

SPICES

December 04-09, 2006

Overview:

- **Chilli Prices Remain Weak on Fresh Crop Arrivals**
- **Domestic Jeera Prices Eased on Subdued Demand**
- **MCX Launched Red Chilli February and March 2007 Contracts**
- **NCDEX Modified Chilli Futures Contract Specifications Ahead of Re-launching**

News:

MCX Launched Red Chilli February and March 2007 Contracts

The Multi Commodity Exchange of India has launched Red Chilli February and March 2007 contracts for futures trading with effect from Saturday, December 9, 2006. The circular regarding the announcement mentioned that the Red Chilli contract is with delivery of old crop upto January 2007 contract and contracts expiring in the month of February 2007 and onwards are of new crop only. It is also reported that the contract specifications, trading parameters, delivery and settlement procedure of the contract as have been specified in circular no. MCX/382/2006 dated September 15, 2006 issued by the Exchange, will be binding on all the Members of the Exchange and constituents trading through them.

NCDEX Modified Chilli Futures Contract Specifications Ahead of Re-launching

The NCDEX has informed through a Circular No NCDEX/TRADING-144/2006/330, dated December 8, 2006 that the Exchange has made modifications in the Chilli futures contract specifications which will be applicable for all contracts to be opened by the Exchange on and after December 11, 2006 (that is, for contracts expiring in March 2007 and thereafter).

However, the currently traded December 2006 expiry contract will be with the existing specifications as notified earlier.

For the contracts to be opened by the Exchange on and after December 11, 2006, basis would be Chilli

(Paala) traded as LCA 334 ex warehouse Guntur inclusive of all taxes and market cess. Notably, the existing basis is Chilli (Paala) traded as LCA 334 Medium Best ex warehouse Guntur inclusive of all taxes.

In terms of quality specifications the following changes are made for the upcoming contracts:

Variety - LCA 334

Length - Chillies less than 5cms will be allowed to a maximum of 5% by weight.

Moisture - 12.5%*

Broken Chillies - 7%*

Damaged & Discolored - 5%*

Pods without stalks - 8%*

*Tolerance up to 0.5% of the above limit only in outbound deliveries will be allowed.

Daily price limit will be 6%. If the price touches 6%, trading will continue with 6% limit for the 15 minutes period from the time 6% limit was reached. Thereafter, price limit would be extended by another (+)/ (-) 3%. No trade would be permitted during the day beyond the price limit of (+)/(-)9% from the previous day's closing price.

Position limits for the near month contract remain same at client level at maximum of 1000 MT. However, same limit has been reduced from a maximum of 4000 MT to 3000 MT.

Spices: Domestic Prices for the Week Ending 02.12.2006:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (02.12.06)	Price (Rs/Kg) For the Week (25.11.06)	Last Month (Rs/Kg) Same Week (04.11.06)	Last Year Same Week (Rs/Kg) (04.12.05)
Black pepper	Malabar Garbled (MG-1)	Cochin	109	109	108.67	71.42
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	265.68	261.77	273.01	218.67
Cardamom (Large)	Bada Dana	Gangtok	96.25	100	103.75	98.75
Chilli	Non -cold storage	Guntur	40.6	40.4	40.25	18
	Cold Storage	Guntur	65.2	68	66.2	29
Ginger	Best	Cochin	60	60	65	110
	Medium	Cochin	50	50	55	95
Turmeric	Alleppey finger (AFT)	Cochin	40	40	40	50
	Rajapuri	Mumbai	54.5	54.5	54.5	56.5
	Duggirala	Mumbai	24.5	25	25	31
Coriander	Indori-5%	Mumbai	29.75	29.25	28.75	24.75
Cumin	1%	Mumbai	83.75	85	83.75	70.25
	4%	Mumbai	75.63	76.88	75.63	65.63
Clove		Cochin,	320	320	320	220
		Nagarcoil	270	270	330	245

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 01.12.2006:

Spice	Origin/Grade	Market	Price For the Week (01.12.06) (US\$/MT)	Price For the Week (25.11.06) (US\$/MT)	Last Month (04.11.06) (US\$/MT)	Last Year Same Week (02.12.05) (US\$/MT)
Pepper	Malabar Garbled (MG-1)	New York	3043	3065	3087	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	9480	9350	10050	7700
Chillies	Indian SANNM-4 (Stem less)	New York	2646	2646	2315	1367
Ginger	India Cochin	New York	1962	1962	1962	3418
	Chinese Peeled	New York	1808	1808	1808	3197
Turmeric	India Alleppey Finger	New York	1852	1852	1852	2050

Garlic	Chinese	New York	2624	2624	2624	2822
Coriander	Canada	New York	838	838	838	772
Cumin	Syrian	New York	2315	2315	2381	1830
	Indian	New York	2315	2315	2381	2029
Fennel	Indian (ASTA)	New York	2095	2095	2095	1521
	Egyptian	New York	1654	1742	1742	1411
Fenugreek	India/Turkey	New York	992	992	926	750
Clove	Mad/Zanz/Com/ Indo	New York	4410	4300	4190	3704
	Sri Lanka (Hand picked)	New York	7166	7166	7166	7166
Cinnamon	Ceylon H2 Cinnamon	New York	5843	5843	5843	5292

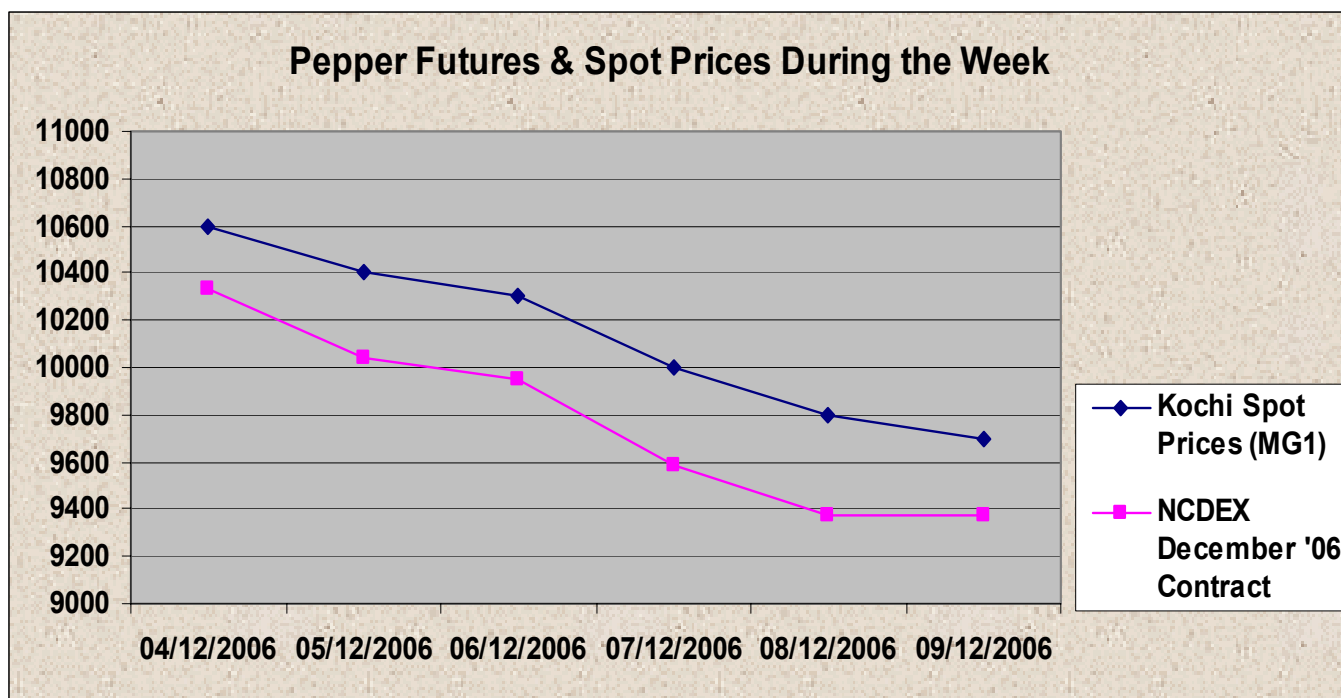
Source: Spices Board of India

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 below the spot prices during the week with a difference of Rs. 271 on Monday. The futures showed backwardation throughout the week and closed below the spot prices by Rs. 328 on Saturday.



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

Pepper	04/12/2006	05/12/2006	06/12/2006	07/12/2006	08/12/2006	09/12/2006
Ungarbled	10000	9800	9700	9400	9200	9100
Garbled	10600	10400	10300	10000	9800	9700

Domestic black pepper markets witnessed a bearish trend during the week starting 4th December, 2006. Black pepper MG1 grade was offered in a lower range of Rs. 10000-10600 per quintal during the week. Prices declined gradually towards the lower level through the week. Arrivals were reported at 62 Mt, while offtake was 62 Mt. The market remains under pressure amidst report of fresh crop arrivals as well as its quality concerns. Moreover, international buyers are also seemed to be sidelined after some strong buying in the recent past. However, given the lower price of Indian pepper at the global markets, export opportunities are seen bright once the international buyers return into the market. Prices are likely to improve in near future from the recent downfall, though may witness some weakness in coming few days.

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

Grade	Dec 04-09	Nov 27- Dec 02
Golden Unpolished	103-110	110-115
No. 11.5	125-130	130-140
No. 12	135-140	140-160

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets remain bearish during the week starting 4th December 2006, on lacklustre demand. Arrivals were reported to be higher in Nizamabad as well as Erode markets during the week and amidst lack of any significant demand, prices gradually declined through the week. Higher acreage under turmeric in Tamil Nadu this year has kept the prices under pressure. 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 expected to remain bearish in the coming days.

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

Grade	Dec 04-09	Nov 27- Dec 02
Loose Finger	2025-2150	2100-2250
Loose Gattah	2000-2125	2100-2200

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

Grade	Dec 04-09	Nov 27- Dec 02
Finger	2000-2050	2000-2100
Gattah	1900-1975	1925-2050

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

Grade	Dec 04-09	Nov 27- Dec 02
Nizamabad finger	2000-2150	2150-2200
E.Finger mini Selam	2450-2650	2600-2700
E. Single polish Gattah	2050-2200	2175-2250
E. Double polish Gattah	2500-2650	2600-2700
Warangal polish	NA	NA
Selam Finger	3300-3450	3425-3500

Cumin (Jeera):

Domestic jeera markets remains weak during the week starting 4th December, 2006 owing to subdued demand. Higher arrivals amidst weak demand kept the prices under pressure during the week. Sowing of jeera is going on in full swing in Gujarat and traders are eyeing details of sowing report for future trend in jeera market. Preliminary reports suggest some 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 after some short-term weakness.

Jeera Prices in Unjha Market**(Rs./20kg)**

Grade	Dec 04-09	Nov 27- Dec 02
Kisan Mal-FAQ (New)	1500-1710	1520-1710
Ganesh	1600-1800	1710-1800
M/c. Cleaned	1700-1950	1820-1950

Jeera Prices in Delhi Market

(Rs./kg)		
Grade	Dec 04-09	Nov 27- Dec 02
Ganesh New	84-87	86-87
FAQ	80-83	82-83
M/c. Cleaned	89-91	90-91

Red Chillies:

Domestic red chillies remain highly bearish during the week starting 4th December, 2006. After a prolonged rally, red chillies turned in favours of the bears on reports of fresh crop arrivals in the market. Prices slide significantly from the beginning of the week as arrivals started increasing. Moreover, buyers preferred to be on the side-line eyeing further fall in prices. Domestic 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 witness some bearish trend in the short-term.

Red Chillies Prices in Guntur Market

(Rs./qtl)		
Grade	Dec 04-09	Nov 27- Dec 02
(LCA334loose)Cold storage	6000-7200	6600-7600

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

Red Chillies Prices in Delhi Market

(Rs./qtl)		
Grade	Dec 04-09	Nov 27- Dec 02
Guntur Pala	7000-8300	8400-8900
Guntur Fullcut	9500-11000	11000-11600
Guntur Packing	7500-8800	8900-9200
Nagpur Pala	6800-7900	8000-8400
Nagpur Fullcut	7800-9100	9200-9600
Nagpur Packing	7200-8100	8200-8600

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a bearish note and extended the weakness further through the week with the prices continuously declining from Monday's high on increased selling interest. The futures finished the week at a much lower level. The NCDEX January contract traded in the range of Rs. 9451-10790 with increasing volume as well as open interest.

PRICE DRIVERS:

1. Reports of fresh crop arrivals in the market of poor quality
2. Lower demand at the higher price levels
3. Absence of international buyers ahead of year-end holidays
4. Pepper export has increased by 54 percent during April-October 2006-07
5. Low stocks with competitors, lower global production

OUTLOOK:

Short Term (One Week): Weak on absence of overseas demand, some fresh crop arrivals

Medium Term (One Month): Firm on prospective export demand amidst global shortfall

Long Term (Three Months): Slightly weak as arrivals picks up

NCDEX Black Pepper January Contract

Support-1	9250	Support-2	9014
Resistance-1	10115	Resistance-2	10312
Strategy	Go long at major dips towards support		

Commodity: Jeera (Cumin)

Jeera futures started the week with a weak note and traded downwards during this week. Increased selling interest has pressurised the futures throughout the week and the futures finished the week at a lower level. The NCDEX January contract traded in the range of Rs. 8333.6-8730 with lower volume and higher open interest.

PRICE DRIVERS:

1. Sowing of jeera going on in the country
2. Comfortable stock position
3. Anticipation of higher acreage in Rajasthan
4. Anticipation of lower acreage in Gujarat
5. Cumin export has increased by 254 percent during April-October 2006-07

OUTLOOK:

Short Term (One Week): Consolidate amidst poor 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	8316	Support-2	8275
Resistance-1	8548	Resistance-2	8598
Strategy	Go short near resistance levels		

Commodity: Turmeric

Turmeric futures started the week with a bullish note and extended the advances to Tuesday's highs. However, the futures slide to Saturday's lows on increased selling interest. The NCDEX April contract traded in the range of Rs. 2045-2115 with declining volume and increasing open interest.

PRICE DRIVERS:

1. Comfortable stock of turmeric in the market
2. New crop to arrive during late January
3. Weather suitable for growth of crop
4. Moderate demand at the lower price tags

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	1995	Support-2	1965
Resistance-1	2100	Resistance-2	2130
Strategy	Go short near resistance levels		

Commodity: Red Chillies

Red chillies futures started the week with a huge slide and extended the weakness further during the week. Prices kept on sliding from Monday's highs to Thursday's lows. However, the market has shown some sign of recovery during the weekend. The NCDEX December contract traded in the range of Rs. 6101-6789 with declining volume and higher open interest.

PRICE DRIVERS:

1. Lower demand at the higher price levels
2. Forthcoming crop is expected good due to higher acreage
3. Reports of fresh crop arrivals in the market
4. Domestic crop arrival to pick up only during February

OUTLOOK:

Short Term (One Week): Weak on some fresh crop arrivals of poor quality

Medium Term (One Month): Rangebound on prospective export demand

Long Term (Three Months): Weaken as arrivals pick up

NCDEX Red Chillies December Contract

Support-1	6071	Support-2	5933
Resistance-1	6485	Resistance-2	6611
Strategy	Go short near resistance levels		

WEATHER WATCH (As on 25.11.06)

WEATHER FORECAST FOR NEXT 5 DAYS:

As predicted, a western disturbance lies over J&K and adjoining hilly region. The W.D. is likely to move in an eastward direction. Under its influence hilly regions of NW India are most likely to experience scattered to fairly wide spread snowfall/rains with isolated heavy falls over hills of J&K and H.P. during next 48 Hrs. beginning from today. Plains of NW India viz. parts of Punjab, Haryana (including Delhi) and west U.P may receive isolated light showers next 48-72 Hrs.

Night temperatures have fallen by 2-3°C over northwest India during past 24 hours. Model predictions suggest that under the influence of W.D. night temperatures are expected to rise over plains of NW India during 10-11 December and fall significantly by 4-6 deg C thereafter. This may lead to cold wave conditions over many parts northwest and parts central India from 12 December.

Model predictions suggest that south peninsular India viz. south Tamil Nadu and Kerala may receive scattered to fairly widespread rain during next 2-3

days, due to easterly wave expected to pass across the region.

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 scattered with isolated heavy snowfall/rainfall during next 48 Hrs.

Punjab, Haryana (including Delhi) and West U.P. are likely to receive isolated showers during next 72 Hrs. Significantly fall in temperatures are likely after 11th December.

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

Isolated light showers are likely over East Uttar Pradesh on 12Dec.

Mainly dry weather is expected over the region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region.

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

Scattered to fairly widespread showers may occur over the region of south Tamil Nadu and Kerala during next 2 days.

Isolated showers may occur over south coastal A.P. during next 2 days.

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

Isolated shower are likely over north Rajasthan during next 48 Hrs.

Mainly dry weather conditions are expected over rest of the region.

Source: NCMRWF, GOI

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