

SPICES

November 13-18, 2006

Overview:

- Vietnam Exported Pepper Worth \$178 Million till October
- Red Chillies Prices Maintains Firmness on Delayed Crop
- Black Pepper Bullish as Output Feared to Decline by 30 Percent

News:

Vietnam Exported Pepper Worth \$178 Million till October

Vietnam, world's top pepper exporter, has exported record amount of around 112000 tonnes of pepper valued at US \$178 million in this year till October. Though the quantum becomes stagnant during the later half, yet higher global prices have enhanced the profit amount. According to the Vietnam Pepper

Association (VPA), the export price of pepper is at \$2500 per tonnes at present. Prices are likely to rule higher till the end of the year owing to supply problems in Brazil, Indonesia, Malaysia and India. According to the Vietnamese Ministry of Trade, pepper exports are likely to increase by around 15 percent per annum over the next four years and expected to touch 150000 tonnes by 2010.

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

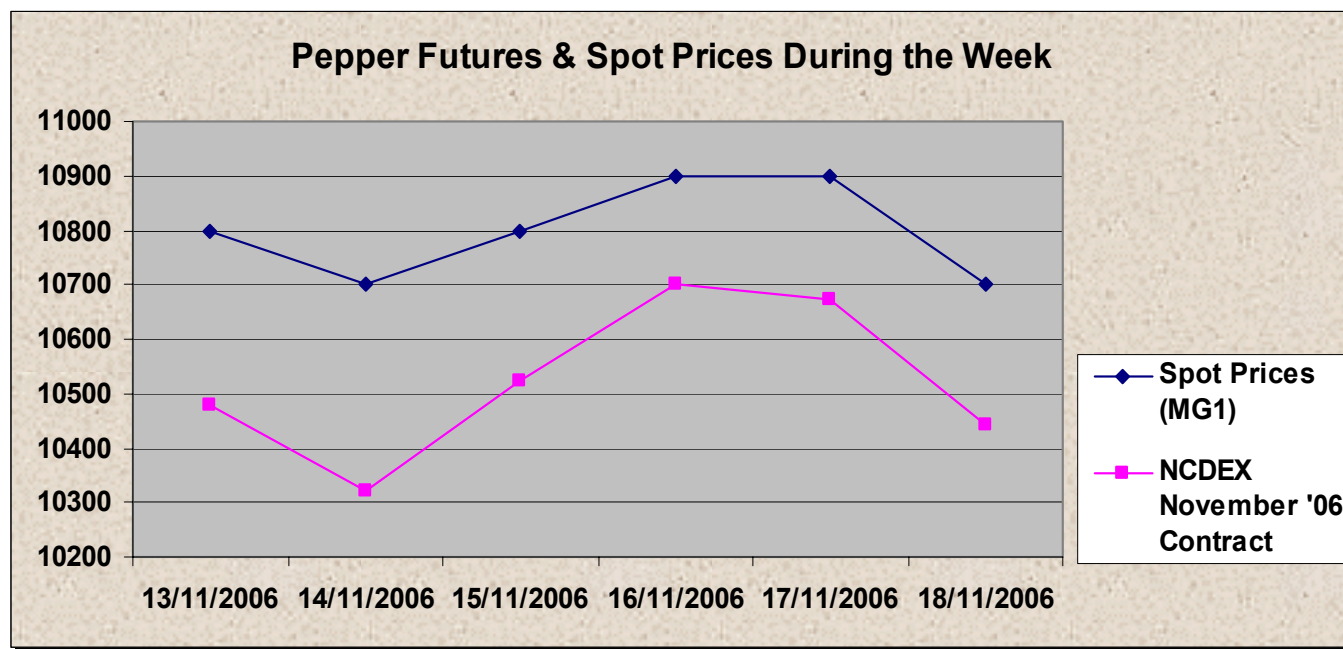
Source: Spices Board

Fundamental Analysis:

Pepper:

A Brief Weekly Analysis of Pepper Spot and Futures Trading

The graph below is showing the pepper prices in Kochi market and the near-month November contract prices in NCDEX. The near-month futures continue to exhibit backwardation. The November contract prices remained below the spot prices throughout the week. However, the difference has narrowed than earlier difference of Rs. 320 on Monday to Rs. 257 on Saturday.



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

Pepper	13/11/2006	14/11/2006	15/11/2006	16/11/2006	17/11/2006	18/11/2006
Ungarbled	10200	10100	10200	10300	10300	10100
Garbled	10800	10700	10800	10900	10900	10700

Black pepper traded with a firm sentiment in Kochi during the week under review. At, Kochi, black pepper MG1 grade was offered in a higher range of Rs. 10700-10900 per quintal during the week. Market registered total arrival of around 20 Mt of black pepper, while offtake was reported at 50 Mt of black pepper. Pepper prices got support from the delayed crop this year, which is likely to hit the market by late December to early January. Indian pepper export has increased during the past few months and the overseas demand is likely to pick up further. Notably, Indian pepper continues to remain as a competitive source for nearby shipments. The global pepper production during the 2007 season is projected to decline by around 20-25 percent on expected shortfall in many pepper producing countries like Indonesia, Malaysia, Sri Lanka and India. Domestic pepper output is also expected to fall by around 30

percent in the ensuing season. Pepper prices are likely to improve in the near future owing to its strong fundamentals.

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Nov 13-18	Nov 06-11
Golden Unpolished	108-111	108-112
No. 11.5	130	130
No. 12	140	140

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric market witnessed on an average steady to slightly firm sentiment during the week owing to lack of any major changes in its fundamental aspects. Arrivals as well as offtake were reported to

be slightly higher in Nizamabad and Erode markets during the week. At Erode, average daily arrivals were 2500-3000 bags, while at Nizamabad it was 800-1000 bags. Acreage under turmeric in Tamil Nadu is reported to have increased during this season. Market stock position is comfortable and the new crop arrivals are likely only during late January, hence a major change in prices are most unlikely in the near future. However, prices are expected to move in a slightly higher range on likely improved demand in the short-term.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Nov 13-18	Nov 06-11
Loose Finger	2150-2275	2150-2275
Loose Gattah	2125-2225	2100-2200

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Nov 13-18	Nov 06-11
Finger	2025-2100	1975-2050
Gattah	1925-2000	1900-1975

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Nov 13-18	Nov 06-11
Nizamabad finger	2200-2275	NA
E.Finger mini Selam	2700-2775	NA
E. Single polish Gattah	2200-2225	NA
E. Double polish Gattah	2700-2775	NA
Warangal polish	2175-2225	NA
Selam Finger	3400-3475	NA

Cumin (Jeera):

Jeera witnessed steady to firm sentiment at Unjha market during the week under review. Arrivals as well as offtake were reported to be steady during the week. Sowing of jeera has started in Gujarat and traders are eyeing further details of sowing report for future trend in jeera market. Traders anticipate the acreage in Gujarat to fall significantly during this season. However, acreage may increase in Rajasthan, where sowing is yet to begin. Traders are expecting increase in demand to continue in coming days. Jeera prices are likely to improve in the near future after some consolidation at the lower price levels.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Nov 13-18	Nov 06-11
Kisan Mal-FAQ (New)	1400-1600	1375-1550
Ganesh	1600-1700	1600-1650
M/c. Cleaned	1700-1850	1700-1800

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Nov 13-18	Nov 06-11
Ganesh New	84.50-85.00	86.00-87.00
FAQ	79.50-80.00	81.00-82.00
M/c. Cleaned	87.50-88.00	88.00-90.50

Red Chillies:

Domestic red chillies traded with a firm sentiment during the week under review. Red chillies prices have increased recently on reduced arrival amidst higher demand. Demand for red chillies is seen from international markets like Sri Lanka, Malaysia, Singapore, Bangladesh and United States. Most of the overseas requirements are met from Andhra Pradesh. Domestic demand for chillies is also expected to improve in near future. Red chilli crop is delayed and is expected to arrive only in the month of February next year. 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 are likely to improve in the coming day owing to its favourable fundamentals.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Nov 13-18	Nov 06-11
(LCA334 loose)Cold storage	7000-7100	6200-7000

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Nov 13-18	Nov 06-11
Guntur Pala	7300-7800	7000-7400
Guntur Fullcut	9800-10500	9200-9800
Guntur Packing	7700-8200	7200-7700
Nagpur Pala	7300-7500	6800-7400
Nagpur Fullcut	8800-9500	8200-8800
Nagpur Packing	7500-7700	7000-7700

Futures Market (NCDEX):

Commodity: Black Pepper

At the NCDEX, black pepper futures traded mostly rangebound during the week. The most-active December contract started the week with a bearish note and extended the weakness further to test this week's low at Rs. 10416 on Tuesday. However, the futures recovered the losses thereafter on moderate buying support and remained within a narrow range during the weekend. The December contract moved in the range of Rs. 10416-10899 during the week. Volume of trade has declined, while 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): Slightly weak on new crop arrivals

NCDEX Black Pepper December Contract

Support-1	10438	Support-2	10140
Resistance-1	11305	Resistance-2	11574
Strategy	Go long at corrective dips		

Commodity: Turmeric

At the NCDEX, turmeric futures traded within a higher range during the week. The most-active December contract started the week with a bearish note and tested this week's low at Rs. 1991 on Tuesday. However, increased buying interest supported the futures thereafter and the futures surged up on Wednesday. The futures traded mostly rangebound at a higher level thereafter. The December contract traded in the range of Rs. 1991-2120 during the week. Volume of trade was much higher on Wednesday, while open interest has declined gradually 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	1991	Support-2	1952
Resistance-1	2118	Resistance-2	2158
Strategy	Go long at corrective dips		

Commodity: Red Chillies

At the NCDEX, red chillies futures witnessed highly bullish sentiment during the week. The most-active December contract started the week with a huge slide and tested this week's low at Rs. 5200 on Tuesday. The futures remained mostly rangebound before the weekend spurt. The futures hit 6 percent upper circuit level on Friday and extended the advances further to test this week's high on Saturday. The December contract traded in the range of Rs. 5200-5970 during the week. Volume of trade as well as open interest has increased during the week.

PRICE DRIVERS:

- Delayed crop
- Better export demand
- Forthcoming crop is expected well due to higher acreage
- Higher domestic demand

OUTLOOK:

Short Term (One Week): Firm on domestic, overseas 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	5519	Support-2	5351
Resistance-1	6188	Resistance-2	6344
Strategy	Go long at corrective dips		

WEATHER WATCH (As on 18.11.06)

WEATHER FORECAST FOR NEXT 5 DAYS:

Present rainfall activity over south Peninsula is likely to continue during next 2-3 days. Subsequently, rainfall activity is expected to reduce. Night temperatures are 3-6 °C above normal over plains of northwest India. They are likely to fall by 2-3 °C over the region towards the week end due to eastwards movement of western disturbance from Jammu & Kashmir. Another W.D. is likely to approach north Pakistan and adjoining J&K on 21st November. It may cause scattered snowfall/rains over J&K, H.P., Uttaranchal, Punjab and Northern Parts of Haryana during 21-23 November.

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 scattered rain/snowfall during next 24-48hrs. Night temperatures are likely to fall by 2-3 degree C during next 2 days. J&K, H.P., Uttaranchal, Punjab and

Haryana are likely to receive isolated to scattered rainfall during 22-23 November.

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

Isolated rainfall is expected over coastal Orissa, West Bengal and NE states during next 24-48 Hrs.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

Scattered to fairly widespread rainfall is likely over Coastal A.P., Tamil Nadu and Kerala with isolated heavy rains during next 2-3 days and reduces thereafter.

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

Mainly dry weather conditions are expected over the region.

Source: NCMRWF, GOI

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.