

SPICES

December 18-23, 2006

Overview:

- Domestic Chilli Remained Mostly Rangebound
- Domestic Black Pepper Prices Slide during Weekend
- Changes in Margins of Chilli Effective BOD December 22, 2006
- MCX Witnessed Highest Delivery for December Cardamom Contract
- Parliamentary Committee: Focus on Quality and Productivity of Spices to Boost Export

News:

Changes in Margins of Chilli Effective BOD December 22, 2006

The National Commodity & Derivatives Exchange Limited (NCDEX) through a circular (No. NCDEX/RISK-042/2006/341), dated December 19, 2006 has informed that, as per the directives received from the Forward Markets Commission, the Minimum Total Margins for all running contracts for Chilli will be as follows:

Commodity	Chilli
Symbol	CHLL334GTR
Minimum Initial Margin	21.5
Exposure Margin	3.5
Additional Cash Margin (Long & Short)	5
Total Margin (%)	30

The circular mentioned that the revised Margins would be implemented with effect from the Beginning of Day on December 22, 2006 for all the then running contracts.

MCX Witnessed Highest Delivery for December Cardamom Contract

MCX has witnessed a highest delivery of 21.50 tons for its December Cardamom contract. This has

surpassed previous figure of 14 tons recorded for November 2006 contract. The details of commodity-wise deliveries of major commodities that have taken place during the month of December 2006 as follows: Gold 1,307 Kgs, Gold Mini 156.4 Kgs, Cardamom 21.50 tons, Silver 17,820 Kgs, black Pepper 45 tons, Jeera-270 tons and areca nut 15 tons.

Focus on Quality and Productivity of Spices to Boost Export, Suggests Parliamentary Committee

The Parliamentary Standing Committee on Commerce has recommended establishing an umbrella Spices Development Authority to boost India's presence in world spice markets. Alarmed over the stagnant output and export in spices, the 80th report of Parliamentary Standing Committee on Commerce has suggested to set up an authority that will have a large comprehensive mandate covering research, production, value addition, domestic self-sufficiency and export promotion.

It wants the Spices Board to act as a storehouse of all market, technical and policy information concerning the spices sector so that a coherent strategy can be adopted to channelize the resources and efforts. It has also called for setting up a system to help in introducing better technologies, farm practices and promoting safe post-harvest techniques.

Concerned over the fluctuating export graph of small cardamom, the committee has advised the Spices Board to focus on the productivity and quality of small cardamom in order to enhance export substantially, both in terms of quantity and value.

Spices: Domestic Prices for the Week Ending 16.12.2006:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (16.12.06)	Price (Rs/Kg) For the Week (09.12.06)	Last Month (Rs/Kg) Same Week (18.11.06)	Last Year Same Week (Rs/Kg) (17.12.05)
Black pepper	Malabar Garbled (MG-1)	Cochin	98.4	101.75	107.83	73.42
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	205.5	248.46	279.45	204.17
Cardamom (Large)	Bada Dana	Gangtok	92.5	92.5	100	90
Chilli	Non -cold storage	Guntur	44.5	41.2	39.8	18
	Cold Storage	Guntur	63.8	65	68.6	29
Ginger	Best	Cochin	60	60	60.83	93.5
	Medium	Cochin	50	50	50.83	77.5
Turmeric	Alleppey finger (AFT)	Cochin	40	40	40	50
	Rajapuri	Mumbai	54.5	54.5	54.5	55.5
	Duggirala	Mumbai	23.88	24	24.75	29.38
Coriander	Indori-5%	Mumbai	29.25	29.25	28.75	25.5
Cumin	1%	Mumbai	84.38	82.78	83.75	67.5
	4%	Mumbai	76.88	74.38	75.63	63.75
Clove		Cochin,	320	320	320	220
		Nagarcoil	270	280	280	240

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 15.12.2006:

Spice	Origin/Grade	Market	Price For the Week (15.12.06) (US\$/MT)	Price For the Week (08.12.06) (US\$/MT)	Last Month (10.11.06) (US\$/MT)	Last Year Same Week (16.12.05) (US\$/MT)
Pepper	Malabar Garbled (MG-1)	New York	2911	3043	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	9160	9650	9630	7750
Chillies	Indian SANNM-4 (Stem less)	New York	2646	2646	2646	1367
Ginger	India Cochin	New York	1962	1962	1962	3418
	Chinese Peeled	New York	1808	1808	1808	2977
Turmeric	India Alleppey Finger	New York	1852	1852	1852	2051

Garlic	Chinese	New York	2602	2624	2624	2756
Coriander	Canada	New York	838	838	838	772
Cumin	Syrian	New York	2315	2315	2381	1808
	Indian	New York	2315	2315	2381	2315
Fennel	Indian (ASTA)	New York	1984	1984	2095	1521
	Egyptian	New York	1654	1654	1742	1367
Fenugreek	India/Turkey	New York	992	992	992	750
Clove	Mad/Zanz/Com/ Indo	New York	4410	4410	4190	3748
	Sri Lanka (Hand picked)	New York	9371	7166	7166	7166
Cinnamon	Ceylon H2 Cinnamon	New York	5843	5843	5843	5292

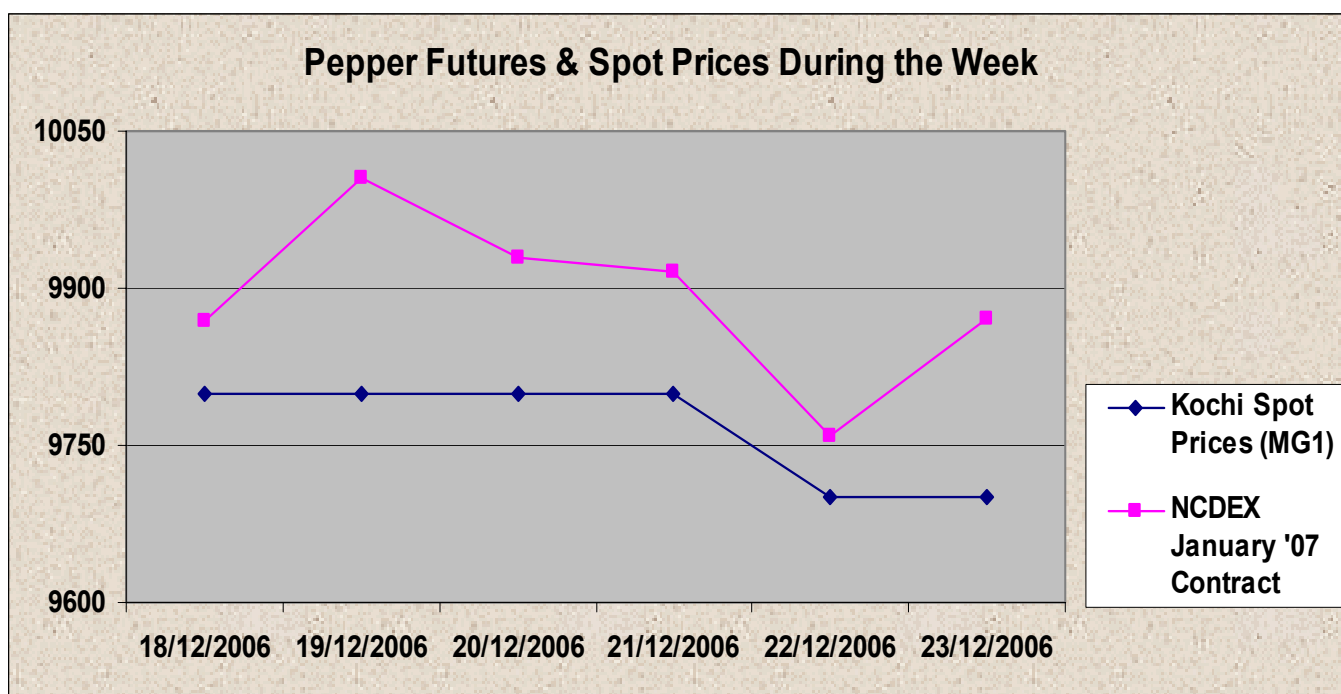
Source: Spices Board of India

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 January contract prices in NCDEX. The near-month futures remain above the spot prices for the entire week with a maximum difference of Rs. 206 on Tuesday. The futures maintained the premium during the week and closed above the spot prices by Rs. 171 on Saturday.



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

Pepper	18/12/2006	19/12/2006	20/12/2006	21/12/2006	22/12/2006	23/12/2006
Ungarbled	9200	9200	9200	9200	9100	9100
Garbled	9800	9800	9800	9800	9700	9700

Domestic black pepper markets witnessed a stable price movement during the week starting 18th December 2006. It was offered lower by Rs. 100 per quintal at the start of the week as compared to previous weekend and subsequently maintained the price level and slide by Rs. 100 per quintal at weekend. Arrivals were reported at 30 Mt with complete offtake of 30 Mt. Market remains under pressure amidst some fresh crop arrivals as well as its quality concerns. There was limited overseas demand as the international buyers are seemed to be sidelined after some strong buying in the recent past. Given the lower price of Indian pepper at the global markets, export opportunities are seen bright once the international buyers return into the market after the year-end holidays. Traders also reported some export inquiries for the coming month, though in a limited quantity. Prices are likely to improve in near future once the consolidation phase is over.

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

Grade	Dec 18-23	Dec 11-16
Golden Unpolished	103-105	103-105
No. 11.5	125	125-130
No. 12	135	135-140

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets remain on an average steady to slightly firm during the week starting 18th December 2006. Arrivals were lower in Nizamabad markets and consequently prices quoted a bit higher on some demand. Prices also quoted higher in Erode markets ahead of long weekend holidays. Arrivals were slightly higher in Erode, but higher offtake has offset the increase. Fresh crop arrivals are expected to hit the market during late January 2007. 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 likely to consolidate in the near future with possibility of slight uptrend in short-term on emerging demand from North Indian markets.

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

Grade	Dec 18-23	Dec 11-16
Loose Finger	1975-2100	2000-2050
Loose Gattah	1975-2050	2000-2050

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

Grade	Dec 18-23	Dec 11-16
Finger	1900-1975	1900-1950
Gattah	1850-1875	1850

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

Grade	Dec 18-23	Dec 11-16
Nizamabad finger	1975-2050	1925-2000
E. Finger mini Selam	2475-2600	2375-2500
E. Single polish Gattah	1975-2050	1975-2050
E. Double polish Gattah	2475-2650	2425-2500
Warangal polish	NA	NA
Selam Finger	3275-3400	3225-3300

Cumin (Jeera):

Domestic jeera market remains mostly steady to firm during the week starting 18th December 2006. Arrivals were higher at the start of the week, but declined thereafter with higher offtake. Consequently, prices quoted in a higher range from mid-week onwards. Sowing of jeera is reported to have fallen during this season and the production figure is expected to be lower than the previous year. Heavy rainfall in some jeera producing areas of Gujarat at the time of sowing has resulted in lower acreage this year. However, trade expectations of the crop varies widely and market is under uncertainty about the size of the crop. The fresh crop arrivals are expected to hit the market by mid-January 2007 onwards, which would help in determining the expected level of production. Amidst such favourable fundamentals, jeera prices are likely to improve in the near future.

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

Grade	Dec 18-23	Dec 11-16
Kisan Mal-FAQ (New)	1550-1600	1500-1630
Ganesh	1620-1670	1600-1730
M/c. Cleaned	1700-1900	1700-1830

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Dec 18-23	Dec 11-16
Ganesh New	87-87.5	84-86.5
FAQ	84-84.5	80-82.5
M/c. Cleaned	94-94.5	89-91.5

Red Chillies:

Domestic red chillies remain rangebound during the week starting 18th December 2006. It was offered at a higher price level at the start of the week, but subsequently quoted in a lower range during the weekend. Chilli prices rallied recently amidst improved buying support taking cues from the futures market. Red chillies turned in favours of the bears on reports of fresh crop arrivals in the market recently. Moreover, buyers both domestic as well as overseas preferred to be on the side-line eyeing further fall in prices. However, the fresh arrivals are limited in quantity and reported not to be of superior quality. Domestic production of red chillies during 2006-07 crop year is expected at the higher side as compared to the lower production in 2005-06 crop year. Red

chillies prices are likely witness rangebound movement with possibility of some weakness in the near future.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Dec 18-23	Dec 11-16
(LCA334loose)Cold storage	6000-7050	6000-7000

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Dec 18-23	Dec 11-16
Guntur Pala	6800-7000	6500-7200
Guntur Fullcut	8000-8500	8500-9500
Guntur Packing	7000-7500	7200-8000
Nagpur Pala	6400-6500	NA
Nagpur Fullcut	8000-8200	NA
Nagpur Packing	6500-7000	NA

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a bearish note, but immediately recovered on moderate buying support at lower price levels. The futures tested this week's high on Tuesday. However, the futures traded on an average weak thereafter on increased selling pressure. The NCDEX January contract traded in the range of Rs. 9706-10044 during the week with thinning volume and slightly higher open interest.

PRICE DRIVERS:

1. Fresh crop arrivals in limited quantity and of inferior quality
2. Lack of overseas demand ahead of yearend holidays
3. Lower global production, low stocks with competitors
4. Vietnam new crop expected during mid-Feb/March

OUTLOOK:

Short Term (One Week): Rangebound on absence of overseas demand, moderate domestic demand

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	9600	Support-2	9450
Resistance-1	10140	Resistance-2	10300
Strategy	Go long at major dips towards support		

Commodity: Jeera (Cumin)

Jeera futures started the week with a bearish note, but retraced back immediately to test week's high on Thursday. Profit taking capped further advances and the futures wiped away most of the gains made earlier. The NCDEX January contract traded in the range of Rs. 8449-8664 with higher volume during mid-week and increasing open interest.

PRICE DRIVERS:

1. New crop expected to be lower in Gujarat
2. Cumin export has increased by 254 percent during April-October 2006-07
3. Fresh crop arrivals likely during mid-January

OUTLOOK:

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

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

Long Term (Three Months): Firm on lower domestic production

NCDEX Jeera January Contract

Support-1	8450	Support-2	8375
Resistance-1	8725	Resistance-2	8800
Strategy	Go long at major dips towards support		

Commodity: Chilli

Chilli futures started the week with a bearish note and extended the weakness further to test week's low on Tuesday. However, the futures immediately retraced back on increased buying interest at the lower price level and traded on an average upwards for the rest of the week. The NCDEX March contract traded in the range of Rs. 4321-4595 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

1. Domestic crop arrival to pick up during Feb
2. Higher demand for better quality chillies
3. New crop size expected to be higher
4. Some fresh crop arrivals in the market

OUTLOOK:

Short Term (One Week): Rangebound to slightly weak on weak demand

Medium Term (One Month): Weaken ahead of pick arrivals

Long Term (Three Months): Bearish on higher crop size

NCDEX Chilli March Contract

Support-1	4320	Support-2	4275
Resistance-1	4750	Resistance-2	4800
Strategy	Go long at major dips towards support		

WEATHER WATCH (As on 16.12.06)

WEATHER FORECAST FOR NEXT 5 DAYS:

A western disturbance is approaching over J&K region. It is likely to be active over western Himalaya and adjoining northwest plain area during 25 -27 December. Under its influence scattered snowfall/rainfall is likely over J&K, H.P., and Uttaranchal during 25-27 December, 06. Isolated rain/thundershower is also expected over Punjab and Haryana on 26 and 27 December, 06. The night temperatures over plains of northwest India are likely to increase by 2-3°C thus remaining above normal during next 2 days. However, night temperature is likely to decrease thereafter. Lowest night temperature in the plains of the country was 4.0°C recorded at Adampur in Punjab. Isolated rainfall is likely over extreme south peninsula during next 24 hours.

ZONE-WISE WEATHER FORECAST:

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Scattered snowfall /rainfall are likely over J&K, H.P. and Uttaranchal during 25 -27 December. Isolated rain/shower is expected over Punjab & Haryana during 26-27 December, 06. Night temperature is likely to rise by about 2-3 °C over most parts of northwest India during 25-26 December, then fall thereafter.

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

Mainly dry weather is expected over region during next 5 days. Not much change in night temperatures are expected over East U.P and Bihar during next 2 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region next 5 days. Night temperatures are expected slight rise over Madhya Pradesh and Chhattisgarh during next 2 days, and then fall thereafter.

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

Isolated rainfall is likely to occur over Tamil Nadu & Pondicherry, Kerala and Lakshadweep Islands. Mainly dry weather conditions are expected over rest of the region.

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

Mainly dry weather conditions are expected over region. Not much change in night temperatures are likely over Maharashtra and Gujarat and south Rajasthan during next 2-3 days, and then fall thereafter.

Source: NCMRWF, GOI

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