa and West Bengal and NE states during next 24-72 Hrs.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely except isolated shower is expected over Chhattisgarh during next 2-3 days.

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

Fairly wide spread rainfall is likely over Coastal A.P., Tamil Nadu and Kerala during next week. Isolated to scattered rainfall is expected over rest of region.

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

Isolated rainfall is expected over Konkan & Goa. Mainly dry weather conditions are expected over Gujarat and Rajasthan during next 4-5 days.

Source: NCMRWF, GOI

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