

SPICES

November 20-25, 2006

Overview:

- Red Chillies Prices Extended Previous Advances Further
- Jeera Bullish as Acreage in Gujarat Expected to Fall Significantly
- Pepper Import under Indo-Sri Lanka FTA Capped at 2500 Mt/annum

News:

Procedure for Import of Pepper under Indo-Sri Lanka FTA

The Director General of Foreign Trade (DGFT) vide PUBLIC NOTICE NO. 69 (RE-2006)/2004-09 dated 21st November, 2006 has notified the following arrangement for import of Pepper under Indo-Sri Lanka Free Trade Agreement:

Total quantum of import of pepper [ITC (HS) Code No.090411] under Indo-Sri Lanka Free Trade Agreement shall be restricted to 2500 MT per annum. Import of pepper shall be subject to the following arrangements/procedure: -

a) The year in respect of the imports will be the period 1st April to 31st March i.e. financial year of India. The quantum of import of pepper for the year 2006-07 will be arrived at by deducting the import of this item

already made from Sri Lanka under the Agreement till the date of issue of this Public Notice.

b) All desirous importers of these items may make their application for imports to Exim Facilitation Committee in the Aayaat Niryaat Form of the Handbook of Procedures in the Office of Director General of Foreign Trade, Udyog Bhavan, New Delhi 110011. The application fee for these applications shall be paid according to the procedure contained in Appendix 21B of Handbook of Procedures Vol.I 2004-09.

c) At the time of clearance of the import consignment, the importer in India must produce a Certificate of Origin issued by concerned authorities in Sri Lanka.

Source: DGFT

Spices: Domestic Prices For the Week ending 18.11.2006:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (18.11.06)	Price (Rs/Kg) For the Week (11.11.06)	Last Month (Rs/Kg) Same Week (21.10.06)	Last Year Same Week (Rs/Kg) (19.11.05)
Black pepper	Malabar garbled (MG-1)	Cochin	102.00	108.67	121.00	66.17
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	279.45	260.03	313.71	226.33
Cardamom (Large)	Bada Dana	Gangtok	100.00	102.50	110.00	97.50
Chilli	Non -cold storage	Guntur	39.80	40.00	40.40	18.00
	Cold Storage	Guntur	68.60	64.80	64.80	30.00
Ginger	Best	Cochin	60.83	65.00	65.50	115.00
	Medium	Cochin	50.83	55.00	55.50	105.00
Turmeric	Alleppey finger (AFT)	Cochin	40.00	40.00	40.00	50.00
	Rajapuri	Mumbai	54.50	54.50	54.50	56.50
	Duggirala	Mumbai	24.75	24.75	26.50	31.13

Coriander	Indori-5%	Mumbai	28.75	28.75	28.75	21.63
Cumin	1%	Mumbai	83.75	83.75	85.00	70.00
	4%	Mumbai	75.63	75.63	74.38	65.00
Clove		Cochin,	320.00	320.00	320.00	220.00
		Nagarcoil	280.00	330.00	320.00	240.00

Source: Spices Board

Spices: International Spot Prices for the Week ending 17.11.2006:

Spice	Origin/Grade	Market	Price For the Week (17.11.06) (US\$/MT)	Price For the Week (10.11.06) (US\$/MT)	Last Month (18.10.06) (US\$/MT)	Last Year Same Week (18.11.05) (US\$/MT)
Pepper	Malabar garbled (MG-1)	New York	3065	3087	3418	1698
Cardamom (Small)	Guatemala Fancy Green	New York	8820	8820	8820	8820
	Guatemala Mixed Green	New York	2867	2867	2867	2867
	Indian (AGEB)	Saudi Arabia	9540	9630	11470	7840
Chillies	Indian SANNM-4 (Stem less)	New York	2646	2646	2315	1367
Ginger	India Cochin	New York	1962	1962	1962	3484
	Chinese Peeled	New York	1808	1808	1808	3418
Turmeric	India Alleppey Finger	New York	1852	1852	1852	1213
Garlic	Chinese	New York	2624	2624	2624	2161
Coriander	Canada	New York	838	838	838	772
Cumin	Syrian	New York	2315	2381	2426	1830
	Indian	New York	2315	2381	2514	2315
Fennel	Indian (ASTA)	New York	2095	2095	2095	1566
	Egyptian	New York	1742	1742	1698	1455
Fenugreek	India/Turkey	New York	992	992	860	750
Clove	Mad/Zanz/Com/ Indo	New York	4300	4190	4961	3704
	Sri Lanka (Hand picked)	New York	7166	7166	7166	7166
Cinnamon	Ceylon H2 Cinnamon	New York	5843	5843	5843	5392

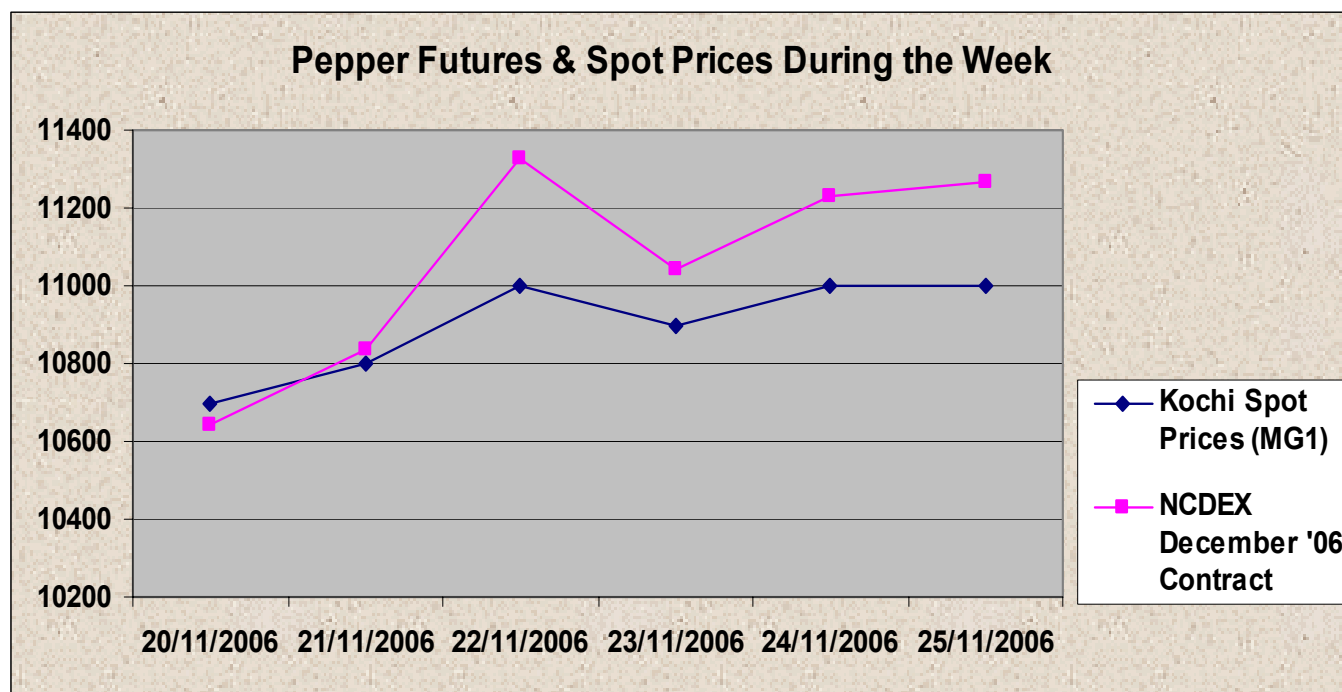
Source: Spices Board

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 December contract prices in NCDEX. The near-month futures extended the earlier backwardation at the start of the week with a difference of Rs. 57 on Monday. However, the futures remained above the spot prices for the rest of week and closed above the spot prices by Rs. 265 on Saturday.



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

Pepper	20/11/2006	21/11/2006	22/11/2006	23/11/2006	24/11/2006	25/11/2006
Ungarbled	10100	10200	10400	10300	10400	10400
Garbled	10700	10800	11000	10900	11000	11000

Black pepper traded with a firm sentiment in Kochi markets during the week starting 20th November 2006. Black pepper MG1 grade was quoted in a higher range of Rs. 10700-11000 per quintal during the week. Arrivals were reported at 6 Mt, while offtake was 36 Mt of black pepper indicating improvement in demand scenario. Domestic pepper crop has delayed this season and likely to hit the market even beyond the earlier expected late December to early January due to untimely rainfall over the producing areas. Domestic production is expected to fall by around 30 percent in this season. 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. Notably, Indian pepper continues to remain as a competitive source for nearby

shipments. Meanwhile, the Government has notified that the total quantum of import of pepper under Indo-Sri Lanka Free Trade Agreement shall be restricted to 2500 MT per annum. 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 20-25	Nov 13-18
Golden Unpolished	108-115	108-111
No. 11.5	130-135	130
No. 12	140-145	140

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric market remains firm during the week starting 20th November 2006, owing to improved demand. Arrivals as well as offtake were reported to be steady to slightly higher in Nizamabad and Erode markets during the week. In Nizamabad, average daily arrivals were in the range of 800-1000 bags, while in Erode it was in the range of 3000-4000 bags. In Tamil Nadu, the area under turmeric has increased during this year. However, the new crop arrivals are only likely during late January. With comfortable stock position in the market, prices are unlikely to witness any major changes in the near future. However, in short-term prices may increase slightly on improved demand.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Nov 20-25	Nov 13-18
Loose Finger	2200-2300	2150-2275
Loose Gattah	2150-2250	2125-2225

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Nov 20-25	Nov 13-18
Finger	2050-2200	2025-2100
Gattah	2000-2100	1925-2000

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Nov 20-25	Nov 13-18
Nizamabad finger	2250-2275	2200-2275
E.Finger mini Selam	2750-2775	2700-2775
E. Single polish Gattah	2200-2225	2200-2225
E. Double polish Gattah	2750-2775	2700-2775
Warangal polish	2200-2225	2175-2225
Selam Finger	3450-3475	3400-3475

Cumin (Jeera):

Jeera traded with a firm sentiment in Unjha during the week starting 20th November 2006. Prices increased gradually during the week on almost steady arrivals and much higher offtake. Sowing of jeera has started in Gujarat and traders are eyeing details of sowing report for future trend in jeera market. Preliminary reports suggest decline in acreage under jeera in Gujarat. 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.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Nov 20-25	Nov 13-18
Kisan Mal-FAQ (New)	1470-1690	1400-1600
Ganesh	1670-1780	1600-1700
M/c. Cleaned	1770-1940	1700-1850

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Nov 20-25	Nov 13-18
Ganesh New	84.5-86	84.5-85
FAQ	79.5-81	79.5-80
M/c. Cleaned	87.5-89	87.5-88

Red Chillies:

Domestic red chillies maintain the previous firmness during the week starting 20th November 2006. Traders reported improved arrivals at the prevailing higher price levels and consequently prices remained mostly in the earlier range. 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. Production of red chillies during this year is expected at the higher side. Red chillies prices are likely to improve in the coming days owing to its favourable fundamentals.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Nov 20-25	Nov 13-18
(LCA334loose)Cold storage	6500-7200	7000-7100

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Nov 20-25	Nov 13-18
Guntur Pala	7800-8500	7300-7800
Guntur Fullcut	10500-11200	9800-10500
Guntur Packing	8200-8900	7700-8200
Nagpur Pala	7500-8200	7300-7500
Nagpur Fullcut	9500-10200	8800-9500
Nagpur Packing	7700-8400	7500-7700

Futures Market (NCDEX):

Commodity: Black Pepper

At the NCDEX, black pepper futures traded with a firm sentiment during the week. Most-active December contract started the week with a bearish note and tested week's low on Monday. However, the futures immediately retraced back on increased buying interest at lower levels and tested week's high on Thursday. The futures remained mostly rangebound at the higher level during the weekend. The December contract moved in the range of Rs. 10545-11490 during the week. Volume surged up during mid-week, while open interest has declined during the week.

PRICE DRIVERS:

1. Indian pepper remains competitive in international market
2. Low stocks with competitors, lower global production
3. Quantum of pepper import under Indo-Sri Lanka FTA restricted to 2500 Mt per annum

OUTLOOK:

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

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

Long Term (Three Months): Slightly weak on new crop arrivals

NCDEX Black Pepper December Contract			
Support-1	10553	Support-2	10162
Resistance-1	11963	Resistance-2	12303
Strategy	Go long at corrective dips		

Commodity: Jeera (Cumin)

At the NCDEX, jeera futures traded in a higher range during the week. Most-active December contract started the week with a bearish note and tested this week's low on Monday. However, the futures traded upwards thereafter on increased buying interest and tested this week's high on Thursday. The futures traded in a rangebound fashion during the weekend. The December contract traded in the range of Rs. 8335-8805 during the week. Volume of trade was higher during mid-week and declined thereafter, while open interest remained lower during the week.

PRICE DRIVERS:

1. Anticipation of lower acreage in Gujarat
2. Increasing export demand
3. Improving domestic demand at the lower price tags
4. Comfortable stock position

OUTLOOK:

Short Term (One Week): Firm on improved demand, lower acreage

Medium Term (One Month): Firm on lower acreage, higher demand

Long Term (Three Months): Slightly ease on new crop arrivals

NCDEX Jeera December Contract			
Support-1	8462	Support-2	8327
Resistance-1	8903	Resistance-2	9039
Strategy	Go long at corrective dips		

Commodity: Turmeric

At the NCDEX, turmeric started the week with a firm note after testing this week low at Rs. 2027 on Monday. Most-active December contract surged up to test this week's high at Rs. 2139 on Thursday amidst a volatile trade. However, the futures immediately ran into selling pressure and traded downwards for the rest of the week. The December contract traded in the range of Rs. 2027-2139 during the week. Volume of trade was higher during the mid-week, while open interest has declined gradually during the week.

PRICE DRIVERS:

1. Comfortable stock of turmeric in the market
2. New crop to arrive only during late January
3. Improved demand at the lower price tags
4. 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	1995	Support-2	1956
Resistance-1	2118	Resistance-2	2153
Strategy	Go long at corrective dips		

Commodity: Red Chillies

At the NCDEX, red chillies futures extended previous advances further and traded with a highly bullish sentiment during the week. Most-active December contract tested this week's low on Monday and traded upwards thereafter. The futures tested this week's high on Saturday. The December contract traded in

the range of Rs. 5856-6556 during the week. Volume of trade was higher during mid-week and declined thereafter, while open interest remained higher during the week.

PRICE DRIVERS:

1. Delayed crop to arrive only during February
2. Higher demand for good quality chilli
3. Moderate demand at the higher price levels
4. Forthcoming crop is expected good due to higher acreage

OUTLOOK:

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

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

Long Term (Three Months): Weaken due to onset of harvest

NCDEX Red Chillies December Contract

Support-1	6144	Support-2	5987
Resistance-1	6735	Resistance-2	6869
Strategy	Remain long with caution		

WEATHER WATCH (As on 25.11.06)

WEATHER FORECAST FOR NEXT 5 DAYS:

Model prediction suggest night temperature is likely to fall further by 2-3°C over north & central India thus becoming normal over the region during next 24-48 hours. Night temperatures are also likely to fall over parts of East India. Model prediction suggest that a western disturbance is likely to approach over Jammu & Kashmir and adjoining area around 29 November, 06. Under its influence scattered to fairly widespread snowfall/rainfall is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during 29-30 November, 06. Punjab and Haryana may also likely to receive scattered rains during 30 November and 1 December, 2006. Subdued rainfall activity over south Peninsula likely to continue during next 4-5 days.

ZONE-WISE WEATHER FORECAST:

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

Dry weather is likely over region during next 3-4 days. J&K, H.P. and Uttaranchal are likely to receive scattered rain/snowfall during 29-30 November. Night

temperatures are likely to fall by 2-3 degree C over northwest India during next 3-4 days.

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

Isolated rainfall is expected over coastal Orissa, coastal West Bengal. East U.P, Bihar, Jharkhand and NE states are likely to be mainly dry.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region.

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

Isolated to Scattered rainfall is likely over Tamil Nadu and Kerala. Mainly dry weather is expected over rest of the region.

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

Mainly dry weather conditions are expected over the region.

Source: NCMRWF, GOI

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