

SPICES

December 11-16, 2006

Overview:

- Domestic Jeera Firmed Up Eyeing Lower Production
- Chilli Prices Retraced Back Taking Cues from Futures Market
- Cardamom Production Expected to Decline by 15 Percent
- IPC: Black Pepper Showed Declining Trend in November 2006

News:

Cardamom Production Expected to Decline by 15 Percent

According to a Spices Board official the loss of cardamom this year is expected to recover at 15 percent as against previous estimate of 25 percent. The crop loss has been averted to an extent thanks to the favorable weather conditions prevailing in the cardamom growing areas of Kerala.

Cardamom production for the current year is forecasted at 10000-10500 MT that is lower than last years 12500 MT.

IPC: Black Pepper Showed Declining Trend in November 2006

According to a recently released report by the International Pepper Community (IPC), during November 2006, the black pepper market showed a declining trend. Prices at origins indicated a significant fall compared to prices during the previous month. This situation was attributed to buyers' reluctance to make commitments at current levels. They prefer to take a wait and see attitude and enter the market if and when prices become more competitive, possibly in early 2007, when Indian and Vietnamese pepper is expected to come in the market.

The report mentioned that entering November 2006, the market at Cochin was very quiet and prices eased significantly from US\$ 2,760 per ton FOB at the end of October to US\$ 2,495. During the 3rd week of the month, trading activity experienced an improvement and price fluctuated as sellers looked to liquidate excess stocks in anticipation of further declines. The price then closed at US\$2,540 per ton at the end of

the month. On an average the price eased by 10% compared to the average price in October.

According to the report, at Ho Chin Minh City, Vietnam, the market remained inactive, with limited trading. Buyers were looking to purchase for 1st quarter 2007. During November 2006, prices at HCMC decreased significantly from US\$ 2,500 per ton FOB for 500g/l black to US\$ 2,150 at the month's close. On an average, the price of black pepper at HCMC during November 2006 was lower by 16%, compared to October. Official sources in Vietnam reported that up to October 2006, Vietnam has exported 100,000 tons of pepper and is estimated to reach 110,000 ton by December 2006. It is also reported that production of pepper for 2007 may be less by as much as 20% due to disease problems.

The report mentioned that in Lampung, the market was also quiet with limited activity. Stocks in the domestic market have been very tight, but the local price declined steadily from US\$2,580 per ton to US\$2,295 at the month's close. The situation was likely affected by weak overseas demand. The price decreased marginally by 8% for pepper at local markets and 13% for FOB, compared to the average price during the previous month.

According to the report, in Sarawak, the market was also quiet and prices at local markets decreased from US\$ 2,250 per ton to US\$ 2,188 at the month's close. Under such conditions, however, it was very difficult to get material. Compared to the previous month, the average price was lower by 4%. FOB prices however, were reported stable at US\$ 3,200 per ton. In Sri Lanka the price in pepper growing areas also declined steadily from US\$ 2,267 per ton to US\$ 1,863.

Spices: Domestic Prices for the Week Ending 09.12.2006:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (09.12.06)	Price (Rs/Kg) For the Week (02.12.06)	Last Month (Rs/Kg) Same Week (11.11.06)	Last Year Same Week (Rs/Kg) (10.12.05)
Black pepper	Malabar Garbled (MG-1)	Cochin	101.75	109	108.67	72.83
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	248.46	265.68	260.03	212.95
Cardamom (Large)	Bada Dana	Gangtok	92.5	96.25	102.5	88.75
Chilli	Non -cold storage	Guntur	41.2	40.6	40	18
	Cold Storage	Guntur	65	65.2	64.8	29
Ginger	Best	Cochin	60	60	65	120
	Medium	Cochin	50	50	55	-
Turmeric	Alleppey finger (AFT)	Cochin	40	40	40	50
	Rajapuri	Mumbai	54.5	54.5	54.5	56.5
	Duggirala	Mumbai	24	24.5	24.75	30.75
Coriander	Indori-5%	Mumbai	29.25	29.75	28.75	23.25
Cumin	1%	Mumbai	82.78	83.75	83.75	69.38
	4%	Mumbai	74.38	75.63	75.63	64.38
Clove		Cochin,	320	320	320	220
		Nagarcoil	280	270	330	245

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 08.12.2006:

Spice	Origin/Grade	Market	Price For the Week (08.12.06) (US\$/MT)	Price For the Week (01.12.06) (US\$/MT)	Last Month (10.11.06) (US\$/MT)	Last Year Same Week (09.12.05) (US\$/MT)
Pepper	Malabar Garbled (MG-1)	New York	2977	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	9650	9480	9630	7650
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	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	1808
	Indian	New York	2315	2315	2381	2315
Fennel	Indian (ASTA)	New York	1984	2095	2095	1521
	Egyptian	New York	1654	1654	1742	1411
Fenugreek	India/Turkey	New York	992	992	992	750
Clove	Mad/Zanz/Com/ Indo	New York	4410	4410	4190	3704
	Sri Lanka (Hand picked)	New York	7166	7166	7166	7166
Cinnamon	Ceylon H2 Cinnamon	New York	5843	5843	5843	5292

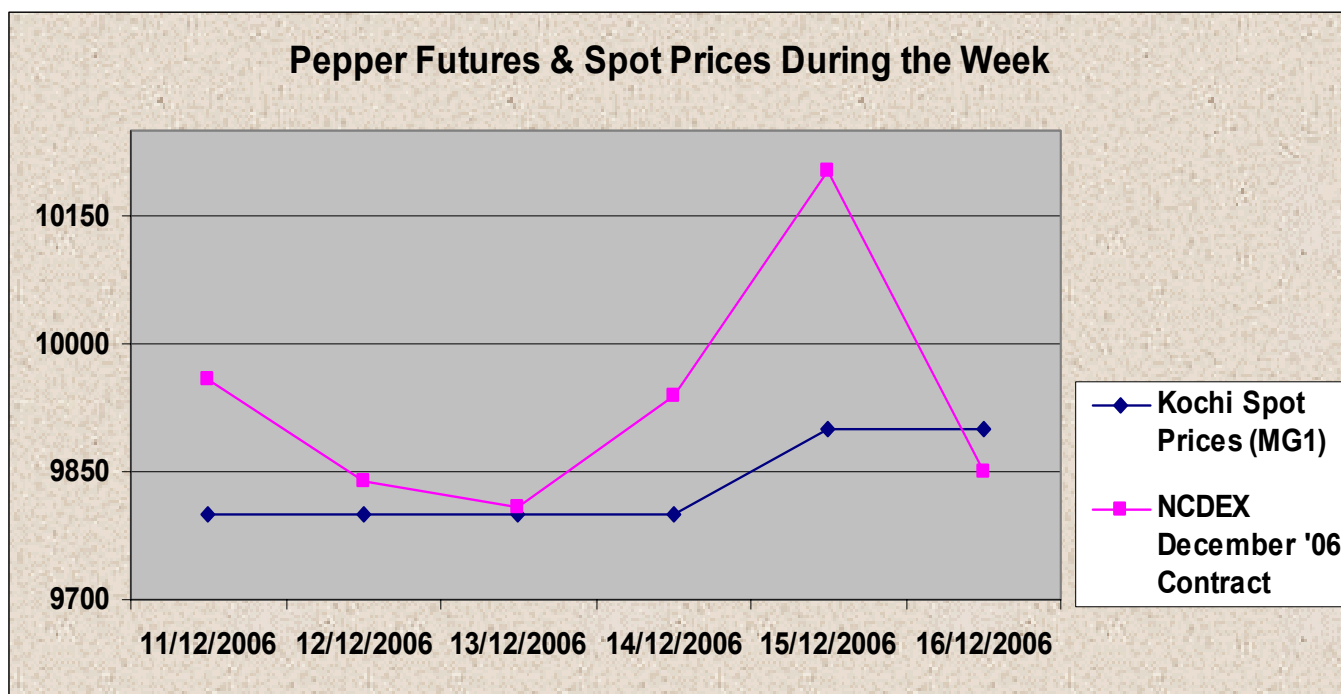
Source: Spices Board of India

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 above the spot prices for most part of the week with a maximum difference of Rs. 304 on Friday. The futures showed backwardation once again during the weekend and closed below the spot prices by Rs. 50 on Saturday.



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

Pepper	11/12/2006	12/12/2006	13/12/2006	14/12/2006	15/12/2006	16/12/2006
Ungarbled	9200	9200	9200	9200	9300	9300
Garbled	9800	9800	9800	9800	9900	9900

Domestic black pepper markets remained quiet during the week starting 11th December 2006. Black pepper MG1 grade was quoted in the range of Rs. 9800-9900 per quintal during week. Prices improved slightly from last week's slide at the start of this week and remained mostly steady thereafter. Arrivals were reported at 50 Mt, while offtake was 50 Mt. Market remains under pressure amidst fresh crop arrivals as well as its quality concerns. Moreover, there was virtually no overseas demand as the international buyers are 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 after the yearend holidays. Prices are likely to improve in near future from the recent downfall, though may witness some consolidation in coming few days.

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

Grade	Dec 11-16	Dec 04-09
Golden Unpolished	103-105	103-110
No. 11.5	125-130	125-130
No. 12	135-140	135-140

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets remain on an average bearish during the week starting 11th December 2006 on lack of buying support. The arrivals were reported to be much higher to offset the slight improvement in demand in Erode. Arrivals also increased in Nizamabad markets, where subdued demand kept the prices steady. Prices remained steady during the week as the market remained closed for few days, but at a lower range as compared to previous week. 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 followed by the recent downfalls.

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

Grade	Dec 11-16	Dec 04-09
Loose Finger	2000-2050	2025-2150
Loose Gattah	2000-2050	2000-2125

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

Grade	Dec 11-16	Dec 04-09
Finger	1900-1950	2000-2050
Gattah	1850	1900-1975

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

Grade	Dec 11-16	Dec 04-09
Nizamabad finger	1925-2000	2000-2150
E.Finger mini Selam	2375-2500	2450-2650
E. Single polish Gattah	1975-2050	2050-2200
E. Double polish Gattah	2425-2500	2500-2650
Warangal polish	NA	NA
Selam Finger	3225-3300	3300-3450

Cumin (Jeera):

Domestic jeera markets remain on an average firm during the week starting 11th December 2006. Arrivals were reported mostly steady to slightly lower, while offtake has increased during the week. Consequently, prices firmed up from mid-week onwards after a steady start. Sowing of jeera is reported to have fallen significantly 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. The fresh crop arrivals are expected to hit the market by mid-January 2007 onwards. Amidst such favourable fundamentals, jeera prices are likely to improve in the near future after some short-term consolidation.

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

Grade	Dec 11-16	Dec 04-09
Kisan Mal-FAQ (New)	1500-1630	1500-1710
Ganesh	1600-1730	1600-1800
M/c. Cleaned	1700-1830	1700-1950

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Dec 11-16	Dec 04-09
Ganesh New	84-86.5	84-87
FAQ	80-82.5	80-83
M/c. Cleaned	89-91.5	89-91

Red Chillies:

Domestic red chillies extended previous weakness further at the start of the week beginning 11th December 2006. However, prices firmed up again from mid-week onwards on improved buying interest taking cues from the futures market trends. Arrivals were also lower as compared previous week. 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. Traders are eyeing the new crop size above 2 crore bags during 2006-07

season. Red chillies prices are likely witness some consolidation in the short-term with possibility of some firmness.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Dec 11-16	Dec 04-09
(LCA334loose)Cold storage	6000-7000	6000-7200

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Dec 11-16	Dec 04-09
Guntur Pala	6500-7200	7000-8300
Guntur Fullcut	8500-9500	9500-11000
Guntur Packing	7200-8000	7500-8800
Nagpur Pala	NA	6800-7900
Nagpur Fullcut	NA	7800-9100
Nagpur Packing	NA	7200-8100

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with significant gains. Profit taking curbed some of the advances, but the futures finished the week at a higher level. Increased buying interest has supported the futures through the week. The NCDEX January contract traded in the range of Rs. 9513-10234 during the week with higher volume as well as increasing 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	9706	Support-2	9451
Resistance-1	10514	Resistance-2	10772
Strategy	Go long at major dips towards support		

Commodity: Jeera (Cumin)

Jeera futures started the week with a bearish note. However, the futures retraced back immediately on increased buying interest at the lower price levels and finished the week at a much higher level. The NCDEX January contract traded in the range of Rs. 8335-8630 during the week with increasing volume and higher open interest.

PRICE DRIVERS:

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

OUTLOOK:

Short Term (One Week): Slightly 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	8464	Support-2	8393
Resistance-1	8714	Resistance-2	8800
Strategy	Go long at major dips towards support		

Commodity: Turmeric

Turmeric futures started the week with a bearish note and extended the weakness further to test week's low on Thursday. The futures immediately recovered back on increased buying interest at the lower price level. However, weekend profit taking curbed the gains and the futures finished at a lower level. The NCDEX April contract traded in the range of Rs.

2013-2059 during the week with higher volume as well as open interest.

PRICE DRIVERS:

1. Comfortable stock of turmeric in the market
2. New crop to arrive during late January
3. Moderate demand at the lower price tags
4. Improved winter-season demand from North India

OUTLOOK:

Short Term (One Week): Rangebound on moderate demand

Medium Term (One Month): Slightly weaken ahead of new crop harvesting

Long Term (Three Months): Bearish as arrivals picks up

NCDEX Turmeric April Contract

Support-1	1986	Support-2	1953
Resistance-1	2071	Resistance-2	2100
Strategy	Go short near resistance levels		

WEATHER WATCH (As on 16.12.06)

WEATHER FORECAST FOR NEXT 5 DAYS:

No significant change was occurred in night temperature during past 24 hours over plains of northwest India, East India and Gangetic plains.

Model predictions suggest a weak W.D. is likely to affect upper reaches of western Himalayas in next 48 Hrs. Night temperature are expected to slight rise over northwest India, then fall after 3 days.

Models prediction also suggest that another W.D. is likely to affect hilly regions and parts of adjoining plains during 20-21 December,06. Scattered snowfall/rainfall is expected over Hilly region of western Himalaya

ZONE-WISE WEATHER FORECAST:

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

Scattered snowfall and rains are likely over hilly regions during 20-21 December. Night temperature are likely rise by about 2-3 Deg C over most parts of northwest India during next 2 days then fall by 3-4 deg. C during 17-20 December.

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

Mainly dry weather is expected over rest of the region. Not much change in temperatures is expected over eastern parts of country during next 3-4 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region. Not much change in day and night temperatures is expected over Madhya Pradesh, Chhattisgarh and Vidarbha.

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

Isolated showers are likely to occur over the region of south Tamil Nadu and Kerala during next 2-3 days. 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 is likely in night temperatures over Rajasthan, Gujarat and Maharashtra during next 3-4 days.

Source: NCMRWF, GOI

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