

SPICES

January 29- February 03, 2007

Overview:

- Domestic Pepper Markets Remained Volatile During Week
- Domestic Turmeric Markets Remained Mostly Stable During Week
- Spices Board: No More Application for Freight Subsidy on Pepper Export

Spices Board: No More Application for Freight Subsidy on Pepper Export

According to a recent notification by the Spices Board of India regarding the WTO Compatible subsidy on export of pepper/pepper products, the Board has already received applications for subsidy on pepper exports for a quantity of 20000 MT which is

the upper limit upto which pepper exporters are eligible for the freight subsidy.

Therefore, no more applications in this regard from the exporters will be accepted.

Source: Spices Board of India.

Spices: Domestic Prices for the Week Ending 27.01.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (27.01.07)	Price (Rs/Kg) For the Week (20.01.07)	Last Month Same Week (Rs/Kg) (23.12.06)	Last Year Same Week (Rs/Kg) (28.01.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	118	112.67	97.67	67.5
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	334.33	307.63	262.69	207.39
Cardamom (Large)	Bada Dana	Gangtok	-	122.5	102.5	93.75
Chilli	Non -cold storage	Guntur	57.2	62.75	55	26.25
	Cold Storage	Guntur	65	59.33	63.6	27.75
Ginger	Best	Cochin	47.5	45	55	65
	Medium	Cochin	40	40	45	52.5
Turmeric	Alleppey finger (AFT)	Cochin	35	40	40	47.5
	Rajapuri	Mumbai	54.5	54.5	54.5	54.25
	Duggirala	Mumbai	23.38	23.38	23.75	26.5
Coriander	Indori-5%	Mumbai	27.75	27.75	28.75	22.13
Cumin	1%	Mumbai	92	89.13	86.25	65.88
	4%	Mumbai	86.88	83.13	78.75	59.38
Clove		Cochin,	320	320	320	235
		Nagarcoil	295	285	260	250

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 26.01.2007:

Spice	Origin/Grade	Market	Price For the Week (26.01.07) (US\$/MT)	Price For the Week (19.01.07) (US\$/MT)	Last Month (29.12.06) (US\$/MT)	Last Year Same Week (20.01.06) (US\$/MT)
Pepper	Malabar Garbled (MG-1)	New York	2955	2911	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	10960	10820	10040	7980
Chillies	Indian SANNM-4 (Stem less)	New York	2646	2646	2646	1477
Ginger	India Cochin	New York	2756	2756	1962	3418
	Chinese Peeled	New York	1830	1830	1808	2866
Turmeric	India Alleppey Finger	New York	1786	1786	1852	2051
Garlic	Chinese	New York	2602	2602	2602	1213
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	4740	4410	3814
	Sri Lanka (Hand picked)	New York	9371	9371	9371	7166
Cinnamon	Ceylon H2 Cinnamon	New York	5843	5843	5843	5733

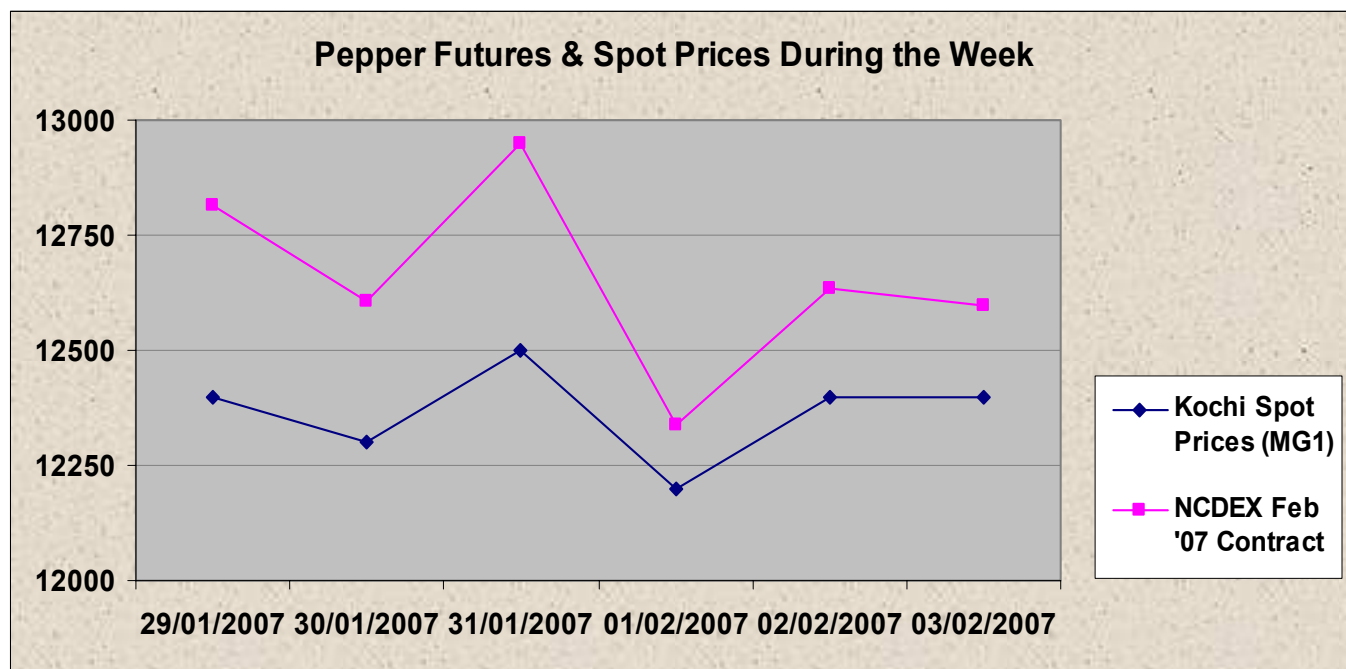
Source: Spices Board of India

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 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 weekend. The near-month futures closed above the spot prices by Rs. 199 on Saturday.



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

Pepper	29/01/2007	30/01/2007	31/01/2007	01/02/2007	02/02/2007	03/02/2007
Ungarbled	11800	11700	11900	11600	11800	11800
Garbled	12400	12300	12500	12200	12400	12400

Domestic black pepper markets remained highly volatile during the week ending 3rd February 2007. Despite some mid-week slump, pepper prices managed to register significant gain over the previous week. Lack of market arrivals is attributable as the major reason behind the northward prices. Traders reported improvement in the demand scenario, while selling pressure was absent from the markets. However, the market witnessed huge sell-off during the mid-week on news of no further extension of pepper export subsidy. According to a recent notification by the Spices Board of India regarding the WTO Compatible subsidy on export of pepper/pepper products, the Board has already received applications for subsidy on pepper exports for a quantity of 20000 MT which is the upper limit upto which pepper exporters are eligible for the freight subsidy. Therefore, no more applications in this regard from the exporters will be accepted. 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

(Rs./kg)

Grade	Jan 29- Feb 03	Jan 22-27
Golden Unpolished	128-131	125-128
No. 11.5	145-150	140-150
No. 12	160-165	155-160

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric markets witnessed a mixed trend during the week ending 3rd February 2007. It was offered at a slightly higher price range in Nizamabad owing to reduced arrivals in the market. However, in Erode it was offered at a slightly lower price range as arrivals started increasing gradually. Fresh crop arrivals are coming in the markets with mixed quality, wherein the inferior ones with higher moisture contents are fetching lower prices. Fresh crop arrivals are expected to get momentum 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	Jan 29- Feb 03	Jan 22-27
Loose Finger	2050-2200	2100-2250
Loose Gattah	2000-2100	1950-2100

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Jan 29- Feb 03	Jan 22-27
Finger	1925-2000	1925-1950
Gattah	1875-1950	1925-1950

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Jan 29- Feb 03	Jan 22-27
Nizamabad finger	1900-1975	1900-2000
E.Finger mini Selam	2250-2400	2325-2425
E. Single polish Gattah	1850-1900	1875-1950
E. Double polish Gattah	2350-2500	2425-2525
Selam Finger	3000-3200	3125-3225

Cumin (Jeera):

Domestic jeera markets remain on an average bearish during the week ending 3rd February 2007. The market reopened with a firm note and prices were quoted higher during the first couple of days. However, prices started declining again on improved supply scenario in the markets. Fresh crop arrivals are increasing in the market and consequently pressurising the market sentiments. Fresh crop arrivals are likely to pick up further during the next couple of weeks that would eventually help to determine the actual size of the crop, estimations of which varies widely at present. 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 recover back from its recent decline.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Jan 29- Feb 03	Jan 22-27
FAQ	1700-1800	1720-1800
Ganesh	1750-1850	1770-1850
M/c. Cleaned	1850-2025	1875-2025

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Jan 29- Feb 03	Jan 22-27
Ganesh New	90-94	92-94
FAQ	88-92	90-92
M/c. Cleaned	98-102	100-102

Red Chillies:

Domestic red chillies market witnessed a stable trend during the week ending 3rd February 2007. It was quoted in a slightly higher price range as against previous week amidst reduced arrivals in the market. Arrivals are expected to gain momentum during the later half of the month and consequently adding to the bearishness. Talks of lower Chinese crop and prospective export demand have supported the market sentiments. Chilli export from the country has increased by 44 percent to Rs. 440 crore during April-Dec 2006 owing to higher prices prevailing at that time. However, in quantity terms it has declined by 3 percent. According to traders, acreage under chilli this year is estimated to have doubled. With a bumper harvest outlook, prices are likely to remain moderately bearish in near future.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Jan 29- Feb 03	Jan 22-27
LCA334 (Loose)	5500-6500	5600-6400

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Jan 29- Feb 03	Jan 22-27
Guntur Pala	6500-6800	6500-7000
Guntur Fullcut	7800-8500	7800-8500
Guntur Packing	6400-7200	6400-7200
Nagpur Pala	5800-6400	5800-6600
Nagpur Fullcut	6800-7200	6800-7600
Nagpur Packing	5800-6400	5800-6600

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a firm note and extended previous advances further to test this week's high on Thursday. However, the futures witnessed huge sell-off immediately and slide to week's low on Friday. Futures registered significant gain over previous week after some recovery at the weekend. MCX March contract traded in the range of Rs. 12251-13300 during the week with moderately higher volume and steady open interest. NCDEX March contract traded in the range of Rs. 12340-13390 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

1. Export target of 20000 tonnes achieved
2. No further freight subsidy for pepper export
3. Low stocks with competitors, lower global production
4. IPC estimates lower Vietnamese crop and expects only by early March
5. Overseas enquiries are increasing for Indian pepper

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	12420	Support-2	12000
Resistance-1	13585	Resistance-2	14000
Strategy	Remain long or go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures opened at a higher level and tested this week's high on Monday. The futures traded downwards thereafter and after some recovery towards weekend finished at a lower level as against previous week. MCX March contract traded in the range of Rs. 8145-8720 during the week with higher volume at the start of the week and increasing open interest. NCDEX March contract traded in the range of Rs. 9102-9580 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

OUTLOOK:

Short Term (One Week): Rangebound 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	9115	Support-2	9000
Resistance-1	9450	Resistance-2	9540
Strategy	Remain long or go long at corrective dips		

Commodity: Chilli

Chilli futures traded on an average rangebound during the week at a higher level as against the previous week. Alternate buying and selling interest kept the futures moving in a narrow range. MCX March contract traded in the range of Rs. 4420-4700 during the week with moderately higher volume and open interest. NCDEX March contract traded in the range of Rs. 4391-4572 during the week with moderately higher volume and declining open interest.

PRICE DRIVERS:

1. Fresh crop arrivals gaining momentum
2. Talks of prospective export demand
3. Forthcoming crop is expected good
4. Chilli export has declined by 3 percent in quantity during Apr-Dec 2006

OUTLOOK:

Short Term (One Week): Moderately weak on increasing crop arrivals

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

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

NCDEX Chilli March Contract			
Support-1	4315	Support-2	4200
Resistance-1	4575	Resistance-2	4660
Strategy	Remain short or go short near resistance levels		

WEATHER WATCH (As on 03.02.07)

WEATHER FORECAST FOR NEXT 5 DAYS:

Model predictions suggest a western disturbance is likely to affect north Pakistan and adjoining J&K area within next 24 Hrs. Under its influence, scattered snowfall/rain is expected over hilly regions of NW India and isolated light showers over adjoining plains during 6-7 Feb. 07.

Another western disturbance is likely to approach J&K and adjoining area during 9-10 Feb 07 with scattered snowfall/rain over hilly regions and isolated showers over adjoining plains of NW India.

North-eastern states are likely to receive isolated to scattered thundershowers during next 48 Hrs.

Ongoing above normal night temperatures over Indo Gangetic plains of NW India are expected to continue during next 3-4 days.

Light fog is likely to continue over many parts of Indo Gangetic plains of NW India, in the morning and evening hours during next 2-3 days.

ZONE-WISE WEATHER FORECAST:

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

Scattered snow/rainfall is likely over the J&K, H.P. and Uttaranchal during 6-7 Feb 07 and then during 9-

10 Feb 07. Punjab, Haryana and Delhi are likely to receive isolated shower during 6-7 Feb. 07.

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

Scattered thundershower is expected over Sub-Himalayan region and NE States during next 48 Hrs.

Mainly dry weather is likely over the rest region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region during next 4-5 days.

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

Mainly dry weather conditions are expected over the region.

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

Mainly dry weather conditions are expected over region.

Source: NCMRWF, GOI

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