

## SPICES

December 25-30, 2006

### Overview:

- Domestic Pepper, Jeera Traded Firm during Week
- Domestic Chilli, Turmeric Traded Bearish during Week
- Domestic Cardamom: Mixed Performance during 2006

### News:

#### Mixed Performance by Cardamom during 2006

The initial speculation about fall in Cardamom production by 30 percent this year-end has been shrugged off by the Cardamom growers as the timely showers have invigorated their hopes. The cardamom market is expected to remain steady at the same level during 2007 and only a marginal fall in production is expected. While the official production for last year was 12,500 tonnes, this year's official production is estimated at 11,000 tonnes. The average auction prices this season have seen a jump

of Rs.20-25 per kg. and were expect it to remain steady around Rs.300-level.

However, with the indications that there would be no substantial reduction in the Guatemalan crop this year, farmers and exporters are apprehensive about better prospects of Indian Cardamom both at domestic and international level. Even though Indian cardamom is of superior quality and does not have many inferior grades, Guatemala has been exporting a lot of its lower grades at prices as low as Rs 150 a kg, giving it an edge in the global market.

#### 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

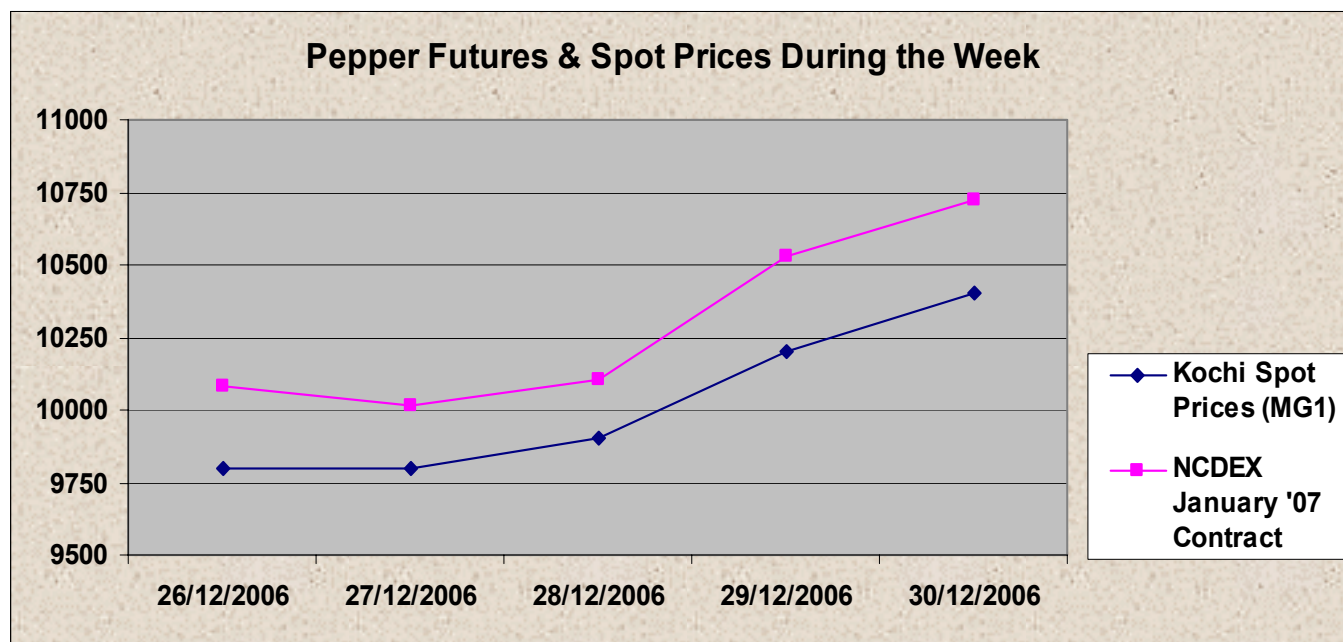
Source: Spices Board of India

## 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 continue to remain above the spot prices for the entire week with a maximum difference of Rs. 331 on Friday. The futures maintained the premium during the week and closed above the spot prices by Rs. 325 on Saturday.



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

Pepper	26/12/2006	27/12/2006	28/12/2006	29/12/2006	30/12/2006
Ungarbled	9200	9200	9300	9600	9800
Garbled	9800	9800	9900	10200	10400

Domestic black pepper markets remain firm during the week starting 25<sup>th</sup> December 2006. It was offered higher by Rs. 100 per quintal in Kochi markets at the start of the week and subsequently quoted higher through the week on improved demand. Lower global production as well as expectation of a lower domestic crop size has supported the firm market sentiments. Moreover, domestic demand has improved to offset the present arrivals. IPC has estimated Vietnamese crop lower at 68000 tons this year and expected the crop arrivals only by early March. 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. Traders also reported some export inquiries for the coming month in recent time. Black pepper prices are likely to improve in near future owing to its strong fundamentals.

#### Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Dec 25-30	Dec 18-23
Golden Unpolished	106-116	103-105
No. 11.5	130-135	125
No. 12	140-155	135

Note: Prices are in Rs. per Kg.

### Turmeric:

Domestic turmeric markets remain on an average stable during the week starting 25<sup>th</sup> December 2006. Arrivals were lower in Nizamabad, while it improved slightly in Erode markets. Prices remain in a narrow range amidst no significant change in its fundamental aspects. Fresh crop arrivals are expected to pick up

during late January 2007 onwards. 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 remain rangebound with possibility of some short-term weakness.

#### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Dec 25-30	Dec 18-23
Loose Finger	2050-2150	1975-2100
Loose Gattah	2000-2050	1975-2050

#### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Dec 25-30	Dec 18-23
Finger	1900	1900-1975
Gattah	1875-1900	1850-1875

#### Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Dec 25-30	Dec 18-23
Nizamabad finger	1950-2000	1975-2050
E.Finger mini Selam	2450-2700	2475-2600
E. Single polish Gattah	1950-2050	1975-2050
E. Double polish Gattah	2450-2700	2475-2650
Selam Finger	3250-3400	3275-3400

#### Cumin (Jeera):

Domestic jeera market witnessed a firm trade during the week starting 25<sup>th</sup> December 2006. Arrivals were reported to be mostly steady during the week. However, higher offtake has supported the firm market sentiments. 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 level of production. Jeera prices are likely to improve in the near future owing to its favourable fundamentals.

#### Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Dec 25-30	Dec 18-23
Kisan Mal-FAQ (New)	1600-1675	1550-1600
Ganesh	1675-1750	1620-1670
M/c. Cleaned	1750-1925	1700-1900

#### Jeera Prices in Delhi Market

(Rs./kg)

Grade	Dec 25-30	Dec 18-23
Ganesh New	88-92	87-87.5
FAQ	85-87	84-84.5
M/c. Cleaned	95-97	94-94.5

#### Red Chillies:

Domestic red chillies markets remained bearish during the week starting 25<sup>th</sup> December 2006. It was quoted much lower at the start of the week as compared to previous weekend on higher arrivals and weak demand. Though the price has increased gradually during the week, yet it has failed to match previous week's price levels. Chilli prices have retreated from its recent bull run owing to lack of buying support taking cues from the futures market. Buyers both domestic as well as overseas preferred to be on the side-line eyeing further fall in prices. Fresh crop arrivals are likely to pick up only during February 2007 onwards. Domestic production of red chillies during 2006-07 crop year is expected at the higher side. Red chillies prices are likely remain rangebound to weak in the near future.

#### Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Dec 25-30	Dec 18-23
(LCA334loose)Cold storage	5000-6500	6000-7050

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

#### Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Dec 25-30	Dec 18-23
Guntur Pala	6500-7000	6800-7000
Guntur Fullcut	8000-8500	8000-8500
Guntur Packing	7000-7500	7000-7500
Nagpur Pala	6400-7000	6400-6500
Nagpur Fullcut	7500-8200	8000-8200
Nagpur Packing	6500-7000	6500-7000

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures started the week with a firm note and traded rangebound for the next couple of days. However, the futures surged up during the weekend on increased buying interest. The MCX January contract traded in the range of Rs. 9050-10500 till late during the week with thin volume and declining open interest. The NCDEX January contract traded in the range of Rs. 9829-10790 till late during the week with higher volume and declining open interest.

#### PRICE DRIVERS:

1. Domestic production expected to be lower in this season
2. Pepper export has increased by 54 percent during April-October 2006-07
3. Low stocks with competitors, lower global production
4. IPC estimates Vietnamese crop lower at 68000 tons and expects only by early March

#### OUTLOOK:

**Short Term (One Week):** Firm on higher domestic demand, export enquiries

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

**Long Term (Three Months):** Slightly weaken as arrivals picks up

NCDEX Black Pepper January Contract			
Support-1	10475	Support-2	10275
Resistance-1	11390	Resistance-2	11590
Strategy	Go long at major dips towards support		

### Commodity: Jeera (Cumin)

Jeera futures started the week with a bullish note and extended the advances further. Increased buying interest has supported the futures throughout the week. The MCX January contract traded in the range of Rs. 7925-8250 till late during the week with thin volume and declining open interest. The NCDEX January contract traded in the range of Rs. 8636-9022 till late during the week with moderately higher volume and declining open interest.

#### PRICE DRIVERS:

1. Anticipation of lower acreage in Gujarat
2. New crop size likely to be lower
3. Cumin export has increased by 254 percent during April-October 2006-07

4. Fresh crop arrivals likely during mid-Jan
5. Comfortable stock position
6. Likely higher acreage in Rajasthan

#### 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	8825	Support-2	8705
Resistance-1	9185	Resistance-2	9300
Strategy	Go long at major dips towards support		

### Commodity: Turmeric

Turmeric futures started the week with a huge slide and extended the weakness further to test week's low on Thursday. However, the futures pared some of the losses on moderate buying support at the lower price levels during the weekend. The NCDEX April contract traded in the range of Rs. 1988-2078 till late during the week with higher volume during mid-week and declining 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. Winter season demand from Northern India

#### OUTLOOK:

**Short Term (One Week):** Rangebound to slightly weak 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	1985	Support-2	1960
Resistance-1	2075	Resistance-2	2100
Strategy	Go short near resistance levels		

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## WEATHER WATCH (As on 30.12.06)

### WEATHER FORECAST FOR NEXT 5 DAYS:

Night temperatures over parts of northwest India still continue to be 2- 4 °C below normal with ground frost conditions prevailing over isolated pockets of Punjab, north Haryana and north Rajasthan. They are likely to fall further with cold wave conditions also likely over parts of north India. These conditions are likely to continue for next 2 days. Fog is likely to continue over northwest and Indo-Gangetic plain during next 3 days. Model prediction suggests that a western disturbance is likely to approach over hilly region of northwest India during 4-6 January, 07. Under its influence scattered rain/snow activity is likely to commence over western Himalayan region during same period. Lowest night temperature in the plains of the country was 2.0°C recorded at Amritsar in Punjab.

### ZONE-WISE WEATHER FORECAST:

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

Night temperature are likely to fall by about 1-2 °C over some parts of northwest India during next 2-3 days then rise from 4th January, 07. Scattered snow/rainfall is likely over J&K, H.P. and Uttaranchal during 4-5 January, 07.

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

Mainly dry weather is expected over rest of the region during next 5 days. Fall in night temperatures are expected over East U.P, West Bengal, Bihar and Jharkhand during 2-3 days.

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

Mainly dry weather is likely over the region next 5 days. Night temperatures are expected to fall by about 2-3 degree C over Madhya Pradesh and Chhattisgarh during next 2-3 days.

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

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. Night temperatures are likely to fall over Rajasthan and Gujarat during next 2-3 days.

Source: NCMRWF, GOI

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