

SPICES

June 4-June 9, 2007

Overview:

- Domestic Black Pepper Markets Remained Calm
- Domestic Turmeric Traded Steady to Slightly Firm
- Domestic Jeera Markets Firm on Global Crop Concerns
- Cardamom Prices Remained Steady during the Week

Spices: Domestic Spot Prices for the Week Ending 02.06.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (02.06.07)	Price (Rs/Kg) For the Week (26.05.07)	Last Month Same Week (Rs/Kg) (05.05.06)	Last Year Same Week (Rs/Kg) (03.06.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	142.33	144.33	148.80	69.72
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	336.04	357.76	379.58	212.07
Cardamom (Large)	Bada Dana	Gangtok	115.00	121.25	122.50	120
Chilli	Non -cold storage	Guntur	-	-	38.00	-
Ginger	Best	Cochin	48.00	48.00	50.00	55.00
	Medium	Cochin	43.00	43.00	45.00	47.00
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	45.00
Turmeric	Rajapuri	Mumbai	54.50	55.50	55.5	54.50
	Duggirala	Mumbai	22.88	23.88	23.13	26.25
Coriander	Indori 5%	Mumbai	32.25	32.25	32.75	30.25
Cumin	1%	Mumbai	113.75	111.25	115.00	69.38
	4%	Mumbai	95.00	92.50	101.25	64.38
Clove		Cochin	250.00	250	270.00	343.33
		Nagarcoil	240.00	250.00	265.00	370.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 02.06.2007:

Spice	Origin/Grade	Market	Price For the Week (01.06.07) (US\$/KG)	Price For the Week (25.05.07) (US\$/KG)	Last Month (07.05.07) (US\$/KG)	Last Year Same Week (02.06.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.26	4.26	4.30	1.76
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	12.48	12.75	12.74	7.54
Chillies	Indian SANNM-4 (Stem less)	New York	2.76	2.76	3.31	1.83
Ginger	India Cochin	New York	2.09	2.09	2.09	2.03
	Chinese Peeled	New York	1.76	1.76	1.76	1.83
Turmeric	India Alleppey Finger	New York	1.78	1.78	1.78	1.85
Garlic	Chinese	New York	2.25	2.27	2.31	2.98
Coriander	Canada	New York	1.06	1.06	0.86	0.77
Cumin	Syrian	New York	2.69	2.65	2.76	1.85
	Indian	New York	2.78	2.75	2.87	1.85
Fennel	Indian (ASTA)	New York	1.61	1.65	1.98	1.74
	Egyptian	New York	1.57	1.57	1.65	1.65
Fenugreek	India/Turkey	New York	0.99	0.99	0.99	0.79
Clove	Mad/Zanz/Com/ Indo	New York	4.52	4.52	4.52	4.96
	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

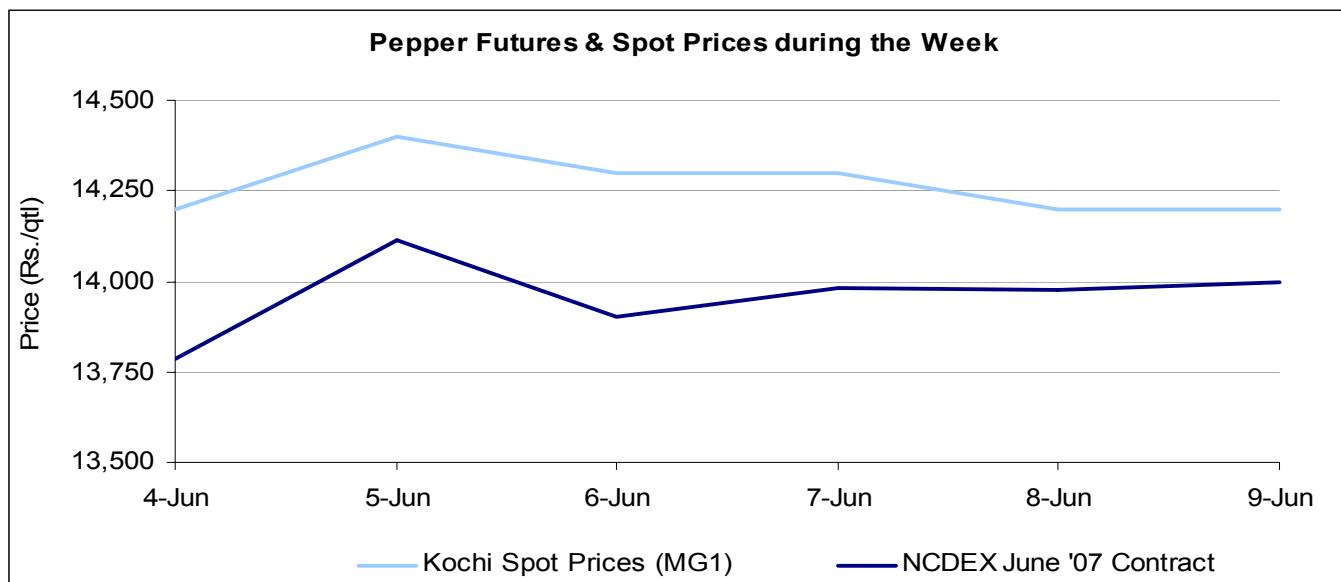
Source: Spices Board of India

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 was ruling much lower at the beginning of the week. The gap narrowed down towards weekend as the futures prices improved against steady spot prices. The June contract closed below the spot prices by Rs. 200 on Saturday.



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

Pepper	04/06/2007	05/06/2007	06/06/2007	07/06/2007	08/06/2007	09/06/2007
Ungarbled	13600	13800	13700	13700	13600	13600
Garbled	14200	14400	14300	14300	14200	14200

Domestic black pepper markets remain mostly quiet. Prices after hovering in a narrow range through the week, finished at a lower level. Revival of southwest monsoon has kept the market under pressure as it would be congenial for the growth of the newly planted as well as old vines. However, there was no selling pressure in the markets. Uncertainty over the position limit of pepper futures continues to dampen the market sentiment. Notably, the revised limit will be applicable from July 16 onwards. However, traders are optimistic that the FMC would soon take necessary steps in this regard. Meanwhile, India has exported 1,600 tonnes of pepper worth Rs. 20.64 crore during April 2007 as against the export of 1,575 tonnes worth Rs. 13.17 crore during April 2006. According to International Pepper Community, global pepper prices continue to slide down during the week with exception of India, where trading activity

remained calm as last week. Vietnam has exported pepper worth US\$ 110 million during January-May 2007, up by 27 per cent over the corresponding period of previous year. Long term outlook for the pepper remains firm, though some rangebound trade is likely in the week ahead as demand, both domestic as well as overseas remains subdued.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	June 4-9	May 28-June2
Golden Unpolished	142-145	140-143
No. 11.5	165-170	165
No. 12	170-175	170

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric prices in the spot market were traded steady to slightly firm by Rs.25-75 per quintal at all the major spot markets, Nizamabad and Erode amidst steady arrivals as compared to that of a week ago. Domestic demand is over for the season this is likely to keep the prices under check for a medium term. India's turmeric exports were 3,750 tonne and valued at Rs 11.73 crore in April, 2007 as per sources. Exporters at Nizamabad said that this week there was negligible fresh export orders as well as no inquiries were made. Traders at Nizamabad said that till date stock left for the season is around 3.50-4.00 lakh bags (each bag = 75 Kg) and still they are expecting around 1 lakh bags more till end of June. Adding to this they also said that till date this is the highest stock level since year 2001-02, during this time the stock for the season was recorded to be around 3.5 - 4 lakh bags. NMCE has launched Turmeric futures trading for Erode variety from 8th June 2007.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	June 4-9	May 28-June2
Loose Finger	1950-2125	1950-2050
Loose Gattah	1700-1975	1700-1850

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	June 4-9	May 28-June2
Finger	1900-1970	1875-1975
Gattah	1800-1860	1775-1825

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	June 4-9	May 28-June2
Nizamabad Finger	2380-2500	2380-2430
Erode Finger Mini Selam	2880-3000	2880-2980
Erode Single Polish Gattah	2250-2300	2250-2300
Selam Finger	4100-4200	4100-4150

Cumin (Jeera):

Domestic jeera markets remain firm owing to improved demand for the commodity. Prices registered significant gains in Unjha markets as offtake increased amid mostly steady arrivals. Demand is likely to improve further ahead of the rainy season in major producing and trading regions. Traders are reporting increased export enquiries for Indian jeera this time and hope to ship more quantity

over previous year. Notably, India has exported 1,100 tonnes of jeera worth Rs. 11 crore or US\$ 2.61 million during the first month of current fiscal year (April 2007- March 2008). News of adverse climatic conditions in Syria, Turkey and consequent decline in production is underpinning the firmness in domestic markets. However, the estimated decline varies widely in the market and a clearer picture would emerge once the harvest season begins later this month. Long-term outlook for jeera remains firm with the estimated decline in domestic production and increase in demand for the commodity.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	June 4-9	May 28-June2
FAQ	2300-2520	2240-2380
Ganesh	2400-2620	2340-2480
M/c. Cleaned	2600-2820	2540-2680

Jeera Prices in Delhi Market

(Rs./kg)

Grade	June 4-9	May 28-June2
Ganesh New	135-141.5	130-135
FAQ	140-146.5	135-140
M/c. Cleaned	140-144.5	138-143

Red Chillies:

Red Chilli regular spot market trade at Guntur is likely to resume from beginning of next week onwards and the arrivals are likely to be good once trading resumes its normal pace. As per sources during April, 2007, the chilli exports touched 22,000 tonne and were valued at Rs 126.50 crore, compared with 6,644 tonne worth Rs 30.11 crore in April, 2006. Chilli exports in terms of quantity were reported to be the best amongst all the spices with a growth of 231 per cent in quantity and 320 per cent in value. Prices are likely to rule firm for a short span of time once the market reopens. However, the long term fundamentals still favours the bears in the market owing to the bumper crop this year as the countries production is expected to be higher by 20 per cent.

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	June 4-9	May 28-June2
LCA 334	Closed	Closed

Cardamom:

Cardamom auctions from next week onwards will be closed for a period of one month and is likely to resume in the month of August. Cardamom prices at the auctions held during the week were steady amidst good local demand and lackluster export inquiries. Local traders quoted that the current rainfall is not

sufficient for the crop, and picking activity would further get delayed to September first week from earlier anticipation of the activity to be carried out during the month of mid July and August. Secretary of Cardamom Growers Association Mr. KK Devasia said that the rain fall is unlikely to rejuvenate these crops as the long summer and the drought has completely ruined not less than one third of the total number of plants the cardamom hills of the High Ranges extending 32,000 - 33,000 hectares. Adding to this he also said that the commodity heavily depends on monsoon rains for its sustenance because it is a

water demanding plant, very sensitive to weather conditions, demanding low temperature and high humidity. These fundamental factors are likely to keep the prices wrapped at higher levels in the long run.

Cardamom Auction Prices in Pulianmalai

(Rs./kg)

Grade	June 9	June 2
7 mm	Closed	Closed

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a weak note and after some sideways trade, finished the week at a lower level as compared to previous week. The futures after testing week's high on Wednesday slide to week's low on Saturday. MCX July contract traded in the range of Rs. 13,726-14,151 during the week with thin volume and increasing open interest. NCDEX July contract traded in the range of Rs. 14,170-14,774 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

- India's export up 1.6% at 1,600 tonnes in April 2007.
- Higher stocks at commodity exchange warehouses
- Lackluster domestic as well as overseas demand
- Global prices remain weak in most of the sources
- Southwest monsoon revives; congenial for vine growth

OUTLOOK:

Short Term (1 Week): Rangebound on reports of weakness in global pepper prices, lacklustre demand

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 July Contract			
Support-1	14165	Support-2	13355
Resistance-1	14480	Resistance-2	14750
Strategy	Buy at Corrective Dips		

Commodity: Jeera (Cumin)

Jeera futures started the week with a firm note and surged up on Tuesday. The futures extended the advances further after some mid-week profit taking

and tested week's high on Saturday. MCX July contract traded in the range of Rs. 11,091-11,856 during the week with thin volume and increasing open interest. NCDEX July contract traded in the range of Rs. 12,735-13,692 during the week with higher volume and increasing open interest.

PRICE DRIVERS:

- Improved demand in physical markets
- Low arrivals in the markets
- Reports of adverse weather conditions in Syria, Turkey
- Lower production of jeera this year

OUTLOOK:

Short Term (1 Week): Firm on improved demand amid lower arrivals; higher export enquiries

Medium Term (1 Month): Firm on lower output, expected overseas demand

Long Term (3 Months): Firm on global production shortfall

NCDEX Jeera July Contract			
Support-1	13325	Support-2	13100
Resistance-1	14050	Resistance-2	14265
Strategy	Hold long; book profits near resistances		

Commodity: Cardamom

Opening weak, MCX Cardamom June futures contract witnessed a range bound trading activity. The contract surged up to Rs. 483 on Friday underpinned by increased buying support. The contract registered sharp losses on Saturday and tested a fresh low of Rs. 469. Volumes gained significantly as compared to the week ago and the open interest was steady through out the week.

PRICE DRIVERS:

- Weak domestic, export demand in physical markets

- Global supplies remain tight ahead
- Anticipation of rainfall at the growing areas

OUTLOOK:

Short Term (1 Week): Slightly bearish on low domestic demand, good sowing prospects

Medium Term (1 Month): Slight recovery likely on anticipation of export demand after a period of month and a half.

Long Term (3 Months): Bearish due to ample stocks, higher domestic production

MCX Cardamom June Contract

Support-1	455.8	Support-2	462.5
Resistance-1	490.1	Resistance-2	497.2
Strategy	Sell on rallies towards resistance		

WEATHER WATCH:

Forecast for next 5 days

Southwest monsoon has further advanced into some more parts of northwest Bay of Bengal, entire Sub-Himalayan West Bengal & Sikkim and some parts of Bihar. Conditions are favourable for further advance of southwest monsoon into some more parts of Bihar, some parts of Jharkhand and Gangetic West Bengal during next 48 hrs. Enhanced rainfall activity is likely over Kerala, coastal Karnataka, and Lakshadweep during next 3-4 days. The ongoing rainfall activity over remaining parts of Peninsula, adjoining Maharashtra and Goa is likely to increase during same period. The maximum temperatures are between 44-46 °C over many parts of northwest India and some parts of central India. Heat wave conditions are prevailing over parts of Rajasthan, Punjab, Haryana, Chhattisgarh and Madhya Pradesh where maximum temperatures are above normal by 4-6°C. The current temperatures scenario over the above regions is likely to continue during next 48 hrs. Thereafter fall in temperatures mainly in the night temperature is likely due to possibility of dust storm/thunderstorm for a day, temporarily. Subsequently increase in temperature shall be realized.

Zone-wise weather forecast

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

Mainly clear sky conditions are likely. Isolated dust storm/thunderstorm is likely over the Haryana, Delhi and west U.P.

During 11-12 June.

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

Scattered to fairly widespread rainfall is likely over West Bengal. Fairly widespread to widespread with isolated heavy rainfall is likely over NE states. Scattered rainfall is likely over Orissa.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Scattered rain/thundershowers are likely over Vidarbha and Chhattisgarh. Mainly dry weather is likely over the rest region.

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

Fairly widespread to widespread rainfall is likely over Coastal and south interior Karnataka, Kerala and Lakshadweep. Isolated rain/thundershowers are likely over the rest region.

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

Scattered rainfall is likely over Konkan & Goa and Madhya Maharashtra with Possibility of increased rain towards end of the week. Mainly dry weather is likely over rest of the region.

Source: NCMRWF, GOI

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