

SPICES

February 26-March 03, 2007

Overview:

- Domestic Pepper Markets Remained Bearish During Week
- Domestic Jeera Markets Witnessed Firm Trend During Week
- Domestic Red Chillies Markets Maintained Firmness During Week

Spices: Domestic Prices for the Week Ending 24.02.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (24.02.07)	Price (Rs/Kg) For the Week (17.02.07)	Last Month Same Week (Rs/Kg) (27.01.07)	Last Year Same Week (Rs/Kg) (25.02.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	122.5	123.2	118	72.3
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	344.98	313.42	334.33	218.61
Cardamom (Large)	Bada Dana	Gangtok	138.75	147.5	123.5	100
Chilli	Non -cold storage	Guntur	39	40	57.2	28.4
	Cold Storage	Guntur	-	-	65	28
Ginger	Best	Cochin	45	45	47.5	55
	Medium	Cochin	40	40	40	45
Turmeric	Alleppey finger (AFT)	Cochin	35	35	35	47.5
	Salem	Chennai	39	36.5	37.5	38.5
	Erode	Chennai	29	27.5	31	33.5
Coriander	Rajasthan green	Chennai	38	40.5	40.5	30.5
Cumin	Ordinary	Chennai	112.5	92.5	92.5	67.5
	No. 1	Chennai	117.5	97.5	97.5	72.5
Clove		Cochin,	320	320	320	235
		Nagarcoil	300	300	295	265

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 23.02.2007:

Spice	Origin/Grade	Market	Price For the Week (23.02.07) (US\$/KG)	Price For the Week (16.02.07) (US\$/KG)	Last Month (19.01.07) (US\$/KG)	Last Year Same Week (24.02.06) (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	11.21	10.86	10.82	7.96
Chillies	Indian SANNM-4 (Stem less)	New York	2.64	2.64	2.65	1.48
Ginger	India Cochin	New York	1.87	1.87	2.75	2.98
	Chinese Peeled	New York	1.76	1.76	1.83	2.21
Turmeric	India Alleppey Finger	New York	1.78	1.78	1.79	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	2.56	2.47	2.47	1.81
	Indian	New York	2.6	2.47	2.47	1.96
Fennel	Indian (ASTA)	New York	1.98	1.98	1.98	1.52
	Egyptian	New York	1.65	1.65	1.65	1.48
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	4.85
	Sri Lanka (Hand picked)	New York	9.37	9.37	4.74	7.17
Cinnamon	Ceylon H2 Cinnamon	New York	5.84	5.84	5.84	5.84

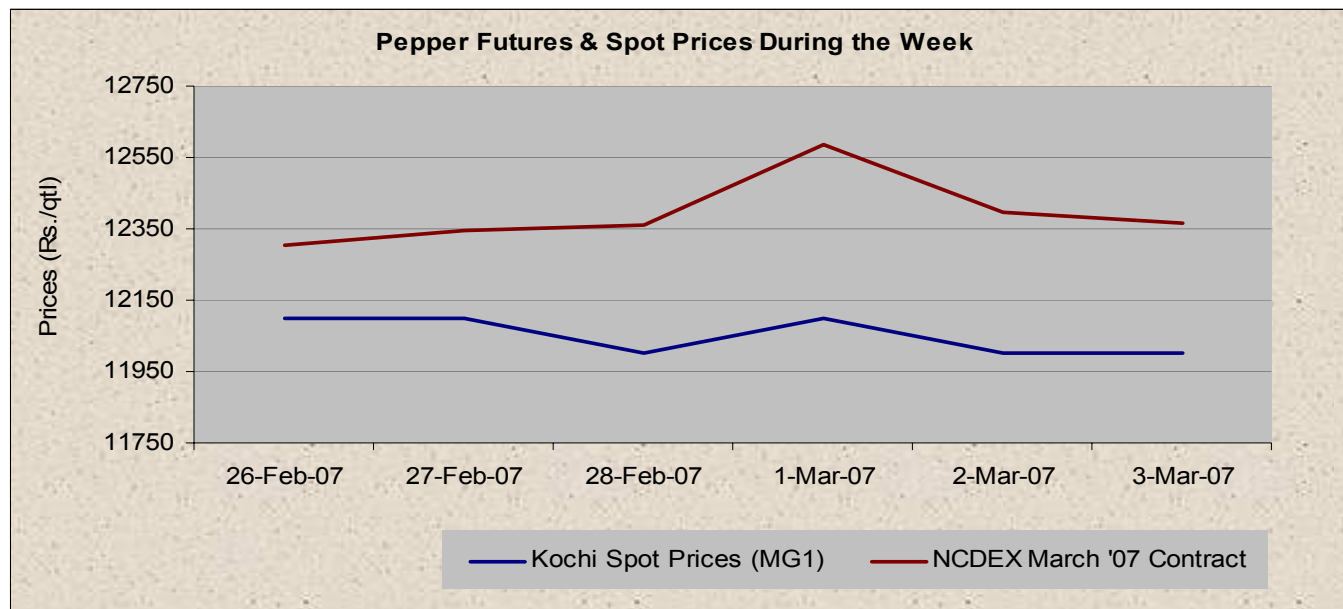
Source: Spices Board of India

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 near-month March contract prices in NCDEX. The near-month March contract continues to trade with a premium over the spot prices throughout the week. The difference widened as futures prices witnessed a sharp increase as against almost steady spot prices during mid-week. The March contract closed above the spot prices by Rs. 364 on Saturday.



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

Pepper	26/02/2007	27/02/2007	28/02/2007	01/03/2007	02/03/2007	03/03/2007
Ungarbled	11500	11500	11400	11500	11400	11400
Garbled	12100	12100	12000	12100	12000	12000

Black pepper markets witnessed a bearish trend during the week under review. It was quoted in a lower price range at the start of the week and declined further during the mid-week. However, prices improved later during the weekend only to finish at a lower level as against the previous week. The price volatility was lesser than that witnessed during past few weeks owing to no fresh significant developments in its fundamental aspects. Traders reported no significant demand in the markets both domestic as well as international. 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 to early April. In Vietnam, pepper export prices are projected to remain high this year as supply would remain tight following the decline in production. The Vietnam Pepper Association (VPA) has forecasted that the country's pepper export price would remain at around US\$ 2,200-2,500 per tonne this year as the world's

pepper output will further drop in the 2007-2008 crop. Vietnam, which is supplying 60 percent for the world's pepper consumption, registered a decline in output to 125,000 tonnes last year from 140,000 tonnes in 2004. 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 future after some short-term consolidation.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	Feb 26-March 03	Feb 19-24
Golden Unpolished	125-126	130-132
No. 11.5	150	150
No. 12	NA	160-165

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets remained on an average rangebound during the week ending 3rd March 2007. It was offered at a lower price in Nizamabad at the beginning of the week amidst higher inflow of fresh arrivals. However, prices stabilized thereafter as arrivals were not upto the expected levels. In Erode, similar trend was witnessed. However, prices edged up during the later half of this week on improved demand. Traders are eyeing higher arrivals in the coming weeks that may put some more pressure on prices. Arrivals from the fresh harvest are likely to reach its maximum level in the next few weeks. However, presence of some domestic demand remains the supportive feature for the market. 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 26-March 03	Feb 19-24
Loose Finger	2050-2200	2000-2150
Loose Gattah	2000-2150	1950-2100

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Feb 26-March 03	Feb 19-24
Finger	1875-2000	1925-2000
Gattah	1775-1850	1825-1900

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	Feb 26-March 03	Feb 19-24
Nizamabad finger	NA	2500
E.Finger mini Selam	NA	3200
E. Single polish Gattah	NA	2500
E. Double polish Gattah	NA	3300

Cumin (Jeera):

Domestic jeera markets remained on an average bullish during the week under review. It was offered at a higher price range during the week as improved demand has offset the increasing arrival pressure. Market has turned in favour of the bulls following recent adverse weather conditions in Rajasthan as well as Gujarat. Crop arrivals from the fresh harvest are expected to pick up further during coming couple of weeks. 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 witness some downward correction on expected rise in its arrivals.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	Feb 26-March 03	Feb 19-24
FAQ	1880-1990	1880-1970
Ganesh	1940-2050	1940-2030
M/c. Cleaned	2060-2130	2040-2110

Jeera Prices in Delhi Market

(Rs./kg)

Grade	Feb 26-March 03	Feb 19-24
Ganesh New	112-118	110-114
FAQ	110-115	108-112
M/c. Cleaned	118-125	110-120

Red Chillies:

Domestic red chillies markets witnessed a firm trend during the week ending 3rd March 2007. It was offered at a higher price range during the week amidst reduced arrivals and improved offtake. Traders reported presence of domestic as well as overseas demand as the major supportive factor for the recent firmness in chilli prices. Fresh crop arrivals are expected to gain further pace during coming couple of weeks and consequently would put some 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 with possibility of some short-term firmness.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	Feb 26-March 03	Feb 19-24
Loose (Good quality)	4000-4600	4000-4400

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	Feb 26-March 03	Feb 19-24
Guntur Pala	5300-5400	NA
Guntur Fullcut	6000-6200	NA
Guntur Packing	6500-6800	NA
Nagpur Pala	4500-5000	4600-4900
Nagpur Fullcut	5500-6000	5500-6000
Nagpur Packing	4500-5500	4500-4800

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week at a lower price level as a follow through of previous week's losses. However, supported by improved buying interest at the lower price levels, the futures recovered thereafter. NCDEX April contract traded in the range of Rs. 12,562-12,964 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

1. Lacklustre demand in the physical markets
2. Negligible arrivals, no selling pressure
3. Overseas buyers are eyeing Vietnam crop
4. Vietnam pepper export prices projected at US\$ 2,200-2,500 per tonne this year

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 April Contract			
Support-1	12000	Support-2	12150
Resistance-1	12835	Resistance-2	13000
Strategy	Wait and watch for clear direction		

Commodity: Jeera (Cumin)

Jeera futures started the week with a firm note and after trading in a rangebound manner reached this week's high on Thursday. However, the futures immediately ran into profit taking and wiped away the early gains. NCDEX April contract traded in the range of Rs. 11,125-12,054 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. Adverse weather conditions in producing regions
4. Arrivals increasing in the markets

OUTLOOK:

Short Term (One Week): Correction expected on increased arrivals in the markets

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	10975	Support-2	10710
Resistance-1	11745	Resistance-2	12025
Strategy	Book profits near resistance levels		

Commodity: Chilli

Chilli futures started the week with a bullish note and extended the advances further till Friday on increased buying interest. However, profit taking capped further advances and the futures curbed some early gains on Friday. NCDEX April contract traded in the range of Rs. 3,871-4,276 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

1. Fresh crop arrivals gaining momentum
2. Domestic production expected to be higher
3. Presence of domestic as well as overseas demand

OUTLOOK:

Short Term (One Week): Moderately firm as improved demand offset arrival pressure

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

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

NCDEX Chilli April Contract			
Support-1	4175	Support-2	4100
Resistance-1	4400	Resistance-2	4475
Strategy	Go long at corrective dips		

WEATHER WATCH (As on 03.03.07)

WEATHER FORECAST FOR NEXT 5 DAYS:

Under the influence of a western disturbance lying over Jammu & Kashmir, isolated rain/snow is likely over Jammu & Kashmir and Himachal Pradesh during next 24 hours. Another western disturbance is likely to affect northern most parts of the country. Under its influence scattered to fairly widespread rainfall is likely over Jammu & Kashmir and Himachal Pradesh during 9-10th March 2007.

Coastal Karnataka and Kerala are also likely to receive isolated to scattered rain during next 24 Hrs.

Current met analysis suggests the increasing trend in day & night temperatures over Indo-Gangetic plains and central India likely to continue during next 3-4 days.

Most parts of Indo-Gangetic plains are likely to experience moderate to strong surface winds during next 3-4 days.

ZONE-WISE WEATHER FORECAST:

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

Scattered to fairly widespread snowfall/rain is likely over J&K, H.P. and Uttaranchal during next 24hrs.

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

Mainly dry weather over eastern parts of the country. Isolated rain/thundershowers are likely over Arunachal Pradesh during next 24-48 hours and scattered thereafter. Mainly dry weather over the NE region except over Assam & Meghalaya where isolated rain/thundershowers after 24-48 hours.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

Isolated rain/thundershowers likely over Kerala, Tamil Nadu and Lakshadweep during next 24 hours, mainly dry weather thereafter.

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

Mainly dry weather is likely.

Source: NCMRWF, GOI

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