

SPICES

May 28-June 2, 2007

Overview:

- Domestic Black Pepper Markets Remained Quiet
- Domestic Turmeric Markets Remained Lacklustre
- Domestic Jeera Markets Continue Firm Trend
- Cardamom Prices Remained Steady to Slightly Weak

Spices: Domestic Spot Prices for the Week Ending 26.05.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (26.05.07)	Price (Rs/Kg) For the Week (19.05.07)	Last Month Same Week (Rs/Kg) (28.04.07)	Last Year Same Week (Rs/Kg) (27.05.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	144.33	143.83	149.50	70.92
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	357.76	367.24	357.75	214.18
Cardamom (Large)	Bada Dana	Gangtok	-	121.25	122.50	120
Chilli	Non -cold storage	Guntur	-	-	40.00	-
Ginger	Best	Cochin	48.00	48.67	50.00	50.00
	Medium	Cochin	43.00	43.67	45.00	39.00
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	47.50
Turmeric	Rajapuri	Mumbai	55.50	55.5	55.5	54.50
	Duggirala	Mumbai	22.88	23.88	23.13	27.25
Coriander	Indori 5%	Mumbai	32.25	32.25	32.75	31.25
Cumin	1%	Mumbai	111.25	111.25	117.50	72.50
	4%	Mumbai	92.50	97.50	103.75	66.88
Clove		Cochin	250.00	270.00	270.00	350.0
		Nagarcoil	250.00	265.00	265.00	360.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 25.05.2007:

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	4.26	4.30	4.19	1.76
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	12.75	12.66	12.69	7.74
Chillies	Indian SANNM-4 (Stem less)	New York	2.76	2.76	3.40	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	1.83
Turmeric	India Alleppey Finger	New York	1.78	1.78	1.78	1.85
Garlic	Chinese	New York	2.27	2.31	2.31	2.98
Coriander	Canada	New York	1.06	0.93	0.84	0.77
Cumin	Syrian	New York	2.76	2.76	2.76	1.85
	Indian	New York	2.76	2.76	2.76	1.85
Fennel	Indian (ASTA)	New York	1.61	1.65	1.98	1.79
	Egyptian	New York	1.57	1.61	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

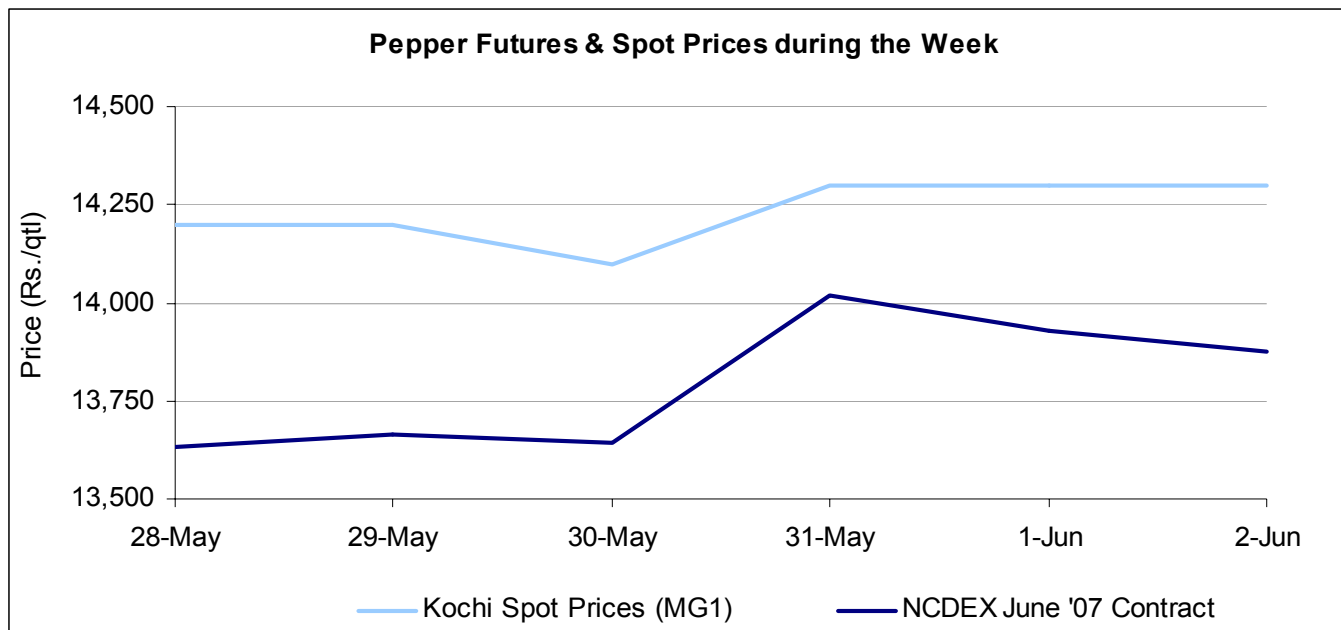
Source: Spices Board of India

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 during mid-week, but widened again as the futures prices declined against steady spot prices. The June contract closed below the spot prices by Rs. 423 on Saturday.



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

Pepper	28/05/2007	29/05/2007	30/05/2007	31/05/2007	01/06/2007	02/06/2007
Ungarbled	13600	13600	13500	13700	13700	13700
Garbled	14200	14200	14100	14300	14300	14300

Black pepper markets remain quiet. Prices decline at the start of the week amid lack of buying support, but recovered back near unchanged level towards weekend. Activity at the global markets remains slow as most of the European and the American buyers are reportedly covered with their stocks. Overseas buyers are now eyeing the Indonesian and Brazilian new harvest that is most likely to hit the market after June. Some recovery in Vietnam pepper prices are reported after the recent decline amid some buying interest at the lower price tags. At the domestic front, traders reported no selling pressure in the physical markets and taking cues from global markets for future direction in prices. Some export enquiries are also reported at the present lower price tag, which remains competitive in the global markets. Long-term

outlook for pepper remains firm owing to global demand-supply mismatch. Prices are likely to remain firm in the coming week

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	May 28-June2	May 21-26
Golden Unpolished	140-143	140-146
No. 11.5	165	165-170
No. 12	170	170-180

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric spot trade lacked luster for the week ended 2nd June 2007. The prices were steady to weak amidst falling arrivals at all the major trading centers of Erode, Nizamabad as well as Sangli. At Erode the arrivals were witnessed as low as 5500 bags where as at Nizamabad, the daily arrivals were only around 1000 bags. At Sangli, the daily auctions will be carried out twice or thrice a week amidst low arrivals. According to a trader, at Sangli, the auctions carried out in the evening for the arrivals from the other centers will have to be watched out for. Traders at Nizamabad say that, export demand was sluggish during the week. Adding to this he said that the rainfall is likely during the second week of June at Andhra Pradesh and sowing for the next season would be around last week of June if the monsoon arrives at the right time.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	May 28-June2	May 21-26
Loose Finger	1950-2050	1950-2075
Loose Gattah	1700-1850	1850-2000

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	May 28-June2	May 21-26
Finger	1875-1975	1875-1975
Gattah	1775-1825	1775-1850

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	May 28-June2	May 21-26
Nizamabad Finger	2380-2430	2400-2450
Erode Finger Mini Selam	2880-2980	2900-2980
Erode Single Polish Gattah	2250-2300	2350-2550
Selam Finger	4100-4150	4200-4250

Cumin (Jeera):

Domestic jeera markets remain firm owing to improved demand for the commodity. Arrivals continue to remain thin, but higher offtake has pushed up the prices to a slightly higher territory. Demand is likely to improve further ahead of the rainy season in major producing/trading regions. Moreover, unconfirmed news of adverse climatic conditions in Syria, another key jeera producing country, has supported the firmness in domestic markets. Long-term outlook for jeera remains firm with the estimated

decline in production this year. Jeera prices are likely to remain firm in the coming week.

Jeera Prices in Unjha Market

(Rs./20kg)

Grade	May 28-June2	May 14-19
FAQ	2240-2380	2200-2360
Ganesh	2340-2480	2300-2460
M/c. Cleaned	2540-2680	2500-2660

Jeera Prices in Delhi Market

(Rs./kg)

Grade	May 28-June2	May 21-26
Ganesh New	130-135	129-130
FAQ	135-140	134-135
M/c. Cleaned	138-143	137-138

Red Chillies:

Red chilli spot market trade at Guntur will resume from 4th June onwards and the traders are expecting trading volumes to be higher once trading commences. 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	May 28-June2	May 21-26
LCA 334	Closed	Closed

Cardamom:

Cardamom auctions will now be carried out only twice a week that is on Thursdays and Fridays as the season for the commodity has ended. The prices during the week were steady to slightly weak amidst lackluster local demand as well as no export inquiry. During initial days of the week the onset of southwest monsoon at Kerala and Karnataka cardamom growing areas brought some solace to the wilted crop. However, the regularity of the rainfall is a major influencing factor as far as the productivity for the next season is concerned. As per trade sources electronic auctions in cardamom would be launched on 16 June at the Bodinayakanur auction center. This will enable the traders to trade in better mechanism for price discovery.

Cardamom Auction Prices in Pulianmalai

(Rs./kg)

Grade	June 2	May 26
7 mm	Closed	450-460

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a bearish note and extended the weakness further to test week's low on Tuesday. The futures recovered thereafter till Friday's high, but finished the week with no significant changes. MCX June contract traded in the range of Rs. 12,850-13,850 during the week with thin volume as well as open interest. NCDEX June contract traded in the range of Rs. 13,415-14,392 during the week with moderate volume and declining open interest.

PRICE DRIVERS:

- Moderate domestic, export demand in physical markets
- Some recovery in international prices after recent decline
- Global supplies remain tight
- Lower production in Vietnam, India

OUTLOOK:

Short Term (1 Week): Firm on reports of some export enquiry, recovery in global pepper prices.

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	13600	Support-2	13280
Resistance-1	14600	Resistance-2	14915
Strategy	Go long at corrective dips		

Commodity: Jeera (Cumin)

Jeera futures traded firm after a weak beginning. The futures tested week's high later during the week and finished the week at a higher territory as against previous week. MCX June contract traded in the range of Rs. 10,350-10,774 during the week with thin volume and declining open interest. NCDEX June contract traded in the range of Rs. 11,815-12,550 during the week with lower volume and declining open interest.

PRICE DRIVERS:

- Improved 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 improved demand amid declining arrivals

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	12050	Support-2	11875
Resistance-1	12755	Resistance-2	12950
Strategy	Go long at corrective dips		

Commodity: Turmeric

Continuing the bearish activity during the initial days of the week NCDEX Turmeric June futures contract ended on a small consolidation in the prices. The volumes were low as compared to a week ago. Selling pressure dominated the trading and the contract made a steep fall to Rs. 2,134 after opening at Rs. 2,188, and making initial high at Rs. 2,202.

PRICE DRIVERS:

- Low arrivals as marketing season ends.
- Anticipation of better sowing for next season.
- Ample stocks due to higher production this season.
- No export inquiries

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

NCDEX Turmeric June Contract			
Support-1	2137	Support-2	2108
Resistance-1	2175	Resistance-2	2201
Strategy	Sell on rallies towards resistance		

WEATHER WATCH:

Forecast for next 5 days

Yesterday's cyclonic storm (GONU) over east-central Arabian Sea moved northwestwards and intensified into severe cyclonic storm at 0530 hrs. IST of today. It lay centred at 0830 hrs. IST of today, the 3rd June 2007 over east-central Arabian Sea near lat. 15.5 °N and long. 66.5°E about 820 kms west-southwest of Mumbai. The system is likely to intensify further and move slowly in a northwesterly direction. An off-shore trough extends from the centre of severe cyclonic storm over east-central Arabian Sea to southeast Arabian Sea. Under its influence, fairly widespread rainfalls are likely along the west coast during next 48 hrs. Scattered to fairly widespread rainfall activity is likely to continue over northeastern States during next 3 days. Heat wave conditions continued to prevail over Bihar and adjoining West Bengal during past 24 hours. Heat wave conditions also developed over Haryana, some parts of Rajasthan, Uttar Pradesh, and Jharkhand during past 24 hours. They are likely to continue during next 48 hours over these regions.

Zone-wise weather forecast

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

Isolated to scattered rain is likely over J&K, H.P. and Uttarakhand for next 2-3 days. Isolated dust storm/thunderstorm is likely over the rest region. Day temperature is likely to increase over northwest India during next 2-3 days

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

Scattered to fairly widespread rainfall/thundershower is likely over NE States during next 3-4 days. Rain/thundershowers are likely at a few places over Sub-Himalayan West Bengal & Sikkim and isolated over Bihar, Jharkhand, Orissa and Gangetic West Bengal.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated rain/thundershowers are likely over the region.

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

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

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

Isolated dust storm / thunderstorm are likely over Rajasthan. Scattered to Fairly widespread rainfall are likely over Konkan & Goa. Isolated rainfall is likely over Madhya Maharastra, Marathwara and south Gujarat. Mainly dry weather is likely over rest of the region.

Source: NCMRWF, GOI

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