

## SPICES

February 12-17, 2007

### Overview:

- Domestic Pepper Markets Remained Rangebound During Week
- Domestic Jeera Markets Witnessed Bullish Trend During Week
- Domestic Turmeric Markets Remained Mixed During Week

### Spices: Domestic Prices for the Week Ending 10.02.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 10.02.07)	Price (Rs/Kg) For the Week ( 03.02.07)	Last Month Same Week (Rs/Kg) (06.01.07)	Last Year Same Week (Rs/Kg) ( 11.02.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	124.17	123.60	108.17	67.5
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmettu	345.78	343.54	262.3	209.76
Cardamom (Large)	Bada Dana	Gangtok	130	126.25	117.5	96.75
Chilli	Non -cold storage	Guntur	46	53	53.25	27
	Cold Storage	Guntur	-	-	61.25	26.75
Ginger	Best	Cochin	45	45	45	60
	Medium	Cochin	40	40	40	50
Turmeric	Alleppey finger (AFT)	Cochin	35	35	40	47.5
	Rajapuri	Mumbai	42.25	54.5	54.5	55.5
	Duggirala	Mumbai	23.38	23.38	23.5	25.75
Coriander	Indori-5%	Mumbai	27.75	27.75	28.25	21.88
Cumin	1%	Mumbai	90.5	90.5	91.25	64.5
	4%	Mumbai	85.63	85.63	85	59.38
Clove		Cochin,	320	320	320	235
		Nagarcoil	280	300	280	245

Source: Spices Board of India

**Spices: International Spot Prices for the Week Ending 09.02.2007:**

Spice	Origin/Grade	Market	Price For the Week (09.02.07) (US\$/KG)	Price For the Week (02.02.07) (US\$/KG)	Last Month (06.01.07) (US\$/KG)	Last Year Same Week (10.02.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	2.99	2.96	2.91	1.72
Cardamom (Small)	Guatemala Mixed Green	New York	8.2	8.82	8.82	2.87
	Indian (AGEB)	Saudi Arabia	10.99	11.21	9.17	8
Chillies	Indian SANNM-4 (Stem less)	New York	2.64	2.65	2.64	1.48
Ginger	India Cochin	New York	1.87	1.74	1.96	3.42
	Chinese Peeled	New York	1.76	1.76	1.83	2.65
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	4.41	4.52
	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

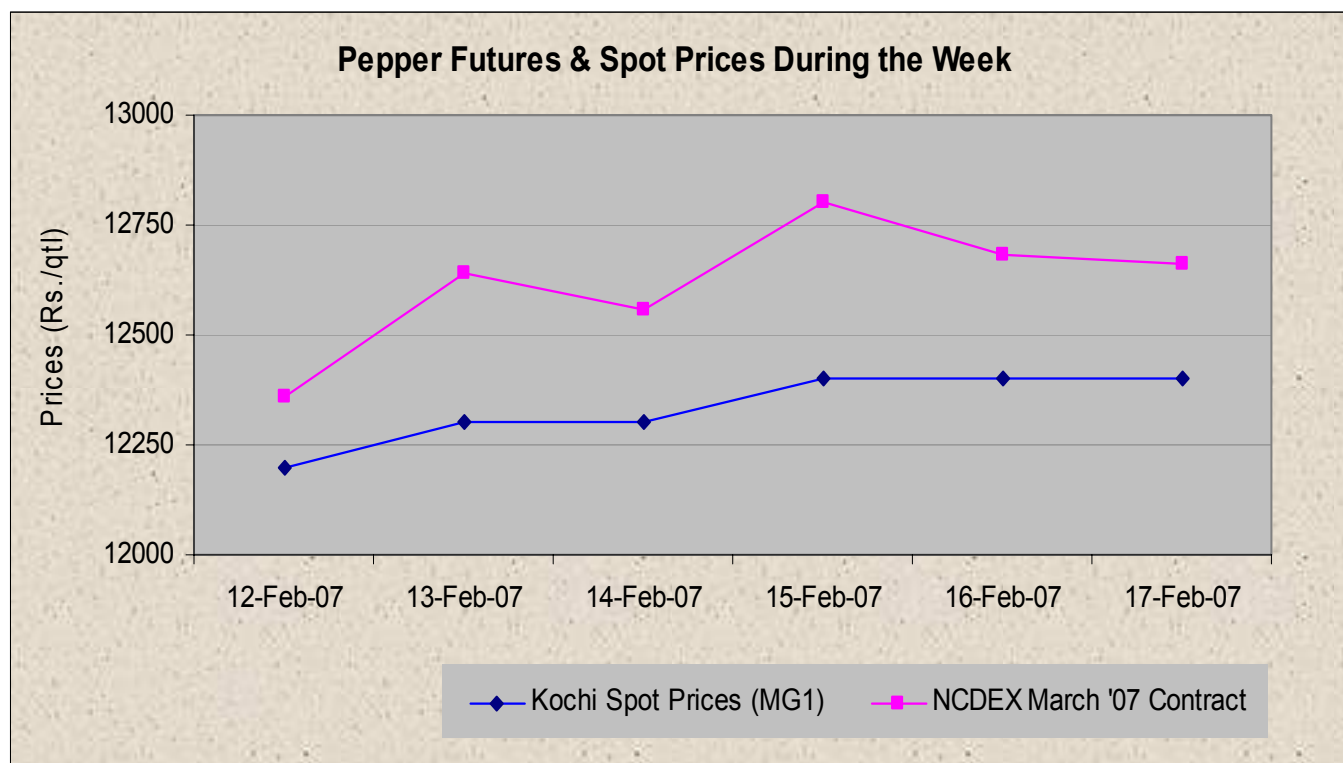
Source: Spices Board of India

## 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 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 March contract closed above the spot prices by Rs. 259 on Saturday.



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

Pepper	12/02/2007	13/02/2007	14/02/2007	15/02/2007	16/02/2007	17/02/2007
Ungarbled	11600	11700	11700	11800	Closed	11800
Garbled	12200	12300	12300	12400	Closed	12400

Black pepper markets started the week with a bearish note and prices were quoted lower at the start of the week. Prices improved thereafter to wipe away the early losses. The short-term fundamentals are quite murky at present as traders reported no significant demand in the markets. However, arrivals were also negligible at this time. 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. 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, black pepper production is also expected to decline. Black pepper prices are expected to remain firm in the coming week.

#### Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	Feb 12-17	Feb 05-10
Golden Unpolished	125-128	127-128
No. 11.5	145-150	150
No. 12	155-170	155-160

Note: Prices are in Rs. per Kg.

### Turmeric:

Domestic turmeric markets exhibited mixed trend during the week ending 17<sup>th</sup> February 2007. It was

offered at a steady price in Nizamabad as arrivals as well as offtake declined during the week ahead of the long weekend holidays. Traders reported weak demand in the markets as the prime reason behind the rangebound trade. However, situation in Erode turned bearish as huge arrivals kept on pressurising the market prices. Traders in these markets are eyeing increased arrivals in the week ahead that may put some more pressure on market prices. Arrivals from fresh harvest are expected to pick up in coming couple of weeks. Traders are expecting this year's crop size higher than year ago. Amid such circumstances, turmeric markets are likely to remain bearish in the coming week.

#### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Feb 12-17	Feb 05-10
Loose Finger	2050-2175	2025-2200
Loose Gattah	1975-2150	2000-2125

#### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Feb 12-17	Feb 05-10
Finger	1950	1950-2050
Gattah	1850	1850-1950

#### Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Feb 12-17	Feb 05-10
Nizamabad finger	NA	1900-1950
E.Finger mini Selam	NA	2250-2350
E. Single polish Gattah	NA	1850-1900
E. Double polish Gattah	NA	2350-2450
Selam Finger	NA	3000-3100

#### Cumin (Jeera):

Domestic jeera markets witnessed a firm trend during the week under review. It was quoted in a higher price range at the start of the week on improved demand and after some mid-week fumble, finished the week at a higher level. Traders attributed improvement in domestic demand situation as the major supportive factor for the price rise. Crop arrivals from the fresh harvest are expected to pick up further during early March. Domestic production is estimated to have fallen this year owing to reduced acreage under the crop and unfavourable weather during the sowing season. Amid such circumstances,

domestic jeera prices are likely to remain firm in short-term.

#### Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Feb 12-17	Feb 05-10
FAQ	1780-1950	1700-1830
Ganesh	1830-2010	1750-1880
M/c. Cleaned	1930-2090	1850-1950

#### Jeera Prices in Delhi Market

(Rs./kg)

Grade	Feb 12-17	Feb 05-10
Ganesh New	92-105	90-93
FAQ	90-103	88-91
M/c. Cleaned	105-115	98-105

#### Red Chillies:

Domestic red chillies market remained on an average bearish during the week ending 17<sup>th</sup> February 2007. It was quoted lower at the beginning of the week as higher supply offset the weak demand. However, prices improved slightly towards the second half of the week as arrivals declined ahead of long weekend holidays. Traders reported some demand as the major reason behind the increase in prices. However, fresh crop arrivals are expected to gain further pace during coming couple of weeks and consequently adding to the bearishness. 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 12-17	Feb 05-10
Loose (Good quality)	4000-5000	4500-6100

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

#### Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Feb 12-17	Feb 05-10
Guntur Pala	5000-5500	5800-6500
Guntur Fullcut	6000-6500	6600-8200
Guntur Packing	5200-5700	5900-6900
Nagpur Pala	4500-5200	5300-6100
Nagpur Fullcut	5200-5800	6000-6900
Nagpur Packing	4700-5300	5500-5900

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures started the week with a bearish note and tested week's low on Monday. The futures remained volatile for the rest of the week, but managed to pare some of the losses incurred during the week. MCX March contract traded in the range of Rs. 12374-12820 during the week with higher volume and increasing open interest. NCDEX March contract traded in the range of Rs. 12302-12840 during the week with 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 lower supply

**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	12360	Support-2	12080
Resistance-1	13290	Resistance-2	13500
Strategy	Remain long or go long at corrective dips		

### Commodity: Jeera (Cumin)

Jeera futures extended previous advances further during the week. After some early fumble at the beginning of the week, the futures rallied from mid-week onwards to finish the week with significant gains. MCX March contract traded in the range of Rs. 8577-9499 during the week with higher volume and increasing open interest. NCDEX March contract traded in the range of Rs. 9555-10479 during the week with higher volume and declining 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):** Firm as demand offset supply

**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 March Contract			
Support-1	9935	Support-2	9655
Resistance-1	11000	Resistance-2	11285
Strategy	Remain long or go long at corrective dips		

### Commodity: Red Chillies

Red chillies futures started the week with a firm note and extended the gain further to test week's high on Tuesday. However, increased selling interest at the higher price levels has pressurised the futures thereafter and the futures traded downwards for the rest of the week to test contract month low on Saturday. NCDEX March contract traded in the range of Rs. 3752-4020 during the week with higher volume and increasing open interest.

#### PRICE DRIVERS:

1. Fresh crop arrivals gaining momentum
2. Forthcoming crop is expected good due to higher acreage
3. Chilli export has declined by 3 percent in quantity during Apr-Dec 2006

#### OUTLOOK:

**Short Term (One Week):** Weak on increasing crop arrivals, poor demand

**Medium Term (One Month):** Bearish as crop arrivals reach its highest levels

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

NCDEX Chilli March Contract			
Support-1	3615	Support-2	3500
Resistance-1	3955	Resistance-2	4060
Strategy	Remain short or go short near resistance levels		

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## WEATHER WATCH (As on 17.02.07)

### WEATHER FORECAST FOR NEXT 5 DAYS:

Under the influence of a western disturbance scattered precipitation activity is likely over Jammu & Kashmir and isolated over Himachal Pradesh & Uttaranchal during next 2-3 days.

No significant change in night temperatures is likely to occur over Indo Gangetic plains during next 24 hrs. and slight fall thereafter for next 36 hrs.

Lowest night temperature in the plains of the country was 5.0°C recorded at Sarsawa in West Uttar Pradesh.

### ZONE-WISE WEATHER FORECAST:

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

Scattered snowfall/rain is likely over J&K during next 2-3 days. Isolated snow/rain likely over H.P. and Uttaranchal during 18 -19 February. Isolated light rain/thundershowers also likely over Punjab during 18-19 Feb.

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

Isolated rainfall/thundershower over West Bengal, Orissa, Jharkhand and NE States during next 24-48 Hrs.

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

Mainly dry weather is likely over the region.

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

Isolated showers are likely over coastal areas of A.P. and Tamil Nadu during next 24-48 Hrs.

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

Mainly dry weather is likely over the region.

Source: NCMRWF, GOI

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