

SPICES

February 19-24, 2007

Overview:

- Domestic Pepper Markets Witnessed Bearish Trend During Week
- Domestic Jeera Markets Remained Highly Volatile During Week
- Domestic Chilli Markets Maintained Weakness During Week

Spices: Domestic Prices for the Week Ending 17.02.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (17.02.07)	Price (Rs/Kg) For the Week (10.02.07)	Last Month Same Week (Rs/Kg) (13.01.07)	Last Year Same Week (Rs/Kg) (18.02.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	123.2	124.17	110.75	69.5
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	313.42	345.78	277.84	219.21
Cardamom (Large)	Bada Dana	Gangtok	147.5	130	125	97.5
Chilli	Non -cold storage	Guntur	40	46	61.2	27
	Cold Storage	Guntur	-	-	64	27
Ginger	Best	Cochin	45	45	45	57.5
	Medium	Cochin	40	40	40	47.5
Turmeric	Alleppey finger (AFT)	Cochin	35	35	40	47.5
	Salem	Chennai	36.5	36.5	39	37.5
	Erode	Chennai	27.5	26	27.5	34
Coriander	Rajasthan green	Chennai	40.5	40.5	40	29
Cumin	Ordinary	Chennai	92.5	92.5	93	64.5
	No. 1	Chennai	97.5	97.5	98	75
Clove		Cochin,	320	320	320	235
		Nagarcoil	300	280	280	250

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 16.02.2007:

Spice	Origin/Grade	Market	Price For the Week (16.02.07) (US\$/KG)	Price For the Week (09.02.07) (US\$/KG)	Last Month (12.01.07) (US\$/KG)	Last Year Same Week (17.02.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	2.99	2.99	2.91	1.72
Cardamom (Small)	Guatemala Mixed Green	New York	8.2	8.2	8.82	2.87
	Indian (AGEB)	Saudi Arabia	10.86	10.99	9.54	7.81
Chillies	Indian SANNM-4 (Stem less)	New York	2.64	2.64	2.64	1.48
Ginger	India Cochin	New York	1.87	1.87	2.75	3.18
	Chinese Peeled	New York	1.76	1.76	1.83	2.46
Turmeric	India Alleppey Finger	New York	1.78	1.78	1.85	2.05
Garlic	Chinese	New York	2.53	2.53	2.6	2.76
Coriander	Canada	New York	0.84	0.84	0.84	0.77
Cumin	Syrian	New York	2.47	2.47	2.47	1.81
	Indian	New York	2.47	2.47	2.47	2.21
Fennel	Indian (ASTA)	New York	1.98	1.98	1.98	1.52
	Egyptian	New York	1.65	1.65	1.65	1.37
Fenugreek	India/Turkey	New York	0.99	0.99	0.99	0.75
Clove	Mad/Zanz/Com/ Indo	New York	4.85	4.85	4.52	4.74
	Sri Lanka (Hand picked)	New York	9.37	9.37	9.37	7.17
Cinnamon	Ceylon H2 Cinnamon	New York	5.84	5.84	5.84	5.84

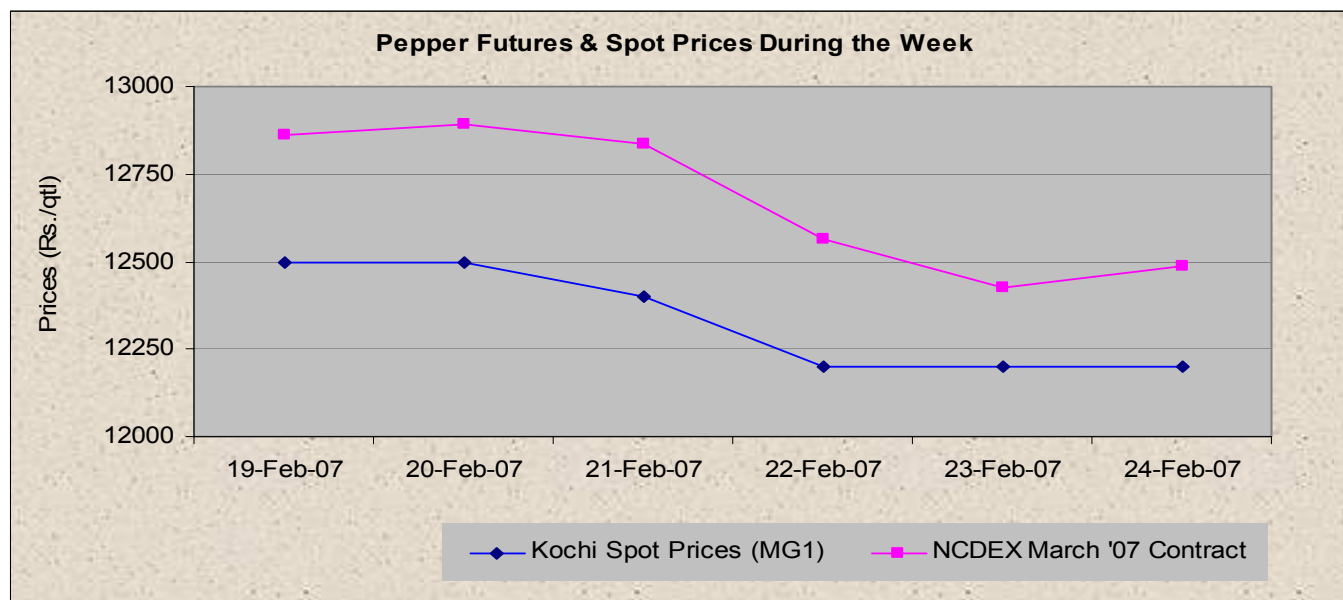
Source: Spices Board of India

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 most-active March contract prices in NCDEX. The most-active march contract continues to trade with a premium over the spot prices throughout the week. However, the difference narrowed as futures prices declined as against steady spot prices during mid-week. The March contract closed above the spot prices by Rs. 289 on Saturday.



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

Pepper	19/02/2007	20/02/2007	21/02/2007	22/02/2007	23/02/2007	24/02/2007
Ungarbled	11900	11900	11800	11600	11600	11600
Garbled	12500	12500	12400	12200	12200	12200

Black pepper markets remained mostly bearish during the week under review. It was offered at a higher price at the start of the week, but declined thereafter on reduced buying support in the markets. Traders reported no significant demand in the markets. However, arrivals were also negligible at this time that supported the prices to some extent. International buying was also not visible in the market as most of the importers are eyeing the Vietnam crop that would hit the market most likely during late March. Vietnam markets remain quiet due to the lunar New Year holidays. According to the Vietnam Pepper Association (VPA), the country has a golden chance to rule over the global pepper market with 60 percent of global pepper sales coming from this country. VPA has forecasted that Vietnam will continue to maintain its lead position in pepper export owing to the reduction of acreage under pepper in several countries. However, the country's black pepper exports may decline by around 10 percent following adverse weather conditions during this year's cultivation. VPA is reported to have searching for material sources from Cambodia and Indonesia to

make up for the deficiency in export volumes. In Lampung, ASTA variety was quoted at around US\$ 2,570 per tonne FOB for March shipments, while at Kuching it was US\$ 3,300 FOB during the week. Global pepper prices are expected to remain firm in the months ahead as decline in global pepper production amid increasing consumption would result into tight supply scenario. At the domestic front also, production is expected to decline. Black pepper prices are expected to remain firm in the near futures after some short-term consolidation.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	Feb 19-24	Feb 12-17
Golden Unpolished	130-132	125-128
No. 11.5	150	145-150
No. 12	160-165	155-170

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets witnessed a firm trend during the week ending 24th February 2007. It was quoted higher in Nizamabad during the weekend amidst reduced arrivals and improvement in demand. Similar trend was observed in Erode, where arrivals declined gradually through the week. Traders are expecting arrivals to increase in the coming week and consequently may put some pressure on turmeric prices. Arrivals from the fresh harvest are likely to reach its maximum level in the coming month. With a bumper harvest outlook for this season, turmeric prices are expected to remain bearish after some short-term consolidation.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Feb 19-24	Feb 12-17
Loose Finger	2000-2150	2050-2175
Loose Gattah	1950-2100	1975-2150

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Feb 19-24	Feb 12-17
Finger	1925-2000	1950
Gattah	1825-1900	1850

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Feb 19-24	Feb 12-17
Nizamabad finger	2500	NA
E.Finger mini Selam	3200	NA
E. Single polish Gattah	2500	NA
E. Double polish Gattah	3300	NA

Cumin (Jeera):

Domestic jeera markets remained volatile during the week under review. It was offered at a higher price range at the beginning of the week as a follow through of last weekend's price rally. Improved offtake has supported the prices. However, prices declined during mid-week onwards as arrivals kept on increasing. Crop arrivals from the fresh harvest are expected to pick up further during early half March. Domestic production is estimated to have fallen this year owing to reduced acreage under the crop and unfavourable weather during the sowing season. Traders are expecting significant decline in

production this year in Rajasthan as well as Gujarat. Amid such circumstances, domestic jeera prices are likely to remain firm in the near future after some short-term consolidation.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Feb 19-24	Feb 12-17
FAQ	1880-1970	1780-1950
Ganesh	1940-2030	1830-2010
M/c. Cleaned	2040-2110	1930-2090

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Feb 19-24	Feb 12-17
Ganesh New	110-114	92-105
FAQ	108-112	90-103
M/c. Cleaned	110-120	105-115

Red Chillies:

Domestic red chillies market maintained its previous weakness during the week ending 24th February 2007. It was offered at a much lower price at the beginning of the week due to huge inflow of fresh crop arrivals after the long weekend holidays. However, prices moved in a narrow range thereafter as arrivals also stuck within a range of 40,000-50,000 bags. Traders reported no significant demand in the markets to offset the supply pressure. Fresh crop arrivals are expected to gain further pace during coming couple of weeks and consequently would put more pressure on the prices. 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 19-24	Feb 12-17
Loose (Good quality)	4000-4400	4000-5000

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Feb 19-24	Feb 12-17
Nagpur Pala	4600-4900	4500-5200
Nagpur Fullcut	5500-6000	5200-5800
Nagpur Packing	4500-4800	4700-5300

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a firm note and tested this week's high on Monday. However, the futures traded mostly downwards thereafter to test week's low on Friday. NCDEX March contract traded in the range of Rs. 12375-13099 during the week with moderate volume and declining open interest.

PRICE DRIVERS:

1. Lacklustre demand in the market, no selling pressure
2. Overseas buyers eyeing Vietnam crop
3. Vietnam markets quiet on lunar New Year holidays
4. Low stocks with competitors, lower global production
5. India exported 22,270 tonnes pepper during April-January 2006-07

OUTLOOK:

Short Term (One Week): Consolidate on lacklustre demand, no selling pressure

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

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

NCDEX Black Pepper March Contract			
Support-1	12275	Support-2	12000
Resistance-1	12900	Resistance-2	13160
Strategy	Go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures continue to rally during the week. The futures started the week with a bullish note and extended the advances further. After some mid-week profit taking, futures resumed the rally again at the weekend. NCDEX April contract traded in the range of Rs. 10687.6-11740 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

1. Estimations of lower acreage under jeera
2. Domestic production expected to be lower this year
3. India exported 23,500 tonnes of jeera during April-January 2006-07
4. Arrivals increasing in the markets

OUTLOOK:

Short Term (One Week): Consolidate on higher demand amidst increasing arrivals

Medium Term (One Month): Moderately firm as lower output, higher demand overshadows season high arrivals

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

NCDEX Jeera April Contract			
Support-1	11250	Support-2	10980
Resistance-1	12110	Resistance-2	12380
Strategy	Remain long or go long at corrective dips		

Commodity: Turmeric

Turmeric futures started the week with a bearish note and tested this week's low on Monday. However, the futures traded upwards thereafter on increased buying interest and surged up to test this week's high on Friday. NCDEX April contract traded in the range of Rs. 1973-2073 during the week with moderate volume and almost steady open interest.

PRICE DRIVERS:

1. Comfortable stock; higher production estimates
2. Fresh crop arrivals increasing in markets
3. Moderate demand in the markets
4. India exported 42,750 tonnes turmeric during April-January 2006-07

OUTLOOK:

Short Term (One Week): Consolidate amidst fresh crop arrivals, moderate demand

Medium Term (One Month): Bearish as arrivals expected to reach its maximum levels

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

NCDEX Turmeric April Contract			
Support-1	2010	Support-2	1984
Resistance-1	2086	Resistance-2	2108
Strategy	Go short near resistance levels		

WEATHER WATCH (As on 24.02.07)

WEATHER FORECAST FOR NEXT 5 DAYS:

Presently a Western Disturbance lies over North Pakistan and adjoining J&K area. Under its influence fairly widespread to widespread snowfall/rain is likely over J&K, H.P. and Uttaranchal during 27-28 Feb. and scattered thundershowers/rain over adjoining plains of NW India viz. Punjab, Haryana, Delhi, Uttar Pradesh and north Rajasthan during 28th Feb and 1st March07.

Scattered rainfall activity also likely over East Uttar Pradesh, Bihar and West Bengal from 1st March, 07.

Night temperatures are likely to rise over northwest India during next 2 days, and then fall thereafter.

ZONE-WISE WEATHER FORECAST:

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

Fairly widespread to widespread snowfall/rain is likely over J&K, H.P. and Uttaranchal during 27-28 February. Scattered thundershower/rain is likely over Punjab, Haryana, Delhi and west U.P. during next during next 27Feb-1March07.

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

Scattered thundershowers/rain is likely over East U.P., Bihar, Jharkhand and West Bengal during 28 Feb & 1 March, 07.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated to scattered thundershower are likely over Madhya Pradesh and Chhattisgarh during 28Feb-1March07.

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

Isolated rain/thundershowers are likely over Tamil Nadu, Kerala and Lakshadweep during next 24 Hrs. Mainly dry weather is likely over the rest region.

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

Mainly dry weather is likely except isolated to scattered rain/thundershowers over north Rajasthan during 28Feb & 1March.

Source: NCMRWF, GOI

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