

## SPICES

June 11-16, 2007

### Overview:

- Domestic Black Pepper Ease on Subdued Demand
- Domestic Turmeric Prices Decline on Quality Issues
- Domestic Jeera Remain Weak on Reduced Offtake
- Sarawak Pepper Export Down 16 % in Jan-Apr 2007

### Spices: Domestic Spot Prices for the Week Ending 09.06.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 09.06.07)	Price (Rs/Kg) For the Week ( 02.06.07)	Last Month Same Week (Rs/Kg) (12.05.06)	Last Year Same Week (Rs/Kg) ( 10.06.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	142.67	142.33	148.08	69.00
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmedu	347.68	336.04	332.01	227.87
Cardamom (Large)	Bada Dana	Gangtok	117.50	115.00	116.25	122.50
Chilli	Non -cold storage	Guntur	-	-	-	36.80
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	54.50	55.50	54.50
	Duggirala	Mumbai	23.00	22.88	23.38	26.63
Coriander	Indori 5%	Mumbai	32.25	32.25	34.75	29.75
Cumin	1%	Mumbai	117.50	113.75	111.25	69.03
	4%	Mumbai	98.75	95.00	97.50	64.38
Clove		Cochin	240.00	250.00	270.00	333.33
		Nagarcoil	240.00	240.00	265.00	350.00

Source: Spices Board of India

## Spices: International Spot Prices for the Week Ending 08.06.2007:

Spice	Origin/Grade	Market	Price For the Week (08.06.07) (US\$/KG)	Price For the Week (01.06.07) (US\$/KG)	Last Month (07.05.07) (US\$/KG)	Last Year Same Week (09.06.06) (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	12.45	12.48	12.74	7.94
Chillies	Indian SANNM-4 (Stem less)	New York	2.54	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	2.21	2.25	2.31	2.98
Coriander	Canada	New York	1.06	1.06	0.86	0.77
Cumin	Syrian	New York	3.08	2.69	2.76	1.81
	Indian	New York	3.20	2.78	2.87	1.81
Fennel	Indian (ASTA)	New York	1.57	1.61	1.98	1.81
	Egyptian	New York	1.50	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

### IPC: Sarawak Pepper Export Down 16% in Jan-Apr 2007

According to a latest report by the International Pepper Community (IPC), Sarawak is estimated to have exported 836 metric tonnes (mt) of pepper (648 mt of black and 188 mt of white) during April 2007 as against 960 mt (720 mt of black and 240 mt of white) in April 2006.

During January - April 2007, around 3,649 mt of pepper had been shipped from Sarawak, showing a significant fall of 16 per cent compared to exports of 4,349 mt during the same period last year and 34 per cent less than previous two years' corresponding period, the report added.

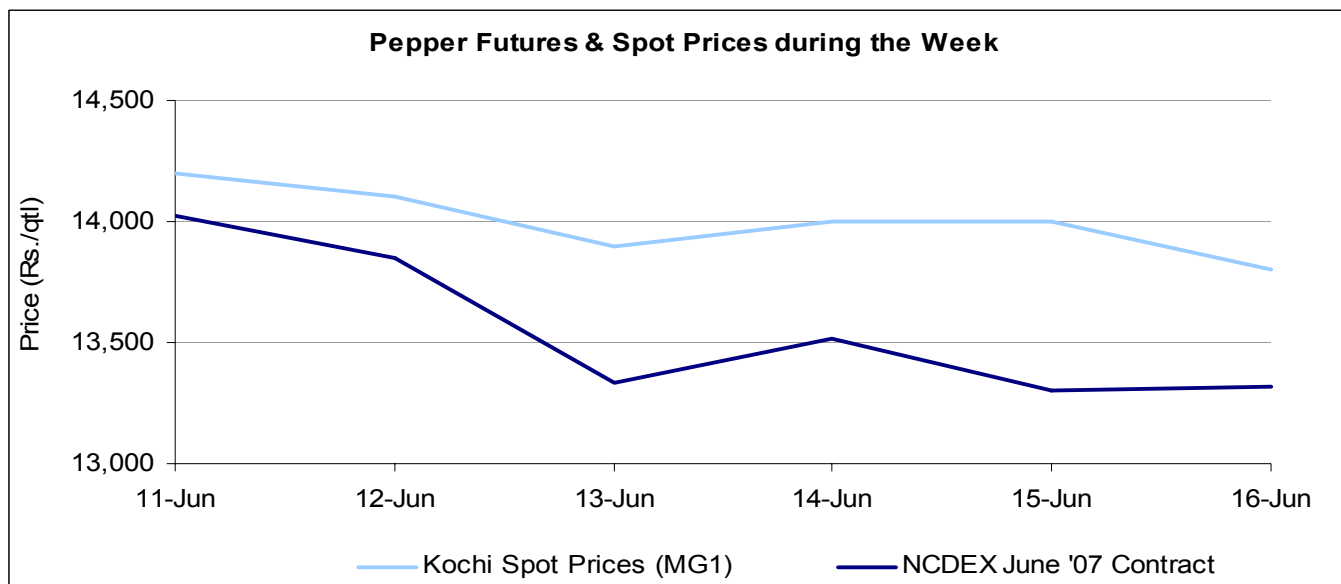
Source: International Pepper Community

## 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 discount against the spot prices. The gap between near-month futures prices and the spot prices widened through the week as spot prices declined sharply towards weekend as compared to slightly increasing futures prices. The June contract closed below the spot prices by Rs. 482 on Saturday.



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

Pepper	6/11/2007	6/12/2007	6/13/2007	6/14/2007	6/15/2007	6/16/2007
Ungarbled	13600	13500	13300	13400	13400	13200
Garbled	14200	14100	13900	14000	14000	13800

Domestic black pepper prices ease owing to subdued demand, both domestic as well as overseas. Prices decline from week-ago levels in Kochi markets amid lack of buying support. Spillover weakness from futures market has also pressurised the physical market trend. Futures prices of pepper witnessed huge sell-off on Wednesday reacting to the news that the Forward Market Commission is not reassessing the decision on near month position limit immediately. However, global demand-supply mismatch continues to support the market sentiments. Recently, Director General of Malaysian Pepper Board (MPB) predicted that the pepper prices might surge further, but would move in a narrow range. Black pepper prices in Malaysia increased by around 12 per cent during the first quarter of this year to RM 8,500 (approx. US\$ 2,458) per metric tonne from RM 7,600 (approx. US\$ 2,198) per tonne. According to MPB, this year's

global production is estimated at 260,000 metric tonnes against an estimated demand of 309,600 metric tonnes, resulting in a shortfall of 43,600 metric tonnes. Long term outlook for the pepper remains firm, though some rangebound trade is likely in the days ahead as demand, both domestic as well as overseas remains subdued.

#### Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	June 11-16	June 4-9
Golden Unpolished	138-145	142-145
No. 11.5	165-170	165-170
No. 12	170-175	170-175

Note: Prices are in Rs. per Kg.

## Turmeric:

Turmeric prices witnessed sudden fall by almost Rs.50 per quintal at the Nizamabad spot market within a span of two days. Arrivals and offtake throughout the week remained steady at all the centers. As per a local trader the fall in prices is on account of warehouse stock quality issues at Nizamabad. However the stocks are being rechecked at the warehouses by the officials. A Sangli based trader said that at Nanded district in Maharashtra turmeric stock position is around 1.10 lakh bags (1 bag = 85 Kg) and further 1 lakh bag is expected. Adding to this he also said that sowing at this region is likely to start during 2<sup>nd</sup> or 3<sup>rd</sup> week of June. Exporter at Nizamabad said that this week around 11 containers (18 tons) of turmeric were exported and the demand was low.

### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	June 11-16	June 4-9
Loose Finger	2025-2100	1950-2125
Loose Gattah	1900-2050	1700-1975

### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	June 11-16	June 4-9
Finger	1875-1935	1900-1970
Gattah	1775-1825	1800-1860

### Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	June 11-16	June 4-9
Nizamabad Finger	2475-2500	2380-2500
Erode Finger Mini Selam	2950-3000	2880-3000
Erode Single Polish Gattah	2475-2500	2250-2300
Selam Finger	4175-4200	4100-4200

## Cumin (Jeera):

Domestic jeera markets remain on an average weak. Prices are quoting lower in Unjha markets owing to reduced offtake amid mostly steady arrivals. Traders attributed Wednesday's sell-off in futures market as a major reason behind the decline in physical market prices. However, the market remains supported by its strong fundamentals. Global production of jeera is estimated lower following adverse weather conditions in Syria and Turkey apart from India. Long-term outlook on jeera remains firm on domestic as well as global supply shortage this year and increased overseas demand thereof for Indian jeera.

### Jeera Prices in Unjha Market

(Rs./20kg)

Grade	June 11-16	June 4-9
FAQ	2380-2520	2300-2520
Ganesh	2480-2620	2400-2620
M/c. Cleaned	2680-2820	2600-2820

### Jeera Prices in Delhi Market

(Rs./kg)

Grade	June 11-16	June 4-9
Ganesh New	135-140	135-141.5
FAQ	140-145	140-146.5
M/c. Cleaned	140	140-144.5

## Red Chillies:

Red chilli regular spot trade resumes after a long summer vacation. Domestic as well as export demand from Bangladesh and Singapore is reported to be steady in the market. Spot prices did not witness any major movement since the resumption of the trade. Local traders say that around 50 lakh bags (1 bag = 45 Kg) of stock is available at the Guntur cold storage. Sowing activity in small quantity for next season is initiated at some areas in Guntur. However, sowing activity would pick up only by the month of July on the onset of monsoon.

### Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	June 11-16	June 4-9
LCA 334 Loose	2500-4000	Closed
LCA 334 Cold Storage	3800-4500	Closed

## Cardamom:

With reports of an earthquake in Guatemala, a major producer for cardamom there are chances for the crops output being hit. However, clear reports are still not available of the crop in this area. Local trader at Vandanmedu said that since 1<sup>st</sup> June rainfall at the cardamom growing areas were scanty and was witnessed for only two days as compared to last years rainfall during this period. The report on the new crop is also not positive with farmers saying that the crop will be lower by 30-40% due to plant destruction. The severe heat has affected cardamom plants in nearly 10,000 hectares and needs replanting, said Mr. KK Devassia secretary of Cardamom Growers association. The commerce ministry has tentatively decided to launch the e-auction on July 15 at Bodinaykannore, one of the major auction centers in Tamil Nadu. V J Kurien, chairman, Spices Board, said the new trading system would be implemented at Bodinaykannore in the first

phase and later at seven other traditional auction centers, including Kumily, Vandanmedu and Pulianmalai. Cardamom auctions will remain closed for the period of minimum three weeks from next weeks onwards and traders say that exact date of the commencement of the auction is not declared.

## Cardamom Auction Prices in Pulianmalai

(Rs./kg)

Grade	June 16	June 9
7 mm	Closed	Closed

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures traded bearish during the week. The futures started the week with a weak note and the extended the weakness further. Despite some mid-week recovery, the futures finished the week at a much lower level. MCX July contract traded in the range of Rs. 12,962-14,296 during the week with thin volume and increasing open interest. NCDEX July contract traded in the range of Rs. 13,381-14,520 during the week with higher volume and declining open interest.

#### PRICE DRIVERS:

- Reduced commodity level open interest limit applied from June 16, 2007
- Stocks with commodity exchange warehouses at around 16,448 MT
- Reduction in near-month open interest limit for July contract onwards
- Lacklustre domestic as well as overseas demand
- Global prices remain steady in most of the sources
- Rainfall over growing regions; congenial for vine growth

#### OUTLOOK:

**Short Term (1 Week):** Rangebound on lacklustre demand, both domestic as well as overseas

**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	13381	Support-2	13078
Resistance-1	14299	Resistance-2	14584
Strategy	Buy at dips		

### Commodity: Jeera (Cumin)

Jeera futures started the week with a firm note, but failed to extend the advances further. The futures traded downwards thereafter and finished the week at

a lower level after some mid-week recovery. MCX July contract traded in the range of Rs. 10,930-12,000 during the week with increasing volume as well as open interest. NCDEX July contract traded in the range of Rs. 12,575-13,875 during the week with declining volume as well as open interest.

#### PRICE DRIVERS:

- Thinning arrivals in the markets
- Reports of lower production in Syria, Turkey
- Reduction in near-month open interest limit for July contract onwards
- Lower production of jeera this year

#### OUTLOOK:

**Short Term (1 Week):** Slightly firm on thinning 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	12609	Support-2	12289
Resistance-1	13681	Resistance-2	14000
Strategy	Buy at dips		

### Commodity: Chilli

Chilli futures at NCDEX tested fresh lows at Rs.4,540 per quintal since last three months after opening with bearish sentiments. The contract thereafter witnessed fresh buying coming in during the mid weak however failed to breach the opening high at Rs.4,828 per quintal. The contract traded weak on the weekends. Volumes were slightly up and the open interest gained slightly as against week ago.

#### PRICE DRIVERS:

- Steady export demand and expected to gain momentum.
- Steady domestic demand
- Bumper production of chilli this year

## OUTLOOK:

**Short Term (1 Week):** Slightly Weak on arrivals better as compared to demand.

**Medium Term (1 Month):** Slight firm on anticipation of good exports.

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

## NCDEX Chilli July Contract

Support-1	4394	Support-2	4144
Resistance-1	5171	Resistance-2	5365
Strategy	Sell on rallies		

## WEATHER WATCH:

### Forecast for next 5 days

During past 24 hours fairly widespread rainfall occurred over northeastern states, Sub-Himalayan West Bengal & Sikkim and along the west coast. Scattered rainfall also occurred over plains of northwest India. Isolated heavy to very heavy rainfall occurred over Tripura, Arunachal Pradesh, Meghalaya, Sub-Himalayan West Bengal & Sikkim, Coastal Karnataka and south Konkan & Goa.

Model prediction suggests that east India, and NE states are likely to receive fairly widespread to widespread rain during next 3 days. South Peninsular India is also likely to receive fairly widespread to widespread rain. Conditions are favourable for further advancement of monsoon and cover some parts.

Under the influence of an off-shore trough, increased rainfall activity is likely along west coast during next 2-3 days.

Model prediction suggests that there is possibility of a low pressure area to develop over west central and adjoining NW Bay of Bengal around 20th June.

### Zone-wise weather forecast

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

Scattered to Fairly widespread rainfall are likely over H.P. Uttarakhand, Punjab, Haryana, Delhi and West U.P. and isolated rainfalls over rest of the region.

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

Fairly widespread to widespread rainfall is likely over NE State, West Bengal, Orissa, Jharkhand, Bihar and East U.P. during next 3 days.

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

Isolated to Scattered rain/thundershowers are likely over Vidarbha, Chhattisgarh and Madhya Pradesh during next 3-4 days.

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

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

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

Fairly widespread rainfall is likely over Konkan and Goa. Scattered to fairly widespread rainfall is likely over Madhya Maharashtra and Marathwara. Isolated duststorm/ thunderstorm over Gujarat and Rajasthan.

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.