

## SPICES

June 18-23 2007

### Overview:

- Domestic Black Pepper Firm on Improved Demand
- Domestic Turmeric Prices Steady to Slightly Firm
- Domestic Jeera Prices Remain in Narrow Range
- India Spices Export in May Up 36% in Value, 11% in Quantity on Year

### Spices: Domestic Spot Prices for the Week Ending 16.06.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 16.06.07)	Price (Rs/Kg) For the Week ( 16.05.07)	Last Month Same Week (Rs/Kg) (19.05.06)	Last Year Same Week (Rs/Kg) ( 17.06.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	140.00	142.67	146.83	69.00
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmedu	355.48	347.68	367.24	219.48
Cardamom (Large)	Bada Dana	Gangtok	122.50	117.50	116.25	118.75
Chilli	Non -cold storage	Guntur	-	-	-	33.50
Ginger	Best	Cochin	48.00	48.00	48.67	57.00
	Medium	Cochin	43.00	43.00	43.67	47.00
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	45.00
Turmeric	Rajapuri	Mumbai	53.50	54.50	55.50	55.50
	Duggirala	Mumbai	23.25	23.00	22.88	26.25
Coriander	Indori 5%	Mumbai	32.75	32.25	32.25	29.75
Cumin	1%	Mumbai	115.00	117.50	115.00	70.63
	4%	Mumbai	96.25	98.75	97.50	65.63
Clove		Cochin	240.00	240	270.00	330.00
		Nagarcoil	240.00	240.00	250.00	360.00

Source: Spices Board of India

## Spices: International Spot Prices for the Week Ending 15.06.2007:

Spice	Origin/Grade	Market	Price For the Week (15.06.07) (US\$/KG)	Price For the Week (08.06.07) (US\$/KG)	Last Month (18.05.07) (US\$/KG)	Last Year Same Week (16.06.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.19	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	12.39	12.45	12.66	8.29
Chillies	Indian SANNM-4 (Stem less)	New York	2.54	2.54	2.76	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	0.93	0.77
Cumin	Syrian	New York	3.08	3.08	2.76	1.81
	Indian	New York	3.20	3.20	2.87	1.81
Fennel	Indian (ASTA)	New York	1.57	1.57	1.65	1.81
	Egyptian	New York	1.50	1.50	1.61	1.65
Fenugreek	India/Turkey	New York	0.99	0.99	0.99	0.79
Clove	Mad/Zanz/Com/ Indo	New York	4.41	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

### India Spices Export in May Up 36% in Value, 11% in Quantity on Year

Spices export from India has increased by 36 per cent in value and 11 per cent in quantity terms in May this year over the same month of last year.

Export of spices and spices product during May was worth Rs. 3.23 billion, while in quantity term it was 38,836 tonnes.

Exports were higher for chilli, pepper, mint and coriander.

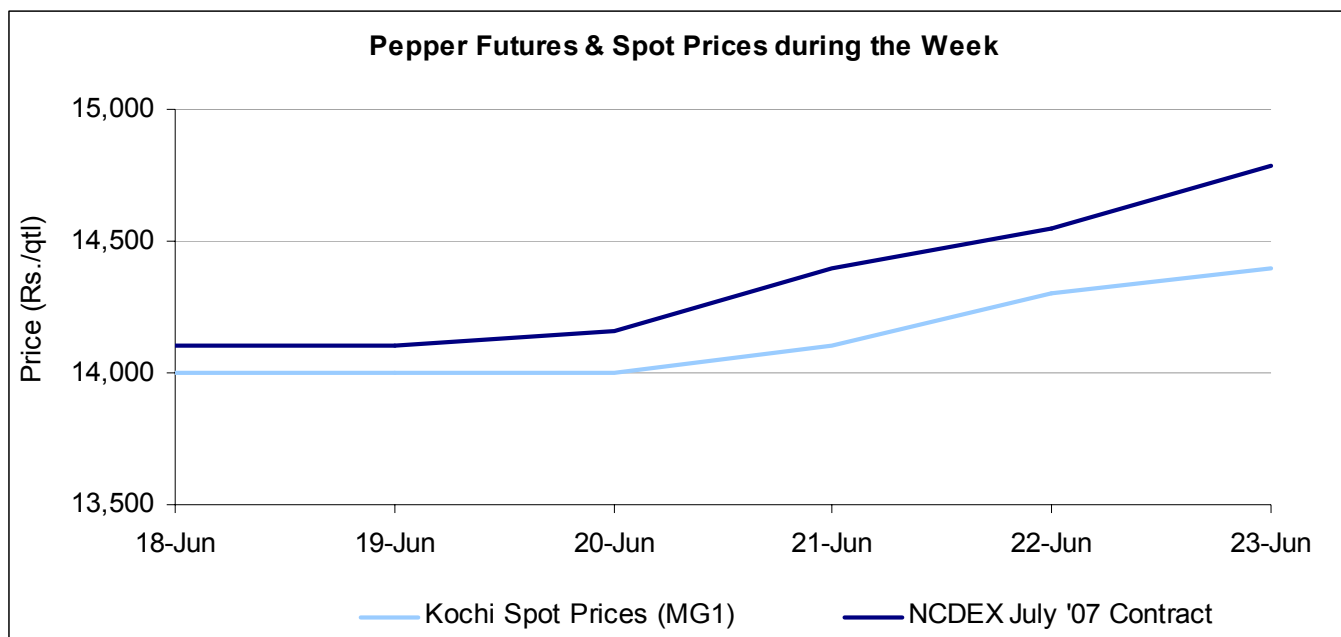
For the first two months of current fiscal year (April 2007-March 2008), total exports were 78,258 tonnes valued at Rs. 6.56 billion as against 61,445 tonnes valued at Rs. 4.43 billion during the corresponding period of previous fiscal year.

## 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 July contract prices in NCDEX. The near-month July contract continues to trade with premium over the spot prices. The gap between near-month futures prices and the spot prices widened through the week as futures prices increased sharper than spot prices. The June contract closed above the spot prices by Rs. 389 on Saturday.



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

Pepper	6/18/2007	6/19/2007	6/20/2007	6/21/2007	6/22/2007	6/23/2007
Ungarbled	13400	13400	13400	13500	13700	13800
Garbled	14000	14000	14000	14100	14300	14400

Domestic black pepper prices are firming up once again owing to improved demand. Traders are reporting increased export inquiries for Indian pepper that has supported the firm market trend. Moreover, spillover strength from futures markets is also supporting the firmness in physical markets. Indian pepper continues to remain highly competitive in global market after the recent decline in prices. Global supply shortage continues to support the long-term firm outlook on pepper with most producing countries estimated to have a reduced crop size. Amid global supply shortage, lower price tag for Indian pepper as compared to other producers is attributable to the sharp rise in pepper export from India. In the month of May this year, pepper export witnessed a sharp rise to 2,200 tonnes valued at Rs.

31.35 crore, up by over 50 per cent from 1,466 tonnes valued at Rs. 11.67 crore exported in May 2006. Domestic pepper prices are likely to remain firm in the week ahead on its strong fundamentals.

#### Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	June 18-23	June 11-16
Golden Unpolished	141-145	138-145
No. 11.5	165-170	165-170
No. 12	170-180	170-175

Note: Prices are in Rs. per Kg.

### Turmeric:

Turmeric prices at the auctions during the week were steady to slightly firm. The daily arrivals are at steady pace at the auction center. According to trade sources at Erode, turmeric sowing is likely to witness a decline of at least 20 per cent at the areas of Karnataka and Tamil Nadu. The fall in sowing is mainly on account of low prices fetched during this year adding to this the water levels at the Bhavani Sagar and Mytore dams has come down due to the failure of the North East monsoon. All this may lead fall in acreage at the large cultivated areas of Vellore, Attur and Dharmapura in the southern region. However the actual acreage is not yet disclosed.

#### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	June 18-23	June 11-16
Loose Finger	2025-2100	2025-2100
Loose Gattah	1950-2050	1900-2050

#### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	June 18-23	June 11-16
Finger	1875-1925	1875-1935
Gattah	1800-1825	1775-1825

#### Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	June 18-23	June 11-16
Nizamabad Finger	2450	2475-2500
Erode Finger Mini Selam	2850	2950-3000
Erode Single Polish Gattah	2450	2475-2500
Selam Finger	4150	4175-4200

### Cumin (Jeera):

Domestic jeera markets remain on an average rangebound to slightly firm. Prices remained in a narrow range in benchmark Unjha market amid mostly steady arrivals and slightly improved offtake. Any further decline in arrivals would result into further firmness in prices. Estimated decline in production in Syria and Turkey has resulted in firmness in global jeera prices. Long-term outlook on jeera remains firm on domestic as well as global supply shortage and increased overseas demand for Indian jeera. Jeera prices are likely to witness some firmness in the week ahead on expectations of decline in arrivals.

#### Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	June 18-23	June 11-16
FAQ	2400-2520	2380-2520
Ganesh	2500-2620	2480-2620
M/c. Cleaned	2700-2820	2680-2820

#### Jeera Prices in Delhi Market

(Rs./kg)

Grade	June 18-23	June 11-16
Ganesh New	130	135-140
FAQ	122	140-145
M/c. Cleaned	130	140

### Red Chillies:

Red chilli prices at the spot market were steady during the week with no major change taking place. Domestic as well as the export demand from Bangladesh, Malaysia, Sri Lanka and Singapore is reported to be steady in the market. Export of chilli continues to support the market sentiments. Chilli accounted for almost 45 per cent of the total export earnings at Rs 223.70 crore, which were Rs 64.84 crore in April-May 2006-07. During the first two months of the year 2007-08, the country exported around 40,000 tonnes compared with 15,234 tonnes sold in the same period last year.

#### Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	June 18-23	June 11-16
LCA 334 Cold Storage	4000-4600	3800-4500

### Cardamom:

Cardamom daily auction remained suspended till the arrival of the next crop. Harvesting is likely to start during late July to early August, which would depend greatly upon the performance of southwest monsoon. Rainfall over the cardamom growing regions was not satisfactory until now. Severe heat has affected cardamom plants in nearly 10,000 hectares and needs replanting, according to the Secretary of Cardamom Growers association. Weak domestic as well as overseas demand has kept the prices at lower levels.

#### Cardamom Auction Prices in Pulianmalai

(Rs. /kg)

Grade	June 23	June 16
7 mm	Closed	Closed

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures remain bullish during the week. Starting the week with a firm note, the futures extended the advances further and finished the week at a higher level. MCX July contract traded in the range of Rs. 13,450-14,210 during the week with increasing volume and almost steady open interest. NCDEX August contract traded in the range of Rs. 14,011-15,379 during the week with higher volume and increasing open interest.

#### PRICE DRIVERS:

- Stocks with commodity exchange warehouses at around 16,178 tonnes
- India's export up 50% on year at 2,200 tonnes in May 2007
- Lackluster domestic as well as overseas demand
- Global prices mostly steady to slightly firm
- Increased US demand for Indian pepper

#### OUTLOOK:

**Short Term (1 Week):** Firm on improved overseas demand, global prices

**Medium Term (1 Month):** Firm due to domestic, global production shortfall

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

NCDEX Black Pepper August Contract			
Support-1	14765	Support-2	14500
Resistance-1	14795	Resistance-2	15110
Strategy	Remain long buy at corrective dips		

### Commodity: Jeera (Cumin)

Jeera futures started the week with a bearish note and extended the weakness further. The futures registered sharp losses on Friday and tested week's low on Saturday to finish at a lower level. MCX July contract traded in the range of Rs. 10,600-11,250 during the week with thin volume and declining open interest. NCDEX August contract traded in the range of Rs. 12,355-13,320 during the week with higher volume and increasing open interest.

#### PRICE DRIVERS:

- Concerns over quality of stocks with exchange warehouses

- Thinning arrivals in the markets
- Reports of lower production in Syria, Turkey
- Lower production of jeera this year

#### OUTLOOK:

**Short Term (1 Week):** Slightly firm on thinning arrivals amid improved demand

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

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

NCDEX Jeera August Contract			
Support-1	12175	Support-2	12050
Resistance-1	12750	Resistance-2	12875
Strategy	Cover short; buy at dips towards support levels.		

### Commodity: Turmeric

Turmeric futures remained on an average rangebound during the week. The futures recovered from Wednesday's low to Friday's high, but failed to extend the advances further. The futures finished the week with no significant changes. NCDEX July contract traded in the range of Rs. 2,132-2,169 during the week with moderate volume and declining open interest.

#### PRICE DRIVERS:

- Higher stocks at physical markets
- Acreage under turmeric likely to decline in next season
- Lack of any fresh fundamental developments

#### OUTLOOK:

**Short Term (1 Week):** Rangebound amid lackluster trading activity

**Medium Term (1 Month):** Bearish on higher stocks, weak demand

**Long Term (3 Months):** Bearish on higher production, ample stocks

NCDEX Turmeric July Contract			
Support-1	2116	Support-2	2100
Resistance-1	2183	Resistance-2	2200
Strategy	Sell on rallies		

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## WEATHER WATCH:

### Forecast for next 5 days

The depression over Madhya Maharashtra moved northwestwards and weakened into a well marked low pressure area and now lies over northeast Arabian Sea and adjoining Saurashtra & Kutch. The system is likely to move in a northwesterly direction and weaken further. Under its influence widespread rainfalls with scattered heavy to very heavy falls and isolated extremely heavy falls are likely over Konkan & Goa including Mumbai, Gujarat and Coastal Karnataka during next 1-2 days.

Isolated heavy to very heavy rainfalls are also likely over interior Karnataka, Kerala and Lakshadweep. Numerical Weather Prediction models suggest formation of another low pressure area over northwest Bay of Bengal and neighborhood around 26th. The system is likely to intensify into a depression and move across Orissa, North A.P., Chhattisgarh and Madhya Pradesh.

Under its influence widespread rainfalls with scattered heavy to very heavy falls and isolated extremely heavy falls are likely over Orissa, north Andhra Pradesh and Chhattisgarh from 26th onwards. Isolated heavy to very heavy falls are also over Gangetic West Bengal and Jharkhand. Rainfall is also likely over H.P., Uttarakhand, Punjab, Haryana and Delhi during 25-27 June07.

Model prediction suggest that conditions are favourable for further advance of southwest monsoon into the remaining parts of Maharashtra, entire Gujarat and some parts of Madhya Pradesh during next 3-4 days.

### Zone-wise weather forecast

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

Isolated to Scattered rainfall is likely over J&K, H.P., Uttarakhand, Haryana, Punjab and west U.P., during 25-27 June.

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

Rainfall over Orissa and west Bengal is likely to increase from 27 June. Fairly wide spread rainfalls are likely over NE states during next 48 hours and decrease thereafter. Isolated rainfall is likely over rest of the region during next 1-2 days and increase thereafter.

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

Fairly widespread rainfall is likely over Vidarbha and Chhattisgarh. Isolated to Scattered rainfall is likely over rest of the region.

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

Fairly Widespread rainfall with is likely over Coastal Andhra Pradesh and Telangana. Widespread rainfall is likely over Kerala, Karnataka Rayalseema and Lakshadweep. Isolated to scattered rainfall is likely over rest of the region.

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

Fairly widespread to widespread with isolated heavy to very heavy rainfall is likely over Konkan and Goa Madhya Maharastra, Marathwara and South Gujarat during next 1-2 days then reduced thereafter. Isolated to Scattered rainfall is likely over south Rajasthan.

Source: NCMRWF, GOI

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