

## SPICES

April 02-07, 2007

### Overview:

- Black Pepper, Chilli, Jeera Traded Firm during Week
- Turmeric Markets Remained Mostly Quiet during Week
- IPC: Pepper Import in Singapore Up 23 Percent on Year

### IPC: Pepper Import in Singapore Up 23% Y-o-Y

According to a latest report by International Pepper Community (IPC), import of pepper into Singapore has increased by 23 per cent to 15,702 tons in 2006 over the 2005 figure of 12,782 tons. Out of the total pepper import, Singapore imported 8,457 tons of black and 7,245 tons of white pepper in 2006. Black pepper import has increased by 2,518 tons, while that of white pepper increased by 402 tons only. Vietnam

was the largest supplier of black pepper to Singapore, accounting for 4,657 tons or 55 percent of total black pepper import in 2006. On the other hand white pepper import into Singapore was mainly from Indonesia, constituting 4,775 tons of white pepper or 66 percent of total white pepper import. China supplied 1,200 tons of white pepper in 2006, significantly higher than 108 tons in 2005, the report added.

### Spices: Domestic Prices for the Week Ending 31.03.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 31.03.07)	Price (Rs/Kg) For the Week ( 24.03.07)	Last Month Same Week (Rs/Kg) (03.03.07)	Last Year Same Week (Rs/Kg) ( 01.04.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	130.33	121.5	120.83	71.17
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmettu	379.58	315.25	317.85	195.58
Cardamom (Large)	Bada Dana	Gangtok	137.5	138.75	138.75	100
Chilli	Non -cold storage	Guntur	43	43	38.2	35
Ginger	Best	Cochin	46	45	45	47
	Medium	Cochin	42.5	40	40	37
Turmeric	Alleppey finger (AFT)	Cochin	24	35	35	47.5
	Rajapuri	Mumbai	55.5	55.5	54.5	51.5
	Duggirala	Mumbai	24.5	23.63	23.88	26.75
Coriander	Indori 5%	Mumbai	30.25	28.25	27.75	28.75
Cumin	1%	Mumbai	122.5	122.5	112.5	60
	4%	Mumbai	110	108.75	100	53.75
Clove		Cochin	270	295	320	285
		Nagarcoil	270	290	300	280

Source: Spices Board of India

## Spices: International Spot Prices for the Week Ending 30.03.2007:

Spice	Origin/Grade	Market	Price For the Week (30.03.07) (US\$/KG)	Price For the Week (23.03.07) (US\$/KG)	Last Month (03.03.07) (US\$/KG)	Last Year Same Week (24.03.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	3.2	2.98	2.99	1.72
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	8.2	8.82
	Indian (AGEB)	Saudi Arabia	12.55	11.46	11.2	7.72
Chillies	Indian SANNM-4 (Stem less)	New York	3.31	3.31	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	2.47	2.53	2.53	2.76
Coriander	Canada	New York	0.84	0.84	0.84	0.77
Cumin	Syrian	New York	2.6	2.6	2.56	1.76
	Indian	New York	2.6	2.6	2.6	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	4.52	4.52	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	6.28	5.84	5.84

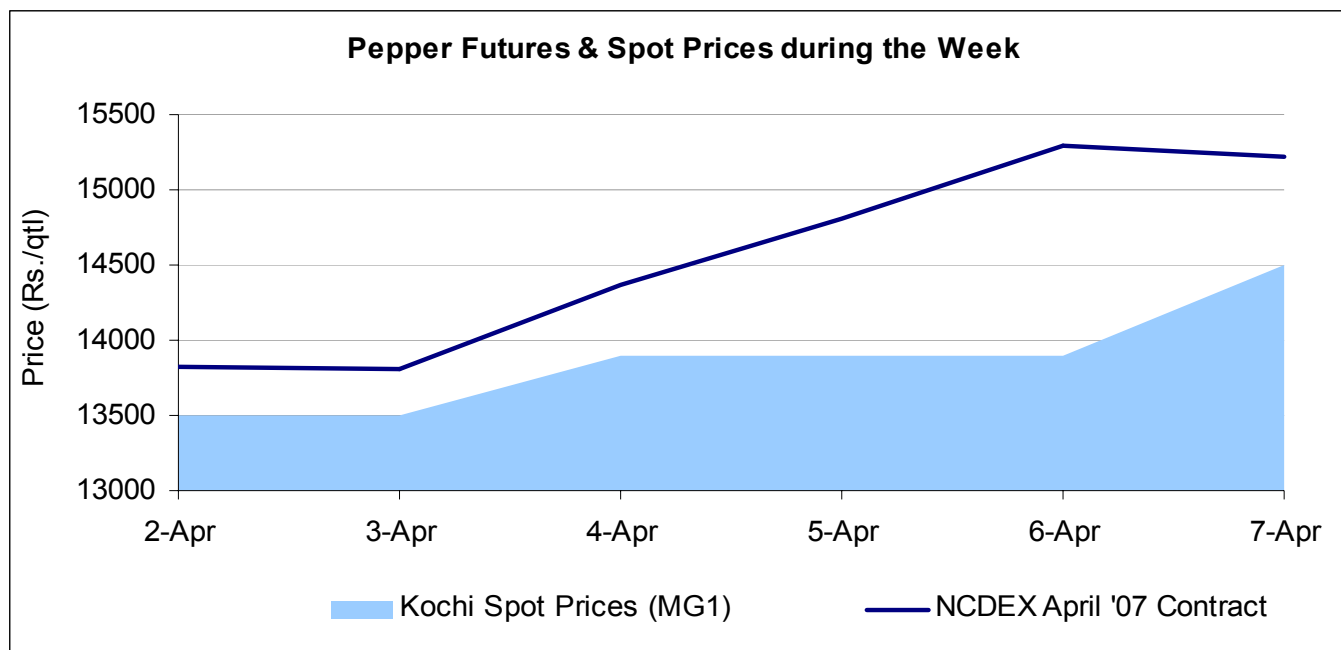
Source: Spices Board of India

## 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 futures price increased significantly during the mid-week to narrow the difference with the spot prices. The April contract closed above the spot prices by Rs. 723 on Saturday.



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

Pepper	02/04/2007	03/04/2007	04/04/2007	05/04/2007	06/04/2007	07/04/2007
Ungarbled	12900	12900	13300	13300	Closed	13900
Garbled	13500	13500	13900	13900	Closed	14500

Domestic black pepper markets continue to remain firm during the week under review. It was quoted higher by Rs. 200 per quintal at the very beginning of this week and extended the advances further to finish the week with significant gains. Apart from tight domestic supply situation, recent trend in global pepper markets in general and Vietnam in particular can be attributed to the sharp rise in domestic quotes. Vietnam's harvest is at its peak, yet no sign of selling pressure was visible. The cost of raw materials is reported higher and farmers in no hurry to sell their produce at any price lower than their expectations. However, buyers preferred to wait and watch for the prices to cool down. A recent statement by the Chairman of Brazilian Pepper Exporters Association that pepper prices may possibly rise up to USD 5,000, also added to the spiraling prices. The firmness in

global pepper prices have added to the bullish trend in domestic markets as well. Demand continues to remain good, while arrivals were nowhere near the last year levels. Black pepper markets are expected to maintain the firmness in the coming week.

#### Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	April 02-07	March 26-31
Golden Unpolished	148-158	140-146
No. 11.5	165-180	150-170
No. 12	170-185	160-175

Note: Prices are in Rs. per Kg.

### Turmeric:

Domestic turmeric markets remained quiet during the week ending March 07, 2007. It was offered in an unchanged price range in Nizamabad owing to steady arrivals as well as offtake. Erode markets remained closed on week-long holidays. There were no significant changes in its fundamental side in the recent time apart from the direct purchase by Andhra Pradesh Markfed, reportedly at a higher price range. This has provided some element of stability in the markets, though the impact is already factored in. With higher production estimates and likely increase in arrivals in the coming week once the markets resumes normal operations, turmeric prices are expected to witness some weakness.

#### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	April 02-07	March 26-31
Loose Finger	Closed	2050-2200
Loose Gattah	Closed	2050-2175

#### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	April 02-07	March 26-31
Finger	1900-2000	1900-2000
Gattah	1800-1875	1700-1850

#### Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	April 02-07	March 26-31
Nizamabad Finger	2700-2750	2600-2750
Erode Finger Mini Selam	3000-3250	3100-3250
Erode Single Polish Gattah	2900	2750-2900
Selam Finger	4500-4600	4400-4600

### Cumin (Jeera):

Domestic jeera markets remained firm during the week under review. It was offered in a higher price range at the beginning of the week after the markets resume operations following the last week's holidays. Demand was reported higher during the week, while arrivals were mostly stagnant. Moreover, concerns of crop output in this year continue to remain as the supportive feature for the markets. Production is projected lower this year owing to lower acreage in Gujarat and adverse weather conditions in Rajasthan. 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 markets are expected to maintain the recent firmness in the coming week.

#### Jeera Prices in Unjha Market

(Rs./20kg)

Grade	April 02-07	March 26-31
FAQ	2300-2390	-
Ganesh	2500-2650	-
M/c. Cleaned	2600-2750	-

#### Jeera Prices in Delhi Market

(Rs./kg)

Grade	April 02-07	March 26-31
Ganesh New	145-147	138-147
FAQ	140-148	133-142
M/c. Cleaned	145-150	142-150

### Red Chillies:

Domestic red chillies markets witnessed a firm trend during the week ending March 07, 2007. It was offered in a higher price range amidst improved demand. Arrivals were reported higher as compared to previous week, but failed to dampen the prices as demand continue to offset the supply pressure. Traders reported presence of overseas demand as the major supportive feature for the prices. 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. Amidst such circumstances, chilli markets are expected to remain firm in the coming week.

#### Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	April 02-07	March 26-31
LCA 334	4300-5100	4000-4800

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

#### Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	April 02-07	March 26-31
Guntur Pala	NA	6500
Guntur Fullcut	NA	9000
Guntur Packing	NA	6800
Nagpur Pala	NA	6300
Nagpur Fullcut	NA	NA
Nagpur Packing	NA	6500

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures traded rangebound at the start of this week under review. However, increased buying interest at the lower price levels supported the futures thereafter and the futures rallied sharply to test this week's high at the weekend. MCX May contract traded in the range of Rs. 13,700-15,270 during the week with thin volume and declining open interest. NCDEX May contract traded in the range of Rs. 14,230-15,947 during the week with higher volume and increasing open interest.

#### PRICE DRIVERS:

1. Higher domestic demand, no selling pressure
2. Vietnam's crop to decline by 10-20 percent
3. Vietnam's farmers holding back their produce
4. International prices on an upward trend

#### OUTLOOK:

**Short Term (One Week):** 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 May Contract			
Support-1	14920	Support-2	14700
Resistance-1	16300	Resistance-2	16500
Strategy	Book profits; hold long with caution		

### Commodity: Jeera (Cumin)

Jeera futures started the week with a bearish note and tested this week's low early in the week. The futures traded sharply upwards thereafter on increased buying interest and rallied to week's high at the weekend. MCX May contract traded in the range of Rs. 12,150-13,429 during the week with lower volume and increasing open interest. NCDEX May contract traded in the range of Rs. 13,141-14,098 during the week with increasing volume and mostly steady open interest.

#### PRICE DRIVERS:

1. Lower production estimates for the year
2. Concerns of crop damage in Rajasthan
3. Export up 154 percent during April-Feb 2006-07

#### OUTLOOK:

**Short Term (One Week):** 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 May Contract			
Support-1	13475	Support-2	13195
Resistance-1	14450	Resistance-2	14700
Strategy	Book profits; go long at corrective dips		

### Commodity: Turmeric

Turmeric futures registered sharp losses at the beginning of this week under review. Increased buying interest at the lower price levels supported the futures thereafter and the futures recovered some of the early losses during the later half of this week. NCDEX May contract traded in the range of Rs. 2,206-2,360 during the week with increasing volume as well as open interest.

#### PRICE DRIVERS:

1. Improved domestic demand
2. AP Markfed procuring, reportedly at a higher price
3. India's export in April-Feb 2006-07 crossed fiscal target
4. Markets remained mostly closed during week

#### OUTLOOK:

**Short Term (One Week):** Weaken on increasing arrivals, lacklustre trade

**Medium Term (One Month):** Rangebound as arrivals expected to reach maximum levels

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

NCDEX Turmeric May Contract			
Support-1	2240	Support-2	2205
Resistance-1	2350	Resistance-2	2380
Strategy	Go short near resistance levels		

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## WEATHER WATCH:

### Forecast for next 5 days

Yesterday's low pressure area over SW Bay of Bengal lies as an upper air cyclonic circulation (CYCIR) near Sri Lanka at present. Models predictions suggest that there is possibility of moving this CYCIR in a westward direction. Under its influence, fairly widespread rain is likely over south Tamil Nadu, Kerala and Lakshadweep during next 24-48 Hrs.

Moderate to rather heavy rain/thundershowers occurred at many places over northeastern States during past 24 hours. Model predictions suggest that the ongoing rainfall activities over NE states are likely to continue during next 24-48 Hrs. and reduce thereafter.

Model predictions suggest that the both the day and night temperatures are likely to rise gradually during next 4-5 days.

### Zone-wise weather forecast

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

Mainly dry weather is likely over the region.

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

Fairly widespread rain/thundershowers are likely over NE states during next 24-36 Hrs. and reduce thereafter.

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

Mainly dry weather is likely over the region during next 3-4 days.

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

Fairly widespread rain/thundershowers are likely over south Tamil Nadu, Kerala and Lakshadweep during next 24-48 Hrs. Mainly dry weather is likely over the rest of the region.

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

Mainly dry weather is likely over the region.

Source: NCMRWF, GOI

### Disclaimer

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