

## SPICES

January 08-13, 2007

### Overview:

- Domestic Pepper Markets Remain Quiet
- Domestic Chilli Traded Mostly Firm during Week
- VPA: Vietnam Pepper Export Prices Likely to Remain High

### News:

#### VPA: Vietnam Pepper Export Prices Likely to Remain High

According to the Vietnam Pepper Association (VPA), Vietnam finds itself on top of the pile with other producing countries on low stocks due to bad weather and crop diseases. Vietnam pepper industry has a major impact on global prices as other pepper suppliers as India, Brazil and Indonesia reported lower supplies. The International Pepper Community (IPC) has recently forecasted a 15-20 percent decline in global pepper production during this year owing to unfavourable weather and report of diseases. As

global pepper consumption estimated to grow at a rate of 3.46 percent per annum, countries capable to produce sizeable quantity of pepper are likely to reap benefit. However, according to the chairman of VPA, most of the spice producing countries sold out their stocks in order to fetch attractive prices in the past couple of months. Consequently, the global prices are likely to head northwards in the coming time. According to VPA, the country supplied 120000 tons out of the total global supplies of 200000 tons. It also forecasted that the export prices are likely to remain high at \$2500-3000 per ton this year.

#### Spices: Domestic Prices for the Week Ending 30.12.2006:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 30.12.06)	Price (Rs/Kg) For the Week ( 23.12.06)	Last Month (Rs/Kg) Same Week (02.12.06)	Last Year Same Week (Rs/Kg) ( 31.12.05)
Black Pepper	Malabar Garbled (MG-1)	Cochin	99.8	97.67	109	71
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmettu	273.37	262.69	265.68	222.71
Cardamom (Large)	Bada Dana	Gangtok	100	102.5	96.25	100
Chilli	Non -cold storage	Guntur	-	55	40.6	16.2
	Cold Storage	Guntur	-	63.6	65.2	28
Ginger	Best	Cochin	50	55	60	72.5
	Medium	Cochin	45	45	50	60
Turmeric	Alleppey finger (AFT)	Cochin	40	40	40	50
	Rajapuri	Mumbai	54.5	54.5	54.5	55.5
	Duggirala	Mumbai	23.75	23.75	24.5	28.13
Coriander	Indori-5%	Mumbai	28.75	28.75	29.75	22.75
Cumin	1%	Mumbai	88.13	86.25	83.75	68.75
	4%	Mumbai	81.25	78.75	75.63	64.38
Clove		Cochin,	320	320	320	225
		Nagarcoil	230	260	270	240

Source: Spices Board of India

**Spices: International Spot Prices for the Week Ending 29.12.2006:**

Spice	Origin/Grade	Market	Price For the Week (29.12.06) (US\$/MT)	Price For the Week (22.12.06) (US\$/MT)	Last Month (01.12.06) (US\$/MT)	Last Year Same Week (30.12.05) (US\$/MT)
Pepper	Malabar Garbled (MG-1)	New York	2911	2911	3043	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	10040	9740	9480	7840
Chillies	Indian SANNM-4 (Stem less)	New York	2646	2646	2646	1477
Ginger	India Cochin	New York	1962	1962	1962	3418
	Chinese Peeled	New York	1830	1808	1808	2866
Turmeric	India Alleppey Finger	New York	1852	1852	1852	2051
Garlic	Chinese	New York	2602	2602	2624	2756
Coriander	Canada	New York	838	838	838	772
Cumin	Syrian	New York	2315	2315	2381	1830
	Indian	New York	2315	2315	2315	2315
Fennel	Indian (ASTA)	New York	1984	1984	2095	1521
	Egyptian	New York	1654	1654	1654	1367
Fenugreek	India/Turkey	New York	992	992	992	750
Clove	Mad/Zanz/Com/ Indo	New York	4410	4410	4410	3748
	Sri Lanka (Hand picked)	New York	9371	9371	7166	7166
Cinnamon	Ceylon H2 Cinnamon	New York	5843	5843	5843	5292

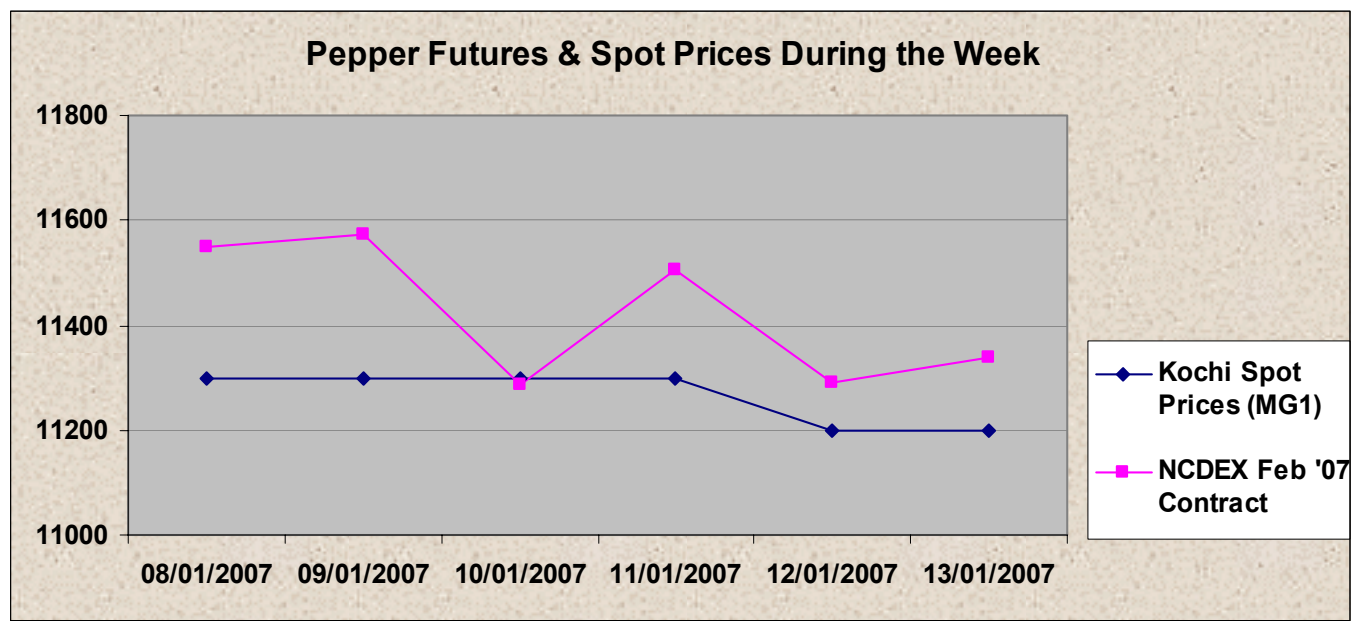
Source: Spices Board of India

## 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 most-active February contract prices in NCDEX. The second-month futures remained above the spot prices for most part of the week with a maximum difference of Rs. 272 on Tuesday. However, the futures prices fell below the spot prices on Wednesday, only to recover back again and finished with a difference of Rs. 139 on Saturday.



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

Pepper	08/01/2007	09/01/2007	10/01/2007	11/01/2007	12/01/2007	13/01/2007
Ungarbled	10700	10700	10700	10700	10600	10600
Garbled	11300	11300	11300	11300	11200	11200

Domestic black pepper markets remain quiet during the week starting 8<sup>th</sup> January 2007. After the last week's surge, prices maintain that level for the most part of this week. However, some decline was witnessed during the weekend owing to lack of buying support. Arrivals as well as offtake were also lower as compared to previous week. Overseas demand is yet to match our expectations and have not picked up yet after the yearend holidays as expected earlier. Lower global productions as well as expectation of a lower domestic crop size continue to underpin the market dynamics. Given the lower price of Indian pepper at the global markets, export opportunities are seen bright in the near future. India has exported pepper valued at Rs. 166 crore during April-November 2006, up by 89 percent as compared to same period of last year. Black pepper prices are likely to remain bullish in near future owing to its strong fundamentals once the recent consolidation phase is over.

#### Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Jan 08-13	Jan 01-06
Golden Unpolished	118-120	112-120
No. 11.5	145	145
No. 12	155	150-155

Note: Prices are in Rs. per Kg.

#### Turmeric:

Domestic turmeric markets remain on an average steady to weak during the week starting 8<sup>th</sup> January 2007. Prices were quoted at the higher side on lower arrivals at the start of the week. However, prices gradually declined as arrivals start rising on better price realisations. Arrivals are likely to pick up during the later part of this month onwards that will further put pressure on the prices. With a better harvest

outlook for the season, turmeric prices are likely to remain at the lower side in near future.

#### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Jan 08-13	Jan 01-06
Loose Finger	2100-2275	2050-2200
Loose Gattah	1900-2050	1975-2050

#### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Jan 08-13	Jan 01-06
Finger	1825-1850	1800-1900
Gattah	1825-1850	1800-1900

#### Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Jan 08-13	Jan 01-06
Nizamabad finger	1850-1925	1875-1950
E.Finger mini Selam	2325-2450	2350-2500
E. Single polish Gattah	1875-1975	1900-2000
E. Double polish Gattah	2425-2550	2450-2600
Selam Finger	3125-3250	3150-3300

#### Cumin (Jeera):

Domestic jeera markets remain slightly bearish during the week starting 8<sup>th</sup> January 2007. Prices declined at the start of the week on enhanced arrivals and remain rangebound for the rest of the week despite arrivals got steady at the lower side. Domestic production of jeera is likely to be lower than the year ago figures as a result of lower acreage under the crop. However, trade expectations of the crop varies widely and market is under uncertainty about the size of the crop. Present weather conditions are good enough and consequently have dampened the market sentiments. Fresh crop arrivals are expected to pick up during the later half of this month, which would help in determining the level of production. Meanwhile, jeera exports have increased by 224 percent in value terms and 236 percent in quantity terms during Apr-Nov 2006. Jeera prices are likely to remain bullish in the near future on its strong fundamentals.

#### Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Jan 08-13	Jan 01-06
Kisan Mal-FAQ (New)	1625-1700	1625-1710
Ganesh	1680-1760	1700-1780
M/c. Cleaned	1780-1940	1800-1960

#### Jeera Prices in Delhi Market

(Rs./kg)

Grade	Jan 08-13	Jan 01-06
Ganesh New	91-92	92-94
FAQ	89-91	87.5-91
M/c. Cleaned	98-100	97-100

#### Red Chillies:

Domestic red chillies markets witness a steady to firm trend during the week starting 8<sup>th</sup> January 2007. Prices have moved up to the higher side during the week owing to depleting stocks in the market. Traders reported presence of overseas buyers in the market presently. Export of chilli has increased by 41 percent in value to touch Rs. 380 crore during Apr-Nov 2006. Domestic production of red chillies during 2006-07 crop year is expected higher owing to higher acreage under chilli this season. However, pick arrivals of the same are only expected during February. Red chillies prices are likely to remain bearish in the near future with possibility of some short-term gains amidst depleting stocks.

#### Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Jan 08-13	Jan 01-06
(LCA334loose)Cold storage	5800-7000	5500-6800

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

#### Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Jan 08-13	Jan 01-06
Guntur Pala	7000-7500	6500-7000
Guntur Fullcut	8000-9000	8000-8500
Guntur Packing	6500-7500	7000-7200
Nagpur Pala	6000-6600	6500-6600
Nagpur Fullcut	7000-7600	7200-7300
Nagpur Packing	6000-7000	5800-6000

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures started the week with a bearish note and slide from Monday's high to Wednesday's lows. The futures traded mostly rangebound for the rest of the week revisiting the lows again at the weekend. The MCX February contract traded in the range of Rs. 10951-11400 during the week with thin volume and declining open interest. The NCDEX February contract traded in the range of Rs. 11160-11755 during the week with moderately higher volume and almost steady open interest.

#### PRICE DRIVERS:

1. Pepper export has increased by 89 percent in value during Apr-Nov 2006
2. Low stocks with competitors, lower global production
3. IPC estimates lower Vietnamese crop and expects only by early March
4. Overseas demand yet to pick up after the yearend holidays

#### OUTLOOK:

**Short Term (One Week):** Rangebound to slightly firm on lack of overseas demand

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

**Long Term (Three Months):** Firm on domestic as well as global production shortfall

NCDEX Black Pepper February Contract			
Support-1	10950	Support-2	10760
Resistance-1	11790	Resistance-2	12000
Strategy	Go long at corrective dips		

### Commodity: Jeera (Cumin)

Jeera futures started the week at a lower level as compared to previous weekend. The futures traded bearish during the week and slide from Tuesday's high to Saturday's low. The MCX February contract traded in the range of Rs. 8200-8555 during the week with thin volume and declining open interest. The NCDEX February contract traded in the range of Rs. 8941.1-9350 during the week with higher volume and slightly declining open interest.

#### PRICE DRIVERS:

1. Estimations of lower acreage under jeera
2. New crop size expected to be lower
3. Cumin export has increased by 236 percent in quantity during April-Nov 2006

4. Fresh crop arrivals likely during mid-Jan

#### OUTLOOK:

**Short Term (One Week):** Rangebound to slightly firm on moderate demand, lower acreage

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

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

NCDEX Jeera February Contract			
Support-1	8900	Support-2	8810
Resistance-1	9175	Resistance-2	9250
Strategy	Go long at corrective dips		

### Commodity: Turmeric

Turmeric futures remained on an average rangebound during the week. It started the week at the lowest level on Monday, but recovered immediately to Tuesday's high. Alternate buying and selling interest has kept the futures moving in a narrow range towards the weekend. The NCDEX April contract traded in the range of Rs. 1936-1986 during the week with declining volume as well as open interest.

#### PRICE DRIVERS:

1. Comfortable stock; higher production estimates
2. New crop arrival to pick during late January
3. Moderate demand at the lower price tags
4. Moderate demand from North India owing to winter season

#### OUTLOOK:

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

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

**Long Term (Three Months):** Bearish on higher domestic production

NCDEX Turmeric April Contract			
Support-1	1924	Support-2	1900
Resistance-1	1998	Resistance-2	2020
Strategy	Go short near resistance levels		

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## **WEATHER WATCH (As on 13.01.07)**

### **WEATHER FORECAST FOR NEXT 5 DAYS:**

Cold wave conditions are prevailing over some parts of north Rajasthan, Punjab, Haryana, East Uttar Pradesh, adjoining north Madhya Pradesh and isolated pockets of Bihar and likely to abate during next 2-3 days. The ground frost conditions are prevailing over some parts of Punjab, Haryana, Delhi and north Rajasthan. Currently a western disturbance is lying over NW India. Numerical model predictions suggest the likely movement of WD in NE direction during next 24-36 hours. Subsequently prevalence of northwesterly winds and their strengthening over Indo-Gangetic plains is likely during next 48 hours. Consequently the cold wave conditions over the plains of northwest India are likely to continue. Prevailing ground frost conditions over plains of northwest India are also likely to continue during next 2 days. Model predictions suggest that a fresh western disturbance is likely to affect western Himalayan region during 18-19 Jan 2007.

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

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

Isolated snowfall is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal. Mainly dry weather is likely over the rest region.

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

Isolated rain/thundershower is likely over Arunachal Pradesh and Assam & Meghalaya. Mainly dry weather is likely over the rest region. Night temperature is likely to fall over West Bengal and Jharkhand during next 2 days.

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

Mainly dry weather is likely over the region during next 5 days. Night temperature is likely to fall over Madhya Pradesh and Chhattisgarh.

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

Isolated shower is likely over Andaman Nicobar and Lakshadweep during next 24 Hrs. Mainly dry weather conditions are expected over the rest of the region.

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

Mainly dry conditions are expected over region.

Source: NCMRWF, GOI

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