

SPICES

July 16-21, 2007

Overview:

- Domestic Black Pepper Quiet on Lack of Fresh Cues
- Domestic Jeera Market Rangebound; Turmeric Mixed
- Chilli Prices Slide on Higher Stocks, Weak Demand
- Cardamom Prices Surge on Delayed Harvest

Spices: Domestic Spot Prices for the Week Ending 14.07.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (14.07.07)	Price (Rs/Kg) For the Week (07.07.07)	Last Month Same Week (Rs/Kg) (16.06.07)	Last Year Same Week (Rs/Kg) (15.07.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	142.33	147.33	140.00	76.92
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	404.29	392.49	355.48	220.79
Cardamom (Large)	Bada Dana	Gangtok	116.25	117.50	122.50	120.00
Chilli	Cold storage	Guntur	44.00	44.40	-	-
Ginger	Best	Cochin	48.00	48.00	48.00	55.00
	Medium	Cochin	43.00	43.00	43.00	45.00
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	45.00
Turmeric	Rajapuri	Mumbai	53.50	53.50	53.50	55.50
	Duggirala	Mumbai	22.75	22.75	23.25	26.00
Coriander	Indori 5%	Mumbai	37.50	35.25	32.75	29.00
	1%	Mumbai	115.63	115.00	115.00	76.25
Cumin	4%	Mumbai	96.25	96.25	96.25	70.00
		Cochin	240.00	245.00	240.00	360.00
Clove		Nagarcoil	240.00	245.00	240.00	360.00

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 13.07.2007:

Spice	Origin/Grade	Market	Price For the Week (13.07.07) (US\$/KG)	Price For the Week (06.07.07) (US\$/KG)	Last Month (15.06.07) (US\$/KG)	Last Year Same Week (07.07.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.26	4.26	4.19	1.85
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	14.15	13.30	12.39	7.92
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.21	2.54	1.83
Ginger	India Cochin	New York	2.10	2.10	2.09	2.03
	Chinese Peeled	New York	1.76	1.76	1.76	1.83
Turmeric	India Alleppey Finger	New York	1.79	1.79	1.78	1.85
Garlic	Chinese	New York	2.14	2.21	2.21	2.98
Coriander	Canada	New York	1.06	1.06	1.06	0.77
Cumin	Syrian	New York	3.26	3.26	3.08	1.81
	Indian	New York	3.31	3.31	3.20	1.81
Fennel	Indian (ASTA)	New York	1.50	1.57	1.57	1.81
	Egyptian	New York	1.50	1.50	1.50	1.65
Fenugreek	India/Turkey	New York	1.08	0.99	0.99	0.79
Clove	Mad/Zanz/Com/ Indo	New York	4.30	4.30	4.41	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: Pepper Export from Bangka Down 3% in Jan-May 2007

According to a latest report by the International Pepper Community (IPC), raw material from white pepper in Bangka was very limited as reflected in the volume of export during January-May 2007. Indonesia exported 615 metric tonnes of white pepper valued at US\$ 2.74 million from Bangka in May 2007 as compared to export of 631 metric

tonnes worth US\$ 1.45 million in the corresponding month of previous year.

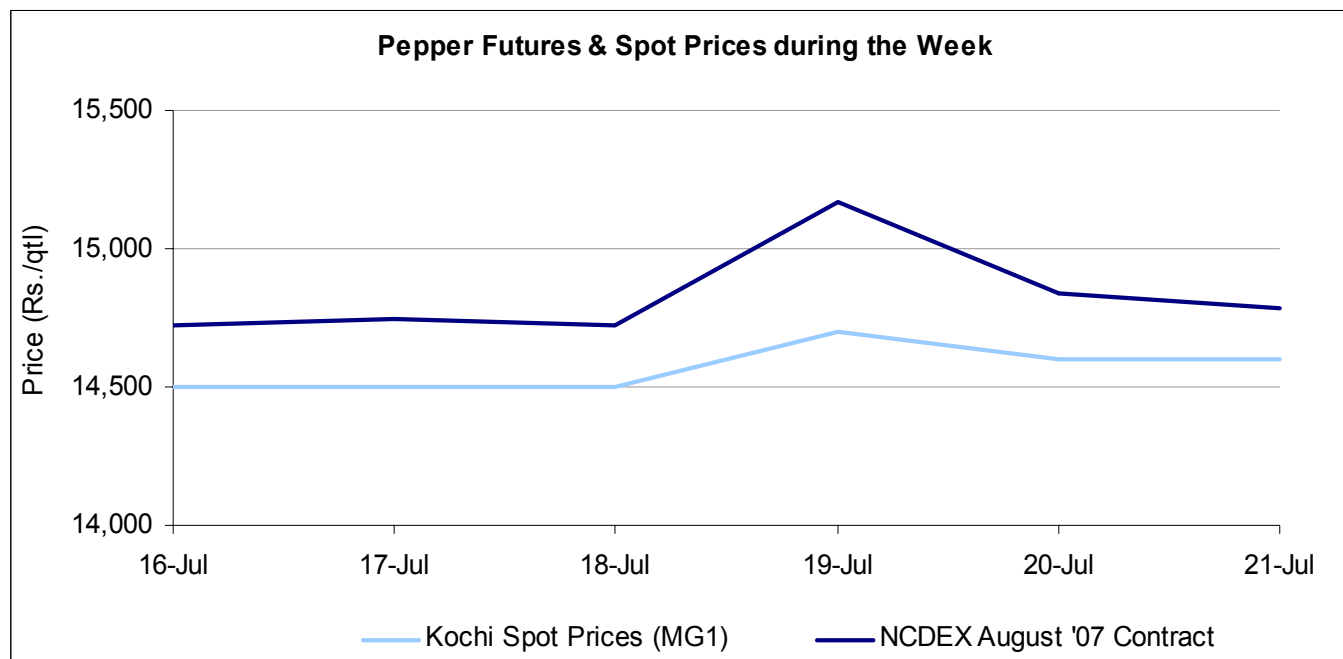
Total exports of white pepper from Bangka, Indonesia were 3,519 metric tonnes during January-May 2007, down by 3 per cent against export of 3,621 metric tonnes in the same period of 2006. However, in value terms the export was higher by 66 per cent at US\$ 13.47 million due to improved price over export of US\$ 8.10 million in the same period of previous 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 August contract prices in NCDEX. The near-month August contract continues to trade with a premium over the spot prices throughout the week. The difference was wider on Thursday as futures prices increased sharply as compared to spot prices. However, difference narrowed down towards weekend as futures prices declined against a steady spot price. The August contract closed above the spot prices by Rs. 188 on Saturday.



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

Pepper	7/16/2007	7/17/2007	7/18/2007	7/18/2007	7/20/2007	7/21/2007
Ungarbled	13900	13900	13900	14100	14000	14000
Garbled	14500	14500	14500	14700	14600	14600

Domestic black pepper markets remain mostly quiet amid lack of any significant developments in its fundamental aspects. Prices after easing at the beginning of the week recovered back on some buying support at lower price levels. Market is looking for fresh cues for future direction. Indian ASTA grade pepper continues to remain competitive in global market. Some export demand was also reported at lower price levels. Most of the overseas buyers are now eyeing the Indonesian crop, estimates of which vary widely at present. Preliminary estimates from the country indicate an increase of around 17 per cent at around 35,000 tonnes in 2007 due to large carry over stock. Brazil's new harvest that spreads during July to

October is likely to peak up only during September. Pepper stock with national commodity exchanges was at around 14,400 tonnes.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	July 09-14	July 16-21
Golden Unpolished	146-150	150-151
No. 11.5	170	170
No. 12	180-185	180-185

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric prices at all the major spot market were traded steady to slightly firm for the week ended 21 July 2007. Regular arrivals were gained slightly as against week ago. Domestic demand was reported to be good where as export advices from Iran are in pipeline. Acreage at Tamil Nadu, one of the largest Turmeric growing areas is likely to fall by 30 percent as against previous crop season. Fall in acreage is mainly due to low price fetched at the auctions. Sowing operations is likely to continue till last week of July at some places at Andhra Pradesh and Tamil Nadu.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	July 09-14	July 16-21
Loose Finger	2050-2175	2100-2250
Loose Gattah	2000-2050	1950-2150

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	July 09-14	July 16-21
Finger	1925-1975	1925-2000
Gattah	1825-1880	1825-1900

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	July 09-14	July 16-21
Nizamabad Finger	2425	2400-2425
Erode Finger Mini Selam	2875	2850-2875
Erode Single Polish Gattah	2425	2400-2425
Selam Finger	4125	4100-4125

Cumin (Jeera):

Domestic jeera markets remain on an average rangebound. Prices were more or less unchanged as against previous week as higher offtake capped the early decline in prices. Traders reported presence of some export demand from Singapore as the major supportive feature for the market. Global supply of jeera is expected to fall short of demand as key producing nations like Syria and Turkey has estimated lower harvest. Moreover, domestic production is also estimated significantly lower this year. Jeera stock with national commodity exchanges was at around 5,700 tonnes.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	July 09-14	July 16-21
FAQ	2460-2580	2460-2560
Ganesh	2560-2680	2560-2660
M/c. Cleaned	2760-2880	2760-2860

Jeera Prices in Delhi Market

(Rs./kg)

Grade	July 09-14	July 16-21
Ganesh New	131-131.5	131.5
FAQ	123-123.5	123.5
M/c. Cleaned	131-131.5	131.5

Red Chillies:

Chilli spot prices at Guntur market for the week ended 21st July witnessed a slump of Rs.500-700 per quintal during the initial days of the week and there after a slight recovery. At present the stock position at Guntur cold storage is around 45-46 lakh bags. Export demand from Sri Lanka, Malaysia and Bangladesh has remained subdued as compared to last week. However, traders anticipate export demand to pick up during the week ahead. Weak domestic as well as export demand has kept the prices at lower levels. Daily arrivals have maintained the steady pace at 50,000-60,000 bags however, on Thursday the arrivals were very thin around 20,000 bags due to rainfall causing transportation obstacles.

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	July 09-14	July 16-21
LCA 334 Cold Storage	4000-4500	3500-4200

Cardamom:

Cardamom prices at the auction centers witnessed a spurt by Rs.60-75 per kg during the week due to sluggish arrivals and good demand in the domestic market. The export demand for the commodity is likely once the new crop hits the markets in full swing after mid - August. The picking of the crop is delayed as the growers say current season 'Aadi' is supposed to be inauspicious. The climatic conditions are reported to be favourable at present for the crop. However, excess rainfall may damage the weather sensitive crop.

Cardamom Auction Prices in Nedukandam

(Rs. /kg)

Grade	July 07	July 21
7 mm	460-470	Closed

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a weak note and tested week's low on Monday. The futures improved on some buying support on lower levels and tested week's high on Thursday. Profit taking capped further advances and the futures finished the week at a lower level. MCX August contract traded in the range of Rs. 14,150-14,747 during the week with thin volume and increasing open interest. NCDEX August contract traded in the range of Rs. 14,628-15,235 during the week with declining volume as well as open interest.

PRICE DRIVERS:

- Stocks with commodity exchange warehouses around 14,400 tonnes
- Global supply is estimated lower by 47,500 tonnes in 2007
- Improved US demand for Indian pepper

OUTLOOK:

Short Term (1 Week): Rangebound on subdued domestic as well as overseas demand

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	14464	Support-2	14136
Resistance-1	15602	Resistance-2	15920
Strategy	Go long at dips toward support		

Commodity: Jeera (Cumin)

Jeera futures started the week with a bearish note and extended the weakness further to test week's low on Wednesday. The futures pared some losses on moderate buying at the lower price levels, only to finish the week at a lower level. MCX August contract traded in the range of Rs. 10,600-10,771 with thin volume and mostly steady open interest. NCDEX August contract traded in the range of Rs. 12,376-12,740 during the week with declining volume as well as open interest.

PRICE DRIVERS:

- Presence of some export demand at lower price levels

- Concerns over quality of stocks with exchange warehouses
- Stocks with commodity exchange warehouses around 5,700 tonnes

OUTLOOK:

Short Term (1 Week): Slightly firm on improved overseas 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	12240	Support-2	12110
Resistance-1	12900	Resistance-2	13025
Strategy	Go long at corrective dips		

Commodity: Cardamom

Opening sluggish, MCX Cardamom August contract during the mid week tested fresh highs after hitting 4 percent upper circuit on two consecutive days. The contract witnessed long accumulation surged up to Rs.573.9 after initial low at Rs.506.2. Futures witnessed a small consolidation on profit booking after the surge, and there after bounced back on strong fundamentals. Both the volumes as well as the open interest gained significantly and were at their highest for the contract since its inception.

PRICE DRIVERS:

- Good domestic demand
- Delayed arrivals of the new crop
- Low production estimates for the season

OUTLOOK:

Short Term (1 Week): Firm on domestic demand

Medium Term (1 Month): Firm on delayed new crop arrivals

Long Term (3 Months): Bullish as excess damage to the crop due to prolonged drought and anticipation of low production

MCX Cardamom August Contract			
Support-1	530.7	Support-2	516.4
Resistance-1	581.6	Resistance-2	594.9
Strategy	Buy on dips, and maintain long position.		

WEATHER WATCH:

Forecast for next 5 days

An upper air cyclonic circulation lies over Bihar and adjoining. Under its influence fairly widespread rainfall is likely over East U.P. Bihar, Jharkhand and Orissa during next 2-3 days. The axis of monsoon trough at sea level passes close to foot Hill of Himalaya. Under its influence widespread rainfall with scattered heavy to very heavy fall is expected over Sub-Himalayan West Bengal and NE States during next 4-5 days.

Model predictions suggest that monsoon is likely to be in weak phase for next week. Hence west, central India and interior Peninsula are likely to experience subdued rainfall during next 4-5 days. Although isolated heavy to very heavy rainfall is likely over Kerala, Coastal Karnataka and Lakshadweep during the same period. A western disturbance is likely to affect hilly regions of NW India from tomorrow. Under its influence fairly widespread rainfall is expected over hilly region of northwest India and scattered over adjoining plains during next 2-3 days from tomorrow.

Zone-wise weather forecast

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

Fairly widespread rain is likely over J&K, H.P. and Uttarakhand during 21-23 July. Isolated to scattered showers are likely over Punjab, Haryana, Delhi and west Uttar Pradesh during 21-23 July.

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

Fairly widespread rainfall is likely over east U.P. Bihar and NE States during next 48 hrs. Scattered to fairly widespread rainfall is likely over Orissa, West Bengal, and Jharkhand during next 3-4 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated rainfall is likely over the region during next 5 days.

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

Fairly widespread rainfall is likely over Coastal Karnataka, Kerala and Lakshadweep. Scattered rainfall is likely over South Interior Karnataka and Tamilnadu and Pondichery. Isolated rainfall is likely over rest of region.

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

Scattered rainfall is likely Konkan & Goa and Madhya Maharastra. Isolated rainfall is likely over rest of the region.

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.