

SPICES

July 23-28, 2007

Overview:

- Domestic Black Pepper Ease on Subdued Demand
- Domestic Jeera Market Rangebound; Turmeric Mixed
- Chilli Prices Gain on Improved Export Demand
- Cardamom Prices Weak on Lack of Buying Support
- India Pepper Export Up 40 Percent during April-June 2007

Spices: Domestic Spot Prices for the Week Ending 21.07.2007:

| Spice | Grade/Variety | Market | Price (Rs/Kg) For the Week (21.07.07) | Price (Rs/Kg) For the Week (14.07.07) | Last Month Same Week (Rs/Kg) (23.06.07) | Last Year Same Week (Rs/Kg) (22.07.06) |
|---------------------|------------------------------|------------|--|--|--|--|
| Black Pepper | Malabar Garbled (MG-1) | Cochin | 145.67 | 142.33 | 141.33 | 80.42 |
| Cardamom (Small) | (Auction Price) Ungraded | Vandanmedu | 434.48 | 404.29 | No Auction | 228.87 |
| Cardamom (Large) | Bada Dana | Gangtok | 115.00 | 116.25 | 120.00 | 123.75 |
| Chilli | Cold storage | Guntur | 41.50 | 44.00 | 45.00 | 35.00 |
| 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 |
| | Nizamabad | Mumbai | 23.00 | 23.00 | 22.25 | 25.13 |
| Coriander | Indori 5% | Mumbai | 37.25 | 37.50 | 32.88 | 29.00 |
| Cumin | 1% | Mumbai | 115.63 | 115.63 | 113.75 | 78.75 |
| | 4% | Mumbai | 98.13 | 96.25 | 96.25 | 73.13 |
| Clove | | Cochin | 240.00 | 245.00 | 240.00 | 330.00 |
| | | Nagarcoil | 245.00 | 240.00 | 240.00 | 340.00 |

Source: Spices Board of India

Spices: International Spot Prices for the Week Ending 20.07.2007:

| Spice | Origin/Grade | Market | Price For the Week (20.07.07) (US\$/KG) | Price For the Week (13.07.07) (US\$/KG) | Last Month (22.06.07) (US\$/KG) | Last Year Same Week (21.07.06) (US\$/KG) |
|------------------|----------------------------|--------------|---|---|---------------------------------|--|
| Pepper | Malabar Garbled (MG-1) | New York | 4.26 | 4.26 | 4.19 | 1.94 |
| Cardamom (Small) | Guatemala Mixed Green | New York | 9.37 | 9.37 | 9.37 | 8.82 |
| | Indian (AGEB) | Saudi Arabia | 14.15 | 14.15 | 12.43 | 7.80 |
| Chillies | Indian SANNM-4 (Stem less) | New York | 2.21 | 2.21 | 2.54 | 1.94 |
| Ginger | India Cochin | New York | 2.10 | 2.10 | 2.21 | 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 | 2.14 | 2.21 | 2.91 |
| Coriander | Canada | New York | 1.06 | 1.06 | 1.06 | 0.77 |
| Cumin | Syrian | New York | 3.26 | 3.26 | 3.08 | 1.90 |
| | Indian | New York | 3.31 | 3.31 | 3.20 | 1.98 |
| Fennel | Indian (ASTA) | New York | 1.52 | 1.50 | 1.57 | 1.94 |
| | Egyptian | New York | 1.52 | 1.50 | 1.50 | 1.61 |
| Fenugreek | India/Turkey | New York | 1.08 | 1.08 | 0.99 | 0.82 |
| 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 | 1.74 | 1.72 | 1.72 | 1.65 |

Source: Spices Board of India

India Pepper Export Up 40 Percent during April-June 2007

Pepper export from India continues the success story of previous fiscal year during the first quarter of current fiscal year. During the first quarter (April-June 2007) of current fiscal year pepper export from India

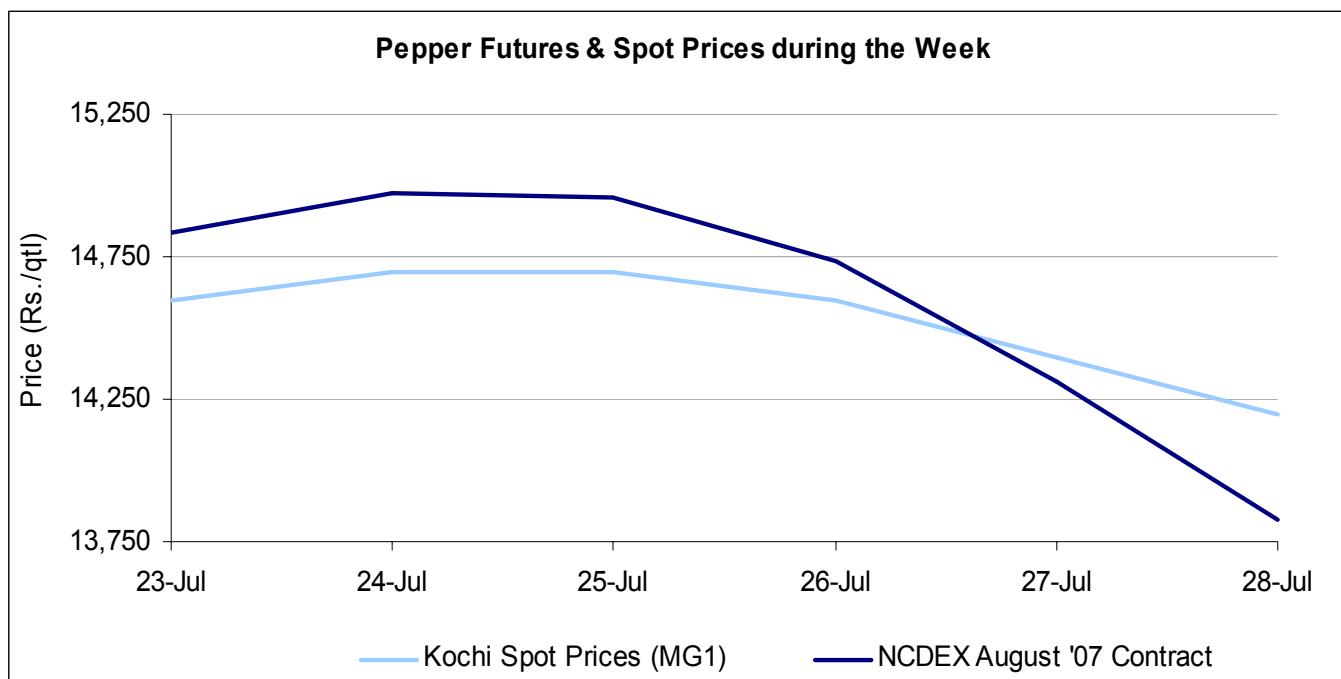
increased by 40 per cent to 7,000 tonnes. In value terms, it was higher by 137 per cent at Rs. 97.26 crore. The unit values realisation from pepper export has increased significantly to Rs. 139 per kg during April-June 2007 from Rs. 82 per kg during the corresponding period of previous year.

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 was trading above the spot prices till mid-week, but the difference narrowed down. The near-month contract witnessed backwardation towards weekend as the futures prices declined sharper than spot prices. The August contract closed below the spot prices by Rs. 370 on Saturday.



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

| Pepper | 7/23/2007 | 7/24/2007 | 7/25/2007 | 7/26/2007 | 7/27/2007 | 7/28/2007 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Ungarbled | 14000 | 14100 | 14100 | 14000 | 13800 | 13600 |
| Garbled | 14600 | 14700 | 14700 | 14600 | 14400 | 14200 |

Domestic black pepper markets are witnessing some weakness on subdued demand, both domestic as well as overseas. Prices after a steady start, witnessed some firmness during mid-week only to ease towards weekend. Sellers are active at higher price levels and consequently prices ease to finish lower against previous weekend. Indian pepper continues to remain competitive in global market. However, overseas demand was weak as European buyers are celebrating holidays, while American buyers are on the sideline eyeing the fresh crop from Indonesia and Brazil. Brazil's new crop has slowly started arriving in the market, but unlikely to pick up before September. At the domestic front, the Forward

Markets Commission (FMC) has revised upwards the near month open position limit of pepper futures. However, the much awaited revision has failed to cheer up neither the market participants nor the prices. A good quantity of around 13,800 tonnes of certified pepper stock is still with the national commodity exchange warehouses. Meanwhile, according to a latest press release by the Union Commerce Ministry, total expected investment for building of infrastructure in spices sector during the 11th Plan is around Rs.1,000 crores.

Black Pepper Prices in Delhi Market

(Rs./kg)

| Grade | July 16-21 | July 23-28 |
|-------------------|------------|------------|
| Golden Unpolished | 150-151 | 146-150 |
| No. 11.5 | 170 | 170 |

Turmeric:

Turmeric prices at major spot market traded mixed. At Erode, the prices were steady through out the week where as at Nizamabad, the prices were firm by Rs.200 per quintal and at Warangal, Duggirala and Sangli the prices were firm by Rs.50-80 per quintal towards the week end. Good domestic demand supported the up move in the prices. Export demand from Japan for Desi Cudappa variety was steady through out the week. Traders at Nizamabad are anticipating export advices from Gulf after mid August for good quality commodity. Turmeric stock position at NCDEX accredited warehouse as on 26th July 2007 is around 10,110 metric tonnes.

Turmeric Prices in Erode Market

(Rs./qtl)

| Grade | July 16-21 | July 23-28 |
|--------------|------------|------------|
| Loose Finger | 2100-2250 | 2200-2250 |
| Loose Gattah | 1950-2150 | 2000-2150 |

Turmeric Prices in Nizamabad Market

(Rs./qtl)

| Grade | July 16-21 | July 23-28 |
|--------|------------|------------|
| Finger | 1925-2000 | 1960-2200 |
| Gattah | 1825-1900 | 1860-1980 |

Turmeric Prices in Delhi Market

(Rs. /qtl)

| Grade | July 16-21 | July 23-28 |
|----------------------------|------------|------------|
| Nizamabad Finger | 2400-2425 | |
| Erode Finger Mini Selam | 2850-2875 | |
| Erode Single Polish Gattah | 2400-2425 | |
| Selam Finger | 4100-4125 | |

Cumin (Jeera):

Domestic jeera markets remain on an average rangebound with a bearish bias. Prices were slightly lower as against previous weekend as offtake declined from mid-week onwards. Presence of some export demand at lower price levels is providing the underlying support to the market. Domestic demand remained subdued at present. Weakness in jeera futures counter has also pressurised the physical

| | | |
|--------|---------|---------|
| No. 12 | 180-185 | 180-185 |
|--------|---------|---------|

Note: Prices are in Rs. per Kg.

market trend. Long-term outlook on jeera remains positive owing to global production shortfall this year. 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 declined week on week to around 5,500 tonnes.

Jeera Prices in Unjha Market

(Rs. /20kg)

| Grade | July 16-21 | July 23-28 |
|--------------|------------|------------|
| FAQ | 2460-2560 | 2460-2580 |
| Ganesh | 2560-2660 | 2580-2680 |
| M/c. Cleaned | 2760-2860 | 2760-2880 |

Jeera Prices in Delhi Market

(Rs./kg)

| Grade | July 16-21 | July 23-28 |
|--------------|------------|-------------|
| Ganesh New | 131.5 | 130.5-131.5 |
| FAQ | 123.5 | 122.5-123.5 |
| M/c. Cleaned | 131.5 | 130.5-131.5 |

Red Chillies:

Domestic Chilli prices at the Guntur spot market were traded firm by Rs.200-400 per quintal for the week ended 28th July 2007 as compared week ago. The slight gain in the prices was due to good export demand during the initial days of the week. However, the export demand from Bangladesh lacked luster. Local demand remained subdued through out the week and failed to push up the prices. Daily arrivals at the Guntur spot market were low through out the week around 20,000-25,000 bags and like to remain at these level.

Red Chillies Prices in Guntur Market

(Rs. /qtl)

| Grade | July 16-21 | July 23-28 |
|----------------------|------------|------------|
| LCA 334 Cold Storage | 3500-4200 | 3600-4400 |

Cardamom:

Cardamom prices at the auction centers during the week ended 28th July 2007 were slight weak as against week ago. Lack of buying interest among the local buyers at the auctions as well as at Delhi markets failed to support the prices at the previous week's level. Exports demand is likely to after the good quality new crop hits the market. Out of the total

arrivals at the spot only 15-20 percent were from new crop. Picking of the capsules in full swing will commence by mid or last week of August. According to a latest press release by the Union Commerce Ministry, electronic auction facility for cardamom will be launched by Spices Board in August 2007. This is expected to bring transparency in the bidding process.

Cardamom Auction Prices in Nedukandam

(Rs. /kg)

| Grade | July 21 | July 28 |
|-------|---------|---------|
| 7 mm | Closed | |

Futures Market (NCDEX):

Commodity: Black Pepper

Black pepper futures started the week with a firm note and extended the advances further to week's high on Wednesday. However, the futures traded sharply downwards thereafter to finish the week at a much lower level. MCX August contract traded in the range of Rs. 13,287-14,480 during the week with thin volume and marginally higher open interest. NCDEX September contract traded in the range of Rs. 14,070-15,479 during the week with higher volume as well as open interest.

PRICE DRIVERS:

- Near month open position limit revised upwards
- Global supply shortage is estimated at 47,500 tonnes in 2007
- Weak domestic as well as overseas demand
- During April-June 2007, export were up by 40 per cent at 7,000 tonnes
- In value terms, exports during April-June 2007 were higher by 137 per cent at Rs. 97.26 crore
- The unit value realization of pepper export has increased to Rs. 139 per kg during April-June 2007 over Rs. 82 per kg during the same period of last year
- Stocks with commodity exchange warehouses declined to around 13,800 tonnes

OUTLOOK:

Short Term (1 Week): Slightly weak on lower demand from overseas buyers, who are now eyeing the new crop from Indonesia and Brazil

Medium Term (1 Month): Slightly firm on expected overseas demand, lower global production

Long Term (3 Months): Firm as global demand exceeds supplies

NCDEX Black Pepper September Contract

| | | | |
|--------------|-------|--------------|-------|
| Support-1 | 13681 | Support-2 | 13318 |
| Resistance-1 | 14821 | Resistance-2 | 15200 |

Strategy

Cover short position, buy near support

Commodity: Jeera (Cumin)

Jeera futures started the week with a firm note. However, the futures slide from Wednesday's highs to Saturday's low on increased selling interest. The futures finished near a contract month low on Saturday. MCX August contract traded in the range of Rs. 10,410-10,750 during the week with thin volume and increasing open interest. NCDEX September contract traded in the range of Rs. 12,151-12,891 during the week with higher volume as well as open interest.

PRICE DRIVERS:

- Near month open position limit revised upwards
- Lower domestic as well as global production
- Subdued physical market demand
- Stocks with commodity exchange warehouses declined to around 5,500 tonnes

OUTLOOK:

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

Medium Term (1 Month): Slightly firm on lower output, expected overseas demand

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

NCDEX Jeera September Contract

| | | | |
|--------------|-------|--------------|-------|
| Support-1 | 11900 | Support-2 | 11705 |
| Resistance-1 | 12525 | Resistance-2 | 12730 |

Strategy

Cover short position, buy near support

Commodity: Turmeric

Turmeric most active September futures at NCDEX opened steady at Rs.2,230 per quintal. The contract there after during the mid week surged and made a high at Rs.2,280 per quintal on fresh buying. Towards the week end the contract tested fresh lows at Rs.2,210. Both volumes and open interest gained significantly as compared to a week ago.

PRICE DRIVERS:

- Anticipation of low sowing for next season in some areas.
- Ample stocks due to higher production this season.
- Export inquiries going on from Japan for industrial usage and anticipation of export advices from the Gulf countries.
- Good domestic demand from the buyers.

OUTLOOK:

Short Term (1 Week): Rangebound to firm on good domestic demand

Medium Term (1 Month): Firm on anticipation of good export inquiries from Gulf

Long Term (3 Months): Firm due to fall in the acreage in some parts on major producing states.

| NCDEX Turmeric September Contract | | | |
|-----------------------------------|-------------|--------------|------|
| Support-1 | 2192 | Support-2 | 2179 |
| Resistance-1 | 2309 | Resistance-2 | 2332 |
| Strategy | Buy on dips | | |

WEATHER WATCH:

Forecast for next 5 days

At present the axis of the monsoon trough passes through Ferozepur, Muzaffarnagar, Bareilly, Lucknow, Varanasi, Hazaribagh, Sagar Islands and hence southeastwards to east-central Bay of Bengal. Gangetic plains are likely to receive fairly widespread rainfall with isolated heavy fall during next 3-4 days. However, rainfall over central, adjoining interior peninsular India and parts of western states mainly Rajasthan & Gujarat will remain subdued.

Model prediction suggests that southwest monsoon is likely to remain in a weak phase for the next 4-5 days.

An off-shore trough continues to persist along west coast. Under its influence fairly widespread rainfall activity is likely over Kerala, Coastal Karnataka and Lakshadweep during 3-4 days. A Western disturbance is lying over northern most parts of the country. Under its influence scattered to fairly widespread rainfall is likely over J&K, H.P. and Uttarakhand and part of adjoining plains of NW India during next 24-48 hrs. Model predictions suggest that a cyclonic circulation is likely to develop over northwest Bay of Bengal around 4th August 07. Subsequently southwest monsoon is expected to strengthen.

Zone-wise weather forecast

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

Scattered to fairly widespread rain is likely over J&K, H.P., Uttarakhand and isolated to

Scattered over Punjab, Haryana, Delhi and west Uttar Pradesh during next 48 Hrs.

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

Fairly widespread rainfall is likely over east U.P., Bihar, West Bengal and NE States during next 4-5 days. Scattered to fairly widespread rainfall is likely over Jharkhand and Orissa during next 3-4 days

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Scattered rainfall is likely over Chhatisgarh and East Madhya Pradesh. Isolated rainfall is likely over rest of the region.

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 to fairly widespread rainfall is likely Konkan & Goa and Madhya Maharashtra. Isolated rainfall is likely over rest of the region.

Source: NCMRWF, GOI

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