

SPICES

March 19-24, 2007

Overview:

- Black Pepper, Jeera and Chilli Stayed Bullish During Week
- Domestic Turmeric Markets Remained Mixed During Week
- Spices Export at Record High; Crossed Rs. 3000 Crore Mark

Spices Export at Record High; Crossed Rs. 3000 Crore

Indian spices export was never as spicy as now, over Rs. 3,000 crore mark, a hopping 121 percent increase over the current fiscal target and that too within the first 11 months. During April-February 2006-07, spices export touched 3.11 lakh tonnes worth Rs. 3,020.60 crore, surpassing the target of 3.06 lakh tonnes valued at Rs. 2,500 crore for the current fiscal. Export increased by 6 percent in quantity and 44 percent in rupee value terms over the

same period of last fiscal. As compared to the set target, exports were higher by 102 percent in quantity terms, 121 percent over rupee value and 122 percent over dollar value.

In the spices basket, spice oils and oleoresins, including mint products, contributed the most with a 46 percent share in the total export earnings. Chilli was the second largest contributor with a share of 20 percent followed by pepper at 9 percent, cumin at 6 percent and turmeric at 5 percent.

Spices: Domestic Prices for the Week Ending 17.03.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (17.03.07)	Price (Rs/Kg) For the Week (10.03.07)	Last Month Same Week (Rs/Kg) (17.02.07)	Last Year Same Week (Rs/Kg) (18.03.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	117.63	118	123.20	71.67
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	321.41	325.05	313.42	211.60
Cardamom (Large)	Bada Dana	Gangtok	143.75	140	147.50	95
Chilli	Non -cold storage	Guntur	43.20	43	40	35.25
	Cold Storage	Guntur	-	-	-	33.75
Ginger	Best	Cochin	45	45	45	51.25
	Medium	Cochin	40	40	40	41.25
Turmeric	Alleppey finger (AFT)	Cochin	35	35	35	47.5
	Rajapuri	Mumbai	55.5	54.5	36.5 Chennai	26.75
	Duggirala	Mumbai	22.25	23.88	27.50 Chennai	26.75
Coriander	Indori 5%	Mumbai	27.25	27.25	40.5 Chennai	29.5

Cumin	1%	Mumbai	120	115	82.5 Chennai	60
	4%	Mumbai	110	100	97.5 Chennai	53.75
Clove		Cochin	320	320	320	285
		Nagarcoil	290	320	300	275

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 16.03.2007:

Spice	Origin/Grade	Market	Price For the Week (16.03.07) (US\$/KG)	Price For the Week (09.03.07) (US\$/KG)	Last Month (16.02.07) (US\$/KG)	Last Year Same Week (17.03.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	2.98	2.98	2.99	1.72
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	8.82	8.82
	Indian (AGEB)	Saudi Arabia	11.08	11.15	10.86	7.72
Chillies	Indian SANNM-4 (Stem less)	New York	2.98	2.64	2.64	1.61
Ginger	India Cochin	New York	1.87	1.87	1.87	2.54
	Chinese Peeled	New York	1.76	1.76	1.76	2.07
Turmeric	India Alleppey Finger	New York	1.78	1.78	1.78	-
Garlic	Chinese	New York	2.53	2.53	2.53	2.76
Coriander	Canada	New York	0.84	0.84	0.84	0.77
Cumin	Syrian	New York	2.56	2.56	2.47	1.76
	Indian	New York	2.6	2.6	2.47	1.81
Fennel	Indian (ASTA)	New York	1.98	1.98	1.98	1.74
	Egyptian	New York	1.65	1.65	1.65	1.61
Fenugreek	India/Turkey	New York	0.99	0.99	0.99	0.75
Clove	Mad/Zanz/Com/ Indo	New York	4.63	4.85	4.85	4.74
	Sri Lanka (Hand picked)	New York	9.37	9.37	9.37	7.17
Cinnamon	Ceylon H2 Cinnamon	New York	6.28	5.84	5.84	5.84

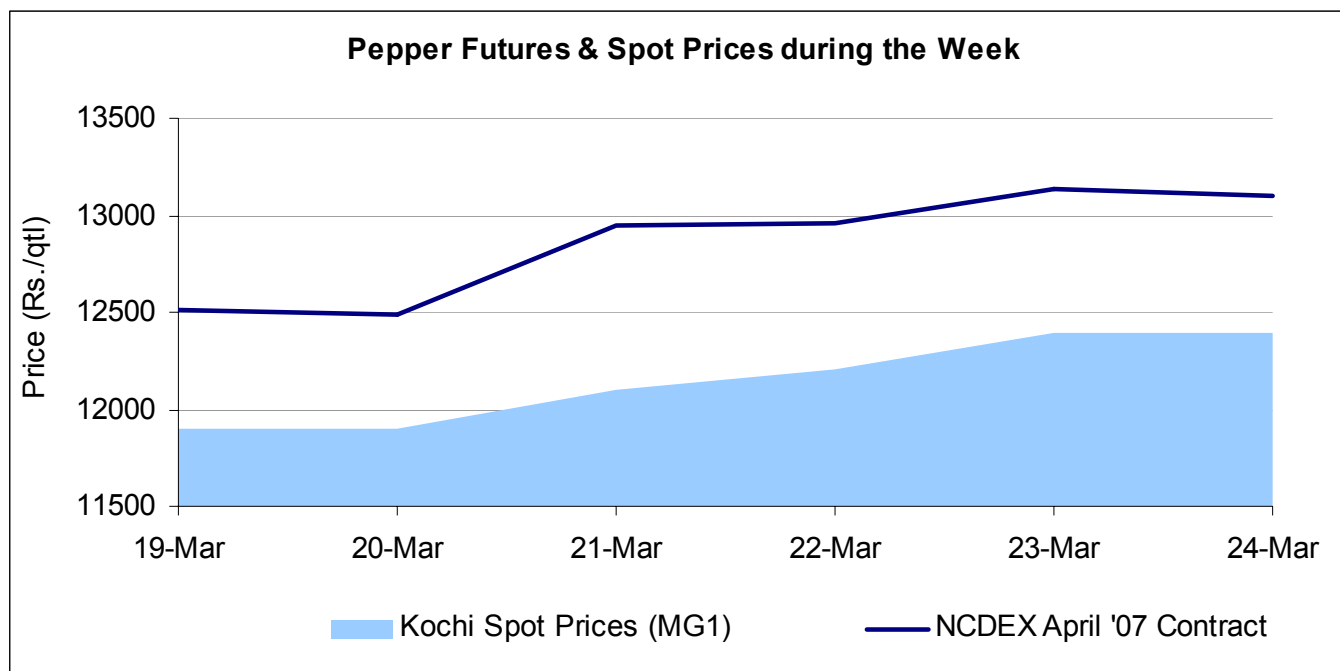
Source: Spices Board of India

Fundamental Analysis:

Pepper:

A Brief Weekly Analysis of Pepper Spot and Futures Trading

The graph below is showing the pepper prices (MG 1) in Kochi market and the near-month April contract prices in NCDEX. The near-month April contract continues to trade with a premium over the spot prices throughout the week. The spot price increased significantly during mid-week onwards to narrow the difference with the near-month futures. The April contract closed above the spot prices by Rs. 704 on Saturday.



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

Pepper	19/03/2007	20/03/2007	21/03/2007	22/03/2007	23/03/2007	24/03/2007
Ungarbled	11300	11300	11500	11600	11800	11800
Garbled	11900	11900	12100	12200	12400	12400

Domestic black pepper markets remain bullish during the week under review. It was quoted up by Rs. 100 per quintal at the start of the week and prices increased through the week to finish at a much higher level. Traders reported improved demand, both domestic as well as overseas as the supportive feature for the markets. At present all eyes are on Vietnam, where farmers are reported not in a hurry to sell their produce. Vietnam Pepper Association has already forecasted a 10-20 percent decline in its total production and 10 percent decline in its export volume. This has resulted in an upward push in global export prices of pepper recently. At the domestic front, pepper export has touched 25,500 tonnes worth Rs. 266.90 crore during April-February 2006-07 period, registering 128 percent rise in

quantity and 156 percent rise in rupee value over the annual target. The significant rise in pepper export is attributable to the WTO compatible subsidy that ended recently after touching the set limit of 20,000 tonnes.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	March 19-24	March 12-17
Golden Unpolished	128-138	122-127
No. 11.5	140-150	138-140
No. 12	150-160	148-150

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets witnessed a mixed trend during the week ending March 24, 2007. It was offered in a slightly higher price range in Nizamabad amidst improved offtake. However, in Erode prices eased on the back of increased arrivals in the markets. Andhra Pradesh Markfed has started procuring turmeric from markets in Nizamabad in order to support the farmers of this region. However, the quantum as well as price of turmeric to be procured by AP Markfed would have greater influence on determining the future trend in the markets. Meanwhile, turmeric exports during the April-February 2006-07 were higher in quantity as well as value terms over the same period of last fiscal. Turmeric contributed 5 percent of the total export earnings from spices that crossed Rs. 3000 crore mark during this period.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	March 19-24	March 12-17
Loose Finger	2000-2125	2000-2150
Loose Gattah	2000-2100	2000-2100

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	March 19-24	March 12-17
Finger	1900-2000	1800-1950
Gattah	1700-1800	1700-1825

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	March 19-24	March 12-17
Nizamabad Finger	2600-2700	2550-2700
Erode Finger Mini Selam	3100	3050-3100
Erode Single Polish Gattah	2650-2700	2550-2650
Selam Finger	4200-4300	4000-4300

Cumin (Jeera):

Domestic jeera markets remained bullish during the week under review. It was quoted in a higher price range in Unjha markets following higher offtake amidst steady arrivals throughout the week. Concerns of prevailing weather conditions over the major producing regions and its impact on the standing crop have supported the prices to a greater extent. Crop arrivals from the fresh harvest are expected to pick up further that may put more pressure on prices. However, production is estimated to have fallen this year owing to reduced acreage under the crop in Gujarat, where farmers shifted to other crops and unfavourable weather conditions in Rajasthan in recent time. Consequently, traders are

expecting significant decline in domestic production this year. Meanwhile, jeera exports have increased by 154 percent in quantity at 24,250 tonnes worth Rs. 185.80 crore, up 158 percent in value during April-February 2006-07.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	March 19-24	March 12-17
FAQ	2030-2160	2010-2140
Ganesh	2080-2210	2060-2190
M/c. Cleaned	2200-2300	2180-2265

Jeera Prices in Delhi Market

(Rs./kg)

Grade	March 19-24	March 12-17
Ganesh New	128-138	128-135
FAQ	125-134	125-131
M/c. Cleaned	130-147	130-140

Red Chillies:

Domestic red chillies markets witnessed a firm trend during the week that ended on March 24, 2007. It was offered in a higher price range in Guntur market as improved demand offset the higher arrival pressure. India's chilli export during April-February 2006-07 of current fiscal has increased by 9 percent to 1.12 lakh tonnes valued at Rs. 596.5 crore, up 65 percent over the same period of last fiscal. Export potential of Indian chillies has in turn minimized the bearish impact of 20 percent higher production estimates for this season. Report of crop failure in China, India's major competitor in chilli export, has increased the export opportunities for Indian chillies.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	March 19-24	March 12-17
LCA 334	4000-4700	4000-4700

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	March 19-24	March 12-17
Guntur Pala	5400-6400	6300-6400
Guntur Fullcut	7200-9000	8500-9000
Guntur Packing	5500-6000	5500-6000
Nagpur Pala	5000-5400	5000-5200
Nagpur Fullcut	6500-6800	6500-6700
Nagpur Packing	5500-5600	5500-5700

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a firm note and extended the advances further through the week. Increased buying interest has supported the futures throughout the week. NCDEX near-month April contract traded in the range of Rs. 12,392-13,275 during the week with higher volume during mid-week and declining open interest.

PRICE DRIVERS:

1. Improved demand in the physical markets
2. Negligible arrivals, no selling pressure
3. Overseas buyers are eyeing Vietnam crop
4. Vietnam pepper output to fall by 10-20 percent this year
5. India's export up 128 percent over fiscal target

OUTLOOK:

Short Term (One Week): Moderately firm on improved 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	12625	Support-2	12300
Resistance-1	13500	Resistance-2	13825
Strategy	Remain long or go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures witnessed a bullish trade during this week. Increased buying interest has supported the futures through the week and the near-month contracts tested fresh contract month highs at the weekend. NCDEX near-month April contract traded in the range of Rs. 12,050-12,660 during the week with declining volume as well as offtake.

PRICE DRIVERS:

1. Arrivals increasing in the markets
2. Estimations of lower acreage under jeera this year
3. Domestic production expected to be lower this year
4. Export up 154 percent during April-Feb 2006-07 of current fiscal

OUTLOOK:

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

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	12250	Support-2	12115
Resistance-1	12880	Resistance-2	13000
Strategy	Go long with caution		

Commodity: Turmeric

Turmeric futures started the week with a firm note and extended the advances further. Increased buying interest has supported the futures and the near-month contract reached a 4-month high towards weekend. NCDEX April contract traded in the range of Rs. 2,126-2,206 during the week with higher volume and declining open interest.

PRICE DRIVERS:

1. Comfortable stock; higher production estimates
2. Fresh crop arrivals increasing in markets
3. Improved domestic demand in the markets
4. AP Markfed started procuring turmeric from markets
5. Export in April-Feb 2006-07 crossed fiscal target

OUTLOOK:

Short Term (One Week): Steady amidst higher crop arrivals, AP Markfed purchase

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	2120	Support-2	2085
Resistance-1	2225	Resistance-2	2260
Strategy	Go short near resistance levels		

WEATHER WATCH

Forecast for next 5 days

Model predictions suggest that most parts of the country are likely to experience mainly dry weather during next 3-4 days except over J&K where isolated rain/snowfall is expected during 26-27 March due to a weak western disturbance.

Numerical weather prediction models suggest that the prevailing northwesterly winds at lower tropospheric levels are likely to continue over Indo-Gangetic plains during next 2-3 days.

Predictions suggest that both the day and night temperatures are likely to increase by about 2-3 degree C over Indo-Gangetic plains, northwest and central India during next 2-3 days.

Zone-wise weather forecast

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

Isolated rain/snowfall is likely over J&K during 26 -27 March, 07.

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

Mainly dry weather is likely over the region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region during next 2-3 days.

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

Isolated rain/thundershowers are likely over south Tamil Nadu, coastal Karnataka, and Kerala.

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

Mainly dry weather is likely over the region.

Source: NCMRWF, GOI

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