

## SPICES

July 02-07, 2007

### Overview:

- Domestic Black Pepper Prices Eased during Weekend
- Domestic Turmeric Prices Mixed; Chilli Remain Stable
- Domestic Jeera Remain Firm on Reduced Arrivals
- Chilli Acreage likely to Gain for the Next Season

### Spices: Domestic Spot Prices for the Week Ending 30.06.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 30.06.07)	Price (Rs/Kg) For the Week ( 23.06.07)	Last Month Same Week (Rs/Kg) (02.06.06)	Last Year Same Week (Rs/Kg) ( 01.07.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	147.50	141.33	142.33	71.83
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmedu	No Auction	No Auction	336.04	210.68
Cardamom (Large)	Bada Dana	Gangtok	116.25	120.00	115.00	120.00
Chilli	Non -cold storage	Guntur	35.00	33.00	-	-
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	54.50	55.50
	Duggirala	Mumbai	22.75	22.75	22.88	26.00
Coriander	Indori 5%	Mumbai	33.75	32.88	32.25	28.75
	1%	Mumbai	113.75	113.75	113.75	70.63
Cumin	4%	Mumbai	96.25	96.25	95.00	65.63
		Cochin	240.00	240.00	240.00	330.00
Clove		Nagarcoil	250.00	240.00	250.00	375.00

Source: Spices Board of India

## Spices: International Spot Prices for the Week Ending 29.06.2007:

Spice	Origin/Grade	Market	Price For the Week (29.06.07) (US\$/KG)	Price For the Week (22.06.07) (US\$/KG)	Last Month (01.06.07) (US\$/KG)	Last Year Same Week (23.06.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.26	4.19	4.26	1.76
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	12.48	12.43	12.48	7.81
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.54	2.76	1.94
Ginger	India Cochin	New York	2.10	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	2.25	2.98
Coriander	Canada	New York	1.06	1.06	1.06	0.77
Cumin	Syrian	New York	3.26	3.08	2.69	1.81
	Indian	New York	3.31	3.20	2.78	1.81
Fennel	Indian (ASTA)	New York	1.57	1.57	1.61	1.81
	Egyptian	New York	1.50	1.50	1.57	1.61
Fenugreek	India/Turkey	New York	0.99	0.99	0.99	0.81
Clove	Mad/Zanz/Com/ Indo	New York	4.41	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

### Chilli Acreage likely to Gain for the Next Season

Red Chilli output for the year likely to gain by 20-30 percent for the year 2007-08 underpinned by rise in the acreage by 20-30 percent at the growing areas as well as early sowing at Karnataka, Andhra Pradesh and Madhya Pradesh.

In Madhya Pradesh region the acreage is likely to go up by 40% due to early sowing as well as farmers fetched better prices as the arrivals in this area started early as compared to the other centers.

The officials from the Agriculture Department said that this year farmers at Guntur may increase the acreage by 10000 hectares to last year's hecterage of 57,672.

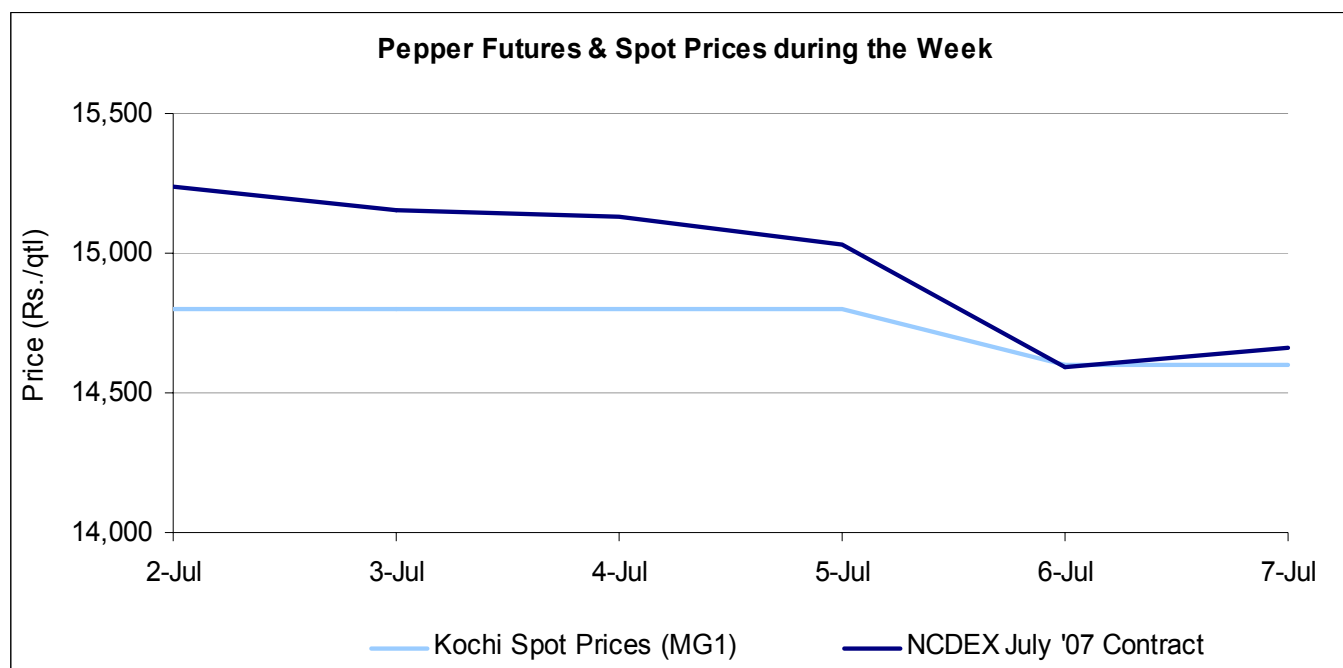
Currently, the sluggish demand in the domestic as well as the export and adding to it the crop from China is also expected to come in the market by August and September will further pull down the prices for the commodity.

## 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 was ruling much higher at the beginning of the week, but the difference narrowed down as futures prices declined as against steady spot prices. The futures prices went below the spot prices on Friday, only to recover back slightly on Saturday. The July contract closed above the spot prices by Rs. 59 on Saturday.



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

Pepper	7/02/2007	7/03/2007	7/04/2007	7/05/2007	7/06/2007	7/07/2007
Ungarbled	14200	14200	14200	14200	14000	14000
Garbled	14800	14800	14800	14800	14600	14600

Domestic black pepper markets after remaining quiet eased towards weekend on news that Vietnam is reducing price tag in order to clear its stock ahead of the entry of Indonesian and Brazilian crop in the global market. According to news by Pepper trade Board of Brazil, Vietnam has exported around 42,252 metric tonnes during January-May 2007 of the total 96,365 metric tonnes total available supply for the season. It has also estimated the balance for export at 49,692 metric tonnes after deduction of 46,673 metric tonnes on account of total use during the first five months of the year. At the domestic front, futures prices of black pepper declined sharply towards weekend despite a recent reduction in margins for pepper futures by the Forwards Markets Commission.

Traders are of the view that though the recent reliever will encourage wider participation, but the lower open position limit has put a negative shadow over the futures market.

#### Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	July 02-07	June 25-30
Golden Unpolished	148-150	145-147
No. 11.5	170-175	165-170
No. 12	180	175-180

Note: Prices are in Rs. per Kg.

### Turmeric:

Turmeric prices for the week were traded in mixed sentiments at the auctions. The week started off with a steady to slight firmness in prices by Rs.25-30 per quintal and later on bounced back to the opening price level at Nizamabad spot market. Arrivals at all the centers through out the week were steady as that of week ago. Local traders say that currently there is good domestic demand for turmeric gattah from Uttar Pradesh where as export advices are received for Nizamabad fingers from the Gulf countries.

#### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	July 02-07	June 25-30
Loose Finger	2075-2175	2000-2100
Loose Gattah	1950-2075	1900-1950

#### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	July 02-07	June 25-30
Finger	1930-2000	1900-1980
Gattah	1820-1900	1800-1850

#### Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	July 02-07	June 25-30
Nizamabad Finger	2075-2175	2400-2450
Erode Finger Mini Selam	1950-2075	2850
Erode Single Polish Gattah	2400-2450	2400-2450
Selam Finger	4100-4150	4100-4150

### Cumin (Jeera):

Domestic jeera markets maintain earlier firmness as arrivals declined further. Prices were higher in benchmark Unjha markets as heavy rainfall over the state limited trading activity during the week. Jeera prices have risen significantly in the recent past on global supply shortage due to lower production in Syria and Turkey besides domestic shortfall. According to a recent FMC directive, total margins on jeera have been reduced to 12.5 per cent on selling and 18.5 per cent on buying effective beginning of trade on July 6th. This is likely to increase participation in the market. However, the curb on open position limit still holds that has put a negative impact on trade participation in the futures market.

#### Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	July 02-07	June 25-30
FAQ	2450-2570	2420-2540
Ganesh	2550-2670	2520-2640
M/c. Cleaned	2750-2870	2720-2840

#### Jeera Prices in Delhi Market

(Rs./kg)

Grade	July 02-07	June 25-30
Ganesh New	131	130-131
FAQ	123	122-123
M/c. Cleaned	131	130-131

### Red Chillies:

Red chilli spot prices at the Guntur spot market maintained the stability at around Rs.4,000-4,500 per quintal. Chilli sowing at major growing areas of Karnataka, Andhra Pradesh and Madhya Pradesh has already initiated after good monsoon. Chilli acreage is likely to be surged by 10,000 hectares at Guntur district at Andhra Pradesh to last years 57,672 hectares. The output for the year 2007 -08 is likely to go up by 20-30 per cent due to large area under cultivation. The crop for next season is likely to hit the market early by November -December where as usually it arrives during January - February. Chinese crop is expected to hit the market by August - September and a good production is anticipated.

#### Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	July 02-07	June 25-30
LCA 334 Cold Storage	4000-4500	4000-4500

### Cardamom:

Cardamom production for is likely to fall 35-40 per cent in 2007-08 (August-July) due to heavy rains persistently for the past few days and windy weather in Idukki districts at Kerala, the main cultivation area. Though rains are essential during the growing season for the crop, very heavy rainfall may cause damage to the sensitive crop. Heavy rains with winds have come after a severe dry spell in March-April that had caused wilting of cardamom plants almost over 5,000 hectares. Harvesting activity for the commodity is likely to commence by August and gain pace during October- November. Auction at Mass Enterprise (Friday) and CPMC (Kumily) has been started from 6th July onwards.

#### Cardamom Auction Prices in Pulianmalai

(Rs. /kg)

Grade	July 07	June 30
7 mm	Closed	Closed

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures remain bearish during the week. The futures started the week with a weak note and extended the weakness further to test this week's low on Saturday. However, the futures recovered some losses on Saturday only to finish the week at a lower level. MCX August contract traded in the range of Rs. 14,405-15,250 during the week with higher volume and increasing open interest. NCDEX August contract traded in the range of Rs. 14,864-15,902 during the week with moderate volume and declining open interest.

#### PRICE DRIVERS:

- Stocks with commodity exchange warehouses over 15,000 tonnes
- India has shipped around 4,950 tonnes of pepper to the US during January-April 2007, an increase of 234 per cent over the corresponding period of previous year
- Total margins on pepper futures have been reduced to 12.5 per cent on selling and 18.5 per cent on buying

#### OUTLOOK:

**Short Term (1 Week):** Slightly firm on expected higher demand at lower price levels

**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	14750	Support-2	14000
Resistance-1	15650	Resistance-2	15875
Strategy	Go long at dips toward support		

### Commodity: Jeera (Cumin)

Jeera futures started the week with a bearish note, but recovered back to test this week's high on Wednesday. Profit taking capped further advances and the futures slide to week's low on Friday. MCX August contract traded in the range of Rs. 10,705-11,269 during the week with increasing volume as well as open interest. NCDEX August contract traded in the range of Rs. 12,521-13,099 during the week with moderate volume and declining open interest.

#### PRICE DRIVERS:

- Limited trading activity in spot markets due to rain

- Total margins on jeera futures have been reduced to 12.5 per cent on selling and 18.5 per cent on buying
- Concerns over quality of stocks with exchange warehouses

#### OUTLOOK:

**Short Term (1 Week):** Slightly firm on lower arrivals amid limited activity

**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	12415	Support-2	12270
Resistance-1	13100	Resistance-2	13245
Strategy	Go long at corrective dips		

### Commodity: Turmeric

Opening firm, NCDEX August Turmeric futures contract traded weak on selling pressure. The futures contract during the initial days of the week witnessed fresh peak at Rs.2313 per quintal and there after made a steep fall to Rs.2221per quintal towards the week end. The open interest gained slightly through out the week amidst significant gain in the volumes as compared to week ago.

#### PRICE DRIVERS:

- Low arrivals as marketing season ends
- Anticipation of low sowing for next season in some areas
- Ample stocks due to higher production this season
- Export inquiries going on

#### OUTLOOK:

**Short Term (1 Week):** Steady to slight firmness on fresh export inquiries

**Medium Term (1 Month):** Range bound on steady fundamentals to support the price movement

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

#### NCDEX Turmeric August Contract

Support-1	2164	Support-2	2193
Resistance-1	2314	Resistance-2	2345
Strategy	Remain long, buy on dips		

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## WEATHER WATCH:

### Forecast for next 5 days

Yesterday's depression over north Chhattisgarh & neighbourhood moved westward and lay centred at 0830 hrs. IST of today, over East Madhya Pradesh about 50 km southeast of Sagar. It is likely to move in a west-northwesterly direction and weaken gradually. Under its influence, widespread rainfalls with scattered heavy to very heavy falls and isolated extremely heavy falls are likely over southwest Madhya Pradesh, Gujarat Region and southeast Rajasthan during next 48 hrs. Isolated heavy to very heavy rainfall is also likely over Konkan & Goa including Mumbai, Madhya Maharashtra, Saurashtra & Kutch, east Rajasthan and northwest Madhya Pradesh during the same period. Model prediction suggest that a mid latitude westerly trough is interacting with the above system and is likely to cause fairly widespread rainfall with isolated heavy falls over Western Himalayan region. Fairly widespread rainfall also likely over plains of northwest India during 8-10 July.

### Zone-wise weather forecast

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

On going rainfall activity over J&K, H.P. and Uttaranchal is likely to increase from 8th July. Fairly widespread rainfall is likely over Punjab, Haryana, Delhi and West U.P. during 8-10 July.

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

Isolated to scattered rainfall is likely over the states of east India during next 3-4 days. Scattered to fairly widespread rainfall is likely over NE States during next 3-4 days.

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

Fairly widespread to widespread rainfall is likely over West Madhya Pradesh. Scattered to fairly widespread rainfall is likely over the rest region during next 24 hrs. and decrease thereafter.

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

Widespread rainfall is likely over Andaman & Nicobar, Coastal Karnataka and Kerala during next 4-5 days. Scattered rainfall is likely over Interior Karnataka and Telangana and Lakshadweep. Isolated rainfall is likely over rest of the region.

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

Widespread rainfall with scattered very heavy and isolated extremely heavy is likely over Konkan & Goa, Madhya Maharashtra and Gujarat. Fairly widespread rainfall with isolated heavy fall is likely over Marathwara and East Rajasthan during 8-10 July.

Source: NCMRWF, GOI

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