

SPICES

July 09-14, 2007

Overview:

- Domestic Black Pepper Retraced Back from Early Weakness
- Domestic Jeera Market Quiet; Turmeric Remained Mixed
- Chilli Witnessed Downtrend on Bearish Fundamentals
- Regular Cardamom Auction Resumed this Week

Spices: Domestic Spot Prices for the Week Ending 07.07.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week (07.07.07)	Price (Rs/Kg) For the Week (30.06.07)	Last Month Same Week (Rs/Kg) (09.06.06)	Last Year Same Week (Rs/Kg) (08.07.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	147.33	147.5	142.67	75.42
Cardamom (Small)	(Auction Price) Ungraded	Vandanmedu	392.49	No Auction	347.68	209.17
Cardamom (Large)	Bada Dana	Gangtok	117.5	116.25	117.5	120
Chilli	Cold storage	Guntur	44.4	44.4	-	-
Ginger	Best	Cochin	48	48	48	55
	Medium	Cochin	43	43	43	45
	Alleppey finger (AFT)	Cochin	24	24	24	45
Turmeric	Rajapuri	Mumbai	53.5	53.5	54.5	55.5
	Duggirala	Mumbai	22.75	22.75	23	26
Coriander	Indori 5%	Mumbai	35.25	33.75	32.25	29
	1%	Mumbai	115	113.75	117.5	73.13
Cumin	4%	Mumbai	96.25	96.25	98.75	68.13
Clove		Cochin	240	240	240	330
		Nagarcoil	245	250	240	360

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 06.07.2007:

Spice	Origin/Grade	Market	Price For the Week (06.07.07) (US\$/KG)	Price For the Week (22.06.07) (US\$/KG)	Last Month (01.06.07) (US\$/KG)	Last Year Same Week (07.07.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.26	4.19	4.26	1.85
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	13.3	12.43	12.48	7.92
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.54	2.76	1.83
Ginger	India Cochin	New York	2.1	2.21	2.09	2.03
	Chinese Peeled	New York	1.76	1.76	1.76	1.83
Turmeric	India Alleppey Finger	New York	1.79	1.78	1.78	1.85
Garlic	Chinese	New York	2.21	2.21	2.96	2.98
Coriander	Canada	New York	1.06	1.06	0.78	0.77
Cumin	Syrian	New York	3.26	3.08	2.69	1.81
	Indian	New York	3.31	3.2	2.78	1.81
Fennel	Indian (ASTA)	New York	1.57	1.57	1.61	1.81
	Egyptian	New York	1.5	1.5	1.57	1.65
Fenugreek	India/Turkey	New York	0.99	0.99	0.99	0.79
Clove	Mad/Zanz/Com/ Indo	New York	4.3	4.41	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

NCDEX: Deliverable Grades of Jeera till July 2007 Expiry Contract

According to a latest circular by the National Commodity & Derivatives Exchange Limited (Circular No. : NCDEX/OPERATIONS-050/2007/171), dated July 9, 2007, all grades of Jeera starting with a prefix as 'JRI' e.g. JRIXXX cannot be delivered in July 2007 expiry contracts on the Exchange platform as these grades do not meet the quality specifications for contracts expiring in July 2007. Any grades other

than 'JRI' type are deliverable on the Exchange platform for contracts expiring in July 2007.

However from August 2007 expiry contracts the grades of Jeera starting with the prefix as 'JRI' will also be deliverable, as per the contract specifications of August 2007 expiry Jeera contract, which are notified by the Exchange vide circular no. NCDEX/TRADING-047/2007/117 dated May 9, 2007.

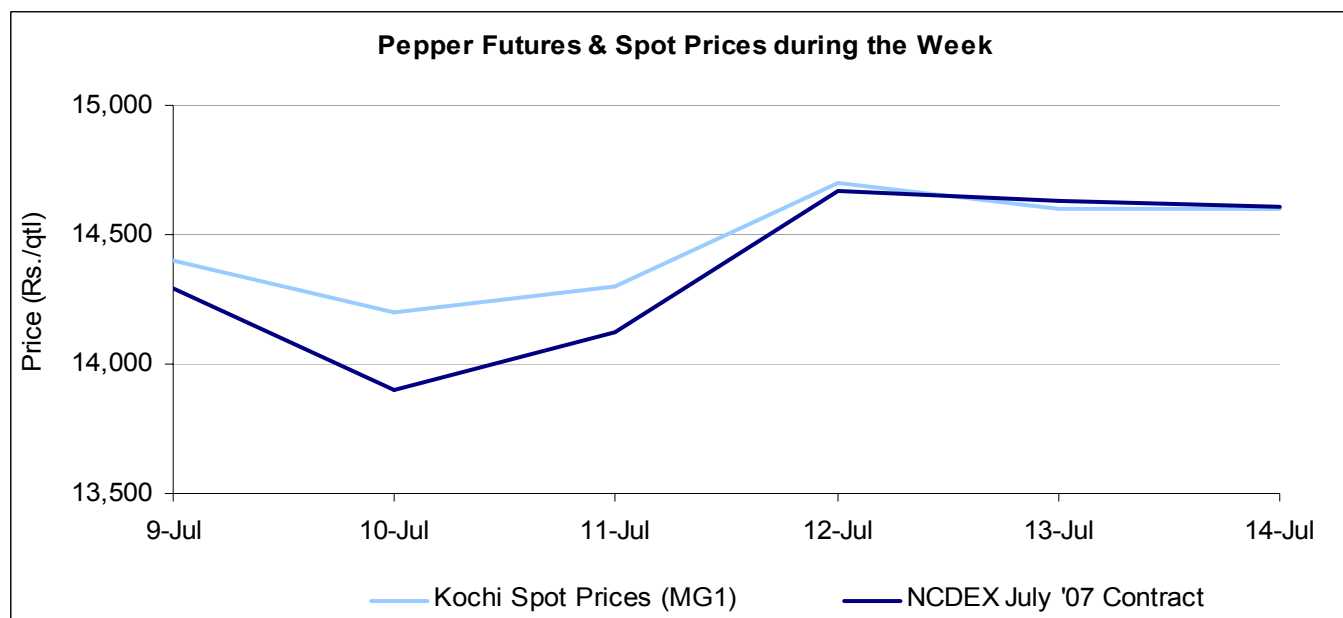
Source: NCDEX.

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 has shown backwardation during the early half of the week with maximum difference on Tuesday. The difference narrowed down and the futures prices moved above the spot prices towards weekend. The July contract closed above the spot prices by Rs. 10 on Saturday.



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

Pepper	7/9/2007	7/10/2007	7/11/2007	7/12/2007	7/13/2007	7/14/2007
Ungarbled	13800	13600	13700	14100	14000	14000
Garbled	14400	14200	14300	14700	14600	14600

Domestic black pepper markets recovered back from early weakness as demand improved at lower price levels. Prices after declining at the beginning of the week on reports that Vietnam is offering lower priced pepper in order to clear its stock, retraced back during mid-week on strong fundamentals. Moreover, recovery at the futures counter has also supported the physical market trend. Indian pepper prices continue to remain highly competitive in global markets and consequently, traders are reporting higher demand from the US. Notably, import of pepper from India by the US has witnessed a surge in recent time due to its price competitiveness as well as superior quality. Speculation over pepper supply position in Vietnam has kept the market under pressure for a while. New crop from Indonesia and Brazil is likely to hit the market in late July and

August. However, both the countries are believed to have a lower crop size than a year ago level. According to the Indonesian Pepper Exporters' Association, global pepper supply remained well below demand, with an estimated shortfall of 47,500 tonnes in 2007. Pepper stock with national commodity exchanges was at around 14,800 tonnes.

Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	July 02-07	July 09-14
Golden Unpolished	148-150	146-150
No. 11.5	170-175	170
No. 12	180	180-185

Note: Prices are in Rs. per Kg.

Turmeric:

Turmeric was traded with mixed trend for the week at all the major auction. The arrivals were steady at all centers. Trader at Sangli said that currently there is good export demand for Desi Cuddapa and Sadashivpet variety from Japan where the commodity is used for edible, industrial and medicinal purposes. All India stock position for turmeric as on 30th June 2007 is around 28 lakh bags and highest stock level is reported at Erode of around 11 lakh bags. Recently due to heavy rains at Maharashtra water logging is reported in turmeric fields however, the extent of crop damage is still not detected.

Turmeric Prices in Erode Market

(Rs./qtl)

Grade	July 02-07	July 09-14
Loose Finger	2075-2175	2050-2175
Loose Gattah	1950-2075	2000-2050

Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	July 02-07	July 09-14
Finger	1930-2000	1925-1975
Gattah	1820-1900	1825-1880

Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	July 02-07	July 09-14
Nizamabad Finger	2400-2450	2425
Erode Finger Mini Selam	2850-2900	2875
Erode Single Polish Gattah	2400-2450	2425
Selam Finger	4100-4150	4125

Cumin (Jeera):

Domestic jeera markets remain on an average quiet owing to thin trading activity. Prices remain slightly weak during the first half of the week as rainfall over major trading centres limited trading activity. However, prices improved from mid-week onwards owing to higher offtake amid mostly steady arrivals. Traders reported presence of some export demand from Bangladesh as a major reason behind the firmness in jeera prices. Moreover, improvement in jeera futures prices has also supported the physical market trend. Global supply of jeera is expected to fall short of demand as key producing nations like Syria and Turkey has estimated lower harvest besides fall in domestic production. Jeera stock with national commodity exchanges was at around 5,500 tonnes.

Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	July 02-07	July 09-14
FAQ	2450-2570	2460-2580
Ganesh	2550-2670	2560-2680
M/c. Cleaned	2750-2870	2760-2880

Jeera Prices in Delhi Market

(Rs./kg)

Grade	July 02-07	July 09-14
Ganesh New	131	131-131.5
FAQ	123	123-123.5
M/c. Cleaned	131	131-131.5

Red Chillies:

Spot prices for chillies at Guntur market for the week ended 14th July 2007 were quoted weak by Rs. 200 at Rs. 4000-4200 per quintal. Domestic demand for the commodity remained subdued throughout the week. Traders say that currently there is good export demand for chillies from Bangladesh. However, due to rainfall the transportation for the commodity has been hit and hence there is delay in executing the export orders. Sowing activity is still in progress at Guntur and is likely to be completed by 15-20 August. Though rainfall over the growing region would be congenial for proper sowing, heavy rainfall is not desirable as it can damage the newly sown crop. Currently at Guntur cold storage there are stocks of 45-48 lakh bags. Stocks at NCDEX accredited warehouses were at 2,533 tonnes as of 12th July.

Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	July 02-07	July 09-14
LCA 334 Cold Storage	4000-4500	4000-4500

Cardamom:

Regular auction for cardamom has been started for the season since 11th July 2007. The arrivals at the auction were reported to be thin at 25,000 kg on the first day as against last years 58,000 kg. Average price was at Rs 401 per kg against Rs 200 per kg at the first auction the last season. Out of the total arrivals only 25 per cent of the arrivals are of new crop. There was active participation of buyers amidst good domestic demand for the commodity. At Guatemala, the yield for the crop is very low almost half as compared to Indian variety and the cost of production is also reported lower. Export demand and fresh orders is likely once new crop hits the market.

Cardamom Auction Prices in Nedukandam

(Rs. /kg)

Grade	July 07	July 14
7 mm	Closed	460-470

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 back on increased buying support at lower price levels to test week's high on Friday. MCX August contract traded in the range of Rs. 13,620-14,600 during the week with declining volume and increasing open interest. NCDEX August contract traded in the range of Rs. 14,136-15,273 during the week with higher volume and declining open interest.

PRICE DRIVERS:

- Stocks with commodity exchange warehouses around 14,800 tonnes
- Global supply is estimated lower by 47,500 tonnes in 2007
- Improved US demand for Indian pepper

OUTLOOK:

Short Term (1 Week): Slightly firm on improved 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 recovered back from Tuesday's low on increased buying interest at lower price levels. The futures tested week's high on Friday and finished the week with no significant changes. MCX August contract traded in the range of Rs. 10600-10880 during the week with thin volume and increasing open interest. NCDEX August contract traded in the range of Rs. 12240-12899 during the week with moderate volume and declining open interest.

PRICE DRIVERS:

- Limited trading activity in spot markets due to rain
- Concerns over quality of stocks with exchange warehouses

- Stocks with commodity exchange warehouses around 5,500 tonnes

OUTLOOK:

Short Term (1 Week): Slightly firm on increased offtake amid lower arrivals

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	12515	Support-2	12355
Resistance-1	13100	Resistance-2	13245
Strategy	Go long at corrective dips		

Commodity: Chilli

Chilli futures at NCDEX opened with a strong bearish trend and tested fresh lows. The contract opened high for the week at Rs.4,425 per quintal. During the mid week witnessed a slight recovery however failed to sustain at these levels and made a steep fall at Rs.3,945 per quintal. Open interest gained steadily for the contract amidst significant gain in volumes as compared to week ago.

PRICE DRIVERS:

- Steady export demand and expected to gain momentum
- Lack luster buying in domestic market
- Rise in acreage in major growing areas

OUTLOOK:

Short Term (1 Week): Firm on likely upward technical correction

Medium Term (1 Month): Weak on lack of buying interest

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

NCDEX Chilli August Contract

Support-1	3882	Support-2	3784
Resistance-1	4572	Resistance-2	4716
Strategy	Buy on dips near support		

WEATHER WATCH:

Forecast for next 5 days

Yesterday, upper air cyclonic circulation over North Bay of Bengal & neighbourhood descend down and became low pressure area. At present it lies as well marked low pressure area over NW Bay of Bengal off the north Orissa and West Bengal coast. Model prediction suggests that it is likely to move slowly on west-northwest direction. Under its influence, fairly widespread to widespread rainfall activity is likely over West Bengal, Orissa and Jharkhand during next 2 days and likely to extend westward thereafter.

Western end of the axis of the monsoon trough runs close to foot hills of Himalaya, however, eastern end passes through Muzzafarpur, Dhanbad, and Midnapore and thence to the centre of the well marked low pressure area over NW Bay of Bengal.

Model prediction suggest that a westerly trough is likely to move across hilly regions of NW India during next 24-48 Hrs. and then during 19-20 July. Fairly widespread rainfalls are likely hilly regions of NW India, foot hills of Himalaya and scattered rains over plains of NW India during next 2 days. Rainfall is likely to be subdued over west central and Peninsula except west coast during next 2-3 days.

Zone-wise weather forecast

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

Fairly widespread rainfall is likely over J&K, H.P. and Uttaranchal during next 2 days. Scattered showers are likely over rest of region during the period.

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

Scattered rainfall is likely over Bihar and East U.P during next 24 Hrs. Thereafter, it is expected to enhance. Fairly widespread rainfall with isolated heavy fall is likely over NE States.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Isolated to Scattered rainfall is likely over region during next 2 days then increase thereafter.

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

Fairly widespread to widespread rainfall is likely over Andaman & Nicobar, Coastal Karnataka and Kerala during next 3 days. Scattered rainfall is likely over Interior Karnataka and north Andhra Pradesh. Isolated rainfall is likely over rest of region during next 3-4 days.

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

Isolated to scattered rainfall is likely over Rajasthan. Scattered rainfall is likely Konkan & Goa, Madhya Maharashtra, Marathwara and Gujarat during next 3 days.

Source: NCMRWF, GOI

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