

SPICES

May 21-26, 2007

Overview:

- Domestic Black Pepper Weak on Lack of Buying Support
- Domestic Turmeric Markets Witnessed Mixed Trend
- Rangebound Trade in Domestic Jeera Markets
- Cardamom Import Up 48% in Last Fiscal Year

Spices: Domestic Spot Prices for the Week Ending 19.05.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (19.05.07)	Price (Rs/Kg) For the Week (12.05.07)	Last Month Same Week (Rs/Kg) (21.04.07)	Last Year Same Week (Rs/Kg) (20.05.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	146.83	148.8	149.17	70.42
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	367.24	332.01	394.54	221.7
Cardamom (Large)	Bada Dana	Gangtok	-	116.25	126.25	100
Chilli	Non -cold storage	Guntur	-	-	41.8	-
Ginger	Best	Cochin	48.67	50	49	50
	Medium	Cochin	43.67	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	22.88	23.38	23.13	27
Coriander	Indori 5%	Mumbai	32.25	34.75	33.75	31.75
Cumin	1%	Mumbai	115	111.25	120	74.38
	4%	Mumbai	97.5	97.5	106.25	68.13
Clove		Cochin	270	270	270	350
		Nagarcoil	250	265	270	390

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 18.05.2007:

Spice	Origin/Grade	Market	Price For the Week (18.05.07) (US\$/KG)	Price For the Week (11.05.07) (US\$/KG)	Last Month (20.04.07) (US\$/KG)	Last Year Same Week (17.05.06) (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	12.66	12.38	12.58	7.79
Chillies	Indian SANNM-4 (Stem less)	New York	2.76	3.31	3.53	1.83
Ginger	India Cochin	New York	2.09	2.09	1.87	2.03
	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	0.93	0.86	0.84	0.77
Cumin	Syrian	New York	2.76	2.76	2.76	1.85
	Indian	New York	2.87	2.87	2.87	1.85
Fennel	Indian (ASTA)	New York	1.65	1.98	1.98	1.83
	Egyptian	New York	1.61	1.65	1.65	1.65
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	5.07
	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

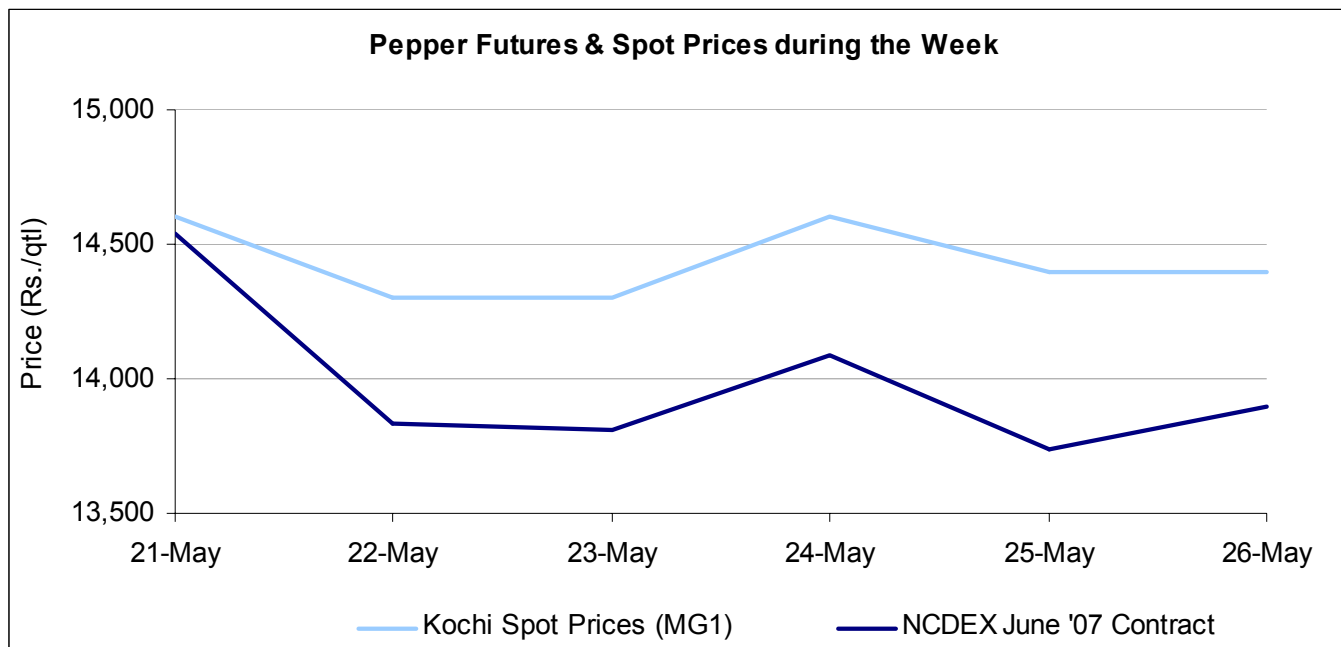
Source: Spices Board of India

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 witnessed backwardation throughout the week. The near-month contract slide below the spot prices and the difference widened thereafter. However, the difference narrowed down slightly during the weekend as spot prices remained steady as compared to increasing futures price at the weekend. The June contract closed below the spot prices by Rs. 502 on Saturday.



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

Pepper	21/05/2007	22/05/2007	23/05/2007	24/05/2007	25/05/2007	26/05/2007
Ungarbled	14000	13700	13700	14000	13800	13800
Garbled	14600	14300	14300	14600	14400	14400

Black pepper markets remain weak amid lack of buying support. Despite some mid-week recovery, prices end the week at a lower level. Though there was no selling pressure in the physical markets at present, yet the declining prices in futures market owing to higher margins and reduced open position limit has dampened the physical market trend. Global market activity continues to remain lacklustre with overseas buyers preferring to adopt a wait and watch policy that has forced the producing countries particularly Vietnam to ease its tag. Long-term firm outlook for pepper remains intact as of now, though developments in Vietnam would be the single most important driving factor for global pepper trade in the

near future. Domestic pepper prices are likely to remain slightly firm in the coming week.

Black Pepper Prices in Delhi Market

(Rs./kg)

Grade	May 21-26	May 14-19
Golden Unpolished	140-146	145-148
No. 11.5	165-170	170
No. 12	170-180	180

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric spot prices for the week ended 26 May 2207 were mixed during the initial days of the week. However, towards the weekend the prices were down by Rs.25-50 at all the major centers amidst arrivals loosing the pace and lack of buying interest. Traders say fresh export orders were absent for the Rajapuri best variety at the Sangli market in Maharashtra where as the export orders during the beginning of the season were executed. While exporters at Nizamabad anticipate good demand and export orders during the month of July. One of the local traders in Sangli said that the online futures trading for Turmeric at BSE is likely to start in next 2-3 months.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	May 21-26	May 14-19
Loose Finger	1950-2075	1975-2100
Loose Gattah	1850-2000	1900-2050

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	May 21-26	May 14-19
Finger	1875-1975	1800-1900
Gattah	1775-1850	1750-1800

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	May 21-26	May 14-19
Nizamabad Finger	2400-2450	2450-2700
Erode Finger Mini Selam	2900-2980	2950-3000
Erode Single Polish Gattah	2350-2550	2550-2600
Selam Finger	2950-3250	4100-4300

Cumin (Jeera):

Domestic jeera prices ease slightly amid rangebound trade. Lack of any significant developments in its demand front has kept the market mostly calm for the past few weeks. Arrivals as well as offtake remain at the lower side for quite some time. Exports during last fiscal year 2006-07 has more than double to 26,000 tonnes valued at Rs 201.50 crore over 12,879 tonnes valued at Rs 98.19 crore exported in 2005-06. Long-term fundamentals continue to remain supportive with the estimated fall in production. Domestic jeera prices are likely to witness some firmness in the coming week.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	May 21-26	May 14-19
FAQ	2200-2360	2280-2380
Ganesh	2300-2460	2380-2480
M/c. Cleaned	2500-2660	2580-2680

Jeera Prices in Delhi Market

(Rs./kg)

Grade	May 21-26	May 14-19
Ganesh New	129-130	130-131
FAQ	134-135	121-135
M/c. Cleaned	137-138	138-139

Red Chillies:

The Guntur red chillies markets remained closed during the week for the summer holidays. Official data reveals that between April 2006-March 2007, India exported 1,48,500 tonnes of chillies worth Rs 807.75 crore as compared to exports of 1,13,174 tonnes worth Rs 403.01 crore a year earlier. Long-term fundamentals for chilli, however, continue to remain bearish given the 20 per cent expected increase in domestic production. A short-term spike cannot be ruled out once the market reopens in June.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	May 21-26	May 14-19
LCA 334	Closed	Closed

Cardamom:

Cardamom arrivals at the daily auction are loosing its shine as the season is ending. Due to low arrivals during the initial 3 days of the week, auctions were cancelled. As per the cardamom grower's association secretary, Cost of production has gone high as a result of investment and recurring expenses for irrigation. They are demanding the Govt. (1) to extend financial assistance on a larger scale for installing irrigation facilities and, (2) to arrange massive community irrigation systems in the cardamom belt to cut down the cost of irrigation. Adding to this he also said that imports of cardamom increased up 48% to a record of 625 tonnes as compared to imports of 325 tonnes in previous season.

Cardamom Auction Prices in Pulianmalai

(Rs./kg)

Grade	May 26	May 19
7 mm	Closed	450-460

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures slide at the beginning of the week to test week's low on Wednesday. Despite some recovery towards weekend, futures finished at a much lower level. MCX June contract traded in the range of Rs 12,600-14,327 with higher volume and declining open interest. NCDEX June contract traded in the range of Rs 13,199-15,249 with higher volume and declining open interest.

PRICE DRIVERS:

- Weak domestic, export demand in physical markets
- Lower international prices amid slowdown in activity
- Global supplies remain tight
- Lower production in Vietnam, India

OUTLOOK:

Short Term (1 Week): Slightly firm on reports of some export enquiry

Medium Term (1 Month): Moderately firm due to domestic, global production shortfall

Long Term (3 Months): Bullish as global demand will exceed supplies this year

NCDEX Black Pepper June Contract			
Support-1	13200	Support-2	12850
Resistance-1	14550	Resistance-2	14900
Strategy	Go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures extended previous weakness further till mid-week, but pared some of the losses during weekend recovery only to finish below week-ago levels. MCX June contract traded in the range of Rs 9,911-10,880 with higher volume and declining open interest. NCDEX June contract traded in the range of Rs 11,150-12,645 with higher volume and declining open interest.

PRICE DRIVERS:

- Lacklustre demand in physical markets
- Low arrivals in the markets
- Subdued export demand
- Lower production of jeera this season

OUTLOOK:

Short Term (1 Week): Slightly firm on declining arrivals amid steady offtake

Medium Term (1 Month): Moderately firm on lower output, expected demand

Long Term (3 Months): Firm due to off-season, lower domestic production

NCDEX Jeera June Contract			
Support-1	11385	Support-2	11150
Resistance-1	12500	Resistance-2	12755
Strategy	Go long at corrective dips		

Commodity: Chilli

Chilli futures at NCDEX witnessed mixed sentiments for the week. Starting with bearish sentiments the contract closed on a positive note. In NCDEX June futures, we observed fresh lows of Rs.4606 per quintal since last fortnight after initial high of Rs.4915 per quintal. Both the volumes and open interest were low as compared to week ago.

PRICE DRIVERS:

- Physical markets closed due to summer holidays
- Subdued export demand as buyers eyeing lower prices ahead
- Bumper production of chilli during this season

OUTLOOK:

Short Term (1 Week): Range bound on no trade in spot market

Medium Term (1 Month): Slightly firm once the market re-opens

Long Term (3 Months): Bearish on higher production estimates

NCDEX Chilli June Contract			
Support-1	4460	Support-2	4314
Resistance-1	5078	Resistance-2	5241
Strategy	Sell on rallies towards resistance		

WEATHER WATCH:

Forecast for next 5 days

Model prediction suggests that western disturbance is likely to keep affecting hilly regions of NW India during next 2-3 days. Under its influence, scattered to fairly widespread rain/thundershowers are likely over Jammu & Kashmir, H.P. and Uttarakhand during next 2-3 days.

Isolated to scattered thunderstorm/duststorm accompanied with squall is also likely over plains of northwest India, Punjab, north Rajasthan, Haryana, Delhi and west Uttar Pradesh during the same period.

Numerical weather prediction models suggest that scattered rain/thundershowers activity is likely over south Peninsular India during next 2-3 days with a gradual increase in rainfall over Kerala and Coastal Karnataka.

Fairly widespread rainfall with isolated heavy falls is likely over northeastern states during next 2-3 days.

Zone-wise weather forecast

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

Scattered to fairly widespread rainfall is likely over J&K, H.P. and Uttarakhand and isolated to scattered thundershower/rain over Punjab, Haryana, Delhi and west U.P. during next 2-3 days.

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

Isolated to scattered rainfall/thundershower is likely over Jharkhand, West Bengal and NE States. Isolated rain/thundershowers are likely over the rest region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated duststorm/thunderstorm is likely over West Madhya Pradesh. Isolated rain/thundershowers are likely over Chhattisgarh and East Madhya Pradesh. Mainly dry weather is likely over the rest region.

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

Isolated to scattered rain/thundershowers are likely over Andaman & Nicobar Islands, Kerala and Lakshadweep, coastal Tamil Nadu and coastal Karnataka during next 2-3 days and rain is likely to enhance over Kerala thereafter. 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. Isolated thundershower is likely over Konkan & Goa. 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.