

## SPICES

May 14-19, 2007

### Overview:

- Domestic Black Pepper Prices Remained Rangebound
- Domestic Jeera Mostly Firm; Turmeric Traded Bearish
- Spices Export Up 36 Percent in Fiscal Year 2006-07

#### Spices Export Up 36 Percent in Fiscal Year 2006-07

Spices export during the last fiscal year (April 2006-March 2007) increased by 36 percent to register a revenue of Rs. 3,575.75 crore over Rs. 2,627.62 crore in 2005-06. In quantity term, around 3,73,750 tonnes of spices were exported over previous year's 3,50,363 tonnes.

Export target for 2006-07 at 3,06,000 tonnes valued at Rs 2,500 crore, was surpassed by 22 per cent in terms of volume and 43 per cent in terms of value. Mint, chilli, pepper and cumin were the major contributors to the export revenue.

Source: Spices Board of India

#### Spices: Domestic Spot Prices for the Week Ending 12.05.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 12.05.07)	Price (Rs/Kg) For the Week ( 05.05.07)	Last Month Same Week (Rs/Kg) (14.04.07)	Last Year Same Week (Rs/Kg) ( 13.05.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	148.08	148.8	151.67	69.75
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmettu	332.01	379.58	373.96	203.72
Cardamom (Large)	Bada Dana	Gangtok	116.25	122.5	138.75	101.25
Chilli	Non -cold storage	Guntur	-	38	47.5	41.8
Ginger	Best	Cochin	50	50	49	50
	Medium	Cochin	45	45	44	39
	Alleppey finger (AFT)	Cochin	24	24	24	47.5
Turmeric	Rajapuri	Mumbai	55.5	55.5	55.5	53.5
	Duggirala	Mumbai	23.38	23.13	23.63	26.88
Coriander	Indori 5%	Mumbai	34.75	32.75	32.75	29.25
Cumin	1%	Mumbai	111.25	115	125	76.88
	4%	Mumbai	97.5	101.25	108.75	69.38
Clove		Cochin	270	270	270	270.83
		Nagarcoil	265	265	300	400

Source: Spices Board of India

## Spices: International Spot Prices for the Week Ending 11.05.2007:

Spice	Origin/Grade	Market	Price For the Week (11.05.07) (US\$/KG)	Price For the Week (07.05.07) (US\$/KG)	Last Month (14.04.07) (US\$/KG)	Last Year Same Week (12.05.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.3	4.3	3.97	1.76
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	12.38	12.74	12.08	7.51
Chillies	Indian SANNM-4 (Stem less)	New York	3.31	3.31	3.53	1.83
Ginger	India Cochin	New York	2.09	2.09	1.87	2.16
	Chinese Peeled	New York	1.76	1.76	1.76	1.87
Turmeric	India Alleppey Finger	New York	1.78	1.78	1.78	1.85
Garlic	Chinese	New York	2.31	2.31	2.38	2.98
Coriander	Canada	New York	0.86	0.84	0.84	0.77
Cumin	Syrian	New York	2.76	2.76	2.65	1.85
	Indian	New York	2.87	2.87	2.87	1.85
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	4.52	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	6.28	5.84

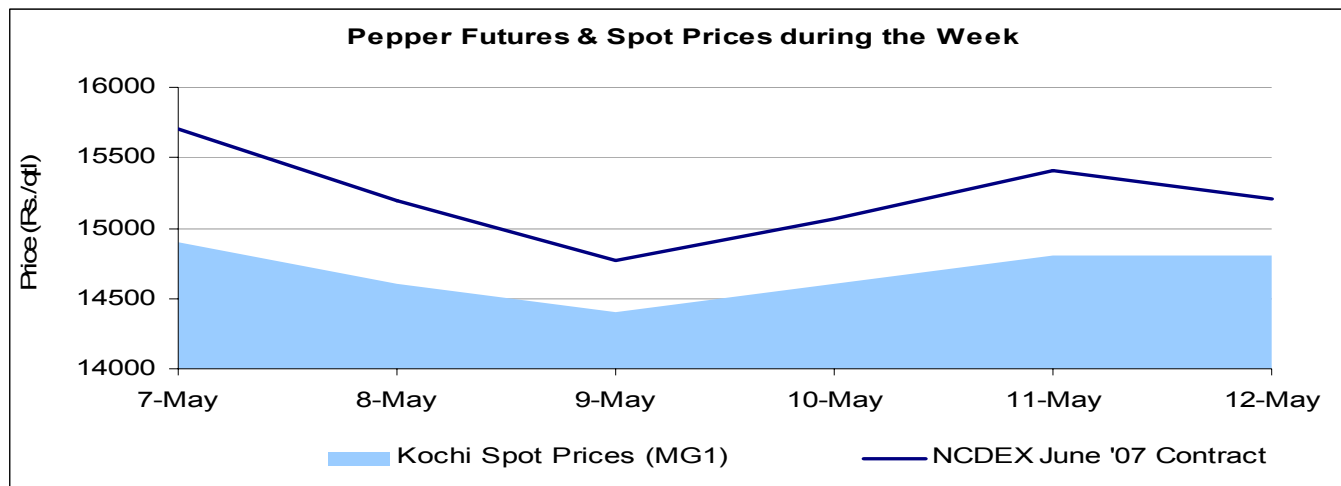
Source: Spices Board of India

## 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 June contract prices in NCDEX. The near-month June contract continues to trade with a premium over the spot prices throughout the week. The near-month contract was ruling much higher than the spot prices at the start of the week. However, the difference narrowed down during the weekend as spot prices remained steady as compared to declining futures price at the weekend. The June contract closed above the spot prices by Rs. 412 on Saturday.



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

Pepper	14/05/2007	15/05/2007	16/05/2007	17/05/2007	18/05/2007	19/05/2007
Ungarbled	14300	14000	13800	14000	14200	14200
Garbled	14900	14600	14400	14600	14800	14800

Domestic black pepper prices remain on an average rangebound. Prices after declining till mid-week, recovered back during the weekend to finish the week with no significant changes. Internationally, activities in black pepper markets have slowed down. According to International Pepper Community report, local price of Sarawak black at Kuching dropped by RM 236 (approx. USD 30.7) per metric tonne during the week. At Daklak in Vietnam, raw material for black pepper fell by VND 1,000 to VND 55,000 (approx. USD 3.43) per kg from beginning of the week. The report also mentioned that, in Lampung, local prices were relatively stable at around IDR 33,000 (approx. USD 3.74) per kg. Vietnam's export has declined significantly by 37 per cent during January-March 2007 to 16,833 metric tonnes as compared to 26,574 metric tonnes during the corresponding period of previous year. The sharp decline in export from Vietnam is attributable to the fall in production in this year. Meanwhile, during April 2006-March 2007, pepper export from India was up

by 66 per cent at 28,750 tonnes valued at Rs 306.20 crore over export of 17,363 tonnes valued at Rs 150.95 crore in 2005-06. The FOB value has also increased from Rs 86.94 to Rs 106.50 per kg during the same period at par with the global pepper price trend. Pepper prices are expected to remain firm in the long run, though some short-term consolidation is likely on moderate demand from the domestic as well as overseas buyers at present.

#### Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	May 14-19	May 05-12
Golden Unpolished	145-148	145-146
No. 11.5	170	170-175
No. 12	180	175-190

Note: Prices are in Rs. per Kg.

### Turmeric:

Turmeric arrivals at the daily auction have started fading as the marketing season is ending. Spot prices are trading steady to weak is likely to trade at lower levels for the week ahead. Good export demand for Nizamabad turmeric was observed from the Gulf countries mainly from Iran and Jeddah this week and around 450-500 tonnes costing 2,300/quintal were exported. Imports were nil as the international prices were higher at \$400-500/tonne (excluding 35-40% of import duty) as compared to the Indian Alleppey priced at Rs.23,000/tonne along with lower extraction costs. According to latest Spice Board data release, around 51,500 tonnes of turmeric was exported during the year 2006-07 valued at Rs.164.80 crore. Turmeric sowing in Nizamabad is likely to commence in next 15-20 days or on the onset of first monsoon. At Mysore area in Karnataka state, around 50-60 % of total sowing is completed for the next season.

#### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	May 14-19	May 05-12
Loose Finger	1975-2100	1975-2100
Loose Gattah	1900-2050	1975-2050

#### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	May 14-19	May 05-12
Finger	1800-1900	1800-1950
Gattah	1750-1800	1700-1850

#### Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	May 14-19	May 05-12
Nizamabad Finger	2450-2700	2500-2600
Erode Finger Mini Selam	2950-3000	2900-3000
Erode Single Polish Gattah	2550-2600	2500-2600
Selam Finger	4100-4300	4000-4100

### Cumin (Jeera):

Domestic jeera markets at Unjha remain on an average firm owing to thin arrivals in the markets. Trading volume in the physical markets continues to remain lower and consequently kept the market calm. No significant development at the demand front has kept the prices in a narrow range over the past couple of weeks. Jeera export from the country was at

26,000 tonnes valued at Rs 201.50 crore during the last fiscal year (April 2006-March 2006). Long-term fundamentals continue to remain supportive with the estimated fall in production this year. However, prices may consolidate amid no significant demand in short-term.

#### Jeera Prices in Unjha Market

(Rs./20kg)

Grade	May 14-19	May 05-12
FAQ	2280-2380	2210-2340
Ganesh	2380-2480	2310-2440
M/c. Cleaned	2580-2680	2510-2640

#### Jeera Prices in Delhi Market

(Rs./kg)

Grade	May 14-19	May 05-12
Ganesh New	130-131	122-127
FAQ	121-135	124-125
M/c. Cleaned	138-139	135-136

### Red Chillies:

Domestic red chillies markets in Guntur remained closed for summer holidays. During the last fiscal year (April 2006-March 2007), India has exported 1,48,500 tonnes of chillies worth Rs 807.75 crore over 1,13,174 tonnes worth Rs 403.01 crore during the previous fiscal year. Notably, the exports have increased by a significant 31 per cent in quantity terms, despite a sharp rise in prices of chillies at the domestic markets during this period. According to Chairman of Spices Board, production in China was lower than the previous year, resulting in short supply in the International market. During the last fiscal, China imported around 900 tonnes of chilli from India. Apart from China, Malaysia, Bangladesh and Indonesia have also imported higher quantity of chillies from India during the last fiscal year. Long-term fundamentals continue to remain bearish if taken into account the 20 per cent higher production estimates for the season. However, the bearish impact of the higher production estimates was minimized in the recent past, thanks to the higher quantum of export. Chilli prices are likely to remain bearish in the long-term; however, some short-term spike can not be overruled once the market resumes its operations from the first week of June.

#### Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	May 14-19	May 05-12
LCA 334	Closed	3500-4400

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

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures started the week with a weak note and slide from Monday's high to Thursday's low. Despite some recovery towards weekend, the futures finished the week at a lower level as compared to previous week. MCX June contract traded in the range of Rs. 13,766-15,301 during the week with higher volume as well as open interest at the weekend. NCDEX June contract traded in the range of Rs. 14,526-15,925 during the week with moderately higher volume and steady open interest.

#### PRICE DRIVERS:

1. Global supplies remain tight
2. Global prices ease on slower activity
3. Vietnam's export down 37% during Jan-Mar 2007 on lower production
4. Weak domestic and export demand in physical markets

#### OUTLOOK:

**Short Term (One Week):** Consolidate on reports of lower international prices

**Medium Term (One Month):** Firm on domestic, global production shortfall

**Long Term (Three Months):** Firm as global demand surpasses supplies

NCDEX Black Pepper June Contract			
Support-1	14525	Support-2	14255
Resistance-1	15625	Resistance-2	15835
Strategy	Go long at corrective dips		

### Commodity: Jeera (Cumin)

Jeera futures traded bearish at the start of the week and extended the weakness further to this week's low during mid-week. Despite some recovery towards weekend, the futures finished the week at a much lower level. MCX June contract traded in the range of Rs. 10,815-11,650 during the week with declining volume and steady open interest. NCDEX June contract traded in the range of Rs. 12,258-13,388 during the week with declining volume and increasing open interest.

#### PRICE DRIVERS:

1. Estimations of lower production this season

2. Subdued export demand at higher price levels
3. Lacklustre trading activities in physical markets

#### OUTLOOK:

**Short Term (One Week):** Consolidate on thin arrivals as well as trading volume

**Medium Term (One Month):** Moderately firm on lower output, higher demand

**Long Term (Three Months):** Firm on lower domestic production

NCDEX Jeera June Contract			
Support-1	12000	Support-2	11850
Resistance-1	12765	Resistance-2	12930
Strategy	Go long at corrective dips		

### Commodity: Turmeric

Bearish sentiments ruled during the initial days of the week for the NCDEX Turmeric futures contract; however, the week ended with a correction. The selling pressure dominated after the initial high at Rs. 2,264 on Monday, the contract made a steep fall to Rs. 2,186 level. Open interest surged whereas the volumes were lower as compared to a week.

#### PRICE DRIVERS:

1. Anticipation of better sowing for next season.
2. Good export demand.
3. Daily arrivals losing its pace

#### OUTLOOK:

**Short Term (One Week):** Weaken on low demand

**Medium Term (One Month):** Rangebound on anticipation of export demand

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

MCX Turmeric June Contract			
Support-1	2174	Support-2	2138
Resistance-1	2256	Resistance-2	2287
Strategy	Sell at rallies towards resistance		

---

## WEATHER WATCH:

### Forecast for next 5 days

At present a western disturbance as an upper air system lies over north part of the country. It is likely to move in eastward direction. Under its influence, scattered rain/thundershower activity is likely over Western Himalayan region during 20-22nd May. Isolated to scattered rain/thundershower accompanied with squall is also likely over plains of northwest India during the same period.

Model prediction suggests that ongoing scattered/fairly wide spread rainfall activity over northeastern States and adjoining east India is likely to continue during next 3-4 days.

As expected, the heat wave conditions continued over some parts of Coastal Andhra Pradesh and coastal Tamil Nadu. Heat wave conditions also developed over some parts of Vidarbha and isolated pockets of north Rajasthan. However, they are likely to abate from north Rajasthan and continue over some parts of Coastal Andhra Pradesh, coastal Tamil Nadu and Vidarbha during next 2-3 days.

### Zone-wise weather forecast

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

Scattered rain/thundershowers are likely over J&K, H.P. and Uttarakhand during 20-22 May. Isolated dust storm/thunderstorm is likely over Punjab, Haryana, Delhi and West UP during 20-22 May.

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

Scattered rain/thundershower is likely over Jharkhand, West Bengal and fairly widespread over NE states during next 3-4 days. Isolated rain/thundershowers are likely over rest of the region.

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

Isolated dust storm/thunderstorm is likely over West Madhya Pradesh and Chhattisgarh during next 2 days. Mainly dry weather is likely over the rest of region.

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

Scattered rain/thundershowers are likely over Andaman & Nicobar Islands, Kerala and Lakshadweep during next 3-4 days. Mainly dry weather is likely over rest of the region.

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

Isolated duststorm /thunderstorm is likely over north Rajasthan. Mainly dry weather is likely over rest of the region.

Source: NCMRWF, GOI

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.