

## SPICES

August 20-25, 2007

### Overview:

- Black Pepper Weak on Poor Demand; Global Trend
- Domestic Jeera Weaken Further on Lack of Buying Support
- Chilli Remain Stable; Cardamom Weaken on Lack of Buying
- Turmeric Market Weak on Higher Arrival, Weak Demand
- Pepper Import into USA Up 40 Percent in June 2007

### Spices: Domestic Spot Prices for the Week Ending 18.08.2007:

Spice	Grade/Variety	Market	Price (Rs/Kg) For the Week ( 18.08.07)	Price (Rs/Kg) For the Week ( 11.08.07)	Last Month Same Week (Rs/Kg) (21.07.07)	Last Year Same Week (Rs/Kg) ( 19.08.06)
Black Pepper	Malabar Garbled (MG-1)	Cochin	134.50	135.50	145.67	98.60
Cardamom (Small)	(Auction Price ) Ungraded	Vandanmedu	430.97	428.51	434.48	289.28
Cardamom (Large)	Bada Dana	Gangtok	117.50	115.00	115.00	138.72
Chilli	Cold storage	Guntur	43.25	43.00	41.50	35.67
Ginger	Best	Cochin	48.00	48.00	48.00	62.00
	Medium	Cochin	43.00	43.00	43.00	52.00
	Alleppey finger (AFT)	Cochin	24.00	24.00	24.00	45.00
Turmeric	Rajapuri	Mumbai	54.50	54.50	53.50	55.50
	Nizamabad	Mumbai	23.75	23.75	23.00	26.13
Coriander	Indori 5%	Mumbai	44.50	42.75	37.25	29.75
Cumin	1%	Mumbai	119.38	119.38	115.63	80.00
	4%	Mumbai	105.63	103.13	98.13	75.00
Clove		Cochin	240.00	240.00	240.00	342.00
		Nagarcoil	240.00	230.00	245.00	340.00

Source: Spices Board of India

## Spices: International Spot Prices for the Week Ending 17.08.2007:

Spice	Origin/Grade	Market	Price For the Week (17.08.07) (US\$/KG)	Price For the Week (10.08.07) (US\$/KG)	Last Month (20.07.07) (US\$/KG)	Last Year Same Week (18.08.06) (US\$/KG)
Pepper	Malabar Garbled (MG-1)	New York	4.17	4.21	4.26	2.43
Cardamom (Small)	Guatemala Mixed Green	New York	9.37	9.37	9.37	8.82
	Indian (AGEB)	Saudi Arabia	14.16	14.26	14.57	9.13
Chillies	Indian SANNM-4 (Stem less)	New York	2.21	2.21	2.21	2.03
Ginger	India Cochin	New York	2.10	2.10	2.10	1.96
	Chinese Peeled	New York	1.76	1.76	1.76	1.83
Turmeric	India Alleppey Finger	New York	1.74	1.74	1.79	1.85
Garlic	Chinese	New York	2.14	2.14	2.14	2.87
Coriander	Canada	New York	1.06	1.06	1.06	0.77
Cumin	Syrian	New York	3.64	3.64	3.26	2.25
	Indian	New York	3.64	3.64	3.31	2.32
Fennel	Indian (ASTA)	New York	1.57	1.57	1.52	1.65
	Egyptian	New York	1.61	1.61	1.52	1.65
Fenugreek	India/Turkey	New York	1.08	1.08	1.08	0.82
Clove	Mad/Zanz/Com/ Indo	New York	4.30	4.30	4.30	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

### Pepper Import into USA Up 40% in June 2007

According to a latest report by the International Pepper Community (IPC), import of pepper into the United States continues to rise after a slowdown in February this year.

In the month of June 2007, pepper import into the United States was 7,261 metric ton (mt) comprising of 5,915 mt of black, 737 mt of white and 609 mt of

ground pepper. This was an increase of around 40 per cent as compared to June 2006.

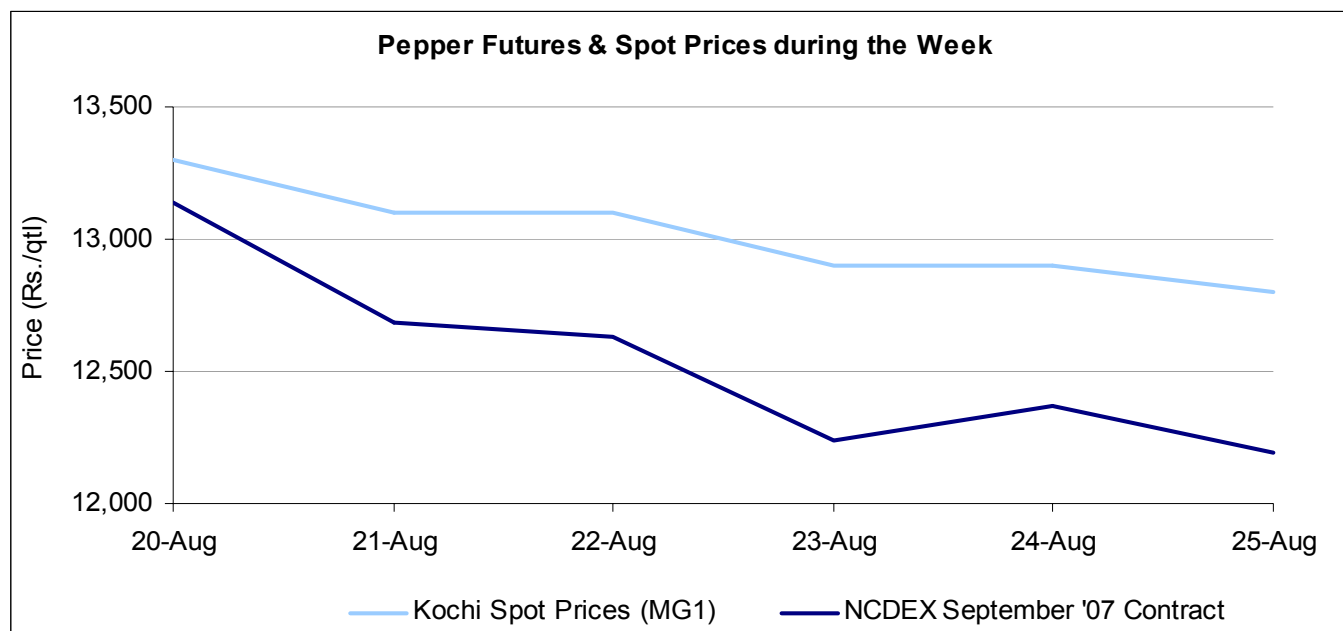
During the first six month of the current year, the United States imported 30,578 mt of pepper comprising of 23,404 mt of black, 3,004 mt of white and 4,170 mt of ground pepper, marginally higher as compared to the corresponding period of last year, the report added.

## 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 September contract prices in NCDEX. The near-month September contract witnessed backwardation throughout the week. The difference widened through the week as futures prices declined sharper than spot prices. The September contract closed below the spot prices by Rs. 607 on Saturday.



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

Pepper	08/20/07	08/21/07	08/22/07	08/23/07	08/24/07	08/25/07
Ungarbled	12700	12500	12500	12300	12300	12200
Garbled	13300	13100	13100	12900	12900	12800

Domestic black pepper weakens further on bearish activities. Prices continue to decline owing to weak demand, both domestic as well as overseas. Overseas buyers preferred to stay on the sideline eyeing further decline in prices. Harvesting is going on in Indonesia and has consequently pressurised the price trend. Harvest season in Brazil has also started, though it is likely to pick up only during September. Vietnam's pepper output is estimated at around 80,000-90,000 tonnes, lower by 10-20 per cent against 2006. The country has already shipped around 51,000 tonnes valued at US\$ 153 million during January-July 2007, lower by 42.3 per cent in quantity but higher by 17.6 per cent in value terms over the corresponding period of previous year. While any increase in Indonesia and Brazil would have a bearish impact over global pepper prices; the

reported decline in Vietnam's output would remain supportive. At the domestic front, sellers remain active at higher price levels. The sharp decline in domestic pepper futures prices has also weighed down on the market. Traders are expecting overseas demand to improve at current lower price levels, which remain highly competitive in global market.

#### Black Pepper Prices in Delhi Market

Grade	(Rs./kg)	
	Aug 13 - 18	Aug 20 - 25
Golden Unpolished	140-144	138-142
No. 11.5	165	160-165
No. 12	175-180	170-180

Note: Prices are in Rs. per Kg.

## Turmeric:

Price at major centers was slightly weak due to good arrivals and slightly weak demand as compared to week ago. Overseas demand from Gulf and Japan were steady and supported the prices however the demand is likely to gain its pace during the days ahead. Domestic stockiest are likely to be active in the market as the output is likely to be low further for the season due to insufficient water supply at Telangana belt in Andhra Pradesh state, one of the major Turmeric growing state. The region annually produces around 5.30 - 6 lakh bags. The Sriram Sagar dam, main source of water for the crops at this region has very low water level due to lack of rain fall. Yield of the crop is likely to be affected if it is deprived of sufficient water supply at its initial growing stage.

### Turmeric Prices in Erode Market

(Rs./qtl)

Grade	Aug 13 - 18	Aug 20 - 25
Loose Finger	2100-2200	2050-2200
Loose Gattah	2000-2050	2000-2100

### Turmeric Prices in Nizamabad Market

(Rs./qtl)

Grade	Aug 13 - 18	Aug 20 - 25
Finger	2025-2075	2000-2175
Gattah	1920-1975	1940-2050

### Turmeric Prices in Delhi Market

(Rs. /qtl)

Grade	Aug 13 - 18	Aug 20 - 25
Nizamabad Finger	2400-2425	2375-2450
Erode Finger Mini Selam	2850-2875	2900-2825
Erode Single Polish Gattah	2450-2475	3250-3175
Selam Finger	4100-4125	4150-4075

## Cumin (Jeera):

Prices decline in major trading centres owing to lack of buying support. Arrivals started increasing after weather conditions improved over major trading centres in Gujarat. Traders are also reporting weak overseas demand as a major reason behind the recent decline in domestic prices. Spillover weakness from domestic jeera futures counter has also pressurised the physical market price trend. Indian export scenario remains gloomy so far this fiscal, despite record success in previous fiscal year. However, traders are expecting the situation to improve in the coming months given the supply shortage globally and competitiveness of Indian jeera prices in global markets. Jeera prices are likely to

remain bearish until the festival demand comes in the market.

### Jeera Prices in Unjha Market

(Rs. /20kg)

Grade	Aug 13 - 18	Aug 20 - 25
FAQ	2400-2570	2260-2460
Ganesh	2540-2690	2400-2580
M/c. Cleaned	2700-2890	2560-2780

### Jeera Prices in Delhi Market

(Rs./kg)

Grade	Aug 13 - 18	Aug 20 - 25
Ganesh New	122.5-124	117.5-122.5
FAQ	121-122.5	115.5-121
M/c. Cleaned	130.5-132	123.5-130.5

## Red Chillies:

The arrivals during the week were almost double at 40,000-50,000 as against week ago. The prices remained unchanged at Rs.4,000 - 4,500 per quintal. Export demand during the week from Sri Lanka and Malaysia lacked luster where as buyers from Bangladesh were active. However good export advices is anticipated during the days ahead as Chinese output is likely to be low and the crop is likely to hit the market during first week of August. Domestic crop at present is at its initial growing stage at Andhra Pradesh and the climate is reported to be suitable for a better output.

### Red Chillies Prices in Guntur Market

(Rs. /qtl)

Grade	Aug 13 - 18	Aug 20 - 25
LCA 334 Cold Storage	4000-4600	4000-4600

## Cardamom:

The prices during the weak were traded weak by Rs.20-30 per kg at the auction due to low buying support in the domestic market. On 23rd August Spice board of India started the electronic auction at CMPC hall in Bodinayakanur. The Union Minister of State for Commerce will soon announce the replantation and rejuvenation package for cardamom plantations to the extent of Rs.211 crore for 30,000 hectares. The cardamom plantations were dried and dead due to prolonged summer drought this year. The Minister also announced that the Spices Board will invest Rs 2 crore for setting up a cleaning, grading and packaging facility in Bodinayakannur which will also have a warehouse. This is to ensure clean and graded spices for trading.

### Cardamom Auction Prices in Nedukandam

(Rs. /kg)

Grade	Aug 18	Aug 25
7 mm	Closed	460-480

## Futures Market (NCDEX):

### Commodity: Black Pepper

Black pepper futures traded bearish during the week. Opening higher, the futures slide from Monday's high to Friday's low. Despite some recovery on Friday, the futures finished much lower as against last week. MCX September contract traded in the range of Rs. 11,401-12,999 during the week with thin volume and increasing open interest. NCDEX October contract traded in the range of Rs. 12,250-13,587 during the week with higher volume as well as open interest.

#### PRICE DRIVERS:

- Weak domestic and global demand
- Reported decline in global pepper prices
- Brazil crop arrivals started at a slow pace
- Harvesting going on in Indonesia
- Vietnam pepper output estimated 10-20% lower in 2007
- Global supply shortage is estimated at 47,500 MT in 2007

#### OUTLOOK:

**Short Term (1 Week):** Slightly firm on likely upward technical correction

**Medium Term (1 Month):** Slightly bullish on expected overseas demand improvement

**Long Term (3 Months):** Bullish as global pepper supply in deficit this year

#### NCDEX Black Pepper October Contract

Support-1	11875	Support-2	11425
Resistance-1	13375	Resistance-2	13825
Strategy	Cover short near support level		

### Commodity: Jeera (Cumin)

Jeera futures started the week with a firm note and extended the advances further to test week's high on Tuesday only to run into selling pressure. The futures slide to test fresh contract month lows on Friday and finished the week at a much lower level. MCX September contract traded in the range of Rs. 9,426-10,498 during the week with lower volume and increasing open interest. NCDEX October contract traded in the range of Rs. 10,961-12,230 during the week with higher volume as well as open interest.

#### PRICE DRIVERS:

- Lack of buying support amid weak demand
- Arrivals increasing as weather condition improve

- Lower global as well as domestic production

#### OUTLOOK:

**Short Term (1 Week):** Slightly weak on lack of buying support

**Medium Term (1 Month):** Moderately firm on lower production, expected overseas demand

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

#### NCDEX Jeera October Contract

Support-1	10575	Support-2	10300
Resistance-1	11815	Resistance-2	12085
Strategy	Remain short with caution		

### Commodity: Turmeric

Turmeric most active September futures at NCDEX witnessed domination of bears in the market. The contract opened steady at Rs.2,141 per quintal. The contract during the initial days of the week surged up to Rs.2175 and there after made a steep fall to test fresh lows at Rs.2,051 since the contract inception on selling pressure. The Open interest was marginally low as compared to week ago amidst good volumes supporting the fall in prices.

#### PRICE DRIVERS:

- Anticipation of low sowing for next season in some areas.
- Ample stocks due to higher production this season.
- Active export demand from Gulf and Japan
- Good domestic demand from the stockiest.
- Lack of water supply at turmeric growing belt at Andhra Pradesh

#### OUTLOOK:

**Short Term (1 Week):** Rangebound to steady 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	2014	Support-2	1990
Resistance-1	2186	Resistance-2	2231
Strategy	Cover short positions as correction is expected		

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## WEATHER WATCH:

### Forecast for next 5 days

At present the axis of the monsoon trough passes through Ferozepur, Muzaffarnagar, Varanasi, Purulia and thence southeastwards to east central Bay of Bengal. Models predictions continue to suggest gradual shifting of monsoon trough towards foothills of the Himalayas during next 2-3 days. Under this scenario, enhanced rainfall activity with isolated heavy to very heavy fall is likely over northeastern states, Sub-Himalayan West Bengal & Sikkim and Bihar during next 4-5 days

At present a cyclonic circulation lies over west central Bay of Bengal off Andhra Pradesh coast extending up to the mid-tropospheric level. Under its influence, scattered to fairly widespread rainfall is likely over north Tamil Nadu and Andhra Pradesh during next 2 days.

Models predictions suggest that a weak western disturbance (W.D.) is expected to move across hilly regions of NW India during 26-27 August. Under the combined influence of this W.D. and monsoon trough in foot hills, J&K, H.P. and Uttarakhand are likely to experience fairly widespread rainfall during next 3 days from tomorrow.

### Zone-wise weather forecast

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

J&K, H.P. and Uttaranchal are likely to receive scattered showers during next 3-4 days.

Haryana, Delhi and west Uttar Pradesh are likely to experience isolated showers from 26 August.

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

Fairly widespread rainfall with isolated heavy fall is expected over Sub -Himalayan West Bengal and NE States during next 4-5 days.

Scattered to fairly widespread rainfall is likely over Bihar and East U.P.

Isolated rainfall is likely over rest of region.

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

Fairly widespread showers are likely over Vidarbha; scattered over Chattisgarh.

Isolated rainfall is likely over rest of region.

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

Scattered rainfall is likely over Coastal Karnataka, Kerala, Lakshadweep and Andaman & Nicobar Islands.

Scattered rainfall activity is also likely over Tamilnadu and Rayalseema.

Isolated rainfall is likely over rest of the region.

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

Fairly widespread rainfall is likely over Konkan & Goa, Madhya Maharastra and West Rajasthan during next 24-36 Hrs. then scattered rainfall may continue over Konkan& Goa only.

Isolated rainfall over rest of the region.

Source: NCMRWF, GOI

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