

SPICES

January 15-20, 2007

Overview:

- Domestic Pepper Markets Firmed Up during Weekend
- Domestic Chilli Traded Mostly Bearish during the Week
- Jeera Remains Firm; Turmeric Quiet in Lacklustre Trade

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

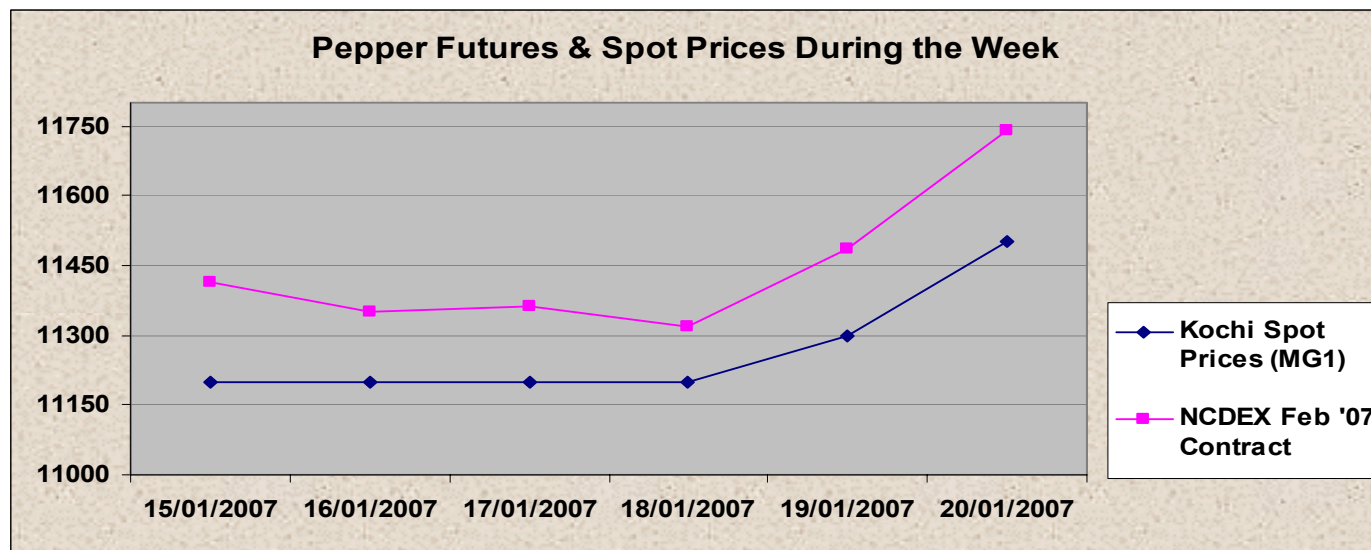
Source: Spices Board of India

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 remained above the spot prices throughout the week with a maximum difference of Rs. 239 on Saturday. Sharp increase in the futures prices towards the weekend has resulted in higher difference with the spot prices.



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

Pepper	15/01/2007	16/01/2007	17/01/2007	18/01/2007	19/01/2007	20/01/2007
Ungarbled	10600	10600	10600	10600	10700	10900
Garbled	11200	11200	11200	11200	11300	11500

Black pepper markets witnessed no significant price movements during the first half of the week under review. Prices surged up on its strong fundamentals during the weekend with a sharp increase of Rs. 300 per quintal. Arrivals as well as offtake were higher as compared to previous week. Traders reported improvement in domestic demand, though no major selling pressure was witnessed in the market. 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. The export story so far remains quite bright as India exported pepper worth Rs. 166 crore during April-November 2006, an increase of 89 per cent over the corresponding period of previous year. With global pepper production estimated to decline by 15-20 per cent (IPC estimates) and 3.46 per cent growth in global pepper consumption, prices are likely to head skywards in the global market in near future. Domestic scenario could well match the global trend given the estimated decline in the production this crop year.

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Jan 15-20	Jan 08-13
Golden Unpolished	117-125	118-120
No. 11.5	145-150	145
No. 12	155-160	155

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric markets remain mostly quiet following the long holidays on celebration of "Pongal" festivals across major trading centres in South India. Market reopened with a bearish mode as fresh arrivals started arriving in Nizamabad. However, the quality is reported to be inferior one with higher moisture contents and consequently traded at a discounted price. Stocks in the markets are fast depleting, yet quantity of the same is enough to add to the bearishness in the market. Fresh crop arrivals are expected to get momentum during the later half of the

month that would further pressurise the prices. With a better harvest outlook in this season, turmeric markets are likely to remain bearish in the near future.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Jan 15-20	Jan 08-13
Loose Finger	2100-2200	2100-2275
Loose Gattah	1950-2000	1900-2050

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Jan 15-20	Jan 08-13
Finger	1825-1875	1825-1850
Gattah	1825-1875	1825-1850

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Jan 15-20	Jan 08-13
Nizamabad finger	1850-2000	1850-1925
E.Finger mini Selam	2325-2425	2325-2450
E. Single polish Gattah	1875-1950	1875-1975
E. Double polish Gattah	2425-2525	2425-2550
Selam Finger	3125-3225	3125-3250

Cumin (Jeera):

Jeera markets remain on an average steady to slightly firm during the week ending 20th January 2007. Arrivals were steady, while offtake was moderately higher to keep the prices at the higher side amidst supportive fundamentals. Domestic production of jeera is expected at the lower side owing to reduced acreage under the crop this year. 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, estimations of which varies widely at present. Moreover, the present cold weather conditions are also seen beneficial for the crop growth. Meanwhile, jeera exports have increased by 224 percent in value terms and 236 percent in quantity terms during Apr-November 2006. However, traders are not quite optimistic of similar growth in export figures in the coming days owing to higher prices. Jeera prices are expected to remain bullish in the near future supported by its strong fundamentals.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Jan 15-20	Jan 08-13
FAQ	1625-1750	1625-1700
Ganesh	1680-1800	1680-1760
M/c. Cleaned	1780-1975	1780-1940

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Jan 15-20	Jan 08-13
Ganesh New	91-93	91-92
FAQ	89-91	89-91
M/c. Cleaned	98-101	98-100

Red Chillies:

Domestic red chillies markets witnessed a soft trend during the week ending 20th January 2007. Markets remained mostly closed on celebration of "Pongal" festival at the start of the week. Markets reopened with a bearish note as fresh crop arrivals started getting momentum. Arrivals are likely to pick up further in the coming month and consequently adding to the bearishness. Talks of lower Chinese crop and prospective export demand have to some extent helped to check the downtrend. As per the latest available data, chilli export from the country has increased to Rs. 380 crore during April-November 2006. 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, red chillies prices are likely to remain bearish in the near future.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Jan 15-20	Jan 08-13
LCA334 (Loose)	6000-6600	5800-7000

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Jan 15-20	Jan 08-13
Guntur Pala	6700-7500	7000-7500
Guntur Fullcut	8200-9000	8000-9000
Guntur Packing	6600-7500	6500-7500
Nagpur Pala	5900-6600	6000-6600
Nagpur Fullcut	6900-7600	7000-7600
Nagpur Packing	6200-7000	6000-7000

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a positive note, but traded mostly rangebound till mid-week. The futures surged up during the weekend on increased buying interest and finished the week at a higher level. The MCX February contract traded in the range of Rs. 11111-11550 during the week with lower volume and declining open interest. The NCDEX February contract traded in the range of Rs. 11250-11773 during the week with moderately higher volume and increasing 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 enquiries are increasing for Indian pepper

OUTLOOK:

Short Term (One Week): Moderately firm on export enquiries, absence of selling pressure

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	11235	Support-2	10873
Resistance-1	12158	Resistance-2	12502
Strategy	Remain long or go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures started the week at a lower level, but finished the week with significant gains after some mid-week fumble. The MCX February contract traded in the range of Rs. 8130-8781 during the week with higher volume and increasing open interest. The NCDEX February contract traded in the range of Rs. 8951-9359 during the week with increasing 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 236 percent in quantity during April-Nov 2006

4. Fresh crop arrivals likely to pick up during mid-Feb

OUTLOOK:

Short Term (One Week): Slightly firm on higher 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	9110	Support-2	9000
Resistance-1	9505	Resistance-2	9615
Strategy	Remain long or go long at corrective dips		

Commodity: Chilli

Chilli futures started the week with a firm note, but traded mostly downwards thereafter on increased selling interest. The futures finished the week at a lower level, despite some recovery during the weekend. The NCDEX March contract traded in the range of Rs. 4167-4323 during the week with declining volume as well as open interest.

PRICE DRIVERS:

1. Fresh crop arrivals increasing in the market
2. Talks of lower Chinese crop; prospective export demand
3. Forthcoming crop is expected good due to higher acreage
4. Chilli export has increased by 41 percent in value during Apr-Nov 2006

OUTLOOK:

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

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

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

NCDEX Chilli March Contract			
Support-1	4100	Support-2	4038
Resistance-1	4324	Resistance-2	4384
Strategy	Remain short or go short near resistance levels		

WEATHER WATCH (As on 20.01.07)

WEATHER FORECAST FOR NEXT 5 DAYS:

Cold wave conditions have developed over some parts of Punjab. Night temperatures were fallen by 2-3 °C over West Rajasthan adjoining East Rajasthan, Punjab and Haryana during past 24 hours.

Night temperatures are likely to fall by 1-2 °C over Rajasthan and Indo-Gangetic plains during next 1-2 days. Lowest night temperature in the plains of the country was 0.4 °C recorded at Adampur in Punjab.

Model predictions suggest that another western disturbance is likely to affect NW India during 23-24 January 2007. With this night temperatures over NW India will be rising from 23rd January.

ZONE-WISE WEATHER FORECAST:

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

Isolated snowfall/rain is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during next 24Hrs. Thereafter scattered snowfall/rain is likely during 23-24 January.

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

Isolated rain/thundershower is likely over West Bengal, Arunachal Pradesh, and Assam & Meghalaya. Mainly dry weather is likely over the rest region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region during next 5 days.

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

Isolated shower is likely over Andaman Nicobar and Lakshadweep during next 24-48 Hrs. Mainly dry weather conditions are expected over the rest of the region.

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

Mainly dry weather conditions are expected over region. Night temperature is likely to fall over Rajasthan and Gujarat from tonight.

Source: NCMRWF, GOI

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