

SPICES

January 22-27, 2007

Overview:

- Domestic Pepper Markets Extended Bullish Trend
- Domestic Chilli Remained Bearish during the Week
- Spice Export Register 31 Percent Gain in April-Dec 2006

Spice Export Register 31 Percent Gain in April-Dec 2006

India's spice export continues its glorious journey with a 31 per cent rise in value to Rs. 2335 crore during April-December 2006. India exported spices worth Rs. 1781 crore during the same period last year. In quantity terms, India exported over 2.5 lakh tonnes of spices during the April-December 2006 period.

Black pepper registered 100 per cent increase in value to Rs. 203 crore. Moreover, it achieved the set target of 20000 tonnes within the first nine month of the current fiscal, up 65 per cent year-on-year.

India exported chilli worth Rs. 440 crore during the same period, an increase of 44 per cent thanks to higher prices. However, in quantity terms it declined by 3 per cent in the same period.

Cumin export has also risen by a hopping 199 per cent to 22000 tonnes and by 194 per cent in value to Rs. 166 crore during the same period.

During the first nine month of the current fiscal, export of celery, fennel and fenugreek declined in quantity terms. However, the value of fennel and fenugreek export increased during the same period.

Export of small cardamom registered a decline of 32 per cent to 385 tonnes and 29 per cent to Rs. 12.6 crore during the same period. Garlic export also declined during this period.

Export of curry powder and mint products increased moderately, while that of spice oils and oleoresin declined marginally during the April-December 2006 period.

Spices: Domestic Prices for the Week Ending 13.01.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (13.01.07)	Price (Rs/Kg) For the Week (06.01.07)	Last Month Same Week (Rs/Kg) (09.12.06)	Last Year Same Week (Rs/Kg) (14.01.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	110.75	108.17	101.75	68.7
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	277.84	262.3	248.46	212.21
Cardamom (Large)	Bada Dana	Gangtok	125	117.5	92.5	96.25
Chilli	Non -cold storage	Guntur	61.2	53.25	41.2	17
	Cold Storage	Guntur	64	61.25	65	26
Ginger	Best	Cochin	45	45	60	62.5
	Medium	Cochin	40	40	50	55
Turmeric	Alleppey finger (AFT)	Cochin	40	40	40	49
	Rajapuri	Mumbai	54.5	54.5	54.5	54.5
	Duggirala	Mumbai	23.38	23.75	24	27.63

Coriander	Indori-5%	Mumbai	28.25	28.25	29.25	24.25
Cumin	1%	Mumbai	90.63	91.25	82.78	68.75
	4%	Mumbai	84.38	85	74.38	64.38
Clove		Cochin,	320	320	320	235
		Nagarcoil	280	280	280	245

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 12.01.2007:

Spice	Origin/Grade	Market	Price For the Week (12.01.07) (US\$/MT)	Price For the Week (05.01.07) (US\$/MT)	Last Month (15.12.06) (US\$/MT)	Last Year Same Week (13.01.06) (US\$/MT)
Pepper	Malabar Garbled (MG-1)	New York	2911	2911	2911	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	9540	9170	9160	7870
Chillies	Indian SANNM-4 (Stem less)	New York	2646	2646	2646	1477
Ginger	India Cochin	New York	2756	1962	1962	3418
	Chinese Peeled	New York	1830	1830	1808	2866
Turmeric	India Alleppey Finger	New York	1852	1852	1852	2051
Garlic	Chinese	New York	2602	2602	2602	2756
Coriander	Canada	New York	838	838	838	772
Cumin	Syrian	New York	2470	2470	2315	1808
	Indian	New York	2470	2470	2315	2315
Fennel	Indian (ASTA)	New York	1984	1984	1984	1521
	Egyptian	New York	1654	1654	1654	1367
Fenugreek	India/Turkey	New York	992	992	992	750
Clove	Mad/Zanz/Com/ Indo	New York	4520	4410	4410	3814
	Sri Lanka (Hand picked)	New York	9371	9371	9371	7166
Cinnamon	Ceylon H2 Cinnamon	New York	5843	5843	5843	5733

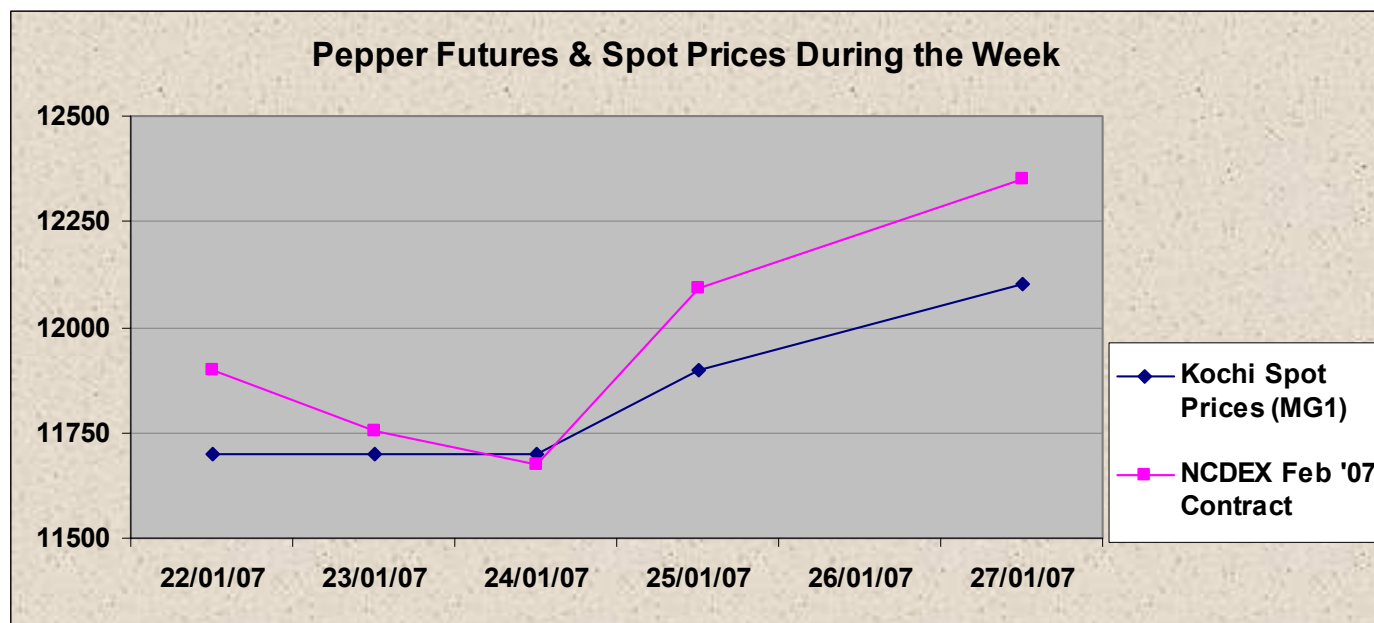
Source: Spices Board of India

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 February contract prices in NCDEX. The near-month futures witnessed backwardation on Wednesday as the futures prices declined from the start of the week against steady spot prices. However, the futures prices retraced back along with the spot prices during the later half of the week and closed above the spot prices by Rs. 249 on Saturday.



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

Pepper	22/01/07	23/01/07	24/01/07	25/01/07	26/01/07	27/01/07
Ungarbled	11100	11100	11100	11300	Closed	11500
Garbled	11700	11700	11700	11900	Closed	12100

Black pepper markets witnessed a firm trend during the week under review. Market reopened with a Rs. 200 per quintal gain as compared to previous weekend, but remained mostly rangebound for the next couple of days. Prices firmed up again towards this weekend on its own fundamental support. Traders reported improvement in domestic demand for the last couple of weeks. Overseas enquiries are also reported after a while and traders are optimistic of prospective export demand given the lower price of Indian pepper at the global markets. As per the latest available data, India has exported pepper worth over Rs. 203 crore during April-December 2006, an increase of 20 per cent against the set target value for the current fiscal. Most importantly, it achieved the set target of 20000 tonnes within the first nine month of the current fiscal, up 65 per cent year-on-year. According to International Pepper Community, global pepper production is expected to decline by 15-20 per cent and with 3.46 per cent growth in annual consumption; global pepper prices are likely to remain bullish in near future. Domestic scenario is

likely to match the global trend given the expected decline in production this season.

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Jan 22-27	Jan 15-20
Golden Unpolished	125-128	117-125
No. 11.5	140-150	145-150
No. 12	155-160	155-160

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets remain steady to firm during the week ending 27th January 2007. Prices declined in Erode markets after a firm opening on increased arrivals during mid-week onwards. Nizamabad witnessed some uptrend before the markets remained mostly closed during the week.

Arrivals have started from the fresh harvest, though the quality of the same is reported to be inferior one with higher moisture contents and quantity is also not enough to make any significant impact on prices. Fresh crop arrivals are expected to get momentum during the later half of the month that would further pressurise the prices. Turmeric markets are likely to remain rangebound to bearish in the near futures with a better harvest outlook for the season.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Jan 22-27	Jan 15-20
Loose Finger	2100-2250	2100-2200
Loose Gattah	1950-2100	1950-2000

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Jan 22-27	Jan 15-20
Finger	1925-1950	1825-1875
Gattah	1925-1950	1825-1875

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Jan 22-27	Jan 15-20
Nizamabad finger	1900-2000	1850-2000
E.Finger mini Selam	2325-2425	2325-2425
E. Single polish Gattah	1875-1950	1875-1950
E. Double polish Gattah	2425-2525	2425-2525
Selam Finger	3125-3225	3125-3225

Cumin (Jeera):

Jeera markets extended previous advances further during the week under review. After a firm reopening, market remained steady during the early part of the week on steady arrivals as well as offtake. However, prices firmed up again during the later half on improved demand amidst reduced offtake. Traders reported arrivals from the fresh harvest in small quantity and of inferior quality. Domestic production of jeera is expected at the lower side owing to reduced acreage under the crop this year. However, estimates of the same vary widely among traders at present. Fresh crop arrivals are likely to pick up during the mid of next month onwards that would eventually help to determine the actual size of the crop. Cumin export has risen by a hopping 199 per cent to 22000 tonnes and by 194 per cent in value to Rs. 166 crore during April-December 2006. Amidst such favourable circumstances, jeera prices are expected to remain bullish in the near future after some short-term consolidation.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Jan 22-27	Jan 15-20
FAQ	1720-1800	1625-1750
Ganesh	1770-1850	1680-1800
M/c. Cleaned	1875-2025	1780-1975

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Jan 22-27	Jan 15-20
Ganesh New	92-94	91-93
FAQ	90-92	89-91
M/c. Cleaned	100-102	98-101

Red Chillies:

Domestic red chillies markets remain bearish during the week ending 27th January 2007. Market reopened with a sharp fall in prices following huge inflow of fresh crop arrivals. Market sentiments have turned in favour of the bears as fresh crop arrivals started getting momentum at present. Arrivals are likely to pick up further in the coming month and consequently adding to the bearishness. Talks of prospective export demand remain the only supportive feature for the market at present. India exported chilli worth Rs. 440 crore during April-December 2006, an increase of 44 per cent against the corresponding period of previous year, thanks to higher prices. However, in quantity terms it declined by 3 per cent in the same period. The acreage under chilli this year is estimated to have doubled and consequently the production is likely to be a bumper one. With a bumper harvest outlook, red chillies prices are likely to remain bearish in the near future.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Jan 22-27	Jan 15-20
LCA334 (Loose)	5600-6400	6000-6600

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Jan 22-27	Jan 15-20
Guntur Pala	6500-7000	6700-7500
Guntur Fullcut	7800-8500	8200-9000
Guntur Packing	6400-7200	6600-7500
Nagpur Pala	5800-6600	5900-6600
Nagpur Fullcut	6800-7600	6900-7600
Nagpur Packing	5800-6600	6200-7000

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a firm trend, but immediately retreated to test this week's low on Wednesday, when most of the commodity witnessed significant sell-off. Supported by increased buying interest at the lower price levels, the futures surged up again during the weekend to finish the week at a higher ground. The NCDEX February contract traded in the range of Rs. 11404-12430 during the week with higher volume and lower open interest.

PRICE DRIVERS:

1. Pepper export target of 20000 tonnes achieved during Apr-Dec 2006
2. Low stocks with competitors, lower global production
3. IPC estimates lower Vietnamese crop and expects only by early March
4. Overseas enquiries are increasing for Indian pepper

OUTLOOK:

Short Term (One Week): Firm on export enquiries, improved 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	11835	Support-2	11465
Resistance-1	13015	Resistance-2	13420
Strategy	Remain long or go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures started the week at a higher level and tested week's high on Monday. The futures retreated immediately to Wednesday's low only to recover back again during the weekend. The NCDEX February contract traded in the range of Rs. 9103-9424 during the week with moderately higher volume and almost steady open interest.

PRICE DRIVERS:

1. Estimations of lower acreage under jeera
2. New crop size expected to be lower this year
3. Cumin export has increased by 199 percent in quantity during April-Dec 2006
4. Fresh crop arrivals likely to pick up during mid-Feb

OUTLOOK:

Short Term (One Week): Rangebound on higher demand, some fresh crop arrivals

Medium Term (One Month): Moderately firm on lower acreage, higher demand, pick arrivals

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

NCDEX Jeera February Contract			
Support-1	9170	Support-2	9080
Resistance-1	9450	Resistance-2	9540
Strategy	Remain long or go long at corrective dips		

Commodity: Turmeric

Turmeric futures registered significant gains at the start of the week and reached this week's high on Tuesday. Profit taking capped further advances and the futures traded mostly rangebound at a lower level for the rest of the week. The NCDEX April contract traded in the range of Rs. 2044-2108 during the week with moderate volume and slightly declining open interest.

PRICE DRIVERS:

1. Comfortable stock; higher production estimates
2. Fresh crop arrivals reported from Nizamabad
3. Moderate demand at the lower price tags
4. Moderate demand from North India owing to winter season

OUTLOOK:

Short Term (One Week): Rangebound to weak on fresh crop arrivals, 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	2016	Support-2	1974
Resistance-1	2114	Resistance-2	2154
Strategy	Remain short or go short near resistance levels		

WEATHER WATCH (As on 27.01.07)

WEATHER FORECAST FOR NEXT 5 DAYS:

During past 24 hours, no significant change has occurred in night temperatures over most parts of Indo-Gangetic plains and Rajasthan. The prevailing night temperature scenario is likely to continue during next 48 hours and fall thereafter over the above regions. A fresh western disturbance as an upper air system is likely to affect Western Himalayan region during 29-30 Jan 2007. Lowest night temperature in the plains of the country was 6.9 °C recorded at Udaipur in Rajasthan.

ZONE-WISE WEATHER FORECAST:

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

Isolated to scattered snowfall/rain is likely over J&K, H.P. and Uttaranchal during 29-30 January 07. Isolated rain/ thundershower is likely over Punjab, Haryana and West Uttar Pradesh. 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 Sub-Himalayan West Bengal & Sikkim, Arunachal

Pradesh, Assam & Meghalaya. Mainly dry weather is likely over the rest region. Night temperatures are likely to rise during next 24-48 hrs. over east India and fall thereafter.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region during next 5 days. The night temperatures are likely to increase by 1-2°C.

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

Isolated to scattered rain/thundershower is likely over Tamil Nadu, Kerala and Nicobar islands during next 2-3 days. Mainly dry weather conditions are expected over the rest of the region.

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

Isolated rain/thundershower is likely over Rajasthan. Mainly dry weather conditions are expected over region.

Source: NCMRWF, GOI

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