

SPICES

March 26-31, 2007

Overview:

- Spices Markets Remain Firm during the Week
- IPC: Black Pepper Market Shows Increasing Trend

IPC: Black Pepper Market Shows Increasing Trend

According to a latest report released by International Pepper Community (IPC), black pepper markets have shown an increasing trend in the recent week. IPC mentioned that Vietnam is now in the peak of harvesting season and driving the global markets. Trading is very active at HCMC as demand overwhelms supplies of new crop. It is also reported that given the situation of good coffee return, farmers are not willing to eagerly sell materials unless prices meet their expectations. Available stocks are absorbed quickly and price increases daily.

The report also mentioned that in India prices moved up steadily. Activity at the commodity exchanges was brisk particularly for April and May contracts.

Stocks are reported to be limited in Sarawak and new materials are only likely to arrive in May/June. At Kuching, prices increased for both local as well as FOB. Market was quiet in Lampung as available material was very limited. Crop size in July/August is encouraging but it would depend on the weather conditions in the next few months ahead. Producers' prices during the week increased by 3 percent, the report added. It is also reported that Brazil is not a factor, as inventories are held in strong hand. FOB price was reported at USD 2,650/mt for April shipment.

Spices: Domestic Prices for the Week Ending 24.03.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (24.03.07)	Price (Rs/Kg) For the Week (17.03.07)	Last Month Same Week (Rs/Kg) (24.02.07)	Last Year Same Week (Rs/Kg) (25.03.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	121.5	117.67	122.5	70.8
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	315.25	321.41	344.98	196.71
Cardamom (Large)	Bada Dana	Gangtok	138.75	143.75	138.75	95
Chilli	Non -cold storage	Guntur	43	43	39	35.4
	Cold Storage	Guntur	-	-	-	33.6
Ginger	Best	Cochin	45	45	45	48.5
	Medium	Cochin	40	40	40	38.8
Turmeric	Alleppey finger (AFT)	Cochin	35	35	35	47.5
	Rajapuri	Mumbai	55.5	55.5	39 Chennai	51.5
	Duggirala	Mumbai	23.63	22.25	29 Chennai	26.75
Coriander	Indori 5%	Mumbai	28.25	27.25	38 Chennai	28.75

Cumin	1%	Mumbai	122.5	120	112.5 Chennai	60
	4%	Mumbai	108.75	110	117.5 Chennai	53.75
Clove		Cochin	295	320	320	285
		Nagarcoil	290	290	300	275

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 23.03.2007:

Spice	Origin/Grade	Market	Price For the Week (23.03.07) (US\$/KG)	Price For the Week (16.03.07) (US\$/KG)	Last Month (23.02.07) (US\$/KG)	Last Year Same Week (24.03.06) (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	11.46	11.08	11.21	7.72
Chillies	Indian SANNM-4 (Stem less)	New York	3.31	2.98	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	2.6	2.56	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	4.63	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

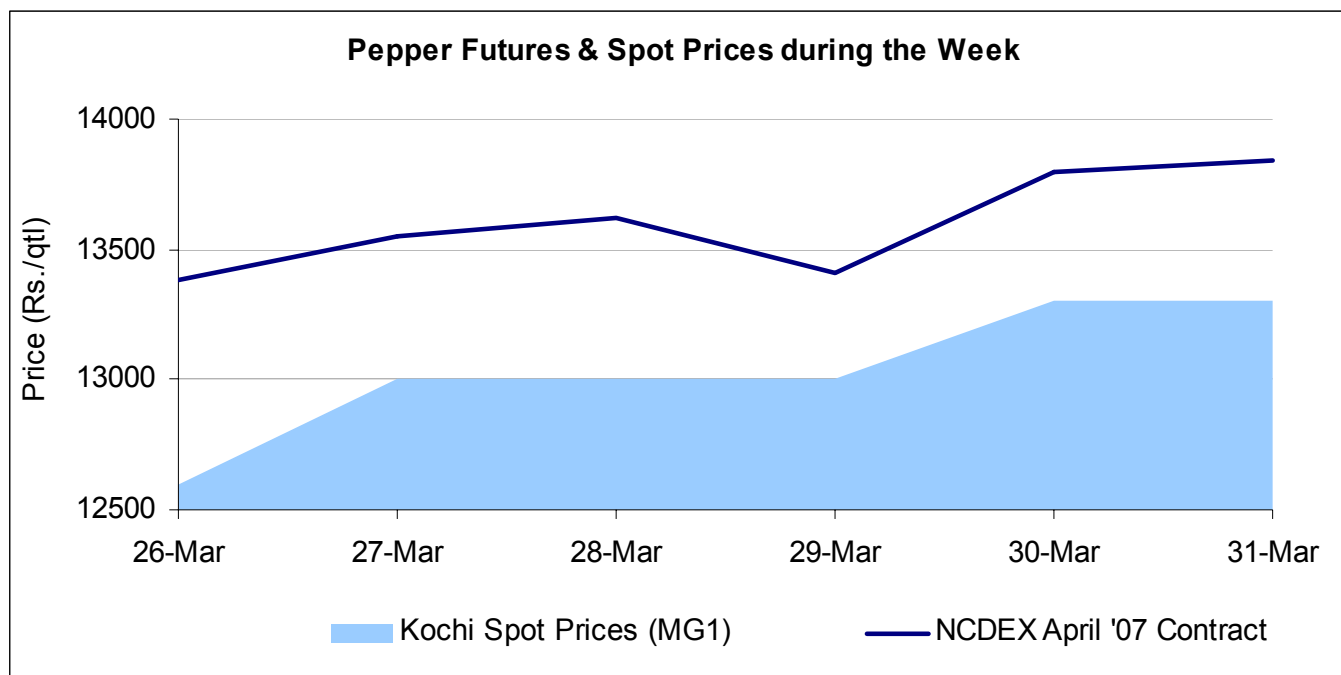
Source: Spices Board of India

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 spot price increased significantly during weekend to narrow the difference with the near-month futures. The April contract closed above the spot prices by Rs. 545 on Saturday.



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

Pepper	26/03/2007	27/03/2007	28/03/2007	29/03/2007	30/03/2007	31/03/2007
Ungarbled	12000	12400	12400	12400	12700	12700
Garbled	12600	13000	13000	13000	13300	13300

Domestic black pepper markets firmed up once again during the week under review. It was offered higher by Rs. 200 per quintal at the beginning of this week and extended the advances further to finish the week at a higher level. Domestic demand situation continues to remain supportive for the prices. Globally, pepper traders are eyeing the situation in Vietnam, where farmers are reportedly holding back their produce on anticipation of higher prices ahead adding to the global supply concerns. Vietnam is likely to come out with a 10-20 percent lower crop this year resulting in lowering its export volume. Consequently, global export prices are on an uptrend recently. At the domestic front, pepper export has touched 25,500 tonnes worth Rs. 266.90 crore during April-February 2006-07, registering 128 percent rise

in quantity and 156 percent rise in rupee value over the annual target. Domestic production is estimated to have fallen this year. Black pepper markets are expected to remain bullish in the coming week.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	March 26-31	March 19-24
Golden Unpolished	140-146	128-138
No. 11.5	150-170	140-150
No. 12	160-175	150-160

Note: Prices are in Rs. per Kg.

Turmeric:

Domestic turmeric markets witnessed a firm trend during the week starting March 24, 2007. It was quoted in a higher price range in Nizamabad as well as Erode markets owing to improved buying support ahead of the long weekend holidays. Though, arrivals were at higher side, traders reported improved demand as the major supportive factor for the recent firmness in turmeric prices. Andhra Pradesh Markfed is procuring turmeric from the markets reportedly at a higher price in order to support the farmers. This in turn has provided some element of stability in the markets. Export story remain bright so far as it was higher in quantity as well as value terms during April-February 2006-07 over the same period of last fiscal. Amid such circumstances, turmeric is likely to trade firm in the coming week.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	March 26-31	March 19-24
Loose Finger	2050-2200	2000-2125
Loose Gattah	2050-2175	2000-2100

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	March 26-31	March 19-24
Finger	1900-2000	1900-2000
Gattah	1700-1850	1700-1800

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	March 26-31	March 19-24
Nizamabad Finger	2600-2750	2600-2700
Erode Finger Mini Selam	3100-3250	3100
Erode Single Polish Gattah	2750-2900	2650-2700
Selam Finger	4400-4600	4200-4300

Cumin (Jeera):

Domestic jeera markets witnessed a firm trend during the week under review. It was offered at an unchanged price range at the start of this week, but improved thereafter on reduced arrivals ahead of the long weekend holidays. Trading took place only for a couple of days as the markets remained closed ahead of financial year endings. Concerns of the output this year after the recent adverse weather conditions over the major producing regions continue to remain as a major 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. Amidst such circumstances, jeera markets are likely to remain slightly firm in the coming week.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	March 26-31	March 19-24
FAQ	2110-2200	2030-2160
Ganesh	2160-2250	2080-2210
M/c. Cleaned	2280-2340	2200-2300

Jeera Prices in Delhi Market

(Rs./kg)

Grade	March 26-31	March 19-24
Ganesh New	138-147	128-138
FAQ	133-142	125-134
M/c. Cleaned	142-150	130-147

Red Chillies:

Domestic red chillies markets remained bullish during the week starting March 26, 2007. However, trading took place only for a couple of days as markets remained closed ahead of financial year endings. The firmness in chilli prices are attributed to improved demand, both domestic as well as overseas offsetting increasing 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. Chilli markets are expected to remain mostly steady in the coming week as arrivals are likely to pick up further.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	March 26-31	March 19-24
LCA 334	4000-4800	4000-4700

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

Red Chillies Prices in Delhi Market

(Rs./qtl)

Grade	March 26-31	March 19-24
Guntur Pala	6500	5400-6400
Guntur Fullcut	9000	7200-9000
Guntur Packing	6800	5500-6000
Nagpur Pala	6300	5000-5400
Nagpur Fullcut	NA	6500-6800
Nagpur Packing	6500	5500-5600

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures witnessed a bullish trend during the week under review. The futures rallied from Monday's low to weekend's high despite some mid-week profit taking. MCX May contract traded in the range of Rs. 12,747-13,900 during the week with higher volume and declining open interest. NCDEX May contract traded in the range of Rs. 13,261-14,469 during the week with higher volume as well as open interest.

PRICE DRIVERS:

1. Improved domestic demand
2. Arrivals yet to pick up, no selling pressure
3. India's export up 128 percent over fiscal target
4. Vietnam's crop to decline by 10-20 percent
5. Vietnam's farmers holding back their produce

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	14000	Support-2	13770
Resistance-1	14750	Resistance-2	15000
Strategy	Remain long or go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures started the week at a lower level and tested this week's low on Monday. However, the futures improved thereafter on increased buying support. Some profit taking was witnessed at higher price levels and the futures traded within a narrow range during the weekend. MCX May contract traded in the range of Rs. 11,775-12,798 during the week with declining volume and increasing open interest. NCDEX May contract traded in the range of Rs. 12,736-13,461 during the week with mostly steady volume as well as 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): 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 May Contract

Support-1	13025	Support-2	12825
Resistance-1	13660	Resistance-2	13840
Strategy	Book profits; go long at corrective dips		

Commodity: Chilli

Chilli futures surged up at the start of this week and extended the advances further. Despite profit taking at higher price levels, the futures tested this week's high at the weekend. NCDEX most-active June contract traded in the range of Rs. 5,237-5,769 during the week with higher volume and declining open interest.

PRICE DRIVERS:

1. Higher domestic as well as overseas demand
2. Report of crop failure in China this year
3. Export up 9 percent in April-Feb 2006-07

OUTLOOK:

Short Term (One Week): Steady amidst improved demand, increasing arrivals

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

Long Term (Three Months): Moderately bearish on higher crop size

NCDEX Chilli June Contract

Support-1	5450	Support-2	5300
Resistance-1	5825	Resistance-2	5970
Strategy	Go short near resistance levels		

WEATHER WATCH:

Forecast for next 5 days

Light to moderate rain/thundershowers have occurred at a few places over northeastern States and Sub-Himalayan West Bengal & Sikkim during past 24 hrs. Chief amounts of rainfall (in cm): North Lakhimpur-6, Dibrugarh-5, Tadong-4, Passighat-3, Tezpur-2 and Gangtok-2. Model prediction suggests that a western disturbance is likely to approach J&K and adjoining area from tomorrow onwards. Under its influence isolated to scattered snowfall/rainfall is likely over J&K, H.P. and Uttaranchal during 4-5 March, 07. Sub-Himalayan West Bengal & Sikkim to North Bay of Bengal, northeastern states are likely to experience scattered rain/thundershowers during 4-5 days.

Zone-wise weather forecast

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

Isolated snowfall/rainfall is likely over J&K, H.P. during 4-5 March, 07.

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

Scattered rain/thundershowers are likely over Assam & Meghalaya and Arunachal Pradesh and isolated

over rest of NE region. Mainly dry weather is likely over the eastern region. Day temperatures are likely to rise by 2-3°C during next 2-3 days over eastern region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely over the region during next 3-4 days. Day and night temperature is likely to rise during next 2 days.

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

Isolated rain/thundershowers are likely over south Tamil Nadu and Kerala next 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. Day and night temperature is to rise over some parts of north Maharashtra, Gujarat and Rajasthan during next 3 days.

Source: NCMRWF, GOI

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