

## SPICES

November 27- December 02, 2006

### Overview:

- **Turmeric Prices Remain Bearish on Lack of Demand**
- **Domestic Black Pepper Price Rally Come to a Halt**
- **Vietnam Total Pepper Export Up 21 Percent Y-o-Y**
- **Spices Export Down 2% in Quantity but Up 23% in Value**

### News:

#### **Spices Export Down 2% in Quantity but Up 23% in Value**

Indian export of spices and spice based products has witnessed a 23 percent increment in value terms during the April-October period of the current financial year. However, in quantity terms, export has declined by 2 percent during the same period.

In this period, the export of spices and spice based products was 195432 tonne valued at Rs. 1725.15 crore as compared to 199477 tonne valued at Rs. 1406.18 crore during the same period of last financial year.

The Spices Board of India has fixed an export target of 306000 tonne valued at Rs. 2500 crore for 2006-07 against 320527 tonne valued at Rs. 2295.25 crore exported during 2005-06. The decline in total quantity of export can be attributed to a 6 percent decline in chilli export, while the increment in value terms is mainly due to a sharp rise in cumin exports.

During the said period, India has exported 66250 tonne of chilli as compared to 70540 tonne during the same period last year. However, in value terms it has increased to Rs. 327 crore from Rs. 237.44 crore.

Cumin has registered a 254 percent increase in quantity at 18500 tonne during this period as compared to 5223 tonne during the same period last year. In value terms it has increased 239 percent to Rs. 136.80 crore from Rs. 40.32 crore.

Export of black pepper has increased to 13825 tonne during April-October of 2006-07 from 8971 tonne during the same period of last year, an increase of 54

percent. In value terms pepper export has risen by 69 percent to Rs. 128.78 crore from 76.32 crore.

However, garlic export during the same period has declined by 42 percent to 10300 tonne from 17616 tonne last year. In value terms it has declined by 9 percent to Rs. 18.59 crore from Rs. 20.40 crore during the same period of last year.

Ginger exports registered a 76 percent increase in quantity and 22 percent in value terms during the period, with the exports at 5000 tonne valued at Rs. 24.10 crore.

Exports of curry powder and paste increased by 8 percent in quantity and 18 percent in value terms, while the exports of spice oils and oleoresins remained static at 3610 tonne valued at Rs. 295.53 crore during this period.

#### **Vietnam Total Pepper Export Up 21 Percent Y-o-Y**

Pepper export from Vietnam that peaked during the first half of 2006 are on a declining trend owing to report of limited stock in the country. This year's pepper is reported to have been sold out. Vietnam exported 4534 tons of pepper during October 2006 as compared to 8274 tons in the same month of last year. The export figures have fallen since it peaked in the month of March 2006 at 16632 tons, while the figure was 6118 tons during September 2006. However, during the January-October 2006 period, export of pepper from Vietnam totalled 99837 tons comprising of 88529 tons of black pepper and 11308 tons of white pepper. The total export has increased by 21 percent as against 82494 tons exported during the same period of last year.

**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

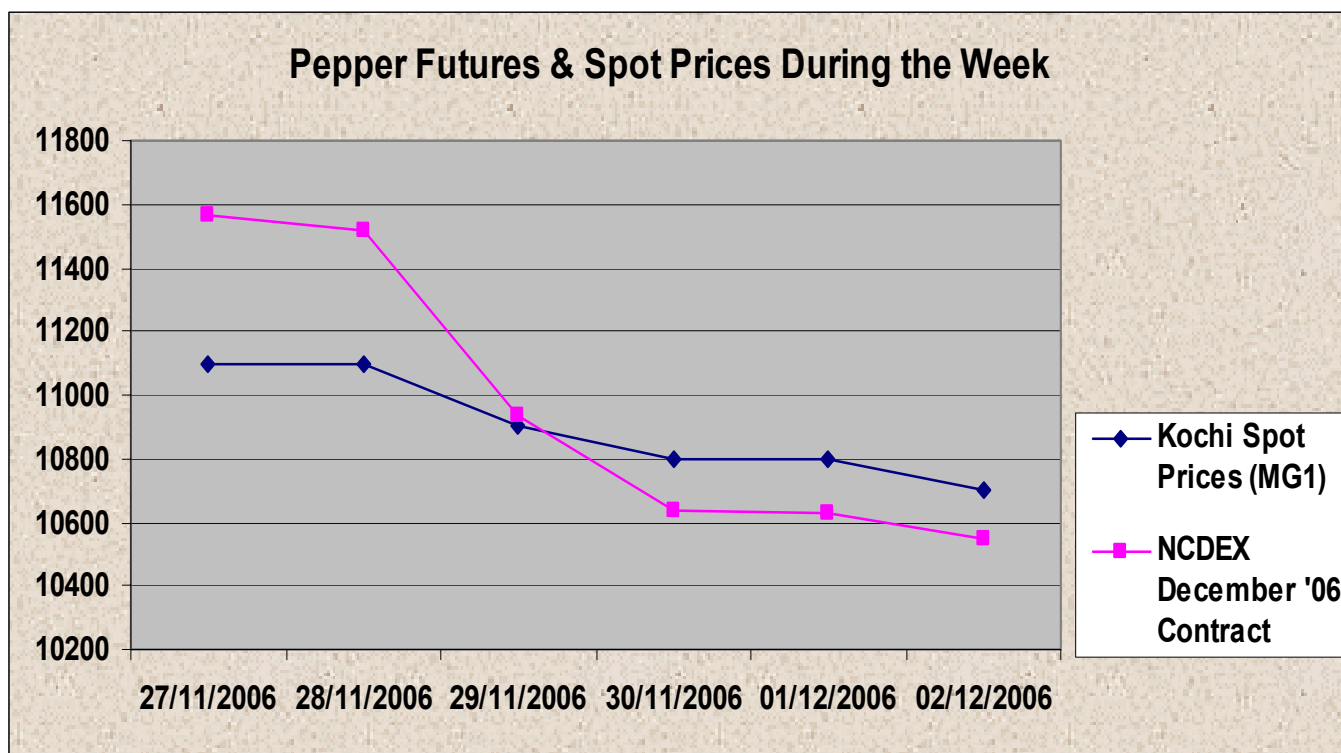
Source: Spices Board

### 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 remain above the spot prices at the start of the week with a difference of Rs. 466 on Monday. However, the futures again showed backwardation from mid-week onwards and closed below the spot prices by Rs. 156 on Saturday.



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

Pepper	27/11/2006	28/11/2006	29/11/2006	30/11/2006	01/12/2006	02/12/2006
Ungarbled	10500	10500	10300	10200	10200	10100
Garbled	11100	11100	10900	10800	10800	10700

Domestic black pepper markets remain weak during the week starting 27<sup>th</sup> November, 2006. Black pepper MG1 grade was quoted in the range of Rs. 10800-11100 per quintal during the week. However, prices were at the lower side toward weekend. Arrivals were reported at 85 Mt, while offtake was 105 Mt signifying increase in trading activities at the lower price levels. Domestic pepper crop has delayed this season and likely to hit the market even beyond the earlier expected late December to early January. Domestic production is expected to fall by around 30 percent in this season. Meanwhile, pepper export has increased by 54 percent to 13825 tonne during April-Oct of current financial year. The Government notification that the total quantum of import of pepper under Indo-Sri Lanka Free Trade Agreement shall be restricted to 2500 MT per annum supported the market sentiments at the start of the week. However, prices come under pressure on talks of an early harvest in Vietnam. Moreover, international buyers are also seemed to be sidelined after some strong buying in the recent past. Pepper prices are likely to improve in the near future from the recent downfall. However, prices may consolidate at the lower levels in short-term.

**Black Pepper Prices in Delhi Market****(Rs./kg)**

Grade	Nov 27- Dec 02	Nov 20-25
Golden Unpolished	110-115	108-115
No. 11.5	130-140	130-135
No. 12	140-160	140-145

Note: Prices are in Rs. per Kg.

**Turmeric:**

Domestic turmeric markets witnessed bearish sentiment during the week starting 27<sup>th</sup> November 2006, owing to lack of any significant demand. Arrivals were reported in a lower range in Nizamabad, while it was higher in Erode markets. However, demand was not satisfactory. Market remains under pressure on higher acreage under turmeric this year in Tamil Nadu. Fresh crop arrivals are expected to hit the market during late January. However, market stock position is reported to be comfortable enough to offset the delay in the fresh crop arrivals. Amidst such circumstances, domestic

turmeric markets are unlikely to witness any significant change in the near future. However, with a short-term outlook, prices may consolidate at the present lower levels.

**Turmeric Prices in Erode Market****(Rs./qtl)**

Grade	Nov 27- Dec 02	Nov 20-25
Loose Finger	2100-2250	2200-2300
Loose Gattah	2100-2200	2150-2250

**Turmeric Prices in Nizamabad Market****(Rs./qtl)**

Grade	Nov 27- Dec 02	Nov 20-25
Finger	2000-2100	2050-2200
Gattah	1925-2050	2000-2100

**Turmeric Prices in Delhi Market****(Rs./qtl)**

Grade	Nov 27- Dec 02	Nov 20-25
Nizamabad finger	2150-2200	2250-2275
E.Finger mini Selam	2600-2700	2750-2775
E. Single polish Gattah	2175-2250	2200-2225
E. Double polish Gattah	2600-2700	2750-2775
Warangal polish	NA	2200-2225
Selam Finger	3425-3500	3450-3475

**Cumin (Jeera):**

Domestic jeera market remains firm amidst improved demand in Unjha markets during the week starting 27<sup>th</sup> November, 2006. Steady arrivals as well as offtake kept the prices rangebound at the start of the week. However, it firmed up again during the weekend. Sowing of jeera is going on 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. However, acreage may increase in Rajasthan. Jeera export has registered a 254 percent increase in quantity at 18500 tonne during April-Oct 2006-07 as compared

to 5223 tonne during the same period last year. Amidst such favourable fundamentals, jeera prices are likely to improve in the near future.

#### Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Nov 27- Dec 02	Nov 20-25
Kisan Mal-FAQ (New)	1520-1710	1470-1690
Ganesh	1710-1800	1670-1780
M/c. Cleaned	1820-1950	1770-1940

#### Jeera Prices in Delhi Market

(Rs./kg)

Grade	Nov 27- Dec 02	Nov 20-25
Ganesh New	86-87	84.5-86
FAQ	82-83	79.5-81
M/c. Cleaned	90-91	87.5-89

#### Red Chillies:

Domestic red chillies remain firm during the week starting 27<sup>th</sup> November, 2006. Buoyed by its strong fundamentals prices continue to climb during the week. Declining stocks in the markets and improved domestic demand supported the firm sentiment. Demand for better quality chilli continues to improve in the market. 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. India has exported 66250 tonne of chilli during April-Oct 2006-07 as compared to 70540 tonne during the same period last year. However, in value terms it has increased to Rs. 327 crore from Rs. 237.44 crore. Red chillies prices are likely remain firm in the coming days owing to its bullish fundamentals.

#### Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Nov 27- Dec 02	Nov 20-25
(LCA334loose)Cold storage	6600-7600	6500-7200

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

#### Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Nov 27- Dec 02	Nov 20-25
Guntur Pala	8400-8900	7800-8500
Guntur Fullcut	11000-11600	10500-11200
Guntur Packing	8900-9200	8200-8900
Nagpur Pala	8000-8400	7500-8200
Nagpur Fullcut	9200-9600	9500-10200
Nagpur Packing	8200-8600	7700-8400

### Futures Market (NCDEX):

#### Commodity: Black Pepper

Black pepper futures started the week with a bullish note, but traded with a bearish sentiment thereafter with the prices sliding from Tuesday's high to Friday's lows on increased selling interest. The futures ended the week at a lower level. The NCDEX January contract traded in the range of Rs. 10580-11933 with increasing volume as well as open interest.

#### PRICE DRIVERS:

1. Pepper export has increased by 54 percent during April-October 2006-07
2. Low stocks with competitors, lower global production
3. Quantum of pepper import under Indo-Sri Lanka FTA is restricted to 2500 Mt per annum
4. New crop arrivals likely during end-December to mid January
5. Talks that new crop in Vietnam may come earlier than expected

#### OUTLOOK:

**Short Term (One Week):** Rangebound on weak overseas demand, Vietnam crop

**Medium Term (One Month):** Firm on lower domestic as well as global output

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

#### NCDEX Black Pepper January Contract

Support-1	10469	Support-2	10194
Resistance-1	11419	Resistance-2	11659
Strategy	Go long at corrective dips		

#### Commodity: Jeera (Cumin)

Jeera futures traded on an average rangebound during this week. The futures started the week with a weak note, but recovered thereafter. However, the futures remain at a lower range as compared to previous week. The NCDEX January contract traded

in the range of Rs. 8600-8810 with declining volume and increasing open interest.

#### PRICE DRIVERS:

1. Anticipation of lower acreage in Gujarat
2. Jeera export has increased by 254 percent during April-October 2006-07
3. Improving domestic demand at the lower price tags
4. Sowing of jeera begins in the country
5. 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 January Contract

Support-1	8600	Support-2	8523
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Resistance-1	8860	Resistance-2	8930
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Strategy	Go long at corrective dips
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#### Commodity: Turmeric

Turmeric futures started the week with a bullish note, but traded with a bearish sentiment thereafter with the prices sliding from Monday's high to Friday's lows on increased selling interest. The futures curbed some of the losses at the weekend, but ended the week at a lower level. The NCDEX April contract traded in the range of Rs. 2040-2216 with higher volume and increasing open interest.

#### PRICE DRIVERS:

1. Comfortable stock of turmeric in the market
2. New crop to arrive during late January
3. Lacklustre trade at domestic markets
4. North Indian demand yet to pick up

#### OUTLOOK:

**Short Term (One Week):** Moderately weak on dull demand

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

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

#### NCDEX Turmeric April Contract

Support-1	2041	Support-2	2010
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Resistance-1	2157	Resistance-2	2184
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Strategy	Go long at corrective dips
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#### Commodity: Red Chillies

Red chillies futures extended previous advances further during the week. Increased buying interest supported the futures to test fresh contract month highs during the week. However, profit taking curbed some of the advances during the weekend. The NCDEX December contract traded in the range of Rs. 6469-6979 with higher volume and increasing open interest.

#### PRICE DRIVERS:

1. Delayed crop to arrive only during February
2. Higher demand for better quality of red chillies
3. Declining stock at the markets
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	6601	Support-2	6487
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Resistance-1	7001	Resistance-2	7116
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Strategy	Go short near resistance levels
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#### WEATHER WATCH (As on 25.11.06)

#### WEATHER FORECAST FOR NEXT 5 DAYS:

Model prediction suggests that a western disturbance is likely to approach over northwest India on 3rd December 2006. An induced Cyclonic circulation is also likely to form over north Rajasthan. Under its influence fairly widespread with heavy

snowfall/rainfall is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during 3-5 December, 06. Scattered to fairly widespread shower is expected over Rajasthan, Punjab, Haryana (including Delhi) and west U.P. during 4-6 December, 2006. Day temperature is likely to fall and night temperature may rise over northwest India during 3-4 December, 06. Night temperatures are likely to fall by



4-5 °C over northwest India and Central India from 5th December, 2006

A low pressure area is likely to form over Andaman Sea around 7th December, 2006.

#### **ZONE-WISE WEATHER FORECAST:**

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

J&K, H.P. and Uttaranchal are likely to receive fairly widespread with heavy snowfall/rainfall during 3-5 December, 06. West Rajasthan, Punjab, Haryana (including Delhi) and west U.P. are likely to receive scattered to fairly widespread showers during 4-6 December 2006.

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

Scattered shower is expected over East U.P. during 5-6 December 06. Mainly dry weather is expected over rest of the region.

##### **CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]**

Mainly dry weather is likely over the region. Night temperature is likely fall after 5th December, 06

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

Scattered to fairly widespread rainfall is likely over south Tamil Nadu during next 24-48 Hrs. Isolated rainfall is likely over Nicobar Islands, north Tamil Nadu, Kerala and Lakshadweep. 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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