

SPICES

March 05-10, 2007

Overview:

- Domestic Pepper Markets Remained Quiet During Week
- Domestic Jeera Markets Extended Advances During Week
- Domestic Red Chillies, Turmeric Traded Bearish During Week

IPC: Vietnam Dominated Pepper Export in 2006

According to a latest report by the International Pepper Community (IPC), Vietnam continue to dominate world pepper production and export in 2006 comprising 47 percent of the total share in pepper exports. Vietnam has also strengthened its position as the biggest producers and supplier of pepper for the last five years. Vietnam has exported around 116,670 mt of pepper, an increase of 21 percent from last year.

During 2006 global pepper export was mainly dominated by black pepper with a share of 88 percent, while white pepper constitutes the rest 12 percent.

Among the major pepper exporting countries, Brazil was the second largest exporter with a share of 17 percent in global pepper export, followed by Indonesia with 13 percent share. India contributed 10 percent of the global pepper export, followed by Malaysia with 7 percent and Sri Lanka with 3 percent share.

The report mentioned that the estimated total world pepper export in 2006 increased by 13 percent from 221,100 mt in 2005 to 248,800 mt in 2006. This was attributed to substantial increase in export from Vietnam, India and Brazil. Export from Malaysia also increased marginally, while export from Indonesia, Sri Lanka and others were reported to have decreased.

Spices: Domestic Prices for the Week Ending 03.03.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (03.03.07)	Price (Rs/Kg) For the Week (24.02.07)	Last Month Same Week (Rs/Kg) (03.02.07)	Last Year Same Week (Rs/Kg) (04.03.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	120.83	122.5	123.6	74
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	317.85	344.98	343.54	215.71
Cardamom (Large)	Bada Dana	Gangtok	-	138.75	126.25	95
Chilli	Non -cold storage	Guntur	38.2	39	53	30.8
	Cold Storage	Guntur	-	-	-	29
Ginger	Best	Cochin	45	45	47	53.75
	Medium	Cochin	40	40	40	43.75
Turmeric	Alleppey finger (AFT)	Cochin	35	35	40	47.5
	Rajapuri	Mumbai	54.5	39	35	53.5
	Duggirala	Mumbai	23.88	29	23.38	25.75

Coriander	Indori 5%	Mumbai	27.75	38 Chennai	27.75	22.25
Cumin	1%	Mumbai	112.5	112.5 Chennai	90.5	61.25
	4%	Mumbai	100	117.5 Chennai	85.63	55.63
Clove		Cochin,	320	320	320	251.42
		Nagarcoil	300	300	300	270

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 03.03.2007:

Spice	Origin/Grade	Market	Price For the Week (03.03.07) (US\$/KG)	Price For the Week (23.02.07) (US\$/KG)	Last Month (26.01.07) (US\$/KG)	Last Year Same Week (24.02.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	2.99	2.99	2.96	1.72
Cardamom (Small)	Guatemala Mixed Green	New York	8.2	8.2	8.82	2.87
	Indian (AGEB)	Saudi Arabia	11.2	11.21	10.96	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	2.56	2.47	1.81
	Indian	New York	2.6	2.6	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	4.85	4.85
	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

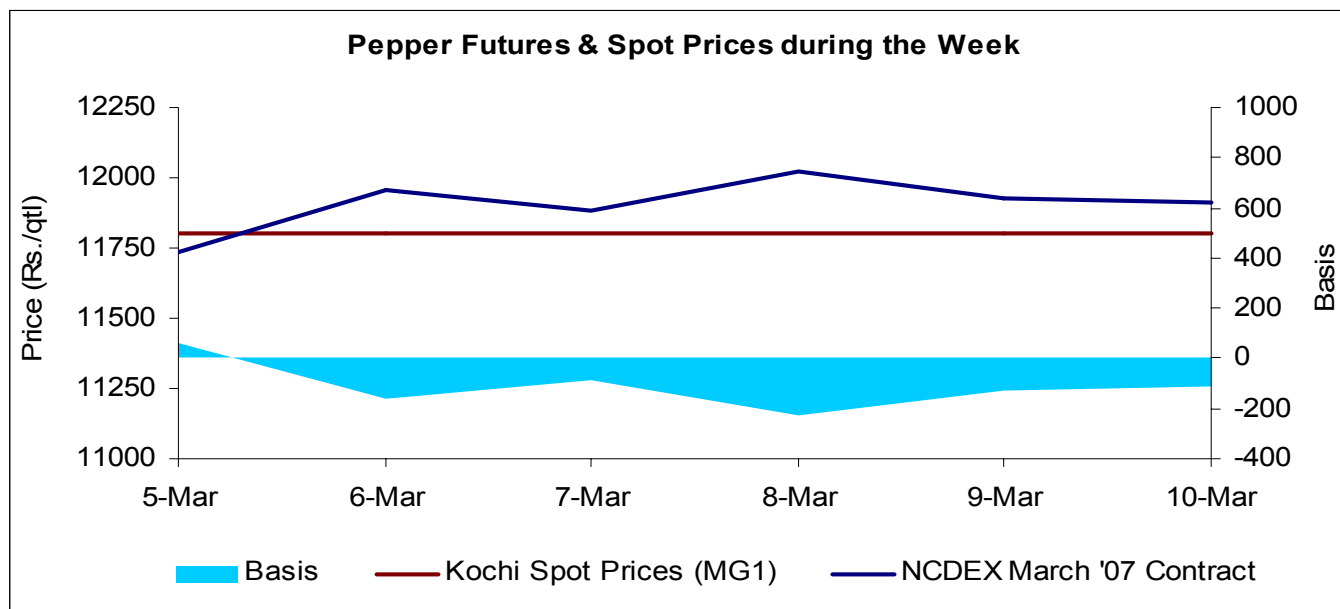
Source: Spices Board of India

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 near-month March contract prices in NCDEX. The near-month March contract trade with a premium over the spot prices after early week backwardation. The spot price remained steady throughout the week. The March contract closed above the spot prices by Rs. 109 on Saturday.



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

Pepper	05/03/2007	06/03/2007	07/03/2007	08/03/2007	09/03/2007	10/03/2007
Ungarbled	11200	11200	11200	11200	11200	11200
Garbled	11800	11800	11800	11800	11800	11800

Domestic black pepper markets remained quiet during the week under review. It was offered at a lower price at the beginning of the week and maintained the level thereafter on lacklustre trading activities. There was no significant development in its fundamental aspects. Demand, both domestic as well as overseas, was not at par expectations in the markets. However, selling pressure was also absent from the markets that supported the prices. Overseas buyers are eyeing the Vietnam crop that would hit the market most likely during late March to early April. Vietnam growers are in no hurry to sell their produce at present as was seen in the past year. According to a latest report by the International Pepper Community (IPC), Vietnam continue to dominate world pepper production and export in 2006 comprising 47 percent of the total share in pepper exports. Vietnam has also strengthened its position as the biggest producers and supplier of pepper for the last five years. Among the major pepper exporting countries, Brazil was the second largest exporter with a share of 17 percent in global pepper export, followed by Indonesia with 13

percent share. India contributed 10 percent of the global pepper export, followed by Malaysia with 7 percent and Sri Lanka with 3 percent share. The report mentioned that the estimated total world pepper export in 2006 increased by 13 percent from 221,100 mt in 2005 to 248,800 mt in 2006. This was attributed to substantial increase in export from Vietnam, India and Brazil. Export from Malaysia also increased marginally, while export from Indonesia, Sri Lanka and others were reported to have decreased.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	March 05-10	Feb 26-March 03
Golden Unpolished	120-128	125-126
No. 11.5	140-145	150
No. 12	150-155	NA

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets witnessed mostly steady to slightly bearish trend during the week ending 10th March 2007. It was offered in a narrow price range in Nizamabad as arrivals as well as offtake remained steady during the week. In Erode, it was quoted lower as arrivals gradually increased during the week. Arrivals are likely to increase further in the coming week and consequently may add to the bearishness. Traders are reported limited demand that was the only supportive feature in the markets. With a higher production estimate for this season, turmeric prices are likely to remain bearish in the coming week.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	March 05-10	Feb 26-March 03
Loose Finger	1950-2100	2050-2200
Loose Gattah	1950-2100	2000-2150

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	March 05-10	Feb 26-March 03
Finger	1850-1950	1875-2000
Gattah	1750-1825	1775-1850

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	March 05-10	Feb 26-March 03
Nizamabad finger	2550-2600	NA
E.Finger mini Selam	3050-3100	NA
E. Single polish Gattah	2550-2600	NA
E. Double polish Gattah	2250-2300	NA

Cumin (Jeera):

Domestic jeera markets witnessed a firm trend during the week under review. It was offered at a higher price range in Unjha markets as improved offtake has offset the increasing arrival pressure. Forecast of adverse weather conditions over the producing regions, particularly in Rajasthan has supported the firm prices throughout the week. Crop arrivals from the fresh harvest are expected to pick up further during coming few weeks that may put some pressure on prices. However, production is estimated to have fallen this year owing to reduced acreage under the crop and unfavourable weather conditions. Consequently, traders are expecting significant decline in domestic production this year. Amid such circumstances, domestic jeera prices are expected to maintain the firmness in near future on its strong fundamentals.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	March 05-10	Feb 26-March 03
FAQ	1900-2115	1880-1990
Ganesh	1960-2165	1940-2050
M/c. Cleaned	2060-2240	2060-2130

Jeera Prices in Delhi Market

(Rs./kg)

Grade	March 05-10	Feb 26-March 03
Ganesh New	120-135	112-118
FAQ	115-125	110-115
M/c. Cleaned	125-140	118-125

Red Chillies:

Domestic red chillies markets remained on an average bearish during the week ending 10th March 2007. It was offered at a higher price range during the first half of this week on reduced arrivals amidst higher offtake. However, huge inflow of fresh crop during the mid-week has turned the situation and prices declined during the later half of this week. 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, red chilli prices are likely to remain bearish in near future.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	March 05-10	Feb 26-March 03
Loose (Good quality)	4000-4800	4000-4600

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	March 05-10	Feb 26-March 03
Guntur Pala	NA	5300-5400
Guntur Fullcut	NA	6000-6200
Guntur Packing	NA	6500-6800
Nagpur Pala	NA	4500-5000
Nagpur Fullcut	NA	5500-6000
Nagpur Packing	NA	4500-5500

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a bearish note and witnessed huge sell off on Monday. However, moderate buying interest at the lower price levels has supported the futures and the futures traded on an average rangebound at the lower side for the rest of this week. NCDEX April contract traded in the range of Rs. 11,985-12,720 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

1. Lacklustre trading activities in the physical markets
2. Negligible arrivals, no selling pressure
3. Overseas buyers are eyeing Vietnam crop
4. Vietnam crop expected during late March to early April

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	11900	Support-2	11700
Resistance-1	12580	Resistance-2	12800
Strategy	Go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures started the week with a bullish note and traded upwards for the rest of the week. Increased buying interest has supported the futures throughout the week and the active April contract in NCDEX tested fresh contract month highs towards the weekend. NCDEX April contract traded in the range of Rs. 11,151-12,409 during the week with higher volume as well as 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): Moderately firm on weather concerns

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	11850	Support-2	11560
Resistance-1	12660	Resistance-2	12925
Strategy	Remain long with caution		

Commodity: Turmeric

Turmeric futures started the week with a bearish note and registered significant losses on Monday. The futures extended the weakness further to test this week's low on Tuesday. Moderate buying interest at the lower price levels has supported the futures thereafter and the futures curbed some of the early losses only to finish the week at a lower price level. NCDEX April contract traded in the range of Rs. 2,018-2,075 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 domestic demand in the markets

OUTLOOK:

Short Term (One Week): Slightly weak amidst 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	2015	Support-2	2000
Resistance-1	2080	Resistance-2	2095
Strategy	Go short near resistance levels		

WEATHER WATCH

WEATHER FORECAST FOR NEXT 5 DAYS:

NCMRWF model predictions suggest that a western disturbance and associated induced cyclonic circulation are likely to affect northwest India on 12 & 13th March, 07. Under its influence fairly widespread to widespread precipitation is likely hilly regions and plains of northwest India (Punjab, Haryana, Rajasthan and Uttar Pradesh during next 48 hrs.

Under the influence of the above western disturbance scattered to fairly widespread rainfall/thundershower is likely over East India and north parts of Central India on 12th & 13th March, 07.

Isolated heavy falls also likely over Western Himalayan Region and isolated hail/squall over the adjoining plains including U.P. and Bihar during 12th and 13th March, 07.

ZONE-WISE WEATHER FORECAST:

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

Fairly widespread to widespread rainfall/snowfall with isolated heavy falls is likely over J&K, H.P., and Uttaranchal during next 12-13 March, 07. Scattered to fairly widespread thundershower/rain is likely over rest of the region during the period.

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

Scattered rain is likely over East UP, Bihar, West Bengal, Orissa during 12-13 and NE States during 13-14 March, 2007.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Scattered rainfall/thundershower is likely over Madhya Pradesh and Chhattisgarh during 12-13 March.

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

Isolated rain/thundershowers are likely over South Kerala and south Tamil Nadu during next 48 hours. Mainly dry weather is likely over the rest region.

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

Rain/thundershowers at many places with isolated hail/squall are likely over Rajasthan during next 24 hours and decrease thereafter. Isolated light rain/thundershower is also likely over Gujarat during next 24 hrs. Mainly dry weather is likely over the rest region.

Source: NCMRWF, GOI

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