

SPICES

May 07-12, 2007

Overview:

- Domestic Black Pepper Prices Ease Eyeing International Prices
- Domestic Jeera Markets Remain Lacklustre Amid Thin Trading
- Domestic Chilli Markets Remain Firm Ahead of Summer Holidays

Spices: Domestic Prices for the Week Ending 05.05.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (05.05.07)	Price (Rs/Kg) For the Week (28.04.07)	Last Month Same Week (Rs/Kg) (07.04.07)	Last Year Same Week (Rs/Kg) (06.05.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	148.8	149.5	139	68.25
Cardamom (Small)	(Auction Price) Ungraded	Vandanmettu	379.58	357.75	380.18	201.02
Cardamom (Large)	Bada Dana	Gangtok	122.5	122.5	138.75	102.5
Chilli	Non -cold storage	Guntur	38	40	-	-
Ginger	Best	Cochin	-	50	49	50
	Medium	Cochin	-	45	44	39
	Alleppey finger (AFT)	Cochin	-	24	24	47.5
Turmeric	Rajapuri	Mumbai	55.5	55.5	55.5	53.5
	Duggirala	Mumbai	23.13	23.13	24.5	25.38
Coriander	Indori 5%	Mumbai	32.75	32.75	32.75	29.25
Cumin	1%	Mumbai	115	117.5	125	62.5
	4%	Mumbai	101.25	103.75	111.25	55.63
Clove		Cochin	270	270	270	255
		Nagarcoil	265	265	270	300

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 07.05.2007:

Spice	Origin/Grade	Market	Price For the Week (07.05.07) (US\$/KG)	Price For the Week (27.04.07) (US\$/KG)	Last Month (07.04.07) (US\$/KG)	Last Year Same Week (07.05.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.3	4.19	3.2	1.76
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	12.74	12.69	12.52	7.64
Chillies	Indian SANNM-4 (Stem less)	New York	3.31	3.4	3.53	1.74
Ginger	India Cochin	New York	2.09	1.87	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	2.47	2.98
Coriander	Canada	New York	0.86	0.84	0.84	0.77
Cumin	Syrian	New York	2.76	2.76	2.6	1.81
	Indian	New York	2.87	2.87	2.6	1.81
Fennel	Indian (ASTA)	New York	1.98	1.98	1.98	1.7
	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

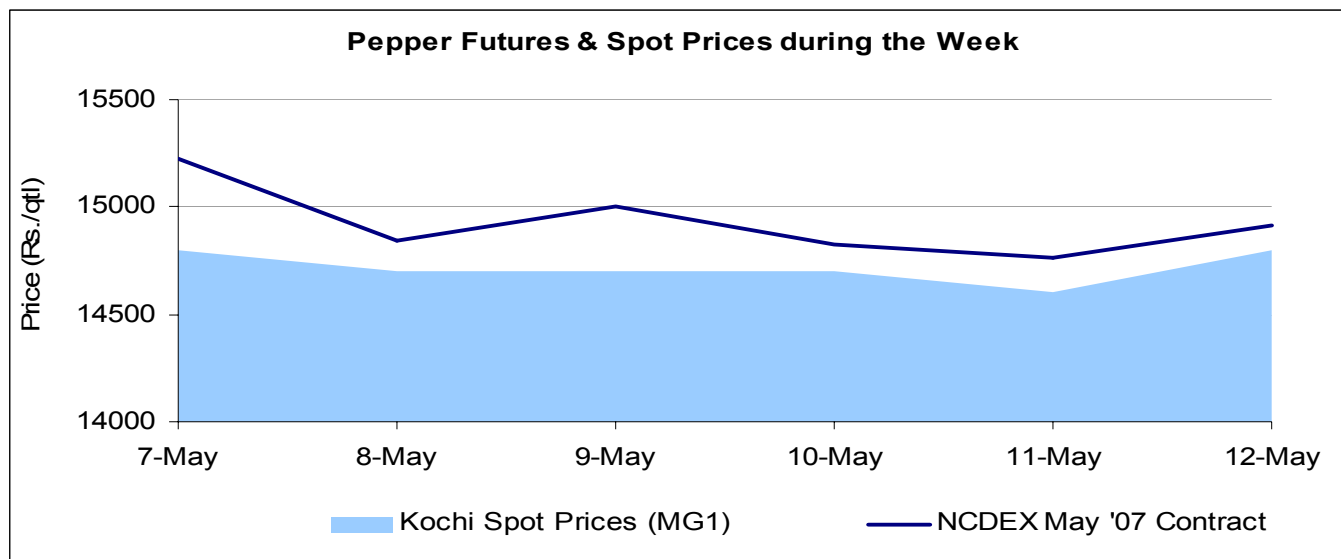
Source: Spices Board of India

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 May contract prices in NCDEX. The near-month May 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 increased sharper than the futures price at the weekend. The May contract closed above the spot prices by Rs. 115 on Saturday.



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

Pepper	07/05/2007	08/05/2007	09/05/2007	10/05/2007	11/05/2007	12/05/2007
Ungarbled	14200	14100	14100	14100	14000	14200
Garbled	14800	14700	14700	14700	14600	14800

Black pepper prices ease at domestic markets. After a sharp rally in the recent past, activity slowdown at the higher price levels. Domestic traders attributed some decline in Vietnam pepper prices as the major reason behind the fall in domestic prices. Vietnam's harvest is near completion with almost 90 percent of the crop in Southern region already harvested and the harvest will end late this month. Vietnam's production is slated to decline this season and projected to decline further in the next crop year. However, export activity was weak as buyers in America and Europe preferred to be sidelined eyeing further decline in prices. Brazil is reported to have limited stocks held by strong hands and unlikely to impact the global pepper prices in near future. Indonesia's harvest is nearing, but expectations of a lower harvest has already make its pepper costlier one. At the domestic front, weakening Rupee also

contributed towards the weakness in pepper prices. However, prices are unlikely to fall further amid lower production and rising demand for the commodity. Prices may witness some short-term consolidation before rising up again as the longer-term prospect of pepper remains supportive enough.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	May 05-12	April 30 - May 05
Golden Unpolished	145-146	145-150
No. 11.5	170-175	170-175
No. 12	175-190	175-190

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric prices at all the major spot markets witnessed mixed sentiments. Prices were firm by Rs. 50-75 per quintal initially, but later on settled at lower levels. Kesamudram auction at Warangal remained closed for the whole week, as the price offered to the commodity was very low. Therefore, in anticipation to ensure better remuneration to the farmers and traders the auction was not carried out in this area; however, regular trade will start in week ahead. Traders say that NCDEX warehouse at Erode is likely to start from Monday onwards. Good export orders from Iran are likely in coming days for the season. A local exporter for Nizamabad said that export demand was active and around 14 containers (1 container = 180 quintal) were exported during the week up by Rs. 50 per quintal at Rs. 2325 per quintal as compared to week ago.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	May 05-12	April 30 - May 05
Loose Finger	1975-2100	1950-2050
Loose Gattah	1975-2050	1950-2050

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	May 05-12	April 30 - May 05
Finger	1800-1950	1800-1900
Gattah	1700-1850	1700-1750

Turmeric Prices in Delhi Market

(Rs./qtl)

Grade	May 05-12	April 30 - May 05
Nizamabad Finger	2500-2600	2500-2650
Erode Finger Mini Selam	2900-3000	2850-3100
Erode Single Polish Gattah	2500-2600	2550-2650
Selam Finger	4000-4100	4200-4300

Cumin (Jeera):

Domestic jeera markets continue to remain lacklustre. Prices eased amid thin trading volume, though arrivals were steady at lower levels. However, some

recovery was witnessed during the weekend on moderate buying support at the lower price levels. Longer-term fundamentals of jeera remain supportive with estimated lower production during this season. Jeera production in the country is projected to decline sharply owing to reduced acreage in Gujarat and unseasonal rainfalls in Rajasthan. Traders anticipate price to move upwards if trading volume increases in coming days. Jeera prices are likely to consolidate further, with possibility of some short-term uptrend on reduced arrivals.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	May 05-12	April 30 - May 05
FAQ	2210-2340	2250-2350
Ganesh	2310-2440	2350-2525
M/c. Cleaned	2510-2640	2550-2650

Jeera Prices in Delhi Market

(Rs./kg)

Grade	May 05-12	April 30 - May 05
Ganesh New	122-127	125-132
FAQ	124-125	125-128
M/c. Cleaned	135-136	135-140

Red Chillies:

Domestic red chillies markets maintain its earlier firmness. Prices stayed in previous week's range with minor firmness. Moderate arrivals as well as offtake have kept the market on an average quiet ahead of long holidays. The markets in Guntur would remain close for summer holidays starting May 12, 2007 for next few weeks. Most of the cold storages are reportedly out of capacity as farmers preferred to stock rather than selling at a lower price tag. Traders are anticipating trading volume to increase once the summer holidays are over. Chilli fundamentals continue to remain bearish with 20 percent higher production estimates for the season.

Red Chillies Prices in Guntur Market

(Rs./qtl)

Grade	May 05-12	April 30 - May 05
LCA 334	3500-4400	3500-4300

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

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a bearish note and extended the weakness further to test this week's low during mid-week. The futures witnessed some recovery during the weekend, but finished at a lower level as compared to previous week. MCX June contract traded in the range of Rs. 14,570-15,351 during the week with thin volume and almost steady open interest. NCDEX June contract traded in the range of Rs. 15,240-16,128 during the week with declining volume and increasing open interest.

PRICE DRIVERS:

1. Global supplies remain tight
2. Vietnam crop size projected lower by 10-20 percent
3. Profit taking at higher price levels
4. Moderate domestic and export demand

OUTLOOK:

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

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

Long Term (Three Months): Firm on domestic, global production shortfall

NCDEX Black Pepper June Contract			
Support-1	15245	Support-2	15000
Resistance-1	16350	Resistance-2	16615
Strategy	Go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures have shown a stunning recovery at the weekend. Starting the week at a lower level, futures traded downwards till mid-week. After some rangebound trade, the futures surged up on Saturday to wipe away the losses incurred earlier during the week. MCX June contract traded in the range of Rs. 10,924-11,510 during the week with moderate volume and increasing open interest. NCDEX June contract traded in the range of Rs. 12,361-13,250 during the week with moderate volume and increasing open interest.

PRICE DRIVERS:

1. Estimations of lower production this season
2. Declining arrivals in the physical markets
3. Subdued export demand on higher prices

4. Lacklustre trading activities

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	12630	Support-2	12375
Resistance-1	13700	Resistance-2	13960
Strategy	Go long at corrective dips		

Commodity: Cardamom

MCX Cardamom futures contract tested fresh lows for the most active June contract, during the initial day of week the bulls tried to pull the prices and made a high at Rs. 497.1 per kg however, the bears were strong and on selling pressure, the contract made a steep fall to Rs. 485.5 per kg. The volumes surged as against last week.

PRICE DRIVERS:

1. Weak demand in short term
2. Negligible export demand
3. Stockists unwilling to stock inventories
4. Anticipation of favourable climatic condition

OUTLOOK:

Short Term (One Week): Weak on low demand as season is ending

Medium Term (One Month): Rangebound to firm on lower availability of stocks on MCX variety

Long Term (Three Months): Bullish on expectations of good export orders and local demand during mid August

MCX Cardamom June Contract			
Support-1	482.6	Support-2	475.7
Resistance-1	503.8	Resistance-2	510.5
Strategy	Buy on dips		

WEATHER WATCH:

Forecast for next 5 days

Predictions suggest that an early onset of monsoon is likely over Kerala. The forecast Model suggests that the monsoon onset over Kerala is likely to be on 24th May 2007 with a model error of ± 3 days.

Zone-wise weather forecast

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

Isolated rain/thundershowers are likely over HP and Uttarakhand during next 24 Hrs. and during 16-17 May. Isolated dust storm/thunderstorm is likely over Punjab, Haryana, Delhi and west UP during next 2-3 days.

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

Fairly widespread rain/thundershower is likely over NE states during next 3 days and decrease thereafter. Rain/thundershowers are likely at a few places over West Bengal & Sikkim. Isolated rain/thundershowers are likely over rest of the eastern region.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated dust storm/thunderstorm is likely over West Madhya Pradesh during next 24-36 hours and mainly dry weather thereafter. Isolated rain/thundershowers are likely over the rest region during next 24 hours and mainly dry weather thereafter.

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

Fairly widespread rain/thundershowers are likely over Andaman & Nicobar Islands, Kerala and Lakshadweep during next 24-48 days. Isolated to scattered rain/thundershowers are likely over Tamil Nadu & Pondicherry, south Karnataka, Rayalaseema and Coastal AP, and Isolated over rest regions.

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

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

Source: NCMRWF, GOI

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