

SPICES

October 30-November 04, 2006

Overview:

- Cardamom Export Declined Sharply
- Turmeric New Crop Arrivals Expected in January
- Black Pepper Fresh Crop Delayed; Expected in Mid December

News:

Cardamom Export Declined Sharply

The cardamom shipments during September 2006 fell sharply to 25 tonnes valued at Rs 1.06 crore with a unit value of Rs 425 per kg, as compared to 72 tonnes valued at Rs 2.43 crore with unit value of Rs 335.46 per kg in September 2005. Consequently the total exports of cardamom during the first half of the current fiscal have dropped significantly. Cardamom

shipments declined to 265 tonnes valued at Rs 7.87 crore during April-September 2006-07 as compared to 279 tonnes worth Rs 9.34 crore in the same period of the last financial year. Presently, Indian cardamom prices are competitive in the global market. Moreover, the crop size in Guatemala is reported to be lower this year. At the domestic front, cardamom growing areas in Kerala and Tamil Nadu are receiving favourable North-East monsoon showers.

Spices: Domestic Prices For the week ending 28.10.2006:

Spice	Grade/Variety	Market	Price (RS/KG) For The Week (28.10..06)	Price (RS/KG) For The Week (21.10.06)	Last Month (RS/KG) Same Week (23.09.06)	Last Year Same Week (RS/KG) (29.10.05)
Black pepper	Malabar garbled (mg-1)	Cochin	118.20	127.33	132.00	64.42
Cardamom	(Small Auction Price) Ungraded	Vandanmettu	306.00	313.71	383.07	229.54
Cardamom	Cardamom (large Bada Dana)	Gangtok	97.50	128.75	128.75	95.63
Chilli	Non -cold storage	Guntur	40.60	45.00	41.80	13.80
	Cold Storage	Guntur	62.00	56.00	61.20	25.60
Ginger	Best	Cochin	65.00	65.00	65.00	100.00
	Medium	Cochin	55.00	55.00	55.00	90.00
Turmeric	Alleppey finger (AFT)	Cochin	40.00	45.00	45.00	50.00
	Salem	Chennai	38.50	40.00	40.50	42.00
Coriander	Rajasthan Green	Chennai	40.50	37.50	41.50	26.50
Cumin	Ordinary	Chennai	87.75	85.00	87.50	72.50
Clove		Cochin,	320.00	320.00	320.00	220.00
		Nagarcoil	295.00	320.00	325.00	240.00
Cinnamon		Delhi	77.50	82.50	92.50	46.50

Source: Spices Board

Spices: International Spot Prices for the week ending 27.10.2006:

Spice	Origin/Grade	Market	Price For The Week (27.10.06) (US\$/TON)	Price For The Week (20. 10. 06) (US\$/TON)	Last Month (29.09.06) (US\$/TON)	Last Year Same Week (28.10.05) (US\$/TON)
Black pepper	Malabar garbled (mg-1)	New York	3197	3308	3528	1720
Cardamom (small)	Guatemala Fancy green	New York	8820	8820	8820	8820
	Guatemala Mixed green	New York	2867	2867	2867	2867
	Indian (AGEB)	Saudi Arabia	11080	11050	11320	7730
Chillies	Indian sannm-4 (stem less)	New York	2315	2315	2249	1367
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	2050
Garlic	Chinese	New York	2624	2624	2844	2822
Coriander	Canada	New York	838	838	838	772
Cumin	Syrian	New York	2426	2426	2426	1830
	Indian	New York	2426	2514	2558	2029
Fennel	Indian (ASTA)	New York	2095	2095	2095	1455
	Egyptian	New York	1742	1742	1698	1411
Fenugreek	India/turkey	New York	926	860	816	750
Clove	Mad/zanz/com/ Indo	New York	4190	4410	5027	3704
	Sri Lanka (hand picked)	New York	7166	7166	7166	7166
Cinnamon	Ceylon h2 cinnamon	New York	5843	5843	5843	4740

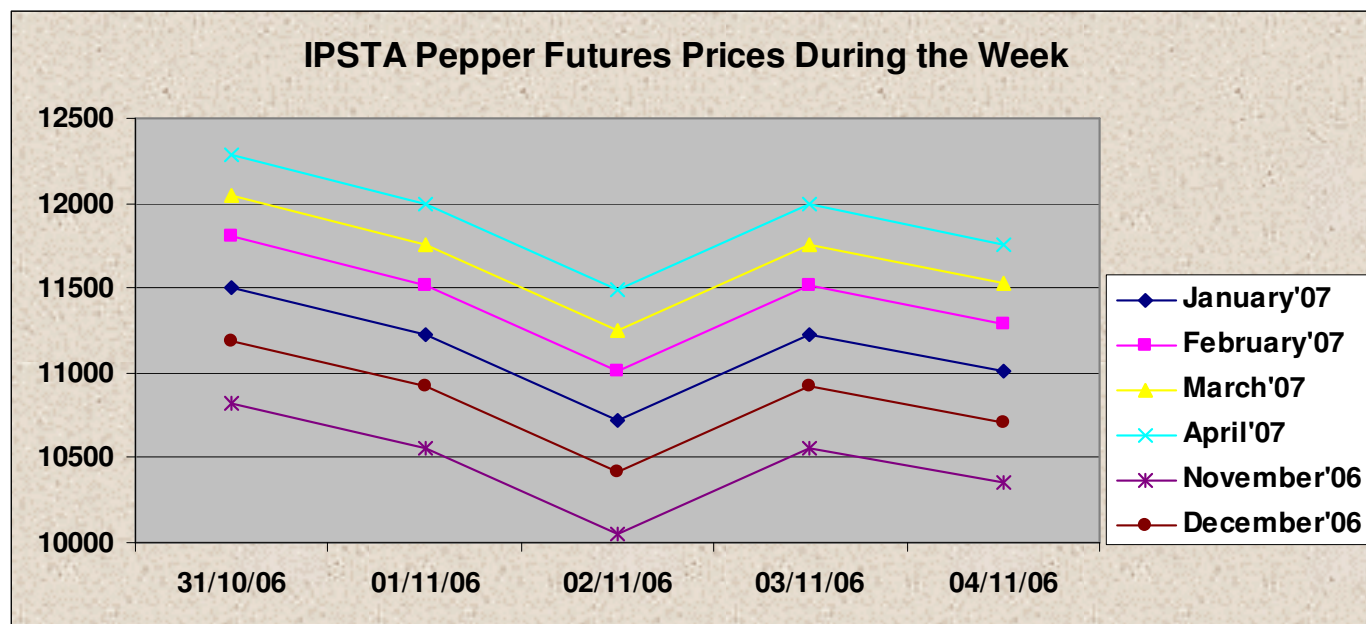
Source: Spices Board

Fundamental Analysis:

Pepper:

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 futures prices declined reached its lowest level during the mid-week. However, futures prices recovered thereafter only to finish the week at a lower level.



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

Pepper	30/10/06	31/10/06	01/11/06	02/11/06	03/11/06	04/11/06
Ungarbled	10600	10600	10300	9900	10100	10100
Garbled	11200	11200	10900	10500	10700	10700

Black pepper prices in Kochi market continued with its southward journey following speculative selling in futures market. Thus resulting in decreased prices and pushing down the demand from international buyers who seem to be waiting for the prices to decline further. Despite the fact Indian pepper quoted at lowest levels in international market the market failed to see any price recovery. Strike of Lorries added to further bearishness as exports were hampered to some extent. The demand for pepper is visible in the market and is expected to improve from retail end. Competitors offered at higher prices than India and were surprised with such a steep fall in prices even when the new crop delayed to mid December. In Kochi market black pepper MG1 grade traded lowest to Rs. 10500 per quintal during the mid-week as against Rs. 12000-12100 per quintal previous week. The market did not see any fresh arrivals and the off take was of around 50 MT of pepper.

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Oct 30- Nov 04	Oct 23-28
Golden Unpolished	108-115	112-120
11.5	130	123-130
No. 12	140	137-140

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric prices declined in most of the major turmeric trading markets on low demand for the commodity, hefty stocks and upcoming new crop in the month of January. Weather remained favourable for growth of turmeric crop in most of the regions. According to sources good crop is expected this year on increased acreage in Tamil Nadu. In Erode market the prices declined by Rs. 100-125 per quintal for both Finger and Gattah grade by late this week.

However average daily arrivals remained same at 3000 bags of turmeric. Almost similar position was seen in Nizamabad market where the prices declined by Rs. 100 per quintal. The arrivals reduced from 1000 bags in the beginning of the week to 500-700 bags by late during the week.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Oct 30- Nov 04	Oct 23-28
Loose Finger	2150-2350	2250-2420
Loose Gattah	2100-2275	2200-2325

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Oct 30- Nov 04	Oct 23-28
Finger	2000-2100	2150-2250
Gattah	1900-2000	2050-2150

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Oct 30- Nov 04	Oct 23-28
Nizamabad finger	2650-2800	2750-2800
E.Finger mini Selam	3150-3250	3200
E. Single polish Gattah	2750-2850	2800
E. Double polish Gattah	3150-3250	3200
Warangal polish	2700-2800	2750
Selam Finger	3350-3450	3400-4300

Cumin (Jeera):

Jeera prices in Unjha market increased on improved demand from both international and domestic markets. After the festive season the demand again seems shifting to the spices from the dry fruits and jeera is no exception. Domestic demand is also getting some support from the seed demand in the sowing season. Sowing of Jeera has started in Saurashtra and Rajkot in Gujarat. Sowing is likely to continue for a month's time with possibility of reduced acreage in Gujarat. As the acreage this year is expected to take a dip, the sentiments in the market is slightly firming up. However, the second largest producer of Jeera, Rajasthan is likely to see some increase in the area under this crop. Jeera sowing in Rajasthan is expected to begin in a fortnight's time. Jeera market in Unjha is witnessing reduced arrivals these days at the same time export demand has improved to 700-1000 bags as compared to 500 bags in the beginning of the week. According to market sources Unjha market has a stock of 10 lakh bags of jeera. The competitors have low stock of jeera and

India is in favourable position in international markets in terms of quality and price.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Oct 30- Nov 04	Oct 23-28
Kisan Mal-FAQ (New)	1400-1600	NA
Ganesh	1600-1700	1600-1640
M/c. Cleaned	1640-1850	1640-1820

Jeera Prices in Unjha Market

(Rs./kg)

Grade	Oct 30- Nov 04	Oct 23-28
Ganesh New	86.75-88.25	87 - 88.25
FAQ	84.25-88.50	80-88.25
M/c. Cleaned	89.75-97.50	85-97.25

Red Chillies:

Red chillies in Guntur market traded steady to slightly firm during the week. The prices improved on better international demand along with improved demand for the commodity from domestic markets. According to market sources some export orders might flow in the coming days. The market saw average daily arrivals of around 20000-25000 bags of chillies. The off take was of around 12000 - 15000 bags of chillies. Traders estimate a stock of 15 lakh bags of chillies that is believe to be sufficient enough for domestic consumption demand however if exports continue to increase with same pace then decline in inventory might be visible. Crop this year has been delayed and might arrive by February. Recent rains proved beneficial for the growth of crop that was in need of water at the current stage.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Oct 30- Nov 04	Oct 23-28
(LCA334loose)Cold storage	5800-6700	5500-6600

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Oct 30- Nov 04	Oct 23-28
Guntur Pala	6800	NA
Guntur Fullcut	9200	NA
Guntur Packing	8000	NA
Nagpur Pala	7000	NA
Nagpur Fullcut	8000	NA
Nagpur Packing	7200	NA

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper prices on the December futures contract at the NCDEX traded mostly volatile during the week. The prices declined to test the important support level of Rs. 10110 but failed to breach that level and bounced back to Rs.11400 later during the week on bullish cues from spot markets. The prices moved in the range of Rs. 11400 - 10110 per quintal till late during the week. The total volumes traded and the open interest figures both increased during the week.

PRICE DRIVERS:

- Indian prices competitive in international market
- Demand expected to improve at lower levels
- Crop delayed; expected to arrive by mid December
- Low inventories with competitors

OUTLOOK:

Short Term (One Week): Slightly improve on demand at lower prices

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	10150	Support-2	8875
Resistance-1	11735	Resistance-2	12520
Strategy	Go for Long position with caution		

Commodity: Turmeric

Turmeric prices on the NCDEX December futures contract continued to trade mostly in red following its previous downtrend. However the prices recovered marginally on short covering by late during the week. The prices might witness slight bounce and then again decline continuing with its southward movements. The prices declined from the level of Rs. 2197 and thereafter bottomed down to create a fresh low of Rs. 2045. The prices bounced back to the level of Rs. 2123 near the weekend on profit booking by investors. The volumes traded and open interest numbers continued to increase during the week.

PRICE DRIVERS:

- Hefty stock
- Low domestic demand
- Demand expected at lower levels
- New crop arrivals expected in January
- Good crop condition

OUTLOOK:

Short Term (One Week): Range bound to slightly 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	2015	Support-2	1945
Resistance-1	2272	Resistance-2	2370
Strategy	Go Short on rallies		

Commodity: Red Chillies

Red Chilli NCDEX December delivery futures contract consolidated this week as bearish momentum declined and traded mostly with some firmness in prices. The trading in the contract remained in the price band of Rs. 4804 - 5240 per quintal by late during the week. Bears seemed bit weak and booked profits on their earlier short positions. The volume numbers increased during the week however open interest figures showed a decline during this period.

PRICE DRIVERS:

- Improving domestic and international demand
- Sufficient stocks for domestic consumption
- New Crop to arrive in February
- Concerns as to quality of chillies with exchange prevails

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	4800	Support-2	4720
Resistance-1	5373	Resistance-2	5665
Strategy	Go for Long position with caution		

WEATHER WATCH (As on 04. 11.06)

WEATHER FORECAST FOR NEXT 5 DAYS:

Due to an active easterly wave over south peninsula, scattered to fairly widespread rainfall with isolated heavy falls may occur over south Tamil Nadu and Kerala during next 2-3 days. A western disturbance is existing over northern parts of the country. Under its influence, isolated rain/thundershowers are likely over Jammu & Kashmir, Himachal and Uttaranchal. A trough in mid tropospheric westerlies extending from East Uttar Pradesh to south-east Arabian Sea. Under its influence isolated to scattered rainfall is also likely over parts of east India and adjoining parts of central India. Minimum temperature is likely to fall over northwest India by 1-2 degree during next 2-3days.

HEAVY RAINFALL WARNING:

Isolated Heavy rainfall is likely over coastal Tamil Nadu, Kerala and Lakshadweep

ZONE-WISE WEATHER FORECAST:

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

Isolated rain/thundershowers are likely over Jammu & Kashmir, Himachal and Uttaranchal. Mainly dry weather are likely over rest of the region.

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

Isolated rainfalls are likely over Bihar, Jharkhand, Orissa and West Bengal during next 48 hrs. Mainly dry weather is likely over rest region during the next week.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Scattered rainfall is expected over Chhattisgarh. Isolated rainfall is likely over Vidarbha and East Madhya Pradesh. West Madhya Pradesh is likely to be dry.

SOUTH INDIA [TN, 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]

Fairly widespread rainfall with heavy fall is expected over Konkan & Goa. Scattered rainfall is likely over Madhya Maharashtra and Marathwada during next 24-48 hrs, and then mainly dry weather condition may prevail over the region. Mainly dry weather conditions are expected over Gujarat and Rajasthan during next week.

Source: NCMRWF, GOI

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