

SPICES

February 05-10, 2007

Overview:

- Domestic Jeera Markets Remained Firm During Week
- Domestic Red Chillies Traded Highly Bearish During Week
- IPC: Import of Pepper into Germany Up by 29 Percent Y-o-Y

IPC: Import of Pepper into Germany Up 29% Y-o-Y

According to a latest report by the International Pepper Community (IPC), Germany has imported 3084 tons of pepper including 2861 tons of whole pepper and 223 tons of ground pepper in October 2006 as against 2502 tons imported in October 2005.

During the period from January to October 2006, Germany is estimated to have imported around

23354 tons of pepper including 20904 tons of whole pepper and 2449 tons of ground pepper, up by 29 per cent compared to the same period last year, the report said. Import of whole pepper has increased by 35 per cent, while ground pepper decreased by 7 per cent.

Source: International Pepper Community

Spices: Domestic Prices for the Week Ending 03.02.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (03.02.07)	Price (Rs/Kg) For the Week (27.01.07)	Last Month Same Week (Rs/Kg) (30.12.06)	Last Year Same Week (Rs/Kg) (04.02.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	123.6	118	99.8	67.5
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	343.54	334.33	273.37	202.49
Cardamom (Large)	Bada Dana	Gangtok	126.25	123.75	100	93.75
Chilli	Non -cold storage	Guntur	53	57.2	52.5	26.8
	Cold Storage	Guntur	-	65	57	27.2
Ginger	Best	Cochin	45	47.5	50	61.52
	Medium	Cochin	40	40	45	50.42
Turmeric	Alleppey finger (AFT)	Cochin	35	35	40	47.5
	Rajapuri	Mumbai	54.5	54.5	54.5	54.25
	Duggirala	Mumbai	23.38	23.38	23.75	26
Coriander	Indori-5%	Mumbai	27.75	27.75	28.75	22.13
Cumin	1%	Mumbai	90.5	92	88.13	67.5
	4%	Mumbai	85.63	86.88	81.25	61.88
Clove		Cochin,	320	320	320	235
		Nagarcoil	300	295	230	245

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 02.02.2007:

Spice	Origin/Grade	Market	Price For the Week (02.02.07) (US\$/MT)	Price For the Week (26.01.07) (US\$/MT)	Last Month (29.12.06) (US\$/MT)	Last Year Same Week (03.02.06) (US\$/MT)
Pepper	Malabar Garbled (MG-1)	New York	2999	2955	2911	1720
Cardamom (Small)	Guatemala Fancy Green	New York	8820	8820	8820	8820
	Guatemala Mixed Green	New York	3197	2867	2867	2867
	Indian (AGEB)	Saudi Arabia	11210	10960	10040	8010
Chillies	Indian SANNM-4 (Stem less)	New York	2646	2646	2646	1477
Ginger	India Cochin	New York	1742	2756	1962	3418
	Chinese Peeled	New York	1764	1830	1830	2646
Turmeric	India Alleppey Finger	New York	1786	1786	1852	2051
Garlic	Chinese	New York	2536	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	4851	4851	4410	4299
	Sri Lanka (Hand picked)	New York	9371	9371	9371	7166
Cinnamon	Ceylon H2 Cinnamon	New York	5843	5843	5843	5843

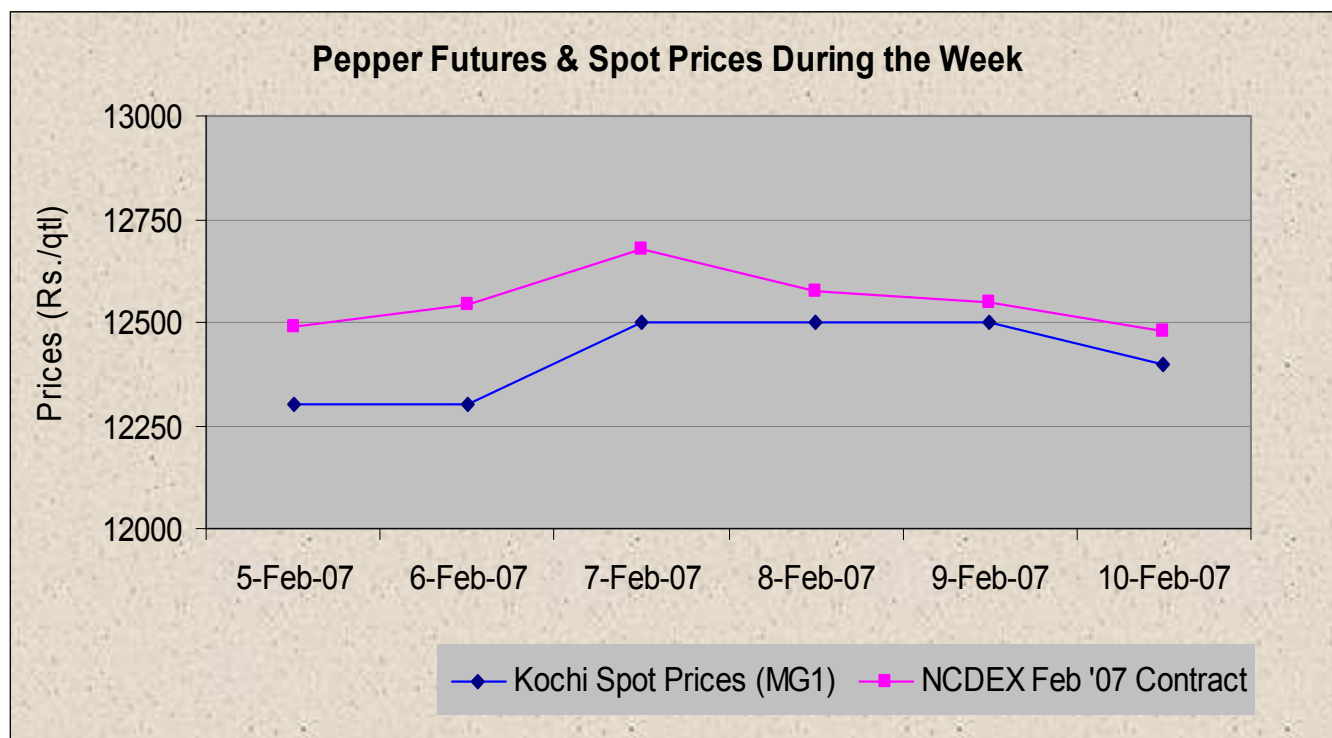
Source: Spices Board of India

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 continue to rule above the spot prices throughout the week. However, the difference narrowed as futures prices declined as against steady spot prices during the mid-week. The near-month futures closed above the spot prices by Rs. 81 on Saturday.



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

Pepper	05/02/07	06/02/07	07/02/07	08/02/07	09/02/07	10/02/07
Ungarbled	11700	11700	11900	11900	11900	11800
Garbled	12300	12300	12500	12500	12500	12400

Domestic black pepper markets remained on an average rangebound at the higher price levels during the week under review. It was offered at a lower price during the first couple of days of the week, but improved thereafter. Traders reported lacklustre demand in the market owing to higher price of the commodity at present. However, eyeing a firm trend ahead, selling pressure was absent from spot markets that eventually kept the prices hovering near the present level. Spices Board has already notified that no more applications for availing freight subsidy from the exporters will be accepted as the upper limit has been reached. Notably, India has already exported pepper worth Rs. 203 crore during April-December 2006 achieving the target of set quantity as well. Global pepper prices are poised to head skywards in the near future with an estimated decline

of 15-20 per cent in global pepper production and 3.46 per cent growth in global consumption. Domestic markets are also expected to remain mostly firm given the estimated decline in production this crop year.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	Feb 05-10	Jan 29- Feb 03
Golden Unpolished	127-128	128-131
No. 11.5	150	145-150
No. 12	155-160	160-165

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets witnessed a mixed trend during the week ending 10th February 2007. Prices were quoted steady to higher till mid-week on some demand amidst reduced arrivals. However, it showed downtrend during the weekends on lacklustre demand for the commodity. Fresh crop arrivals are gaining momentum day by day and consequently adding to the bearish market sentiments. The arrivals are likely to pick up further in the coming couple of weeks that would further pressurise the prices. Turmeric markets are likely to remain moderately bearish on a better crop harvest outlook for the season.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Feb 05-10	Jan 29- Feb 03
Loose Finger	2025-2200	2050-2200
Loose Gattah	2000-2125	2000-2100

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Feb 05-10	Jan 29- Feb 03
Finger	1950-2050	1925-2000
Gattah	1850-1950	1875-1950

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Feb 05-10	Jan 29- Feb 03
Nizamabad finger	1900-1950	1900-1975
E.Finger mini Selam	2250-2350	2250-2400
E. Single polish Gattah	1850-1900	1850-1900
E. Double polish Gattah	2350-2450	2350-2500
Selam Finger	3000-3100	3000-3200

Cumin (Jeera):

Jeera markets remains on an average steady to firm during the week ending 10th February 2007. It was offered at a steady price during the first half of the week as improved demand offset higher arrivals of the fresh crop. Fresh crop arrivals are gaining momentum in the market, but improved demand is supporting the market sentiments. However, prices quoted higher during the weekend on its strong fundamental support. Meanwhile, jeera exports have increased by 199 percent to 22000 tonnes and by 194 percent to Rs. 166 crore during Apr-December 2006. Domestic jeera prices are likely to remain mostly firm in the coming days supported by its strong fundamentals.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Feb 05-10	Jan 29- Feb 03
FAQ	1700-1830	1700-1800
Ganesh	1750-1880	1750-1850
M/c. Cleaned	1850-1950	1850-2025

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Feb 05-10	Jan 29- Feb 03
Ganesh New	90-93	90-94
FAQ	88-91	88-92
M/c. Cleaned	98-105	98-102

Red Chillies:

Domestic red chillies market witnessed a highly bearish trend during the week ending 10th February 2007. It was offered at a lower price level at the start of the week with huge inflows of fresh crop arrivals and extended the weakness further through the week. Fresh crop arrivals in the market are gaining momentum and consequently pressuring the market sentiments. Arrivals are expected to gain further pace during coming couple of weeks. Traders reported dull demand at present in the market that further added to the bearishness. Chilli export from the country has increased by 44 percent to Rs. 440 crore during April-December 2006 owing to higher prices prevailing at that time. Interestingly, in quantity terms it has declined by 3 percent during the same period. Chilli production this year is likely to be higher owing to more acreage under the crop. With a bumper harvest outlook, prices are likely to remain bearish in near future.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Feb 05-10	Jan 29- Feb 03
LCA334 (Loose)	4500-6100	5500-6500

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Feb 05-10	Jan 29- Feb 03
Guntur Pala	5800-6500	6500-6800
Guntur Fullcut	6600-8200	7800-8500
Guntur Packing	5900-6900	6400-7200
Nagpur Pala	5300-6100	5800-6400
Nagpur Fullcut	6000-6900	6800-7200
Nagpur Packing	5500-5900	5800-6400

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a bearish note and traded marginally upwards to test this week's high during mid-week. The futures remained mostly rangebound for the rest of the week to finish at a lower level. MCX March contract traded in the range of Rs. 12500-12955 during the week with moderately higher volume during mid-week and increasing open interest. NCDEX March contract traded in the range of Rs. 12625-13039 during the week with moderately higher volume and increasing open interest.

PRICE DRIVERS:

1. No further freight subsidy for pepper export
2. Low stocks with competitors, lower global production
3. IPC estimates lower Vietnamese crop and expects only by early March
4. Lacklustre demand in the market, no selling pressure

OUTLOOK:

Short Term (One Week): Moderately firm on improved demand

Medium Term (One Month): Firm on domestic production shortfall

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

NCDEX Black Pepper March Contract			
Support-1	12340	Support-2	12000
Resistance-1	13000	Resistance-2	13325
Strategy	Remain long or go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures traded highly bullish during the week. The futures surged from week's low on Monday to week's high on Saturday on increased buying interest. MCX March contract traded in the range of Rs. 8100-9000 during the week with higher volume and increasing open interest. NCDEX March contract traded in the range of Rs. 9205-9875 during the week with increasing volume as well as 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): Moderately firm on higher demand, fresh crop arrivals

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

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

NCDEX Jeera March Contract			
Support-1	9415	Support-2	9275
Resistance-1	9875	Resistance-2	10000
Strategy	Remain long or go long at corrective dips		

Commodity: Turmeric

Turmeric futures started the week at a lower level and tested this week's low on Monday. However, increased buying interest at the lower price levels supported the futures thereafter and the futures tested this week's high on Wednesday. The futures wiped away most of the gains on profit taking thereafter. NCDEX April contract traded in the range of Rs. 2019-2078 during the week with moderate volume and declining open interest.

PRICE DRIVERS:

1. Comfortable stock; higher production estimates
2. Fresh crop arrivals increasing in markets
3. Lacklustre demand in the markets

OUTLOOK:

Short Term (One Week): Moderately weak on fresh crop arrivals, dull demand

Medium Term (One Month): Weaken on pick crop arrivals

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

NCDEX Turmeric April Contract			
Support-1	1960	Support-2	1935
Resistance-1	2070	Resistance-2	2095
Strategy	Remain short or go short near resistance levels		

WEATHER WATCH (As on 10.02.07)

WEATHER FORECAST FOR NEXT 5 DAYS:

The Western Disturbance in the form of a low pressure area still lies over central Pakistan and adjoining Rajasthan. During past 24 hours, this system caused fairly widespread precipitation over Western Himalayan region, Punjab, Haryana, Delhi, Rajasthan, Uttar Pradesh, Madhya Pradesh and Chhattisgarh.

Chief amounts of rainfall (in Cm.) are: Bikaner-8, Ambala-7, Chandigarh, Tehri, Mukteshwar, Karnal and Hissar-6 each, Bareilly and Dehradun-5 each.

The Current Meteorological Analysis suggests that scattered to fairly widespread precipitation over Western Himalayan region and adjoining Indo-Gangetic plains is likely during next 2-3 days. The rainfall activity is likely to increase over Gangetic West Bengal, Jharkhand, Orissa, and Chhattisgarh from tomorrow.

The day temperatures are likely to increase whereas night temperatures are likely to decrease over plains of northwest India from tomorrow onwards.

Lowest night temperature in the plains of the country was 9.0 °C recorded at Patiala in Punjab.

ZONE-WISE WEATHER FORECAST:

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

Fairly widespread snowfall/rain is expected during next 24-48hrs days over J&K, H.P. and Uttaranchal. Fairly widespread rainfall are likely over Punjab,

Haryana, Delhi and west U.P. are during next 24hrs. Thereafter, fog is expected in morning and evening hours. Night temperature is likely to fall after passing of WD.

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

Fairly wide rainfall/thundershower is expected over East U.P., Bihar, Jharkhand, West Bengal and NE States during next 24-48 hrs. Scattered rainfall is also expected over Orissa during 11-12 Feb. Fog may develop after 12 February over East U.P and Bihar.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated rain/thundershower is likely over Madhya Pradesh and Chhattisgarh. Mainly dry weather likely over the rest region. Increase in rainfall activity over Chhattisgarh from tomorrow.

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

Mainly dry weather conditions are likely over the region except isolated showers over south Tamil Nadu during next 24-36 Hrs.

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

Rain/thundershowers are likely at a few places over north Rajasthan and isolated over south Rajasthan. Mainly dry weather is likely over rest region.

Source: NCMRWF, GOI

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